UNIT 1 THE CHANGING SOCIAL CONTEXT AND EMERGING ISSUES

Objectives

After completion of the unit, you should be able to:

l   understand the meaning and concept of HRM;

l   describe the emerging scenario of HRM;

l   discuss the challenges of HRM; and

l   explain the HRM position in India.

Structure

1.1 INTRODUCTION

By transformation of economic environment, the information explosion, advances in technology and the intensly competitive global and domestic markets have created enormous pressure on organisation to change or perish. Against this challenging scenario, by choice or default a new era of human resource management practices and philosophy is emerging and assuming significance in modern organisations. This unit aims at discussing the emerging scenario of human resource management in detail and also the position of HRM in India.

1.2 MEANING OF HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) is a process of bringing people and organizations together so that the goals of each are met. It is that part of the management process which is concerned with the management of human resources in an organization. It tries to secure the best from people by winning their wholehearted cooperation. In short, it may be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

According to Invancevich and Glueck, "HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is a way of managing people at work, so that they give their best to the organization."

1.3   A NEW MANDATE FOR HUMAN RESOURCES

Should we do away with HR? In recent years, a number of people who study and write about business – along with many who run businesses – have been debating that question. The debate arises out of serious and widespread doubts about HR's contribution to organizational performance. It is often ineffective, incompetent and costly, in a phrase, it is value sapping. Indeed, if HR were to remain configured as it is today in many companies, the competitive forces that managers face today and will continue to confront in the future demand organizational excellence. The efforts to achieve such excellence – through a focus on learning, quality, teamwork and reengineering – are driven by the way organizations get things done and how they treat their people. Those are fundamental HR issues. Create an entirely new role and agenda for the field that focuses it not on traditional HR activities, such as staffing and compensation, but on outcomes 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.

More specifically, HR can help to deliver organizational excellence in the following four ways:

l   First, HR should become partner with senior and line managers in strategy execution, helping to move planning form the conference room to the marketplace.

l   Second, it should become an expert in the way work is organized and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.

l   Third, it should become a champion for employees, vigorously representing their concerns to senior management and at the same time working to increase employee contribution; that is employees' commitment to the organization and their ability to deliver results.

l   And finally, HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organization's capacity for change.

1.4   WHY HRM MATTERS NOW MORE THAN EVER

Regardless of their industry, size or location, companies today face five critical business challenges. Collectively, these challenges require organizations to build new capabilities. Who is currently responsible for developing those capabilities? everyone and no one. That vacuum is HR's opportunity to play a leadership role in enabling organizations to meet the following competitive challenges.

Globalization: Gone are the days when companies created products at home and shipped them abroad "as is". With the rapid expansion of global markets, managers are struggling to balance the paradoxical demand to think globally and act locally. The imperative requires them to move people, ideas, products and information around the world to meet local needs. They must add new and important ingredients to the mix when making strategy: volatile political situations, contentious global trade issues, fluctuating exchange rates, and unfamiliar cultures. They must be more literate in the ways of international customers, commerce, and competition than ever

before. In short, globalization requires that organizations increase their ability to learn and collaborate and to manage diversity, complexity and ambiguity.

Profitability Through Growth: During the past decade, most Western companies have been clearing debris, using downsizing, reengineering, delivering and consolidation to increase efficiency and cut costs. The gains of such yard work, however, have largely been realized, and executives will now have to pay attention to the other part of the profitability equation: revenue growth.

Technology: From videoconferencing to the Internet, technology has made out world smaller and faster. Ideas and massive amounts of information are in constant movement. The challenge for managers is to make sense and good use of what technology offers. Not all technology adds value. But technology can and will affect how and where work gets done. In the coming years, managers will need to figure out how to make technology a viable, productive part of the work setting. They will need to stay ahead of the information for business results. Otherwise, they risk being swallowed by a tidal wave of data – not ideas.

Intellectual Capital: Knowledge has become a direct competitive advantage for companies selling ideas and relationships (think of professional service, software and technology-driven companies) and an indirect competitive advantage for all companies attempting to differentiate themselves by how they service customers. Form now on, successful companies will be the ones that are the most adept at attracting, developing, and retaining individuals who can drive a global organization that is responsive to both its customers and the burgeoning opportunities of technology. Thus the challenge for organizations is making sure they have the capability to find, assimilate, develop, compensate, and retain such talented individuals.

Change, Change and More Change: Perhaps the greatest competitive challenge companies face is adjusting to – indeed, embracing – nonstop change. They must be able to learn rapidly and continuously, innovate ceaselessly, and take on new strategic imperatives faster and more comfortably. Constant change means organizations must create a healthy discomfort with the status quo, an ability to detect emerging trends quicker than the competition, an ability to make rapid decisions, and the agility to seek new ways of doing business. To thrive, in other words, companies will need to be in a never-ending state of transformation, perpetually creating fundamental, enduring change.

The five challenges described above have one overarching implication for business: the only competitive weapon left is organization. Sooner or later, traditional forms of competitiveness-cost, technology, distribution, manufacturing, and product features – can be copied. They have become table stakes. You must have them to be a player, but they do not guarantee you will be a winner.

