

Assignment

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Evaluation of C H A L L E N G E S Faced by HRM

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Evaluation of CHALLENGES Faced by HRM

Introduction

The role of the Human Resource Manager is evolving with the change in competitive market environment and the realization that Human Resource Management must play a more strategic role in the success of an organization. Organizations that do not put their emphasis on attracting and retaining talents may find themselves in dire consequences, as their competitors may be outplaying them in the strategic employment of their human resources.

With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and customer-focused to succeed. And within this change in environment, the HR professional has to evolve to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. In order to succeed, HR must be a business driven function with a thorough understanding of the organization's big picture and be able to influence key decisions and policies. In general, the focus of today's HR Manager is on strategic personnel retention and talents development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization's members and their loyalty. The HR manager will also promote and fight for values, ethics, beliefs, and spirituality within their organizations, especially in the management of workplace diversity.

Challenges

Challenges At A Glance

Executive Management

- Coaching and mentoring for individuals or groups
- Executive development
- Strategic business expansion planning and downsizing
- Employee retention
- Diversity plan design

Employee Relations

- Sexual harassment
- Employee conflict resolution
- Affirmative action planning
- Performance management and disciplinary action
- Workplace violence

- Work life issues
- Email abuse and electronic monitoring
- Contingent workforce issues

Organizational Development

- Leadership and team building
- Change management
- Succession planning and organizational design
- Merger/acquisition integration and implementation

Compensation and Benefits

- Severance plan drafting and interpretation
- Disability claims management
- Evaluation of employee assistance programs
- Strategizing solutions for Fair Labor Standards Act (FLSA) and pay equity issues
- Implementing compensation structures

Details of Major Challenges

Managing The Creative Class

HR Challenges for creative firm lies in identifying the talent, training and grooming the talent to a level where they are productive. The pull and the push factors need to be identified to hold the talent back in the organization. In this vertical, the type of talent intake is defined right during hiring. The talent is further groomed to deliver in the role, through numerous training programs and on-the-job mentoring. The emphasis on the best fit during the training program is required as it sets the learning curve. The talent will require the natural capabilities to remain creative even during stress situation. Apart from talent retention and best fit identification, compensation structure and mobility will remain a concern. As the hiring increase it creates an increased pressure on the creative firms to scale up their compensation structure with monetary and non-monetary benefits. In case, the salary offered is not increased certain non-benefits including up-skilling is offered. This is important as it increases the value offered by each talent .Consequently maintaining the talent mobility to ensure lowest risk and highest production becomes a paramount importance. For e.g.: A consultancy may build on the expat program to ensure maximum gain through global mobility. They may deploy the talent at the client's site to ensure fastest delivery and least downtime to what have been mentioned in the service level agreement. Talent management needs to have a strong voice in organizational design , talent management needs to reach out beyond boundaries , dealing with those who refuse to join , managing alumni talent relationship ,managing trust and brand reputation and managing the attractive strategic locations.

Workplace 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.

The challenge and problems faced of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize on this melting pot of diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena (Cox, 1993), which must be one of the important organizational goals to be attained. More importantly, if the organizational environment does not support diversity broadly, one risks losing talent to competitors.

One of the main reasons for ineffective workplace diversity management is the predisposition to pigeonhole employees, placing them in a different silo based on their diversity profile (Thomas, 1992). In the real world, diversity cannot be easily categorized and those organizations that respond to human complexity by leveraging the talents of a broad workforce will be the most effective in growing their businesses and their customer base.

Legislation

Compensation and benefits plans have always been the way firms created competitive advantage. Those days may be gone. As compensation programs, health plans and retirement plans undergo potential legislation and mandates, the way we develop and manage these programs will likely be impacted.

What about legislation on executive compensation? For companies who will be required to limit executive pay, limits may create compression issues that will make their way down the ladder. And firms not required to limit pay may feel the pressure across the board to remain competitive.

To add to the problem, there are talks that small businesses may be required to auto-enroll employees in retirement plans. Impacted businesses would find it difficult to comply as many of them don't have HR departments to manage these plans. Human Resources leaders must become involved in these discussions, and offer a voice in the best interest of our firms. After all, we are the ones who must be advocates for our employees - and good stewards of our company's financial resources.

