

TRANSFORMING HUMAN RESOURCE MANAGEMENT FOR UNLOCKING BUSINESS EFFICIENCY

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Abstract: *The increasing complexity of the business environment forces organizations to rethink their management models, particularly with regard to human capital. In this context, human resource departments have assumed a strategic role in achieving competitive advantages and generating long-term value. Based on this premise, the present study focuses on analyzing how people management influences key variables such as economic performance, customer perception, and corporate image.*

To this end, the study is grounded in a theoretical review that allows for the identification of the main human resource practices with organizational impact, including internal promotion, training, inclusion policies, work-life balance, compensation systems, and ethical principles in the workplace. At the same time, the role of technology in organizational transformation is incorporated into the analysis, assessing its potential contribution both to business performance and to the achievement of sustainability criteria, measured through ESG indicators. Additionally, operational human resource variables are considered, such as employee turnover, employee satisfaction, productivity, and labor costs.

Unlike much of the existing literature, which tends to focus on specific sectors and relies on cross-sectional data, this study adopts a broader and more dynamic perspective. Specifically, longitudinal data will be used to observe the evolution of the variables over time, allowing for a more comprehensive understanding of the proposed relationships. Furthermore, the sample will consist of publicly listed companies from different geographical contexts—both European and international—in order to capture the influence of institutional and cultural factors.

The present research aims to deepen the existing knowledge of the proposed relationships in order to overcome the limitations identified in the literature. In this regard, the results will enable a better understanding of human capital management, contributing not only to the improvement of organizational functioning, but also to the strengthening of competitiveness and organizational development, while generating shared value among all stakeholders.

Key words: *Human Resource Management, Customer Satisfaction, Financial Performance, Sustainability*

JEL: M12, M15, M14

Introduction

In a global context characterized by increasing social and environmental concerns, together with the development of governmental regulations, organizations face significant challenges in their attempts to optimize their human resource management practices. From a social perspective, employee well-being represents a challenge for both public and private organizations (Burón and Minaya, 2024). Furthermore, the labor environment is deeply affected by external factors that introduce constant changes in planning, among which innovation and the use of technology stand out. Procedures and tasks within organizations are evaluated in search of technological innovations, identifying processes with potential for digitalization and measuring their impact in terms of sustainability (Gómez-Limón et al., 2024; Midolo-Ramos et al., 2024) and productivity.

The changes that have taken place over the last decade in the labor context represent a transformation of the business fabric, comparable to the technological revolutions of the past (BlackRock, 2024). This new environment and the constant adaptation to it have generated significant interest in the study of Human Resource (HR) practices and their impact on performance (Almehairbi and Mosali, 2022) and business competitiveness (Bolatan et al., 2022).

On the other hand, an appropriate HR management policy contributes to the creation of a suitable work environment, with more motivated, committed, and satisfied employees. A positive work environment could significantly increase service quality, the level of loyalty of current customers, and the ability to attract new customers (Mitašiūnaitė, 2021). Conversely, when consumers identify and communicate negative incidents related to environmental, social, and governance (ESG) criteria, it is considered that they are highlighting an ESG controversy.

These controversies may arise from business practices that do not comply with ESG standards and are frequently covered by the media, which can influence public perception (corporate reputation) and the company's market value. In the previous literature review conducted by Pascua and Japos (2023), the need to analyze whether HR practices improve the purchasing experience and customer satisfaction is identified. In chapter two of the doctoral thesis, several research questions are raised regarding the impact of human resource management on customer experience.

Furthermore, the impact derived from technological change will depend on its degree of complementarity with workers and the functions performed in their jobs. Previous studies have shown that digitalization has positive impacts on organizations, such as increased profitability (Bienhaus and Haddud, 2018), cost reduction (Seete, 2022), and the establishment of a competitive advantage (Pfister and Lehmann, 2021). However, there are also studies that have highlighted the possible adverse effects of technology, both on workers—through increased stress (Ferrari et al., 2023) and a decrease in their communication skills (Todorova and Georgieva, 2023)—and on the organization as a whole, due to the emergence of security and privacy issues (Turel et al., 2021). Therefore, it is essential to focus attention on human capital in order to maximize the positive effects of these advances both at the organizational level and in the social environment (Jimeno and Lamo, 2024).