1.5   THE CHANGING ROLE OF HRM

In an organization, there are tall people, short people, fat people, thin people, black people, white people, elderly people, young people and so on. Even within each category there are enormous individual differences. Some will be intelligent, others not so intelligent, some are committed to jobs, others are not, some will be outgoing, others reserved and so on. "The point is that these differences demand attention so that each person can maximize his or her potential, so that organizations can maximize their effectiveness and so that the society as a whole can make the wisest use of its human resources" (Cascio). The challenge of HR managers today is to recognize talent and nurture the same carefully and achieve significant productivity gains over a period of time. The enterprise is nothing but people. Technological advances, globalize competition, demographic changes, the information revolution and

trends toward a service society have changed the rules of the game significantly. In such a scenario, organizations with similar set of resources gain competitive advantage only through effective and efficient management of human resources (Dessler).

The role of a HR manager is shifting from a protector and screener to the planner and change agent. In present day competitive world, highly trained and committed employees are often a firm's best bet. HR professionals play a key role in planning and implementing downsizing, restructuring and other cost-cutting activities. They enable a firm to be more responsive to product innovations and technological changes. For example, team based work assignments and productivity linked rewards could replace manufacturing systems. In service enterprises like banking, hotels, insurance firms, etc., discourteous employee responses may ruin the relationships with customers. Employees who lack the temperament, maturity, social skills and tolerance for frequent contact should not be selected at all for service-oriented activities. HR professionals can help an organization select and train employees for such emerging roles. Employees are the primary pillars of corporate success. Machines neither have new ideas nor they can solve problems or grasp opportunities. Only people who are involved and thinking can make a difference. Through open communications, proper feedback and fair treatment of all employees' grievances and discipline matters, HR professionals promote employee commitment at various levels. In such a case employees perform the assigned tasks willingly and enthusiastically and thus offer a competitive advantage to the organization. As rightly pointed out by Charles Creer, (Strategy and Human Resources, 1995), "in a growing number of organizations human resources are now viewed as a source of competitive advantage. ……Increasingly it is being recognized that competitive advantage can be obtained with a high quality workforce that enables organizations to compete on the lines of market responsiveness, product and service quality, differentiated products and technological innovation".

In the new economy, winning will spring form organizational capabilities such as speed, responsiveness, agility, learning capacity and employee competence. Successful organizations will be those that are able to quickly turn strategy into action; to manage processes intelligently and efficiently; to maximize employee contribution and commitment; and to create the conditions of seamless change. The need to develop those capabilities brings us back to the mandate for HR set forth at the beginning of this article. Let's take a closer look at each HR imperative in turn.

Becoming a Partner in Strategy Execution. Strategy is the responsibility of the company's executive team – of which HR is a member. To be full-fledged strategic partners with senior management, however, HR executives should impel and guide serious discussion of how the company should be organized to carry out its strategy. Creating the conditions for this discussion involves four steps.

First, HR should be held responsible for defining an organizational architecture. In other words, it should identify the underlying model of the company's way of doing business. Several well-established frameworks can be used in this process. Jay Galbraith's star model, for example, identifies five essential organizational component: strategy, structure, rewards, processes and people. The well-known *7-S framework* created by McKinsey & Company distinguishes seven components in a company's architecture: *strategy, structure, systems, staff, style, skills and shared values*.

It's relatively unimportant which framework the HR staff uses to define the company's architecture, as along as it's robust. What matters more is that an architecture be articulated explicitly. Without such clarity managers can become myopic about how the company runs – and thus about what drives strategy implementation and what

stands in its way. They might think only of structure as the driving force behind actions and decisions, and neglect systems or skills. Or they might understand the company primarily in terms of its values and pay inadequate attention to the influence of systems on how work – that is, strategy execution – actually gets accomplished.

In India, the borderless world is shaking the roots of business. While some companies are feeling the excitement and facing up to the challenges, the demand for a tilted playing field[6] indicates the anxiety among many Indian business leaders about competition. Increasingly, the mantra of the global economy is performance and competition.

1.6 MANAGING HUMAN RESOURCES IN THE EMERGING SCENARIO

The 21st century would see the following inter-related phenomena emerging, posing challenges to the corporate world and culminating in Olympian competition:

l Borderless world

l Diversity

l Knowledge Power

The cross-cultural, cross-border mingling has resulted in the creation of a new class of people—global citizens with global attitudes, tastes and networks. Since it unleashes multiple variables, the borderless world precludes immense complexity—complexity in the environment, in inter-organizational relationships, in modes of conducting business and in socio-cultural diversity.

One of the important duties of the modern HR manager is to get things done through people. He has to bring employees into contact with the organization in such a way that the objectives of both groups are achieved. He must be interested in the people, the work and the achievement of assigned objectives. To be effective, he must balance his concerns for people and work. In other words, he must know how to utilize human as well as non-human resources while translating goals into action. It is in managing human assets that the manager's capabilities are tested fully, because of the following reasons:

l Human resources are heterogeneous. They consist of many different individuals, each of whom has a unique personality, a combination of different emotional responses to different stimuli and different values, attitudes, motives and modes of thought.

l Human beings behave in widely different and complicated ways. Their reactions to promises, praise or criticism, for example, can be quite different. It is very difficult to predict their behaviour especially in an organization where they work in-groups. Their behaviour is neither consistent nor readily predictable.

l Modern employees are better educated, possess greater skills, have more sophisticated technology available for their use and enjoy higher standards of living than previous generations.

l A human being himself determines what he contributes. If he is motivated, he will work for an organization more efficiently and effectively.

So, it must be recognized by the manager that individuals, not organizations, create excellence. Recognizing the importance of the human element in the production process, PF Drucker had remarked that "man, of all the resources available to man, can grow and develop". The problem of establishing the right climate to maximize employee motivation and commitment is still with us.

