Fundamentals of Human Resource Management 7th edition Noe Solutions Manual

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Chapter 2 – Trends in Human Resource Management

This chapter continues to provide the foundation for the textbook, as it now explores the environment in which HRM operates. Trends in the labor force are discussed as well as the internal labor force (an organization's workers) and the external labor market (individuals who are actively seeking employment).

The chapter also discusses high-performance work systems and the benefits of empowering employees. Lastly, the chapter will present the change in the employment relationship, where organizations expect employees to take more responsibility for their own careers while employees, in turn, seek flexible work schedules, comfortable working conditions, control over how they accomplish their work, training and development opportunities, and financial incentives based on corporate performance.

Students may benefit from a general discussion concerning (LO2-1). Within this discussion, the instructor may then introduce (LO2-4; LO2-5; LO2-6) as each of these may be connected to the trends within the work force. Further, students may be asked to reflect on their own career aspirations and workplace desires to then discuss (LO2-3; LO2-7). Then, instructors may introduce and explain (LO2-2) as how HRM can help organizations meet these strategic imperatives, while also discussing (LO2-8).

Learning Objectives

LO 2-1: Describe trends in the labor force composition and how they affect human resource management.

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

LO 2-3: Define employee empowerment, and explain its role in the modern organization.

LO 2-4: Identify ways HR professionals can support organizational strategies for growth, quality, and efficiency.

LO 2-5: Summarize ways in which human resource management can support organizations expanding internationally.

LO 2-6: Discuss how technological developments are affecting human resource management.

LO 2-7: Explain how the nature of the employment relationship is changing.

LO 2-8: Discuss how the need for flexibility affects human resource management.

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Society for Human Resource Management Body of Competency & Knowledge:

This chapter contains content, which may be identified within the following content areas:
- Talent Acquisition & Retention
- Learning & Development
- Total Rewards
- Structure of HR Function
- Business & HR Strategy
- Organizational Effectiveness & Development
- Workforce Management
- Risk Management

Human Resource Certification Institute's A Guide to the HR Body of Knowledge:

This chapter contains content, which may be identified within the following content areas:
- Business Management & Strategy
- Workforce Planning and Employment
- Human Resource Development
- Compensation and Benefits
- Employee and Labor Relations

Vignettes and Guidance to Discussion Questions

HRM Social
Glassdoor Opens the Way to Better Communication
Question Guidance

1. Students should identify how informed workers have better bargaining power; knowing a company's reputation, for instance, may lead someone not to work for Purina. The knowledge sharing, however, gives Purina the opportunity to mitigate or rectify any issues they find discussed.

2. Discussion should identify all aspects of working conditions, including pay and benefits.

HR Oops!
Out-of-Focus HRM
Question Guidance

1. Students may identify aspects of performance, retention, and motivation—all impacting the business's bottom line.

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2. Students may identify many steps, but each step should reflect aligning HRM with the strategy, while measuring HRM results.

Best Practices
Outsourcing Sweetens Bottom Line for Land O'Lakes
Question Guidance

1. Discussion should focus on how outsourcing nonessential functions reduces costs and improves those outcomes, while allowing the organization to put resources toward strategically necessary functions.

2. Student discussion should emphasize communication and transparency.

HR How To
HR Services Go Mobile
Question Guidance

1. Responses will vary, but may discuss the ability for employees to access such information immediately and easily. This may impact retention, morale, and productivity because employees become more engaged in their own career management.

2. Students should identify the need to allocate resources to develop such apps internally, which could be more costly when compared to outsourcing and having an expert develop the necessary software.

Did You Know?
Half of U.S. Employees Interested in Changing Jobs
Question Guidance

1. Responses will vary, but may balance the challenge of losing internal talent with the opportunity to gain external talent. Further, it may provide employers the opportunity to retain employees if they are offered better opportunities when compared with competitors' offers.

Thinking Ethically
How Should Employers Protect Their Data on Employees' Devices?
Question Guidance

1. Discussion should consider employees' privacy as well as the expectation of confidentiality.

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2. Responses will vary.

End of Chapter Questions and Cases

1. How does each of the following labor force trends affect HRM?
   a. Aging of the labor force
   b. Diversity of the labor force
   c. Skill deficiencies of the labor force

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

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

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

3. How do HRM practices such as performance management and work design encourage employee empowerment?

   Performance management systems and work design give the employees the information needed to understand their job and its responsibilities, and to be held accountable. When employees are trained properly and understand their job, they have more latitude in making decisions.

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

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

   The student responses will vary as to the example selected; however, for an actual merger, the formation of Citigroup would be an excellent example.

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

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

6. 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?

   HRM functions are outsourced to afford the company access to in-depth expertise and is often more economical for the organization as well. The utilization of outsourcing provides human resource managers more time to study and work on the strategy and

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vision of the organization. Human resource management's responsibilities can then focus on responsibilities that add value to the business.

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

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

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

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

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

9. Discuss several advantages of flexible work schedules. What are some disadvantages?

   Some advantages include having an option to be nimble with staffing needs by having a temporary or contract worker only when needed. Flexible work schedules reduce payroll and benefit costs; this flexibility also allows for hiring people with special skills and abilities as needed.

   Disadvantages include not having employees available at all times—especially those with certain skills, and employees who are not as engaged in the culture and lack loyalty to the organization.

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Taking Responsibility
Paychex Keeps People by Helping Them Retire
Question Guidance

1. Students should connect areas such as productivity, impacted by employee morale, retention, and motivation with the business benefits as described in the vignette.

2. Students should connect financial stability as one of the areas described within the new psychological contract.

Managing Talent
Netflix Treats Workers "Like Adults"
Question Guidance

1. Students should identify the characteristics of knowledge workers (autonomy, desire to develop and learn, being valued) as met by the approach of Netflix.

2. Answers should identify similar characteristics as in question #1 in the text where the knowledge workers "fit" the social and technical systems they are working within. For example, the knowledge workers are empowered.

HR in Small Business
How 99designs Created a Global Enterprise with Just a Few Employees
Question Guidance

1. Students should identify how employees are engaged in understanding the overall financial performance of the organization and further supported through transparency, so they can conduct their own research. In addition, there is the committee that helps answer questions on the ESOP.

2. The training programs are meant to help financial literacy, which leads to an understanding of the compensation plan, helping employees see the connection between their work (performance), organizational success, and their compensation.

Classroom Exercises

Students may benefit from exercises that illustrate the concepts of the chapter. Use these along with CONNECT activities.