Among the positive effects brought about by the digitalization of organizations through the incorporation of technological advances, its contribution to sustainability stands out. This impact can be explained through "an increase in efficiency, greater job security, reduction of errors and waste, lower environmental impact, and greater flexibility and adaptability" (Clalib, 2023). It is undeniable that technology and sustainability are deeply interconnected, to the point that a new concept has emerged in the literature: "Industry 5.0." This term refers to a new business model based on collaboration between humans and machines (Travez and Villafuerte, 2023), and "centered on the human being, sustainability, and resilience" (European Commission, 2021).

As can be observed, the challenge faced by organizations no longer lies in deciding whether they should adopt sustainable practices, but rather in determining how they can effectively implement sustainability strategies and how to put them into practice. This paradigm shift highlights the particular relevance that sustainability has acquired today, positioning itself as a central global priority. In this regard, it is worth highlighting the Sustainable Development Goals (SDGs), included in the 2030 Agenda and approved by the United Nations in 2015. These objectives aim to achieve a sustainable future through equality and the protection of the planet (United Nations, 2023).

Based on the arguments presented, this doctoral thesis aims to conduct an in-depth study and analysis of the impact of human resource management on business outcomes and customer experience, comparing these effects across different countries, both within and outside the European Union. Likewise, it seeks to examine the influence of the incorporation of new technological advances on human capital and sustainable development.

Basic content.

Objectives

The objective of this research is to provide organizations with a comprehensive framework to support strategic decision-making in the field of human resource management, which not only allows maximizing organizational development but also contributes to ethical, socially responsible, and sustainable management. To this end, the impact of human resource management practices, as well

as their level of implementation and quality of management, on organizational performance and customer satisfaction will be analyzed. Likewise, the possible relationship between the degree of technological innovation present in organizations and their human resource management indicators and sustainable development will be examined. Specifically, the main objectives of the research are:

- To analyze and identify the human resource practices that enable companies to adopt an orientation toward superior organizational performance, as well as to understand their evolution over time in both the short and long term
- To explore the possible link between the working conditions present within the organization and the final customer experience and satisfaction
- To study the possible relationship between customer satisfaction and economic-financial performance
- To analyze the influence of technological innovation on business management processes, with special emphasis on its impact at the organizational and market levels
- To explore the possible link between the degree of technological innovation implemented in organizations and compliance with ESG criteria
- To build a solid framework that serves as progress in guiding companies toward socially responsible management, aligned with new technological advances, sustainable development, and compliance with the 2030 Agenda.

With the aim of providing greater clarity and understanding of the objective of this research, the relationships under study are presented graphically below. It should be noted that the proposed relationships between the variables will be analyzed in depth and do not constitute single hypotheses. In Model 1, corresponding to Chapters 1 and 2, the link between human resource management policies and practices (growth and promotion opportunities, training and development, diversity and inclusion, work-life balance, social benefits, and work ethics), financial performance, and customer satisfaction will be analyzed, as well as the possible relationship between these variables.

For the measurement of the financial performance variable, ROA (return on assets), ROE (return on equity), and EBITDA margin will be used. On the other hand, customer satisfaction will be measured directly through a satisfaction percentage. In the following image (Figure 1), the main relationships under study among the proposed variables can be observed graphically.

