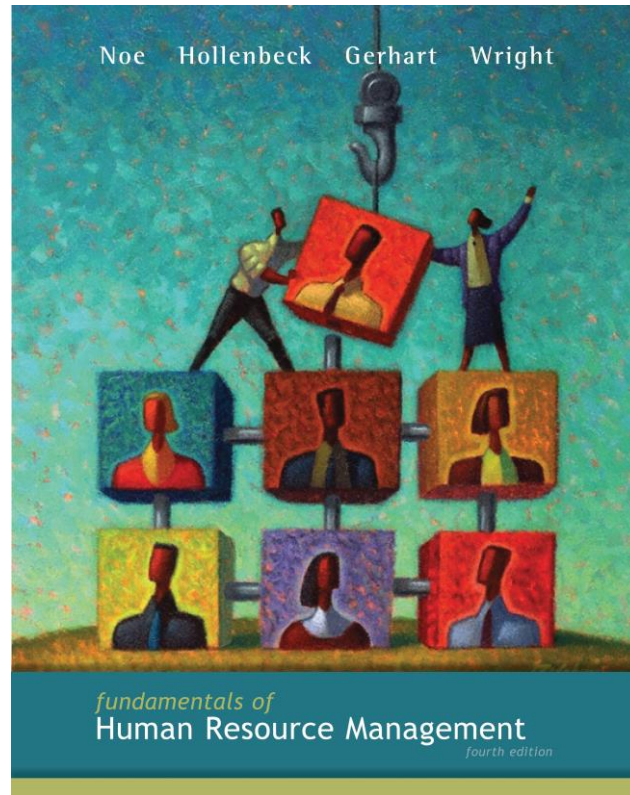


Chapter Two: Trends in Human Resource Management



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. This Instructor's Manual will provide you with a suggested placement of the PowerPoint alongside your Lectures.
- ✓ Then, have your students watch the Video Case on the “[HOTJOBS.COM](https://www.hotjobs.com),” and facilitate an in-class or an on-line discussion highlighting the lessons contained in that Case.
- ✓ 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 workforce 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 occurring 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

The banking crisis, coupled with crashing real estate values, triggered a severe recession that resulted in unprecedented numbers of layoffs in the United States. Experienced workers settled for entry-level jobs while young people wondered where they would fit into the workforce. Concomitant with this economic crisis and resulting unemployment is an innovation revolution which is redefining what it means to be “in touch” or “at work.” A current trend that reflects today’s economic challenges is the growing ranks of unemployed seniors. Mary Bennett is one of them. Bennett, who has worked since the age of 17, has applied for unemployment benefits at the age of 80. She worked as a coffeepot assembler and waitress after a divorce and although she tried retiring at 70, she could not afford it after raising seven children. She found a machine job but was laid off. Bennett has turned to unemployment benefits and a federal job training program. This vignette highlights the fact that the proportion of older workers in the U.S. is increasing.

Discussion Question and Suggested Response

1. What insights did you gather from this vignette about the current plight of younger workers? Of older workers? How do you think these two trends affect the HRM function?

Student responses may vary. However, look for evidence that students understand that the current economic challenges are making it difficult for younger workers entering the labor market to enter, and that older workers are having to remain in the workforce longer. Both of these trends affect each other, because they perpetuate the tightening of the labor market. There are a variety of ways that these two trends affect the HRM function. HRM professionals must understand how to attract, select, train, develop, compensate, retain, and evaluate workers who are in various stages of their lives and their careers. These are challenging prospects, given the generational differences. Additionally, technology impacts the way that work gets done, and HRM professionals must stay abreast of changes in technology not only so that they can leverage technology for their own use, but also, so that they can play a strategic role in training and developing a workforce that uses that technology.