1. Labor Force Trends
   -- Instructors may engage students in a general discussion meant to support the understanding of labor force trends. Review and Discussion question #1 may be used

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to begin the conversation. Instructors may then follow up by asking students to identify methods that organizations may use to handle these trends.

2. Outsourcing Functions
   -- Students may be asked to discuss outsourcing by first posing Review and Discussion question #6. Instructors may then ask students to respond to Review and Discussion question #7. Students may then be asked to discuss the *Best Practices* vignette.

3. Employee Expectations
   -- Instructors may facilitate a discussion on employee expectations by asking students to discuss the *Did You Know?* vignette. Instructors may also ask students if they relate or agree with the results. Then, instructors may have students discuss Review and Discussion questions #8 and #9. To close the discussion, instructors may have students discuss the *Taking Responsibility* vignette.

4. HRM Career Considerations
   -- Instructors may wish to have students identify components in Chapter 2 within both the *Society for Human Resource Management Body of Competency & Knowledge* and the *Human Resource Certification Institute's A Guide to the HR Body of Knowledge*. Discussion could be focused on how these chapter concepts are important to the development of their careers and potential certification.

5. Vignette Discussions
   -- Any of the vignettes (see above) may be employed for classroom discussion. Students could be asked to respond as individuals or placed into groups for discussion. Individuals and/or groups may then be asked to defend their responses and rationale when comparing and contrasting other responses.

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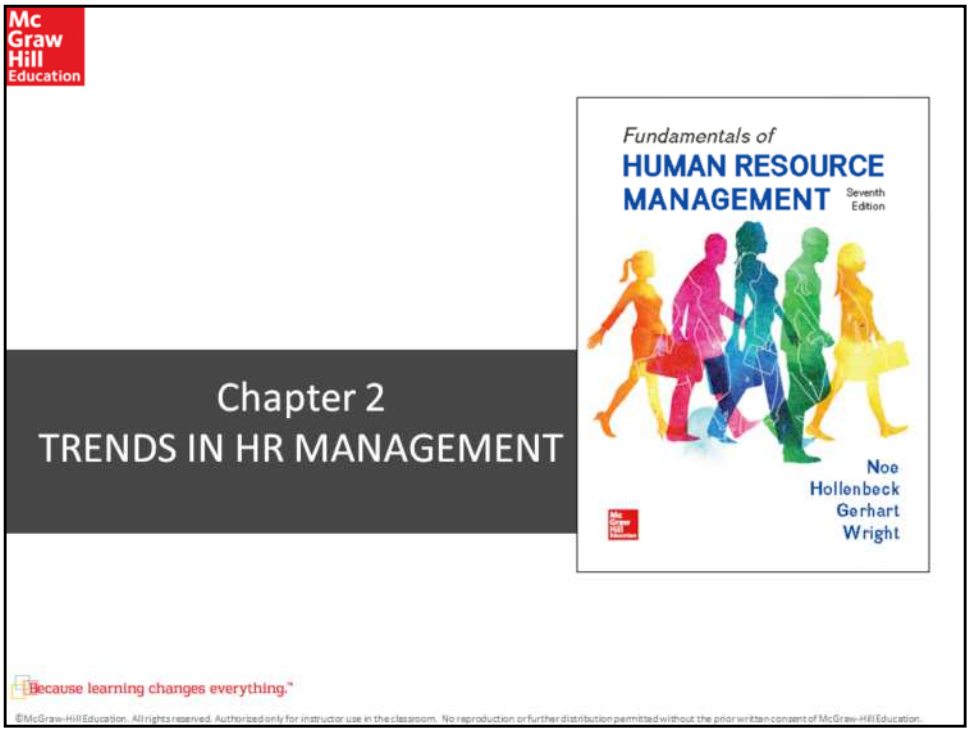

Chapter 2 describes major trends that are affecting HRM. An organization's internal labor force comes from its external labor market—individuals who are actively seeking employment. In the United States, this labor market is aging and becoming more racially and ethnically diverse. The share of women 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.

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What Do I Need To Know?

LO 2-1 Describe trends in the labor force composition and how they affect human resource management.

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

LO 2-3 Define employee empowerment, and explain its role in the modern organization.

LO 2-4 Identify ways HR professionals can support organizational strategies for growth, quality, and efficiency.

LO 2-5 Summarize ways in which human resource management can support organizations expanding internationally.

LO 2-6 Discuss how technological developments are affecting human resource management.

LO 2-7 Explain how the nature of the employment relationship is changing.

LO 2-8 Discuss how the need for flexibility affects human resource management.

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HR managers and employees are valuable to the extent they are willing to understand the organization in business terms, including the financial, accounting, and analytic tools that managers use to measure their success. Chapter 2 describes major trends that are affecting HRM, examines the labor force, including trends that are determining who will participate in the workforce of the future, explores 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 HR on a global scale, as more and more organizations hire immigrants or open operations overseas. The chapter discusses major changes in technology, especially the Internet and new ways to carry out HRM and the changing nature of the employment relationship, in which careers and jobs are becoming more flexible.

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Change in the Labor Force 1 of 7

Internal Labor Force

- An organization's workers includes its employees and people who have contracts to work at the organization
- Internal labor force has been drawn from the external labor market.

External Labor Market

- Individuals who are actively seeking employment.
- Number and kinds of people in external labor market determine kinds of human resources available to an organization.

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LO 2-1 Describe trends in labor force composition and how they affect human resource management.

Labor force refers to all the people willing and able to work. For an organization, the labor force consists of

- Internal Labor Force
- External Labor Market

HR 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. The number and kinds of people in the external labor market determine the kinds of human resources available to an organization (and their cost).

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HR 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. The BLS has projected that from 2012 to 2022, the total U.S. civilian labor force will grow from 155 million to 163 million workers.

The three key trends are:

1.An aging workforce- From 2012 to 2022, 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. 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.

1.A diverse workforce

2.Skill deficiencies of the workforce

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Change in the Labor Force 3 of 7

Today's Workforce

- Baby Boomers (born between 1946 and 1964))
- Generation X (born between 1965–1980)
- Millennials (born from 1981 to 1995)

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Today's workplaces often bring together employees representing three or four generations. This creates a need for understanding the values and work habits that tend to characterize each generation.[6] members of the silent generation (born between 1925 and 1945) tend to value income and employment security and avoid challenging authority. Baby boomers (born between 1946 and 1964) tend to value unexpected rewards, opportunities for learning, and time with management. Members of Generation X (1965–1980) tend to be pragmatic and cynical, and they have well-developed self-management skills. Those born from 1981 to 1995, often called Millennials, or Generation Y, are comfortable with the latest technology, and they want to be noticed, respected, and involved. Some generational differences can be addressed through effective HRM. For example, organizations train managers to provide frequent feedback to members of Generation Y, and they show respect for older generations' hard work and respect for authority by asking them to mentor younger workers. Generational differences also can affect how managers approach policies about social media.

