

The Functions of Human Resource Management in the 21st Century to Attain Competitive Advantage

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ABSTRACT

This article reports on human resource functions and activities in the 21st century and how it should assist organizations to maintain their competitive advantage. By adding value to the organization in which it exists, HR can secure its place for the future. Global organizations are being forced to become more competitive. Globalization of markets, changing customer demands and increasing product-market competition, people and the way they are managed acquire greater importance in the 21st century. Globalized human resource management (GHRM) should be prepared to take the best skilled people worldwide regardless of their nationality. HR managers will have to build a standard framework that allows flexibility to develop and manage all different workforce options. HR managers need to develop their existing workforce that will be the workforce of tomorrow so people would want to stay with the organization to keep their competitive advantage in the 21st century. The recommendations and conclusions are given at the last of this paper.

Keywords: 21st Century, Competitive Advantage, Globalization, HR Managers, Standard Framework, Workforce.

I. INTRODUCTION

This article report discusses some critical issues and trends facing Human Resource Management (HRM) in the 21st century. The main trends and issues revealed are HRM operating in a global organization, the future generation, shortage of talented workers and the transformation of organization structures in the 21st century. The aim of this article is to address HRM issues through a variety of literature and views of authors and writers with regard to the management of expatriate labor, diversity of labor, cultural differences, retention of employees and recruitment issues in a global environment, with the focus on maintaining sustainable competitive advantage. Some of the main factors having a significant impact on an organization aspiration in the marketplace are globalization, capitalism, technological change, international exchange rates, supply and demand, and aging population.

Organizations are faced with making important decisions every day, related to these issues and countless others, that affect their ability to generate profit in a competitive environment. Successful organizations are always looking for a way to out-smart, out-produce or out-sell their competitors; they are always looking for a way to attain competitive advantage. What are the future priorities of the Human Resource (HR) function? The answer to this question is not simple; there is no 'one' 21st century priority for HRM. Rather, there are many different factors contributing to the HR functions and activities and these are constantly changing, as is business itself. HR needs to embrace these changes, and use them to its advantage. By adding value to the organization in which it exists, HR can secure its place for the future. The many ways that HR contributes to an organization's competitive advantage will also be examined in great detail. Discussion includes a mention of how encouraging diversity, managing interactions, actively engaging employees, developing employees, managing talent, spurring innovation, and fostering constructive organizational cultures, play a part in enhancing the level of performance of both the HR function and the organization at large.

II. LITERATURE REVIEW

This Section Reviews the empirical studies on HRM in 21st century to attain competitive advantage. According to Robbins (2005), Organizations today face an inconsistent, volatile environment which requires them to adapt and change constantly. This, of course, means HRM is continuously being required to change also. Forster (2005) supports this changing environment statement but goes further in saying that there are many surprises and uncertainties facing organizations, and thus HR - including globalization; the fast pace of technological innovation; the ongoing re-

definition of the roles and activities of organizations; employers; trade unions and employees; economic and political instabilities; growing ethical and ecological challenges in business; and development of new economies - contribute to the ever-changing environment in which the business operates.

Losey (2005) mentions that technology is advancing so rapidly that it is compelling organizations to re-draft their strategies, in some cases, their product mix and modifying the way HR is organized and delivered. Organizations with global presence are being forced to become more competitive and responsive to changes in technology that enable new approaches and expansion, in an effort to attain their competitive advantage.

Zanko (2003) includes all of the above mentioned factors and says that they contribute to the ever-changing environment in which business operates and explains that an underlying theme embedded within the HRM trends/issues is that of 'Change'. HR needs to embrace this change by ensuring that the business has the right kind of people with the much required knowledge, skills and abilities, and also needs to create a culture that contributes positively towards change.

The fact cannot be ruled out that it is HR's responsibility to ensure that employees feel valued and important to the company. Broken psychological contracts can cause organizational problems such as loss of trust, anger and litigation. By ensuring that the psychological contract between employees and employers is a positive one, which caters to both employee and management needs, HR helps the organization to overcome any negative feelings which may come from employees arising out of change.

III. THE SCOPE & OBJECTIVE

The Competitive advantage refers to the ability of an organization to formulate strategies to exploit rewarding opportunities, thereby maximizing its return on investment.

For achieving this, one of the priorities for HR in the future will be developing positive employment relations. This will not only contribute to successful interpersonal relationships but will also help to improve productivity and the overall performance of HR.

