KEY CHALLENGES AND TRENDS FACED BY HUMAN RESOURCE MANAGERS

Dr. Simran Kaur
Assistant Prof, SSN College, University of Delhi,
3536 b-1 Raja Park, Rani Bagh, Delhi -110034, India

ABSTRACT

It is really a huge challenge to understand the psychology of workforce, retain the best talents of the industry, motivate them to perform better and handle diversity while maintaining unity simultaneously. Globalization has resulted in many positive developments but it has left many concerns for HR managers. In today’s business environment, it’s not enough for HR professionals to simply react to change. HR must be quick enough to lead the change. The study is about the challenges and trends that the HRM profession currently faces and might face in the future and the resulting changing roles and competencies required of HRM practitioners.

Key Words: Workforce Diversity, Retention, Human Capital, HR Effectiveness, Employee Advocacy, Talent Acquisition.

INTRODUCTION

The proliferations of technology and changes in the business environment have increased the importance of human resources in the modern world. Human resource management is a process of bringing people and organizations together so that the goals of each other is met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. The major challenges facing human resources arise from this elevation of human resource activities to a core strategic function. The demands of today’s businesses are constantly evolving, and with it, HR leaders have to move with the trends and act as the performance increase in the number of organisations that have internationalized their operations. The focus of today’s HR Manager is on strategic personnel retention and talents development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization’s members and their loyalty. The HR manager will also promote and fight for values, ethics, beliefs, and spirituality within their organizations, especially in the management of workplace diversity. Changing and overlapping
responsibilities plus diminishing staff have placed a burden on HR departments as they struggle to change with the times. In this new role, HR professionals who are managers and supervisors must take on the emerging roles of business partner, change agent, and leader in new organizational structures different from the past. The rapidly transforming business landscape leads to face many challenges and these challenges will continue to evolve for years to come. Due to the fluctuating economy as well as local and global advancements, there are many changes occurring rapidly that affect HR.

This paper will highlight on how a HR manager can meet the challenges of workplace diversity, how to motivate employees through gain-sharing and executive information system through proper planning, organizing, leading and controlling their human resources

<table>
<thead>
<tr>
<th>Major challenges HR faces</th>
<th>% of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Change management</td>
<td>48%</td>
</tr>
<tr>
<td>2. Leadership development</td>
<td>35%</td>
</tr>
<tr>
<td>3. HR effectiveness measurement</td>
<td>27%</td>
</tr>
<tr>
<td>4. Organizational effectiveness</td>
<td>25%</td>
</tr>
<tr>
<td>5. Compensation</td>
<td>24%</td>
</tr>
<tr>
<td>6. Staffing: Recruitment and availability of skilled local labor</td>
<td>24%</td>
</tr>
<tr>
<td>7. Succession planning</td>
<td>20%</td>
</tr>
<tr>
<td>8. Learning and development</td>
<td>19%</td>
</tr>
<tr>
<td>9. Staffing: Retention</td>
<td>16%</td>
</tr>
<tr>
<td>10. Benefits costs: Health &amp; welfare</td>
<td>13%</td>
</tr>
</tbody>
</table>

1. MANAGING WORK FORCE DIVERSITY

Generally, diversity may be defined as the presence of differences among members of a social group or unit (Jackson, May and Whitney, 1995). Future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Deresky (1994) highlighted that the differences between the group members may be illustrated in terms of the dimensions such as national origin, language, religious belief, culture, age, physical ability, socio-economic status, marital status marital status, the legal standing of a person in regard to his or her marriage state. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena), which must be one of the important organisational goals to be attained. This is especially true for multinational companies (MNCs) who have operations on a global scale and employ people of different countries, ethical and cultural backgrounds. Thus, a HR manager needs to be mindful and may employ ‘Think Global, Act Local’ approach in most circumstances. The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Diversity in workforce will also help firms when they compete in foreign markets. It helps in the fulfillment of competitive environment. It helps in committing the success in an organization and prepares employees for high task which is strength to a company. It makes the environment friendly that builds flexibility...
1.1 Workforce Diversity across industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share of female employees</th>
<th>Share of females in senior mgmt.</th>
<th>Share of employees under25</th>
<th>Share of Employees over 65</th>
<th>Share of non-national employees</th>
<th>Share of part-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>53%</td>
<td>21%</td>
<td>12%</td>
<td>1.4%</td>
<td>3.3%</td>
<td>7%</td>
</tr>
<tr>
<td>Business Services</td>
<td>45%</td>
<td>30%</td>
<td>9%</td>
<td>5.1%</td>
<td>5.8%</td>
<td>14%</td>
</tr>
<tr>
<td>Energy/Chemicals</td>
<td>26%</td>
<td>26%</td>
<td>10%</td>
<td>0.9%</td>
<td>1.6%</td>
<td>2%</td>
</tr>
<tr>
<td>Heavy Manufacturing</td>
<td>23%</td>
<td>21%</td>
<td>14%</td>
<td>1.6%</td>
<td>2.8%</td>
<td>4%</td>
</tr>
<tr>
<td>Insurance</td>
<td>58%</td>
<td>30%</td>
<td>10%</td>
<td>2.4%</td>
<td>6.6%</td>
<td>11%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>41%</td>
<td>32%</td>
<td>9%</td>
<td>0.2%</td>
<td>1.7%</td>
<td>3%</td>
</tr>
<tr>
<td>Retail</td>
<td>52%</td>
<td>34%</td>
<td>25%</td>
<td>3.9%</td>
<td>3.9%</td>
<td>19%</td>
</tr>
<tr>
<td>IT services</td>
<td>30%</td>
<td>37%</td>
<td>11%</td>
<td>0.8%</td>
<td>4.6%</td>
<td>8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30%</td>
<td>26%</td>
<td>13%</td>
<td>1.1%</td>
<td>2.3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Oxford Economics

