

# TRENDS IN DEVELOPMENT OF HUMAN RESOURCE

\* Ms. Shubhangi.Bhoj

\*\* Ms. Sharda Bagi

\*\*\* Dr. D.N.S.Kumar

---

## ABSTRACT

Today the corporate world is focusing on concepts about leadership retention, management, attracting the right type of employees and other various aspects of the people's side of business. Hence the human capital management focuses on retaining and developing companies most valuable asset, people here the discussion is about the various aspects which are involved in the frame work of modern human capital development. The human capital management needs to be managed like any other resource like any other material, etc... To get the best return on investment. Companies concentrate on HCM strategies such as recruitment, performance management. Human resource is a function which is fast changing as it works closely with senior managements, business segments, line segments, and functional leaders of an organisation. they create enthusiasm by motivating the employees role, their work towards the organisation. HR managers play a vital role in creating assets for the organization in the form of quality manpower.

For e.g.: as we have taken the case of Wipro way it has enhanced the employee performance through four initiatives. They are:

1. Meet your people programme:

It is a frame work which defines the various touch points the manager needs to engage with the team.

2. Wipro listen's and responds:

it aims at improving the health of the workplace. It acts on those areas of feedback by improving existing system and identify new processes.

3. Best people manager awards:

these managers show high employee satisfaction, engagement, productivity.

4. Talent review and planning:

This helps in identifying high potential talent at different levels.

Therefore as a result this has created customer satisfaction and also it has created awareness for India and for the Indian culture. By this it has led to satisfied workplace with this, the employees have developed the necessary skills required for improving their efficiency in their job and thereby impacting productivity. Lastly better people management produces better business results.

## 1. INTRODUCTION

The life cycle of our life is depending on various factors. Some times these factors are known & some times we don't know. We normally tend to safe guard our self from the threats and disasters about which we are aware, many a times we even succeed in doing that. The unknown factors also have some solutions through which one can avoid or reduce the losses.

---

\* MBA Student, KLS IMER, Belgaum Karnataka

\*\* MBA Student, KLS IMER, Belgaum Karnataka

\*\*\* Professor, KLS IMER Belgaum Karnataka

The same situation, which is common in each and every one's life, holds true even in our business life cycle. There are many factors on which our business is dependent. Again business trigger and professionals divide these factors as internal and external factors influencing the flow of the business. A few main pillars on which any business or the enterprise builds its future are Finance, Personal, Marketing, Production & logistics. The growth rate and changing trend has given birth for some additional pillars, which are necessary to conduct our business. Human resource development being one such aspect in today's business era, the paper discusses the various aspects, which frame the modern human capital development.

## **2. MANAGING AN ORGANISATIONS HUMAN CAPITAL**

The corporate world today is focused on concepts about leadership, retention, management, attracting the "right" type of employee and other various aspects of the people-side of business. Organizational development professionals are using buzzwords such as "talent" and "attitudes". Focus is on retaining and developing a company's most valuable asset—people. This concept is what we refer to as, Human Capital Management. Management of an organization's human capital starts prior to hiring an individual. It starts with only hiring individuals that possess the characteristics needed for the job, the motivators satisfied by the job and culture of the company and the drive to contribute to the overall success of the company. It offers assessments to determine the behavioral characteristics and attitudes that naturally "fit" with a position. Employing a person with these characteristics and attitudes will decrease job stress; increase job satisfaction, and productivity.

Once an individual has been brought onto the team, it is time for an effective and time-conscious ramp-up or training program. Giving an individual the tools and resources necessary to be successful in a position is key in managing human capital. Targeted training based on the pre-assessed requirements of the job is most effectively delivered in an individualized, blended learning program. This would include the basis of how to communicate effectively with all behavioral styles. This will assure that the new hire maximizes his or her strengths from the beginning.

An essential aspect in keeping employees moving towards optimum performance is letting the employee know what is expected and how performance will be measured. Developing an action plan with goals, timelines and evaluation review dates will assist with this process. This will also add accountability and give forward focus for the new hire. Effective communication between management and staff is essential before and after the employee evaluation process. This will ensure confidence in the employee, that he or she is valued and the company wants him or her to be successful. There are self-development assessments and interactive processes as well as 360-degree assessments for performance management.

