

Business consultant's report on Technology advancement and Globalization effects on human resource management in Hennes & Mauritz (H&M)

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Executive Summary

The case study company known as Hennes & Mauritz (H&M) has implemented innovative strategies to comply with global and local rival. Company has invested on technology and global expansion, and such technologies are beyond the employee skills and if employees failed to incorporate with these technologies it creates barrier to their employability. Hence this report focusses on technology advancement, globalization effects on human resource management. H&M is practicing traditional management methods which creates consummate with the current company strategy. This transformation has created several human resource issues and this study has implemented Lewin's change management model to implement positive change as a problem-solving method. However, the suggested human resource strategy is aligned with the corporate strategy thereby, H&M can successfully achieve desired outcome through this strategic HR plan.

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01. Introduction

The contemporary business world moves its functions towards digitalization and innovation, as a result business environment creates challenges and opportunities associated with the management. Business corporations are moving from economy of scale to economy of scope as customer needs heterogeneity caused a huge proliferation of product variety (Ahmad, et al., 2020). This differentiation creates complexity of managing the resources of firm towards mass customization and personalization of products and management function requires to adjust in to complex business environmental changes. Human resource or people management is competitive edge in this complex business environment as global companies adopt their business strategies based on the global human resource management aspects and try to manage both localization and globalization needs. Globalization impact on local and global corporations human resource management process and multinational companies (MNC) play significant role in this complex business environment as a stateless player. MNCs are achieving competitive advantage of nation through exploiting national resources such as human resources in strategically manner (Tregaskis, et al., 2006). Such methods exposed to international harmonization of human resource practices. This report is based on the well-established multinational company known as Hennes & Mauritz(H&M).

It is vital to discuss contemporary practices in terms of people management due to the complex business environment and how human resource management function is functioning in the case study company H&M. The case study has identified technological advancement and globalization affected the H&M workforce. H&M has invested on technology advancement and global expansion hence, human resource management required additional attention towards to achieve company strategies. Therefore, this consultant report focusses on the people management issues in the Hennes & Mauritz (H&M) as a multinational clothing company. The second section focus on to discuss, analyse the current management practices of H&M and the final section aims to provide comprehensive strategic plan to mitigate and control people management issues in the H&M by recommending changes to the current people management strategy.

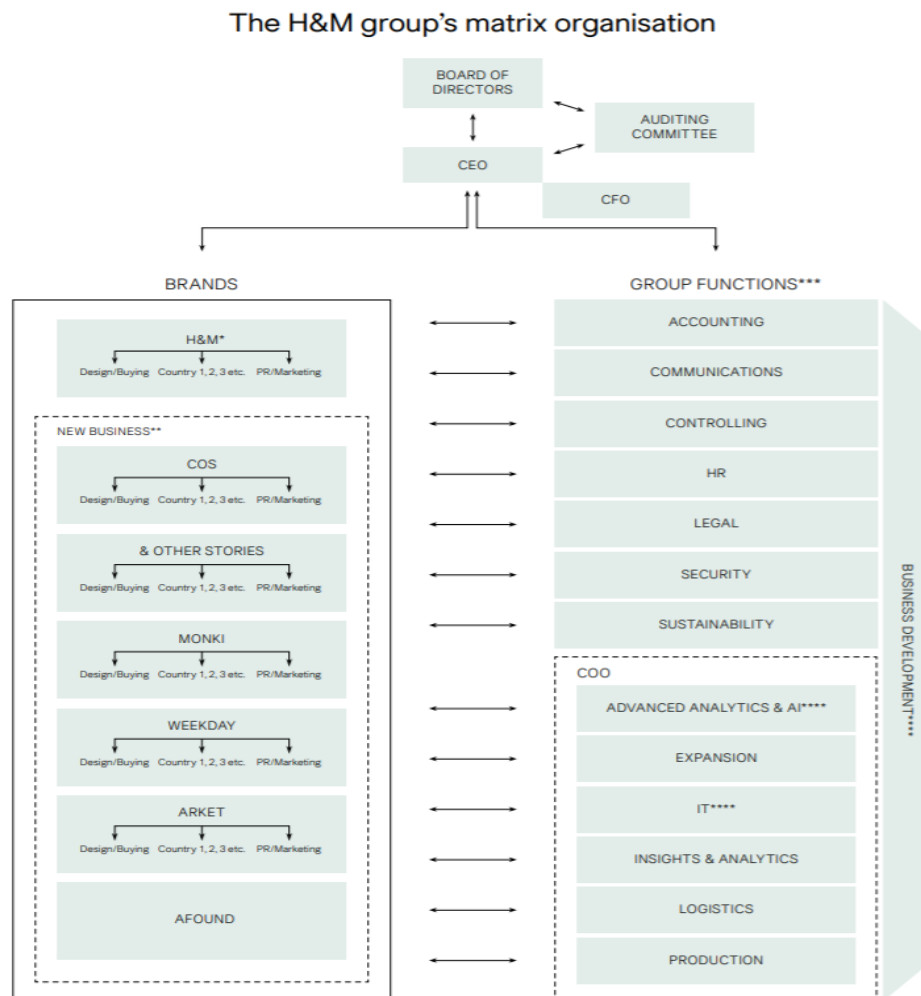
1.1 Company Overview (Hennes & Mauritz)

According to the H&M annual report (2019), H&M is a billion SEK multinational company operates in more than 74 countries, engaged in manufacturing, designing and retailing fashion clothing. Company was founded in the country town of Vasteras in Sweden in 1947 as inexpensive apparels with a fashionable touch by Swedish entrepreneur. The initial strategy was to create stylish fashion cloths for affordable price where it suits for a wide audience. As a successful Swedish company, the expansion was not a major barrier and therefore, H&M has opened 5076 online and physical stores in Europe, USA, Asia and other countries. Company made \$ 24.3 billion sales and \$1.8 billion operating profit in 2019 and which indicate that H&M is one of the leading fashion retail companies in worldwide (AB, 2019).

