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FLEXIBILITIES IN HR SYSTEM: LESSONS FROM CORPORATE

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ABSTRACT

This paper introduces the changing HRM model. The paper highlights the first Model of the Flexible Firms on HR flexibility, several authors concur that the work of Atkinson and his colleagues suffers from a lack of solid theoretical underpinnings (Pinch et al., 1991; Blyton and Morris, 1992; Kalleberg, 2001). Kalleberg (2001) points out that the Model of the Flexible Firm assumes that core and peripheral employees belong to completely separate parts of the organization, thus ignoring the potential interrelationships and collaborative processes that can emerge between core and peripheral groups. These weaknesses do not prevent Atkinson's model from representing an important advance in disentangling the meaning of HR flexibility. Considering the above facts this paper tries to bring-in some new dimensions (characteristics) of the HRM, which stresses the importance of flexibility in HR systems. Next, the paper delves into some insights from top-notch International organizations to prove the acceptability of the new characteristics discussed in this paper. With this study, the role of flexibility turned out to be more comprehensible in the context of Human Resource Management.

Introduction

Flexibility is a concept that needs a lot more explanations in the field of Human Resource Management in particular and different functions of Management, in general. Flexibility is an art of being perfect but not Perfectionism. Human tendency is to see the confronted situation either as Everest-climbing effort or a miniscule practice. We never strive to engage our efforts to search for a balanced path to resolve the confronted situation. Flexibility can be understood by trying out different meanings and their supportive role in making the system smooth and job-friendly.

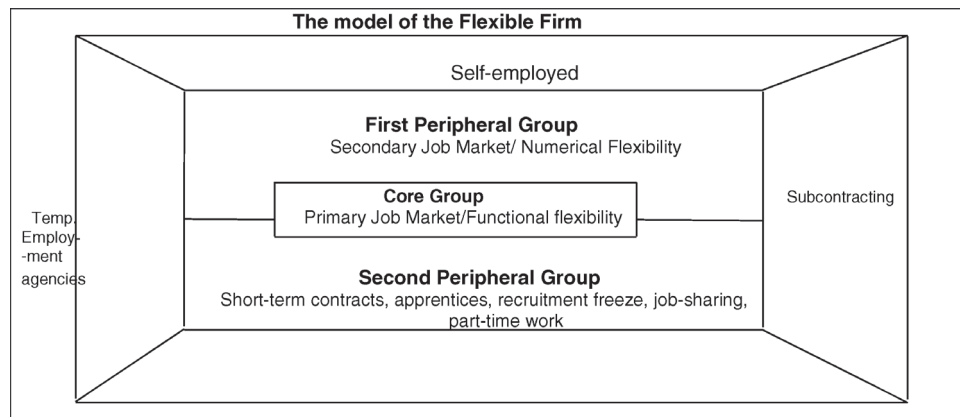
One of the most popular models of HR flexibility is the Model of the Flexible Firm, developed at the Institute of Manpower Studies (Atkinson, 1984; Atkinson and Gregory (1986) and Atkinson and Meager (1986). According to this model, different groups of employees provide the organization with different sources of flexibility, as depicted in the figure below:

First, there is a core group of employees ("primary job market") who are full-time, manifest high levels of commitment towards the organization and process a broad pool of skills. Employees within this group are usually managers, designers or technicians and due to their attributes, they can easily move between functions and roles, accepting responsibilities that go beyond their job descriptions (Valverde et al., 2000). In other words, they manifest "functional flexibility".

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Flexibilities in HR System: Lessons from Corporate



Second, organizations can also obtain flexibility from peripheral groups of employees, by altering the size of the workforce according to organizational needs (i.e. “numerical flexibility”). In this regard, Atkinson distinguishes between a first and a second peripheral group of employees. The former group-secondary job market-is made up of full-time employees who do not perform activities other than the duties specified in their job descriptions. The second peripheral group comprises fixed-term or part-time employees, among others. Organisations can reduce or increase the number of peripheral employees without incurring high costs because these employees do not belong to the central activities of the organization (Mayne et al., 1996).

Despite the popularization of the Model of the Flexible Firm in studies on HR flexibility, several authors concur that the work of Atkinson and his colleagues suffers from a lack of solid theoretical underpinnings (Pinch et al., 1991; Blyton and Morris, 1992; Kalleberg, 2001). Kalleberg (2001) considers that this model does not provide a clear definition of what constitutes the “core” and the “peripheral” workforce. Kalleberg (2001) also points out that the Model of the Flexible Firm assumes that core and peripheral employees belong to completely separate parts of the organization, thus ignoring the potential interrelationships and collaborative processes that can emerge between core and peripheral groups. These weaknesses do not prevent Atkinson’s model from representing an important advance in disentangling the meaning of HR flexibility.

