



Contemporary Issues Faced by Human Resource Managers Today

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Abstract --The aim of this revised and expanded text is to provide an up-to-date overview and analysis of the diverse and complex range of issues currently confronting the field of human resource management. Adopting a critical approach, the authors review theories of HRM, and apply these principles to emerging themes that exemplify the dynamic working environment confronting organizations today. The exploration highlights the challenges for HR professionals who are increasingly expected to provide leadership in the management of employees as a key source of organizational competitive advantage

Key terms: 21-Century HRM, Contemporary issues, technological issues, Strategic HR view, sustainable competitive advantage, HRM skills.

1. PRESENT VIEW OF HRM:

The old workplace, in which managers simply told employees what to do, is gone. You will most likely work in a team and share in decision making and other management tasks. Today, people want to be involved in management, and organizations expect employees to work in teams and participate in managing the firm.

1.1 Productivity centers:

Welcome to the 21st century and the productivity center. A **productivity center** is a revenue center that enhances profitability of the organization through enhancing the productivity of the people within the organization. So, why does a modern organization worry so much about HRM? Today's Human Resource Manager is no longer running an organizational cost center. Their function, along with all other managers within the organization, is to improve organizational revenues and profits to be a profit center. How does HR create revenue and profits for the organization? They do it through enhancing the productivity of the people within the organization.

Productivity is the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time. We must be more competitive in today's business environment in order to survive for the long term. As a manager of any type, we do things that will improve the productivity of the people who work for us and our organization we create productivity centers. But, how can we become more productive?

Productivity is the end result of two components that managers work to create and improve within the organization:

- **Effectiveness**—a function of getting the job done whenever and however it must be done; it answers the question “Did we do the right things?”
- **Efficiency**—a function of how many organizational resources were used in getting the job done; it answers the question “Did we do things right?”

Both of these are important, but most of the time we are focused on efficiency. Human resources (our people) allow us to be more efficient as an organization if they are used in the correct manner. This course is about how to make *our people* more efficient.

2. 21st-CENTURY HRM

In this section, we discuss some of the issues facing today's HR Managers, including challenges, the strategic view, technology and knowledge, changing labor demographics, and productivity and competitiveness through HRM.

2.1 HRM Challenges:

Before we go further, let's look at some of the things that managers tell us make their jobs more difficult and that they can't *directly* control. Every time that we survey managers in any industry, in any department, about managing others, they bring up the following issues as among the most important and most difficult things that they deal with:

1. **Productivity** —defined above
2. **Job satisfaction** —a feeling of well-being and acceptance of one's place in the organization
3. **Turnover** —permanent loss of workers from the organization (People who quit would be considered *voluntary* turnover, while people who were fired would be *involuntary* turnover.)
4. **Absenteeism** —temporary absence of employees from the workplace

NOTE: We have already introduced you to productivity. What about the other three items? Why do we care about job satisfaction, turnover, and absenteeism? Let's take a moment to have a more detailed look at each of them.

- **Job satisfaction** as noted above, is the feeling of well-being that we experience in our jobs basically whether or not we like what we do and the immediate environment



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surrounding us and our jobs, or “the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs.”

→ **Turnover** is the permanent loss of workers from the organization. Does turnover cost the organization? Absolutely! What costs are associated with turnover within the organization?

Well, first we have the cost of the paperwork associated with the departing employee and if they left involuntarily we may have increases in our unemployment insurance payments. Next, we must find someone else to do the job we have job analysis costs, recruiting costs, and selection costs. Once we hire someone new, we have orientation and other training costs, costs associated with getting the new worker “up to speed” on their job something we call a learning curve and costs associated with them just not knowing our way of doing business (every company has a unique culture, and not knowing how to act within that culture can cause problems). So, again, we have many costs associated with the process of turnover in the organization, and as a result, we want to minimize turnover.

→ **Absenteeism** is the failure of an employee to report to the workplace as scheduled. What’s the big deal here? If employees don’t come to work, we don’t have to pay them, right? Well, that’s true for some of them, but not when we give sick pay. In addition, if some of our workers are frequently absent, it causes lower job satisfaction in others who have to “take up the slack” for their absent coworkers. And there are other issues as well. So, we can quickly see that even though we don’t have to pay some of our workers if they don’t come to work, absenteeism still costs the organization money.

