Abstract and Keywords

This article argues that HR professionals need to treat business strategy as an endogenous variable, be more externally focused and skilled at building networks and productive alliances with other groups and institutions, become more analytical and able to document the benefits associated with effective HR policies and practices to firms and employees, and be skilled at managing in an increasingly transparent society and information savvy workforce. The changing gender composition of the HR profession may affect its success in making these changes and meeting these challenges. Ironically, however, significant change in the status and legitimacy of the HR profession may require a rebalancing of power in employment relations.

Keywords: social legitimacy, HRM profession, business strategy, productive alliances, gender composition, employment relations

29.1 Introduction

The human resource management profession faces a crisis of trust and a loss of legitimacy in the eyes of its major stakeholders. The two-decade effort to develop a new ‘strategic human resource management’ (HR) role in organizations has failed to realize its promised potential of greater status, influence, and achievement. This chapter focuses on these developments in the USA by putting the current situation in a longer historical and comparative context and outlines the values, power relationships, and institutional factors that shape the role of HR. I then suggest a number of steps that HR professionals might take to redefine their role and professional identity and rebuild their legitimacy. The central task is to achieve a better balance between employer and employee interests at work. The starting point for this task is to undertake an explicit examination of the values and norms that underlie the HR profession and its associations. The chapter argues that HR professionals need to treat business strategy as an endogenous variable, be more externally focused and skilled at building networks and productive alliances with other groups and institutions, become more analytical and able to document the benefits associated with effective HR policies and practices to firms and employees, and be skilled at managing in an increasingly transparent society and information savvy workforce. The changing gender composition of the HR profession may affect its success in making these changes and meeting these challenges. Ironically, however, significant change in the status and legitimacy of the HR profession may require a rebalancing of power in employment relations.

29.2 Challenge to Legitimacy: the Breakdown in the Social Contract

A regime which provides human beings no deep reason to care about one another cannot long preserve its legitimacy.

(Sennett 1998: 1)
The first sentence of Richard Sennett's critique of contemporary workplace relations should serve as a rallying cry for the human resource management (HR) profession. HR derives its social legitimacy from its ability to serve as an effective steward of a social contract in employment relationships capable of balancing and integrating the interests and needs of employers, employees, and the society in which these relationships are embedded (Boxall and Purcell 2003; Lansbury 2004; McGregor and Cutcher-Gershenfeld 2005).

At no time since the founding of the HR or personnel profession is this challenge more difficult and yet more critical, especially in the USA. There is an unfortunate but broad consensus among American researchers, policy analysts, and business leaders that the social contract that allowed workers and employers to prosper together in the decades that followed the Second World War broke down in the past two decades (Kochan 2001). The visible signs of this breakdown varied from one country and setting to another. In the case of the USA it could be seen in multiple trends:

- increased use of lay-offs, not as a last resort, but as part of organizational restructuring or movement of work to lower-cost locations;
- increased working hours for individuals and family units;

(p. 601)

- increased inequality of income and stagnant or declining real wages for a majority of the workforce and a break in the historic relationship between profits, productivity, and real wage growth;
- loss of retirement income and shifts in the pension risk to employees as firms shifted from defined benefit to various forms of defined contribution plans;
- declining health care coverage and shifts of cost increases to employees, and
- loss of employee voice at work and in political and social affairs as labor movement membership and power declined to pre-1930 levels.

These trends were well established before the US stock market's Internet bubble burst and the corporate scandals erupted in the early years of the twenty-first century. Following these latter two developments, trust in American corporations fell precipitously (USA Today 2002). Given all of this, it is not surprising that in recent years how to restore trust in management has become a central topic of discussion among corporate executives, leaders of government bodies and international agencies, and management researchers (Bartunek 2002; Lewis 2002; New York Stock Exchange 2002; Kochan and Schmalensee 2003).

