Emerging Trends in Human Resource Management (HRM)

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Abstract

In today's turbulent environment, competitive position of any business system within the global environment depends upon its flexibility, inventiveness and focusing on their human capital. The strategic role of human resource management in the era of globalization is becoming imperative to create new, modern and quality human resources that are helpful in accomplishing the goals of business. The management is on the need to search out, establish and utilize competitive advantage for the survival of business. Business organizations are putting greater emphasis on attracting and retaining human capital rather than financial capital. With fast changing world, an urgent need was felt for transforming traditional Human Resource Management (HRM). Over the years, there has been a tremendous change in style and substance from personnel management to HRM and recently to International Human Resource Management (IHRM). HRM in global context provides the opportunity to expand the domain of traditional HRM. Globalization of business is necessitating HR approach because today's knowledge economy needs employees to contribute ideas and be engaged in executing the organization's strategy. The purpose of this paper is to investigate and prioritize the emerging trends of HRM and how these trends can be useful in making business competitive. Present paper proposes a conceptual human resource approach from the literature, provides suggestions by integrating traditional HRM to IHRM.

Keywords: *HRM, IHRM, HRM Trends, Globalization, Competitiveness.*

Introduction

With the rapid expansion of global markets it has become imperative for human resource practioners to adapt the international needs by moving people, ideas and products and information around the world to meet local needs. Enterprises face competition from all fronts. Human resource management is a process of bringing people and organizations together so that the goals of each other are met .HR is the life blood of an organization. Despite the oozing application of technology in modern business management, HR is

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endowed with discretionary decision making power and this truly has competitive advantage over the other resources. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Enterprises today highly depend on its HR for survival and growth. 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 global alignment of Indian organizations. 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. The objective of the paper shows that effective managers should constantly be aware of the changes taking place in domestic environment as well as around the globe on HR issues and developments. Paper presents perspectives of IHRM, current trends and challenges and how it proves vital to enterprises to make themselves stand in the era of competitiveness. By moving onto this process,

enterprises definitely can scan opportunities and threats; they can transform their organization to seize the opportunities and combat the threats.

Role of HRM in Competetive Era

Human Resource Management (HRM) is a management function that helps Mangers recruit, select, train, and develops members for an organization. HRM is concerned with the people's dimension in organization.

It focuses on people in organizations. HRM refers to a set of Program's, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness. Human resource management encompasses those activities designed to provide, motivate and coordinate the human resources of an organization. Human resource management is a modern term for what has traditionally been referred to as personnel administration or personal management.

For making business competitive in this era of globalization HRM should focus on the following challenges:

1. The Challenge of Sustainability

There are many different type of organization

to operated in the world and also competed each other to gain competitive advantage and

THE LEARNING & GROWTH PERSPECTIVE

THE FINANCIAL PROCESS PERSPECTIVE

BALANCE SCORECARD PERSPECTIVES

THE BUSINESS PROCESS PERSPECTIVE

THE CUSTOMER PROCESS PERSPECTIVE

also sustainable so they try to implement many strategic for develop their HR. Among them sustainability is the main part that can be influence and encourage to reach organizational goal. There are many ways that can bring the organizations to reach goal are:

- **A learning organization:** This embraces a culture of lifelong learning, enabling all employees to continually acquire & share knowledge.

- **The Balanced Scorecard:** Balance scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action. The balanced scorecard gives managers an indication of the perspective for company to satisfy internal and external customers, employees and shareholders & it should link HRM activities to the company's business strategy. It provides feedback around both the internal business process and external outcomes in order to continuously improve strategic performance and results. It is nerve centre of an enterprise, when it is fully deployed.

There are mainly four perspectives of Balance scorecard:

- **Total Quality Management (TQM):** A cooperative form of doing business that relies on the talents and capabilities of labor and management, the ways people, machines, and systems accomplish work to continually improve quality and productivity. To ensure this TQM need to create an environment that support innovative, creativity, and risk taking to meet customer demands.

