

Repositioning of Human Resource Management in 21st Century

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ABSTRACT: This paper reviews the role of human resource management (HRM) which, today, plays a strategic partnership role in management. The focus is to outline the origins and the recent main changes and developments in the employment relationship, to debate the nature of HRM phenomenon and the different perspectives from which it is viewed: as a restatement of existing personnel practice, as a new managerial discipline and repositioning of human resource. This paper further describes the trends in organizations, challenges faced by people in the organizations, new ways of operating, new relationship, and how HRM can add value to the organization and as a strategic and international function.

Keywords: Management challenges, new ways of operating, organizational capabilities, managing organizational learning in a new way, relationships, new function of HRM and integrating performance management practice

1. INTRODUCTION

The emergence of Human Resource Management (HRM) has provided the focus for a wide ranging debate concerning the nature of the contemporary employment relationship not only in the United State and Britain, but in many other market economies too. The starting point of this debate is recognition that the nature of employment relationship has experienced a series of important changes and adaptations over the past decades, which are both significant in themselves and look likely to provide the basis for further development in the medium term. Among the more substantial contemporary changes that can be noted are.

- ✚ A decline in the proportion of employees in trade unions;
- ✚ A decline in the proportion of employees whose pay is set by unionized collective bargaining;
- ✚ A reduction in the range of employment issues that are handled collectively;
- ✚ A rise in the range of employment issues that are derived from a managerial agenda;
- ✚ A considerable volume of restructuring of organisations and employment away from many tiers of hierarchy and stable occupational structures; coupled with
- ✚ A corresponding rise in short term, part-time, contracted out or franchised employment

Such a list is merely an indication of the scale of change which has been occurring; it is by no means conclusive.

In many respects this agenda has posed the most fundamental threat to established patterns of Personnel Management and Industrial Relations in the post 1945 era. Any assessment of the emergence of Human Resource Management has at least, to take account of this changing context of employment and provide some

explanations as to the relationships that exist between the contribution HRM has made to some of these changes on the one hand and, the impact that such changes have had on the theory and practice of HRM itself. From the outset it seeks to engage in debate about the nature of the HRM phenomenon. In this respect its stance is somewhat different from that of the more conventional, in that it treats HRM as a significant if recent arrival in the analysis of employment issues, rather than merely as an adjunct to an established set of personnel principles. As a result, the approach is that of a critical and realistic recognition that HRM has become a powerful and influential perceptive which has to be taken into account not simply as yet another means of carrying out the personnel function but as both a stance and a prescription in its right.

The immediate significance of the emergence of HRM, certainly in British context, is to have opened up a vigorous debate about just what constitutes the change from traditionally conceived employee management policies to those which are claimed to be derived from a different mix of managerial concerns. Among the more prominent aspects which have been claimed for HRM are that it is derived from a more focused managerial perspective which is often strategically driven, and that it represents a more unified and a holistic approach than the technical, piecemeal approach of personnel management. In this manner HRM is derived as having an agenda which addresses 'business-related' issues, and thereby contributes to the overall success of the organisation in a proactive manner, whilst Personnel Management is depicted as having an agenda set for it by the more mundane requirements of the day in a more reactive manner. Neither of these type-cast approaches are wholly correct, of course, but they do indicate the arena within which debate has occurred.

Managing human resources is one of the key elements in the coordination and management of work organisations. Whatever means are used to ensure the creation and delivery of services and goods in modern economies, the role of individuals and groups as employees and the ability of management to effectively deploy such a resource is vital to the interest of both employee and organisation alike. To a large extent this fundamental issue has been at the heart of a great deal of analysis of how organisations are run and it is as important an issue facing organisations as those of markets, finance and strategy. For these reasons, the question of how to manage employees has remained a constant element in organizational and managerial thought and prescription throughout this century.

As each successive analysis of 'how to manage' has unfolded, the employment relationship has provided one of the central parts of debate. In a contemporary context this debate can be seen in the emergence of as both the description and the practice of employee management. As the 2001s unfolded, HRM was viewed as a new and further set of operating principles but as a recognizable if unsettling part of the longer debate over what type of relationships does or should exist between, on the one hand, those who manage and, on the other, those who are managed.

