

Human Resource Issues in Business Transformation.

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Abstract

This paper explores the issues and challenges faced by human resources due to business transformation. The urge to transform the business can arise due to various reasons like change in consumer preferences, legal environment pressures, advancement of technology and competitive markets. So the roles and responsibilities of the human resource department should also change to help the business survive. HR department is one of the key departments, which plays a huge role in making a business recognizable through successive outcomes. This study focuses on how we can smoothly transform our business in a sustainable way to cope with the market environment. We all know the traditional human resource management consists of activities such as recruitment, selection, training and development, and compensation. But according to today's need these activities are not sufficient for our business to grow brightly. In addition to these activities, our business needs to include modern technology to complete in this era of artificial intelligence. After conducting a thorough literature and empirical research using secondary data, the issues, challenges and suggestions to overcome such situations is discussed in detail in this paper. To conclude we can say that in this modern world of technology no business can sustainably achieve its goals without an outstanding team of HR department. The HRM committee should help the business in transformation keeping in mind the employee's well-being and on the same hand helping business to achieve its goals in this aggressive competitive modern environment.

Keywords: Human resource, sustainable transformation, technological advancement, traditional versus modern HR roles.

Introduction

Let's start with basic meaning of human resource in simple words. Human means any individual person and resource is a thing which we use to produce a good or service for the business. So, this means when we use human as a resource for business operations it's called human resource. But how can we use a human being? A human being can't be used as other resources like raw material or machines. A human being helps the business to operate by rendering his services. A business is established and run by human beings. Without humans no business can operate. Now further in this study we will explore more about the role of human resource and how it is being affected.

Background

Human resource is the main feature of the business. But due to business transformations human resource is being greatly affected. A huge issue of exploitation of human resources has emerged in this era of modernization. With the changing scenario of business activities, role of the HR department is also becoming more complex. The factors such as technological advancement change in customer preferences, cut throat competition, globalization and continuous changing business environment is making urge to transform businesses. Such transformations demand the role of human resource to be changed. Now due to such extravagant requirements of the business only excellent and efficient workers are needed by the business. Any human being who isn't compatible with such demands isn't needed by the business. Due to educational practices being more intense the youthful humans are more talented than the older ones. So many times the

previous staff is replaced by young aspirants. As the organizations first priority is to sustain the business and earn profits, such ruthless decisions to fire experienced employees is being taken by the management. In this era of modernization everything is going through a rollercoaster of alterations. Technology is becoming more advanced and the current human has also focusing on becoming more talented. Human is learning no matter of what age. There are abundant source of knowledge now a days and they are being used by humans very efficiently. In a few years there will be abundant educated people but talented and hard-working will become scarce. So, instead of focusing on other developmental changes the business need to retain talented people. A business needs to:

1) Optimize organization's capacity to survive and thrive

- understanding the building blocks of organizational transformation.
- measure organizational readiness, re silence and agility.
- apply value based thinking to deepen competitive advantage.

2) Become a change maker to raise a bar for everyone

- attract and retain the best talent with a diversity and inclusion approach
- build a powerful coalition of high performing individuals and teams
- cultivate self-awareness and authentic leadership at every level
- find opportunity, strength and purpose during challenging time.

3) Expand your personal and professional network.

- extend your network by working with accomplished executive from various backgrounds, industries and countries around the world.
- build relationships with diverse group of peers who can provide wide ranging into insights to your business challenges and career decisions.

Challenge of HRM in a Global Business Environment

Organizations have a workforce diverse in age, culture, country, gender, lifestyle, etc. The main motive of organization is to fully utilize its human resources. The increasing diversity of the workforce, combined with changing attitudes within society, present challenges for organizations and their employees.

