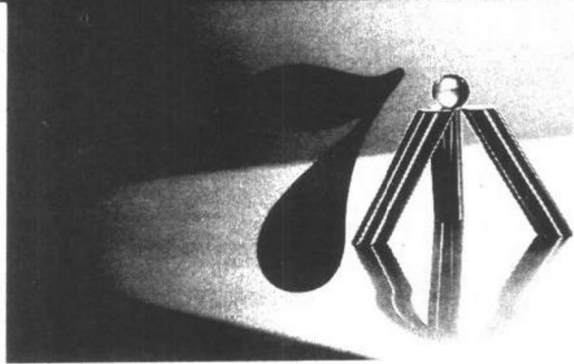


M O D U L E

# Managing F O R T H E Future

Organizational Behavior & Processes



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## ► **Workforce Management: Employment Relationships in Changing Organizations**



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# C O N T E N T S

## MODULE 7

### **Workforce Management: Employment Relationships in Changing Organizations**

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**Dedicated to those who have inspired us to  
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## Workforce Management: Module Overview

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This module addresses the challenges of managing a workforce as the transformation from old to new organizational forms takes place. Each dimension of change addressed in Module 1 poses some exciting opportunities (+), introduces some possible problems and uncertainties (–), and raises some questions (?). Here are a few examples of issues that arise:

- As organizations move from **bounded to networked**:
  - + There will be interesting opportunities for collaboration with new colleagues across boundaries, making work stimulating.
  - But careers will involve a patchwork of jobs in different organizations, with some measure of uncertainty and stress.
  - ? How can managers maintain loyalty between employees and companies and between employees and teams as memberships are in flux?
- As organizations move from **hierarchical to flat**:
  - + More employees at all levels will have access to decision-critical information and may be involved in projects that were formerly restricted to higher levels.
  - But there will be no more vertical promotion paths and some confusion about what career success means.
  - ? How can managers motivate employees without the traditional promise of promotions (will the promise of more stimulating work become a meaningful reward)?
- As organizations move from **fixed to flexible**:
  - + Employees will have a range of ways to organize the time and space in which they work.
  - But it may be difficult to coordinate the efforts of employees working under different arrangements.
  - ? How can managers balance flexibility and coordination?
- As organizations move from **homogeneous to diverse**:
  - + A range of new approaches to work will be stimulated as new groups are increasingly included.
  - But differences may breed contests between groups over what is fair and who should get what considerations (such as who gets special hours to balance work and family, who gets invited to be in the mentoring program, etc.).
  - ? How can managers be responsive to diverse constituencies in ways that respect differences but are also fair and consistent?
- As organizations move from **local to global**:
  - + New ways to include multiple stakeholders will be added to the menu (for example, different national approaches to temporary workers or to employer-provided training or to labor/management relations).

- But the range of choices will make it more challenging to present any one choice as legitimate (for example, it may be hard to argue that temporary workers should not get benefits if they are known to in other countries).
- ? How can managers learn from different global examples?

## HOW THIS MODULE FITS INTO THE "FRAMEWORK FOR UNDERSTANDING THE ORGANIZATION OF THE FUTURE"

As you will see in Figure 7.1, this module focuses on workforce management as companies and employees experiment with flexible arrangements and how to organize incentives and careers as organizations flatten (indicated by darker shading).

This module also touches on several related issues (indicated by lighter shading). Employees will need to develop skills for multitasking as they move around among jobs, teams, and organizations. The team structure may change as the team composition shifts in response to flexibility; as old team members move on and new team members arrive, teams will have to be adaptive. New ideas for managing the employment relationship may arise from learning about varied approaches in other countries. It will be crucial to take multiple stakeholders into account, especially as groups of women and minorities comprise a larger portion of the workforce. Sensitivity to conflict resolution will be important, particularly as different groups will have different views about who is benefitting and who is suffering from changes.

