



“Strategic Human Resource Issues In Changing Environment”

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ABSTRACT

Resembling the innovations in the universal platform, the specifications of manpower has also been modifying. Similarly changes in HR have also become necessary along with the alterations in the business conditions. The conventional methodology practiced for HR has become unsuitable and outmoded in handling human resources in growing business environment. Modernized human reserves are portrayed by Gen-employees, diversification of broad work-force, flexible workings, telecommunicating, multiplication in the figure of women employees, enhancement in dual earners, etc. The modification in the HR environment has initiated to introduce latest HR methodologies. This has driven towards the development of unique vital avenue in relation to HR. In the uncertain business situations, HR approaches are required to be aligned along with the business planning in order to make business organizations work effectively and efficiently. HR systems have gone through a progressive manifestation through traditional to strategic path. Awareness about the causes related to strategic approaches in HR practices and also the extensive approaches of important HR practices are treated as an mandatory approach which is acknowledged in managing HR in this unique growing business atmosphere?

Though, its counter to this background, an effort has been made in the existing paper to feature the unstable atmosphere of business and, in return, uncertain atmosphere of HR specifically in reference to India. This paper also features the developing aspects of strategic HR in marking the demands of independent extrinsic determinants (global) and



intrinsic determinants (physiological) influencing business accomplishments directly or indirectly. Extrinsic determinants comprises Outsourcing and off sourcing, an universal workforce that proposes a higher value on cross cultural awareness and skills, work diversification, technological developments and upgrading and many more. Though intrinsic determinants are expert's burnout, psycho-social prospects, occupational stress, competitive tension, work holism etc.

Key Words: Strategic Human resource management, changing environment, Gen-employees.

I. Introduction

The evolution of the term 'strategic human resource management' (SHR) is a fallout of globalization. Business environment has been altered in such a form that there is an essential requirement that emerged for changing the business strategies. Hence, Personal management was engulfed by HR and in current vying stage HR is taken up by "strategic human resource management". SHR is mostly involved with 'integration' of HR into the business strategy and 'adaptation' of HR at every rank and stages of the organization (Guest, 1987; Schuler, 1992).

A. What is strategy?

The origin of this concept can be traced in its military orientation, going back to the Greek word 'strategos', for a general who organizes, leads and directs his forces to the most advantageous position (Bracker, 1980; Legge, 1995; Lundy and Cowling, 1996). In context of business the main emphasis of strategy is thus to enable an organization to achieve competitive advantage with its unique capabilities by focusing on present and future direction of the organization (also see Miller, 1991; Kay 1993).

Traditional Strategies of HR was dwelling with the transformation, initiating from the establishment of mission and vision, figuring out the external environment, operating an internal organizational investigation, framing definite goals, exploring feasible strategic preferences,



implementation of selective preferences and proper assessment of all the above. Organizations accepting such traditional approach pursue a clarified, analytical, planned and careful procedure of strategy formulation and focuses for gaining benefits. This approach has more probabilities to be successful especially when the organization's objectives and goals are very clear, the extrinsic atmosphere is comparably steady, and the facts about both the extrinsic and intrinsic environment is certain to be relied upon.

However, in factual approach, it is necessary to record the different determinants like lack of time, scarcity of resources and data, lack of co-ordination between the employees etc. managers don't pursue 'formal and inflexible organizational strategies.

Based on their involvement, impulse, instinct and the scarce resources available for them, but despite of all managers adopts an 'informal and bounded rational approach' for formulating the strategies (see Quinn, 1978; Mintzberg, 1978). Mintzberg (1987) implicates that formal approach to strategy making results in consideration on the part of decision-makers, which implicates result, about thinking before action. In such competitive and uncertain surroundings managers do not feel they are in commanding position, only the best can survive (survival of the fittest or being at the correct place at right time). The key to success mainly lies, if it blends well between organizational strategy and business environment (also see Lundy and Cowling, 1996). Thus the evolution of strategy formulation is highly determined by factors such as national and international culture, internal business systems, external business opportunities and demographic composition of a given society and technological changes etc.

