Ss. Cyril and Methodius University in Skopje

INSTITUTE FOR SOCIOLOGICAL,
POLITICAL AND JURIDICAL RESEARCH

CHALLENGES
OF CONTEMPORARY
SOCIETY II
Proceedings from the International conference

17 November 2017, Skopje, Macedonia

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HUMAN RESOURCES TRENDS AND CHALLENGES[1]

Abstract

The significance and role of human resources management has evidently increased in the last decades of the 20th century, and this trend has continued in the 21st century. Human resources management has been put in the same plane with finance and technology. In this area, a major change occurred when the role and the importance of the human resources department changed from a purely administrative-analytical role to the role of the department that became a consultant and partner at the same time to other departments in the company. The next challenge was to put all these specifics into an international framework and adapt to new managerial and marketing orientations. This made investment in human capital very important.

In recent years, the trend of major changes in the global economy has been brought by many new elements and changes in human resources management. Companies are forced to focus on better organization, governance, development and the importance of human resources. Due to the rapid advancement of technology that changes the "rules of business", individuals are forced to adapt more quickly, but organizations do not change so quickly. For these reasons, it has become important to highlight several new elements, such as

the speed of adaptation to computing, the focus on work experience and employee knowledge, performance management, a new model of leadership, digitization of work and equity at work. For these reasons, human resource management has become significant for all managers in the context of the strategic leading of the organization. In addition to these microeconomic factors, other factors such as globalization, migration and demographic change are very important. All this requires an approach to human resource management that implies "smart work".

Keywords: human resources, trends, challanges, digitalization, globalization, talent, leadership

Introduction

Today, in business operations, human resources management appears as one of the most important issues. The most developed countries of the world have built their own human resource management models at the end of the eighth decade of the 20th century. In this respect, the quality of each employee, such as knowledge and skills, motivation, persistence are placed in the forefront. The experience of European, Japanese and American multinational companies has greatly enhanced knowledge and deepened research, which clearly indicates that the human factor is an irreplaceable element of every organizational system. Since companies are competitors in the international market, it is clear that multinational companies are most interested in selecting and retaining high-quality human resources, increasing knowledge and talents in organizing, supporting and improving the performance of tasks at all levels. The initial change in the domain of human rights management occurred when the significance and role of the human resources management department changed, from a purely administrative-analytic role to the role of the department that became an advisor and partner at the same time to other departments in the company. In fact, then, strategic management of human resources was transferred. Within the Human Resources Department, the position of employees falls into one of two categories, both generalist

and specialist. Generalists provide support to employees directly by providing answers to their questions, complaints and projects. They can deal with all aspects of HR work, but they must have a wide range of knowledge. Experts, on the other hand, work on a specific task and are on a specific function of human resources (Obedgiu, 2017).

The next challenge was to put these specifics into an international framework and adapt to new managerial and marketing orientations. This has made investment in human capital very important. Terms such as ethnocentric, polycentric, geocentric and regiocentric type of employees appeared (Maksimović 2004, p. 38-41). This complex area became even more complex.

Globalization and human resources management

Globalization is an old term that has survived in the time of the "new economy". Since the fall of the Berlin Wall and the constitution of the Washington Consensus, the last phase of globalization begins, the third phase of internationalization. This last stage of internationalization also includes the notion of regionalization and broad expansion. In this context, globalization is inevitable, it is a reality, and it is only a matter of how to deal with it. It is justifiable to ask, is it possible and how to manage it intelligently and rationally? In any case, today almost all societies in the world are moving towards a commercial mode of business and based on these principles their economic development. Globalization is a process that involves the expansion, intensification, and overall enhancement of political and economic activities. The most famous term in the context of globalization is economic (trade) liberalization, a term with which one should be cautious, as it often leads researchers to misinterpretation of globalization (Maksimović, Petrović, 2017). However, for globalization, the most important are multinational companies that transfer knowledge, capital, goods, but in recent times and cultural influences, and in this respect, respecting the cultures of the countries they come in. Organizational form in literature and practice is characterized as a network of "specialization confederations", characterized by flexibility, pronounced specialty and management relationships that deliver quick responses to changes in technology, competition and consumer demand. There are several other names such as "network organization", "strategic network",

"network management", all of which are mostly characterized by an informal social system (which is contrary to bureaucratic strategic structures) within the enterprise and responsible relationships between them (De Cieri, Fenwick, 1998, Maksimović, 2004, pp. 4-5) Thus, strategic human resource management should be integrated into the company's strategy, but also the strategic needs of people who converge together into strategic activities of multinational companies (MNEs) and thus affect global interests and the goals of these enterprises (Schuler 1996). In the strategic management of HRM, task division is carried out among cross-functional, fully responsible teams. Thus tasks will be executable, because even the best-conceived corporate strategies fail when the organization lacks the capability to execute those strategies.