## PURPOSES OF THIS MODULE

This module addresses these issues and suggests new ways to approach the changing questions. The purposes of this module are:

- To learn about changes in the employment relationship, such as:
  - from long-term to short-term relationships,
  - from vertical internal career ladders to lateral, cross-company careers
  - from fixed to changing job titles, and
  - from individualistic compensation to other alternatives.
- To discuss different types of flexibility and consider the positive and negative aspects of flexibility.
- To consider the impacts of employment practices on multiple constituencies and to pay attention to the perceived legitimacy of changing and of failing to change.
- To understand that there may be unintended consequences to manage during a change process.
- To think about where there may be perceived inconsistencies or contradictions among policies and to learn to look at change programs more systemically and holistically.
- To consider where employment practices are choices rather than mandates given by market conditions or technologies, and to think about alternative choices that may benefit a variety of constituencies, including those who tend to be most disenfranchised.

FIGURE 7.1 FRAMEWORK FOR UNDERSTANDING THE ORGANIZATION OF THE FUTURE

Organizational Challenges Organizational Characteristics	Organizational Challenges		
	Developing Individual Skills	Managing the Organization	Managing the Environment
• NETWORKED	Teamwork	Team Structure	Alliances Cooperation/ Competition
• FLAT	Negotiation	Incentives/ Careers	Boundaries
• FLEXIBLE	Multitasking	Workforce Management	Learning
• DIVERSE	Listening/ Empathy	Conflict Resolution	Stakeholders
• GLOBAL	Cross-Cultural Communication	Cross-Border Integration	Local Responsiveness

Note: Shaded areas are the skills emphasized in this module.

## READINGS AND ASSIGNMENTS

This module involves readings and case preparation. There are three main readings and one case for discussion. The reading on “Managing a Changing Workforce in Turbulent Times” provides a foundation. It tracks some of the important changes in employment relationships (that is, the relationships between employees and companies, which might range from full-time permanent employee to subcontractor to day laborer). This reading emphasizes the importance of thinking about how all the different changes in employment relationships affect one another, sometimes in unexpected ways.

The reading from *Fortune*, “A Brave New Darwinian Workplace,” captures the uncertainty and stress that people are talking about as the lifelong career appears to be in decline. The reading on “Patterned Chaos in Human Resource Management” suggests that this period of uncertainty and change can also have positive implications, if some creative new approaches to work are invented, particularly ones that accommodate work and family balance.

The case grapples with some of the issues managers will face in new, flexible arrangements, which create a variety of responses from different employees who are affected differently.

The supplementary readings provide some further examples. As you read these articles, keep in mind the general principles introduced in the reading, “Managing a Changing Workforce in Turbulent Times.” The examples illustrate some of the problems and tensions discussed in this reading. The reading on “The Contingency Work Force” describes trends in using temporary workers. The reading on “Burned-Out Bosses” addresses the stress felt, not only by those who are laid off, but by those who have to deliver the bad news. The reading on “Telecommuting” addresses how the space where we work is becoming more flexible, while the readings on “Workplace Flexibility” and “The New Work Week” address how the hours that we work are becoming more flexible. Some of these optional readings are now several years old. Practices like telecommuting and shorter weeks continue to be touted as “new trends” that employees want, but how much movement has there been toward the realization of these ideas? Think about the organizations you know or are studying as you read.

### Main Readings

“Managing a Changing Workforce in Turbulent Times.”

“A Brave New Darwinian Workplace,” *Fortune*, January 25, 1993.

“Patterned Chaos in Human Resource Management,” Lotte Bailyn, *Sloan Management Review*, Vol. 34, #2 (Winter 1993).

Case: *The Case of the Part-Time Partner* (HBR discussion case #90507).

### Case Preparation

Imagine that you are a partner at this firm and you have to vote yes or no in each partnership decision. Analyze the arguments about the partnership decisions in the case and come to class prepared to defend your votes. We will take a yes or no vote at the start of class:

1. Would you vote to make Julie partner? Why or why not?
2. Would you vote to make Tim partner? Why or why not?

### Supplementary Readings

- "The Contingency Work Force," *Fortune*, January 24, 1994.  
 "Burned-Out Bosses," *Fortune*, July 25, 1994.  
 "Telecommuting: A Better Way to Work?" *Training*, May 1992.  
 "Workplace Flexibility," *HR Magazine*, January 1990.  
 "The New Work Week," *Industry Week*, November 6, 1989.

