HR TRENDS AT THE BEGINNING OF THE 21ST CENTURY

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Abstract: This article examines and forecasts the HR trends at the beginning of the 21st century through giving a brief summary and comparison of the main forecasts and tendencies. There are quite a few forecasts published by HR experts, but no comparison has been made so far which would help to get a more reliable picture of current and future HR trends. The study gives an account of the main predictions and changes shown by international and national HR specialists to occur at the beginning of the millennium. The research was basically a desktop research relying on secondary data and using document analysis. Similarities of the expected trends were identified, and the secondary data were compared and analyzed, the results were summarized in a table and in a bar chart. The findings clearly show that there are basically four areas that are forecast to be in the focus of change at the beginning of the millennium: digitization, employee satisfaction and talent management, work and assessment processes, and leadership and management. It has been found that in the forthcoming years, HR will experience significant transformation, of which digitization will be the most important area.

Keywords: Digitization, employees satisfaction, Human Resource Management, leadership, talent management, trends, work assessment

JEL Classification: J21, J24, J28

INTRODUCTION

Not so long ago, employees were not considered to be of value for the companies, they were expendable, not much emphasis was put on their working conditions and labour safety and security. The idea of improving the wellbeing of workers dates back to the end of the 19th century and the beginning of the 20th century, because employers realized that productivity can be improved if the employees feel better at work and if they are treated as people, not as manufacturing tools, consequently, departments of "industrial welfare" and „personnel departments" were created.[1] It was in the middle of the 20th century that employers started to realize the value of their human capital, their employees even more, and that it is cheaper to keep old employees and create comfortable and attractive working conditions for them, rather than employ new ones. So compensation packages for their efforts at work were given to the best performing employees in order to make them feel better at work.[2] Later at the end of the 20th century, workers were motivated not only by material incentives, but by psychological incentives such as autonomy, education, training on-the-job, etc. (Fehér, 2011). The name Human Resources Management Department replaced the old name, Personnel Department, indicating that the management of the company sees their workers as 'resources', consequently the tasks of HR Departments should go beyond doing administrative tasks only (Fehér, 2011). The beginning of the 21st century brought substantial changes. In order to make employees feel happy and satisfied at work, to retain the high-performers and talents for the future, quite a few new factors had to be considered, such as advanced

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[1] The Evolution of HR: where it's been and where it is going, (2019. November 7) Ita Group. Retrieved from:
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technology, multigenerational workforce, strategies for talent management, competitive environment, globalization, the lack of workforce, just to mention a few. Scientific researchers, trend analysts and HR specialists of global companies all agree that in the forthcoming years HR will face the biggest challenges in the corporate world, revolutionary changes are inevitable, due to these new factors. But the question remains: which currently existing sub-areas of HR will be transformed and influenced most, or whether new HR areas will be created and emerged, and if so, which ones. This article aims to forecast the main challenges these newly emerged factors bring for HRM, in order to create happy, productive and loyal workforce.

1. DEFINITIONS

Before getting right to the point, it is necessary to clarify the definitions mentioned in the article, of which 'Human Resources Management' is of paramount importance. According to Trost (2013) Human Resource Management (HRM/HR) involves all the planned and controlled activities of an organization to build and maintain the relation between employees and the organization in order to meet both business objectives and employee expectations. The following definition gives a more comprehensive picture of the responsibilities of an HR department: Human resources (HR) is the department within a business that is responsible for all things which are worker-related. That includes recruiting, vetting, selecting, hiring, onboarding, training, promoting, paying, and firing employees and independent contractors. HR is also the department that stays on top of new legislation guiding how workers need to be treated during the hiring, working, and firing process.[3]

A buzz word of business world today is 'talent management', which is the systematic process of identifying the vacant position, attracting, recruiting and hiring the suitable person, developing the skills and expertise of the person to match the position and retaining him to achieve long-term business objectives. In more details, it includes seven critical facets of HR: recruiting, onboarding, performance management, compensation planning, succession planning, learning and development (L&D), workforce planning. Talent management is not a separate area, it is a subpart of HRM.[4]

Similarly, 'operational HR management and strategical HRM management' are another two sides of HRM. According to Reynolds (2019), operational HR takes care of the day-to-day operations essential to meeting the needs of your employees, while strategic HR management deals with predicting future workforce's needs and ensuring that the company has enough of the qualified human capital to reach its goals.

