

## CHANGING ROLE & ENVIRONMENT OF HUMAN RESOURCE MANAGEMENT

**P.Jyothsna**

**Lecturer, Aditya Degree College, Gajuwaka, Visakhapatnam**

**Abstract:** *The roles and responsibilities of Human Resources departments are transforming as the modern business faces pressures of globalization. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talent is likely to continue to increase, notably for high skilled workers and for the next generation of business executives. Now organizations need to place greater emphasis on attracting human capital rather than financial capital. Global staffing and management of a workforce diverse in culture and language skills, and dispersed in different nations are the key goals of global human resources. Only those multinational enterprises willing to adapt their human resource practices to the changing global labor market conditions will be able to attract and retain high performing employees. Companies with the ability to foresee their business needs and their workforce needs – especially for high skills – will gain the decisive competitive advantage.*

**Keywords:** *Human Resource Management, Strategic Management, Globalization, Data Analytics, Data Warehouse.*

### Introduction:

The term 'Human Resource' refers to the individuals which comprises the workforce of an organization. Human Resource Management (HRM) deals with recruiting, managing, developing and motivating people including specialized support and managing system for regulating compliance with employment and human rights standards. The origin of HRM function arose in those organizations which introduce welfare management practices. HRM has witnessed many changes in last 2 decades. Economic liberalization in 1991 created a hyper competitive environment. As International firms entered the Indian market bringing with them innovative and fierce competition, which forced the Indian Companies to adapt and implement Innovative changes in their HR practices. The management of Human resources has now assumed strategic importance in the achievement of organizational growth & excellence. Increasing globalization forces the organization to participate in the matter of emerging issues in management of people.

HR function may set and develop policies and strategies in the following areas:-

- i. Recruitment & Selection.
- ii. Training & Development
- iii. Compensation, Rewards & Benefits Management
- iv. Organizational Design & Development
- v. Business transformation & change management.
- vi. Performance, Conduct & Behaviour Management
- vii. Industrial & Employer relations.
- viii. Workforce Analysis & Management of Workforce personal data

HR professionals play a key role to help the company in achieving CSR objectives. They are facing many challenges in present business scenario, like Globalization, workforce diversity, technological advances and changes in political and legal environment, changes in information technology. All these challenges imposing pressure on HR professionals to attract, retain and nurture talented employees. They can't ignore these challenges rather they have to execute innovative mechanism of developing skill and competencies of HR to prepare them to accept the emerging challenges.

### Literature Review:-

Strategic human resource management, therefore, can be defined as the process of linking the human resource function with the strategic objectives of the organization in order to improve performance. (Bratton and Gold, 2007).

Another debate is on classification of SHRM as in terms of a proactive–reactive continuum. Thus, in the proactive orientation, The HR manager has a seat on the strategic table and active in the strategy formulation. Where is in the reactive one, the HR is concerned with the challenge of *matching* the philosophy, policies, programs, practices and processes (the Five Ps) in a way that will

stimulate and reinforce the different employee role behaviors appropriate for each competitive strategy (Bratton and Gold, 2007).

**Mesch, 2010:** This is because the managers in both the public and private organizations regard the human resources of their organization as its major source of sustaining competitive advantage by having the 'best of the best'. Human resource system place for recruiting selecting, motivating and efficiently manage their people.

**Katous & Budhwar, 2006:** HRM policies of recruitment , training, promotion, incentives, benefits, involvement, and health & safety are positively related to organizational performance.

**Wan et al. (2002)** tested six strategic HR variables' (training, staffing, empowerment, performance appraisal, job design, and performance-based pay) impact on firm performance and then examined how the combination or the bundle of such variables together affect this performance. Using a sample of 191 Singaporean companies, they found that effective implementation of the different strategic HR variables have a positive effect on organizational outcomes (especially to the firm HR performance-employee productivity, job satisfaction and commitment). They also found that performance appraisal and empowerment and training were very important issue to tackle by top management if they are interested to enhance their HR performance and hence the organization performance.

