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The influence of Human Resources planning in Business Transformation of Apparel Industries: Experiences of five organizations in Eastern Province of Sri Lanka.

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Abstract:

The adoption of business transformation in most organizations has acclaimed a wide recognition and reputation among the academics research scholars and practitioners as it is important instrument towards. Transformation is crucial for any business to survive in the market and to retain their position. It is very important to stay focused and to be flexible in order to adapt to the changes successfully. HRP is conducted in efficient and effective manner to ensure the smooth functioning of any organization. Simply HRP determining the future employee needs correctly based on current information. Apparel industry in Sri Lanka is one of major contributor of economy of this county. This study carried out to identify the influence of HRP on transformation of apparel business in Eastern Province. 27 senior level managers were surveyed through structure questionnaire developed for this study, comprising all dimensions of HRP and Business transformation dimensions. The results was shows that the respondents generally agree to the statement with the mean value of 3.744 for HRP and 3.87 for transformation The correlation between HRP and business transformation was significant where $r= 0.785$ at 0.00 significant level. Hence the finding shows HRP has influence on

transformation of the apparel business in the province. According to the regression result the model fit was explains thus R^2 is 0.616 which shows that 0.62 % of transformation is explained by proper human resource planning.

Key words: Business Transformation; Human Resources planning; Human Resources Management

Introduction

Human Resource Planning is one of the major and key functions of HRM. It is very important that the HRP is conducted in efficient and effective manner to ensure the smooth functioning of any organization. "Human Resource Planning is the process of determining future employee needs and deciding steps or strategies to achieve those needs for the purpose of accomplishing organization's goals and objectives" (Opatha, 2009). Simply HRP means determining the future employee needs correctly based on current information. Further, it can be called as 'The Heart of HRM' because, the entire success of the whole HRM process highly depends on how the HRP function is carried out. According to Opatha, (2009), HRP uses

- To determine the future employee needs
- To utilize HR efficiently and effectively
- To control employee cost
- To develop highly competent managerial and professional employees
- To formulate and implement strategic plans

If any organization fails to conduct HRP systematically, it will have to come across some sequence of problems such as high turnover, absenteeism, lower employee morale and productivity, salaries and wages issues, waste of resources, and high employee costs.etc.

Therefore the Human Resource in any organization plays a major and key role behind its success with its unique features and characteristics which other resources don't have. So managing the human resources in an efficient and effective manner is crucial in order to attain organizational goals and sustain with in any form of business.

Business Transformation and its Significance

The adoption of business transformation in most organizations has acclaimed a wide recognition and reputation among the academics research scholars and practitioners as it is important instrument towards. Business transformation is concerned as a fundamental changes in the ways in which an organization works, so that it delivers better services to customers first time, and every time, and achieves better values for money. Change is an inevitable rule in the operation of an organization. So that, every organization should be anticipated changes occurred around the environment in the organization and find suitable mechanism to incorporate the same. The business Transformation involves with

three dimensions. Namely change of appearance, change of shape, and change of forms. (Oxford City Council, 2008). Changing **appearance** means in order to maximize stakeholders value the organization rethink of its all activities such as cultural manifestation of an organization, including visible and invisible manifestation of the organizational culture. Change of **shape** is meant that the organization revise its methods, procedures, guidelines, policies and programs in order to satisfy its stakeholders. As the change of **form** is mean that is to capitalize technology advancement, skills, and processes in order to improve the operation of the organization through efficient organizational structures. (Oxford City Council, 2008).

Transformation is crucial for any business to survive in the market and to retain their position. Since the customer needs and wants are changing, technological developments, competition among firms, environmental pressures, and many other reasons. It is very important to stay focused and to be flexible in order to adapt to those changes successfully. Successful business transformation should be ensured and therefore management involvement, employee education, good communication, realistic goal setting, cooperation and collaboration, and rapport and trust are some key factors for the success of business transformation.

The Apparel sector in Sri Lanka

The Apparel industry, being one of the major contributors of the export income of the country, as we all know helps to strengthen and plays a key role in the Sri Lankan economy. According to Dheerasinghe, (2007) Garment industry has been the Sri Lanka's largest gross export earner since 1986 and accounted for more than 52 per cent of total export

earnings of the country. It is also the country's largest net foreign exchange earner since 1992. Furthermore, Pathirage, et.al (2012) a large proportion of the contribution to GDP comes from Sri Lankan private sector organizations. Textiles and apparel manufacturing industry is the country's largest foreign exchange earner, accounting for 46 % of export earnings. It employs over 200,000 people directly and about another 400,000 indirectly, of nearly 750 factories in the industry (Central Bank, 2010). Most of the researchers studied on challenges, prospects and strategies, strategy to survive in competition, managerial learning and job attitude and performance regarding the apparel sector. Furthermore those focus mostly on the leading companies which are in the western part of Sri Lanka. According to the central bank report of 2012, it points out that output of the wearing apparel sector increased by 4.2 per cent in 2012, meanwhile, the textile products sector, which mainly comprises weaving of textiles and finishing of textiles, recorded a commendable growth in 2012. The supply of textiles to the domestic market was supported by strong demand from tourists, according to market sources.

