

**The Role of HRM in Changing Environment**

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**Abstract**

In our fast moving, global environment, managing human resources effectively is more important to competitive success than ever. The development and innovative use of human resource management can give an organization a distinctive competence. In the rapidly changing social economic, political and environmental situations the world over, the Human Resource Management in service and government organizations everywhere are under tremendous pressures for responding to the changes. Change is inevitable in personal life, in social life, in work life, in nature, in society, in universe etc. in the same way the role of HRM and its practices also changed from dates back to now according to the changes in Environment. This paper examines the HRM scenario in the past, present and future and the factors responsible for its change.

**Keywords:** Change in HRM Practices, Factors Responsible for Change, Role of HRM, Managing Human Resource

**Introduction:**

Today's competitive business environment changes much faster than it did 20 years ago, primarily because of advance in technologies. To remain competitive, companies today must be flexible and be able to respond quickly to changes in their environment and changes in customer demand. In our fast moving, global environment, managing human resources effectively is more important to competitive success than ever. Developing a competitive strategy that exploits the strengths of a company's human resource can create a powerful competitive advantage.

Human Resource Management plays a vital role in today's competitive business environment and is one of the major factors in gaining competitive advantage. It can create new environment in the business world and dramatically after the landscape in the existing environment. The development and innovative use of human resource management can give an organization a distinctive competence that is difficult to match. In the rapidly changing social economic, political and environmental situations the world over, the Human Resource Management in service and government organizations everywhere are under tremendous pressures for responding to the changes. The responses are quick and confident in certain areas of HRM but slow and impulsive in many other areas. The management of change, however, is possible only by managing efficiently and effectively our country's natural, physical, intellectual and human resources. It is in this both fluid and amorphous situation that it has now become necessary to review the prevailing human resource management practices, the trends emerging therein, the direction, and the magnitude of each of these and also to evaluate them against the perspective of the global changes.

**Objectives of the Study:**

The above discussion amply justifies the necessity of examining the changing role of human resource management in today's business environment. The specific objectives of this study are as follows:

- 1) To analyse the evolution of HRM from the past till today.
- 2) To review the changes in the activities of HR Department.

- 3) To examine the factors responsible for changing role of HRM.
- 4) To study the recent trends in HRM.
- 5) To anticipate future challenges likely to be faced by HRM.

### **HRM in Changing Scenario:**

Changes are inevitable everywhere i.e. in our personal life, social life, work life, in nature, in society, in universe etc. We cannot avoid changes but we can adjust and adapt to such changes for betterment.

HRM has to play a crucial role in today's business scenario. Today's age is age of globalisation which is characterized by intense competition, technological innovations, consumer satisfaction, competitive advantage etc. It is the human resource that provides impetus to business organization to deal with such complex situations in the business world.

Human Resource Management (HRM) is concerned with the human beings in an organization. Unlike in the past, the term HRM which is quite new in its inception reflects a new philosophy, a new outlook, approach as well as strategy as it considers an organization's manpower as its valuable assets just like other tangible assets such as land, building, machinery etc. Today people in the organization are not treated as liabilities or mere hands.

In the subject Human Resource Management the term 'Resources' denotes the means which can be drawn on Human Resources are human wealth. To be more precise, the recent terminology is Human Capital as valuable as money (capital) another input of a business organization. Human Resources is the sum total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons in an organization.

In earlier days, the role of HRM was restricted only to limited activities as this department used to hire and fire the employees. The role was more of record keeping type. In fact HR department was called as "Health and Happiness Department" in earlier days since it used to arrange for employee picnics and farewell parties after their retirement.

Evolution of HRM is directly related to evolution of business or industry itself. According to changing role of HRM, the terminology of the subject has also undergone changes. In the past it was known as employment management. Then it became personnel management i.e. during 1930's. Whereas the same subject was known as manpower management during 1960's. And in now-a-days term Human Resource Management became popular. The latest one in the field is human capital management.

The change in attitude of management towards labour is mostly responsible for the changing role of HRM. Today labour is no more treated as commodity but as a valuable asset. Because of this change in attitude, various concepts emerged in due course of time such as workers' participation in management, collective bargaining, total quality management, employee empowerment, QWL, outsourcing, flexi time etc.

