

EMERGING CHALLENGES OF HUMAN RESOURCE MANAGEMENT

CHAPTER 3

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CONTEMPORARY ENVIRONMENT OF HRM

Changing needs and expectations of customers



Changing profile and aspirations of workforce



Advancement of technology



Economic and industrial policy changes



Changing international environment

EMERGING CHALLENGES OF HR MANAGERS

Managing Workforce Diversity

Meeting Aspirations of Employees

Empowerment of Employees

Acquisition and Retention of Talent

Managing Global Workforce

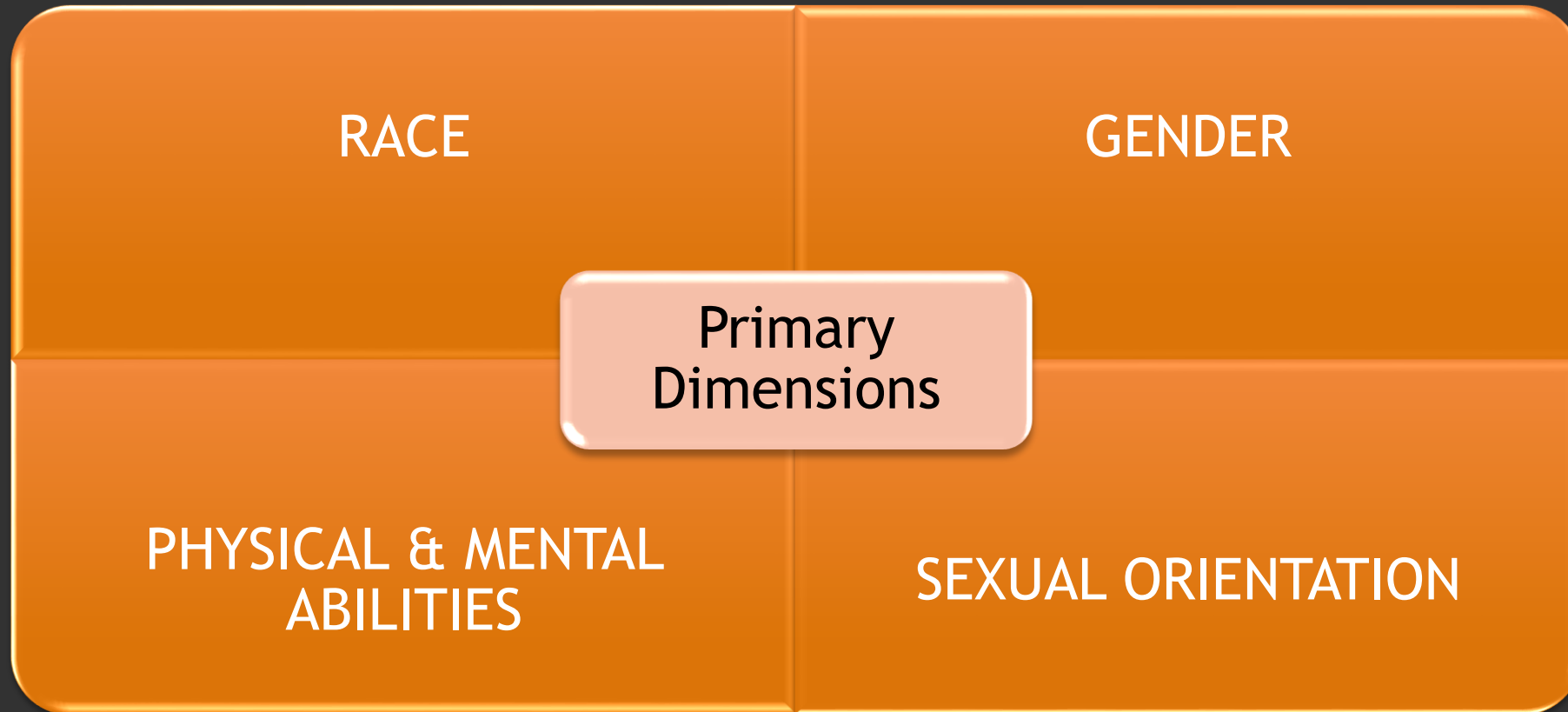
EMERGING CHALLENGES OF HR MANAGERS

- Worklife Balance
- Improvement of Productivity and Quality
- Management of Innovation and Change
- Downsizing and VRS
- Creating Dynamic Work Culture
- Outsourcing of HRM Functions

