Chapter Two: Trends in Human Resource Management

Welcome to your guide to teaching Chapter Two, Trends in Human Resource Management!

This guide will provide you with a chapter summary, lecture outlines, solutions to in-chapter case questions, suggested use of internet exercises and self-assessments from the online learning center, video resource notes and discussion questions, and suggested uses for the PowerPoint slides contained in your Instructor Resources.

Instructor's Manual Highlights:

Chapter Two Roadmap

We hope you find each chapter of your Instructor Manual practical and useful, but also, *exciting*! You can adapt the chapter text, the PowerPoint, and the video to work in an online class environment, a guided independent study environment, or a face to face or on-ground environment.

- ✓ When presenting Chapter Two, have the students first read the chapter and encourage them to absorb the "big picture" of Human Resource Management.

- ✓ Use the PowerPoint for Chapter Two to frame your lecture.

- ✓ Have students read and discuss the cases and their respective questions.

- ✓ Have students validate their knowledge of the chapter by working through the Discussion Questions at the end of the Chapter.

- ✓ Lastly, have students review, journal, or discuss the Key Vocabulary Terms at the end of the chapter.

ROADMAP: THE LECTURE

Chapter Summary

This chapter provides your students with *knowledge of the environment of* Human Resource Management. This chapter will present trends in the labor force and it will explain the internal labor force (an organization's workers) and the external labor market (individuals who are actively seeking employment). Students will read about how the workforce is becoming older and increasingly diverse. Students will acquire an understanding of skill deficiencies in the worforce and they will learn how HRM can address those deficiencies. The chapter will discuss how HRM can help organizations become high-performing, and the benefits of empowering employees. HRM is a strategic partner during other changes that are occuring in the business environment, including mergers and acquisitions, and technological changes. Lastly, the chapter will present the change in the employment relationship, where organizations expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. Employees, in turn, seek flexible work schedules, comfortable working conditions, control over how they accomplish their work, training and development opportunities, and financial incentives based on corporate performance.

Learning Objectives for Chapter Two

After studying this chapter, the student should be able to:

1. Describe trends in the labor force composition and how they affect human resource management.

2. Summarize areas in which human resource management can support the goal of creating a high-performance work system.

3. Define employee empowerment and explain its role in the modern organization.

4. Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

5. Summarize ways in which human resource management can support organizations expanding internationally.

6. Discuss how technological developments are affecting human resource management.

7. Explain how the nature of the employment relationship is changing.

8. Discuss how the need for flexibility affects human resource management.

Lecture Outline

I. Introduction

Line technicians at Duke Energy, an electric-power company based in Charlotte, North Carolina, participate in a stretching program before they start their workday. They also are provided with battery-powered wire clippers, and they are trained in how to perform job functions such as lifting and climbing in a safe manner. These workers' average age is between 50 and 55, and the company appreciates the value of its experienced line technicians. Rather than replace these older workers with young employees, the company realizes that it typically takes eight years to become expert ad the major skills required to repair power lines. Additionally, experienced workers can serve as role models and mentors for younger colleagues. Turnover among older workers tends to be lower, so these can be the organization's most loyal employees. Companies like Duke Energy understand that it is a worthwhile investment to help older workers stay healthy until they are ready to retire.

Discussion Question and Suggested Response

1. Explain the value to a company like Duke Energy that comes from investing in retaining older workers, and in investing in resources such as safety and health training, that help older workers stay safe and healthy.

   In the example presented by Duke Energy, the company benefits from retaining healthy older workers because of the skills and expertise that they have accumulated throughout their years on the job. In this case, Duke Energy said that it takes a line worker eight years to become expert at repairing power lines. Older workers can serve as mentors and role models for their younger colleagues. Turnover among older workers tends to be lower, which reduces the costs of replacing them.

This chapter will describe major trends that are affecting human resource management. It will examine the modern labor force, including trends that are determining who will participate in the workforce of the future. The chapter will explore the ways that HRM can support a number of trends in organizational strategy, from efforts to maintain high-performance work systems to changes in organizational size and structure.

II. Change in the Labor Force

1. The labor force is a general way to refer to all people willing and able to work.

2. The **internal labor force** consists of the organization's workers-its employees and the people who have contracts to work at the organization.

3. The **external labor market** is comprised of individuals who are actively seeking employment.

2. An organization's internal labor force is derived from its external labor market.

3. Human resource professionals need to be aware of trends in the composition of the external labor market because these trends affect the organization's options for creating a well skilled, motivated internal labor force.

A. An Aging Workforce

1. The Bureau of Labor Statistics (BLS) has projected that from 2010 to 2020, the total civilian U.S. labor force will grow from 154 million to 167 million workers.

2. **Figure 2,1 Age Distribution of the U.S. Labor Force**, presents the proportions of workers in different age ranges in the United States between the years 2010 and 2020.

2. By 2020, all baby boomers will be at least 55 years old, swelling the ranks of workers.

3. Human resource professionals will spend much of their time on concerns related to planning retirement, retraining older workers, and motivating workers whose careers have plateaued.

4. Organizations will struggle with ways to control the rising costs of health care and other benefits, and many of tomorrow's managers will supervise employees much older than themselves.

