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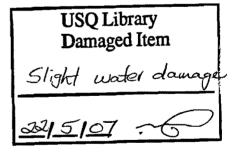
HUMAN RESOURCE MANAGEMENT

Contemporary Challenges & Future Directions



Edited by

Ken W. Parry & Don Smith





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ABOUT THE AUTHORS

The authors of each essay in this book are leading scholars in their field. Each author draws upon her or his specialist knowledge of the particular discipline of HRM, and of the challenges facing the practice of human resource management. At the time of authorship, all were present or immediate past members of the Department of Human Resource Management and Employment Relations at the University of Southern Queensland, Toowoomba 4350 Australia.

employers that EEO is good for business; the failure of EEO and AA to achieve significant progress in more than a decade is sufficient evidence of this. In the long term, if real and lasting achievements are to be made, emphasis must also be placed on the employer's ethical and social justice responsibilities, on the spirit as well as the letter of the law.

To do this would mean rethinking much of HRM practice, placing equal opportunity issues higher on the agenda. It is now time for HRM and EEO practitioners to take up this challenge.

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3

THE CHANGING NATURE OF WORK

Teresa Marchant

OVERVIEW OF CHAPTER

This chapter is based on the premise that the future role of HRM could well be change management. Technological advances, changes in world markets, governmental influences, and social shifts are discussed. These external influences are creating contemporary challenges for HRM. Changes in the nature of work, and changes in the nature of the workforce represent challenges to HRM. The implications for strategic HRM are numerous, but the most critical one highlighted in this chapter is that of developing a sufficiently skilled workforce to meet these challenges. The chapter includes a case study of organisational restructuring which reinforces the argument that developing the workforce is the most critical challenge.

Change is a central feature of the workplace today, therefore there are <u>many</u> contemporary challenges

Surveys of organisations in Australia have emphasised the *degree* of change that is taking place. The *pace* of change does not seem to have slowed either. For example;

one of the most striking and universal features found in the workplace ... was the extent and diversity of change occurring ... (Callus, Morehead, Cully and Buchanan, 1991:185).

This observation compares with the reports of individual managers surveyed in other Australian research (Marchant and Littler, 1997).

One of the consequences for strategic HRM is that the HR specialist of the <u>future</u> may be <u>primarily focussed</u> on <u>change management</u> (Nankervis, Compton and McCarthy, 1996). Not all organisations have a person designated as HR specialist, but all organisations have HRM — that is, responsibility for managing people. Therefore, responsibility for managing change will also fall on line managers

In the next section, the many change influences are grouped into seven categories and discussed.

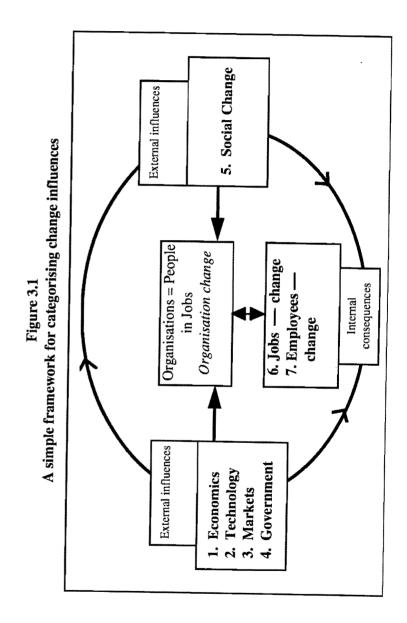
As illustrated in Figure 3.1, the changes can be grouped into seven categories:

- 1 Economics including the shift to a knowledge based economy
- 2 Technology for example, the spread of the Internet
- 3 Markets/geography powerful coalitions have been formed between countries
- 4 Government new legislation such as EEO
- Social changes for example, the rise of 'Generation X'
- 6 Job changes the end of the job as we know it
- 7 Employee changes including a more diverse workforce

The rest of this chapter will discuss each change influence in turn, and conclude with observations about the implications of these changes for HRM. The rest of the book will deal with several of these implications for HRM in much more detail.

Changes in the economy

There has been a shift from primary industry (agriculture) and secondary industry (manufacturing) to tertiary industry (service and knowledge) in Australia's economic base. For example, in 1970 58 percent were employed in services: by 1995 this percentage had increased to 73 percent (EPAC, 1996). In the future, knowledge work (information based work) is expected to dominate. These changes are similar to those experienced in other western nations including the United States (Quinn, 1992).