In the literature there are different definitions of human resources management and international human resources management. Thus, the definition of human resources management includes human resources management, policies and practices that the company uses to achieve greater competitiveness on the market; but also all the changing forces (among others, new competitors, new technologies, business restructuring, legal and social factors) that the organization must recognize and respond to their challenges in order to ensure their own position and competitiveness over a longer period of time (Schuler, 2000). The second definition relates to international human resources management and includes the first dimension - which makes "people's procurement", allocation and use (which can include planning, selection of assessments, training development, compensation and labor relations); the second dimension - made up of the type of country from which the employee originates (the home country of the company headquarters, the host country where one of the branches and other countries can be the source of work or financing) and the third dimension - which includes types of employees (employed nationality of the home country, employees the nationality of the host country where the branch is located and the employed nationality of a third country) (Dowling, Welch, Schuler, 1999). More and more global businesses can not underestimate these specificities that make up complex international business operations.

The intensification of linking human resources globally has been prompted by low labor costs that have become available, lack of talent

in individual countries, consumer growth in developing countries, technological advances that have led to a diversity of workforce around the world. The global human resources departments must form global data bases that will contain all the necessary information about employees (salaries, benefits, benefits, ethnic, cultural, full membership). Thus, human resources professionals can have a reliable insight on the basis of which they can track changes and make decisions at strategic levels. By analyzing data, business analysts get professional insights and make fact-based decisions. Different components, mutually dependent, can be classified into main subsystems: data warehousing, data analysis, data obtained and information delivery system, which will be further forwarded to users who will make business decisions based on the insight of the results. Globalization has led to diversity in the workplace, because many cultures and ethnic groups come together, so that they have diverse identities, and this can bring benefits and benefits to the organization. Different cultural groups can think differently and with a more convincing alternative, they can foster the development of language skills, and, therefore, allow the organization to define new processes for coping with challenges (Kapoor, Sherif, 2012, Sparrow, & Brewster, 2006).

The scope of labor and labor relations has become increasingly demanding and uncertain. The literature outlines some of the major challenges facing organizations, such as globalization, consumer demand, revenue growth and cost savings, constant change and transformation, technology deployment and the attraction and development of human capital. While technology, production processes and products can be copied, human resource management can not be copied, and it makes a unique competitive advantage. The HRM practice influences employees' skills by leading to the development of human capital, influencing training, motivation and the design of work, as highly motivated and qualified employees can use what they know in their work. Thus organizational peculiarity is crucial, difficult for imitation, and in the long term profitable (Burke, Cooper, 2006, p. 3-4).

Trends and challenges in human resources management

In recent years, the trends of major changes in the global economy have led to a multitude of news in human resource management. Companies are forced to focus on better organization, governance, development and the importance of human resources. Due to the rapid advancement of technology that changes "business rules", individuals are forced to adapt quickly, but organizations do not change so quickly. For these reasons it has become important to highlight several new elements, such as:

- *Information technology development* - intensified use of the Internet and digitization of work, business operations take place in a different way than in the previous decades. This increases the burden and responsibility of employees, develops new skills of employees and companies that lead to work flexibility. In addition, there is a claim that organizations and employees need to increase their efforts in understanding how to use the IT sector to provide comprehensive information on better employment. From this, organizations and employees would benefit, such as innovation and more efficient decision-making. People are also very exposed to IT technologies in everyday life, and should use this information as much as possible in their organizations (Limburg, Diana, 2014). Globalization is intensified by the development of cheap and easily usable technologies, thanks to which people can co-operate, compete, share knowledge, share work and ideas. This global platform also works as an incentive because it develops global thinking. Multinational companies must learn to integrate diverse value systems and support common global work values in order to enable workers to communicate and coordinate their activities so that they achieve common goals. However, there are still a small number of people who are willing or able to move and work abroad. (Kapoor, Sherif, 2012).

The use of robotics and robots in businesses is a major challenge that businesses will need to face. Still robots have not entered the mass use because they are very expensive, but when their value is reduced, their wider application is expected. What was in the United States at the beginning of the nineteenth century, that workers were worried that machines would replace their work, in a way is similar to robots at the

beginning of the 21st century, where they fear that they will endanger jobs. When robots are accessible to wider masses, when their mode of use is easily justified, only then can waves of workers who are out of work, and it may also be shown that the institutions are not ready for such challenges. Exemptions from the market are happening much faster than in the past, and displaced and discouraged workers will be more than before (Joerres, 2016).

- *Work flexibility* - was created due to de-industrialization and virtualization that affected both the field of work. Deindustrialization implies a reduction in the number of employees in industries in many countries, and a certain percentage of employees have flexible working hours, and the number of part-time workers has increased. Virtualization of work implies that work can be done via electronic media, without taking into account the place where it takes place, but it also involves working in virtual teams. At the center of this approach are activities, in the other plan is the choice of tools, environment, time and place for work (De Leede, Kraijenbrink, 2014). Engaged in certain activities are paid "by work" and this represents a kind of mobility and decentralization of work.

