

Trends in Human Resource Management

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Trends in Human Resource Management: Abstract

These trends that seem most critical to HRM future include:

- 1) globalization of companies is moving jobs around the world;
- 2) the rise of Asian economic power will affect the West ability to capitalize developing markets in that region;
- 3) education and age will play a critical role in the development of a qualified workforce; and
- 4) technology is accelerating as more companies and countries become technologically advanced.

These trends mark significant challenges to domestic and global organizations with respect to workforce development, retention and recruitment. Programs will need to cater to development of younger workers and encourage continuous training and education to meet the needs of the rapid technology and global expansions. Yet, all of this requires communication between cultures and between management (especially in global organizations) to make sure that appropriate people are aware of issues or to be able to address issues that arise with respect to retention, recruitment and development of workforces.

## Trends in Human Resource Management

There are several trends that will impact human resource management over the next years and decades. Cetron and Davies (May 2008) identify a number of these trends and these identified trends correlate with issues around the globe and country. Awareness of these trends will help human resource management (HRM) foresee potential changes in the work environment. This paper will focus upon four trends and discuss their implications to HRM.

These trends that seem most critical to HRM future include: 1) globalization of companies is moving jobs around the world; 2) the rise of Asian economic power will affect the West ability to capitalize developing markets in that region; 3) education and age will play a critical role in the development of a qualified workforce; and 4) technology is accelerating as more companies and countries become technologically advanced. These trends mark significant challenges to domestic and global organizations with respect to workforce development, retention and recruitment.

### The Affect of Globalization

Globalization is influencing organizations to use resources from around the world and take advantage of cheaper labor in foreign countries or to do business in another country. For example, Western companies, like Fiserv, Inc, use substantial outsourcing/offshoring in developing countries, and companies, like Citigroup, are attempting to position themselves or take advantage of global markets. In addition, some use a combination of the two principles.

Cetron and Davies (May 2008) notes that developing countries like India and China were, at one time, taking away only low-wage jobs, but now they are taking more skilled and higher paying jobs from the industrialized world. As well, skill gaps in industrialized world has caused companies to hire immigrants to undertake some tasks in the industrialized world, and these

immigrants, having spent time in the West and gaining valuable skills, return to their countries with that knowledge and training. Additionally, companies, specifically major tech companies, are opening research laboratories and development centers in foreign countries to take advantage of lower cost skilled labor located there. Cetron and Davies (May 2008) suggest that this may account for a decline in computer science graduates in domestic institutions.

Globalization puts research and development at a higher priority than as more companies and countries gain qualified individuals to build new technology and processes. Globalization requires that global organizations have the ability to effectively manage teams in different parts of the world and to maintain communications throughout the whole organization. As well, understanding or acceptance of diverse cultures will be critical for successful organizations.

#### Rise of Asian Economic Power

Due in part to the globalization, East Asia and the Pacific Rim countries are having a greater impact upon economic power and human resource management arising from the complex nature of the business, various size (physical geography and population) of the markets, and different governments in the region. Rowley and Warener (Dec 2007) note that China's economy is growing so fast in 2006 that 40 million jobs were desired to be "created" each year to keep unemployment low. As well more educated countries, like South Korea and Japan, already have highly developed HRM systems where countries like China are still developing good HRM procedures.

Asia is showing a growing service sector in comparison to Global markets but they are seeing more rapid decline in agriculture sectors. These sectors will compete with industrialized worlds for professional and educated labor. Again, China is seeing more significant growth

percentages in terms of productivity and market growth, and thus a growing service sector in China will overshadow those in more developed Asian countries like South Korea or Taiwan.

The involvement of the State in companies as a State-owned enterprise (SOE) is diminishing in percentage even in communist countries. The role of the State according to Rowley and Warner appears to have a diminishing trend, but they do not expect Western style of democracy to entirely replace current systems (BBC News, Oct 14, 2007). The State, especially in China, has been encouraging foreign investment and development of their domestic resources in forms of joint ventures with SOE or a wholly-owned foreign enterprise operating in domestic territory. Thus, the State is still a viable entity for encouraging or “guiding” economic development as well as HRM development.

Asia HRM is also seeing a change in the development of youth labor especially in the Southeast Asia and Pacific areas for the past decade (ILO, as cited by Rowley and Warner, 2007). Youth unemployment rates have been rising globally but more significantly in the Asian countries, and thus, youth participation in labor markets have steadily fallen as well. This may be due to the attitudes of youth towards established systems and a stronger desire to be the principal or organizer rather than the worker. This is especially in the societies where fewer people are employers and the rest are wage or salary workers.

