



| **HUMAN RESOURCES** |

HCM Professionals' New Agenda and Challenges

Challenge # 7: changing demands of global economy

Our GLOBE saw rapidly changing global economic environment in recent years. It is now swinging between recessions & booming economies. When the West is suffering from serious recession, the East is booming in their economic growth. While governments take economic measures to boost economy, entrepreneurs take strategic programs for sustainable business. One of such programs entrepreneurs take is trading or establishing businesses in other countries. Greater participation in international trade is a prerequisite for economic growth and sustainable development in today's competitive world economy. Specifically, it involves how a country assists its exporters to enter into and expand their markets overseas and how to make their products competitive in the global market.

Professor Dave Ulrich at the School of Business, University of Michigan, in one of his seminars asked participants, "To be competitive, what are the top five business challenges your executives must pay attention to?" Regardless of participants' hierarchy in the company, the responses were similar. The responses revealed a new competitive reality demanding organization capabilities ...to differentiate themselves from their competitors -- that is creating organizations that add value to investors, customers, and employees. It further demonstrated, "If organization capability has become a source of competitiveness and if HR professionals are to be the champions of organization capability, then the new agenda for HR practices and HR professionals must emerge."



Increased Role: To achieve sustained competitive advantage depends on formulation and implementation of appropriate human capital strategies in dynamic and complex global economy. HCM professionals must have increased role in the strategic management process of the company. They will have planned human capital development & deployment activities to enable a company to achieve its goals. It is not an easy task as said. It involves up-to-date maintenance of employees beginning with the recruitment, training, development, performance management, reward and employee relations policies and practices together with essential thrust

towards business sustainability and profitability. The primary aim will be improvement of organizational effectiveness in a competitive global market.

As Finance is engaged in management of company cash assets and liabilities, HCM is involved in people assets and liabilities. It is all about Talent Management. In this quest for growth, talent management remains a primary focus area for business leaders. There is a clear need for professional skills and effective leadership to operate in challenging markets, while emerging markets require the talent to deliver continued growth. Many companies suffered due to talent constraints while many succeeded due to positioning of the right talents. It is clear that multinational organizations are facing sharply contrasting human capital challenges from region to region.

Historically speaking both the older and younger generations work happily in a company without having any fear of job loss during booming economy. However, the opposite happens during the recession time. Employers choose experience over youth, cutting back on the recruitment of younger workers and relying on the experience of older workers (we saw this trend in the West) for obvious reasons i.e. sustainability. While this strategy works in the short term, it is creating talent-supply chain problems for the future. The younger population sees their opportunities dwindle and their career path get blocked. This leads to job-hopping and puts staffing at serious problem. Employers would like to see that HCM as strategic partner, make sure that they get the best ROI in their investment on people.



Adapt and survive: This must be the "slogan" during bad times, which rests upon human capital management. To reduce back office expenditure, however, make an analysis of the staffing requirements, develop and train staff so that they can be adapted to the changing demands of business including adaptation to technology, if need be, to combat recession and sustain revenue generation of the company.

Productivity 'doing the same with less': Staffing analysis is very important to find out average employee cost to company (CTC). With the increase in average employee cost in contrast to fallen revenue, employers tend to cut back on new recruitment or even go for retrenchment of existing employees. Human capital management will consider major components of profit and loss performance with the size and cost of the workforce. It is an interplay between revenue generation, cost control and human capital management policy. The focus will be on the concept of 'doing more with the same' or 'doing the same with less'. The simple formula of HC ROI can be attained by Revenue minus Non-people costs. The simple formula:

$PC = CR - NPC$ where PC stands for People Cost i.e. salaries, benefits, perks; CR stands for Company Revenue; NPC stands for Non-People Cost i.e. capital expense i.e. land, factory, machinery, equipments, tools, transportation, raw materials, etc.

Learn from the best: The Talent Management or talent supply chain should be managed with the

same firmness as every other vital resources of the company. Learn from other best examples as available from other companies 'Best practice' and implement some that best meet your company needs and requirements.

Focus on productivity: Make sure all your talent management interventions have the right impact on productivity and contribute to creating value for the company. Keep a close eye on the key measures; and how your peers & competitors are performing. CEOs need great help at this time and HCM professionals need to take a lead.

Emphasize people engagement: Engaged employees are productive employees. Think carefully about reward. Too many organizations are placing emphasis on performance-based and variable pay, when there are evidences that incentives do not work alone. Different sections of the workforce are motivated by different things and non-financial rewards such as friendly environment, caring management, empathy and sympathy are increasingly valued by employees.

Invest your time in analytics: Off late organizations have begun to recognize the value of good quality HC/HR management information system with their ability to be a strategic partner and contributor to business. You must have skills to build credible analytics capabilities. However, select your metrics wisely. Technological advances and the growing interest in human capital analytics means that the volume of information has increased greatly, but not always to great effect. You must strive to use the data effectively. Because, the key to success is intelligent use of the data available.

All HCM/HR professionals should systematically perform the following tasks to keep themselves aligned with the changing needs of global economy:

a) Align your business plan and talent strategy - make sure every aspect of your talent strategy directly contributes to your overall business plan and to creating value. Change anything that doesn't contribute.

b) Face the future - look at where your business is heading, not just where you've been. Keep questioning whether your talent management pipeline will give you what you need when you need it.

c) Pay attention to pivotal roles - get the right talent into the pivotal roles; be in the leading role of the company strategy.

d) Focus on the financials - make measurement, benchmarking and predictive analytics part of your plan. Look to your people ROI.

To conclude, it may be said that despite difficulties in the global or national economy, entrepreneurs remain ambitious. They continue to plan for growth. Intelligent workforce planning will be a vital element of any strategy and the organizations that stand out against the global competition. Therefore, the HCM professional's challenge is to understand the factors that shape and influence business domain and do intelligent activities to go about the changing demands of global economy

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