- **Changing demographics:** The workforce today is getting more diverse & therefore need to be managed carefully.

- **Legal & ethical issues:** It's increasingly important to comply with laws and ethics concerning employee health and safety, employee pay and benefits and job security.

- **Increased value placed on intangible assets and human capital:** Today, more and more companies are interested in using intangible assets and human capital as way to gain an advantage over competitors.

2. The Global Challenge

Driven by the breeze of economic liberalizations, national economies are becoming more and more interdependent and integrated and the world economy and business are becoming more and more globalised. Globalization makes the business environment increasingly global even for domestic firms. The major competition which many Indian firms encounter in the home market now, for instance, is from foreign firms- they now face a substantially growing competition from goods produced in India by MNCs and imports. Increasingly, organizations are finding that to survive they must cooperate with organizations around the world. Organizations must both defends their domestic markets from foreign competitor and broaden their scope to encompass global markets. In order to reach the goal of organizations, HRM play the important role to run the business and make the good business environment to create smoothly work and also compete with the other to gain competitive advantage by expansion to the global area

integration of cultures & values. To succeed in the global marketplace, the challenge for all business is to understand culture and invest in human resources.

3. The Technology Challenge

Technology is a powerful driving force of globalization. .Technological advances have tremendously fostered globalization. Several technological developments become a compelling reason for internationalization. Technology is a universal factor that crosses national and cultural boundaries. Once a technology is developed, it soon becomes available everywhere in the world. This challenge is also very important that organizations should be consider and prepare strategic plan to up-date it on time and saving the cost also. Technology also has made human resource information databases more available and accessible and has created a need to develop HRM practices that integrate technology with people also increase the production speed to meet the demand of customer more effectively.

Organisational Responses to Challenges

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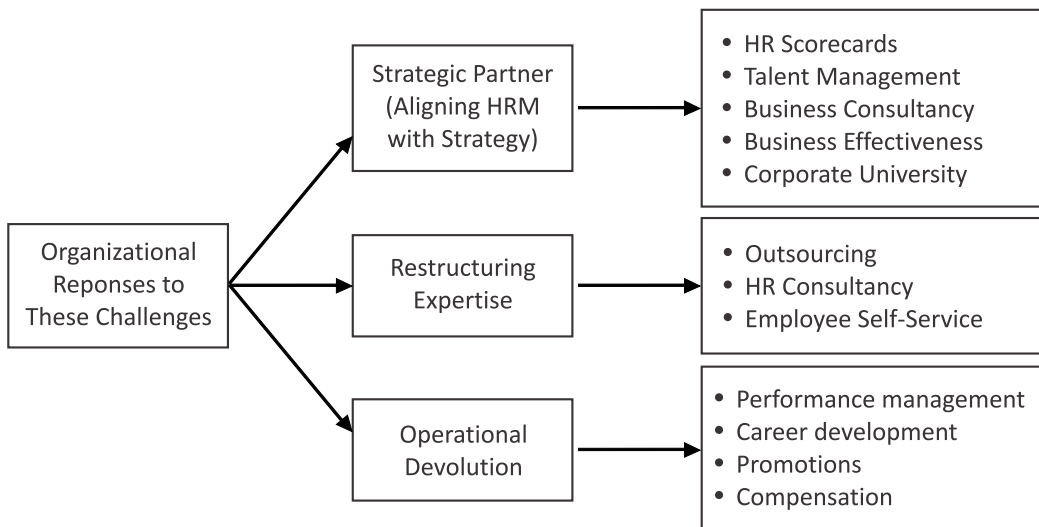
Making Traditional HRM Effective in Globalisation Era

By managing HRM correctly, it can enable a business to compete more successfully in the world market place. The last two decades have seen a gradual transition in style and substance from personnel management to HRM, and recently to IHRM. So, HRM is very important to gain success and can be making Human Resource a competitive advantage through understand clearly about:

1. Traditional function of HRM in the Organization

2. Internationalization of HRM

3. Recognizing the new role of HR in IHRM.

1. Traditional Function of HRM in the Organization

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Usually HRM is related to:

• **Managing the HR Environment**

    Manager has to create a positive environment both internal and external environment for human resources involve:

  • Linking HRM practices to the company's business objectives, i.e., strategic HRM.