B. A Diverse Workforce

1. Another kind of change affecting the U.S. labor force is that it is growing more diverse in racial and ethnic terms.

2. **Figure 2.2, Projected Racial/Ethnic Makeup of the U.S. Workforce, 2020,** identifies the estimated diverse makeup of the working population by 202.

3. The greater diversity of the U.S. labor force challenges employers to create HRM practices that ensure they fully utilize the talents, skills, and values of all employees.

4. The growth in the labor market of female and minority populations will exceed the growth of white non-Hispanic persons.

5. The Hispanic share of the U.S. labor force is expected to near 19 percent of the total in 2020.

6. Along with greater racial and ethnic diversity, there is also greater gender diversity. By 2020, the share of women in the civilian labor force is expected to reach about 47 percent.

7. Managing cultural diversity involves many different activities such as creating an organizational culture that values diversity, ensuring that HRM systems are bias-free, encouraging career development for women and minorities, promoting knowledge and acceptance of cultural differences, ensuring involvement in education both within and outside the organization, and dealing with employees' resistance to diversity.

8. In a recent survey of executives at large global corporations, 85 percent said that a diverse and inclusive workforce is important for encouraging innovation.

9. **Figure 2.3, HRM Practices that Support Diversity Management,** summarizes ways in which HRM can support the management of diversity for organizational success.

10. The greater the diversity of the U.S. labor force challenges employers to create HRM practices that ensure that they fully utilize the talents, skills, and values of all employees. Organizations cannot afford to ignore or discount the potential contribution of women and minorities.

11. Employers will have to ensure that employees and HRM systems are free of bias and value the perspectives and experience that women and minorities can contribute to organizational goals such as product quality and customer service.

12. Managing cultural diversity involves many different activities:

    a. Creating an organizational culture that values diversity, ensuring that HRM systems are bias-free.
    b. Encouraging career development for women and minorities
    c. Promoting knowledge and acceptance of cultural differences
    d. Ensuring involvement in education both within and outside the organization
    e. Dealing with employees' resistance to diversity

C. Skill Deficiencies of the Workforce

1. The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy.

2. Often, when organizations are looking for technical skills, they are looking for skills related to computers and using the Internet.

3. Today's employees must be able to handle a variety of responsibilities, interact with customers, and think creatively. To find such employees, most organizations are looking for educational achievements. A college degree is a basic requirement for many jobs today.

4. The gap between skills needed and skills available has decreased U.S. companies' ability to compete because they sometimes lack the skills to upgrade technology, reorganize work, and empower employees.

III. High-Performance Work Systems

1. **High-performance work systems** are organizations that have the best possible fit between their social system (people and how they interact) and technical system (equipment and processes).

2. Among the trends that are occurring are reliance on knowledge workers, empowerment of employees to make decisions, and use of teamwork.

Did You Know?

Top 10 Occupations for Job Growth

According to the Bureau of Labor Statistics, the top ten occupations for job growth between 2010 and 2020 are listed below. These jobs require widely different levels of training and responsibility, and pay levels vary considerably.

1. Registered nurses
2. Retail salespersons
3. Home health aides
4. Personal care aides
5. Office clerks
6. Food preparers and servers
7. Customer service representatives
8. Truck drivers (heavy and tractor-trailer)
9. Hand laborers and stock movers
10. Postsecondary teachers

Discussion Question and Suggested Response

1. Which of the positions in this graph would you describe as "knowledge workers?" Why?

   Because knowledge workers are employees whose main contributions to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession, the knowledge workers in this list are registered nurses and postsecondary teachers. Depending on the context, others on the list could be considered knowledge workers. Retail salespersons might have particular knowledge of the product, and of the customer. Customer service representatives, again, depending on the context, could be knowledge workers.

   A. Knowledge Workers

   1. The growth in e-commerce, plus the shift from a manufacturing to a service and information economy, has changed the nature of employees that are in demand.

   2. The Bureau of Labor Statistics forecasts that between 2002 and 2012, the most new jobs will be in service occupations, especially education and health services**.**

   3. The number of service jobs has important implications for human resource management. Research shows that if employees have a favorable view of HRM practices, they are more likely to provide good service to customers.

   4. Of the jobs expected to have the greatest percentage increases, most are related to healthcare and computers.

   5. The fastest growing occupations are expected to be biomedical engineers, network systems and data communications analysts, home health aides, personal and home care aides, and financial examiners. Many of these occupations require a college degree.

   6. The **"Did You Know?" Box: Top 10 Occupations for Job Growth,** lists the ten occupations expected to gain the most jobs between 2010 and 2020.

   7. The future U.S. labor market will be both a knowledge economy and a service economy.

   8. **Knowledge workers** are employees whose main contribution to the organization is specialized knowledge.

   9. As more organizations become knowledge-based, they must promote and capture learning at the level of employees, teams, and the overall organization.

   10. The reliance on knowledge workers affects organizations' decisions about the kinds of people they are recruiting and selecting.

B. Employee Empowerment

1. To completely benefit from employees' knowledge, organizations need a management style that focuses on developing and empowering employees.