The term Human Resource Management has come to be with increasing regularity a description of the management of employees. However, despite its swift and its widespread adoption there remains considerable controversy as to its origins, the reasons to its spread, its characteristics, and its philosophy. The very nature of the emergence of HRM and its adoption have been accompanied by contentious dispute and wide ranging debate both among and between practitioners, academic analysts and commentators.

The employment environment has changed substantially lifetime employment is dead. Jobs are being replaced by ever-changing work assignments. Careers are becoming portfolios of activities. People increasingly have multiple careers. Companies have core employees and peripheral employees. More and more companies are flexible and self- designing reinventing themselves frequently as their environments change rapidly. Companies are becoming networks systems of alliances and relationships. Organizational competitiveness depends increasingly on organizational capability the ability to configure people and design organisations for optimal execution of strategy. As a result, the future effectiveness of most organisations increasingly depends on the very human resources who feel that the company is no longer committed to them and who do not know what the future holds. Herein lies the rationale for the complete and total transformation of the human resources function.

Human resources professional have created and administered the system compensation, career, training and development, performance appraisal that define key parameters of the field on which employees have played out their careers. The human resources function has had a well-deserved reputation as the bastion of the status quo. In the future, however, it can deliver immense value to the corporation by helping it navigate the

uncharted waters of the new era. The key, we believe, is dealing with paradox that just as employees can expect less loyalty from companies. Companies are more than ever dependent on high-level performance and commitment from employees. To deal with this paradox, we believe the human resources function will have to reshape itself, populate itself differently, and blur its mental and organizational boundaries. Deals with the development of the new human resources function. It is argued that the human resources function not only must become a true business partner but also must be a microcosm of the organizations in which it is embedded.

2. DESIGN TRENDS IN ORGANISATIONS (New roles vs Old)

The emergence of the global economy, overcapacity in almost every industry, monumental strides in the power of computer and telecommunication tools, and the emergence of the knowledge economy are among the forces that have resulted in fundamental change in the design of organisations. Rapid environmental change, which places a premium on the ability of an organization to adapt quickly, and stringent competition, which results in the demise of organisations that do not adapt, has conspired to alter the logic of organizational design (Galbraith, Lawler, and Associates, 1993:58).

A whole constellation of organizational features-vertical integration, managerial control, stability, and two-way loyalty between organisation and employee-that fit the old world of growth in a benevolent environment are giving way to new organizational designs for competitiveness, flexibility, continuous improvement, and self-management. The importance of organizational design and the attention being given to it have grown significantly. An argument can be made that organisation is the most lasting competitive advantage (Lawler, 1992:69). Organizational design shapes competencies and yields capabilities that enable the organisation to enact its strategy effectively.

A number of trends in design are noticeable as organisations seek to be more flexible and competitive. The overarching trend involves the notion that the essential criterion for all organizational design decisions is whether the design contributes maximum value to the accomplishment of the organizational strategy (Galbraith, 1993:48). This trend has led to the re-examination of design at the level of the corporation, the business unit, the work unit, and work processes that cut across the organisation. Whatever, does not add value is eliminated –units, levels, signature requirements, services and forth.

The traditional framework for corporate design has been taken apart and put back together again in many companies, and new organizational “architectures” have resulted (Nadler, Gerstein, Shaw, and Associates, 1992:34). In that process, a variety of new organizational forms has emerged. For example, the vertically integrated company is being transformed by outsourcing and networking. Companies are determining which competencies need to be kept inside because they are critical to the ability to achieve organizational strategies, and which ones are the best purchased externally because someone else can provide them better or less expensively. Staff groups, once shared across the business units of the corporation or placed in each unit, are being broken apart, with some elements being placed in business units, others being kept central and leveraged across the units, and yet others were being outsourced. For all functions, decisions are made about whether to create flexibility and variation through redundancy, by distributing the functions in each business unit, or whether to create efficiency, by sharing them and leveraging approaches.

Within the same organisation, different units are being constructed with very different logics, and the value that each unit adds is being optimized through the tailoring of its design features to the work that the unit does. This internal variety allows the organisation to respond effectively to the requirements of many sub environments; and different work processes. A manufacturing unit, for example, may be constructed around manufacturing processes in flat manner, with self-managing teams and very few managers. The new product development unit may be organized around product families, with cross –functional teams and a more traditional management structure. The sales and service organisation may be organized around customer sets, as is the case in front- back organisations, with individual contributors selling and serving customers within a traditional hierarchical structure.