The US HR profession faces the same crisis of trust as does management in general, in part because it is (or should be) part of senior management in corporations and even more so because it always has had a special professional responsibility to balance the needs of the firm with the needs, aspirations, and interests of the workforce and the values and standards society expects to be upheld at work. How the HR profession responds to the challenge of rebuilding a viable social contract at work will shape not only its legitimacy but also its future influence in organizations and in society, and for HR researchers, their status in the social science community.

This chapter focuses on HR in the USA. While the extent to which the developments discussed here apply to other countries is best left to the judgement of those most knowledgeable about their own settings, brief historical comparisons are made with HR in several other countries to place HR in the USA in a broader global and historical context and to demonstrate that the HR profession is shaped in part by differences in national institutions.

29.3 How We Got Here: From Personnel to Strategic HRM

Like other professions, HR is shaped by a mixture of values, pressures, and institutional arrangements. Child (1969) shows how the early stages of HR in (p. 602) Britain were shaped by the Quaker traditions of its founders. They saw their role as attending to the welfare of the workforce. Their Quaker traditions also led them to take what Fox (1971) labeled a pluralist as opposed to a unitary view of the firm, pre-dating those who would later view the corporation from a multiple stakeholder rather than a shareholder perspective. Those values were reinforced by a strong and growing labor movement in Britain up until 1970 and by the corresponding rise of labor relations considerations and specialists to the top of the HR agenda and function in corporations (CIPD 2005). The effects of the Thatcher government policies and the steady decline of British unionism have eroded these pluralist views among British HR professionals. However, the return of a Labour government and various corporate governance commission reports have kept alive debate over the
responsibilities of corporations and HR (CIPD 2005).

In Japan, HR professionals are embedded in corporate governance structures that give greater weight to balancing employee and shareholder interests (Aoki 1988). As a result, HR is viewed as one of the most influential functions within Japanese firms and the top HR executive typically is a member of the board in large corporations. While recent economic pressures have led Japanese firms to adapt some of their employment practices, HR executives continue to have greater influence and status in their firms than do their American counterparts (Jacoby 2005).

In Germany and other countries within the European Community, labor and social policies and corporate governance structures require greater employee consultation and representation, and society expects a higher level of attention to employee and community interests (Wever 1995). These arrangements reflect, in part, pressures exerted on Germany in particular following the Second World War to strengthen its democratic institutions to avoid a return to fascism. In recent years, pressures to increase flexibility in European labor markets led to some changes in labor laws and regulations, but recent European Community rules and regulations reinforce the importance of the ‘triple bottom line’ (economic, social, and environmental performance) (PriceWaterhouseCoopers 2002) and information and consultation rights of workers (Marginson et al. 2004). These historic and current institutional features make it more necessary for HR professionals in these contexts to be able to balance employee and employer and societal expectations and interests at work than is the case in the USA. Whether these institutional features continue to play this role in the future or erode in the face of further changes in labor market and social policies remains a topic of considerable debate and uncertainty.

The origins of the personnel and HR profession in the USA are generally traced back to the rise of Scientific Management in the early years of the twentieth century (Kaufman 1994; Jacoby 2005). These roots gave US HR a stronger focus on efficiency than employee welfare. Business and personnel historians (Bendix 1956; Brown and Myers 1957; Jacoby 1985) also emphasize the strong unitarist and (p. 603) deep-seated anti-union ideology of American management. Moreover, the US model of corporate governance is based on a shareholder maximizing principle leaving no formal role or informal norm for employees as stakeholders. So it is not surprising that the commitment to balancing worker and employer interests has been somewhat weaker in the values of HRM professionals in the USA than in other countries.

