

Trends in Human Resource Management

What Do I Need to Know?

After reading this chapter, you should be able to:

- L01** Describe trends in the labor force composition and how they affect human resource management.
- L02** Summarize areas in which human resource management can support the goal of creating a high-performance work system.
- L03** Define employee empowerment, and explain its role in the modern organization.
- L04** Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.
- L05** Summarize ways in which human resource management can support organizations expanding internationally.
- L06** Discuss how technological developments are affecting human resource management.
- L07** Explain how the nature of the employment relationship is changing.
- L08** Discuss how the need for flexibility affects human resource management.

Introduction

Less than a decade into the 21st century, workers around the world were shaken by economic uncertainty as a banking crisis coupled with crashing real estate values triggered a severe recession. In the United States, unprecedented numbers of layoffs were followed by dire predictions of a “job-less recovery.” Experienced workers settled for entry-level jobs while young people wondered how they would find a place for themselves in the workforce. Meanwhile, a revolution in information technology continued to redefine what it means to be “in touch” or “at work.” And through it all, many employers and employees have continued to innovate and persevere in meeting these challenges.

One indicator of the extent of the challenge is the growing ranks of unemployed seniors. While many people over age 65 have retired, others by choice or necessity are looking for jobs. For example, Mary Bennett had worked since she was 17 years old but at the age of 80 applied for unemployment benefits for the first time in her life. Work as a coffeepot assembler and waitress enabled her to pay the bills following a divorce, but

when she tried retiring at age 70, she found she couldn't afford it after raising seven children. She found a job in a machine shop but was laid off from that company when the economy stalled. So Bennett turned to unemployment benefits and a federal job-training program. “I'm an easy person to teach,” she assured a reporter.¹ Situations like Bennett's are of particular interest, because as we will see in this chapter, the proportion of older workers is increasing in the United States.

Examples of the resilience of the American worker come from those who are coping with the economic downturn by combining part-time jobs and contract assignments into enough pay to make ends meet. In Eugene, Oregon, Mike Lockier was laid off from a job as broadcast engineer and has been unable to land a job using his other major skill, computer programming. He hires himself out to do construction and repair jobs during the day and spends evening and nighttime hours answering repair questions submitted to FixYa.com.² Dividing hours among part-time shifts reflects various trends, including the shortening of the average workweek in response to lower demand, as well as the growing popularity of Web sites for matching independent contractors with short-term work assignments.

These creative responses to change and uncertainty illustrate the kinds of people and situations that shape the nature of human resource management today. This chapter describes major trends that are affecting human resource management. It begins with an examination of the modern labor force, including trends that are determining who will participate in the workforce of the future. Next is an exploration of the ways HRM can support a number of trends in organizational strategy, from efforts to maintain high-performance work systems to changes in the organization's size and structure. Often, growth includes the use of human resources on a global scale, as more and more organizations hire immigrants or open operations overseas. The chapter then turns to major changes in technology, especially the role of the Internet. As we will explain, the Internet is changing organizations themselves, as well as providing new ways to carry out human resource management. Finally, we explore the changing nature of the employment relationship, in which careers and jobs are becoming more flexible.

Change in the Labor Force

The term *labor force* is a general way to refer to all the people willing and able to work. For an organization, the **internal labor force** consists of the organization's workers—its employees and the people who have contracts to work at the organization. This internal labor force has been drawn from the organization's **external labor market**, that is, individuals who are actively seeking employment. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization (and their cost). 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.

An Aging Workforce

In the United States, the Bureau of Labor Statistics (BLS), an agency of the Department of Labor, tracks changes in the composition of the U.S. labor force and forecasts employment trends. The BLS has projected that from 2008 to 2018, the total U.S. civilian labor force will grow from 154 million to

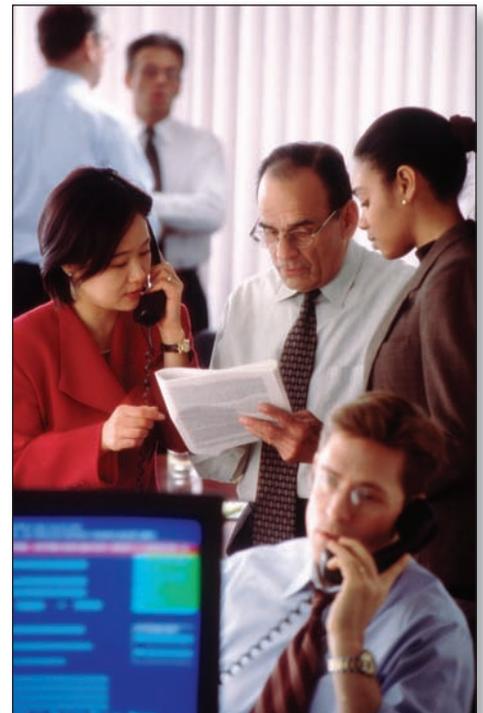
LO1 Describe trends in the labor force composition and how they affect human resource management.

Internal Labor Force

An organization's workers (its employees and the people who have contracts to work at the organization).

External Labor Market

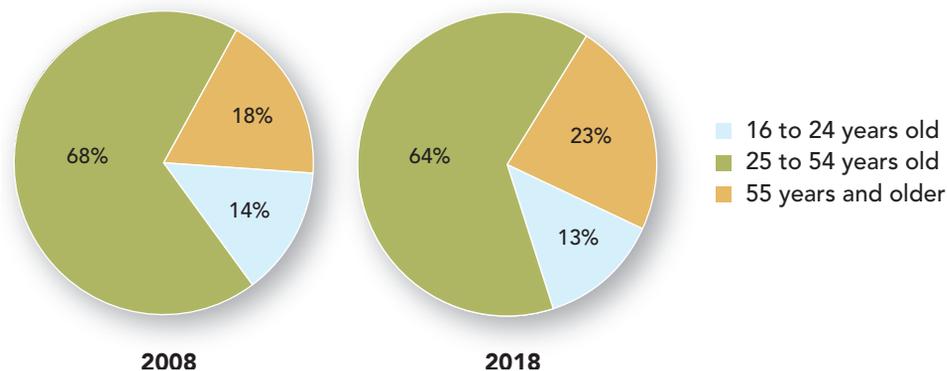
Individuals who are actively seeking employment.



As more and more of the workforce reaches retirement age, some companies have set up mentoring programs between older and younger workers so that knowledge is not lost but passed on. How does the company benefit from these mentoring programs?

Figure 2.1

Age Distribution of U.S. Labor Force, 2008 and 2018



SOURCE: Bureau of Labor Statistics, "Employment Projections: 2008–18," news release, December 10, 2009, www.bls.gov.

167 million workers.³ This 8.2 percent increase is noticeably lower than the 12.1 percent increase experienced during the previous decade.

Some of the expected change involves the distribution of workers by age. From 2008 to 2018, the fastest-growing age group is expected to be workers 55 and older. The 25- to 44-year-old group will increase its numbers only slightly, so its share of the total workforce will fall. And young workers between the ages of 16 and 24 will actually be fewer in number. This combination of trends will cause the overall workforce to age. Figure 2.1 shows the change in age distribution, as forecast by the Bureau of Labor Statistics, between 2008 and 2018. By 2010, more than half of U.S. workers will be older than 40, and a significant share will be nearing retirement.⁴ Human resource professionals will therefore spend much of their time on concerns related to planning retirement, retraining older workers, and motivating workers whose careers have plateaued. 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. At the same time, organizations will have to find ways to attract, retain, and prepare the youth labor force.

Older people want to work, and many say they plan a working retirement. Despite myths to the contrary, worker performance and learning do not suffer as a result of aging.⁵ Older employees are willing and able to learn new technology. More older workers are asking to work part-time or for only a few months at a time as a way to transition to full retirement. Employees and companies are redefining the meaning of retirement to include second careers as well as part-time and temporary work assignments. Although recruiting and retaining older workers may present some challenges related to costs of health care and other benefits, companies also are benefiting from these employees' talents and experience.

Borders Group, for example, has adapted hiring and retention practices to capitalize on older workers.⁶ Half of book purchases in the United States are made by customers over the age of 45, so the company believes older workers can relate well to these customers. To attract and retain older workers, Borders added medical and dental benefits for part-time workers and began developing a "passport" program in which workers can work half the year at a Borders store in one part of the country and half the year at another location, which accommodates those who want to spend winters in warm climates. Since Borders launched the program, employee turnover has

plunged, and the turnover rate among workers over age 50 is one-tenth the turnover of employees under 30.

A Diverse Workforce

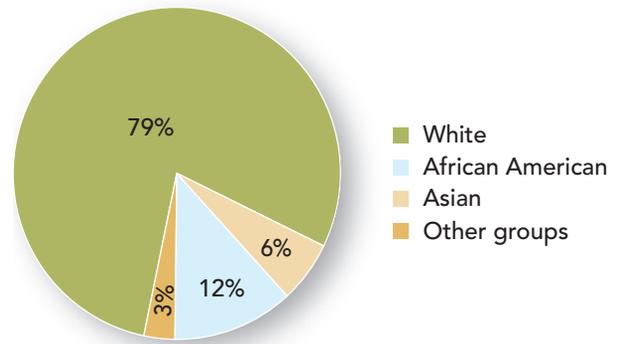
Another kind of change affecting the U.S. labor force is that it is growing more diverse in racial, ethnic, and gender terms. As Figure 2.2 shows, the 2018 workforce is expected to be 79 percent white, 12 percent black, and 9 percent Asian and other minorities. The fastest-growing of these categories are Asian and “other groups,” because these groups are experiencing immigration and birthrates above the national average. In addition to these racial categories, the ethnic category of Hispanics is growing equally fast, and 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. More women today, than in the past, are in the paid labor force, and the labor force participation rate for men has been slowly declining. By 2018, the share of women in the civilian labor force is expected to reach about 47 percent.⁸

One important source of racial and ethnic diversity is immigration. The U.S. government establishes procedures for foreign nationals to follow if they wish to live and work permanently in the United States, and it sets limits on the number of immigrants who are admitted through these channels. Of the more than 1 million immigrants who come to the United States legally each year, more than six out of ten are relatives of U.S. citizens. Another one-fourth come on work-related visas, some of which are set aside for workers with exceptional qualifications in science, business, or the arts. (About half of the work-related visas go to the immediate relatives of those coming to the United States to work, allowing workers to bring their spouse and children.) The U.S. government also grants temporary work visas to a limited number of highly educated workers, permitting them to work in the United States for a set period of time but not to remain as immigrants. U.S. law requires employers to verify that any job candidate who is not a U.S. citizen has received permission to work in the United States as an immigrant or with a temporary work permit. (This requirement is discussed in Chapter 6.)