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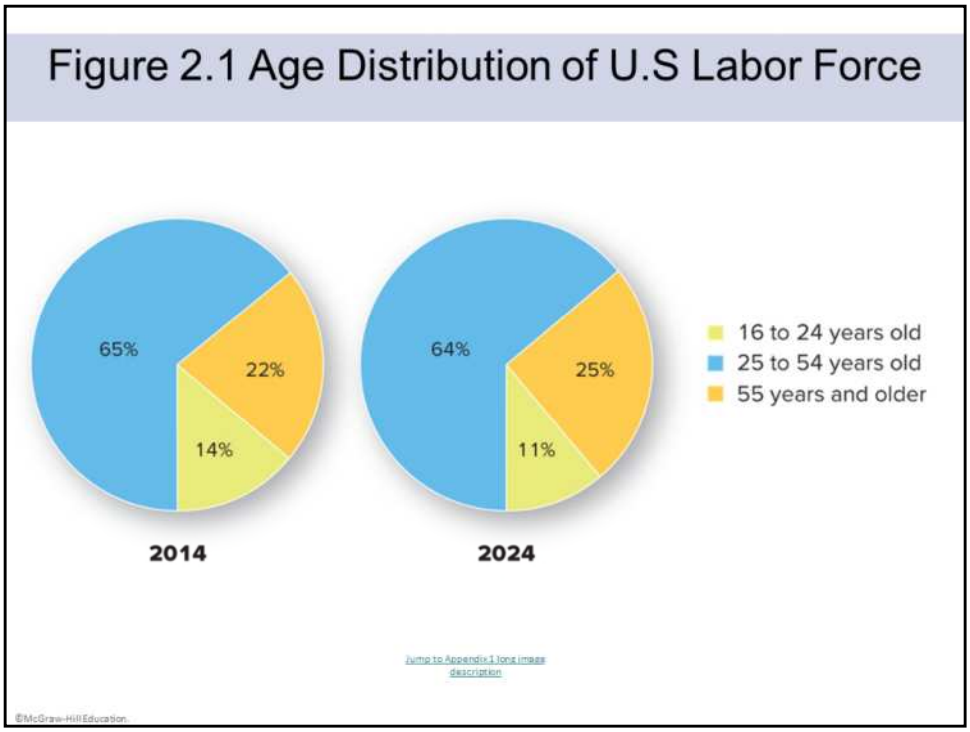

Figure 2.1 shows the change in age distribution, as forecast by the Bureau of Labor Statistics between 2012 and 2022. By 2022, all baby boomers will be at least 55 years old, swelling the ranks of workers nearing retirement.

HR professionals will therefore spend much 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.

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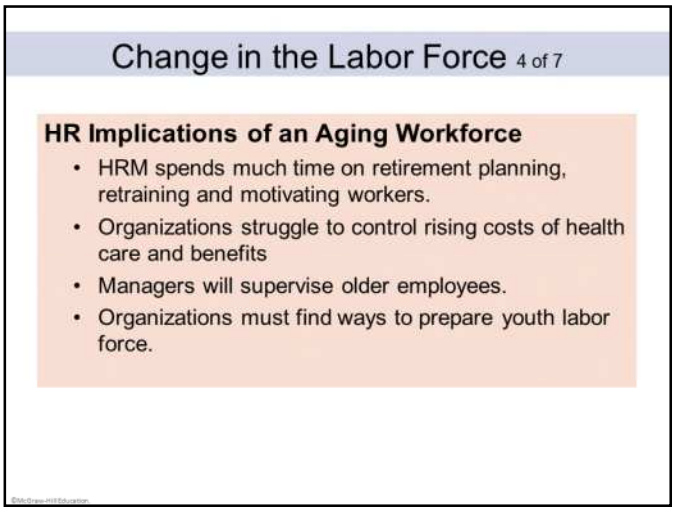

Summary Overview

XXXX

Major Title

Heading. XXXX

Heading. XXXX

Heading. XXXX

Heading. XXXX

There are several practical implications of the aging workforce:

•HR professionals will spend much of their time on concerns related to retirement planning, retraining older workers, and motivating workers whose careers have reached a plateau.

•Organizations will struggle with ways to control the rising costs of health care and other benefits.

•Many of tomorrow's managers will supervise employees much older than themselves.

•Organizations will have to find ways to attract, retain, and prepare the youth labor force.

Change in the Labor Force 5 of 7

As 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.

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Ask students: ***"How does the company benefit from these mentoring programs?"***

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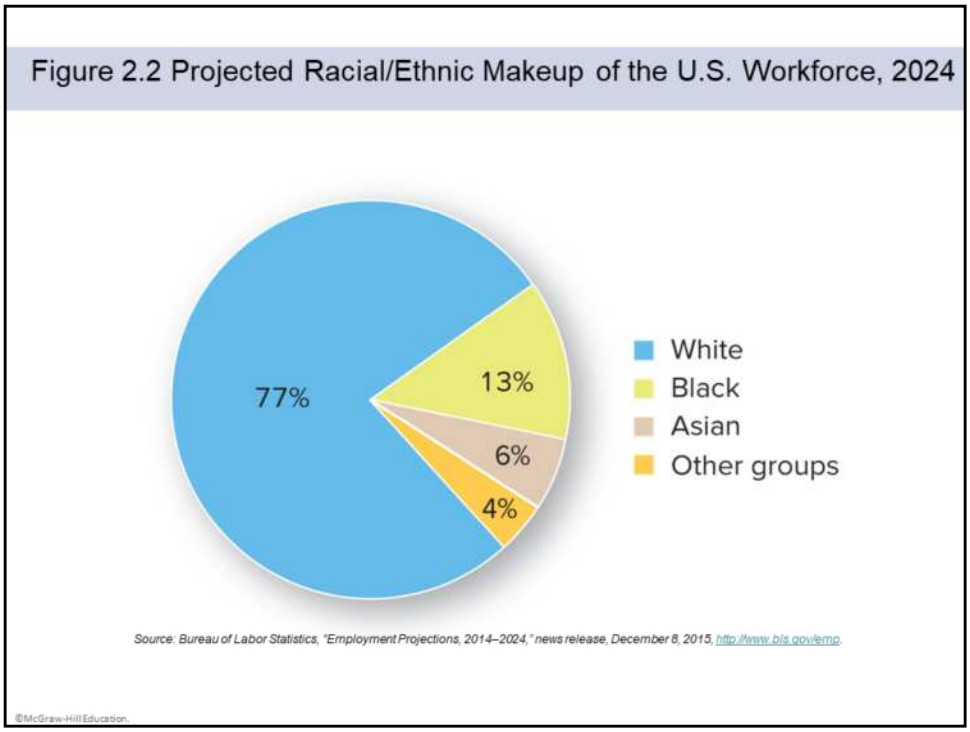