Organizational Dieting

This year, financial dieting is the way most firms have found a way to survive during these times. Furloughs, pay cuts, job sharing and layoffs have become the norm. Since greater than 50% of expenses are salaries, benefits, etc., the dieting trend will continue.

Human Resources leaders need to not only lead, but also follow- the money- to eliminate waste and redundancy in people programs and systems. Are our current programs valued by the business? We should work with suppliers to find the best price for our money. Are we paying too much for outsourced services? Is quality being sacrificed? HR leaders must also make sure that "cutting for cutting's sake" is not the

practice. In some cases, better spending and investments in people programs may lead to greater financial returns for our organizations.

Healing The Corporate Mind, Body & Soul

Corporate America has taken a hit in the last few years. Some employees have seen financial terrorism, others shun the tabloid-type behavior by executives, and many have lost faith in companies that failed to provide job security. Human Resources leaders have an opportunity to help rebuild the reputation of Corporate America by thinking of the mind, body and soul of our companies.

The mind of the company is its vision and strategy. HR leaders should drive the development, alignment and communication of the organization's vision and hold its leadership accountable for strategic decisions. The body of the company is its internal process, programs and policies. Are they too restrictive, over-bearing - or too loose with too few controls? The soul of the organization is its culture. HR leaders have unique ability to help shape the culture into one of accountability, integrity and respect for employees.

Managing Knowledge Workers

Essentially, here we are looking at different kind of people who does not obey the principles of management for the traditional group. This boils down to higher educational qualifications, taking up responsibilities at a lesser age and experience, high bargaining power due to the knowledge and skills in hand, high demand for the knowledge workers, and techno suaveness. The clear shift is seen in terms of organization career commitment to individualized career management. Managing this set of people is essential for the growth of any industry but especially the IT, BPOs and other knowledge based sectors.

Managing Technological Challenges

In every arena organizations are getting more and more technologically oriented. Though it is not in the main run after the initial debates, preparing the work force to accept technological changes is a major challenge. We have seen sectors like banking undergoing revolutionary changes enabled by technology. It is a huge challenge to bring in IT and other technology acceptance all levels in organizations.

Competence of HR Managers

As it is more and more accepted that lot of success of organizations depend on the human capital, this boils to recruiting the best, managing the best and retaining the best. Clearly HR managers have a role in this process. Often it is discussed about lack of competence of HR managers in understanding the business imperative. There is now a need to develop competent HR professionals who are sound in HR management practices with strong business knowledge.

Developing Leadership

It is quite interesting to note that there is less importance given to developing leadership at the organizational level. Though leadership is discussed on basis of traits and certain qualities, at an organizational level it is more based on knowledge. The challenge is to develop individuals who have performance potential on basis of past record and knowledge based expertise in to business leaders by imparting them with the necessary "soft skills".

Managing Change

Business environment in this country is volatile. There is boom in terms of opportunities brought forward by globalization. However this is also leading to many interventions in terms of restructuring, turnaround, mergers, downsizing, etc. Research has clearly shown that the success of these interventions is heavily dependent on managing the people issues in the process. HR has a pivotal role to play here.

Challenges In Recruitment

HR professionals are constantly facing new challenges in one of their most important function- recruitment. They have to face and conquer various challenges to find the best candidates for their organizations. The major challenges faced by the HR in recruitment are:

Adaptability To Globalization

The HR professionals are expected and required to keep in tune with the changing times, i.e. the changes taking place across the globe. HR should maintain the timeliness of the process

Lack of Motivation

Recruitment is considered to be a thankless job. Even if the organization is achieving results, HR department or professionals are not thanked for recruiting the right employees and performers.

Process Analysis

The immediacy and speed of the recruitment process are the main concerns of the HR in recruitment. The process should be flexible, adaptive and responsive to the immediate requirements. The recruitment process should also be cost effective.

Strategic Prioritization

The emerging new systems are both an opportunity as well as a challenge for the HR professionals. Therefore, reviewing staffing needs and prioritizing the tasks to meet the changes in the market has become a challenge for the recruitment professionals.

Solutions

Talent Retention

Lets us consider some factors that can help organizations retain talent to meet the client and business requirements in post-recession era:

Clear Goals, Targets & Expectations

You need to tell them what exactly you expect from employees and what should they do to meet these expectations. A talented mind without a direction is most likely to pull the plug than a mediocre or a dead wood.

