

## Emerging Challenges of HRM in 21<sup>st</sup> Century: A Theoretical Analysis

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### Abstract

Human Resource Management discipline extracted its roots from organizational psychology discipline and proved to be an important practice for managing organizations. The role of this practice has emerged to be strategic with due course of time. In an organization, HR has become an important strategic partner and the management of the same has become a challenging task for HR managers. Now a day, the role of human resource management departments has become indispensable for 21st century modern businesses. This article particularly focuses on changing role of human resource management practices in 21st century. This theoretical paper aims to highlight the importance of human resource managers, HR practices and its influencing factors. In addition to that, this article also elaborates the upcoming challenges which are being faced by 21st century HR managers. The literature analysis has been conducted to present emerging issues, challenges and practices of human resource management discipline in context of 21st century.

**Keywords:** Globalization, Strategic Partner, Competency Framework, Technological Advancement, Dynamic Environment, Change Management.

### Introduction

Companies that aspire to sustain their competitive edge, both at present and in the future require human force well equipped with recent techniques and technologies to face the changes and upcoming challenges of 21st century. There are an incredible number of demands on organizations today. Few of them includes escalating globalization, tough competition, frequent changes in technology, new organizational alliances, novel organizational structures, demographical shift, change in methods of working etc. With all these changes, there is a huge amount of pressure on today's organizations and especially HR function has a very critical role to play in order to help and navigate through evolutions. Hence HR needs to increase its apparent as well as real value.

HRM is one of the functions of management that endured tremendous theatrical changes in the new millennium. There is a shift in HRM managers' responsibility from simply handling

personal issues to designing strategic implementation of complicated strategies for the organization. Currently, there are extensive discussions going on regarding the main concerns for Human Resource in future. HR managers are facing a variety of challenges due to increased globalization, latest production techniques, change in customers' demands and corporate restructuring. HR managers are struggling hard for retaining talent, meeting multicultural workforce demands, and economizing of employees. There is a need to develop a flexible workforce to meet the changing demands of 21<sup>st</sup> century. The purpose of this research paper is to explore HR issues and challenges and to propose some practical solutions.

### **Human Resource Management**

Human Resource Management is a multidisciplinary function that depicts assumptions from different fields such as management, psychology, sociology and economics (Senyuce, 2009). An effective HRM attempts to get extraordinary results from ordinary people. Besides hiring the right person for right job at right time, HRM is also responsible for employee motivation, satisfaction, training, long term development & retention (Walker, 1994). This function has to assure through hard and soft approach that everyone is complying with companies' laws and regulations (Dowling & Welch, 2004). It is vital to remain well versed with not only environmental changes but also technological shifts. One of the biggest challenges today for HR personnel is to develop employees in accordance to global environmental factors as well as international marketplace (Andersen, Cooper, and Zhu, 2007)

HR now is not only limited to supportive role in the organizational functioning but actually it is taking a lead in developing strategic and competitive edge by being involved in making strategic decisions (Golden and Ramanujam, 1985). (Walker, 1994) elucidates that the integration of HR with businesses require a brand new paradigm for managing people in an organization, it also explains that HR propose solutions for many complicated issues related to organizational success.

21<sup>st</sup> century approach of HRM is to utilize the knowledge and expertise of people efficiently and effectively to meet organizational targets (Wong & Snell, 2003). Similarly (Tzafirir et al., 2004) shed light on the importance of focus of HR towards employees' benefits and concerns as employees play a vital role in organizational success.

Organizations today are going through the challenges of dynamic environment which requires them to espouse recent changes and put effort for profit optimization (Robbin, 2005). In today's era, organizations are coming across various challenges about 21<sup>st</sup> century human resource; that includes employing new technology, globalization, everyday innovations, political as well as economical instability and ethical & ecological challenges (Theunissen, 2007).

Change management is one of the biggest challenges of today's era. The pre requisite for growth and survival of any organization is to merge with internal and external changes. Hence, along with other important business units of an organization the HR is also in a need to take the lead in keeping up with the required pace (Ulrich, 1997).

Globalization is a phenomenon the roots of which can be tracked back from early 80's, but it has gained momentum recently. Globalisation is synonym with a concept that world is one market place where it is important to deal with culturally diverse people in a decent way. Globalisation has welcomed many business firms to expand globally which adds value to national income. It is amalgamating business actions beyond geographical limitations (Morris, 2004). Hence to cater the shifting needs of today's era in 21<sup>st</sup> century, HR department will have to budge from traditional to a strategic approach (Johri, 2014).

### **Emerging Hr Challenges In 21<sup>st</sup> Century**

One of the crucial activities for HR managers is the HR planning. Regarding the HR functions of 21st century, the organizations have altered from “behind the scenes” to becoming the critical differentiator in businesses. The HR roles have taken a new dimension in the 21st century especially after globalization. Manpower management is an exasperating job and it requires specialized skills. During the previous few years, many transitions have taken place like due to rise in there were numerous layoffs; many people lost their jobs that put a lot of pressure on organization’s management to reassess its procedures and strategies (Zorlu, 2009). Following is a discussion on some of the challenges being faced by HR which is identified through reviewing literature.

