Managing Human Resources

8e

Luis R. Gomez-Mejía | David B. Balkin | Robert L.Cardy

MANAGING HUMAN RESOURCES

This page intentionally left blank

EIGHT EDITION

MANAGING HUMAN RESOURCES

Luis R. Gómez-Mejía
University of Notre Dame

David B. Balkin
University of Colorado, Boulder

Robert L. Cardy
University of Texas at San Antonio

PEARSON

Boston   Columbus   Indianapolis   New York   San Francisco   Amsterdam
Cape Town   Dubai   London   Madrid   Milan   Munich   Paris   Montréal   Toronto
Delhi   Mexico City   São Paulo   Sydney   Hong Kong   Seoul   Singapore   Taipei

To my wife Ana, my two sons Vince and Alex,
and my daughter Dulce
—L.G.M.

To my parents, Daniel and Jeanne
—D.B.B.

To my family for their endless support and to Todd Snider
for the endless inspiration
—R.L.C.

This page intentionally left blank

Brief Contents

Contents

Preface

Managing Human Resources, Eighth Edition, prepares *all future* managers with a business understanding of the need for human resource management skills. Since the first edition of *Managing Human Resources* was published, the general management perspective has become much more prevalent among practicing managers. Recent environmental and organizational forces have contributed greatly to this trend. Organizations are becoming flatter. Globalized operations have become the norm for most organizations once they reach a certain size, and now one often finds that even firms with fewer than 50 employees may be engaged in cross-border activities. Organizations face great pressure to demonstrate social responsibility and to engage in sustainable practices. In addition to greater diversity at home, this trend requires that managers be prepared to work effectively with people with backgrounds very different from their own. Technology such as the Internet fosters communication among all levels of personnel, and managers are expected to be generalists, with a broad set of skills, including human resource management (HRM) skills. Relatedly, social media is having a significant impact on HR practices, in particular recruitment and selection. At the same time, fewer firms have a highly centralized, powerful human resource (HR) department that acts as monitor, decision maker, and controller of HR practices throughout the organization. The emergence of small businesses as the main employer of the majority of the workforce in the United States and other countries has reinforced this trend. Thus, this eighth edition explicitly covers special challenges in the management of human resources dealing with ethics/social responsibility, technology/social media, globalization, customer satisfaction for the users of HR services, and coping with new emerging trends.

The unprecedented economic upheavals on a global basis in the recent past have made it even more clear that all managers should be able to deal effectively with HR issues such as preparing labor reduction plans; identifying key employees that the firm must keep despite declining profits; managing rising employee stress, anxiety, and depression; rewarding individuals for achieving important milestones; inducing employees to take prudent risks within their purview of responsibilities; cross-training employees so that they are capable of fulfilling different roles; enabling employees to become culturally savvy so that they can relate to diverse audiences both domestically and internationally; and treating employees in an ethical manner.

Most employees are now being asked to make difficult choices regarding benefit plans, and the new federal health insurance mandate has made these choices more complicated, at least in the next few years. Employees are increasingly asked to participate in HR decisions concerning recruitment and selection of new applicants, performance appraisals of peers and team members, enforcement of ethics policies, and the like. We believe that the "nonfunctional" HR approach used in this book makes HR relevant to anyone who has to deal with HR issues, including those who do not hold the title of manager. All materials have been thoroughly updated since the seventh edition (see Chapter-Specific Changes to the Eighth Edition), and we have incorporated new topical areas, in particular those concerning technology/social media and ethics/social responsibility.

New to Eighth Edition

Specific details regarding updates to the eighth edition can be found later in the preface. However, highlights of changes include the following:

- 700 new references cited within text.
- Most introductory vignettes are either new, substantially revised, or updated.
- Approximately 75 percent of the end-of-chapter cases are new or have been extensively revised and updated.

- More than 80 percent of the boxed features within the text have been replaced with new ones or have been substantially revised and updated.
- New coverage of the special human resource issues concerning social responsibility and ethics as well as technology and social media. This is included in new topical sections of most chapters as well as in new Manager's Notebook features, discussion questions, and cases.
- Updated coverage of how firms respond to dynamic changes in their strategy as a result of environmental jolts, and the important role that human resource management plays in this process.
- Updated coverage of the legal environment of HR such as the changing legal requirements for companies to provide health insurance to employees and emerging regulations that attempt to balance employee and employer rights to engage in religious practices in the workplace.

Manager's Notebooks

The Manager's Notebooks provide exposure to a variety of issues that managers confront daily, from providing feedback during an appraisal session to preparing employees for a layoff. Approximately half of the Manager's Notebooks are new for this eighth edition, and many of the remaining features have been updated with the most current information. Manager's Notebooks are divided into five categories:

- *New:* **Technology/Social Media** notebooks discuss specific opportunities and challenges posed by technology and the rapid increase in the use of social media to the practice of human resource management.
- **Customer-Driven HR** notebooks demonstrate how managers and employees can benefit by approaching employees as internal customers.
- *New:* **Ethics/Social Responsibility** notebooks focus on the role of HR practices in promoting social responsibility and ethical issues that challenge managers and employees.
- **Emerging Trends** notebooks present new developments in HRM practice that are likely to require increased attention in the near future.
- **Global** notebooks focus on HR practices in different countries and offer lessons that can be applied to diverse work contexts within the United States and elsewhere.

You Manage It! Cases

In an effort to make the conceptual material discussed in each chapter come to life, we provide "You Manage It!" case studies at the end of each chapter to support each of the major themes of the book. For each case, we have included critical thinking questions, team exercises, and experiential exercises. Many cases also include individual exercises for students who wish to or who can only work individually as a member of a class (for instance, those taking online courses). These cases are organized as follows:

- *New:* **Technology/Social Media** cases deal with concrete situations where technology/social media affect HR practices related to the subject matter discussed in that particular chapter.
- **Customer-Driven HR** cases illustrate how HRM can add value to an organization by taking a customer-oriented perspective.
- *New:* **Ethics/Social Responsibility** cases illustrate how managing people can involve tough, real-life choices regarding the "right" actions that should be taken and how organizations can act in a more socially responsible manner through appropriate HR practices.
- **Emerging Trends** cases illustrate HR-related issues that are likely to require increased attention in the future.
- **Global** cases draw students' attention outside the boundaries of the United States and illustrate that HR issues may be international in scope.