Because the environment continues to change and competition continues to escalate, the redesign process in most organisations needs to continue through multiple, often more complex iterations. Organisations increasingly find it is not enough to optimize one dimension (product, geography, or functional performance)

of the business; rather, they have to jointly optimize multiple dimensions in order to compete effectively (Galbraith, 1994:14). They must find ways to make complex tradeoffs between the needs of multiple product families, customer sets, geographical areas, and technical areas. This leads to an increase in complexity, so that traditional hierarchical mechanisms for control and direction break down –general managers cannot know enough and respond quickly enough to the myriad of trade-off decision.

Organisations are finding that in order to staff many of the new organizational forms, they need a shifting array of workforce, including a core workforce, contractors, and contingent part-time or temporary workers (Handy; 1990:31; Rousseau and Wade Benzoni, 1995:66; Hall and Mirvis, 1995:135). Even the core workforce increasingly operates through a series of dynamic structures- work teams, task teams, and projects-so that the concept of the “job” is becoming increasingly elusive (Mohr man and Cohen, 1995:70). As the orderly, uniform, stable landscape of the hierarchical organisation gives way to variety, dynamic change, and idiosyncrasy, and as the vertically integrated structure of the organisation break apart, an organization emerges in which the human resources management practices of the past no longer fit.

For the human resources function, these massive organizational upheavals pose challenges and opportunities. The first challenge is to design human resources practices that fit with the way of organizing and the new business requirements- in other words, practices that fit into a dynamic, unpredictable corporation with a myriad of approaches to getting work done. The second challenges is to help organisations find their way through this upheaval –in other words, to become integrally involve in thinking through organizational design and human resources issues in a systemic way. The third challenge is for the human resources function to find its place in the new organisation – in other words, redesign itself with an eye to adding maximum value to the corporation. This situation provides an incredible opportunity for the human resource function. Organisations are faced with a situation that cries out for solutions to thorny challenges of integrating business- and people-related needs. If it can rise to the occasion, the human resource function is in an excellent position to become a true member of the business team and to add value far above what this has contribution in the past.

3. PEOPLE – MANAGEMENT CHALLENGES (New role)

A key component of every organizational system is its human resource. In service organisations they can represent 70 to 80 percent of the total cost of doing business (Lawler, 1995:115). Even where capital equipment and raw materials account for a large percentage of the cost doing business, the human resources add the value that drives revenue and profit. Although reducing the cost of human resource may be a worthy and important goal at some stages in an organization’s life, surely the most important long –term goal should be to ensure the availability of highly motivated and qualified human resources who are organized to effectively carry out the core tasks of the organisation. This is no trivial task. It extends well beyond providing training for people so that they have the needed competencies.

A number of key and interrelated issues are paramount, each of which requires a true blending of business and human resources related concerns. In the paragraphs that follow, we identify and discuss five such issues, all of them systemic, which is to say that they all involve the strategy, design, work systems, and human resources of the organisation. None is a purely human resources based issue; they do not fall cleanly into the domain of the human resources function. They can be addressed only if the organisation is dealt with as a system and if systemic solutions are generated.

4. ORGANIZING FOR HIGH PERFORMANCE (New way of operating)

Often forgotten organizational restructuring of the workforce that is left in place after rounds of downsizing, takeaways, and restructurings is that this process should have as its ultimate outcome the most effective application of human resources to accomplish the organisation. Fashionable changes- creating small, flexible, cross-function units; aligning people around value –adding tasks rather than “overhead” tasks; outsourcing; partnering; configuring work around core processes; creating customer focus – will be success creating customer focus- will be success only if the human resources of the organisation are supportive of them. Legitimate concerns exist about the condition of the workforce that is left in place after rounds of downsizing; takeaways and restructuring. Sustained high performance will result only if new organizational form a design

process that is truly socio technical – one that takes into accounts the nature of the task and of people (Trist, 1998:304, pasmore, 2008:15). This demand deep knowledge not only of strategy and design but also of the principles of motivation. It will take demand new and more varied approaches to goal setting and rewards, approaches that provide people with a meaningful stake in business performance.

