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Growth avenues and challenges to redefine and reshape contours of HR

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Abstract

The world of human resource management is changing more rapidly than we can imagine. Constant environmental changes mean that human resource managers face constant challenges. The Change in Globalization caused necessary changes in technology, diversity, e-business, ethics & the role of HRM. It has gained prominence due to the fact that no organization can think of growth and success without satisfying and retaining manpower. We believe that these challenges also create numerous opportunities for HR and Organizations as a whole. HR is helpful in changing environment to create more innovative, agile & globally responsive organisations. HR transformation over the years from administrative cost center to strategic business partners continues to evolve, but one thing is certain – There is no turning back. Thus, the primary purposes of this article is to examine some of the challenges and opportunities that should influence the future of HR.

Keywords: Diversity, transformation, strategic

Introduction

The ancient Egyptians were the first true Human Resources Practitioners harnessing the potentials of their people to achieve a common goal. The pyramids were built by skilled labourers recruited for their skills & received regular salaries. Although some of the functions of HR remain the same, much have changed. Many businesses have expanded their operations overseas & around the world. Frederick W. Taylor known as a father of principles of scientific management directed an evolution of Scientific Human Resource Management (1857 to 1911) which comprised of training, wage uniformity and better productivity. Initially personnel management was introduced in 19th Century with an objective of labour welfare in the organization and people accountable to manage the tasks were called “Welfare officers”. Personnel management is often considered as a traditional format for Human Resource Management and majorly revolves around industrial/Employee/Labor Relations and activities related to grievance handling, enforcement of labour statute and also taking care of employee’s welfare etc. Precisely Personnel Management is more concerned with administration of specific employee such as hiring, training and labour legislation whereas human resource management is mainly focused on increasing and nurturing the efficiency of manpower giving enough opportunities to employees to develop their skills with changing market needs so that their productivity could be enhanced. The Change in Globalization caused necessary changes in technology, diversity, e-business, ethics & the role of HRM. It has gained prominence due to the fact that no organization can think of growth and success without satisfying and retaining manpower. In today’s era most organizations are adapting to the evolving role of HR practices for competitive advantage.

As business moves forward in 2013 looking for new growth avenues in a sluggish economy, leaders are increasingly banking on talent to achieve their growth. While business demands, margin pressures, declining budgets, HR technology, social media, data & analytics are all reshaping the contours of HR, what is noteworthy is an increase in HR’s focus on these aspects. Experts say that international companies will need to adapt their global strategies for local markets.

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The best global companies will be those that operate like a flattened matrix, where information & authority flow in all direction rather cascading down from the top. Successive innovation can only happens if we are able to reinvent traditional HR practices considering the past challenges which would redefine productivity, creativity and competence of organization.

The role of HR in organizations (HRM is a subset of management)

Important functions to be performed by HRM in any organisation to attain their objectives successfully:

Recruitment

It is a systematic means of finding and inducing available candidates to apply to the company for the employment. The recruitment includes the identification and evaluation of the sources of the manpower. It is an important function of personnel administration and a major step in the total staffing process.

Selection

Selection is the process in which candidates for employment are divided in two classes, those who are to be offered employment, and those who are not. A well devised selection process is very essential for the organisation because if an employee selected once, he will remain in the company for the number of years. Faulty selection process will lead to low productivity and high labour turnover.

Induction and placement

The induction of new employees has to be regarded as comprehensive and systematic programme continuously monitored and evaluated. During this time new employees may have interviews, attend short courses, listen and talk about organisation, received a quantity of literature, be taken on quick guide tours to glimpse the various sections of the organisation and meet a variety of people.

Employee Involvement

The employee involvement crystallises the concept of industrial democracy and indicates the efforts on the part of the employer to form a team of employees which work towards the realization of the common objectives. It is a mental and emotional involvement which encourages contribution to goals and sharing responsibilities with them.

Employee Retention

Employee retention refers to the ability of an organization to retain its employees. Employee retention related to the efforts by which employers attempt to retain employees in their workforce. Employee turnover is a symptom of a deeper issue that has not been resolved. These deeper issues may include low employee morale, absence of a clear career path, lack of recognition, poor employee-manager relationships or many other issues. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities.

