

The Role of Agile Management in HRM Environment Change

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ABSTRACT

The Agile approach proved to be effective in building self-managed software development teams that can quickly respond to rapid changes and adapt to ambiguous and complex business environments with fast-changing requirements. After the pandemic, and as a cause of worldwide lockdown, companies struggled to survive. Most companies started shifting their work processes and environment to handle ambiguity using Agile methods and tools. The company's transition to Agile is usually led by HR, which played an essential role in this change, managing the talent and choosing the best processes to benefit the organization and avoiding other rigid processes and consider them wastes. Some Agile methodologies can add tremendous value to the organizations, while applying other methods can be harmful. Today, companies seek to reinvent their working practices by incorporating the Agile approach to improve flexibility and meet increasingly competitive market demands. This study examines the Agile management role in the HRM environment transformation and its effect on the new reality of adopting technologies in all HRM.

1. INTRODUCTION

The Human Resources (HR) role in companies' Agile transformation has evolved over the last years, leading the cultural, recruiting, and people management, which significantly impacts the successful implementation of the agile project management approach. Agile is partially an extension of lean thinking into software/product development (Medinilla and Medinilla, 2012). Agile is based on self-organizing and multi-functional teams' iterative growth in a way in which disciplined project management is required. The foundation of Agile is the definition of what to do and what not to do in software development. The idea started with the development of Extreme Programming (XP) in the 1990s. The complete framework and principle of the approach were announced in 2001 by a team of developers who created the agile manifesto. Agile represents and collects ideas and methods collected from Lean management, Extreme Programming, and Scrum without focusing on a specific complete method (Meyer, 2014).

Human Resources Management (HRM) is based on two models: hard and soft models. In practice, some elements of both models are applied by many organizations. The key difference is whether the emphasis is placed on the person or the resource (Truss *et al.*, 1997). Modern HRM sees workers as a critically important asset to the company. HRM not only serves the employees but also develops and maintains them as an asset that critically values the organization. The core element for assessing the success or failure of HRM is organizational success (Cleveland, Byrne and Cavanagh, 2015). HRM as a project and processes focused on departments and their operations and tasks to ensure that the routine

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procedures are well operated. Before Agile, technology projects had a high failure rate, which caused an impact that slowed the world's fast software development. Therefore, the traditional project management methods questioned whether it is suitable for all projects (Bhatta and Thite, 2018). The significant difference is presented in the ambiguity and uncertainty of requirements caused by the fast-changing and competitive world. This new type of projects required new principles and methods with flexible requirements that can be changed through the projects. In this study, the researchers will investigate the agile business partner's role in practices and how accenture uses HR to transform itself into an agile organization.

2. LITERATURE REVIEW

The agile manifesto was first announced in 2001 and illustrated those flexible principles with a new way of thinking about project management. Software development management has started shifting to this new approach and race to adjust its processes and procedures. The aim is to take advantage of the agile approach, which successfully transformed the software development life cycle into a more successful one and use it in other projects within the organizations (like HR projects). "Agile" is not just a collection of software techniques but also a movement, an ideology, a cause. This ideology has shifted fast to other organization departments (Sutherland, 2009). Agile isn't only for technology, the HR department was the first to be affected by it, especially the first principle in the agile manifesto "organizations should value individuals and interactions over processes and tools" (*Agile Manifesto*, 2001). Since the beginning, HR played a significant role in companies agility transformation. On the other hand, it faced many challenges in HR digitalization fast conversion, so it is a combined benefit for both (Cappelli *et al.*, 2018)

Agile mindset and tools can add a significant impact on selecting HR strategy (Varshney, 2020). While HR behavioural and structural changes required for agile transformation, to rebuild the processes to support organizational transformation. The HR role in companies Agile transformation has evolved over the years, leading the cultural, recruiting, and people management, which significantly impacts the successful implementation of the Agile approach. HR has generally played a support role in e-HRM project management, while In Agile, HR plays a central role since it is based on people. The contribution of HR to the agile transition is considered a requirement. HR may play a drastically different role in every organization. In an agile organization, there could be three potential positions that HR may play. The first is a form of "administrator" working mainly on behalf of the top management as an agent executing procedures. The second would be a "moderator," who attempts to be searching for the needs of all stakeholders-managers, workers, and shareholders. This position usually refers to internal customers when HR relates to clients. The third position, HR, focus on providing value to external customers as an "Agile business partner". In making the transition smoother, their competence with individuals and soft skills is of great importance. To produce and improve services more effectively with higher quality, an organization must embrace the agile concept to become the quickest to realize an opportunity, link it to a win consumers needs and then become a market leader.