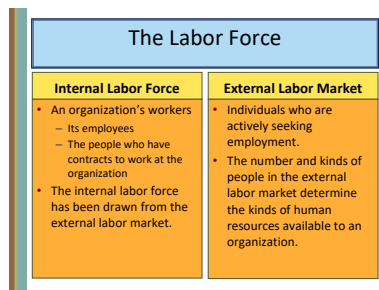
This chapter will describe major trends that are affecting human resource management. It will examine the modern labor force, including trends that are determining who will participate in the workforce of the future. The chapter will explore the ways that HRM can support a number of trends in organizational 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.

PPT Slides 1-4 introduce the chapter and learning objectives.

PPT Slide 5:



A. An Aging Workforce

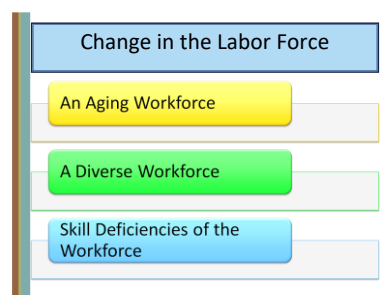
1. The Bureau of Labor Statistics (BLS) has projected that from 2008 to 2018, the total civilian U.S. labor force will grow from 154 million to 167 million workers.
2. The fastest growing age group is expected to be workers 55 and older.
3. The 25 to 44- year old group will increase its numbers only slightly, so its share of the total workforce will fall.
4. Older people want to work, and many say they plan on a working retirement. Despite myths to the contrary, worker performance and learning do not suffer as a result of aging.

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.

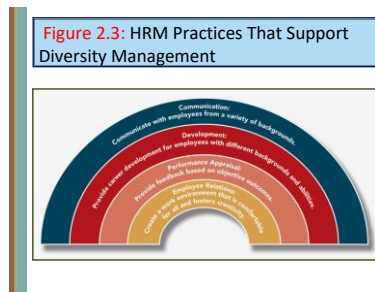
- 2.
3. **Figure 2.2, Projected Racial/Ethnic Makeup of the U.S. Workforce, 2018,** identifies the estimated diverse makeup of the working population by 2018.
4. The greater diversity of the U.S. labor force challenges employers to create HRM practices that ensure they fully utilize the talents, skills, and values of all employees.
5. The growth in the labor market of female and minority populations will exceed the growth of white non-Hispanic persons.
6. The Hispanic share of the U.S. labor force is expected to near 18 percent of the total in 2018.
7. Along with greater racial and ethnic diversity, there is also greater gender diversity. By 2018, the share of women in the civilian labor force is expected to reach about 47 percent.
8. 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.

PPT Slide 6:



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

PPT Slide 11:



10. Many U.S. companies are committed to ensuring that they recognize the diversity of their internal labor force and use it to gain a competitive advantage. The most common approaches to this include recruiting efforts with the goal of increasing diversity and training programs related to diversity.
11. The practices required for successfully managing diversity do more than meet employee needs; they reduce turnover costs and ensure that customers receive the best service possible.
12. The following indicates how diversity affects HRM practices:
 - a. From a staffing perspective, it is important to ensure that tests used to select employees are not unfairly biased against minority groups.
 - b. From the perspective of work design, employees need flexible schedules that allow them time to meet nonwork needs.
 - c. In terms of training, employees must be made aware of the damage that stereotypes can do.
 - d. With regard to compensation, organizations are providing benefits such as elder care and day care as a way to accommodate the needs of a diverse workforce.

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.

PPT Slide 13:

Skill Deficiencies in Workforce

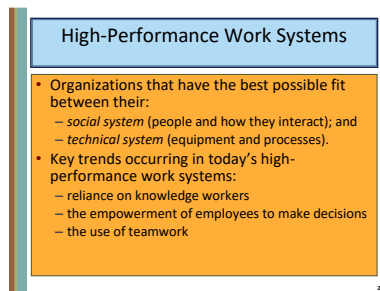
A = True B = False

- Use of computers to do routine tasks has changed the kinds of skills needed by employees.
- A college degree is not as important as it once was.
- U.S. production jobs require intelligence and skills as much as strength.