Balanced Work Environment

Talented employees have huge positive energy and they exhaust this energy to meet the deadlines. But often they need time to re-energize themselves. Organizations that want to retain talented employees need to provide a positive environment that allows them to re-energize themselves more often.

Track Performance Goals & Provide Analysis

Innovators and hard workers need constant motivation to perform better. They need to know whether they are producing desired results. Any suggestion of not being able to deliver throws them in doldrums. One way to let them know about their performance (whether improving or declining) is to point toward specific results, achievements or failures (which they can fix before it is too late).

Fair Evaluation of Performance

At the end of the day, the high fliers want to get acknowledged for their work. The first acknowledgment of the hard work is a fair and formal appraisal of their performance. They should be specifically told where they met expectations and where they did not.

Compensation To Maintain A Decent Lifestyle

Employees who deliver quantity with quality also expect from employers fair compensation that is compatible with the market. If not first, compensation remains the second most important cause of brain-drain from organizations.

The Management of Workplace Diversity

In order to effectively manage workplace diversity, Cox (1993) suggests that a HR Manager needs to change from an ethnocentric view ('our way is the best way') to a culturally relative perspective ('let's take the best of a variety of ways'). This shift in philosophy has to be ingrained in the managerial framework of the HR Manager in his/her planning, organizing, leading and controlling of organizational resources.

The challenge of workplace diversity is also prevalent amongst Singapore's Small and Medium Enterprises (SMEs). With a population of only four million people and the nation's strive towards high technology and knowledge-based economy; foreign talents are lured to share their expertise in these areas. Thus, many local HR managers have to undergo cultural-based Human Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse.

Furthermore, the HR professional must assure the local professionals that these foreign talents are not a threat to their career advancement (Toh, 1993). In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.

Gain-Sharing

Gain-sharing programs generally refer to incentive plans that involve employees in a common effort to improve organizational performance, and are based on the concept that the resulting incremental economic gains are shared among employees and the company.

In most cases, workers voluntarily participate in management to accept responsibility for major reforms. This type of pay is based on factors directly under a worker's control (i.e., productivity or costs). Gains are measured and distributions are made frequently through a predetermined formula. Because this pay is only implemented when gains are achieved, gain-sharing plans do not adversely affect company costs (Paulsen, 1991).

Cost Reduction

The cost reduction is a dangerous one. The cost reduction in the years of the economic prosperity is much more easier than in the years of tight budgets. But the HRM Function has to follow in the research for the cost reduction options and selecting the best ones.

HR Outsourcing

The HR Outsourcing is the initiative with really "strange" results. The HR Outsourcing has to be taken as the opportunity to reduce the overall costs, but it is taken as the opportunity to reduce FTEs. The organizations are not focused on the "side" effects of the HR Outsourcing, they are not focused on the processes and possible cost reductions resulting from it.

Leadership Development

The Leadership Development is a very expensive initiative of the HRM Function. The goal of the HRM Function is to explain to the top management the necessity of the investment to the Leadership Development, even in the case of the economic slowdown. Just the future leader can ensure the successful of the organization on the market.

HR Marketing

The HR Marketing can go through a difficult period. The HR Marketing can be under the pressure of the cost reduction. But the HR Marketing is very important for the success of the HRM Function in the organization and it has to survive. The HR Management has to

be sure about the value added by the HR Marketing and it has to find a cheaper way to promote its services for the organization.

HR's Priorities

There's no doubt it's going to be another tough year for HR. Hudson has looked into the priorities for its clients going forward – here are the key HR issues on their minds.

- Talent development: 22% of respondents place it as their top priority
- Improving staff retention: 18%
- Organizational development: 15%
- Workforce engagement: 14%
- Compensation and benefits: 12%

Actions To Take Now

Watson Wyatt says next year is going to be just as challenging as the last; but HR can ease the burden by putting some strategies into play immediately.

- Refine and communicate your employee value proposition
- Strengthen communication at all levels of the organization
- Be clear with employees about what is expected of them and how they are doing
- Get performance-based reviews right
- Focus on retaining high-performers
- Tune-up the HR function to deliver
- Take advantage of “engageable moments”

Conclusion

The role of the HR manager must parallel the needs of the changing organization. Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer-centered. Within this environment, the HR professional must learn how to manage effectively through planning, organizing, leading and controlling the human resource and be knowledgeable of emerging trends in training and employee development.

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