Another kind of change affecting the U.S. labor force is that it is growing more diverse in racial, ethnic, and gender terms. As **Figure 2.2** shows the 2022 workforce is expected to be 78% white, 12% African American, and 10% Asian and other minorities. The fastest growing of these categories are Asian 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 even faster, and the Hispanic share of the U.S. labor force is expected to reach 19% of the total by 2022. 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. During the economic recession and slow recovery, women's labor force participation rate also declined slightly, but between 2012 and 2022, women's share of the labor force is expected to remain steady, at around 47%. One important source of racial and ethnic diversity is immigration.

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Change in the Labor Force 6 of 7

HR Implications Toward Undocumented or Illegal Immigrants

- Supply of and demand for labor
- Need to comply with laws

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Other foreign-born workers in the United States arrived in 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 HR 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. The other HR concern is the need to comply with laws. In recent years, Immigration and Customs and Enforcement has focused its efforts on auditing employers to ensure they are following proper procedures to avoid 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.

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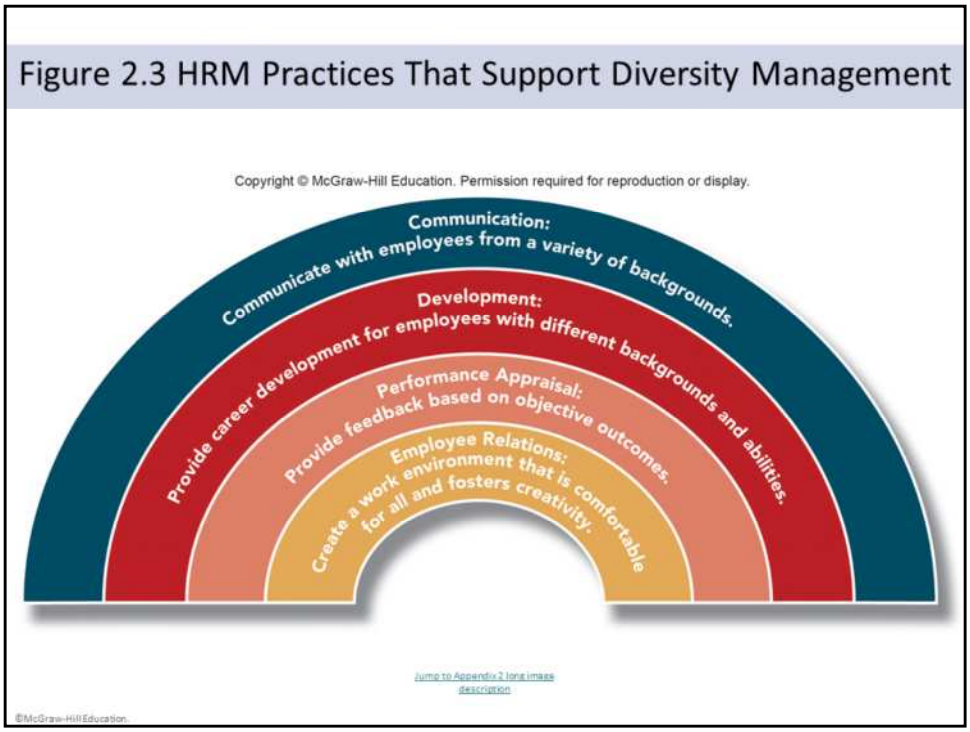

Diversity challenges HRM create practices that ensure they fully utilize the talents, skills, and values of all employees.

Figure 2.3 summarizes ways in which HRM can support the management of diversity for organizational success. 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.

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 non-work 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. Successfully managing diversity is also critical for companies that compete in international markets.

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Change in the Labor Force 7 of 7

Skill Deficiencies of the Workforce	
Employers are looking for skills: ▪ mathematical ▪ verbal ▪ Interpersonal ▪ computer	• Gap between needed and available skills has decreased companies ability to compete. • Companies may lack capacity to upgrade technology, reorganize work, and empower employees.

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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. Some companies are unable to find qualified employees and instead rely on training to correct skill deficiencies. Other companies team up with universities, community colleges and professional schools to design and teach courses ranging from basic reading to design blueprint reading. The National Association of Manufacturers year after year has reported that the manufacturing companies in the U.S. have difficulty finding enough people who can operate sophisticated computer-controlled machinery. These jobs rely at least as much on intelligence and teamwork as on physical strength. 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.

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High-Performance Work Systems 1 of 4

Organizations have the best fit between their

- Social system (people and how they interact) and
- Technical system (equipment and processes)

Three trends in high-performance work systems

1. Reliance on knowledge workers
2. Empowerment of employees to make decisions
3. Use of teamwork

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

LO 2-3 Define employee empowerment, and explain its role in the modern organization.

HRM is playing an important role in helping organization's gain and keep an advantage over competitors by becoming ***high-performance work systems***. **High-performance work systems** are organizations that have the best possible fit between their social system (people and how they interact) and technical system (equipment and processes). 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. 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. Three key trends occurring in today's high-performance work systems:

1. Reliance on knowledge workers
2. Empowerment of employees to make decisions
3. Teamwork

Bureau of Labor Statistics forecasts that between 2012 and 2022, most new jobs will be in service occupations, especially health care and social assistance. Construction jobs also are expected to increase, but mostly to replace jobs that were lost during the financial crisis and recession of a few years ago.