2. **Employee empowerment** means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.

3. HRM practices such as performance management, training, work design, and compensation are important for ensuring the success of employee empowerment.

4. Employees must be properly trained to exert their wider authority and use information resources such as the internet.

5. The use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills.

HR How To

Empowering Employees to Innovate

Employees who work directly with customers are in an excellent position to notice when quality, service and efficiency can be improved. Many organizations try to empower employees to come forward with their ideas. Suggestions include listening with an open mind; getting employees fully engaged; inviting all employees to contribute ideas; setting up programs to reward innovation; training managers on how to get employees engaged, and how to listen respectfully to ideas; and being sure that the innovation program has a process for responding.

Question

1. In light of the information that you have read so far in this chapter about employee diversity—including age, gender, cultural and other dimensions of diversity—to what extent do you think managers should be particularly attuned to respecting diversity if they want to engage employees?

   Managers, when seeking to engage employees, should be sensitive to the role that demographics plays. Minorities, women, and those of all ages in an organization should be sent a clear message that their input is valued and respected and welcomed. This type of sensitivity will not only help to produce good ideas that could improve quality and service, but also, it could contribute to employee morale and productivity.

C. Teamwork

1. Organizations need to set up work in a way that gives employees the authority and ability to make decisions. One of the most popular ways is to increase employee responsibility and control is to assign work to teams.

2. **Teamwork** is the assignment of work to groups of employees with various skills who interact to assemble a product or provide a service.

3. Work teams often assume many activities traditionally reserved for managers such as selecting new team members, scheduling work, and coordinating work with customers and other units of the organization.

4. In some organizations, technology is enabling teamwork even when workers are at differed locations or work at different times. These organizations use virtual teams. Virtual teams are teams that rely on communication technology such as videoconferences, e-mail, and cell phones to keep in touch and coordinate activities.

5. Teamwork can motivate employees by making work more interesting and significant.

6. At organizations that rely on teamwork, labor costs may be lower as well.

IV. Focus on Strategy

1. The strategic role for HRM has evolved gradually. At a growing number of organizations, HR professionals are strategic partners with other managers.

2. The specific ways in which human resource professionals support the organization's strategy vary according to their level of involvement and the nature of the strategy.

3. Strategic issues include emphasis on quality and decisions about growth and efficiency. Human resource management can support these strategies, including efforts such as quality improvement programs, mergers and acquisitions, and restructuring.

4. **Figure 2.4, Business Strategy: Issues Affecting HRM,** summarizes strategic issues facing human resource management.

High Quality Standards

1. To compete in today's economy, companies need to provide high-quality products and services.

2. **Total quality management (TQM)** refers to a company-wide effort to continuously improve the ways people, machines, and systems accomplish work.

3. TQM has several core values:

   a. Methods and processes are designed to meet the needs of internal and external customers.

   b. Every employee in the organization receives training in quality.

   c. Quality is designed into a product or service so that errors are prevented from occurring rather than being detected and corrected.

   d. The organization promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.

   e. Managers measure progress with feedback based on data.

4. The TQM approach provides guidelines for all the organization's activities, including human resource management. To promote quality, organizations need an environment that supports innovations, creativity, and risk taking to meet customer demands.

Best Practices

Office Depot Learns to Put Customer Service First

This case describes the efforts of Kevin Peters, the president of Office Depot's North American stores, to improve sales. Even though office supply stores were experiencing declining sales because of the poor economy, Office Depot's sales were falling faster than their competitor's sales. Peters decided to identify the problem himself by dressing casually and visiting dozens of Office Depot stores around the country. He discovered the issue: employees were doing what the company's evaluation system was measuring, but the system wasn't measuring what customers cared about the most. Mystery shoppers had been rating the stores on cleanliness and well-stocked shelves. Customers wanted to find merchandise quickly and obtain answers to their questions. Employees were focused on floors and shelves, and customers were being ignored. Therefore, Office Depot's management began instituting changes aimed at delivering high-quality customer service. They made changes such as redesigning jobs and work areas to make the process of receiving merchandise and stocking shelves more efficient. This freed up time for employees to focus on customers. Office Depot also changed the training of store employees. Employees were trained on a three-step selling process aimed at meeting customer needs: ask, recommend, and close. Management has trained employees on developing people skills, and as it goes forward, it will make communication skills a priority in hiring decisions. In addition to these human resource management changes, the company has made marketing changes. The initial results have been an encouraging rise in sales and positive comments from customers as well as employees.

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Discussion Question and Suggested Response

1. Identify and discuss the human resource management practices that were involved in changing and enhancing Office Depot's effectiveness as an office supply retailer.

   Office Depot, in response to the identification made by its North American president that employees were not focused on the right priorities, used several human resource management practice to improve the company's effectiveness. First, it changed the expectations of its employees to focus on customer service. Second, it did so by re-designing jobs and making the receiving and stocking processes more efficient. Third, it trained employees on the three –step sales model of ask, recommend, and close. Finally, it has shifted its hiring priorities to place a greater emphasis on communication skills.