Human Resource and Organizational Behaviour

H&M is a customer focused, creative and responsible fashion company with strong fundamental value incorporated with its employee respect and believe in their ability to use their initiative in the organizational context. H&M as a global designing company has provided employment opportunities to 179,000 people worldwide with the long-term view of sustainable development. The H&M group director board has appointed CEO to be responsible to manage daily business management process including marketing, expansion, recruitment of senior executives, development of online sales and store network, pricing strategy, supply chain management strategy, profitability, sustainability, digital development etc. H&M has well defined nine brands and it comprise multi brand matrix organization with separate organization and managing director for each brand. In this matrix organization (figure 1.1), functional responsibilities are assigned to the respective group to work effectively according to the prescribed policies and guidelines (AB, 2019).

Figure 1.1 Matrix organizational structure of H&M



Source: H&M annual report 2019

H&M maintains employee supportive corporate culture, and which offer opportunities to grow, develop employee morale and ability within the organization by a fundamental respect to every employee. All employees are therefore treating an equal way including fair wages, freedom to come up with innovative ideas and develop their career, reasonable working hours, take responsibilities. Diversified workforce is an asset to the H&M whereas, company's values were implemented to facilitate open corporate culture of equality that inspire teamwork, develop employee skills and leadership to ensure company's talent pool is appropriate to compete with the industry development and future achievements. The overall values and policies are based on to achieve one of the company's objectives of to be a good employer and develop global guidelines on equal rights, against discrimination and diversity and thereby its strategy is to recruit employees locally with different cultural backgrounds. Nevertheless, this company has opened doors to its employees to raise their voices to discuss about opportunities, working rights and work-related issues directly to the management through the employee representatives. Company is not recruiting outsiders

for higher positions as they promote internal employees and encourage job rotation to enhance company and employee performances. Consequently, the employee rewarding system provides more opportunities and responsibilities to the H&M employees with the salary increment and job title. Nevertheless, company is conducting employee rights and benefit related risk assessments including due diligence, human rights management, wage and compensation reviews to ensure human resource process is up to date with the industry expectations (AB, 2019).

02. Contemporary issues within the people management

2.1 Introducing the Issue and HRM practice of the case study company H&M

2.1.1 Digital expansion with technology advancement

Clothing industry is one of the important industries as it experienced immense growth over the last two decades and companies required to implement their strategies towards the digital transformation to survive or achieve competitive edge in the industry. The case study organization H&M is moving towards the digitalization and digitalized online store concept required high creative and skilled employees. However, online store need not many employees compared to the physical stores and this led to **reduction of workforce** in future hence H&M's expansion process is based on technological channels. Technology replace human labour, and which **reduce human intervention** in the production, manufacturing process and thereby employees lose their value in the company. Giving emphasis to the technological process may distancing human interaction and **decrease social connection in the workplace** and employees are forced to work like machines with **less human activities**. This automation makes employees immobile in the same place for long hours and reduce physical human interaction and lead to low morale and **ethical dilemmas** in future (Giertz-Martenson, 2012).

Nevertheless, technology advancement continues to be beneficial to the human life and company in future but over-reliance on technology is a risk. Employees can be creativity and innovative without or with technology and establishment of digitalization and technology improvement process draws on impact to the existing employees and human resource management function in different ways. The abundant technology innovation push humans to adopt to it in quickest manner and humans are not that advance to keep up with the **change continuously**. Nevertheless, this implementation process required adequate time to undergo training and continual updates. Although after one training is over another one begins and thereby human resource management required regular updates to catch up with the trends on employee trainings. Moreover, this led employees to **demotivate** with their job (Giertz-Martenson, 2012).

2.1.2 Globalization and localization effects

The global business environment characterized by complex market-based structures. Global clothing industry is one of the largest industries among the other industries in the world and thereby it contributes huge amount to GDP and provide employment opportunities to many people and economies (Chow, et al., 2018).

H&M as a multinational company, it operates in 72 different cultural countries. Company encourage their employees to be the way there are and respect others. H&M's corporate culture is based on the shared values with open and down to earth culture. Thus, it promotes creativity, collaboration, team working spirit and attitude of everyone can make significant different of value driven way of working in the company. Besides, H&M is maintaining control environment with internal controls to manage local and global workforce. Home country in Stockholm has the main central HRM department and they communicate the internal control regulations with host countries. The HRM policies of the company is equal with any country and encourage diversity. However, different countries have different cultures, believes, economic system, political and legal systems and different human capital. Managing this global and local workforce is challenge with the matrix organizational structure, uniform strategy and scandalized procedures. **Language and core values** are also major debatable areas. All H&M employees have same e-learning program and core values, but employee behaviour is different in each country with cultural dimensions. Therefore, H&M face these issues with their local and global workforce (Giertz-Martenson, 2012).

- Increasing efficiency and quality of the local and global workforce

Increase quality and the efficiency of the workforce is key success and H&M seek new ways to do it. The uniform standardised training and development methods can not practice in future with the global workforce differentiation. Developing countries are still adopting to the develop techniques and the workforce is not ready to accept changes. H&M has most of their production and manufacturing departments in developing countries and the workers get paid less than the workers who work in develop countries. Therefore, can not use the same techniques to improve quality and efficiency of global workforce. Employees are not satisfied with the standardised and uniform training and development techniques with their different cultural and economical expectations.

- Cultural issues

H&M is a European company who promote western culture among the workforce. Western cultural believes and norms are different than the traditional developing cultures. The employees who work in traditional cultural countries feel unconfutable with the company corporate cultural norms and believes.

- Managing diverse workforce

H&M operates in different countries with diversified workforce. The same rules, regulations, methods and HRM practices are not acceptable as they required different methods to analyse their performances. Materialization and action towards core values are debatable. The employee engagement, communication requirements seek more priority as the employees of developing countries feel H&M's seven core values are only in documents and they are aligned with developed countries.

Furthermore, H&M is planning to open 200 online and offline stores in end of 2020 in the new markets including Russia, Asia, Eastern Europe and South America. Company has planned to close 175 physical stores due to the restructuring process. Hence, this adopting to change process is directly influence on the employees in these work stations. They are required to adopt to this environmental and cultural changes with the new customer base (Giertz-Martenson, 2012).

