



Challenging the Status Quo: Transforming HRM Practices to Address the Societal Shift in Employee Expectations



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Abstract

In response to the profound societal changes in Central Europe, employees' priorities are shifting towards higher-level needs, compelling Human Resource Management (HRM) practices to adapt and evolve. This paper argues that traditional HRM approaches, which primarily focus on basic needs, are no longer sufficient in meeting the complex demands of the modern workforce. Challenging the status quo, the paper advocates for systemic changes in HRM practices, including creating a flexible HR space, elevating HRM to the C-suite level, and fostering an inclusive culture. By exploring the need for transformation in organizational culture, performance management, employee engagement, and leadership development, this paper highlights the urgency for organizations to boldly implement these changes to attract and retain top talent while fostering a fulfilling, engaging, and productive work environment. Companies must seize the opportunity to drive meaningful and lasting change, ensuring their workforce remains motivated, satisfied, and committed to the company's long-term success.

Keywords: HRM; Human Resources; Hierarchy of Needs; HR Transformation; Societal Changes; Generation Z; Gen Z

Introduction

The contemporary workplace has undergone significant transformations due to various societal changes and technological advancements. Factors such as globalization, the rise of the gig economy, and an increasing emphasis on work-life balance have altered the landscape of work and employment. In this context, Maslow's hierarchy of needs [1], a psychological framework that proposes a five-tier model of human needs, which are often depicted as hierarchical levels within a pyramid. From the bottom of the hierarchy upwards, the levels are: physiological, safety, love and belonging, esteem, and self-actualization. Maslow's hierarchy of needs plays a crucial role in understanding employees' evolving needs and expectations.

While traditional Human Resource Management (HRM) practices have primarily focused on fulfilling employees' basic physiological and safety needs, they have also made efforts in recent years to address higher-level needs through initiatives such as training and development programs, additional benefits, and perks. However, these efforts seem insufficient in the face of ongoing societal shifts, such as changing demographics, increased

awareness of mental health, and the growing importance of corporate social responsibility. This paper will discuss the connection between these societal changes and Maslow's hierarchy of needs in the Central European context, arguing that a systemic change in HRM is essential to address the evolving priorities of the modern workforce, which extend beyond the influence of Generation Z or the COVID-19 pandemic.

The Evolution of Employee Needs

Historically, the focus in Central Europe was often on providing employees with basic physiological and safety needs, such as job security, stable income, and safe working conditions. However, these factors were not the only criteria that mattered to employees. As the region has experienced rapid economic growth, improved living standards, and greater access to education and technology, employees' priorities have gradually shifted towards higher-level needs, including belonging, esteem, and self-actualization. The rise of the knowledge economy, the increased emphasis on personal fulfilment and work-life balance, and a growing concern for social and environmental issues have all contributed to this shift.

For example, employees now place greater importance on working for organizations that share their values and offer opportunities for personal and professional growth. They also expect more flexible work arrangements, a supportive and inclusive work culture, and the chance to make a positive impact on society and the environment. While the entrance of Generation Z into the workforce and the widespread adoption of remote work due to the COVID-19 pandemic have intensified these changes [2], they are merely symptoms of a much larger underlying societal transformation. This transformation has made it increasingly challenging for companies in Central Europe not only to recruit top talent but also to retain them. Consequently, it is essential to recognize that these societal shifts demand a more comprehensive, systemic change in HRM practices rather than just a list of specific activities. To address these evolving needs, organizations must adopt a holistic approach to HRM that encompasses a wide range of strategies and initiatives.

The Need for Systemic Changes in HRM

The rapidly changing landscape of employee needs compels a paradigm shift in HRM practices, necessitating a departure from traditional approaches. Companies must transition from focusing solely on basic needs to adopting a more comprehensive approach that addresses higher-level needs such as belonging, esteem, and self-actualization. To achieve this, a systemic change must encompass various aspects of HRM, including organizational culture, performance management, employee engagement, and leadership development.

Moreover, to effectively integrate these systemic changes throughout the organization, including the C-suite, HRM must be elevated to a more prominent role within the company and should become part of the C-suite. By positioning HRM as a strategic partner in the organization, companies can ensure that the necessary changes are implemented across all levels. This elevated status will empower HRM to influence decision-making and drive the organization towards a more people-centric approach, better aligning with the evolving needs of the modern workforce.

Organizational Culture: To effectively address employees' higher-level needs, companies must emphasize the importance of a flexible HR space. While most organizations have clear HR rules that define and handle common cases uniformly, the evolving societal changes demand that companies consider each employee's individual needs. Fair and equal treatment is a crucial factor in creating trust and motivation; however, these societal shifts necessitate companies to be more adaptable and supportive of their employees' unique circumstances and aspirations.