MyManagementLab Suggested Activities

For the eighth edition we the author(s) are excited that Pearson's MyManagementLab has been integrated fully into the text. These new features are outlined below. Making assessment activities available on line for students to complete before coming to class will allow you the professor more discussion time during the class to review areas that students are having difficulty in comprehending.

Watch It

Recommends a video clip that can be assigned to students for outside classroom viewing or that can be watched in the classroom. The video corresponds to the chapter material and is accompanied by multiple choice questions that re-enforce student's comprehension of the chapter content.

Assisted Graded Writing Questions

These are short essay questions which the students can complete as an assignment and submit to you the professor for grading.

Chapter-Specific Changes to the Eighth Edition

Chapter 1, "Meeting Present and Emerging Strategic Human Resource Challenges," provides new coverage of the effects of layoffs on losing talent to competitors, niche certification for training, challenges and opportunities of rising diversity, the rise of the virtual workforce, electronic monitoring, and an expanded section on ethics and social responsibility. Specific changes and updates in this edition include a new vignette entry on giant Alcatel, a new notebook on the offering of massive open online courses (MOOCs) aimed at meeting specific training needs, a new notebook on how Harley-Davidson has taken advantage of diversity to increase sales, a new notebook on the use of personal information, and two new cases exploring electronic monitoring and embedding sustainability into HR strategies.

   Chapter 2, "Managing Work Flows and Conducting Job Analysis," has new content that explains the use of professional employer organizations (PEOs) that provide human resource management services on an outsourcing basis to smaller firms. A new Manager's Notebook looks at the emerging trend of "reshoring" manufacturing jobs to the U.S. that were previously outsourced to China. Two new end-of-chapter cases examine the growing problem of companies giving unpaid internships to students that use them to perform unskilled labor for free as well as the implications from the restrictions on telecommuting at Yahoo announced by its CEO as a controversial tactic to increase employee productivity and innovation.

   Chapter 3, "Understanding Equal Opportunity and the Legal Environment," has been updated to include new regulations that require mandatory sexual harassment training in California for all supervisors in firms with more than 50 employees. New content has been added that explains how companies avoid age discrimination by redesigning jobs for older employees so they can work part-time while they extend their working lives to reflect longer spans of life. A new Manager's Notebook brings to light the rampant gender inequity in India and its implications for this emerging economy. Another new Manager's Notebook discusses how to avoid legal difficulties if companies need to install an English-only rule for communication at the workplace. A new end-of-chapter case discusses the implications of having a company policy that forbids employees from displaying visible tattoos at the workplace, which has become challenging because in recent years tattoos have become fashionable for younger-generation employees to display to express their individuality.

   Chapter 4, "Managing Diversity," provides updated information on demographic changes, based on recent census reports; new coverage of entrepreneurial firms launched by minorities; coverage of the rapidly changing landscape for legal protection of homosexuals; expanded treatment of religious diversity and recent EEOC religious-bias lawsuits; and expanded coverage of special issues concerning the rapidly expanding Hispanic populations in the United States. All notebooks have been updated or replaced and a new case has been added on technology/social media and how it affects the management of diversity.

Chapter 5, "Recruiting and Selecting Employees," includes a new opening vignette that describes a common retail situation that students can identify with, an updated Manager's Notebook focusing on the global supply and shortage of labor, an updated Manager's Notebook on customer-driven HR, a new Manager's Notebook on technology/social media, a new Manager's Notebook focusing on social responsibility in recruitment and hiring, and two new cases exploring employer uses of social media in the hiring process and the role of social responsibility in business and potential impacts of a clear social responsibility initiative.

Chapter 6, "Managing Employee Separations, Downsizing, and Outplacement," includes a new chapter-opening vignette, a new Manager's Notebook on voluntary employee turnover in China, a new Manager's Notebook focusing on termination of employees for using social media, a new Manager's Notebook focusing on the ethical/social responsibility aspects of the effects of layoffs on survivors, a new Manager's Notebook addressing management actions to minimize the negative effects of a layoff, and two new cases that focus on the management of voluntary turnover and policy that addresses terminations as a result of employee use of social media.

Chapter 7, "Appraising and Managing Performance," includes a new chapter opening with a vignette that illustrates a performance review interaction between a manager and a worker, a new Manager's Notebook focusing on competencies needed in a global workplace, a new Manager's Notebook that focuses on the use of technology in measuring and improving performance, a new Manager's Notebook on using a strength-based approach to provide performance feedback, a new case on the strength-based approach to performance appraisal, and two extensively revised cases on addressing global competencies and the use of technology in appraising performance.

Chapter 8, "Training the Workforce," includes a new chapter opener on employee training, a new Manager's Notebook on the use of technology and social media as a means to shift training toward "learning on-the-fly," a new Manager's Notebook focusing on expatriate training needs, a new Manager's Notebook on customer-based training, and two new cases on the use of social media in training and the training of expatriates.

Chapter 9, "Developing Careers," includes a new Manager's Notebook on the steps involved in international assignments and provides management suggestions for each step, a new Managers Notebook that addresses social media as a skill and as a tool in career development, and a new case that explores the use of social media in career development.

Chapter 10, " Managing Compensation," provides an expanded treatment of the disappearance of entitlements, tying rewards to socially responsible behaviors, the use of non-monetary pay, the rise of telecommuting and compensation, job evaluation in small firms, and updates of legislation concerning compensation. The revised chapter includes a new Manager's Notebook on rewarding employees with non-monetary rewards, a new Manager's Notebook on telecommuters, and a new case on pay and social responsibility.

Chapter 11, "Rewarding Performance," offers new coverage of the effect of pay incentives on employee ethical behaviors, the pitfalls of merit pay and pay-for-performance systems, the complementary relationship of extrinsic and intrinsic rewards, and special issues with pay incentives in small firms. The chapter includes a new Manager's Notebook on healthy living incentives, a new Manager's Notebook on the pros and cons of awarding long-term income, and a new case on providing rewards for key contributors.

Chapter 12, "Designing and Administering Benefits," has been thoroughly revised to include the latest information covering health and retirement benefits. New information on the Patient and Affordable Care Act (PACA) has been added that gives a definition of a full-time employee or part-time equivalent employee for whom employers are required to provide health care coverage, as well as guidelines for the minimum percentage of employees' health care costs that must be paid for by the employer. New content introduces the increasingly popular high-deductible health plan that provides employees with low-cost health coverage that covers only high-cost medical procedures. New laws in a few states that provide paid parental

leave that go beyond the unpaid parental leave standards of the FMLA at the federal level are explained. A new Manager's Notebook offers some ways that companies are using wellness practices to lower their health care costs. A new end-of-chapter case explains the wildly popular Superannuation retirement program in Australia, which is similar to the 401(k) retirement benefit in the United States but mandates sizeable minimum employee contributions to the retirement account.