The Challenge of Human Resource Management

The most significant resource of any organization is often said to be its people. Such claims appear in organizations' annual reports and mission statements. Of course, an organization is nothing but a group of people whose activities have been planned and coordinated to meet organizational objectives. An organization that exists to produce goods and services has a good chance to survive and prosper if it consists of the Right People. This is true for all organizations. In a similar fashion, people need organizations. The vast majority of people must work to support themselves and their families. But people work for many reasons other than economic security. For example, many also work to keep busy and feel useful, to create and achieve something. They want to gain recognition and achieve status or to test and stretch their capabilities. To meet these multifarious needs, people and organizations join forces. Unfortunately, this union seldom approaches perfection. Organizations encounter several obstacles in meeting their goals and in a similar way all employees report some problems in their attempts to be productive and efficient in their jobs and to feel satisfied in their work lives. The challenge of human resource management is to minimize these obstacles and problems.

The central challenge facing society is the continued improvement of our organizations, both private and public. Another important purpose of human resource management is to improve the contribution made by people to organizations, (Davis) through effective and efficient use of resources. Efficient means that it must use the minimum amount of resources needed to produce results. Effective means producing right things through right ways. The resultant productivity (ratio of output to input) gains obtained through HR efforts enable managers to reduce costs, save scarce resources, enhance profits and offer better pay, benefits and working conditions to employees.

l   **Pervasive force :** HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization.

l   **Action oriented :** HRM focuses attention an action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through rational policies.

l   **Individually oriented :** It tries to help employees develop their potential fully. It encourages them to give out their best to the organization. It motivates employees through systematic process of recruitment, selection, training and development coupled with fair wage policies.

l   **People oriented :** HRM is all about people at work, both as individuals and groups. It tries to put people on assigned jobs in order to produce good results. The resultant gains are used to reward people and motivate them toward further improvements in productivity.

l   **Development oriented :** HRM intends to develop the full potential of employees. The reward structure is tuned to the needs of employees. Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organizational goals.

l   **Integrating mechanism :** HRM tries to build and maintain cordial relations between people working at various levels in the organization. In short, it tries to integrate human assets in the best possible manner in the service of an organization.

l   **Comprehensive function :** HRM is, to some extent, concerned with any organizational decision which has an impact on the, workforce or the potential workforce (Bernardin). The term 'workforce' signifies people working at

various levels, including workers, supervisors, middle and top managers. It is concerned with managing people at work. It covers all types of personnel. Personnel work may take different shapes and forms at each level in the organizational hierarchy but the basic objective of achieving organizational effectiveness through effective and efficient utilization of human resources, remains the same. "It is basically a method of developing potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organization" (Pigors and Myers).

_ **Auxiliary service :** HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively. HR manager is a specialist advisor. It is a staff function.

_ **Inter-disciplinary function :** HRM is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, sociology, anthropology, economics, etc. To unravel the mystery surrounding the human brain, managers, need to understand the appreciate the contributions of all such 'soft 'disciplines.

_ **Continuous function :** According to Terry, HRM is not a one short deal. It cannot be practiced only one hour each day or one day a week. It requires a constant alertness and awareness of human relations and their importance in every day operations.

1.7 MANAGING TALENT: THE NEW 'AVATAR' OF HR MANAGER

Human relation movement was the turning point in the management field that changed the thinking in the field of management. After the Mayo's work on human relation the human being has become a central point in the organization. Man as a resource now is being treated as a human being and not as machine. After that several other management thinkers also contributed a lot that how we can motivate, attract and retain people in an organization. Work of Marry Parker Follet, Maslow, Herzberg, Vroom, and Macgregor are invaluable in this field. The result of all these theories is the evolution of a new field called Human Resource Management.

The functions of HRM include human resource planning, recruitment, selection, placement, and orientation of employees; training and career development; labour relations; management of performance appraisal, compensation, and benefit programmes and development of personnel policies and procedures. The issue has been brought into sharper focus over the past few years by the concept of the "war for talent" and, more recently, new proposals or reporting on human capital management. There are three fundamental forces fuelling the war for talent: the irreversible shift from the Industrial Age to the Information Age, the intensifying demand for high-calibre managerial talent, and the growing propensity for people to switch from one company to another. Because of above mentioned environment and its impact on organization, it forces us to give emphasis on understanding the talent management, what type of challenges it create for HRM and what role human resource management should play in managing the talented people. The paper starts with highlighting new vistas of talent management, and then moves on to discuss the new avatar of the HR manager as talent manager, in the next section various strategies used for attracting and retaining talent have been outlined.

Talent Management: New Vistas

Talent management is a subject that has dominated HR thinking for years, variously described as manpower-planning modeling, succession planning or high-flyer

identification. As a consequence we have heard the emergence of "talent managers" within many organizations.

So, what is talent? A definition could be: "An identifiable ability that is perceived to add immediate or future value to any prescribed activity, discipline or enterprise"(Maurice, 2003). Identified talent normally requires an investment of resource to realize its value and a disciplined organizational mindset prepared to wait for the investment to pay off. As a result, an effective talent-management system or process is both essential for securing competitive advantage and to produce quick results.

Talent management is a core element of human capital management. People generate capital for an organization through their competence, their behaviours and their intellectual energy. In a commercial world increasingly dominated by knowledge-intensive organizations, the latter is an ever-more important requirement for competitive success. Intellectual energy is about innovation and change, about new thinking and about opportunities developed from problems.