  • Ensuring that HRM practices comply with the law & ethics.

  • Designing work that motivates & satisfies the employee as well as maximizes customer service, quality & productivity.

• **Acquiring and Preparing HR**

    Managers need to predict the number and type of employees who are need to meet customer demands for products and

Compensating HR

Managing the HR Environment

FUNCTIONS OF HRM

Assessment and Development of HR

Acquiring and Preparing HR

services. Manager must also identify current or potential employees who can successfully deliver products and services. This area of human resources management deals with:

- Identifying HR requirements, i.e., HR planning, recruiting employees, & selecting employees.

- Training employees to have the skills needed to perform their jobs effectively.

- **Assessment and Development of HR**

  Company need to create a work environment that supports employees' work and non work activities as follow:

- Measuring employees' performance

- Preparing employees for future work roles & identifying employees' work interests, goals, values, & other career issues

- Creating an employment relationship & work environment that benefits both the company & the employee.

- **Compensating HR**

  Besides interesting work, pay and benefits are the most important incentives that company can offer employees in exchange to make them satisfy to fulfill their work performance. This includes:

- Creating pay systems

- Rewarding employee contributions

- Providing employees with benefits.

2. Internationalization of HRM

The process of procuring, allocation, and effectively utilizing human resources in an international business is called International Human Resources Management (IHRM). International HRM emphasizes on a number of responsibilities and functions such as relocation, orientation and translation services to make employees at ease to adapt to a new and outsmarting environment outside their own country. An international business must procure, motivate, retain, and effectively utilize services of people both at the corporate office and at the foreign plants.

IHRM is the interplay among the three dimensions - HR activities, types of employees, and countries of operation.

- The three broad activities of IHRM, namely procurement, allocation and utilizing cover all six activities of domestics HRM. The six functions of domestic HRM are HR planning, employee hiring, training and development, remuneration, performance management, and industrial relations. These six functions can be dovetailed with the three broad activities of IHRM.

- The three national or country categories involved in IHRM activities are - the host country where a subsidiary may be located, the home country where the company has its headquarters, and other countries that may be the source of labor or finance.