Chapter 13, "Developing Employee Relations," offers new content on the use of workplace chaplains, ordained ministers who provide outreach to employees with personal problems, as an alternative to Employee Assistance Programs (EAPs), which require employees to file a complaint before they can receive access to counseling. A new Manager's Notebook explains how social media is being used to build corporate alumni networks that can be a powerful source of competitive information. A new end-of-chapter case brings to light the fact that many employee feedback systems, which are designed to allow employees to have a voice to complain about unfair treatment, remain unused by employees due to their fear of retaliation by managers. The case challenges students to come up with ways to administer feedback systems that actually get used by employees.

Chapter 14, "Respecting Employee Rights and Managing Discipline," provides expanded content on whistle-blowing, including recent controversies over whether individuals who disclose classified government documents to the WikiLeaks Web site should be considered to be whistle-blowers or criminals. A new Manager's Notebook introduces the emerging employment practice of performing credit checks on applicants' credit histories when they are being considered for a job, which some legal experts claim discriminates against minorities. A new end-of-chapter case introduces the growing problem of incivility in the workplace where employees act rude and disrespectful to each other on a regular basis. Blaming this bad conduct on higher stress and increasing performance expectations, the case challenges students to think of ways to restore civility back into the workplace.

Chapter 15, "Working with Organized Labor," contains updated information on the percentage of the workforce that is unionized in the United States and other countries. A new Manager's Notebook examines how Chinese workers have recently asserted their power and demanded to have unions that actually represent their interests to management rather than act as a tool of the government to pacify the workers and keep them docile. In a new end-of-chapter case, the recent setbacks of public sector unions in Wisconsin are examined and students are challenged to think about whether unions are really necessary in the public sector, which tends to have better job security and benefits than many private-sector workplaces.

Chapter 16, "Managing Workplace Safety and Health," has a new chapter opening that provides summaries of recent workplace safety infractions that resulted in major OSHA fines, a new Manager's Notebook on preventing workers' compensation fraud, an updated Manager's Notebook on company actions regarding AIDS in South Africa, and a new Manager's Notebook on the use of social media in wellness programs.

Chapter 17, "International HRM Challenges," provides new treatment of ethical concerns with outsourcing, new legislation around the world on the use of bribes, equal employment opportunity in a global context, ways to keep the expatriate linked to the home country, and new developments in cross-cultural training. The revised chapter also includes a Manager's Notebook on training expatriates on how to cope with political risks, a new Manager's Notebook on the use of toxic factories in China, and a new case on terrorism.

Instructor Resources

Instructor's Resource Center

At the Instructor Resource Center, www.pearsonhighered.com/irc, instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format.

If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit http://247.pearsoned.com for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- **Instructor's Resource Manual**
- **Test Bank**
- **TestGen® Computerized Test Bank**
- **PowerPoint Presentation**

Video Library

Additional videos illustrating the most important subject topics are available in MyManagementLab.

CourseSmart eTextbooks

CourseSmart eTextbooks were developed for students looking to save the cost on required or recommended textbooks. Students simply select their eText by title or author and purchase immediate access to the content for the duration of the course using any major credit card. With a CourseSmart eText students can search for specific keywords or page numbers, take notes online, print out reading assignments that incorporate lecture notes, and bookmark important passages for later review. For more information or to purchase a CourseSmart eTextbook, visit www.coursesmart.com.

Acknowledgments

The contributions of many people made this book possible. The support and contributions of the editorial staff of Kris Ellis-Levy, Sarah Holle, and Bernard Ollila made a tremendous difference.

The production and manufacturing teams at Pearson Education also deserve special mention. Project Managers Meghan DeMaio and Karalyn Holland handled the details, scheduling, and management of this project with grace and aplomb. Many thanks also to Judy Leale. Without their assistance, many visuals and text items would never have made their way into this book.

Our experience in working with everyone at Pearson Education has been superb. Everyone at Pearson approached this book with commitment and enthusiasm. We were partners with the Pearson staff and feel that we are part of a high-performance team. We appreciate the commitment they displayed and would like to thank them for the experience. The authors would like to acknowledge the following contributors, for writing assessment questions for the new MyLab activities: Erikson Daniel Conkling, Ivy Tech Community College - Northeast, Gordon Schmidt, Indiana University-Purdue University Fort Wayne.

We would also like to thank the many colleagues who have reviewed both the past editions as well as the current edition and have offered valuable feedback.

Uzo Anakwe, Pace University

Kamala Arogyaswamy, University of South Dakota

Kristin Backhaus, SUNY New Paltz

Trevor Bain, University of Alabama

Murray Barrick, University of Iowa

Richard Bartlett, Muskingum Tech College

Kevin Bergin, Dutchess Community College

Deborah Bishop, Saginaw Valley State University

Jim Brakefield, Western Illinois University

Larry Brandt, Nova Southeastern University

Diane Bridge, American University

Mark Butler, San Diego State University

Felipe Chia, Harrisburg Area Community College

Steve Childers, East Carolina University

Denise Daniels, Seattle Pacific University

Kermit Davis, Auburn University

Kerry Davis, Auburn University

Michelle Dean, University of North Texas

Rebby Diehl, Salt Lake Community College

Karen McMillen Dielmann, Indiana University of Pennsylvania

Scott Donaldson, Northeastern Oklahoma A&M College

Cathy DuBois, Kent State University

Rebecca Ellis, California Polytechnic State University

Matt Farron, Schenectady County Community College

Anne Fiedler, Barry University

Hugh Findley, Troy State University

David Foote, Middle Tennessee State University

About the Authors

Luis R. Gómez-Mejía holds the Ray and Milann Siegfried Professor of Management Chair in Business at the University of Notre Dame. Prior to that, he was the Benton Cocanougher Chair at Texas A & M University as well as Council of 100 Distinguished Scholars at Arizona State University (ASU), and held the Horace Steel Arizona Heritage Chair at ASU. He was a Regent's Professor at ASU and has recently received the Outstanding Alumni Award from the University of Minnesota and was awarded the title of Doctor Honoris Causa at Carlos III University (Spain). He is a Fellow of the Academy of Management and member of the "Hall of Fame" of the Academy of Management (which includes 33 members out of approximately 20,000 members in the Academy of Management). He has published more than 250 articles and 12 books focused on macro human resource issues. His work has appeared in the best management journals including: *Academy of Management Journal, Academy of Management Review, Strategic Management Journal,* and *Administrative Science Quarterly.* He has received numerous awards for his research, including "best paper" in the *Academy of Management Journal* and "most impactful paper" in *Administrative Science Quarterly.* His publications have been cited approximately 16,000 times (Google), making him one of the most highly cited management scholars. He is past president of the Human Resource Division of the Academy of Management and has served as elected member of the Board of Governors of the Academy of Management. He also served three terms as president of the Iberoamerican Academy of Management.

