

Human resources challenges for the 21st century

Lavinia RASCA

The Institute for Business Administration in Bucharest, Bucharest, Romania
laviniar@asebuss.ro

Abstract. *Researchers predict that, in the next decade, significant changes will dominate the labor market. On the one hand, new jobs will be created by employers, while others will be displaced. The World Economic Forum recently estimated that 65% of the children entering primary school today will work in completely new jobs when they will enter the labor market, while many in-demand occupations or specialties are less than 10 years old. Employers start to have as a major objective to increase labor productivity, and innovation. They look for new skills, that are scarce, willing to attract, engage and retain in their organizations people that demonstrate attitudes like resilience, responsiveness to change, entrepreneurial mindset, willingness to innovate. While corporations, in their attempt to increase productivity, restructure and lay off people, entrepreneurship becomes a hope for a better living. On the other hand, the human resources market will start soon to be dominated by millennials, having to work together with people from X generation, who will retire later or not at all. Women will be more and more present in the labor force, as well as immigrants. All these phenomena will change the characteristics of the working places. In the digital world, the border between the work life and the professional life will become blurred. Wellbeing, meant at enhancing both professional and personal life, will be crucial. HR departments and leaders will have new challenges. In this paper, based on relevant literature review, attempts to identify challenging changes encountered in the labor markets, as well as actions that might improve knowledge, skills, and attitudes, necessary in the present society. Another goal is to create a model depicting the factors and flows that motivate, satisfy, and engage employees. The paper might be of interest for government, educators, training providers, employers, and workers.*

Keywords: industrial revolution, jobs, X generation, millennials, leaders, engagement.

Introduction

We live in a period of fast transformations; the human resources strategies are challenged by dramatic changes, mainly in terms of jobs and work force.

We are at the dawn of the fourth industrial revolution, characterized by unprecedented, exponential scope, speed, and impact. While the first industrial Revolution used water and steam power to mechanize production, the second used electric power to create mass production, and the third used electronic and information technologies to automate production, the fourth is the result of a fusion of technologies, in the physical, digital, and biological spheres. Specialists predict that it will dramatically, faster than ever before, change mankind's way of living, working, and interacting. Also, it will impact the systems of production, management, and governance. In the future, productivity and efficiency in general will increase, while costs will decrease – mainly those of communication, transportation, and logistics. A part of specialists predicts raise of global income; at the same time, others are concerned with increased inequality on the labor market and unemployment. All of them agree that new jobs will be created, while others will be displaced. The human resources market will start soon to be dominated by millennials, having to work together with people from X generation, who will retire later or not at all. Women, as well as immigrants, will be more and more present at work.

This paper, based on relevant literature review, observation, and critical analysis, attempts to identify challenging changes encountered in the labor markets, as well as actions that might improve, on the one hand, knowledge, skills, and attitudes necessary

in the present society, on the other hand human resources practices, meant to attract, retain, and develop talent. Another goal is to develop a model of efficient processes that lead to employees' engagement. The paper might be of interest for government, educators, training providers, employers, and workers.

Literature review

Related to jobs, The International Labor Organization (2017) predicted that unemployment is expected to rise by 3,4 million in 2017. The World Economic Forum (2017) forecasted a net loss of 5.1 jobs over the period 2015 – 2020. Meanwhile, Manpower Group (2017) report the highest talent shortage, since 2007. 40% of the companies globally have difficulty in filling roles. Japan (86%), Taiwan (73%), and Romania (72%) are the top three countries where employers find the right people, for the right job, in the right moment.

The conclusion would be that the labor market will be characterized in the future by an excess supply of workers, and a deficit of talents and of necessary skills, for more reasons (McKinsey, 2012). First of all, in the last 30 years, technology has altered how production and operations are done, replacing mostly low-skill workers. Also, there is a low supply of workers with tertiary education. On the other hand, there is a geographic imbalance between the countries that create jobs, like USA and Western Union, and those that do not create jobs, or create few, and where the unemployment rates are the highest. In the advanced economies, there are talents that are not used: workers older than 55 years old, who are highly experienced; educated women that stay at home to take care of their children; and youth who live schools and are not hired, lacking the necessary skills.

The World Economic Forum (2017) detailed, in a relevant study, the future evolution of jobs: globally, the total loss of jobs will be of 7.1 million – 66% being concentrated in routine white collars functions, such as Office and Administrative roles. Meanwhile, 2 million jobs, will be created, in Computers, Mathematics, Architecture, and Engineering related fields. Also, highly skilled engineers in industrial internet, skilled technicians and specialists to create and manage advanced and automated production systems, highly skilled sales specialists will be in high demand. Family jobs like installation, repair and maintenance will have a growth in green fields like using renewable energy, new materials, and technology to build and manage residential and office buildings. Managerial jobs, jobs in financial operations, marketing, supply chain, will have a mainly flat aggregate evolution. New jobs will be created, most of them did not exist 10 or 5 years ago, 65% of children entering primary school today will work, when completing studies, in completely new jobs.