Over time, however, the pressures of trade unions, tighter labor markets for professional and technical talent, and expansion of government regulations also affected the views and approaches of HR and other managers in American corporations. As the power of these external forces grew, managers made pragmatic adaptations, took a more multiple stakeholder view of the firm and their role, and developed the skills and organizational practices needed to accommodate the power of these forces (Kochan et al. 1984; Jacoby 1985; Baron et al. 1988; Dobbin and Sutton 1998). As in Britain, labor and industrial relations specialists rose to the top of the HR function in the decades following the Second World War. So by 1970, at what was perhaps the pinnacle of the power of US unions and pressure from newly enacted and enforced government regulations, one HR historian concluded:

> A humane and satisfying organization, as well as profitable operations, has become a criterion of successful executive performance [sic]. ... Today most executives are aware the wants and needs of workers extend far beyond wages, and they have accepted that the responsibility of helping workers fulfill the psychological needs requires them to make employment a more rewarding and satisfying experience. ... Sound personnel relations are highly desirable, not merely as a requisite to an efficient and profitable business operation, but as a contribution to society in general, as a fulfillment of moral and ethical demands. (Milton 1970: 1-2)

Since 1970, however, changes in the US and the global economy shifted the dominant view of the firm espoused by corporate executives, labor movement power and commitment to vigorous enforcement of government regulations declined, and the view and approach of HR professionals has been transformed. Recent decades of HR scholarship and professional activity in the USA have been dominated by efforts to shift from a functional, personnel administration approach to a strategic human resource management perspective. The largest professional association in the country changed its name and focus accordingly from the American Society for Personnel Administration (ASPA) to the Society for Human Resource Management (SHRM). This change symbolized a deeper shift in the professional identity and role of HR. As union power and pressure from government enforcement agencies declined and international and domestic competitive pressures intensified, HR professionals slowly lost their ability to challenge their organizations to balance employee and firm interests. Power over employment strategies and practices shifted from labor and industrial relations specialists to HR generalists and increasingly to line managers and executives (Kochan 1980; Freedman 1990).
As a result, HR professionals sought to ‘partner’ with line managers and senior executives in developing and delivering human resource policies that supported the firm’s competitive strategies. The dominant effect of this inward shift in perspective was to more closely align HR professionals with the interests and goals of the firm, at least the goals as articulated by the top executives with whom HR professionals sought to align. Indeed, one of the most respected of America’s HR professionals (Doyle 1993) once described this development as HR professionals becoming what he called ‘perfect agents’ of top management (a not too complementary analogy to the Peter Sellers character who sought to be the alter ego of his boss). By the end of the twentieth century, the transformation in the American HR role was largely complete. As a result, HR professionals lost any semblance of credibility as stewards of the social contract because most HR professionals had lost their ability to seriously challenge or offer an independent perspective on the policies and practices of the firm.

Perhaps the clearest indicator of the inability of HR professionals to challenge their CEOs or other top executives is the fact that in the USA CEO pay relative to the average worker exploded over this time period, moving from a ratio of 40:1 in the 1960s and 1970s to over 400:1 today. Another indicator comes from surveys of HR professionals themselves. Surveys asking HR leaders in the 1990s to rank their profession’s most important goals and priorities reported that six of the seven most important priorities reflected the needs of their organizations or their HR unit. The first workforce concern to make it on this list (promoting diversity) came in seventh on their list (Eichinger and Ulrich 1996). A final indicator comes from the harsh critique titled ‘Why we Hate HR’ (Hammonds 2005) that presents survey data from an HR consultancy firm (the Hay Group) showing a majority of employees feel performance appraisals are unfair and only about half of non-managerial employees believe their firms have interests in their employees’ well-being. Based on these data and interviews with HR academics and practitioners, Hammonds (2005: 40) sums up the state of the profession as follows:

After close to 20 years of hopeful rhetoric about becoming ‘strategic partners’ with a ‘seat at the table’ where the business decisions that matter are made, most human-resources professionals aren’t nearly there. They have no seat, and the table is locked inside a conference room to which they have no key. HR people are, for most practical purposes, neither strategic nor leaders.

