

Contemporary HRM Issues in the 21st Century

Praise for *Contemporary HRM Issues in the 21st Century*

‘This succinct, tightly written book moves beyond the ‘usual’ (and much covered) issues of standard HRM texts to address some of the livelier current debates on the subject. It includes talent management, career management, crisis management, mental health and well-being, drug testing, employee vetting and sustainable HRM. By updating knowledge on these contemporary issues, this book is a valuable addition to any scholar’s bookshelf.’

*Chris Brewster, Professor of International HRM,
Henley Business School, University of Reading, UK*

‘This excellent book makes a valuable contribution to the broadly based HRM discipline in Australia. The author is clearly at the cutting edge of the development of HRM in Australia in the context of a growing Asia-Pacific economic area. I highly recommend this book for students, academics and HR practitioners.’

*Peter J. Dowling, Emeritus Professor of International Management & Strategy,
La Trobe University, Melbourne, Australia*

Contemporary HRM Issues in the 21st Century

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Preface

As we enter the third decade of the twenty-first century a reflection of the changes we have experienced in the context of work and employment this century can be encapsulated in the phrase ‘accelerated disruption’. The concept of the global internet which was in its infancy at the start of the twenty-first century has facilitated the rise of social media and the gig economy. Both these phenomena have had a significant influence on new and traditional forms of work and employment. Combined with the increasing interconnectivity of the global economy and further economic deregulation in many advanced market economies (AMEs), these changes have been the catalyst for further transformation and disruption.

With this disruption which in and of itself is progress, the pace and change have created fundamental adjustments in work and employment and facilitated new and emerging issues to deal within the workplace. Indeed, at the cusp of the fourth industrial revolution the focus is increasing becoming how or will we retain employment as we know it, or will artificial intelligence do it for us? Whilst a subject for a future edition of this book, the point is that change is unstoppable and accelerating. It would be fair to say that such change has not been seen in living memory.

As we grapple with these changes and attempt to understand them and how in the context of work and employment we can manage them, this is where this book attempts to make a small contribution by providing an insight into these new and emerging issues and challenges. In the field of human resource management, the complexity of the issues has come thick and fast, to the extent that human resources managers, academics and students cannot rely on the case law which does not exist or is still emerging, as such there are limited benchmarks. Whilst this book is not an attempt to address the fundamental changes we have seen – its focus is on helping HRM professional and scholars navigate some of the rapidly changing aspect from a human resource management and employee relations perspective.

Section I provides an overview of the changes we have and are experiencing. Despite the accelerated deregulation of work, employment and economies, the issues of fair and equitable treatment remains a key aspect of the employment relationship. This is emphasised in the second chapter on managing talent. Talent in and of itself can be seen to reflect the nature of the contemporary work environment in that it is highly mobile and demanding. As such organisations need to spend increasing time and resources managing this critical resource.

Building on the issue of the changing nature of work and employment and talent management from Section I, Section II of this book looks at the heart of the employment relationship. In the chapter on psychological contracts, as well as looking at the formation and development of the contract, the chapter explores the types of contracts and

how they can be managed. This leads into the chapter on career management and some of the fundamental changes we have and are seeing in the nature of contemporary careers, and aspect of managing these new relationships in the twenty-first century. The final chapter in this section reflects on the emergence of the service sector as part of the changing profile of the workforce of most AMEs. The chapter explores how this change has fundamentally reshaped the nature of work and the implication for human resource managers.

The next section focuses on issues which have emerged as key aspects of the contemporary workplace. Whilst risk and crisis management have been characteristics of most organisations policies and practices, the globalisation of many organisations workforces means they need to manage issues such as terrorism threats, kidnappings and pandemics as well as the threat of natural disasters. In an era of global news and the internet, organisations require quick and effective responses as they are often under immense public scrutiny. This chapter explores the various aspects of risk and crisis management and the role of HRM. The following chapter focuses on the increasingly important issue of mental health and well-being in the workplace. The chapter outlines the issues and approaches to deal with this important subject and provides a detail case study of the nursing profession and the multifaceted nature of these issues in action. The final chapter in this section explores what is termed the dark side of workplace behaviour or dysfunctional behaviour. The chapter examines issues of violence in the workplace and the emergence of what is known as the corporate psychopath. The chapter concludes with strategies for dealing with these issues.