Compensation

Compensation directly influences key outcomes like job satisfaction, talent attraction, retention, performance, skill

acquisition, co-operation etc. Thus we need to design best compensation system to align employee performance with organization objectives. In this changing business scenario we have to continuously look for better compensation management system and redesign the existing system. Competency based compensation system is one which can satisfy the current scenario of performance linked pay in which employees are paid on the basis of actual performance.

Job analysis and job design

Job analysis enables manager to understand jobs and job structure to improve productivity. It also helps job design or redesign, coordinating demands in available time, individual psychological needs, technical procedures and desired performance

Risk management

HR has two roles in risk Management first people are a source of risk, e.g- shortage of employees, people doing sloppy work, an employee refusing to take on additional responsibility or a key employee leaving two months after completion of a one year training program. Second people are important in handling risk, e.g., people using their ingenuity to solve unexpected problems, employees going the extra mile for the good of organisation etc.

Worker protection

Protection of workers from industrial accidents is very important. Industrial accidents may occur on account of a number of factors. Employee's safety and accidents have been attracting the attention of various industrialists. But in reality the accident and safety are interlinked and therefore require a proper and special approach.

Performance appraisal

The performance of an organisation is, thus, dependent upon the sum total of the performance of its employees. According to Peter Drucker "an organisation is like a tune, it is not constituted by individual sounds but by their synthesis". The success of an organisation, therefore, depends on its ability to accurately measure the performance of its employees and use these measurements objectively. In order to optimize the personnel's performance, as they are the most vital resource in the organisation.

Strategic management

Strategy is certain about leadership, and is more concerned with the broad direction of affairs than detailed implementation which is required to manage to achieve the goals successfully.

Training and Development

Training can be used as a proactive means for developing skills and expertise to prevent problems from arising and can also be an effective tool in addressing any skills or performance gaps among staff. Organization Development can be used to create solutions to workplace issues, before they become an identifiable problem.

Motivation

The efficiency of a person depends on two factors-firstly, the level of ability to do a certain work and secondly, the willingness to do the work. So far as the first factor is concerned

it can be acquired by education and training, but the second factor can be created by motivation.

Industrial relations

Industrial Relation is the composite result to the attitudes and approaches of the employers and employees towards each other with regard to planning, supervision, direction and co-ordination of the activities of an organisation with a minimum of human effort and friction, with an animating spirit of co-operation and with proper regard for the genuine well-being of all the members of the organisation.

Changes in HRM

Some of the significant changes that are likely to take place in the human resource management are as follows:

1. Increasing government role

In India, personnel management has become very legalized. In future private organizations will have to co-ordinate their labour welfare programmes with those of the government. Private sector will require to support government efforts for improving public health, education training and development and infrastructure

2. Increases in education levels

Due to technological progress and the spread of educational institutions workers will increasingly become aware of their higher level needs, managers will have to evolve appropriate policies and techniques to motivate the knowledge of workers. Better educated and organized workforce will demand greater discretion and autonomy at the work place.

3. Technological developments

This will require retraining and mid-career training of both workers and managers. Rise of the international corporation is proving new challenges for personnel function.

4. Organizational development

In future, change will have to be initiated and managed to improve organizational effectiveness. Top management will become more actively involved in the development of human resources.

5. New work ethic

Greater forces will be on project and team forms of organization. As changing work ethic requires increasing emphasis on individual. Jobs will have to be redesigned to provide challenge.

6. Occupation health and safety

Due to legislative presence and trade union movement, personnel management will have to be more health and safety conscious in future.

7. Development planning

Personnel management will be involved increasingly in organizational planning, structure, composition etc. Greater cost-consciousness and profit-orientations will be required on the part of the personnel department.

HR in the 21st century

- Becoming the employer of choice.
- Winning the war for talent.
- Contributing to the organization as a strategic business partner.
- Cultivating leadership through e-learning and development.
- Recognizing the workforce as a profit center.
- Thinking globally while complying locally.
- Incorporating flexibility and adaptability into the organization.
- Embracing technology as the underlying facilitator.
- Implement strategic organizational change for increased quality, productivity and employee satisfaction.
- Construct an effective training program.
- Design an compensation system that motivates employees.
- Structure benefit packages and measure their success.
- Identify principles for developing, utilizing and conserving human resources.
- Use data and statistics to make informed business decisions.
- Leverage technology to enhance the contributions of the human resource function to an organization.
- Develop financial management and budgetary skills.