### **Approaches to HR:**

If we trace the development of HR from the past to its present status, various approaches can be pointed out. The approaches in the order of their evolution or their coming into existence are given below:

#### **1] Autocratic Approach:**

This approach has its roots in the past. This approach considered master slave relationship between the employer and employee where the assumption was to get the work done through the whip and threat.

**2] Commodity Approach:**

This was also a traditional approach towards workers which treated labour like a commodity. At that time there was no Government intervention, no labour laws were enacted to protect the labour. Trade Unions were also not in existence to protect the interests of their members. During this approach workers were loaded with more work, low wages, unhealthy working conditions and lengthy working hours. As it is written by one social worker in his article that he observed the workers going to factory before the sunrise and returning their homes after the sunset. Thus during that period, 12 hours 14 hours used to be the working hours and not 8 hours as it is today.

**3] The Protective Approach:**

This approach existed during the early days of industrial development. After the First World War especially, some employers began to realize that welfare of employees has a direct effect upon their productivity and therefore various facilities like first aid, safety, lunch room, rest rooms were provided. Thus this approach treated the labour just like a child and employers played the role of care taking parents.

**4] Scientific Management Approach:**

Fredrick Taylor realized that it is possible to get workmen work harder if large increase is assured in their pay. Thus Taylor applied scientific principle in managing the people at work.

**5] Social Approach:**

By this time, the workers' movement became more organized and idea of industrial democracy was mooted and workers were given certain rights as industrial citizens such as to be consulted in decision making etc. This approach is quite recent in origin where workers are treated just like partners and are kept on equal footing.

Management's attitude towards labour has been changed from commodity to partner because workers started demanding better living standards as well as better working conditions. Management also recognized dignity of labour in due course of time. Workers became more educated. Trade unions came into existence and they became stronger and more demanding.

**Factors Responsible for Changing Role of HR - Past Present and Future:**

Today's world has become very fast. Even economic developments take place very fast. It is quite interesting to note that in the past, social as well as economic progress was measured in terms of centuries. But today it is measured by decades. Not only economic changes but social as well as technological changes are affecting the business and which pose a major challenge to human resource management.

The following table represents how rapidly changing environment affects and will affect **HR function.**

<b>Rapidly Changing Environment</b>		<b>HR Function Systematic Model</b>
<b>From</b>	<b>To</b>	
Closed economy - Sellers market - Medium Technology - Tolerant society with modest Expectation Stable environment	Open economy Competitive market High Technology An assertive one with rising expectation Fast changing Environment	Review of past development Affecting HR role --- Future Environment Challenges in HR function Preparing future HR professionals

**Competitive Advantage through People:**

As compared to other inputs of a business organization, people have always been central to organizations but their strategic importance is increasing in today’s knowledge based industries. An organization’s success increasingly depends on the skills, knowledge and abilities of employees, especially because they establish are competencies which may distinguish an organization from its competitors. When employees’ talents are valuable, an organization can achieve competitive advantage through people.

**Going Global or Impact of Globalisation:**

Globalisation influences human resource management considerably. Economy of any country and its free flow of trade among countries is influenced by globalisation. Globalisation also influences the number and kinds of jobs that are available. International HRM is a need of today which manages people in different geographies, cultures, legal environments. Thus all HR activities such as staffing, training compensation and the like have to be performed by considering the differences in international management.

**Embracing New Technology:**

There is increasing impact of information technology on managing people. Advanced technology has reduced number of jobs which require little skill. In fact it has resulted into increase of number of jobs that require considerable skill.

Today the shift is towards knowledge work for which there is need of knowledge worker. This requires the workers to be retrained. In addition information technology has influenced HRM through human resource information systems (HRIS) that streamline the processing of and make employee information more readily available to manager.

**Managing Change:**

Yet another responsibility of HR department is to manage the change successfully.

Organizations can rarely stand still for long. In highly competitive environments, where competition is global and innovation is continuous, change has become a core competency of organizations. While managing changes HR managers have to work with line managers and executives to create a vision for the future, establish an architecture that enables change and communicate with employees about the processes of change.