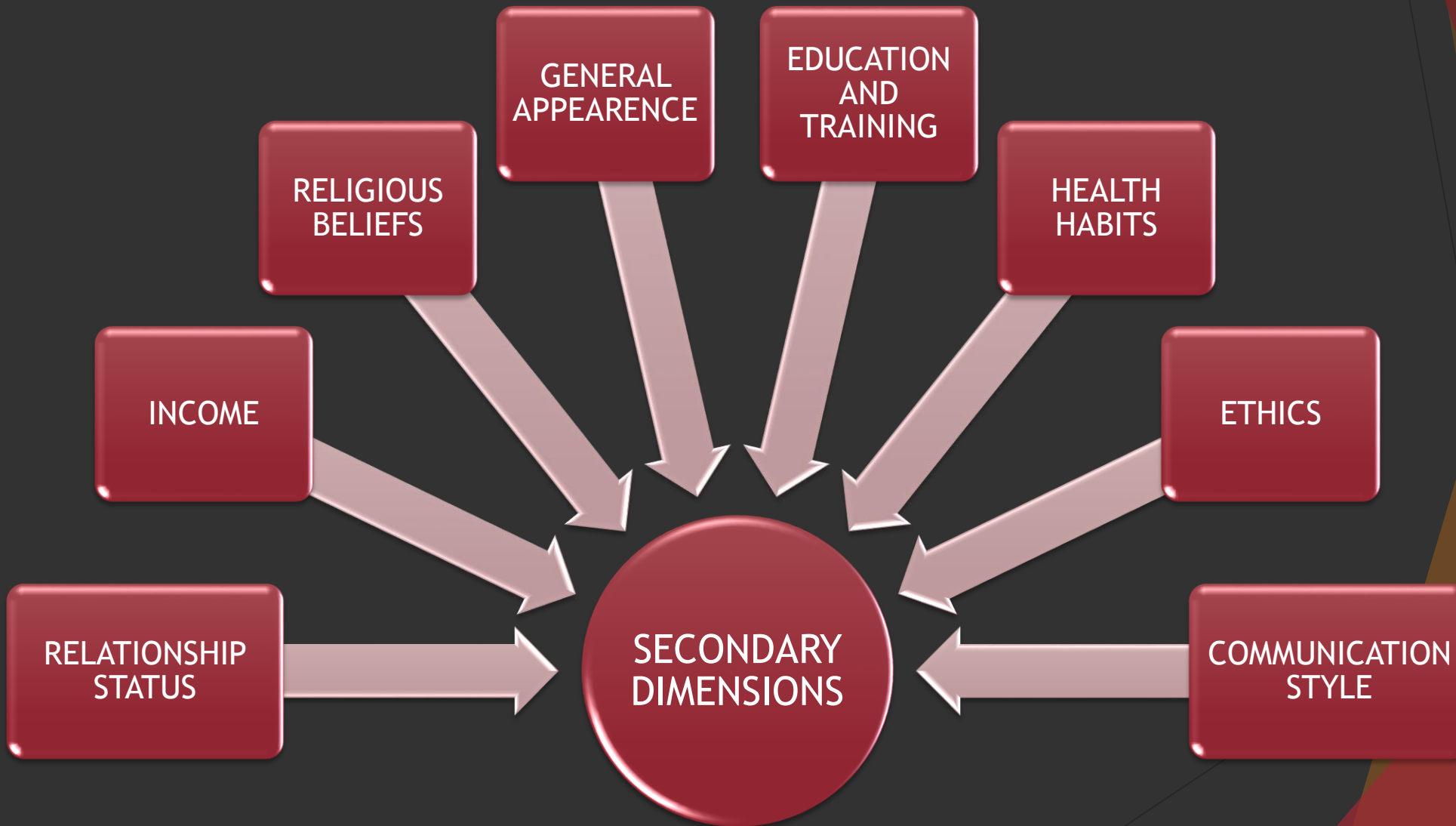
WORKFORCE DIVERSITY

- ▶ According to Moorhead and Griffin, “Workforce diversity is concerned with the similarities and differences in such characteristics as age, gender, ethnic heritage, physical abilities and disabilities, race and sexual orientation, among the employees of organizations.
- ▶ The managers will be required to shift their approach from treating each group of workers alike to recognizing differences among them and following such policies so as to encourage creativity, improve productivity, reduce labour turnover and avoid any of discrimination.