Challenges

HRM has to deal with all challenges that organization faces and these are at the following levels:

1. Organizational challenges

Organizational challenges refer to concerns that are internal to the firm. They are often a byproduct of environmental forces because no firm operates in a vacuum. These can be of following type:

- **Restructuring:** The third way to gain a competitive advantage is to utilize people with distinctive capabilities to create unsurpassed competence in a particular area.
- **Controlling cost:** A compensation system that uses innovative reward strategies to control labour cost can help the organization grow.
- **Improving quality:** Many companies are implementing total quality management (TQM) initiatives.
- **Creating distinctive capabilities:** The third way to gain a competitive advantage is to utilize people with distinctive capabilities to create unsurpassed competence in a particular area.

2. Environmental challenges

Environmental challenges refer to forces external to the firm that are largely beyond management's control but influence organizational performance. They include:

- **Globalization:** Globalization increases competition in the international business, Firms that formerly competed only with local firms, now have to compete with foreign firms/competitors. Thus, the world has become a global market where competition is a two way street.
- **Economic and Technological change:** In India, there is a perceptible shift in occupational structure from agriculture to industry to services. The explosive growth of information technology linked to the internet has ushered in many changes throughout the organization.

- **Legislation:** How successfully a firm manages its human resources depends to a large extent on its ability to deal effectively with government regulations. Many firms are now developing formal policies on sexual harassment and establishing internal administrative channels to deal with alleged incidents before employees feel the need to file a law suit.
- **Evolving work and family roles:** The proportion of dual-career families in which both wife and husband (or both members of a couple) work is increasing every year. More and more companies are introducing “family-friendly” programs that give them a competitive advantage in the labour market.
- **Rapid change:** Many organizations face a volatile environment in which change is nearly constant. If they are to survive and prosper, they need to adapt to change quickly and effectively. The Indian workforce is characterized by diversity which likely to be more diverse as women, minority-group members and workers flood the workforce. However, increasing number of women in the workforce has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave and transfer to location of husband place of posting.

3. Individual challenges

These individual challenges almost always reflect what is happening in the larger organization which are as follows:

- **Productivity:** Two important factors that affect individual productivity are ability and motivation. Employee ability is competence in performing a job. Motivation refers to a person's desire to do the best possible job.
- **Ethics and social responsibility:** Firms and professional organizations have created codes of ethics outlining principles and standards of personal conduct for their members.
- **Empowerment:** It transfers direction from an external source (normally the immediate supervisor) to an internal source (the individual's own desire to do well). Many firms have reduced employee dependence on superiors and placed more emphasis on individual control.
- **Brain drain:** The brain drain can negatively affect innovation and cause major delays in the introduction of new products. To make matters worse, departing employees take other talent with them when they leave.
- **Job insecurity:** Lay offs have become essential in an age of cutthroat competition. Though union membership has been declining in recent years, many workers still belong to unions and job security is now a top union priority.

Future role of HR Manager

Role of HR Manager in Emerging Trends can be in the following form:

- **Credible activist:** HR professionals with credibility in the business, with good stakeholder relationships and who get things done.
- **Strategic positioner:** Understands the global business context and builds the relevant organisational capabilities around that.
- **Capability builder:** Helps define and build organisational capabilities.
- **Change champion:** Helps build the organisation's capacity to change and to sustain change.

- **Innovator and integrator:** Ability to innovate and integrate HR practices around critical business issues.
- **Technology proponent:** Using technology to stay connected with peers and colleagues and taking a bigger role in managing information and turning it into useable knowledge.

Many large organisations are struggling to provide the training and skills quickly enough to keep pace with how they, their markets, competitors and customers are changing. The same challenges apply across the spectrum of HR disciplines. While the markets continue to be volatile, uncertain, complex & ambiguous (VUCA), HR organisations & their companies need sound and, solid solutions which solve real business problems, not just deliver fun & fanciful tools. Thus HR is helpful in changing environment to create more innovative, agile & globally responsive organisations. HR transformation over the years from administrative cost center to strategic business partners continues to evolve, but one thing is certain-There is no turning back.

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