

Emerging Human Resource Practices In Globalized Business Scenario

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Abstract

Human Resource Management has undergone a major transformation over the last two decades and experienced a drastic change in form and function primarily in the 21st century. In order to survive in the era of globalization and cut throat competition, HR department should consciously refresh itself with the emerging trends in HR and be aware of the HR issues that are cropping up speedily. As business all over the world is changing at a fast pace, the major trends which are affecting industries and their HR departments are globalization, poaching strategies, technology, competency mapping, outsourcing and the talent crunch. Thus, in future HR management will face new challenges and perform new responsibilities. This paper focuses on the HR trends and issues which are emerging in the 21st century and also gives some of the suggestions to succeed in the present HR scenario.

Key Words: Globalization, Competency Mapping, Outsourcing, Talent shortage, Profitability and Growth.

Introduction

Human Resource Management has undergone a major transformation over the last two decades and experienced a drastic change in form and function primarily in the 21st century. HRM has progressed from a maintenance function to a means of sustained competitive advantage for organizations operating in a global economy due to the impact of significant internal and external environmental forces. It is a well-known reality that India is set to become one of the largest economies of the world over the next two decades. As business all over the world is changing at a fast pace, the major trends which are affecting industries and their HR departments are globalization, poaching strategies, technology, competency mapping, outsourcing and the talent crunch. The biggest challenge being faced by the businesses all over the world is the shortage of skilled manpower. For many companies, lack of talented workers has adversely affected the profitability and growth of many businesses.

In order to keep the growth bar high and to steer the organizations towards profitability successfully, the management has to recognize the important role of Human Resource Department. It has become imperative for the HR management to invest considerable time and money, to adapt itself to the changing scenario of the HR practices in the 21st century. In order to survive in the era of globalization and cut throat competition, HR department should

consciously refresh itself with the emerging trends in HR and be aware of the HR issues that are cropping up speedily. With high attrition rates, poaching and retention strategies of competitors, there is a huge shortage of skilled employees and hence, a company's HR practices play a vital role in battling with this crisis. Thus there is a dire need evolve suitable HR policies and strategies that would help in synchronizing and achieving the Organizational as well as the individual goals. HR practitioners have to efficiently tackle all the challenges that they would face from recruiting employees, to training them, and then formulating strategies for retaining them and developing an effective career advancement system for them. Just taking care of employees would not be suffice ; HR managers should also focus on the profitability, work-life balance, customer-orientation, productivity and stress management, team work, corporate culture and leadership building. This paper will focus on the emerging HR trends and issues. This paper may be of great value for HR practitioners and also for those who have a keen interest in the area of Human Resource Management, to realize the growing importance of human resources and understand the need to formulate effective HR strategies to combat HR issues arising in the 21st century.

Review of Literature

Aparna Ghosh on Chillibreeze discussed the evolution of HRM practices and changes in HR practices after 1991. She observed that changes like emphasis on employees, up gradation of skills, progressive HR policies and entrepreneurship by employees.

Dave MacKay; Chief Operating Officer; Ceridian Canada Ltd in his keynote Presentation discussed 10 major HR trends that are changing the face of business.

Anjali at citehr.com explained HR trends such as mobile culture, new technology impact on skills requirements, globalization of business, business alignment business innovation demand on management, demand for innovation through training/development, it technology development, rise in per capita income, developing economies growth rate -major economic reforms and outsourcing opportunities.

K V Rao who is a management consultant, in his paper 'Recent trends in critical HR management practices' threw light on issues such as leadership development, work-life balance, inclusion and diversity, health and wellness, right skilling, managing solid citizens, instant rewards, managing aspirations and 360 degree feedback.

Susan M. Heathfield in Top Ten Human Resources Trends of the Decade focused on it's the economy, millennials are on the march, employee recruiting and networking online, made to order employment relationships, blurred lines between work and home, the rise of technology, employee training and development transformed, tension over government

intervention in the employer-employee relationship, the rising cost of health care, globalization, outsourcing, and off shoring, diversity, evolution of performance management, and labor union movement.

S.Shiny Nair in her article 'EMERGING TRENDS IN HRM' discussed changes in HRM.

