Hr magazine article summary

The good news in this article is that the U. S. and global economies in the west are showing signs of recovery. Stocks, housing and consumer spendinghave all shown signs of recovery. The recovery is strongest in emerging markets in Asia, specifically china and India. There is one area, however that is not recovering as quickly. That area is the job market.
Some are worried that this recovery will be a “ jobless” recovery. What this means is all of the other sectors of the economy will begin to grow but new jobs will not appear as quickly as some would like. There are a few reasons this could happen. First is the fact that many firms, especially in Europe, have retained many of their employees as part-time employees rather than retrenching them. As growth continues, these part-time employees will be brought back to full time status first. New jobs will not begin to be created until the economic growth outpaces the rising productivity caused by turning part-time employees back into full time employees. A second reason the recovery could be viewed as a “ jobless” one is the historical precedent set by the recovery from the 1991 recession. What economists found is that the economic recovery was slowed because jobs lagged behind other sectors of the economy. For example, consumer spending will not increase at a rapid rate if unemployment remains high. This drag on the economy works as a negative feedback. Few new jobs mean less growth, which means new job growth, is stymied.

As a HR professional, offering insight into the job market is a key part of your professional responsibilities. Feedback from HR professionals actually predicted this most recent downturn in the economy. HR professionals release a report called the Leading Indicators of National Employment (LINE). In December of 2007, the LINE report indicated that the national employment indicators had turned into negative territory. A year later the National Bureau of Economic Statistics confirmed that December of 2007 was the start of the recession.

One troubling labor market report being gathered by HR professionals deals with wage trends. Due to the high rate of unemployment, many HR professionals feel that wages will begin to trend lower, even as the broader economy recovers. This could lead to a lost generation of young employees being stuck in low wage jobs with little prospects for breaking out. Other possible ways firms or individuals may compensate for lower wages is by increasing the amount of telecommuting. This saves on transportation costs for the individual employee. Alternate ways of working may need to be explored in order to help economic growth.

Other impacts the HR profession can have on how firms deal with the economic downturn and the slow recovery is through their understanding of the labor market's macroeconomic functions. Wage trends, jobless rates and employee training and retention all impact the broader economy. HR professionals are in a unique situation to not only deal with these issues in an abstract way, but to also help firms deal negotiate any sort of recovery, even if that recovery appears to be a " jobless" one. HR professionals understand the reasons for the lag in job creation and are poised to help their firms make decisions about setting wages and rehiring workers. They can then explain how these individual decisions concerning human capital can help the firm compete in a challenging economy.

Source

Schramm, J. (2009). Economic Improvement Hinges on Employment. HR Magazine, 54(12), 2-4. Retrieved from Business Source Premier database.