Survey was conducted by Oxford Economics in partnership with Mercer Consulting, Ernst & Young, Akzo Nobel, Pfizer, Cummins, AIG, Bank of America, British American Tobacco, NCWIT, Goldman Sachs, Avon and Northern Trust. Report looks specifically at four key facets of diversity: gender, age, nationality, and workplace flexibility. It also reviews industries’ approach to part-time employment.

1.2 Required Tools and Strategies adopted HR managers for Managing Diversity

- Ward off change resistance with inclusion. – Involve every employee possible in formulating and executing diversity initiatives in your workplace.
- Foster an attitude of openness in your organization. - Encourage employees to express their ideas and opinions and attribute a sense of equal value to all.
- Promote diversity in leadership positions. - This practice provides visibility and realizes the benefits of diversity in the workplace.
- Utilize diversity training. - Use it as a tool to shape your diversity policy.
- Launch a customizable employee satisfaction survey that provides comprehensive reporting. - Use the results to build and implement successful diversity in the workplace policies.

1.3 Trend setters- Initiatives taken by MNC to balance and manage diversity

The new company law, passed in 2013, mandates a specified class of companies to have at least one woman on the board. Since this became law in August, dozens of companies are looking to rope in woman directors on their boards. Case in point: Irena Vittal, a former partner at McKinsey, has joined the boards of Axis Bank, GlaxoSmithKline Consumer Healthcare, Godrej Consumer Products, Tata Global Beverages, Titan and Wipro in the past year.

IBM was one of the first companies in history to embrace the hiring of qualified personnel regardless of the race, color, gender or creed - IBM’s diversity policy was written in 1954 (at the very start of the Civil Rights movement). IBM has received innumerable awards for workforce diversity.
In Dec.2009, Tata Group Chairman Cyrus Mistry has established his progressive credentials by unequivocally stating that he was looking forward to seeing more women in key leadership positions at Tata Global Beverages (TGB). Its Joint venture with Starbucks is headed by a woman.

Infosys was the first Indian IT company to establish an office for diversity and inclusivity. Their workforce comprises people from 89 nationalities working from 32 countries with 34.7% women on board and multi-generational representation.

2. TALENT ACQUISITION

According to an online survey by HT-Shine.com and Absolute Data, in which 350 HR professionals (manager level and above) and 1200 other employees were contacted, the biggest challenge for HR managers today is talent acquisition and employee engagement. ‘Talent Acquisition’ describes identifying the sources of talent pool by assigning job to HR consultant, headhunters. Going through the process of selection through newspaper advertisement, online selection and through conference recruitment. Talent acquisition involves all these processes and also includes finding attractive and highly talented experienced individual into the organization.

2.1 critical aspects of poor Talent Acquisition

- It is estimated that at least 1/3 of business failures are due to poor hiring decisions and inability to attract and retain the right talent.
- The average cost of replacing a manager or professional is 1.5 to 3 times salary.
- The cost of working around an under-performer can run as high as six figures.
- The cost of consistently failing to attract and retain good talent – including declining productivity, morale, culture and reputation - is inestimable.
- Each vacant position costs your organization Rs. 60,000 on average.
- For some management positions, it can easily run into six figures.

HR managers are continuously in hunt of talent. Various prevailing sources of recruitment are E-Recruitments, Recruitment Process Outsourcing (RPO), Job portals, Social networking sites (Linkedin, Xing, Facebook, Twitter, etc), Referral hiring, Employer Branding, Mobile Recruiting, Outsourcing and Raiding/Poaching.