#### ***I. Recruitment & selection***

The foremost function of HR is to locate the people with needed expertise for the progression of a company (Miller & Cardy, 2000). The quality of people hired depends highly on how effective recruitment & selection strategies are. However, this process of recruitment & selection is not always sailing smoothly and is faced with many challenges due to globalization that has allowed firms to invest overseas. Tangible problems faced during the process may include the cost of advertising job openings while intangible obstacles can be communication gaps between recruiters and hiring managers. We know that every person is different from another; even the hiring committee will make decisions on the basis of their own perceptions as they are influenced by their values, beliefs and social views and thus it is difficult to rule out the possibility of biasness. The HR of multinationals and local firms is passing through a difficult time. Both kinds of firms are struggling hard to find suitable candidates. In order to select the cream of talented people out of the whole pool, it is extremely important for 21st century managers to broaden their view of judging people on the basis of their origin, culture, values, ethnicity and background.

#### ***II. Career development & growth***

Employee career growth activities refer to initiatives taken by employers and employees to polish their expertise and keep themselves familiar with the recent developments. Globalization has brought many technological changes and developments. The main key to grow and survive in any business is innovation. Providing internal career growth opportunities can help organizations keep top talent from seeking opportunities elsewhere. It is extremely essential to train and develop the employee so that they can cope up with all the changes and innovations coming in their way. Now a days the training should not be only limited to make employees learn any specific skill or knowledge, instead it must focus on overall growth and career development of employees. The training should not be conducted just for the sake of it; one has to be extremely conscious about the content of the training program too.

#### ***III. Promoting organization culture & heterogeneous workforce***

The organizations today are having heterogeneous workforce; which is off course considered to be a positive thing as diverse minds will guide to new creations & ideas, but managing the culture where people have different mindsets and putting across the cultural values is indeed a challenging task. Culture of any workplace is its root and hence HR managers really have to put a lot of effort for developing a successful organization culture. Due to acquisition and mergers in 21<sup>st</sup> century, the HR managers have to develop such a culture that supports these changes (Williams, 2003).

#### ***IV. Conflict management and resolution***

Conflict has two sides' one positive which is called constructive conflict and another negative that is known to be destructive conflict. Today's managers have to be well trained to deal with both kinds of conflicts. 21st century has brought with it long working hours, high level of competition, pressure to attain targets etc. which is known to have stress and conflicts among organizational employees. The HR managers need to find methods for coping up with conflict timely. They have to act as a mediator and must quickly respond to the conflict before it results into a drastic damage to an organization. The HR manager has to be a skilled communicator, as clear and transparent communication plays a vital role in conflict resolution. Sometimes HR managers are expected to explain the code of conducts to employee to handle employee complaints and sometimes they act as a liaison between employers and labor unions to resolve the conflict among parties.

#### ***V. Business ethics and values***

Paying keen attention to business ethics and values is important to any manager's job. With the recent changes in workplace culture, strategies and organizational structure, it has become more imperative to have values and ethic in place which will decides organizational sustainability in global market for a longer period. The HR department is bound to deal with an array of ethical issues or challenges as this unit directly deals with employees of a company. HR department encounters many ethical hazards that may damage the reputation of a company as well as its financial sustainability in a long run.

#### ***VI. 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. Generation X and Y born people are known to be better aware of technology and they like to use new techniques of working. They prefer to adopt new philosophies and they are considered to be innovative, while baby boomers & boomers II feel comfortable with their traditional ways and they do not like to come out of their comfort zone. It is important for an organization to retain both sets of people, as both categories are equally essential to organizations success. The task of HR manager is to respond to their needs accordingly.

#### ***VII. Strategies for motivation & retention***

In the recent scenario, when there is no dearth of opportunities, it has become a great challenge to stop people from looking for new place to work. It has been noticed that the organizations have opened doors to make worldwide hiring; hence it is important for HR managers to design better policies for retention. We understand that all human beings are different from each other and the employers have to have different ways for motivating and keeping the talent. Financial benefits are no longer considered to be a tool for retaining employee. Every organization has to adopt new and latest ways for satisfying its people, this will help to control the rate of turnover (Henson, 2007).

#### ***VIII. Flexible work hours***

Time has become more flexible as we moved into 21st century, which is a big challenge for HR managers. Due to the advancement of technologies and many other reasons, people now-a-days prefer to work from home. The internet has given birth to virtual world and 24/7

market place. Although flexible work arrangements have tremendous benefits but at the same time it is going to increase the level of stress on management & workforce that has to be dealt well by 21<sup>st</sup> century managers (Anderson, 2002). With the flexible work arrangements, the HR professionals need to monitor regularly the successes in various projects and challenges faced during the period. This can help to take better measures regarding flexible work arrangements in future.

