



Human Resource Management in India : Strategic Issues & Challenges

KEYWORDS

Human Resource Management, Strategic Issues and Challenges

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ABSTRACT

The purpose of this paper is to point out the strategic human resource management in India. Technology has changed everything with great extent, the methods of production, the process of recruitment, the training techniques, and new equipment etc. Now it's up to HR personnel's to work with their functions as shown below to best manage the workforce. In these pieces of paper we have discussed those foremost issues and challenges which are confronting today Organization. To overcome these issues and challenges the HR managers will have to build a standard structure that allows managing all different workforce alternatives. This way the organization maintains their competitive advantages.

Human Resource Management used to be considered as other conventional administrative jobs. But over a period of time, it has evolved as a strategic function to improve working environment, plan out human resources needs and strike a balance between the organization and employers in order to increase organizational productivity and meet organizational goals. Not to exaggerate but in today's highly competitive world it has gradually become one of the most important functions of an organization. HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion. This paper considers some of the key issues and challenges in human resource management in the Indian Context.

INTRODUCTION:

The world economic order is changing rapidly. Evolutionary changes are taking place at revolutionary speed, largely pushed by strong external forces, arising out of a desire to increasing competitiveness and efficiency. The recent liberalization and bold economic reforms pronounced by the government has thrown up many challenges and opportunities to the industry with the explosion in the information technology, increased global competition, rapidly changing market deregulation etc. Not surprising, therefore, the HRM concepts and practices being created and carried out today are also increasingly different from those of the past. Like many other themes HRM is also American concept but is no longer confined to the American society. Human resource management is the theory, techniques, methods, and tools for studying the adjustment of people and their relations in the organization, connection between work and its relations, matching the people and work in order to fully develop human resource management, tap people's potentials, motivating people, promoting the work efficiencies and meeting the organizational objectives. The daily reality and the challenges for HR managers in India are truly different from challenges faced in the West. Even though the attrition rate is high in India, HR managers are very people-oriented, while their western colleagues are far more process and task oriented. HR professional must be proactive with all strategies and action plans in order to meet the changing needs of the organization. They must be thorough with the basic functions of HR including planning, organizing, leading and controlling human resources. Business environment in India is volatile. There is boom in terms of opportunities brought forward by globalization. However this is also leading to many interventions in terms of restructuring, turnaround, mergers, downsizing, etc. Research has clearly shown that the success of these inter-

ventions is heavily dependent on managing the people issues in the process.

The Eleventh Five Year Plan (2007-08 to 2011-12) had aimed at achieving faster and more inclusive growth. Rapid GDP growth, targeted at 9.0 per cent per annum, was regarded necessary for two reasons: first, to generate the income and employment opportunities that were needed for improving living standards for the bulk of the population; and second, to generate the resources needed for financing social sector programmes, aimed at reducing poverty and enabling inclusiveness. HR has a pivotal role to play here. An analysis of the main HR problems in India could be done based on the certain challenges that mould the contours of the various sub-functions of HR. The **'attract, motivate and retain'** mantra that the HR function seeks to deliver for the organization are based on these HR sub-functions.

Workforce Demographics and Diversity

Recruitment

Employee Engagement and Talent Retention

Employee Motivation

Globalization of Business

Economic and Technological Changes

Managing Change

Developing Leadership

Conflict Management GLOBALIZATION:

Greengard (1995) defined globalization as the system of interaction among the countries of the world in order to develop the global economy. Globalization refers to the amalgamation of economics and societies around the world which means that world trade and financial markets are becoming more integrated. Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics etc (Srivastava & Agarwal). Globalization has an effect on employment patterns worldwide. It has contributed to a great deal of outsourcing which is one of the greatest organizational and industry structure shifts that change the way business operates (Drucker, 1998). Globalization is also seen as changing organizational structures where expenses can move up or down as the business climate dictates (Garr, 2001). As a result HR managers have to confront with more heterogeneous functions and more involvement in employee's personal life.