David B. Balkin is Professor of Management at the Leeds School of Business at the University of Colorado at Boulder. He received his PhD in human resource management and industrial relations from the University of Minnesota. Prior to joining the University of Colorado, he served on the faculties of Louisiana State University and Northeastern University. He has published over 70 articles appearing in journals such as the *Academy of Management Journal, Strategic Management Journal, Personnel Psychology, Journal of Organizational Behavior, Journal of Business Venturing,* and *Journal of Management Studies*. One of his publications (coauthored with Luis R. Gómez-Mejía) was selected as the best article published in 1992 in the *Academy of Management Journal*. Professor Balkin has written or edited several books on human resources, the management of innovation, compensation, and other topics. He has served as Chair of the Management Department at the University of Colorado and also served on advisory boards of nonprofit organizations. Professor Balkin serves as the associate editor for *Human Resource Management Review* and has previously served on the editorial boards of the *Academy of Management Journal* and the *Journal of Management*. He has served as an expert witness on cases dealing with employment and pay discrimination. Professor Balkin has extensive international experience as a scholar and teacher and was a visiting professor at the University of Toulouse (France), Copenhagen Business School (Denmark), Helsinki University of Technology (Finland), University of Regensburg (Germany), ESADE Business School (Spain), National University of Singapore, Hong Kong University of Science and Technology, HEC Montreal (Canada), and Indian School of Business (India).

Robert L. Cardy is a Professor in the Department of Management at the University of Texas at San Antonio. He received his PhD in industrial/organizational psychology from Virginia Tech in 1982. He is an ad hoc reviewer for a variety of journals, including the *Academy of Management Journal* and the *Academy of Management Review*. He is editor and cofounder of the *Journal*

of Quality Management. Professor Cardy has been recognized for his research, teaching, and service. He was ranked in the top 20 in research productivity for the decade 1980–1989 based on the number of publications in the *Journal of Applied Psychology.* He was doctoral coordinator in Arizona State University's management department for five years and received a University Mentor Award in 1993 for his work with doctoral students. He served as department chair for seven years at UTSA. He authored a regular column on current issues in HRM for over ten years and received an Academy of Management certificate for outstanding service as a columnist for the HR division newsletter. Professor Cardy was a 1992 recipient of a certificate for significant contributions to the quality of life for students at ASU. His research focuses on performance appraisal and effective HRM practices.

CHAPTER 1

Meeting Present and Emerging Strategic Human Resource Challenges

MyManagementLab®

⭐ When you see this icon, visit **www.mymanagementlab.com** for activities that are applied, personalized, and offer immediate feedback.

CHALLENGES

After reading this chapter, you should be able to deal more effectively with the following challenges:

1 **Understand** the major challenges affecting HR.

2 **Develop** competence in planning and implementing strategic HR policies.

3 **Develop** competence in selecting HR strategies to increase firm performance.

4 **Become** aware of HR best practices.

5 **Understand** the need to establish a close partnership between the HR department and managers.

6 **Recognize** career opportunities in various human resources management subfields.

Whether in a recession or during boom times, companies compete for talent. Those that are capable of attracting, retaining, and motivating good employees are more likely to achieve and sustain a competitive advantage. Let's take three examples:

- Giant Alcatel-Lucent employs about 72,000 employees worldwide, and it plans to cut approximately 10,000 jobs during 2014 through 2016 to stem years of losses. While this move might be beneficial for the bottom line in the short term, many of its employees (even those who might not get the ax) are being syphoned away by competitors such as Ericsson, Huawei, and Nokia. This loss of talent might accelerate Alcatel-Lucent's decline in the future.[1]
- Not long ago, Google Inc. was considered the ideal place to work and it was repeatedly chosen by *Fortune*

Source: epa european pressphoto agency/Alamy.

in its annual pick of the best companies to work for. Google used to receive more than 1,000 applicants for every five jobs available, and very few employees left the company once they were hired. Yet the situation seems to be changing, making it much tougher for Google to attract and retain top talent despite the company's name recognition and prestige. Google Inc. is now fighting off many growing Internet firms that are poaching its staff. During the years 2011–2015, Facebook, Zynga, and Twitter have increased their staffing by approximately 90 percent, and many of those employees are migrating from Google. To help attract new recruits and preempt defections, all of Google's employees (about 23,000) were given a 10 percent raise, at an estimated cost of $400 million.

■ In recent years, Motorola has lost thousands of engineers, researchers, and designers to competitors such as Apple; Samsung; Research in Motion (RIM, the maker of the Blackberry); Nokia; Dell; and Sony Erickson. A group of software experts recently laid off by Motorola marketed themselves to Yahoo as a team, and all were quickly hired.[2] Ironically, RIM now is also on the brink of disaster because the market for the Blackberry has dwindled and the company has been unable to muster the engineering talent required to diversify its product offering. Nokia also finds itself in a similar situation—its inability to innovate in the cell phone market has made it a victim of Apple's success in introducing a new stream of devices every year.

The Managerial Perspective

human resources (HR)

People who work in an organization. Also called *personnel*.

human resource strategy

A firm's deliberate use of human resources to help it gain or maintain an edge against its competitors in the marketplace. The grand plan or general approach an organization adopts to ensure that it effectively uses its people to accomplish its mission.

human resource tactic

A particular HR policy or program that helps to advance a firm's strategic goal.

