

MGT201 – Human Resource Management

Unit 8: HRM Challenges for the 21st Century— Ethics and Human Resource Management

Page 1 of 3

21st Century Challenges for HRM

Some of the challenges facing HRM in the 21st century include Globalization, Managing Workforce Diversity, information technology, managing change whether it be economic or political changes, maintaining a competitive advantage by recruiting and retaining skilled employees and training and development of the workforce.

Globalization

Per an article by R. Wartzman, Executive Director of the Drucker Institute, entitled What Globalization Really Means, Wartzman reflects on management guru Peter Drucker who envisioned Globalization in the early 2000s as being “alliances, joint ventures, minority stakes, know-how, agreements, and contracts.” (Wartzman, 2013)

Wartzman (2013) said that Drucker’s vision of globalization is now a reality. He highlighted the French-Japanese alliance of Renault and Nissan as being a truly global enterprise. The French and Japanese companies are the major shareholder of Russia’s biggest car maker, AVTO VAZ, with the Russian government being a minority stakeholder. In 2013 management of AVTO VAZ was taken over by Bo Andersson, a Swede, who was a top executive at General Motors in the U.S. and is the first foreign president of the Russia Company. The Russian plant also produces Nissan and Renault cars. This alliance encompasses several countries and demonstrates what the future global business will be. (2013)

As Globalization includes more and more countries, it will be up to HRM to be knowledgeable about cross-cultural factors to best serve the company’s international missions and goals.

Workforce Diversity

The 21st-century workforce is an inclusive one based on equal opportunity principles that encompass a culture of respect, equality, involvement and success for all its employees. Diversity is one of the results of the Federal laws that protect American workers, the global demographic trends that contribute to increasing workforce diversity which includes



a multi-generational workforce, the international population trends, and the cross-country migrations.

Diversity already exists in the workforce, but as the time goes on it will be much more complex. As the workplace evolves so will the role of the HRM professionals who will need to adapt to the rapidly changing profile of the workplace.

Information Technology

Information security is one of the most serious challenges facing the HRM professional. HRM is responsible for maintaining the personal data of employees from social security information to medical records. As the world become smaller maintaining and protecting the personal information of the ever-expanding global workforce will be made more crucial.

HRM and its Role in Ethics

HRM plays a critical role in organizational ethics by developing ethical codes, compliance policies, training employees on ethical practices and as necessary providing problem solving when an ethical situation arises.

Per HR Magazine, in an article entitled Creating an Ethical Culture (2014), Ethical “Culture is often seen as abstract and tough to measure. It’s more than all those carefully drafted

MGT201 – Human Resource Management

Unit 8: HRM Challenges for the 21st Century— Ethics and Human Resource Management

Page 2 of 3

corporate values statements and ethics codes—it's the way things work. Workplace culture includes how employees dress, how they work with customers and how they interact with their bosses. HR professionals' initial challenge is defining an ethical workplace culture for business leaders who may doubt its effectiveness." HRM needs to make sure that the company's ethical standards are known to all employees, so all employees are knowledgeable of what is the appropriate behavior and what is considered unacceptable and unethical behavior.

Companies need to ensure that employees are aware of the organization's expectations by providing written standards of ethical workplace conduct. HR Magazine (2014) lists the Six Elements of an Ethics and Compliance Program, developed by the 2013 National Business Ethics Survey:

- "Written Standards of ethical workplace conduct
- Training on these standards
- Company resources that provide advice on ethical issues
- A process to report potential violators confidentially or anonymously
- Performance evaluations of ethical conduct and
- Systems to discipline violators." (Creating an Ethical Workplace, 2014, p.25)

HRM has a crucial responsibility in maintaining Ethical practices; its practices are essential to a company's moral and ethical obligations. All the duties conducted by HRM, from recruiting and hiring, training and development, performance appraisals, evaluations, compensation and benefits, bonus programs, termination, retirement, etc. must be designed and performed to reinforce a high ethical standard in all its practices.

HRM has the responsibility of full compliance with all the employment and labor regulations. The practice of equality in the workforce is essential in any company's operations and to providing a cultural environment that is free from harassment or discrimination on any level.

This task includes knowledge of all the Federal laws that protect employees. HRM needs to ensure that there are training and awareness programs in place to prevent discrimination and harassment in the workplace, along with establishing procedures to report and discipline workers who display inappropriate discriminatory behavior. It is vital that companies

have a business environment where employees can report unethical behavior and wrongdoings without fear of retaliation.

There are positive results from companies putting more of an emphasis on Ethics. In a February 2014 article in the Wall Street Journal entitled. Employees' Ethical Behavior is Best in 20 Years,

Rubinfeld states that:

The 2013 National Business Ethics Survey, conducted every two years by the Ethics Resource Center, found fewer people observed misconduct at any time in the survey's history. Only 41% of workers said in 2013 they saw misconduct on the job, down from 45% in 2011 recorded in the last edition of the survey. This is the eighth iteration of the survey, first taken in 1994; the Center collected more than 6,400 responses last fall from workers at for-profit companies. (Rubinfeld, 2014)

Rubinfeld (2014) said the Center feels that employees are absorbing the message of ethics training, but they are also unwilling to take risks in this period of economic uncertainty. He quotes the Center as saying "This increase in ethical commitment is significant because ethics culture drives employee conduct. When companies value ethical performance and build strong cultures, misconduct is substantially lower." (Rubinfeld, 2014).



MGT201 – Human Resource Management

Unit 8: HRM Challenges for the 21st Century— Ethics and Human Resource Management

Page 3 of 3

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