

THE CHALLENGES OF HUMAN RESOURCES DEPARTMENT – THE IMPACT OF THE DEMOGRAPHIC EVOLUTION (THE CASE OF MIGRATION)

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ABSTRACT

Employees must adapt to these permanent changes by acquiring new skills required to use new technologies. One of the phenomena developed in order to meet these challenges is labour mobility. For the purpose of economic and social mobility, labour is a form of movement in relation to the ever-changing needs of the productive factors. Mobility in the labor market can be considered from several aspects. At the EU level, the phenomenon of labour mobility is promoted by the desire to meet the challenges arising in the labour market. From a economic and political point of view, the free movement of people is intended to create a common market for labour and promoting EU citizens, by removing barriers in this area.

KEYWORDS:

Demographic evolution, human resources, organizations

1. Introduction

Change has always been an element of everyday business. To remain competitive and vital, organizations must constantly adapt and undertake major changes that affect all elements of a company, including human resources, especially determined by the evolution of the demographic elements and changes in the labour market.

2. Migration, globalization and HR

The effects of labor mobility seem to be quite different than those commonly described by the media. Host countries seem to be the main winner from mobility: it offers temporary solutions to the demographic

problems of receiving immigrants and, most importantly, has a fundamentally a positive impact on development. The effects on the labor market in host countries are negligible and do not lead to an increase in unemployment and wage levels, but only marginally affect domestic workers.

In this context, employers, wishing to remain competitive, have an obligation to adapt to new technologies and organizational methods. At the same time employees (human resource) must also adapt to these permanent changes by acquiring new skills required to use new technologies. One of the phenomena developed in order to meet these challenges is labor mobility. At a European level, the focus is on developing

policies to promote the growth of labor mobility because this phenomena contributes to social and economic progress to a higher level of employment and work in a balanced and sustainable environment. Mobility enables easy and efficient adjustment of the economy and labor conditions and the environment in which it operates, offering an incentive for change in a global economy based on competition.

Social mobility is a phenomena that is by aggregating individuals or families movements between the various positions of a social space, designed as a system of social or hierarchical categories. For the purpose of economic and social mobility, labor is a form of movement in relation to the ever-changing needs of the productive factors. Hence, it follows the part of the labor movement which knows any kind in space, industry or profession. Mobility in the labor market can be considered from several aspects. Regarding

the supply side of the labor market, each individual can speak of: geographical mobility (territorial), mobility of workers between firms, mobility of workers between sectors and international mobility. By reducing the concept of mobility as a migratory movement, characterized by moving people from one place to another, or from one country to another, accompanied by change of residence. Population movement accompanied by changing normal residence falls within the territorial boundaries of a state or exceeds these boundaries, dealing with migratory movement, both internal and external migratory movement.

Professional mobility is largely driven by technical progress and technological development, exacerbating this form of mobility. Professional mobility expresses the ability of individuals to exercise simultaneously or alternately a wide range of business activities, in terms of economic efficiency.

