Analysis of Present Trends in Human Resource Management

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Abstract

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The challenging and changing role of human resource practitioners from merely administrative functions to strategic business partner calls for a more systematic and scientific approach as to how human resource should be practised. These practices have direct bearing on the performance of the human resources in an organization. Human resources play a vital role in the success of an organization. As such, there is a need to carry out studies on these practices which would enhance the potentials of the human resources in 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.

Objective of study is to analyse the current trends in human resource management and to suggest how to go ahead in future. Secondary data related to various aspects of human resource practices and trends are collected and analysed. Scope of study is covering various aspects of current trends such as handling global assignments, multicultural individuals, recruiting and developing skilled labor, skill gaps & deficiencies downsizing, continuous improvement programs, re-engineering, decentralized work sites, employee involvement, social media and mobile devices, workplace diversity, talent management and so on. Data related to areas mentioned under scope of study are analysed and suggestions are framed based upon finding that the present HR management is required to adjust to future requirements.

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Introduction

As businesses move forward in 2014 looking for newer growth avenues in a sluggish economy, leaders are increasingly banking on talent to achieve this growth. Traditional ways of doing things are being re-examined as HR leaders look at more effective ways of managing and aligning talent with the new business objectives. Human resource management is a process of bringing people and organizations together so that the goals of each other are met. In the coming months and years, successful businesses will be the ones that adapt to change and quickly. 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

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from commonly called industrial relations, personnel administration, industrial psychology and personnel management. 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, counsellors, mentors, and succession planners to help motivate organization’s members and their loyalty.

Review of Literature

In a recent article, HR guru Dave Ulrich described HR as having moved through a range of stages, from administration to developing HR practices such as reward, succession planning and learning to connecting HR to business strategy. He then went on to describe the next stage in the development of HR, which he calls ‘HR outside in’. Ulrich says that ‘HR outside in’ will see HR teams look outside of their organisations to customers, investors and communities to define what successful HR looks like.

As Peter Cheese, CEO, CIPD, says “There are now so many critical businesses, economic and social issues that are genuinely strategic and that we have to engage with and have the confidence to talk to.”

This sentiment is reflected in the challenges outlined in KPMG’s report, rethinking human resources in a changing world. The report of 418 executives from around the world shows HR teams need to match the supply of talent to where the growth opportunities are greatest and create more innovative, agile and globally responsive organisations.

Added to this is the volatile global context that organisations are operating in. If you have been to, or followed, recent HR conferences you may have also heard of the term VUCA, which stands for volatility, uncertainty, complexity and ambiguity. Organisations now find themselves working in an environment in which technology is changing rapidly, global and local market conditions and global and local skills challenges are a priority and all of this is taking place at break-neck speed thanks to hyper-connectivity.

In his review of the HR Tech Europe conference, analyst Josh Bersin said, “While the tech markets continue to be hot, let’s all remember that HR organisations and their companies need sound, solid solutions which solve real business problems, not just deliver fun and fanciful tools.”
The 2012 Global Workforce study from Towers Watson shines the light on the issue of employee engagement. Its survey of 32,000 full-time workers showed just 35% of workers are highly engaged. The report goes on to say that organisations will need to focus on enabling workers with the right set of tools, resources and support and creating workplaces that are energising to work in as they promote physical, emotional and social well-being.

Research from the McKinsey Global Institute suggests that by 2020, the world could have 40 million too few college-educated workers and that developing economies may face a shortfall of 45 million workers with secondary-school educations and vocational training. In advanced economies, up to 95 million workers could lack the skills needed for employment.

Deloitte’s Talent 2020 survey warns that employers must engage employees with meaningful work or watch them walk out the door. Its research shows that 42% of respondents who have been seeking new employment believe their job does not make good use of their skills and abilities.

Ulrich in his vision of HR shifting to its next stage of development - ‘HR outside in’ - suggest six new competencies for HR. They are: Credible activist, Strategic positioner, Capability builder, Innovator and integrator, Change champion and Technology proponent.

Growth is top priority for most companies and CEOs expect HR leaders to partner with them to execute the growth strategy. As the pressure to add more strategic value intensifies, it is critical that HR abandons inefficient silos and finds better ways to contribute to the organization success, says Sridhar Ganesan, director and rewards practice leader, Hay Group India.

A Hay Group research in 2012, based on responses from 1,400 HR professionals and senior management from around the world, revealed that in many organizations, the HR function is still holding on to traditional processes and inefficient approaches, resulting in slow strides in becoming strategic business partners within their organizations. More than a third confessed that their HR processes are organized into expertise-based silos.