This book is about the people who work in an organization and their relationship with that organization. Different terms are used to describe these people: *employees, associates* (at Walmart, for instance), *personnel*, and *human resources*. None of these terms is better than the others, and they often are used interchangeably. The term we have chosen for the title of this text, and which we will use throughout, is **human resources (HR)**.[*] This term has gained widespread acceptance over the last decade because it expresses the belief that workers are a valuable—and sometimes irreplaceable—resource. Effective human resource management (HRM) is a major component of any manager's job.

A **human resource strategy** refers to a firm's deliberate use of human resources to help it gain or maintain an edge against its competitors in the marketplace.[3] It is the grand plan or general approach that an organization adopts to ensure that it effectively uses its people to accomplish its mission. A **human resource tactic** is a particular policy or program that helps to advance a firm's strategic goal. Strategy precedes and is more important than tactics.

In this chapter, we focus on the general framework within which specific HR activities and programs fit. With the help of the company's human resources department, managers implement the chosen HR strategies.[4] In subsequent chapters, we move from the general to the specific and examine in detail the spectrum of HR strategies (for example, those regarding work design, staffing, performance appraisal, career planning, and compensation).[5]

✪ Learn It!

If your professor has chosen to assign this go to **www.mymanagementlab.com** to see what you should particularly focus on, and take the chapter 1 warmup.

manager

A person who is in charge of others and is responsible for the timely and correct execution of actions that promote his or her unit's success.

line employee

An employee involved directly in producing the company's good(s) or delivering the service(s).

staff employee

An employee who supports line employees.

Human Resource Management: The Challenges

Managers are people who are in charge of others and who are responsible for the timely and correct execution of actions that promote their units' successful performance. In this book, we use the term *unit* broadly; it may refer to a work team, department, business unit, division, or corporation.

All employees (including managers) can be differentiated as line or staff. **Line employees** are directly involved in producing the company's good(s) or delivering the service(s). A *line manager* manages line employees. **Staff employees** are those who support the line function. For example, people who work in the HR department are considered staff employees because their job is to provide supporting services for line employees. Employees may also be differentiated according to how much responsibility they have. *Senior employees* are those who have been with the company longer and have more responsibility than *junior employees. Exempt employees*

---

[*]All terms in boldface also appear in the Key Terms list at the end of the chapter.

Environment
- Rapid Change
- Rise of the Internet
- Workforce Diversity
- Globalization
- Legislation
- Evolving Work and Family Roles
- Skill Shortages and the Rise of the Service Sector
- Natural Disasters

Organization
- Competitive Position: Cost, Quality, Distinctive Capabilities
- Decentralization
- Downsizing
- Organizational Restructuring
- Self-Managed Work Teams
- Small Businesses
- Organizational Culture
- Technology
- Outsourcing

Individual
- Matching People and Organization
- Ethical Dilemmas and Social Responsibility
- Productivity
- Empowerment
- Brain Drain
- Job Insecurity

FIGURE 1.1

**Key HR Challenges
for Today's Managers**

(sometimes called *salaried employees*) are those who do not receive extra pay for overtime work (beyond 40 hours per week). *Nonexempt employees* do receive overtime compensation. This text is written primarily to help students who intend to be managers deal effectively with the challenges of managing people.

Figure 1.1 summarizes the major HR challenges facing today's managers. Firms that deal with these challenges effectively are likely to outperform those that do not. These challenges may be categorized according to their primary focus: the environment, the organization, or the individual.

Environmental Challenges

Environmental challenges are the forces external to the firm. They influence organizational performance but are largely beyond management's control. Managers, therefore, need to monitor the external environment constantly for opportunities and threats. They must also maintain the flexibility to react quickly to challenges. One common and effective method for monitoring the environment is to read the business press, including *BusinessWeek, Fortune*, and the *Wall Street Journal.* (The Appendix at the end of this book provides an annotated listing of both general business publications and more specialized publications on HR management and related topics.)

Eight important environmental challenges today are rapid change, the rise of the Internet, workforce diversity, globalization, legislation, evolving work and family roles, skill shortages and the rise of the service sector, and catastrophic events as a result of natural disasters and terrorism.

RAPID CHANGE Many organizations face a volatile environment in which change is nearly constant.[6] For this reason IBM's ex-CEO, Sam Palmisano, tells his managers that he doesn't believe in forecasts longer than one week.[7] If they are to survive and prosper, firms need to adapt to change quickly and effectively. Human resources are almost always at the heart of an effective response system.[8] Here are a few examples of how HR policies can help or hinder a firm grappling with external change:

- *New company town* As firms experience high pressure to become more productive and deal with very short product life cycles (often measured in months), Americans are working longer, harder, and faster.[9] As a result, the line between home and work is blurred for many employees. To deal with this phenomenon, sociologist Helen Mederer of the University of Rhode Island notes that "companies are taking the best aspects of home and incorporating them into work."[10]

environmental challenges
Forces external to a firm that affect the firm's performance but are beyond the control of management.

A QUESTION OF ETHICS
How much responsibility does an organization have to shield its employees from the effects of rapid change in the environment? What risks does this type of "shock absorber" approach to management entail?

A survey of 975 employers by consulting firm Hewitt Associates found that an increasing number of companies are providing "home at work" benefits. These include dry cleaner/laundry service, company store, take-home meals, concierge service, oil changes/autocare, hair salon, and pet care.[11]

According to a report in the *New York Times*:[12]

> . . . things like nap rooms and massage recliners may sound out of place to some in a working environment. But such perks can boost productivity when there are older workers with sore backs, or young parents with sometimes sleepless nights. Musical performance, too, may seem at first like an unnecessary distraction. But companies trying them say that they can be done simply and inexpensively, and that they produce better morale, increased motivation and less stress.

- *Dealing with stress* Rapid change and work overload can put employees under a great deal of stress. The Bureau of Labor Statistics reported that 50 percent of the 19.8 million Americans who say they work at home at least once a week aren't compensated for it. In other words, millions of employees must work at home just in order to catch up.[13]

  Unless the organization develops support mechanisms to keep stress manageable, both the firm and employees may pay a heavy price.[14] In some extreme cases, workplace violence may result. In 2014 the Centers for Disease Control calls workplace violence a "national epidemic"; the most recent figures indicate that U.S. employees at work were the victims of 18,104 injuries from assault and 609 homicides.[15] Typically, however, the observed results of poorly handled stress are more subtle, yet still highly destructive, costing the company substantial money. According to some estimates, stress-related ailments cost companies about $200 billion a year in increased absenteeism, tardiness, and the loss of talented workers.[16] One survey reports that 67 percent of employees categorize their work-related stress as high.[17] The National Institute of Mental Health estimates that approximately 222.7 million days of work are lost annually due to absence and impairments related to depression alone, costing employers (the majority of which are small firms) $51.5 billion a year.[18] Many firms, including Microsoft, Sysco Food Services, Apple, IBM, General Motors, Google, Chrysler, Johnson & Johnson, Coors Brewing Company, Citigroup Inc., Texas Instruments, and Hughes Aircraft (now merged into Raytheon), among others, have introduced stress-control programs in recent years.