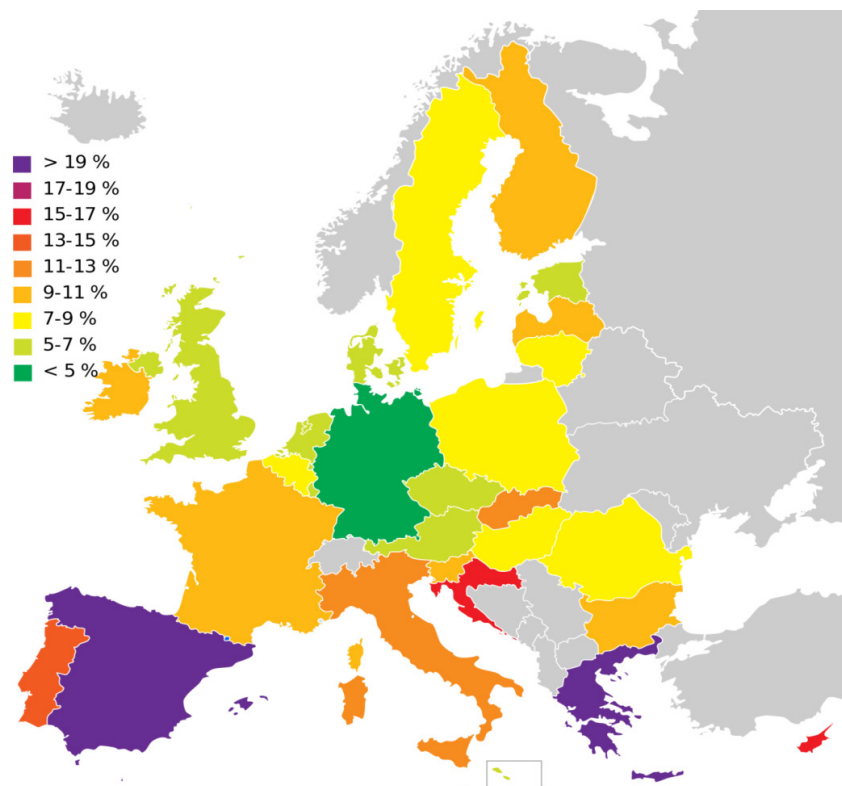


Figure no. 1 UE unemployment rate
(Source: Eurostat, May 2015)

At EU level, the phenomenon of labor mobility is promoted by the desire to meet the challenges arising in the labor market. Access to employment in a Member State is a fundamental aspect of free movement of people within the European Union. From an economic and political point of view, the free movement of people is intended to create a common market for labor and promoting EU citizens, by removing barriers in this area. Access to labor markets of the Member States includes the right to equal treatment as regarding working conditions and the right to social integration, economic and cultural life of the migrant worker and his family in the host country. The right to free movement of workers is complemented and supported by a system of coordination of social security systems. A high mobility increases the opportunities for workers to find a job and employers to find people with the appropriate level of skills, thus advancing employment and economic growth.

The technological advancement between countries is an imbalance, but should not be considered only elements of research, development and investment in human capital to explain the differences between states, but must be viewed within the institutional overall capacity of the

company. Institutional frameworks differ widely between countries, but in the context of globalization and international communication, these discrepancies are reduced. But the limits of this approach are difficult to quantify and assess. The factors determining economic developments, such as the quality of government policies or stimulating firms, but lies in the advantage of emphasizing the importance of interactions. Attracting and using human resources from other geographical areas, however, creates other problems, both social and economic. The impact is so individually, by forcing the adaption to another culture and social organization or at a macroeconomic level:

- At the macroeconomic level, migration is destabilizing the labor market by creating either a surplus in certain areas, or labor shortages in certain sectors, in certain periods and under certain zones. Oversupply of labor in a sector is a phenomenon that can be seen as aggressive by the native population.

- At the individual level, the phenomena appears both positive, increasing living standards, contentment, a sense of job security and negative, targeting in particular the relationship with the group of origin (feeling of alienation, etc).

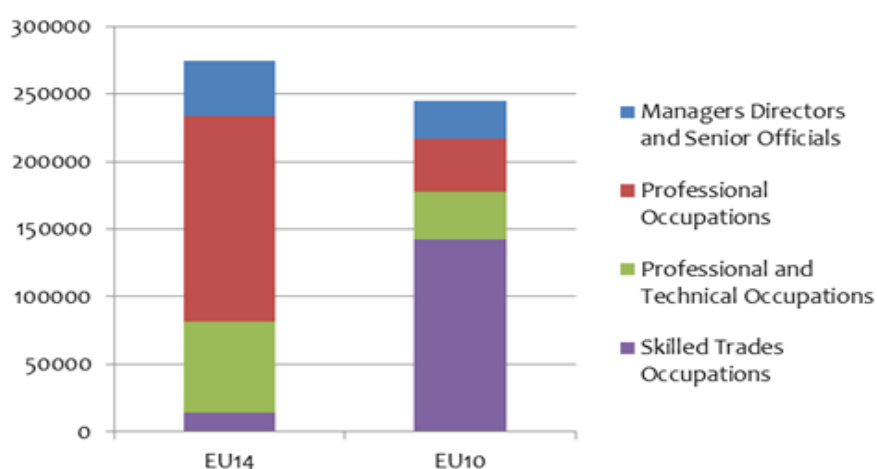


Figure no. 2 Migration to the EU countries by occupation, 2013
(Source: Eurostat, May 2015)