Section IV of this book picks up on issues which could be seen as of this century. These chapters are designed to reflect the debates on these emerging or challenging issues. The first of these issues is the increasing availability of biological testing in particular drug testing and genetic testing. The implication of what this information can provide an employer raises many issues around the boundaries of employment, privacy and ethics. This is followed by the twenty-first century phenomena of cyber-vetting and the pro and cons of such strategies in a cyber-linked society. The chapter on sustainable HRM explores this emerging issue and HRMs role in an increasing focus on sustainability within organisations. The following chapter looks at the impact of technology on work design in the context of what we have learned from these relationships in the past and whether in fact we have forgotten these lessons. A case study on airline pilots explores how the technology is advancing at the potential detriment to the skills of the pilot. The final chapter explore the role of code of conduct. Whilst not considered a contemporary issue in itself, the nature of the twenty-first century internet connected workplace and society means that issue can become high profile and common knowledge very quickly. As such management under intense scrutiny need guiding principle often in the glare of the public and media. The chapter explores these issues through three high profile case studies.

In addressing these issues, exploring case studies which map out and examine these changes and approach, it is anticipated that the book will help the reader in addressing the challengers in their changing workplace underpinned by accelerating change and disruption.

Section I

The Contemporary Workplace

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Chapter 1

HRM in the Contemporary Workplace

Peter Holland

Introduction

The world of work is not going to *be* disrupted it *is* disrupted.

(Ross, Ressler, & Sander, 2017, p. xvii)

We all sense it – something big is going on.

(Freidman, 2016)

There is a tremendous upside to technological change... (this) does not mean dismissing the real fears that people have about where, or *whether*, they fit in a workforce increasingly dominated by machines.

(Chalmers & Quigley, 2017, p. 1)

As the preceding quotes indicate, the workplace is becoming an ever more dynamic, complex and pressured environment as new technology and globalisation challenges the way we think and work. These changes in the first two decades of the twenty-first century have been described as a seismic shift in the employment landscape, not only in the amount and type of changes workers can expect but also in the type of work emerging (Emerson, 2013). The major changes we have experienced in the twenty-first century have a narrative of accelerating change and disruption underpinned by major technological innovation increasingly supported by artificial intelligence (AI) and globalisation (Friedman, 2016). As a recent Australian Federal Government (2018) inquiry reported:

[...] there is increasing evidence to suggest that our workplace laws, designed to provide a balanced framework for cooperation and productive workplace relations have failed to keep pace with emerging trends, such as the rise in non-standard work. Casual work, labour hire, sham contracting, the gig economy.... They are forms of work which in certain guise reduce workers rights and protections, and often deny workers access to basic rights and conditions... (APH, p. xi)

Within this environment increasingly described as the fourth industrial revolution (Schwarb, 2016), the effective management of human resources (HRs) still remains a critical issue. Indeed, it could be argued this is even more so in the so-called ‘war for talent’ in these turbulent times. Whilst the emerging world of work has major implication for the employment relationship (ER), key aspects underpinning this relationship of fairness and well-being remains. This places HRs at the centre of the management of these resources or talent (which is also increasingly mobile), in a way that will enable the organisation to retain them and become considered an ‘employer of choice’ for these employees to remain with, recommend to others, or if they leave, return to in the future. Underpinning this is the notion that, in the midst of all this change, complexity and dynamism, the organisation’s decision-making processes are founded on a ‘bedrock’ of clear and concise philosophical approaches to how HRs should be managed. Whilst this book address many contemporary challenges in human resource management (HRM), the key foundations upon which it is built include organisational justice, ethical behaviour and trust. Indeed, this goes to the heart of contemporary HRM, with its emphasis on building relationships between employee and management based upon mutual trust and respect (Boxall & Purcell, 2016; Lawler, 2003), in an era of accelerated deregulation of labour standards and labour markets.

