

HRM in 21st Century: Challenges of Future

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Abstract—

Globalisation has changed the way business houses used to work in the traditional market place. With advancement in technology, the role and functions of HR manager has totally changed. It has become important for the HR department to redefine its strategies and act as a strategic partner by aligning all the HR functions with the mission, vision and strategies of the organization. This paper discusses the changes in the role of HRM after the globalisation. And with this change I mean, change in the methods of production, the process of recruitment, the training techniques, and new equipment etc. Human resources have become most important strategic player in an organisation and their management has become the most challenging task. The management should spend time to learn the changing scenario of the Human Resource Department in the 21st century. The HR department has to keep up with the changing business environment, thus it has to formulate and edit the organisational and individual goals accordingly. This paper aims to point out the changing role of the HR manager and HR department.

Keywords— 21st century, HR manager, HR challenges, globalisation, issues, strategies, competitive advantage.

I. INTRODUCTION

Human beings are the most important resource of an organisation. These are the people who plan all the activities and then they carry on all the activities. And managing human beings is the toughest duty of the manager [1], as no two persons are alike. Every individual has separate values, aspirations, motivations, assumptions, goals, etc. And now after the globalisation and technological developments, they managers have to keep up with the latest changes. The HR managers should be given proper authority and he should have the capability to deal with the ever changing business environment. The HR manager has to decide about a staffing agency or personally hire qualified applicants to fill in the company requirements [6]. They have measure the employee's performance against the set standards and they have to decide on the employee benefits and compensation package.

Human Resource Management

HRM is a multidisciplinary organisational function that draws theories and ideas from various fields such as management, psychology, sociology and economics [3]. An effective HRM uses the employees in such a way that their productivity is maximised. The HR managers are required to find out right people for the right job and get the job done from them. Other than this the human resource management is also responsible for the motivation, development and training of the employees and retaining efficient employees for a longer period of time. HR management has to make sure that both the personnel and the company are complying with regulations [6]. The human resources can be managed by using either hard or soft approach. The hard approach involves developing strategies for managing and controlling human beings. Under the soft approach the manager focuses on improvement of communication between employer and employee, motivating the personnel, and developing their leadership skills. It is important on the part of the HR manager to ensure that their human capital is well-trained and developed. Human capital refers to the intellectual abilities, understanding, motivation, commitment, and relationship of the employee to the goals which are set by the company for them. The management of employees varies from organisation to organisation and it depends upon the ability and capability of the HR manager.

The management has to be well versed with the latest technological changes along with environmental changes if it wants to achieve the competitive advantages of business in 21st century. These changes can be the changes in the business world, globalisation, change in the taste and habits of the customers, new techniques of production, etc. [12]. The HR manager is faced with challenge of developing the workforce by keeping in mind the international marketplace and global environment who can work for tomorrow.

Strategic Human Resources Management

By now we know that organisations need change as they expand their business. Thus, with the change in the organisation, their human resources should also change [8]. They have become the primary source of competitive advantage. Human resources no longer have the supportive role in the functioning and decision making of the organisation; rather they have

taken the strategic and most important role. In the 21st century, the firm who has competitive edge over other companies will be able to survive in the market, thus the need for internal competitive advantage within the organisation has arisen. This competitive advantage can be generated from firm's human resources. In order to meet the changes required by the globalisation some authors' suggested that the previous functions of the HRM like selection, recruitment, training and development, compensation management, etc. should be modified and linked with the current needs of the change management. But others were of the opinion that HR department should take the lead in developing strategic and competitive advantage on its own [16]. The changes thus required to meet the challenges of the 21st century needs to be documented. This way, it will become easier for the management to edit the vision, mission and objectives of the organisation accordingly. Since role of HR manager has changed to a more strategic one, it has become important to delegate the routine and casual activities to the line manager and let the HR manager concentrate on making strategic decisions [17].

Globalisation

Globalisation means integrating business activities across geographical and organizational boundaries [15]. It is basically treating the world market as one market place and dealing with the culturally diverse people. It has opened doors for many business organisations to expand their business houses overseas and it has added to value to national income. Globalisation is not a recent phenomenon; its roots can be traced back to 1980's. But it has picked up momentum recently and now with coming of foreign direct investment (FDI) the business houses are bound to grow manifolds. Since foreign markets are treated as the domestic markets, the business strategies already in use have to be modified as per the current requirements. Bringing change is the pre-requisite for the survival and growth of an organisation. Bringing and managing this change is the biggest challenge the HR management is facing these days. Thus HR will also have to take the lead along with other business functions in keeping up with the required momentum and pace.