While HRM is considered a key factor in the success of project management (Popaitoon and Siengthai, 2014), it is still obvious that the gap between them still exists in practical and academic research (Bellini and Canonico, 2008). On the other hand, agile for HR would mean embracing the mindset, adding the human first, and centralizing its processes based on humans. Agile Similarly acts in software development to build a business improvement process and define the value based on customers. Several problems have been raised within the HR department, such as: managing people initiatives that could take months or getting lost, and the HR team focuses more on policies and organizations than on people. Many employees were not developing the skills they require, even within HR itself, "Everyone was working on their own thing," says Tracey Waters, director of people experiences at Sky. HRM and project management are recognized as crucial factors for organizations. HRM activities can't be distinguished from project procedures. In other words, HRM practices can be dealt with and recognized as project activities (Zavyalova, Sokolov and Lisovskaya, 2020). The beneficial influence of HRM on project performance is well confirmed by many researchers (Khan and Rasheed, 2015). Agile management works side by side with project management. It has shifted to more comprehensive

applications that can be adopted in many other projects (Deloitte, 2016). Thus, it should also be applied to HRM teams and projects (Lenka and Singh, 2019).

2.1. Using E-HRM as Tool to Boost Organization Agility

Transformation means moving from a rigid control system to a more versatile and adaptive process. This change will require cultural shifts to promote systemic reform. In the late 1990s, as e-commerce spread across the business world, Electronic Human Resource Management (E-HRM) was first established (Olivas-Lujan, Ramirez and Zapata-Cantu, 2007). HR role begins with a conventional approach using physical, mechanical, and logical techniques. These approaches increased the effectiveness and efficiency of organizational work in managing human resources within the organization. It then transformed into a more strategic one that addresses the social and psychological needs of employees. The employees were also placed in a systemic position as an essential resource for organizations' economic value. The perspective of the strategic role of human resource management is becoming increasingly important in the competitive era.

E-HRM has been used synonymously with virtual HRM (V-HR), Human Resources Information Systems (HRIS), web-based HR, the Comprehensive Human Resources Integrated Systems (CHRIS) and portals of HR in this respect. E-HRM aims to ensure the implementation of HRM goals more broadly. HR objectives have been traditionally broken down into four primary forms (Poppulo, 2019). In this topic, they stated that HR defines the organization's structure to drive productivity, ensure effective communication within the organization, find talented staff, and embrace wider advances in culture and ethics. These forms serve as an approach to fulfil the organization goals. The function of HRM will contribute to developing a culture of creativity and superior efficiency, and this is because HR is no longer just about operational activities and personnel management. In terms of cost savings, productivity gains, and growth capability, it is a strategic unit that provides market value, both of which are outcomes of adopting agile methods. It needs to begin with its human capital if the company is going to become agile.

2.2. Transforming HR Environments

One of the difficulties that HR leaders face is prioritizing the resources of HR to achieve the highest outcome. The problem with the old HR process-focused environment is shown in figure 1. Its outcome was focused on processes and regulations, investigating which processes need people and adding them based on that. The main aim was to reduce the risk and standardize the work through policies. This was done due to the lack of data and information that can be gathered using technology. Implementation of workforce management applications is accelerating and will be increasingly used in organizations where flexible and agile scheduling is needed.

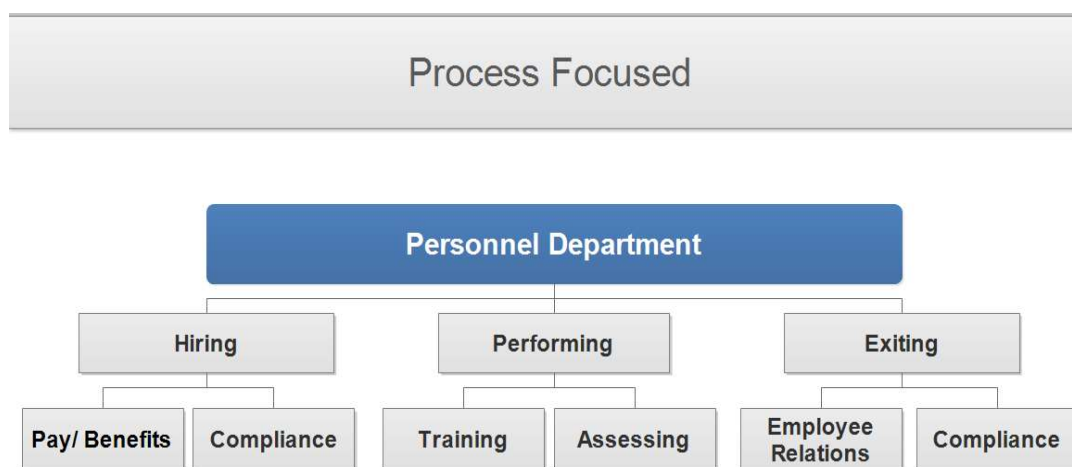


Figure 1. Process Focused Approach used in HRM (Gurchensky, 2019)