As Burke (2008) notes, ‘treating people right’ is very difficult. As the chapters of this book will illustrate, the nature of the issues (current and emerging) faced by HR managers is complex and requires an in-depth understanding. For example, the psychological contract in Chapter 3 illustrates that issues of breach and violation of contract are viewed by different people in different ways, based upon individual perceptions and perceived relationships with the organisation – a core aspect of this is a sense of justice or injustice and trust. The issues explored with regard to monitoring and surveillance illustrate how these policies can impinge on employee privacy and create an oppressive environment underpinned by a lack of ethics and trust. Equally where employees feel betrayed, stressed and emotionally drained, what we describe as the *Dark Side* of the workplace emerges where workplace theft and violence emerge. In addition, this book provides a section on contemporary debates around the emergence of new technology such as cyber-vetting as well as traditional aspects of work such as Codes of Conduct in a twenty-first century context, as well sustainable HRM in an era of climate change.

Whilst the complex and dynamic nature of the workplace can potentially be seen to overwhelm the ability of management to ‘treat people right’, Burke (2008) argues that, by placing strong emphasis on and resources into developing fair and equitable systems to manage these issues, organisations can attract and retain quality employees whilst motivating them to perform at higher levels. Whilst the research on justice, ethics and trust largely emerged out of the field of social psychology (Blau, 1964; Cropanzano & Randall, 1993), these concepts have increasingly been applied to HRM issues and, from an applied perspective, offer new insights into the effective management of the organisation’s key asset – people. One particular aspect is that of flexibility of work which has, through the application of technology, fundamentally changed the nature of ‘being at work’. This can result in empowering workers to work away from the office and manage their own time and schedule, which requires a significant amount of trust on behalf of management. Or it can, as has been illustrated by research

on call centres show high levels of monitoring and surveillance due to lack of trust. This is reflected in the discussion on monitoring and surveillance which points to the fact that despite the paradigm shift of the twenty-first century in the intensity of workplace surveillance – it is not a given that monitoring and surveillance should occur.

Why these aspects are increasingly important in the contemporary workplace may be better understood from the perspective of not addressing them. The consequences of not addressing issues of justice ethics and trust manifest in problems associated with a poor workplace climate, including health and well-being, morale, turnover, commitment and satisfaction. Indeed, [Schabracq and Cooper \(2000, 2003\)](#) argue that the way organisations approach these issues will become critical factors in competitiveness. So, what type of framework can an organisation develop to sustain itself as a place that is perceived to be ‘treating people right’? The following sections explore the issues of organisational justice, ethics and trust, to illustrate the key features and interrelated aspects of these practices that provide the bedrock to effective HRM in arguably the most challenging time in the history of modern work patterns and practices.

Justice at Work – A Theoretical Perspective

A key aspect of employees’ attraction, retention, well-being and organisational climate is how the employee views and evaluates organisational decisions in terms of their perceived fairness, equity, outcomes and treatment – or what has become increasingly understood as organisational justice ([Boxall & Purcell, 2016](#)). As [Gibson and Campbell-Quick \(2008\)](#) note, the concepts of organisational justice are defined as the degree of equity and fairness employees are shown by the organisation (management), and influence employee attitudes, emotions, trust, their sense of what is morally right and wrong, and increasingly whether this is an organisation that they want to work for or be associated with. So, if justice in the workplace is an increasingly critical issue, what is it, and how can it be managed?