Other studies have examined the relationship between HR practices and organizational performance in different locations and found positive results includes: Bjorkman and Xiucheng (2002) and Li (2003) in China; Fey and Bjorkman (2001) and Fey et al. (2000) in Russia; Boselie et al. (2001) in Netherlands; and Huang (1997, 2000) in Taiwan.

More recently, **Wattanasupachoke (2009)** had explored the relationship between HR strategies and the performance of 124 Thai companies and found that the extra pay and profit sharing is the only factor group that has a statistically important correlation with the companies' financial performances such as sales, profits and liquidities.

As a result of the above, an extensive body of literature about the impact of HR practices on firm performance had emerged as a dominant research issue in the HRM field (Fey et al., 2000). The results of these studies confirm the dependency of firm success on the caliber of its employees and how effectively they are managed (Cheng and Brown, 1998).

### Changing Environment :

The five factors involved in the changing environment of HRM are as follows:

1. Work force Diversity
2. Economic and Technological Change
3. Globalization
4. Organisational Restructuring
5. Changing Nature of Work.

Business environment is changing environment and so is HR environment. The changing environment of HRM includes work force diversity, economic and technological change, globalisation, organisational restructuring, changes in the nature of jobs and work and so on.

### Work force Diversity:

Diversity has been defined as any attribute that humans are likely to use to tell themselves, that person is different from me and, thus, includes such factors as race, sex, age, values, and cultural norms'. The Indian work force is characterized by

such diversity that is deepening and spreading day by day.

It is likely to be more diverse as women, minority-group members, and older workers flood the work force. With the increasing number of women entering the work force due to a combination of factors like women's emancipation, economic needs, greater equality of sexes, education and so on, additional pressures of managing a different set of problems at the work place have arisen. As such, the number of women is on increase in all walks of life i.e., teachers, lawyers, doctors, engineers, accountants, pilots, parliamentarians and so on. However, increasing number of women in the work force has been necessitating the implementation of more flexible work scheduling, child care facilities, maternity and now paternity leave also and transfer to location of husband's place of posting.

Also, as the work force ages, employers will have to grapple with greater health care costs and higher pension contributions. On the whole, the increased diversity of work force will place tremendous demands on the HR management function.

Further, creating unanimity from a diverse work force has also become a challenge for HR manager. This is because, as several experts' put it; diversity is marked by two fundamental and inconsistent realities operating today with it. One is that organisations claim they seek to maximize diversity in the work place, and maximize the capabilities of such a diverse work force.

The other is that traditional human resources system will not allow diversity, only similarity. These experts emphasize that employers traditionally hire, appraise, and promote people who fit a particular employer's image of what employees should believe and act like. At the same time, there is corresponding tendency to screen out those who do not fit.

#### **Economic and Technological Change:**

Along with time, several economic and technological changes have occurred that have altered employment and occupational pattern. In India too, there is a perceptible shift in occupational structure from agriculture to industry to services.

The New Economic Policy, 1991 has led to liberalization and globalization giving genesis to

multinational organisations with their multicultural dimensions having certain implications for HRM. The implications of globalization for HRM are discussed subsequently. The Indian economy has already become an open economy but it will be more so from April 2003 with the complete lifting of quantitative restrictions (QRs) on imports in India.

Technology has become the hallmark of the modern organisations. As such, modern organisations have become the technology-driven organisations. So to say, men are replaced by machinery. Manufacturing technology, for example, has changed to automation and robotisation.

Manufacturing advances like these will eliminate many blue-collar jobs, replacing them with fewer but more highly skilled jobs. Similar changes are taking place in office automation, where personal computers, word processing, and management information system (MIS) continue to change the nature of office work.

The explosive growth of information technology linked to the internet has ushered in many changes throughout the organisation. One of the major changes led by information technology is that it has hastened what experts call the "fall of hierarchy", i.e., managers depend less and less on yesterday's "stick-to-the-chain-of-command approach," to their organising function.

This is so because earlier it used to be, if one wanted information, one had to go up, over and down through the organisation. Now, one just taps in. That's what broke down the hierarchy. Somuchso, now employees do not need to be present a definite work place.