Growing competition, margin pressures and economies of scale are driving companies around the world to increasingly shift towards global operating models. In today’s business world, increasing globalization is a given, with international competition likely to grow fiercer and markets even more diversified, says Mohinish Sinha, Leadership and Talent practice leader, Hay Group India.

“Knowledge is fast becoming the powerhouse of the global economy, its instantaneous exchange facilitated by the internet. Digital tools offer cheap, easy and fast communication, cooperation, organization and production, and workplaces are no longer tied to brick and mortar locations. In this climate, lifelong learning and networking are essential and will become engrained, as organizations will no longer be able to rely on traditional hierarchies and career paths,” says Gaurav Lahiri, managing director, Hay Group India.

Employee engagement continues to be the one of the top HR challenges as most companies are still struggling to get the employee engagement part right. The Aon 2012 Trends in Global Employee Engagement report, covering more than
3100 organisations, found a small improvement in engagement levels overall, including in HR areas, but concludes that companies are not focusing on the issues that matter to employees. The 2012 Global Workforce study from Towers Watson echoes the same dilemma. Its survey of 32,000 full-time workers showed just 35% of workers as highly engaged.

According to the report, organizations will need to focus on enabling workers with the right set of tools, resources and support, and creating workplaces that are energizing to work in as they promote physical, emotional and social well-being. Organizations will need to put renewed focus on getting its employee engagement practices right in 2013.

“As employees interact with each other on enterprise social systems, the structure of the organization itself changes. Silos give way to shared networks, knowledge sharing and collaboration across locations and business units,” says Gautam Ghosh, a Social Business and HR Consultant in his blog post - How Engaging in Social Media Can Make You a Better Professional? In addition, cloud computing is changing the way people and businesses work, turning conventional ideas about time-to-value, service levels, infrastructure needs etc., on their head.

**Research Gap**

There is a need for understanding the current trends in human resource management. Uncovered areas of current trends in earlier research are need to analyzed for better practices in future.

**Objective of study**

- To analyse the current trends in human resource management
- Anticipate and prepare for the likely HR challenges in general that exists, or may be expected in the coming future and to suggest how to go ahead in future with relation to human resource management practices.

**Methodology/Sources of Data**

This study is based upon secondary data. Data’s are collected regarding current trends from websites, journals.

**Scope of Study**

The scope of study is covering current trends in the areas of handling global assignments, managing multicultural individuals, recruiting and developing skilled labor, skill gaps & deficiencies, downsizing, continuous improvement programs, re-engineering, working in decentralized work sites, employee involvement, application of Social media and mobile devices, workplace diversity and Talent management.

**Limitations of Study**

All the areas of current trends are not covered as it is minor study and lack of time is another constraint.

**Importance of Study**

The present study is guiding the organisations to adjust their human resource management practices as per present needs in order to bring efficiency.

**Analysis of current trends in HRM and forecasting future**

The present day economy has been titled as “Knowledge economy”. In such an economy, it is people who make all the difference. In political economy capital or market was important. Talent occupies centre stage in the Indian workplace. In
In the past HRM was considerably simpler because our work force was strikingly homogeneous. Today’s work force comprises of people of different gender, age, social class sexual orientation, values, personality characteristics, ethnicity, religion, education, language, physical appearance, marital status, lifestyle, beliefs, ideologies and background characteristics such as geographic origin, tenure with the organization, and economic status and the list could go on. Diversity is critically linked to the organization’s strategic direction. Where diversity flourishes, the potential benefits from better creativity and decision making and greater innovation can be accrued to help increase organization’s competitiveness. One means of achieving that is through the organization’s benefits package. This includes HRM offerings that fall under the heading of the family friendly organization. A family friendly organization is one that has flexible work schedules and provides such employee benefits such as child care. In addition to the diversity brought by gender and nationality, HRM must be aware of the age differences that exist in today’s work force. HRM must train people of different age groups to effectively manage and to deal with each other and to respect the diversity of views that each offers. In situations like these a participative approach seems to work better.

Recruiting and developing skilled labor is important for any company concerned about competitiveness, productivity, quality and managing a diverse work force effectively. Skill deficiencies translate into significant losses for the organization in terms of poor-quality work and lower productivity, increase in employee accidents and customer complaints. Since a growing number of jobs will require more education and higher levels of language than current ones, HRM practitioners and specialists will have to communicate this to educators and
community leaders etc. Strategic human resource planning will have to carefully weigh the skill deficiencies and shortages. HRM department will have to devise suitable training and short term programmes to bridge the skill gaps & deficiencies.