### **2 i Managing Human Capital**

If there is one profound note, it is human capital, which is the most valuable of assets. While the demographics of the workplace will continue to flow with economic cycles, it will be talent the ability to recruit and retain it that distinguishes the truly great companies from the rest of the pack. Talent is the DNA of high performance. This precious form of capital will require senior executives to re-prioritize their roles so that they are connoisseurs of talent in effect. The most successful organizations will be those that abandon the old mindsets about talent development namely, that the fittest will survive and that the cream will always rise to the top. Such attitudes will prove both wasteful and detrimental. Instead, organizations must become more strategic about how they deploy their talent. They must reject the traditional view that jobs are rewards based solely on prior performance. Instead, promotions must be seen as arenas for development and enhanced performance. Organizations must align their operations in accordance with human capital strategies, not vice versa. In such an environment, how people are organized and supervised relates not only to current performance but also to future development. Coaching, mentoring and timely feedback will be viewed as essential tools to maximize

learning on the job. Great care and feeding of high potentials will become the rule. And, while tending the garden of talent is demanding of time and resources, its payoff is indisputable, as can be seen in the handful of companies which today are leading the global marketplace.

## **2 ii Establishing Competitive Advantage**

Leaders face a world of new and demanding customer expectations, of true two-way relationships in which customer feedback is instantaneous and can reshape a company's business with virtual immediacy. Customers will in essence be viewed as key components of a firm's human resources. Their goodwill and loyalty will constitute rich forms of investment for the high-performing companies in the Digital Age.

Competition will only intensify. The shelf life of market strategies is shortening. Technology and global players are driving products and services ever more rapidly through their life cycles. This morning's innovation becomes this afternoon's commodity. As a result, rapid-fire innovation will rank high on the list of strategic capabilities. All the successful firms in this century will possess a depth of entrepreneurial capability. This capability will be built around the investments firms have made in resources, cultural values, and talent dedicated to strategic innovation and leadership. This capability will remain in high demand, thanks to empowered consumers and technologies that allow more rapid product prototyping and production. The dilemma for many managers is that management's time and attention tend to be dedicated to solving today's problems rather than to addressing tomorrow's opportunities. Many organizations make the mistake of putting their best people in charge of only problems, and not opportunities. Those who reverse the pattern will prevail in the marketplace.

A company's network of external relationships will also prove to be an absolutely critical competitive advantage. Business in this century will be network-centric, and partnerships and alliances play pivotal roles in day-to-day operations. In contrast to the Industrial Age, in which companies sought strategic advantage by vertical integration, companies today seek strategic advantage horizontally. A critical trademark of high-performing firms, therefore, will be their ability to build powerful networks. These firms must be savvy about the partners which will help them acquire capabilities and knowledge, and hence foster access and reach. Alliance management will take center stage among a company's strategic competencies. But all partnerships are formed around mutual benefits. Therefore, leaders must make their companies equally attractive dance partners or be left on the sidelines.

## **2 iii Managing Human Capital for Business Needs**

People resource is the most vital asset in any organisation, and managing it the greatest challenge. For a company to succeed it is necessary to map the people-centric strategies with business strategies. Research has proved that organisations with advanced human capital management (HCM) processes have much higher levels of productivity than companies with a non-focused people approach. The truth however remains that human capital is often underrated, not because the value is not realised, but the fact that organisations do not know the best ways and means of managing their people resource. In the any industry, where human capital is the only raw resource, there is no greater risk than ignoring the function of HCM.

## **2. iv Human capital management**

Human capital needs to be managed like any other resource, for instance money, material, etc, to get the best return on investment. "HCM is not a luxury; it is an imperative for success. In a successful firm, it is the motivation and creativity of the junior most resource that is the key to organisation renewal and

sustained success". The basis behind any asset is to ensure the desired production out of it. "In any organisation it is the 'human ware' that is responsible for getting the best out of the hardware and the software technology put in to use".