Some of the challenges being faced by HR managers in a global business environment are discussed below:

Managing Globalization

In order to grow and prosper, many companies are seeking opportunities in global markets. In India, after the LPG policy of 1991 many changes to promote globalization have been made. Foreign trade is promoted since then. Competition and cooperation with foreign companies have become an important focal point for the business. Companies face competition from all fronts. HRM is not left out in this transformation crusade as it has an obligation to move along with the changing demands of the globalization process. Due to globalization, companies now face business challenges which re-quire the organization to build new capabilities. This has changed the role of HR department by creating an opportunity to assist the organization to complete challenges. Therefore, with the rapid expansion of the global markets, the HR managers/professionals must think globally and transform the same to meet local needs.

Adopting New Technology

Technology is something which cannot be static. It keeps on going through rapid developments over the time. Advancements in information technology have enabled organizations to take advantage of the information explosion. After the great innovation of internet everything has changed. Organizations are connected via computer-mediated relationships, and they are giving rise to a new generation of ‘virtual’ workers who work from home, in hotels, in their cars, or wherever their work takes them. This has been experienced by the businesses during the time of COVID 19 pandemic. For some it was successful experience and some face difficulties during this time. The implications for HRM are at times mind-boggling.

Managing Change

It is very important to see how a firm manages the overcoming change. If any business cannot change itself with the time it won't be able to stand in long run. Technology and globalization are only two of the forces driving change in organizations and HRM. Today, being able to manage change has become paramount to the firm's success. In highly competitive environments, where competition is global, and innovation is continuous, change has become a core competency of organizations. However, most of the major reasons why change efforts can fail to come down to HR issues such as not establishing a sense of urgency; not creating a powerful coalition to guide the effort; lacking leaders who have a vision; not removing obstacles on the new vision; declaring victory too soon; not systematically planning for and creating short-term ‘wins’; and not anchoring changes in the corporate culture.

Multi-Skilled HR

Being educated is not sufficient. A person need to be more talented to make things work. The pace of change in the HR environment in this era of globalization will require HR professionals to be multi-skilled. They must devote more attention to core strategic issues in HR management and be facilitator or change initiators and internal consultant to the organization. The process of multi-skilling endows HR professionals to function in other capacities and also affords them the opportunity to appreciate the job schedule of line managers.

Managing Multi-Generational Workforce

Organizations these days have employees belonging to multi-generations who fall under various age groups. These generations are classified as Baby Boomers I, Generation Jones or Boomers II, Generation X, and Generation Y. Baby Boomers are people who feel comfortable with their traditional ways and they do not like to come out of their comfort zone. They tend to believe that hard work and sacrifice are the price to pay for success. They value health, wellness, personal growth, and diversity and they have a strong sense of entitlement (Werner, Schuler & Jackson, 2012). Generation X and Y born people grew up with the most technological advances and changes, they have a preference for positive feedback but are willing to learn and develop, they are comfortable with multitasking, change, and innovation and they are willing and able to work effectively in teams (Werner et al., 2012; Nasir, 2017). However, Healthfield (2004) holds that generation X and Y born people will move from workplace to workplace without any hesitation and are akin to free agents who will decide where and why they should work. The emergence of this new breed of the workforce will create additional responsibilities for HR professionals who have to provide a wide range of services in a different configuration in a bid to carry this group along in employees' employment relationship.

Managing Talent or Human Capital

As we already discussed the business cannot work by itself. It is run by humans. So if a business will be a success or downfall depends on its human resources. The idea that organizations ‘compete through people’ highlights the fact that success increasingly depends on an organization's ability to manage talent, or human capital. The term ‘human capital’ describes the economic value of employees' knowledge, skills, and capabilities. Consequently, the role of the HR

professionals is to ensure that the organization has the human capital it needs in the right proportion and at the appropriate time. The HR professionals must device means to ensure that valued and talented employees who can contribute to knowledge creation and sharing are attracted, deployed, developed and retained.

Managing 5R's

In today's competitive environments, the 5R's are becoming crucial in the success of every organization. Today, HR professions have to take care of all the 5R's namely resourcing, recruiting the right talent, retaining the talent, retraining, and restructuring.