Some of the new characteristics to understand the concept of flexibility in the present competition of business are as follows:

- *A Process*: Flexibility is not an end in itself but a *process* which is constant. In other words, we need to practice the doings what we do time and again in order to reap the fruits of beneficiary results. To practice flexibility in true sense, the foremost thing one has to do is to conceive its benefits and favours in the course of any sort of action intending to pursue.
- *Continuous Change*: Flexibility is the process of *continuous change* as it comes naturally and in order to adapt the changes, the system has to be accordingly molded or adjusted, so as the system could move out from the said-changed phase. Thus, the process of continuous change remains intact for longer period thereby enabling the system to survive and to compete with global competitors. Human tendency has always remained to grab the benefits instantly. We possess patience but seldom use it to hold our impulsive nature for the desired results.

- *Freedom with rights and duties:* Flexibility is the *freedom* but encompassing the rights with duties. Here, again to make the system flexible one has to first get ready to perform ones duties, then only one can hope for exercising ones right and empowerment. So being in the system, one cannot shun from responsibilities and duties as they pave way for the freedom of rights in the system. Flexibility is about how *courageous* one becomes at the time of alien situations or circumstances. When situation itself is new and unknown, it takes courage to confront and withstand the diverse situation. Thus, the courage facilitates to have innovative ideas under unexpected circumstances.
- *Holds high value system/principles:* The person who holds *high value system/ principles* will be the one who exercises the freedom of choice judiciously. In the said-process, one keeps an eye over the requirement of the circumstances and does not merely change just to appease others or to tow their convenience.
- *Art of Balancing:* Flexibility is an *art of balancing* between two opposite poles. Neither of the poles have surety to enable the system to land up at any equilibrium point as both have their inadequacies resulting into the partial fulfillment of the desired set-target. Organizations following centralized structure have become so rigid that they aspire to switch over to decentralization but to our dismay, organizations implementing and recommending decentralization itself are dissatisfied because of the extremity being seen through adhococracy, discretionary or innovative approach, uncertainty and turbulence governed actions.
- *Agile and Spontaneous:* Flexibility poses a million-dollar question of *how active you are and how proactive you are supposed to be*. Often, organizations get perplexed by not knowing how to come out with outstanding performances and quick results. But they forget that they are in the same conventional system in which it becomes near to impossible to evolve ideas and options. In order to have a turnaround situation, one needs to be *agile* and *spontaneous* enough to exhibit openness so as to have a host of options to choose from. The flexibility would enable to exercise the right action at right time in the right situation.
- *Raise Innovative Ideas:* Flexibility enables a platform to raise *innovative ideas and alternatives*. In other words, it provides an opportunity to muster courage to use our think-tank by bringing innovative thoughts and solutions to the encountered situation thereby coming out with flying colours of flexible solutions. As the flexibility brings change, so the *chaos* will be. The purpose of flexibility remains to extract the better options followed by learning and to stabilize the dwindling situation. Therefore, the need is not only to charge with change in the requirements of the system but to diminish rigidity in the system. A process of learning and evolution would support a better order out of the existing chaos will be created (Sushil, 2001).
- *Stress Reliever:* Flexibility can be said as *stress reliever* as it brings the solutions. When the options are very limited, it is evident that the manager would surely feel under stress. If he has options more than one, definitely it would enable him for a better decision. On the contrary, if he only ends up with a solo option, he would have to bear mounting stress. The best he can do under such circumstances, is to look upon the *minute things* which are least considered in any action. By choosing and analyzing such tiny but '*change-bringing capacity*' options would surely shoot up his level of confidence about triumph and thereby relieve stress due to debacle.
- *Captures and reduces Ambiguity:* *Ambiguity prevails* everywhere. In the entrepreneurial venture, manager is confronted with many uncertainties such as government policies, market sentiment, exchange rate, employee morale and motivation, paradoxes and conflicts, and

so on. But to everyone's surprise, flexibility acts just like a light-house in the sea, which constantly gives direction to the ships that go astray. Likewise, flexibility enables a manager to see the change but with a different perspective as it facilitates him to reinterpret the issues and concerns in an evolutionary manner so as to capture the ambiguity prevailing all around.