5. DEPLOYING PEOPLE (New roles vs old ways)

The infrastructure that supported people deployment in the traditional organisation has disappeared, and at a time when matching tasks with the right people is more important than ever. Gone are the days of people's orderly progression through a series of jobs in a functional hierarchy, where functional managers could observe the performance of their subordinates and, on the basis of functional capabilities, determine who got hired, promoted, and assigned. In the new organisation, people are as likely to move through series of projects and rotational moves as through an orderly progression of jobs. Functional managers, if they exist at all, may have very little ability to observe the work of functional contributors. People are likely to report a project head who has little understanding of their particular knowledge bases. Much work will be done by "virtual" organisations –assembled from across the company, often informally, and possibly linked only electronically to complete their tasks (Savage, 1990:133). Boundaries will not be respected; people may have co-workers from other departments, business units, and countries or from partner companies, suppliers, and customers.

In such organisations, the challenge of deploying people with the right talents to different work opportunities is a daunting one, especially when it is combined with the need to develop people. Much of development that takes place in an organisation will occur through work or task assignments (Hall and Mirvis, 1995:166). In fact, a person's career will increasingly consist the creation of a portfolio of experiences; people will be competing for work assignments rather than for promotions up a hierarchy. Issues of affirmative action and equal opportunity are increasingly likely to be seen in this context (Mohrman and Cohen, 1995:201).

The "workforce" to be deployed is likely to include core workers, contractors, and temporary or part-time workers. The company will have to become proficient at determining when it is appropriate to use employees from these different pools in other words, proficient at managing a network of human resources. A completely new infrastructure will be required to make possible the tracking and deploying of the human resources available to the company, as well as the efficient and effective movement of people between assignments.

6. MANAGING CORE COMPETENCIES AND ORGANISATIONAL CAPABILITIES (New competences)

In the knowledge economy, the management of the competencies of the human resources of the organisation is an urgent task with survival implications. Knowledge and information are increasing exponentially, requiring the nurturing of the deep knowledge bases central to task of the organisation, as well as the development of enhanced analytical capabilities to exploit knowledge at faster rate than competitors can. New strategies and design require new competencies; cross functional knowledge is becoming increasingly important organizational problems. In flat organisations, front line employees must develop a broad understanding of the business issues being faced by their firms. They must also develop self management capabilities, once the purview of individuals holding high-level management jobs (Lawler, 1996:96). They must engage in more complex information processing (Mohrman, Cohen, and Mohrman, 1995:76).

Dynamic environments, strategies, designs, and technologies mean that the need for competencies and capabilities changes, with some becoming obsolete, non-critical, or irrelevant while the new organisation require different and, often, a more advanced group of competencies and capabilities. Organizations need strategies for growing and maintaining a deep understanding of their own current and long- term strategic interests in the midst of the core workforce that grows and evolves with the company (Rousseau and Wade Benzoni, 1995:55). They must also need to secure talent in emerging areas and to ensure that they do not find themselves burdened with large numbers of obsolete skills. Changes in approaches to training and development are important, but they are only one piece of the puzzle: the strategic make-buy-partner decision applies as much to human resources talent as to decisions about products and services.

7. Managing Organizational learning (New ways of operating)

An issue closely related to the management of competencies is the management of organizational knowledge and learning. In the traditional organization, company specific and deep disciplinary knowledge were carried in people, heads and shared through the interaction of people in discipline -based department workgroups. Different groups often “recreated the wheel “ if they were not privy to the fact that elsewhere in the organisation problems had been solved, designs created, code written, or information and analyses compiled. Organizations can no longer function competitively with informal approaches to knowledge and learning. People come in temporarily, needing a quick way to gather information and get on board, and they leave, taking with them years of acquired knowledge. Finding ways to embed knowledge in organizational processes and documents, to distribute information and know how in readily accessible forms, and to disseminate knowledge and accelerate learning are key challenges facing organisations. Designing the infrastructure for learning, defining account abilities to include ongoing learning, devising easy ways for key learning’s to be diffused throughout the organisation and pass from experienced to inexperienced workers- these are all focuses that can greatly enhance the productivity of the organization and its human resource.