Other foreign-born workers in the United States arrived to this country without meeting the legal requirements for immigration or asylum. These individuals, known as undocumented or illegal immigrants, likely number in the millions. While government policy toward immigrants is a matter of heated public debate, the human resource implications have two practical parts. The first involves the supply of and demand for labor. Many U.S. industries, including meatpacking, construction, farming, and services, rely on immigrants to perform demanding work that may be low paid. In other industries, such as computer software development, employers say they have difficulty finding enough qualified U.S. workers to fill technical jobs. These employers are pressing for immigration laws to allow a greater supply of foreign-born workers.

Figure 2.2

Projected Racial/Ethnic Makeup of the U.S. Workforce, 2018



SOURCE: Bureau of Labor Statistics, “Employment Projections: 2008–2018,” news release, December 10, 2009, www.bls.gov.

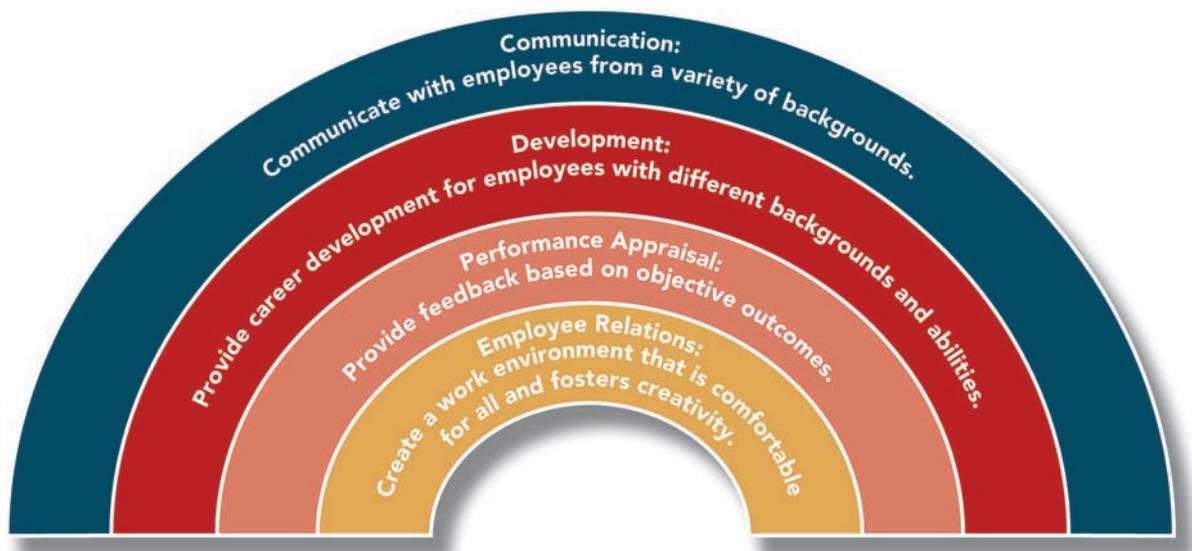
The other HR concern is the need to comply with laws. Recently, Immigration and Customs Enforcement agents have been cracking down on employers who allegedly knew they were employing undocumented immigrants. Businesses that have justified hiring these people on the grounds that they work hard and are needed for the business to continue operating now are facing greater legal risks.⁹ Even as some companies are lobbying for changes to immigration laws, the constraints on labor supply force companies to consider a variety of ways to meet their demand for labor, including job redesign (see Chapter 4), higher pay (Chapter 11), and foreign operations (Chapter 15).

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. As a result, organizations cannot afford to ignore or discount the potential contributions of women and minorities. 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. As we will discuss further in the next chapter, managing cultural diversity involves many different activities. These include 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.¹⁰ Figure 2.3 summarizes ways in which HRM can support the management of diversity for organizational success.

Many U.S. companies have already committed themselves to ensuring that they recognize the diversity of their internal labor force and use it to gain a competitive advantage. In a recent survey of HR professionals, most rated workplace diversity as somewhat or extremely important, and 96 percent said “diversity management skills”

Figure 2.3

HRM Practices That Support Diversity Management



SOURCE: Based on M. Loden and J. B. Rosener, *Workforce America!* (Homewood, IL: Business One Irwin, 1991).

are important for an organization.¹¹ Respondents also indicated that concern for diversity should go beyond hiring decisions to include ways organizations can benefit from using the contributions of all its employees.

Valuing diversity is part of Safeway's approach to competing with specialty grocers and big-box stores such as Walmart and Target.¹² Safeway invested in programs to attract, develop, and retain its best talent and to position the company as an employer of choice. Although 70 percent of Safeway's customers are women, male leaders had been the norm in the retail grocery industry. Safeway took initiatives to help women, including women of color, advance into management. The CEO speaks regularly with employees about diversity issues, and employees have access to DVDs featuring interviews with successful employees who are women and people of color. The company ensures that all employees who qualify for its Retail Leadership Program, including those who work part-time and have flexible schedules to juggle work and family responsibilities, have the same opportunities for coaching, development, and advancement. A women's leadership network sponsors development meetings between promising women and executives who suggest new job opportunities that can help the women advance to the next level. With these and other efforts, the number of female store managers has risen a dramatic 42 percent, and financial analysts have concluded that the advancement of women and minorities has increased Safeway's sales and earnings.

Throughout this book, we will show how diversity affects HRM practices. For example, from a staffing perspective, it is important to ensure that tests used to select employees are not unfairly biased against minority groups. From the perspective of work design, employees need flexible schedules that allow them to meet nonwork needs. In terms of training, it is clear that employees must be made aware of the damage that stereotypes can do. 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. As we will see later in the chapter, successfully managing diversity is also critical for companies that compete in international markets.

Skill Deficiencies of the Workforce

The increasing use of computers to do routine tasks has shifted the kinds of skills needed for employees in the U.S. economy. Such qualities as physical strength and mastery of a particular piece of machinery are no longer important for many jobs. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team. Often, when organizations are looking for technical skills, they are looking for skills related to computers and using the Internet. 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. Competition for qualified college graduates in many fields is intense. At the other extreme, workers with less education often have to settle for low-paying jobs. Some companies are unable to find qualified employees and instead rely on training to correct skill deficiencies.¹³ Other companies team up with universities, community colleges, and high schools to design and teach courses ranging from basic reading to design blueprint reading.

Not all the skills employers want require a college education. Employers surveyed by the National Association of Manufacturers report a deficiency in qualified



production workers—not just engineers and computer experts. At Whirlpool, for example, production workers need algebra skills to ensure that steel sizes conform to specifications; the company has had to develop training programs to provide those skills.¹⁴ Today’s U.S. production jobs rely on intelligence and skills as much as on strength. Workers often must operate sophisticated computer-controlled machinery and monitor quality levels. In some areas, companies and communities have set up apprenticeship and training programs to fix the worker shortage. The gap between skills needed and skills available has decreased U.S. companies’ abilities to compete because as a consequence of the deficiency they sometimes lack the capacity to upgrade technology, reorganize work, and empower employees.

L02 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

High-Performance Work Systems

Organizations that have the best possible fit between their social system (people and how they interact) and technical system (equipment and processes).

High-Performance Work Systems

Human resource management is playing an important role in helping organizations gain and keep an advantage over competitors by becoming **high-performance work systems**. These are organizations that have the best possible fit between their social system (people and how they interact) and technical system (equipment and processes).¹⁵ As the nature of the workforce and the technology available to organizations have changed, so have the requirements for creating a high-performance work system. Customers are demanding high quality and customized products, employees are seeking flexible work arrangements, and employers are looking for ways to tap people’s creativity and interpersonal skills. Such demands require that organizations make full use of their people’s knowledge and skill, and skilled human resource management can help organizations do this.

Among the trends that are occurring in today’s high-performance work systems are reliance on knowledge workers, empowerment of employees to make decisions, and use of teamwork. The following sections describe those three trends, and Chapter 16 will explore the ways HRM can support the creation and maintenance of a high-performance work system. HR professionals who keep up with change are well positioned to help create high-performance work systems.

Knowledge Workers

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 most in demand. The Bureau of Labor Statistics forecasts that between 2008 and 2018, most new jobs will be in service occupations, especially food preparation, education, and health services.

The number of service jobs has important implications for human resource management. Research shows that if employees have a favorable view of HRM practices—career opportunities, training, pay, and feedback on performance—they are more likely to provide good service to customers. Therefore, quality HRM for service employees can translate into customer satisfaction.

Besides differences among industries, job growth varies according to the type of job. The “Did You Know?” box lists the 10 occupations expected to gain the most jobs between 2008 and 2018. Of the jobs expected to have the greatest percentage increases, most are related to health care and computers. 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.¹⁶ Many of these occupations require a college degree. In contrast, the

Did You Know?

Top 10 Occupations for Job Growth

The following graph shows the occupations that are expected to add the most new jobs between 2008 and 2018. These jobs require

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

Source: Bureau of Labor Statistics, "Occupational Employment," *Occupational Outlook Quarterly*, Winter 2009–10, p. 13.



occupations expected to have the largest numerical increases more often require only on-the-job training. (Exceptions are registered nurses and postsecondary teachers.) This means that many companies' HRM departments will need to provide excellent training as well as hiring.