3. CONTEMPORARY ISSUES FACED BY HUMAN RESOURCE MANAGERS TODAY:

Human resources managers face a myriad challenges with today’s workforce. There are issues concerning the diverse workforce, legislation affecting the workplace and technology matters that rise to the top of the list of challenges. Human resources managers who encounter these challenges use their leadership skills and expertise to avert issues that might arise from these challenges.

3.1. Multi-Generational Challenges in Workplace:

Four generations are in the work force. Ranging from septuagenarians to 20-something recent college graduates, your company may experience the challenges posed by having so many different sets of values, expectations and work styles in the workplace. According to the USA survey by Lee Hecht Harrison, more than 60 percent of employers are experiencing intergenerational conflict. However, those very differences can also lead to increased creativity and productivity and ultimately to business success.

3.2. Legislation Affecting Workplace:

The Recovery Act of 2009 and the health care reform bill, which passed in March 2010, promised immediate impact on the workplace. The requirements of the Recovery Act had an enormous affect on businesses that provide health care insurance to workers who lost their jobs. The Act mandated an employer-paid 65 percent subsidy for former employees receiving COBRA, short for Consolidated Omnibus Budget Reconciliation Act, benefits. On the other hand, the Recovery Act created thousands of jobs and contracting opportunities for small businesses. In addition, the guarantee for U.S. Small Business Administration loans was increased to 90 percent.

The health care reform bill of 2010 lessens the threshold for procuring insurance coverage. By 2014, no one will be denied health care insurance because of pre-existing conditions. This may increase premiums for insurance that, unfortunately, might have to be passed onto employees or become another fiduciary responsibility assumed by employers. Conversely, small businesses that provide consulting services to employers may see an increase in revenue due to the surge in employers needing professional services to help them to comply with legislative changes.

3.3. Technological Advances and Workplace:

The workplace setting is changing because of technology. Telecommuting, telework and remote reporting relationships are becoming the norm rather than an anomaly. Flexible work schedules and arrangements are ways to improve productivity for some employees; however, these types of technology-based changes for all employees. Human resources managers must ensure there is a mutual agreement between the employer and employee for options that include telecommuting. Working from home--telecommuting or telework--requires motivation and discipline. Some employees lack these traits and would not be productive workers if allowed to work from the comfort of home.

4. CHALLENGES FACED BY HUMAN RESOURCE MANAGERS BECAUSE OF TECHNICAL CHANGES

Following are challenges which faced by human resource managers because of technical changes.

4.1. Resistance to Change:

As with any change in the workplace, changes in technology may result in anxiety and even resistance among employees. Technical changes can be seen specifically as threats by employees who envision that their roles within the company will be replaced by a machine or computer that can do the job cheaper or faster. Developing strategies to combat this resistance to change is key to the human resources manager's role. This starts by assuring employees of their worth and meaningful place within the business and by helping them to see the technology as an aid not a hindrance to their work.



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4.2 Dealing with Workforce Shortages:

Even when unemployment is at record high levels, a shortage of skilled workers exists in many industries. As a result, human resource managers often find it difficult to find workers who are adept at using new technology. This means two things for businesses: they must train their current employees to keep up with technical changes and they must motivate and encourage employees who they bring on board to be the best they can be at using new technology. Human resources can also facilitate further education programs, training days, conferences and seminars to keep employees' skills fresh.

4.3. Training:

Providing training and support to employees who wish to keep up with technical changes not only benefits the company but also helps the employees who take this route to feel like they are a vital part of the business. The human resources manager can face this challenge head on by identifying the core areas of the business where training is needed and by offering either on-site programs or by facilitating training opportunities for employees off-site.

4.4. Managing Information:

Human resource managers have a vital role to play in managing information and securing the privacy of information. As the technology within an organization advances, so too do the privacy and security concerns connected with those technical changes. Providing employee training on how to secure data and prevent privacy breaches to keep business information secure are challenges human resources faces in this area. Communicating with technology vendors and keeping up-to-date with the technical aspects of the company are key ways for human resources managers to recognize and confront this challenge.

5. THE HRM STRATEGIC VIEW:

Strategy and strategic planning deal with a process of looking at our organization and environment—both today and in the expected future and determining what we as an organization want to do to meet the requirements of that expected future. Only in the last 30 or so years has HR Management really gone from reactive to proactive in nature. Instead of waiting for someone to quit and then going out and finding a replacement, HR Managers are now actively seeking talent for their organizations. Good HR Managers are constantly looking at processes within the organization and, if there is something going wrong, figuring out how to assist the line management team in fixing the problem, whether it is a training problem, a motivation problem, or any other people-oriented problem.