Given the evolution of the companies in the international environment, effects occur at the level of human communications. Creating jobs, automatically leads to attracting labor in areas with economic development. But as companies' interest is to maximize profit while minimizing costs, they are moving towards markets with cheap labor, but stable socially and politically. If they can exploit a market opportunity in these areas, the more will increase their interest. As this is not necessarily possible, companies go on opening outlets. In order to keep certain standards, some of the staff comes with the know-how, training and supervision for execution. Another situation is where companies attract cheap labor from other countries by working their existing points, relocation costs, workforce being able to recoup the profits. Increasingly, more human resources are needed to ensure cheap, less qualified and professional development

oriented, more willing to be self-sustained in the same position. Long-term human resource planning takes into account the demographic changes and the associated social problems: labor shortages, active procreation, low life expectancy increases, leading to an increased proportion of elderly people. A competition at an international level in terms of employment by people with higher vocational training was felt strongly in recent years. Even in times of crisis, to attract top personnel in organizations continues. We could say that it is possible to emphasize precisely to increase the efficiency of companies. During crisis, companies need to increase economic efficiency in a period in which earnings are no longer fabulous and no longer allow companies to invest long-term in staff training. It is preferred to capture those people who are already qualified, or in this direction eastern labor market becomes more attractive for head hunting (and not only).

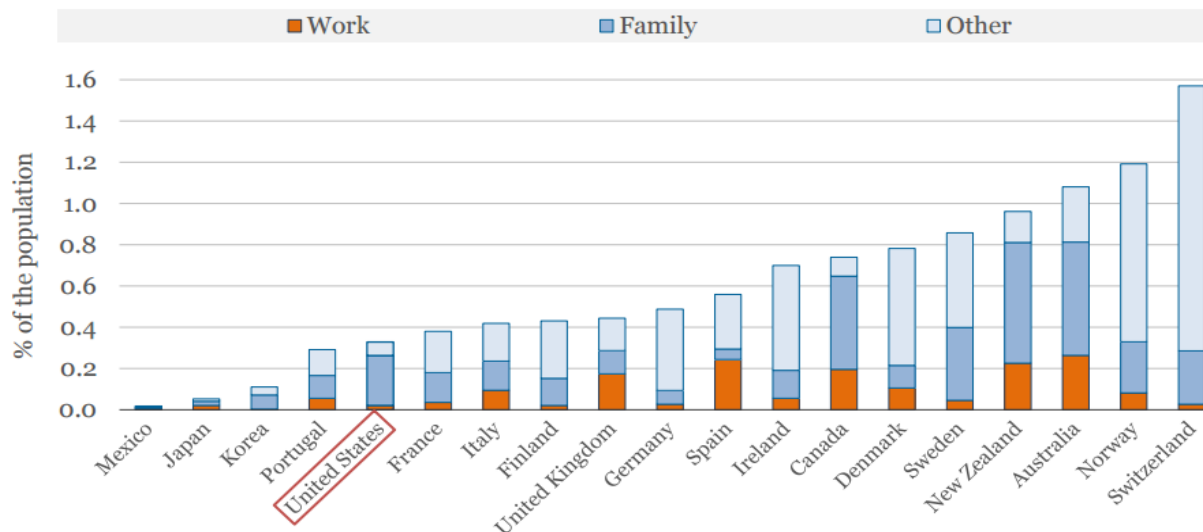


Figure no. 3 Labour migration to the countries of destination (shares), 2012

The international migration of labor viewed from a demographic perspective, represents a waste of human resources for countries of origin. However, when there is a surplus of labor in the source country, this loss has void opportunity costs. The phenomena of migration is very

complex and comprehensive, whose analysis of supposed to know the costs and benefits to the individual, local, national and international level, especially when it comes to immigrants with a high level of training, providing knowledge to destination area.

Therefore, migration produces immediate direct losses for the country of origin by the failure to recover investments in education and training of migrants and the loss of contributions to the state budget. Indirect losses of human capital, increases the share of medium and low-skilled staff. According to modern theories of economic growth, technological process and knowledge embedded in human capital have a strong positive effect on the level of social labor or productivity and economic efficiency in general.

While home areas complain due to economic losses due to the mobility of

highly skilled workers, sometimes exaggerating, receiving countries are rather inclined not to recognize the economic and social benefits of immigrants. In most cases, immigrants cover costs of labor shortages in various socio-professional categories in the destination area. Scholars and specialists believe that despite the marked public policy of immigration in the developed countries, the net impact of global economic of this category of human resources regardless of skill, is positive, even if relatively small in accordance to the national income of the host.