These high-growth jobs are evidence of another trend: The future U.S. labor market will be both a knowledge economy and a service economy.¹⁷ Along with low-education jobs in services like health care and food preparation, there will be many high-education professional and managerial jobs. To meet these human capital needs, companies are increasingly trying to attract, develop, and retain knowledge workers. **Knowledge workers** are employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession. Further complicating that challenge, many of these knowledge workers will have to be

Knowledge Workers
Employees whose main contribution to the organization is specialized knowledge, such as knowledge of customers, a process, or a profession.



Knowledge workers are employees whose value to their employers stems primarily from what they know. Engineers such as the ones pictured here have in-depth knowledge of their field and are hard to replace because of their special knowledge.

L03 Define employee empowerment, and explain its role in the modern organization.

Employee Empowerment

Giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.

“techoservice” workers who not only know a specialized field such as computer programming or engineering but also must be able to work directly with customers.

Knowledge workers are in a position of power, because they own the knowledge that the company needs in order to produce its products and services, and they must share their knowledge and collaborate with others in order for their employer to succeed. An employer cannot simply order these employees to perform tasks. Managers depend on the employees’ willingness to share information. Furthermore, skilled knowledge workers have many job opportunities, even in a slow economy. If they choose, they can leave a company and take their knowledge to another employer. Replacing them may be difficult and time consuming.

As more organizations become knowledge-based, they must promote and capture learning at the level of employees, teams, and the overall organization. At Nissan Motor’s U.S. operations, 16 teams each bring together 8 to 16 high-performing salaried employees from different departments.¹⁸ They meet weekly to discuss issues such as quality and diversity, proposing new ideas that can benefit the company. One team looking for ways to save money developed a proposal for working at home. The team conducted a study that showed working at home could improve morale while cutting expenses.

The reliance on knowledge workers also affects organizations’ decisions about the kinds of people they are recruiting and selecting.¹⁹ They are shifting away from focusing on specific skills, such as how to operate a particular kind of machinery, and toward a greater emphasis on

general cognitive skills (thinking and problem solving) and interpersonal skills. Employers are more interested in evidence that job candidates will excel at working in teams or interacting with customers. These skills also support an employee’s ability to gather and share knowledge, helping the organization to innovate and meet customer needs. To the extent that technical skills are important, employers often are most interested in the ability to use information technology, including the Internet and statistical software.

Employee Empowerment

To completely benefit from employees’ knowledge, organizations need a management style that focuses on developing and empowering employees. **Employee empowerment** means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.²⁰ Employees are then held accountable for products and services. In return, they share the resulting losses and rewards.

HRM practices such as performance management, training, work design, and compensation are important for ensuring the success of employee empowerment. Jobs must be designed to give employees the necessary latitude for making a variety of decisions. Employees must be properly trained to exert their wider authority and use

information resources such as the Internet as well as tools for communicating information. Employees also need feedback to help them evaluate their success. Pay and other rewards should reflect employees' authority and be related to successful handling of their responsibility. In addition, for empowerment to succeed, managers must be trained to link employees to resources within and outside the organization, such as customers, co-workers in other departments, and Web sites with needed information. Managers must also encourage employees to interact with staff throughout the organization, must ensure that employees receive the information they need, and must reward cooperation. Finally, empowered employees deliver the best results if they are fully engaged in their work. *Employee engagement*—full involvement in one's work and commitment to one's job and company—is associated with higher productivity, better customer service, and lower turnover.²¹

As with the need for knowledge workers, use of employee empowerment shifts the recruiting focus away from technical skills and toward general cognitive and interpersonal skills. Employees who have responsibility for a final product or service must be able to listen to customers, adapt to changing needs, and creatively solve a variety of problems.

Teamwork

Modern technology places the information that employees need for improving quality and providing customer service right at the point of sale or production. As a result, the employees engaging in selling and producing must also be able to make decisions about how to do their work. Organizations need to set up work in a way that gives employees the authority and ability to make those decisions. One of the most popular ways to increase employee responsibility and control is to assign work to teams. **Teamwork** is the assignment of work to groups of employees with various skills who interact to assemble a product or provide a service. 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. Work teams also contribute to total quality by performing inspection and quality-control activities while the product or service is being completed.

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

Teamwork can motivate employees by making work more interesting and significant. At organizations that rely on teamwork, labor costs may be lower as well. Spurred by such advantages, a number of companies are reorganizing assembly operations—abandoning the assembly line in favor of operations that combine mass production with jobs in which employees perform multiple tasks, use many skills, control the pace of work, and assemble the entire final product.

Witnessing the resulting improvements, companies in the service sector also have moved toward greater use of teamwork. Teamwork was part of the fix for MFS Investment Management, a manager of mutual funds, which was losing clients after several years of poor performance and scandal. MFS brought in a new chief executive, who took the unusual step of organizing analysts into teams responsible for knowing particular industry sectors in which they invested. Instead of focusing on standing out individually because of a particular skill, the analysts pool their knowledge of,

Teamwork

The assignment of work to groups of employees with various skills who interact to assemble a product or provide a service.

say, technology companies. The teamwork is reinforced through HR practices such as basing compensation partly on performance reviews by other team members. The teamwork has helped MFS improve its investment performance and is bringing in new cash from clients.²²

L04 Identify ways

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

Focus on Strategy

As we saw in Chapter 1, traditional management thinking treated human resource management primarily as an administrative function, but managers today are beginning to see a more central role for HRM. They are looking at HRM as a means to support a company's *strategy*—its plan for meeting broad goals such as profitability, quality, and market share. This strategic role for HRM has evolved gradually. At many organizations, managers still treat HR professionals primarily as experts in designing and delivering HR systems. But at a growing number of organizations, HR professionals are strategic partners with other managers.

This means they use their knowledge of the business and of human resources to help the organization develop strategies and to align HRM policies and practices with those strategies. To do this, human resource managers must focus on the future as well as the present, and on company goals as well as human resource activities. They may, for example, become experts at analyzing the business impact of HR decisions or at developing and keeping the best talent to support business strategy. An example of an HRM professional who understands this role is Cynthia McCague, director of human resources at Coca-Cola. When McCague took the post, profit growth was stalling, morale was poor, and employee turnover was a major problem. McCague had HR staff conduct a survey of Coke's top 400 managers. Analysis showed that the company lacked a clear direction and shared purpose, and it confirmed the low morale, as well as a focus on short-term performance at the expense of long-term results. Coke put together teams of top leaders to address each of these problems, and then the HR group helped roll out changes such as a mission statement, an improved reward system, and a more useful intranet for sharing company information online. As employees have begun to feel more purposeful, turnover has fallen, attitudes have improved, and the company has begun reporting high sales and stock prices.²³

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. 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. Decisions to use reengineering and outsourcing can make an organization more efficient and also give rise to many human resource challenges. International expansion presents a wide variety of HRM challenges and opportunities. Figure 2.4 summarizes these strategic issues facing human resource management.

Total Quality Management (TQM)

A companywide effort to continually improve the ways people, machines, and systems accomplish work.

High Quality Standards

To compete in today's economy, companies need to provide high-quality products and services. If companies do not adhere to quality standards, they will have difficulty selling their product or service to vendors, suppliers, or customers. Therefore, many organizations have adopted some form of **total quality management (TQM)**—a

**Figure 2.4**

Business Strategy: Issues Affecting HRM

companywide effort to continually improve the ways people, machines, and systems accomplish work.²⁴ TQM has several core values:²⁵

- Methods and processes are designed to meet the needs of internal and external customers (that is, whomever the process is intended to serve).
- Every employee in the organization receives training in quality.
- Quality is designed into a product or service so that errors are prevented from occurring, rather than being detected and corrected in an error-prone product or service.
- The organization promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.
- Managers measure progress with feedback based on data.

Based on these values, the TQM approach provides guidelines for all the organization's activities, including human resource management. To promote quality, organizations need an environment that supports innovation, creativity, and risk taking to meet customer demands. Problem solving should bring together managers, employees, and customers. Employees should communicate with managers about customer needs. For an example of a company that engages in such practices, see the "Best Practices" box.

Human resource management also supports a strong commitment to quality at Philips Respironics, which makes medical devices that help people with sleep apnea to breathe while sleeping. To improve quality, cost, delivery, safety, and morale, the company develops measurable objectives and assembles employee teams to tackle projects in particular areas. Under the slogan "Enable, Empower, Engage," the emphasis is on inviting and responding to ideas from employees. The Exchange Team is charged with improving the working environment for employees. Groups of five have completed projects such as installing an on-site fitness center and establishing

HR A COMPONENT OF QUALITY AT MESA PRODUCTS

Privately owned Mesa Products Inc., based in Tulsa, Oklahoma, has persistently dedicated itself to quality improvement. The company, which designs, makes, and installs systems to keep underground pipelines and tanks from corroding, decided several years ago to seek a government-sponsored 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. Competing for the award is a way to keep everyone in the company focused on the real goal, which is improved quality and results.

To hit this target, Mesa geared up by setting goals for better customer service, customer relationships, performance (cycle time and productivity), work environment,

and growth (profits and sales). While HR could help in all these areas through efforts such as job design and reward systems, of particular relevance were the targets for work environment. Mesa's goals included objectives for employee training, job satisfaction, and ethical conduct. These objectives are consistent with the Baldrige requirements for excellence in workforce focus: companies must enable their people to develop their full potential, and they should align their workforce (for example, in terms of staffing and motivation) with corporate objectives.

Meeting the targets wasn't easy. CEO Terry May says that when the Baldrige assessment team delivered its first feedback, "It was somewhat of a wakeup call for me." But May got his people involved in making improvements, and as they persevered over the course of several years, "Our people became more comfortable" with the effort at continual improvement of processes.

The small steps required for these ambitious goals have had a real payoff for Mesa. Sales have soared, profitability is way up, and the company retains a remarkable 100 percent of its key customers. In independent customer satisfaction surveys, Mesa is generally the preferred supplier. And even during the recent economic downturn, Mesa was hiring new engineers.

HR has done its part to contribute to quality. According to surveys of employees in the industry, Mesa's employees are among the most satisfied—an attitude that shows up in the company's low rate of employee turnover.