8. Defining the new psychological contract (New relationships)

The psychological contract reflects the individual understands of the employment relationship’s terms, as well as the normative beliefs about what organizational members owe and are owed in return (Rousseau & Wade, Benzon, 1995:39). It includes such things as duration of the relationship, performance requirements, and equitable outcomes. Recent changes in organizational strategies and designs have resulted in major disruptions of the prevailing psychological contract, and a new one has yet to be established in most organizations. Although this expectation is changing, most employees working in organizations did not enter with the expectation that their employment would be temporary, or that it would be terminated in spite of their satisfactory performance. Many entered with the expectation of a career the expectation that the company would give them a chance to grow, develop and advance hierarchically. They expected their wages to increase with time, experience, and performance. They did not expect their salaries to be at risk: they expected a fair wage for the work they did. They saw the company, not themselves, as responsible for providing opportunities for growth, development, and careers. In return, they expected to be loyal and to do what the company needed to be done.

Clearly, the rash of downsizing, restructuring, outsourcing, and hollowing has put an end to the old psychological contract, and new contracts are emerging in reaction to the new situation. A major question is whether the new contracts, which often take shape amid fear and disillusionment, can create the conditions for high performance. We appear to be entering an era of highly differentiated psychological contracts. The contract established with different groups of employees core workers, contract workers, and temporary and part-time workers will have to acknowledge the needs and motivation of each particular group of employees. Organisations will have to formulate approaches to each type of contract. Some companies are carefully crafting new sets of mutual expectations with their employees. It seems clear that if new norms and expectations are not purposefully set, and if new ways of contracting for work are not devised, behavior in the new organisation may not meet the new organization’s performance needs. It also seems clear that if the new contracts do not give employees a stake in the performance of the organization, the organization is unlikely to obtain anything like the depth of commitment found in the old era of two –way loyalty.

9. THE VALUE –ADDING HUMAN RESOURCES FUNCTION(new relationship)

All too, the personnel function adds value primarily through the performance of administrative activities (Lawler, 1995:117; Evans, 1994:410). It is the keeper of the formal systems through which people are selected, develop, reviewed, and rewarded in the hierarchy organization. It establishes policies, negotiates and monitors labor contracts, and serves as the auditing and policing function to make sure that the organization does not break the law. Towards to this end, it also serves as an employee advocate, ensuring that people are not treated unfairly, and that they have recourse if they are. It is not expected to play a strategic role or a role in

improving the performance of the organization; rather, it is expected to take care of “people” issues in order to free up the line to deal with the performance of the organization.

In some organizations, the personnel function has transformed itself into the human resources function (Lawler, 1995:140; Evans, 1994:413). As such, it operates in a functionally specialized hierarchical organization with such sub function as human resources planning, compensation, selection and training and development. Each of these sub functions relates to its professional community and spends time updating company practices to reflect current best practice. In some organisations, the human resources executives sit at the general management table. In the most progressive organisations, the human resources function is perceived as offering services of strategic import and is viewed as contributing value by controlling labor costs and providing the human resources planning, performance management, training and development, and change management capabilities that ensures a ready supply of competent employees who can carry out the changing business strategies and organizational initiatives. The human resources function, although it is achieving more centrality in the organisation systems, is still clearly seen as playing a supportive, “staff” role.

The future of human resources function involves being an integral part of the management team helping to build strategy, improve organizational performance, and develop such organizational capabilities as the ability to get new products to market quickly and the ability to build quality into products and processes (Lawler, 1996:138; Evans, 1994:86). Such capabilities are integral to the successful enactment of strategies. Once acquired, these capabilities can provide ongoing strategic advantage as the organisation refines them and build on them. These capabilities are difficult for other organization for other organisations to copy because they reside in multiple parts of the organisation. In essence, the organization’s design, which includes its human resources systems, underpins organizational capabilities.

Competitive advantage is attained through the way in which accompany organizes, not merely through the acquisition and development of superior human resources (Galbraith, Lawler, and Associates, 1993:56). Human resources practices are integral part of the larger organizational system. For human resources to contribute optimally to organizational performance, they must be optimally organized, and various aspects of the organizational system must be aligned with each other. Human resources practices must fit with each other and with the strategy and design of the organisation. In order for the members of the human resources function to have an impact on performance, they must be knowledgeable about, have influence on, and be closely connected to the other parts of the organisation.

The argument that organisation, not simply competent individual, creates competitive advantages through the creation of organizational capabilities means that the human resources function must be able to operate at multiple levels—at the level of the individual, the work group, and the business unit, as at the organizational and cross-organizational levels. It must stop working exclusively at the level of the individual performer and deal with the factors of design that influence large performing units. It must contribute to the development and performance management of teams, product lines, divisions, joint ventures, and so forth.

