

**TRANSFORMING HUMAN RESOURCE MANAGEMENT  
FOR MEETING THE CHALLENGES OF THE NEXT  
MILLENNIUM**

**HUMAN RESOURCE MANAGEMENT  
AGENDA FOR THE NEXT MILLENNIUM**

By

**ABDULLAH SANUSI AHMAD  
UNIVERSITI MALAYA**

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By

Abdullah Sanusi Ahmad  
Vice Chancellor  
University Of Malaya

## Introduction

Although by its nature, management requires managers' to look strategically ahead, I still find it quite a daunting task to predict the Human Resource Agenda for the next millennium even though we will be entering the new millennium in a matter of months from today.

However, for today's purpose I shall try to paint a picture of what to expect in the business world in the next millennium with respect to human resource management taking into account the current trends and business practices.

## Changing Environment

Challenges facing today's human resources professionals are many. Besides shifting employees expectations and aspirations due to various external factors, the organizations in which people work are also changing. As nations prepare themselves to face the challenges of the new millennium, their populations become their ultimate resource. In this context, one of the most

important goal of any nation is to produce individuals adequately prepared for life and work who can face and adapt to these unstoppable changes.

As we evolve from the industrial era to the information age era, technological skills and intellectual capacities are fast becoming the engines of economic growth. Technology is transforming the work space in ways which were unimaginable ten years ago ( Bernard & Pelto, 1987; Wright & Smith, 1989 ). This creates new opportunities and at the same time, poses novel challenges (Appelbaum & Batt, 1994 ). Everyone needs new skills in using information technology and the specific applications that are appropriate to their jobs. In particular, human resource professionals need to look for technology advances to manage and adapt to change . They must realize that the efficient use of technology is one of the key resources for achieving a competitive edge, which will allow their organizations to thrive today and into the future ( Osterman, 1994 )

The introduction of new technology, globalization and the ever changing market place are some of the factors that are influencing organizations and nations. As such today, we are all familiar with the wave of business processes such as re-engineering, acquisition, divesting, downsizing, partnering, reorganization, merger, outsourcing and other structural changes going on in the corporate world (Mohrman & Lawler, 1997). These are techniques or tools for organizations to grapple in order to remain efficient and competitive. To put it quite simply, the organizations that will thrive in this new fluid environment must

be willing to continually discard some of their current management and business practices and embrace new constructive strategies.

### The Case for Malaysia

It was in the early 1990s that we have a vision i.e to be a developed nation, and one way forward to me is to develop its human resources. As a matter of fact, as a nation, I would say that we are prepared and very much aware of what has to be done. The 6<sup>th</sup> Malaysian Plan for instance emphasizes on education and training . We can still remember the change in focus of primary education with the introduction of the KBSR where new subjects such as living skills was introduced. Next was in the teacher training arena where the given emphasis was on the Sciences, Mathematics and skills training. Then the KBSM was on the scene. With the introduction of the concept of democratization of education the growth of private colleges and universities was encouraged and lately with the introduction of Smart Schools, we are made aware of the national IT agenda and the Multimedia Super Corridor. Indeed, our government, through its various ministries is gearing for the challenges of the next millennium.

### The Work Environment

We must recognize that a new working environment in the next millennium shall evolve and prevail .Emphasis and priority would probably be on:

- more customer – focused services
- performance oriented
- functional flexibility over rigidity
- globalization over isolation
- merit over mediocrity
- more horizontal inter-organization links over vertical inter-organization links
- knowledge – based workforce over skill-based workforce
- high technology over low technology
- innovation over regulations

From this, it would appear that the use of technology in human resource development will be a trend of the future, even in generally non-technical environments. For certain what is needed here, in order to remain competitive, is for countries and organizations to proact and response fast to change. In order to be successful, an organization in this new environment should be able to utilise the advanced technologies, to add value to the enterprise and maximize its wealth-creating potential. Indeed, the use of information technology is now no longer a tool to gain competitive advantage but a prerequisite for sustaining a corporate position.

## Knowledge Economy

The next millennium will continue to be an age of scientific marvels which affect us in whatever we do. And for us, we have enjoyed a considerable period of growth and prosperity. Yet, as late as July 1997, Thailand devalued its currency and this sent shock waves all around us hitting Indonesia, Malaysia and Hong Kong. Even Japan was not spared and in fact the United States too felt the tremor of the Asian economic crisis. This crisis has demonstrated to us how closely the currency and stock markets in the region are inter-connected and how the political and economic circumstances of neighbouring countries affect one another.

