

New Millennium Changes for HR Professionals

by David Madison, Ph.D.

Director of the National Guild of Five O'Clock Club Career Coaches

The following article is based on a panel presentation at the January 30, 2004 meeting of the HR Network at the Marsh headquarters in Manhattan. The network is co-sponsored by Marsh and the Five O'Clock Club, and is a venue for HR professionals to meet informally and hear discussions of important issues of the day. The panelists on January 30th included Linda Barrington, Labor Economist and Research Director for The Conference Board; Samer Hamadeh, co-founder, president, & CEO of Vault Inc.; Susan R. Meisinger, SPHR, president and CEO of the Society for Human Resources Management (SHRM).

“Only the stout of heart need apply.” In the coming years, this might be an appropriate warning to include in all job advertisements for human resources professionals. The day may already have passed when HR managers could remain isolated in a world of stockpiled résumés, payroll, and benefits. But the challenges now facing those who wish to establish fulfilling careers in the human capital arena are formidable. Change in the workplace is coming at an accelerating pace, and no one is isolated from global trends that must be understood, accommodated and mastered. If you think any of the following HR and employment realities sound exciting and worth a few years of your energy and intellect, then you'll probably be warmly welcomed by most COOs and CEOs.

1. Job Churn is Here to Stay

Although much is going to be expected from HR in the years to come—as the next points will illustrate—recruiting will remain a crucial skill, because *people are on the move*. The concept of job security, as well as time-honored expectations about *staying put*, have almost disappeared from the minds of most people. In at least one of the years in the late 1990s, the *New York Times* reported record job creation *and* record downsizings in the United States. In reality, of course, employment upheaval in the lives of ordinary people is nothing new. In the decades that America moved from an agricultural to a manufacturing economy, there was huge turbulence and displacement; millions of people who were used to life on the farm became city-dwellers and factory workers. For a long time we have been in transition from a manufacturing economy to a service economy (just since 1985, manufacturing employment has dropped from 20 to 13 percent in the U.S.—and the picture is much the same in the European Union). And as millions of baby boomers cross the retirement threshold many experts anticipate talent and worker shortages.

Even if the worker shortage doesn't materialize, churn will remain a fact of life because of the high level of worker dissatisfaction. According to a recent poll by Monster.com, 48 percent of all middle managers are waiting for the economy to improve to begin looking for new jobs. If this is the case, retention should be a primary concern obviously—more on that later—but as employees

decide to move on to greener pastures, the recruitment role of HR will be of especial importance. In fact, an anticipatory mindset will be required. Exceptional people should be welcomed for exploratory interviews, even when there are no openings. That is, it will be smart to keep talent in the pipeline. Any HR officer who has a network of recent star applicants will be several steps ahead of the game when important jobs do open up.

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2. The Pressure for Multiculturalism and Diversity

If the U.S. does face a worker shortage in the years to come, it will not be as bad as it could be because of immigration to this country. Anti-Americanism may be rampant in some parts of the world, but, overwhelmingly, we're still viewed as a land of opportunity, and the teaming masses continue to head our way. So while many countries will find a serious imbalance between retirees and workers, it will be far less severe in the U.S. For example, 25 years from now in England, experts foresee 45 retirees for every 100 people of working age; in Holland, 63 for every 100; in France 57 for every 100. But in the U.S., only 37 for every 100. Hence, contrary to conventional wisdom that foreigners will be taking jobs away

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"I think I'm right for this job because I'm a real people person. Now, are you going to hire me or not? I don't have all freakin' day!"

from Americans, immigrants will play a key role in maintaining our labor force. In other words, the trend is for more diversity in the years to come—we will need to be increasing tolerant of, and welcoming toward, a multi-cultural environment. Already we know that Hispanics within our borders are the fastest growing segment of the U.S. population.

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The focus on diversity training has been with us for some time now, and, in fact, may be viewed by some as a tired issue: "I don't need another workshop on diversity." But this can hardly be viewed as a passé topic—one that is over and we can move on to something else. A walking tour, 10 or 20 years from today, through a dozen representative U.S. companies will reveal a far more diverse workforce than we have today. And we can be sure that the pressure for equal treatment under the law *in the workplace* will be become more, not less, intense (whether the lobbying comes from groups concerned about discrimination based on gender, race, ethnic/national background or sexual orientation). HR professionals must continue to deepen their own sensitivities, hone their skills in dealing with people of all backgrounds, being their advocates and moderating prejudices.

3. The Flight of Jobs Overseas

There are few topics more important for HR professionals to achieve a grasp of than outsourcing or off-shoring. Needless to say, the exporting of jobs overseas causes enormous distress and resentment among American workers, but realities of the global economy put pressure on American CEOs and their customers to opt for cheaper labor. If a product or service can originate from India or Mexico at one-fifth or one-tenth the cost, it may be only a matter of

time before the jobs in Michigan and Ohio are sacrificed. There may be a public outcry, but all businesses everywhere know that the bottom line rules.

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One SHRM speaker was surprised to get a question from the audience, "What is SHRM doing about off-shoring?"—which is somewhat like asking, "What are you doing about the schedule of the tides?" The



"How did the staff take the news that you gave yourself another raise?"

broad global dynamics involved are beyond the control of any one organization—indeed of any one government. But HR can play a role in helping companies cope with off-shoring, and doing it as appropriately as possible. There are at least three areas of interest:

a. How is off-shoring strategized and managed by your company? Any HR officer

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who wishes to demonstrate his or her value to the CEO should learn what is going on globally and become an expert. Develop your skills in cost analysis—be able to offer cost comparisons when off-shoring is proposed, i.e., know enough to offer advice and counsel. After all, this does fall within the category of human asset management, and it should be HR's business. The whole issue of off-shoring still has very much a frontier feel to it—many companies are feeling their way and have had bad experiences as well as good. For example, some offshore jobs that once were in India have been moved to Poland? Why *this* job churn? HR should not assume that, because this is an issue of global proportions, it should be left to senior management to figure out. Yes, it is fundamentally a business issue—but it's also a *people* issue.