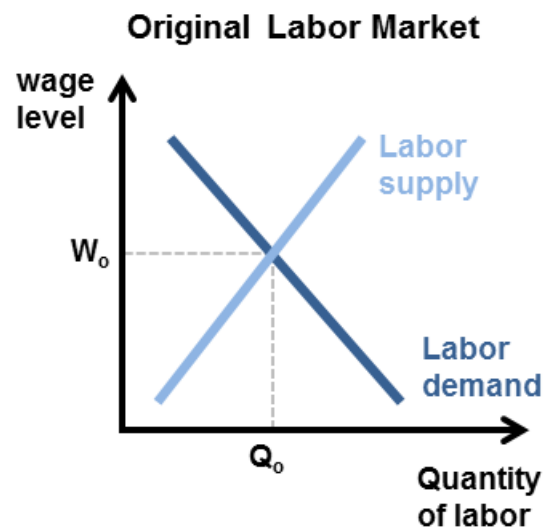


Figure no. 4 Economic effects of migration (wage level, quantity of labour, equilibrium)

Future HR Trends website informs us that the demographic changes in the developed and the under-developed world will bring a greater pressure to bear on the governmental sector, as well as on the private one, in order to induct and implement creative solutions towards educating, integrating and maintaining an active population under dynamic and diverse conditions.

Hunderds of millions womwn are expected to enter the labour force in the following years whereas interim or part-

time employees are an important and seemingly permanent element, which makes the company adapt to a new category of workers. When adding the issues of a multiple generation labour force management is said to be the most considerable challange that the companies have to face in the following five to ten years, as proven by an inquiry conducted in 2013 by The Economist Intelligence Unit, sponsored by the SHRM Foundation, on 636 general and executive managers.



Figure no. 5 Top challenges facing organizations, 2013

The fact that the population is aging at a global level is another challenge that the companies are faced with. On one side, the experienced employees are quitting the labour force, which causes unoccupancy. On the other side, aged employees tend to maintain their workplace long after conventional retirement age. Since pensions or other financial benefits will not be available, numerous individuals will need to keep working. The human resources departments are required to establish more stimulant structures in order to maintain in the workforce those older employees that desire to leave. At the same time, it is necessary to establish what kind of training the older workers require, especially in

terms of technology where they need to be brought up to date. The concept of "work" is very dynamic; its definition is permanently changing and education is by no means standardized at global level. As a result, the skills required by the workers are not acquired in the traditional education system which needs to constantly adapt. Due to the evolution of globalization and demographics, HR finds the assessment of applicants difficult. The survey conducted by EIU / SHRM Foundation in 2013 proved that the executives believed that a real problem in the following years will be bridging the gap between the skills acquired through education and those required at the workplace.