In Malaysia, the crisis has posed new challenges to the country's efforts in realizing the vision of becoming a fully developed country. Thanks to economic prudence and policy adjustments which the country is currently adopting there are good signs of economic recovery and business confidence. Stabilization of the market is now back in the financial sector. The important lesson here is that to be effective in the next millennium, Malaysia and other East Asian countries need to make a significant investment in developing the potential of their workforce and they must remain committed to that development over a sustained period of time. Improving skills, continuing education and training can result in significant savings as we learn to work more efficiently and effectively.

The workforce of the new millennium has changed from industrial-based to knowledge-based. In the emerging knowledge economy, the ability to systematically identify, generate, acquire, use and manage knowledge is crucial. The term knowledge economy refers to a knowledge and idea-based economy where the keys to job creation and higher standards of living and technology are embedded in services and innovative ideas and manufactured products (Drucker, 1995). A knowledge driven economy is one in which the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth. It is about the more effective use and exploitation of all types of knowledge in all manner of activity. It is an economy where the traditional pillars of economic power such as capital, land, plant, and labour are no longer the main determinants of business success. Instead an increasing number of organizations depend for their survival on the use and distribution of knowledge-based competencies. This of course would include technological know-how, problem-solving expertise, product design skills, and the understanding of customer needs. Nowadays and in the future, knowledge, skills and creativity are needed to give all organizations the competitive edge. These are the keys to designing high value goods and services and advanced business practices. They are the hearts of knowledge-driven economy.

In general , there are two important types of knowledge industries i.e the knowledge producers (those industries whose major product is knowledge itself) and knowledge users (industries that manage or convey information). Knowledge producers would include industries such as biotechnology, software and

information technology, hardware, where the major output is research that translates into new products and services. These industries are driven by people engaged in research, design and development. On the other hand, knowledge-users includes industries such as law, telecommunication, banking and advertising. For these industries effective handling and managing of information, rather than knowledge generation, are the keys to success. In summary, one can say that, adding ideas to products and turning new ideas into products is what the future is all about in the new economy.

Therefore, what kind of organization must we evolve in order to meet the new challenges and at the same time remain competitive? To answer this, organizations in the next millennium would have to:

- increase research and innovation
- utilize the development of the digital economy
- improve the skills and knowledge of the workforce through continuing education and training
- improve performance continuously
- build new alliances and ventures

It is imperative from the above that the emphasis is on people or the workforce. Thus, investment in the generation of knowledge, the education and training of the workforce and the capacity for innovation and exploitation of new ideas are now seen as the key requirements for success. In the Malaysian scene, the birth of colleges and universities belonging to Malaysian multi-national



companies is one of the positive signs that can provide the necessary synergy for the future growth of the corporations viz-a-viz the production of knowledge-workers which they and the country require.

### **New Workforce**

No one can exactly foresee how the future will unfold, particularly over a horizon of so many years. The predictions in this article represent the best judgement that I can make in a fast-changing world. Rapid advances in technology, particularly in computer applications, communications, and the internet, predict that the way people do work in the new millennium will be markedly different. The workplace will be fast-paced, more uncertain, and ambiguous requiring manpower that is not only highly skilled from a technical standpoint but one that is inspired, motivated, enthused, creative, committed, flexible, adaptable, and resilient to change. The future workplace will be characterized by creative and flexible work arrangements. Work will be more collaborative and challenging. Jobs will be more complex and require higher levels of computer skills. Many jobs will be redesigned to be much broader in scope, especially in management positions, resulting in leaner head counts ( see Kamske, 1998 ).

### **Multi-skilled Workforce**

As organizations become more flexible, employees will have to be flexible as well. Their jobs will be broad, generalized, challenging, and independent.

They will be increasingly measured by how much value they contribute to business, and not by whether they fulfilled predetermined objectives. Positions in the organization will be defined by the competencies needed to be performed. In the organization where I come from (University of Malaya), I already see the trend catching up. For instance, the appointment of new deans and department heads have taken into account not only seniority and intellectual capacity per se, but also the ability to perform, which is related to competencies and flexibility of the individual in management position as well.

Thus, as we approach the new millennium, workers will need to be multi-skilled and knowledge-driven. Under the circumstances, skills and competencies in a single area are no longer adequate. Workers will need to learn constantly and repeatedly, and the speed with which they learn will determine their value to their organizations. In short, continuing education and training needs to be part of every person's job duties.