When offshoring is proposed, offer cost comparisons. Know enough to offer advice and counsel.

b. How are you helping employees who lose their jobs deal with the loss and disruption? This is not just a matter of breaking the news and dealing with people in trauma, but doing your best to have the resources at hand to help people adjust and move on.

This can mean developing your own skills as a career coach, knowing community referral resources for psychological help and the best outplacement services available. It

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also means being a *strong advocate* for outplacement. It's bad enough for a company's reputation in the community that it plans to move 1000 jobs to Mexico or India, but to leave the displaced workers without meaningful help is unconscionable.

c. How are you developing your skills and managing your own career in an out-sourcing situation? The movement of jobs overseas is a fact of life, and companies will need HR specialists who understand this and can deal with the complexities involved—whether they involve contracts, benefits, compliance, taxes—or human rights.

4. Becoming a Strategic Business Partner

The HR approach to off-shoring just discussed actually should be part of a larger pattern of behavior. According to the old school way of thinking about *the personnel department*, HR had its own business to mind, which typically included recruitment (screening interviews), payroll management and benefits administration. But if the role of HR really is managing human capital and making sure that human capital is meeting the strategic needs and plans of the corporation, HR must be involved on the big-picture level. This was the topic of the June 9, 2003 HR Network breakfast panel, and was summarized in the cover story of the September 2003 issue of *The Five O'Clock News*, "Earning a Place at the Table: Upgrading Your Job to 'Business Partner'." This can be found in the Free Articles section of the Five O'Clock Club website, or the direct link is: www.fiveoclockclub.com/articles/2003/9-03-earning.htm. HR officers who want their jobs and careers to have impact must aspire to understand business on the strategic level and assume a role on the management team. They must know what is going on in the world and implications for the company whose human resources they are managing.

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5. Retention of Talent

The 48 percent figure mentioned earlier—that is, 48 percent of managers are just biding their time until the job market shows signs of hope—should put HR professionals on the alert to make *retention* a priority. It is certainly true that we can't do

much about the stark reality that millions of people have not thought deeply enough about their careers and end up in unfulfilling jobs—obviously that's a formula for discontent and restlessness. No HR officer can be expected to career coach hundred of employees. But what *can* be done about worker dissatisfaction? According to a recent Gallup poll, 61 percent of U.S. employees said they hadn't received meaningful recognition from their bosses during the last year—not even a compliment! 71 percent said that they were not happy at work and couldn't wait for quitting time every day; 75 percent said that they were not passionate about their work.

Poor career choice is certainly the root of much of this, but it would be dangerous to let it go at that. The lesson for HR from such alarming figures is that efforts should be redoubled to make the office, shop or factory a more satisfying place to spend 8 or 10 hours a day. *The most important commodity of any organization is the morale of its employees*. Retention will be less difficult to achieve if morale is kept intact. In most surveys of worker satisfaction, money is usually outranked by being surrounded by friendly co-workers and having a good time with the chores to be accomplished. Obviously any company whose wages and benefits are not competitive is fighting an uphill battle in the retention game. HR should lead the way in helping management see the light on the compensation side, but there are other measures that can help with retention, e.g.:

- ♦ Succession planning; helping employees see what roles they may have in the years ahead—where they fit in the company plans.
- ♦ Recognition programs that are equitable and meaningful.
- ♦ Company-sponsored volunteer or community charity programs that can build camaraderie and team spirit.
- ♦ Honesty about the company when people are hired—rather than clichés about how wonderful the company is and how happy employees are. The best approach is, "Here's what's good about us, here's what's bad. Here's what's boring, here's what's exciting."
- ♦ If you're talking diversity and multiculturalism, really mean it. Encourage it and enforce it. New hiring should reflect the policy.

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6. Commitment to Education to Enable Diversity

To the extent that government is failing to reach all ethnic and racial groups with quality education—to that extent business will be hobbled in the effort to achieve and maintain a quality diverse workforce. Consider the daunting realities. According to one Department of Education study of 1992 high school graduates ten year later, 63 percent of whites had some kind of college degree, while 60 percent of African Americans and 63 percent of Hispanics did not. And other research confirms that the gap in skills begins at a far younger age. For example, one study revealed that, while only 10 per cent of white fourth graders are behind on reading skills, 23 percent of African Americans and 24 percent of Hispanics are behind. For the United States, the crisis promises to deepen as we welcome immigrants to our workforce: by 2010, while high-income countries will add 4 percent more people to their workforces, lower income countries will add 60 percent.

Is it the business of business to educate people for workplace performance if the government fails? The fact is that business may have no choice but to shoulder part of the burden, and HR professionals can anticipate being in the forefront of the battle to create educational and training opportunities that will facilitate building multicultural work environments.

All those who have a tendency to believe that the glass is half empty may believe that a career in HR these days is fraught with too many crises, difficulties and irritations. But those who think that the glass is half full may look upon any of these six factors as great reasons to stay the course, get the right experience and training, and forge ahead bent on making a difference. ●