5.1. Sustainable competitive advantage:

Why has HR been redesigned? To make our organizations more competitive and create sustainable

competitive advantages. This is the basis for strategic HRM. Strategy and strategic planning deal with the concept of creating "sustainable competitive advantages." **Sustainable competitive advantage** is a capability that creates value for customers that rivals can't copy quickly or easily, and allows the organization to differentiate its products or services from competitor products or services.

5.2. The main goals of strategic HRM:

So then, what are the main goals of strategic HRM? In the 21st-century organization, the primary HRM function is no longer just ensuring that the company has (1) the correct number of employees with the levels and type of skills the organization requires and (2) control systems to make sure employees are working toward the achievement of the goals in the strategic plan. This is a control model for organizational management that doesn't work in today's organization.

5.3. Analyze strategic direction for HR fit:

One of the most interesting and exciting jobs within the HRM field is as part of the strategic planning efforts for the organization. Why is it so interesting and exciting? It is because, if you play a role in creating the strategy for the organization, you have a hand in creating the organization's future. As we have already noted, HRM efforts are critical in order to be able to carry out organizational plans and reach goals that have been defined by the strategic plan. While this is not usually an option for those who are early in their HR careers, it is certainly an option as they get experience in four skill sets: human relations skills, technical skills, conceptual and design skills, and especially business skills.

6. HRM SKILLS

What skills will an HR Manager need in order to succeed in their job? All managers require a mix of technical, human relations, conceptual and design, and business skills in order to successfully carry out their jobs. HR Managers are no different: all leaders need management skills to improve organizational performance. The set of necessary skills for HR Managers is similar to the one for other managers, but of course it emphasizes people skills more than some other management positions would.

6.1. Technical Skills:

The first set of skills necessary for successful HR Managers is technical skills, the easiest of the four sets to develop. **Technical skills** are defined as *the ability to use methods and techniques to perform a task*. Being successful as an HR Manager requires comprehensive knowledge of laws, rules, and regulations relating to HR; computer skills, because everything in HR is now computerized, including some Equal Employment Opportunity (EEO) reporting requirements; skills in interviewing; training knowledge and skills; understanding of performance appraisal processes; and cultural knowledge (so we don't make a culture-related mistake), among many others.

6.2. Human Relations Skills:

The second major skill set is human relations (people) skills. **Human relations skills** are *the ability to understand, communicate, and work well with individuals and*



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groups through developing effective relationships. The resources you need to get the job done are made available through relationships, both inside (employees, coworkers, supervisors) and outside (customers, suppliers, others) the firm. Organizations are seeking employees with good human relations skills, and business schools are placing more emphasis on people skills.

6.3. Conceptual and Design Skills

Conceptual and design skills are another skill set required in a successful HR Manager, and it is based on decision making. Clearly, the decisions you have made over your lifetime have affected you today.

6.3.1. Conceptual and design skills: Include *the ability to evaluate a situation, identify alternatives, select a reasonable alternative, and make a decision to implement a solution to a problem*. The conceptual part of this skill set is an ability to understand what is going on in our business processes—the ability to “see the bigger picture” concerning how our department or division and the overall organization operates. It also includes the ability to see if we are getting outside expected process parameters.

6.4. Business Skills:

Lastly, HR Managers must have strong general business skills. Like technical skills, business skills are easier to develop than human relations and conceptual and design skills. **Business skills** are *the analytical and quantitative skills, including in-depth knowledge of how the business works and its budgeting and strategic planning processes that are necessary for a manager to understand and contribute to the profitability of their organization*. HR professionals must have knowledge of the organization and its strategies if they are to contribute strategically. This also means that they must have understanding of the financial, technological, and other facets of the industry and the organization.

7. CONCLUSION

It's the people in an organization that carry out many important work activities. Managers and HR professionals have the important job of organizing people so that they can effectively perform these activities. This requires viewing people as human assets, not costs to the organization. Looking at people as assets is part of contemporary human resource management and human capital management.

The human resources management team suggests to the management team how to strategically manage people as business resources. This includes managing recruiting and hiring employees, coordinating employee benefits and suggesting employee training and development strategies. In this way, HR professionals are consultants, not workers in an isolated business function; they advise managers on many issues related to employees and how they help the organization achieve its goals.

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