People assets do not act and react appropriately, then much of the capital (financial, technology or knowledge) is wasted. As a result strategy is not successfully executed, objectives are not met, the mission is not fulfilled and stakeholders are not satisfied. A recent research study of 400 public companies revealed that five dimensions of HCM were related to a 30 percent increase in market value. The five dimensions identified were recruiting excellence, clear rewards and accountability, a collegial and flexible workplace, communications integrity, and prudent use of resources. Superior HCM practices can increase value for shareholders, with clear rewards and accountability generating 16.5 percent to 21.5 percent growth, and excellence in recruitment and retention accounting for a 5.4 percent to 14.6 percent change. "HCM includes recruitment, training, development, deployment and performance management, working on processes related to all these can lead to better human capital management".

It has been proven that companies can generate an immediate and significant role from retaining their Most Valuable Employees (MVEs). Every organisation has a comprehensive programme to develop its human capital.

#### **2 iv a) HCM and Productivity**

HCM is directly linked with productivity, as the pace of an organization's growth is inseparable from the rate its people grow. "HCM focuses on building motivated, skilled, productive and innovative people. It also helps make people a source of competitive advantage in delivering superior customer value". A proactive strategy to decrease unwanted turnover and increase employee retention has direct bottom line impact on both the revenue and cost side of profit equation. "A Gallup organisation study indicated that companies with positive employee attitudes are 50 percent more likely to achieve customer loyalty, and 44 percent more likely to achieve above-average profits. Additionally, the study finds firms that measure in the top quartile with regard to employee engagement averaged 24 percent higher profitability, 29 percent greater revenue and 10 percent less employee turnover than businesses in the bottom quartile. The evidence is clear. Better people management practices produce better business results."

With a more focused employee development programme, employees could develop the necessary skills required for improving their efficiency on the job and thereby impacting productivity. "But what happens in most cases is that employees are so often overlooked as true assets in a company because most organisations have limited information on how individual performance drives bottom line results. Despite the huge amounts of raw data that are often available in companies, the challenge for most companies as we continue to transition from a manufacturing driven to service and knowledge driven economy is to develop systematic and strategic measurement tools to assess and address employee contributions to organisational success."

Human capital has two dimensions availability of competencies relevant to business performance and the potential for converting competencies to business results. HCM involves managing both these dimensions effectively. "Going by this understanding, HCM is directly linked to productivity and organisational performance. With the economy getting driven more by services rather than manufacturing, valuations of organisations will be done based on some proven measure of human capital than anything else".

#### **2 iv b) Awareness level**

Every now and then a new management thought enters the industry and captures the imagination. HCM is in line with concepts like CMM, P-CMM, Six Sigma, etc, in services and TQM (Total Quality Management), TPM (Total Productivity Management), etc, in manufacturing. "The current level of

awareness in the industry is however at a conceptual level, and HR functions need to pioneer the movement to and bring in awareness of human capital concept at operational level.”

HCM process is perceived to be important, but since it is not urgent it is not spotted in the calendar in many organisations. But the future looks promising. HCM needs to be customised for India and Indian culture. “India is going to remain a multilingual country for ages to come. Thus in order to really reach all employees, the process must be implemented in the regional languages. It is a no-mean task and needs concentrated inside out approach. To achieve the multiple goal of productivity, even the lower-most level employee needs to be motivated”.

### **3. FUTURE OF HUMAN RESOURCE DEVELOPMENT**

An international survey by AMR Research (headquartered in Boston, US), of HR executives at more than 100 midsize to large companies revealed that HCM projects will be abundant in the near future. “Overall 87 percent of companies plan to increase or maintain spending on HCM technologies in 2003 and a large majority of companies are planning at least one major HCM initiative. The big winners in 2003 are retention and employee performance management, two components that are important components of an overall HCM strategy”. He adds that that there is a growing realisation that aligning work and workers and managing employee performance which are key capabilities of HCM applications are an essential part of growing the business. Companies will consequently spend selectively, with an eye to creating value and revenue growth via better HCM strategies, such as recruiting and performance management.