When considering the fourth industrial revolution, specialists are divided (Schwab, 2017): while a part of them applauds its contribution to increased efficiency, and productivity, and to improved quality of life for population around the world, the other part emphasizes that the market will be segregated in low-skill/low-pay workers, and high-skill/high-pay workers, which will lead to social tensions. However, talents needed by companies will be scarce, difficult to hire, to retain, and to engage. The solutions to this problems would be: 1) to adapt education to the current global needs, 2) to develop entrepreneurship, 3) to employ human resources practices that increase employees' engagement, and, consequently, performance.

By adapting education to the needs raised by the 4th industrial revolution, the existing skills gap would be reduced, which would make possible workers' redeployment, rather than their unemployment. In the future, most of the jobs will

require different skill sets, depending on geography, industry, and job family. On average, by 2020, more than a third of the desired skill sets of most occupations are not considered today. Technical skills will need reskilling and upskilling in all industries. They will need to be complemented with strong social and collaboration skills. Even today, there is a mismatch between the supply and demand of key work-related skills, with 38% of employer reporting, in 2015, difficulties in filling jobs, due to this reason. By 2020, the top needed skills will be: complex problem solving, critical thinking, creativity, people management, resilience, coordinating with others, emotional intelligence, judgement and decision making, service orientation, negotiation, cognitive flexibility. A recent global study involving 9000 young people from developed and developing countries has highlighted that almost 50% of the respondents from The USA and Australia felt that their education was not appropriate for their careers. According to Sikka (2017), in order to be successful in their careers, young people need to understand that their success will depend on their commitment to learn for life, because the skills will continually change as industries transform. Updates to education policy, and increased workplaces support are also needed in order to address these worries.

There is big hope that, by fostering entrepreneurship, the creation and growth of more small businesses that meet customers' needs, will lead to hiring more people. Nowadays, 95% of global enterprises are SMEs and they supply 60% of the private sector jobs. In Romania, 2,5 million people work in SMEs, their contribution in terms of sales and profit has increased year after year. The future trends will be positive. A Harvard Business School survey studied the skills and behaviors that make entrepreneurs successful (Applegate, 2016). According to this research, the skills that differentiate founder and non-founder business leaders, are: identification of opportunities, vision and influence, comfort with uncertainty, building networks, finance and financial management, which are all significantly higher, and preference for established structure, which is significantly lower.

Even if unemployment is high and is expected to increase in the future, companies will need talents, in order to be competitive, in this VUCA world, and talents are scarce. That is why, human resources managers will face major challenges in attracting and retaining the best talent, and in keeping teams engaged. Competition between companies striving to hire those few professionals that are in high demand will be more and more fierce. Once hired, they will have to be motivated to perform, to learn, and to take on new responsibilities. Training and development at best standards, and work procedures will have to be updated with far greater frequency, in order to meet the new needs of workforce.

The work force demographics will change: more millennials who will work together with workers from generation X who will retire much later, more women, more immigrants will be present in the work environment. Millennials (Gallup, 2016; Hart, SNSPA, Hogan, 2016) are profoundly different from the other generations of workers, being raised differently as previous generations. They witnessed the often-toxic work-driven stress level of their parents, who were not available for them over the week; they were overscheduled with plenty of activities, often at the same time (music, painting, sports, competitive camps), by their parents, who attended their week-end events, in response to not being able to spend time with them over the work-week, praising and encouraging them; they grew up with extensive access information due to technology, and were attuned, through social media, to what other people think, or feel in their jobs. As a result, millennials have a unique set of values, needs, and world view, far less willing to sacrifice their life for work, expecting to be judged on their results, and to

receive frequent feed-back, and highly personalized attention from their bosses. They are not attached to institutions, half of them looking for new job opportunities, until they find worthwhile, meaningful ones, in organizations with a mission, and purpose they respect, with a strong employer brand, and where their strengths and contribution are valued. The paycheck has to be fair, but it is less important than it was for former generations. Millennials don't like command and control, they want managers who are approachable human beings, provide them with self-learning tools, and who mentor them to minimize weaknesses and maximize strengths, discover what's their best. They request clarity, a constant communication, tight relationships, and feed-back from their bosses, instead of annual appraisals. Millennials are disappointed and disengaged if the jobs they get match how they were advertised in the hiring process. They are outgoing individuals, focused on establishing groups, like to be involved in work-related projects with social-impact and that provide them with the opportunity to enjoy themselves. Tend to overrate their skills, knowledge, and competence. Are easily bored by routine work, irascible, and emotionally fragile, having a reduced resistance to overload and stress. Being digital native, 85% of them access the internet from their phones. Internet is their main source of information, and also their main way to manage their lives, and relations. Millennials want to work remotely, and to have a flexible program, which is beneficial for their better work-life balance, as well as for the organizations, that can reduce costs. They prefer to work in teams, requesting on-line arrangements to supplement face to face interaction with their mates. They find well-being programs as important for reducing their stress.

