

# HUMAN RESOURCE MANAGEMENT – NEW CHALLENGES IN THE MODERN ERA

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**Abstract.** Throughout the history of society, the basis of the economy remained unchanged. In the era of agriculture, the economy was based on arable land; the industrial era was based on production. In the era of informatics, the basis is consisted of communications, information and computer technology.

At the very beginning of this millennium has started the era of talents, mostly because the success on the market evoked skilled workers – particularly, the best ones. The new millennium is driven by the globalization, liberalization and technological development. Developments of information and communication technologies (ICT) made the world one single connected system. New era brings new challenges. They actuated the question of the nature of current practices, and the role of specialists in the field of Human resources (HR), finding new approaches in the functioning and delivering of their "goods and services". Human resource management (HRM) is now faced with a new challenge, creating new models for achievement of global mobility, efficiency and competitiveness. The main objective of this paper is to detect the challenges of the new era in terms of HRM, and contain short introduction, continuing with first point - changes in organizations and opportunities that technology development brings; second point - need for detecting talents, key drivers of changes and innovation in the organizations; and, third point - corporate culture, trust and leadership .

**Key words:** HRM, globalization, challenges, ICT, talent.

## **1. INTRODUCTION**

Globalization, the lack of clear boundaries in organizations, focusing on complementary basic resources and activities, together with the allocation of other resources, are the main feature of the companies of the 21st century. Knowledge and, in general, intellectual capital is increasingly becoming crucial resource for companies, while the use of information and communication technologies, necessity for coordination of working activities.

HRM is experiencing significant transformation as a result of the development of ICT. Joint convergence of social media and mobility of the workforce contributed to the new challenges of HR in organizations. Global competition imposes more pressure on managers in this area, to make much better and faster business decisions. Investments in ICT are often seen as an important course to accelerate and improve decision making process.

## **2. RESEARCH METHODOLOGY**

Methodology is based on induction, deduction and comparative method. Local researches as written materials, published and unpublished papers, and extensive Internet research, were used.

## **3. RESULTS**

### **3.1. NEW TECHNOLOGIES HAVE CHANGED THE DIRECTION OF HUMAN RESOURCE MANAGEMENT**

As mentioned in the introduction, technological developments have improved the ways in which we communicate, has evolved the way we learn, and expand our capabilities. Whether it is inventing new machines, modernization of existing, or discovering new applicability of existing technology, the new era dynamics requires constant growth and development. Technology has changed the world in many occasions and many ways. In the information age, the emergence of computers and the Internet has only strengthened these changes. Today, many companies cannot function without using a computer. Therefore, HR as an integral part of the companies have not sidestepped that way - new technologies have a significant impact on the practices and processes in this field. The development of the technologies requires from HR specialists to stop thinking "what after month or year?" and start thinking in terms of weeks and days. With the new changes, they are no longer just a strategic partner within the organization; they're becoming change agents<sup>7</sup>.

Innovation is the ability to recognize change as an opportunity, not as a threat<sup>1</sup>. New technology means increased level of professionalism and productivity. Given that are the main objectives of HR, it is no wonder that technological advances so quickly embraced

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<sup>1</sup> Ensher, Nielson and Grant-Vallone. (2002) Tales from the hiring line: Effects of the Internet and Technology on HR processes. *Organizational Dynamics*.

in this area. Initially, recruitment is one of the segments that were changed with the advent of new technologies. Before the advent of the Internet, everyone relied on print media, such as newspapers, to publish jobs and open positions. Other methods, such as networking, were also used, but it restricts the ability of thousands of potential candidates to be familiar with. Technology has made recruitment more efficient, and in the hands of the right agent, effective<sup>2</sup>. Second, training and development for the new employees become simpler. The ability to access information and training programs from distant locations eliminates the need for trainers to work directly with the new recruits. Of course there is a need of a certain level of interaction, but virtual classrooms make possible training, development and evaluation of a large number of employees at once. Third, human resource departments always need a huge amount of written documents in a long period of time. New technology makes easier storage and disposal of these documents. In that way, eliminating the need of search through an endless number of files and documents saves time and money. Fourth, improvements in the efficiency management are also product of technological improvements. Thus, it facilitates the evaluation of employee performance, and makes easier to get feedback in order to improve the functioning of the company. Together, it is easier to detect and improve weaknesses with further efforts.

### 3.2. COMPANIES IN THE “GLOBAL WAR” FOR TALENTS

Most managers recognize that integrating technologies and system for talent management, simplify the complex process, allowing a single platform to manage processes such as recruiting, learning, performance management and counseling. For many, the shift from "what we do normally," to the ultimate and progressive technology requires huge step into the unknown territory<sup>3</sup>.