Samir R. Chatterjee in his paper Human Resource Management in India: 'Where From' and 'Where To?' traced notable evidence of economic organisations and managerial ideas from ancient Indian sources with enduring traditions and considers them in the context of contemporary challenges.

Tony E. Hansen Walden (2008) identified several trends that will impact human resource management over the next years and decades.

Anita Lettink in her white paper described 7Key trends influencing HR in 2009 and beyond.

Amrita Garg, Ms. Anshika Sharma and Mr. Manish Ranjan Pandey identified various trends which came into existence as a result of technology revolution in the country and make a comparison between pre and post liberalization HR trends in IT industry.

Preeti Naveen Yadav (2010) in her research paper titled 'Emerging Trends in Human Resource Department' observed the trends such as, shrinking talent pool, an increase in outsourcing, more intense focus on work/life balance, changing workplace demographics, greater need for talent management, ethics requirements, and globalization.

Need of the Study

Human Resource Management is a process of bringing people and organizations closure so that the goals of both are met. From the last two decades a number of changes have taken place in the field of HR, as such there is a paradigm shift in the role of HR manager also. Now he has to play the role of not only a protector and screener but also of a planner and change agent. Today Personnel managers are becoming the new heroes of the corporate world. Nowadays without maintaining cordial personnel relations it is almost impossible to show a good financial or operating report. Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This requires future competency mapping through proper HRM efforts. As Indian businesses are becoming globalised there is change in managerial systems, corporate cultures, values and philosophy. To get the best results, it is imperative for the HR professionals to get familiar with latest changes in their field and develop multi skills. In the present business scenario where human capital is treated as a success factor, the study of emerging HR trends and issues has become all the more important and crucial.

Objectives of the Study

- To study various HR trends, challenges and issues which are emerging in the 21st century.
- To suggest some ways to get success in the wake of changing HR scenario.

Type of Data Used: Secondary data collected from Internet will be used for the study.

Emerging HR Practices

As reflected by the trends in the management of Human Resources in the history of industry, Attracting talented people, Managing, developing and Retaining them has come out to be the most important and difficult issues. The knowledge professional is the new avatar of personnel manager who is enriched with the quality of innovativeness, who is business savvy, quick, has an ability to network, and having unlimited ambitions. Nowadays HR is not a luxury but a competitive necessity. The HR profession as a result, is gaining both respect and attention. Following trends have been observed in the management of Human Resources:

Globalization

In an era of globalization, employers are looking forward to global markets so that the benefits of economic factors of other locations may be reaped to increase the growth rate of the business. The wave of globalization has forced the employers to review their location decisions due to increasing state interventions and regulations coupled with the problems of higher wages, and less desirable, business friendly policies and incentives. Employers see the positive impacts of locating offices and factories in global markets and tapping the strengths of local employees who are familiar with business and employment practices in the new locations. It is a challenge for managers and Human Resources Professionals to follow the laws and regulations, and honoring the customs and traditions of the host country while working with the global locations.

Shift in the Role of the HR Managers

Another trend which is observed is the change in the role of HR professionals. There is a need to put the “human” back into human resources. Keeping in mind that employees are not only resources but they are human being also, HR departments have to start seeing them differently. This change is imperative to attract top talent and contribute to the bottom line. HR Professionals are required to make measurable contributions through expense reduction, or revenue generation, talent management and risk mitigation. HR people are nowadays supposed to be a lot more creative in the way they handle HR issues as in 21st century the concept of “one size fits all” approach doesn’t work anymore. HR departments have to be the talent departments of future. Today HR professionals are engaged not only for their

ability to process employee information, sort resumes or process payroll on time rather they are supposed to bring value in areas like organizational effectiveness, corporate culture, talent management, change management, leadership development, succession planning, merger integration, strategic compensation, etc

Poaching Strategies

The latest trend being adopted by the Indian Organizations today is to hire the talent rather than developing it. Poaching means employing a competent and experienced person already working with another reputed company in the same or different industry; the organization might be a competitor in the industry. The talented employees of the other companies or the competitive firms can be attracted by offering them lucrative pay packages with a number of perks and perquisites, better working conditions and better terms and conditions of employment than those offered by their present employer. Although it is an unethical practice and not openly talked about yet it is being adopted by many. Indian software and the retail sector are the sectors facing the most severe brunt of poaching strategies today. Tackling poaching has become a challenge for human resource managers as it weakens the competitive strength of the firm. To be in the race, HR managers are required to formulate counter strategies.