- *Ensures minimal wastes:* Flexibility ensures the minimal waste in any aspect of business. It enables a manager to look into diverse directions and see the cost-incurred. This sort of focus brings an idea of the least application of flexibility in the system thereby promoting a misconception that flexibility is only creating waste. But, the reality is different as flexibility should not be seen as a cost but it should be taken as a prominent element which acts as machinery to cut-down cost in the most efficient manner.
- *Role-clarity vis-à-vis others:* Flexibility is all about how a manager plays his role by relating himself with the other position-holders. He is not the only authority to run the organization and finally the business. Hence, it is necessary from his part that he should be aware of his role in comparison to others responsibilities and authority. He is supposed to be the *believer of causal chains*, their interplay and understand their inter-relationships. This will take him to a level where he could no more be a towing slave but a person of self-guidance and who generates enlightenment and liberation by practicing the systematic flexibility in its true spirit.

HR flexibility emerges as a key aspect in organizations operating in uncertain environments and whose efforts are oriented towards the development of rapid and diverse responses. It is believed that neglecting social issues in favour of technological and cost variables can lead to the failure of flexibility initiatives in organizations (Upton, 1995; Karuppan, 2004). Due to the relevance of HR flexibility for modern organizations, it is important to provide a clear definition of the concept. The model of the flexible Firm, formulated by Atkinson(1984), Atkinson and Gregory (1986) and Atkinson and Meager(1986) is the most well known framework on HR flexibility and one of the first studies to deal with the multidimensionality of HR flexibility. Other recent studies coincide with the idea that human resource flexibility is a multidimensional concept and complement the Atkinson et al. framework.

Some of the examples of prominent MNCs like, *IBM Corporation, JPMorgan Chase, Ernst & Young, KPMG LLP , Deloitte & Touche USA, Accenture, Applied Creative Technologies, Astra Zeneca, Merck, LG Electronics, Harrison Grierson* etc. proves the acceptability of the above said characteristics of the concept flexibility in HR.

IBM Corporation

IBM's Global Partnership for Workforce Flexibility is an initiative to identify barriers to flexibility in the workplace and develop strategies to overcome those obstacles. Using employee survey data, countries developed action plans to address the issues that existed in their area and had to be able to deliver measurable outcomes. Some actions that have resulted from this strategy include POWR (a web-based tool to address workload), mobility and efforts to make IBM feel like a smaller community.

JP Morgan Chase

In order to create a more flexible-friendly work culture, JP Morgan Chase formed a Work-Life Task Force that is changing the way people think about work and productivity within the company, and encouraging employees and managers to find flexible work solutions for meeting personal and business demands. The Task Force, a council of 16 senior-level executives representing a range of JPMC business units globally, evaluates the corporate culture around

flexibility through employee surveys, identifies problem areas, and formulates action steps for improvement.

Ernst & Young

As part of Ernst & Young's People First strategy, E&Y empowers their people to use flexibility to meet their personal and professional goals. Chairman and CEO Jim Turley says, "Everyone at E&Y should expect flexibility in their work to meet their personal and professional goals. It is the kind of supportive culture that we want." Work teams figure out how to work flexibly on a project-by-project basis, taking into account each member's needs and the overall work demands. A Flexibility website, an on-line hub of information, tools and resources for working flexibly and managing virtual teams flexibly, equips their people to find flexibility options that work.

KPMG LLP

KPMG LLP recently implemented a new tool called the Reduced Workload Model to foster an even greater culture of workplace flexibility, which includes such flexible work options as flextime, job sharing, and part-time work. The Reduced Workload Model was established to boost usage of flexibility by attempting to eliminate the perceived penalty of working a reduced schedule by decreasing an employee's chargeable hours to be commensurate with their workload. The Reduced Workload Model creates equity among employees by ensuring that users of flexible work arrangements have similar opportunities for career progression and for meeting and exceeding goals.

Deloitte & Touche USA, LLP

Through employee surveys, Deloitte has found that informal day-to-day flexibility can make sense for employees and for the company. To facilitate the use of informal flexibility, Deloitte has developed educational tip sheets for managers and employees, called Working and Managing in a Virtual Environment. The tip sheets focus on three elements critical to the success of informal day-to-day flexibility: responsibility, trust, and, above all, communication. Deloitte's Personal Pursuits program allows high-performing employees to take unpaid leaves of up to five years. The program is designed to provide employees with effective "onramps" for re-entering the workforce after extended leaves. From the company's perspective, it is a valuable tool to help Deloitte hold onto high-performing employees.

Accenture

Accenture, a global consulting and business services company, uses flexibility as a competitive edge in the war for talent. Accenture has introduced a number programs and resources to facilitate employees' use of flexibility, including a global flexibility tool to educate, measure and evaluate managers regarding flexibility and an employee flexibility portal, a web-based tool to educate employees about Accenture's flexible work options.