Another definition to look at is 'in-house training'. „'In-house' refers to the internal operation of an organisation, and activities which are carried out by internal staff and employees. The activity of 'training' refers to the process of teaching work-related skills, or knowledge, to employees with the aim of increasing the quality and efficiency of their position and the organisation as a whole. Thus, when we talk about 'in house training' we are referring to learning for employees led by the company itself. Frequently, an in-house training program features the development of training materials, courses, assessment and supervision. Significantly, inhouse training does not have to take place within the physical premises of the organisation and can, for example, take place at a training centre or conference room"[5] .

Apart from in-house training, 'coaching and mentoring' are expected to play important roles in HR. According to Czeglédi et al (2018a), coaching helps workers to get the best out of themselves – through making them more confident and more aware of their potential to be used in the company. Mentoring is an educational relationship in which the mentor assists the mentee to make significant advances in his knowledge in order to develop to his full potential. In mentoring, the mentor's knowledge and experience

[3] Business Encyclopedia, Human Resources (2019, November 6), Retrieved from:
https://www.shopify.com/encyclopedia/human-resources-hr
[4] What is talent management, and how is it different from HR? Captera (2019, November 7), Retrieved from:
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[5] Inhouse training programs. Train in a day, In-house training programme. (2019, November 8). Retrieved from:
https://traininaday.com/inhouse-training-programs

are used to facilitate and enhance mentee's learning and knowledge, they are mutually responsible for the development of the mentee, therefore the mentor not only asks but answers mentee's questions and gives advice.

According to Marsh (2018), the relatively new HR term, 'blind hiring' aims at decreasing biases during the recruitment process. By this HR method, talent acquisition is based on a transparent method, by which candidates are hired regardless of their name, gender, religion, etc. It forbids the recruitment managers to inquire about the academic qualification and professional experience of a candidate, thus the candidate is judged by the skills and talent they can offer to an organization. The related term 'inclusion' refers to a concept different from its meaning in everyday language use: "the achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organization's success"[6].

'Gamification' seems to be an important HR meethod in this century. It refers to the 'the use of elements of game-playing in another activity, usually in order to make that activity more interesting'[7]. Such elements are competition, point scoring, etc.

'Digital HR' is an important part of the sea of changes in HRM, which means the digital tarnsformation of HR services and processes through the use of social, mobile, analytics and cloud (SMAC) technologies. It transforms the HR function from paper-based, reactive and time-consuming to digital-first, mobile and optimized'[8]. An example is 'chatbot', which is a newly emerged technological concept. According to Schlicht (2016), chatbot is a service, powered by rules and sometimes artificial intelligence that you interact with via a chat interface, in short it is an automated messaging system.

By Galetto's definition (2015), 'predictive analytics' involves extracting data from existing data sets to identify trends and patterns, which are used to predict future outcomes and trends. Another method is 'Key Performance Indicator (KPI)', which is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs at multiple levels to evaluate their success at reaching targets. High-level KPIs may focus on the overall performance of the business, while low-level KPIs may focus on processes in departments such as sales, marketing, HR, support and others[9].

Finally, the term 'employer branding' is defined, because the term has a meaning in HR different from that of in marketing sciences: 'Employer brand is a term referred to describe company's reputation and popularity from a potential employer's perspective and describes the values company gives to its employees'[10].

1.1   Research questions

The article studies the following research questions:

1. What HR trends and changes do international and Hungarian HR experts predict to occur for the year 2019?
2. What do these predictions have in common?

1.2   Hypotheses

Significant changes have been hypothesized in two areas:

- Hypothesis 1.: Widespread proliferation of digitization will be the main driver of changes.
- Hypothesis 2.: Employee satisfaction and the endeavor for the retention of the best performing workers, that is talent management will be key in HR.

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[7] BuiltIn, Inclusion. (2019, November 7). Retrieved from: https://builtin.com/diversity-inclusion

[8] Teachtarget Network, digital HR (2019, November 7). Retrieved from:
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[9] Klipfolio, Key Performance Indicators. (2019, November 8). Retrieved from:
https://www.klipfolio.com/resources/articles/what-is-a-key-performance-indicator

[10] Talentlyft, Employer brand, (2019, November 7). retrieved from: https://www.talentlyft.com/en/resources/what-is-employer-brand

1.3   Method of research

The article relies on secondary data, i.e. on desk research of trend analysis on Dutch, American, Finnish, German and Hungarian HR portals, professionals and websites. The predictions are analyzed, and the main trends are identified and summarized.

