Current and Future Challenges to Human Resource Management

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Abstract

Most challenges of human resource management in this world of organizations do not take place in a vacuum, for instance artists and poets create their works in response to the times in which they live, wars emerge out of economic and political pressures, and companies change their structures in response to the need to follow their customer overseas. Therefore to better understand human resource's role in organizations today, it is useful to understand the current and future challenges of human resource management, and the trends that are causing these challenges. Perhaps most importantly, organizations today are under intense pressure to be better, faster, and more competitive. The noticeable challenges observed in this review study include corporate reorganizations, global competition, cyclical growth, increasing diversity in the work force, employee expectations, and organizations as vehicles for reaching societal goals. The study recommend that reorganization should continue in an effort to improve competitiveness, either by cutting layers of managers and restructuring the workforce or by gaining economies through combining efforts.

Key Words: Current, future, challenges, Human Resource, Management, Organization

Introduction

Human resource management involves all management decisions and practices that directly affect or influence the people, or human resource, who work for the organization. In recent years, increased attention has been devoted to how organizations manage human resources. This increased attention comes from the realization that an organization's employees enable an organization to achieve its goals and the management of these human resources is critical to an organization's success (Dave 1997, Okere, 2019). The number of activities involved in human resource management is potentially large, depending on the size of the organization and its needs. Therefore, as we move into the twenty-first century, there can be little doubt that human resource management faces some of the greatest challenges since its definition as a separate staff function almost a century ago. This renewed vigor stems from numerous influences, such as the changing nature of the economy and governmental legal influences, new organizational forms, global competition, and the increased feeling that organizations are vehicles for fulfilling societal goals. Some of the factors that have forced human resource management to be transformed from a narrowly defined specialty into a more strategic function are discussed here.

Corporate Reorganization

The last two decades have been characterized by acquisition and mergers of almost unbelievable proportions as well as other forms of corporate reorganization. Hardly a week goes by without one or more instances of one corporation purchasing another, two corporations joining forces, or companies undergoing massive reorganizations. Each year a new record is set. It is difficult to imagine circumstances that pose a greater challenge for human resource management than the reorganizations that have characterized the last twenty years. Such reorganizations inevitably affect many organizational levels and employees. Furthermore, given the complexities of the situation, decisions may be slow in coming years. In the meantime, employees are left wondering what, if any, role they will play in the new organization (Matthew, 2001). As a result of reorganizations, employees may face these potential changes:

1. Loss of job, pay, and benefits.
2. Job changes, including new roles and assignments.
3. Transfer to a new geographic location.
4. Changes in compensation and benefits.
5. Changes in career possibilities.
6. Changes in organizational power, status, and prestige.
7. Staff changes, including new colleagues, bosses, and subordinates.
8. Changes in corporate culture, and loss of identity with the company.

There is little indication that the pace of corporate reorganizations will slacken in the near future. To a greater extent than ever before, corporations consider reorganizations such as acquisition, mergers, diverstitutes, downsizing as routine business transactions. Yet an important key to the success of almost any reorganization is the management of human resources.

Global Competition

A long-term trend with profound and far-reaching implications for human resource professionals is that of a global economy. International competition in goods and services is forcing major economies into a global affiliation. What has transpired in the textile industry is an example of a trend toward a global economy. From an human resources perspective, this trend has represented a monumental challenge. Relationships between employees and employers have been shaken in industries that have been reduced dramatically such as the shoe, automobile, steel, and electronics industries. The readjustment for workers in these industries has usually involved switching from the declining manufacturing sector of the economy to the service sector. As a response to increasing international competition, many International Joint Ventures have been formed. International Joint Ventures are a way to have an international presence without establishing a wholly owned subsidiary abroad. An international Joint Venture is achieved when a new organization or partnership is formed by two or more companies from different countries for the purpose of conducting a new business. As such, international Joint Ventures have become the most widespread form of multinational investment (Mary, 2000).

Researchers have identified seventeen human resource issues related to international Joint Ventures. These issues were categorized into nine subject areas as indicated in Table 1. In general, these issues arise from the somewhat different goals of the host and foreign partners or from the different organizational climates or procedures, while the international Joint Venture and either the host or foreign parent (Joseph et al, 1990).

