



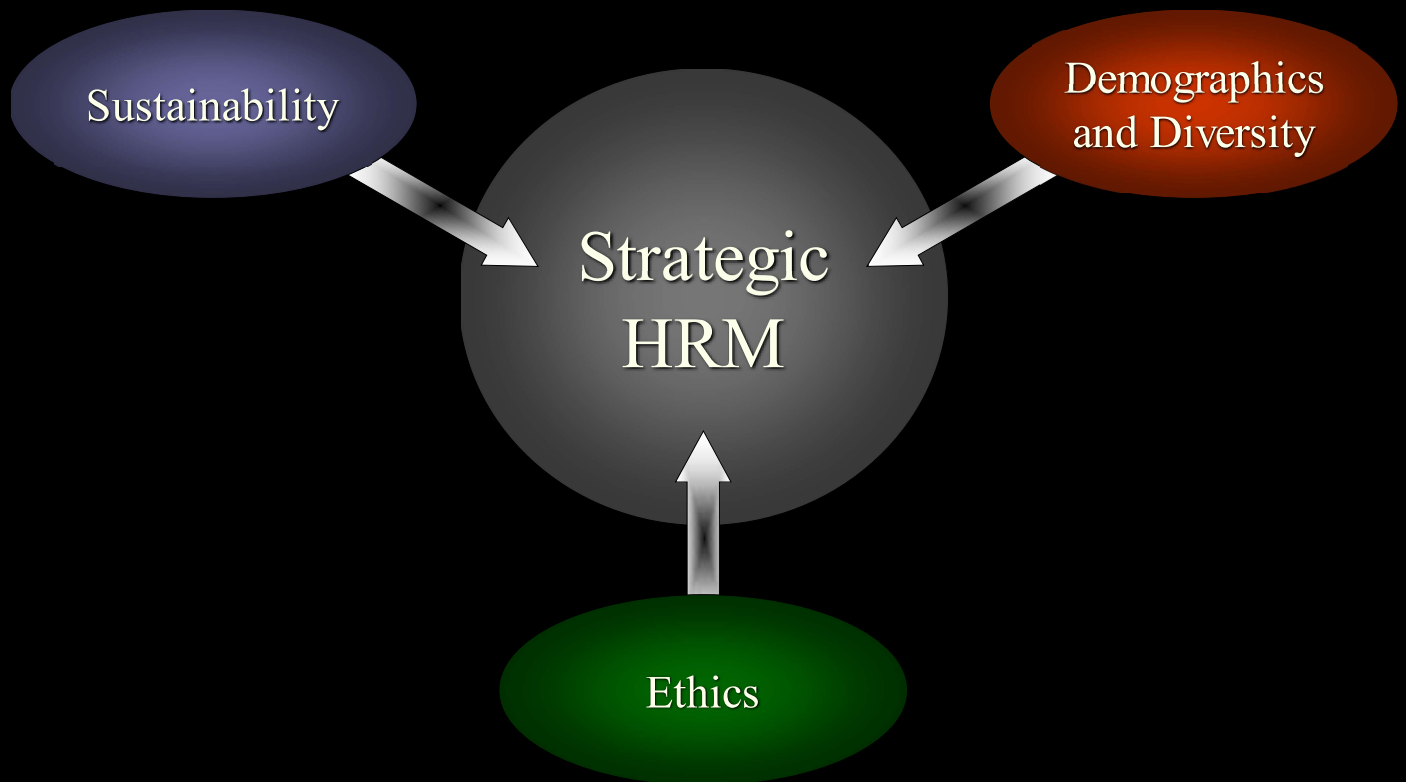
**Strategic**  
Human Resource  
Management

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**CHAPTER 2**

**TRENDS AFFECTING  
HUMAN RESOURCE  
MANAGEMENT**

# Societal Factors Affecting HRM



## Diversity

Demographic changes in society have greatly impacted the composition of the workforce.

numerous laws protect diverse groups in our society from discrimination in employment Most organizations have developed some kind of diversity management program in response to one of both of these factors.

Diversity initiatives can be designed to ensure legal compliance or to truly promote and encourage respect for others and differences.

There is a marked difference between these motivations, as illustrated in Exhibit 2.1.

Diversity is a strategic business issue for an overwhelming majority of organizations/employers.

## Exhibit 2.1

### Differences Between Legal Compliance and Managing Diversity

**EXHIBIT 2.1 Differences Between Legal Compliance and Managing Diversity**

	Compliance with EEO laws	Managing Diversity
<b>Impetus</b>	Mandatory, forced, external	Voluntary, internal
<b>Focus</b>	Productivity, compliance	Understanding
<b>Elements</b>	Usually limited to race, gender, ethnicity	All elements of diversity
<b>Company Culture</b>	Fitting employees into existing culture	Creating a culture that is fluid, adaptive
<b>Outcomes</b>	Preferences, quotas	Equality
<b>Time Frame</b>	Short-term, one-shot	Continuous and ongoing
<b>Scope</b>	Independent of other HR activities and company strategy	Fully integrated with other HR activities and company strategy

## Generational Diversity

Generational diversity is becoming increasingly prevalent as individuals live and remain in the workplace longer than in previous years.

Different generations need to be able to work alongside each other in contemporary organizations. Exhibit 2.2 illustrates some of the characteristics of different generations found in the workplace.