B. Mergers and Acquisitions

   1. Organizations join forces through mergers-two companies becoming one-and acquisitions-one company buying another.

   2. HRM should have a significant role in carrying out a merger or acquisition. Differences between the businesses involved in the deal make conflict inevitable. Therefore, training efforts should include development of skills in conflict resolution.

   3. HR professionals have to sort out differences in the two companies' practices with regards to compensation, performance appraisal, and other HR systems.

C. Downsizing

   1. **Figure 2.5, Number of Employees Laid Off During the Past Decade,** identifies the number of layoffs that have occurred despite the ongoing war for talent.

   2. The surge in unemployment created a climate of fear for many workers.

   3. An important challenge for employers was how to maintain a reputation as an employer of choice and how to keep employees engaged in their work and focused on the organization's goals.

   4. Downsizing presents a number of challenges and opportunities for HRM:

      a. Reduction of the workforce by cutting only the workers who are less valuable in their performance.

      b. Boost the morale of employees who remain after the reduction.

   5. HR professionals should maintain open communication with remaining employees to build their trust and commitment, rather than withholding information.

6. All employees should be informed why the downsizing is necessary, what costs are to be cut, how long the downsizing will last, and what strategies the organization intends to pursue.

7. HRM can provide downsized employees with outplacement services to help them find new jobs.

D. Reengineering

1. Rapidly changing customer needs and technology have caused many organizations to rethink the way they get work done.

2. **Reengineering** is a complete review of the organization's critical work processes to make them more efficient and able to deliver higher quality.

3. Reengineering affects human resource management in two ways:

   a. First, the way the HR department itself accomplishes its goals may change dramatically.

   b. Second, the fundamental change throughout the organization requires the HR department to help design and implement change so that all employees will be committed to the success of the reengineered organization.

E. Outsourcing

1. Manu organizations are increasingly outsourcing business activities. **Outsourcing** refers to the practice of having another company-a vendor, third-party provider, or consultant-provide services.

2. Not only do HR departments help with a transition to outsourcing, but also many HR functions are being outsourced. A recent study suggests 8 out of 10 companies outsource at least one human resource activity.

3. Goodyear Tire and Rubber Company improved its recruiting and hiring practices by outsourcing these activities to a specialist.

F. Expanding into Global Markets

1. In order to meet challenges, U.S. companies must develop global markets, keep up with competition from overseas, hire from an international labor pool, and prepare employees for global assignments.

2. **The Global Workforce:** For today's and tomorrow's employers, talent comes from a global workforce.

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HR Oops!

We Thought Everyone Liked Group Projects

Trainers often include group exercises and activities when they prepare classroom training programs, as a way to encourage teamwork. They expect that participants will get to know each other, and help each other learn. Also, it is potentially a way to break down cultural barriers. However, trainers should keep in mind the different ways that participants might respond to group exercises and activities. For example, following a training program that took place in the U.S., a Japanese participant noted that she dreaded the times when the instructor asked everyone to break up into teams, because she felt uncomfortable inviting herself into a group, and even more uncomfortable waiting to be invited to join a group. In other example, an Asian trainee indicated that he felt awful after a training program that included a competition that asked teams about major events in the economic history of the U.S. He said that his lack of knowledge made him a burden to his team.

Questions

1. If you were leading a multicultural group that would divide into teams, how would you ensure that everyone felt equally included?

   There are a few different ways to achieve this objective. One suggestion could be to learn as much as possible about the training participants, particularly with respect to culture, and then customize the training program so that it does not privilege any one dimension of diversity. By highlighting differences, a training program can have the unintended consequence of marginalizing those who do not belong to the majority group. Such was the case of the two participants in this vignette. Also, the trainer could assign participants to teams, and be mindful of the composition of each team. This would avert the possibility that participants who are less comfortable in putting themselves forward, would not have to be subjected to that discomfort.

2. If you were planning team projects for an international group, how would you ensure that everyone was prepared to participate fully?

   As suggested in the previous response, it might be prudent for a trainer who is working with an international group, to learn about the composition of the group, and then develop activities in the program that do not highlight differences in a non-productive way. It would be a good idea for a trainer to learn and understand the cultural differences of the participants, so that the program can be developed to have activities that make participants feel comfortable, confident and included.

3. Organizations with international operations hire at least some of their employees in the foreign countries where they operate. In fact, regardless of where their customers are located, more and more organizations are looking overseas to hire talented people willing to work for less pay than the U.S. labor market requires.

4. The efforts to hire workers in other countries are common enough that they have spurred the creation of a popular name for the practice name of the practice: **offshoring.** This is the moving of operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.

5. Hiring in developing nations such as India, Mexico, and Brazil gives employers access to people with potential to be eager to work yet who will accept lower wages than elsewhere in the world.

6. Important issues that HR experts can help companies weigh include whether workers in the offshore locations can provide the same or better skills, how offshoring will affect motivation and recruitment of employees needed in the United States, and whether managers are well prepared to manage and lead offshore employees.

7. For an organization to operate in other countries, its HR practices must take into consideration differences in culture and business practices. Starbuck's Coffee is an example of an organization that manages these differences effectively.

