
Future of HR management in Indian scenario: Issues & Challenges

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ABSTRACT

In the contemporary context, the Indian management mindscape continues to be influenced by the residual traces of ancient wisdom as it faces the complexities of global realities. One stream of holistic wisdom, identified as the Vedantic philosophy, pervades managerial behavior at all levels of work organizations. This philosophical tradition has its roots in sacred texts from 2000 B.C. and it holds that human nature has a capacity for self transformation and attaining spiritual high ground while facing realities of day to day challenges (Lannoy 1971). Human Resource Management has evolved considerably over the past century, and experienced a major transformation in form and function primarily within the past two decades. Driven by a number of significant internal and external environmental forces, HRM has progressed from a largely maintenance function, to what many scholars and practitioners today regard as the source of sustained competitive advantage for organizations operating in a global economy. Some of the factors that contribute to the evolution of human resources management are technology, globalization, diversity, immigration and an aging workforce. In this article, we would be discussing the various Issues that HR is facing in today's corporate scenario. A few challenges they have been able to overcome successfully but a lot of issues still need to be dealt with. We would be discussing issues HR is facing in the present and some strategies which, if adopted, can help the HRM to sustain better in the challenging and dynamic scenario.

Key words: role of HR Professionals, future Issues and Challenges

1. Introduction

“HR should not be defined by what it does but by what it delivers- results that enrich the organization's value to customers, investors and employees”. – David Ulrich

HR has been at the proverbial crossroads for far too long. Walking the fine line between demonstrating strategic value and providing traditional HR services, the industry remains stuck, as the business environment around it grows increasingly global and complex. It's a known fact that the pressure on organizations to excel, has resulted in organizational introspection to identify the keys to excellence and developing HR is one such key. The emergence of the global economy, over capacity in many industries, monumental improvements in the power of computers and telecommunication tools, and the emergence of the knowledge economy are among the forces that are resulting in fundamental change in the design of HR arena of activities. A whole constellation of organizational features – vertical integration, managerial control,

stability and two-way loyalty between organization and employee, that fit in a benevolent, relatively stable environment are giving way to new organizational designs for competitiveness, flexibility, continuous improvement, and self-management.

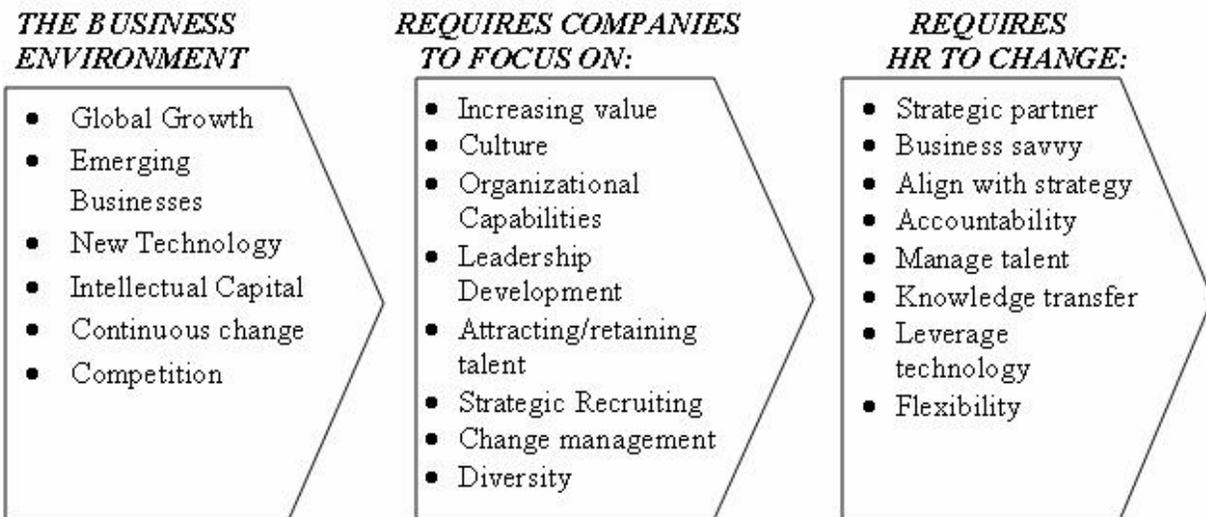


Figure 1: The New Economy (Emily Rothenberg and Dattner Consulting, LLC, 2003)