Technology

The scale of the technological revolution has been likened to that of the introduction of the steam engine or motor vehicle. Technology is both creating and destroying many jobs, and changing skill requirements. More communication has resulted in more widespread, and faster, diffusion of technology between countries (Coates, Jarratt and Mahaffie, 1994) and has also led to 'the global village'.

Aligned with the increased availability of technology is the rapidly decreasing cost of national and international telephone calls. This means that companies can re-organise themselves to operate internationally without necessarily being confined to an office or a location. As Handy (1996:11) observes:

... we no longer will need to have all the workers in the same place at the same time to get the work done. When everyone has a phone in their pocket, you do not need to know where they are. The office can be anywhere, and increasingly is.

That is, the workforce will also have more flexibility with regard to location.)

Market realignment and geographical power bases

World market changes include new trade arrangements between countries that form alliances to achieve greater market power, more companies operating on an international basis, and more emphasis on comparing the productivity of the workforce in different countries. Globalisation means we are now facing the reality of competing in an international economy. International trade and capital flow between countries has increased, as has the presence of international companies. Local workforces are increasingly being compared with those overseas who are considered to be more productive — notably Japan in recent times (Coates, Jarratt and Mahaffie, 1994).

New trade groupings of countries, as well as the forging of new alliances have resulted in several powerful forces in the global economy. Some of these are shown in Figure 3.2.

Ranged against such large competitors as the US, Canada, Mexico, China, Japan or the European Community, the Australia-New Zealand Closer Economic Relations pact appears somewhat insignificant. So the competitive threat to Australian organisations is particularly strong.

Figure 3.2 World Market Changes

- Rise of the 'Asian tigers'-Although With No Trade Alliance in Place
- The European Community
- United States Mexico Border Zone
- US Canada Alliance
- North America Free Trade Agreement
- The New Eastern Europe
- The Australia New Zealand Closer Economic Relations Pact
- China the Emerging Giant

An example of globalisation of a slightly different form is that of organisations relocating some of their operations to a country where they can be performed more efficiently. Nike has gained a degree of notoriety for manufacturing its products in third world countries where labour is very cheap. Another example is the airline Swissair, which relocated its accounting department to Bombay, and saved eight million Swiss francs per annum in doing so (Gbezo, 1995). Managing such an operation represents a considerable challenge to HRM.

The rise of the 'Asian tiger' and of China is another economic trend that is of interest to Australia. The economies of countries such as Singapore and Korea have achieved significant economic growth in recent years, even in view of the currency crisis of mid-1997 and 1998. Such growth represents an opportunity from one perspective in that there is a substantial demand for HRM skills in these countries. On the other hand, Australian managers are required to rapidly come to terms with doing business in Asia. There are problems associated with this new international dimension, including dealing with different cultures, and the issues of expatriate management.

Government

In general we may be heading for an era where governments regulate more, but deliver less. The corporate sector may carry out more of the functions previously executed by government (McRae, 1996). There is already some evidence of this shift in the US, where church organisations are delivering welfare services, in place of government agencies.

Such G5 harify (hence capitalism).

Specific Australian government influences include restructuring, privatisation and more legislation aimed at controlling the workplace.

Restructuring for flexibility

Both Labour and Coalition governments in Australia have placed considerable emphasis on restructuring the economy. In doing so, they have been aiming to produce a flexible, skilled workforce, to decentralise and reform the industrial relations system, and change trade conditions. In terms of trade conditions, the government is reducing tariffs, which exposes industries to more global competition. The consequences of this can be job losses, as industry has to restructure to compete successfully. For example, the reduction of tariffs by 20 percent in the clothing industry by the year 2008 is expected to result in the loss of 6000 jobs in the industry (Marris, 1997).

Privatisation

Telstra, the Valuer General's Department (Victoria) and the Commonwealth Bank of Australia are just three examples of large government organisations that have been privatised in recent years. The complete list of organisations is very long. Privatisation has meant a radical change in the HR policies and practices of these organisations. For example, at the Commonwealth Bank the emphasis has shifted from accurate processing of customer deposits and withdrawals, to customer service and sales. There has been a reduction in the number of job classifications and levels (there used to be at least fifteen and now there are only ten or eleven), fewer rewards associated with seniority (ie experience), and greater emphasis on qualifications.