Meanwhile, as (and perhaps in part because) the HR profession was turning inward, pressures on the workforce slowly began to mount, one by one. Over the past decade workers and families have endured longer working hours in the face of stagnant or declining wages, lost or had dramatically diminished pensions, rising health insurance costs, and spreading job insecurity. Even in 1999, at the peak of the dot.com boom, a national survey conducted by Business Week found that three-fourths of Americans believed the benefits of the ‘new economy were unequally (p. 605) distributed, only a third saw it as increasing their own incomes, and only about half saw the boom as making their own lives better’ (Business Week 1999). By 2003, another business organization, the Conference Board, reported its national surveys showed that fewer than half of workers were satisfied with their jobs. Less than 40 percent were satisfied with their wages, health insurance, or pensions (Boston Globe 2003). With the arrival of the Bush administration came a shift to a more pro-business and anti-worker government policy. Overtime coverage was reduced, rules allowing states to fund paid family leave were repealed, briefs opposing affirmative action were filed in key Supreme Court cases, labor-management partnership agreements in the federal sector and on large-scale construction projects were disbanded, and thousands of federal workers’ rights to participate in collective bargaining were cancelled by an Executive Order making the Orwellian claim that collective bargaining would be a ‘threat to national security.’

The net result of these diverging HR priorities, government policy shifts, and workforce pressures is that we now have perhaps a wider gulf between the perceived needs and interests of firms and their employees than at any time since the Great Depression of the 1930s. Indeed, the cumulative effects of these pressures and the breakdown in trust in corporations suggests the American workplace may be like a pressure cooker about to blow (Kochan 2005).

These pressures and the decline in the ability or willingness of the HR profession to address them are perhaps more acute in the USA than in other countries where cultural norms and institutional arrangements enforce a stronger sense of corporate responsibility and commitment to balancing the interests of multiple stakeholders and where labor power has not declined to as low a level as in the USA. If the US HR profession is to rebuild its status, legitimacy, and trust, it will need to achieve more equitable balance among the different stakeholders at work and to do so it will need to reassess what values underlie it, break out of its internal focus, and rebuild relationships and alliances with the workforce and...
29.4 Meeting the Challenge: What can be Done?

29.4.1 Starting Point: Values and Professional Norms

As a card-carrying member of the US-based SHRM and the National Academy of Human Resources (NAHR), I often find myself at odds with the knee-jerk reaction and opposition these organizations and my fellow members take toward any proposals to update and modernize public policies governing work and employment relations. This is the case even though many of us have documented the need to update policies that were enacted to support the industrial and largely domestic economy and male breadwinner workforce of the 1930s to catch up with the changing economy and workforce of today (Osterman et al. 2001; Kochan 2005). The dominant HR policy stance reflects the lack of a clearly articulated set of professional standards for the HR profession. While one must be realistic in recognizing that HR professionals are ultimately employed by and represent management, the absence of such a code or set of standards leaves HR professionals with little basis for challenging or questioning the dominant values and ideologies of the more senior and more powerful corporate executives within the individual firms that employ them. At a very minimum, HR professionals should hold each other accountable for enforcing legal standards and principles embodied in national legislation and the fundamental human rights at work recognized by the International Labor Organization. Even this is problematic in the USA where a large body of empirical evidence has demonstrated that US labor law no longer is effective in protecting one of these basic rights, namely freedom of association (Commission on Worker Management Relations 1994). Yet, for the past quarter-century, HR leaders have steadfastly resisted all efforts to fix these problems and to update and modernize American labor law (Mills 1979; Kochan 1995).

If the strength of a profession in part is judged by the strength of the professional norms enforced and promoted by professional societies, the HR profession, at least in the USA, must rank among the weakest (Jacoby 2005). Accountants, lawyers, physicians, and other health care professionals are all subject to professional certification and/or other standards that embody clear principles for guiding professional behavior regardless of the particular firm or organizational setting in which they work. While there are various certification exams that are available to HR professionals, there is no evidence that they are treated as requirements for entry-level positions or for advancement within the HR function of most firms. In the absence of a collectively developed, shared, and enforced set of professional standards that reflect a clear set of values, no individual HR professional is able to challenge his or her more powerful seniors on sensitive firm or public policy issues. Thus, developing a stronger HR professional set of standards is a necessary condition for restoring its social legitimacy.