The globalisation and advancement of 21st century has also forced the government and non-profit organisations to go the private sector way [10]. Government departments have also adapted many new technologies to make the work of general public easy. For example, the SAMPARK centres in Chandigarh for easy payment of bills, filling up and depositing public utility forms, etc. Thus, HR departments in these organisations have faced challenging situation to keep up with the changing face of HRM. This has changed the face of the government jobs with the contractual jobs replacing the "hired for life" concept in the government departments. Thus, in order to respond to the changing needs of the organisations and become more dynamic, the HR departments will have to move from traditional to a more strategic approach. In the 21st century, the HR department is facing a new challenge every day. These challenges can range from retention of people, attracting talent, staff motivation. The biggest challenge for HR in the 21st century is to identify its biggest challenge [11]. The management will need to make sure that the investment in the human resources is driving the expected output.

II. MAJOR CHALLENGES OF 21ST CENTURY

HR planning has become a crucial activity for the HR managers. The HR function of 21st century India has transformed from 'behind the scenes' to becoming the critical differentiator in business. Its role has taken a new meaning in the 21st century especially after globalisation. Managing the manpower is a tedious job and needs specialised training and skills. Inflation rose to its peak during last few years and there were many layoffs, a lot of people lost their jobs overnight putting a lot of pressure on management to reconsider its policies and strategies [3]. Following are some challenges being faced by the HR department that could be chalked out of the available material [2][3][5][7][8][9][10][11][12][13][14][15]:-

A. Attracting & selecting the best candidate

It has become very tough to find suitable talent as this a process where every candidate will differ from others in one or the other sense. Even the managers will take decisions as per their perceptions thus possibility of bias can't be ruled out. Every manager's decision is influenced by his values, beliefs, political and social views. So 21st century poses the challenge of selecting and attracting the best candidates by keeping the competition in mind. The managers need to know that high-quality, skilled talent can be worth its weight in gold and all the organisations are after them to join them but nobody's able to find them. While gold in the 19th century was found in abundance but today's high-quality, skilled talent is not.

B. Promoting organisation culture

An organisation is full of diverse people; which is good in a way as different minds will lead to innovation and new ideas but managing the culture with so many diverse minds and putting across the cultural values is a tough task. Since organisational culture is an important factor in attracting the new talent therefore HR manager has to put in a lot of hard work and efforts to develop a successful organisation structure. Managing these people with diverse cultures like different religious, cultural, moral background is a challenging task for the HR Managers in 21st Century. Due to acquisition and mergers taking place it becomes important for the HR Manager to develop the work culture because the whole organisation is to be restructured after mergers. Organisations now are adopting more flat and simple structure. Globalization will impact HR managers by requiring new skills such as language capabilities because the manager will have to speak to other nationals while recruiting them.

C. Career development of the employees

With the coming of globalisation, there have come many technological developments and changes. Innovation is the key to survive in the business. And workforce being an important factor in the organisation has to be trained and developed along with the changes in the business environment. Training should not be restricted to improving skills and knowledge alone; rather it should concentrate on the overall career development of the employee, which is a major challenge for the HR manager.

D. Adopting human investment perspective

The HR manager will have to adopt more active than the reactive approach. He needs to focus on using business strategies in human resources policies and practices for satisfying consumers and employee's needs. Need of the hour is to develop a workforce that reflects the diversity of consumers and clients. Thus role of HR managers is expected to change radically in the next decade. HR manager should be equipped with specific competencies to support these roles. Thus, as mentioned above also, the managers will have to spend nearly all of their time managing cross-functional work teams. The managers will have to develop an international workforce, they will have to keep the written records of other cultures and keep the management informed of the cost for not paying attention to all these major issues.

E. Catering to changing situations

Due to the globalisation, another problem that a manager faces is of managing the change in the organisation and how to make people acquainted with the changes. The managers have to work hard to adapt to the changing business environment because the HRM in 21st century will become more dynamic after moving from traditional to strategic approach.

F. Business ethics and values

With changing work culture and structure, it has become more important to have ethics and values in place which will also in the long run decide the sustainability of the organisation in the global market place.

G. Making new retention & motivation strategies

As the organisations have opened up to hiring worldwide, it has become necessary for the managers to have better retention policies. A multinational company comes with its own set of rules and policies, but they have to adopt new rules and policies keeping in mind the work culture of the country they are operating in. Only then they'll be able to satisfy the employees of that country and thus it will reduce the attrition rate. If the employees are motivated and like their job, they are less likely to leave. The managers will have to walk that extra mile to motivate today's employees.

H. Conflict management

21st century brings with it long working hours, target pressures, high competition, etc. which can lead to stress and conflicts in the organisation. The HR manager's burden increases as he will have to make sure that work is done timely and accurately but at the same time he will have to find ways of reducing stress and conflict before it can cause any serious damage. Simultaneously, he has to balance his work life and personal life as the stress and long working hours can also have a toll on him.