Throughout this book we emphasize how HR practices can enable a firm to respond quickly and effectively to external changes. Two chapters (Chapter 13 on employee relations and Chapter 16 on managing workplace safety and health) specifically deal with issues related to employee stress.

THE INTERNET REVOLUTION   The dramatic growth of the Internet in recent years probably represents the single most important environmental trend affecting organizations and their human resource practices. In the mid-1990s, the term *Web economy* had not yet been coined.[19] Now, almost all firms use the Internet as part of their normal business practices. The Internet is having a pervasive impact on how organizations manage their human resources, as the following examples show:

- *Necessitating greater written communication skills* Companies have discovered that Internet technology creates a high demand for workers who can deal effectively with e-mail messages.[20] This skill is key if companies want to keep fickle Internet customers loyal, making them less likely to go to a competitor by simply tapping a few keystrokes.

  E-mail writing may also involve legal issues. For instance, an employee's e-mail response to a customer complaint may be legally binding on the firm, and there is the "written" record to prove it. Some jokes among employees may be used as evidence of sexual harassment. Unlike regular mail, electronic communication is not considered private and thus the company and employees may be open to scrutiny by government agencies as well anyone with the basic skills required to access the system.

  Although English is the main language of the Internet, almost half of Internet communication takes place in foreign languages, and only 7 percent of users on a global basis are native English speakers.[21] Major multimillion-dollar blunders due to language problems have already been documented, such as the case of Juan Pablo Davila, a commodities

trader in Chile. He typed the word "buy" on the computer by mistake, instead of "sell." To rectify his mistake, he started a frenzy of buying and selling, losing 0.5 percent of his country's GNP. His name has become an Internet-related verb—"davilar"—meaning, "to screw up royally."[22]

- *Dealing with information overflow* Although executives spend an average of four hours a day receiving, checking, preparing, and sending e-mails, they are still spending 130 minutes a day in formal and informal face-to-face meetings. According to Neil Flett, CEO of a large communication consulting firm, "Because e-mail consumes so much time it may just be that it just adds to communication time rather than reducing it."[23]

  According to some estimates, almost one-third of e-mails received by employees are not directly relevant to their jobs; considering that employees are now receiving an average of 30 e-mails each day, this may translate into as much as one hour a day of lost productivity.[24]

- *Breaking down labor market barriers* More than ever before, the Internet is creating an open labor market where information about prospective employees and firms is available on a global basis and may be obtained quickly and inexpensively.[25] Monster.com, for instance, posted 85 million resumes in 2014.[26] Thousands of specialized search engines (such as *Indeed.com, Simplyhired.com, Workzoo.com*, and *Jobsearch.org*) now scan both well-known and obscure employment boards on the job seeker's behalf.[27] While more and more organizations are relying on Web applications to recruit and screen employees, it is unclear to what extent these highly efficient yet "cold" impersonal approaches to staffing allows organizations to learn about candidates' intangible qualities such as leadership skills, work ethic, business acumen, and flexibility. Applicants often complain that sophisticated computer programs tend to have a narrow focus, relying on numerical and/or concrete criteria that may not truly capture what the person could contribute if given an opportunity (see the Manager's Notebook, "A Cold Way to Get a Job").

MANAGER'S NOTEBOOK

A Cold Way to Get a Job

Emerging Trends

The way people look for jobs has changed dramatically. Employers often require people to submit applications via the Internet, and hiring managers sift through queries with special computer programs. Unless you fit the precise algorithm that the computer program is looking for, you may never get a prospective employer's attention. For instance, you may have four years, 351 days of experience, but not the five years the machine uses as a cutoff, and thus you are out of luck. Or, failure to show evidence that you have used a particular skill during the past two months may be grounds for an automatic rejection (even if maybe you did use the skill but forgot to include it).

In a job market thick with candidates, employers have become extremely selective, and a common complaint among applicants is that computer screening programs are totally inflexible, leading to automatic rejections for small details. The computer makes a decision without giving you a chance to make your case. If an application doesn't make the cut, there is usually no rejection letter or feedback. The process may be efficient for the company, but it can be frustrating and demoralizing to the applicant.

Sources: Based on *www.employtest.com*. (2014); *www.articlesbase.com*. (2014). Computer based recruitment software; *Arizona Republic* (2010, Oct. 31). Networking pays off to get old job back; Black, T. (2011). Every tool you need for hiring, *www.inc.com*. A-8. ■■

- *Using online learning* Corporate training has always been dominated by traditional in-house "paper-and-pencil" training programs. Over the last few years, however, there has been a tremendous migration from classroom learning to online learning.[28] For example, 99 percent of employees at the Mayo Clinic opted for online training to learn about new

rules on health care privacy (even though the clinic gave them the option to attend a traditional classroom seminar on company time covering the same material).[29] One of the most recent developments in HR is the entry of well-known firms into the online training business for the general public, with a focus on "niche certifications" rather than degree programs (see the Manager's Notebook, "The Growth of Online Niche Certifications to Meet Training Needs").

MANAGER'S NOTEBOOK

Technology/Social Media

The Growth of Online Niche Certifications to Meet Training Needs

While the United States reportedly scores lower than most industrialized nations on math, science, and writing, it is probably second to none when it comes to its pragmatic approach to training. This is reflected in the rapid growth of new niche certifications offered by providers of "massive open online courses," or MOOCs, aimed at meeting specific training needs at a fraction of the cost of a four-year degree. One of these providers is Udacity, which already has 1.6 million students. It offers online courses in specific technical areas of computer science, supply-chain management and "gamification" (the use of video-game mechanics to solve problems). Many "Who's Who" organizations are active participants in the creation and dissemination of these online certification programs, making MOOC providers legitimate education providers and not just diploma mills. These include, for example, Stanford University, Massachusetts Institute of Technology, Google, AT&T, United Parcel Service, Procter & Gamble, Walmart, and Yahoo, among others.