DIMENSIONS OF WORKLIFE DIVERSITY



DIMENSIONS OF WORKFORCE DIVERSITY



ADVANTAGES OF WORKFORCE DIVERSITY

- ▶ Organisation can solve conflicts from opposing viewpoints, if it has well managed diversity
- ▶ Organisation that promotes equal employment opportunity for diverse group that do better at attracting and retaining talent from different backgrounds.
- ▶ Business with diverse backgrounds can more effectively serve the customers. Such employees interact with locals and are more careful about their expectations.
- ▶ Companies can avoid damage to their corporate reputation.
- ▶ The global marketplace today demands a workforce with language skills, cultural sensitivity and awareness of national and other differences across the market in order to be successful.

CHALLENGES OF WORKFORCE DIVERSITY

- Problematic gender relations
- Cultural differences
- Communication Problem
- Mistrust
- Discrimination treatment
- Resistance to change

MANAGEMENT OF DIVERSITY

- ▶ Commitment of Top Management
- ▶ Change of Employment policies
- ▶ Creation of a support group
- ▶ Diversity training Program
- ▶ Diversity Monitoring Mechanism

REASONS FOR GROWING INTEREST IN DIVERSITY

- ▶ Growth of Service Economy
- ▶ Globalization of Markets
- ▶ Mergers and Strategic Alliances
- ▶ Increasing Role of Work Teams
- ▶ Changing Composition of Workforce
- ▶ Managing Labour Market
- ▶ Legal Requirements

EMPOWERMENT

- ▶ Empowerment is any process that provides greater autonomy through the sharing of relevant information and the provision of control over factors affecting job performance.
- ▶ The purpose of empowerment is to free the employees from rigorous control and give them freedom to take responsibility for their own ideas and actions, to release hidden talents which would otherwise remain inaccessible.
- ▶ Empowerment offers a way of treating people with respect and dignity.
- ▶ Empowerment has wider scope than delegation.

RATIONALE OF EMPOWERMENT

- ▶ Increasing pace of change, turbulence of environment and changing expectations of customers requires speedy and flexible approach
- ▶ The impact of downsizing, delayering and decentralizing means that old methods of co-ordination are no longer appropriate. Greater responsibility and authority should be given to employees.
- ▶ Organisations require cross-functional working and greater integration in their processes to meet the customer needs.
- ▶ Employees now have greater awareness and are more concerned with the satisfaction of higher level needs
- ▶ Empowerment can provide opportunities to the employees at a lower levels to develop their competencies. It can provide source for managerial talent.

TYPES OF EMPOWERMENT

Suggestion
Involvement

Job
Involvement

High
Involvement

ADVANTAGES OF EMPOWERMENT for Organisation

- ▶ Employees are valued and encouraged to make personal contribution
- ▶ It allows quick decision making and action by the employees
- ▶ It creates a team of loyal and committed employees
- ▶ Individuals are aware that what they are seeking, why they are seeking and it fits into wider corporate goals
- ▶ Organizational culture is likely to be co-operative and purposeful
- ▶ Individuals tend to have willingness to take personal responsibility for their own success, the success of team and the whole organization.
- ▶ It provides a work environment that fosters opportunities for employees for personal growth and development.