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. Some of the trends that are occurring in today's high-performance work system are as follows:
 - a. Reliance on knowledge workers
 - b. Empowerment of employees to make decisions
 - c. Utilization of teamwork

PPT Slide 15:



Did You Know?

According to the Bureau of Labor Statistics, the top ten occupations for job growth between 2008 and 2018 are:

1. Registered nurses
2. Home health aides
3. Customer service representatives
4. Food preparation and serving workers
5. Personal and home care aides
6. Retail salespersons
7. Office clerks
8. Accountants and auditors
9. Nursing aides, orderlies, and attendants
10. Postsecondary teachers

These jobs require widely different levels of training and responsibility, and pay levels vary considerably.

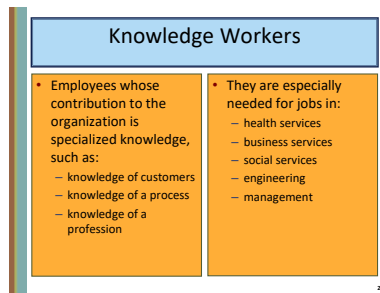
Discussion Question and Suggested Response

1. Review this list of top ten occupations, and provide your reactions to the following questions:
 - a. Which of these occupations require more training?
 - b. Which require more responsibility?
 - c. Which are likely to pay the most? The least?

It is likely that registered nurses, accountants, and teachers require more training than the other occupations. They are also the occupations that likely require more responsibility. The occupations that likely pay the least are home health aides, food preparation and service workers, and personal and home care aides.

A. Knowledge Workers

PPT Slide 16:

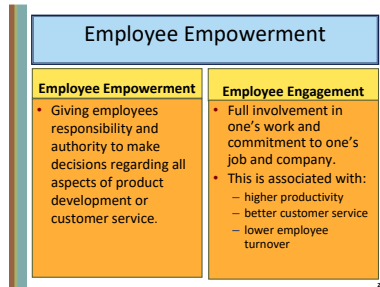


1. The growth in e-commerce, plus the shift from a manufacturing to a service and information economy, has changed the nature of employees that are in demand.
2. The Bureau of Labor Statistics forecasts that between 2002 and 2012, the most new jobs will be in service occupations, especially education 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 2002 and 2012.
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.

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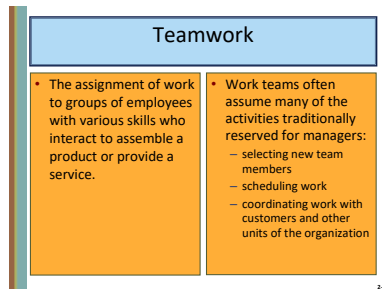


C. Teamwork

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.

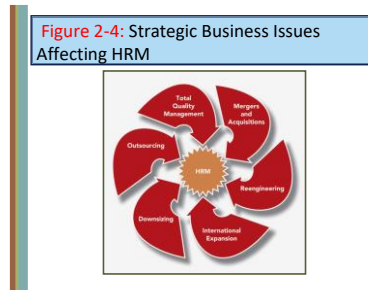
PPT Slide 20:



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.

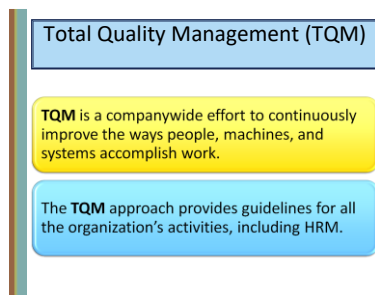
PPT Slide 22:



A. 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.

PPT Slide 23:



Best Practices: HR a Component of Quality at Mesa Products

Mesa Products, Inc. is a Tulsa, Oklahoma-based privately owned company that designs, makes, and installs systems to keep underground pipelines and tanks from corroding. Mesa decided to seek the Malcolm Baldrige National Quality Award. To win the Baldrige, companies have to demonstrate excellence in leadership, strategic planning, focus on customers, measurement for use in performance management, focus on the workforce, and management and improvement of work processes, as well as superior results in all its business areas. Mesa geared up by setting goals for better customer service, relationships, performance, work environment and growth. HR's particular relevance in helping Mesa compete for the Baldrige was to help the company's work environment, including objectives for employee training, job satisfaction, and ethical conduct. The steps involved in the effort at continual process improvement have paid off in the form of soaring sales, profitability, and customer and employee retention. HR has done its part in contributing to quality, because a survey of employees in the industry indicates that Mesa's employees are among the most satisfied.