2.1 Evidence from the clothing industry.

Business environment continually change with the customer needs and habits, whereas fashion industry behaves as a change agent compared to the other industries. Fashion trends create short product life cycle and the industry is influenced by the macro and micro environmental factors. As a result, fashion clothing companies face internal and external challenges with the contemporary global business environmental changes. Clothing companies are obligatory to adopt to this environmental changes and management must focus from operational excellence to strategic and change management excellence. However, employee involvement, adaptation and acceptance to the company change is the main challenge to the current clothing firms as most of the clothing companies operates globally and locally (Tudor, 2018).

Nevertheless, over the last 15 years British and European clothing industry is moving towards to the innovation and modernisation with technology development and therefore industry has experienced large scale restructuring. This restructuring process significantly affects one third of the workforce as it requires high skill labours and technology-oriented company culture with less labour and more machines (Keenan, et al., 2004). The contemporary clothing companies are adopting to the industry 4.0 new era of industry revolution and assimilating advanced technologies to accomplish competitive advantages and the sustainability. For instance, this adaptation required high skill workforce, business intelligence, employee support to integrate with the technology and change management. However, companies brawl to manage their human resource function with this technology integration and therefore it creates challenges to the human capital management in the clothing industry (Ahmad, et al., 2020).

However, these globalization effects and technological advancement HR issues are contemporary issues to the whole clothing industry. Companies use different techniques to overcome these issues and develop their workforce in an effective way.

2.2 Competitor analysis of HRM practices (How competitors address similar issues)

Technology advancement and globalization is not only an issue to H&M; it is human resource management challenge to all the multinational and local clothing companies.

2.2.1 HRM practices of the other companies

Marks and Spencer (M&S)

M&S is a multinational British retailer headquartered in the London. M&S's HR management responsible to mitigate 21st century human resource challenges as every HR issue has been considered to minimise future uncertainty and long-term human resource implications. HRM is taking solid measures to combat globalization and localization workforce management issues by creating delineating the corporate culture by being the employer of choice. However, the impact of technology on M&S's human resource has identified and company implement few steps to mitigate them. Employee recruitment and selection process is based on technological platforms and M&S select candidates who can easily adopt to their technological process. The training and development processes are very attractive among the employees and company provide special attention to the individuals and their personal concerns. Company use different techniques to motivate the workforce as paying attractive salary with intensives and benefits such as employee discounts, life insurance, share save, salary sacrifice. Decentralize work sites by removing traditional work patterns and improve innovative working methods to develop and encourage employees to achieve work goals. However, technological advancement required to conduct continues trainings and M&S has implemented on the job training where employees can learn while working as they do not feel tried. This training covers role specific training, technical training and corporate training and it enable to achieve career progression, improve skills and jump higher in the career through their achievements. Nevertheless, M&S's HRM system is based on three motivational theories such as; Maslow's theory, Herzberg's two factor theory and McGregor's theory (Habibi, 2019).

Primark

Primark is Irish clothing retailer headquartered in Dublin and operates in more than 10 countries worldwide. Primark believes that HRM is not only a function it is the most important and most active function in the organization. Primark has created truly great corporate culture where encourage diversity and multi-dimensional workforce. The recruitment and selection process are not only based on technological platforms. Primark is recruiting best candidates and provide them first class training through different in-house promotions and training activities. Primark valued human skills than the technical skills as they are based on the physical store systems and they are not changing the technological systems continuously. However, Primark encourage innovative training and development methods to improve the quality and efficiency of the workforce (Habibi, 2019).

Examine the Industry evidence

Human resource problems in multinational companies directly link with the company strategy and human resource management in the international context. Strategic human resource management concept has developed in the era of globalization. The traditional human resource concept was only concerned about the national level and transactional level. For instance, strategic HRM focuses the multi-level perspective to generate positive changes and evolve from level to level benefits to both company and employees. Most of the multinational companies face HR issues since they attempt to take the home incumbent rules, regulations and methods to the host country. MNC's HRM should analyse the host country and home country diversification and implement fair and effective strategic HRM plan to mitigate HR issues (Tregaskis, et al., 2006).

The technology advancement has created opportunities and challenges to the human resource management as it pushed HRM to the electronic human resource management (EHRM). This technological intervention associate with changing working methods and values, endemic talent scarcity, shifting towards to the online channels, skilled workforce, high efficiency and knowledgeable workforce. The scope of the HRM is to develop and create the existing workforce towards to the digital interference by changing the company culture in a flexible manner (Laumer, et al., 2010).

03 Theoretical Implications

3.1 Management Theories

The concept of management was developed to manage 'people' and 'operations' in the organization for many centuries. Different management theories were developed to provide guidance to managers. Classical management approach was introduced with hierarchical centralized power to the management and then people management approach was developed towards to the behavioural aspect and wellbeing of the employees. However, the contemporary complexity has created modern management approaches (Cole, 2008). Mahmood, et al. (2012) state that management is an art of getting things done from the help of others and thereby it is very important hub in any organization.

Classical Management approach

In nineteenth century classical management approach was developed based on the scientific management, administrative principles and bureaucratic organization. This provide basis for all the management theories. It controls and predict the organizational behaviour towards to achieving the goals and objectives (Katsamunska, 2012).

Henri Fayol was introduced classical management theory to educate managers and to provide framework to manage workforce and operations in the organization. Fayol believes that management is a science and explained five management functions; planning, organizing, controlling, commanding and coordinating. Fayol distinguish technical and managerial skills as managerial skills are essential for managers who are in the higher level of hierarchy. Nevertheless, Fayol introduced 14 principles to manage employees in the organization (Wren, 2001). They are;

1. Division of work	Reduces the span of attention or effort for any one person or group. Develops practice and familiarity.
2. Authority	The right to give orders. Should not be considered without reference to responsibility.
3. Discipline	Outward marks of respect in accordance with formal or informal agreements between firm and its employees.
4. Unity of command	One man one superior!
5. Unity of direction	One head and one plan for a group of activities with the same objective.
6. Subordination of individual interests to the general interest	The interest of one individual or one group should not prevail over the general good. This is a difficult area of management.
7. Remuneration	Pay should be fair to both the employee and the firm.
8. Centralisation	Is always present to a greater or lesser extent, depending on the size of company and quality of its managers.
9. Scalar chain	The line of authority from top to bottom of the organisation.
10. Order	A place for everything and everything in its place; the right man in the right place.
11. Equity	A combination of kindness and justice towards employees.
12. Stability of tenure of personnel	Employees need to be given time to settle into their jobs, even though this may be a lengthy period in the case of managers.
13. Initiative	Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative.
14. Esprit de corps	Harmony is a great strength to an organisation; teamwork should be encouraged.