So, with all these discussions with evidences provides us a very clear and a broad picture about the situation of the apparel sector in Sri Lanka. As the apparel sector requires a large number of human resources to run their business smoothly, and as we have planned to pay our special attention on the eastern province of Sri Lanka it will be good to test as per how far does this sector pays attention on HR planning to transform their businesses. At this juncture the researcher state problem as,

- The level of understanding of the apparel sector in the Eastern Province about utilizing the HRP as a key function of HRM to transform their businesses.

Research Question

Based on our research problem, the research question was developed which is as follows

- What is the extent that HRP is being conducted as an HRM function to transform the business within the apparel sector in the Eastern Province?

Objectives of the Study

This research is carried out with the expectation of accomplishing the following objectives, in which the first one will be the main objective while the other will be the sub objective

1. To identify up to what extent does the apparel industry in the Eastern Province uses HRP as an important function of HRM in order to transform their business.
2. To emphasize the importance of HR in running a successful business

Review of Literature

Contribution of HRP in continuous Transformation of the Business

The review of literature mainly focuses on the previous research evidences about what is really human resource planning and business transformation, how well the human resource planning has been utilized to transform the business as an HR function, what are the key areas that an organization should consider when they conduct HRP to face the transformation successfully, why is it important to keep transforming the business in the apparel sector, its use of HR in transforming the business, where we will reveal our research gap.

HRP as discussed as a very crucial function of HRM and therefore any organization to succeed in their whole

HR process should pay careful attention while planning its human resources. Dessler and Varkkey (2011) define HRP as “The process of deciding what positions the firm will have to fill and how to fill them”. We can easily understand the fact that HRP is a future oriented forecast that is conducted in present through this definition. It is very important to conduct HRP continuously to meet the future demands. Bulla and Scott (1994) defines HRP as “Process for ensuring the HR requirements of an organization are identified and plans are made for satisfying those requirements”. It’s important to make very effective plans so that no surplus neither deficit will occur which will also control the employee cost. It is not only the numbers that matter but many other factors along to go with it. The types of skilled employees, qualifications, age, sex, personality and many other factors do matter when we plan our future HR. (Armstrong, 2004) Another important factor is the organizational policy regarding HRP, where both internal and external sources should be considered because it is crucial to recruit qualified personal externally as well as to retain the qualified staff internally. Any organization should deal fairly regarding their policies in order to satisfy all the involved parties. Overall, HRP is a continuous process of determining the future employee needs in an effective manner.

Business Transformation is simply, making fundamental changes in how business is conducted in order to cope with the environmental changes that occur. It is a sort of replacement from the traditional methods of doing business by introducing some modern business practices.

Since our focused group was the executives, it’s very important to understand the different roles that top people have to play in initiating Business

Transformation in an organization. According to Mascarenhas (2011), formulating a strategy or strategies is the key to transform any business where we should be very clear about the End Objective, The Scope and the Advantage that we are going to gain through this strategy. Therefore formulating a strategy on HRP is also very much important to transform the business.

Transformation often begins in an organization with a new head who is a good leader and who sees the need for a major change. If the entire company has to be changed, the CEO is the key player (Mascarenhas, 2011). So, the CEO has to play a leadership role and a style of ‘Transformational Leadership’ is the most suitable. The CEO also has to play the roles of a systems thinker, a problem solver, creativity and innovation manager, leader of sustainable competitive advantage, and a leader of shared and corporate vision (Mascarenhas, 2011).

Further, Lee et.al. (2009), in his case study “Using ERP Systems to Transform Business Processes” revealed that ERP implementation can transform the business processes of an enterprise. The results of ERP implementation in the case company favored the company’s mission. Significant improvements have been experienced after implementing an ERP system. More specifically, it is found that implementing ERP systems involves more than just the technical aspect. The crucial phase is the analysis and planning stage where the management aspects of ERP system implementation are considered. It is recommended to utilize the innovative information technologies to create value for customers by extending their ERP system functionalities with customer relationship management techniques to provide ultimate customer satisfaction. As we have discussed before, business transformation has three important

dimensions which are change of appearance, change of shape, and change of forms. It is important to focus on these areas because transformation as a whole is a change and that's what we will be discussing throughout our research. As many businesses change their ways of conducting the business, the concept of business transformation' has captured the attention of many interested parties.