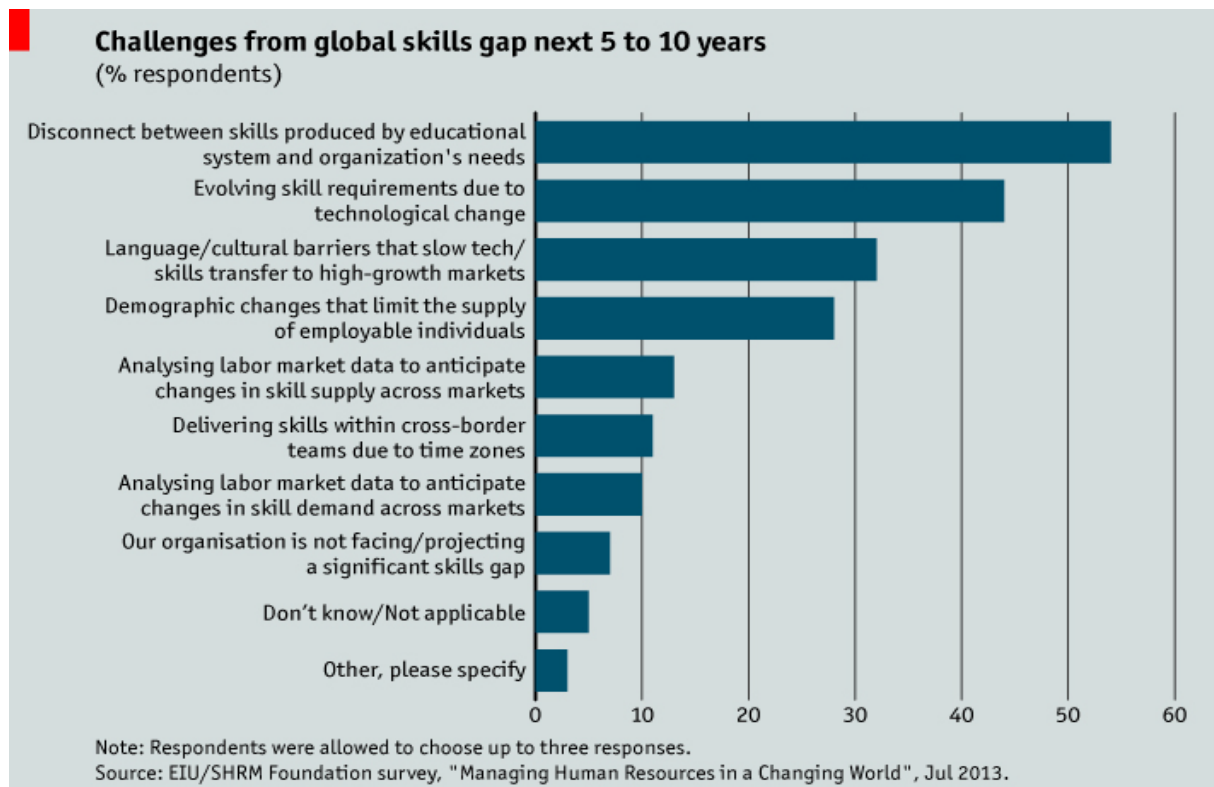


Figure no. 6 Challenges from global skills gap next 5 to 10 years

Moreover, companies have named specific functions and their thoughts on how hard or easy it will be to find such skilled workers in the future world of migration.

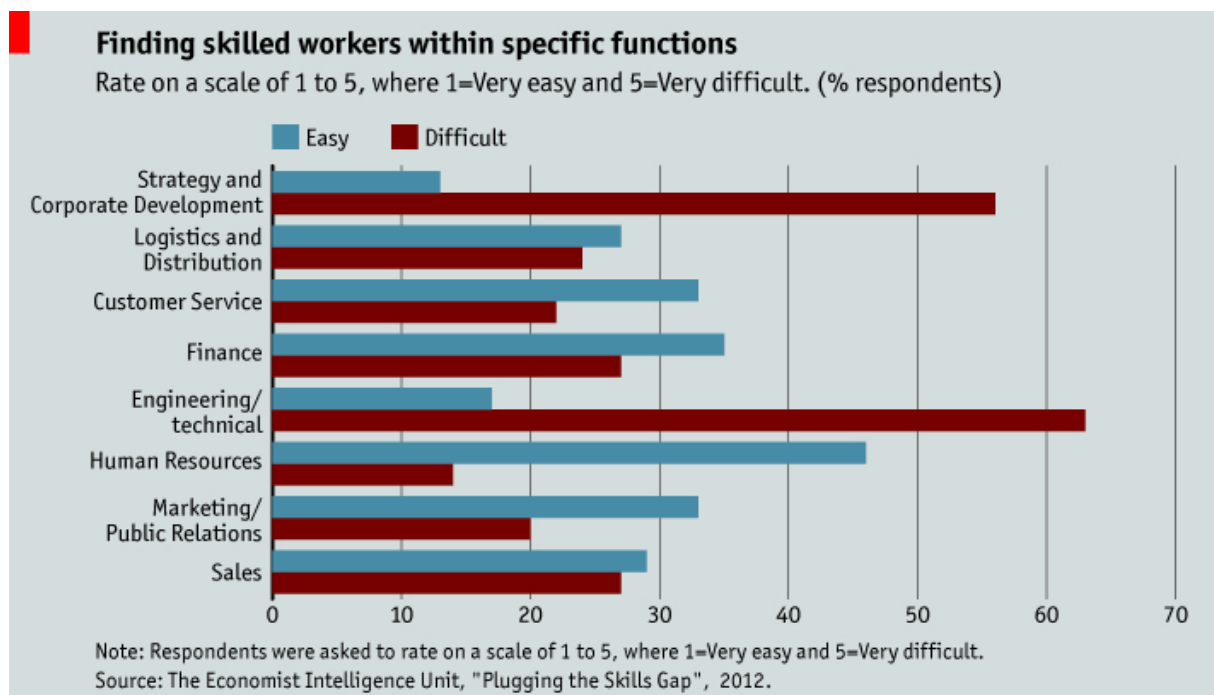


Figure no. 7 Finding skilled workers within specific functions

3. Conclusion

Taking into account the matter of globalization and its impact on HR, the companies and organizations will need to deal with the challenge or the opportunity of hiring individuals that differ in so many aspects. Under the concept of globalized workforce, some of the biggest challenges for the HR will be to employ and be able to keep young talents, to prepare strategies for the future labour market and new hiring tendencies, to manage or to integrate the

global workforce into their strategies. In terms of the corporate strategic decision-making process, HR will need to include the human capital potential and risks implied therein and, even more important, it will need to approach opening up to new markets. In getting ready for the future, the companies are required to balance the cultural trends and the same time consider diversity, prepare a new set of global leaders, whereas search for skills locally.

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