Discussion Question and Suggested Response

1. Identify the HR activities that helped to make Mesa a preferred supplier in its industry.

In preparation to compete for the Baldrige, HR helped through efforts such as job design and reward systems, employee training, job satisfaction and ethical conduct. By engaging employees, and helping them reach their full potential, HR played an important part in helping the organization increase sales and profitability, as well as its customer satisfaction. Clearly, the activities have played a major role in helping Mesa achieve its status as a preferred supplier in the industry.

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.

3. Therefore, training efforts should include development of skills in conflict resolution.
4. HR professionals have to sort out differences in the two companies' practices with regards to compensation, performance appraisal, and other HR systems.

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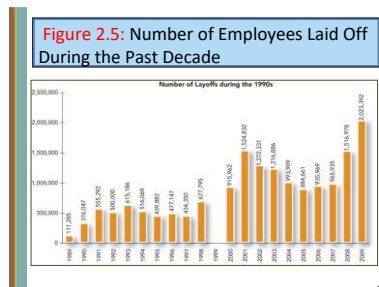
Mergers and Acquisitions

- HRM should have a significant role in carrying out a merger or acquisition.
 - Differences between the businesses involved in the deal make conflict inevitable.
 - Training should include developing conflict resolution skills.
 - There is a need to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other HR systems.

C. Downsizing

1. **Figure 2.5, Number of Employees Laid Off During the 1990s**, identifies the number of layoffs that have occurred despite the ongoing war for talent.

PPT Slide 26:



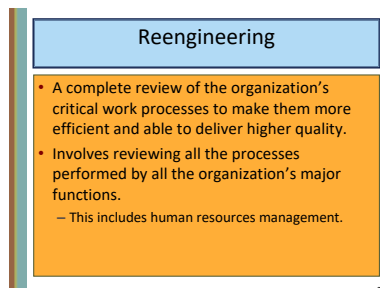
2. This pattern seems to represent a “churning” of employees. Organizations were laying off employees with outdated skills or cutting whole businesses that were in declining markets while simultaneously building businesses and employee bases in newer, higher-growth markets.
3. Downsizing presents a number 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.

4. HR professionals should maintain open communication with remaining employees to build their trust and commitment, rather than withholding information.
5. 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.
6. 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.

PPT Slides 27 and 28:



E. Outsourcing

1. Many 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. Cardinal Health, a provider of health care products, services and technology, signed a contract with ExcellerateHRO to provide administrative functions. HR professionals remaining at Cardinal work in strategic areas such as talent management, organizational effectiveness, and total rewards, while ExcellerateHRO provides routine services.

HR How To: LEADING AFTER LAYOFFS

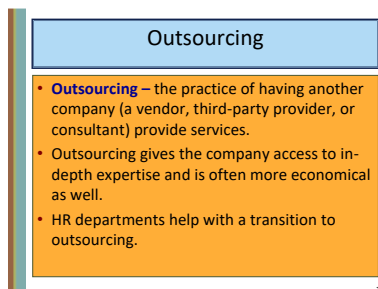
Downsizing is difficult because of the pain involved for those who are downsized, and also, because of the unpleasantness of having to communicate the bad news. Downsizing is emotional for the employees who remain afterward and are expected to do more with less. Downsizing calls for strong leadership, and HR can help by helping management craft and communicate positive messages; identify how new priorities and strategies call for re-designed jobs so that a smaller workforce can focus on what's most important; make sure that employees have realistic expectations; encourage employees and departments to collaborate; and identify high-potential employees who can take on challenging new assignments that can develop them for advancement.