I. Managing Multi-Generational Workforce

Companies have employees of various age groups who can be classified as Baby Boomers, Baby Busters, Generation X, and Generation Y staff members. Generation X employees are more aware of the technology and they prefer to work with latest techniques while the older employees may still feel comfortable with the traditional record keeping and working methods. To retain these employees, human resources departments must be ready to respond to these needs.

J. End of weekend

This is also one of the challenges for the manager. Time is going to be more flexible in the coming years. With the advancement in technologies, the generation next prefers to work on palmtops and they want flexibility as to work from home or at odd hours. The internet has given birth to a virtual world and a nonstop market place. Though these work arrangements have many advantages but they are going to cause more stress to the workforce and management of which is a challenge.

K. Striking balance between home and work

With the working hours increasing and becoming more flexible, the manager has to make sure to draw a line between leisure and work. He'll have to help employees to find the right balance between home and work. Increased use of telecommuting can be encouraged and the employees should be allowed to work at home and avoid lengthy commutes.

L. Attracting & relocating local & foreign talent

The manager will have to plan the placement of the employees as per the employee's preference to keep them attached to the organisation. If an employee is forcibly transferred to an undesired location then he's not likely to stick to the organisation for a longer period. Similarly during the time of crises he'll have to send the competitive employees to the charge of the situation. Thus it's a challenging task for the manager.

M. Employee engagement & grievance management

Employee engagement means that HR has its eyes and ears close to the ground realities that an employee faces in the job. This deals with issues like work and life balance, fun at work, etc. The HR has to ensure the fulfilment of just needs of employees and addressing their grievances.

N. Role of change agent & business partner

The HR manager's role in the 21st century has become that of a change agent. The demand of HR staff has gone down and expectations from HR manager have gone up thus HR professionals will have try hard to meet this challenge of how to meet organisational needs with fewer staff while continuing day-to-day operational and political management of HR.

O. Managing virtual workplace and e-commerce

Electronic commerce means to perform the trading activities through internet. The on-line business has become a challenge for the workers. The managers are finding it hard to hire & develop human resources who have the ability to attract, motivate, retain, and to serve as maximum customers as possible. The virtual business world has forced the business houses to decentralize their functions as flexible work arrangements take away most of the time of the manager.

P. Managing 5 R's

The 5 R's are very crucial in the changing role of HR managers. The HR team has to take care of all stages starting from the stage of defining the business strategy to Resourcing, Recruiting the right talent, Retaining the talent, Retraining and Restructuring.

Q. Continuous innovation

The 21st century HR manager has to be innovative on a continuous basis. Only that company will succeed who have made innovation their unique selling point (USP). The challenge for HRM is to continue to develop innovative systems by focusing on the integrated functions and systems of organization.

R. Health & safety

With coming up of new automated machines, the need for training the workers about how to use the equipment has also raised. Thus the manager has to make sure that while performing any task all the safety measures are adhered to and everybody is covered under an insurance cover in order to ensure safety of the workers.

S. Industrial relations

The management is faced with the challenge of having cordial industrial relations with the other industrial partners. One may need any kind of technological or other help from other industrial unit plus they have to follow the same law for their functioning. Thus it is always important to have cordial industrial relations with the competitors as well.

How these above mentioned challenges affect the human resources

The role of 21st century HR managers is expected to take a u-turn from what they were doing in the traditional management. Thus they are likely be affected by the globalisation while re-engineering the HR policies. Following issues are likely to arise [4]:-

- HR will find its role highly globalised to emerging trends in the recruitment, motivation and retention.
- The traditional managers who have significant product and customer knowledge will be rigid to adapt to the changing situation. They can oppose the use of new technologies.
- Differences can arise among the internal management as they can divide in groups of tech savvy and traditional partners giving way for internal conflicts.
- Leadership will be taken by the innovative partner and the traditional management will be redundant on this.
- Importance will have to be given to the social issues also and the HR will need to take a lead in introducing social, cultural and environmental initiatives.
- HR will have to integrate the new business model of working 24/7 with the work – life balance of the employees.
- Hr will have to devote more time in developing the new training and development methods for the overall development of the workforce.
- HR will have to be on a continuous lookout for the innovations as they say “innovation is the key to success”.

III. STRATEGIES FOR CHANGE

The challenges which are mentioned above are meant to change the role of the HR manager as a strategic partner. He can meet the challenges if he keeps in mind the following [1][5][12][14]:-

A. Become the pioneers

The HR managers should become the pioneers of change in the organisation. They should not merely follow the policies rather they should become the change agents of the business by helping employees to enhance their capabilities to ensure organizational objectives are met.