29.4.2 Reframing the Role of Strategy in Strategic HR

Parallel to the movement from personnel management to strategic HRM has come a debate in the scholarly HR literature over whether there exists a common set of best HRM practices capable of achieving high levels of organizational performance or whether strategic HRM requires a contingent approach (Chadwick and Cappelli 1999). The contingency view argues that firms that want to compete on the basis of innovation, growth, and quality need matching human resources strategies that invest heavily in their human resources and implement state-of-the-art high-performance work organization practices while firms that choose to compete on the basis of low costs need to follow more traditional command and control, high-turnover strategies that require little human resource investment and result in low wages and labor costs (Wright and Sherman 1999). Others have argued that mixed strategies are possible so that even competing on the basis of low costs does not necessarily require the full range of traditional low wage and command and control practices (Boxall and Purcell 2003).

I believe this fully or partially contingent view of strategic HR further reduces the credibility and trust of HR professionals and researchers. It is the wrong way to frame the role HR professionals should play in strategic debates within their firms or in broader social policy debates. In a global or domestic market economy with variability in wages, the only way that firms and employees can prosper together is to compete on the basis of high-productivity, high-human resource investment strategies. This in turn requires adoption and successful management of high-performance human resource practices.

Earliest industrial relations researchers implicitly took this view of their role. Slichter et al. (1960) used the term the 'shock
29.4.4 From Knowledge Workers to Knowledge-Based Work Systems

...
Too often the terms ‘knowledge worker’ or ‘the knowledge economy’ are equated with the elite professional, managerial, and technical workforce. Yet we know that front-line workers likewise can, and must, be mobilized to contribute their knowledge and skills for an organization and its employees to prosper in a knowledge economy. A great deal of effort, experience, and evidence has been amassed in the past two decades over how to build knowledge-based work systems that allow front-line workers to develop and utilize their skills. This is the signal achievement of HR scholars and practitioners of the strategic HR era. And the way it was achieved illustrates another feature of what is needed for the next generation of HR professionals to achieve legitimacy and influence in their organizations and society: a deeper analytical focus.

A key study in the automobile industry undertaken in 1982 showed strong relationships between work and labor relations practices and processes and plant performance (Katz et al. 1983). Then, a few years later, a major breakthrough in communicating this potential to executives came when study of the Toyota-GM joint venture known as the New United Motors Manufacturing Inc. (NUMMI) led to a methodology for comparing work hours per car and defects per car at that plant with others in the industry. The differences reported were startling, showing a 2 to 1 differential in productivity and quality between NUMMI and sister plants with old and new technology but traditional labor relations, human resource, and production systems (Krafcik 1988). This data laid the foundation for the best-selling book The Machine that Changed the World (Womack et al. 1990). Later would come the international comparisons of assembly plants (MacDuffie 1995; MacDuffie and Pil 1997), documenting the generalizability of these findings and outlining the features of the integrated set of production, human resource, work organization, and labor relations practices that produced these high levels of performance. By the late 1990s, this new paradigm was generally accepted in the industry. Organizations around the world were engaged in efforts to adapt its features to fit their different cultural and institutional settings (Kochan et al. 1995).

Over the course of the 1990s, similar analyses were also carried out in a wide variety of industries including apparel, computers, telecommunications, steel, office equipment, and airlines. While the diffusion of these new practices and knowledge-based systems is not universal, Huselid and Becker (2001) extended this analysis across industries and produced estimates that moving from the mean to one standard deviation in use of high-performance practices was associated with an average 23 percent higher rate of return and 8 percent higher market value. These types of numbers, even if off by a significant fraction, get managers’ attention.