In order to encourage and nurture this development, the organization has to provide structures that encourage employees to learn and, therefore, the concept of a learning organization must evolve. The objectives are to provide maximum opportunities for each employee to take on new challenges and tasks, eliminating everything that stops them from doing a good, effective job, and enable all employees to understand what they are doing and how their own tasks fit into the context of the company as a whole ( Senge, 1990; Probst & Buchel, 1996 ). Therefore, I foresee that the worker of the future would need to be in possession of more and more of the following characteristics :

1. Versatility, flexibility, adaptability, and positive attributes towards change.
2. Information technology, computer skills, networking, and communication skills to enable alternative modes of working such as teleworking within and across national boundaries.
3. Strategic thinking, abstract reasoning, creative leadership, problem-solving, decision-making, and higher levels of cognitive skills.
4. Breadth as well as depth of skills and competencies.
5. Supervisory and maintenance skills rather than simple operational skills.
6. Cooperative and collaborative skills.
7. Adventurous and outward-looking rather than conservative and inward-looking.
8. Global competencies and well versed in transnational issues.
9. Lifelong learning and ability to learn quickly and repeatedly.
10. Capacity to use technology in the most effective and efficient ways.

### **The New Evolving Human Resource Function**

Human resource function is undergoing profound changes as the 20<sup>th</sup> century draws to a close. But before looking at the new emerging HR, let us trace

the development of HR which is best described by Ulrich (1997) where he noted that the HR function has evolved over the last 40 years, each decade having a new set of HR tools : **labour relations and staffing** (1940s); **training** (1950s); **regulatory issues, compensations, benefits, and appraisal** (1960s and 1970s); **health care, cost containment, organization design, teamwork and communication** (1980s); **mergers, acquisitions, downsizing, diversity** (1990s). He believes that new tools for HR will be forthcoming. These tools will focus on such areas as **global HR, global staffing, culture change, technology, leader of the future, intellectual capital and knowledge construction.**

Therefore, in tomorrow's organization, a career in HR will not be linear, but a mosaic of experiences. Mosaic careers focus more on what the HR professional knows and is able to do rather than work through his title and position. This would make the HR person just like any business executive.

From the above descriptions, it would mean that the HR function will have to shed its traditional administrative, compliance, and service role and adopt a new strategic role concerned with developing the organization and capabilities of its managers. This would mean the HR person should be taken in as a business partner where they must also be made accountable for helping implement and execute business strategies.

## The Human Resource Agenda

In the new millennium, there will be a major growth in global business and cross-cultural adaptation becomes imperative. HR professionals and employees as a whole will have to step up on their global skills and competencies in the future.

Perhaps it would be appropriate at this juncture to share with you the predictions of a study undertaken by Kamske (1998) on what the **workplace, HR and jobs** themselves will look like in the year 2008 i.e. well into the next millennium which will have a direct bearing on human resource management.

Kamske (1998) put forward the following predictions:

### 1. On workforce Development

- (a) Lifelong learning will be a requirement.
- (b) The focus of training/learning activities will be on performance improvement and not just on skill-building.
- (c) Employees with varied skills and competencies will be valued more highly than those with a depth of expertise in a single area.
- (d) Problem-solving and decision-making will become a required curriculum with practical work problems as the training medium.

- (e) Training will be delivered "just in time," wherever people need it, using a variety of technologies.
- (f) Companies will demand constant personal growth, and employees will respond positively to higher expectations.
- (g) It will not be possible to survive in the workplace without basic computer skills.
- (h) People who can learn new skills/competencies quickly will be highly valued in a faster changing world.
- (i) Team-projects and special assignments will be a major factor in personal development.
- (j) As the computer-savy generation is more assimilated into the workforce, employees will become much more productive in complex tasks and less dependent on other people and departments.

## 2. On Definition of Jobs

- (a) Organizations won't pay for the value of the job but for the value of the person.

- (b) Versatility will be the key factor in determining employee-value with strategic thinking, leadership, problem-solving, technology and people skills close behind.
- (c) Compensation systems will be linked to business outcomes.
- (d) All jobs will require higher levels of computer skills.
- (e) Positions will be organized in teams focused on a task, not organized around a hierarchy.
- (f) Positions will be defined by the competencies needed to be performed.
- (g) Employees will be more independent, moving from project to project within their organizations.
- (h) Many jobs will be redesigned to be much broader in scope, especially in management positions, resulting in leaner head counts.
- (i) Employees will be increasingly measured by how much value they contribute to the business, not by whether they fulfilled predetermined objectives.
- (j) Work will be more challenging, and jobs will become increasingly complex.

