

HR Leadership and Challenges Ahead

Dr. Arunachal Khosla¹

Abstract

We have observed that all functions of management are fast evolving and changing and of all these, the one function that is the thrust area in any competitive organization is the Human Resource function. This article is an attempt to understand the major challenges that we are facing in terms of human resources and human resource management. It suggests the vision we need to have to take our organizations and the HR function into the next decade of creating business competitiveness

INTRODUCTION

Place a frog in hot water and it will immediately hop out to a more comfortable environment. But place the same frog in cold water and then heat it and the unlucky amphibian will let itself be slowly boiled to death. Charles Handy describes this cruel but pertinent experiment in his book, 'The Age of Unreason'.

It is worth remembering how many organisations have crumbled because they failed to respond to the radical way in which the world around them is changing. And the pace of change is getting faster every day. Will we suffer the same fate as Handy's frog? Or do we have the foresight and will to change before we are forced to do so? If so, then it is crucial to anticipate and respond to the new environment and to identify the areas of change that will have major impact on our organisations, our people and the way we work. We need to identify ways that will make our businesses more sturdy, agile and above all more competitive.

¹ Asstt. Professor, U I A M S, Panjab University, Chandigarh. Email: arunachal_khosla@yahoo.com

It is a continuing need to plan, envision, prioritize and set goals for the tough times before us. We have very clearly observed that all functions of management are fast evolving and changing and of all these, the one function that is the thrust area in any competitive organization is the Human Resource function. There has been an overwhelming interest in how the HR function, when used to its fullest and right way, has been able to turn around organizations. The HR function is truly evolving and evolving very fast. From an administrative perspective or a purely administrative function, the focus is now on a strategic outlook where HR professionals look at improving the work environment and plan out human resource needs. The emphasis is now on HR metrics, where we quantify results generated by HR function, where it plays a responsible role of a revenue centre instead of a cost centre, and where it has a strategic outlook. There have been phenomenal changes in the functioning of HR departments in the developed economies but its reflection has now become visible in our part of the world as well. The Indian work force is changing and so is the industrial climate in India. This article is an attempt to understand the major challenges that we are facing in terms of human resources and human resource management. It suggests the vision we need to have to take our organizations and the HR function into the next decade of creating business competitiveness.

CHANGING ROLES OF THE HR FUNCTION

In the past the HR role was clearly differentiated into various functions that were just HR functions. It was a mechanistic function with personnel and administrative duties. It played a more ritualistic and legal role under the name of Industrial Relations. It was the CEO's eyes and ears with the troops. And the HR functional was a clearly differentiated career path and profession. It is not that the HR function does not play these roles, but with the evolution of the function, the HR roles are no longer differentiated but are intermeshed and more in sync with overall organizational functioning. HR now has a people / leadership role which is no longer differentiated rather distributed and diffused throughout the organization. Some of the new HR roles include knowledge management, relationship management and teamwork. It performs the role of legal compliance and change management. HR is no more a distinct function but new hybrid roles are emerging. The HR function has changed from HR is HR's responsibility to the fact that People/ Leadership is everyone's responsibility and not just limited to any one

department. The resultant picture of HR and the work environment is decidedly upbeat and confident in the status and influence of HR professionals.

Although we project a picture of HR taking a tangential path, taking completely unexpected twists and turns, it has its roots in reality. The changing roles of HR have evolved over the years. The success factors for HR function in the past were business judgment; today they are information, strategic planning and mission. But the success factors for tomorrow will be flexibility, agility and speed. The organizational styles are evolving from paternalistic in the past to professional currently and further evolving to being more empowered, learning and vibrant. The employees were considered hungry, defenseless creatures. Today employees are thought of as thinking beings and rational beings. In coming times, employees will be considered fully evolved completely satisfied and mature human beings. The motivational methods used in the past were through basic needs. Today employees are driven through social and intellectual needs. In times to come people will be self driven. In light of this change in the environment, the role of HR has changed from providing food, clothing and shelter to motivating through providing fair and equitable appraisals and effective compensation systems. The HR function will be that of a change agent, innovator and strategic partner.

What exactly has led to this evolution in the HR roles, are a series of changes that have occurred in the economy and external environment of the organizations. The local markets and operations have made way for global markets and operations as an outcome of economic liberalization. There has been a major shift from manufacturing sector to service sector leading to replacement of clerical work with knowledge work. This change further led to breakdown of hierarchies into networked structures and organizations which meant that formal authority lost its absolute power and could be questioned for its rationality. Change, risk taking and flexibility have become major drivers in organizations more than stability and control. The focus has moved from customer service to employee satisfaction leading to stakeholder value and customer satisfaction as well. The focus has majorly shifted from getting a job to having quality of work life. These changes pose major challenges before HR professionals which can make an important contribution to the business competitiveness in organizations.

Knowledge Management

Knowledge Management is one aspect that organizations need to very carefully manage since knowledge forms an important asset in any business. Right from acquiring to putting it to use at the right time and right way to ensuring its retention and repetitive use is important for organizations. To ensure this, proper knowledge management system needs to be developed in organizations that are able to gather, store and distribute knowledge. The scope of knowledge management needs to be considered beyond just the use of information technology and extended to include aspects like behaviour, organizational culture, compensation, etc.

Creating Flexible organizations

Change in the environment has paved way for organizations that should be more flexible and agile, that focus on projects and tasks rather than rigid job positions and descriptions. The organizations need to be flexible so that they can quickly respond to specific assignments and can change when required. This de-jobbing can create wider range of competencies creating a more responsive workforce that can be used to the fullest.