Sources: Ryan C. Burge, "The Baldrige Journey," *Industrial Engineer*, February 2009, pp. 40–44; Kyle Arnold, "Plenty of Work," *Tulsa World*, March 1, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>; and Mesa Products, "About Mesa," corporate Web site, <http://www.mesaproducts.com>, accessed February 25, 2010.

a recycling program. On a typical day, eight new ideas for improvement are being implemented at Philips Respironics. The pace of change may seem exhausting, but employees more often feel energized because they feel heard and because they have a sense that what they do matters.²⁶

Mergers and Acquisitions

Often, organizations join forces through mergers (two companies becoming one) and acquisitions (one company buying another). Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry. For example, British Petroleum's acquisition of Amoco Oil represented a consolidation, or reduction of the number of companies in the oil industry. Other mergers and acquisitions cross industry lines. In a merger to form Citigroup, Citicorp combined its banking business with Traveller's Group's insurance business. Furthermore, these deals more frequently take the form of global

megamergers, or mergers of big companies based in different countries (as in the case of BP-Amoco).

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 efforts should therefore include development of skills in conflict resolution. Also, HR professionals have to sort out differences in the two companies' practices with regard to compensation, performance appraisal, and other HR systems. Settling on a consistent structure to meet the combined organization's goals may help to bring employees together.

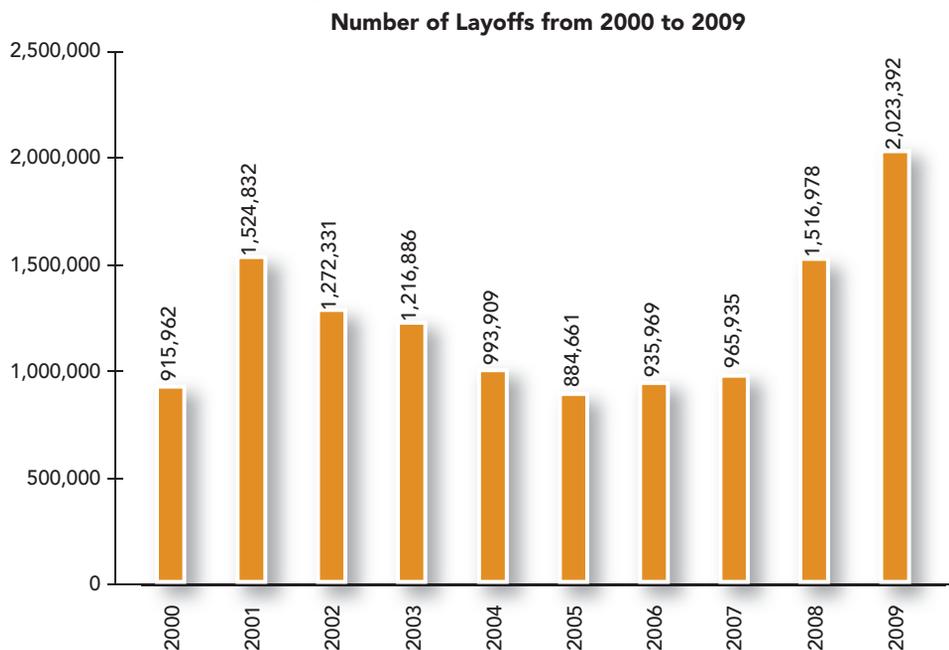
Downsizing

As shown in Figure 2.5 the number of organizations undergoing downsizing has increased significantly, reaching record highs in 2009.²⁷ The current economic crisis means that one important question facing companies is how, despite having to reduce the size of their workforce, they can develop a reputation as an employer of choice and engage employees in working toward the goals of the firm. The way companies answer this question will determine how they can compete by meeting the stakeholder needs of their employees.

Downsizing presents a number of challenges and opportunities for HRM. In terms of challenges, the HRM function must "surgically" reduce the workforce by cutting only the workers who are less valuable in their performance. Achieving this is difficult because the best workers are most able (and often willing) to find alternative employment and may leave voluntarily before the organization lays off anyone.

Figure 2.5

Number of Employees Laid Off during the Past Decade



SOURCE: Bureau of Labor Statistics, "Extended Mass Layoffs: Fourth Quarter 2009, Annual Totals 2009," news release, February 17, 2010, www.bls.gov/mls.

Early-retirement programs are humane, but they essentially reduce the workforce with a “grenade” approach—not distinguishing good from poor performers but rather eliminating an entire group of employees. In fact, research indicates that when companies downsize by offering early-retirement programs, they usually end up rehiring to replace essential talent within a year. Often the company does not achieve its cost-cutting goals because it spends 50 to 150 percent of the departing employee’s salary in hiring and retraining new workers. Adding to the problem, because layoffs typically involve severance pay, they don’t even bring the same dollar-for-dollar benefits of a direct reduction in spending, such as cutting pay rates or hours worked.²⁸

Another HRM challenge is to boost the morale of employees who remain after the reduction; this is discussed in greater detail in Chapter 5 and in the “HR How To” box. HR professionals should maintain open communication with remaining employees to build their trust and commitment, rather than withholding information.²⁹ 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. Finally, HRM can provide downsized employees with outplacement services to help them find new jobs. Such services are ways an organization can show that it cares about its employees, even though it cannot afford to keep all of them on the payroll.

Reengineering

Rapidly changing customer needs and technology have caused many organizations to rethink the way they get work done. For example, when an organization adopts new technology, its existing processes may no longer result in acceptable quality levels, meet customer expectations for speed, or keep costs to profitable levels. Therefore, many organizations have undertaken **reengineering**—a complete review of the organization’s critical work processes to make them more efficient and able to deliver higher quality.

Ideally, reengineering involves reviewing all the processes performed by all the organization’s major functions, including production, sales, accounting, and human resources. Therefore, reengineering affects human resource management in two ways. First, the way the HR department itself accomplishes its goals may change dramatically. 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. Employees may need training for their reengineered jobs. The organization may need to redesign the structure of its pay and benefits to make them more appropriate for its new way of operating. It also may need to recruit employees with a new set of skills. Often, reengineering results in employees being laid off or reassigned to new jobs, as the organization’s needs change. HR professionals should also help with this transition, as they do for downsizing.

Outsourcing

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. For instance, a manufacturing company might outsource its accounting and transportation functions to businesses that specialize in these activities. Outsourcing gives the company access to in-depth expertise and is often more economical as well.

Reengineering

A complete review of the organization’s critical work processes to make them more efficient and able to deliver higher quality.

Outsourcing

The practice of having another company (a vendor, third-party provider, or consultant) provide services.

LEADING AFTER LAYOFFS

Downsizing is a difficult strategy. Besides the obvious pain for those who lose their jobs, there are the unpleasant duties of making the tough decisions and delivering bad news, perhaps while silently second-guessing whether past staffing decisions were less than ideal, given that some of those people are now seen as expendable. Downsizing is also an emotional experience for the employees who remain afterward and are often expected to make do—and even do more—with less.

That situation calls for strong leadership, and HR can play a role:

- Help management craft and communicate positive messages

about the company's new vision and priorities.

- Identify how new priorities and strategy call for redesigned jobs, so that the smaller workforce can focus on what's most important. Managers should meet with their employees to review job requirements and consider how they can be met in the smaller organization.
- Make sure expectations for the remaining employees are realistic; a plan to survive with exhausted, stressed-out employees is not a viable plan for success.
- Encourage employees and departments to collaborate

and share ideas. This may be the time to revamp evaluation and rewards systems to reward group performance.

- Identify high-potential employees who can take on challenging new assignments that could develop them for advancement.

Sources: Based on Toddi Gutner, "Coping with Aftermath of Layoffs at Your Firm," *Wall Street Journal*, February 3, 2009, <http://online.wsj.com>; and Eric Krell, "Spreading the Workload," *HR Magazine*, July 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.

Not only do HR departments help with a transition to outsourcing, but many HR functions are being outsourced. One study suggests that 8 out of 10 companies outsource at least one human resource activity, and a more recent study found that 91 percent of U.S. companies have taken steps to standardize their HR processes to prepare for outsourcing.³⁰ Cardinal Health, a provider of health care products, services, and technology, signed a contract with ExcellerateHRO to provide administrative functions.³¹ HR professionals remaining at Cardinal work in strategic areas such as talent management, organizational effectiveness, and total rewards, while ExcellerateHRO provides routine services.

Expanding into Global Markets

Companies are finding that to survive they must compete in international markets as well as fend off foreign competitors' attempts to gain ground in the United States. To meet these challenges, U.S. businesses must develop global markets, keep up with competition from overseas, hire from an international labor pool, and prepare employees for global assignments.

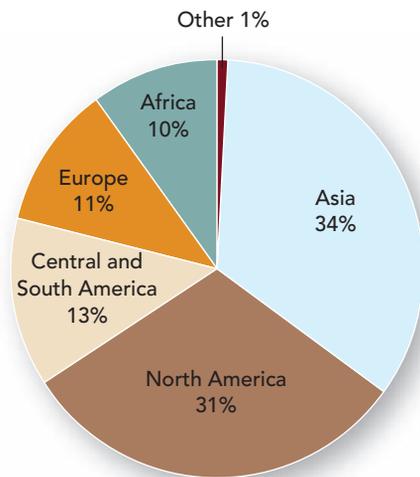
Companies that are successful and widely admired not only operate on a multinational scale, but also have workforces and corporate cultures that reflect their global markets. IBM—which obtains more than two-thirds of its revenues from outside the United States—prepares its employees to work with people in unfamiliar locations by setting up a Service Corps in which teams of employees participate in nonprofit projects in Romania, Turkey, Vietnam, the Philippines, Ghana, and Tanzania. For example, a

L05 Summarize ways in which human resource management can support organizations expanding internationally.



Figure 2.6

Where Immigrants to the United States Came from in 2008



SOURCE: Department of Homeland Security, Office of Immigration Statistics, "U.S. Legal Permanent Residents: 2008," *Annual Flow Report*, March 2009, Table 3, p. 4, www.dhs.gov.