Source: (Cole, 2008)

Fayol's demonstrated 'one boss rule' where management is responsible for the decision-making process and employees should carry out their respective task. He presented the hierarchical organizational structure where power is based on the centralized management. In contrast, Frederick Taylor believes on the components of work rather than the structure and the external considerations. Taylor concentrated to improve productivity and the efficiency of the workforce by separating the planning function from the work function. Taylor did not believe lower level supervisors and line managers and thereby managers are responsible to perform planning, organizing, leading and controlling functions in the organization. Taylor introduced four principles to develop efficiency and the effectiveness of the production (Schachter, 2010). There are;

1. Develop best scientific way to perform task by analysing individual performances and implement 'first class worker' approach.
2. Employee training and selection methods are based on scientific manner and all the employees should perform their task in 'first class' effective and efficient way.
3. The clear separation between the management responsibilities and the employee job tasks.

4. The managers are accountable to work with the workforce in a friendly manner to ensure the production is carried out in a scientific manner.

Moreover, Taylor also concern about the centralized power and effectiveness, efficiency of the production and workforce (Schachter, 2010).

However, in 1947 Max Weber a German Sociologist formulated management theory called 'Weber's Theory of Bureaucracy' to focus on the organizational structure. Weber emphasis to divide organization in to hierarchies and formed authority and power among the management. His vision was to capture the world tendencies of value-oriented thinking towards technocratic thinking. Therefore, Weber's apparition is to change the organization to seek technical results at the cost of humanistic content. The organization's all the functions are based on the written rules and regulations whereas employees should respect management and their authority. Furthermore, Written rules, specialized training, hierarchy of authority, paper work, fair evaluation and reward, maintenance of ideal bureaucracy, clear identified duties, system of task relationship were the principles of Weber's theory (Mahmood, et al., 2012).

Behavioural management approach

Behavioural management approach was found in 1960s to facilitate companies to maximise profits by effective decision-making process. It considers the factors affect the organization, management, decision making, workplace harmony and achieve total efficiency. This management approach discovered that classical approach is only considered the organizational rules and scientific management aspects and thereby human aspect should overlooked. Thus, behavioural management approach viewed organization from the individuals perceptive rather than production viewpoint. This emphasised group work, encourage employee behaviour, identifying the importance of behavioural process at work, acknowledge individual behaviour and implement best decision-making processes. Therefore, behavioural theories focus on to achieve company goals through best strategic decisions, set rules which motivates people and improve whole effectiveness and efficiency (Mandysová, 2019). Different practitioners introduced human resource approaches to the management as they believed behavioural performances drive organizational success. Abraham Maslow formulated a theory to assess human needs and identified five levels of human needs from physiological needs, safety needs, social needs, esteem needs and self-actualization needs. Nevertheless, Mark Parker Follett introduced organizations as communities and Douglas McGregor expressed theory X and theory Y to improve performances of the employees (Stajkovic & Luthans, 2003).

Modern Management approach

Modern management concept was developed in 1950 with the adaptation of technology. This gives more attention to develop and improve working efficiency and employee satisfaction. This theory focusses on to improve organizational profitability by encouraging employees. Classical and neoclassical approaches are based on economic and social person view, and modern management theories are based on the complexity of the organization and complex employee view. According to this approach single managerial strategy that cannot fit to all the employees. It states that each employee is different and required different strategies at different times for different individuals to motivate and manage them (Kitana, 2016).

Systems approach and contingency approach are famous modern management approaches. Systems thinking approach use to solve management problems. This promotes to achieve common organizational goal from the collective effect from the interrelated functional parts of the company. This focus on system, subsystems and open systems that company interact with their environments in the process of transferring inputs to outputs. Moreover, contingency theory demonstrate that management is facing different problems in different situations and they make solutions according to the behaviour of unit as they need to make different solutions. For instance, one set of rules are not appropriate to solve every problem as it required specified rules and solutions according to the demand (Olum, 2004).

Change Management

Highly competitive environment force organizations to adopt in to the external changes as it required management innovation in decision making. Change management theories focus on the effective modifications to organizational behaviour, structure, strategy, processes and culture. Change management demonstrate framework for organizations to manage change through different stages and processes. The change demonstrate how organization move from current state to future desired unknown state as future connects with the uncertainty (Hussain, et al., 2018).

3.2 Discussion and the analysis of management approaches with H&M's current human resource management practice.

Classical management approach

Fayol's administrative approach focus on the organizational structure and top to bottom approach with unity of command and unity of direction. H&M is practicing matrix organizational structure (refer figure 1.1) where management make decisions and pass them to the lower level employees through divisional heads. Each department has department head and responsible to carry out respective work. The work is divided in to separate groups (brands) and work station thereby centralized management is managing the organization. Each brand has managing director who is responsible to control and manage the respective brand. The managing director is responsible to maintain these five components; control activities, control environment, risk assessment, monitoring, information and communication. H&M encouraged employees to be flexible, creative and innovative. Managers are responsible to creative supportive corporate culture focusses on team work, efficiency and effectiveness. This culture promotes equity and transparency among all the employees in the organization and treat them in same manner. Company encouraged internal recruitment as it reduces the risk, time and cost whereas Fayol states that stability of tenure of personnel. H&M has clear division of work and unity of demand and direction from the management to the other employees in the organization. However, employees have right to nominate employee representative to participate at the management meeting on behalf of the employees.

Moreover, H&M is practicing Taylor's Scientific management methods through standardize work processes. Company encourage talented employees and provide best trainings to develop their abilities to improve overall productivity. H&M has introduced innovative techniques to increase efficiency and the effectiveness of the workforce and production. Furthermore, H&M maintains control environment comprise with organizational structure, ethical values, responsibility and authorities, integrity, policies and guidelines, management philosophy, expertise. The management and the board make decisions and communicate them to the respective departments and all are well documented. H&M upholds a document called 'The H&M Way' which provides all the policies, rules and regulations of the company as to assist employees how to act in the organization and the outside world. These internal controls, rules and regulations and organizational structure represent Max Weber's management approach.