The human resources function is just one of the many staff functions that needs to be redesigned. Staff organisations in general have been under fire in organisations because they are frequently perceived as controlling rather than adding value. The need to move out of a controlling role reflects the transition in the larger organisation from a hierarchical- control orientation to a performance – focused, involvement orientation

(Lawler, 1992:60).

Our view of the expanded value that the human resources function can add argues for its having a full partnership role in each of the following four key business processes:

10. DEVELOPING STRATEGY (New ways of operating)

The human resource function can contribute to business strategy on the basis of its knowledge about the organisations competencies and capabilities, its understanding of the organizational changes that will be required to support different strategic directions, and its knowledge about the network of human resources available to the company and about the opportunities or constraints inherent in that network.

10.1 DESIGNING THE ORGANIZATION (New ways of operating)

The human resources function can be the repository of organizational design expertise, and it can play the role of internal consultant in the ongoing design and redesign that will characterize organisations and their subunits as they continually modify themselves to achieve shifting strategies, new capabilities, and higher levels of performance. It can help address the need to design simultaneously for high levels of performance, for the development of particular organizational capabilities (such as innovation, quality, and organizational learning), for the development and maintenance of needed competencies, and for high levels of motivation.

10.2 IMPLEMENTING CHANGE (New way of operating)

The human resources function can help the organisation develop the capability to weather the changes that will continue to be part of the organizational landscape. It can help with the on going learning process required to assess the impact of change and enable the organisation to make corrections and enhancements to the changes (Mohrman and Cummings, 2008). It can help the organisation develop a new psychological contract and ways to give employees a stake in the changes that are occurring and in the performance of the organisation.

10.3 INTEGRATING PERFORMANCE MANAGEMENT PRACTICES (New ways of operating)

The human resources function can work with line managers to make sure that the performance management practices of the organisation goal setting, performance appraisal, development practices, and rewards are integrated with one another and with the business management practices of the organisation, and that they fit with the nature of the work. If human resources management practices are not to be seen as separate from the running of the business, then they must be integrated as completely as possible with the business processes (Mohrman, 1995:9). For example, goal setting processes for individuals and teams should be nested within goal-setting processes for business units, and business accountability must be reflected and reinforced through performance- management systems and pay systems. These processes must give individuals a stake in the performance of the business, and they must measure and reward performance that supports the business strategy.

We have been arguing that the human resources function needs to shed its administrative and auditing functions, as well as its routine servicing tasks, and move into a more central role in helping the organisation determine and achieve its strategic direction. Interestingly, in the performance management arena, the change that human resources has to make is to run responsibility over to the line and serve as the line's consultant and partner in developing these practices, the human resources function should not be seen as the "owner" of the human resources practices. More over, in the first three arenas-developing strategies, designing the organisation, and implementing change the human resources function has to become involved in activities traditionally carried out by the line.

Studies support the perception that a major shift in the human resources function is occurring, albeit slowly. Table 1.0 illustrates the increased time that the human resources function is spending as strategic business partner and as a developer of human resources systems. These increases suggest that the human resources function is being blended more and more into the business management of the organisation, as a full partner bringing expertise and specialized perspective to the process of running a business and improving its function.

The new human resources role requires deep expertise knowledge, and change masterly skill (Ulrich, Brockbank, &Yeung, 2005:67; Lawler, Mohrman &McMahan, 1996:43). Human resources professionals will also need the ability to work at multiple levels of analysis and to take a systemic view of the organisation. Currently, many human resources professionals are not prepared for this new role. Research shows that the majority of companies believe that at least 40 percent of their human resources professionals do not have the requisite skills to play the role of business partner (Mohrman, Lawler, & McMahan, 1996:84). Clearly; this new role also requires a reconfiguration of the human resources function.

11. THE DESIGN OF THE HUMAN RESOURCES FUNCTION

One began with the argument that organisations are redesigning themselves in line with the idea that each part of the organisation should contribute more fully to the whole organisation to achieve its strategy. We then argue that this kind of redesign raises very significant issues for the human resources function, which can contribute to the organisation the key valve of helping to address these issues. This contribution in turn

requires the human resources function to take on new role: that of full partner in the management of the business.