TECHNOLOGICAL ADVANCES:

Technological advances have a significant impact on HR business practices. Due to the advancements in the technology there has been a drastic change in the approach to the various projects and the scenarios that guide to the organizational regulations. Firstly, the need of skilled personals is mentionable. In order to survive in a competitive environment the organization definitely in need of the skilled personals in substantial number to handle the situations and technical equipments. In an organization there are "hot" sectors which require a high of technical experts like telecommunications, hospitality, retailing, banking, insurance, bio-technology etc. Next head which is worth mentioning is the downsizing. New technologies have decimated many lower-end jobs with frustrating regularity. The increased automation also has reduced the employee head counts everywhere. The pressure of remaining cost-effective in every aspect has also compelled many a firm to go lean, and thereby cutting down extra fat at each and every managerial.

This has been a powerful cost effective tool in the sense that companies have been successful in increasing their applicant pool through this mode and staffs also may live far away from cities and gain considerably due to savings in rents, transportation, etc.

The biggest issue due to technological advancement is adaptability, with companies looking at tools which can integrate with the internet, while other issues of concern include data privacy, security and business continuity/disaster recovery.

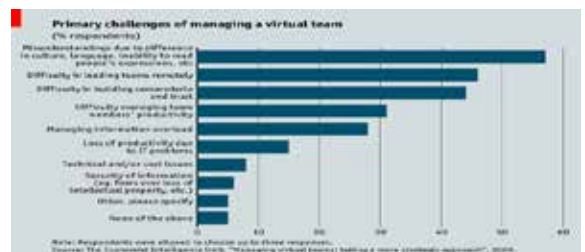
HR -CHALLENGE: Aligning technology best practices to global management strategy

In the last 20 years, new communication technology, such as email, mobile phones and web and videoconferencing has not only facilitated closer contact with clients in distant lands, it has allowed multinational companies to form cross-border teams, where colleagues can communicate with each other constantly, despite not being located in the same place. In short, technology has enabled the international expansion that companies seek.

Saving on business travel and relocation costs for individual workers have been other major benefits. Virtual teams also significantly enlarge the pool of available knowledge.

Individual team members can offer extensive experience with different markets and an understanding of geographically disparate customer demands and sensitivities. An overwhelming majority (83 percent) of executives in a 2014 Economist Intelligence Unit report agreed that a diverse workforce improves their company's ability to capture and retain a diverse client base.⁸²

Culturally diverse virtual teams also stimulate innovation and creativity. Groupthink—decision-making within a group, characterized by uncritical conformity—is more likely within a team composed of people from the same background.



Technology's evolving role in redefining what work means will require firms to come up with new and innovative strategies to manage their increasingly mobile workforce. These strategies will need to help mobile workers remain engaged and connected to the wider organization they serve. An improved ICT infrastructure and increased usage in developing nations will certainly continue to expand the availability of local talent for recruiters and HR managers. However, challenges will persist, as many potential labor-market participants will lack access or adequate technological literacy. HR departments within major global firms will need to engage with local governments, universities, community colleges and vocational schools to offer ongoing training for all existing and new employees as technologies change.

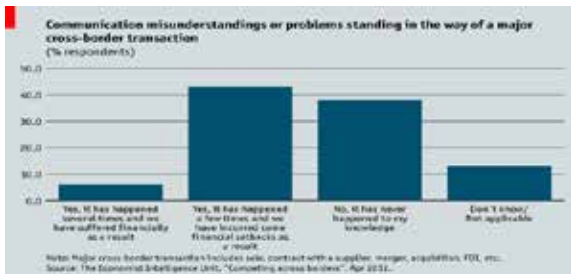
With companies now engaging with a flexible and mobile workforce, performance measures will have to be revamped. Once managers prioritize outcomes, and not just productivity or process, new evaluation models will be necessary. HR will also need to assess the most effective methods for managing and communicating with teleworkers, particularly across borders.

HR challenge: Managing the risks of a global operation:

Despite their clear benefits and growing importance, managing remote, cross-border teams presents management challenges that the corporate world is still learning to tackle. A 2009 Economist Intelligence Unit executive survey reported that one-third of virtual teams are thought to be badly managed.⁸³

There are some obvious practical obstacles in running a virtual team. For example, all the members must feel comfortable using all the various communication technologies. Time differences can also complicate organization and coordination.