B. Become the change agents

The HR should initiate the change and should form new training techniques which will help the employees to adapt to the change easily and quickly. They should know how to honour the past and change the future of the organisation. They should design the model of change in such a way that it should be comfortably adopted by the employees. The managers should be able to align HR with the changes that are happening in the workplace and the economy.

C. Adequate training & knowledge

The employees should be given proper training and know-how to adapt the change. They should become well versed in their new responsibilities and should be aware of the changes in their organisations, their job roles and responsibility. They should be trained in technical knowledge, decision-making skills and group process skills. HR practices must create value by increasing the organization's intellectual capital. Organisations should be ready to invest in staff development.

D. Innovation is the key

The HR partners should be able to bring in innovative ideas. They should be able to focus on cultural changes and align the diversity within national and international level. The HR employees committed to achieve the organisational goal.

E. Individual & organisational integration

The goals, vision, mission of the individuals should be aligned with those of organisations. If an individual will work towards achieving the organisational goal only then he'll be able to achieve his individual goal. The benefits and profits of the organisation should also be shared with the employees. And management should trust its employees including the lower level ones. HR practices must be aligned with company strategies.

F. Sponsoring higher education

The organisations should have certain policies of sponsoring higher education of competent employees. This can be done by giving paid leave for pursuing the course of by providing interest free loan for higher education. This way the employee will become more loyal towards the organisation.

G. Investing in technology

The organisations should invest in the right technology to maximise their returns. In today's competitive world the need for the hour is to invest in the right technology and be armed with the right expertise to use that technology. Technology has changed everything from the methods of production to the process of recruitment to training techniques. Thus it has become necessary to invest in new technology.

H. Effective talent acquisition

The skilled talent is becoming scarcer. The companies are fighting to retain their skilled employees. The companies need to invest in innovative programs to attract and retain high-quality; skilled workers will have the opportunity to discover a gold mine of talent for tomorrow. It is very important to retain such employees in order to have a competitive edge over others.

I. Re-arranging staffing functions

The management should re-decide and re-arrange the staffing functions, for recruitment selection, training and transfer, promotion, dismissals, placement, demotion and layoffs of the employees as per the changing needs. This way more talented people can be brought into the organization.

J. Managing workforce diversity

Globalization has led to acquisition of employees from diverse cultures. The manager should have knowledge of the language of the country in which the business is operating or else he'll have to keep a translator to communicate with his employees. Thus HR manager should make such strategies which help to adjust employees in global organisation; HR must develop the ability to compete in the international market. The HR system should be consistent with other organizational elements.

K. Develop new competency models

The HR should develop new competency models to revitalize HR workforce. The newly developed competencies can offer HR practitioners an opportunity to define excellence and demonstrate what they can bring to their organization.

L. Face the challenges

The HR managers should be able to face the challenges of the business environment. If the managers are responsible then they can motivate others also to face the challenges and increase their efficiency and performance. HR professional of the 21st century must emerge their roles along with the identification of new competencies needed to get their job done.

M. Developing in-house marketing campaign

The HR manager should develop an in-house marketing campaign that should highlight the services HR can provide to the organization. This should be marketed within the organisation and then it should be marketed outside the organisation. Even the company should have a website for the same. This has a strong potential for generating revenue for the company and can surely add some value of HR functions to the managers.

IV. CONCLUSIONS

After writing this paper, I found out that the capacity to face the challenges of globalization and industrialization posed by the 21st century depends on the human resources of an organisation. The firms have other resources as well but human resources play the most important role. The globalization has changed the face of the non-profit, government and private organizations. The organizations have become more tech savvy which in turn has led to public convenience. The role of HR departments has changed and they have become strategic partners of an organisation. Earlier the IT sector's focus was on the US and the UK but with technological advancements, the Asian countries like India and China are being preferred by the MNC's. Many MNC's prefer to set up a base in these countries for their manpower, skills, know-how, etc. Even Indian companies are setting up their bases in other countries. Since human resources are seen as the most valuable assets of the organisation, the strategic HRM has also gained importance. The human resources of the 21st century are seen as strategic partners of the organisation so they are required to coordinate all the functions and supporting the strategies by attracting and retaining the essential qualified employees. The 21st century HR is responsible for developing sound organizational structure with strong interpersonal skill to employees, and also to train employees

and introduce them to the concept of globalisation. The HR has to deal with challenges like work force diversity, leadership development, change management, organizational effectiveness, Globalization, E- Commerce, succession planning and compensation etc. Thus, the 21st century HR will result in the competitive advantage and can add value to the human resources by improving the organizational efficiency which will lead the organisation to survive for a long period in the competitive environment.

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