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HR profession in Transition: From Here to Where?

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As the Indian economy integrates with the global one, the skills required to run successful business enterprises have changed from those required in the command and control regime. It comes as no surprise to us that no organisation can become a truly global corporation without first transforming their HR practices from a tactical to a strategic role. The new strategic role of HR can maximise the contribution of the rare, valuable, non-substitutable and imperfectly imitable human resources. The strategic HR function requires integration of HR within the strategic planning process.

In the not-so-distant past, the business environment was relatively uncomplicated, with a few companies offering a limited range of products, and operating in an environment circumscribed by regulation. Today, however companies find themselves at the beginning of a period of radical change. Companies have already been forced to re-define their business models. As the Indian economy integrates with the global one, the skills required to run successful business enterprises have changed from those required in the command regime.

Trends in Human Resource Function

Crystal gazing into the future (and that too about people!) is a dangerous pre-occupation. And yet, it is also tempting. Perhaps, the only way to speculate about human resource management practices of the future is looking at where the emerging business realities are leading us to. Four clear trends

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will set the agenda for the human resource function in the new millennium. First, there is shift from a mass manufacturing economy to a knowledge-based economy. Unfortunately, the operational paradigm for managing people still has its historical roots in the command and control structures, which emphasised routinisation of most tasks of mass manufacturing organisations.

This paradigm works on two assumptions: one, efficiency can be achieved only when you de-skill the work; and two, control comes from routinising work. The emerging economic order highlights the inadequacies of this paradigm. The fast paced changes in the business environment make it impossible to routinise jobs. Developing people practices for such knowledge workers will be a challenge.

The second shift concerns the relevance and goals of the learning process. Currently, learning is viewed as a one-time activity: having learned a core skill, one can continue to remain economically productive as long as one continues to incrementally update one's skill and knowledge assets. It is not only important to evolve learning technologies that help people to harness skills, knowledge and mindsets at a fast pace, but it is equally important to develop unlearning technologies to counter the irrelevancy of knowledge. As change becomes discontinuous, facilitating unlearning will become a separate people management issue.

The third shift which will make many traditional HR and management skills obsolete is in the nature of work and the organisation: work is moving out of organisational boundaries. Traditional corporate functions are getting outsourced; cross-corporate consortia are becoming more prevalent; the Net is enabling people to work from home or elsewhere; and customers and suppliers are increasingly becoming involved in new product development initiatives. Organisations will depend on the performance of people who are not part of the organisations.

Most traditional practices for managing people assume that those who work together on a task know each other. This assumption is no longer valid. The non-employees will need to be enthused about the company's initiatives and so will teams of virtual strangers who will come together temporarily to work on a project.

The fourth shift is regarding careers. Companies will have to cope and meet the aspirations and provide motivational strategies for people whose skills are required by the organisation but who have more opportunities to move across jobs. Increasingly, easy access to user-friendly technology or knowledge will empower individuals to follow their ambitions without much difficulty. Complicating the responsibility of the HR functionary is the fact that for these young talented, empowered and global professionals, the emerging opportunities bring in new sources of stress. For example, when work becomes someone's lifestyle, the chances

of imbalances in life's priorities, between professional and personal career and family, and work and leisure, increase.

Strategic Role of HR

Given the above mentioned trends, it comes as no surprise to us that no organisation can become a truly global corporation without first transforming their HR practices from a tactical to a strategic role. The new strategic role of HR can maximise the contribution of the rare, valuable, non-substitutable and imperfectly imitable human resources. The strategic HR function requires integration of HR within the strategic planning process. This does not simply mean that HR managers are allowed to provide HR - related information to those making strategic decisions. On the other hand, HR managers must have both process control - that is, the ability to influence the development and selection of information used in making a decision as well as decision control, which is the ability to make or strongly influence the decision itself. Although changing the hierarchical position of senior HR managers so that it is equivalent to other top functionaries is both substantively and symbolically useful for integrations, the process in itself is not that easy. To enable this, it is crucial that HR head be a member of the top management team. This transition can be accomplished by a strategy called the 3 Ts: Technology, Talent and Transformation. The HR functionary shall have to learn as much about the firm's business as possible, become more supportive and collaborative with other managers.

General Motors used technology to revamp its HR processes and their model is now being used by other organisations. General Motors has focussed on creating an effective and totally accessible corporate intranet. The company placed most of its HR related activities online and last year transformed its four year old intranet site into an HR portal. A web savvy workforce was created and communication and collaboration was enhanced. The role of HR as the middleman was reduced and employees had free access to HR-related information. This freed the HR functionary to do more substantive work and really get involved with the planning and strategic aspects of the business.