Table 1: Human Resource Challenges Associated With International Joint Ventures (IJVs)

Human Resource Management Area	**Example of Human Resource Management Challenge**
Staffing	Management at the host country partner may perceive providing jobs for their citizens as a more important objective than increasing profits.
Promotion	Blocked promotion of host country nationals in the IJV may result from reserving top positions for expatriates from the foreign parent.
Loyalty	Because of the multiplicity of entities involved in the IJV, loyalty conflicts may occur.
Delegation	Parent companies limit the delegation of authority to the IJV and/or disagree on the desired extent of autnomy.
Decision making	Decision making is a particularly complicated process because of the conflicting expectations of the entities involved.
Unfamiliarity	Each employee group may experience feelings of strangeness and lack of familiarity with the employees of the other entities. Expatriates may be unfamiliar with the environment and culture of the host country.
Communication	Communication blockages can result because of interpersonal problems between geographically dispersed managers.
Information	Information flow from the host or foreign parent to the IJV may be restricted because of suspicion regarding the intentions of the other parent.

Compensation	Dissatisfaction with compensation gaps between host country nationals and expatriates can develop. Difficulties in assessing the performance of IJV staff stem from the different procedures and performance standards of the parent companies.

Source: Adapted from Oded Shenkar and Yoram Zeira, "Human Resource Management in International Joint Ventures. Directions for Research" Academy of Management Review, Fall 1987, pp. 546 – 557, Reprinted by Permission.

More and more, human resource professionals are becoming primarily responsible for helping to make the efforts at business globalization effective. The need to indentify and place employees, mainly, managerial and professional personnel, in foreign subsidiaries or Joint Ventures is one of the important challenges of the global economy (Richard and Carol, 1997).

Cyclical Growth

Cyclical organizational growth as a result of both market shifts and competitive factors has resulted in a redefinition of the workplace (John and Mark, 1996). In the past, people entered an organization and then progressed as they gained new skills and as expanded business created opportunities for advancement. Now employees are being asked to prepare for a radical new condition of permanent recombining of work teems, and when business wanes, sporadic layoffs (Pamela et al, 2000). The example of approximately 100,000 layoffs by General Electric is a good example (Jay and Patrick, 1997). Those General Electric employees who remain have experienced the feeling of permanent insecurity as they seek to continually upgrade job skills just to stay in place. At the same time, this is not a saga about rampant unemployment but one about an emerging redefinition of employment. The movement to cyclical growth is a long-term trend that is driven by some of the following changes:-

1. The use of information technology in place of human resources.
2. Continued automation, requiring fewer workers.
3. Flatter organizations, with fewer layers between top and bottom, thus cutting out unneeded managers.
4. Plant closings to bring production capacity in line with business realities.

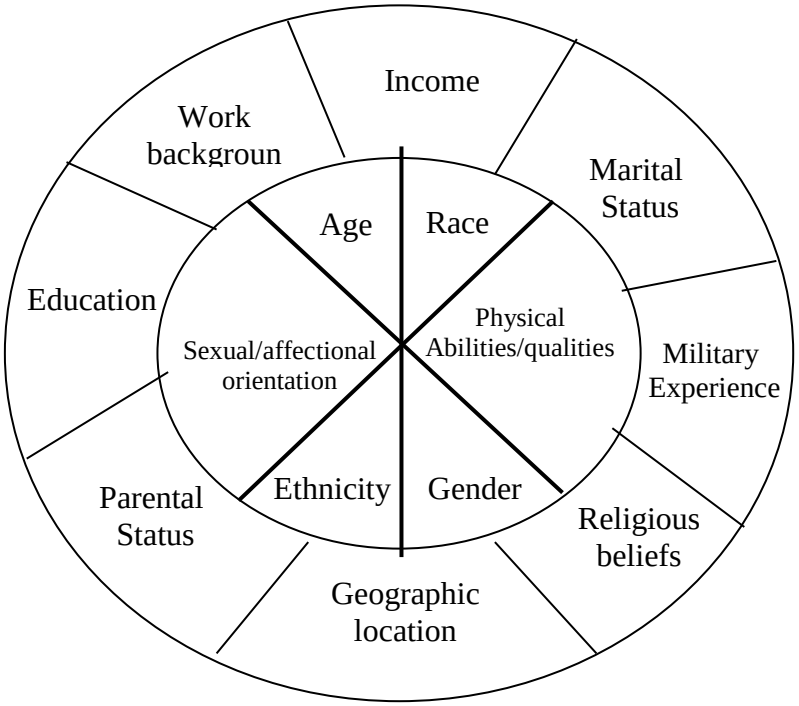
5. Redesigning of the workforce to be more flexible, such as by using temporary workers (Joseph et al, 1990).