This data has a number of well-documented methodological limitations (Purcell 1999; Gerhart et al. 2000) that caution against the view that there is a single best set of HR or work system practices that will produce high performance in all settings. My own view of this evidence and the various methodological critiques is that there are significant potential returns to productivity and quality from implementing knowledge-based work systems that are well tailored to the specific technical and organizational settings. However, there are also costs associated with implementing, sustaining, and diffusing these work systems across large organizations and considerable difficulty and likely error in measuring their effects. The lesson from this is the need for HR professionals to be more analytical and skilled in understanding how to design and implement tailor-made systems wherever there is potential for enhancing performance by better drawing in the knowledge of the full workforce. By doing so, more environments where this potential exists will be identified.

Will employees automatically benefit from implementation of these systems? Here the evidence is also mixed. While there is clear evidence that most employees prefer jobs that use their skills and provide them discretion over how to do their jobs, and field studies showing positive correlations between job satisfaction and implementation of knowledge-based work systems (Appelbaum et al. 2000), there are also case studies and critiques documenting that these systems can increase stress and do not necessarily translate into higher pay or greater job security (Godard 2004; Ramsay et al. 2000). On balance, however, the evidence shows that if employee concerns are taken into account in implementing these systems or they, and/or their representatives, are directly involved in their design and oversight, they hold considerable potential for narrowing the gap between the interests of firms and those of employees (Batt and Appelbaum 1995; Black and Lynch 2001; Kochan et al. 2005).

(p. 611) **29.4.5 Looking Beyond Workplace Performance: The Dual Work-Family Agenda**

As much as significant progress has been made in understanding and implementing knowledge-based work systems, the singular focus on workplace outcomes (productivity, quality, etc.) needs to expand to take into account the changing labor force and the increasingly close interdependences between work and personal/family life. As Bailyn and Fletcher (2003) argue, today's work systems and processes have to be held accountable for achieving a dual agenda: high levels
of performance at the workplace and the ability to meet personal and family needs. To do so will once again require HR professionals to engage a wider set of stakeholders.

The growing need to better balance or integrate work and family needs has not gone unnoticed in American firms.

Indeed, over the past decade or so many firms have implemented ‘family friendly’ policies. Experience shows, however, that these policies suffer from a fundamental problem: they are underutilized for fear that using them will hurt one’s career prospects (Eaton 2003; Drago et al. forthcoming). A study of Boston law firms found that over 90 percent had policies on the books that allowed associates (young lawyers not yet promoted to be partners) to work reduced hour or part-time schedules. Yet only 4 percent of those eligible in fact took up this option (Women’s Bar Association of Massachusetts 2000). The same survey explained why so few took the option: one-third of the lawyers surveyed believed that taking this option would seriously damage their careers because they would be stigmatized as less than ‘fully committed’ professionals. Drago et al. (forthcoming) found a similar effect among college faculty with again one-third engaging in what they call ‘bias avoidance’ behavior to keep from hurting their career. Thus, both professional norms and organizational cultures need to change along with the formal policies.

Engaging the workforce and their professional societies in rethinking how work and careers are structured is only the first, necessary step in engaging the broader set of stakeholders that will need to be engaged if the challenge of integrating work and family responsibilities is to be met. Debate over these issues will eventually shift to the public policy arena. If the HR profession takes the same knee-jerk oppositional stance to new public policies to provide the flexibility and income supports (i.e., paid family leave modern workers and families need to meet their dual responsibilities), it will perpetuate and extend the long-standing business-labor impasse into this area of social policy. In this case, however, it will not just be organized labor that the HR profession finds itself opposing. It will be the women and family advocates, a group that will be much harder to label as a ‘special interest’ or some ‘outside third party.’ The question in my mind, therefore, is whether HR professionals will engage in constructive dialogue, analysis, and negotiations with women and family advocates and policy experts to design a sensible approach to this and other aspects of work-family policy, or hunker down, continue to oppose new policies, and then have to live with whatever new policies are eventually enacted.