- The three types of employees of an international business are host country
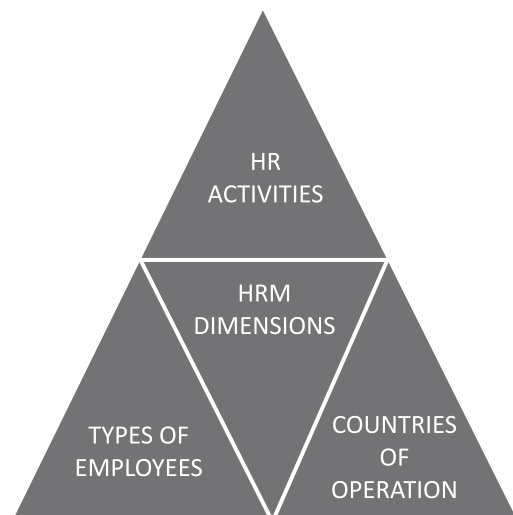
nationals, parent country nationals, and third country nationals. Thus, for example, IBM which employs Australian citizens in its Australian operations, often sends US citizens to Asia Pacific countries on assignment, and may send some of its Singaporean employees to its Japanese operations.
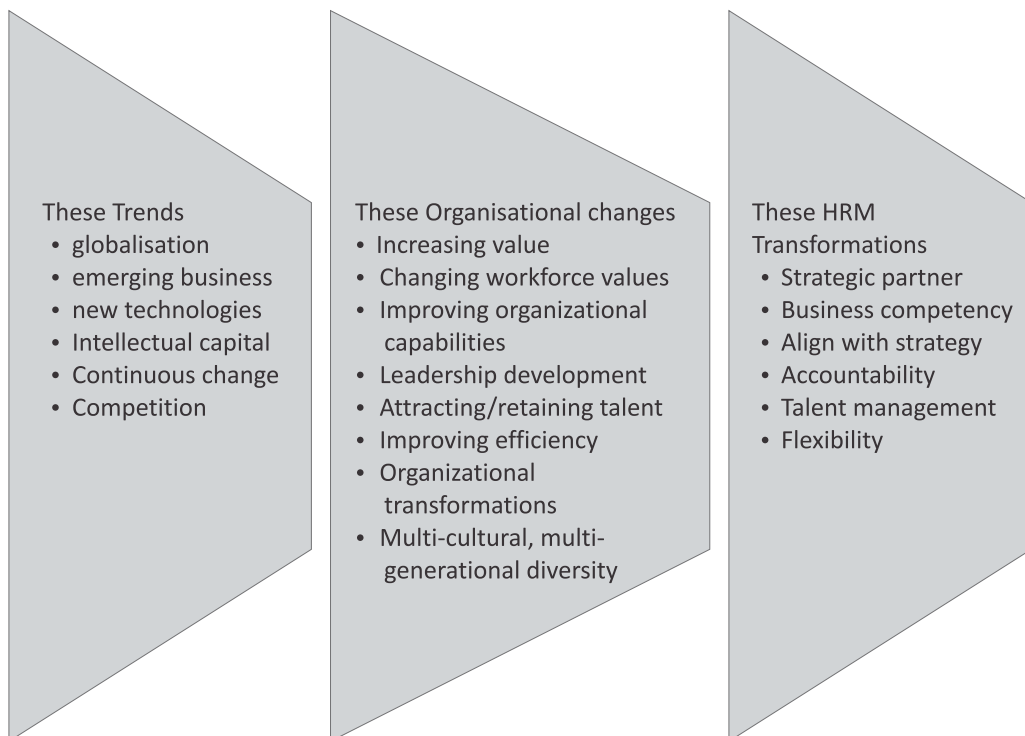
3. Recognizing the importance of HR

Managers are becoming a strategic partner by aligning HR with business strategy. HR Managers must "know the business they are in" and must have business skills and knowledge.

They develop expertise in improving organizational performance through social-technical systems design/redesign. They balance work and life challenges. It is true to say that managers acquire the competencies for creating organizational cultures that empower and align it with strategy. Nowadays, organizations are realizing that people are the only sustainable source of competitive advantage thus organizations need strategic support from HR to succeed in this new economy by retaining new talent and insuring best HRM practices. Organizations must be reformed with fewer organizational layers and more sensitivity and responsiveness to the needs and the preferences of those being served.

HR Managers today are focusing attention on the followings to ensure success:

Strategically Aligning Human Resources Management with Changing Scenario and Organizational Contexts

These Trends
- globalisation
- emerging business
- new technologies
- Intellectual capital
- Continuous change
- Competition

These Organisational changes
- Increasing value
- Changing workforce values
- Improving organizational capabilities
- Leadership development
- Attracting/retaining talent
- Improving efficiency
- Organizational transformations
- Multi-cultural, multi-generational diversity

These HRM Transformations
- Strategic partner
- Business competency
- Align with strategy
- Accountability
- Talent management
- Flexibility

- **Policies-** HR policies based on trust, openness, equity and consensus.

- **Motivation**- Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners. Employ innovative reward plans that recognize employee contribution.

- **Relations** - Fair treatment of people for healthy work-place relations.

- **Change agent-** Prepare workers to accept technological changes by clarifying doubts.

