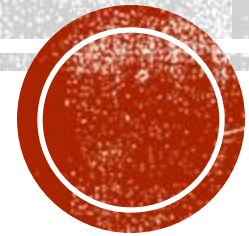


CHALLENGES OF HRM

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ORGANIZATIONAL CHALLENGES

The organizational challenges for HRM are related to the factors that are located inside the organization. Although these challenges are evolved as a byproduct of the environmental challenges these can be controlled by the management of the organization to much extent. The proactive HR managers take notice of such challenges in advance and take corrective measures before these would convert into serious issues. The human resource management challenges within the organization include competitive position and flexibility, organizational restructuring and issues of downsizing, the exercise of self-managed teams, development of suitable organizational culture etc. The competitive position of the organization can be influenced by the policies of HR in the following ways:-

- Controlling Costs
- Improving Quality
- Developing Distinctive Capabilities
- Restructuring



1. CONTROLLING COSTS

- An organization can avail of the competitive position by lowering its cost and strengthening its cash flows. For this purpose, the labor cost of the organization is minimized through an effective compensation system that adopts innovative reward strategies for good performances. In this way, the favorable behaviors of the employees are rewarded so the organization would get the ultimate advantage.
- Moreover, the policies of compensation should keep the labor cost under control. Effective employees should be selected that keep with the organization for longer duration and proper training should also be provided to these employees. The HR department should also restore the work of the employees along with the improvement in the health and safety issue of the working environment. All of these efforts would limit the cost of labor.



2. IMPROVING QUALITY

Quality improvement can lead an organization towards a competitive advantage. The total quality management programs are employed that improve all the processes within the organization which would ultimately result in the improvement of the final product or service.



3. DEVELOPING DISTINCTIVE CAPABILITIES

- Another method of gaining a competitive advantage is to employ the people that have distinct capabilities to develop extraordinary competence in specific areas.



4.RESTRUCTURING

- Another technique is the restructuring of the organization in which the methods of performing different functions are altered positively. In the case of the HR department, the majority of functions are still performed within the organization.
- In some organizations, the major functions of the HR department are now transferred to the other parties in the shape of outsourcing, shared service centers, etc. The sizes of the HR department in those organizations are shrinking because most of the functions are performed by outsiders. But in most organizations, the HR manager performs all the relevant functions of HRM. The HR department is now involved in mission-oriented and strategic activities.