### ADDITIONAL ACTIVITIES

1. Get together with your teammates to discuss the different kinds of employment relationships with which you are familiar, from your own experiences or the experiences of people you know. Generate a list of different types (e.g., lifelong employment, fixed-term consultant, renewable consulting contract, etc.). Then generate several dimensions that you think are important to employees in their employment relationships, drawing upon the readings (e.g., employment security, benefits, interesting work, etc.). Then array the types of employment relationships along these dimensions, from high to low. For example:



You can use these ratings as a basis for discussion, either within your team or with the entire class, if each team shares the ways they have mapped out types of employment relationships and how they fall along the dimensions. Some discussion questions: What do you notice? Have different teams come up with similar or different ratings? Was there a lot of disagreement within the team about the ratings? Are some types of employment relationships consistently high or low on all the dimensions? Or is there variation across dimensions? What are the tradeoffs (for example, is there a tradeoff between varied work and employment security)?

2. Call the human resource departments of local companies with which you are familiar or where you work, or call university departments and ask about one or several aspects of their employment relationships:

- Temporary workers: What percentage of employees are temporary workers? In what types of jobs are temporary workers most and least likely to be used?
- Flattening hierarchy: How many levels are there in the organization? How important is promotion from level to level as a reward?
- What are some other questions you might ask? Who in the organization is the right source for asking these questions? What does it mean if the organization does not have data or answers for your questions?

3. Poll your teammates from different countries about the different approaches to layoffs. Are layoffs done? Are there specific laws regulating layoffs? (For example, who can be laid off? How must the decision be justified? How much notice must be given?) Are layoffs considered unfortunate but necessary? What are some of the reasons typically given for layoffs? (Declining profits? Increasing

international competition?) Or do layoffs go against local norms? If layoffs are not used, what other mechanisms are used to help cope with changing conditions?

## SOME ADDITIONAL SUGGESTED READINGS

See the references at the end of the readings, particularly "Managing a Changing Workforce in Turbulent Times." Also consider these readings:

- On background data on the changing workforce, from a widely quoted report, commissioned by the U.S. Department of Labor, which has influenced managers' and policy makers' perceptions and approaches:  
*Workforce 2000: Work and Workers for the 21st Century*. Indianapolis: Hudson Institute, 1987.
- On the changing nature of jobs, employment relationships, and work, from two books receiving popular attention:  
Bridges, William. *Job Shift: How to Prosper in a Workplace Without Jobs*. Reading, MA: Addison-Wesley, 1994.  
Rifkin, Jeremy. *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era*. New York: G.P. Putnam's Sons, 1995.
- On several aspects of managing workers, teams, projects, empowerment, fast cycle times, and shifting loyalties, in the new organizational form, by two sets of leading academics:  
Donnellon, Anne, and Hecksher, Charles (eds.). *The Post-Bureaucratic Organization: New Perspectives on Organizational Change*. Newbury Park, CA: Sage, 1994.  
Galbraith, Jay R. and Lawler, Edward E. (eds.). *Organizing for the Future: The New Logic for Managing Complex Organizations*. San Francisco: Jossey-Bass, 1993.
- On unintended consequences of individualistic rewards and some alternative approaches:  
Kohn, Alfie. *Punished by Rewards: The Trouble with Gold Stars, Incentive Plans, A's, Praise, and Other Bribes*. Boston: Houghton Mifflin, 1993.
- On unintended consequences for safety when temporary workers are used in highly risky jobs:  
Kochan, Thomas, Wells, John C., and Smith, Michal. "Consequences of a failed IR system: Contract workers in the Petrochemical industry," *Sloan Management Review*, 33 (Summer 1992):79-89.
- On how one innovative Brazilian company is approaching jobs and subcontracting differently:  
Semler, Ricardo. *Maverick: The Success Story Behind the World's Most Unusual Workplace*. New York: Warner Books, 1993.
- On how labor and management can play different kinds of roles in negotiating employment relationships, in different national policy contexts (in the future in the U.S., and looking comparatively at Germany):



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Kochan, Thomas, and Osterman, Paul. *The Mutual Gains Enterprise: Human Resource Strategies and National Policy*. Cambridge, MA: Harvard Business Review Press, 1994.