- *Talent Management* - beginning of the 21st century, talent management is in the focus of human resource research. In short, identification, retention and further work on the potentials of talented employees means identification. Strategic talent management can be defined as activities and processes that involve the systematic identification of key positions that differently contribute to the sustainable competitive advantage of the organization, the development of a database of highly talented potential and highly successful executives in order to facilitate the filling of these positions with competent fusers and to ensure their continued commitment to the organization. In addition to education, performance is influenced by the abilities, motivation and capabilities of employees, which indicates a higher level of individual performance (Collings, 2014, Collings, Mellahi, 2009). Talented employees are mainly referenced to key positions in an enterprise in the country, and in the case of MNEs, they refer to such positions abroad.

- *Global mobility* - is part of many global talent management systems for many MNEs, and until recently these two areas have been separated. In the last decade, they are viewed as merged due to the

global management of human talents in focus and its impact on the achievements of strategic MNEs. For example, the eviction of a citizen from the place where the parent company's head office is located, in a branch to improve the productivity of employees in the branch, which is culturally remote from the company's headquarters. Therefore, global mobility has been put into the center of global talent management strategy in MNEs. For example, permanent transfers of employees to rotational tasks: long-term tasks (3-5 years) and short-term tasks (business tasks less than a year) are carried out in order to accomplish some organizational goal. MNEs set a human capital requirement depending on the business scope of the organization in the geographic area. For many economies that expand their business, such as BRIC countries (Brazil, Russia, India and China) and MIST (Mexico, Indonesia, South Korea and Turkey), there is a need for human capital that is able to function effectively in the cultural and geographical remote markets (Collings, 2014). In addition, employees face a changed local culture, a culture under whose influence employees live and work, which has an impact on how employees will behave. It is exactly the influence on cultural factors that makes multinational companies easier or harder to adapt to working together. In addition, the programs of continuous training and education programs contribute to the increase in the educational level of employees.

-        *A new model of leadership* - implies a focus on work experience and employee knowledge, performance management, and equal treatment of employees with respect to individual differences. However, the role of the leader is to demonstrate the ability to diagnose business challenges and turn them into opportunities. Leadership is a significant ability of an organization that has employees, customers, investors as it will gain more value for the company. Then, leadership is based on results, on how the results are identified and how they are delivered (Leadership code). This identification of leadership is a task of the human resources department. Within the leader code, five rules have been developed: Rule 1 - shaping the future as a stratagem, Rule 2 - making things happen as an executor's work, rule 3. - engaging today's talented talent managers, Rule 4 - building or creating the next generation, which is the task of human resources managers and rule 5. investing in yourself as part of personal expertise (Ulrich, Smallwood, 2011). These rules are shown in Scheme 1.

Scheme 1. Leadership Code - Five Rules for Leading
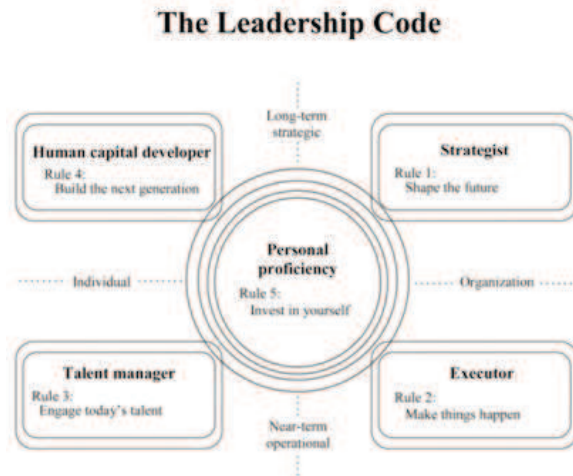
Source: According to Ulrich, Smallwood, 2011, Ulrick, Smallwood, Sweetman (2008) p.14.

Selected employees for leadership positions usually have predispositions, but there are those who, through training, education and experience, reach those positions. For these reasons, Urlich proposes a formula for developing leaders, a 50% rigorous and careful learning through work assignments, 30% innovative application-based training based on results, and 20% learning from life experience. In addition, the physical and emotional stability of the leader (self-awareness, dealing with difficult decisions, humor, continuous learning) can affect other employees to feel that way (Urlich, 2008). Leaders should behave like parents in the best sense. Simply, today it is not possible to say: "Here are my rules and follow them." You need to have a role model that constantly shows responsibility, and this kind of leadership is a very exhausting job. It must constantly be in front, said in the language of the technique, "the flyer goes faster, and you need to go even faster" (Joerres, 2016, p.79.).