The War for Talent

In the coming years the talent will be the most important corporate resource. Nowadays, there is a demand of smart, sophisticated business-people with technical education, who are globally acceptable, wise and operationally agile. Today's HR departments will have to become talent departments. Marketing practices will need to be applied to recruitment. Top organizations are moving to a more rigorous strategy of attracting and retaining the right employees through branding. Employer branding with a strong differentiator are imperative. It is important to position on the grounds like promise of continuous learning, work-life balance, fulfilling roles and innovative rewards and recognition etc. rather than as a big successful company.

Outsourcing

HR outsourcing is a growing trend. Outsourcing of HR transactions is a proven way to reduce costs and get access to a higher level of service. The demand for cheaper labor forced the companies to seek more destinations in the underdeveloped countries. This created an enormous challenge to the HRM to seek/develop/manage overseas HR. In India, the HR processes are being outsourced from more than a decade now through intermediaries known as outsourcing firms. The outsourcing firms help the organization by the initial screening of

the candidates according to the needs of the organization and creating a suitable pool of talent for the final selection by companies as per their HR needs. These outsourcing firms or the intermediaries charge fee from the client organizations for rendering these outsourcing services. The main benefit of outsourcing is that the Company need not plan for human resources much in advance. Further company is free from salary negotiations and weeding the unsuitable resumes/candidates.

E-Recruitment

This decade has brought about the transformation in the sources of recruitment. E-Recruitment is the use of electronic media in recruitment process. Internet and databases are being used as sources of recruitment by many big organizations. Social media networking is the new way to find employees. Social media and online recruiting has brought about the new challenges for the employers. Job vacancies are advertised through worldwide web and applications are invited online. The job aspirants send their applications or curriculum vitae through e- mail. Sometimes job seekers also upload their applications or curriculum vitae on the internet, which can be downloaded by prospective employers as per their requirements. The examples of such website are naukri.com, monster.com, etc. These job sites provide an all time access to the database of the resumes facilitating employers to hire people very fast. E-Recruitment is a preferred source of recruitment due to many reasons like low cost, no intermediary required, fast recruitment of right kind of people and efficiency in the recruitment process etc.

The Healthy Work Environment and Work-Life Balance in 24x7 Environment

It is a well established fact that there is a definite link between the working environment and the health and well-being of its employees. Employers have now recognized that employees' good health and well being is necessary to have an edge in the competition. Workers' efficiency reduced if they are exhausted, sick and stressed-out. The main reasons which cause stress are long working hours, long travel, competition and deadlines. "Presenteeism" where employees are present on the work but cannot show optimal efficiency in the work, is a growing concern for the HR managers. So, keeping their employees stress free, fresh and relaxed throughout, by providing healthy working environment and pleasing ambience has become a trend in many organizations. Companies are showing full humanity to their employees by assisting them in maintaining work life balance, looking at them not just as people with jobs and career, but also as people with families, friends, emotions, interests, passions, fears, worries and futures.

Systems, Applications and Products in Data Processing (SAP):

SAP is another latest HR trend that is being adopted by the HR managers to efficiently manage the HR activities. SAP is software that is designed to make companies manage their resources and work force. SAP stands for Systems, Applications and Products in Data Processing. It is both a company as well as software. Due to globalization the competition among different organizations is increasing not only at the national level but also at the international level and it has become imperative for each organization to reach the top. To reach the top, it is essential for all the departments of an organization to function properly. In SAP there is a set of modules that helps the organization to function smoothly and efficiently. With SAP, the management of the different resources such as production, sales, finance, distribution, supply, human resources, etc can be made easier. SAP software integrates HR processes and streamlines HR activities – from the stage of employee hiring to the stage of retiring. SAP Software Helps HR managers in supporting global operations and in adapting to business dynamics. It supports all HR needs and activities through simplification, automation and integration of HR processes. A unified view of the employees, budgets and projects is possible with SAP.