According to (Bondarouk, 2011), administrative e-HR apps are “very mature with some movement from in-house to software-as-a-service solutions”. These e-HR apps are now seen as heading towards a host solution or complete outsourcing. The use of technology and adopting E-HRM practices raised HR efficiency. It allowed data gathering, which shifts the HR scope from cost measured based on value-creating. The value is created by achieving a defined outcome which is a part of the organizational goal. This value-creating approach transfers the HR department’s focus from the reaction, policy, and processes to a distinct future view. Having a team of HR members focused on outcomes illustrated in figure 2, which are definable and measurable. These outcomes represent the customer, employee, and stakeholders expectations for achievements provided by the organization work.



Figure 2. Outcomes-Based approach in HRM (Gurchensky, 2019)

Over the last years, according to Gurchensky (2019), over 70% of the HR market has been shifted to an entirely new environment which is cloud-based. This change has been comprehensive and affected the whole HR functions. It changes the HR role from administrative personnel department to a critical business unit that defines the organization’s strategic income. The report shows how outcome-based HR leadership defines where the organization is headed by getting the ultimate use of available resources, removing roadblocks, and adopting the agile first principle to embrace individuals over processes and tools. In other words, the entire HR structure and roles have shifted from the process-focused approach, as shown in Figure 2, where the focus is on leaders instead of teams as in agile project management. Agile defined the team as a self-organizing group of software developers and other individuals such as customer representatives (Gurchensky, 2019). This team is responsible for the ongoing tasks (Meyer, 2014). Agile defined new roles and gave the teams some responsibilities of the traditional manager. To accomplish this transformation level, HR needs a clear scope, executive support, and practical execution. Moreover, Gurchensky (2019) showed a growth rate of HR environment transformation. Over a 20% increase of respondents who considered the HR functions provide a strategic value. On the other hand, the highest growth in leadership view shown in the survey’s executive opinion, more than 50% confirmed seeing the HR contributing strategic value.

Companies shifting beyond strategic view and outcome-focused HR environment transformation, new HR functions, and continuous improvement principles are needed, especially in an ambiguous work environment requiring applying the agile approach. In this environment, requirements and business outcomes can be frequently changed, and goals can be achieved in various ways. In HR, improving the

continuous data flow in the HR and its supporting technologies is considered the only way to meet the requirements of an outcome focused approach to HR.

2.3. Talent Management Applications

The Talent Management (TM) solutions' main goal is to help companies in their employee lifecycle (figure 3) processes that include managing acquisition, performance, development, rewards, and succession of their workforce.

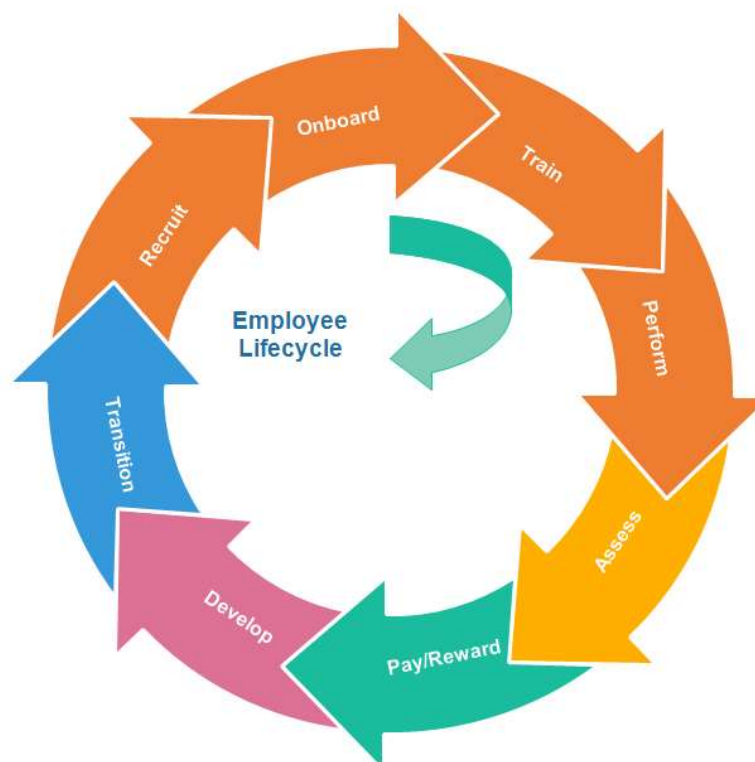


Figure 3. The experienced-based approach in HRM (Gurchensky, 2019)