**Developing Human Capital -HR’S Role in Developing Intellectual Capital:**

The idea that organisations “Compete through people” highlights the fact that success increasingly depends on a organization’s ability to manage human capital. The term human capital describes the economic value of knowledge, skills and capabilities.

Although the value of these assets may not be shown directly on a company's balance sheet it nevertheless has tremendous impact on an organization's performance.

Managers must develop strategies for identifying recruiting and hiring the best talent available, for developing these employees in ways that are firm-specific; for helping them to generate new ideas; for encouraging information sharing and for rewarding team work.

**Responding to the market:**

In order to respond to customer needs better, faster and more cheaply, organizations have instituted total quality management (TQM) and reengineering programs. Each of these programmes requires that HR be involved in changing work processes training job design, compensation and the like.

**Increase in Proportion of Women Employees:**

Balancing work and life assumes relevance when both husband and wife are employed. Travails of a working housewife are more than a working husband, as the opening case to this chapter shows. Work-life balance is becoming a major challenge to HR manager as more women are taking up jobs to add to finances of their families or to become careerists. In India, working women now account for 15 per cent of the total urban female population of 150 million. The number is likely to increase as more number of girls are coming out of colleges and universities with degrees in their hands. Programmes aiming at work-life balance include:

Childcare at or near the workplace, Care for sick children and employees and Flexible work scheduling.

The organisation that have developed work-life balance programmes have found happier and more productive employees. There are also many companies that still have not investigated, implemented or experimented with work-life balance programmes. These firms believe that the work-life balance is a personal problem and not an organizational issue.

<b>Company</b>	<b>Employees</b>	<b>Proportion of Women (%)</b>
Wipro	43,880	24
TCS	43,681	21
Infosys	31,000	22
HCL Technologies	20,249	22
Satyam	20,000	20
Cognizant	13,000	28
Accenture	11,000	25
Patni	10,299	21
Polaris	5,980	19
i-flex	4,688	20

**Recent Trends in HRM:**

It is the human resource which brings innovation, quality customization speed etc. As such, the increased importance to the customer and enhanced customization brought remarkable changes in human resource management. Consequently significant developments took place in human resource management in the post liberalization period. Some of which are note worthy to be mentioned here –

**1] Flat Organisation Structure:**

Today companies have shifted towards non-hierarchical i.e. flat organization structure which empowers the employees; uses employee's creativity provides freedom at work place and thereby reducing decision-making time and communication levels.

**2] Employee Referrals:**

Traditional employee selection procedure includes application blank preliminary interview, written test, final interview, medical examination and offering employment.

Recently organizations have started the practice of employee referrals in which the management requests the present employees to suggest the candidates who are suitable for the vacancies. Organisations employ the candidates suggested by the present employees as the present employees judge the candidates' suitability to the job in terms of attitude and emotions.

**3] Attitude and Emotions:**

The term human resource management in the past mostly related to skill and knowledge, today's organizations have realized that employees with positive attitude emotionally involve and commit to the company activities. Thus it is accepted that emotional employees rather than mere intelligent employees contribute maximum to the organization because such employees see the strengths and opportunities in every project or issue. Thus employers started using 'Attitudinal-cum-emotional quotient' in the employee selection process rather than intelligence quotient.

Attitudinal – cum – Emotional

$$\text{Quotient (AEQ)} = \frac{\text{Attitudinal and Emotional Age}}{\text{Actual Age}} \times 100$$

**4] Employees for Lease:**

The consultancy agencies offer their expert advice and the execution of the advice is left to the employees of the organization. The employees with their limited knowledge and lack of executing abilities may fail to convert the know-how into a project. Hence, the consulting agencies which cannot provide the human resources for implementing the project will also become obsolete.

Under such circumstances new types of organizations will emerge, which would be called as employee leasing organizations. These organizations will provide expert advice and consultancy and further they will also supply human resources for executing their projects. These organizations employ different kinds of candidates and lease them to various organizations. These leasing organizations will be principal employers and send the required number and kind of employees to various organizations on lease basis. They collect the fees and other charges from various industries and pay the salaries, provide benefits to the employees. The leasing company will pay complete salary and benefits to the employees irrespective of the number of days that the employee is sent to various organizations.