Legislation

The 1980s and 1990s witnessed an <u>increase in government</u> legislation which directly influences the way organisations manage their employees. Some of this legislation is listed below:

- Equal Employment Opportunity (EEO)
- Changes to Occupational Health and Safety Act (OHandS)
- Training Guarantee Act
- Freedom of Information (FOI)
- Industrial Relations Reform Act

The increase in legislation affecting the workforce has made the tasks of management and human resource management more complex and more specialised. These tasks now include ensuring that decisions regarding the employment relationship conform with the various pieces of legislation. For example, in recruitment care must be taken to ensure that there is no discrimination against women or other specified members of the workforce. Another example is if a manager wishes to dismiss an employee he or she must ensure that correct procedure has been followed, such as issuing written warnings. If care is not taken to ensure conformity with the legislation, employers may find themselves in court.

Social Changes

General changes in the world population are reflected in specific changes in the composition of the workforce, and in the consumers with which organisations do business. Some of these general social changes include:

- lower birth rates
- longer life expectancies
- better informed consumers who are more aware of worldwide choice of goods and services
- more similarities between the work patterns of men and women
- increased school retention rates leading to a more educated population.

One of the main consequences of these changing demographics is that in the developed world there will be an older population. Older populations have different values and different needs. However the implications of this are somewhat unknown. Never before has the world had such a large proportion of older people as it will have in the first decade of the next century (McRae, 1996:8).

In summary, many factors are creating turmoil in the external environment of organisations. Partly as a consequence of this, and partly due to internal influences, both jobs and the workers that hold these jobs are changing. The following sections review some of these changes, and then the direct implications for HRM are considered.

Jobs change

In the new work organisation, team work and multi-skilling are receiving a lot of emphasis. These practices have been contrasted with old-style mechanistic or 'Taylorist' practices (after Frederick Taylor, the father of 'scientific management'). These differences are illustrated in Table 3.1. In the old approach, workers were monitored with stopwatches, and jobs were broken down into simple, repetitive (boring) tasks. Some would argue that team work, empowerment, and multi-skilling represent a trend away from the scientific management approach. However sophisticated computer technology still enables the same practices to be applied today, in a broader range of jobs. In Telstra's customer service division, for example, computers record how each employee spends each second of their working day, by recording telephone usage (Long, 1996). Although this degree of control has Orwellian overtones, the use of technology to monitor and control service work is one of the most significant opportunities available today for organisations to achieve gains in productivity (Quinn, 1992).

Table 3.1
The Old vs. New Style of Work Organisation

Old style work organisation	New style work organisation	
Large ScaleMass productionRigid job descriptionsHierarchical	InnovationSmall teamsAutonomy/empowermentMulti-skilling	
management Long term 9 - 5 (mechanistic)	 Managing employees as a resource Part time, casual Above normal hours (organic) 	

Source: Adapted from Coates et a.l. (1994); EPAC (1966)

Other changes to jobs include 'de-jobbing', and the re-integration of work and home.

De-jobbing. Well-defined jobs with detailed job descriptions are disappearing and being replaced with self-employment, contractors, casual work and mobile project teams (Bridges, 1997).

The re-integration of work and home. This change is reversing a 100 year trend (Coates et al. 1994), and can be seen in such activities as company based child care centres, company provided lactation facilities and telecommuting.

Telecommuting is just one example of how jobs are changing. Telecommuting (also known as telework, or distance work) means employees work from home for part or most of the time, and are connected to their employing organisation by fax, e-mail, and phone. This option is said to be more family friendly, and flexible. According to Gbezo (1995) the Germans have labelled this 'the new three K formula'. It used to be children, kitchen and church. Now it is Kinder, Kuche and Komputer (children, kitchen and computer).