Controlling TM processes and their supporting applications as a strategic management tool to achieve functioning results. According to Gurchensky (2019), companies are currently re-evaluating their approach to key process areas traditionally managed with TM applications: recruiting, performance management, and learning. The performance of processes focusing on annual events, key roles, and confidential assessments has transformed into continuous feedback and more agile models. The aim is to select a set of processes that suits this area to improve it and empower transparency and trust within teams.

Significant problems have been reported about learning technologies that follow consistent reporting forms and event management models. As a solution, A high need to adopt agile methods can overcome the difficulties of changing programs' design and personalize it for each employee. The environment transformation diagram is shown in figure 4 illustrates the need for adopting agile management tools and methods in HRM to overcome challenges and disadvantages.

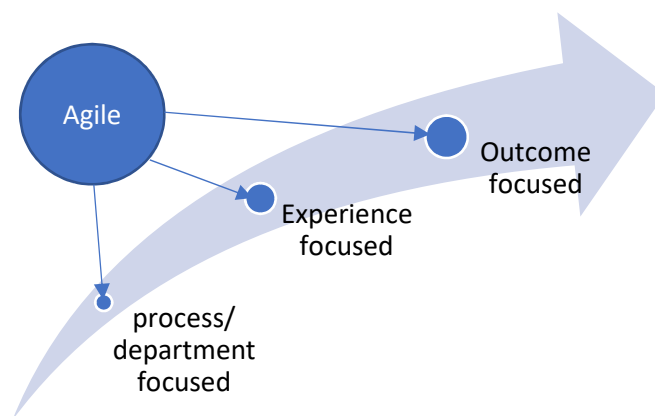


Figure 4. Agile outcome focused HR, an HR Leadership Model (Authors)

3. MATERIALS AND METHODS

Systematic literature review was introduced to narrow existing literature and examine research patterns and best practices on agile project management's effect on E-HRM practices. Three search engines were used in the literature review part (Scopus, ScienceDirect and Google scholar databases).

First, a search was performed using keywords relevant to the subject, the keywords were ('Agile') and ('E-HRM') or ('HRIS') ("EHRM"). Subsequently, the search was limited to the last ten years, from 2011 to 2021. The findings were also limited to management and IT-related results. In the Scopus database, the findings were just six papers, and they were not explicitly relevant to the nature of the study. Also, the exact keywords were used in the ScienceDirect database. Sixty articles resulted in a search process, and a few were relevant to the study's nature.

However, the findings were more convenient in the Google scholar database. Eight hundred papers have been identified as a result of this study. The final step was taken to pick and filter the relevance of the candidate studies in addition to the professional articles published in the agile HR community. Eventually, a systematic analysis of all candidate studies was carried out to select the studies specifically relevant to the research subject. Finally, after this systematic examination, more than 20 studies were finalized to analyze them.

4. DISCUSSION

4.1. HRM Models

Many strategic HRM models appeared and studied by scholars in the past, the most famous five models are: Matching model, Harvard model, Contenttextual model, 5-P model, European model (Budhwar and Khatri, 2001). These models have also been applied to test their efficiency and disadvantages in companies around the world, such as in Britain (Budhwar, 2000) , Russia (Zavyalova, Sokolov and Lisovskaya, 2020), India (Budhwar and Khatri, 2001) and many other countries.

Many disadvantages appeared with these models, and many lay in the communication area. In (Budhwar, 2000) study, he analyzed the five models and their weak points. Soft Harvard model focuses more on the human aspect of the organization and their relationship, managing stakeholders and involve them with the process making (Legge, 1995). This HRM model considered to be related more to Agile methodology, as aAgile management empowered teams and involved stakeholders (Meyer, 2014).

One of the soft model disadvantages mentioned by Buldhwar study was the need for enhancing communication to maximize commitments. A similar problem has been reported by (Bellwood, 2018) in the software development teams, The HR was discouraging the tech employee by normal

half year assessment in its HRM reward system. A set of measures was standardized as usual and HR employee had to give a number showing the bones that they will get. Still, what actually was happening in an Agile team where the team operates differently, the technology employee was being demotivated, cause in a fast-changing requirement and ambiguous environment, the outcome can't simply be measured by rigid or straightforward metrics, a one by one interview and enhancing the communication and feedback system, this application presents agility and flexibility in the employee's reward system, empowering people to make decisions within the organization.