Discussion Question and Suggested Response

1. Explain the role of HR during a downsizing. Why is it so important that HR be involved, during and after a downsizing?

HR can play a role in providing strong leadership during a downsizing, because they can help management craft and communicate positive messages about the company's new vision and priorities. HR can identify how new priorities and strategy call for job redesign, so that managers meet with employees, review their job requirements, and consider how those requirements can be met in the smaller organization. HR can help make sure that expectations for remaining employees are realistic, so that employees do not become exhausted and stressed. HR can encourage employees and departments to collaborate and share ideas, and as a result, can revamp evaluation and rewards systems to reward group performance. HR can help identify high-potential employees who can take on assignments that help them grow and develop.

PPT Slide 29:



Outsourcing

- **Outsourcing** – the practice of having another company (a vendor, third-party provider, or consultant) provide services.
- Outsourcing gives the company access to in-depth expertise and is often more economical as well.
- HR departments help with a transition to outsourcing.

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.
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.
5. 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.
6. Technology is lowering barriers to overseas operations. 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.
7. 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.
8. Despite the risks, many organizations that have hired globally are realizing high returns.
9. For an organization to operate in other countries, its HR practices must take into consideration differences in culture and business practices. Starbucks Coffee is an example of an organization that manages these differences effectively.
10. Hiring at home may involve selection of employees from other countries.
11. Immigrants will likely account for an additional million persons in the U.S. workforce each year through 2012. **Figure 2.6, Where Immigrants to the United States Came from in 2008**, shows the distribution of immigration by continent of origin.
12. **International Assignments:** Employees who take assignments in other countries are called **expatriates**.
13. 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. **Table 2.1, New Technologies Influencing HRM**, describes some of the new technologies that may be included in an organization's HRIS.

PPT Slide 33:

| TECHNOLOGY | WHAT IT DOES | EXAMPLE |
|------------------------------------|---|---|
| Internet portal | Combined data from several sources into a single site; lets user customize data without programming skills. | A company's manager can track labor costs by work group. |
| Shared service centers | Consolidate different HR functions into a single location; eliminate redundancy and reduce administrative costs; process all HR transactions at one time. | AlltelSignal combined more than 75 functions, including finance and HR, into a shared service center. |
| Application service provider (ASP) | Lets companies rent space on a remote computer system and use the system's software to manage its HR activities, including security and upgrades. | KPMG Consulting uses an ASP to host the company's computerized learning program. |
| Business intelligence | Provides insight into business trends and patterns and helps businesses improve decisions. | Managers use the system to analyze labor costs and productivity among different employee groups. |

A. The Internet Economy

1. The way business is conducted has changed rapidly during the past decade and will continue to do so. Much of the change is related to the widespread adoption of the Internet by businesses and individuals.
2. The Internet economy creates many HRM challenges:
 - a. The fast pace of change in information technology requires companies to continually update their skill requirements and then recruit and train people to meet those requirements.
 - b. Motivation can also be a challenge.
 - c. In the e-business environment, HRM needs to help companies comply with labor laws, motivate employees, and craft human resource policies that seem fair to workers and meet employer's competitive demands.

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, Implications of e-HRM for HRM Practices**, identifies some major implications of e-HRM. Some of these implications include:
 - a. Employees in different geographical areas can work together.
 - b. Companies can search for talent without geographic limitations.
 - c. Recruiting can include online job postings, applications, and candidate screening from the company's Website or other online recruiting services.
 - d. Employees from different geographical locations can receive the same training.
 - e. Employees can review salary and bonus information and seek information about and enroll in benefit plans.
 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.

