

## CURRENT TRENDS IN HRM

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### **Abstract:**

*The goal of this article is to establish the importance of human resource management (HRM) and how it emerged, to provide some evidence of its context, to discuss its potential and future development. Many specialists underlined the fact that human resource requires more attention and careful management than any other resource of an organization.*

*The role of the HR manager must parallel the needs of the changing organization. Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer -centered. Within this environment, the HR professional must learn how to manage effectively through planning, organizing, leading and controlling the human resource and be knowledgeable of emerging trends in training and employee development.*

**Keywords:** management, human resource, personnel administration, talent management, skills, knowledge, international HRM, HRM trends, policies, motivation, relation, HR manager

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## INTRODUCTION

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate “heroes”. The today focus in business is *personnel*. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. The major purpose of HRM is to increase and improve the productive contribution of personnel to the organization in more ethical, social, and administratively responsible way. This purpose emerged from commonly called industrial relations, personnel administration, industrial psychology and personal management. Research shows that its aim is to create a whole organizational culture that binds workers to the company’s objectives with full professional commitment, integration, and quality work.

The 21st century brings with it enormous opportunities but also enormous pressure, if the companies will not improve the productivity of the people and treat them “human being” which are the vital objects of all the economic activities leading towards industrial development. Now there is worldwide consensus on human resource being one of the major means of increasing efficiency, productivity and prosperity of the firm.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important.

With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and customer-focused to succeed. And within this change in environment, the HR professional has to evolve to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. In order to succeed, HR must be a business driven function with a thorough understanding of the organization’s big picture and be able to influence key decisions and policies. In general, the focus of today’s HR Manager is on strategic personnel retention and talents development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization’s members and their loyalty. The HR manager

will also promote and fight for values, ethics, beliefs, and spirituality within their organizations, especially in the management of workplace diversity.

### New Trends in international HRM

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.
- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.
- In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

HR Managers should take into account the following aspects to ensure success:

- Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.
- Employ innovative reward plans that recognize employee contributions
- Indulge in continuous quality improvement through TQM and HR contributions like training, development, counseling, etc
- Utilize people with distinctive capabilities
- Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.
- Lay off workers in a smooth way explaining facts to unions, workers and other affected groups

HR Managers today are focusing attention on the followings:

- a) Policies-** HR policies based on trust, openness, equity and consensus.
- b) Motivation-** Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.
- c) Relations-** Fair treatment of people for healthy work-place relations.
- d) Change agent-** Prepare workers to accept technological changes by clarifying doubts.
- e) Quality Consciousness-** Commitment to quality in all aspects of personnel administration will ensure success.

Due to the new trends in HR, the HR manager should treat people as resources, reward them equitably, and integrate their aspirations with corporate goals through suitable HR policies.

### OTHER TRENDS AND CHALLENGES FACED BY HRM

#### - *Workplace Diversity*

The dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience. The challenges of workplace diversity refers to the fact that the future success

of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. The challenge and problems faced of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize on this melting pot of diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena (Cox, 1993), which must be one of the important organisational goals to be attained. More importantly, if the organizational environment does not support diversity broadly, one risks losing talent to competitors.

This is especially true for multinational companies (MNCs) who have operations on a global scale and employ people of different countries, ethical and cultural backgrounds. Thus, a HR manager needs to be mindful and may employ a 'Think Global, Act Local' approach in most circumstances. Many local HR managers have to undergo cultural-based Human Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse. Furthermore, the HR professional must assure the local professionals that these foreign talents are not a threat to their career advancement (Toh, 1993). In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.

One of the main reasons for ineffective workplace diversity management is the predisposition to pigeonhole employees, placing them in a different silo based on their diversity profile (Thomas, 1992). In the real world, diversity cannot be easily categorized and those organizations that respond to human complexity by leveraging the talents of a broad workforce will be the most effective in growing their businesses and their customer base.

In order to effectively manage workplace diversity, Cox (1993) suggests that a HR Manager needs to change from an ethnocentric view ("our way is the best way") to a culturally relative perspective ("let's take the best of a variety of ways"). This shift in philosophy has to be ingrained in the managerial framework of the HR Manager in his/her planning, organizing, leading and controlling of organizational resources.

As suggested by Thomas (1992) and Cox (1993), there are several best practices that a HR manager can adopt in ensuring effective management of workplace diversity in order to attain organizational goals.