#### **Human Capital Management**

- \* Recruiting excellence
- \* Effective training
- \* Employee development
- \* Performance management
- \* Successful retention
- \* Clear rewards and accountability
- \* Collegial and flexible workplace

In the future HCM will move towards Relationship Management (between peers/leader and team members/ boss and subordinate). “More than ‘capital’ it is the relationship amongst them which plays an important role. And, that will be the key factor in retention of human capital. In future most of the companies will be designing their HR initiatives keeping their ‘people relationship’ in focus.”

HCM becomes the primary cost head for most organisations, it will evolve in many dimensions facilitating the following effective utilisation of HR; accurate and relevant evaluation of human capabilities and costing of HR; effective performance differentiation and recognition; and most significantly business performance driven HR management. Firms providing HCM solutions stand to benefit from this enormous market opportunity. “In addition, HR consulting and software firms that help corporations design, manage and measure their human capital initiatives could be presented with a sizeable future business opportunities.”

It is however not enough to just have a satisfied workforce. Having a satisfied workforce does not make a good company. “It is a charged up, an excited workforce that delivers customer satisfaction. At Geometric we have managed it with moderate success.” This in itself has not been an easy task, for irrespective of changing market conditions, effective people management for achieving business goals remains the biggest challenge.

### **3. i Managing Human Capital**

If there is one profound note that the human capital is the most valuable of assets. While the demographics of the workplace will continue to flow with economic cycles, it will be talent the ability to recruit and retain it that distinguishes the truly great companies from the rest of the pack. Talent is the DNA of high performance. This precious form of capital will require senior executives to re-prioritize their roles so that they are connoisseurs of talent in effect. The most successful organizations will be those that abandon the old mindsets about talent development namely, that the fittest will survive and that the cream will always rise to the top. Such attitudes will prove both wasteful and detrimental. Instead, organizations must become more strategic about how they deploy their talent. They must reject the traditional view that jobs are rewards based solely on prior performance. Instead, promotions must be seen as arenas for development and enhanced performance. Organizations must align their operations in accordance with human capital strategies, not vice versa. In such an environment, how people are organized and supervised relates not only to current performance but also to future development. Coaching, mentoring and timely feedback will be viewed as essential tools to maximize learning on the job. Great care and feeding of high potentials will become the rule. And, while tending the garden of talent is demanding of time and resources, its payoff is indisputable, as can be seen in the handful of companies, which today are leading the global marketplace.

### **4. HRMD - CONCERNS**

Human resources (HR) as a function is fast changing since it works closely with senior management, business segments, line management and functional leaders in an IT organisation. HR management is undoubtedly one of the major challenges ahead for Indian companies.

The industry is already under stress on account of persistent problems like attrition, confidentiality, loyalty, etc. Managing HR in the knowledge-based industry is not a cakewalk for HR managers as it a multi-task responsibility. In the present scenario, HR managers are performing a variety of responsibilities. Earlier, their role was confined to administrative functions such as looking after manpower requirements and maintaining rolls for the organisation. Now it is more strategic in keeping with the demands of the industry.

“Since the industry is growing at an encouraging rate, the supply demand issue will pose a major challenge for the industry, particularly for experienced professionals. Retaining the best talent will also be equally important. We can’t retain professionals only by paying higher salaries and offering attractive perks; that is the not the best way. We need to create enthusiasm in their role, their work and the organisation” there is also job rotation. Every 18-24 months, professionals are placed on different processes of their choice.

#### **4.i Present issues**

Some of the issues that the sector faces are managing people, motivation to adopt new technology changes, recruitment and training, performance management, development, and compensation management.

#### **4. i a) Bargaining power**

Managing people in the knowledge-based industry is critical; the human resource is the soul of the organisation. Since there is a high demand for knowledge workers, talented professionals often enjoy high bargaining power due to the knowledge and skills they have. The attitude is different for those who are taking up responsibilities at a lesser age and a lower level of experience. These factors have resulted in the clear shift to individualised career management from organisation career commitment. Managing the pool of people talent is essential for the growth of knowledge-based sectors like IT and BPO.