The Concept of Organisational Justice

As a concept, the idea of justice can be taken back to Plato and Aristotle and, as noted, is bound with the concepts of fairness and equity. These ideas have been subsequently developed by Locke and Rousseau through to contemporary research by [Rawls \(1971\)](#) and [Nozick \(1974\)](#) – see [Sen \(2010\)](#) and [Shaw and Barry \(2004\)](#). With the increasing changes that are taking place in the workplace (see earlier quotes) in terms of relationships (types of employment contracts) and the way we work (increasingly in cyberspace), the notion of justice has become an important area of research that focuses on better understanding and dealing with issues in the workplace that have never been conceived preciously; for example, genetic testing and cyber-vetting, which are discussed in this book. In this context, research indicates that the notion of justice has been developed to the extent that it is now seen to be made up of several components which need to be managed both separately and in unison in order for a robust framework to develop within an organisation. Organisational justice focuses on the perception of employees of the fairness and equity of the organisation’s policies, processes and practices. These are played out in terms of decision-making, the communication of information, allocation of resources, and the treatment of individual employees and other stakeholders in the organisation ([Lewis, Thornhill, & Sanders, 2003](#)). Within this context, organisational justice can be viewed from four interrelated perspectives:

distributive justice, procedural justice, interactional justice and informational justice. These perspectives are developed below.

Distributive Justice

Distributive justice focuses on the fairness of the outcomes of a process or decision. One of the most important theories underpinning distributive justice is [J. Stacy Adams' 'equity theory' \(1965\)](#). Equity theory focuses the individual making social comparisons with similar employees. The individual assesses their effort and outcomes against other individuals (fairness). Where there is a perceived disparity (either lower or higher), the employee will have a feeling of inequity ([Folger, 2005](#); [O'Donnell & Shields, 2006](#)). It is argued that the greater the perceived inequity (particularly negative), the greater the perceived discontent, and the greater is the motivation to achieve equity ([Grant, 1999](#)). Thus, it is the perceived comparative reward rather than the absolute reward that determines satisfaction or dissatisfaction ([Cropanzano & Randall, 1993](#)). The consequences of perceived inequity are reduced effort and commitment, and increased absenteeism, turnover and 'dark' or counterproductive work behaviours ([Boxall & Purcell, 2016](#)).

Generally, Adams' equity theory is seen as a reasonable account of employees' responses to equity and inequity, with studies showing employees adjusting their behaviour and effort where the reward is perceived to be inequitable. For example, studies show that increase and decrease of perceived workplace status correlate with performance ([Greenberg, 1988](#); [Greenberg & Ornstein, 1983](#); [Watson, 1986](#)). However, research on employees who are over-rewarded indicates that whilst improved performance can occur in response to the over-reward, employees are just as likely to rationalise this over-reward by inflating the perception of their performance through a 'self-serving bias' and not increase their performance overall ([Boxall & Purcell, 2016](#); [Kruger, 1999](#)). This appears, therefore, to support equity theory ([Greenberg, 1990](#)). This is important, as distributive justice is very much focussed on perceived fairness of outcomes, and potentially has major implications in an organisational context ([Cohen-Charash & Spector, 2001](#)).

Interpersonal Justice

Interpersonal justice refers to the social aspects of distributive justice and focuses on the consequences of the decision-making ([Cropanzano & Randall, 1993](#)). In practice, interpersonal justice reflects the way employees feel they have been treated in terms of respect and sensitivity to the issue or issues facing them; for example, biological monitoring and surveillance. This is often seen as a reflection of the value an organisation puts on the relationship with its employees ([Greenberg & Baron, 2006](#)). This is also known as the group value explanation of organisational justice, where value and perceived importance to the organisation are interpreted from the effort made by the organisation to communicate decisions to the employees ([Greenberg & Baron, 2006](#)).

Procedural Justice

A key aspect of justice in organisations is the underlying system for determining decisions and outcomes, how they are made, whether they are fair and equitable, and if they are consistently enforced without prejudice or personal bias ([Boxall & Purcell, 2016](#); [Gilliland, 1993](#)). This is known as procedural justice. Procedural justice can mediate perceptions of distributive justice if the process has been seen to be fair and