In traditional bureaucratic organizations, human resource professionals have, for decades, created and administered the systems, career development, training, selection and rewards that define the key parameters of the stage on which employees have enacted roles and careers. The human resource function added value by creating systems that produced bureaucratically correct behaviour as well as the predictable and orderly development of people and their careers. Not surprisingly, it gained a reputation as the bastion of the status quo. But the era of traditional bureaucratic organizations is over; stability needs to be replaced by change, innovation and new organizational designs. This fact represents both a major threat and a major opportunity for the human resource function. The human resource function can deliver immense value to corporations and to society by helping them navigate the uncharted waters of the new era. The HR needs to change as Companies need strategic support from the HR in the new economy. HR is more important than ever. People are the only sustainable source of competitive advantage (Watson Wyatt Study). HR is under constant scrutiny under this economy as companies constantly are under risk of its employees leaving their jobs once the job market improved. Also it sets up the best practices for employees as a part of the organization. Therefore, driven by a number of significant internal and external environmental forces, HRM has progressed from a largely maintenance function, with little if any bottom line impact, to what many scholars and practitioners today regard as the source of sustained competitive advantage for organizations operating in a global economy. If we look at research done at Hewitt Associates LLC (2010), HR must place their bets on four key areas: performing predictive analysis on human capital processes, delivering a steady talent supply, driving organizational performance, and building integrity and trust in the workplace. What makes these bets particularly bold is not so much the focus itself, but the fact that the HR of the future will drive and be held accountable for these areas in their entirety. Rather than reduce the role of HR, these four bets broaden the scope and

impact of the role, pushing HR to operate more like a business unto itself—a business focused on driving organizational capability.

All four areas bring a holistic approach to addressing human capital challenges with a clear tie to fact-based results and metrics, and produce a more strategic, business-focused HR organization.

2. What does the future of HR look like?

In 2005, a UK-based HR and business management research and publishing firm CRF Publishing released its *The Future of HR: Creating the Fit for Purpose Function* report next. Co-authored by Chris Ashton, Mike Haffenden and Andrew Lambert, the report details research, case studies, expert commentary and analysis on several critical aspects of transforming HR. According to this, as organizations change and greater expectations are thrust upon HR, the future clearly demands more expertise in people management, according to Haffenden “If HR can deliver this, it may differentiate the organization and create a competitive advantage – and the function’s future will not be in doubt”. Haffenden is ultimately optimistic about the future. Important and interesting work is available for good HR people to make a significant contribution to the business – making 10 per cent of the organization 5 per cent better. Lambert believes that structurally, HR needs to move on from the brief and only partially understood roles articulated by Dave Ulrich, and really get to grips with what is needed to support organizational performance. “Simply put, the critical deliverables are developing the organization to meet future challenges, while still supporting and improving its current capabilities. HR organization and objectives must reflect this.” The HR function of the future will include people with varied background and skills – whether from front-line management or other functions – bringing a much broader perspective to bear than the archetypal ‘personnel professional’ concept of the past, according to Lambert. This will develop strong administrative performance as much as wider strategic perspective. “This will be a function that is at the heart of organizational achievement, not the periphery, and a place that real achievers will want to be,” he says. “Critically, the function will need to be led by people that have the courage and respect to shape behavior at the top, and ensure that the organization has the role model achievers that will provide resilience and cohesion through the tough times as well as the good. HR leaders also need to be able to demonstrate that they can get things done, and inspire or select for action orientation among their key executives.”

2.1 HR professionals’ role in the process

There appears to be a two-tier trend, with some functions transforming themselves and others not, Haffenden says. “In transformed functions, we see strategic HR thinking from strategic or business partners. These professionals are focused on organizational change, working with the board and senior management team on critical people issues,” he says. “In these situations, HR’s agendas are shaped by cultural change, creating a productive climate, talent management, top team development and so on. Their organizations compete on the quality of people. These functions do – and achieve – more with less.” Second-tier functions have lots of people and spend too much time on HR process issues, Haffenden states. Professionals in these functions act as journeymen doing menial tasks because this work is straight forward and unchallenging. They prefer the status quo. But, as costs bite and demand for outsourcing HR increases, he says HR staff ratios will change dramatically. These functions face a reduction of services and

marginalization. “HR leaders need to bring real experience of managing change successfully to the party,” Lambert says. On the one hand, this includes having genuine vision while also being effective orchestrators of projects. They need to have the analytical ability to re-think the function to align with what the future business vision and operating context indicates – and if those aren’t clear, they’ll need to help the top team fix that fast, he says. “They’ll need the courage and personal conviction to lead their colleagues through what is likely to be a combination of slimming and re-skilling of quite painful proportions.