– *Talent management*

Talent management refers to the process of developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for your company. Talent management is a process that emerged in the 1990s and continues to be adopted, as more companies come to realize that their employees' talents and skills drive their business success. These companies develop plans and processes to track and manage their employee talent, including the following:

- Attracting and recruiting qualified candidates with competitive backgrounds
- Managing and defining competitive salaries
- Training and development opportunities
- Performance management processes
- Retention programs
- Promotion and transitioning

Talent management is also known as HCM (Human Capital Management), HRIS (HR Information Systems) or HRMS (HR Management Systems), and HR Modules.

Companies that are engaged in talent management (Human Capital Management) are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization. This term also incorporates how companies drive performance at the individual level (performance management). The term talent management means different things to different people. To some it is about the management of high-worth individuals or "the talented" whilst to others it is about how talent is managed generally - i.e. on the assumption that all people have talent which should be identified and liberated.

This term is usually associated with competency-based human resource management practices. Talent management decisions are often driven by a set of organizational core competencies as well as position-specific competencies. The competency set may include knowledge, skills, experience, and personal traits (demonstrated through defined behaviors).

Older competency models might also contain attributes that rarely predict success (e.g. education, tenure, and diversity factors that are illegal to consider in many countries)

– *Organizing Talents Strategically*

Many companies are now realizing the advantages of a diverse workplace. As more and more companies are going global in their market expansions either physically or virtually (for example, E-commerce-related companies), there is a necessity to employ diverse talents to understand the various niches of the market. For example, when China was opening up its markets and exporting their products globally in the late 1980s, the Chinese companies (such as China's electronic giants such as Haier) were seeking the marketing expertise of Singaporeans. This is because Singapore's marketing talents were able to understand the local China markets relatively well (almost 75% of Singaporeans are of Chinese descent) and as well as being attuned to the markets in the West due to Singapore's open economic policies and English language abilities. (Toh, R, 1993)

With this trend in place, a HR Manager must be able to organize the pool of diverse talents strategically for the organization. He/She must consider how a diverse workforce can enable the company to attain new markets and other organizational goals in order to harness the full potential of workplace diversity.

An organization that sees the existence of a diverse workforce as an organizational asset rather than a liability would indirectly help the organization to positively take in its stride some of the less positive aspects of workforce diversity.

– *Control and Measure Results*

A HR Manager must conduct regular organizational assessments on issues like pay, benefits, work environment, management and promotional opportunities to assess the progress over the long term. There is also a need to develop appropriate measuring tools to measure the impact of diversity initiatives at the organization through organization-wide feedback surveys and other methods. Without proper control and evaluation, some of these diversity initiatives may just fizzle out, without resolving any real problems that may surface due to workplace diversity.

– *Motivational Approaches*

Workplace motivation can be defined as the influence that makes us do things to achieve organizational goals: this is a result of our individual needs being satisfied (or met) so that we are motivated to complete organizational tasks effectively. As these needs vary from person to person, an organization must be able to utilize different motivational tools to encourage their employees to put in the required effort and increase productivity for the company.

Why do we need motivated employees? The answer is survival (Smith, 1994). In our changing workplace and competitive market environments, motivated employees and their contributions are the necessary currency for an organization's survival and success. Motivational factors in an organizational context include working environment, job characteristics, appropriate organizational reward system and so on.

The development of an appropriate organizational reward system is probably one of the strongest motivational factors. This can influence both job satisfaction and employee motivation. The reward system affects job satisfaction by making the employee more comfortable and contented as a result of the rewards received. The reward system influences motivation primarily through the perceived value of the rewards and their contingency on performance (Hickins, 1998).

To be effective, an organizational reward system should be based on sound understanding of the motivation of people at work. One of the more popular methods of reward systems is gain-sharing.

Gain-sharing programs generally refer to incentive plans that involve employees in a common effort to improve organizational performance, and are based on the concept that the resulting incremental economic gains are shared among employees and the company. In most cases,

workers voluntarily participate in management to accept responsibility for major reforms. This type of pay is based on factors directly under a worker's control (i.e., productivity or costs). Gains are measured and distributions are made frequently through a predetermined formula. Because this pay is only implemented when gains are achieved, gain-sharing plans do not adversely affect company costs (Paulsen, 1991).