Sources: Based on *www.trainingconference.com*. (2014). Training 2014 Conference & Expo; Belkin, D., and Porter, C. (2013, September 27). Job market embraces massive online courses. *Wall Street Journal*, A-3; Porter, E. (2013, October 10). U.S. must acknowledge the skills gap of its workforce and bridge it. *New York Times*, Global Edition, A-2; Van Horn, C. E. (2013). What workers really want and need. *HRMagazine*, *58*(10), 44-B; Leonard, B. (2013). On the latest talent war's front lines. *HRMagazine*, *58*(10), 42–44. ■■

■ *Enabling HR to focus on management* The Internet enables firms to handle many operational HR details much more quickly and efficiently. According to Philip Fauver, president and CEO of Employease Inc., the Internet is "the enabler."[30] For a flat fee of about $5 to $6 per employee, Employease manages HR information for 700 small-to-midsize companies. One of its clients is Amerisure Insurance Company in Farmington Hills, Michigan. According to Derick Adams, Amerisure's HR vice president, the Internet allows his 14-member HR department to devote more attention to important managerial challenges. For instance, Adams notes that his department was able to "develop a variable pay plan after handing off the department's data entry work to Employease."[31]

WORKFORCE DIVERSITY Managers across the United States are confronted daily with the increasing diversity of the workforce. In 2014, approximately 35 percent of the U.S. workforce was from a minority group, including African Americans (12%), Asian Americans (4.7%), Latinos (16%), and other minorities (2%).[32] In many large urban centers, such as Miami, Los Angeles, and New York, minorities comprise at least half of the area's workforce. The influx of women workers is another major change in the composition of the U.S. workforce. Women with children under age 6 are now the fastest-growing segment of the workforce. Currently, more than 76 percent of employed men have employed wives, versus 54 percent in 1980.[33]

These trends are likely to accelerate in the future. By 2050, the U.S. population is expected to increase by 50 percent, with minority groups comprising nearly half of the population. Nonwhite immigrants, mostly Hispanics, will account for 60 percent of this population growth. Despite fears that immigrants are not assimilating, children of immigrants actually do better than children of natives in the same socioeconomic class.[34]

Furthermore, never before in history has such a large-scale mixing of the races occurred, due to a sharp rise in the rate of intermarriage.[35] "One day race will not be needed because it will be obsolete," notes Candy Mills, a magazine editor in Los Angeles, who is black. Candy is married to a French-Hungarian with whom she has a child.[36] The best example of this trend, of course, is the current president of the United States, Barack Obama, who is of mixed race. The U.S. Census Bureau has acknowledged this reality, incorporating "mixed" categories for future population censuses.

All these trends present both a significant challenge and a real opportunity for managers.[37] Firms that formulate and implement HR strategies that capitalize on employee diversity are more likely to survive and prosper (see example in the Manager's Notebook, "How Harley-Davidson is Taking Advantage of a Diverse Customer Base"). Chapter 4 is devoted exclusively to the topic of managing employee diversity. This issue is also discussed in several other chapters throughout this book.

MANAGER'S NOTEBOOK

How Harley-Davidson Is Taking Advantage of a Diverse Customer Base

Customer-Driven HR

Harley-Davidson had been a highly successful American company by marketing its motorcycles to a particular segment of the market, namely middle-age white males. In the last few years, the company has come to the realization that—to be competitive in the long run—it has to expand its demographic customer base and has to use a more diverse workforce in its dealerships to appeal to potential "non-traditional" buyers. Current sales are down by a third from years past, and better diversity management may be a way to reverse this trend. Keith Wadell, Harley-Davidson's chief executive, recently declared that a major priority for the company's strategic plan in the near future is to target young adults, women, African Americans, and Hispanics. He noted that these diversity efforts are already paying off with domestic sales among these "non-core customers" growing at nearly twice the rate as sales to traditional buyers. These domestic diversity efforts are also helping the company to expand sales outside of North America, with sales in the recent past growing by 25.6% in Asia and by 39% in Latin America.

Sources: Based on *www.harley-davidson.com*. (2014). Workforce and dealer diversity at Harley-Davidson; Diversity Inc. (2014). Do white males really need diversity outreach? *bestpractices.diversityinc.com*; Irwin, N. (2013). How Harley-Davidson explains the U.S. economy. *www.washingtonpost.com*. ■■

GLOBALIZATION One of the most dramatic challenges facing U.S. firms as they enter the second decade of the twenty-first century is how to compete against foreign firms, both domestically and abroad. The Internet is fueling globalization, and most large firms are actively involved in manufacturing overseas, international joint ventures, or collaboration with foreign firms on specific projects. Currently the companies that make up the S&P 500 generate 46 percent of their profits outside the United States, and for many of the biggest U.S. companies, the proportion is much higher.

The implications of a global economy for human resource management are many. Here are a few examples:

- *Worldwide company culture* Some firms try to develop a global company identity to smooth over cultural differences between domestic employees and those in international operations. Minimizing these differences increases cooperation and can have a strong impact on the bottom line. For instance, the head of human resources at the European division of Colgate Palmolive notes that the goal of the company is to "make all employees Colgaters."[38]
- *Worldwide recruiting* Some firms recruit workers globally, particularly in the high-technology area, where specialized knowledge and expertise are not limited by national

boundaries.[39] For instance, Unisys (an e-business solutions company whose 37,000 employees help customers in 100 countries apply information technology) recruits between 5,000 and 7,000 people a year, 50 percent of whom are information technology (IT) professionals. Unisys is always looking across borders to try to find the best persons.[40]

Global recruitment, however, is no panacea, because good employees everywhere are in high demand, and there may not be as much applicant information available to make the appropriate selection decision.[41] Kevin Barnes, technical director for Store Perform, with facilities in Bangalore, India, notes that "top Indian engineers are world-class, but most are taken. Anyone in India who can spell *Java* already has a job." And the labor market attracts legions of unqualified candidates, Barnes says, making it harder to distinguish the good from mediocre performers.[42]

- *Industrial metamorphosis* The proportion of the American labor force in the manufacturing sector has dropped to less than 10 percent, down from 25 percent about 30 years ago. Similar drops have been experienced in several European countries, including England, Germany, and France. According to the *Economist*, "It has happened because rich-world companies have replaced workers with new technology to boost productivity and shifted production from labor-intensive products such as textiles to higher-tech, higher value-added, sectors such as pharmaceuticals. Within firms, low-skilled jobs have moved offshore."[43] Labor unions have lost much of their influence.[44] For instance, in the 1950s almost 40 percent of the U.S. workforce was unionized; by the time President Ronald Reagan took office in the early 1980s this percentage had dropped by almost half (22%); and by the time President Barrack Obama took office less than 20 years later (2009), this proportion had dropped by more than two-thirds (to approximately 7% of the private-sector workforce).