The analysis of HR from the resource-based view has shown that competitive advantage can be achieved through a variety of HRM practices. These include:

Recruitment and selection

The main 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 and selection strategies are .However ,this process of recruitment and 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 in tangible 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 influence by their values ,beliefs and social views and thus it is difficult to rule out the possibility of biasness. In order to select the cream of talented people out of the whole pool, it is extremely important for 21century managers to broaden their view of judging people on the basis of their origin, culture, values, ethnicity and background.

Career development and growth

Globalization has brought many technological changes in the market place. To cope up with all the changes and innovations, it is very essential to train and develop the employees. So employers as well as employees need to polish their expertise and keep themselves familiar with the recent developments. Hence employers must focus on providing the overall growth and career development of employees rather than providing training to a particular skill or knowledge.

Promoting Organization Culture & Heterogeneous workforce

HR managers have to put a lot of efforts for developing a successful organization culture because culture of any workplace is its root and matters a lot. Nowadays organizations are having heterogeneous workforce. So managing the culture where people are from different mindsets is a challenging task for HR managers. Due to acquisitions and mergers in 21st century, the HR managers have to develop such a culture that supports these changes (Williams, 2003).

Strategies for motivation & retention

HR managers need to design the better policies for employee motivation and retention. As nowadays organizations are doing worldwide hiring, so it has become a great challenge to stop people from looking a new job. HR managers need to find out the different ways and techniques to motivate, satisfy and to retain the best and talented employees which helps them to control the rate of turnover (Henson, 2007).

Flexible work hours

Due to globalization and technological changes in the environment, time has become more flexible and people want to work from home these days, which is a big challenge for HR managers. There are various benefits of flexible work hours but simultaneously it is going to increase the level of stress on management & workforce that has to be dealt well by 21st century managers (Anderson, 2002).

Striking work life balance

The workload of employees is increasing due to tough competition in the market place leading to various health and high stress problems among the employees. So managers should balance the employee's work and leisure activities. There will be high rate of absenteeism and employee turnover if the employees do not find proper balance between personal lives and professional responsibilities. Hence the manager has to work to avoid such scenario and they need to help employees in finding right work life balance (Kossek, 1998).

Managing 5 R's

In the 21st century and with the changing role of HR managers, the 5 R's are becoming very important in every organizations to be successful. So the managers need to take extra care of all these R's namely Resourcing, Recruiting the right talent, Retaining the talent, Retraining and Restructuring.

Industrial relations

Industrial relations is one of the biggest issue of modern society. So HR managers need to develop and maintain healthy relationships between employees and employers.

IV. METHODOLOGY

The research is qualitative in nature and study is made through systematic review of literature.

V. IMPLICATION FOR THE 21ST CENTURY HR MANAGER

As organizations compete globally for products, they have to compete for HR talent in 21st century. The future talent means highly educated youth seeking huge benefits and monetary rewards for meeting their materialist desires. That generation would search the companies in which they could work with loyalty and commitments as long as the organizations keeps them satisfied or tried to satisfy the employees according to the term agreed.

Taylor (2001) elaborates that "this century is an arrival of new breed of highly skilled workers who are younger, well educated, knowledgeable and extremely confident and not just interested in what they can do for the company, but rather what the company can do for them". Therefore, even though some countries have less tolerance for the foreign managers, best skilled people are hired worldwide regardless of nationality. Function of 21 century HR manager is to decide about the staffing. These staffing strategies are domestic as well as global that contain the internal staffing strategies and external ones. In external staffing the pool of candidate is generated and the successful candidates who fulfill the organization's needs are promoted and transferred while internal staffing strategy is made for the recruitment of new position from work force pool available within the organization.

Henson (2007) states that the generation Y wants flexibility in their working hours for spending their time in other activities like spending more time with their children. Baby boomers want freedom to work part time however some want early retirement etc, therefore, HR managers have to plan and design some standard frame work for the work force that allow them to exercise flexibility for managing their choices. HR manager will have to plan for outsourced supplier for having fulltime or part time workers keeping in view current global business environment.