Osterman, Paul. *Employment Futures: Reorganization, Dislocation, and Public Policy*. New York: Oxford University Press, 1988.

Wever, Kirstin S. *Negotiating Competitiveness: Employment Relations and Organizational Innovation in Germany and the United States*. Boston: Harvard Business School Press, 1995.

## Managing a Changing Workforce in Turbulent Times

Mobility. Empowerment. Teams. Cross-training. Virtual offices. Telecommuting. Reengineering. Restructuring. Delaying. Outsourcing. Contingency. If the buzzwords don't sound familiar, they should: They are changing your life. The last decade, perhaps more than any other time since the advent of mass production, has witnessed a profound redefinition of the way we work. (*Business Week*, 1994, p. 76)

### OVERVIEW: THE CHANGING EMPLOYMENT RELATIONSHIP

The *employment relationship*—the set of arrangements and work practices that describe and govern the relationship between employee and employer—is changing. Two seemingly incongruous discourses accompany these changes. First, there is great enthusiasm for new kinds of flexibility that will allow people to balance work and personal time better. Employees show a growing interest in having flexibility in their hours and their place of work. The business press heralds a time when more people will be able to craft for themselves jobs that fit their interests and their lifestyles.

Second, at the same time, there are equally numerous discussions of the harsh realities of insecurity and anxiety that accompany flexibility in its various faces. Long-term relationships with companies appear to be declining, particularly as companies previously thought of as stable, long-term employers have resorted to layoffs. Temporary jobs are often associated with difficult conditions, low pay, and no benefits.

This Class Note assesses these trends and their implications in four sections:

- **The Old versus New Employment Relationship**—reviews the features of the previously predominant employment relationship and the emerging employment relationship.
- **Flexibility: What Kind, What is Changing, and for Whom?**—considers the different types of flexibility and their positive and negative implications for employers and employees.
- **Putting More Options on the Menu for the New Employment Relationship**—considers alternative approaches to the emerging need for flexibility.
- **Attending to Perceived Inconsistencies and Unintended Consequences**—discusses the implications for management during a time of turbulence and change, emphasizing the need to think about the coherence of employment practices and their perceived legitimacy to different constituencies.

### THE OLD VERSUS NEW EMPLOYMENT RELATIONSHIP

Before considering the new employment relationship in greater detail, it is important to understand some of the features of the old employment relationship that prevailed from the 1940s through the 1980s. Many employees worked in internal

labor markets, which were characterized by a constellation of features: long-term employment with an employer, internal advancement up a company job ladder, well-defined jobs linked in a progression that defined a career, and individual compensation based on merit, seniority, or some combination thereof. These features worked together as a system, because they collectively made sense and bolstered one another. They were consistent pieces of a firm's overall human resources strategy (Osterman, 1992).

The emerging new employment relationship involves changes, to greater and lesser degrees, in each of these features. Because the old set of features functioned as a system, it is difficult to change particular features in a piecemeal fashion. However, piecemeal change typically occurs in a time of transition. As some features change more rapidly and others more slowly, contradictions and inconsistencies may appear that make managing more difficult, as discussed in the final section.

### ***Employment: Long Term versus Short Term***

From the 1950s to 1970s, many employees and employers in the United States expected the employment relationship to be long-term. They enjoyed employment security, while the company gained the benefits of the firm-specific skills their employees acquired. Of course, there were always jobs in the periphery of the economy, jobs that were disproportionately held by women and racial minorities and that offered low wages and no security or advancement opportunities. Despite these counterexamples, the dominant model that infused the management press was that of the long-term employment relationship. "The images that best characterize the American corporation as an employer in the 1950s are ones of stability and uniformity, shared gains among multiple stakeholders, and world model" (Kochan, 1994).

The 1980s brought a change in this implicit contract between employees and employers. Large companies long known for lifelong careers and promises of employment security began to lay off employees. For example, IBM, once 406,000 employees strong, cut some 170,000 employees from 1986 to 1994.