Whenever an organization attempts to delay, it is attempting to create greater efficiency. The premise of downsizing is to reduce the number of workers employed by the organization. HRM department has a very important role to play in downsizing. HRM people must ensure that proper communication must take place during this time. They must minimize the negative effects of rumors and ensure that individuals are kept informed with factual data. HRM must also deal with actual layoff. HRM department is key to the downsizing discussions that have to take place.

Continuous improvement programs focus on the long term well-being of the organization. It is a process whereby an organization focuses on quality and builds a better foundation to serve its customers. This often involves a companywide initiative to improve quality and productivity. The company changes its operations to focus on the customer and to involve workers in matters affecting them. Companies strive to improve everything that they do, from hiring quality people, to administrative paper processing, to meeting customer needs. Unfortunately, such initiatives are not something that can be easily implemented, nor dictated down through the many levels in an organization. Rather, they are like an organization wide development process and the process must be accepted and supported by top management and driven by collaborative efforts, throughout each segment in the organization. HRM plays an important role in the implementation of continuous improvement programs. Whenever an organization embarks on any improvement effort, it is introducing change into the organization. At this point organization development initiatives dominate. Specifically, HRM must prepare individuals for the change. This requires clear and extensive communications of why the change will occur, what is to be expected and what effect it will have on employees.

Although continuous improvement initiatives are positive starts in many of our organizations, they typically focus on ongoing incremental change. Such action is intuitively appealing – the constant and permanent search to make things better. Yet many companies function in an environment that is dynamic - facing rapid and constant change. As a result continuous improvement programs may not be in the best interest of the organization. The problem with them is that they may provide a false sense of security. Ongoing incremental change avoids facing up to the possibility that what the organization may really need is radical or quantum change. Such drastic change results in the re-engineering of the organization.

Re-engineering occurs when more than 70% of the work processes in an organization are evaluated and altered. It requires organizational members to rethink what work should be done, how it is to be done and how to best implement these decisions. Re-engineering changes how organizations do their business and directly affects the employees. Re-engineering may leave certain employees frustrated and angry and unsure of what to expect. Accordingly HRM must have mechanisms in place for employees to get appropriate direction of what to do and what to expect as well as assistance in dealing with the conflict that may permeate the organization. For re-engineering to generate its benefits HRM needs to offer skill training to its employees. Whether it’s a new process, a technology enhancement, working in teams, having more decision making
authority, or the like, employees would need new skills as a result of the re-engineering process.

A very substantial part of the modern day workforce is the contingent workers. Contingent workers are individuals who are typically hired for shorter periods of time. They perform specific tasks that often require special job skills and are employed when an organization is experiencing significant deviations in its workflow. When an organization makes its strategic decision to employ a sizable portion of its workforce from the contingency ranks, several HRM issues come to the forefront. These include being able to have these virtual employees available when needed, providing scheduling options that meet their needs and making decisions about whether or not benefits will be offered to the contingent workforce.

No organization can make the transition to a contingent workforce without sufficient planning. As such, when these strategic decisions are being made, HRM must be an active partner in these discussions. After all its HRM department’s responsibility to locate and bring into the organization these temporary workers. As temporary workers are brought in, HRM will also have the responsibility of quickly adapting them to the organization. HRM will also have to give some thought to how it will attract quality temporaries.

Work sites are getting more and more decentralized. Telecommuting capabilities that exist today have made it possible for the employees to be located anywhere on the globe. With this potential, the employers no longer have to consider locating a business near its work force. Telecommuting also offers an opportunity for a business in a high cost area to have its work done in an area where lower wages prevail.

Decentralized work sites also offer opportunities that may meet the needs of the diversified workforce. Those who have family responsibilities like child care, or those who have disabilities may prefer to work in their homes rather than travel to the organization’s facility. For HRM, decentralized work sites present a challenge. Much of that challenge revolves around training managers in how to establish and ensure appropriate work quality and on-time completion. Work at home may also require HRM to rethink its compensation policy. Will it pay by the hour, on a salary basis, or by the job performed? Also, because employees in decentralized work sites are full time employees of the organization as opposed to contingent workers, it will be organization’s responsibility to ensure health and safety of the decentralized work force.