Talent management is primarily about identifying, developing and using those people who can provide those critical intellectual-energy ingredients. In general, from a successful talent-management system we expect: sustainable commercial competitiveness; higher levels of focused innovation; improved staff engagement and commitment, low turnover rates of knowledge and experience, lower external resourcing costs.

After the above analysis we can say that talent management has now become a more challenging job for an organization. This is also very clear that managing employees in any organization is a job of Human Resource Department. But as time passes and with reference to above referring environment now there are more opportunities for talented people in today's world. So because of all these it is very difficult to manage them with traditional human resource practices, we have to do more than that otherwise we will lose them, and in this competitive and fast changing environment we will not survive at all. All these forces are new challenges before the Human Resource Management.

One of HR's most challenging jobs now involves managing talent. Much has changed in recent years to make this an increasingly critical area for HR. Among the issues that have made the talent management job more difficult are: frequent restructuring, a growing reliance on outside hiring, flatter organizations with fewer growth options, a tighter job market (at least in the long term), the aging workforce and the decline of clear career paths, as we mentioned above that it create a big challenge before the HR.

In order to retain its most valuable stakeholders, an organization must find innovative ways to continually recruit its own employees. How well do you know and understand your current employees growth path? Are your employees looking outside your company for advancement opportunities? Retaining top quality talent is an enormous challenge facing corporations today and it is duty of HR to cope with it. In order to build effective retention and deployment strategies, companies must maintain visibility into and communication with their employees.

An organization's capacity to hire, develop and retain talent is the most crucial business process as there is a definite correlation between intangible assets and market capitalization, according to the protagonists of talent management. It is due to these intrinsic intangible values that some companies are perceived as more valuable than others. Infosys (Sachdeva, 2002), for example, is perceived as being worth fifty times the value of its recorded assets.

Talent research company Kenexa paints a worrying picture of HR's ability to be on top of its game when it comes to talent management. Ninety per cent of the 22 HR

professionals polled strongly agree that recruiting talented people is a key issue, and 93 per cent feel the same way about retention. Yet 57 per cent of companies have no specific talent management strategy, and just 37 per cent employees someone whose specific remit is to manage talent (Paton, 2002).

For HR professionals, this sets a challenge. On one hand, effective talent management is an important feather in the cap of any HR manager. On the other hand, identifying, grooming and retaining talent is a notoriously nebulous business. Human Resources Department has an important part to play in providing the backbone for talent management. So at the end we can say that managing the talent means find, develop and keep the people who keep you in business is the most challengeable job of today's HR department in any organization.

1.8 HRM IN INDIA

The Dynamics of Personnel/Human Resource Management (P/HRM)

P/HRM (both terms used interchangeably) is a dynamic discipline as it mostly deals with ever-changing work settings, characterized by people having varied cultural, social and religious backgrounds, diverse goals, multifarious expectations and attitudes. The personnel scene itself has been changing quite dramatically over the years. Government regulations, competitive pressures, unionization of employees, do exert a strong influence on the way the personnel function is carried out in various organizations. Further, the nature of the work goals, make-up of the workgroup, in the long run. Over the years, employees have become more sophisticated in their demands for high quality work environments, adequate pay and benefits, proper training and career growth opportunities. All these factors compel human resource professionals to look for ways to improve their interactions with employees, other managers and outside groups in order to maximize worker productivity and satisfaction. However, as pointed out by Rudrabasavaraj, personnel administration in India, as it is interpreted, discussed and practiced is largely static, legalistic and ritualistic. There seems to be a lot of confused thinking and a plain lack of awareness of what P / HRM is.

Changing Role of Human Resource in View of Social Factors

A number of environmental factors influence the work of a HR manager. He cannot perform his job in a vacuum. These factors (Table 1) influence the organization through human resources. The term 'environment' here refers to the "totality of all factors which influence both the organization and personnel sub-system".

Table 1: External and Internal Factors influencing the P/HRM Function

External Factors	Internal Factors
Technological factors	Mission
Economic challenges	Policies
Political factors	Organizational culture
Social factors	Organization structure
Local and Governmental issues	HR systems
Unions	
Employers' demands	
Workforce diversity	

The external environment consists of those factors which affect an organization's human resources from outside the organization. Each of these external factors separately or in combination can influence the HR function of any organization. The job of a HR manager is to balance the demands and expectations of the external groups with the internal requirements and achieve the assigned goals in an efficient and effective manner. Likewise, the internal environment also affects the job of a HR manager. The functional areas, structural changes, specific cultural issues peculiar to a unit, HR systems, corporate policies and a lot of other factors influence the way the HR function is carried out. The HR manager has to work closely with these constituent parts, understand the internal dynamics properly and devise ways and means to survive and progress. In addition to these, the personnel man has to grapple with the problem of workforce diversity. Let us examine these issues in detail.