ADVANTAGES OF EMPOWERMENT for Employees

Recognition of Potential

Ensures Personal Growth

Increased Confidence in Job

Increased Motivation

Innovative Decision Making

APPROACHES TO EFFECTIVE EMPOWERMENT

Having shared vision and values

Having trust in the employees

Helping achieve job mastery

Allowing discretion

Providing successful role models

Using social reinforcement

Giving emotional support

BARRIERS TO EMPOWERMENT

Lack of
capability
amongst the
employees

Unwillingness
of superiors to
delegate
authority

Static
organizational
culture

Rigid controls

Downsizing

- ▶ Downsizing means reducing the size of the organization in order to cut costs, hive off unprofitable operations and improve operational efficiency.
- ▶ It involves organizational restructuring which results in decreasing the size of the organization leading to a flat organization structure so as to respond more readily to the pace of environmental changes.
- ▶ It has been adopted throughout the world to achieve operational economies and increase efficiency to be able to survive in ever-changing and uncertain environment.

CAUSES OF DOWNSIZING

Overstaffing due to faulty HR policy

Change in man-machine ratio due to technological changes

Jobs may be redesigned and employees redeployed to other positions to cut pay bill

The organization may start outsourcing some of its activities

ROLE OF HR MANAGER IN DOWNSIZING

Communication with Employees



Win the Support of Trade Unions



Taking Care of Uncertainties



Providing Training



Providing Outplacement Service

ALTERNATIVES TO DEAL WITH OVERSTAFFING



Transfer or
Reassignment of
surplus
employees



Freezing
Employment
after attrition



Offering
incentives for
Voluntary
Retirement
(Golden
Handshake)

VOLUNTARY RETIREMENT SCHEME

- ▶ Downsizing of workforce is generally done through VRS. Under this scheme, the organization and its employees agree to voluntarily retire on payment of agreed compensation by the employer.
- ▶ It has been recognized as the 'GOLDEN HANDSHAKE' because of the benefits for both the employees and the employers
- ▶ The employees get handsome amount under the VRS package and the employers save recurring fat wage bills in the long run.
- ▶ It involves separation of employees based on mutual agreement between employee and employer
- ▶ Many companies have used VRS as downsizing strategy like SAIL, TISCO, Bajaj Auto, Philips India, Hindustan Unilever Ltd.

REASONS FOR VRS

From Employer viewpoint

- ▶ Restructuring of operations
- ▶ Reduce labour cost
- ▶ Get rid of surplus workforce
- ▶ Get rid of inefficient employees causing constant decline in productivity
- ▶ Hiring talented employees

From Employee Viewpoint

- ▶ Inability of workers to perform duties due to bad health
- ▶ Lack of satisfaction on the job and unhealthy work environment
- ▶ Possibility of lay off in future
- ▶ Undertaking a new career
- ▶ Joining family business
- ▶ For using benefits of retirement for meeting family expenses, starting new business

BENEFITS OF VRS

It is a more humane way of reducing surplus workforce

It prevents resentment from the employees

Trade unions also do not make objections

It reduces the wage bill significantly over time even after paying huge amounts initially

NEGATIVE OUTCOMES OF VRS

Efficient employees may leave the firm

It may increase the workload of existing employees

It may create a sense of insecurity amongst the employees who have not opted for VRS