Clearly, managing human resources in times of slower or negative growth will be a significant challenges for the human resource professional throughout our new century.

Increasing Diversity in the Work Force

Another major challenge for human resource management is the changing nature of the workforce. Figure 1 illustrates the dimensions of diversity, with six primary elements at the core surrounded by secondary dimensions. Taken together, the increased diversity of the workforce has caused organizations to reexamine policies, practices, and values.

Figure 1: Primary and Secondary Dimension of Diversity



Source: Marilyn Loden and Judy B. Rosener, Workplace America; Managing Employee Diversity as a Vital Resource, p.20 @1991 by Business one Irwin, All rights reserved. Reproduced with permission of The McGraw-Hill Companies

The important earmarks of the increased diversity are as follows:-

1. The nature of work has changed, with almost all jobs today being done as easily by women as by men. As a result the percentage of women who participate in the workforce has increased significantly over time, with the figure now just over 61%. This is almost double the rate of participation in 1950s (Richard and Carol, 1997).

2. Women now account for about 47% of the workforce and will approach parity with men in the near future (Gerald and Timothy, 1991). This shift has led to fundamental changes toward family-friendly working conditions and benefits.

3. Workforce demographics are about to implode. Nearly 80% aging baby boomers will total a little than one-third of the world population.

4. The minority share of the workforce will continue to grow from 24% in 2025 to approximately 32% by the year 2030 (Karen, 1998). In some regions the minority workforce is already the majority. For example, in California, 40%; of the state population is minority, which means that in many communities blacks, Hispanics, and Asian/Pacific Islanders are already the majority (Zichard and Carol, 1997). It is estimated that by 2030, 42% of the population will be Hispanic and 18% Asian. Whites will constitute only one-third of California's population in 2030 (Richard and Carol, 1997).

5. Hispanics are the fastest – growing segment of the minority population having grown 38.8% to 31.3 million between 1990 and 2000s (Watson, 2001).

6. Gerald and Timothy (1991) observed that Asian-Americans, although constituting only 5% of the United States work force, tend to be affluent and well educated and are out performing North American whites in the classroom and the workplace.

Progress in accommodating employee diversity has already been dramatic, and many readers will think that most organizations have climbed the learning curve

with respect to opportunities for the diverse groups that now make up the workforce. However, lasting improvements have been slow in coming. How many organizations have women and minorities in executive roles? Even organizations with a substantial record of progress do not have them in significant numbers at higher levels. Another challenge that has resulted from changing workforce demographic concerns dual – income couples, that is, couples where both partners are actively employed. The growth of the number of women in the workforce has led to the result that almost two-third of families with children have two wage earners (Richard and Carol, 1997). Organizations have been accustomed to using job moves and physical relocation as important means of developing talent. Men or women moving through organizational ranks to upper- level positions need experience in a variety of roles in different organizational units. Frequently, physical relocation has been required. The increasing number of dual-income families limits individual flexibility in accepting such assignments and may hinder organizational flexibility in acquiring and developing needed talent.

Still another trend that is posing a challenge for human resource management relates to the increasing average age of the workforce. The "graying of the workforce" is a result of two trends. First, legislation pushed back and then eliminated the retirement age. The number of older persons iss increasing, and some of them are continuing to work, either out of economic necessity or for personal gratification. At the same time, demographic trends have resulted in a smaller percentage of young adults. The nature of workforce demographics was described as another baby boomer turns fifty every eight seconds (Watson, 2001). To compound the problem, there is a shortage of new talent. During the 1990s, the number of younger workers declined by 14% because of the lower birth rate that followed the baby boom. In other words, as the workforce continues to grow 15% to 20% per decade, the availability of young workers is actually decreasing (Watson, 2001). There is a shrinking base of university-age individuals and hence an increasing average age of the workforce. One human resource management challenge include training to upgrade the skills of older workers in the face of technological change. A second challenge is to ensure that younger workers have opportunities for career growth and promotion despite the large number of more senior employees in the organization. Another aspect of diversity is related to the topic of affirmative action. The notion that employers must commit to equal

employment opportunity through positive, affirmative steps (action) has a history of more than thirty years. Despite this long-standing policy, the ideal that employers, and educational institutions, must adopt a specific set of result – oriented procedures to achieve equal employment is now being debated in the public and in the courts (Theresa, 2001). For many organizations, affirmative action has become an integral part of their diversity initiatives. Thus the current unsettled nature of the concept is now causing rethinking and readjustment. Each of these dimensions and trends related to workforce diversity can be examined as an isolated aspect of the challenge facing human resource managers, however, it is the interconnections and dynamic interactions of these forces that is reshaping organizations and how they relate to the workforce.