29.4.6 Restoring Voice at Work

There is an irony associated with the general decline in organized labor experienced around the world in recent decades, and its precipitous decline in the USA. HR professionals have, at least in the USA, been vocal in their support of ‘union-free’ strategies and policies within their corporations. Yet as union power declines, so too does the power and influence of HR professionals within their firms. Thus, while each party is reluctant to recognize it, HR and labor unions are tied together in a symbiotic relationship in which one’s power is a direct function of the other’s. This suggests that a return to higher status and legitimacy of HR professionals depends on the success of efforts to revitalize the labor movement and other worker advocacy groups.

More is at stake, however, than considerations of power. No democratic society can prosper (some would say survive) if employee voice is suppressed at work or silent in political discourse. That is why strong institutional roles for labor were implanted in the laws and structures of post-war Germany and Japan by British and American occupational governments. That is also why freedom of association is now accepted as a universal and fundamental right by the international business, labor, and government representatives to the International Labor Organization and is embedded in nearly all codes of conduct negotiated between industry groups, corporations, and non-governmental organizations (NGOs) working together to enforce common labor standards through global supply chains (Mamic 2004).

History suggests that the void in worker representation now present in American society is not likely to remain unfilled in perpetuity. Indeed, a wide variety of increasingly active employee advocacy groups are emerging in attempts to fill this void. These include student and NGO groups advocating global labor standards and accountability for the actions of firms’ overseas contractors, religious, immigrant, and ethnic-based community organizations, some of which work in coalition with traditional unions and some of which operate independently, identity groups functioning within organizations to mentor and advocate for their members, and, as mentioned above, women and family advocacy groups (Kochan 2005). Moreover, there are signs of a more militant resurgence within existing labor movements in the USA, Britain, and Australia.

How the HR profession responds to these emergent efforts to restore worker voice will have a profound impact on the
future of worker/labor management relations. Because only 8.5 percent of the private sector workforce is now unionized, the vast majority of American HR professionals also have little or no experience in working or negotiating with employee representatives. The evidence is clear that a simple return to traditional arm’s-length labor management relations would not well serve the workforce, employers, or the larger economy and society. Thus, the question is whether HR professionals will have the skills and experience base to help build the types of constructive and modern labor management relationships and partnerships that are required in settings where employees are represented. A simple oppositional stance to any forms of independent worker voice or representation will clearly decrease the likelihood that constructive and effective labor management models will emerge. The more likely result of this type of defensive and oppositional stance will be another phase of adversarial relationships that are poorly suited to the needs and desires of the contemporary economy and workforce (Freeman and Rogers 1999; Kochan 2005).

29.4.7 Rebuilding Trust with an Information-Hungry and Savvy Workforce

A generation of young people watched as their parents put in long hours of work only to be rewarded with increased insecurity or actual loss of jobs and/or pension savings in the wake of the breakdown of the post-war social contract. The next generation of HR professionals will confront a skeptical workforce that is not ready to simply bestow its trust in top management and is well prepared to use the tools of modern information technology and social networks to move when job conditions do not meet their expectations.

How can trust at work be rebuilt with this type of workforce? It can only be done by providing the transparency and openness and opportunities for development that young people want from their jobs, and over time the fairness and equity they will come to expect with age, tenure, and growing family responsibilities. Employees will be expecting the same rights and access to information as do financial investors. Most young people today are highly skilled in using the Internet to satisfy their information needs. This implies that HR professionals will have to become as skilled as the people employed by their organizations.

The need to modernize HR processes to fit the Internet age will affect all functional areas of HR, including collective bargaining negotiations. Recent experiences in the US airline industry illustrate how the workforce can be out in front of developments in this area. Labor and management negotiators in the airline industry in the USA have experienced a great deal of difficulty in ratifying collective bargaining agreements in recent years with approximately 18 percent of agreements having been rejected by rank and file employees (von Nordenflycht and Kochan 2003). In a number of these cases, rank and file groups have built their own websites to comment on negotiations and critique tentative agreements, sometimes by sending out information even before the officially designated negotiating teams could describe the terms of the agreement. In conversations about this development, a number of labor and management professionals lamented it, almost in hopes that somehow they could return to the old days where they controlled all communications with the media and to constituents. Instead of lamenting the new phenomena, HR and labor relations professionals will need to figure out ways to use the new technologies in negotiations to keep members informed with accurate and current information.