IMPLEMENTATION OF VRS

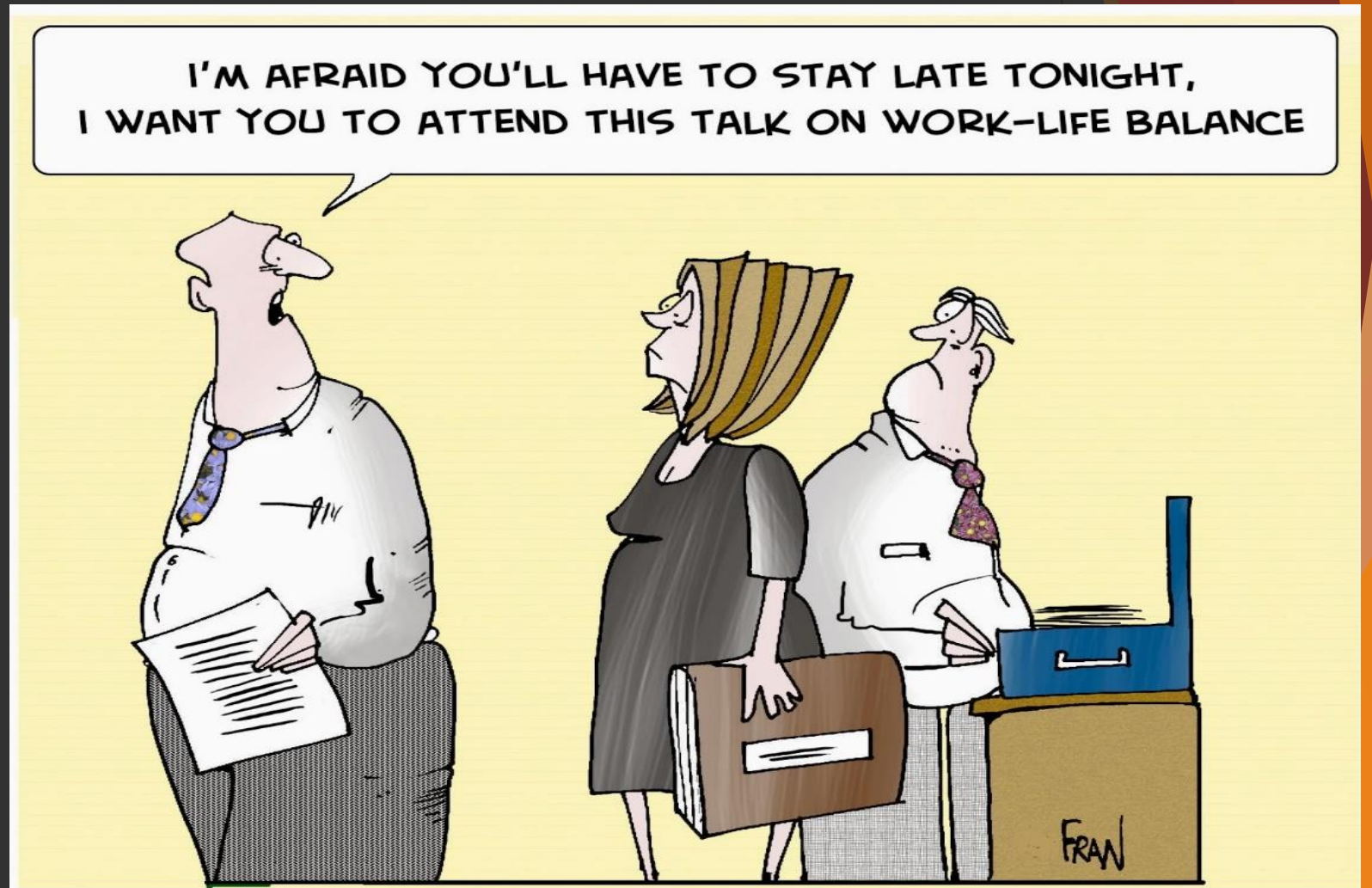
- ▶ Identifying the needs of the VRS
- ▶ Cost- benefit analysis
- ▶ Designing the scheme

ISSUES OF VRS

- Rationale for VRS
- Personnel to be covered
- Compensation package

WORKLIFE BALANCE

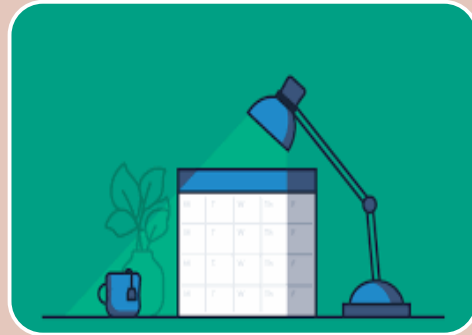
Worklife Balance implies securing balance between an individuals work and personal life. It occurs most often in dual-career couple as this leads to conflicts between work and family



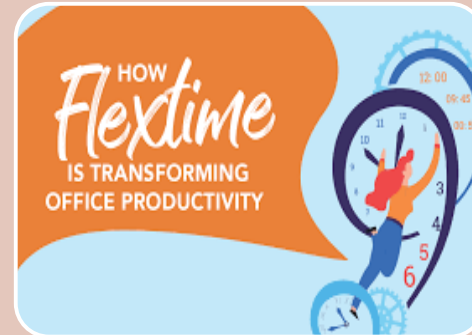
METHODS USED FOR WORKLIFE BALANCE



Employee
Counselling



Compressed
Workweek



Flexitime



Telecommuting