## Workforce Demographic Changes: “Graying” of Workforce

- Negative aspects of older workers

- Perceived resistance to change by older workers.
- Increased health-care costs for senior workers
- Blocking advancement opportunities for younger workers
- Higher wage & salary costs for senior workers

- Positive aspects of older workers

- As productive or more productive than younger workers
- Have more organizational loyalty than younger workers
- Possess broader industry knowledge & professional networks

## Workforce Demographic Changes

- Sexual orientation
  - Increasing laws and company policies which prohibit discrimination based on sexual orientation have been implemented
- Disabilities
  - 54 million Americans with disabilities
  - Often not included in diversity initiatives
  - Many supervisors do not understand needs of employees with disabilities
  - Intel and PepsiCo have both developed innovative approaches for managing diversity in the workplace

## New Employee/Workplace Dynamics

- Emphasis on management of professionals
  - Establishment of separate career tracks
    - Technical/Professional, Managerial /Administrative
  - Use of project teams
- Less employee loyalty, more loyal to self
  - Staying with employers for shorter periods; demanding more meaningful work & involvement in organizational decisions
- The development and support of affinity groups is one way in which organizations manage and encourage diversity. Both Frito-Lay and PepsiCo have successfully embraced this strategy with successful business results.

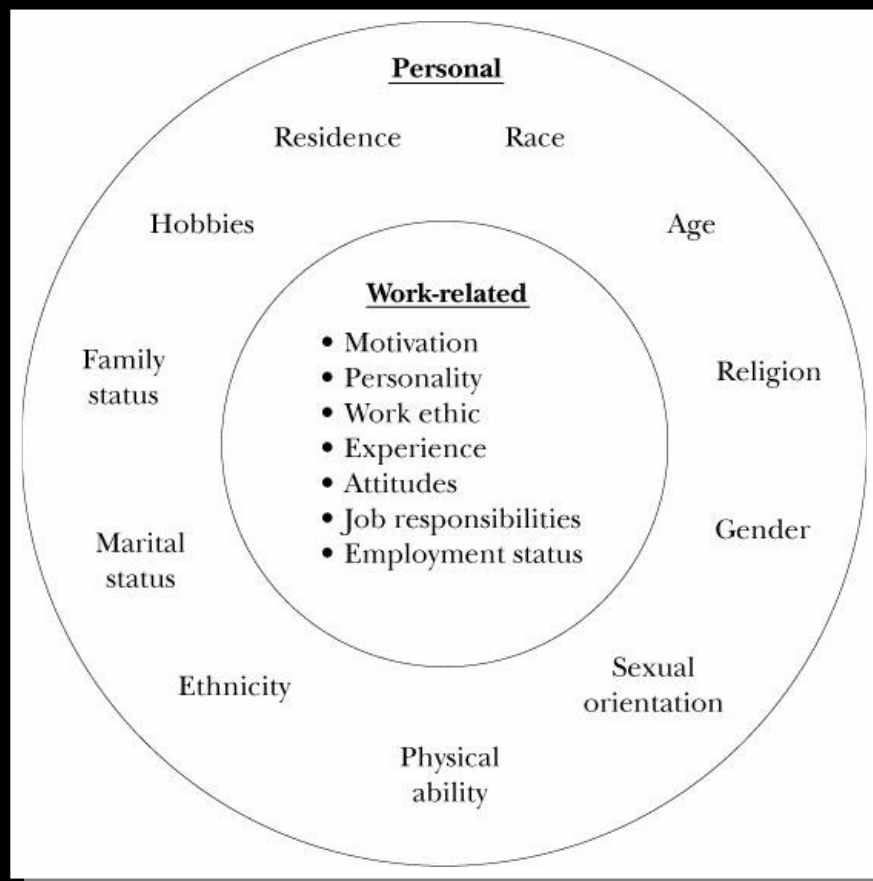
# Managing Workplace Diversity

- Understanding & appreciating diversity
  - Critical to effectively marketing to ethnic & minority groups
  - Promoted by having diverse workforce at all levels
  - Helps ensure hiring & promotion decisions are unbiased by person differences

- Diversity management programs or initiatives
  - Must be integrated with organization's mission & objectives
  - Help key decision makers identify diversity's benefits to organization
  - Make critical decisions about implementing optimal program/initiative contingent on organization & its people, mission & culture.

## Exhibit 2.3

# Individual Dimensions of Diversity



## Ethical Behavior

- Many employers are now considering ethics and ethical behavior in light of major bankruptcies, scandals and business meltdowns. However, ethics are subject to personal values and convictions. Financial report and disclosure
- Common ethical concerns for HR include
  - off-duty behavior termination
  - ownership of work intellectual property protection
  - non-compete clauses working with competitors

## Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 provides sweeping measures to control deception in accounting and management practices by increasing government oversight of financial reporting, holding senior executives more responsible than previously and protecting whistle blowers

## Codes of Ethics

Many organizations and some industries have developed their own code of ethics. The Society of Human Resource Management (SHRM) has developed such a code for HR professionals. This code presents core principles, intent and guidelines in a number of areas, including: Professional Responsibility; Professional Development; Ethical Leadership; Fairness and Justice; Conflicts of Interest; and Use of Information.

Exhibit 2.6 provides some guides for developing a code of ethics or code of conduct.

## Sustainability

Sustainability (and social responsibility in general) take a more macro approach to managing an organization's relationship with its external environment.

Organizations are being increasingly expected to consider the effects of their operations, decision and business on the social and natural environment.

General Electric has developed a model program related to sustainability and Gap, Inc. has set standards for offshoring of its manufacturing operations.