

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.

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.

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.

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.

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

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.

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

New Belgium Brews Success through Employee Ownership

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

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.