Diversity Strategy

Diversity goes beyond nationalities, gender, color, race or religion. In the private sector in India, now diversity as a business strategy has begun to be adopted by a few companies. 21st century workforces will comprise employees with different needs and experiences having varied ethnicity, religion, culture, language and beliefs. As a business strategy, the purpose of diversity is to enrich the company with the broadest possible spectrum of knowledge, experience and perspective. Diversity is good for the company because diverse workforce means employees not only with varied demographic traits, but also with a broad range of educational backgrounds, professional and other interests, work experiences, life experiences and cultural perspectives. But the success of a diversity strategy depends upon the HR professional's ability to capitalize on the skills, intelligence, culture and experience of diverse workforce in the interest of the organization.

Impact of Technology

No Human Resources trend list would be complete without an explicit mention of the impact of technology on all aspects of the life. Eventually technology is going to eliminate most HR jobs as they exist nowadays. In future there will be smaller HR departments in companies due to the outsourcing of business processes and due to the advancement in technology with 24X7 communication capabilities. Technology has forced the HR professionals to become more strategic. Technology has transformed the way in which Human Resources

professionals manage and communicate employee information and communicate with employees. Technology has connected the people within the work environment regardless of time and place and organizations are becoming physically local, yet virtually global. More systems / more software for the business mean different methods of working, which affect the working of human resources. Cell phones, email, messaging and Blackberry-type devices have blurred the lines between work life and personal life.

Made to Order Work Arrangements

The made to order work arrangements have become a dominant trend in the last decade. One of the components of Made to Order work arrangements is Telecommuting that has taken workplaces by storm means work from home all of the time. Other components of the new made to order work arrangements are flexible working hours, flexible four day work weeks, and the most important trend of all is Paid Time Off (PTO) which allows employees to take a break whenever they feel so. Flexible everything has become the new norm of the day. Further, trends like bringing baby to the work place also fall within the ambit of workplace flexibility. These components of the made to order employment trend offer benefits not only for the employees but, also for employers. Employers are no more required to check employee time. Flexibility yields results as work and communication becomes more transparent and measurable. Their employees are highly motivated and relaxed because they get enough time to strike a balance between work life and personal life.

Talent Management

Talent management refers to process of gathering information about talent, analyzing their career interests and organizational business needs, identifying top talent and successes, and developing these individuals to reduce the risk of losing the best people and experiencing extensive leadership gaps when turnover occurs. Talent management is also known as HCM (Human Capital Management). Talent management is a term that emerged in the 1990s to incorporate developments in HR. Talent management with a focus on soft skills, leadership development and succession planning is the defining trend in HR. In India, people with technical qualification are easier to find, but what companies require is a HR expert with managerial skills to leverage that qualities in the interest of the company. In current economic conditions, many companies have felt the need to cut expenses. There should be the ideal environment to execute a talent management system as a means of optimizing the performance of each employee and the organization.

Company Culture and Values

It is being realized that for long term success, effective corporate culture is essential. Many organizations are now making ethical behavior an important part of company culture. Language in formal statements should be ethical. It will not only keep the companies protected in a regulatory environment but also set standards for employee behavior. Business leaders are now taking steps to incorporate corporate culture in the business strategy. They are making desired corporate values explicit that shows a significant change in HR practices. Studies have shown that performance of the companies with flexible culture and values has significantly improved.

In an effective company culture there is an alignment of the vision of the employee with the vision of the company. Culture is a key element in matching needs of the employees and the employer.

Competency Mapping

Competency Mapping is a process of identify key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization It is a process for measuring the strengths and weaknesses of an individual worker or organization. It focuses on the skills and strengths of the individual in areas like team structure, leadership, and decision-making for doing a particular job. This technique is being used by many big organizations in one form or the other to understand the ways to use the strengths of workers most effectively, or to analyze the combined individual abilities in different workers to achieve the high performance levels. Individuals may also take advantage of this type of assessment to help prepare themselves for career changes or advancement in a specific job field. Competency mapping models are often implemented to improve performance, taking 'hiring or promotion' decisions, and evaluating the workforce. The competency mapping helps the managers in identifying performance criteria to improve the accuracy and ease of the selection process, and in easier communication of performance expectations.