Nowadays, employers are more and more aware that employees' engagement is very important for their individual performance, and consequently for company survival and growth. They recognize that highly engaged workforce can increase innovation, productivity, while reducing costs related to hiring and retention. According to a recent research of Harvard Business Review Analytic Services (2014), 71% of the respondents, more than 550 executives, ranked employee engagement as very important for overall organizational success, 72% of them ranked recognition given for high performers as having a significant impact on employees' engagement. While most of the leaders understand the importance of engagement, 76% of those surveyed said that most employees in their organization are not highly engaged. According to another study (Gallup, 2016), millennials are least engaged generation in the workforce. Only 29% of them are emotionally and behaviorally connected to their job and company, compared to 32% in X generation. 16% of millennials are actively disengaged, compared to 18% in X generation, being more or less ready to harm the reputation of the company; the majority of millennials, 55%, are not engaged, compared to 50% in X generation. They feel indifferent about their job, ready to take any opportunity that appears to be better. Even if they are characterized as job-hoppers, they just feel worthwhile. So, there is still much to do to improve employee engagement. Surveyed companies that view engagement as being crucial for survival and growth (Harvard Business Review Analytic Services, 2014), are examples of best practices in increasing employees' engagement. They declare that business objectives and strategies were clearly communicated via multiple channels and reinforced by line managers; performance metrics were tied to business goals; benchmarking was used both inside and outside companies and industries; employees were given a fair degree of responsibility and asked to work creatively to solve problems; formal recognition programs were in place to reward top performance; and there was a decent amount of autonomy, where many decisions could be made on the individual team level versus at headquarters. Another recommendation

in the report of the World Economic Forum (2017) is that human resources managers are empowered to create more flexible working conditions, offering employees the option of working remotely.

A motivation – satisfaction – engagement model

Literature review, observation and discussions with leaders on the occasion of training and consulting activities in different organizations (Romanian and multinationals, small, medium, and large, acting in different parts of the country) allowed the author to draw conclusions, to structure them, and to create a model, as an integrated approach meant to lead to employees' commitment, and passion: the "Motivation – Satisfaction – Engagement model".

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The author started from the widely-accepted conclusion of present international research that retention, as well as individual and organizational performance depend on employees' engagement, and that engaged people represent one of the biggest differentiators in business. The author embraces the idea that companies with genuinely engaged employees have high retention, productivity, customer satisfaction, innovation and quality, treat customers better, innovate, need less time for training, experience less illness, and have fewer accidents. Other embraced opinions are that, on the one hand, employee turnover and low performance depend on many more factors beyond bad managers, and, on the other hand, engagement is more than building an exciting, fulfilling, and funny to work organization.

The author aimed to identify the flow of resources, competencies, and activities that lead to engagement and, consequently, to performance. Such flow should be a holistic part of the business strategy that is why it is important to be understood well. One condition towards this end is a correct understanding of the meaning of motivation, satisfaction, and engagement, the differences, borders, and eventual correlations between them. Motivation is the desire and willingness of a person to focus on the own activity, to expand effort and to reach particular goals and outcomes. Satisfaction is person's emotional response to aspects of own work (e.g. pay, supervision, benefits) or to own work as a whole. Engagement is person's pride, affiliation with the company, and effort that goes beyond and above requirements, in order to see the organization succeeding. While motivated and satisfied employees might do a good job, being though focused on their own benefits, engaged employees are committed to the values of the organization, deeply involved and invested in their work.