equitable (Cox, 2000). This is particularly important where employees receive unfavourable managerial decisions (Colquitt & Greenberg, 2003); for example increasing biological monitoring and surveillance. In an era in advanced market economies (AMEs) of declining trade union density and unitarist-based HRM systems, the extent to which there is genuine employee voice is also an important factor in procedural justice as it ensures that employees have an opportunity to participate in and influence the decision-making process (Boxall & Purcell, 2016; Donaghey & Cullinane, 2014; Holland, Cooper, & Sheehan, 2016; Pyman, Holland, Teicher, & Cooper, 2010). As Pearce, Bigley, and Branyiczki (1998) note, studies focussing on the effects of voice in the workplace where it is perceived to be valued are positive in terms of fairness and equity. Importantly also in a period of increasing war for talent, procedural justice can be a way an employee evaluates the (on-going) relationship or psychological contract with management and with the organisation (Fischer & Smith, 2004; Tyler & Lind, 1992). It is also important for organisation with websites like 'glassdoor', where employees and ex-employees can post about their experience within an organisation for all to read (see Chapter 10 on cyber-vetting). Leventhal (1980) argues there are six rules which determine whether procedural justice has been followed. These are:

- (1) *The consistency rule*: Procedures should be consistent across all employees over time.
- (2) *The bias-suppression rule*: self-interest should be prevented from operating in decision-making processes.
- (3) *The accuracy rule*: the best quality information should always be used in decision-making.
- (4) *The correctable rule*: the system allows for the remedy of unfair decisions.
- (5) *The representative rule*: all stakeholders affected by a decision are represented.
- (6) *The ethicality rule*: allocation of resources is undertaken in an ethical and moral way.

Interactional Justice

To this point the concept of procedural justice has focussed on the structural aspects of fairness. A further dimension to procedural justice is the social dimension. As Bies and Moag (1986) identified, individuals assess justice in organisations based on the quality of treatment and communication they receive throughout the process. This enacted characteristic of procedural justice has been termed 'interactional justice' (Cropanzano & Randall, 1993). Specifically, interactional justice involves communicating information in a socially appropriate and respectful way (Colquitt, 2001; Tomlinson & Greenberg, 2005). Significant research into this aspect of justice across a range of organisational issues has identified several perspectives to interactional justice. These are truthfulness, respect, propriety and justification, and processes where an injustice may be rectified by an adequate justification (Boxall & Purcell, 2016; Cropanzano & Randall, 1993). Research (Bies, 1987; Shapiro, 1993) indicates that an effective way of achieving this is by communicating to employees an account of the process and procedures undertaken in making a decision (Fuchs & Edwards, 2012). This is what Cohen-Charash and Spector (2001) describe as the human side of organisational practices. Thus, a negative response to perceived interactional justice is more likely to focus on the individual supervisor rather than the organisation as would be the case

with procedural justice (Crapanzano & Prehar, 1999) and can impact on the employees' psychological contract discussed in Chapter 3.

The Context of Organisation Justice

Whilst the above framework clearly identifies the *content* of organisational justice, of equal importance are the *contextual* elements, which include culture and organisational structures and how organisations manage status and power. As James (1993) notes, these issues have a very important and wide-ranging effect on justice behaviour and perceived injustice. Boxall and Purcell (2016) and Lewis, Thornhill, and Sanders (2003) have noted the implications for justice on many aspects of HRM. As noted, with the increasing complexity and speed of change in the workplace, it is important for organisations to have a solid foundation upon which policies, practices and processes are developed and reviewed in order to ensure that organisational justice is perceived by all stakeholders. Where decisions are made that will be unfavourable to stakeholders, that is, employees – research indicates that where there is a sense of perceived fairness in the decision-making process, employees, whilst not necessarily agreeing with the outcomes, will more readily accept the decisions that are made. The alternative is a workforce that feels betrayal, and the repercussions that come from this including lower moral and commitment, and higher turnover, absenteeism, theft and violence (see Chapter 8 for the Dark Side of Work). As Cropanzano and Randall (1993) and Boxall and Purcell (2016) indicate, this applied perspective provides a new approaches and recommendations for more effective HRM.