H&M's most human resource management practices are based on the classical management approach where organizational corporate culture encourage traditional organizational structure, rules and regulations, centralized power, authority, departmental work stations. Besides, H&M has already expended and has moved to the digitalization of

online store concept and still practicing the traditional human resource management systems of early twenties. It can argue that globalization and technology advancement will create more issues in future if company has not adopted to the modern and change management techniques.

Behavioural management approach

H&M's fundamentals are based on individual's value where treat everyone equally in terms of fair wages, opportunity to grow and develop within the company, reasonable working hours. H&M's one objective is to fulfil people's expectations as an attractive employer and thereby company is making its policies based on to encourage diversity, against discrimination and equal rights. H&M mainly recruit internal employees and provide more responsibilities and opportunities to develop themselves. The corporate culture encourages attractive workplace and develop together. The company has given chance to appoint employee representatives to raise employee voice in the organization. However, H&M is practicing classical management characteristics of documentary rules and regulations within the matrix organizational structure. Top management is making decisions and employees are required to work accordingly.

Modern Management approach

H&M has implemented some of their strategies based on the modern management approach. Company is using standardization strategy to improve efficiency, effectiveness and quality by minimizing variances from standards around work methods, inputs and outputs. H&M has created specialized functions and departments to increase team work and to reduce complexity of work and improve mutual learning. H&M as value-based company, establish clear goals, policies and standards to the respective departments to ensure each individual effect encounters with top down goals and which contributes to the intensive program for all the H&M employees. Besides, H&M has hierarchy which control operations through authority system and plan and control functions regular basic.

Change Management Approach

H&M's highest priority is to offer best and quality products to customers and company is investing huge amount on development and innovation ongoing process. This transformation process continues with long and short-term technology adaptation to the supply chain, logistic system, production process, people management system, resource management systems. The H&M view suggests that company's business models and strategy implementations are based on digitalization of business processes and develop technology infrastructure. This innovation and adaptation process introduce new business technology functions with artificial intelligence, advanced analytics, new business

technological and business development systems where agile teams must work cross functionally to increase efficiency, creativity, flexibility and speed.

H&M's HRM practice is to design and implement strategies to achieve set objective in a collective manner by encouraging employees to take initiative to create innovation and accept the change. It is also required high skill and knowledgeable labour force as this technology and digital expansion continue regular basis. Company has invested on robust scalable platform to improve efficiency, productivity in the digital channels. Besides, H&M has identified that the external environment factors are changing day by day and thereby employee should adopt in to this changing process. Company has invested huge amount to capture and adopt to this environmental change. Company is introducing human replacement methods such as robotics, artificial intelligence, online store concept etc. Besides, this directly impact on the existing workforce of the H&M as they need to develop themselves to work with new technology and required new skills. This adaptation process required time and cost. However, HRM is responsible to protect and develop employees and employees resist to change as they are combatable in their work zones. Nevertheless, H&M has same methods and training programmes for both local and global employees and HRM required to consider such concerns as they required to change them accordingly to achieve successful outcomes.

Discussion

H&M was formed in 1947 as a fashion brand with few employees and now company has 179,000 employees in all over the world. H&M operates in complex environment with many internal and external surroundings. In previous centuries management only consider about the production improvements and development of employee skills to achieve company goals. After the globalization and technology advancements companies try to compete with other companies to endure in the market and thereby implemented competitive strategies. Nevertheless, companies realized that human resources management is important function and it contribute to the efficiency, effectiveness and productivity of the company. Similarly, H&M's values are based on individual's and company believes in people's ability. Company has implemented their strategies based on value driven way towards to the sustainable development. H&M has matrix organizational structure which operates through documented rules and regulations. For instance, company encouraged individual's innovation, creativity and differentiation.

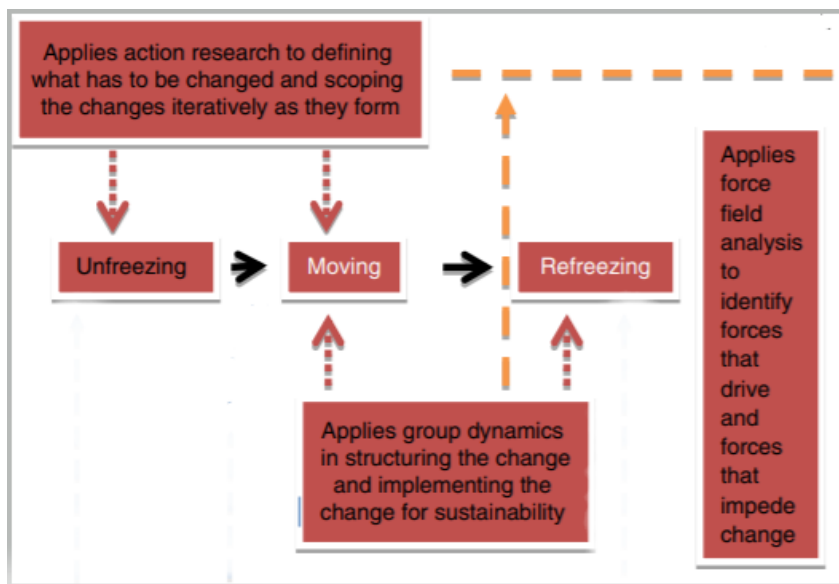
H&M is moving towards to the digitalization with the global integration. Whereas, it creates human resource issues in future due to the internal and external factors. H&M is responding to the industry transformation through investing on digitalization, effective supply chain, technology infrastructure, creating new business modules, opening online stores in different countries. However, this required to transform their human resource management strategy

towards to change and adopt their workforce to achieve it. Therefore, it required to implement change management strategies to identify and minimise future HRM issues due to the technology advancement and globalization affects.

04. Recommendation

H&M has excellent human resource management strategies and thereby company is performing well in the market. However, due to the technology advancement, globalization effects and company is moving towards to the digital concept and it will create HR issues with the existing HRM strategies and corporate culture. Therefore, it is vital to adopt three stages of Lewin's change management model to solve future HR issues in H&M.