- *Global alliances* International alliances with foreign firms require a highly trained and devoted staff. For instance, Philips (a Dutch lighting and electronics firm) became the largest lighting manufacturer in the world by establishing a joint venture with AT&T and making several key acquisitions, including Magnavox, parts of GE Sylvania, and the largest lighting company in France.[45]

- *A virtual workforce* Because of restrictive U.S. immigration quotas,[46] U.S. firms are tapping skilled foreign labor but not moving those workers to the United States. The Internet is making this possible with little additional expense. For example, Microsoft Corp. and RealNetworks Inc. use Aditi Corp., a Bangalore, India, company, to handle customer e-mails.[47] In addition, many "virtual" expatriates work abroad but live at home.[48]

- *The global enterprise* Internationalization is growing at warp speed, creating a powerful new reality. For instance, most people think of Coca-Cola as emblematic of the United States. Yet its CEO, Muhtar Kent, describes Coca Cola in the following terms: "We are a global company that happens to be headquartered in Atlanta. We have a factory in Ramallah that employs 2,000 people. We have a factory in Afghanistan. We have factories everywhere." Nearly 80 percent of Coca-Cola's revenue comes from 206 countries outside the United States.[49]

- *Wage competition* Not too long ago, many U.S. blue-collar workers could maintain a solid middle-class standard of living that was the envy of the rest of the world. This was sustained, in part, by higher productivity and superior technological innovation in the United States and because American manufacturers enjoyed a high market share with little foreign competition. Unfortunately, this is no longer the case in many sectors, particularly the automobile industry. As noted in a recent report, "While businesses have a way to navigate this new world of technological change and globalization, the ordinary American worker does not. Capital and technology are mobile; labor isn't. American workers are located in America."[50]

An entire chapter of this book (Chapter 17) is devoted to the HR issues firms face as they expand overseas. We also include international examples throughout the book to illustrate how firms in other countries manage their human resources.

LEGISLATION Much of the growth in the HR function over the past four decades may be attributed to its crucial role in keeping the company out of trouble with the law.[51] Most firms are deeply concerned with potential liability resulting from personnel decisions that may violate laws enacted by the U.S. Congress, state legislatures, or local governments.[52] Discrimination charges

filed by older employees, minorities, and the disabled, for instance, have been on the rise for years. In some cases, such as charges of sex discrimination by Hispanic and Asian women, the increase has exceeded 65 percent in the past 20 years.[53]

One legal area growing in importance is alleged misuse of "proprietary company information" by ex-employees. Pitney Bowes, the world's largest maker of postage meters and other mailing equipment, recently sued eight ex-employees who opened a small competing firm called Nexxpost. According to a Pitney Bowes' spokesperson:

> The company invests a great deal of time and money in areas of developing our intellectual property, in marketing and training our sales force. We must protect our investment, which also includes our customer lists, information about consumer preferences, as well as pricing. All that has a significant competitive value. When a former employee wants to challenge us, we take that breach very seriously and do what we need to do to protect it.[54]

Operating within the legal framework requires keeping track of the external legal environment and developing internal systems (for example, supervisory training and grievance procedures) to ensure compliance and minimize complaints. Many firms are now developing formal policies on sexual harassment and establishing internal administrative channels to deal with alleged incidents before employees feel the need to file a lawsuit. In a country where mass litigation is on the rise,[55] these efforts may well be worth the time and money.

Legislation may differentiate between public- and private-sector organizations. (*Public sector* is another term for governmental agencies; *private sector* refers to all other types of organizations.) For instance, affirmative action requirements (see Chapter 3) are typically limited to public organizations and to organizations that do contract work for them. However, much legislation applies to both public- and private-sector organizations. In fact, it is difficult to think of any HR practices that are *not* influenced by government regulations. For this reason, each chapter of this book addresses pertinent legal issues, and an entire chapter (Chapter 3) provides an overall framework that consolidates the main legal issues and concerns facing employers today.

EVOLVING WORK AND FAMILY ROLES The proportion of *dual-career* families, in which both wife and husband (or both members of a couple) work, is increasing every year.

More companies are introducing "family-friendly" programs that give them a competitive advantage in the labor market.[56] Companies use these HR tactics to hire and retain the best-qualified employees, male or female. Through the Office of Personnel Management, the federal government provides technical assistance to organizations that wish to implement family-friendly policies. On its 2015 Web page (*opm.gov*), for instance, the office makes available numerous publications on issues such as adoption benefits, child care, elder-care resources, parenting support, and telework.

Family-friendly policies are discussed in detail in Chapter 12 under the heading "Employee Services." Special issues that women confront in the workplace are discussed in Chapter 4.

SKILL SHORTAGES AND THE RISE OF THE SERVICE SECTOR As noted earlier, U.S. manufacturing has dropped dramatically in terms of the percentage of employees who work in that sector. Most employment growth has taken place in the service industry. The categories with the fastest growth are expected to be professional specialties (27 percent) and technical occupations (22 percent). The fastest-growing occupations demand at least two years of college training.[57] Expansion of service-sector employment is linked to a number of factors, including changes in consumer tastes and preferences, legal and regulatory changes, advances in science and technology that have eliminated many manufacturing jobs, and changes in the way businesses are organized and managed.

Unfortunately, many available workers will be too unskilled to fill those jobs. Even now, many companies complain that the supply of skilled labor is dwindling and that they must provide their employees with basic training to make up for the shortcomings of the public education system.[58] For example, 84 percent of the 23,000 people applying for entry-level jobs at Bell Atlantic Telephone (formerly NYNEX) failed the qualifying test. Chemical Bank (now merged with Chase) reported that it had to interview 40 applicants to find one proficient teller.[59] David Hearns, former chairman and CEO of Xerox, laments that "the American workforce is running out of qualified people."[60]

A QUESTION OF ETHICS

What is the ethical responsibility of an employer to employees who lack basic literacy and numeracy skills? Should companies be required by law to provide training opportunities for such employees, as some have proposed?