Social Factors

HR managers have long realized the importance of conducting their business in a socially relevant and responsible manner. What do you do when the company operates in an area where large army of unemployed people live? A philosophy of hiring workers who are capable of being trained as against hiring only qualified applicants may help reduce unemployment. It may also improve profitability in the long run. Is it possible for a person to buy a firm's products or services if he remains unemployed? The society at large nowadays is more demanding. The actions of business are being monitored and evaluated closely. If a manufacturer claims that his product has one hundred per cent juice content (e.g., Onjus) and the rival (Tropicana) tries to contest this issue openly, the customer is ready to evaluate the issue dispassionately and decide about the future course of action. If the expectations are not met or the tall claims do not stand the test, the fate of the firm/brand is automatically sealed (as it happened in the case of Bajaj's motor cycle, 'Cheetah', technologically-outdated Ambassador car model, etc.). Firms do not operate in isolation. They are stuck with society. Social impacts have to be carefully evaluated before undertaking any action programme. And society here includes the firms' own employees and their friends, relations, neighbours as well. Before cutting jobs in a big way (where, for example, in National Textile Corporation 40,000 jobs have been slashed voluntarily), HR managers have to assess reactions beforehand and come out with certai11 proactive steps (explain facts, train or retrain them, give outplacement help, etc.). Considerable pressure can be exerted on a firm to alter its practices (for example, in Steel Authority of India, SBI and other State owned Banks, DTC the slashing of jobs did not take place in a big way) if the public believes that it is not operating in the best interests of society. A firm, after all, operates by public consent to satisfy society's needs.

Local and Governmental Factors

Governments all over the world had neither the time nor the interest to care for the problems pertaining to labour arising in industry till the end of 19405. But the need for Governmental interference arose out of the belief that Government is the custodian of industrial and economic activities. The emergence of problems on the industrial front in the form of trade union movement, failure of many employers to deal fairly with workers, non-fulfillment of plan targets and the like, forced the governments to intervene in human resource management and to enact various pieces of labour legislation. Consequently, the Government in India, too, has come out with a complex set of rules and regulations on the employment policy of the organizations by reserving certain number of jobs of all categories to certain sections of the community. Hence, the management cannot manage the personnel unilaterally as it used to do, because it has to abide by the rules and regulations imposed by the Government from time to time.

One of the most important external factors that affects HRM is the legal environment, i.e., awareness of legislations enacted by the government at the Centre and the States. The important legislations enacted in India affecting HRM are: Factories Act, 1948; Trade Unions Act, 1926; The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; The Employment State Insurance Act, 1948; Workmen's Compensation Act, 1923; The Payment of Bonus Act, 1965; The Industrial Employment (Standing Orders) Act, 1946; The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959; Payment of Gratuity Act, 1972; the Maternity Benefit Act, 1961; The Apprentice Act,1961; etc.

Unions

Unions have also gained strength after the advent of Industrial Revolution. At present, these organizations constitute one of the power blocks in many countries, including India. With the formation and recognition of these organizations, the issues relating to employee interests are no longer determined by the unilateral actions of management. These have to be discussed with union representatives invariably. In addition, unions have shifted their emphasis from economic tactics to the political pressures. Thus ". ...the unions have turned increasingly to governmental action as a means of achieving their objectives in addition to using the more traditional actions". In consequence, the scope of managerial discretion in personnel activities has been narrowed down.

Workforce Diversity

Diversity in the field of HRM can be defined as the situation that arises when employees differ from each other in terms of age, gender, ethnicity, education, etc. Workforce diversity means that organizations are becoming more heterogeneous in terms of age gender, race, ethnicity.

The composition of the workforce is changing in India (Teble 2). Young, skilled and knowledgeable employees are occupying positions of importance. At the same time, thanks to the opening up of private sector, employees are no more fascinated by secure, less-paying, routine and standardized jobs offered by the public sector and other government-owned and controlled organizations. Old employees have grown in number now, thanks to the improved medical and health care. Big private sector firms have been exploiting their talents to conceive, operate and develop new ventures in emerging areas such as oil, telecom, insurance, banking, health care, etc.

Table 2: Young vs Old Workforce

Young	Old
ı Inexperienced ı Impulsive ı Inpatient ı Unethical / Not always ethically conscious ı Selfish ı Manipulative	ı Difficult ı Traditional ı Go by the rule book ı Workaholic ı Inflexible ı Prefer safe, steady work environments, less risky activities

Organizations now cannot discriminate on the basis of age. They must listen to their experienced employees, to draw from their expertise and initiate programmes that meet these needs. At the same time companies have to understand and appreciate the changing values of the young workers who join the company with lot of expectations. The days of life time employment, total loyalty to company anl1 commitment to work seem to be a thing of the past. To attract and retain young brains, organizations have to institute appropriate HR policies, supported by attractive compensation offers.

Diversity issues in Indian companies are somewhat peculiar owing to differences in social ethos, religious origins, cultural differences and regional origins. Certain sections of society enjoy a preferential treatment, guaranteed by constitution, right at the entry level itself shown in the following Table.

Table 3: Minority Groups, Reserved Category Employees in India

Scheduled costs and scheduled tribes (SCs & STs)

Other backward castes (OBCs)

Sans of the soil

Ex-Defence and Para-military personnel

Physically disabled

Displaced persons (DPs)

Gender issues

Contract labour

Child labour

The job reservation for SCs and STs have been extended for another 10 years, starting from 2,000 tl1rough a recent government notification, in all public sector undertakings. The list of OBCs has also been expanded now by the Vajpayee-led BJP government, to extend employment benefits to other neglected sections of society. The sons of the soil policy ensures reservation of certain category of lower level jobs to local people in preference to outsiders. Shiv Sena, for example, is a strong supporter of this policy ever since its inception as a political party in Maharashtra. Displaced persons too get preferential treatment for lower level positions advertised by the company which has acquired their land/house sites, etc. (Essar Steel, Reliance, etc.), for building factories/production facilities. In addition, HR managers have to deal with issues of child labour (a sensitive issue in industries such as carpet making, crackers industry, etc.) and contract labour where the various pieces of labour legislation are being conveniently ignored by the employers.