Offshoring

Moving operations from the country where a company is headquartered to a country where pay rates are lower but the necessary skills are available.

software development manager helped a maker of furniture for offices and schools meet its goals to operate more efficiently. While the employees are providing community service in these developing nations, IBM sees the effort also as "a management development exercise for high-potential people," in the words of Randy MacDonald, IBM's senior vice president for human resources. Participants gain skill in understanding cultural differences, communicating effectively, and working as a team.³²

The Global Workforce

For today's and tomorrow's employers, talent comes from a global workforce. 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. Intel, for example, has projected that most of its future employees will be hired outside U.S. borders. The efforts to hire workers in other countries are common enough that they have spurred the creation of a popular name for the practice: **offshoring**. Just a few years ago, most offshoring involved big manufacturers building factories in countries with lower labor costs. But today it is so easy to send information and

software around the world that even start-ups are hiring overseas. In one study, almost 4 out of 10 new companies employed foreign analysts, marketers, engineers, and other employees. In contrast to computer and printer manufacturer Hewlett-Packard, which hired its first foreign workers 20 years after its founding in 1939, search engine Google employed people outside the United States just three years after its 1998 start.³³

Hiring in developing nations such as India, Mexico, and Brazil gives employers access to people with potential who are eager to work yet who will accept lower wages than elsewhere in the world. Challenges, however, may include employees' lack of familiarity with technology and corporate practices, as well as political and economic instability in the areas. 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. In addition, as offshoring becomes the norm, U.S. employers are finding that many workers in developing nations such as India don't fit the old stereotypes. Young Indian programmers and engineers, for example, may have attitudes and ambitions more like those of their Western counterparts than their parents in many regards.³⁴

Even hiring at home may involve selection of employees from other countries. The beginning of the 21st century, like the beginning of the last century, has been a time of significant immigration, with over 1.1 million people obtaining permanent resident status in 2008 alone.³⁵ Figure 2.6 shows the distribution of immigration by continent of origin. The impact of immigration will be especially large in some regions of the United States, with large shares of immigrants residing in California, New York, Florida, and Texas. About 7 out of 10 foreign-born workers will be Hispanics and Asians.³⁶

Employers in tight labor markets—such as those seeking experts in computer science, engineering, and information systems—have been especially likely to recruit international students.

International Assignments

Besides hiring an international workforce, organizations must be prepared to send employees to other countries. This requires HR expertise in selecting employees for international assignments and preparing them for those assignments. Employees who take assignments in other countries are called **expatriates**.

U.S. companies must better prepare employees to work in other countries. The failure rate for U.S. expatriates is greater than that for European and Japanese expatriates.³⁷ To improve in this area, U.S. companies must carefully select employees to work abroad based on their ability to understand and respect the cultural and business norms of the host country. Qualified candidates also need language skills and technical ability. In Chapter 15, we discuss practices for training employees to understand other cultures.

Expatriates

Employees who take assignments in other countries.

Technological Change in HRM

Advances in computer-related technology have had a major impact on the use of information for managing human resources. Large quantities of employee data (including training records, skills, compensation rates, and benefits usage and cost) can easily be stored on personal computers and manipulated with user-friendly spreadsheets or statistical software. Often these features are combined in a **human resource information system (HRIS)**, a computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization’s human resources.³⁸ An HRIS can support strategic decision making, help the organization avoid lawsuits, provide data for evaluating programs or policies, and support day-to-day HR decisions. Table 2.1 describes some of the technologies that may be included in an organization’s HRIS.

The support of an HRIS can help HR professionals navigate the challenges of today’s complex business environment. For example, rapidly changing technology can cause employees’ skills to become obsolete. Organizations must therefore carefully monitor their employees’ skills and the organization’s needed skills. Often the employees and needs are distributed among several locations, perhaps among several

LO6 Discuss how technological developments are affecting human resource management.

Human Resource Information System (HRIS)

A computer system used to acquire, store, manipulate, analyze, retrieve, and distribute information related to an organization’s human resources.

TECHNOLOGY	WHAT IT DOES	EXAMPLE
Internet portal	Combines 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.	AlliedSignal 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.

Table 2.1

New Technologies Influencing HRM



The Internet and e-HRM are helpful for employees who work outside the office because they can receive and share information online easily. The benefits of products such as Blackberrys and other smartphones are enormous, but is it possible to be too accessible?

countries. Sisters of St. Francis Health Services, which operates hospitals in Illinois and Indiana, uses HRIS applications to identify and develop existing and needed employee talent. The organization uses its HRIS for access to performance appraisals and compensation records. Users enter staffing goals and plans, and the HRIS helps them track their progress. For an organization with 17,000 employees, the automation makes it practical to maintain a focus on how staffing, training, and compensation decisions contribute to the group's mission.³⁹

The Internet Economy

The way business is conducted has changed rapidly during the past two decades and will continue to do so. Much of the change is related to the widespread adoption of the Internet by businesses and individuals.

The Internet economy creates many HRM challenges.⁴⁰

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. The competition for such employees may be stiff and, as described earlier, often involves recruiting on an international scale.

Motivation can also be a challenge. The first Internet-based organizations were small start-up companies founded by young, forward-looking people who saw the potential of a then-new technology. These companies sometimes made up for inexperienced management with a culture based on creativity, enthusiasm, and intense commitment. Policies and procedures sometimes took a backseat to team spirit and workplace fun. But as competition from established companies heated up and as investors withdrew funding, the start-up companies were acquired, went out of business, or had to radically cut back hiring and spending. In this environment, HRM needs to help companies comply with labor laws, motivate employees, and craft human resource policies that seem fair to workers and meet employers' competitive demands.

Electronic Human Resource Management (e-HRM)

Many HRM activities have moved onto the Internet. Electronic HRM applications let employees enroll in and participate in training programs online. Employees can go online to select from items in a benefits package and enroll in the benefits they choose. They can look up answers to HR-related questions and read company news, perhaps downloading it as a podcast. This processing and transmission of digitized HR information is called **electronic human resource management (e-HRM)**.

E-HRM has the potential to change all traditional HRM functions. Table 2.2 shows some major implications of e-HRM. For example, employees in different geographic areas can work together. Use of the Internet lets companies search for talent without geographic limitations. Recruiting can include online job postings, applications, and candidate screening from the company's Web site or the Web sites of companies that specialize in online recruiting, such as Monster.com or Yahoo! HotJobs. Employees from different geographic locations can all receive the same training over the company's computer network. The "eHRM" box describes an application for scheduling workers.

Electronic Human Resource Management (e-HRM)

The processing and transmission of digitized HR information, especially using computer networking and the Internet.

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.

Table 2.2

Implications of e-HRM for HRM Practices

Privacy is an important issue in e-HRM. A great deal of HR information is confidential and not suitable for posting on a Web site for everyone to see. One solution is to set up e-HRM on an *intranet*, which is a network that uses Internet tools but limits access to authorized users in the organization. However, to better draw on the Internet's potential, organizations are increasingly replacing intranets with Web portals (Web sites designed to serve as a gateway to the Internet, highlighting links to relevant information).⁴¹ Whether a company uses an intranet or a Web portal, it must ensure that it has sufficient security measures in place to protect employees' privacy.

Sharing of Human Resource Information

Information technology is changing the way HR departments handle record keeping and information sharing. Today, HR employees use technology to automate much of their work in managing employee records and giving employees access to information and enrollment forms for training, benefits, and other programs. As a result, HR employees play a smaller role in maintaining records, and employees now get information through **self-service**. This means 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. 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.

For GameStop, a retailer of video games, self-service is the obvious choice. The company's 40,000 employees, who typically are game fans themselves, don't want to bother reading brochures about benefits plans. But if they don't pay attention to what the company offers, the spending on benefits isn't delivering value in terms of motivating workers. So, recognizing that its workers are familiar with and even expect the convenience of online shopping, GameStop started with its 12,900 full-time employees, phoning them with a message to enroll. The employees could simply press 1 to be connected to a benefits counselor. While they chatted, they could view options on a screen in the store or on their home computer. As they made choices, the screen would show the total value of their selected benefits. Then GameStop invited its part-timers to enroll in optional benefits. To reach them, it sent them text messages with links to a Web site where they could view an interactive feature telling them about what was available. The effort not only improved communications, it boosted enrollment in the health plan while enabling GameStop to cut \$5 million in benefits granted erroneously.⁴²

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,

Self-Service

System in which employees have online access to information about HR issues and go online to enroll themselves in programs and provide feedback through surveys.

HIGH-TECH SCHEDULING AT BANK OF THE WEST

Bank of the West, which specializes in commercial lending and small-business accounts, competes with banking giants by using technology to help it offer top-quality service efficiently. A software program called Planet, provided by GMT Corporation, analyzes the needs of the company's 700 branches to create staffing schedules based on seasonal and local usage.

With Planet, banks can analyze personnel needs and staff branches with a basic level of employees. A pool of floating employees is prepared to move

from branch to branch as needed. The balanced level of staffing gives customers a good banking experience at any time of year, while the software ensures that schedules are drawn up fairly, automatically taking into account employee preferences and requests for time off.

Employees like the system, because they can easily request time off or make changes to the schedule. While critics have complained that the last-minute, as-needed scheduling can exploit workers, a well-designed system can take their preferences into

account. Managers, too, like this kind of scheduling optimization software because it simplifies a difficult task and helps them plan ahead.

Sources: "Case in Point: Bank of the West Bullish on Workforce Optimization Software," *ABA Banking Journal*, July 2007, General Reference Center Gold, <http://find.galegroup.com>; Global Management Technologies, "Products: Workforce Management," GMT Web site, www.gmt.com, accessed December 7, 2007; and "Kronos for Retail Schedules 1.5 Million Associates," *Computer Technology Journal*, January 29, 2009, p. 275.

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. For example, managers can schedule job interviews or performance appraisals, guided by the system to provide the necessary information and follow every step called for by the company's procedures.⁴³ To further support management decisions, the company may create an *HR dashboard*, or a display of how the company is performing on specific HR metrics, such as productivity and absenteeism. For example, Cisco Systems helps with talent management by displaying on its HR dashboard how many of its people move and why.⁴⁴ The data can help management identify divisions where the managers are successfully developing new talent.