B. What is HRM?

"HRM targets on managing people within the employer and employee relationship. Especially, it includes the productive use of people in attaining the Organization's strategic business objectives and the



satisfaction of individual employee needs (Stone, 2002). The human resources of an organization comprises of all people who perform its activities. HRM signifies the people who work for an organization and how they work. The human resources, if well managed, have the potentiality to source the sustainable competitive advantage, contribution to the basic objectives such as quality, profits and customer. HRM is involved with the personnel policies, managerial practices and also system that influence the workforce. In broader terms, all outcomes that affect the workforce of the organization involves the HR activities. Important HR liabilities includes work design and job analysis, training and development, recruiting, compensation, team-building, performance management and appraisal, worker health and safety issues, as well as recognizing or promoting conclusive procedure for recruiting staff. HR department arranges the tools, data and processes that are used by line managers as their HR component of their job.

C. Strategic HR (SHR)

The conception of strategic HR is an emerging approach and many researches had suggested its importance in the success of an organization. HR strategies are prerequisite plans and programmes that resolve fundamental strategic issues associated to the management of human resources in an organization (Schuler, 1992). Broadly speaking, SHR is all about consistently linking people with the organization; more specifically, it is about the assimilation of HR strategies into corporate strategies. They aim at aligning the organization's HR system, policies and program with corporate and strategic business unit plans (Greer, 1995). Strategic HR thus connects with corporate strategy and HR, and also affirms the unification of HR with the business and its environment. It is considered that integration between HR and business strategy contributes to effective management of human resources, improvement



in organizational performance and finally towards the success of a particular business (see Holbeche, 1999). It can also help organizations in achieving the competitive advantage by creating unique HR systems that cannot be plagiarized by others (Barney, 1999).

a) SHR is consisting of two major aspects:

First is integration of HR into business strategy and second involvement of human resource practices to meet environmental challenges. Brewster and Larsen (1992:411-12) defined integration as ‘degree to which the HR issue are considered as part of the formulation of the business strategy’ responsibility to line managers rather than personnel specialists’. Research in the field (see Lengnick-Hall, 1988; Purcell, 1989; Schuler, 1992; Storey, 1992; Budhwar and Sparrow, 1997; Truss et al., 1997; Budhwar, 2000a; 2000b) highlights a number of benefits of integration of HR into the corporate strategy. These includes: Furnishing a broader range of explanations for resolving complex and complicated organizational issues; encouraging the successful implementation of corporate strategy; sharing a vital elements in attaining and managing effective organizational performance; ensuring that all human, technical and financial resources are given equal and due consideration in establishing goals and estimating implementation capabilities; supplying long-term targets to HR and supporting a firm to attain competitive benefits.

In similar vein, researchers (Budhwar and Sparrow 1997; 2002; Hope-Hailey et al., 1997; Truss et al., 1997; Sisson and Storey, 2000) have featured the advantages of devolvement of HR practices to line managers. These include: featuring various issues that are complex for top management to comprehend and understand alone; encouraging more motivated employees and more compelling control; local managers responding more promptly towards local problems and conditions; resolving regularly occurring problems at the ground level; spending more time for personnel specialists to attain strategic functions;



supporting in systemizing the predefined and monitored styles of line managers; improvising organizational efficiency; developing future managers by allowing them to exercise decision-making skills; and assisting in reducing costs by redirecting traditionally central bureaucratic personnel functions.

II. Factors affecting human resource management

Factors affecting HRM comprises of the current labor environment, organizational reforms, and the availability of skilled employees in the workforce. Various other factors may also be present — such as demographics and multiculturalism — depending on the company's location and internal requirements. These factors can be divided into two parts: internal factors and external factors. Internal factors influences performance of organization directly and controls its factors. Whereas external factors are not under control and are affecting organizational strategies and also overall atmosphere. In most of the cases, these are ongoing issues discussed as below:

a. Globalization:

The terminology Globalization associates to the processes of international integration emerged through interchanging worlds view, products, ideas, and various other aspects of culture. Advancements in transportation and telecommunications infrastructure, including the advancement of the telegraph and Internet, are major factors affecting in globalization, further developing interdependent economic and cultural activities. As an outcome, trade and financial markets are becoming more progressive and unified which lead to problems in HR practices as languages, competitions, attitudes of employees, leadership style, work ethics, flexibility in time, work options like work from home, convenient timings etc. Thus, HR managers must have to deal with more problems & challenges and have more engrossment in employee's personal life.

b. Labor environment:



The present scenario related to labor in a particular environmental area is an uncontrollable determinant. The Labor Legislation of the area may regulate the use of labor, tough regulations establishes strict restrictions for employing employees, wage laws limits the use of large groups of unskilled workers, or labor unions have a powerful existence in the market. There are many determinants which regulate the supply of employee in a given area like demographic trends, labor legislation, and skill levels as the outcome of a societal education system, wage levels strengthens and nurture the industrial relation system it also develops the Work culture of organization. Whereas the requirements of employees may get affected by such factors as technological up-gradations and economic conditions enforces the business cycle, hence also the demand for specific products, legislation, socio-cultural tastes, and consumer sentiments too affects the behavioral pattern. The human resource managers are liable for keeping tabs on these issues and keep other executives well aware about them.

c. Employees profile:

As per current scenario organizations are recruiting youngster groups then matured ones, with such kind of demanding, growing and developing profiles of employees their expectations also grow very high, as they desire for better working facilities, remuneration and comfortable timings. This is a biggest challenge for HR department to generate realistic job profiles, generate suitable retention strategies and develop quality working culture. The HR department is required to move towards a more comprehensive corporate culture and develop perceptives which comprises of demographics, skill sets, personality traits and employee perspectives based on the organizational culture.

d. Quality Consciousness:



In current scenario quality assurance is demanded more by customers, they are more engrossed towards those organizations who deliver qualitative goods & services. Due to the increased competition globally, the organizations are compelled to focus more on quality assurance and total quality management. Organizations are in need of such skills which are compassionate towards these new techniques in order to fulfill this purpose.

e. Newer Organizational Design:

To maintain the changing environment, the organizations are adapting new ideas to retain in the current competition. As the parts of these business ideas the organizations distinctive competencies are institutionalized in nature. From the HR viewpoint applicable examples of distinctive competencies are: company's know-how, knowledge of customer value, shared assumptions and values, leadership styles and commitments, staff identification and commitments, culture and internal communications (Van der Heijden, 1996: 61-66). At present organizations are not only interested in unique dynamic working strategies but they require something which excessively reduces the burden of cost and also reduces the cost of management. Thus HR practices require to be transformed from a rigid bunch of activities to the field of works.

f. Workforce Diversity:

According to Thomas (1992), dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience. Success of any organizations depends on the ability to manage a diversified body of talents that can bring out innovative ideas, perspectives and views towards their work. Diversity at working place can be tuned into a strategic human resources, if an organization utilizes its diversified talent



properly. Organizations must develop some strategies in order to support this type of talent and their retention also, otherwise they may lose for their competitors. Thus, a HR manager required to be rational and predictable and must adhere to environmental changes. All employees must be trained and motivated towards developing their diversified talent at global arena. Thus, the influence of organizational diversified management is dependent on the skilful & corresponding act of the HR manager.

g. Technological advances:

Technological advancement encourages the organizational working principles as well as the performances. As frequent changing technologies has reduced the number of employees at work place and also rose up unemployment in the market. It can be observed in the near future that there will be an revolutionary impact on Management information system in the business, it covers two vital areas first is application of computers in managerial decision making process and secondly data base information system, this will increase the impact of coordination and working strategies of organization. Fast improving and changing technologies demands considerable skill, resourceful skilled staff to cope up with such changes and an opportune leadership style to govern the employees in changing working atmosphere. In other hand, there is the scarcity of skilled manpower. Alike technological changes root outs difficulties and further challenges the organization. This is a challenge for human resource department to motivate their staff in order to adapt in such technical changes and support them by educating new techniques (especially to experienced staff). Organization should encourage workforce through some monetary and non- monetary benefits in order to motivate them, can also be encouraged by job promotions, bonus, participation in decision making, salary hikes etc.

h. Changes in political and legal environment:



Political and legal environment is also developing extensively. It affects the surroundings within which the industries are working. Due to amendments in legal and political environment, business environment is also changing and organizations are mandated to follow all prevailing rules while they are engaged in business. These changes also affect our industrial relation i.e. relations among employer and employee, employee and employee, employer and employee. The components may be minimum wages, minimum age of worker, working conditions, quality of work, quality of product or services, location and employee welfare etc. It is challenging for Human Resource manager to anticipate these developments and further follow up their execution. It also educates about the importance of exercising the rules and also encourages them to adapt themselves in such political and legal changes.

i. Changes in the Economic Environment:

Economic environment also affects working environment directly or indirectly. Some of the factors may be due to scarcity in a specified area where as the other affecting factor may be easily available like electricity, power, demand of quality products, changes in inflation rate and interest rate, devolution of money, ever increasing desires of workers for higher wages and other material welfare and escalated costs on the employees welfare, other benefits and many more. In an inflationary economy, the resources tend to become deficient and the costs of machine, materials and labor multiplies. These push-up the capital and running cost. Internal Factors:

Internal factors are essentially psychosocial risks which may occur due to poor working organizational and management practices. These psychosocial factors affect the health of the employees, which results towards illness. These factors may be as follow:

j. Professional Burnout:

Professional burnout is good example of physical, emotional and mental collapse that can develop when the job continues to give satisfaction; an



employee continues to grow efficiently, feels discontented with the work done by him. Such problem arises in businesses, characterized by excessive commitment with people in service sector. Work pressure is more than employee's competence; as a result, the dimensions of jobs at the risk of professional burnout are increased at each level of employees.

k. Work holism:

The generalized meaning of a workaholic is "a person who works a lot or enjoys his/her job". In fact, it is an addiction towards work. It may be due to several reasons like: over work time, jobs nature, work outcomes, obsession, and staff relationship. The work holism reality is for white-collar workers, especially managers. Some people acknowledges it advantageous for organization, in general practice workaholics are less efficient and success-oriented, whereas their alertness and need for control generates complications in decision making and conclusively delays in the execution of tasks.

l. Psychosocial Risk Management:

Psychosocial risk management should be extensive, so that it comprises of the descriptions of the causes of hazards, modification of assertive elements of working organization and management, as well as information and assistance to employees. A key to the achievement of any preventive program is commitment from all parties, namely company management, line managers, all employees, HR department, trade unions, health & safety and occupational medicine specialists and also professional external consultants.

m. Occupational Stress:

The World Health Organization (WHO) has found that stress is one of the biggest health threats of 21st century. Occupational stress is outcome of non-compatibility of work requirements and employees capabilities. Stress develops when the necessities of the job exceed the adaptation



capacity of an employee – either due to the situation and potentiality threatening or due to its exceeding coping abilities. Stress develops a measurable economic cost to the company, it includes increased absenteeism, lower productivity, more accidents at work, higher staff turnover, and increased costs associated with employee sick leaves.

III. Strategic HR to meet changing environment:

SHR is treated as comparatively unique concept, although it continuous to develop throughout the past two decades. Although there is still no consent on an exact definition of SHR among scholars, broader agreements had been reached on its elementary function, which associates designing and implementing a set of internally consistent policies and practices that assures the human capital of a firm which adds to the accomplishments of its business objectives (Schuler and MacMillan, 1984; Baird and Meshoulam, 1988; Jackson and Schuler, 1995). Strategic HR is a set of human resource strategies designed and implemented to ensure that business objectives are achieved. (Baird & Meshoulam, 1988; Delery & Doty, 1996; Huselid, et al., 1997; Jackson & Schuler, 1995). Strategic HR is a strategic an suggestion to handle human resources of an organization. It is the correlation among the HR and strategic goals and objectives so as to upgrade business achievements and develop organizational cultures that promotes innovation and flexibility. By adjoining the HR function with business strategies, SHR represents a more malleable arrangement and application of human resources to acquire the organizational goals, and accordingly supports organizations benefits in a competitive scenario. (Wei, 2006). According to Hendry & Pettigrew (1986), SHR is a logical approach towards people management which is based on the organizational philosophy and the strategy and it views the people as the strategic resource for creating competitive advantage. The linkage between HR practices and business strategies has been indicated in studies related to SHR (Miles and Snow 1984; Baird & Meshoulam 1988; Wright and



McMahan 1992; Kazmi and Ahmad 2001; Devanna et al. 1981; Torrington and Hall 1995).

IV. CONCLUSION

Success of an organization depends on the employee's diversified expertise that can bring up unique ideas and encounters with distinct challenges faced by organization due to change in environment. With the combination of talents of diversified cultural backgrounds, genders, ages and lifestyles, an organization can acknowledge towards the business opportunities more expeditiously and creatively, specifically in the global arena, which must be one of the significant organizational goals to be accomplished. Retention of such expertise is a biggest threat in front of organizations, in order to curtail turnover human resource department must have to encourage, all level employees through both monetary and non – monetary methodologies. Proper selection means right people at right place, training plays a significant role in complementing their varied talents. Even HR should recommend performance evaluation system and also an appropriate career development plans, which must be encouraged in the organization to retain them and to make them more competent and efficient in order to face the changing and challenging environment.

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