#### **4. i b) Motivating the workforce**

As global competition is growing rapidly, a technological edge supported by talented manpower has become crucial for survival in the market, which is why organisations give top priority to technology advancement programmes. HR managers are now performing the role of motivators for their knowledge workers to accept new changes.

#### **4. i c) Competency development**

The success of the knowledge-based industry is dependent on its manpower talent pool. Hence, human capital is the real asset for any organisation. This makes HR's role critical in recruiting, managing and retaining the best people available. The HR department has a clear role in this process, and determines the success rate of any organisation. If HR managers are not competent enough, this will have a direct impact on the organisation. There is now a need to develop competent HR professionals who are sound in HR management practices with strong business knowledge.

#### **4.i d) Recruitment and training**

Recruitment has become a major function from an important sub-system in HR, particularly in the IT industry. HR managers play a vital role in creating assets for the organisation in the form of quality manpower. Another challenge for HR managers is to put systems in place to make people a perfect fit for their jobs. Skill obsolescence is rapid in the software industry. To overcome this problem, organisations give utmost priority to training and skill enhancement programmes on a continuous basis. Many IT companies are providing technical training to their employees on various platforms every quarter. Most find this regular training quite useful, apart from the feeling of security it provides.

#### **4. i e) The trust factor**

Low levels of trust inhibit knowledge sharing in the knowledge-based industry. Concerned over recent reports about an employee of an Indian call centre who allegedly sold bank account details, Nasscom is gearing up to face unforeseen challenges regarding confidentiality in the IT industry. It is working closely with legal authorities in Britain to ensure those responsible for criminal breach. Any case of theft or breach of confidentiality should be treated seriously. Such malpractices would pose a serious threat to SMBs in the BPO sector. Most of the small and medium companies in this segment do not have enough capabilities to tackle the situation themselves. Lt Bipin Chandra, Vice-president, India operations, Knoah Solutions, does not believe that this will severely affect the BPO industry in India. He says, "We have enough security measures as far as data security is concerned. Accessing the database should be need-based only, and if, without necessity, anyone tries to access it, our system will alert us. We have been strengthening our security policies; in any case, our existing system does not allow employees to browse through the data. Going by recent reports, I don't think there will be any significant impact on BPO companies. Our clients ask for higher levels of security on information systems. Every organisation needs to have a fool-proof security system, apart from building loyalty and commitment among employees as part of good HR policies which are common for all types of organisations."

#### **4. i f) Critical factors**

At Wipro they believe that the knowledge-based industry faces five critical challenges. One of the most important is talent management and development. Professionals bring with them a lot of aspirations, and to be on the competitive edge they look out for three important dimensions—learning, technology and early opportunities. A recent study conducted by Wipro showed that people join the company because of the above, and these act as a differentiating model for the organisation. In the IT industry, the best practices of today may

not be the best practices after some time, so it is imperative that the company constantly improve its own business-aligned HR processes to be at the leading edge. Another dimension to the challenges faced by the industry is the growing pace of talent acquisition, which creates with it the challenge of smoother assimilation of new employees into the organisation fold. The pressure of delivering the best quality service in reduced time frames calls for ensuring that employees maintain a work-life balance. Another important issue, which will continue, is retention of existing employees.

#### **4. ii Addressing the issues**

Manjula Rajoli, Manager, Talent Engagement & Development, Wipro Technologies, elaborates on how Wipro manages the challenges. "Wipro's talent management and engagement has a two-fold approach. We contain the challenges by following best practices in two areas—compensation and non-compensation. Challenges arising due to compensation reasons are contained at Wipro by continuously benchmarking our salaries with our competitors and providing merit-based salary increases. In addition, for middle and senior management, we have equity-based compensation through Restricted Stock Units. We also have various employee benefit programmes. These ensure that we stay competitive on the compensation front."

Employee care is a top priority. At TCS, they value every associate and invest in their personal and professional development. They have a number of associate engagement initiatives that bring associates and their families together in learning, fun and social activities. This enhances the bonding and commitment to the organisation. They also continuously revise the HR policies, listen to their associates' opinions, make the policies more people-friendly, and cater to varied needs of a diverse workforce. The following, are some of the key issues faced by the industry in general: attracting and retaining talent, meeting volume and quality needs, providing multiple career opportunities, aligning and integrating policies with market needs, and coping with the constant pressure on compensation.