Talent has been attracted and nurtured with the establishment of G.M. University in 1997, which is the largest educational programme in the world. The University has 15 colleges charged with developing curricula tailored to the professional needs and challenges facing GM employees. Apart from classroom learning, GM launched in April 2001, the first training programme offered completely on the corporate intranet. The objective of these courses is to show HR professionals how their job duties have changed and how work is now performed at GM. Talent will have to be nurtured by cross divisional transfers, working with vendors, collaborating with

competitors in the knowledge arena and building relationship with the academia. As a result of the above initiatives, the focus of jobs at GM was transformed. For the first time, the company now has standard training programmes that are used in every country in which GM has set up facilities. There may be some variation in countries like Germany or France, which have different types of labour and workplace laws. But generally everyone, everywhere is on the same wavelength. Communication amongst all units across the world is free flowing and is definitely empowering.

HR Implications of Mergers and Acquisitions

Moving on from the Ts of the transition process, nowhere is the urgency for bringing about a transformation in the HR function more apparent than in the area of mergers and acquisitions which have brought about seismic changes and are altering the organisational landscape and boundaries. The Indian economy has been rocked by a record number of corporate mergers, acquisitions and retrenchments. Few, however, have survived. HR executives will have to move from their conventional functions as administrators and payroll experts in favour of more proactive roles as coaches and profit consultants. The HR functionary will have to take stock of the respective assets of the merging companies and deliberate as to how these assets can be made to work better together. Then, all other functions like staffing, compensation and training will fall into place by themselves.

The companies shall have to outsource the routine administrative duties of the HR functions, to allow the HR departments to concentrate on strategic planning in the aftermath of a merger. The theme of foreign labour issues is but an example relating to merger that will demand the HR manager's time and focus. Talent will have to be profiled in the companies coming together and this will eventually lead to consolidation while eliminating overlap in job duties amongst senior professionals.

Executive recruitment teams will have to be put in place and seasoned headhunters who have already amassed high profile contacts in media, finance; marketing and technology will have to be identified. The hiring process will have to be redesigned to speed up applications through the company's web site to identify transferable skills.

Getting a merger off the ground also requires the companies to reconcile their different management styles. Numerous studies have linked the demise of merged companies to incompatible cultures. One of the gravest mistakes that the HR function can make during a merger is to tell organisations that they cannot have their own cultures. Maintaining cultural balance is a business imperative and this can be done by searching and identifying for techniques and practices that might

be useful to both the firms and implementing them in the merged entity. The SmithKline Beecham merger is considered to be a stellar example of how to decide on and implement a merger or an acquisition from a corporate cultural perspective. During the merger, over 2000 people from both the firms were divided into more than 200 teams to determine how to integrate their respective structures, systems and cultures. From the beginning, they were learning how to work together. Companies typically look at financial or marketing issues when deciding to merge with or acquire another firm, but few of them conduct due diligence audits on their respective corporate cultures. Yet, attempting to merge two organisations with distinct values and beliefs could result in a cultural collision that threatens the success of an otherwise strategically compatible merger. HR leaders can minimize these cultural collisions by conducting a bi-cultural audit. A bi-cultural audit diagnoses cultural relations between the companies and determines the extent to which cultural clashes will occur. The process would involve interviews, questionnaires, focus groups and observation of cultural artifacts to identify cultural differences between the merging companies. The artifacts include office layout, decision-making, customer-servicing and information-sharing. Next, the audit data should be analysed to determine which differences between the two firms will result in conflict and which cultural values provide common ground on which to build a cultural foundation in the merged organisations.

Creating Continuous Change

One of the things that separates the successful companies from the unsuccessful ones is that the former create an atmosphere for people to take risks to maintain their creativity, excitement and innovation. For this, the HR department has to follow few simple strategies:

- (a) **Keeping rules to a minimum:** Minimum guidelines and procedures give employees a great deal of freedom within the company to apply their skills and knowledge.
- (b) **Moving people around:** Change energises people, removes boredom and enervates the organization. When people start getting comfortable and when there are not too many questions they cannot answer, it is time for a change.
- (c) **Hiring for "hybrid vigour":** Recruiting practices will have to pay attention to what is called Out of the Box Hiring (OTBH), which means hiring an individual whose qualifications appear on the surface to have little application on the job, but who is uniquely qualified to fill the gap. For example, with just two companies Reliance Industries and Indian Petrochemical Corporation, manufacturing polypropylene in India, it became difficult for Reliance to find executives within the industry. It recruited senior level people internationally.

