

## HRM - The Changing Corporate Philosophy and Competitive Challenges

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### ABSTRACT

Of late, there is a shift in the corporate philosophy from the traditional “Profit motive”, to stretch and outstretch itself beyond the profit motive to social work for the general public in its vicinity which is termed as “Corporate Social Responsibility” (CSR) in Management Parlance.

As the Doyen of Indian Industry TATA himself says, “While profit provides the spark for any economic activity, any enterprise which does not provide services to the community in its vicinity, such an enterprise becomes outmoded and cannot fulfill its real role in modern society.”

C.S.R. is based on Emperor Asoka’s Philosophy of improving the economic well-being & welfare of all citizens, with the sole and whole vision and mission of winning over people’s hearts by benevolence, global mindedness and conquest by love.

Apart from Industrial leaders in Private sectors like Infosys & TATA’s, Wipro, L&T, etc., Gigantic Public sector enterprises also like SAIL, BHEL, I.O.C, Coal India (The Maharatnas in India) etc., started realizing the importance of this corporate social responsibility and engage in social works to the villages nearby the company like building schools, organizing free medical checkups, Tree Plantations, Arranging free water supply and pipe connections, etc.,

They engage in such social activities not merely for the purposes of Tax-Savings or Image building, but they do it because they realize that they have a “Moral obligation” towards the society at large in the vicinity of the company.

Any Star performing enterprise has to face many challenges like adopting Global standards and practices, building Intellectual Capital, Providing Inspirational leadership, minimization of Costs, responding to customer needs, adopting to changes happening around the world, creating strong organizational cultures, managing the diverse work-force, etc., which are discussed in this article. Also the corporates today face many challenges today, which are brought under three broad categories, namely the Sustainability Challenge, the Global Challenge and the Technology Challenge, which are elaborately discussed in the later part of this Article.

## **I. The changing scenario of the Business world today**

Drastic changes are taking place in the business world today. Friedman (2005) uses the term 'Flattening' to describe the Total Integration of the world market, and breaking the frontiers of the Nations of the world.

Research says that we interact with 20000 men atleast not directly or face to face but indirectly through Mass media, TV, Newspapers, Video Coverage, etc., Thus we have seen the Terrorist attack of the WTO Towers at New York that took place on 9/11 by Bin Laden's Group though the mass-media and T.V. instantly due to advancement of Technology.

## **LIBERALISATION AND GLOBALISATION OF THE ECONOMIES**

Liberalisation had helped India to push up its GDP substantially. The Economists anticipate an economic growth rate of 9% per annum in India in the next two decades, if it successfully controls the problems of power crisis, inflation of food articles, climatic change, pollution problems, volatility in capital and currency markets, etc.,

Of late, there has been substantial growth of employment opportunities found in self employment sector.

At the Global level, China is emerging as an "Economic power-house" in the world and had already replaced the hitherto mightier Japan as "No.2 Largest economy" in the world. It may be noted that the mightier Japan had retained its tag of the "No.2 economy" in the world (next to USA), for the last 42 years continuously, has now to lose the battle to China which is upcoming now. As on Sep.2011, the China's GDP was \$ 1.33 Trillion whereas Japan's GDP was only \$ 1.28 Trillion. Thus, China has already overtaken Japan as No.2 in the world. No.1 biggest Economy in the world is always USA which is unassailable with its current GDP of \$ 14 trillion.

China maintains very high double – digit economic growth rate and has a largest work force in the world today. It has the largest (No.1) population in the world, viz., 1.4 billion accounting for 19.4 % of the total population of the world. It is emerging as the world's super power now.

It is achieving a rapid urbanization and is worlds' current largest market for manufacturing products and a Trading ground for many Multinational Companies of the world.

## **TRANSFORMATION IN THE WORK-FORCE DEMOGRAPHY**

The work-force demography is currently undergoing a rapid change, a huge transformation today in the world. More old-age workers are entering into the Labour Market today.

The Number of women workers are increasing day by day. Large number of temporary workers is replacing the permanent workers today. The temporary workers consist of :

1. Contractual workers.
2. Seasonal workers
3. Consulting Agencies
4. Leased workers, etc.,

These entire groups of workers from 1 to 4 listed above are collectively called “CONTINGENT WORKERS” who are mostly employed by the Bankers, Insurance companies, Municipal Corporations, TV Channels, etc., due to flexibility in wages as well as functional flexibility.

Nowadays, mostly the younger generation Engineers namely Software Engineers are entering into the IT (Information Technology) field, consultancy firms, Insurance companies, etc., for the obvious reasons of growth in their career rather than for the reasons of security of job.