Women at Work

Women employees today constitute a major share of the workforce. In India alone over 400 million are employed in various streams due to a combination of factors like:

l   Women's emancipation

l   Growing economic needs

l   Greater equality of sexes

l   Increased literacy rate

l   Suitability for certain soft jobs (public relations, telephone reception counters, etc.). (Praxis, Women in Management, 1999)

Exhibit 1: The Invisible Workforce

Women hold up more than half the sky. Far from being just a vigorously uttered slogan, government studies reveal that the female workforce in India does indeed make a significant contribution to the nation's economy and family welfare. Yet, at the same time, this economic contribution is either abjectly unrecognized or where taken note of, is qualitatively unprotected. According to 1981 census, 89.5 per cent of women workers are engaged in the unorganized sector, of which a huge chunk -82.3 per cent -actively participate in agricultural and allied operations. This massive segment of the female workforce contributes as much as 60-70 per cent to total agricultural activity in our village.

–Business India, March 6 to 19. Special Feature.

The initial reluctance of employers to give jobs to women seems to be a thing of the past (due to increased financial burden in the form of maternity benefits, creches, prohibition of women in night shifts and in hazardous jobs, etc.). They handle both 'hard' and 'soft' jobs now in areas such as accounting, hospitality, banking, insurance, airways, police, teaching, beauty care and even driving. The principle of equal pay for equal work has more or less become the rule now in most industries (barring plantation, construction industry, etc.).

Organizational workforce thus consists of people from different regions, mostly due to increased transportation facilities and the mobile character of people. Further, technological revolution has brought about occupational mobility. These changes in workforce have naturally complicated the task of HRM as the HR manager, has to grapple with employees with vastly different backgrounds.

Changes in Employee Roles and their Values

Traditionally, it was believed that management has got the brains and hence will decide what is good or bad for the employees. The employees are expected to follow the commands of the boss without posing any questions. However, this paternalistic atmosphere has changed with the advent of unions. Employers have also gained consciousness regarding their rights in the workplace.

Further, the changing structure of the workforce has led to the introduction of new values in organizations

Exhibit 2: Changing Work Values

In our increasingly complex society, people have more educational and developmental opportunities than ever. This in turn has helped create a whole new set of employee expectations.

As a result, the traditional employee and the contemporary employee tend to hold markedly different attitudes toward work and authority. Organizations must now advance from general affirmation and enthusiasm for the career development of their personnel to greater precision. The concepts and goals of education and development programmes must be more precise, more widely understood, reflected in formal policy statements and translated into institutional and personnel practice.

–Jack Halloran, Personnel and HRM, Prentice Hall, NJ, 1986.

These are moving towards (a) emphasis on quality of life rather than quantity; (b) equity and justice for the employees over economic efficiency; (c) pluralism and diversity over uniformity and centralism; (d) participation over authority; (e) personal convictions over dogma; and (f) the individual over the organization. Alienation from the job, increasing counter-productive behaviour, rising expectations and changing ideas of employees are some of the other factors responsible for the changing values and roles of human force. Consequently, it has become imperative for the management to include various fringe benefits to improve morale, introduce a machinery to redress grievances, encourage employee participation in decision-making and the like to pave the way for industrial betterment and to meet the ever increasing demands of workforce.

Another change in the values of employees is the declining work ethic. In the days gone by employees regarded job as a central life interest and pursued work assignments with single-minded devotion. In recent years, the work ethic has declined in favour of a more existential view of life. Work is regarded as only one alternative among many as a means for becoming a whole person in order to do one's own thing. Family activities, leisure, avocations and assignments in government and schools are all equally viable means through which a person can find meaning and become self-actualized.

Further, employees are seeking a greater balance between their work lives and their personal lives, more leisure time and greater flexibility in scheduling time away from work especially in 80s, Feeling severely constrained by the Monday-through-Friday, nine-to-five grueling routine, they find it difficult to schedule doctors' appointments, accommodate children's school schedules and satisfy other personal needs away from work. Employees are demanding that management look more closely at work schedules which accommodate their needs in addition to the needs of the company.

Level of Education

Workers have been entering the organizations with increased level of formal education in recent years. Increased formal education led to the changes in attitudes of employees. The well-educated employees always challenge and question the management's decisions and want a voice in the company's affairs affecting their interests. "As the base of education broadens, management must plan to deal with employees on a higher plane of logical interactions". One implication of an increase in educated and knowledge workers-accountants, engineers, social workers, nurses, computer experts, teachers, researchers, managers is that HRM will be called upon to find innovative ways of keeping these people challenged and satisfied. Knowledge workers often demand more responsibility and autonomy than their employers are willing or able to afford.

1.9   FADDISM IN WESTERN MANAGEMENT AND ITS IMPLICATIONS FOR INDIAN MANAGERS

Though there are number of management theories emerging every now and then, they remain as fads and die in short span of time. The proliferation of management theories and prescriptions are driven by two human instincts. (1) A greed to make fast bucks (2) Fear of becoming bankrupt (Micklethwait and Woodridge, 1996).