Figure 4.1: Lewin's change management model



Source: (Rosenbaum, et al., 2018)

4.1 Step 01 - Unfreeze Stage where H&M generate a climate for change

Effective change management process required to be implemented in H&M to overcome globalization and technological advancement issues. Problem identification process is necessary to propose change implementation plan to overcome such issues in H&M. Therefore, in this stage H&M needs to understand the current state and analyse the reasons of why change could occur. The case study demonstrates that technology advancement and globalization related issues needs to be highlighted to improve H&M's performances.

Rosenbaum, et al. (2018) developed planned organizational development model in his research study to demonstrate the challenges needs to be considered due to the change. It is significant to identify possible change challenges due to the change implementation by analysing the influence on human resource. Resistance of change as a negative element of this change process requires further investigation in order to overcome its effects. Hence, proper investigation leads to achieve real insights of future constraints of failure and thereby,

company can develop best change strategies within the company. The key change challenges have identified from the H&M case study and thereby recommending effective problem solving techniques in order to implement change strategy in H&M. The table 1 demonstrate the technology advancement and globalization challenges of H&M and problem solving techniques.

Table 1: Technology advancement, globalization challenges and problem solving recommendations

01 Issues due to the technology advancement		
Issues	Recommended technique to solve the problem	Application
Employees lose their value in the company due to less human activities	Create employee recognition, Human oriented corporate culture	H&M can create corporate culture which recognize human values, understand their capabilities and capture their thoughts. Nevertheless, H&M can create happy and healthy workplace climate where employees feel happy to work and feels like home.
Reduction of workforce	Provide more opportunities and career development goals. Eliminate employee uncertainty	H&M can introduce voluntary reduction programme where company pays for the employee who wants to resign from the company. Besides, company can train and develop their workforce and provide more opportunities in different departments, divisions and promote leadership opportunities. Company can provide performance-based job security opportunities in order to eliminate job uncertainty.
Decrease social connection in the workplace	Technology based social interaction Platforms and communication systems. Team work	H&M can organize social interaction events in monthly basis and introduce open house discussion session in the organization. Moreover, H&M can implement internal social communicating platforms where employees can exchange their ideas, chat with each other and post ideas with everyone in the company irrespective of job position. H&M can also encourage team work activities in the workplace.
Low morale and ethical dilemmas	Improve communication and Implement personal	H&M can delight employees with unexpected form of reward systems. Encourage and open doors for innovative ideas.

	development suggestions	Motivate employees by providing technology adaptation reward system where employees happy to use and experiment different techno systems.
Inability to keep up with the technology	Conduct continuously develop programmes and on the job trainings	H&M can conduct innovative training programmes where employees are motivated to finish the training programme to get more knowledge and they could feel the benefit from it. H&M can conduct on the job training which provide training and get the job done simultaneously. Thus, practical trainings are more suitable when employees work with the technology.
Demotivation	Create unique workplace culture, performance-based increments	Open book management style assists to create unique workplace culture as it promotes to increase enthusiastic workforce. H&M can introduce performance-based increment system to motivate employees to perform their job role well.
02 Issues due to the Globalization		
Issues	Recommended technique to solve the problem	Application
Cultural issues	Create a culture which promotes team work, positive and productive work environment.	H&M has westernised culture where they accept open cultural norms and this needs to be changed according to the country they operate. H&M's Asian operations should be aligned with the Asian culture which can promote team work and positive working climate.
Managing diverse workforce	Focus groups, Brainstorming,	Focus group concept promote efficiency in identifying workforce issues pertaining to the specific group of people. After the identification of issues company can bring all the employees to collectively analyse the issues and bring forward their ideas. This encourage employees to work with different people and they are happy with the company process.
Language and core values	HR planning Focus group	H&M is operating in many countries and they use international language. However, H&M should introduce local language using systems and promote learning programmes to develop international language skills of each individuals through focus group concept.

standardise d and uniform training and developmen t techniques	Create different training programmes	HRM should understand that different individual has different skills and capabilities and therefore company should analyse every employee and conduct training programmes accordingly.
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4.2 Step 2 – Change stage

Palthe and Kossek (2003) emphasised that organizations change their corporate strategies to adjust and response to the business environmental changes and most companies fail to survive in the market as they do not realise the importance of human resources. Human resource is the main factor that can influence whole organizational change. The research study highlighted that implementation of new HR strategy assist to achieve corporate strategy which align with the overall goals and objectives of the company.