Applied Creative Technologies

Applied Creative Technologies is a small consulting company (less than 20 employees) that has implemented a number of formal and informal workplace flexibility programs with compelling business results. Turnover is way below the industry average, and profit margins exceed the industry average. ACT's founding principle of respect is credited in part with the company's success. Because ACT recognizes and appreciates employees as individuals, moms, dads, sons, and daughters, they are in turn willing to do what it takes to make the company successful.

AstraZeneca

AstraZeneca used flexibility as an effective business strategy following a merger. The merger was stressful for employees, bringing together two very different company cultures and resulting in the selection of one corporate headquarters site in Wilmington, DE. Surveys around the merger asked employees what the company could do to ease these transitions. Their answer: flexibility. In particular, AstraZeneca's effective use of workplace flexibility was used to relieve tensions around heavy traffic commuting-caused by relocation of Pennsylvania-based offices 45 minutes away to the new, expanded headquarters campus.

Merck

Merck conducted a 2-part assessment in order to measure and understand the extent to which employees have flexibility beyond formal policies and tools. This included a self-assessment, which continually updates as employees change their work arrangements, and an anonymous survey to capture perceptions of flexibility.

LG Electronics

LG Electronics is a long-time user of Oracle technology. The company has implemented Oracle E-Business Suite in its corporate headquarters and is now embarking on an ambitious four-step project to migrate 72 worldwide offices to the Oracle platform by 2008. The ultimate aim is to have all subsidiaries, production facilities, and the Seoul head office using the same Oracle system by 2010. In 2002, LG Electronics began developing a human resources management system (HRMS) using a range of Oracle Human Resources modules to replace disparate HR applications used by its subsidiaries.

In 2005, LG Electronics began moving its subsidiaries to the system, the first stage in its migration to a global business management platform. While general HR programmes are managed globally, each subsidiary has the flexibility to oversee matters specific to its operation. Human resources functions are grouped into six categories: position, title, recruitment, promotion, performance, and compensation. The system also allows other categories to be set up to cater for specific requirements. In addition to establishing a single repository for information, the Oracle-based system is used to distribute and execute HR policies globally.

Enhanced HR Management

In April 2006, LG Electronics went live on the new global Oracle HR management system. One of the key features of the system is that it is engineered to link HR strategies with business goals so the company can monitor workforce performance against specific objectives or campaigns.

Improved Employee Satisfaction

The new HR management system includes self-service options for staff to update their details, view pay slips, and apply for leave. It also allows them to track their performance against set goals, and to ask for feedback and support if they are not meeting certain requirements. Staff can boost their knowledge by undertaking online training, ensuring they can learn at their own pace and at a time that suits them. Paying attention to employee needs in such ways enables LG Electronics to retain quality staff and enhance its reputation as an employer that is committed to its workforce.

****Implementation Process**

LG Electronics worked with Oracle Consulting to scope, design, and implement the HR management system. This involved aligning business and HR goals, describing roles and responsibilities, standardizing processes, and developing reports. The implementation was divided into five phases, beginning in 2002 with the core system, followed by the progressive development and rollout of the data mart, performance management system, staff portal, and e-learning application. The migration of all subsidiaries to the Oracle platform was completed in April 2006.

Harrison Grierson

Flexibility to recruit and retain skilled people in a tough market. Harrison Grierson is a multidisciplinary consultancy offering engineering, surveying, planning and resource management services. It has offices throughout New Zealand and a Brisbane office. It employs approximately 330 people. Due to strong business growth, approximately 50 new employees were recruited in 2004 and another 50 in 2005. Harrison Grierson's key employment issue is recruiting and retaining talented individuals in a fiercely competitive market. A third of its workforce is women, many of whom need flexibility to meet family commitments. A number of its older staff also want flexibility as they move towards retirement while younger staff sometimes want long periods of leave to study or travel.

Harrison Grierson's flexible working arrangements have evolved out of individual requests and include:

- Flexible starting and finishing times
- Part-time work at all levels
- Unpaid leave (up to 12 months)
- Option to buy back a week of leave
- Technology to work from home (long or short term)

By far the most popular arrangements are flexible starting and finishing times and reduced working hours. These are mainly used by people with family commitments. While the flexible working provisions have emerged out of individual requests, they are now being formulated into a draft policy which only needs senior management approval before it becomes available at induction, in the company manual and on the company intranet. The draft policy details the benefits of flexible working, the process for considering requests and the likely outcomes. The new policy will help ensure a consistent approach to flexible arrangements, although every request needs to be considered on its own merits. Managers are occasionally unwilling to offer flexibility, usually because they are unsure how it will work in their team, but questions can be resolved by a trial period to see how the arrangement suits the individual, the manager and the team. Harrison Grierson has found that people who want to work reduced or flexible hours "will go to the ends of the earth to make it work".