”Lambert states that some of the important elements in this process include: ensuring that key stakeholders feel that their interests are important factors in decision-making about the planned transformation; having the before-and-after data or evidence to demonstrate the nature of value created; and investing in skill development and satisfying new roles to help re-form psychological contracts after major surgery. At the beginning of 2011, if we look back and review, we find that the elements predicated by Lambert have come into play. HR leaders are aligning their organizations as per the future business vision and helping their management to meet the demands of a flexi and multi-tasking workforce.

3. The common challenges and pitfalls along the way

Forging leaner and higher capability HR functions and practices will not be easy in many organizations, Lambert predicts. Firstly, it is clearly desirable that the key decision makers share an understanding of what they really want, and thence understand the realities of delivering real change in terms of resources and time – they will have a part to play, he says. Secondly, there may be generational issues at work, he adds. For example, is the HR leader sufficiently forward looking and change oriented to lead transformation? Is he or she sufficiently dispassionate about people and processes to effect real transformation, while still recognizing what is sensible to keep? Another common challenge is the paucity of business-centered and transformation-oriented talent available to fill the more demanding posts of the leaner, meaner functions of the future. “HR leaders’ need both to inspire high achievers with rounded experience to join, while ensuring the skill and knowledge is sufficiently high, and longer-term career prospects look rosy,” Another challenge is to strengthen the will and ability of line managers to become more effective people leaders, and to require less hand holding by HR executives, at whatever level, he adds. Achieving this shift starts with HR’s exertion of influence on leadership role models. “Of course, the context is potentially dizzying market and organizational change. HR needs to have the strength both to steer this and to effect more personal transformation – its own key executives need to be role models in their own right.” The crucial challenge for HR is to understand that change is endemic to society – and that business must accept the need for continuous renewal, Haffenden says. Understanding this enables HR to advance an organization’s change agendas focused on the business context and how to create the type of organization where people flourish. Here, organizational development gets the context right and develops a flexible organization model while HR drives the people strategy. “The irony is that success in organizational renewal often leads to ossification and preserving the status quo because of complacency. This is the biggest danger that even good HR functions face. In addition, all functions face the challenge of using technology and its HR applications,” Haffenden says. If we look at the same situation in the Indian context, a project report on “Challenges in Modern Human Resource Management” (Vineet Kumar Sarawagi, 2010) explored HRM issues at companies like TCS, Godfrey Philips, Birlasoft and Indian Tobacco Company and found certain challenges faced by various

companies, such as, maintaining workforce diversity, motivating employees (at TCS) communication, performance management, competency development, compensation, career development (Birla soft), attrition, recruitment and training, retention (Indian Tobacco Company). These Indian firms are compelled to think globally which is difficult for managers who were accustomed to operate in vast sheltered markets with minimum competition from the domestic or foreign firms. Indian firms need to move from one end of the continuum to the other end as can be seen below:

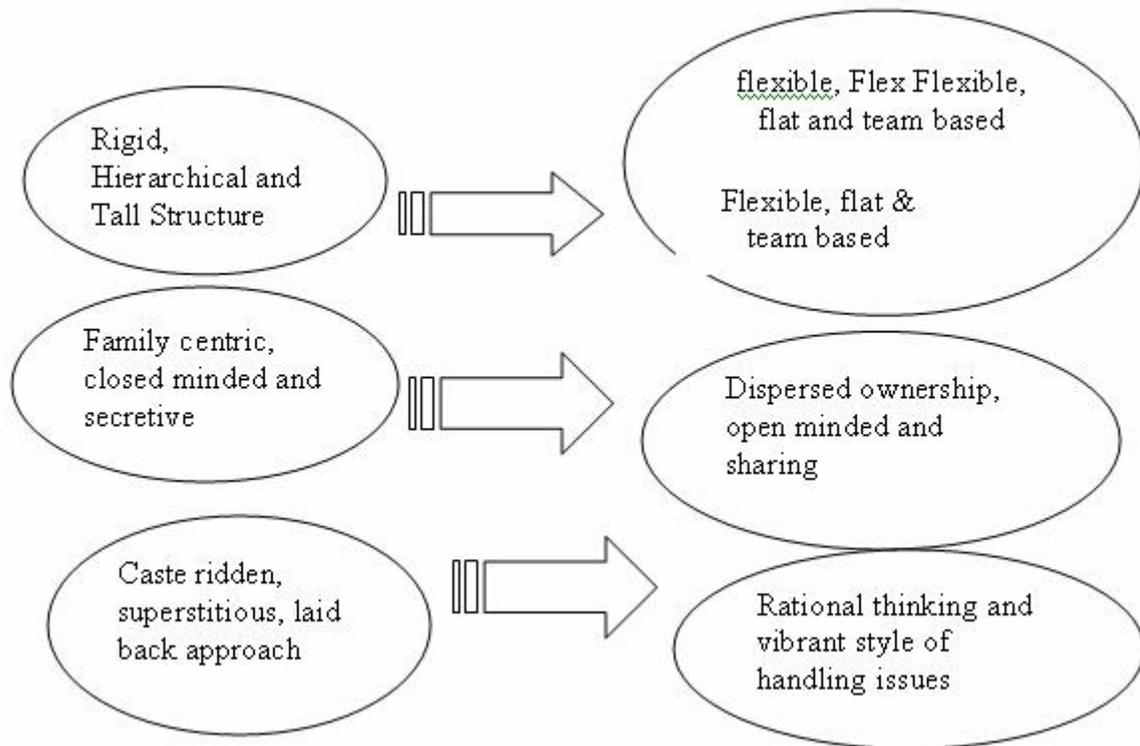


Figure 2: The common challenges and pitfalls along the way

3.1 The HR professional of the future

HR professionals will need to take a number of steps – both internally and externally – to ensure that the credible future of the function is ensured. “Perhaps the most important requirement is a combination of persistence, courage and influencing skills,” says Lambert. “This, combined with the knowledge of what are the right things to do, makes for a winning combination, as described to us, for example, by CEOs of HR leaders that they admire.” There are also some important skill areas that HR has been slow to address, and which are only recently starting to get the focus they deserve. “I would pick out firstly organizational design, which starts with jobs and roles and must incorporate a high level understanding of organizational economics, working processes and corporate identity,” Lambert says. Another much observed gap is knowledge of how to use and deploy technology – both for HR’s own use and to ensure that people issues are at the heart of technology decisions, investment and implementation. The third area for improvement is project

management, Lambert says. There are disciplines and standards to be learnt that are still foreign to many personnel generalists. At the same time, the prevalence of change initiatives does mean that this is an area where HR has to learn the necessary tools and techniques. Focusing on this consciously as part of an HR skills program helps to make this a less painful journey, according to Lambert. Finally, there is the field of evaluation and measurement. So often the lyrics are along the lines of 'it's too hard to measure' or 'we're working on it' or 'really, it's an act of faith', Lambert says. "This is changing – the methods and skills are clearly observable at work in the best managed organizations, which drastically reduces the tendency to adopt fashions without establishing a business case, and allowing bad behaviour to persist in parts of organizations like rotten apples that queer the barrel.

However, for most in HR this still remains a steep hill to climb. "Haffenden echoes Lambert's comments, and says there are a number of factors which define a HR professional of the future:

- Demonstrable expertise in areas like OD, reward, learning and talent management.
- Becoming more business aware – understanding not just financial statements but, more importantly, globalization, competitiveness and commercial realities.
- Proven integrity, honesty and loyalty – so HR professionals can act as an organization's confidante.
- Powers of analysis and judgment for circumstances, events and people – the need here is to size up situations accurately and apply solutions.

3.4 Securing executive buy-in for the future of HR

Working with the board and top team to implement this interest is the domain of HR. The problem is, most HR directors are not good enough to work at a senior level. Haffenden believes, they lack the credibility and expertise in relationships at a top level, ideas for business and people strategy, good solutions to executives' people issues, business acumen and the courage to tell it as it is with top people, preferring instead to tell them what they want to hear. Lambert encourages HR professionals to help CEOs and top teams to know what good looks like. "Back this up with more rigor in demonstrating cause and effect, particularly where – as so often – the route to better deployment of human capital lies in better management, rather than tweaking HR processes," he says. "This requires the courage – at HR leader level – to be both a great colleague and a guardian of the organization's true interests." There can be tensions and conflict, for sure, particularly when talking about issues of power, personal reward and future prospects. HR should be able to demonstrate the balance of business understanding and organizational psychology to provide convincing arguments for doing the right thing, thus ensuring long-term performance, survival and success, Lambert says. "Having the experience and instinct to anticipate, rather than being reactive, will win respect once it is clear that the solutions are robust and meet real organizational needs." Talking about other studies exploring the future of HRM, we found some more predictions, on the lines of which changes will occur in HRM. They are as follows:

1. Increase in education levels: Due to technological progress and the spread of educational institutions workers will increasingly become aware of their higher level needs, managers will have to evolve appropriate policies and techniques to motivate the knowledge of workers. Better educated and organized workforce will demand greater discretion and autonomy at the work place.
2. Technological developments: This will require retraining and mid-career training of both workers and managers. Rise of the international corporation is proving new challenges for personnel function.
3. Changing composition of work force: In future, women and minority groups, SCs and STs would become an important source of man power in future on account of easy access to better educational and employment opportunities. Therefore manpower planning of every organization will have to take into consideration the potential availability of talent in these groups. Changing mix of the workforce will lead to new values in organizations.
4. Increasing government role: In India, personnel management has become very legalized. In future private organizations will have to co-ordinate their labour welfare programs with those of the government private sector will be required increasingly to support government efforts for improving public health, education training and development and infrastructure.
5. Occupational health and safety: Due to legislative presence and trade union movement, personnel management will have to be more healthy and safety conscious in future.
6. Organizational development: in future, change will have to be initiated and managed to improve organizational effectiveness. Top management will become more actively involved in the development of human resources.
7. New work ethic: greater forces will be on project and team forms of organization. As changing work ethic requires increasing emphasis on individuals, jobs will have to re-designed to provide challenge.
8. Development planning: personnel management will be involved increasingly in organizational planning, structure, composition etc. Greater cost-consciousness and profit-orientations will be required on the part of the personnel department.
9. Better appraisal and reward systems: organizations will be required to share gains of higher periodicity with workers more objective and result oriented systems of performance, appraisal and performance linked compensation will have to be developed.
10. New personnel policies: new and better polices will be required for the work force of the future. Traditional family management will give way to professional management with greater forces on human dignity.

As we review today, these changes have occurred. Participative leadership has taken the place of autocratic leadership. Creative skills are being redeveloped and rewarded emphasis has shifted from legal and rule bound approach to more open and humanitarian approach. To end, let's take a leaf out of the top educator in human resources, Professor of Business Administration at the University of Michigan, and also one of the editors of this voluminous compilation, Dave Ulrich's "Human Resource Champions", where he talks about the rejuvenated form of HR.

Table 1: Old Myths and New Realities

Old Myths	New Realities
People go into HR because they like people	HR departments are not designed to provide corporate therapy or as social or health-happiness retreats. HR professionals must create the practices that make employees more competitive, not more comfortable.
Anyone can do HR	HR activities are based on theory and research. HR professionals must master both theory and practice.
HR deals with the soft side of business and is therefore not accountable	The impact of HR practices on business results can and must be measured. HR professionals must learn how to translate their work into financial performance.
HR focuses on costs, which cannot be controlled	HR practices must create value by increasing intellectual capital within the firm. HR professionals must add value, not reduce costs.
HR's job is to be the policy police and the health-and-happiness patrol	The HR function does not own compliance, managers do. HR practices do not exist to make employees happy but to help them become committed. HR professionals must help managers communicate with employees and administer policies.
HR is full of fads	HR practices have evolved over time. HR professionals must be seen to be part of an evolutionary chain and explain their work with less jargon and more authority.
HR is staffed by nice people	At times, HR practices should force rigorous debates. HR professionals should be confronting and challenging as well as supportive.
HR is HR's job	HR work is as important to line managers, as are finance, strategy and other business domains. HR professionals should join with managers in championing HR issues.

The root of all these myths lie in the way, HR has been perceived by top line executives as ‘advocates’ and by shop floor workers as ‘management’s stooge’. It is the prerogative of the HR professionals to remove these misconceptions by acting as a vital link between the strategic and operational functions in an organization. Thus, if an organization has chosen to invest in an HR department as part of its strategy to deal with the human issues of the enterprise, it should also make sure that the HR department has a “business plan” to achieve the same. This HR business plan sets out the vision, strategy, priorities, core capabilities, and required competencies of the HR department. Through appraisal of the plan the firms’ executives can assess and measure whether or not they are getting an appropriate return from their investment in HR department. The HR business plan should certainly be supportive of the business human resources. The key word here is ‘investment’, not expenditure or cost.

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