Cutting Costs

There are increasing pressures' on companies to lower costs and improve productivity to maximize efficiency. Like other functional department managers, HR managers are now under pressure to show top management the 'bottom line' financial results their departments are achieving. Labor costs are one of the largest expenditures of any organization, particularly in service-and knowledge-intensive companies. Moreover, the healthcare costs of insuring workers and their families have accelerated in the past decade, posing a much bigger burden to firms. Organizations are taking many approaches to lower labor-related costs. In addition, to shifting some of the rising costs of healthcare back onto employees, companies are also downsizing, outsourcing, offshoring, and engaging in employee leasing in an attempt to enhance productivity. Each of these efforts has a big impact on HR policies and practices.

Striking Work-Life Balance

Work-life balance is a state of equipoise between and among the four quadrants of every individual life. The four quadrants may be broadly categorized under work, family, friends, and self (Chantai, 2014). As defined by Kodz, Harper, and Dench (2002), the concept of work-life balance is about employees achieving a satisfactory equilibrium between work and non-work activities (i.e., parental responsibilities and wider caring duties, as well as other activities and interests). Due to intense competition in the market place, the workload is increasing day-by-day and this leads to various health challenges and work stress amongst the workforce. Therefore, it is a responsibility of the HR manager to make a segregating line between work and leisure activities. People often quit their jobs if they do not find an appropriate balance between personal lives and professional obligations. Hence, the HR manager has to work to avoid such a scenario and he/she need to help employees in finding the right work-life balance (Kossek & Ozeki, 1998).

Workforce Diversity

Today, organizations are having the heterogeneous workforce, which is considered to be a positive thing as diverse minds will guide to new creations and ideas, but managing the culture where people have different mindsets and putting across the cultural values is indeed a challenging task. Therefore, the HR practitioner or professional must ensure that no group of members has an advantage or disadvantage over the other in the workplace. Besides, the HR manager must also ensure that the productivity, creativity, and commitment of the workforce are maximized while meeting the needs of their diverse interest (Anyim et al., 2011). The challenge of workforce diversity becomes even more complex when dealing with new workers, those engaged through means such as crowds sourcing, as well as remote and temporary workers. The HR manager also needs to develop programs to assist executives to adapt when they move from the head office to regions with different societal and cultural norms.

Staying Within Laws

Temporary and part-time workers play an important role in today's workforce. Yet laws regarding these workers differ from country to country. Temporary workers, too, must receive the same benefits as permanent workers. The challenge for HR when conducting workforce planning is to understand the nuances of the laws and customs in each of the regions where it operates and ensure that it is treating part-time, temporary and remote workers legally. Keeping up-to-date with

ever-changing and complex labor laws in each country and region will continue to present a constant challenge beyond the traditional visa issues, local versus foreign worker regulations and migration laws.

Upgrading the Skills of HR Managers

To be able to cope with the global challenges and be relevant in the current century, the quality of HR staff need to be improved. The firm's need people who know the business, understand the theory and practice of HR those who can manage people effectively and make change happen and have personal credibility and integrity. Sometimes such individuals or talents may already exist within the organization, but they must be identified and given additional qualitative training to sharpen their skills. In sum, the HR managers or professionals cannot expand their role in the organization without the requisite expertise considering the current knowledge-driven operating environment.

Identifying Skills on a Local Level

A skillful person is the need of every business. Not every time a skillful person shows into a business. The HR department of business should also look around for skillful person. Sometimes a skillful person isn't recognized due to undesired tasks given to that person. Firms that can identify skills beyond those presented in traditional CVs and Resumes will have an advantage over their competitors. However, identifying the desired skills and finding them in a pool of candidates is a significant challenge for HR managers, especially when entering new markets and geographies.