No wonder Reliance's chief of manufacturing Richard Zielinski was earlier the CEO of Amcos Manufacturing and the CEO of the polyester division Cliffard Mix was Du Pont's chief of manufacturing in the U.S. An important reason for bringing

in someone who knows nothing about the nuances of the business is that, an entire industry sometimes becomes intellectually encased around conventional wisdom, tired recipes and rules. That, in turn, squeezes out variety and new ideas. Energised and excited by the novelty of dramatic change, a bright person will see the work with new eyes and spot the conventional wisdom that is no longer working. Such employees do not conform, rather they transform. Their naiveté will often lead them to new ideas and ways of doing things which an old hand may have overlooked. This process of throwing competent but untrained people head over heels into a raging torrent of change is similar to an old technique used by breeders of plants. A breeder seeking to improve a strain of orchids for example will breed one variety over another, very different variety, in the hope that the resulting progeny will be larger or more fragrant than either one of the parents. When it happens (and it does not always work), the result is known as 'hybrid vigour'. It is a happy accident that is superior to everything that preceded it.

Managing Innovation

Management sage Peter F. Drucker predicted many years ago, "A management which does not know how to manage innovation is incompetent and unequal to its task." Simply put, the HR function will have to encourage people to take risks, innovate, in other words to be entrepreneurial about their work and their organisation. Every individual has innovative capabilities which are sadly limited by their frenetic quest for short-term profits which are measurable. The hallmarks of innovative organisations are:

- Visible commitment at top level
- A climate that encourages team work and innovation
- A tolerance for failure to balance risk taking
- Open and constructive communication
- Flexibility in organisation structure

New Paradigms For Leadership

These five key ingredients which overlap considerably point to an important dimension of the HR functionary's role the leadership function. For the HR function to meet the challenge of innovation, both leadership and management skills are important, but the emphasis is on leadership. In fact, a clear distinction between both must be drawn. Managers are typically hardworking, analytical and fair minded. They perpetuate and improve upon the status quo. Leaders are obsessed by their ideas, which appear visionary and consequently excite, stimulate and drive other people to work hard and create reality out of fantasy. However, leadership is no longer a role occupied by one person, it is a function performed by many. In other words, what is important is to generate a whole leadership team including

the operational leaders and tacticians. All managers should be trained for leadership roles or they will lack credibility.

Changing a little often

The HR function should encourage frequent minor changes rather than infrequent, major changes. Change that is too sweeping and too sudden is counter-productive, because people get scared. But a constant stream of minor revisions, alterations and adjustments for example, changing the way staff meetings are conducted or redesigning the company newsletter -- is a good method of getting people used to the habit of change.

Creating Entrepreneurial Organisations

Earlier, a mention was made regarding the emerging role of HR in fostering and encouraging entrepreneurial activity in the organisation. This millennium will witness the rise of novel entrepreneurial opportunities which will wean talent away from even the best of companies. The opportunity to make a mark will prove extremely attractive. Thus, the take-home-pay cheque will cease to be a major motivator. To turbo-charge talent retention, firms will have to create small entrepreneurial islands, where an organisation can house its best talent to pursue experiments, innovate, dream up new and better ways of running a business and create value in an unrestrained manner. Such employees will want to become employee partners in business and the companies will have to facilitate and empower them.

HR's Response to Ethical Issues

No presentation on the issue of HR profession in transition will be complete if we lose sight of one of the most critical and sensitive issue to which HR professions are being called upon to respond - business ethics. A wave of corporate scandals have hit the headlines in quick succession in the last few months; yet to recover from the Enron Corp. scandal reports, Xerox Corporation and WorldComm Scam hit the newsstands; these are but the tip of the iceberg. To the man in the street, long accustomed to paying bribes for everything, from a ration card to a driving licence or a telephone connection, these scams or even their Indian counterparts UTI, Century, the legendary Harshad Mehta, Ketan Parekh will hardly come as a surprise. Corruption is now so much a part of everyday life that reports like these have lost their shock value. The HR function may be called upon to develop moral character in the workforce. Rather than just debating the merits of gift giving and conflict of interest, ethics programmes should also help individuals understand hypocrisy, self-deception and other elements of personal morality.

HR practices must help companies move beyond written ethical codes to strategies that help employees alter their behaviour at work. One strategy could be to change reward systems that unintentionally encourage unethical behaviour.

Conclusion

In conclusion, we think that HR or what we call 'people management', will play a critical role in the years to come. At the end of the day, our ability to succeed depends entirely upon the people who are driving our business whether they have the creativity, capability to innovate and ability to execute and whether they can do these things collaboratively.

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