PPT Slide 36:

| Table 2.2: Implications of e-HRM for HRM Practices | |
|--|--|
| HRM PRACTICES | IMPLICATIONS OF E-HRM |
| Analysis and design of work | Employees in geographically dispersed locations can work together in virtual teams using video, e-mail, and the Internet. |
| Recruiting | Post job openings online; candidates can apply for jobs online. |
| Training | Online learning can bring training to employees anywhere, anytime. |
| Selection | Online simulations, including tests, videos, and e-mail, can measure job candidates' ability to deal with real-life business challenges. |
| Compensation and benefits | Employees can review salary and bonus information and seek information about and enroll in benefit plans. |

Another issue that involves privacy concerns, the Internet, and personnel policy is employees' use of e-mail. Over half of U.S. companies recently surveyed said they monitor incoming and outgoing e-mail. Some companies also monitor e-mail messages sent within the company.

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.
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.

eHRM: HIGH-TECH SCHEDULING AT BANK OF THE WEST

Bank of the West specializes in commercial lending and small business accounts. The Bank competes with banking giants, and it does so by using technology to help it offer high-quality service efficiently. It uses a software program provided by GMT Corporation called Planet. Planet helps banks analyze personnel needs and staff branches with a basic level of employees. Floating employees are prepared to move from branch to branch as needed. Employees like the system because they can request time off or make changes to the schedule. Managers, too, like this scheduling optimization software because it simplifies staffing.

Discussion Question

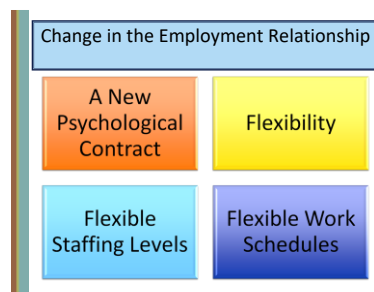
1. Explain the relationship between technology and HRM, as presented by this vignette. How does this create competitive advantage for the organization?

Scheduling optimization software, such as Planet, allows an organization to compete with large competitors because it permits the scheduling and allocation of human resources to bank branches where staffing is needed. This balanced level of staffing gives customers a good banking experience, it ensures that schedules are drawn up fairly, it permits employees to request time off or make changes to their schedules, and it simplifies the work of managers have to create work schedules.

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.

PPT Slide 37:



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 realize that companies cannot provide employment security, so they want employability. This means they want their company to provide training and job experiences to help ensure that they can find other employment opportunities.

B. 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. According to the Bureau of Labor Statistics, one tenth of employed individuals work in alternative employment arrangements. The majority, about 10.3 million, are independent contractors.
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.

HR Oops! When a Contractor Isn't a Contractor

Although the use of independent contractors sounds like it presents advantages for an employer, because the employer does not have to pay Social Security, Medicare and unemployment insurance taxes, it is not a matter of opinion to classify workers as contractors. Federal and state governments have indicated that they are going to crack down with stricter enforcement and tougher penalties on employers who wrongly classify employees as contractors. The estimate is that the federal government will generate \$7 billion in taxes that otherwise would not have been collected.

Discussion Questions

1. Why might a company legitimately want to hire contractors rather than employees? How significant do you think the savings on payroll taxes would be for most employers who use contractors?

A company may choose to hire contractors for short assignments, and it may choose to hire contractors for their particular expertise on a particular type of project. A company may hire contractors who require that the relationship be on a contract basis. Not every professional, in other words, desires full time captive employment by one company. Therefore, there may indeed be legitimate reasons for companies to hire contractors. Because classifying an employee as a contractor means not having to pay Social Security, Medicare and unemployment insurance taxes, the savings on payroll taxes could be significant depending on how many contractors a company hires. So, the significance of the payroll tax savings is a function of the size of the company (the smaller the company, in other words, the more of an impact each contractor—and the resulting payroll taxes the company does not pay—has) and the number of contractors the company uses.

2. Given that employers may not direct the details of when and how contractors do their work, what HR challenges could result from relying on contractors?

For positions that require control over the way that employees do their work, the reliance upon contractors presents several challenges. One, an employer cannot dictate the schedule of a contractor. Therefore, it would be a challenge for HR to determine scheduling. It would be difficult to use contractors in, for example, customer service positions that require fixed schedules. Two, HR would find it a challenge to manage the performance of contractors or determine their needs for training and development. All of these HR – related interventions likely cross the lines between employee and contractor, which presents a challenge.