Instead, they can work from their own places/residences through the net. This has given genesis to a new breed of organisations, called 'virtual organisations.' (VO).

#### **Globalization:**

The New Economic Policy, 1991 has, among other things, globalised the Indian economy. There has been a growing tendency among business firms to extend their sales or manufacturing to new markets abroad. The rate of globalization in the past few years in India has been nothing short of phenomenal.

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.

Globalization has given genesis to the multinational corporations (MNCs). The MNCs are characterised by their cultural diversities, intensified competition, variations in business practices and so on. As an international business expert puts it, 'the bottom line is that the growing integration of the world economy into a single, huge market place is increasing the intensity of competition in a wide range of manufacturing and service industries.

Given these conditions, from tapping the global labour force to formulating selection, training and compensation policies for expatriate employees have posed major challenges for HRM in the next few years. This has underlined the need for studying and understanding HRM of multinational organisations or international organisations separately.

#### **Organisational Restructuring:**

Organisational restructuring is used to make the organisation competitive. From this point of view, mergers and acquisitions of firms have become common forms of restructuring to ensure organisational competitiveness. The mega-mergers in the banking, telecommunications and petroleum companies have been very visible in our country. Downsizing is yet another form of organisational restructuring.

As a part of the organisational changes, many organisations have "rightsized" themselves by various ways like eliminating layers of managers, closing facilities, merging with other organisations, or out placing workers. There has been a practice to flatten organisations by removing several layers of management and to improve productivity, quality, and service while also reducing costs. Whatever be the form of restructuring, jobs are redesigned and people affected.

One of the challenges that HRM faces with organisational restructuring is dealing with the human consequences of change. For example, the human cost associated with downsizing has been much debated and discussed in the popular press.

As such, HRM needs to focus on the changed scenario uniquely and that is not so simple. Thus, management of HR activities has become crucial for HR managers.

#### **Changing Nature of Work:**

Along with changes in technology and globalization, the nature of jobs and work has also changed. For example, technological changes like introduction of fax machines, information technology, and personal computers have allowed companies to relocate operations to locations with lower wages. There is also a trend toward increased use of temporary or part-time workers in organisations.

One most significant change in the nature of work is that it has changed from manual to mental/knowledge work. In this context, the management expert Peter Drucker's views are worth citing. He said that the typical business will soon bear little resemblance to the typical manufacturing company of 30 years ago.

The typical business will be knowledge-based, an organisation composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues, customers, and headquarter. For this reason, it will be what he calls an information-based organization.

As a result, the organizations are giving and will give growing emphasis on their human capital i.e., the knowledge, education, training, skills, and expertise of employees, the expense of physical capital like equipment, machinery and physical plants This growing emphasis on education and human capital has, among other things, changed the nature of economy as service-oriented economy.

In the changed economic scenario, jobs demand a certain level of expertise that is far beyond that required of most workers 20 or 30 years ago. This means that companies are relying more on employee's creativity and skills, i.e., employee's brain power.

#### **FUTURE CHALLENGES IN HR**

Before 20th century, there was non-existence of HR function. In 21st century HR function has to go through the radical changes due to fast changes in

technology and emergence of global economy. This situation creates challenges for HR staff like:-

1. **Age of Information & Knowledge:** Work which is performed in factories earlier has been replaced by work in offices at computer terminals. Now people has been working with Ideas and concepts instead of things. Organizational effectiveness depends upon the attracting, utilizing and retaining people who can use their knowledge to solve problems, create services, develop new work processes and satisfy customer needs.
2. **Change Management:** Change management represents a particular challenge for HR Managers. An intensified focus on training may be needed to develop added competencies to deal with change management.
3. **Globalization:** Globalization has extend the talent pool to almost every nook of the globe. HR professionals recruit candidates from various countries who speak different languages and practice customs differently. This brings challenge to HR policies regarding different concerns such as cultural and ethic sensitivity.
4. **Increasing size of workers:** Due to increase in size of organization, No. of people working in organization has also increased. Management of increasing workforce might create new problems as workers are becoming more conscious about their rights.
5. **Attracting & Retaining Talent:** Today, IT companies are facing a shortage of knowledge workers because the rate at which they lose employees almost double the rate at which they hire. A major proportion of the turnover issue is attributed to the movement of manpower to the "land of opportunities" - USA. The average stay of a software consultant of IT company has dropped to one year.