### 3. On Strategic Role of HR

- (a) Successful HR departments will focus on organizational performance.
- (b) HR's value will be to have the right people ready at the right time: recruiting leaders to join the company's mix of talent and keeping the "bench" full of enabled, competent workers.
- (c) The focus of the HR function will be human capital development and organizational productivity; HR may be renamed to reflect this.
- (d) HR will evolve from strategic business partnership to strategic business leadership (driving change and results, not just monitoring them).
- (e) A key HR role in the future will be multidisciplinary consulting around individual, team, business unit and corporate performance.
- (f) Managers will grow to depend more and more on HR professionals as they realize that good people management can be the strategic advantage in the next decade.
- (g) Leading change will become HR's greatest contribution to the corporation.
- (h) More and more businesses will use HR as a strategic partner.



- (i) HR will have a "seat at the table" as part of the top management team and report directly to the CEO in most companies.
- (j) A key HR role will be managing increasingly scarce human and intellectual capital.

#### 4. On Workplace Flexibility

- (a) Collaborative cultures will be the workplace model.
- (b) Creative employment contracts will support more time off, flexibility in hours and work location.
- (c) Company intranets will become a major tool for communication, training and benefits administration; HR will play a leading role in developing this important tool.
- (d) Intelligence through knowledge transfer capability will separate the best employees from the rest.
- (e) Employees will have more and more choices about work arrangements, allowing them to meet their individual needs.
- (f) Work hours scheduling will become less important as organizations focus on performance and results.
- (g) Company facilities will become "virtual" through work-at-home, telecommuting and outsourcing.

- (h) The workweek will be less structured -- employees will still work 40-plus hours, but at varied times and places other than the office.
- (i) Free-lance teams of generic problem-solvers will market themselves as alternatives to permanent workers.

## 5. On Global Business

- (a) The role of corporate HR will change to that of creator of overall values and direction, and will be implemented by local HR departments in different countries.
- (b) Technology, especially the Internet, will enable more businesses to enter the global marketplace.
- (c) HR professionals will have advanced acumen in international business practices, international labor laws, multicultural sensitivities and multiple languages.
- (d) HR professionals will need to be knowledgeable of other cultures, languages and business practices to help their companies find and enter more markets.
- (e) HR people will have to understand other cultures and help people work with various cultures.

- (f) Megaglobal business alliances will grow in number and scope, requiring great finesse on the part of the HR professional.
- (g) There will be an explosive growth of companies doing business across borders, and it will be the most significant change for the economy in modern times.
- (h) Cultural understanding and sensitivity will become much more important for the HR professional of the future.
- (i) The continued emergence of a world marketplace will require development of an international workforce.
- (j) Small teams of HR professionals will focus on providing performance improvement consulting services to a variety of locations around the world.

## 6. On Work and Society

- (a) Family and life interests will play a more prevalent role in people's lives and a greater factor in people's choices about work – there will be more of "work to live" than a "live to work" mentality.
- (b) Employees will demand increases in workplace flexibility to pursue life interests.

- (c) Dual-career couples will refuse to make the sacrifices required today in their family lives and more people (not just women) will opt out of traditional careers.
- (d) Families will return to the center of society; work will serve as a source of cultural connections and peripheral friendships.
- (e) Workers will continue to struggle with their need for work/life balance, and it will get worse.
- (f) Community involvement and social responsibility will become part of an organization's business vision.
- (g) "Cocooning" will become more popular as workers look to their homes for refuge from the pressures of a more competitive workplace and depersonalized society.
- (h) Those people who refuse or are unable to adapt to new technologies will find they're working harder and accomplishing less.

### Summary

At this stage I am not putting any more comments with regards to Kamske (1998) crystal ball view of HR in the future as listed above but suffice for me to say here that the HR role is changing at this very moment-broadly speaking from a service role to a more consulting role. However, I need to clarify that although

the role of human resource in the future is predicted to be different from the past, it does not rest at the assumption that the roles traditionally assigned to human resource no longer need to be performed. Indeed, the human resource professionals will, continue to assume responsibility of its traditional roles but in a modified fashion and in ways that integrates them with the broader business objectives.

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