Employee Expectations

As levels of education have increased among the population, values and expectations among employees have shifted. At present, fully one-quarter of the workforce has a university degree. The result has been an emphasis on increased participation by employees at all levels. Previous notions about managerial authority are giving way to employee influence and involvement, along with mechanisms for upward communication and due process. According to Kathleen et al (2000), the UPS strike in August 1997 brought to the fore another set of employee expectations, that is, the part-time versus full-time job issue. UPS's human resource practices became the valid illustration for millions of workers who remain stuck in temporary or part-time jobs that pay less, offer fewer or no, benefits, and offer fewer routes for advancement despite soaring profits, plentiful jobs, and rising wages. Many workers perceive an inherent inequity in their part-time status as employees of companies making record profits. Another expectation by employee is that the electronic and telecommunications revolution will improve the quality of work life. Innovations in communications and computer technology will accelerate the pace of change and as a result lead to many innovations in human resource management. In a bold experiment and effort to give employees an intimate feel for this revolution, Patricia (2000), explained that Ford Motor has announced that it will offer a desktop computer, printer, and Internet access to its 350,000 employees worldwide for a $5 fee. Ford figures that as a result of this programme employees will not only be savvier about using computers at work but will also catch on faster to the new instant-gratification

mindset among e-consumers.

Also, employers are taking steps to support employees' family responsibilities. Once able to assume that the demands of male employees' home lives were taken care of by their wives, employers are now being pushed to pay attention to family issues, such as day care, sick children, elder care, schooling, and so forth. One result is that more employees are enjoying the opportunity to work at home.

Organizations as Vehicles for Reaching Societal Goals

During the past decades, there has been an increasing trend toward viewing organizations as vehicles for achieving social and political objectives. The beginning of this trend was signaled by the adoption of the 1964 Civil Rights Act by the United States Congress (Karen, 1998). This legislation required organizations to deal fairly with minorities, which include women, and racial and religious minorities, in hiring, promotion, and other aspects of human resource management. Other legislations followed including requirements that organizations provide reasonable accommodations for the disabled and for employees with the HIV virus. Another law prohibits discrimination against employees over the age of forty. More recently says Okere (2019), the United States Congress approved legislation mandating such benefits as family leave for the birth or adoption of a child and certain family emergencies. A further issue discussed as a legislative possibility is comparable worth, that is, mandating equal pay for women doing jobs equivalent in value but different in content from jobs typically held by men (Karen, 1998). Such legislative requirements generally follow a realization that important issues need national attention. As entities within the larger society, organizations are influenced by the ideology and culture around them. As changes occur in the larger society, organizations also must adapt and change. The results of social and legislative changes are added pressure on organizations. Human resource practices are not formed in vacuum but must represent the societal ideology in which they are embedded. All this adds up to extensive economic, social, political, and technological changes that affect what organizations do and the expectations of their employees. Procedures used in the past to handle the human side of business are no longer effective. The net result is a tremendous challenge for human resource manager.

Conclusion

The challenges to human resource management for the remainder of this century and into the next involve setting directions and formulating policies to address current and future business trends. The challenges of corporate reorganizations, global competition, competitive markets, increasing diversity in the workforce, employee expectations, and legal and governmental requirements will allow human resource managers to play a dynamic and pivotal role in meeting organizational goals.

Recommendations

The study recommends the following for effective management of human resources currently and in future.

1. Reorganization should continue in an effort to improve competitiveness, either by cutting layers of managers and restructuring the workforce or by gaining economies through combining efforts in organizations.
2. International Joint Ventures should be formed in order to respond to increasing international competition.
3. Workforce should be redesigned to be more flexible, such as by using temporary workers.
4. Jobs should easily be done in organizations.
5. Affirmative action should be integral part of organization's diversity initiatives.
6. Organizations should be used as vehicles for achieving social and political objectives.
7. Organizations should as a requirement provide reasonable accommodations for the disabled and for employees with the HIV virus.
8. There should be legislation mandating organizations to provide benefits to workers such as family leave for the birth or adoption of a child and certain family emergencies.

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