- Physical and mental health - many literature and official acts of the International Labor Organization and similar institutions

are considering this issue. However, translated into the language of the company today, this indicates that physical and mental health is needed so that employees can engage in rapid changes and show adaptability. Namely, by analyzing the mode of operation today, the great dynamics of the changes are evident, and hence the ability to quickly respond to changes (for example, locations) which in fact is a kind of competitive advantage. Communication is then part of the strategy of motivation, but it is much more significant and more difficult than before. Because of this, emotionality is important because employees can feel like they are constantly repressed, so the leader should communicate in a consistent and authentic way to make that feeling appear (Joerres, 2016).

- *Sustainability of human resources* - rapid industrial growth in the second half of the 20th century has resulted in degradation of the environment and the natural environment. Linking the concept of human resources and environmental management has led to sustainability that has become a new paradigm. Environmental management through human resources has become a popular activity for various industrial enterprises. Sustainable environmental development is a development that ensures that current and future generations meet their needs and therefore must be a priority. This includes three types of sustainability, i.e. (1) ecological sustainability - the ability of the environment to maintain a certain level of environmental quality; (2) economic sustainability - the ability of the economy to support a certain level of economic production; and (3) social sustainability - the ability of the social system to function at the level of social well-being and harmony. Sustainable Human Resource Management helps the organization achieve sustainability through the development of human resources policy, strategies and practices that support the economic, social and environmental perceptive. Despite the available models for sustainable human resources management, companies have yet to make their contribution, and human resources specialists can take part in adopting and establishing green policies that can have positive results and effects on perception (Pavitra, 2013).

For these reasons, human resources management has become significant for all managers in the context of strategic leadership of the organization. In addition to these microeconomic factors, there are other factors, such as demographic changes and migratory

movements. Demographic changes include increasing aging of the population, increased employment of women, but also an evident problem of youth unemployment. The aging of the population and the workforce is the phenomenon that developed countries face. Europe and Japan have the oldest population, while Africa has the youngest. Fertility in most of the most developed economies is below the replacement rate, and the smallest population is in India, while China is the most populated country. From such a structure it is necessary to identify employees who are ready to deal with work tasks, which today require an increased level of specific knowledge. Migration, however, involves changing the place of residence of a certain number of people, in the short or longer term, in search of better living and working conditions. Two types of knowledge are transmitted with migration: explicit and taciturn. Explicit knowledge is systematic and can be easily communicated and shared with others in the form of a product specification, a scientific formula, or a computer program. Tacitly knowing, however, he resides in people, is the result of experience and represents informal skills that can be reduced to the term "knowhow" (Tung, 2016, p. 147).

The main features of today's work are flexibility, adaptability and organizational efficiency. For these reasons, a strict hierarchy and centralization of operations is lost, because the command and control do not encourage innovation and agility. Today's adaptation has become a key issue for businesses, although it is not easily achievable. In addition, the adequacy of the institutions to respond to unemployment needs to be innovated, the models of social insurance have changed (they are different than after the Second World War). Sometimes it worked differently, it took longer to hire people in one company, find it easier to find a new job, wait a little longer for employment. It is also necessary to transform Universities in order to give an adequate response to new models of labor and labor relations in general (Joerres, 2016).

These trends are characterized by today's human resources management at the global level and represent a challenge for most companies operating in the international business arena. They point out that the field of human resources management has developed most rapidly at the end of the XX and the beginning of the 21st century, that it has completely new demands and expectations from

the employees. The organization of the enterprise and corporate culture evolved and thus gained a completely new meaning and form that became the imperative of competitiveness.

Conclusion

Globalization has become a reality that can not be avoided, but like every process has its own positive and negative sides. Multinational assumptions play an important role in it, but only those that are able to adapt to change, adapt to the uncertain conditions of the global labor market. Such companies can attract, develop and retain high-quality employees and are highly likely to survive and succeed at the global level of competition. These companies need their human resources to prepare for diversity, collaborative assessment of opportunities, learning, in order to contribute to the success of their companies. Management of employees from culturally diverse backgrounds, geographically dispersed, is a key goal of global human resources. The demand for talented employees is growing in developed and developing countries, and openness to cultural diversity is very important. The global workforce is networked, which has facilitated the development of information technology, which has supported the work of multicultural and virtual teams. Global mobility and flexible modes appeared at the very end of the 20th century in response to changes in the organization of the company. Cultural and religious traditions, level of commitment, repatriation issues, talent management, motivation issues, change the context of work, and lead to a review of current HR policies and practices. The issue of virtualization and talent management has led to a new form of leadership based on knowledge and competencies. Physical and mental health, as well as the sustainability of human resources today have become non-oblique topics in the study of human resources. Each individual has become responsible for conserving nature and in charge of protecting his environment, because the survival of the planet of the country depends on this.

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