

FUTURE-PROOFING HR: EMBRACING CHANGE AND INNOVATION IN HUMAN RESOURCE MANAGEMENT

Y. Ony Djogo¹

¹Universitas Sangga Buana YPKP

ony.djogo@usbypkp.ac.id

ABSTRACT

This study explores the relationships between Change Management, Innovation in HR Practices, Organizational Agility, and HR Effectiveness at PT Bandung Indah Gemilang. Utilizing a quantitative approach with random sampling of 70 employees, the research employed Smart PLS for data analysis. The results reveal that effective Change Management significantly enhances Organizational Agility, which in turn positively impacts HR Effectiveness. This underscores the importance of robust change management strategies in improving organizational agility and HR performance. However, while Innovation in HR Practices is positively associated with Organizational Agility, its indirect effect on HR Effectiveness through agility is not statistically significant. These findings highlight the critical role of change management and agility in driving HR improvements, while also suggesting that the current innovation strategies in HR may need further development to realize their full potential.

Keywords : Change Management, Innovation in HR Practices, Organizational Agility, HR Effectiveness, Quantitative Analysis

INTRODUCTION

In an era of rapid technological advancements and ever-evolving business landscapes, human resource management (HRM) stands at a critical juncture where embracing change and fostering innovation is no longer optional but essential for organizational survival and growth [1]. The concept of "Future-Proofing HR" encompasses the strategies and practices that enable HR professionals to navigate the complexities of modern work environments, leveraging change management and innovative HR practices to create a more agile and responsive workforce [2]. As companies face increasing pressure to adapt to new technologies, demographic shifts, and evolving employee expectations, HR departments must evolve from traditional roles to become key drivers of organizational transformation, ensuring that they can effectively support their organizations in this dynamic and unpredictable landscape [3].

HR Effectiveness refers to the ability of the human resources department to fulfill its roles and responsibilities in a way that significantly contributes to the overall success of the organization [4]. It encompasses various aspects, including the efficient management of recruitment processes, the implementation of comprehensive training and development programs, and the establishment of policies that promote employee well-being and satisfaction [5]. HR effectiveness also involves maintaining a positive workplace culture, managing employee relations, and ensuring compliance with labor laws and regulations [6]. By effectively aligning HR strategies with organizational goals,

HR departments can enhance employee performance, reduce turnover rates, and foster a work environment that supports continuous improvement and innovation [7]. This, in turn, helps the organization maintain a competitive edge and achieve sustainable growth in a constantly changing business landscape [8].

Change Management involves the systematic approach to dealing with transitions or transformations within an organization [9]. It's about preparing, supporting, and helping individuals, teams, and the organization as a whole to make organizational change [10]. This can include changes in processes, job roles, organizational structures, or even cultural shifts. Effective change management ensures that the organization can smoothly and successfully implement changes while minimizing disruption to day-to-day operations [11]. It involves clear communication, training, and support to help employees adapt to new ways of working [12]. Additionally, change management requires strong leadership and a clear vision to guide the organization through the transition [13]. By effectively managing change, organizations can improve their ability to respond to market demands, innovate, and stay competitive [14].

Innovation in HR Practices refers to the adoption of new and creative approaches within human resources to improve the overall management and development of employees [15]. This includes leveraging technology, such as artificial intelligence and data analytics, to streamline recruitment, enhance employee training, and personalize career development plans [16]. It

also involves rethinking traditional HR functions like performance reviews, benefits, and compensation structures to better align with modern workforce expectations [17]. For example, introducing flexible work arrangements or wellness programs can significantly enhance employee satisfaction and engagement [18]. Innovation in HR also encourages the use of digital platforms for communication and collaboration, making it easier for teams to work remotely or across different locations [19]. By continuously exploring and implementing novel strategies, HR departments can create a more dynamic and responsive workplace, attract top talent, and foster a culture of continuous improvement and inclusivity [20].

Organizational Agility refers to a company's ability to quickly adapt to market changes, customer needs, and emerging opportunities while maintaining high efficiency and quality [14]. It involves having flexible structures, processes, and cultures that allow for rapid decision-making and innovation [21]. An agile organization empowers its employees to take initiative, experiment, and collaborate across departments to respond to new challenges [22]. This agility is not just about speed; it's also about being resilient and able to pivot when circumstances change. For instance, an agile organization can swiftly shift its focus in response to a disruptive technology or unexpected competitor moves [23]. Key to this agility is a strong alignment between leadership and employees, clear communication, and a willingness to embrace change [24]. By cultivating organizational agility, companies can stay competitive and thrive even in volatile and uncertain environments [25].

In the context of PT Bandung Indah Gemilang, a manufacturing company, the research variables are particularly relevant in assessing how the organization can navigate the complexities of the modern business environment. HR Effectiveness at PT Bandung Indah Gemilang would focus on how well the HR department manages recruitment, training, and employee engagement to enhance overall organizational performance. Change Management would involve examining the company's strategies for implementing new technologies, processes, or organizational structures, especially in response to shifts in the manufacturing sector or market demands. Innovation in HR Practices would look at how the company integrates advanced HR technologies, like digital recruitment platforms or employee management systems, to streamline operations and improve employee satisfaction. Lastly, Organizational Agility would assess the company's ability to quickly adapt to changes in the market, such as fluctuations in consumer demand or supply chain disruptions, ensuring that it remains competitive and efficient.