L07 Explain how the nature of the employment relationship is changing.

Psychological Contract

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.

Change in the Employment Relationship

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. These changes are most likely to succeed in flexible, forward-thinking organizations, and the employees who will thrive in such organizations need to be flexible and open to change as well. In this environment, employers and employees have begun to reshape the employment relationship.⁴⁵

A New Psychological Contract

We can think of that relationship in terms of a **psychological contract**, 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.⁴⁶ Unlike a written sales contract, the psychological contract is not formally put into words.

Instead, it describes unspoken expectations that are widely held by employers and employees. In the traditional version of this psychological contract, organizations expected their employees to contribute time, effort, skills, abilities, and loyalty. In return, the organizations would provide job security and opportunities for promotion.

However, this arrangement is being replaced with a new type of psychological contract.⁴⁷ 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. Companies demand excellent customer service and high productivity levels. They expect employees to take more responsibility for their own careers, from seeking training to balancing work and family. These expectations result in less job security for employees, who can count on working for several companies over the course of a career. In the federal government's most recent survey of wage and salary workers aged 25 and older, they had been with their present employer for a median of just four years. Workers 55 and older and those in government jobs tended to have much longer tenures.⁴⁸ But if four years with a company is typical, that amounts to many employers in the course of one's career.

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. (Figure 2.7 provides a humorous look at an employee who seems to have benefited from this modern psychological contract by obtaining a family friendly work arrangement.) 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.

Flexibility

The new psychological contract largely results from the HRM challenge of building a committed, productive workforce in turbulent economic conditions—conditions that offer opportunity for financial success but can also quickly turn sour, making every employee expendable. From the organization's perspective, the key to survival in a fast-changing environment is flexibility. Organizations want to be able to change as fast as customer needs and economic conditions change. Flexibility in human resource management includes flexible staffing levels and flexible work schedules.

Flexible Staffing Levels

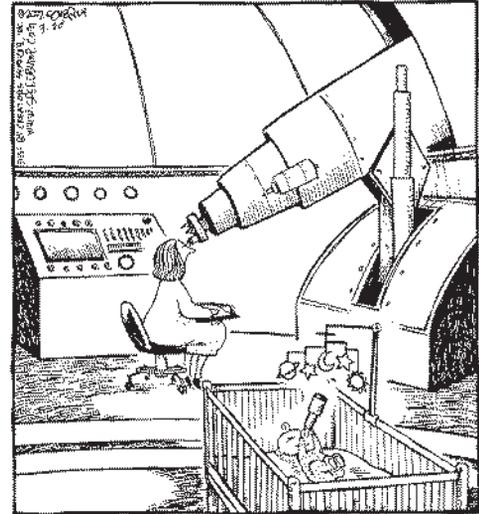
A flexible workforce is one the organization can quickly reshape and resize to meet its changing needs. To be able to do this without massive hiring and firing

Figure 2.7

A Family Friendly Work Arrangement

SPEED BUMP

Dave Coverly



By permission of Dave Coverly and Creators Syndicate, Inc.

LO8 Discuss how the need for flexibility affects human resource management.

HR Oops!

When a Contractor Isn't a Contractor

Signing up contract workers instead of hiring employees can look like a good deal, because the company doesn't have to pay the Social Security, Medicare, and unemployment insurance taxes required for employees on the company's payroll. They also can get around laws designed to protect employees, such as minimum wages. With stiff competition and slow economy, experts say, some companies incorrectly say workers are "contractors."

Although the classification may be a judgment call in some cases, it's not just a matter of opinion. Under the law, workers

are employees if someone at the company decides how and when they are to perform their jobs.

Recently, federal and state governments have indicated they are going to crack down with stricter enforcement and tougher penalties on employers who wrongly classify employees as contract workers. The federal government estimates that its part in the crack-down over the next decade will generate \$7 billion in taxes that otherwise wouldn't have been collected.

Source: Steven Greenhouse, "U.S. Cracks Down on 'Contractors' as a Tax

Dodge," *New York Times*, February 18, 2010.

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?
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?

Alternative Work Arrangements

Methods of staffing other than the traditional hiring of full-time employees (for example, use of independent contractors, on-call workers, temporary workers, and contract company workers).

campaigns, organizations are using more alternative work arrangements. **Alternative work arrangements** are methods of staffing other than the traditional hiring of full-time employees. There are a variety of methods, with the following being most common:

- *Independent contractors* are self-employed individuals with multiple clients.
- *On-call workers* are persons who work for an organization only when they are needed.
- *Temporary workers* are employed by a temporary agency; client organizations pay the agency for the services of these workers.
- *Contract company workers* are employed directly by a company for a specific time specified in a written contract.

However, as illustrated by the "HR Oops!" box, employers need to use these options with care.

The Bureau of Labor Statistics estimates that about one-tenth of employed individuals work in alternative employment arrangements.⁴⁹ The majority, about 10.3 million, are independent contractors. Another 2.5 million are on-call workers, 1.2 million work for temporary-help agencies, and over 800,000 are workers provided by contract firms. In addition, about 11 percent of noninstitutionalized civilians who are old enough to work have part-time jobs; a majority of them work part-time by choice. Along with 96,000 employees worldwide, Microsoft's workforce includes between 70,000 and 80,000 contingent workers. The majority work for vendors, and roughly 10 percent are temporary employees hired from agencies. Other contingent workers

are categorized as interns and visiting researchers. Using contingent workers allows Microsoft to adjust its workforce for particular needs such as landscaping, driving shuttle buses, writing technical documents, and staffing reception desks. Microsoft may bring in contingent workers with technical expertise when it needs help with special projects.⁵⁰

More workers in alternative employment relationships are choosing these arrangements, but preferences vary. Most independent contractors and contract workers have this type of arrangement by choice. In contrast, temporary agency workers and on-call workers are likely to prefer traditional full-time employment. There is some debate about whether nontraditional employment relationships are good or bad. Some labor analysts argue that alternative work arrangements are standard jobs featuring low pay, fear of unemployment, poor health insurance and retirement benefits, and dissatisfying work. Others claim that these jobs provide flexibility for companies and employees alike. With alternative work arrangements, organizations can more easily modify the number of their employees. Continually adjusting staffing levels is especially cost-effective for an organization that has fluctuating demand for its products and services. And when an organization downsizes by laying off temporary and part-time employees, the damage to morale among permanent full-time workers is likely to be less severe.



Multitasking has become a way of life for many employees who need to make the most of every minute. This trend is affecting human resource management and the employees it supports.

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. As a result, companies need to be staffed 24 hours a day, seven days a week. Employees in manufacturing environments and service call centers are being asked to work 12-hour days or to work afternoon or midnight shifts. Similarly, professional employees face long hours and work demands that spill over into their personal lives. E-mail, pagers, and cell phones bombard employees with information and work demands. In the car, on vacation, on planes, and even in the bathroom, employees can be interrupted by work demands. More demanding work results in greater employee stress, less satisfied employees, loss of productivity, and higher turnover—all of which are costly for companies.

Many organizations are taking steps to provide more flexible work schedules, to protect employees' free time, and to more productively use employees' work time. Workers consider flexible schedules a valuable way to ease the pressures and conflicts of trying to balance work and nonwork activities. Employers are using flexible schedules to recruit and retain employees and to increase satisfaction and productivity. For example, Best Buy created its Results-Only Work Environment (ROWE) to give employees control over how, when, and where they get the job done, as long as they achieve the desired results.⁵¹ The idea of this experiment is to let employees focus on productivity, rather than whether they are physically present in a meeting or seated behind their desk at a particular time of day. In divisions that have tried ROWE, employees say they are more engaged at work, are more committed to the company, and have improved their family relationships at the same time.

thinking ethically

THE ETHICS OF OFFSHORING

When companies use offshoring, they are eliminating higher-paid U.S. jobs and replacing them with lower-paid jobs elsewhere. The debate has raged over whether this practice is ethical.

Businesses certainly need to make a profit, and offshoring can help lower costs. One manager who endorses offshoring is George Hefferan, vice president and general counsel for Mindcrest, a legal services firm based in Chicago. According to Hefferan, the company would not even exist if it couldn't hire lawyers in Mumbai and Pune, India. At far lower rates than U.S. attorneys charge, the Indian lawyers review lease agreements and do other routine tasks. This assistance frees employees in Chicago to tackle more complicated assignments.

The downside involves considerations other than profits. In a country where companies routinely offshore important talents, such as engineering innovation, the country may become weaker in those areas. And workers suffer if they lose jobs or have to accept pay cuts to compete with workers in lower-cost areas.

Business owner Valarie King-Bailey once lost her own engineering job to offshoring. King-Bailey then started her own company, OnShore Technology, an information technology (IT) engineering firm. The company now has eight employees and a mission of “keeping technology jobs on America’s shores.”

SOURCES: Ann Meyer, “U.S. Exit Strategy Splits Employers,” *Chicago Tribune*, October 29, 2007, sec. 3, p. 2; and Jamie Eckle, “Career Watch: Ron Hira,” *ComputerWorld*, December 21, 2009, p. 28 (interview with Ron Hira).

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?
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?

SUMMARY

LO1 Describe trends in the labor force composition and how they affect human resource management.

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.

LO2 Summarize areas in which human resource management can support the goal of creating a high-performance work system.

HRM can help organizations find and keep the best possible fit between their social system and

technical system. Organizations need employees with broad skills and strong motivation. Recruiting and selection decisions are especially important for organizations that rely on knowledge workers. Job design and appropriate systems for assessment and rewards have a central role in supporting employee empowerment and teamwork.

LO3 Define employee empowerment, and explain its role in the modern organization.

Employee empowerment means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service. The organization holds employees accountable for products and services, and in exchange, the employees share in the rewards (or losses) that result. Selection decisions should provide to the organization people who have the necessary decision-making and interpersonal skills. HRM must design jobs to give employees latitude for decision making and train employees to handle their broad responsibilities. Feedback and rewards must be appropriate for the work of empowered employees. HRM can also play a role in giving employees access to the information they need.