Research on the issues of organisational justice has also identified the effects on the related aspect of employee voice (Folger, 1977; Wilkinson, Dundon, Donaghey, & Freeman, 2014). Organisational justice and voice are linked by the scope of the subjects negotiated, the organisational decision-making approach to participation, and the perceived influence employees or their representatives have at arriving at a decision. Understanding this framework of justice can guide HR managers in dealing with HR issues as they develop in a way that, whilst possibly not perfect, will allow a sense that they are attempting to deal with the issues in a fair and equitable way with all stakeholder. It is clear that a culture of strong organisational justice can be critical to developing a workplace that is perceived by all stakeholders as a place where decision-making is undertaken in consideration of all and on a fair and equitable basis, in a turbulent environment.

Ethics and HRM

The second element in guiding HR managers and decision makers in these changing times is the ethical dimensions of decision-making. In combination with the processes of organisational justice, ethical perspectives can allow a more nuanced assessment of the impact of decision-making and reasoning on the individual, group, organisation and society level (e.g. sustainable HR initiatives – see Chapter 11). Exploring these issues through the classical ethical theories – egoism, utilitarianism and deontology – allows for a more expansive view of the issue and the potential impact on stakeholders (Greenwood & Freeman, 2011).

Egoism and utilitarianism are both consequential theories (developed from the work of Mills and Bentham), which judge the morality of an issue based on the consequences

it generates, in the formal case, consequences or costs for the decision makers under question and in the latter, consequences and costs for all parties (stakeholders) whose interests might be affected. Egoism suggests that an action is morally right if all decision makers in a given situation freely decide to pursue either their short-term desires or long-term interests (Crane & Matten, 2016). In a workplace context therefore, the perceived positive gains for the employer needs to be juxtaposed with the impact on other key stakeholders such as the workforce, society and the long-term organisational performance and image of the organisation (Greenwood & Freeman, 2011).

Utilitarianism or the ‘greatest good principle’ states that an action is morally justified if it brings about the greatest good for the greatest number of people affected by the action (Crane & Matten, 2016). This approach differs from egoism, by looking at not only the outcomes for the decision makers, but also the collective welfare that is produced by the action, calculated by a cost-benefit analysis. An action is deemed morally correct if it generates the highest aggregate economic value (i.e. utility) for all parties involved, regardless of the negative impact it has caused.

The deontology approach takes a differing perspective to the consequential theories by focussing on the morality of an issue or action above the context. Morality is defined by a set of rationally deduced a priori moral rules, which must be applied consistently across situations without any exception. Kant the most influential writer in this field, termed this set of rules ‘categorical imperative’, which is comprised of three universal principles. The basis of these principles was to act in accordance with ‘universal law’ and human dignity and not as a means to an end (Kant, 1994). Taken together, they form the basis of moral judgement. Using these classical ethical theories within the context of the new contested terrain of the fourth industrial (digital) age can facilitate more reliable and respected decision-making.

Trust

A key aspect of justice and ethics discussed above is trust. As Boxall and Purcell (2016, p. 247) state: ‘Low levels of organisational trust are linked to perceptions that organisational justice has broken down’. Greenwood (2014) highlights the role of justice ethics as underpinned by trust in fair and equitable treatment of all, under the ‘veil of ignorance’. As contemporary research is increasingly showing, trust in management is a critical element for organisations to foster (Holland et al., 2016; Searle et al., 2011). Not least because trust has been found to be positively associated with a range of employee attitudes and valued work behaviours, including organisational citizenship (Dirks & Ferrin, 2002). As Boxall and Purcell (2016) argue, management at all levels can ill-afford to ignore the influence of trust on employees’ attitudes and their subsequent contributions to the organisation, as trust enables greater cooperation and is a key element in judging how employees view their relationship with management. Consequently, trust can act as an antecedent of competitive advantage for organisations (Holland et al., 2016; Searle et al., 2011).

HR policies and practices constitute, inter alia, an institutionalised organisational process which can influence employees’ perceptions of the trustworthiness of an organisation (as represented by management), or the organisational climate of trust (Holland et al., 2016; Searle et al., 2011). These HR policies, principles and subsequent practices are central in developing what Fox (1974) describes as either a high trust informal