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Table 2.1 Top 10 Occupations for Job Growth

MOST NEW JOBS	FASTEST RATE OF GROWTH
Personal care aides	Wind turbine service technicians
Registered nurses	Occupational therapy assistants
Home health aides	Physical therapy assistants
Combined food prep and serving workers[a]	Physical therapy aids
Retail salespersons	Home health aids
Nursing assistants	Commercial divers
Customer service representatives	Nurse practitioners
Cooks, restaurant	Physical therapists
General and operations managers	Statisticians
Construction laborers	Ambulance drivers and attendants[b]

a. Includes fast food
b. Except emergency medical technicians

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Table 2.1 lists the 10 occupations expected to gain the most jobs between 2012 and 2022 and the 10 expected to grow at the fastest rate. Occupations with the most jobs are expected to involve health care, sales, food preparation, as well as other services. Many of the fastest-growing occupations also are in the health care field. These and other fast-growing occupations reflect the steadily growing demand for health care and an expected rebound in the construction industry. The future U.S. labor market will be both a knowledge economy and a service economy.

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High-Performance Work Systems 2 of 4

Knowledge Workers	
Employees whose contribution to the organization is specialized knowledge of: • customers • processes • profession	Some feel all workers are knowledge workers.

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The high-growth jobs generally require specialized knowledge. To meet their 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. 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. They must share their knowledge and collaborate with others in order for their employer to succeed.

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Test Your Knowledge 1 of 2

Ensuring that knowledge workers will share information and store it so that it is easily retrieved by others is the concern of which of the following HR activities?

A. Turnover
B. Employee Empowerment
C. Knowledge Management
D. Employee Selection

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Ensuring that knowledge workers will share information and store it so that it is easily retrieved by others is the concern of which of the following HR activities?

a. Turnover
b. Employee Empowerment
c. Knowledge Management
d. Employee Selection

Answer – C – knowledge management

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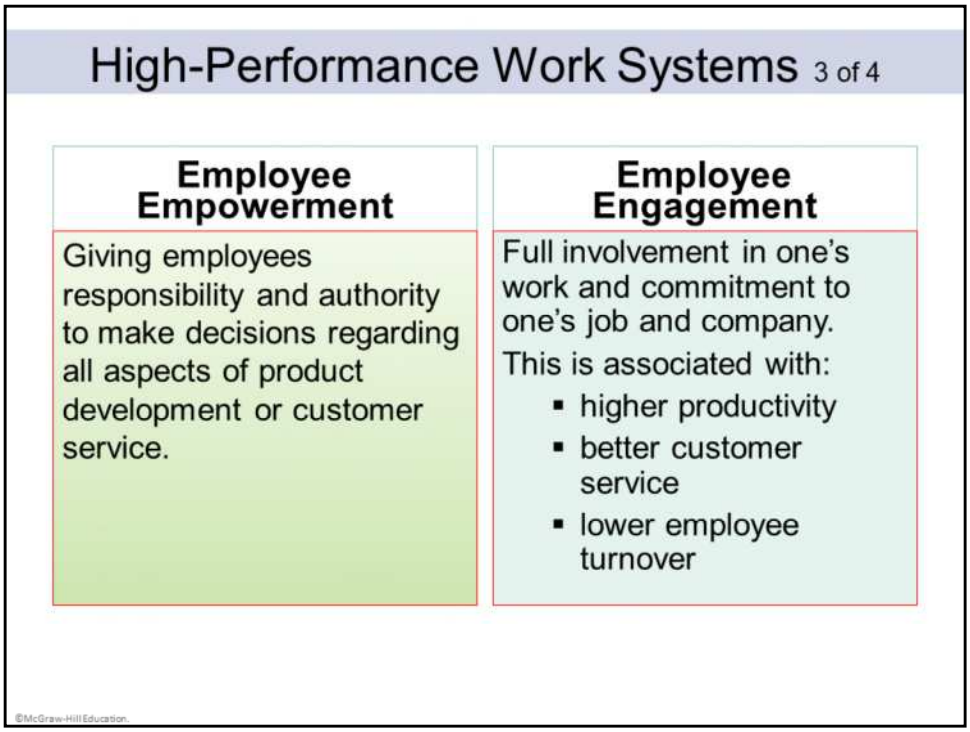

To completely benefit from employees' knowledge, organizations need a management style that focuses on developing and empowering employees. **Employee empowerment** means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.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

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.

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High-Performance Work Systems 4 of 4

Teamwork

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 of the activities traditionally reserved for managers:

- selecting new team members
- scheduling work
- coordinating work with customers and other units of the organization

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One way to increase employee responsibility and control is to assign work to teams. Work teams also contribute to total quality by performing inspection and quality-control activities while the product or service is being completed. 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. Teamwork is a necessary component of more and more computer programming tasks. Companies that develop software are increasingly using an approach they call "agile," which involves weaving the development process more tightly into the organization's activities and strategies. In agile software development, self-directed teams of developers and programmers work directly with the business users of the software, using as much face-to-face communication as possible. Users of agile software development say it increases customer satisfaction and speeds up the time from concept to usable software. Teamwork can motivate employees by making work more interesting and significant.

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Test Your Knowledge 2 of 2

Sharon is a very smart and conscientious worker. Lately, she has felt that her ideas were disregarded and she was denied autonomy in completing her work. This situation is probably caused by a lack of

A. Employee Empowerment
B. Knowledge Management
C. Turnover
D. Teamwork

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Sharon is a very smart and conscientious worker. Lately, she has felt that her ideas were disregarded and she was denied autonomy in completing her work. This situation is probably caused by a lack of

a. Employee Empowerment
b. Knowledge Management
c. Turnover
d. Teamwork

Answer – "A"

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Focus on Strategy 1 of 8

HRM must support company's strategy

- Align HRM policies and practices
- Support decisions about quality improvement programs, mergers and acquisitions, restructuring

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LO 2-4 Identify ways HR professionals can support organizational strategies for growth, quality, and efficiency.