- **Quality Consciousness -** Commitment to quality in all aspects of personnel administration will ensure success. Indulging in continuous quality improvement through total quality management (TQM).

- **Skilled workforce-** using skilled workforce and utilizing people with distinctive capabilities to exploit environmental opportunities and neutralize threats.

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.

PERSPECTIVES OF IHRM

1. Cultural Diversity

Culture is one of the most important factors affecting HRM practices. However, when we consider international perspective of HRM, we find cultural diversity across the globe, that is, culture of two countries is not alike. Cultural diversity exists on following dimensions:

- **Individualism and Collectivism:** Individualism is the extent to which people place value on themselves; they define themselves by referring themselves as singular persons rather than as part of a group or organization. For them individual tasks are more important than relationships. Collectivism is the extent to which people emphasis the good of the group or society: They tend to base their identity on the group or organization to which they belong. At work, this means that relationships are more important than individuals or tasks; employer-employee links are more like family relationships.

- **Power Orientation:** Power orientation, also known as orientation to authority, is the extent to which less powerful people accept the unequal distribution of power; people prefer to be in a situation where the authority is clearly understood and lines of authority are never bypassed. On the other hand, in culture with less orientation to power, authority is not as highly respected and employees are quite comfortable circumventing lines of authority to accomplish jobs.

- **Uncertainty Avoidance:** Uncertainty avoidance also known as preference for stability, is the extent to which people feel threatened by unknown situations and prefer to be in clear and unambiguous situations. In many countries, people prefer unambiguity while in many other countries, people can tolerate ambiguity.

- **Masculinity:** Masculinity, also known as assertiveness or materialism, is the extent to which the dominant values in a society emphasise aggressiveness and the acquisition of money and material goods, rather than concern for peop1e and overall quality of life.

- **Time Orientation:** Time orientation dimension divides people into two categories: long-term orientation and short-term orientation. People having long

term orientation focus on future, prefer to work on projects having a distant payoff, and are persistent and thrift. People having short-term orientation are more oriented towards past and present and have respect for traditions and social obligations.

The basic implication of cultural diversity for HRM is that same set of HRM practices is not suitable for all cultures; consideration has to be given to cultural diversity.

2. Workforce Diversity

Workforce is the building block of any organization but there is workforce diversity in global companies. Based on their place of origin, employees of a typical global company can be divided into the following groups:

- Parent-country national – permanent resident of the country where the company is headquartered.

- Host-country national-permanent resident of the country where the operations of the company are located.

- Third-country national - permanent resident of a country other than the parent country and the host country.

Further, workforce diversity can be seen in the context of employee mobility from one country to another country for performing jobs. On this basis, an employee can be put in one of the following categories:

- Expatriate-a parent country national sent on a long-term assignment to the host-country operations.

- Inpatriate-a host-country national or third-country national assigned to the home country of the company where it is headquartered.

- Repatriate-an expatriate coming back to the home country at the end of a foreign assignment.

Workforce diversity implies that various categories of employees not only bring their-skills and expertise but also their attitudes, motivation to work or not to work, feelings, and other personal characteristics.

3. Language Diversity

Language is a medium of expression but employees coming from different countries have different languages. Though English is a very common language, it does not serve the purpose adequately as it does not cover the entire world. While employees coming from different countries may be encouraged to learn the language of the host country for better dissemination of the information, it does not become feasible in many cases. An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through.

4. Economic Diversity

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management that is, paying wages and other financial compensation to employees located in different countries. One of the basic principles of paying to employees is that "there should be equity in paying to employees."

5. 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. There is a necessity to employ

diverse talents to understand the various niches of the market. With this trend in place, a HR Manager 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.

6. 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.

7. Motivational Approaches

Workplace motivation can be described as the influence that makes us do things to achieve organizational goals: this is a result of our individual needs being satisfied 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 en courage their employees to put in the required effort and increase productivity for the company. 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, and appropriate

organizational reward system and so the reward system influences motivation. HR should create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.

