With the existence of the Digital Revolution and the rise of the Information Age the focus of organizations are changing from physical to intellectual. The key aspects of the new economy are access to knowledge, skills and technology. To achieve a competitive advantage in the new economy it is important that organizations focus on their intellectual assets, namely people. Putting people at the heart of corporate purpose means that building human potential demands a new agenda, a new set of challenges for leaders, and a redefined set of managerial capabilities. At the heart of this new agenda are the aspects of human capital, intellectual capital, and knowledge management. These concepts will be discussed specifically as they relate to achieving the objective of the study, namely to develop a model defining the role of human resource management in the new economy. However, the aim of this essay is to discuss with examples, the role of human resource management expert in dealing with the issues facing the human resource management in changing business environment and there after a conclusion will be drawn based on the main content.

All organisations have to plan for the positions that inevitably become vacant. Employees retire, resign or get promoted. Also, new positions develop as the business expands. Therefore, for most organisations, determining staffing needs is an ongoing process.

Human resource (HR) planning in the establishment phase of the employment cycle involves forecasting the number of employees available and the number of qualified employees demanded in the future. HR planning must be related to business strategies. You will recall that a business strategy is an action that is taken to achieve an organisation’s objectives. A common strategy used in order to achieve the objective of increased profitability may be to reduce business costs. HR must forecast the future demand for employees and estimate the supply available tom meet that demand in order to avoid having too many employees on the payroll. If supply of employees is forecast to be greater than demand, HR will have to plan for a reduction of the workforce. For example, large supermarket chains in Victoria will have to plan for the likely staffing effects of customer self-scanning facilities.

With as many as six in ten shoppers now scanning their own supermarket items, chains such as Woolworths and Coles must plan for what may inevitably mean a decrease in the number of checkout operators. Human resource planning that is related to the business strategy of the organisation has never been more important. Given the pace of today’s technology and the global economy we now operate in, organisations must respond to change faster. If an organisation does not plan their human resource needs in line with their business strategy, it is unlikely that the business will succeed.

Key external factors are driving radical changes to the way organizations work and shape the strategic context for managing people at present and in the coming years. These factors are for instance social and economic changes, technological evolution, operational environment, etc. In this context of major people challenges, the role of the HR function is more than ever at the centre of the action. Administrations have now realized that success of the organizational changes depend on how they design and implement a people strategy. 87 % of participants claim that their HR strategy is integrated within their governmental plan and policies. The starting point for HR staff to position itself as a strategic partner is to have their HR strategy linked to their government policies.

When addressing the issue of HR management strategies, it is essential to understand and analyze all the HR dimensions: Organization, People, Processes and Systems. HR strategy includes all of these dimensions. Whereas job analysis concentrates on the work required for a job to be completed, job design details the number, kind and variety of tasks that individual employees perform in their jobs. Good job design takes into consideration the satisfaction of the employee’s needs. In your school canteen, for instance, jobs may be divided according to tasks, with one person handling food and another handling money only. Alternatively, a single employee may do both tasks and may have other responsibilities such as ordering supplies, developing menus or cleaning the canteen. Jobs that are designed so that they include a variety of tasks and give the employee some decision-making responsibility are more likely to lead to greater job satisfaction. Greater job satisfaction in turn may result in lower employee turnover. To return to our example, if you were working in the canteen and were given sole responsibility of cleaning, you may lack motivation and eventually look for a job elsewhere.

Performance management aims to improve both organizational and individual employee performance by relating the organisations performance objectives to the employee’s performance objectives. For example, if a food company wishes to increase market share, it might develop a new and exciting range of ‘heat and eat’ meals. The advertising manager would then have the task of promoting these new products, and his or her objective might be to create an advertising campaign that increases sales by 10 per cent in the first year. In addition, sales representatives would have a performance objective of selling 10 per cent more product than the previous year. Performance management is about setting objectives that help the orginisation achieve its overall objective. Effective performance management looks at whether jobs are well designed and employees with the right skills are hired to undertake work. Training as well as appropriate reward and recognition programs also increase the likelihood that performance in the whole organisation is managed appropriately. Managing an employee’s individual performance in the organisation is referred to as performance appraisal, and it too is a crucial part of performance management.

Lastly, it can widely be seen the roles of human resource management experts in dealing with issues of human resource management in changing of business environment as they aim to improve both organizational and individual employee performance by relating the organisations performance objectives to the employee’s performance objectives.

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