2.   LITERATURE

As said in the introduction, the evolution of HR dates back tob the middle of the 20th century. At that time it focused on the administration of employee's work, it dealt with the employment processes and drafted the terms and conditions of work contracts. Thereafter, the tasks of HR shifted towards monitoring the HR practices, such as staffing, training programmes, compensation packages, and the effective implementation of such HR practices. In the last 15 years, the tasks of the HR manager have gained importance and prestige at companies and thus they are supposed to work in close cooperation with the management of the company, what's more they belong to the top management as strategic business partners. Ulrich (2018) claims that as a result of this, HR has started to focus too much on pleasing top management, and forgotten its key roles.

Haak (2017) says that instead of wooing top managers, understanding the wishes, needs and capabilities of employees should be more important for HRM, a more employee centric approach should be adopted. Haak (2017) predicts a shift from PTB (please the boss) to EI (employee intimacy) and employee satisfaction. He claims that HR will see a revolution in which understanding the demands and identifying the competencies of employees will be more important than pleasing the management. He also says that a renewed focus on productivity will emerge: fewer people will be hired and their potentials will be used more effectively. Employees will be empowered more and expected to be more proactive and make independent and innovative decisions. Job security will be challenged by those employees who have the skills to accomplish a task the best, talented and proactive employees will be supported most. Online education and learning in real time will replace traditional in-house training methods. Due to automation, HR teams will shrink and jobs in HR services will decrease.

Millet (2017) agrees claiming that 2018 and 2019 will experience a substantial shift of focus towards technology to find, connect, engage or replace people. He predicts five big trends, all of which involve technology: 1. Social media and other online communication methods will make it easier to reach the suitable candidates, even the passive ones. 2. The employment of remote workforce, who work from home is a growing trend, due to internet availability. 3. Digitizing of the hiring process which is called blind hiring will spread. 4. Gamification will turn the HR processes into a competitive game, for example gamification will be used in the hiring process. 5. Future-proofing employees will be hired, those who cannot be replaced by evolving technology.

Smith (2018) believes in the emergence of four major HR Trends: 1.Flexible work schedules since work-life flexibility is a priority for the millennials. 2. A growing remote workforce. 3. Social media recruiting through LinkedIn, Twitter and Facebook, and job application on smartphones will play an increasing role in recruiting. 4. Technology for HRM tasks such as cloud-based HR application and HR analytics will appear more.

According to Salo (2018), the development of HR technology will have an big impact on future organizations for example by the enhancement of predictive analytics, learning via e-learning tools. Talent management will be aligned with the expectations and skills of the employee and the employer in order to build a positive employee and employer brand. Employer job satisfaction will be assessed and analysed as much as customer satisfaction. Operational and strategical HRM will be separated in order to ensure time to review long-term and strategic issues.

In Germany, the Global Human Capital Trend Study (2017) made a survey among 10,400 HR professionals and suggested that companies will employ adaptable, flexible, multifunctional executives, who are able to react and adapt to digitization and its impact fast. 3. Different learning methods will be required for a successful career. 4. Digital talent recruitment will help companies to find employees through new online and digital channels. 5. Digital HR platforms will be required to create digital

workplaces where employees can collaborate and communicate virtually and independently. 6. Renewed performance management approaches will create a quick, direct, KPI-driven assessment. 7. More human and positive job experience of employees will be guaranteed from the initial contact to the termination of the job. 8. Employee analytics will become more of a management task and stops to be a pure technical discipline for data experts. 9. Responsibility for fairness, equality and inclusion will no longer belong to the HRM, but to the management. 10. Workforce 4.0 will take the ground, featuring freelancers, short-term workers, crowd-sourcing, furthermore use of robotics, artificial intelligence and cognitive technologies.

According to the most prominent job (HR) portal in Hungary, the Profession (2017), technological development has sparked HR missiles as well so the following HR trends are expected in 2018 and in 2019: 1. Remote work and virtual working ability will become more and more accepted. 2. Wages based on fixed working hours will be replaced by performance-based wages. 3. The protection of stored personal data will be a priority. 4. The expansion of predictive analytics (personal data analysis of an applicant) will have an increasing role. 5. The strategy of recruiting passive candidates will be significantly transformed. 6. Employer branding will have a significant role, companies will have to do their best to show their advantages to their future colleagues. 7. Technological progress will give ground to blind hiring. It will be important that the interviewer's first impression and private opinion do not influence the outcome of the recruitment process. 8. Gamification will dominate HRM. 9. Chatbots, the automated messaging system will relieve the work of HR professionals. 10. Training, coaching, mentoring, talent management, continuous learning and further education will go online and be very important (Czeglédi et al 2018b, 2018c, Veresné Valentinyi 2018).