4.2.1 Change the HR strategy towards to achieve overall H&M's strategy

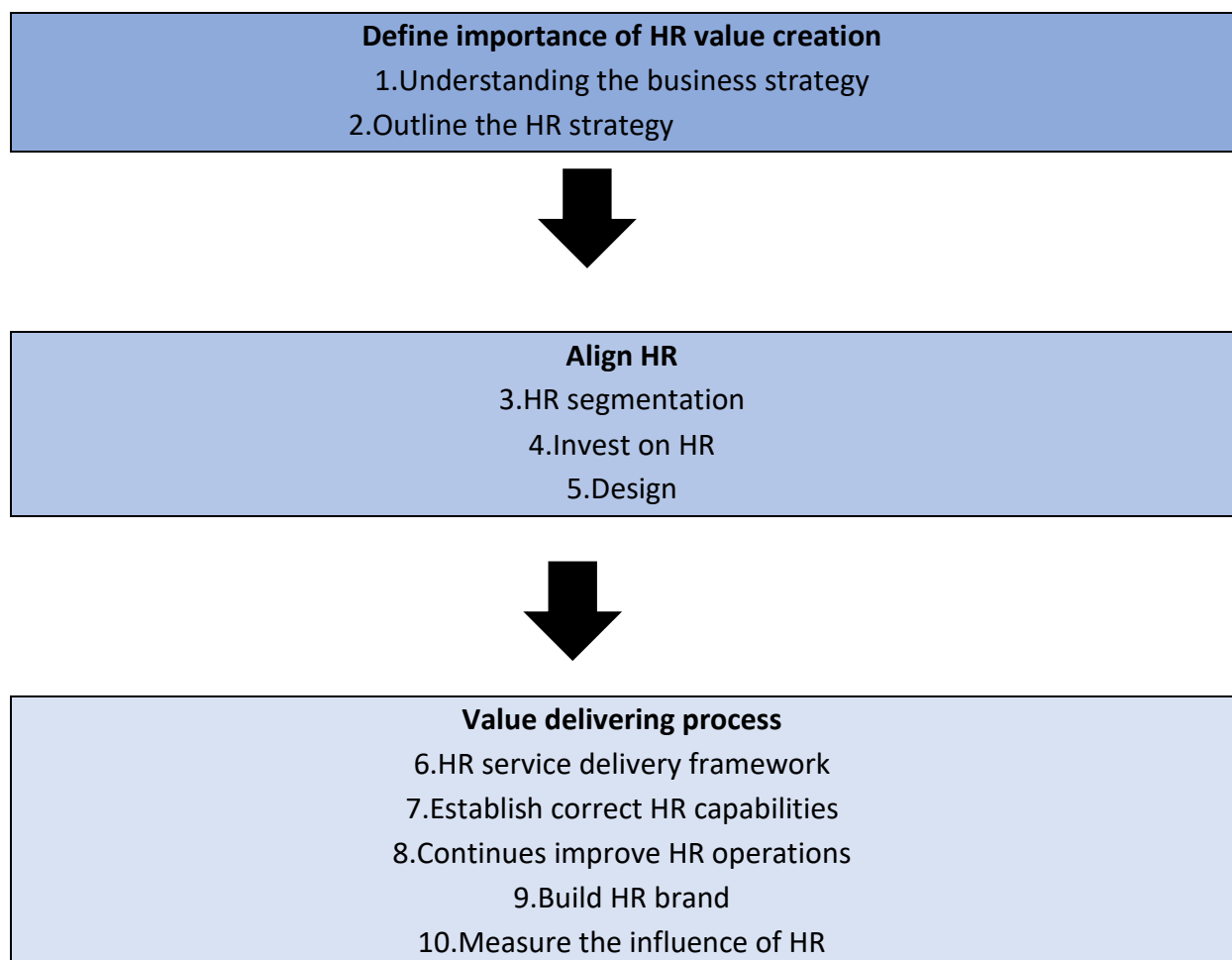
SWOT analysis demonstrate the internal and external capabilities and threats of the H&M's human resource and this assist to formulate best HR strategy.

Strengths • Skilled labour force • Internal recruitment process • Diversified workforce • Equality and accept all the employees in same way irrespective of gender, ethnicity and age. • Strong ethical approach. • Encourage employees to develop their career with H&M. • Circular and climate positive	Weaknesses • Standardized training programmes • Employee demotivation due to technology. • Less social interaction due to the technological intervention. • Matrix organizational structure
Opportunities • Global supply chain • Social media development and positive effects • Positive global infrastructure.	Threats • Globalization negative impacts • Technology advancement negative impacts • High competition • Crone Virus

• Large number of knowledgeable and skilled workers • Universities are looking internship opportunities • Up to date information sharing processes.	• Business environmental changes • Fast digital transformation in the fashion industry
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The existing H&M HR strategy needs to be changed to solve existing problems and thereby this study recommends below HR strategy.

Recommended H&M human resource strategy



Define importance of HR value creation

The initial step is to understand the overall business strategy and create or change the existing HR strategy towards to achieve the company goals.

1.Understanding the business strategy

H&M's corporate strategy is based on continues business development and continues development of employee strength. H&M is in the transformation stage where fashion industry is moving towards to digitalization and global aspects. The strategic area is based on the transformation to meet dynamic customer expectations and secure H&M's position in the industry. H&M focuses on to improve the effectiveness, efficiency and flexibility in the production flow, adopting to the environmental changes and invest on technology.

2.Outline the HR strategy

HR strategy provide road map to achieve company goals through efficient, flexible and effective company workforce. This study recommends few changes to the existing H&M's HR strategy.

Improve training and Development

Training and development are the best way to develop skills, capabilities and knowledge of the workforce towards to the new technological transformation and conduct individual base programmes. The employees are unsatisfied with the continuous training programmes due to the technological changes and it is significant to implement innovative programmes by considering the workforce needs and suggestions. On the job trainings and different training programmes could deliver the real outcome from the trainings. Different groups and different countries required different trainings and the language needs to be considered.

Improve and strengthen leadership capabilities

H&M motivates its employees to achieve their career goals by providing more opportunities. H&M can conduct leadership training programmes and guide them to make excellent decisions. This complex business environment requires dynamic, flexible and innovative leaders and thereby H&M must sustain excellence through workforce and succession planning. Leaders must pose different skills to work with dynamic, diversified workforce and company must implement learning and development plan to improve their skills.

Improve employee well-being

Introduce different innovative systems to measure the performances and encourage them by providing financial and non-financial benefits. Involve employees for decision making process and convince them that they are the important resource to the company. H&M has westernised culture and company must change it according to the local culture where they operate.

Improve and achieve efficiency and the effectiveness

Develop models to improve the efficiency, effectiveness and encourage employees to work well. Lead, guide and support to promote workforce productivity and flexibility in the H&M.

Build a respectful, collaborative, safe and healthy corporate culture

Encourage and respect all the employees by providing equal opportunities to work, live and share life situations. H&M has diversified workforce and company required to pay special attention to the individuals and their personal cultural differentiations. H&M required to change the traditional matrix structure and promote flat organizational structure where everyone can participate in the decision-making process and encourage team work and brainstorming.

Align HR

Company should analyse set HR strategy with the existing rules and regulations of the company to identified that company's rules and regulations are feasible to achieve the HR strategy. H&M has same uniform rules and regulations to all the employees who work in the group and however, it requested to be change according to the country and culture they operate.

3.HR segmentation

H&M should segment the workforce as considering the different characteristics and manage them accordingly. H&M can use these segmentation principles to segment its workforce.

- Location and country, they work
- Position
- Skills
- Experience levels
- Generation (Baby boomers, generation X, generation Y and generation Z)
- Language
- Education level

Company can assess each segmented workforce group and implement different processes and management systems to get the desired outcome and satisfy their needs.