LO4 Identify ways HR professionals can support organizational strategies for quality, growth, and efficiency.

HR professionals should be familiar with the organization's strategy and may even play a role in developing the strategy. Specific HR practices vary according to the type of strategy. Job design is essential for empowering employees to practice total quality management. In organizations planning major changes such as a merger or acquisition, downsizing, or reengineering, HRM must provide leadership for managing the change in a way that includes skillful employee relations and meaningful rewards. HR professionals can bring "people issues" to the attention of the managers leading these changes. They can provide training in conflict-resolution skills, as well as knowledge of the other organization involved in a merger or acquisition. HR professionals also must resolve differences between the companies' HR systems, such as benefits packages and performance appraisals. For a downsizing, the HR department can help to develop voluntary programs to reduce the workforce or can help identify the least valuable employees to lay off. Employee relations can help maintain the morale of employees who remain after a downsizing. In reengineering, the HR department can lead in communicating with employees and providing training. It will also have to prepare new approaches for recruiting and appraising employees that are better suited to the reengineered jobs. Outsourcing presents similar issues related to job design and employee selection.

LO5 Summarize ways in which human resource management can support organizations expanding internationally.

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 discover that qualified candidates include immigrants, because they account for a significant and growing share of the U.S. labor market. HRM needs to understand and train employees to deal with differences in cultures. HRM also must be able to help organizations select and prepare employees for overseas assignments. To support efficiency and growth, HR staff can prepare companies for offshoring, in which operations are moved to lower-wage countries. HR experts can help organizations determine whether workers in 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 prepared to manage offshore employees.

LO6 Discuss how technological developments are affecting human resource management.

Information systems have become a tool for more HR professionals, and often these systems are provided through the Internet. The widespread use of the Internet includes HRM applications. Organizations search for talent globally using online job postings and by screening candidates online. Organizations' Web sites feature information directed toward potential employees. Employees may receive training online. At many companies, online information sharing enables employee self-service for many HR needs, from application forms to training modules to information about the details of company policies and benefits. Organizations can now 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.

LO7 Explain how the nature of the employment relationship is changing.

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 incentives. For HRM, the changes require planning for flexible staffing levels.

LO8 Discuss how the need for flexibility affects human resource management.

Organizations seek flexibility in staffing levels through alternatives to the traditional employment relationship. They may use outsourcing as well as temporary and contract workers. The use of such workers can affect job design and also the motivation of the organization's permanent employees. Organizations also may seek flexible work schedules, including shortened workweeks. They may offer flexible schedules as a way for employees to adjust work hours to meet personal and family needs. Organizations also may move employees to different jobs to meet changes in demand.

KEY TERMS

alternative work arrangements, p. 50	high-performance work systems, p. 34	outsourcing, p. 42
electronic human resource management (e-HRM), p. 46	human resource information system (HRIS), p. 45	psychological contract, p. 48
employee empowerment, p. 36	internal labor force, p. 29	reengineering, p. 42
expatriates, p. 45	knowledge workers, p. 35	self-service, p. 47
external labor market, p. 29	offshoring, p. 44	teamwork, p. 37
		total quality management (TQM), p. 38

REVIEW AND DISCUSSION QUESTIONS

- How does each of the following labor force trends affect HRM?
 - Aging of the labor force.
 - Diversity of the labor force.
 - Skill deficiencies of the labor force.
- At many organizations, goals include improving people's performance by relying on knowledge workers, empowering employees, and assigning work to teams. How can HRM support these efforts?
- 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.
- When an organization decides to operate facilities in other countries, how can HRM practices support this change?
- 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 in the outside firm that has the contract to provide the HR services? Why?
- 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?
- What e-HRM resources might you use to meet the challenges in Question 4?
- What HRM functions could an organization provide through self-service? What are some advantages and disadvantages of using self-service for these functions?
- How is the employment relationship typical of modern organizations different from the relationship of a generation ago?

BUSINESSWEEK CASE

BusinessWeek Raises or Rebuilding? A Business Owner's Dilemma

Business is starting to creep upward at some small companies. And employees who have gone without raises or had their salaries cut over the past two years are hoping that more money coming in will lead to a raise in the near future.

But owners who need to rebuild their businesses may not be able to give those raises. They may need to put the revenue toward equipment purchases they've had to put off. Or they may need to travel to more trade shows to prospect for new customers.

It's not an easy decision, especially in a company whose employees have sacrificed for the good of the company.

"It's a really tough call. You have to have a motivated workforce," said Jill McBride, who owns a six-person public relations firm, JZMcBride & Associates, in Cincinnati. She's trying to decide whether to give raises or add staff as business improves.

Human resources consultants advised owners during the recession to be open with employees about business and the challenges that their companies face. It's no different now, when employees are hoping for raises that may not be forthcoming.

McBride said she gave bonuses rather than raises last year but didn't cut anyone's pay or the 401(k) match. And, "we didn't let anyone go."

Now, she's asking, if the company is better off adding a new person who can bring in new business rather than giving out raises.

HR professionals say owners need to be sensitive to the fact that employees who have gone without raises are likely to feel some resentment if they see money going toward equipment or a new hire. So before an owner invests thousands of dollars in, say, a new server, he or she needs to let the staff know that raises won't be forthcoming. And, an owner needs to explain to employees that they stand to ultimately benefit from the purchase.

"If they can tie getting the server to increased productivity or ability to serve customers that will result in a higher level of revenue," employees are likely to accept the boss's decision, said Rick Gibbs, a senior human resources specialist with Administaff, a Houston-based company that provides HR outsourcing.

Likewise, a new employee who can bring in more business will help generate income that can fund those raises.

Gibbs also suggested telling staffers, "we need to get additional business before we loosen up the budget on salaries." In that way, the boss is letting workers know that raises are still a priority, and that as business continues to pick up, they'll be rewarded.

Don Mallo, a vice president at Extensis, a Woodbridge, N.J.-based company that provides HR outsourcing, recommends that owners also explain what other steps the company took before making the wage freeze, for example, what other expenses were cut.

Winbush held such a conversation with his staff, inviting everyone over to his house during the holidays.

"We talked about the growth of the company and where we needed to go and what steps we needed to take," he said. "They didn't take it lightly, but they understood that it was the responsible business thing to do."

SOURCE: Excerpted from Joyce M. Rosenberg, "Raises or Rebuilding? A Business Owner's Dilemma," *BusinessWeek*, February 24, 2010, <http://www.businessweek.com>.

Questions

1. What human resource trends described in this chapter are behind the situation faced by Jill McBride?
2. What advice to McBride would you add, beyond the recommendations given in this case?
3. Imagine you are a 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.

Case: Hershey's Sweet Mission

The mission statement of the Hershey Company brings to mind its signature chocolate bars and kisses: "Bringing sweet moments of Hershey happiness to the world every day." Living out that mission, however, comes down to more than candy. The company defines its mission in terms of its relationships with all stakeholders—consumers, employees, business partners (such as suppliers and distributors), shareholders, and the communities in which it operates. With regard to employees, the mission involves "winning with an aligned and empowered organization . . . while having fun."

"Aligned" employees should share values, be clear about how their work contributes to the organization's mission, collaborate effectively, and be selected, equipped, and rewarded for meeting company objectives. These requirements, of course, call upon the skills of human resource management.

With regard to values, Hershey has identified four and communicates them on its Web site:

We are Open to Possibilities by embracing diversity, seeking new approaches and striving for continuous improvement.

We are Growing Together by sharing knowledge and unwrapping human potential in an environment of mutual respect.

We are Making a Difference by leading with integrity and determination to have a positive impact on everything we do.

We are One Hershey, winning together while accepting individual responsibility for our results.

All of these values play into the way Hershey addresses human resource management.

Take, for example, the age distribution of the workforce. When Hershey provided training in characteristics of the different generations of workers, manager Mary Parsons became interested in how this might apply to building a workforce that better embraces this type of diversity and meets the value of "unwrapping human potential." One application of this idea was the creation of a mentoring program for the research and development group. When R&D hires a new "millennial" worker (the generation now in their twenties), it pairs this worker with a more experienced employee from the baby boom. The baby boomers tend to be interested in

leaving a legacy, making the world better, so they generally are enthusiastic about mentoring their younger colleagues.

Hershey has also redesigned its performance management system. Appealing to the younger generations' eagerness for challenge, autonomy, and results, the redesign was a bottom-up effort, in which people throughout the company set goals and track progress on projects. The system measures not only business results but whether they are achieved in accordance the Hershey's four core values.

One area in which two generations—baby boomers and millennials—are already aligned is in a desire to have a positive impact on the world. Hershey reflects that with a commitment to social responsibility carried out through involvement in the communities where it is located. In particular, the company supports the Milton Hershey School, which provides care and education to disadvantaged children. Also, through a program called “Dollars for Doers,” Hershey contributes cash to charities

at which its employees volunteer for at least 100 hours per year.

SOURCES: Mary Parsons, “Generations at Work,” *Research-Technology Management*, November–December 2009, pp. 41–44; and Hershey Company, “About the Hershey Company,” corporate Web site, <http://thehersheycompany.com>, accessed February 25, 2010.

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



IT'S A WRAP!



connect™

www.mhhe.com/noefund4e is your source for **R**eviewing, **A**pplying, and **P**racticing the concepts you learned about in Chapter 2.