Human interaction may be less smooth without face-to-face communication. Natural social bonds are more difficult to develop when people only meet virtually. This makes building an environment of trust and cooperation more problematic, resulting in regular misunderstandings. When disagreements do arise, the less frequent contact makes them harder to resolve.



However, a 2009 Economist Intelligence Unit survey found that it is cultural and linguistic differences that present by far the most pressing challenge for virtual-team managers. Differences in culture appear in a broad range of attitudes and values, greatly increasing the potential for a breakdown in team cohesiveness. Such differences span a wide range of areas, including attitudes toward authority, teamwork and working hours.

Cultural and linguistic misunderstandings, both internally and with prospective clients, can be very costly. Another Economist Intelligence Unit survey, this time from 2012, found that one-half of companies admit that communication misunderstandings have stood in the way of a major cross-border transaction, incurring significant losses for their company.

The failed 1998 merger of two car manufacturers, Germany's Daimler-Benz AG and the American Chrysler Corporation, provides a prominent illustration of the economic costs of cultural conflict. Several commentators have suggested that Daimler's formal and hierarchical structure clashed irreconcilably with Chrysler's more relaxed and less differential approach, resulting in defections of key personnel and the eventual breakdown of the relationship.

WINNING THE WAR FOR TALENT:

People migration, both cross-border and within countries, adds another layer of complexity to the labor market. Governments play a big role in determining and controlling that flow of labor. However, as organizations continue to expand globally and face skills shortages locally, many require a more mobile workforce. Therefore, organizations and governments alike will seek to understand and gather data on how migration patterns are affecting the composition of the labor market, and how educational attainments and skill sets are shifting.

Governments are often torn between the need to import the necessary skills for the economy, and populist pressure to curb immigration. But that pressure normally focuses on unskilled immigrants, and the associated strains on public services and the benefits system. Many companies are devoting more resources to lobbying for a relaxation of curbs on the most skilled workers. A research group, Center for Responsive Politics, reported that the total number of

companies lobbying on immigration in the US Congress raised to 355 in 2012, with technology companies the most active.

Where more stringent migration laws exist, HR may have a limited talent pool from which to hire, often making it challenging to hire the right people. In countries with looser policies, HR will have to define hiring strategies and outreach programs to be able to tap into the larger workforce pool.

As well as integrating different cultures and nationalities into their workforce, HR will have to grasp the intricacies of migration legislation to ensure that its employees are allowed to participate legally in the workforce. Getting acquainted and abiding by migration laws is not only a costly process, often requiring the hiring of many lawyers and exorbitant visa fees, but often a very complex one, with both policies and national sentiments continuing to fluctuate.

To incentivize employees to work overseas, HR needs to redefine mobility strategies and meet deployment demands, including access to schooling and medical facilities, and comparable standards of living to those experienced in their home country. Research shows that the inability of an expat's family to acclimatize to a new environment is the most frequent cause of the failure of an employee assignment abroad. Companies will need to provide imaginative support to spouses and children, as well as their employees, if they are serious about global mobility.

As businesses expand to countries with more politically unstable environments or with higher levels of risk, businesses may find it difficult to find employees who are willing to move to these locations. The proper security measures must be in place.

CONCLUSIONS:

India has witnessed a revolution in the field of Human Resource; it has gone from being just a support function to being a strategic partner in the growth of businesses. It has transformed itself from being merely Personnel Management – maintain records and ensure statutory compliances, while doing the bare minimum to keep employee satisfaction on an even keel to being an integrated part of the corporate machinery. The HR function of 21st century India has made a transition from being 'behind-the-scenes' support appendage to becoming the critical differentiator in business. Rapid globalization has made companies realize people are the key to growth, the only strategic resource that any enterprise truly needs. This has led to companies routinely using their innovative HR practices as their USP (Unique Selling Proposition) to keep up with the times in the wake of a rapidly changing labor landscape. Companies now recognize that a 'Highly engaged employee' the key to success, across business sectors.

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