

EMERGING CHALLENGES FOR HR IN THE CHANGING BUSINESS SCENARIO

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Introduction

As it is well known, for any economic activity three types of resources are required namely Financial, Material (including machines) and Human. Further, among these three the human resource is the most important one without which the other two would be of no use. Infact, it may not be but out of place to mention here that, the VII Five Year Plan has laid special emphasis on improving productivity i.e., productivity of machines as well as men. In a developing country like India the need to develop and harness the existing human resources for the development of the country, hardly needs any emphasis. The same logic applies to organizations as well.

Human resource is very important without which the other resources could not be put to any productive use as has been exemplified in the Japanese experience. The Japanese styles of Human resource management and industrial relations systems have played a predominant role in improving the performance of Japanese corporate sector.

Concept of Human Resource Development

Three factors forms the basis of the concept of Human Resource Development:

- Emotional and psychological approach to peoples issues
- Continuous individual growth for narrowing down the gaps between individual and organization goals
- Commitment to the philosophy

The focus of attention in Human Resources Department is the individual in organization and Human Resources Development functions aims at generating a climate that is conducive to better working results and unabated organizational growth. Further, Human Resources Development is basically concerned with improving the overall quality of life and not just improvement in work, production, productivity and results.

Need for Human Resources Development

The source of inspiration for setting up new Human Resource Development departments or strengthening the Human Resource Development function came from one or more of the following:

- To support the structural and strategic changes made by the organization to orchestrate its growth and expansion

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- Recognition by the top management of the importance of Human Resource Development and their responsibility to promote it for the good of the organization
- To prepare employees to respond to increasing problems faced by the organization both internally (dissatisfaction, delays, fall in productivity) and externally (high competition).

In view of the immense importance of Human Resources it is necessary that Human Resource professionals understand the emerging challenges in the changed business scenario, so that appropriate steps could be initiated to cope with the same.

Emerging Challenges

The role and style of functions of Human Resources Management have undergone a drastic change in a rapidly changing business environment. Human Resources Management is no more a staff function and on par with any line functions in the organization. Infact now the emphasis has shifted to application of human resource functions to the organizational development. The role of Human Resource Management is expanding day by day and this renewed vigour is result of numerous environmental, organizational and cultural influences which have forced Human Resource Management to be transformed from a narrowly defined specialty into a more strategic function. The changing social and political trends and economic development around the world account for the growing importance of Human Resource Department to the organization.

In the light of these trends and developments the importance of the managers role in selecting, managing and developing the competencies in the employees as well as managing the human talent has increased. However, in the changed scenario the challenges that are to be faced in contemporary HR Management are as follows:

- Higher level of Education and Expectations
- Changing work force, demographic and life styles
- Corporate reorganization
- Economic conditions
- Technical explosion
- Quality of work life
- Government legislation
- Achievement of competitive advantage

Apart from the above another big challenge that HR department has to be face is changed functioning of Human Resources Management. As it is playing vital role in the development of the organization there is a need for change in its functioning and quality.

Another major challenge which HR Department has to successfully face is its newly perceived role as Strategic Human Resource function. Because since its trying to integrate itself with the business development strategy

there is every need to improve its quality in the organization. Otherwise the organization can't compete with the other organizations. For this to happen it is necessary that every manager starts thinking about the changes that are required in the organization. In other words, he must find answers to the following:

- HR as a strategic partner
- HR strategy emanating from the Business strategy
- HR's growing role in the competitive environment
- Impact of Information technology on HR
- S/W professionals compensation as the major challenge of future
- The manpower scarcity
- Training and development
- Revamping and improvement of major functions like Performance Appraisal, Training and Development
- Emergence of predominantly knowledge workers

Every organization has to face the above factors and solutions are to be found for the same. Earlier HR function was by and large an advisory one and management could afford to ignore the recommendation of the then personnel department. But in the changed scenario management needs the advice of HR professionals in meeting the requirements of change in the organization. More so when the attempt is to synchronize the growth of employees with that of the organization. In other words, the need of the hour is re-engineering of HRM which is a major challenge.

Changing Role of HR

The Chart below provides a Comparative study to show how the role of HR has evolved over the years.