8. Hiring at home may involve selection of employees from other countries.

9. **Figure 2.6, Where Immigrants to the United States Came from in 2010,** shows the distribution of immigration by continent of origin.

10. **International Assignments:** Employees who take assignments in other countries are called **expatriates.**

11. U.S. companies must better prepare employees to work in other countries as the failure rate for U.S. expatriates is greater than that for European and Japanese expatriates.

V. Technological Change in HRM

1. Advances in computer-related technology have had a major impact on the use of information for managing human resources.

2. A **human resource information system (HRIS)** is a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization's human resources.

3. An HRIS can support strategic decision making, help the organization avoid lawsuits, provide data for evaluating programs and policies, and support day-to-day HR decisions.

4. T**able 2.1, New Technologies Influencing HRM,** describes some of the new technologies that may be included in an organization's HRIS.

VI. Electronic Human Resource Management

The development of e-business has included ways to move HRM activities onto the Internet such as:

a. Enrollment and participation in training programs online.

b. Selection of and enrollment in benefit items online.

c. Seeking answers to HR-related questions online.

d. Reading company news online.

1. The processing and transmission of digitalized HR information is called **electronic human resource management (e-HRM).**

2. E-HRM has the potential to change all traditional HRM functions. **Table 2.2, HRM Applications for Social Networking,** identifies some major implications of e-HRM. Some of these applications include:

   a. Sites for capturing, sharing, storing knowledge.

   b. Online surveys to gather employees' opinions.

   c. Online discussions, such as commenting tools.

   d. Sites where users can post links to articles, webinars, training programs, and other information.

   e. Instant messaging and other communication tolls to use with mentors and coaches.

   f. Site where the HR department posts job openings and responds to candidate's questions.

3. Privacy is an important e-HRM issue. A great deal of HR information is confidential and not suitable for posting on a website for everyone to see.

4. One solution is to setup e-HRM on an intranet, which is a network that uses Internet tools but limits access to authorized users in the organization.

VII. Sharing of Human Resource Information: Information technology is changing the way HR departments handle record keeping and information sharing.

1. Employees can now get information through **self-service**. This means employees have online access to information about HR issues, can go online to enroll in programs and services, and can provide feedback through online surveys.

HRM Social

MillerCoors Uses Social Media to Support Diversity

MillerCoors wants to promote diversity in the workplace but knows it must improve tin the area of hiring and retaining female employees. Overall, females represent 24% of the employees. Management wants to double this percentage. After investigating what it might need to do differently, the company learned that female sales reps quit at a much higher rate than their male counterparts. Female reps often felt isolated in jobs that required them to work alone, and to make many of their sales calls at nights and on weekends. The company turned to social media in order to make work more sociable. They developed a tool called Open Mentoring, which is software that keeps track of employees' skills and matches them with mentors who already have skills in those areas. The company also launched a program called Women of Sales, which is a program that has three groups of 15 female sales reps, each group with two mentors in leadership positions in the company. Early results show a slowdown in employee turnover, as reps are able to encourage one another and learn from each other.

Question

1. Why do you think that social media seems like a particularly good way to address the issues that women sales reps at MillerCoors were facing?

   Because women are currently such a small percentage of the employee base, and because their work necessitates them working alone and working (selling) on nights and weekends, the climate might have felt isolating, particularly for women. By using social media, which has the potential to create relationships and communities across time and location, it would seem very useful as a way to help create professional community for these women and a way to minimize the isolation that they might have felt.

2. Today, employees routinely look up workplace policies and information about their benefits online and they may receive electronic notification when deposits are made directly to their bank accounts.

3. A growing number of companies are combining employee self-service with management self-service such as the ability to go online to authorize pay increases, approve expenses, and transfer employees to new positions. More sophisticated systems extend management applications to decision making in areas such as compensation and performance management.

4. To further support management decisions, a company may create an HR dashboard, or a display of how the company is performing on specific HR metrics.

VIII. Change in the Employment Relationship

1. Technology and the other trends we have described in this chapter require managers at all levels to make rapid changes in response to new opportunities, competitive challenges, and customer demands.

2. These changes are most likely to succeed in flexible, forward-thinking organizations.

3. Employees who will thrive in such organizations need to be flexible and open to change as well.

A. **A New Psychological Contract**

1. A **psychological contract** is a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions.

2. This contract is not formally put into words. It describes unspoken expectations that are widely held by employers and employees.

3. The psychological contract has changed over the years. To stay competitive, modern organizations must frequently change the quality, innovation, creativeness, and timeliness of employee contributions and the skills needed to make those contributions. This need has led to organizational restructuring, mergers and acquisitions, layoffs, and longer hours for many employees.

4. New organizational expectations result in less job security for employees, who can count on working for several companies over the course of a career. The average length of time a person holds a job has declined during this decade from nine years to just seven.

5. In exchange for top performance and working longer hours without job security, employees want companies to provide flexible work schedules, comfortable working conditions, more control over how they accomplish work, training and development opportunities, and financial incentives based on how the organization performs.

6. **Figure 2.7, A Family-Friendly Work Arrangement,** demonstrates a humorous perspective on the new psychological contract.