3. RESULTS

Secondary data were collected and summarized in Table 1., which shows the main HR trends and changes in 2018 and 2019.
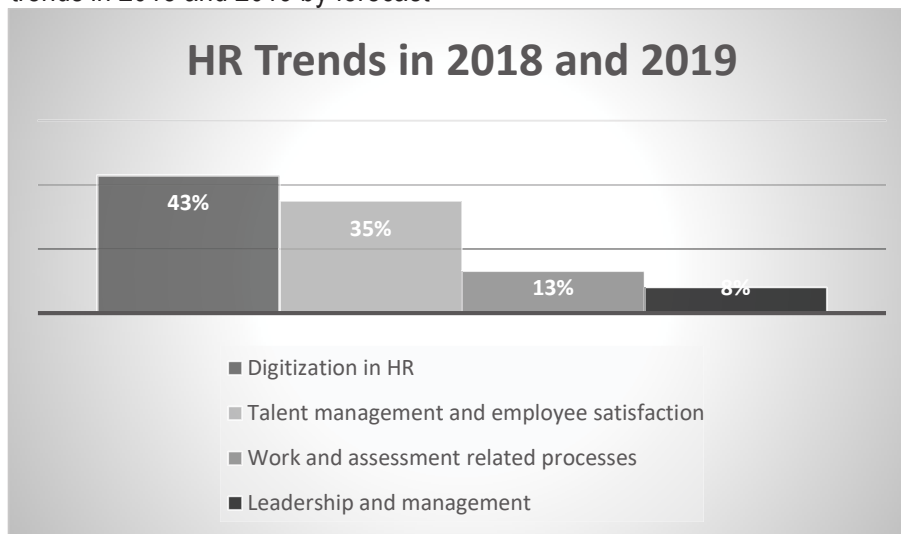
Tab 1. HR trend in 2018 and 201

changes in HRM related to digitization	changes in employee talent management	changes in work related processes and assessment	changes in leadership and management
shrinking HR teams	shift from PTB (please the boss) to EI (employee intimacy) and employee satisfaction	empower the employees	Leadership and management in transition: more adaptability to technology and employee expectations and skills
using digital technology more in HRM	hospitality and service of employee satisfaction and meeting employee expectation, workplace convenience	no fixed jobs are guaranteed any more	the growing role of (employee and) employer branding
blind hiring	more humane, employee-focused employment	renewed performance (productivity) management and assessment	
gamification	changes in working time: flexible work schedules		
searching for passive candidates	adaptation to workforce 4.0		
Chatbots	future-proofing employees		

enhancement of predictive analytics measuring of the candidate suitability and KPI	separation of operational and strategical HR		
remote work	inclusion is the new strategy towards employee diversity inclusion is the new stratégy towards employee diversity		
different learning methods, e-learning tools, online training, coaching and mentoring, talent management, learning in real time			
changes in personal data protection			

Source: Own

The study reports that the major changes are due to digitization, related to an enhanced focus on talent management and employee satisfaction, work processes and assessment, and a new role of leadership and management. Figure 1. presents the expected HR trends and changes in 2018 and 2019 by size according to forecasts.

Fig. 1. Major trends in 2018 and 2019 by forecast

Source: Own

DISCUSSION

The purpose of the study was to investigate the main HR trends and changes HR experts predict for the year 2018 and 2019. It was hypothesized, that HR professionals forecast that in the forthcoming years HR will face significant changes in two areas: digitization and employee satisfaction.The hypotheses are partially justified. The findings clearly show that there are not only two, but four areas where changes are expected, of which digitization is expected to be more influential: 1. changes related to digitization, 2. changes in employee satisfaction Trend talent management, 3. changes in work and assessment related processes and 4. changes in leadership and management. Nagy et al (2018) think that in the next few years as a consequence of digitization, 3 million employees may become redundant in Germany only,

in Hungary, digitization may influence more than half a million jobs. However, this should not be seen as a threat, but a challenge, an opportunity for the individual employees and companies in order to increase their competitiveness in a digital world where network-, platform- and project-based jobs will become widespread, employees will work from home, participate in online courses, and their work will be assessed in a different way. Talented employees will be appreciated and taken care of more, employee satisfaction and workplace convenience will be in the focus, though the new generations will not work in a single workplace. The managers will have to adopt a new role by being more flexible, facing the challenges of digitization and new employee expectations, and empower employees more.

The research is just the first step of a comprehensive indepth research which is to be supplemented by primary research at multinational companies this year

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