	Yesterday	Today	Tomorrow
Success factors	Business judgment, intuition	Information, strategic plan, mission	Flexibility, Ability Speed
Organizational style	Paternalistic	Professional	Empowered, Learning, Vibrant
Employees considered as	Hungry, Naked & Defenseless creatures	Thinking and Rational beings	Fully evolved, completely satisfied, mature human beings
Motivational force	Driving people through basic needs	Driving people through social and intellectual needs	People drive themselves
Role of HR	Provide people with food, clothing and shelter	Effective and fair appraisals and compensation systems	As a change agent As an innovator As a strategic partner

As we can see from the above table, HR role has changed greatly since medieval times when the major motivational factors were basic human necessities and the role of HR was to arrange for these in proportion to the work done. But as mankind progressed and the standard of living improved, these traditional motivators have lost their significance. Employers are being considered as thinking and rational beings capable of making decisions. It was assumed that humans make decisions in a way so as to increase their state of general well being. Various behavioral scientists investigated the relationship between cause and effect, stimulus and response and came up with various motivational theories. The role of HR was to devise various schemes and policies so as to channelize the employees' behavior along a desired path. The immediate response to this could be that there are some jobs, which are inherently boring, routine and uninspiring.

However, this is not true. It is the context in which one sees the job, which is more important than the content of the job itself. It is a matter of common experience that when we consider ourselves as working towards a significant goal, even the dullest tasks becomes more meaningful and inspiring. Further, now-a-days organization should have fast, flexible and dynamic teams of enthusiastic, motivated, creative and fully self-expressed people for marching ahead and register growth with excellence. In such a context the team spirit amongst the members will greatly enhance satisfaction on the job.

A New Challenge:

The challenge is not just in terms of updating technologies but also in terms of keeping young workforce motivated and challenged at all time. These breeds of young and energetic individuals are throwing a challenge at the time-tested theories of employee recruitment, staffing, motivation and general HR practices. There are lots of challenges while recruiting these young bloods. Some of them, inter-alia are:

- Attracting people with multidimensional experiences and skills
- Infusing fresh blood in the organization
- Developing a culture that attracts people
- Design entry pay that competes on quality and not quantum
- Anticipate and find people for positions that do not exist yet

Hence it follows that the role of HR will be to develop fully "self-expressed" individuals to enable and facilitate their effective participation in teams.

The cutting edge:

The success of an organization is determined by how well you are able to offer quality service to individuals and organizations. This leads us to the fact that the creativity, innovativeness, knowledge and skill of your employees are your important assets. It is not capital or finance or marketing management that gives the competitive edge to any organization, but rather how well you are able to manage your human resources whose intellectual applications drive your business. Hence, managing these creative (HR) assets is the major challenge before any organization.

on a daily basis. Apart from using this data bank which will meet most of the organizations also have to use the services of placement agencies. But real catch lies in selection process. All the probable candidates have to go through a battery of tests that not only test their technical skills but their all round personality to find out if they will fit into the job as well as into the organizations culture. The rigorous selection process ensures that organizations will get the people who will fit into the culture. This is one of the most crucial challenge faced by the organizations and recruiting the right person is a continuous one and needs continuous refinement.

Performance management is a practice that few organizations follow. It is good that every organization puts in place a system that evaluates the organization as a whole, the systems and processes that are followed in organization and the performers. This should be done in a continuous basis and the feedback is passed on to the concerned people to take corrective measures. This way one can tackle the question of performance in a fairly efficient manner and the quality of services improves considerably.

In the software industry where skill redundancy is very fast there is a need for giving technical training to the employees on a continuous basis. Pentafour is one of the very few organizations who provide their employees an opportunity to get trained on various platforms. This apart from keeping these employees highly skilled also gives them a sense of security. Apart from this, training is also given in personality development, team working related areas etc to enhance the quality of life of their employees.

Building culture

As discussed earlier the most important of all challenges is in culture building. Now all our efforts are diverted in bringing about a performance driven culture. The very tight schedule ensures that employees have to perform to the optimum. Apart from this the various systems that are put in place like the performance management system helps in achieving a performance driven culture. Organizations shall constantly refine their practices in order to create an atmosphere where our employees are able to perform to their full potential. The major issue would be of getting the right type of persons. The issue would be that we first have to find a person with the required skills and experience, and also he must be suitable for organization. Finding such a suitable person is the obstacle that every organization have to cross over.

Attrition is another challenging factor. The attrition rate is more in software industry and most of them are trying to keep this as low as possible. Different companies adopt different techniques to retain their employees. Most of them offer exorbitant pay packets. If we take the example of Pentafour the attrition rate is very low compared to the industry standards. Though compensation in these organizations has been on par with what the industry is offering, that's not the reason why rate is low. It has more to do with the opportunities that are offered to the employees and organizational climate that is prevailing there. Employees are given the opportunity to learn and grow in the company itself. They are given a lot of technical and exposure to various types of projects. The challenging work enough growth opportunities make it difficult to the employees to leave the organization.