7. Employees can enjoy variety, develop skills and build an interesting career without job hopping by asking for challenging assignments and cultivating a network of professional contacts within their present company.

A. **Flexibility**

1. The new psychological contract results from the HRM challenge of building a committed, productive workforce in turbulent economic conditions.

2. Flexibility in HRM includes flexible staffing levels and flexible work schedules.

3. **Flexible Staffing Levels:** A flexible workforce is one the organization can quickly reshape and resize to meet its changing needs.

4. **Alternative work arrangements** are methods of staffing other than the traditional hiring of full-time employees. There are a variety of methods including the following:

   a. Independent contractors.

   b. On-call workers.

   c. Temporary workers.

   d. Contract company workers.

5. Recent research suggest that the use of contingent workers has been growing and has surpassed 2 million workers in the United States and one-fourth of total work hours.

6. Most workers in alternative employment relationships are choosing these arrangements, but preferences vary.

7. **Flexible Work Schedules:** The globalization of the world economy and the development of e-commerce have made the notion of a 40-hour workweek obsolete.

8. Many organizations are taking steps to provide more flexible work schedules, protect employees' free time and more productively use employees' work time.

9. Employers are using flexible schedules to recruit and retain employees and to increase satisfaction and productivity.

10. Flexible work schedules and flexible job assignments also provide organizations with a way to increase satisfaction and productivity.

ROADMAP: CASE STUDY

Thinking Ethically
What Boundaries Should Employers Set for Social Media?

Case Summary:

As more and more millennials enter the labor force, more of an organization's employees will have grown up with the Internet and social media. These employees are unlikely to comprehend being separated from their mobile devices and internet access. Employers, in contrast, have tended to greet each new social-media application as a new form of time-wasting.

Questions:

1. How much time on social media is reasonable at work before it becomes time wasting or a theft of the employer's time? Does your answer depend on whether the employee has met his or her goals?

   Employee productivity—the extent to which an employee meets his or her goals- could likely factor into an answer to this question. If an employee is engaged in social media for personal use, and has not performed his or her job in a satisfactory manner, it is reasonable to expect that an employer might see social media usages as time wasting, or even perhaps as theft. If an employee uses social media on company time, it should be for purposes of the job.

2. Why do you think the heavy social media users surveyed by the Ethics Resource Center were more likely than other employees to believe employees are justified in making personal use of company software and confidential data? How would you respond to that attitude if were you a human resource manager?

   While it is not possible to know for certain, it could be that heavy social media users feel that social media is such a ubiquitous part of organizational life, that they do not feel that it is a breach of ethics to take home company software or keep information for future career use. It could be that for them, the lines are more blurred between what is theirs to use rightly, and what constitutes theft

ROADMAP: Chapter Vocabulary

Alternative work arrangements

Electronic human resource management (e-HRM)

Employee empowerment

Expatriates

External labor market

High-performance work systems

Human resource information system (HRIS)

Internal labor force

Knowledge workers

Offshoring

Outsourcing

Psychological contract

Re-engineering

Self-service

Teamwork

Total quality management

ROADMAP: Review and Discussion Questions

1. How does each of the following labor force trends affect HRM?

    a. Aging of the labor force
    b. Diversity of the labor force
    c. Skill deficiencies of the labor force

    An organization's internal labor force comes from its external labor market-individuals who are actively seeking employment. In the United States, this labor market is aging and becoming more racially and ethnically diverse. The share of women in the U.S. workforce has grown to nearly half of the total. To compete for talent, organizations must be flexible enough to meet the needs of older workers, possibly redesigning jobs. Organizations must recruit from a diverse population, establish bias-free HR systems, and help employees understand and appreciate cultural differences. Organizations also need employees with skills in decision-making, customer service, and teamwork, as well as technical skills. The competition for such talent is intense. Organizations facing a skills shortage often hire employees who lack certain skills, then train them for their jobs.

2. At many organizations, goals include improving performance through people by relying on knowledge workers, empowering employees, and assigning work to teams. How can HRM support these efforts?

    The employment of knowledge workers, empowering employees, and assigning work to teams are current trends that are indicative of a high-performance work system in action. Human resource management can support these efforts, respectively, through modification of the recruiting and selection processes-recruiting and hiring those individuals with the necessary knowledge, utilization of human resource practices such as performance management, training, work design, and compensation to ensure success of employee empowerment, and increasing the employees' responsibilities and control via work assigned to teams.

3. Merging, downsizing, and reengineering all can radically change the structure of an organization. Choose one of these changes and describe HRM's role in making the change succeed. If possible, apply your discussion to an actual merger, downsizing, or reengineering effort that has recently occurred.

Human resource management's role in these endeavors is a significant one. For instance, in a merger situation, differences between the businesses involved in the deal make conflict inevitable. Therefore, training efforts should include development of skills in conflict resolution. HR professionals have to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other human resource systems. Settling on a consistent structure to meet the combined organization's goals may help to bring employees together. In a downsizing scenario, human resource management must "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance while boosting the morale of employees who remain after the reduction. In a reengineering situation, the way the human resource department itself accomplishes its goals may change dramatically. The fundamental change throughout the organization requires the human resource department to help design and implement change so that all employees will be committed to the success of the reengineered organization.

