

TRANSACTION, TRANSFORMATION AND TRANSITIONAL HRM A CHANGES AND CHALLENGES : A VISTA

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Abstract :

The third world sees people as its greatest assets and believes that development must centre round people. People are not only the beneficiaries of economic and social progress; they are also its agents both as individuals and by making common causes with others, while People are both means and ends of economic development. Human resource management in changing environment is considered as a key to competitive advantage. The challenges faced by human resource managers in an organization are naturally evolving with the ever transforming scenario in the corporate world. With the increase in competition at the national and international level, organizations must become more adaptable, flexible, responsive and customer-focused to succeed. It involves providing value addition to the customers and offering uniqueness. The uniqueness can be offered if the company possesses a set of four capabilities – financial, strategic or productive, technological or operational and organizational. To accomplish sustained competitive advantage, it is necessary that adequate attention is given to contemporary changes in the business environment, relate to globalization, technology, flexibility, litigation and workforce. Recent liberalization and bold economic reforms announced by the government have posed several challenges and opportunities for the Indian industry. Today, people looking for employment need to be more flexible and versatile in their skills and knowledge, and must be willing to go anywhere, at any time, and at a moment's notice, to do anything. The world of work is changing so fast that most individuals seem to have no clue on how to react, let alone being proactive. It is hard for someone being swept downstream in a fast-moving river to make sense of where are, let alone where they are going. It is found hope that the Transactional, Transformation and Transitional role of the modern HRM facilitate for facing the challenges out of its changes in the global business environment.

Key Words : Human Development, HRM, Changing Business Environment, Value Addition, Capabilities, Organisation, Transformational, Technological

Introduction

Development today is human development. The word “Human Development” refers to actualization of Biological, Psychological and Sociological capacities of human beings. The process of development these competencies in people are termed human resource development. Many of the modern governments are undergoing structural adjustment, which expresses the vulnerability of human development variables like Literacy, Health, Environment and Population growth. The world is moving towards a global village, societies using primitive technology may not last much longer or may be exploited by others in changed scenario. The third world sees people as its greatest assets and believes that development must centre round people. People are not only the beneficiaries of economic and social progress; they are also its agents both as individuals and by making common causes with others. Hence, People are both means and ends of economic development (Mahbub-UI Hag,2000). In this paper, a descriptive attempt is made on the major changes that have been taken place and challenge faced by the modern Human Resource Management practices with the advantage of LPG.

HRM: Gradual Changes

Throughout its history the profession or management function – now commonly titled ‘Human Resource Management’ has evolved in definable new directions in every 20 or 30 years. Earlier it was focused primarily on improving the welfare of workers in factories, some employers began to realise that they could secure greater loyalty, commitment and productivity if they looked after the interests of their workforce by providing a healthy, safe workplace and by providing paid holiday, sick pay and even subsidised housing. Between the two World Wars as professional, white-collar work became more common and as the state welfare system started to develop – the focus shifted to improving efficiency with the application of scientific management and organisation design principles of the kind advanced by Taylor and Fayol.

The profession then shifted gear again after the Second World War, as the trade union movement grew in strength, requiring personnel managers to negotiate new initiatives and to manage often difficult industrial relations disputes. The last major change was occurred in the 1980s with the emergence of the term human resource management signalling not just new rhetoric, but also significant new thinking on the part of managers. At the time much effort was expended debating what exactly ‘HRM’ was and how it differed from ‘Personnel Management’ a debate that was never really satisfactorily concluded before the mainstream research agenda moved on to focus on establishing how and to what extent HR practices contribute to the achievement of organisational performance (see Guest 1987, Legge 1995, Sisson and Storey 2000). In retrospect, however, it is possible to see the evolution of HRM in the 1980s and 1990s very much as a response on the part of management to the sharp decline in trade union

membership and influence that occurred at that time as a result of regulatory changes, increased individualism, the decline of traditional industries and the growth of the service sector. Over quite a short period of time managers found themselves firmly in the driving seat and in control of the direction of people management in their organisations.