2.2 Current practices followed by Multinational corporations to acquire large pool of talent across national frontiers

- Accenture is a global management consulting, technology services and outsourcing company, with more than 244,000 people serving clients in more than 120 countries.
- American Express is a global financial service company. The company operates in more than 130 countries and employs 58,300 employees worldwide.
- The Carrefour Group, With 9,500 stores in 32 countries around the world, it is the largest retailer in Europe. More than 410,000 employees work for Carrefour in France, Europe, South America and Asia.
- Infosys has 65 sales offices and 63 developmental centers spread across 32 countries.
- KPMG operates in 144 countries and has 137,000 professionals working in member firms around the world.
- Volvo has sales activities in more than 180 countries, production facilities in 19 countries and employs about 90,000 people worldwide. The company has a presence in over 35 countries and a global workforce of 100,000 employees comprising over 70 nationalities.
3. RETENTION CHALLENGE FACED BY HR

Employee retention refers to the ability of an organization to retain its employees. Some alarming numbers: 40% of workers are planning to look for a new job within the next six months, and 69% say they're already passively looking. Retaining talent in companies is a major challenge before HR professionals but one must not go overboard with rewards and incentives. Focus on employer branding: For in-house recruiters, employer branding will be the key to attracting talent. More companies will implement flexible work programmes as the Government continues to encourage work-life harmony. Offer a competitive benefits package, including health and life insurance and a retirement plans.

- Monetary dissatisfaction is one of the major reasons for an employee to look for a change.
- In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge.
- Unrealistic expectations from the job also lead to employees looking for a change. Some individuals have a tendency to get bored in a short span of time.
- Work should never become monotonous and must offer a new learning each day.
- Every individual should enjoy privacy at the workplace.
- Incentives, cash prizes, trophies, perks should be given to deserving employees to motivate them to perform up to the mark every time.

Over 50% of people recruited into an organization will leave within 2 years. One in four of new hires will leave within 6 months. Nearly 70% of organizations report that staff turnover has a negative financial impact due to the cost of recruiting, hiring, and training a replacement employee and the overtime work of current employees that’s required until the organization can fill the vacant position. Nearly 70% of organizations report having difficulties in replacing staff. Approximately 50% of organizations experience regular problems with employee retention.

The top retention strategies of the Indian workforce are Promotion/Job advancement (57%), Additional compensation (53%) and Opportunity to work abroad (46%).

Retention Strategies of MNC for young Professionals

- FMCG giant Coca-Cola has started new employee-friendly programmes such as crèche support policy, which allows employees to get their children admitted in a crèche of their choice and reimburse annual costs from the company.
- Even Hindustan Unilever (HUL) has introduced a new employee retention scheme called Talent Excel-Rator, a one-year program which will include workshops on lead.
- In the manufacturing sector, Exide Batteries has started clubs and entertainment activities for the families of its employees. On weekends, activities such as cricket matches for the kids or drawing competition, antakshari is played.
- In the IT industry, Google, which has been touted as the best company to work with by Fortune magazine, has a different employee retention strategy. A recent scheme that has been introduced by the search engine is to give the spouse of a deceased employee half his salary for 10 years to take care of the financial responsibilities.
- US-based management and engineering firm Tetra Tech has "flexi-hours policy" in place.

HR managers also focus on Retention Tools such as Employee Surveys, Exit Interviews and Employee Retention Consultants in routine basis. The organization can then use this information to make necessary changes to their company to retain top talent.
4. CHANGING ROLE OF HR

The role of human resource management is changing very fast. This change is required in order to help corporate to achieve their goals. In recent years we have seen that HRM has undergone many phases. The role of an HR is drastically changed today due to the emerging industrial growth in India.

Strategic Human Resource Management has been developed to give companies a competitive edge over other companies. Since widespread access to and the use of technology have resulted in tighter margins for maintaining a competitive edge, corporations are looking for new ways to beat their competitors. The University of Michigan study finds that fully 43% of HR's impact on business performance is directly linked to its strategic contribution. The blend between strategic and functional day-to-day work of HR is one of the emerging themes in ‘Human Resource Advocates.’ The employee advocate role for HR professionals encompasses their involvement in the day-to-day problems, concerns and needs of employees. As an employee advocate, the HR professional plays an integral role in organizational success via his knowledge about and advocacy of people. This advocacy includes expertise in how to create a work environment in which people will choose to be motivated, contributing, and happy.

5. CONCLUSION

The capacity to face the challenges of globalization and industrialization of business towards the 21st century depends heavily on the human resources. Firms have the capital, technology and human resources; but the HR is the one who can help facing the challenges of business globalization. Capital can be generated. So can technology. But the human resources are needed to propel the organization and the nation through the coming challenges with encouragement and motivation. HR managers should identify and overcome the barriers that have inhibited the employment, retention, development and promotion of diverse groups in the workplace.

6. REFERENCES

7. www.financial express.com