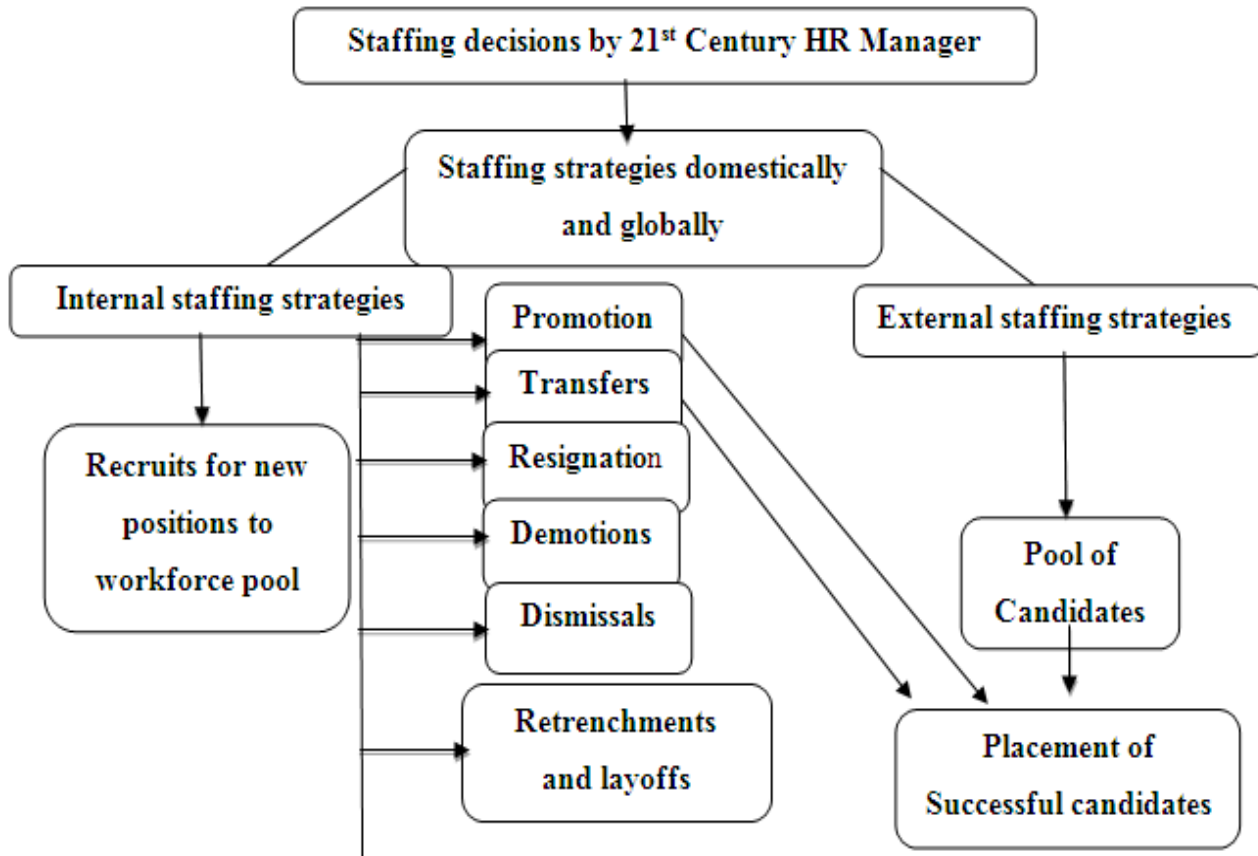


Figure 1: Functions of the 21st century HR Manager

VI. RECOMMENDATION

From a HRM perspective, globalization will have a number of implications on organizations such as self-development and acquiring knowledge in the management of expatriate labor, diversity and cultural differences; HRM needs to develop the ability, skills and mindsets required to compete on a global scale. Organizations are becoming more reliant on their HR departments to deliver business performance through management and systems that provide success factors needed for a global and local competitive advantage (Taylor, 2001). Rhinesmith (2006) supports this in saying that HR is becoming the most significant factor in pursuing, defending and taking advantage of operating in a global world and for organizations to be competitive and successful they will need to align their HR processes more effectively with broader organizational goals. GHRM must be able to generate appropriate HR policies and practices, taking into consideration the cultural environmental force between nations; in organizational culture and national culture, the values and attitudes are shared by individuals from a specific country that shape their behavior and beliefs in regards to what is important. HRM has to become a business partner aligned with the business objectives; they need to be the owner of the corporate culture and employee branding to be able to identify and develop critical competencies.

CONCLUSION

A priority for HR in the future will be developing positive employment relations. This will not only contribute to successful interpersonal relationships but will help to improve productivity and the overall performance of HR. "Organizations must shy away from 'one best way' solutions when designing global HR systems" and that "even among HR professionals there are different views about which HR practices deliver competitive advantage, that can have a major impact on global knowledge transfer".

Some of these views included recruiting and selecting suitable employees, encouraging diversity in the workplace, managing knowledge, fostering innovation, and focusing on employee development and engagement. "Fig 1" explains the 21st century HR manager's duties and responsibilities -domestically and globally.

In summary, the role of HR in providing sustained competitive advantage has been shown to be achieved through recognizing and incorporating many different ideas and perspectives into the management of the HR function.

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