The student responses will vary as to the example selected, however for the choice of merging, the formation of Citigroup would be an excellent example to offer.

4.   When an organization decides to operate facilities in other countries, how can HRM practices support this change?

Organizations with international operations hire employees in foreign countries where they operate so they need knowledge of differences in culture and business practices. Even small businesses serving domestic markets discover that qualified candidates include immigrants, as they account for a significant and growing share of the U.S. labor market. This means human resource management requires knowledge of different cultures. Organizations also must be able to select and prepare employees for overseas assignments. This requires preparation, support, and training being provided to the expatriate

5.   Why do organizations outsource HRM functions? How does outsourcing affect the role of human resource professionals? Would you be more attracted to the role of HR professional in an organization that outsources many HR activities or the outside firm that has the contract to provide the HR services? Why?

HRM functions are outsourced to afford the company access to in-depth expertise and is often more economical for the organization as well. The utilization of outsourcing provides human resource managers more time to study and work on the strategy and vision of the organization. Human resource management's responsibilities can be more focused on responsibilities that add value to the business.

The responses provided by the students will vary depending upon their personal viewpoints. However, each response provided should discuss rationales for why such a decision was made.

6. Suppose you have been hired to manage human resources for a small company that offers business services including customer service calls and business report preparation. The 20-person company has been preparing to expand from serving a few local clients that are well-known to the company's owners. The owners believe that their experience and reputation for quality will help them expand to serve more and larger clients. What challenges will you need to prepare the company to meet? How will you begin?

    The company needs to be prepared to introduce more workers to the business. This will require training to be provided to the newly hired individuals. Also, the company must be prepared to handle its own growth in the business. Human resource management needs to maintain a balance between accommodating the unique need of a creative workforce and enforcing necessary policies and procedures. The challenges of maintaining balance and open communication avenues are issues of paramount importance to the successful operation of businesses. These issues need and require immediate attention and planning. To begin with, the human resource professional must share knowledge and information with organizational leaders so they are aware of what the business is facing and therefore are more readily able to effectively diminish potential pitfalls.

7. What internet applications might you use to meet the challenges in Question 4?

    Information systems have become a tool for more HR professionals and often these systems are provided through the Internet. Electronic human resource applications let employees enroll and participate in training programs online. Employees can also select from items in a benefits package and enroll in the desired benefits online. E-HRM affords the individuals the ability to look up HR-related questions and read company news. Online communications also may link employees and teams, enabling organizations to structure work that involves collaboration among employees at different times and places. Social media can also be used to support HRM practices such as training and career development for employees who are located in different geographical areas, to crate connections and to make employees feel engaged.

8. What HRM functions could an organization provide through self-service? What are some of advantages and disadvantages of using self-service for these functions?

    The concept of self-service is indicative of the way employees can now receive information that they consider vital to them. This means that employees have online access to information about HR issues such as training, benefits, compensation, and contracts; go online to enroll themselves in programs and services, and provide feedback through online surveys. While it is advantageous to have immediate access to information, it has the disadvantage of losing the one-on-one contact with the HR professional.

9.   How is the employment relationship typical of modern organizations different from the relationship of a generation ago?

The employment relationship takes the form of a psychological contract that describes what employees and employers expect from the employment relationship. It includes unspoken expectations that are widely held. In the traditional version, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty in exchange for job security and opportunities for promotion. Today, modern organizations' needs are constantly changing so organizations are requiring top performance and longer work hours but cannot provide job security. Instead employees are looking for flexible work schedules, comfortable working conditions, greater autonomy, opportunities for training and development, and performance-related financial incentive. For HRM, the changes require planning for flexible staffing levels.

Experiencing HR

This chapter described trends shaping human resource management, including the aging of the workforce and the impact of social media. Alone or with a partner, list three of the trends that interest you. Then select a manager or employee who would be willing to talk about these trends for about 15 minutes—someone in human resource management or in a different field that interests you. With your partner if you have one, interview the person. Summarize each trend you listed, and ask your interviewee to describe any impact of that trend that he or she has observed at work. Take notes. In a paragraph, summarize what you learned. In a second paragraph, analyze the impact on human resource management. If your interviewee noted negative impacts, suggest how HR professionals might help the organization cope. If your interviewee noted positive impacts, consider how human resource management might have contributed to, or could enhance, the positives.

Look for evidence that they student identified three trends, and then was able to interview someone in the field of HRM, or in a field of interest to the student. Look for demonstration of the student's acquisition of chapter concepts, and the impact of human resource management practices on current workforce trends, and vice versa.

ROADMAP: End of Chapter Case
Taking Responsibility: P&G's Purposeful Growth

Case Summary:

Procter & Gamble is famous for its brands of household products, including Tide, Pampers, Gillette, and Head & Shoulders. Since its founding in 1837, the company has been admired for its marketing creativity. Since Robert McDonald became CEO in 209, P&G has sought greater success built on a sense of purpose.