Transformation of Employee Training and Development

This decade has witnessed a major transformation in employee training, development, and training meetings and seminars. Online learning, software, and video conferencing have replaced the traditional methods of employee training and development. Now employees are getting the experience of online learning and all other forms of web-enabled education and training which employees never experienced in classroom training. Thus employers are saving large amount of money in employee travel expenses, and the employee's can have an

all time access to the training even after the seminar's end. More progress and experimentation in this field is expected in the near future. Another Human Resources trend that flourished and hit the mainstream in the last decade was the concept of alternative forms of employee learning like coaching and formal mentoring.

Six Sigma Practices

To remain ahead of competition in this world of uncertainty, organizations have introduced six- sigma practices. Six- sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable progress. It is a structured method for improving business processes. Six- sigma is a statistical measurement of how well a business process is performing. Some larger corporations have integrated Six Sigma so well into the corporate culture that it can be considered the DNA of the company. HR people are now looking to benefit from Six Sigma initiatives. Most businesses strategies for profit and growth fail to get down to the floor level and get lost in the middle layers of management due to the lack of proper implementation and execution. Through the use of Six Sigma, HR can help making the profit and growth strategy a success. The role of HR is important in creating the Six Sigma culture. The HR department can act as a change agent as it interacts with and influences every employee. An organization needs HR to integrate Six Sigma methodology with corporate culture to achieve growth and profitability. By successfully implementing Six Sigma from 1987 to 1992, Motorola Company grew, made lots of profits and rewarded its employees with bonuses. Six Sigma practices improve organizational values and helps in creating defect free product or services at minimum cost.

Suggestions

Above mentioned trends pose significant challenges to organizations at national and international level with respect to workforce recruitment, development and retention. To face the rapid changes brought about by the technology and global expansions, programs are needed to cater to development of younger workers and encourage continuous training and education. Further, proper communication between cultures and between management (especially in global organizations) is required to ensure the awareness among the HR people about the emerging trends and issues. Additionally, there is a need of retraining and mid-career training of both workers and managers so as to make them capable of addressing the issues efficiently and effectively that arise with respect to retention, recruitment and development of workforces. HR managers will have to continuously refresh themselves to learn the use of new techniques and methods such as SAP, Six Sigma and Competency Mapping etc. and to avoid obsolescence of their knowledge and skills.

The HR function needs to become more cost-conscious and profit oriented. Instead of merely administering personnel activities, the HR department will have to find out opportunities for profit improvement and growth. In the wake of the emerging trends, greater discretion and autonomy at the work place is the need of the hour as workforce is becoming better educated and organized. HR managers will have to take more care of health and safety issues in future due to legislative presence and trade union movements. In order to take the advantage of the opportunities and face the threats of the global environment managers should use the skills and abilities of the workforce. Further, traditional family management need to give way to professional management with more focus on humanity. As changing corporate culture requires increasing stress on individuals the jobs will have to be redesigned to meet the emerging challenges and issues. Rational and practical job evaluation systems are required to bring equity between efficiency and pay packages, and to attract the new talent. To create unsurpassed competence in the area, the services of the people with distinctive capabilities need to be utilized to the fullest.

Conclusion

Human Resource Department of the organization deals with the individuals who put their hard work to meet the organizational goals. Human resource Management will be the key area of focus in 21st century as companies and government organizations formulate strategies to cope up with challenges posed by this century and to adapt to the emerging trends and issues. Human being is the toughest source of production of any organization to manage than land, machinery or money. Every human being has its own preferences, likings and attitude. So, keeping in mind all these things and the changes that are taking place in the area of HRM, managers have to deal with the number of people working in their organizations while remaining humane with them. India's human resource capabilities has been rated by The World Competitiveness Report as being weaker than most of the other Asian nations. In recent years Indian HRM cultures has undergone a major transformation recognizing the fact that the existence of world class human resource capability is pivotal to global success. So, India has to groom its workforce if it wants to truly move to the global arena. Thus, in future HR management will face new challenges and perform new responsibilities. Thus, the job of HR managers will become more difficult and challenging in future.

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