New Trends in HRM

Human resource management is the management of an organisations workforce of human resources. It is responsible for the selection, training, assessment, rewarding and retaining of employees. The term Professionalization management has become a glorious expression in the corporate sector in India. The characteristics of HRM as profession such as training and education from various academic institutions. Creation of National Institute of Personnel Management and other professional bodies like, National HRD Network, Indian Society for Training and Development and Indian Society for Individual and Social Development and Indian Society for Applied Behaviour Science; emphasis on developing corporate practice based on ethics and international code of governance and so on.

HR is primarily concerned with the management of people within organizations, focusing on policies and systems. HR departments and units in organizations typically undertake a number of activities, including employee [recruitment](#), [training](#) and development, [performance appraisal](#), and rewarding (e.g., managing pay and benefit systems). HR is also concerned with [industrial relations](#), that is, the balancing of organizational practices with requirements arising from collective bargaining and from governmental laws.

HR is a product of the [human relations movement](#) of the early 20th century, when researchers began documenting ways of creating [business value](#) through the [strategic management](#) of the workforce. The function was initially dominated by transactional work, such as [payroll](#) and [benefits](#) administration, but due to [globalization](#), company consolidation, technological advances, and further research, HR at present focuses on strategic initiatives like [mergers and acquisitions](#), [talent management](#), [succession planning](#), [industrial](#) and [labor relations](#), and [diversity](#) and [inclusion](#).

In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision-making across the [business](#). To train practitioners for the profession, institutions of higher education, professional associations, and companies themselves have created programs of study dedicated explicitly to the duties of the function. In the current environment, most companies focus on lowering [employee turnover](#) and on retaining the talent and knowledge held by their workforce. New hiring not only entails a high cost but also increases the risk of a newcomer not being able to replace the person who was working in that position before. HR departments also strive to offer benefits that will appeal to workers, thus reducing the risk of losing corporate knowledge.

HRM in Changing Business Environment

Human resource management in changing environment is considered as a key to competitive advantage. According to Bernardin the effectiveness with which line managers perform HRM functions with tools, data and process offered by the Human Resource specialists leads to competitive advantages of the firm. To accomplish effectiveness, the HRM policy and activities must be established, and measured in the context of the mission and strategic objectives of the organisation. Attempts should be made to improve the company's competitiveness by focusing on meeting, and even exceeding, customer requirements, thereby enhancing the customer base. It involves providing value addition to the customers and offering uniqueness. The uniqueness can be offered if the company possesses a set of four capabilities –financial, strategic or productive, technological or operational and organizational.

To accomplish sustained competitive advantage, it is necessary that adequate attention is given to contemporary changes in the business environment, relate to globalization, technology, flexibility, litigation and workforce.

Globalisation

The globalization has caused intense competition as well as concern for productivity, due to close linkage between HRM expertise and productivity; there is a growing interest in HRM. HRM experts are helping companies to improve productivity through restructuring and downsizing programme.

Technology

Companies are now moving towards an optimal combination of people, software and equipment to deliver products and services effectively. HRM specialists are helping in employee requirement on the internet. The human resource services are used to maximize profit margins while providing customer value.

Flexibility

In India , innovative response to environmental situations is a key to sustained profit and growth. To accomplish flexibility, the companies focus on their core competencies and outsource other activities.

Workforce

The increasing diversity of the workforce requires diverse HRM Systems and practices. The workforce has also seen tremendous increase in the number of women and minorities. Moreover, there is also an increase in dual career couples in the present workforce. The human

resource management specialists are thus required to evolve and implement flexible work schedules, relevant training programmes and career development strategies for accomplishing a quality workforce on a continuous basis.

Hence, through better coordination with organizational planning and strategy, people can be used to create and sustain a firm's advantage in an increasingly competitive world. In the context of changing business environment the HRM department has become a partner in evolving a company's strategic activities of the human resource function. Human Resource management relates to a strategic and coherent approach to the management of a organization's people contributing towards the accomplishment of business objectives.