'Change management and specifically large-scale organizational change or business transformation initiatives are dominating the activities of many organizations. In the most recent trends in business transformation survey 84% of European managers viewed transformation as the norm and were involved in a new business transformation programme on average every 6 months' (Franklin, 2011). So, this emphasizes the importance of being focused and continuously changing to meet the challenges and to overcome them successfully.

Research Methodology

The methodology was designed to carry out the research to an acceptable depth to meet its stated objectives. This research was an explanatory study. The study using a structured self-administered questionnaire as the research tool and unit of analysis was done with the individuals. This study focus on the executive or functional level managers in five reputed apparel companies in eastern province. The likert scale was used for the statements attained for the variables ranging from strongly disagree to strongly agree. The researcher was interested in investigating whether human resources Planning relates to transformation of the business among a sample of 27 senior level managers in those companies. So the type of study was correlation rather than causal. Since, this study attempted to analyze the relationship between the two variables.

Measures

Measuring Human Resources planning: the perceived degree of HRP in an organization was operationalized into five dimensions i.e. government interventions and regulations, the organizational policies, sex composition, age composition, and migration. There were 30 items represented those dimensions. A 5-point Likert scale from strongly disagree to strongly agree is used to evaluate the responses.

Business Transformation: the perceived degree of business transformation was operationalized into seven dimensions as, the role of the CEOs, change the organization as a whole, revise the methods, guidelines, procedures, policies. etc., employee education, capitalize technology advancements, Improve skills, Improve the processes. 14 items were represented the above dimensions and measured by 5-point Likert scales.

Results and Discussion

Sample populations of 27 managers were responded in the survey. That was representing 100% responses. In Descriptive measures the mean value for HRP and business transformation shows that the respondents generally agree to the statement with the mean value of 3.744 with the standard deviation of 0.274 and transformation has a mean value of 3.87 with the standard deviation of 0.307. These shows the managers are satisfied with their human resource planning and the transformation which they use in producing and marketing the product. The correlation between HRP and business transformation was significant where $r = 0.785$ at 0.00 significant level. Hence the finding shows HRP has influence on transformation of the apparel business. According to the regression result the

model fit was explains thus R2 is 0.616 which shows that 0.62 % of transformation is explained by proper human resource planning. That is, the HRP has much influence in business transformation.

Table 1

		Independent	Dependent	Valid N (lw)
N	statistic	27	27	27
Range	statistic	.90	1.21	
Minimum	statistic	3.50	3.50	
Maximum	statistic	4.40	4.71	
Mean	statistic	3.7444	3.8783	
	Std. Er	.05275	.05916	
Std. dev	statistic	.27410	.30743	
variance	statistic	.075	.095	

Table 2: Correlations

	Independent	Dependent
Independent Pearson Correlation Sig. (Two tailed)	1	.785
	27	.000 27
Dependent Pearson Correlation Sig (Two tailed)	.785	1
	.000 27	27

Regression

Table 3: Model Summary

1	I	Mode	R	R Square	Adjusted Square	Std. Error of Estimate	Change statistics			
							Change R Square	F Change	Df1	Df2
1			.785a	.616	.601	.19422	.616	40.143	1	25

Conclusion

There are so many factors influencing on the transformation of business not only the factor of human resource planning. Successful transformation is depends on many factors. Apparel industrialists are having many initiations for transform the business. Apparel business employs by female employees at high. Work life balance should be maintained when designing the jobs where making any changes. As far as the Eastern province concern, the availability of labor is could be utilized with an optimum utilization. When the forecast the future demands of the products and the firms can plan effectively the required competence and capability of employees to accept any changes for transforming the business. And also assistance from government (institutional and economical) support is much required for effective transformation. Apparel industry is an important sector to develop the region. Further, it is also a challenge for the apparel industries because females dominate the sector despite their dual roles. Even that has a significant effect on the employee performance and the entire success of the transformation, since the levels of self-willingness to take on the changes, dedication, scarification and commitment can differ. Also, the focus should not only be with the employees but also with the customers as well since they are the ultimate beneficiaries. Therefore future researchers find out other factors which contribute to upward movement of transformation of their business. However, this research will help to other people who are involving in the business, policy makers and others. And authority people will have to be up to a tack that exercising regarding the future use of strategies for speed transformation of the business.

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