#### EMERGING HR TRENDS IN INDIA:

According to Kamal Karanth, "With increase in investments in manufacturing sector in India, the

demand for talent is mounting. Most organizations look for trained manpower at all levels of operations and in today's context, the demand-supply gap is on the rise. Though technical manpower by volume is higher in India. It's employability that is question for many organizations."

The manufacturing sector in India is sweeping back in the national economic space. The current surge in this sector is extremely promising as new manufacturing opportunities are slated to be more skill intensive. India has figured among the top ten manufacturers among the world in 2010 in International year book of Industrial Statistics 2011 published by United Nations Industrial Development Organization. India provided trained manpower at competitive cost making India a favoured global manufacturing hub. India has witnessed increase in jobs in mining & construction sector by 46% and 44% respectively in the first quarter of the year, 2011. There will be a high demand for experienced professionals to manage operations in manufacturing sector. According to research close to 30 lakh jobs across levels will be created by 2015. Shortage of talent in construction sector has been a long term problem and is likely to continue to push up project costs and risks. Flow of talent into construction sector and power sector has been gradually drying up as candidates have sought an alternative and often more lucrative career options. Education system is often not delivering the required no. of specialists across project management, engineering, estimating, surveying and contract management. Salary hike will be of an average between 9%-12%. The average salary increase in manufacturing industries like automobiles, construction and engineering has witnessed 13% year on year and this trend is expected to continue. Companies should invest time and money to conduct programmes such as internship and apprenticeship that reach out to specific individuals already considering manufacturing career.

About 90000 jobs would be created in manufacturing sector. Apart from using regular channels to recruit companies are also starting to hire Alumni network to rehire former employees.

**RECENT TRENDS**

	<b>Political</b>	<b>Economic</b>	<b>Social</b>	<b>Technological</b>
1.	Increased demand for transparency in govt. & other organisations.	Increased govt. involvement in Economic growth	International & internal migrations.	Pace of Technological Innovation is increasing.
2.	Increasing dispersal of national power	Increasing gap between rich & poor individuals	Increased interconnectivity of people, Organizations and societies.	Digitalization of life style and work life.
3.	Narrowing of gaps in national power between developed & developing nations	Rapidly increasing national debt to GDP ratio	Increasing power of women	Break through or transformation technologies.
4.	Increase in the power of non-state actors / businesses organizations such as world bank	Growth & increasing instability of sovereign wealth funds.	Accelerated pace of life urbanization	Social, economic & cultural connectivity.

**Conclusion:**

“Brain power ....has never before been so important for business. Every company depends increasingly on knowledge-patents, processes, management skills, technologies, information about customers and suppliers, and old-fashioned experience. Added together, this knowledge is intellectual capital”.

As such, the HR environment has changed. The challenge posed by changed environment is fostering intellectuals or human capital needs managing these differently than those of previous generation. Here, Drucker puts that the centre of gravity in employment is moving fast from manual or clerical workers to knowledge workers, who resist the command and control model that business took from the military 100 years ago. Now that the changing environment of HRM is delineated, we can conveniently present the new HR management practices in such changing environment.

The recognition of human resource capability to global business growth has changed Indian HRM culture in recent years. Rapid globalization has made companies realize people are key to growth. Now HRM is not merely personnel management i.e. maintaining records and ensuring statutory compliance but it has diverted towards human resource planning, job design, motivation, recruitment, skill development & employee relations.

Now companies are using their innovative HR practices to keep up with time in the wake of rapidly developing labour landscape. To face the recent challenges, HRM has to implement effective strategies. Hence, the role of HRM will be more significant in future due to emerging scenario.

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