HR Managers and Employees' Welfare

The HR managers will be held accountable for ensuring that employees show commitment and add value to the business of the organization irrespective of attending to their social needs. This goes to underscore the relevance and importance of HR approach which holds that organizational goals and human needs should be mutual and compatible and that one set need not be gained at the expense of the other (Anyim, et al., 2011). According to Ulrich (1998), HR managers would become champion of employees, vigorously representing their concerns to top management and to increase employees' commitment to the organization and their ability to deliver results. The challenge for HR professionals is to educate managers on how to take advantage of the cultural differences while mitigating any friction.

Complying with CSR

Corporate Social Responsibility (CSR) is among the top challenges firms face when expanding into new markets, especially in developing regions. Business practices that are acceptable locally are frequently at odds with the values of the firm and the laws of its regulatory agencies. This creates a tug-of-war between social responsibility and the need to be successful in those markets, which can turn into a significant risk. The challenge for HR professionals is to gain a detailed understanding of local environments and their accepted business practices. It then needs to establish protocols that are customized for each region and communicate these protocols throughout the organization and across its supply chain. Therefore, when local labor practices conflict with the organization's CSR policies, HR managers needs to be the voice of the individual and ensure that the firm maintains its integrity, even when this goes against the potential economic value. HR managers face the additional challenge of demonstrating to the firm how good CSR policies strengthen the brand, increase customer loyalty, and boost shareholder value.

Recommendations:

In light of the foregoing, the paper recommends the following:

1) The attitudes, beliefs values, and customs of people in a society are an integral part of their culture. Naturally, their culture affects their behavior on the job and the environment within the organization, influencing their reactions to work assignments, leadership styles, and reward systems. Like the external and internal environments of which it is part, culture is undergoing continual change. HR policies and procedures, therefore, should be adjusted to cope with this change.

- 2) The HR managers should streamline the organization's systems and procedures and deliver flawless administrative services to become a reckonable party in the execution of corporate plans.
- 3) The HR professionals should become an agent of continuous transformation; shaping processes and a culture that together improve a multinational company's capacity for change.
- 4) HR managers should accept differences between countries as a fact and adjust to these differences effectively and become experts in the way work is organized and executed, delivering administrative efficiency to en-sure that costs are reduced while quality is maintained.
- 5) Increased responsibility for HR matters should be devolved to line managers where appropriate. HR managers should develop elements of a common framework for company strategies, policies, and operations.
- 6) The HR managers should become a partner with top and line managers in strategic execution, helping to move planning from the conference room to the market place. This will go a long way to help organizations gain a competitive edge on a global scale.
- 7) The HR managers must be on a continuous lookout for creativity and innovation as it is known to be the key to success and this will help organizations to align their HR processes efficiently with organizational goals on a broader perspective.

Conclusion

HRM is the formal structure within an organization responsible for all the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people. It is a complex and rapidly changing field of practice in academia and industry. In today's business environment, HR professionals are facing numerous and complex challenges due to factors such as globalization, hyper-competition in the markets, declining margins and changing consumer demands, workforce diversity, technologic advances, and changes in the political and legal environment. Despite these challenges, HRM is a critical factor in the success of all organizations. Attempts have been made to analyze the factors affecting HRM and its practice in a global business environment. However, to work with people effectively, we have to understand human behaviors, and we have to be knowledgeable about the various systems and practices available to help us build a skilled and motivated work-force. At the same time, we have to be aware of economic, technological, social, and legal issues that either facilitate or constrain our efforts to achieve organizational goals and objectives. This is because employee skills, knowledge, and abilities are among the most distinctive and renewable on which a firm can draw, their strategic management is more important than ever. Environmental differences between countries have to be taken into account in managing globally, today, the main issue for multinational companies is the need to manage the challenges of global efficiency and multinational flexibility - the ability of an organization to manage the risks and exploit the opportunities that arise from the diversity and volatility of the global environment. In addition to the competitive challenges facing organization, HR managers need to be concerned about changes in the makeup and the expectations of their employees. To conclude we can say that in this transforming world only multinational companies are willing to adapt the HR practices needed to compete and survive. With this they will be able to attract, nurture and retain talented employees, and will likely survive and succeed in the global business environment.

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