### **CORPORATES’ CHANGING PHILOSOPHY OF CSR**

Business firms today view themselves as an Integral part of the society in which they live in. They are more concerned with the well-being of all stake-holders, and they want to enlarge their activities by implementing the community programs, philanthropic activities, improve the quality of the poor people in the adjoining villages of the firms like providing them free water-supply or pipe connections, starting schools, organizing medical camps for the free check up of poor villagers around, organizing free tailoring classes to the unemployed women-folk in the adjoining villages, Tree plantation works etc.,

C.S.R. is based on “Emperor Asoka’s Philosophy” of improving the economic well-being and welfare of all citizens, and his mission & vision was to win over people’s hearts by benevolence, philanthropy, global-mindedness & conquest by love.

J.R.D. Tata, the Doyen of Indian Industry says:

“While Profit provides the spark for any economic activity, any enterprise which does not provide services to the community nearby becomes outmoded and cannot fulfill its real role in modern society.”

### **“MOTIVATIONAL FACTORS” FOR THE CORPORATE FIRMS TO CARRY OUT CSR ACTIVITIES.**

The following are the motivating factors which make the corporate to go in for CSR Activities, viz.,

- i) To gain competitive advantage of the firm.
- ii) To build company’s image & reputation
- iii) To achieve reduction in cost and Risk management.
- iv) To seek a win-win comes through synergistic value-addition.

In India, the following corporate have adopted C.S.R. to conduct the business in responsible manner.

- a) SAIL b) Tata c) BHEL d) IOC e) L &T f) Wipro g) Bajaj Auto
- h) Coal India i) ACC j) Birla k) Asian paints l) Escorts m) ITC
- n) Infosys

These companies perform CSR activities not just for image building or tax-savings, but for a moral obligation towards society at large in the vicinity of the company.

### **CHALLENGES FACED BY EVERY HIGH-PERFORMING CORPORATE TODAY**

Every high performing corporate today is facing a lot of competitive challenges as listed below:

- a) Adopting Global Business Practices.
- b) Responding to Customers

- c) Developing the “**Intellectual Capital**” (Explained below)
- d) Minimizing costs
- e) Adapting to changes happening around the world.
- f) Managing the diverse workforce
- g) Recognizing employees’ Rights Autonomy, Adjusting to new work attitudes, Balancing the work & family demands.
- h) Creating an “Organization Culture” and Environment which has to contribute to the needs of the organization.

Incidentally, organizational cultures are categorized as “Strong Culture” and “Weak Culture”

According to Peters & Waterman, “STRONG CULTURES ARE RESULT ORIENTED, WHEREAS WEAK-CULTURES ARE NOT”

According to Deal & Kennedy,

“A strong culture is a system of rules that spell out how people have to behave most of the time”

Dr. Reddy’s Lab, India’s leading Pharmaceutical Company has an “egalitarian organisational culture” that creates an environment which is not oppressive, hierarchical or control-oriented, but makes the work-place more pleasant, more energizing, more empowering & more motivating the Employees, in order to make them “Contribute their level best to the organization.

In the present days, the best organizations are fully emphasizing on the best performance and creating an organization culture that creates a “Right mindset” and attitudes, “knowledge management” initiatives where the knowledge-sharing is valued and rewarded more.

Based on a Research survey of the exceptionally performing companies, it is found out that these high performing companies have distinct cultures. One such company is HDFC, an Excellent financial company which has an unprecedented and unmatched “service standard and the core values” which can never be compromised at any cost at any point of time.

HDFC is a principle-centered organization, has integrity, an attitude to outperform others, a shared vision, insightful plans, and a commitment to translate into action its vision and mission into Reality. These are all the traits which are the keys for its success in the current Industrial Scenario.

## **INSPIRATIONAL LEADERSHIP REQUIRED FOR THE SUCCESS OF CORPORATES:**

An inspirational leadership is required for the success of any organization especially star performing companies.

Samir Jain of Bennett Coleman by his inspiring leadership has made the “Times of India” (T.O.I.) as the No.1 selling Daily Newspaper in the entire India.

Now, what is inspirational leadership? It is about the change, a transformation, an improvement and a challenging of the existing status quo. Who can inspire? Somebody who can walk the talk even in difficult times, and whom the organizations believe and impose their trust fully.

Outstanding organizations like TATA SONS, Dr. Reddy’s Lab, Infosys, Wipro, Reliance, Hero Honda, NTPC, etc., have the “Inspiring leadership” which had converted the “threats” into opportunities and challenges. Such Inspiring leadership had set ambitious targets to themselves. One such Inspiring leader is Dhirubhai Ambani, who founded the Business Empire of RELIANCE. He had the grit and determination, enormous self-

confidence, passion for Excellence, remarkable ability to overcome the constraints imposed by the Govt. against the Private Sector in those days which saw his organization as an organization of world-acclaim.

The visionary companies which I have cited above conduct periodic strategic leadership programmes and nurture and groom the leadership talents in their organizations. This creates a culture of Excellence in their HR practices.

Collins (2001) proposed the theory of “LEVEL FIVE LEADER” , which is the highest level of leadership in hierarchy of leadership.