A major trend in organizational design is towards cross- functional or process management. This trend is being manifested in a myriad ways: in the number of lateral mechanisms for moving strategic and operational decision making lower into multifunctional forums; in the establishment of multiple self-contained business units at many levels (division, subunits, teams and projects); and the large number of cross functional teams that conduct special and ongoing work for the organisation. An underlying premise of these cross-functional approaches is that people will no longer work within functional “silo”; rather, they will work as team mates or partners, building on each other’s expertise in conducting one integrated chunk of the organization’s business. A second underlying premise is that general management decisions will be moved into these units, which will have significant say over how they are organized and over the parameters within which they operate and do their work. This will lead to an increased variety of structures and processes in the organisation.

Table 1.1 percentage share of time allocated to human resources roles

Role	5-7 Years ago	now	Difference
Maintaining records	23.0	15.4	Significant decrease
Collecting, tracking and maintaining Data on employees			
Auditing /Controlling	19.5	12.2	Significant decreases
Ensuring compliance with internal Operations, regulation, legal and Union requirements providing			
Human resources services	34.3	31.3	Significant decrease
Assisting with implementation and And administration of human Resources practices development			
Human resources systems and Practices	14.3	18.6	Significant decrease
Being a strategic business partner	10.3	22.0	Significant decrease
Member of the management team; Involved with strategic human Resources planning, organizational Design and strategic change			

The change was significant in 130 companies, the total sample. The percentage of the change was significantly Higher in companies with several groups or sectors of business.

Source: Adapted from Mohr man, Lawler, and McMahan, 1996. p.26 .Used by permission of the Center for Effective Organisations.

Because all organizational units face human – resources related issues as they organize to do their work, it is imperative to have human resources expertise in all units or to make such expertise available to them. This imperative drives several key design decisions for other staff groups that traditionally have been centralized. We will consider the most important of these decisions as we offer specific suggestions for (and predictions about) the kinds of practices that should guide the redesign of the future human resources function.

11.1 Allocation of Responsibilities (New way of operating)

Which human resources responsibilities can be made part of the jobs of general business managers within business units, and which? and which need to be carried out by human resources professional?

A basic tenet is to move ownership for HRM related issues into business unit. Therefore, key design questions in the staffing of decentralized cross functional business units are which specialists will be needed and when contributors can be cross trained. In some cases, especially when there are recurring human resources related

tasks, business managers will need to learn how to apply a great deal of general knowledge about the human resources function, without the presence of human resources staff members. In the cross-functional organisation, many tasks currently performed within the human resources organisation (planning, competency development, compensation decisions, conflict resolution) will have to become the purview of others (in engineering, marketing, and so forth) who are cross-trained in human resources. The human resources function may play an overall coordinating and consultation role across the corporation, as well as playing an enabling role by providing software programs and tools for analysis and planning. Indeed, systems and tools are being developed to enable business managers and operational discipline experts to perform by human resources professionals.

11.2 Cross-Skilling and Rotation (New competences)

How much cross-skilling should be provided, and what kinds of rotational mechanisms should be established to provide human resources professional with the knowledge and experience to think and contribute more systemically?

Cross-functional management in general works best if there are individuals who have worked in a number of areas and translate among various members of a team (Galbraith, 1994:11). In order to provide generalist human resources support as members business teams, human resources professionals have to be knowledgeable about business issues and work processes as well as about the different sub disciplines of human resources. They have to have such basic business skill as strategy formulation, business planning, and financial management. Line managers who are now expected to do more of their own human resources management can also benefit from training in human resources processes. There will also be an increase in the amount of planned rotation within human resources, and out of human resources from other parts of the organisation.

11.3 CORE TASKS AND COST EFFECTIVENESS

What are the core human resources tasks that add value to the business? What is the most cost-effective manner of effectively delivering human resources services?

The other major design imperatives facing the business and human resources as part of the business are the need to drive non value adding costs out of the processes and the need to reengineer processes, taking advantage of information technology to reduce labor- intensive task. Companies are disaggregating themselves by reaching make – or – buy decisions about all tasks that are not of core strategic import. Company human resources functions may get out of the business of administering and even developing such systems as those for performance appraisal. Instead, they may act as experts, buying and tailoring state-of- the art systems provided by vendors.