Questions:

1. What aspects of P&G's HR practices are positioning the company well for international expansion?

   The company is demonstrating cultural sensitivity and awareness in its practices, that will help with international expansion. For example, the purpose-related performance measure, which measures how many lives P&G has touched, clearly demonstrates cultural sensitivity and awareness. The company, in order to meet these types of goals, must respond to a need in a country based upon that country's culture, not based upon U.S. culture. This bodes well for international expansion.

2. How does the company's commitment to sustainability support that effort?

   Because the company is now committed to quality and sustainability, sees a larger purpose behind its marketing and sales efforts. The example of the purpose-related performance measure in West Africa illustrates this notion.

3. What other trends in described in this chapter could help P&G meet its goal of purpose-inspired growth?

   The changing demographics of the workplace are clearly one trend that could play a major part of P&G's purpose inspired growth. By demonstrated its cross-cultural sensitivity and awareness, the company is positioned to likely be an organization that successfully creates and inclusive and welcoming environment for employees of all demographic ranges.

ROADMAP: Managing Talent

How HR Helps Newell Rubbermaid Navigate Change

Case Summary:

This case explores Newell Rubbermaid. Newell Rubbermaid's 22,000 employees produce and market a variety of consumables, including hardware, home furnishings, and office supplies. Because of a lack of brand focus, the company decided to chart a more strategic course in which it would become less of a diversified manufacturer and would focus on understanding consumers' everyday frustrations and offering products targeted to unmet needs. This course meant that employees would need new kinds of skills, and it also meant that Newell Rubbermaid's HR managers had to become "agents of change." The HR department not only planned the changes by developing career ladders and providing training, they also explained why these changes were necessary.

1. Would you say Newell Rubbermaid is moving toward being a high-performance work system? Why or why not?

Arguments could be made either way here. As we learned in this chapter, **h**igh-performance work systems are organizations that have the best possible fit between their social system (people and how they interact) and technical system (equipment and processes). Among the trends that are occurring are reliance on knowledge workers, empowerment of employees to make decisions, and use of teamwork. On one hand, Newell Rubbermaid is aligning its workforce with its strategic objectives, by creating career ladders that enable employees to anticipate and plan their careers. This could foster employee engagement and employee retention. In this respect, one could argue that the company is moving toward being a high-performance work system. On the other hand, there is little direct evidence presented by the case to show that the company is moving toward a culture of employee empowerment, and of teamwork.

2. How well did Newell Rubbermaid empower employees? What else would you recommend? How might the HR department prepare for a strategic shift concerned more with efficiency?

Through the creation and implementation of career ladders, and through its communications with managers who then communicated the organizational changes to employees, HR has helped to foster employee empowerment. Because the company is laying off 500 workers, and is re-organizing into a simpler structure, this presents an opportunity for the company to empower employees further by involving them in the re-design of the work processes to create greater efficiencies. This action would not only benefit the company because of the knowledge and insights that employees who actually do the work could offer, but it could also help with morale and employee engagement. The HR department can prepare for this strategic shift by continuing to

communicate with employees about the changes, which fosters continued credibility of the HR function, as well as trust.

ROADMAP: Twitter Focus
Radio Flyer Rolls Forward

Case Summary:

Radio Flyer is a private business that has gone through some difficult times. It spent hundreds of thousands of dollars on a project that they then had to abandon. Next, they had to close their factory in Chicago and outsource their manufacturing to China, laying off about half of its workforce. The company has made efforts to build morale its remaining U.S. workforce, holding events like Radio Flyer Olympics and providing incentives for employees to participate in health-related activities.

Questions:

1. How could a human resource manager help Radio Flyer get the maximum benefit from the motivational efforts described in this case?

   A human resource manager could help systematize these efforts, communicate them throughout the employee base, and help build them into the compensation and benefits and performance management systems of the company. HR could help managers learn how to effectively convey the messages the company needs to transmit about corporate decisions, performance, and how they affect employees. These activities could result in higher levels of employee engagement and commitment, which in turn, as we've learned in the chapter, lead to better quality work and positive workplace climate.

2. Do you think outsourcing would be harder on employees in a small company such as Radio Flyer than in a large corporation? Why or why not? How could HRM help to smooth the transition?

   Student responses may vary. Outsourcing could be more difficult in a small company, because of the likelihood that strong bonds were formed among employees. Conversely, it could be easier because employees might get more attention and assistance with finding work. HR could help smooth the transition by exhibiting compassion, helping employees to articulate their skills and translate them into new opportunities, and serve as a reference for those displaced workers.

3. What additional developments described in this chapter could help Radio Flyer live out the high value it places on learning and innovation?

   The company could use social media to connect employees in the U.S. and in China, in order to build community in the different locations in which the company operates. The company could also provide training and mentoring programs,

pairing seasoned employees with new employees. This could help with engagement, and innovation, and it would also signal to experienced employees that they are valued. Women and minorities could benefit from programs that are clearly designed to be inclusive of them, and those types of efforts (in recruiting, training, and performance measurements) could also result in high levels of engagement. Managers, too, could be trained to appreciate diversity, and to treat all employees with respect. This would foster the learning environment that the company values.

Twitter Question:

Do you feel that HR is playing an effective role at Radio Flyer? Why or why not?