ROADMAP: CASE STUDY

Thinking Ethically

The Ethics of Offshoring

Case Summary:

This case asks the question whether or not it is ethical for companies to use offshoring in order to save labor costs. It is less expensive to use lower-paid jobs abroad, yet the practice eliminates U.S. jobs.

Questions:

1. When a company moves jobs to another country, who benefits? Who loses? Given the mix of winners and losers, do you think offshoring is ethical? Why or why not?

Student responses may vary, but could include the identification of the benefits to the company of offshoring. Since offshoring can result in lower-paying jobs in foreign countries, offshoring can benefit the employer. Offshoring can also benefit the foreign workers who obtain jobs. Losers could include U.S. based employees who lose their jobs or who are not able to obtain the jobs that have been offshored. Student responses to the ethics of offshoring may vary, but should demonstrate critical thinking and logic.

2. Imagine you are an HR manager at a company that is planning to begin offshoring its production or customer service operations. How could you help the company proceed as ethically as possible?

Again, student responses may vary but should demonstrate critical thinking, as well as an understanding and appreciation for the role that employees play in organizations. Answers should include an understanding of human resource practices such as employee satisfaction, careful selection of employees, promotion from within, and investment in employee development.

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

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 e-HRM resources 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. In such situations, HR professionals must ensure that communications remain effective enough to detect and correct problems when they arise. In essence the utilization of e-HRM is the modern way to maintain effective communication lines. It is through these open lines that the organization can better accommodate a unique workforce as well as head off problems before they manifest into disasters.

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.

ROADMAP: BusinessWeek Case

Raises or Rebuilding? A Business Owner's Dilemma

Case Summary:

This case highlights the challenge that many small business owners face now. The case, in particular, highlights Jill McBride, who owns a six-person public relations firm in Cincinnati. As business starts to creep upward, and as owners need to rebuild their businesses, they have to decide where to spend money: toward equipment purchase or new hires, or toward raises for employees who have not had raises. Human Resource consultants advise owners to be open with employees about these difficult decisions, and to provide justification to employees as to how they are spending money. That way, employees understand that money spent toward equipment or new hires can ultimately benefit them, too, in increased revenues.

Questions:

1. Which trends discussed in this chapter are behind the situation faced by Jill McBride?

The economic crisis is clearly a trend discussed at the beginning of the chapter that is behind the situation faced by McBride. Additionally, although downsizing was not mentioned as a problem faced by McBride, the fact that her employees have not had raises is illustrative of the challenging conditions. Another trend implicit in this case is employee empowerment and quality standards, as employees have to do more with less.

2. What advice to McBride would you add, beyond the recommendations given in this case?

It would be a good idea for McBride to also focus on creating a positive work environment, where employees feel valued and appreciated for the work they do. This was not recommended in the case, and it would help with employee engagement. McBride could also elicit suggestions from her staff how to create and sustain a positive work environment. She could have meetings and briefings, in formal as well as informal settings, where she expresses her appreciation and also keeps her employees apprised of the challenges facing the organization. She could ask them for their help in rebuilding the business.

3. Imagine that you are an human resources consultant McBride has hired to help her align her HR practices with her growth strategy. Write a proposal of up to three paragraphs, outlining what aspects of human resources you would like to consider as ways to motivate McBride's employees even as she makes cautious moves toward building her business.

Student responses, obviously, will vary. Look for evidence that students are able to identify and rationalize some of the major functions of HRM as suggestions for McBride. Examples include employee development, teambuilding, flexible scheduling, and other incentives that do not necessarily require outlays of cash by McBride.

ROADMAP: End of Chapter Case

Hershey's Sweet Mission

Case Summary:

Hershey Company is a great example of a company that recognizes that one of the HRM trends affecting its business is the multi-generational workforce. Hershey Company has identified four values, and it clearly expresses those values in its HRM practices.