4.Invest on HR

Most companies implement innovative business planes and fail to achieve them due to the lack of HRM. H&M has invested huge amount on technology and global expansions however, company must invest considerable amount on human resources to achieve the successful and desired outcome.

5.Design

Create and implement HR solutions to achieve HR strategy. H&M can design its processes to analyse HR strategies.

- Reengineer the HR process by identifying gaps in the existing HR process, design innovative learning and development programmes.
- Implement change management processes to change employee attitudes and skills towards to the technology change.
- Identify HR issues and solve them by providing long term solutions.

Value delivering process

H&M can convert the HR strategies in to the practice to create values driven performances and measure the performances to analyse the expected results has been delivered.

6.HR service delivery framework

- Analyse the current HR service system and analyse its capabilities to meet technology advancement and globalization challenges.
- Outline the methods, process, systems and specific roles.
- Identify the significant processes and infrastructure.

7. Establish precise HR capabilities

HR management of H&M needs to identify their ability to achieve the set HR strategy. Types of training and development programmes they can conduct and how to do it. Company should analyse internal and external HR specialised and their capability to achieve the plan.

8.Continues improve HR operations

Analyse the HR cost with the effectiveness of HR process for continues improvement. Implement key performance indicators to identify and improve performances.

9.Build HR brand

Communicate the values and importance of HR function to stakeholders and employees. Convenience the neediness of HR function to other departments and assist them by guiding to achieve overall company goals with the workforce help.

10.Measure the influence of HR process

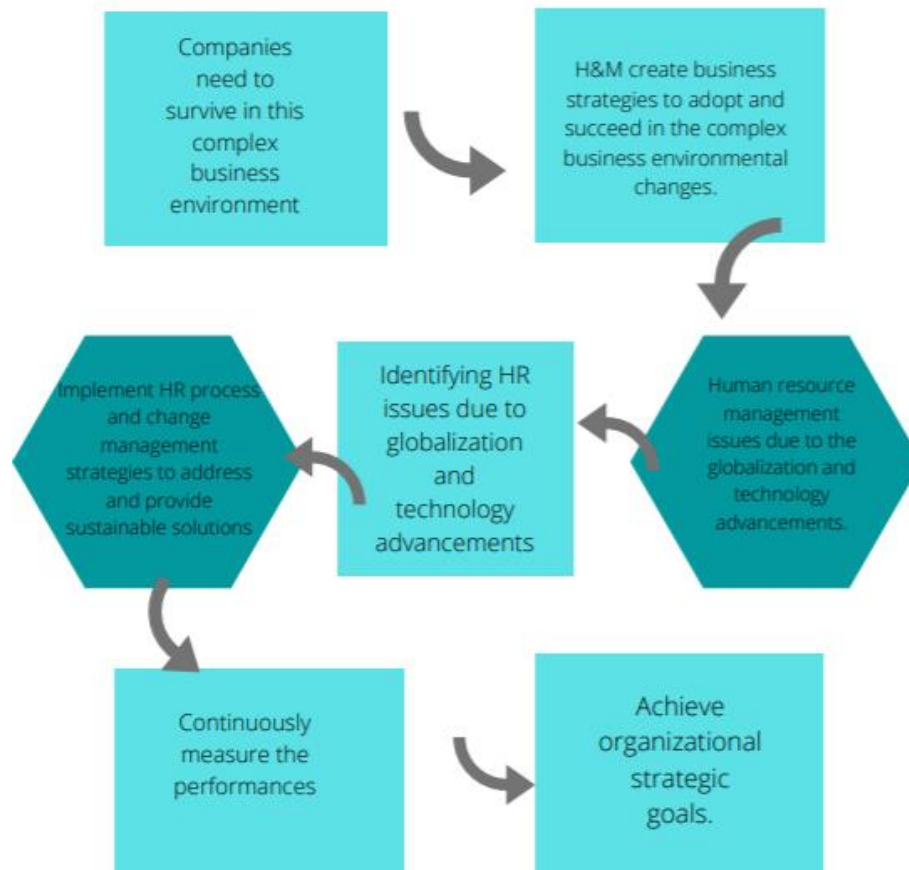
The main aim of the HR function is to develop the company workforce and manage them in effective way. HRM is responsible to carry out all the relevant activities relating to the workforce and it is vital to measure the impact of this. H&M can implement proper HRM system and tract the HR performances and impact to achieve the set objectives.

4.3 Step 3 – Refreezing stage where H&M implement changing strategy and sustaining change

In this step H&M must sustain the change that company enacted. The whole organization and HR function should transform their values, norms, activities, strategies and processes to the new state. H&M needs to measure the implementation by considering the change supports and challenges. Develop and sustain the long-term change process by ensuring the management and leadership support. Communicate long term and short-term process and evaluate the performances. Eventually H&M can celebrate success.

05. Conclusion

Summary



1. Companies need to survive in this complex business environment
2. H&M create business strategies to adopt and succeed in the complex business environmental changes.
3. Human resource management issues due to the globalization and technology advancements.
4. Identifying HR issues due to globalization and technology advancements
5. Implement HR process and change management strategies to address and provide sustainable solutions
6. Continually measure the performances
7. Achieve organizational strategic goals.

Clothing industry is moving towards the globalized and technological era and thereby H&M's strategies focus on global expansion and technology adaptation. Company has invested huge amount on technology and globalised expansion. However, H&M is still practicing the traditional HR management methods and matrix organizational structure and

company employees are facing issues due to the technology advancement and globalize affects. Hence, this study identified that H&M must change its HR strategies towards to achieve the business strategy. Lewin's change management three step model was incorporated. In the first stage company needs to create climate for change the employee abilities, knowledge, work forms and thinking patterns through HR planning, focus group, brainstorming. Secondly, create HR strategies which align with the company strategy, plan career management, design strategic training and development techniques. Eventually, company can implement and sustainably change the process towards to achieve desired outcome.

This overall recommended change implementation plan facilitates great opportunity to H&M to achieve its business strategies and secure their position in the local and global market. Nevertheless, H&M is one of the top clothing brands in the world and company can further sustain in this complex business environment by implementing sustainable problem-solving plan.

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