Harrison Grierson maintains a flexible attitude to flexibility, working alongside staff as their circumstances change. The HR team claims the administrative work associated with changing people's working arrangements several times is minimal compared to the benefits of retaining skilled people. As a result of the flexible working arrangements and other work-life initiatives, Harrison Grierson had an increase in female employees from 2000 to 2005. The majority of women who take parental leave return to work at Harrison Grierson, and graduates are staying at Harrison Grierson six months longer than in the past.

Conclusion

Firms are compelled to compete in global markets. Severe competition in the global markets means that participants are forced to accept the low market rate of returns and high risks of the markets' growth. The issue of how to manage their human resources in the global competition age is a salient challenge for Indian management.

As we have seen, that these above-mentioned top-notch international organizations, have precisely recognized the holistic role of flexibility in HR domain. Organisations viz. IBM Corporation, JPMorgan Chase, Ernst & Young, KPMG LLP , Deloitte & Touche USA, Accenture, Applied Creative Technologies, Astra Zeneca, Merck, LG Electronics, Harrison Grierson etc. have surely realized the need of change in all domains such as strategy, structure, systems and most importantly, human resource. In the same breath, Change pertaining to strategy, structure, systems and human resource in particular, will not disappear or dissipate. Technology, an ever expanding list of applications and the spontaneous combustion of creative thoughts will maintain their ever-accelerating drive onwards. Managers, and the enterprises they serve, be they public or private, service or manufacturing will continue to be judged by their ability to effectively and efficiently manage change and in order to realize the same, is to go for flexibility system, paving way to right balance between internal and external change.

Unfortunately for the managers of the early twenty-first century, their ability to handle complex change situations will be judged over ever decreasing time scales. Given that situation, organizations have to adopt flexibility in order to cope with the fast pace of change in business environment. Flexibility in the organization should be created in a manner so that controllability also increases. A highly open system with lack of controls may lead to a chaotic organization. Thus, flexibility in various domains such as strategy, structure, systems and human resource in particular, should be created in a manner so that it provides adaptiveness and responsiveness without losing controllability. The options where emphasis is required in the context of Human resource can be viz. Cultural diversity, Creative tension, Learning environment, Multiskilling, Empowerment, Innovation culture etc. In a nutshell, the options that are created within the domain of the organization create internal flexibility, whereas the options outside the enterprise in the rest of the value network create external flexibility. A right balance of external and internal flexibility is to be maintained for a high performing organization. Every organization has to design itself in HR domain encompassing the flexibility dimensions (characteristics) of HRM. Thus, the role of flexibility study turned out to be more comprehensible in the context of Human Resource Management.

Wake-up Alarm for Indian Players to go Global

The need of the hour is to bring flexibility in the HRM system as flexibility is the dynamic interplay or synthesis across the range of options from thesis to antithesis by exercising the freedom of choices (Sushil, 2001). As more and more Indian companies are flapping their wings to global platform, it becomes immensely necessary for them to understand the flexible approach in terms of getting the work done by human resources without making them insecure and aggrieved.

As an addendum, another classic example of historical analysis of Japanese management (Kishita T. 2006) reveals that the HRM system has to be designed in such a way that it could uncap the potential, existing in their human resources with the constant effort and consent of them. The study has also discussed about the identification of potential outcome delivered by human resources which was determined by three major evaluating factors. Firstly, the human resources were evaluated based on their ability which was called people oriented system. The

second was the job oriented system, one that puts an emphasis on the job. The incentive system dependent on this type of the personnel evaluation system was pay. The third arrangement was a performance oriented system. The incentive system based on the performance oriented was called pay for performance. Until the 1980s, Japanese firms succeeded with people oriented HRM in favourable business surroundings, but during the 1990s, in contexts of intense global competition, Japanese organisations changed their HRM systems to performance oriented. Arguably, these reforms were not entirely successful. Subsequently, flexibility was adopted in the form of strategy of job-oriented system in making the HR System work, without confronting any hindrance in managing potential human resources.

Coming back to Indian front, as the economy is booming, Indian corporate world has also started taking curves in terms of shifting their ways of judging their human resources by understanding the competencies required, concurrent relationship with the job assigned and the job related roles with a balanced responsibilities and rights. So, the initiative has already been taken but as the saying goes, "miles to go before I sleep..." (Robert Frost), a lot more segments are to be linked to percolate the idea of flexibility in HR system thus, facilitating the access of quality-oriented performance through HR flexibilities in any mission and vision-oriented organization of international standard.

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