In a recent survey made it was observed that TCS as the best employer in the country. The company has associate-friendly policies, a dynamic focus on people as an asset, and a work environment, which is challenging and rewarding. "Career growth and clear career tracks endear the organisation to its people. The focus on Economic Value Added (EVA) to calculate variable performance pay makes TCSers among the most competitively paid in the market. TCS has a strong Academic Interface Programme for creating synergy and forging strong relations with educational institutes, which brings TCS closer to the budding software engineering community.

It is believed that in order to increase the quality and capabilities of employees it is better to align professionals with the business strategies of the organisation and create an organizational culture that attracts highly competent employees. The companies have achieved the best possible fit between the aspirations of its people, the organization's needs and its clients' expectations. "Productivity in the knowledge-based industry will be another challenge as some key issues are still uncertain. These issues are who will own intellectual capital, how will knowledge be patented, and what new business models will emerge to make organisations more competitive." The companies foresee future challenges as confidentiality, managing change, developing leadership, movement of labour and workplace, globalizations, managing knowledge workers and productivity. For HR managers, who are already burdened by present day concerns, the future holds tougher problems, which need to be addressed from today.

## 5. CASE

### The Wipro Way

At Wipro, problems arising due to non-compensation reasons are addressed by four initiatives, informs Manjula Rajoli, Manager, Talent Engagement & Development, Wipro Technologies. These initiatives are: Meet Your People Programme, Wipro Listens & Responds, Best People Manager Awards, and Talent Review and Planning.

- **Meet Your People Programme (MYPP):** From the research Wipro found that some managers have higher levels of employee engagement, satisfaction and productivity than others. Such managers enjoy a greater bonding with their teams. Wipro has studied their best practices and created a framework called MYPP, which is an initiative launched to increase supervisory touch time and effectiveness with team members. It is a framework, which defines the various touch points that the manager needs to engage with the team. It enables every manager to connect the team to a bigger picture, create an understanding of the organization's objectives and the team members' role in the same, create fun at the workplace, work on the career aspirations of the team members, and conduct regular and periodic meetings that increase the productivity levels of the team.
- **Wipro Listens & Responds (WLR):** WLR aims at improving the health of the workplace. WLR continuously maps the needs, preferences and choices of employees, and in a structured and responsive manner resolves all employee issues to create talent engagement and productivity. It works at two levels. At one level it is Wipro's way of listening to employee feedback and suggestions on different issues like policies, benefits, workplace conditions, growth opportunities, etc. At the second level it acts on those areas of feedback by improvising existing systems and identifying new processes in response to the changing needs and aspirations of employees.
- **Best People Manager Awards:** Talent engagement initiatives have always been a major thrust area, and will continue to be so. All its managers strive towards the same, with some of them going an extra mile to ensure superior levels of engagement, motivation and retention of their teams. The Best People Manager Award is an honour given directly by the Chairman and CEO to those managers who create a better workplace for their team members. These are managers who show high employee satisfaction, engagement, productivity and low attrition.
- **Talent Review and Planning:** This exercise is undertaken every year, and helps in identifying high potential talent at different levels, their position movements, their professional development and aspiration tracking. It creates a snapshot of the talent pipeline for the whole organisation and also at the business unit level.

## 5. CONCLUSION.

As the Corporate World Today is focused on concepts about leadership, retention management, attracting the right type of employee and other various aspects of the people side of business. Hence HR MANAGERS play a vital role in creating assets for the organization in the form of quality manpower. They have focused on essential aspect in keeping employees towards optimum performance letting the employees what is expected and how performance.

From this we conclude that people resource is an important asset in any organisation. Here the main aim of HUMAN CAPITAL MANAGEMENT is building motivated skilled and productive and innovative people. Hcm has focused on self development assessments, which has motivated the employees and has created interactive process in future it will be more towards relationship management. This has led to satisfied workforce that delivers customer satisfaction.