In order for a gain-sharing program that meets the minimum requirements for success to be in place, Paulsen (1991) and Boyett (1988) have suggested a few pointers in the effective management of a gain-sharing program. They are as follows:

- A HR manager must ensure that the people who will be participating in the plan are influencing the performance measured by the gain-sharing formula in a significant way by changes in their day-to-day behavior. The main idea of the gain sharing is to motivate members to increase productivity through their behavioral changes and working attitudes. If the increase in the performance measurement was due to external factors, then it would have defeated the purpose of having a gain-sharing program.
- An effective manager must ensure that the gain-sharing targets are challenging but legitimate and attainable. In addition, the targets should be specific and challenging but reasonable and justifiable given the historical performance, the business strategy and the competitive environment. If the gain-sharing participants perceive the target as an impossibility and are not motivated at all, the whole program will be a disaster.
- A manager must provide useful feedback as a guidance to the gain-sharing participants concerning how they need to change their behavior(s) to realize gain-sharing payouts. The feedback should be frequent, objective and clearly based on the members' performance in relation to the gain-sharing target.
- A manager must have an effective mechanism in place to allow gain-sharing participants to initiate changes in work procedures and methods and/or requesting new or additional resources such as new technology to improve performance and realize gains. Though a manager must have a tight control of company's resources, reasonable and justifiable requests for additional resources and/or changes in work methods from gain-sharing participants should be considered.

– *Executive Information Systems*

Executive Information System (EIS) is the most common term used for the unified collections of computer hardware and software that track the essential data of a business' daily performance and present it to managers as an aid to their planning and decision-making (Choo, 1991). With an EIS in place, a company can track inventory, sales, and receivables, compare today's data with historical patterns. In addition, an EIS will aid in spotting significant variations from "normal" trends almost as soon as it develops, giving the company the maximum amount of time to make decisions and implement required changes to put your business back on the right track. This would enable EIS to be a useful tool in an organization's strategic planning, as well as day-to-day management (Laudon, K and Laudon, J, 2003).

– *Managing EIS*

As information is the basis of decision-making in an organization, there lies a great need for effective managerial control. A good control system would ensure the communication of the right information at the right time and relayed to the right people to take prompt actions.

When managing an Executive Information System, a HR manager must first find out exactly what information decision-makers would like to have available in the field of human resource management, and then to include it in the EIS. This is because having people simply use an EIS that lacks critical information is of no value-add to the organization. In addition, the manager must ensure that the use of information technology has to be brought into alignment with strategic business goals (Laudon, K and Laudon, J, 2003).

## CONCLUSIONS

We live in the era of not just change, but an accelerated rate of change. As compared to the past, the twenty-first century corporations are getting to be globally market driven ones with 'invest anywhere and share everywhere' concept.

At a practical level, we must anticipate and prepare for the likely HR challenges in general that exists, or may be expected in the coming future - the main purpose and theme of this article. They are consequent to the vastly increased competition for many, and likely in future, due to rapid development of technology, especially, the impact of IT, and internal necessities, and/or resulting from above stated causes. With technology up-gradations, much greater use of it and forthcoming e-commerce etc. new breed of 'knowledge workers' in 'learning organizations' will make the differentiation. This intellectual capital will demand much nurturing from the enterprise, in order to give back in the shape of superior results.

Considerable work will be essential in building a positive organizational climate, within which improving performance level is not only appreciated and rewarded, but becomes a way of life. The HR team will be only one of the important pillars, and the other functions will certainly and equally have to do a lot of upgrading for improving the organizational results. Team work, will therefore, be a key driver in any organization, that will demand and result in high performance both at all individual levels and also across functions and teams continuously and consistently.

It goes without saying that the effective management of Industrial relations will continue to demand a very high priority - not just to 'do well', but now for the very survival of both the organization as well as employee jobs. They will need far greater support and involvement from the top management and other functions towards maintaining and ensuring the future success of the 21st century organizations.

In short, the early practices of jobs forecasting succession planning has broadened into a concern with establishing a more explicit linkage between human resource planning and the larger organization strategy and business planning of the organization. Moreover the idea of selection, training, performance appraisal and compensation decisions being heavenly-centred on the role of individual employee, with their details of job description, has guided that effective team working and participative decisions are playing important roles to achieve the effective performance in business organization.

In conclusion, still there is a strong contention and race of struggle to take the lead in the academic and professional field but obviously only time will fill which of these and other possible rival scenarios will offer more accurate description of the reality in future. The new technological change, downsizing, right sizing and privatization management can also play role for future developments/trends and accepts the challenges of the future.

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