**5] Out Sourcing:**

Some of the organizations depend on outside agencies for human resource requirements rather than employing the human resource as its employees. Such agencies are called 'body shops'. These shops employ the skilled and expert people and provide them to the companies who need them. There are many advantages of outsourcing like reduction in the cost of human resources, avoiding difficulties in managing human resources and also to avoid the ill effects of overstaffing. Many organizations outsource canteen,

housekeeping, book-keeping, accounts receivables, computer operations, marketing operations etc.

**Dual Career Groups:**

There has been a tremendous increase in the number of female employees in all types of organizations due to:

- 1) Increasing need for economic freedom to women
- 2) Increasing concern of employees for better social status; and
- 3) The increasing aspirations for quality of work life.

Initially, women used to take up employment activity until their marriage. But at present they are continuing employment even after their marriage and even after they become mothers. Today unmarried female employees, married female employees and working mothers are steadily increasing. Women employees presently limited their careers to selected jobs and organizations. But, they will be ready to take up all types of jobs in different types of organizations. This will result in the number of dual career groups. Increases in the dual career groups pose a challenge to the human resources managers in future due to their consequences.

**Flexitime:**

Further, some of the organizations particularly in advanced countries introduced flexible working hours which is known as 'Flexitime. Flexitime is a programme that allows flexible entering and leaving (the organization) times for employees. For example employees in one management institute have to work from 8.30 AM to 2.30 PM i.e., six hours a day. The institute after introducing various special papers extended its working hours upto 6.30 PM. Then it introduced flexible working hours to the staff based on class hours.

**Employee's Proxy:**

Some people who enjoyed higher status both economically and socially may be forced to take up jobs in the rank and file cadre due to adverse economic conditions of the family. Most of such employee may adopt themselves to the status, nature of work and working conditions of the range and file level jobs. But a few of such employees may not adjust themselves; to the status of the job both socially and psychologically, through they may not find any maladjustment economically and physically with such jobs. Some of the employees of such category may send some outsiders to do their work in the organization as their proxy. Generally they send those candidates who are capable of doing their work. The supervisor either accepts himself or is forced to accept for the arrangement of proxy.

Similarly, those employees who resort to moon lighting may also sometimes send their proxy to take up organizational work on their behalf. The employees resorting to moon lighting send the proxy in view of their busy schedule.

**Human Resource Accounting:**

Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information of interested parties. It is the process of developing financial assessments for people within organization and society and the monitoring of these assessments through time. It deals with investments in people and with economic results of those investments.

**6] Moon Lighting by Employees:**

Organisations provide wages and salaries to the employees for their contributions to the job. Organisations also pay dearness allowance, various fringe benefits. Despite all these allowances and benefits, employees feel that their wages are low. Few employees in most of the organizations realize that their demands cannot be met by their organization alone.

Hence, they go for part-time job, part-time business or start an industrial unit in order to earn more money. This type of activity i.e. taking up another part-time job or business or industrial unit simultaneously with that of the original job is known as Moon Lighting by employees i.e. double jobbing.

### **7] Mentoring:**

Mentoring is an important activity in developing careers of employees. Mentoring is a process that supports learning and development and thus performance improvement, either for an individual, team or business.

Mentors should enable mentorees to learn from their past successes and failures and encourage them to engage in self determined learning and to find their own solutions. Thus mentors allow the mentorees to talk about their issues guide them in analysis and solutions of their problems and enable them to become effective decision makers.

### **8] Outplacement:**

No matter what policy is used to reduce the workforce, it is a good idea for the organization to use outplacement service to help separated employees cope with their emotions and minimize the amount of time they are unemployed.

Outplacement is an HR programme created to help the separated employees to deal with the emotion stress of job loss and provide assistance in finding a new job.

Companies are often willing to pay to consultants for outplacement because it can reduce some of the risks associated with layoffs, such as negative publicity or an increased likelihood that unions will organize the work force. It also tries to achieve the goal of social responsibility.