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Focus on Strategy 2 of 8

Mergers and Acquisitions

Mergers – two companies become one

Acquisitions – one company buys another

- HR involved in conflict resolution, differences in companies' practices

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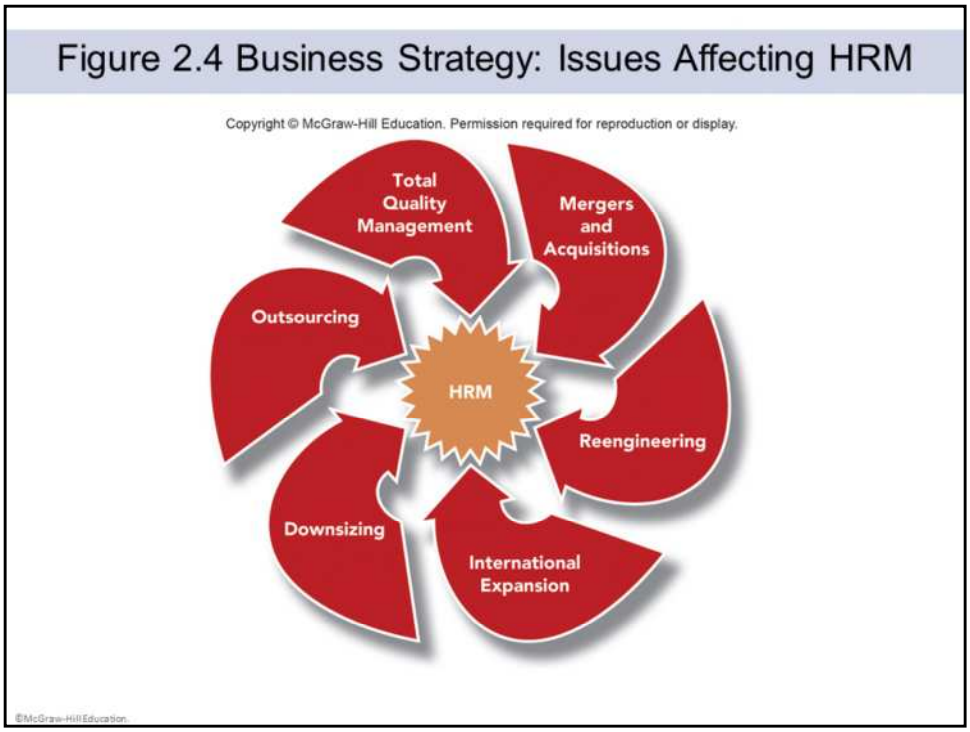

HR professionals are increasingly being asked to use their knowledge of the business and of human resources to help the organization develop strategies and align HRM policies and practices with those strategies. **Figure 2.4** summarizes the strategic issues facing human resource management. Strategic issues include emphasis on quality and decisions about growth and efficiency. HRM 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 HR challenges. International expansion presents a wide variety of HRM challenges and opportunities. These issues will be discussed on the slides that follow.

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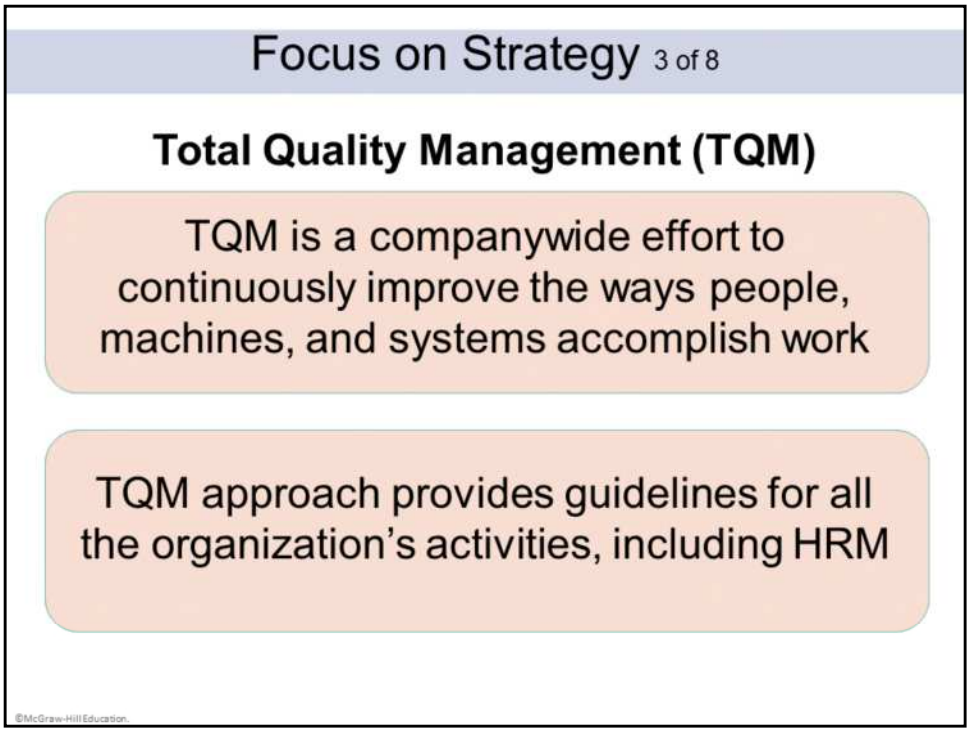

To compete in today's economy, companies need to provide high-quality products and services. If companies do not adhere to quality standards, they will have difficulty selling their product or service to vendors, suppliers, or customers. Therefore, many organizations have adopted some form of ***total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

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Focus on Strategy 4 of 8

TQM Core Values

1. Methods and processes are designed to meet the needs of internal and external customers.
2. Every employee receives training in quality.
3. Quality is designed into a product or service so that errors are prevented from occurring.
4. Organization promotes cooperation with vendors, suppliers, and customers to improve quality and hold down costs.
5. Managers measure progress with feedback based on data.

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TQM has several core values:

• 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. Quality improvement can focus on the HRM function itself. One area where managers are increasingly pressing for improvement is performance management

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Replace with presentation notes here.