Practitioners are influenced more by management writings in the popular or business press rather than objective analysis of the "fads". For example, Total Quality Management (TQM) was one of the themes, which captured the interest of practitioners and became a Mantra of the fashionable business managers and the management institutes in the 80's and the 90's. Today even TQM is considered passive by many practicing managers.

Another recent fad has been the "Business Process Re-engineering" which according to some is resurrection of F W Taylor's Scientific Management. However, there is a backlash against "Re-engineering" as some consider that it ignores the human side of the organization.

Another fad relates to the terminology of managing people in organizations. The Western Management professionals, specially the American, are unable to decide about the nomenclature for the Management of people. They went on changing from Labour Management to Personnel Management, Human Resource Management (HRM), Human Resource Development (HRD), Human Potential Development and the latest fad is that separate Human Resource (HR) function in an organization itself is redundant and same could be outsourced. The Asian, especially the Indian organizations and the management institutes also are not far behind in moving with these fads.

Thus, when the Western management itself is passing through a confused stage of evolutionary process and does not find many of its fads workable, transplanting the same to developing country like India - where environment, values and historical

background are quite different - results in further confusion leading to "dualism" in Indian management (Virmani and Guptan, 1991; Virmani, 2000). This dualism gets reflected in wide gap between stated policies and practices and actual policies followed in reality, though often denied formally. This dualism eventually results in conflict as the management blames the employees for not allowing them to follow the "modern" concepts of management, while the employees blame the management for being "hypocritical" i.e. not following what they preach.

jobs now involves managing talent. Much has changed in recent years to make this an increasingly critical area for HR. Among the issues that have made the talent management job more difficult are: frequent restructuring, a growing reliance on outside hiring, flatter organizations with fewer growth options, a tighter job market (at least in the long term), the aging workforce and the decline of clear career paths, as we mentioned above that it create a big challenge before the HR.

In order to retain its most valuable stakeholders, an organization must find innovative ways to continually recruit its own employees. How well do you know and understand your current employees growth path? Are your employees looking outside your company for advancement opportunities? Retaining top quality talent is an enormous challenge facing corporations today and it is duty of HR to cope with it. In order to build effective retention and deployment strategies, companies must maintain visibility into and communication with their employees.

An organization's capacity to hire, develop and retain talent is the most crucial business process as there is a definite correlation between intangible assets and market capitalization, according to the protagonists of talent management. It is due to these intrinsic intangible values that some companies are perceived as more valuable than others. Infosys (Sachdeva, 2002), for example, is perceived as being worth fifty times the value of its recorded assets.

Talent research company Kenexa paints a worrying picture of HR's ability to be on top of its game when it comes to talent management. Ninety per cent of the 22 HR professionals polled strongly agree that recruiting talented people is a key issue, and 93 per cent feel the same way about retention. Yet 57 per cent of companies have no specific talent management strategy, and just 37 per cent employees someone whose specific remit is to manage talent (Paton, 2002).

For HR professionals, this sets a challenge. On one hand, effective talent management is an important feather in the cap of any HR manager. On the other hand, identifying, grooming and retaining talent is a notoriously nebulous business. Human Resources department has an important part to play in providing the backbone for talent management. So at the end we can say that managing the talent means find, develop and keep the people who keep you in business is the most challengeable job of today's HR department in any organization.

Challenging work environments and the opportunity to gain diverse job experience motivate high quality employees. These employees want to participate in the decisions impacting their role within the organization. Give employees control over their career paths by allowing them to submit their own profiles and skill sets. Companies can continue to engage employees and provide internal candidates with a mechanism to manage their individual employment experience within the organization. Presenting employees with avenues for growth and advancement increases their loyalty to the organization and reaffirms the company's commitment to their employees.

1.10   GUIDELINES FOR BETTER HRM

Following are few guidelines for better HRM.

a) Develop People

Smart employers know that helping employees to manage their career progress will help them to keep good people. Now more employees are asking 'what can you do for me', particularly when they see there peers being provided with development opportunities by their employers. You create opportunities for employees, then definitely they will work hard for you otherwise not. J.Sterling Livingston rightly observed and explained the vital role that managers play in developing their subordinates: "Although most executives have not yet diagnosed the problem, industry's greatest challenge by far is to rectify the under-development, under-utilization and ineffective management and use of its most valuable resource- its young managerial and professional talent" (Livingston, 1988). So now 'what the organization is doing for me' is becoming more important. Now every employee wants that company should give them or send them to different training and development programmes for his/her career developments and have to arrange and give opportunities to employees for all these.

One solution has been to implement a company-wide project on internal candidates and interviewing them. Interviews have been made more formal, explaining the reasons behind them and using competency evidence for not only the role, but also for training and development too. In the past, people were often promoted rapidly into roles and moved about the company at will. Now, though, there needs to be a reassessment and a recognition that, as well as moving people about, you need to give them skills and tools to do the job they are currently doing well even better.

b) Grooming Future Talent

While analytical and communication skills and boosted confidence will often give graduates an edge, HR across the board is rapidly moving away from the perception that a degree is a mandatory springboard to greater things, Murphy reckons. "There are people who do not go to university for some very good reasons. It is our job to provide tools to allow them to do the job" (Reckons, 2002). In this context training needs analysis and plotting of career growth paths for employees are important activity of HR professionals. Instead of conducting it as an annual ritual, the need analysis should really contribute towards the skill enhancement of the employees resulting in the fulfillment of current and future organizational requirements.