Emotional Intelligence

Organizations are not able to harness the best from their employees because they are not able to care of their emotional needs. One of the key focus areas in the present context is to enhance the emotional intelligence of our people. Without it a person can have the best training in the world, an incisive, analytical mind and an endless supply of smart ideas, but he won't make a leader. Smart people are no more the ones with high IQ; they are the ones with High EQ. It has been noticed that there is high co-relation between Emotional Intelligence and effective performance. The characteristics of persons with High Emotional Intelligence are as under:

- Good Interpersonal Relations
- Independence
- Highly driven and Motivated
- Emphatic
- Self Driven and Managed

According to the survey conducted by Daniel Goleman of 188 companies of large and global sizes Emotional Intelligence proves to be twice as important as other job related factors. Further, emotional intelligence played increasingly important role at the highest level of the company like

- Star performer has higher Emotional Intelligence capabilities
- 90% of the performers attributed to Emotional Intelligence rather than cognitive factors.

In the light of the above, it is pertinent that organizations take necessary steps for enhancing the emotional intelligence of their employees.

Balancing work and personal life

Balancing work and personal life is a significant area of concern for the organizations. Because achieving the right balance between the work place and home is crucial to the efficient running of organization. Infact according to a recent survey done on 2500 highest-ranking MBA's from B-Schools in Europe and USA, management graduates have identified balancing personal life and work life as their top most career objective. As such, it is all the more important that organization too do their best in this regard.

HR to act as Change Advocate

In the changed business context HR professionals need to work as change advocate. Change advocates are those factors that are responsible for brining the change in the individual behaviour patterns. For being a better change advocate we have to be extrovert, possess considerable interpersonal skills, be creative and take risks and good in organizing activities. The following are the characteristics that an HR professional should have in order to be a better change advocate.

- a. **Homophily:** Degree of closeness and similarity between the employee and HR professional. The closer the relationship, the easier and more successful the change.

- b. **Empathy:** HR people be capable enough to understand feelings, emotions and thoughts of the employees. Sincere understanding leads to improved communication between the two, which will be helpful in bringing about required change.
- c. **Proximity:** Easy access to each other
- d. **Structuring:** Proper and clear, planning of all activities that are related to change. If they are planned properly than the change becomes easier.
- e. **Openness:** Degree of openness would considerably affect the outcome of the program
- f. **Reward:** Members expect that the change will bring potential benefits. These rewards should be for both in the short run as well as in the long run. It is up to the HR professionals to inform the employees about the same.

What is required?

If the organization have to excel in their programs it is necessary that HR professionals face the above listed, inter-alia, challenges successfully. In this regard what they are required to do is:

- Having a corporate philosophy of human resources which should be explicitly stated
- Developing a leadership and supervisory which is in consonance of HRD Philosophy
- Examining the HRD needs of the company and preparing an action plan for HRD
- Manning the Department with competent people. The person in charge of HRD should have a direct reporting relationship to the Chief Executive.
- Examine the appraisal system and designing it in such a way so as to facilitate upward and downward communication, developing and strengthening boss-subordinate relationships.
- Role clarity and performance planning
- Attribute identification and personality development
- Taking developmental decisions and
- Effective administration of rewards and other motivational mechanism, etc

Human resource will have to play a substantial role in the business. In order to perform this role HR Professionals should have:

- Thorough knowledge of business as well as of human resource functions
- The ability to lead any change process, innovation, problem-solving etc
- The leadership ability to influence the organization.

Conclusion:

Human Resources Management is a must for achieving high standard of living by making judicious use of available human resources at our disposal.

It is better to have a hen tomorrow than an egg today

A raw human resource shall not be of much use while a skilled human resource does miracles, i.e., and learning through doing which the unskilled and illiterate worker fails to do. Instead of using the human resource from the short term point of view, if we pay little heed to its development, it could add more to the productive capacity of the economy.

Human resource will excel when the three factors, viz... mental ability, physical capacity and technical competence are combined. It is said that:

A MAN IS POOR BECAUSE HE IS POOR
A COUNTRY IS POOR BECAUSE IT IS POOR AND
UNFORTUNATELY INDIA IS A RICH COUNTRY WITH POOR PEOPLE

A poor man cannot afford to have a good diet, which affects directly his productive capacity thereby resulting in low income and inability to fend himself. So physical capacity also has to be taken care of while planning for effective human resource management. Further, emotional aspects too are to be taken care of. People centric organizations in the knowledge era should focus on

- Strategic use of human resources
- Nurturing knowledge workers
- Competitive advantage through people

Human being is the most underutilized resource and a large amount of human potential lies untapped. By understanding human beings and providing the appropriate environment it is possible to harness that latent power within the human being, which will make the difference between success and failure in the times to come. Hence, the contemporary organizations have to strategically align their human resource policies in line with the corporate goals and usher in innovative practices in the HR so that emerging challenges in the changed business scenario (i.e., LPG era-liberalization, privatization and globalization) could be tackled successfully.

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