Transformations can never happen in any organization without this “level five leadership”.

### **“COMPETITIVE CHALLENGES” INFLUENCING HUMAN RESOURCE MANAGEMENT TODAY**

The corporate now-a-days face the following 3 competitive challenges influencing their HR Management.

They are:

- A) The Sustainability Challenge**
- B) The Global Challenge**
- C) The Technology Challenge**

#### **A) THE SUSTAINABILITY CHALLENGE**

By the word “Sustainability Challenge” we refer to the ability of the corporates to survive and to succeed in a dynamic competitive environment.

The success and the effectiveness and the competitiveness of any corporate depends upon how well it meets the requirements of its “stake-holders”.

“Stake-holders” means and includes share-holders, the customers, the employees of the company, the community or society at large in its vicinity, and other Interested parties who are interested in the success and well being of the company.

Sustainability includes the ability to deal with social & economic changes, to engage in ethical business standards and practices, to provide high quality products and services to customers, and to meet the requirement of the stake-holders.

In the context of the social & Economic changes, the corporates have the necessity to go in for the following :-

- i) To increase the value of the company through “INTELLECTUAL CAPITAL” by which term we mean the “CREATIVITY” of the employees, the productivity of the Enterprise, and the improvement in the quality of the products and services by effective management practices.
- ii) To attract, develop and retain the best brains and to retain the “KNOWLEDGE WORKERS.” By Knowledge workers we mean the Employees who contribute to the company not through manual labour, but through their specialized branches of knowledge.
- iii) “Empowerment” of the Employees, ie., giving employees the Responsibility and the Authority to make decisions.

For empowerment to be successful, Managers must be trained first to link the employees to resources within and outside the company.

- iv) Ever Changing and dynamic Environment demands that all employees must embrace the philosophy of learning continuously. In a learning organization all its employees are trained continuously to learn new things in their life. ie., they imbibe a culture of “LIFE-LONG LEARNING”.

## **B.THE GLOBAL CHALLENGE :**

In order to survive, every corporate has to compete in International markets. It must develop global markets, use its management practices to develop global competitiveness and must prepare its employees for Global assignments in order to expand their business globally or Internationally.

Global Expansion of Business firms are made easier and possible today due to the advancement of science and technology like e-mail, Internet, Video conferencing, etc.,

Many companies are entering into the International or Global markets by exporting their products overseas, by entering into alliance with "Overseas Companies" by engaging e-commerce, etc.,

## **C. THE TECHNOLOGY CHALLENGE :**

Today's market is flooded with very sophisticated products like Laptop, Cell Phone's, ATM's, Internet, TV, etc., due to advancement in Science and Technology.

Advances in Science & Technology with reduced costs for the firms are changing many aspects of HRM.

New Technologies allow training to every employee to occur at any point of time and at any place in the world. Today a lot of people use the Internet which has created a business model

namely

"e-commerce" in which business transactions are conducted electronically. Internet helps in exchange of data & information.

Lot of Businessmen use e-mail for purchasing products or services globally. You can read any leading Newspaper ONLINE today. Through the websites you can purchase clothes, books, air-line tickets, etc. The Corporates can connect with potential job candidates across the world.

Thus, the fruits of science & technology which we enjoy today are enormous and limitless which have changed many aspects of HR Management today.

A recent survey reports that 37% of employees in USA offer "TELECOMMUTING" on a part-time basis and 23% on full-time basis.

"TELECOMMUTING" increases productivity, encourage family-friendly work arrangements, reduce traffic & air pollution, and also results in Employees being "ON CALL" all the 24 hrs per day and 7 days a week. (ie., 24x 7) Some companies like Hewlett Packard (HP) re-arrange the work schedules according to the convenience of its employees.

In Japan, "Robots or the Machines " have replaced Human Resources in the "AUTOMATION" in manufacturing process. Robotic arms are quickly programmed in Toyota Car factory in Japan to weld different cars or vehicles

NISSAN, the Automobile company in Japan uses the "Lineside Limos", which are nothing but the "moving platforms" on which the Assembly line workers move along, and install another car parts without having to move back and forth three times per car. Such technology makes the work-spot more pleasant and more enjoyable and more easier for the workers to work in Japan.

Another fruit of technology which we enjoy today is the ATM (Automatic Teller Machine ) introduced by an American Scientist in the early part of the century. These ATM cards help a lot to a consumer in the banking sector, which helps him to avoid long and lengthier queues in the bank, and it facilitates the consumer to draw the cash instantly without having to wait in the queue. Through the International Debit Cards and International Credit Cards, the consumer can withdraw cash anywhere in the world without depending on the human resource in the banks.

Thus the new and sophisticated technologies which are available today to the humanity cause several changes in “skill-requirements” and work-roles of human resources resulting in redesigning of work structures.

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