Summary Overview

XXXX

Major Title

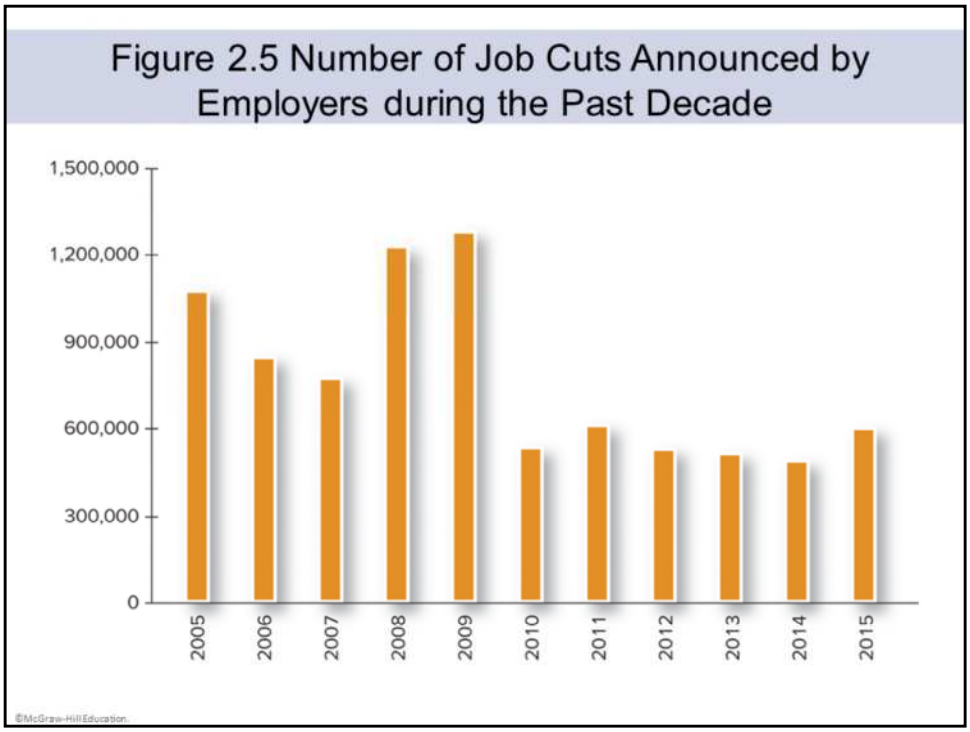
Heading. XXXX

Heading. XXXX

Heading. XXXX

Heading. XXXX

How to manage the costs while meeting the requirements is complicated. Employers need to weigh factors such as legal requirements, the costs and types of plans available, the impact on departments' budgets, and the effect on employee morale and retention, as well as on the ability to recruit new employees. Management relies on well-informed HR managers to identify alternatives and recommend which ones will best support the company's strategy. Beyond specific issues such as health insurance and the Affordable Care Act, HRM can support strategic efforts to control costs through downsizing, reengineering, and outsourcing.



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Focus on Strategy 6 of 8

Reengineering

- A complete review of the organization's major work processes to make them more efficient and able to deliver higher quality
- Reengineering affects HRM in two ways:
  - How HR accomplishes its goals may change.
  - Change requires HR to help design and implement change so that all employees will be committed to the reengineered organization's success.

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Rapidly changing customer needs and technology have caused many organizations to rethink the way they get work done. 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 HR. Therefore, reengineering affects HRM 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. Employees may need training for their reengineered jobs. Often, reengineering results in employees being laid off or reassigned to new jobs, as the organization's needs change.

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Focus on Strategy 7 of 8

Outsourcing

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

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Many organizations are increasingly outsourcing business activities. Many HR functions are being outsourced. One recent study suggests that 70% of companies outsource at least one human resource activity. **Outsourcing** refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. Outsourcing gives the company access to in-depth expertise and is often more economical as well. Functions most likely to be outsourced were employee assistance, retirement planning, and outplacement.

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LO 2.5 Summarize ways in which human resource management can support organizations expanding internationally.

To survive, companies must compete in international markets as well as fend off foreign competitors' attempts to gain ground in the United States. Companies must develop global markets, keep up with competition from overseas, hire from an international labor pool, and prepare employees for global assignments. Talent comes from a global workforce. 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. Organizations with international operations hire at least some of their employees in 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 called **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. 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.**

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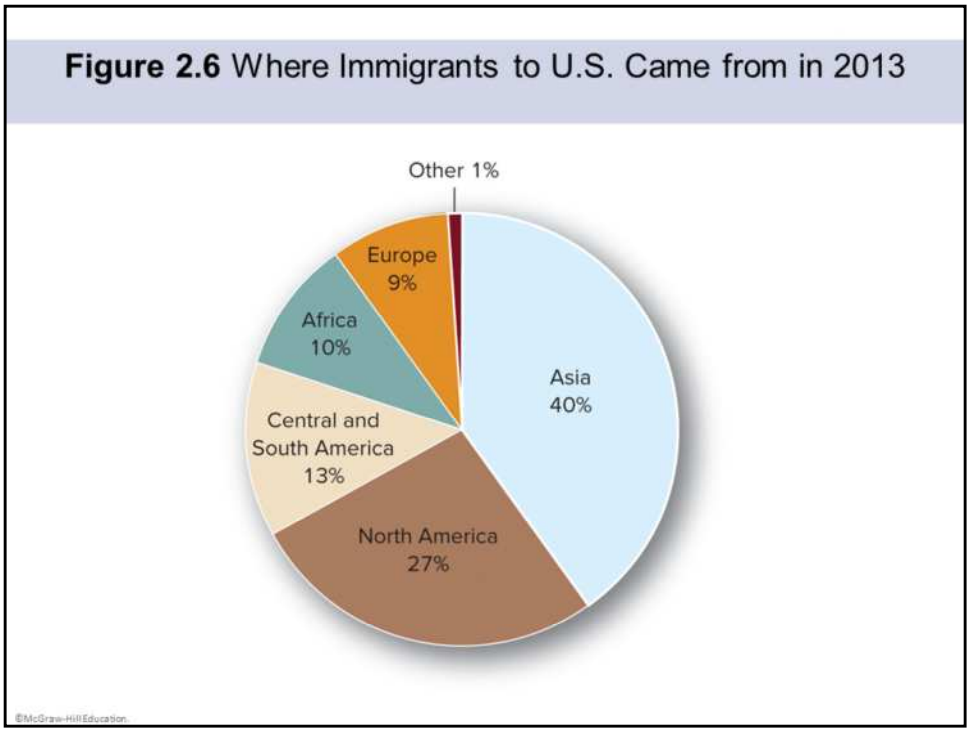

Figure 2.6 shows the distribution of immigration by continent of origin. The impact of immigration is especially large in some

regions of the United States, with the largest immigrant populations being in the cities and suburbs of New York, Los Angeles, Miami, Chicago, and Houston. About 7 out of 10 foreign-born workers are Hispanics and Asians.

Besides hiring an international workforce, organizations must be prepared to send employees to other countries. 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. 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.**

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Technological Change in HRM 1 of 3

HR Information System (HRIS)

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

- support strategic decision making
- help the organization avoid lawsuits
- provide data for evaluating programs or policies
- support day-to-day HR decisions

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LO 2-6 Discuss how technological developments are affecting human resource management.

HRIS can help HR professionals think strategically and support talent management by integrating data on recruiting, performance management, and training to fill positions.