For today’s organization’s to be successful there are a number of employee involvement concepts that appear to be accepted. These are delegation, participative management, work teams, goal setting, employee training and empowering of employees. HRM has a significant role to play in employee involvement. What is needed is demonstrated leadership as well as supportive management. Employees need to be trained and that’s where human resource management has a significant role to play. Employees expected to delegate, to have decisions participatively handled, to work in teams, or to set goals cannot do so unless they know and understand what it is that they are to do. Empowering employees requires extensive training in all aspects of the job. Workers may need to understand how new job design processes. They may need training in interpersonal skills to make participative and work teams function properly.

Social media and mobile devices are raising the bar on HR service delivery. HR has an opportunity to use social media and
mobile tools to create communities for sharing knowledge - and to support employees through direct yet informal communication.

**Innovative Tendencies in global Human Resource Management**

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 includes 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.

**Other trends and experiments confronted by HR Management**

The challenges of workplace diversity refer to the fact that the future success of any organization 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. In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.

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.

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.

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.

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. To be effective, an organizational reward system should be based on a 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.

Executive Information System 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. With an EIS inplace, 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.

No company or employee has found the Holy Grail of balancing work and life, but that is a work in progress. However, multinationals, information technology (IT) and IT enabled services companies have been able to promote the balance between career, family and leisure-time better. Other sectors have also been increasingly promoting a work-life balance.

Interestingly, most companies in India use benefits such as flexible timings, telecommuting, crèche facilities and concierge services as an attraction and retention strategy. Organisations in India have also been focusing on making workplaces more representative. For companies such as ICICI Bank Ltd, Hindustan Unilever Ltd, Vedanta Resources, PepsiCo India, Shell Companies in India and Bharti Airtel Ltd, gender diversity has become a critical area.

The work culture at globalized workplaces involves long working hours, frequent travel, multitasking and tight deadlines, and all this often leaves employees mentally and physically stressed. Companies have begun to realize that healthy employees contribute to higher efficiency and productivity. Apart from medical benefits, companies are also offering yoga classes and health camps and have doctors on campus. HCL Technologies Ltd, for instance, like many other IT companies, has 24/7 medical facilities in all its centres.

Right skilling, or matching jobs with a
particular level of training rather than hiring over skilled workers, is gaining currency. Companies use this strategy to tide over a manpower supply crunch and to broaden their talent base. Apart from IT, organizations in the banking and financial services sector, too, have been increasingly hiring graduates and training them.

Recognizing and rewarding performers is one of the most effective tools to attract and retain the right talent. Companies in India are looking at rewards systems more seriously, and are adopting total rewards practices that include compensation in both cash and kind. Apart from lifestyle perquisites such as a house, a car or a club membership, profit-linked incentives, deferred gratuity, and wealth-building programmes in the form of stock options and soft loans, companies are also including work-life balance programmes; competency pay packages where niche skills are compensated; and career opportunities, such as overseas assignments, new projects, etc., to reward staff.

Finally, recognizing the need to make performance appraisal systems more effective, an increasing number of companies are using the 360 degrees or multi-rater feedback process. Unlike the traditional appraisal system, which gives unidimensional feedback, this one allows an employee to give feedback to her reporting manager, peers, direct reports and others.

**Findings**

There is a growing need for HR professionals to understand how people management initiatives lend value to business to be able to augment ones that generate utmost value. Just like decisions in the Finance function are based on revenue, expenses, profit and shareholder value, and Marketing decisions are based on customer and cash flow impact, similarly people decisions should be driven by rigorous, data-driven analysis. This necessitates HR Analytics or the use of data, metrics, statistics and scientific methods, with the help of technology, to gauge the impact of human capital management practices on business goals. Most still do not make people decisions with the same rigor as they do decisions about customers, products, supply chains and business strategies. When it comes to workforce decisions, they too often rely on intuition and conventional wisdom. But with businesses’ increasing demands from HR, the use of HR Analytics tools in decision making is only on the rise.

To take responsibility of leading intelligent and empowered humans, HR needs to acquire skills beyond that of a manager or facilitator. We need to up skill ourselves and equip ourselves with the knowledge of human psychology and behaviour. This stands equally valid for the people engaged in the operational side of HR for it is not just the mechanical work but driving the humans on the key elements that are required to knit the organization and then keep it strong.

**Suggestions**

The current trend today demands that HR should treat people as resources, reward them equitably, and integrate their aspirations with corporate goals by initiating suitable HR policies. 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, counselling, 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

Conclusion
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. 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. 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. The new technological change, downsizing, right sizing and privatization management can also play role for future development/trends and accepts the challenges of the future.

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