Harnessing IT for HR

Information technology can be put to use to increase scope and efficiency of the HR function. With the use of information technology, the HR function can be integrated with other functions of the organizations. Organizations need to identify clearly the areas that can benefit from the use of technology such as knowledge management, e-learning, HRIS, personnel administration, pay-rolls, etc. Though the benefits of using IT in HR are immense but it needs to be carefully introduced and implemented in organizations for best results

Quality of Work life

Quality of work life has become a reality for organizations and is no more a mere decorated topic for conferences and deliberations. An ever increasing number of people expect their organizations to offer them both personal and professional development. The companies are thus taking a look at the larger picture to ensure complete development of their employees. The companies fast need to drift from one-size-fits-all philosophy to an approach of catering to

unique needs of individual employees where employees are themselves involved in designing their developmental plans.

Designing new compensation packages

Salary as a component of the traditional compensation is fast losing its importance as a tool for acquiring and retaining talent in organizations. Variable pay is becoming a popular form of compensation where rewards are tied to results. Innovative forms of compensation need to be included such as stock options, performance related pay, gainsharing, etc. The challenge lies in developing compensation systems that have a measurable impact on behaviour.

Creating competitive advantage through people

One of the great challenges for companies today is attracting and retaining talent. Companies need to specify and address specific market segments and offer a differentiated job offers. It is no longer sufficient to rely on a competitive compensation package - many of the most talented candidates take this for granted and instead look for an attractive corporate image, shared values and a stimulating corporate culture. In order to retain hard-earned talent, companies must also offer opportunities for skills enhancement.

OVERCOMING THE CHALLENGES

The challenges put forth by the changes in the environment needs to be managed and overcome with certain initiatives taken by organizations. Discussed below are some of these measures

Strategic Partner

In order to meet the challenges, the HR function needs to contribute to the strategic success of the organization. It needs to increase the role it plays in business. For this the HR function needs to convey how costs incurred in various HR activities contribute to the bottom line for the organizations. The HR needs to change its image from being a cost center to a revenue centre. For this the HR function needs to integrate itself with the business by having a thorough understanding of business and business competitiveness. It needs to identify how it can contribute strategically through change, innovation and risk taking. HR function being such an

important function needs to take command of the situation and must develop to influence the organization prominently.

Emotional Intelligence

Most of the times organizations are unable to take care of the emotional needs of their employees and as a result the potential of the employees cannot be harnessed to the fullest. Organizations need to take measures to enhance emotional intelligence of their employees. An employee having best of training, best of ideas and a great analytical mind will still not be successful if he does not have emotional intelligence. Success is no more just defined by IQ. The real measure of success is defined by the Emotional Quotient. Studies have shown that high EQ has a positive correlation with performance. People with high EQ are high on emotional self awareness, confidence, empathy, service, emotional self control, adaptability, achievement, optimism, teamwork and collaboration.

Balancing work and professional life

Balancing work and professional life has always been a dilemma before the employees. It is impossible to differentiate the personal life and work life of an individual. In order to harness employee talent to the fullest, achieving the right balance between work place and home is most crucial. Recent researches have proved that amongst fresh management graduates also balancing personal life and work life is their top most career objective

Change Agents

HR professionals need to act as change agents or catalysts in organizations. They are the ones responsible for bringing change in behaviour of employees. In order to bring change in organizations, HR professionals need to be good at inter-personal skills, need to be out going and sociable. They need to be risk takers and have great organizing skills. Empathising with the employees is an essential characteristic to be successful as a change agent as it helps in understanding the employee perspective of viewing change. They need to be easily available to employees so that any doubts and issues related to change can be discussed and sorted out. The more open the change agents are lesser are the chances of resistance to change. Moreover, the change agents should let the employees know the reasons why they need to change and the

positive outcomes of change. The change should be reinforced through rewards so as to encourage and motivate employees to accept change

Human Touch

To be in sync with today, organizations need to ensure that in every aspect of their functioning they need to have a human touch. Gone are the times when employees chose jobs just for money or salary. The importance of money cannot be ignored but many other factors are now occupying the top priority in the list such as career opportunities, quality of work life, autonomy, task significance, task identity, etc. all these lead to creating a conducive environment at the work place. The right mix of financial and non financial incentives go a long way in creating the much desired human touch at the work place. Planning get-togethers, celebrating achievements, celebrating special days of employees such as birthdays are attractive non financial incentives. In addition accepting new and flexible work arrangements go a long way in making employees realize their personal commitments and priorities are respected along with their professional contribution to the organizations.

So what is the way forward for us in organisations to harness the hidden potential of the human resources which are said to be the most underutilised resource?

THE WAY FORWARD

- HR should develop a vision for itself that takes a look forward, looking at the way in which the human element of the organisation should be developed.
- HR should play an advisory role in telling the management about changes that happen in the external environment of the organisation and that have an impact on employees in the organisation.
- HR needs to do more work in the area of workforce motivation, identifying and classifying workers into different categories based on their motivators.

- Organisations need to create a culture and image that motivate and encourage the best talent to want to join and stay. Retention is an area which calls for greater attention in organisations.
- HR should build strategies for training and development of employees, catering to their immediate as well as long term needs into account. These needs may be for hard as well as soft skills.
- Strategic thinking in HR should include a sense of social responsibility. “HR directors will soon be faced with the choice of employing the same number of people and doing more, or employing fewer people and doing the same amount,” says Ian Pearson. “Big organisations do have a responsibility not to make huge numbers of people redundant.”
- HR should also take responsibility for accepting modern and alternate methods of job design such as job sharing, telecommuting; flextime and flexplace which can help organisations retain their employees.

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