c) Employees Deployment

As employees move easily between diverse roles, the value of the internal talent market increases because employees are armed with transferable skills and knowledge that can be applied in many areas of the organization. This allows companies to become more agile and to rapidly deploy workers to new projects or locations. This deployment is very useful for employees also because now every employee wants to become a multi skill person, because now your one skill can become meaningless any time. So if you have given chance to them for all these than that inspires and motives a lot to any employee. Now this is the duty of organizations that you move for all these so that you can retain employees in your organization.

d) Build Employee Communities

Organizations should build high quality internal talent communities through segmentation. This enables employers to cultivate relationships with employees on the employee's terms and to consistently demonstrate value to the employee through opportunities for internal mobility. This increases job satisfaction and leads to higher retention rates. Any recruitment opportunity in the organization should be viewed as a career growth opportunity for the existing employees without compromising efficiency requirements. This always is very cost effective in all respects and will go a long way in boosting the morale of existing employees. The direct correlation of morale and higher productivity could be sufficient for any justification required for these moves when it comes to confronting with the top management.

e) Turn Managers into Coaches

Now time has come that every employee wants to become 24 carrot gold for his future safety point of view. When a person joins just after his getting degree of MBA, he is totally zero from the point of view of experience. This demands that intelligent but non-experienced need a personal coach for their perfection in the job and to cope-up with early entry-level problem. Personal coaches are personal advocates for their clients, but advocacy is aimed at the client. What great personal coaches are great at is helping people help themselves. They offer penetrating insight to people about themselves. They give them good and bad news. They help people believe that they can do better. They give people concrete solution to help them improve. And coaches are right there with the people they coach, encourage them, scolding them when necessary, praising them when it's appropriate, and constantly helping their clients move in the right direction.

So implementation of this system in the organization is a duty of HR department with the help of top management. From this system we can motivate and inspire the people to do extraordinary work. Coaching style of management is the single greatest factor in improving productivity, moral, and retention. Day to day coaching creates the kind of trust and confidence, the genuine bond between managers and individual contribution that cuts through everything.

1.11   SUMMARY

HRM should take on responsibility for elder care, long-term security/care, and other social needs through cafeteria-style benefits programmes, which are crucial for talent retention in organizations. These benefit packages allow people to identify their own needs and custom design their own benefits. Employees find such programmes attractive because they empower the individual to maximize the value of the benefits an employer offers. For HR, these plans are comparatively easy to set up and, once in place, there is virtually no additional administration involved. Winning the war for talent requires winning the hearts of employees and their families, for which, organizations need to go one step ahead of their competitors in winning the hearts of their families.

Every leading organization is looking at developing their employees into balanced human beings in order to make them use their real potential, and that offer a new set of opportunities to HR in those organizations. Greater level of involvement of HR people in the day-to-day life of employees is becoming the norm of the day for companies, which are looking for greater commitment from employees. An increasing trend is visible among the young professionals in recent years, by way of giving more and more emphasis on family and life's interests, and at several occasions it acts as a

critical factor for employment decisions as well. Increasing instances of talent wedding talent, lead to either of the spouse working from home providing financial support to the family and thus giving more flexibility to the other person in selecting organizations that provide increased work flexibility. When it comes to occasions of personal realignments, HR has to work as a good friend in need.

1.12   SELF ASSESSMENT QUESTIONS

1)   Write a comprehension on the emerging dimensions of HRM.

2)   Discuss the challenges associated in the HRM in present business scenario.

3)   Describe the guidelines for better HRM.

1.13   FURTHER READINGS

Challenges for Human Resources in Changing Scenario, Dr Pritam Singh and Dr Asha Bhandarkar, Research Paper, 33rd World FTDO Conference, New Delhi, 2004.

Effective Human Resource T& D Strategies, Dr B Rathan Reddy, Himalaya Publishers, 2004.

Management of Human Resouces, Dr T V Rao, 33rd world FTDO Conference, New Delhi, 2004.

Personnel and Human Resource Management, A.M. Sarma, Himalaya Publishing, 1998.

Appendix 1: CASE STUDY

Government Regulation

Since the 1940s the Indian Government has increased its regulation of the way employers treat employees. The Trade Union Act, 1926, permits workers to join unions, the Minimum Wages Act, 1948, guarantees a minimum wage, the Factories Act, 1948, ensures a safe and healthy environment, the Workmen's Compensation Act, 1923, offers compensation to injured workers, the Payment of Wages Act, 1936, checks fraudulent practices in the payment of wages to workers. The regulatory framework covering factories, union-management relations, compensation issues, dispute settlement, etc., is quite rigorous and elaborate. There are laws that prohibit discrimination and restrict the freedom of employers to make HR decisions in other areas as well.

As the guardian of the economy and as a regulator of employment relations, the Central Government does not seem to loosen its grip in the near future. Experts believe that the trend toward increased governmental intervention will continue. They base their arguments on the current trends in developed countries in this area in the form of employer-sponsored health insurance schemes, greater job security, improved treatment, etc.

Others, however, are not very optimistic about governments trying to regulate the employer-employee relations closely. Competitive pressures, deregulation of industry, rising wage bills, increasing number of older employees needing social security protection, inflationary pressures, heavy taxes and a host of other factors having a significant bearing on the profitability of a firm do not seem to support government's active intervention in industry. These experts contend that if Indian firms have to remain competitive in international markets, they should be freed from all types of control, especially those imposed by the government.

Questions

1) Which trend do you think will occur and why?
2) If government regulation continues to increase, how will HR departments be affected?