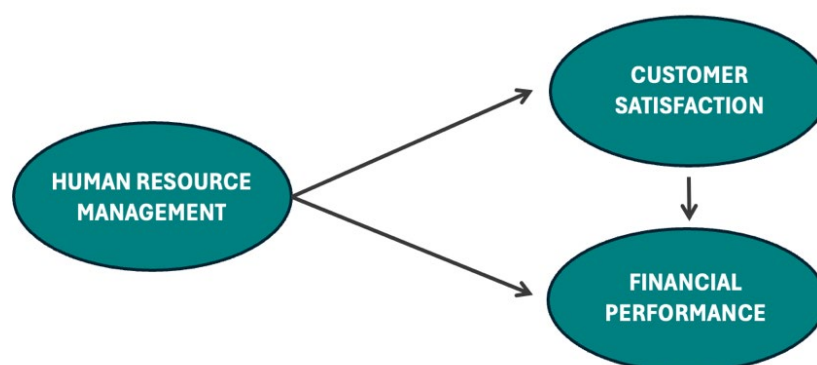


Figure 1: Relationships under study in Model 1

Source: Own elaboration

In Model 2, corresponding to Chapters 2 and 3, the relationship between the degree of technological innovation, the indicator variables of human resource management, and sustainable development will be investigated. For measuring the degree of technological innovation, proxy variables that may represent this indicator are being explored, such as the level of innovation and development. In

contrast, for the human resource management indicator variables, as mentioned, staff turnover, employee satisfaction, staffing needs, productivity, and labor cost, among others, will be used. Finally, ESG criteria will be employed to measure sustainable development. In the following image (Figure 2), the relationships proposed between these variables can be observed graphically.

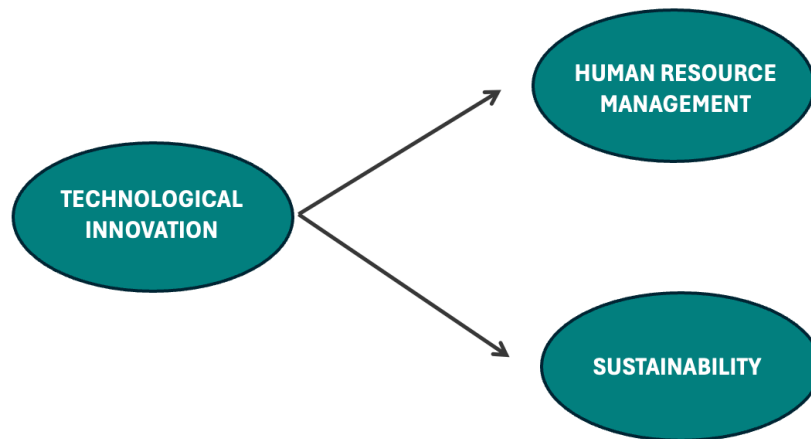


Figure 2: Relationships under study in Model 2

Source: Own elaboration

Methodology

Exploratory Research

In the first stage of the research, an analysis and review of the literature will be carried out in order to understand and identify the current state of research on the topics addressed. In this way, the limitations found in previous studies, as well as future research areas, will be identified.

Data Collection and Processing

To analyze the relationships between the proposed variables, longitudinal databases will be used, specifically LSEG Workspace (formerly known as Refinitiv Eikon or Datastream), currently managed by London Stock Exchange Group. This database represents one of the largest providers of financial market data and infrastructure in the world. This decision is based on the fact that the main objective of this research is to analyze and study the relationships between these variables over time, rather than the relationships existing at a specific point in time. In this way, by using objective data, exposure to individual biases will be avoided, enabling the use of more robust statistical techniques. Furthermore, the use of this database will allow observation of the evolution of these variables over time, making it possible to identify trends and temporal differences.

Empirical Data Analysis

The methodology used for the analysis of longitudinal data will be panel data analysis, through which it will be determined at the appropriate time whether the model developed is better suited to a static or dynamic model.

Conclusions.

The findings of this research will provide organizations with an empirical basis to guide strategic decision-making in human resource management, tailored to their specific needs, in relation to financial performance, customer satisfaction, digitalization, and sustainability. In this way, a comprehensive framework will be provided that will enable organizations to maximize their development and organizational success, while contributing to the generation of shared value among all stakeholders.

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