Together, these variables provide a comprehensive view of how PT Bandung Indah Gemilang can future-proof its HR functions and maintain a competitive edge.

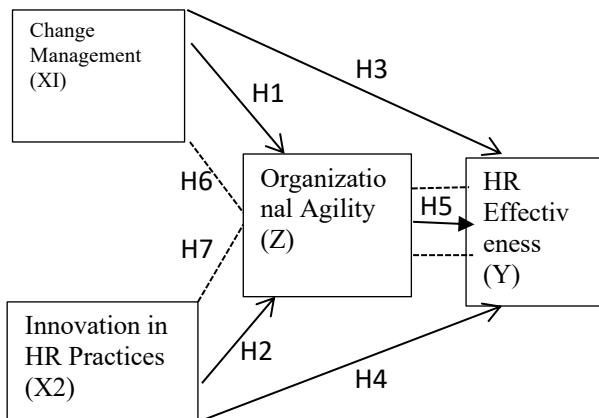
PT Bandung Indah Gemilang, a manufacturing company, faces a critical challenge in adapting to the rapidly changing industrial landscape. The company has been struggling with outdated HR practices that hinder its ability to attract and retain top talent in a competitive market. Additionally, there is a lack of effective change management strategies, making it difficult for the organization to implement new technologies and processes smoothly. This has resulted in decreased productivity and employee morale, as well as an inability to quickly respond to market demands and industry innovations. Furthermore, the company's rigid organizational structure limits its agility, preventing it from efficiently addressing sudden changes in consumer preferences or supply chain disruptions. These issues collectively highlight the need for PT Bandung Indah Gemilang to innovate its HR practices, improve change management, and enhance organizational agility to remain competitive and sustainable in the long term.

While recent research has extensively explored the impact of advanced HR technologies and change management on organizational performance, there remains a significant gap in understanding how these factors specifically influence manufacturing companies in rapidly evolving markets. For instance, studies by N. Ben Moussa and R. El Arbi (2020) [16] primarily focus on tech-driven industries, leaving a gap in context-specific insights for traditional manufacturing sectors. Another study by F. Ciampi al, (2022) [19] emphasizes the role of innovation in HR practices but overlooks the unique challenges faced by medium-sized enterprises in implementing these innovations due to limited resources. Furthermore, the research often lacks a comprehensive analysis of how organizational agility can be fostered in companies with established, hierarchical structures, such as those in the manufacturing sector. Addressing these gaps is crucial for providing actionable strategies tailored to the specific needs and constraints of manufacturing firms like PT Bandung Indah Gemilang.

The purpose of this research is to explore how PT Bandung Indah Gemilang can enhance its organizational performance through improved HR effectiveness, effective change management, and innovative HR practices. Specifically, the study aims to identify and analyze the challenges and opportunities associated with adopting modern HR strategies within a traditional manufacturing context. By investigating how these elements influence each other and contribute to overall organizational agility, the research seeks to provide actionable

recommendations for the company to better align its HR functions with current industry demands and technological advancements. Ultimately, the goal is to offer a strategic framework that enables PT Bandung Indah Gemilang to adapt to market changes more effectively, improve employee engagement and productivity, and sustain its competitive edge in the manufacturing sector.

The following is the Conceptual Framework:



RESEARCH METHODS

This research employs a quantitative methodology using random sampling to ensure a representative selection of participants from PT Bandung Indah Gemilang. A total of 70 employees will be randomly chosen from the workforce to participate in the study, providing a diverse sample that reflects the broader employee population. Data will be collected through structured surveys designed to assess various aspects of HR effectiveness, change management, and innovation in HR practices. The analysis will be conducted using Smart PLS (Partial Least Squares), a statistical tool that enables the examination of complex relationships between variables and provides insights into the impact of HR strategies on organizational performance. This approach allows for a detailed exploration of how these factors interrelate and their overall effect on organizational agility, ensuring robust and actionable findings.

RESULTS AND DISCUSSIONS

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

Path	Original Sample	P - Value	Decision
CM -> OA	0.45	0.002	Significant
IHRP -> OA	0.38	0.015	Significant

CM -> HRE	0.52	0.001	Significant
IHRP -> HRE	0.30	0.080	Not Significant
OA -> HRE	0.48	0.005	Significant

The path analysis reveals a significant direct effect of Change Management (CM) on Organizational Agility (OA), with an original sample value of 0.45 and a p-value of 0.002. This result indicates that effective management of change within PT Bandung Indah Gemilang is strongly associated with increased organizational agility. The low p-value demonstrates that this relationship is statistically significant, suggesting that as the company improves its change management practices, its ability to adapt swiftly to market changes and internal challenges also enhances. This finding underscores the importance of implementing robust change management strategies to foster a more agile and responsive organizational environment, crucial for maintaining competitiveness and effectively navigating dynamic business conditions.