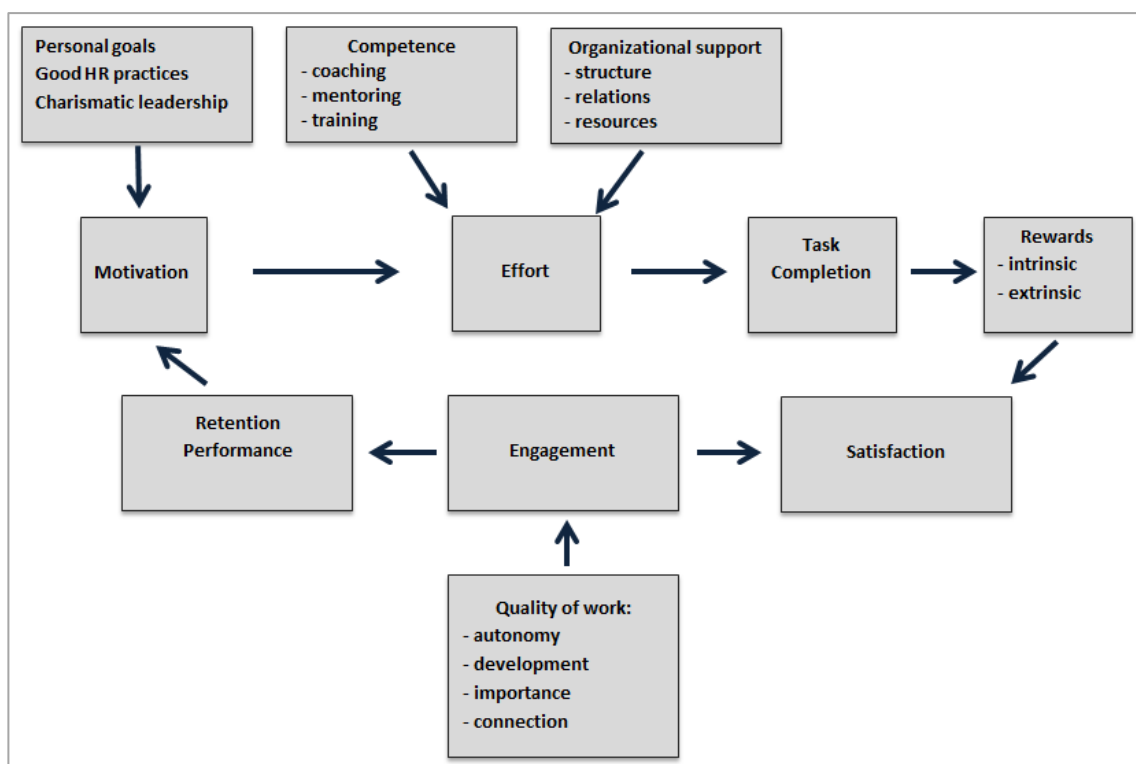


Figure 1. The Motivation – Satisfaction – Engagement Model

Source: Author's own research.

Research, observations, discussions with managers in organizations, own analysis of facts and information, led the author to the conclusion that motivation, satisfaction, engagement are interconnected: motivation might lead, under such circumstances to satisfaction, which in turn might lead to engagement. Fig. 1 depicts the correlations and includes important factors that impact them.

Employee's motivation has a multitude of prerequisites. A very important one consists in good HR policies, starting with successful selection, induction, and training, that places the right employee in the right job, in terms of activities and tasks implied. Also, a charismatic leadership is needed. The leader understands correctly employee's profile, needs, and personal goals, customizes well desirable personal rewards and benefits to be received when the tasks are completed, as well as the way to communicate them. Trust on both sides, leader and employee, is essential. Trust is insured by leader's ethical behavior, by a supporting work environment, and by a record of past fulfilled promises. The effectiveness of the effort extended by the motivated employee is influenced by the support he receives from the company. The employee needs to be really allowed (through an appropriate organizational structure, correct relationships, and correct set of resources), and supported to have appropriate skills and abilities (through mentoring, coaching, training). Appropriate rewards at task completion – extrinsic rewards (receiving promised rewards and benefits) and intrinsic rewards (the pleasure of work while performing the task) lead to satisfaction. Satisfaction is a condition for engagement; however, satisfaction is not enough for reaching engagement, as explained before. Besides satisfaction, engagement is driven by factors factors such as: an interesting, meaningful and purposeful work, important for others; the freedom and ability to make choices about own work; a challenging activity that stretches toward growth and improvement; the feeling that own work contributes to the success of the organization; good personal connection with the people they work with, with the boss, and with the community of the work place.

Conclusion

Human resources strategies are challenged by dramatic changes, mainly in terms of jobs and work force. Jobs will change dramatically, that is why a new set of knowledge, skills, and attitudes are required. A lot of jobs will be lost, and the society will be divided in low skilled/low paid and highly skilled/highly paid employees. Unemployment will increase. Entrepreneurship is regarded as a hope in creating jobs that compensate the layoffs made by corporations. Fostering entrepreneurship requires, as well, a specific set of skills, and behaviors. Education and companies have to collaborate in order to reduce the skills gap. The labor force structure will change, once millennials, women, and immigrants will become more and more present at work. This implies new needs and goals, that have to be understood and met by leaders, in order to engage employees, for a better retention and performance within companies.

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