Review

- Chapter learning objectives

Application

- Manager's Hot Seat segment: “Privacy: Burned by the Firewall”
- Video case and quiz: “Best Buy's Clockless Office”
- Self-assessment: Trends in Human Resource Management
- Web exercise: HRM and new technologies
- Small-business case: Radio Flyer Rolls Forward

Practice

- Chapter quiz

NOTES

1. Clare Ansberry, “Elderly Emerge as a New Class of Workers—and the Jobless,” *Wall Street Journal*, February 23, 2009, <http://online.wsj.com>.
2. Sue Shellenbarger, “Recession Tactic: The Mini-Shift,” *Wall Street Journal*, February 24, 2010, <http://online.wsj.com>.
3. Bureau of Labor Statistics (BLS), “Employment Projections: 2008–18,” news release, December 10, 2009, <http://www.bls.gov/emp>.
4. Anne Fisher, “How to Battle the Coming Brain Drain,” *Fortune*, March 21, 2005, downloaded from Infotrac at <http://web7.infotrac.galegroup.com>.
5. N. Lockwood, *The Aging Workforce* (Alexandria, VA: Society for Human Resource Management, 2003).
6. J. Marquez, “Novel Ideas at Borders Lure Older Workers,” *Workforce Management*, May 2005, pp. 28, 30.
7. BLS, “Employment Projections: 2008–18.”
8. Ibid.
9. For background and examples related to immigration, see U.S. Citizenship and Immigration Services, “How Do I Become a Lawful Permanent Resident while in the United States?” *Services and Benefits: Permanent Resident (Green Card)*, CIS website, www.uscis.gov, accessed March 2,

- 2010; Federation for American Immigration Reform, "Overview of Annual Immigration," last updated October 2009, www.fairus.org; Center for Immigration Studies, "Legal Immigration," *Topics*, www.cis.org, accessed December 10, 2007; U.S. State Department, "Temporary Workers," June 2007, <http://travel.state.gov>; Barry Newman, "Immigration Crackdown Targets Bosses This Time," *Wall Street Journal*, February 27, 2007, <http://online.wsj.com>; and Juliana Barbassa, "Legal Immigrant High-Tech Workers Speak," *Yahoo News*, October 29, 2007, <http://news.yahoo.com>.
10. T. H. Cox and S. Blake, "Managing Cultural Diversity: Implications for Organizational Competitiveness," *The Executive* 5 (1991), pp. 45–56.
 11. "What Is Diversity? Not Many Workplaces Know the Answer," *HR Focus*, May 2008, Business & Company Resource Center, <http://galenet.galegroup.com>.
 12. A. Pomeroy, "Cultivating Female Leaders," *HRMagazine*, February 2007, pp. 44–50.
 13. J. Rossi, "The 'Future' of U.S. Manufacturing," *TD*, March 2006, pp. 12–13; and R. Davenport, "Eliminate the Skills Gap," *TD*, February 2006, pp. 26–34.
 14. M. Schoeff, "Amid Calls to Bolster U.S. Innovation, Experts Lament Paucity of Basic Math Skills," *Workforce Management*, March 2006, pp. 46–49.
 15. J. A. Neal and C. L. Tromley, "From Incremental Change to Retrofit: Creating High-Performance Work Systems," *Academy of Management Executive* 9 (1995), pp. 42–54.
 16. Bureau of Labor Statistics, "Occupational Employment," *Occupational Outlook Quarterly*, Winter 2009–10, p. 12.
 17. M. Hilton, "Skills for Work in the 21st Century: What Does the Research Tell Us?" *Academy of Management Executive*, November 2008, pp. 63–78.
 18. J. Marquez, "Driving Ideas Forward at Nissan," *Workforce Management*, July 17, 2006, p. 28.
 19. Art Murray, "Report from the Trenches: Progress and Challenges," *KM World*, February 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; and Dan Holtshouse, "The Future of Knowledge Workers," *KM World*, October 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.
 20. T. J. Atchison, "The Employment Relationship: Untied or Re-Tied," *Academy of Management Executive* 5 (1991), pp. 52–62.
 21. R. Vance, *Employee Engagement and Commitment* (Alexandria, VA: Society for Human Resource Management, 2006); M. Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance," *Academy of Management Journal* 38 (1995), pp. 635–72; S. Payne and S. Webber, "Effects of Service Provider Attitudes and Employment Status on Citizenship Behaviors and Customers' Attitudes and Loyalty Behavior," *Journal of Applied Psychology* 91 (2006), pp. 365–68; and J. Hartner, F. Schmidt, and T. Hayes, "Business-Unit Level Relationship between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-analysis," *Journal of Applied Psychology* 87 (2002), pp. 268–79.
 22. Rebecca Knight, "Modest Manager Promotes Teamwork," *Financial Times*, August 24, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.
 23. Associated Press, "Coca-Cola CEO Neville Isdell to Step Down," *CBS News*, December 6, 2007, www.cbsnews.com; Adrienne Fox, "Refreshing a Beverage Company's Culture," *HR Magazine*, November 2007, General Reference Center Gold, <http://find.galegroup.com>; and Laila Karamally, "Coke's New CEO Focuses on Workers," *Workforce Management*, July 1, 2004, General Reference Center Gold, <http://find.galegroup.com>.
 24. J. R. Jablonski, *Implementing Total Quality Management: An Overview* (San Diego: Pfeiffer, 1991).
 25. R. Hodgetts, F. Luthans, and S. Lee, "New Paradigm Organizations: From Total Quality to Learning to World-Class," *Organizational Dynamics*, Winter 1994, pp. 5–19.
 26. Steve Minter, "Working Hard So Others Can Breathe Easy," *Industry Week*, January 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; and Steve Minter, "Diamonds in the Rough," *Industry Week*, January 2010, Business & Company Resource Center, <http://galenet.galegroup.com>.
 27. Bureau of Labor Statistics, "Extended Mass Layoffs in 2009," *The Editor's Desk*, February 23, 2010, <http://data.bls.gov>.
 28. J. Lopez, "Managing: Early-Retirement Offers Lead to Renewed Hiring," *Wall Street Journal*, January 26, 1993, p. B1; Peter Cappelli, "Alternatives to Layoffs," *Human Resource Executive Online*, January 5, 2009, <http://www.hreonline.com>; and Cali Yost, "Wharton's Dr. Peter Cappelli on Flexible Downsizing," *Fast Company*, January 22, 2009, <http://www.fastcompany.com>.
 29. A. Church, "Organizational Downsizing: What Is the Role of the Practitioner?" *Industrial-Organizational Psychologist* 33, no. 1 (1995), pp. 63–74.
 30. S. Caudron, "HR Is Dead, Long Live HR," *Workforce*, January 2003, pp. 26–29; and P. Ketter, "HR Outsourcing Accelerates," *TD*, February 2007, pp. 12–13.

31. M. Schoeff Jr., "Cardinal Health HR to Take More Strategic Role," *Workforce Management*, April 24, 2006, p. 7.
32. S. Deutsch, "Volunteering Abroad to Climb at IBM," *The New York Times*, March 26, 2008, sec. C, p. 4; and C. Hymowitz, "IBM Combines Volunteer Service, Teamwork to Cultivate Emerging Markets," *Wall Street Journal*, August 4, 2008, p. B6.
33. Jim Hopkins, "To Start Up Here, Companies Hire over There," *USA Today*, February 10, 2005, downloaded at www.usatoday.com.
34. S. Hamm, "Young and Impatient in India," *BusinessWeek*, January 28, 2008, p. 45.
35. Department of Homeland Security, Office of Immigration Statistics, "U.S. Legal Permanent Residents: 2008," *Annual Flow Report*, March 2009, p. 1, <http://www.dhs.gov>.
36. Bureau of Labor Statistics, "Foreign-Born Workers: Labor Force Characteristics in 2008," news release, March 26, 2009, <http://www.bls.gov/eps/>.
37. R. L. Tung, "Expatriate Assignments: Enhancing Success and Minimizing Failure," *Academy of Management Executive* 12, no. 4 (1988), pp. 93–106.
38. M. J. Kavanaugh, H. G. Guetal, and S. I. Tannenbaum, *Human Resource Information Systems: Development and Application* (Boston: PWS-Kent, 1990).
39. Halogen Software, "Sisters of St. Francis Health Services, Inc. Selects Halogen as Talent Management Standard," *Internet Wire*, February 11, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.
40. This section is based on L. Gensing-Pophal, "Are You Suited for a Dot-Com?" *HR Magazine*, November 2000, pp. 75–80; Leslie A. Weatherly, "HR Technology: Leveraging the Shift to Self-Service," *HR Magazine*, March 2005, downloaded from Infotrac at <http://web7.infotrac.galegroup.com>.
41. See Weatherly, "HR Technology."
42. Drew Robb, "Get the Benefits Message Out: Web-Based Tools Are Improving Employee Benefits Communication," *HR Magazine*, October 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.
43. Weatherly, "HR Technology."
44. N. Lockwood, *Maximizing Human Capital: Demonstrating HR Value with Key Performance Indicators* (Alexandria, VA: SHRM Research Quarterly, 2006).
45. J. O'Toole and E. Lawler III, *The New American Workplace* (New York: Palgrave Macmillan, 2006).
46. D. M. Rousseau, "Psychological and Implied Contracts in Organizations," *Employee Rights and Responsibilities Journal* 2 (1989), pp. 121–29.
47. D. Rousseau, "Changing the Deal while Keeping the People," *Academy of Management Executive* 11 (1996), pp. 50–61; and M. A. Cavanaugh and R. Noe, "Antecedents and Consequences of the New Psychological Contract," *Journal of Organizational Behavior* 20 (1999), pp. 323–40.
48. Bureau of Labor Statistics, "Employee Tenure in 2008," news release, September 26, 2008, <http://www.bls.gov/cps/>.
49. Bureau of Labor Statistics (BLS), "Charting the U.S. Labor Market in 2006," *Current Population Survey*, www.bls.gov, last modified September 28, 2007; BLS, "Alternative Employment Arrangements and Worker Preferences," *Monthly Labor Review: The Editor's Desk*, August 4, 2005, www.bls.gov, last updated August 8, 2005; and BLS, "Independent Contractors in 2005," *Monthly Labor Review: The Editor's Desk*, July 29, 2005, www.bls.gov, last updated August 1, 2005.
50. Benjamin J. Romano, "Microsoft's Other Workers," *Seattle Times*, March 4, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>.
51. P. Kiger, "Flexibility to the Fullest," *Workforce Management*, September 25, 2006, pp. 1, 16–23.