Employee changes

Evidence for some of the key changes that have occurred in the Australian workforce in the last 25 years is listed in Table 3.2. The main points are that the workforce is becoming more educated as more people stay at school longer, workers are striking less, and there has been a doubling in the number of part time workers. Other changes in the workforce identified as a result of major social changes include:

- an older workforce
- more female participation in paid work
- greater ethnic and racial diversity
- participation of people with disabilities
- more people employed in services
- more sedentary workforce (Coates et al. 1994)

Table 3.2
Australian Workforce Changes in the last 25 years

	1970	1995
Year 12 retention rates	29%	72%
Industrial action (million person days lost)	2.4	0.5
Part-time proportion of the workforce	11%	25%
Employment in service industries	58%	73%
Female participation	40%	53%
Self-employed proportion of the workforce	9%	13%

Source: EPAC (1996)

As well as variety in the biographical characteristics of their workforce, employers will have to contend with variety in the work values of different people. The values of each generation of new workers since the last World War are shown in Table 3.3.

Table 3.3
Changes in the values of the workforce

Stage	Date they entered the workforce	Current age	Dominant work values
Protestant work ethic	1940s – 1950s	50-70	hard work, conservative, loyal to organisation
Existentialism	1960s – mid 1970s	40-50	Quality of life, non-conforming, seek autonomy, loyal to self
Pragmatism, achievement	mid 1970s – mid 1980s	30-40	Success, ambition, hard work, loyal to career
Symmetry/balance (Generation X-ers)	mid 1980s – present	Under 30	flexibility, job satisfaction, leisure, loyal to relationships

Source: Robbins, Water-Marsh, Cacciope and Millett (1994)

The changing values of the workforce are exemplified by observations about the so-called 'Generation X-ers', who have quite substantially different career and work goals than any preceding generation. Very few of them rank financial rewards as their primary motivator. They want fulfilment, and may even be prepared to step sideways or backwards to get what they want (Molitorisz, 1995). (See Table 3.4 for more on this topic). In this environment, the old ideas on how to motivate staff and get them to perform will not apply. HRM will need to find new ways to manage and motivate employees.

Table 3.4
Career Values of Young People

The 'get a life' generation

- > No. 1 priority balanced lifestyle
- No. 2 priority financial rewards
- No. 3 priority challenging international career

Source: International survey of 1200 business students in 10 countries, (1996). (Reported in Australian Financial Review, 5 August 1997, p.17)

Implications for HRM

All of the changes listed above have implications for HRM at both a strategic (i.e. longer term, future directed) and functional (i.e. current practice) level. These challenges and the response required from HRM can be viewed in general terms and also translated into specific practicalities. One example of how the spread of technology (a general change influence) translates into specific, practical changes to HRM is shown in Table 3.5.

Table 3.5
Influences Affecting HRM

Change/Challenge	Impact at Work	Implications for HRM
Spread of technology	Need for employees with computer competency	How to recruit, select, retain and re-train sufficient workers, such that the organisation can use technology for competitive advantage.

Australian universities are a good example of some of the contemporary challenges facing HRM. Universities are virtually the last major employers in Australia to be subject to restructuring in the current wave of organisational restructuring. Most other large organisations in the public and private sectors restructured in the period 1989 through the 1990s. Figure 3.3 shows a more detailed example of how these influences are affecting HRM in Australian universities.

The 'University of Australia' example shows the consequences for HRM of external influences such as technology, economics and government legislation.

HRM adaptation to a changing workforce

Changed attitudes and different procedures are required of HRM in order to tap the diverse skills and talents of a multinational, multi-gendered, multi-aged workforce.

For example 'family friendly' policies will have to be implemented by organisations that wish to retain their female workers. Two recent examples of new policies are Coles Myer who are seeking a competitive edge by introducing a lactation support program (HR Report, 1997), and World Vision who have introduced twenty-three practices that are more family friendly. One result for World Vision is that 79 percent of women who went on maternity leave now return to the organisation. Before these changes were introduced, none returned (Austin, 1997).

Organisations will need to learn how to utilise an older workforce. HR departments and managers may find themselves managing an army of part time, elderly workers who are not interested in careers, but who want agreeable and flexible work conditions. The challenge to HRM will be to extract their experience as well as develop their skills (McRae, 1996).

Managing knowledge as an asset has implications for Human Resource Development (HRD). According to McKern (1996), knowledge will gain a new pre-eminence as the organisation's key asset. The ability to manage knowledge as the key critical resource of the organisation will be one of the biggest challenges. Not money, not products, not manufacturing equipment, not even people, but rather the know-how, knowledge or intellectual capacity that they represent (Handy, 1996; McKern, 1996; McRae, 1996).