Talent management (TM) is systematic approach aiming “*the right person, in the right place, at the right time*”<sup>4</sup>. The world's best companies know that their future is in the hands of a small number of highly talented and productive staff. Therefore, over 70 percent of companies in Europe are constantly looking for talented workforce that will enrich their human potential. The importance of attracting and retaining talent in any organization is similar to the importance and need for football clubs to have the best players. Talents are the ones who contribute the most to the development and achievement of goals, and the creation of additional value for the organization. Studies have shown that companies that have a talent management system, statistically speaking, are more successful than its competitors and the market in general. Simply put, they have a huge impact on an organization's operations and functioning. The role of talent in the organization is even more significant if one takes into account *the Pareto rule (80/20*<sup>5</sup>), which in this case means that close to 20 percent of the staff is credited for nearly 80 percent of the work performed and results achieved; unfortunately vice versa. Talents are

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<sup>2</sup> Ensher, Nielson and Grant-Vallone. (2002) Tales from the hiring line: Effects of the Internet and Technology on HR processes. *Organizational Dynamics*.

<sup>3</sup> Talent 2. (2011) *the Impact of Technology on HR*

<sup>4</sup> Forbes. (2012) *Right People, Right Place, Right Time*.

<sup>5</sup> The Nielson Group. (2007). 80/20 Talent management. *The Nielson Report*.

the extraordinarily productive and they need a special approach. Therefore no wonder that almost every highly successful company or organization today has special programs for developing and keeping talents, because they have a very high impact on the business. In addition, several successful companies have special person liable for permanent overseeing and communication with such human capacities, because walk out of such persons is costly regarding the benefit it brings to the organization. One thing we shall never forget is that *“talent is a potential, and that potential requires involvement in order to be manifested and turned into capacity – it is not enough to recognize talent, it is necessary to develop and engage it”*<sup>6</sup>.

It is clear to everyone that the talents are making a difference and talent management brings company success. *Wondering why in every company there is no such a program?* There are several major reasons. Firstly, the process can certainly be quite bulky and carries more preconditions by itself: there should be people who are capable (they have knowledge, experience and skills) and motivated to be the carriers of this process, and to set a number of HR processes that will stand in the grounds of TM. In addition, there are a number of potential, specific challenges, which may worry the people who participate in this process: the lack of support from the general director, undefined budget for this process, vague need for talents, misunderstood process by employees, an inadequate choice of talents, discordance of company’s’ seeing and employee’s aspirations. Awareness of these and many other risks should not make us give up but to tackle more serious planning and implementation process of TM in our organization.

In Macedonia, lifelong learning is not yet sufficiently widespread practice in organizations. Either, there are very frequent cases where the middle and upper level management knowingly restrains the development of talents because of their own fears, instead of realizing that opportunity as a chance to further development and mutual benefit of/for the organization. This situation solely turns into a talent leaving and stagnation of the organization. Researches shows that Macedonian companies with major foreign property are incorporating talent management programs, as well as those in Czech Republic, Germany and Slovakia. However, TM strategies are not incorporated well. The companies in Macedonia need a firm strategy, initially for targeting and monitoring of talents in order to develop strategies and action plans on how to incorporate capacities in their structures.

The biggest problem arises in the implementation phase - much of it is due to a lack of established system of targeting. Otherwise, there is uncertainty about *“the right choice of talents”* and how to motivate a person to manifest its potential.

### **3.3. DEVELOPMENT OF THE ORGANIZATIONAL TRUST AND CULTURE IS A KEY FACTOR FOR THE FUTURE**

Company objectives are largely achieved when the leaders encourage habits that contribute to building confidence in the team<sup>7</sup>. When Ralph Waldo Emerson said that mistrust is expensive, respected American essayist and father of transcendentalism, was

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<sup>6</sup> OECD. Public Affairs Division, Public Affairs and Communications Directorate. (2009) *The Global Competition for Talent*.

<sup>7</sup> Zahed. (2011). *Creating a Culture of Trust*.

not referring only to financial losses. Companies are familiar that the functioning may suffer cultural and financial distress if the trust is not a fundamental value in the workplace. In all organizations, there are different levels of experience and generations. The biggest challenge is finding a way to approach much more employees that vary in their knowledge and competencies, with different level of career development. Companies of modern era realized it by “walking” the harder way. Confidence is not a value that can be assigned. Rather, it must be earned and continually maintained. Leaders who are tasked to accomplish business results, through strategic talent and corporate management, must be sure that they have gained the trust of employees at every level of the organization. With good communication skills and relationships with employees, leaders can create a strong culture of trust in the company. Then, when the trust will become the rule - rather than exception, will follow the positive business results.

#### **4. CONCLUSION**

We are all faced with the challenges of globalization and industrialization in the global business arena. Organizations in the 21st century depend on the way the HR to cope with the changes.

Companies have capital, technology and Human resources but HRM are exactly those that can directly assist facing with challenges. Capital can be easily created. The technology can be easily upgraded and thrive. HR teams are the ones that should encourage the organization to move through each subsequent challenge with great courage, motivation and determination.

Finally, companies must realize that the traditional factors of production - land, labor and capital no longer have primacy in winning the competitive advantage. Essential resources in economy are no longer capital, natural resources nor labor – it is and will be talent.

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