An important aspect of job-search assistance is teaching separated employees the skills they need to find a new job. These skills include resume writing, interviewing and job search techniques; career planning and negotiation skills outplaced employees receive instruction in these skills from either a member of the outplacement firm or the HR department. In addition, the former employer sometimes provides administrative support in the form of clerical help, phone answering, access to e-mail and fax services. Even laid off employees use computers to prepare resume.

Today the use of outplacement has become a global HR management practice.

### **9] Layoffs, Downsizing and Rightsizing:**

A company that adopts a downsizing strategy reduces the size and scope of its business to improve its financial performance. When a company decides to downsize, it may choose layoff as one of several ways of reducing costs for improving profitability. In recent years many firms have taken this decision.

Rightsizing involves recognizing a company's employees to improve their efficiency. An organization needs to right size when it becomes bloated with too many management layers or too many bureaucratic work processes that add no value to its product or service. As with downsizing strategy, management may have several alternatives to layoffs available when it right sizes its workforce.

### **10] Meaning Diversity at Work Place:**

The second grade school teacher posed a simple problem to the class: "There are four blackbirds sitting in a tree. You take a sling-shot and shoot one of them. How many are left?"

"Three" answered the seven-year-old European with certainty. "One subtracted from four leaves three".



“Zero” answered the seven-year-old African with equal certainty “If you shoot one bird, the others will fly away”.

Which child answered correctly?

The answer depends on your cultural point of view. For the first child, the birds in the problem represented a hypothetical situation that required a literal answer. For the second child, the birds in the problem had a relationship to know behaviour that could be expected to occur.

To succeed as a manager in the twenty-first century, you must work effectively with people who are different from you. The labour is becoming more diverse in terms of ethnicity, race, sex, disability and other cultural factors. The managerial challenge lies in learning how to take advantage of this diversity while fostering co-operation and cohesiveness among dissimilar employees. The HR department may help to meet this challenge by developing training programmes, offering assistance and advice establishing fair selection procedures etc.

### **11] Dual Career Groups:**

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### **Future of HRM:**

After analyzing the changing role of HRM in present day context, it becomes necessary to credit the future of HRM by the considering certain issues, In future the three actors to industrial relations i.e. the workers, management and Government will definitely undergo certain changes. Business environment is likely to change and also the HR practices will be quite different from that of today.

Some of the challenges which HRM has to face in the future are –

### **Vision Penetration:**

Evolving the right vision is a top management function but its utility increases if it percolates and is understood and accepted down the line. Therefore penetration of vision shall become an important integral part of man management in future.

### **Internal Environment:**

In future and environment is to be created which is responsive to external changes and which provides satisfaction to the employees. Such environment is to be sustained through culture, traditions and practices. This will be another important dimension of managing managerial personnel.

**Building Organisational Capabilities:**

In future managers have to acquire new skills and knowledge and they have to evaluate environmental changes for developing new business strategies. They must prepare themselves for continuous change.

**Job Design and Organisational Structure:**

Organisational Structure and job design will primarily be based on – Task Approach i.e. understanding of intricacies of technology, jobs and functions to be performed.

People approach which takes cognizance of their strengths, aspirations and relationships at work.

**Increasing Size of Workforce:**

As organization is ever increasing in size and complexity, the number of people working there in are multiplying. The management of such increased workforce poses series problems and challenges especially since the workers are becoming more conscious of their rights.

**Satisfaction of Higher Level Needs:**

The workers are becoming much aware of their higher level needs. This awareness is likely to intensify further in the future workforce. Therefore managers would be required to evolve appropriate techniques of motivating the workers.

**Technological Advances:**

In the wake of technological advances new jobs will be created and many old jobs will become redundant. Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training and redundant employees in alternate skills.

**Conclusion:**

Thus we can conclude that HRM is more crucial today for the success of any organization done ever before. The Indian organizations are experiencing some transitions and changes. The workforce of the 50s and 60s has retired. The middle level is now at the top with the handover of all possible middle class values. The new generation of MBAs is pouring into industrial organizations. Young executives in their mid 30s are heading HRD/HRM divisions in big companies. More ever due to the unprecedented advancement in information technology, there is a growing need to understand and manage this transition. In order to achieve an effective HRM strategy, we have to integrate HRM with HRD, IR and OD i.e. organization development.

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