

31.18: HR Challenges

Learning Objectives

- Summarize the challenges facing today's HR managers



Ultimately, the role of an HR manager is maintaining the level of human capital needed by the business to meet its organizational goals. In working to meet the demands for a high-quality and dedicated workforce, HR managers must cope with challenges and trends that often lie beyond their control. How they react to and address these challenges can have a big effect on the success of the organization. The following is a summary of the major challenges facing human resource managers today.

Increased Competition for Qualified Workers

As economies continue to expand, the demand for labor is increasing and companies are drawing from the same pool of skilled workers. Employees who possess skills sets that are in short supply find that they can have their pick of employers, and HR managers need to be ready to respond with benefits beyond salary, such as flexible working hours, employee-oriented working conditions, and long-term job security. The degree to which an organization is reputed to be a “great place to work” can affect the success of recruitment and retention efforts, as prospective employees now often rate employers on criteria such as CSR, intellectual-property policies, and environmental issues.

Changing Worker Demographics

With the aging of the baby-boom generation, older workers are expected to make up a much larger share of both the population and the labor force than in the past. The aging of the overall population has a significant impact on the labor pool and its growth. Populations age as a result of increases in life expectancy and/or a decrease in their fertility rates. According to the U.S. Census Bureau, the ratio of people 65 years and older to those between 20 and 64 years could **double** between now and the middle of the century. In addition, the ethnic and gender composition of the workforce is changing. Historical data and projections from the BLS shown in the table below highlight some of the trends in the demographics of the U.S. workforce.

Median age of the labor force, by gender, race, and ethnicity, 1992, 2002, 2012, and projected 2022

Group	1992	2002	2012	2022
Total	37.1	39.8	41.9	42.6
Men	37.2	39.8	41.8	42.2
Women	37.0	40.0	42.1	43.1
White	37.3	40.2	42.6	43.3
Black	35.5	38.1	39.7	40.3
Asian	36.2	38.8	40.9	42.9
Hispanic origin	32.5	34.0	36.9	38.9
White non-Hispanic	37.8	41.1	44.2	44.8

Source: U.S. Bureau of Labor Statistics.

Increased Globalization of Economies

As countries enter into more and more global trade agreements such as the Trans Pacific Partnership (TPP), companies are finding it easier to go offshore and/or outsource key functions within the organization. When processes go offshore, an entire division of a company may be relocated to another country, eliminating jobs in the U.S. permanently. For example, Hewlett Packard laid off five hundred employees working in customer service and technical support in Conway, Arkansas, when it moved the division to India. Many colleges now outsource their bookstore services to companies such as Barnes & Noble, thus eliminating the positions associated with managing and running the college bookstore. In such cases, it often falls to the HR manager to lay off the personnel in the departments whose responsibilities have been outsourced.

Workplace Violence

While more and more information on the causes of workplace violence and ways of handling it is available, there is often no reasonable explanation for its occurrence, and, despite everything we know or do, violent situations happen. No employer is immune from workplace violence, and no employer can totally prevent it. Today's HR managers are tasked with informing employees about workplace violence policies and programs, investigating all acts of violence, threat, and similar disruptive behavior, and encouraging employees who show signs of stress or possible violence to seek counseling or help through employee assistance programs.

Employee Turnover

In a human resources context, turnover is the rate at which employees leave an organization. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door." Staff turnover can be beneficial when a poorly performing employee decides to leave an organization or detrimental when the high turnover rate increases the costs associated with recruiting and training new employees or if good employees consistently decide to leave. High turnover can be harmful to a company's productivity if skilled workers are steadily leaving and the worker population contains a high percentage of novice workers. HR managers must constantly be on the lookout for ways of reducing employee turnover. As you'll recall, it costs a company, on average, \$15,000 when it loses an employee.

Data-Driven HR Practices

The increasing availability and importance of data represents both a challenge and opportunity for HR management. As is true in other functional areas, HR professionals are being held accountable for performance metrics and are expected to use "big data" effectively to improve decision making and prove the return on HR-related investments.^[1]

? Practice Question

<https://assessments.lumenlearning.co...essments/14527>

These are just a few of the emerging topics and trends that today's HR managers must handle, while still recruiting, hiring, and maintaining the organizations' existing workforce. As the world becomes increasingly complex, so do the roles and responsibilities of today's human resource professionals.

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1. Schramm, Jen. "The Big Issues Facing HR." SHRM. March 1, 2016. Accessed June 25, 2019. <https://www.shrm.org/hr-today/news/hr-magazine/0316/pages/the-big-issues-facing-hr.aspx>. ↵

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