### ***IX. Striking work life balance***

This concept is gaining a lot of attention these days. Due to tough competition in the market place, the workload is increasing day by day and this leads to various problems of health and high stress among workforce. It is a responsibility of the manager to make a segregating line between work and leisure activities. People often quit jobs if they do not find appropriate balance between personal lives and professional obligations. Hence the manager has to work to avoid such scenario and they need to help employees in finding right work life balance (Kossek, 1998).

### ***X. Managing 5 R's***

In latest century with the changing role of HR managers, the 5 R's are becoming crucial in the success of every organization. Today the managers have to take extra care of all these R's namely Resourcing, Recruiting the right talent, Retaining the talent, Retraining and Restructuring.

### ***XI. Industrial relations***

One of the biggest complex problems of modern industrial society is Industrial relations. The progress of any industry is quite impossible without worker cooperation and harmonious relationships (Argyris, 1977). Therefore, it is in interest of HR managers to develop and maintain healthy relationships between worker/labors (employees) and management (employers).

### **The Role Of Hr Manager As A Strategic Partner**

The HR role and responsibility has been changing for some time. The switching to human resources from personnel was a step to acknowledge the worth of employees as an organizational asset. In addition, this shift was intended to call for HR to show up as a strategic partner to advice on critical matters and to participate in major business decisions (Beatty & Schneier, 1997).

In the light of above discussed challenges, it is proposed that HR managers should keep in mind that they are required to adopt proactive rather than reactive approach. It is the requirement of time that HR managers must be responsive to the flexible environment facing organizations. It is not a good idea to stick to traditional methods to fulfill unique needs instead new processes must be adopted to achieve effective and efficient outcomes.

They need to be fully equipped with specific expertise to support their role as HR manager. In order to respond to 21<sup>st</sup> century challenges, the HR managers have to become the pioneer of change by showing the attitude of a change agent of the business who counsel employees to enhance their capabilities and reshape their expectations regarding the role of HR and what it delivers for organization. They should be involved in effective talent acquisition by investing in modern ways to attract and retain the best people as this will incur them a competitive

edge over others. The HR managers should be able to anticipate that how certain changes are going to influence business.

The HR managers should travel an extra mile to meet the challenges of global environment; they must make a bunch of strategies for both flexibility and creativity that may help to compete well in international market and succeed in new territory, with new employees and clients. It is extremely important for HR function to stay consistent with other organizational functions or units.

In this period of transition, the HR managers need to develop competency framework that defines the skills and expertise required for performing job efficiently. These frameworks will help to revitalize the workforce and lead to excellence.

In today's competitive world the need is to invest in the right technology and be armed with the right expertise to use that technology. Technology has brought tremendous changes in almost everything; from the techniques of production to the process of recruitment and then training. As the trend has moved from industry based economy to knowledge based economy, thus it is required to diversify HRM strategies to endow with value to both customers and employees.

Work life balance is a recent phenomenon that must be embraced by HR professionals as a positive drift. They must look at ways that can utilize work life balance as a tool to attract and retain qualified employees. The HR manager as a strategic partner needs to understand that work life balance trend is equally good for employee and employers that can lead to enhanced productivity and lower cost.

### **Recommendation & Conclusion**

From the viewpoint of 21st century HRM emergence, the globalization has many implications for the firms that may entail the diversity of cultures. The HRM in today's era has to mount the expertise, mind set and capabilities that are needed to gain competitive edge on global scale. It is recommended that organizations must put efforts to align their HR processes efficiently with organizational goal on broader perspective. Last but not the least, HR must be on a continuous look out for creativity and innovation as it is known to be the key to success. It depends highly on HR to face the challenges of globalization posed by 21st century which has given an entirely new look to organizations. The organizations have grown savvier in using technology hence it is important to adopt all changes. The role of HR has been shifted towards becoming strategic partners of organization which in turn forces HR to coordinate with all the function and provide support in various activities like attracting and retaining the best talent, developing organizational structure, train and retrain employees.

As companies grow by acquisition and merger, they make multiple HR groups. One approach is that the HR groups in various parts of the organization may develop their competencies in a specific domain and can meet the demands of the larger organization in that domain. HR groups that operate in this manner find each other as helpful resources rather than rivals which will help to gain high level competencies in numerous areas.

In 21st century, the HR has the handle many challenges like; change management, conflict management, managing multi generational workforce, managing 5R's, workforce diversity, globalization, striking work life balance, succession planning etc. It is the responsibility of HR to increase organizational efficiency and effectiveness by adding value and gaining competitive edge over competitors for a long term survival in complex and highly uncertain market place.

It is clearly the time for a quantum leap in the field of human resource. HR professional can contribute in this transition by taking some serious steps to meet the challenges of organizational change; they can serve to find out ways to measure HR value for the company. Last but not the least; they can conduct significant research related to human resource and their performance in future organizations.

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