Questions:

1. Pick any two of the trends described in this chapter, and discuss how Hershey's values result in positioning the company to use those trends to its advantage.

Student responses may vary, but suggestions include: an aging workforce, a diverse workforce, skill deficiencies of the workforce, high performance work systems, teamwork, empowerment, or high quality standards.

2. Besides the mentorship program, how else might Hershey encourage its younger and older researchers to work together toward company goals? What might be the role of human resource staff in supporting or implementing your ideas?

Hershey could focus on employee empowerment, teamwork, and high quality processes and systems. HR's role would be that of communicator, supporter, facilitator, and trainer on new ways of getting work done in teams and in groups. HR could also serve as the conduit between management and researchers, to explore what works well and what needs further development. HR could engage employees to elicit and act upon their feedback for collaborations between the generations.

3. How well does this description of working at Hershey fit with the new “psychological contract” described in this chapter? Explain.

Because Hershey has redesigned its performance management system to appeal to those of the younger generations’ need for challenge, autonomy, and results, this system is consistent with the new psychological contract. Employees are more interested in opportunities to learn, grow and develop rather than operating under the assumption that they will be with one company for their entire worklives. Additionally, Hershey’s values and its desire to make the world better also speak to the changing new psychological contract because employees are looking for deeper meaning and contribution in their work.

ROADMAP: Small Business Case

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.

ROADMAP: Video Case

HOTJOBS.COM

Summary:

The HotJobs.com video explores the perspectives of various experienced businesspeople. These learned individuals discuss methodologies on how to achieve success when selecting a career. As some of these individuals indicate, the characteristics and traits of patience, determination, and diligence are necessary for individuals to possess when searching for their “dream” career or job.

The impact of the Internet, the advantages of networking, and the relationship between job satisfaction and career success are also discussed within the video content.

Thinking It Over:

1. Discuss the impact the Internet has had on job seekers just like you.

Suggested responses may include such information as: (1) the Internet has made it possible for job seekers to become knowledgeable about openings that otherwise would have remained unknown to them, (2) the Internet has made it possible for individuals to reach a variety of employers at once, (3) the Internet allows job seekers to research and find their “best match/fit” with employers, and (4) job seekers can learn what qualifications are necessary and strive to achieve them in order to increase their employment potential.

2. Have you ever utilized a resource such as [HotJobs.com](https://www.hotjobs.com) to post your résumé? Explain why or why not.

Varied responses are to be expected here. “Yes” responses may include the explanations of: (1) to reach a variety of employers or (2) to have the ability to find an employer in a different geographic location. “No” responses may include the explanations of: (1) not a personal preference, (2) does not trust the method, or (3) want to know what company is reading the information/résumé, which was submitted.

3. How have companies such as [HotJobs.com](https://www.hotjobs.com) affected the way in which companies are able to better manage their human resources?

Companies like [HotJobs.com](https://www.hotjobs.com) can bring together job seekers and employers that may otherwise have been unable to cross paths. This can create a “better fit” being made between the organizational needs and the candidate as a result of the larger selection to choose from.

By using such companies, organizations can decrease their HR departments’ time that is expended in recruitment endeavors and the amount of money spent on job advertisements/announcements. This can result in more time and funds available to assist the other aspects of human resource management such as training, employee development, and building employee relations.

4. Discuss how organizations that possess an effective human resource management department can be of benefit to you and your career path.

The expected responses should include the opportunity for (1) greater employee development potential, (2) availability of career path choices, (3) increased training, and (4) fine tuning of vital skills.

ROADMAP: IT'S A WRAP!

Your students can now REVIEW, APPLY, and PRACTICE the topics that you covered in Chapter Two with the following segments:

REVIEW

Chapter learning objectives

Narrated lecture and iPOD content

APPLY

Managers Hot Seat Segment: "Privacy, Burned by the Firewall"

Video case and quiz on Hotjobs.com

Self-Assessment: Trends in Human Resource Management

Web Exercise: HRM and new technologies

PRACTICE

Chapter Quiz