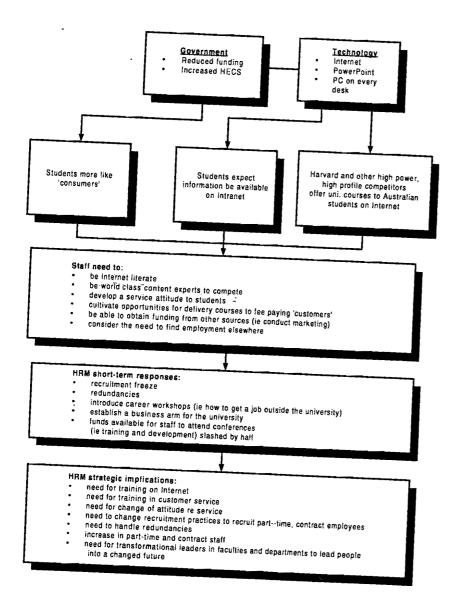
FUTURE DIRECTIONS

The pace of change is so bewildering, and its extent so massive, that it is tempting to believe that nothing sensible can be said about the future except that it will be different (McRae, 1996:6).

Notwithstanding McRae's comment, some observations about the near future can be made. It is likely that there will be a need to:

- place greater emphasis on the role of Human Resource Planning in achieving business goals
- accept the challenge to find transformational leaders who can achieve change with their employees

Figure 3.4
The University of Australia: An example of how contemporary challenges are affecting HRM



- develop good followers
- find (or train) Australian managers with the expertise to deal directly with their employees
- adapt to a union movement that is itself responding to these challenges (EPAC, 1996)

Some interesting scenarios for the workplace in the year 2020 are provided by Galagan (1996). She says that all workers will be called 'performers' because that is what their role in the workplace will be. Her ideas on implications for HR include the suggestion that there will be little or no requirement for middle managers, as people will all work in self-managed teams. On the other hand, perhaps there will be fewer of these, but they will have a different and more vital role. Another suggestion is that there will be a large element of entertainment and communication technology included in the delivery of training. The process of facilitating learning will be one of the largest industries in the world.

Another implication of the change to the nature of work is that of loss of job security. Despite the fact that there has been an overall increase in productivity as a result of these many changes, there have also been 'side effects' for the workforce, including a decrease in job security, an increase in work hours and work loads, and an associated increase in job stress (Long, 1996). These are all factors that the HRM function will have to deal with in future. The social issues associated with these changes, particularly the revolution in the basic structure of work should be of concern. That is, the loss of standard working hours, the loss of secure employment, and the loss of an abundance of living-waged positions. If it is not divided already, the workforce will be divided between two groups: the overworked and the out-of work, between the well-paid and the poorly-paid, and those with career jobs and those on the fringes (Long, 1996).

These last two points sound quite negative, and it is true that there is 'fallout' from the revolution that is taking place at work. The challenge to HRM is to harness the power of this revolution to achieve better organisational performance, whilst at the same time assisting individuals to adapt and grow in the new, demanding workplace.

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4

HUMAN RESOURCE DEVELOPMENT

Cec Pedersen

INTRODUCTION

Human Resource Development (HRD) is an evolving and a dynamic field of study which is usually included within the overall discipline of human resource management. Although part of this evolution can be attributed to the refinement of HRD within HRM, much of the evolution results from the incredible rate of change which is taking place within our work places, industries, countries and the world in general.

A significant challenge relating to HRD is whether a traditional or a contemporary paradigm should be followed. This chapter will consider both paradigms to explore what is HRD?, to look at the relationship between HRD and HRM, and to raise some individual and organisational learning implications for HRD. It will then consider specific impacts on training and performance management, before concluding with several strategic implications.

WHAT IS HRD?

There is general agreement that Human Resource Development (HRD) is a relatively new field. For example, Harris and DeSimone (1994:3) make the comment that 'Human Resource Development is a relatively new term, but not a new concept' [emphasis added]. McGoldrick and Stewart (1996:1) tell us that '...HRD is a relatively new concept which has yet to become fully established and accepted, either within professional practice or as a focus of academic inquiry.'

The conceptual development of HRD, as we know it, started in the 18th century and has been influenced by several distinct periods. These are outlined in Figure 4.1