4.2. Experience collected within the Agile HR transformation

But there's a little question whether agile uncertainty or implementing it half-heartedly for projects can be harmful; teams should select suitable processes and tools to avoid this. The path to working this way must take place on more minor scales. According to (Faragher, 2019), managers who go with it as one size fits all and deal with it as a general package will turn the idea entirely away from their staff. One might hear that some organizations are grouping a big number of employees in front of a powerpoint presentation to inform them about the organization attitude or culture. It should not be limited to take part in an informative session, the wisdom must be understood and capable of being employed where it is appropriate, not as a rule. Moreover, Jo Tolland shared his experience in running agile sessions and training without even mentioning the word Agile if possible, to cut out the terminology, too much of it can block the concept for some people.

A pick and mix approach to implementing agile concepts may help HR shift items before being used more broadly. Boggs added that some organizations started to use scrums in the recruitment process only. They have then felt the scrums' success and began to tell their success story among their colleagues from another department, which encouraged and motivated them to adopt the same method. Ed Houghton says that many of the agile foundations are to be welcomed in HR, such as creativity, iteration, and co-creation through multiple teams. He also added: "There is an emphasis on pace above all else, which is a real risk when applied to HR programs. Even fans of the agile movement agree that HR elements may not be all suitable and efficient to take the change, particularly in areas where rigidity is non-negotiated. In HR, some procedures and projects are repetitive and organized for reasons, and a left-field approach might not benefit them.

The IT HR team used agile to deliver its new approach, operating in cross-functional project teams consisting of an HR business partner, an HR consultant, a business supporter, and a related center of excellence. One big lesson was that if we wanted to be more 'agile', one should include product end-user in the project team, while we used people to assist in the IT work. For instance, they asked IT to provide these queries when they developed a technical interview toolkit rather than trying to write them in HR. Recently, in four 'agile' sprints, the team delivered HSBC's graduate program, using complementary instruments such as kanban and holding daily retrospectives.

5. CONCLUSION

Over the years, the strategic Models of HRM have been developed to overcome market new challenges, the most common models still have significant weaknesses listed by many scholars such as (Budhwar, 2000) who recorded the most famous models disadvantages and the relation between the agile project management and HRM architecture (Zavyalova, Sokolov and Lisovskaya, 2020).

By analyzing various HRM models in this research, the soft Harvard model was found to be the most relevant HRM model to Agile management, taking into consideration its communication problems and the need for adding flexibility to deal with the strategic ambiguity and uncertainty, this is proposed to be done and enhancing it by agile concepts and methods. This study reviewed previous studies to find the possible improvements areas of the HRM models by adopting agile management and reviewed most recent practitioner practices and valid techniques to use within the HR environment transformation to agile. In addition to summarizing the role of embracing the Agile mindset which can benefit HRM environment change by empowering teams and involving customers.

In the last ten years, HR played a pivotal role in companies Agile transformation, on the other hand, HRM started shifting to E-HRM. The whole HR environment has been affected, and agility played a vital role in this transformation, movements to agile HR already started by 27 HR practitioners who have announced the agile HR manifesto in <https://www.agilehrmanifesto.org/> (Agile people, 2021).

Agile transformation is not limited to software development anymore, it has become a must for companies to survive the rapidly changing environment. Before the pandemic, 70% of the companies already started to shift the HR environment to be more agile (Gurchensky, 2019). Thus, after the pandemic reshaped companies environment and shifted them to remote working, the remaining percentage of companies which are about 30%, should start adopting the agile approach to help them survive in the digital reality. Moreover, COVID-19 has forced companies to work remotely because many processes have switched to be online based. With the environment change, the agile approach could be the only approach to overcome fast transformation challenges and ambiguous fast-changing environment.

Especially in the HRM as a strategic process, the core element has become the personnel and outcome-based other than the process-focused approach. Scrum and Kanban tools have been experienced to be beneficial in HRM. At the same time, there are many other tools can also be used and tested in companies. The success relation between HR and agile management urges the need to have a complete framework that can shape the HRM to agile management. Many practitioners proposed such frames, such as sky company in the UK. Still, there is a need to validate those suggested approaches by researchers. With a lack of research in this area, there is no existence of a comprehensive strategic model to overcome the ambiguity and be applied in HRM. There is a need to take the best practices from the agile approach in software development and test them in the HRM.

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