29.5 Changing Demographics of HR Professionals

In the twentieth century, when labor relations was the dominant functional specialty in employment relations departments, the field was largely the province of men. Today, women constitute an increasing proportion of professionals entering and working in our field. For example, in the USA from 1987 to 2002, the number of women in the HR profession increased from 64 to 76 percent. The same trend is visible in the number moving up into higher managerial positions in the HR and labor relations profession; 53 percent in 1987 to 65 percent in 2002 (Keefe 2004). The same trends can be seen in our best university programs that are producing the people most likely to become the next-generation HR leaders. Women account for 56 percent of the 2003 entering Masters’ class at Cornell’s School of Labor and Industrial Relations, for example. The British CIPD reports that women now account for 53 percent of its membership (CIPD 2005).

What effects will the feminization of the HR function have on the profession? One unfortunate effect, if the American data is an indication, is that the feminization of the profession may lead to a relative decline in salaries. As more women were entering the profession between 1983 and 2002 in the USA, real wages of HR professionals declined by 8 percent while real wages of other professionals with college degrees grew by approximately 23 percent (Economic Policy Institute
2005). On a more positive note, another possible (but not guaranteed) effect could be a greater sensitivity to the need for flexible policies that support efforts to integrate work and family responsibilities. Perhaps it will take this demographic shift for the HR profession to strike a better balance between the interests of firms and the workforce.

(p. 615) 29.6 Conclusions

The key lessons from this overview of the recent history of the US HR profession can be summarized quite simply:

1. The quest for greater acceptance and influence with top management has gone too far and accounts for some of the inability of the HR profession to discipline top management excesses that produced the corporate scandals, runaway CEO compensation, and the overall breakdown in trust in corporations that now prevails.
2. The pressures building in workplaces following the breakdown in the social contract at work call for leadership from the HR profession to help better balance worker and firm needs and interests, rebuild trust, and help shape a new social contract capable of achieving and supporting mutual gains for firms, employees, and society. This will require reframing the approach to strategy and contingency in HR models and practices.
3. The substantive areas with the most potential for contributing to a new social contract that fits the needs and realities of today's economy and workforce include:
   (a) Making knowledge work and work systems pay off for firms and employees;
   (b) Integrating work and family/personal concerns by evaluating all HR policies and practices against the ‘dual agenda’ of workplace and family outcomes; and
   (c) Supporting efforts to restore voice and transform labor-management relations to serve as an innovative force in society and help improve the performance of organizations, industries, and the overall economy.
4. To address these substantive challenges, the next generation of US HR professionals will need to be:
   (a) More externally focused and skilled in building and maintaining alliances and productive relationships not only with line managers and senior executives but also with each other, educational institutions, professional associations and networks, labor market intermediaries, unions, and government policy makers;
   (b) More analytical and able to justify support for progressive HR policies based on their demonstrated and documented bottom line results, and:
   (c) More skilled in using information and principles of transparency to deliver and communicate HR policies and the range of information that employees want and need.

These changes can only be achieved if the HR profession redefines its values and holds itself accountable for building an employment system that is judged to be fair (p. 616) by all the stakeholders involved. Whether this shift in professional norms will evolve gradually or will have to await the passing of the torch to a new generation or the resurgence of more militant forms of worker voice and representation remains to be seen.

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Notes:

(*) Portions of this chapter build and expand on Kochan 2004.

(1) For the sake of simplicity I will use the term HR in a generic fashion in referring to those responsible for managing employment relations, recognizing the specific terms have changed over the years from personnel, to industrial relations, to human resource management, and perhaps to other terms yet to come.

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