Organizational culture should focus on fostering a positive environment that emphasizes trust, open communication, collaboration, and inclusivity [3]. This requires creating an environment that actively recognizes and fulfills individual employees' unique needs, moving away from rigid one-size-fits-all solutions. Companies should develop flexible HR policies that can

accommodate diverse requirements, while still ensuring fair and equal treatment for all employees.

Another essential aspect of organizational culture is the company's vision [4]. Companies need to urgently find, define, and formulate a meaningful vision that truly reflects their values and objectives. This vision should not merely be crafted by consultants and displayed on their website but must be genuinely lived throughout the organization, from top management to entry-level employees. By embedding this vision into every aspect of the company's operations and decision-making, organizations can create a strong sense of purpose and unity.

Performance Management: A comprehensive performance management system should recognize and reward hard work, innovation, and collaboration. This involves setting clear performance expectations, conducting regular performance reviews, and acknowledging employees' achievements. Gerlich's [5] study highlights the urgent need for revising current bonus systems, shifting from short-term goals to long-term objectives, and implementing systemic organizational changes to meet the advanced needs of employees.

This transformation in performance management requires the inclusion of indicators focusing on employee satisfaction and retention rates for all managers at every level. By incorporating these metrics into the evaluation process, organizations can ensure that managers are accountable for the well-being and development of their employees, fostering an environment that prioritizes higher-level needs.

By effectively managing employee performance and rethinking incentive structures, companies can boost motivation and satisfaction, ultimately leading to higher retention rates. This approach to performance management aligns with the societal changes and evolving employee priorities, ensuring that organizations are better equipped to navigate the challenges of the modern workforce.

Employee Engagement: Addressing higher-level needs requires a strong focus on employee engagement, which is crucial in creating a thriving and productive work environment [6]. Companies must prioritize nurturing a deep sense of connection and purpose among employees, emphasizing the importance of regular feedback, showcasing the outcomes of individual and team efforts, and ensuring that employees understand their contribution to a meaningful cause.

By providing timely, constructive feedback through continuous communication, both formal and informal, employees are better equipped to understand their strengths and areas for improvement, allowing them to develop and refine their skills. Celebrating and showcasing the outcomes of individual and team efforts create a sense of accomplishment and pride among employees. Recognizing their contributions and communicating the impact of their work can reinforce the value of employees' efforts and enhance their motivation.

Furthermore, ensuring that employees understand their role in achieving the company's larger goals and how their work contributes to a meaningful cause can foster a sense of belonging and connection. Leadership Development: Developing strong leaders who understand and prioritize employee growth is crucial for creating a work environment that supports self-actualization [7]. Companies need to invest in leadership training and development programs that focus on emotional intelligence, coaching, and mentoring skills, empowering leaders to effectively guide and support their employees in their pursuit of personal and professional growth.

Training leaders on the importance of fostering a growth-oriented culture can enable them to implement initiatives and practices that support employee development. By instilling an emphasis on continuous improvement and creating opportunities for growth, leaders can inspire employees to reach their full potential and achieve self-actualization. Elevating HRM's role within the company and ensuring its representation in executive boards or top management is essential for integrating systemic changes and addressing the evolving priorities of the modern workforce. By positioning HRM as a strategic partner in shaping the organization's direction and goals, companies can ensure that employee needs and aspirations are given due consideration, ultimately leading to a more engaged and fulfilled workforce.

Conclusion

The profound societal changes in Central Europe have dramatically shifted employees' priorities towards higher-level needs, making it imperative for HRM practices to evolve and adapt to stay relevant and effective. The traditional focus on basic needs is no longer sufficient; organizations must embrace systemic changes in organizational culture, performance management, employee engagement, and leadership development to address the complex and diverse needs of the modern workforce. Key systemic changes include creating a flexible HR space, elevating HRM to the C-suite level, and fostering an inclusive culture.

Companies that rise to this challenge and boldly implement these systemic changes will not only be better positioned to attract

and retain top talent but will also create a more fulfilling, engaging, and productive work environment for their employees. By fostering a culture that emphasizes individual growth, inclusivity, and adaptability, organizations can ensure that their workforce remains motivated, satisfied, and committed to the company's long-term success. The challenge for HRM in Central Europe is not merely to recognize the broader societal transformations at play, but to take decisive action in implementing comprehensive, systemic changes that address the multifaceted needs of today's workforce. Failing to do so risks leaving organizations ill-equipped to navigate the shifting landscape and ultimately jeopardizing their competitiveness and success. The time for bold and visionary HRM leadership is now, and Central European companies must seize this opportunity to drive meaningful and lasting change by creating a flexible HR space, elevating HRM to the top management level, and nurturing an inclusive organizational culture.

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