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Table 2.2 Technologies Influencing HRM
Internet portal
Shared service centers
Cloud computing, such as application service providers
Business intelligence
Data mining

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Table 2.2 describes some technologies that may be included in an organization's HRIS. **Cloud computing**, refers to arrangements in which remote server computers do the user's computing tasks. Access to cloud computing makes powerful HRIS tools available even to small organizations with limited computer hardware. **Data mining** uses powerful computers to analyze large amounts of data, such as data about employee traits, pay, and performance. Managers can identify high-potential employees throughout a large organization and offer them development opportunities. employees enroll in and participate in training programs online. **E-HRM-** 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).**

Creative organizations are applying **social networking** tools to HRM. Information technology is changing the way HR departments handle record keeping and information sharing. 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.**

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Technological Change in HRM 2 of 3

e-HRM

- –Processing and transmission of digitized HR information
- –Has potential to change all traditional HRM functions

Cloud computing

- –Remote server computers do the user's computing tasks

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HRM activities have moved onto the Internet. Privacy is an important issue in e-HRM. 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. Self-service is especially convenient when combined with today's use of mobile computing devices such as smartphones and tablet computers. More companies are combining employee self-service with management self-service, such as the ability to go online to authorize pay increases, approve expenses, and transfer employees to new positions.

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Technological Change in HRM 3 of 3

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

–Especially useful with mobile computing devices

HR dashboards

–Display HR metrics

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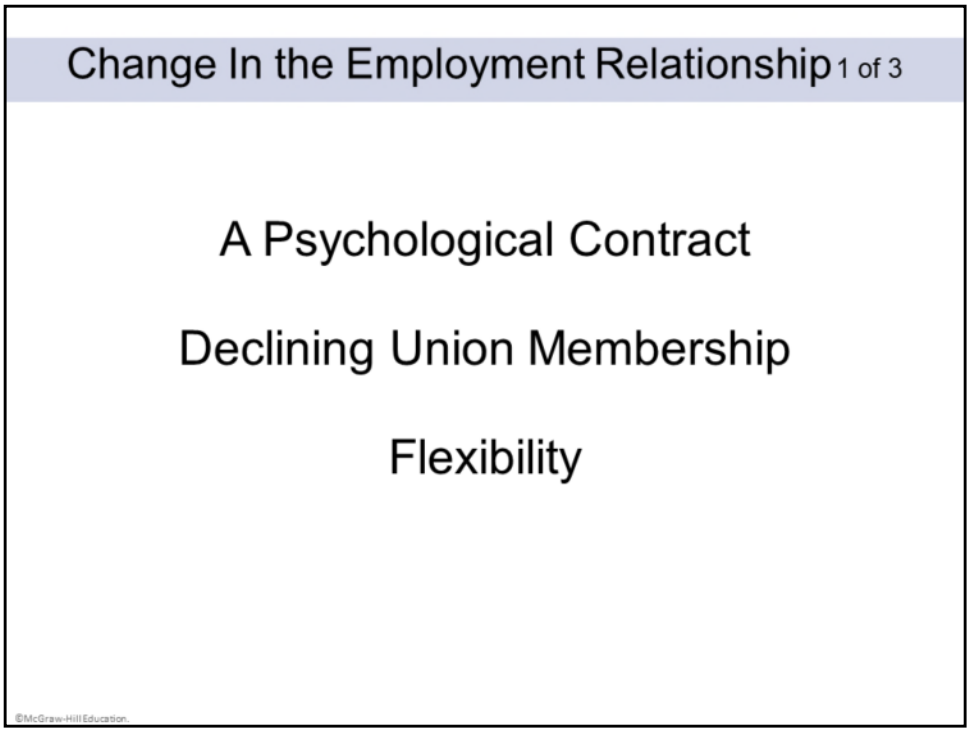

LO 2-7 Explain how the nature of the employment relationship is changing.

LO 2-8 Discuss how the need for flexibility affects human resource management.

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. It describes unspoken expectations that are widely held by employers and employees. n 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. 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. he 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 HRM includes flexible staffing levels and flexible work schedules.

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).

Flexibility in HRM includes flexible staffing levels and flexible work schedules

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Change In the Employment Relationship 2 of 3

A Psychological Contract

- Employer and employee both contribute to the relationship
- Employees expected to take more responsibility in their training, etc., but expect the company to offer them more flexibility, better training

Declining Union Membership

- Has been declining since the 1980s

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Change In the Employment Relationship 3 of 3

Flexibility

Organizations seek flexibility in staffing levels through alternatives to traditional employment relationship:

- outsourcing, temporary and contract workers
- flexible work schedules – including shortened work weeks
- moving employees to different jobs to meet changes in demand

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LO 2-8 Discuss how the need for flexibility affects human resource management.

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 HRM includes flexible staffing levels and flexible work schedules. 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 campaigns, organizations are using more alternative work arrangements. **Alternative work arrangements** are methods of staffing other than the traditional hiring of full-time employees.

Globalization and development of e-commerce have made the notion of a 40-hour workweek obsolete. 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.

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Summary 1 of 3

- An organization's internal labor force comes from its external labor market
- U.S. labor market is aging and becoming more racially and ethnically diverse.
- Organizations must recruit from a diverse population, establish bias-free HR systems, and help employees understand and appreciate cultural differences.
- HRM can help organizations find and keep the best possible fit between their social and technical systems.

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This chapter described trends shaping HRM, including the aging of the workforce and the impact of social media. 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. Although overall growth in hiring has been slow and is expected to remain slow, at least inside the U.S., many employers report that recruiting the specific kinds of talent they need is getting harder. The skills required within industries often are changing as technology advances, so current employees need training as much as ever. Rising costs of benefits, especially health insurance, have demanded creativity in planning compensation packages. The difficult economy has made it essential for organizations to find ways for their employees to work more efficiently—getting more done faster and placing lighter demands on natural resources, all without sacrificing quality and customer service. These efficiency improvements can only come from creative thinking by highly motivated and well-trained Workers. HR can support organizational strategies for quality, growth, and efficiency.

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Summary 2 of 3

- Job design and appropriate systems for assessment and rewards have a central role in supporting employee empowerment and teamwork.
- Employee empowerment means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.
- HRM must design jobs to give employees latitude for decision-making and interpersonal skills.

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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. HR can support organizational strategies for quality, growth, and efficiency. Organizations seek flexibility in staffing levels through alternatives to the traditional employment relationship such as flexible work schedules.

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Summary 3 of 3

- HR professionals should be familiar with the organization's strategy and may play a role in developing the strategy.
- Specific HR practices vary according to type of strategy.
- Organizations with international operations hire employees in foreign countries where they operate, so they need knowledge of differences in culture and business practices.

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Information systems have become a tool for HR and often provided through the Internet. Online information sharing enables employee self-service for many HR needs. The employment relationship takes the form of a "psychological contract" that describes what employees and employers expect from the employment relationship. The traditional employment relationship is changing

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