8. 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. With an EIS in place, a company can track inventory, sales, and receivables, compare today's data with historical patterns. . This would enable EIS to be a useful tool in an organization's strategic planning, as well as day -to-day management.

9. 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.

Emerging Challenges in InternationaL HRM

Beginning with the last decade of 20th century, globalization, liberalization and technological advances have changed the way the business is being done across the world, and India has not been exception to that. These three factors are

still continuing to haunt business organizations to align their strategies to the needs of fast changing environment. Since HRM is the prime mover of human resources through which organizations have to encounter threats posed by the environment, it is facing lot of challenges in managing people effectively. In order to meet its basic objectives, HR personnel have to identify the nature of these challenges and define their roles and responsibilities more sharply to counter these challenges. HR challenges posed by the present dynamic environment may be broadly classified into following four categories:

1. Mergers and acquisitions,

2. Changing workforce profile,

3. Newer organizational designs, and

4. Increasing quality consciousness.

These are the major categories of challenges, and within each category, there might be several challenges that HR personnel have to face. The following are some of the important factors which make international HRM complex and challenging.

Labor Market Conditions The skill levels, the demand and supply conditions and the behavior characteristics of labor vary widely between countries. While some countries experience human resource shortage in certain sectors, many countries have abundance. In the past, developing countries were regarded, generally, as pools of unskilled labor. Today, however, many developing countries have abundance of skilled and scientific manpower as well as unskilled and semiskilled labor. This changing trend is causing significant shift of location of business activities. While in the past unskilled and semiskilled labor intensive activities tended to be located in the developing countries, today sophisticated activities also find favor with developing countries. The changing quality attributes of human resources in the developing countries and wage differentials are causing a location shift in business activities, resulting in new trends in the global supply chain management. India is reported to be emerging as a global R&D hub. India and several other developing countries are large sources of IT personnel. In short, the labor changing labor market characteristics have been causing global, restructuring of business processes and industries. And this causes a great challenge for strategic HRM.

Cultural Differences: Cultural differences cause a great challenge to HRM. The behavioral attitude of workers, the social environment, values, beliefs, outlooks, etc., are important factors, which affect industrial relations, loyalty, productivity, etc. There are also significant differences in aspects related to labor mobility. Cultural factors are very relevant in inter personal behavior also.

Changing Political Environment: A firm operating in different countries is confronted with different environments with respect to government policies and regulations regarding labor.

Attitude towards Employment. The attitude of employers and employees towards employment of people show great variations among different nations. In some countries hire and fire is the common thing whereas in a number of countries the ideal norm has been lifetime employment.

Variance in employment Besides the tenancy of employment, there are several conditions of employment the differences of which cause significant challenge to international HRM. The system of rewards, promotion, incentives and motivation, system of labor welfare and social security, etc., vary

significantly between countries.

Conclusion

Organizations are facing many challenges and choices. Currently, the twenty-first century corporate entities are getting to be globally market driven ones with 'invest anywhere and share everywhere' concept. In comparison with the past, today's and tomorrow's features of HRM reflect the more extensive levels of local ,regional ,national and international competition, projected demographic , workforce figures, and significant technological developments. The new technological change, downsizing, right sizing and privatization management can also exhibit crucial role for future developments/trends and accepts the challenges of the future. There are many aspects of managing HR internationally that differ from domestic HRM. HRM is much more complex than traditional HRM. This system has helped the organizations to get the right talent pool while being cost effective. The human resources need to focus on organization's long term objectives and on future oriented plans. HR departments need to take a balanced and broader approach. For survival in international battlefield environmental forces like organizational strategy, shape, structure and technology have given rise to the need for understanding and utilizing knowledge in comparative HRM and international HRM.

Hence, HRM is the rapid appreciation for and development of all aspects of global and international activities and issues associated with and affected by HRM. HRM is critical to the success of organization.

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