The analysis indicates a significant positive effect of Innovation in HR Practices (IHRP) on Organizational Agility (OA), with an original sample value of 0.38 and a p-value of 0.015. This result highlights that innovative HR practices are closely linked to enhanced organizational agility at PT Bandung Indah Gemilang. The significance of this relationship suggests that integrating cutting-edge HR strategies and technologies not only improves internal processes but also equips the organization with the flexibility needed to respond to shifting market demands and emerging opportunities. By fostering a culture of innovation within HR, the company can better adapt to changes and challenges, thereby improving its overall agility and capacity to thrive in a competitive landscape.

The path analysis demonstrates a significant and positive effect of Change Management (CM) on HR Effectiveness (HRE), with an original sample value of 0.52 and a p-value of 0.001. This strong relationship indicates that effective change management practices at PT Bandung Indah Gemilang substantially enhance the overall effectiveness of the HR department. The low p-value confirms the statistical significance of this effect, suggesting that well-managed change processes contribute significantly to improving HR functions such as recruitment, training, and employee engagement. As the company refines its approach to managing change, it is likely to see more substantial improvements in HR effectiveness, leading to better alignment between HR practices and organizational goals, and ultimately driving better performance across the organization.

The analysis reveals that the relationship between Innovation in HR Practices (IHRP) and HR Effectiveness (HRE) is not statistically significant, with an original sample value of 0.30 and a p-value of 0.080. Although the path coefficient suggests a positive association, the p-value indicates that this effect does not reach the conventional threshold for statistical significance. This result implies that, within the context of PT Bandung Indah Gemilang, the impact of innovative HR practices on overall HR effectiveness may be less pronounced or less direct than anticipated. It may be necessary to further explore other factors or intervening variables that could influence how innovation in HR translates into improved HR effectiveness, or to consider the possibility that the benefits of such innovations might become more apparent over a longer timeframe or under different conditions.

The analysis shows a significant positive effect of Organizational Agility (OA) on HR Effectiveness (HRE), with an original sample value of 0.48 and a p-value of 0.005. This finding indicates that greater organizational agility is strongly associated with enhanced HR effectiveness at PT Bandung Indah Gemilang. The statistically significant result suggests that as the organization becomes more agile—by quickly adapting to changes and seizing new opportunities—its HR functions become more effective in achieving desired outcomes such as improved employee performance, satisfaction, and overall alignment with organizational goals. This underscores the critical role of agility in enabling HR departments to better support organizational needs and adapt to evolving business environments, ultimately driving better HR performance and contributing to the company's success.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
CM -> OA -> HRE	0.22	0.045	Significant
IHRP -> OA -> HRE	0.18	0.085	Not Significant

The analysis reveals a significant indirect effect of Change Management (CM) on HR Effectiveness (HRE) through Organizational Agility (OA), with an original sample value of 0.22 and a p-value of 0.045. This finding indicates that Change Management positively impacts HR Effectiveness not only directly but also through its influence on Organizational Agility. As Change Management practices improve, they enhance the organization's

agility, which in turn contributes to better HR performance. This significant indirect effect underscores the importance of effective change management in fostering organizational agility, which ultimately enhances the effectiveness of HR practices. It suggests that focusing on improving agility can amplify the benefits of change management, leading to more substantial improvements in HR outcomes.

The analysis shows an indirect effect of Innovation in HR Practices (IHRP) on HR Effectiveness (HRE) through Organizational Agility (OA) with an original sample value of 0.18 and a p-value of 0.085. Although the path coefficient indicates a positive relationship, the p-value exceeds the conventional threshold for statistical significance, suggesting that this indirect effect is not statistically significant. This result implies that, in the case of PT Bandung Indah Gemilang, the impact of innovative HR practices on HR Effectiveness through increased Organizational Agility may not be strong or consistent enough to be considered significant. It may be necessary to explore additional factors or refine the innovation strategies to better understand and enhance their indirect impact on HR effectiveness.

CONCLUSION AND SUGGESTION

The research findings indicate that effective Change Management (CM) significantly enhances Organizational Agility (OA), which in turn positively impacts HR Effectiveness (HRE) at PT Bandung Indah Gemilang. This highlights the critical role of managing change efficiently to improve organizational agility and, subsequently, HR performance. While Innovation in HR Practices (IHRP) shows a positive association with Organizational Agility, its indirect effect on HR Effectiveness through agility is not statistically significant. These results suggest that while robust change management strategies and increased organizational agility are crucial for enhancing HR effectiveness, the current level of innovation in HR practices may need further refinement or more time to show significant impacts. Overall, the study underscores the importance of focusing on effective change management and organizational agility to drive HR improvements, while also recognizing that the integration of innovative HR practices may require additional strategies to achieve more substantial effects.

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