The human resources function is reengineering processes to eliminate non value-adding steps and to provide routine transactional services through information systems, so that organizational member can serve themselves. Routine processing tasks are being contracted out or being performed through central processing pools that, as suppliers to because units are managed with service contracts that ensure efficient and responsiveness to customers. To maintain flexibility and deal with the dynamic nature of the business, as well as to reduce costs, the human resources network will increasingly include contributors with a broad array of employment relationships. A core set of employees will be retained and developed to play the key business partner roles that require business specific knowledge and broad, generalist human resources capability. We will also see a proliferation of part-time or temporary employees performing non core tasks, as well as contractors and consultants providing specialized services on an as needed basis.

A number of the human resources issues faced by organisations will be hard to resolve within the bounds of one company. Example of issues needing trans organizational solutions are the provision of efficient and cost-effective ways to help people move from one company to another, or other creation of mechanisms whereby benefits can be made portable and/or extended to part-time and temporary employees. Therefore, the human resources function will increasingly manage a service delivery network that extends beyond company boundaries.

Increasingly, human resources professionals will work outside the corporate walls-in alliances and other cooperative or community-based relationships, or in specialty firms to provide services once offered by internal human resources departments. Where will the future human resources generalist learn their trade?

How will specialists be developed? As in other professions, we will increasingly see careers that move across different employment settings. In the future we may see human resources professional's starts their careers in consulting or services firms, much as accountants do now, and move into corporations after having acquired a foundation of experience and expertise. A human resources business partner may be required to have an M.B.A. and experience in line management, strategic planning, financial management, people management, and change management that can be carried into the human resources function.

12. THE FUTURE IS HERE (Repositioning of HR)

Major change is already occurring in the ways in which many organisations are designing and staffing their human resources functions, particularly in companies that are undergoing a great deal of strategic change (Mohrman et al, 1996:12). The changes in the human resources function are being driven by and are microcosms of the major changes in the business. The role of business partner is emerging in large part because the issues of organizational performance and human resources management are inextricably intertwined.

So far, studies indicate that human resources function is taking on the role of business partner more rapidly and willingly than it is shedding its old service roles (Mohrman et al, 1996:15). The human resources function appears slow to blur the boundary between itself and the rest of the organisation by moving human resources related responsibilities to the line. Although processes are being automated, in most companies there has not yet been major reinvention of the way in which the human resources department functions. Outsourcing is on the increase, but it still accounts for a minority of services in this area. The human resources function does seem to be stepping up to the challenge of a strategic business partnership, but for the most part it has not yet addressed the formidable internal challenge of reconstituting and reshaping its own workforce so that its competencies fit the new roles and make truly high performance designs possible.

As the human resources function changes in the direction of a strategic business partnership, human resources professionals increasingly will have careers that reflect the careers of the workforce in general. In other words, they will have multiple careers that they will have to build for themselves. They will have to worry about their own employability. People who choose to make their careers as human resources professional may find themselves working in a variety of settings and creating portfolios of experiences that prepare them for a variety of higher-level jobs as business partners, expert consultants, managers in human resources consulting firms, and human resources network managers. In other words, they will seek and benefit from exposure to other kinds of roles, which will increase their value as partners in dealing with systemic change as it unfolds in the new workplace and in the new workforce.

I believe that the human resources function ultimately will be redesigned and will perform radically differently from the way in which it has performed in the past. It will be a true partner in managing the business. Responsibility for human resources will be owned across the organisation. The core human resources professionals in the organisation will be fewer, but their skills and knowledge will be broader, and their value to the company will be much greater. The company will receive human resources services through a broad array of mechanisms, and human resources problems will be solved through mechanisms that blur traditional organizational boundaries. In many ways, changes in the human resources function will be microcosms of the changes that are fundamentally transforming the landscape of organisations.

Human resources has these challenges which need to build new capabilities as Globalization which expands global markets, managers must be more literate in the ways of international customers, commerce, and than ever before (Ulrich, 1998:72).

Profitability through growth, Technology, intellectual capital and change, change, and more change which makes HR a challenge in terms of competitive and then to the high demand they be creative, idealistic, innovate ceaselessly, and take on new strategic imperatives faster (Ulrich 1998:74).

Human resources in this age must be able to adopt new ways of doing business and that can only come in through acquiring new skills which can add value to the executive team. In fact, human resources on its own, it can not bring change but with the combination of other stakeholder then change can be implemented.

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