Changes are Challenges

Human resources element works towards the vision, mission and goals of an organisation. The Three major roles of HRM in any organization are transactional, transformational, and transitional. The challenges faced by human resource managers in an organisation are naturally evolving with the ever transforming scenario in the corporate world. With the increase in competition at the national and international level, organisations must become more adaptable, flexible, responsive and customer-focused to succeed. They should emphasize on attracting and retaining talents to prevent their competition from outplaying them in the strategic employment of their human resources. Organisations face several challenges in HRM, some of which are listed as Strategic Challenges for Human Resource; Challenges for organisations and HRM Professionals; Changing workforce Demographics; Implication for HRM Professionals; The Need for Lifelong Learning; Competing in a Global Economy; Facilitating Organizational Learning; and Eliminating the Skills Gap.

From 1990 onwards, globalization and liberalisation resulted in the emergence of new human resource management. The success of the new policies relies mainly on the introduction of new industrial relations and human resources policies at top levels – national and enterprise. The realization has dawned that neither the economy nor the industrial enterprises can survive by being rigid.

Evolutionary changes are taking place fast with support from external forces. This has led to more competitiveness and demand for efficiency. Centrally planned economies are opening up to free market systems. In the highly competitive global economic environment of today, organisations have to struggle to survive and grow. Recent liberalisation and bold economic reforms announced by the government have posed several challenges and opportunities for the Indian industry. With the explosion in digital revolution, there is a lot of competition at the global level, markets are changing fast and there is deregulation. All of this has led to organisations changing their strategy and approach to human resource management. Human resources hold the

key to meet these various challenges such as Rapidly changing technology, especially the acceleration of change and automation in the minds of the people; Technological innovations resulting in organizational restructuring, operation and culture; Changing profile of employees (Demographic changes, Equal Right Movement, Knowledgeable workers); Competition; Internationalization of business and strategic alliances; Globalisation; Customer/multiple stakeholder orientation; The effects on the human side; Focus on employee welfare; Demand for better job and social security; The nature of expertise of human resource professionals; The problem of measurement, acceptance and respect of the human resources profession; and Practices leading to the phenomenon of working non employees to mention a few.

These aspects call for value –adding strategy of Human Resource Management to ensure a competitive edge. On the whole, liberalisation of economic policies and increased competition by overseas companies has resulted in immense pressure on the Human Resource function in Indian companies. Organisations are trying to train, develop, guide and prepare employed to enable them to face competition overseas in terms of efficiency, effectiveness and skills.

HRM: Globalisation Perception

The LPG perspectives of HRM in India in the recent past have a number of environmental impacts on the socio economic and managerial aspects, viz on HRD, Compensation, Trade Union and others. Under global competition more qualified staff is required to satisfy and delight customer. Hence, globalization and liberalization has positive impact on HRD. Higher salaries and benefits for highly skilled and committed employees but low wages for unskilled persons. Initially trade unions in India register the policy of economic liberalization, globalization and privatization. But gradually they have accepted the realities. So to ensure the survival of their organization this is at stake in a competitive environment. Globalization has improved professional human resource practices such as employee empowerment, quality circles etc.

Conclusion

The increase in competition at the national and international level, organisations must become more adoptable, flexible, and responsive and customers focused to succeed. The human resource management specialists are thus required to evolve and implement flexible work schedules, relevant training programmes and career development strategies for accomplishing a quality workforce on a continuous basis. Hence, through better coordination with organizational planning and strategy, people can be used to create and sustain a firm's advantage in an increasingly competitive world. In the context of changing business environment the HRM department has become a partner in evolving a company's strategic activities of the human resource function. Human Resource management relates to a strategic and coherent approach to

the management of a organization's people contributing towards the accomplishment of business objectives. Today, people looking for employment need to be more flexible and versatile in their skills and knowledge, and must be willing to go anywhere, at any time, and at a moment's notice, to do anything. The world of work is changing so fast that most individuals seem to have no clue on how to react, let alone being proactive: It is hard for someone being swept downstream in a fast-moving river to make sense of where they are, let alone where they are going. It is found hope that the Transactional, Transformational and Transitional role of the modern HRM facilitate for facing the challenges out of its changes due to changes in the global business environment.

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