Asia, partly as a result of globalization, has been rising in importance to HRM systems due to substantial foreign investments in the region. They may adopt Western style HRM in correlation to their dependence upon that foreign investment. Asian regions still provides for problems with law enforcement and implementations. In most cases, as noted by Rowley and Wagner (Dec, 2007), global organizations have to follow the local culture and value systems in place. Given the wide difference in social and political styles between Asian countries and the

West, we can see that culture will be distinct as well. This difference will require study by HRM to facilitate management techniques that avoid negative reactions to the foreign investment.

#### The Affect of Education and Retiring Workers

Globalization is influencing organizations to use resources from around the world and take advantage of cheaper labor in foreign countries or to do business in another country. As noted in the previous section, education of workforce is influencing where one hires qualified individuals. This becomes an ever increasing problem as skilled and experienced workers grow older and begin to retire which will leave the workforce with less experienced “direction”.

The baby boomer generation will begin to retire and take knowledge and experience with them to retirement. The challenge for organizations is to retain this knowledge and experience as much as possible before the individual leaves or retires. Due to the more mobile and less loyal workforces, organizations are gaining experience with “knowledge transfers”.

A recent discussion by Lou Dobbs (April 3, 2007) outlined the issue of rising H1B visas being issued to immigrant workers in order to complete technology projects using qualified foreign workers in domestic companies rather than hiring permanent staff to support these projects. While Dobbs was pressing the issue of “abuse” of the H1B visa, American companies are attempting to hire qualified workers, but in many cases, they can not find available workers domestically. This may be due to a general decrease in the number of domestic engineering graduates in the US versus a comparable increase of foreign engineering graduates as well as engineering graduates from countries like China, South Korea and India (Cetron and Davies, May 2008). This may be related to a possible resistance to relocation to where jobs are found.

Governments will need to encourage more science and engineering graduates in order to maintain the technology qualifications within their borders and around the world. Governments

can encourage retention of science knowledge within borders by offering scholarships or grants that require recipients to remain within domestic territory. HRM will have to adjust training and recruitment to meet the organization goals possibly by offering internships and education assistance that require commitments to remain with the company upon graduation.

#### The affect of technology accelerations

There is a significant trend that technology advances are quickening in pace since the 1940s (Cetron and Davies, May 2008). They further suggest that what we know today in terms of technical knowledge will represent an approximate 1% of what technology advances will be available in 2050. This trend may accelerate more significantly as more countries train more qualified and skilled engineers and technicians. These trends will require more flexible and technologically savvy organizations.

Technology is changing the way some organizations work. The recent elections in the U.S. have been heavily influenced by the growing Internet use and the virtual social networks that are rising like MySpace and Facebook. Podcasting is allowing people to take lectures or presentations with them rather than be forced into a specific timeframe and place to benefit from these presentations. Telecommunications is allowing more people to be able to work away from the office, and the technology is allowing for more diverse scheduling where more flexible schedule management trends can be used, as discussed by McMEnamin (Dec 2007). HRM will also have to understand the consequences of technology use.

To further this, many countries have invested heavily in Internet growth and broadband services to their constituents. Thus, Internet growth is actually slowing since its inception in the 1990s and more countries have been bringing broadband systems online. Cetron and Davies (May 2008) suggest that the U.S. is lagging behind countries like South Korea in this area, but

they fail to note that the U.S. has a larger land mass than some of these countries. Africa has the potential for further growth in the Internet since the penetration is only single digit percentages in comparison to the West and Asian countries. Thus, any organizations relying upon Internet communications or e-commerce will have to require more development in the African continent if they wish to conduct e-business there.

The youth, especially in the West, are adaptable to newer technologies since they have grown accustomed to the rapid development of devices and technologies. Youth have become more able to multi-task and filter unusable information than more experienced colleagues. Expect changes in email and instant messaging that take advantage of this adaptability and reduces the clutter of irrelevant information that pervades these technologies (Cetron & Davies, May 2008). The challenge is for the experienced people to adapt to technologies better and to transfer critical information to the newer information systems in ways that the younger workforce will not filter critical information.

This makes “lifelong learning” an important aspect to any position (especially those that demand technological prowess). In order for associates to maintain knowledge of current technology, organizations will need to encourage growth in technologies. As well, governments can encourage, or “guide” as the Asian countries have done (Rowley and Warner, Dec 2007) to help diminish the risk of “brain-drains” to other regions of the world.

### Summary

From the trends here, HRM has significant trends in globalization, with Asian markets influences, with education, with experience gaps and as well, with rapid technology advances. Programs will need to cater to development of younger workers and encourage continuous training and education to meet the needs of the rapid technology and global expansions. Yet, all

of this requires communication between cultures and between management (especially in global organizations) to make sure that appropriate people are aware of issues or to be able to address issues that arise with respect to retention, recruitment and development of workforces.

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