There were a number of forces and rationales that drove these changes in the United States, including:

- International competition prompted companies to look for areas of "excess."
- The wage bill often appears to be an obvious first thing to slash.
- Competition over quality and faster cycle time prompted companies to find ways to "do more with fewer people."
- The power of unions declined, making it difficult for employees to exercise collective voice and bargain for employment security.
- Companies began to find it more economically appealing and socially legitimate to use subcontractors and temporary workers, whether by hiring cheaper labor through temporary agencies domestically or sourcing work abroad to areas where labor was cheaper.

The increase in anxiety over job security is happening around the globe. European workers facing recession and waves of immigration are coping with possible unemployment or hours reduction. New markets have opened in some countries, like Mexico and India, which produces both new jobs in new industries but also

precariousness and restructuring in traditionally protected industries. In Japan, long considered the paragon of lifetime employment, this institution is being reconsidered.

The old employment relationship was sometimes criticized as too paternalistic. Perhaps the new employment relationship corrects this tendency to an extreme. Employees have been empowered and are now expected to shoulder the responsibility for their own employment. The phrase “life time employment” (provided by the employer) has been replaced by the phrase “life time employability” (traits that are supposed to be polished continuously by the employee). One of the questions that remains is whether employers will provide training to help employees stay current, continue to learn new skills, and remain employable. New arrangements that form the overall system that bolsters the new employment relationship are still evolving.

### ***Advancement: Climbing the Ladder versus Moving in Circles***

Traditionally, employees spent a career advancing within a company, a classic feature of the bureaucracy. Many large companies were “tall,” with 10 to 30 levels in the bureaucracy. These levels were designed to correspond to the way a task must be broken down into a “means-ends chain” in order for complex work to get done. For example, people at Level 8 passed their information and results up to people at Level 9, who collected it and passed it with additional information up to people at Level 10. The people at Level 10 made decisions and passed commands back down the chain. This bureaucratic method of working was taken for granted.

The “flattening” of job ladders has removed the numerous levels of approval that are now seen as slowing down decision making in an era where faster turnaround is needed. At the same time, flattening of the hierarchy has resulted in fewer—or a very different type of—advancement opportunities for those employees who remain with an employer. Lateral advancement or advancement up the levels of a skill set relevant to one’s own job (often called pay-for-skills plans) are common substitutes. The expectation of a promotion every few years has changed radically. This promise of promotions may have been part of the psychological contract between employers and employees in the old employment relationship. Thus, flattening of the organization may be greeted with ambivalence. On the one hand, employees may enjoy greater decision-making authority. On the other hand, there are fewer opportunities for promotion, ironically just at a time when employees are shouldering more of the responsibilities that used to signal readiness for promotion.

### ***Job Titles: Fixed and Bounded versus Changing and Multi-Dimensional***

The prototypical organizational chart contained boxes with distinct job titles and showed the reporting links among jobs. The new division of labor in organizations may defy a two-dimensional chart. Tasks and relationships connect in different ways to form a complex web. A number of features of the new employment relationship are breaking the boundaries of the old job.

First, individual jobs are increasingly defined as multiskilled. Employees are encouraged to cross-train and learn a variety of tasks, in order that they can “job-rotate.” Job rotation provides flexibility, in that the same group of people, if they are multiskilled, can be employed in a number of different configurations to accomplish a number of different tasks. While some employees express enthusiasm at

the prospect of making their job more interesting by learning new tasks, others express ambivalence, fearing that job rotation can also be a path to layoffs, lost overtime, or greater stress (Scully and Preuss, 1994). Ideally, multiskilling makes a workforce more productive, and increased productivity allows the creation of jobs, perhaps jobs with reasonable hours as a result of working smarter. The scenario that many fear is that, instead, many people will be laid off and those who remain must work harder, faster, and longer at a more complex chain of tasks.

Second, the once distinct job is changing as more companies use teamwork. Individuals may be pulled onto multiple teams, bringing a variety of skills to each. Reporting relationships become blurry, because employees may at once be accountable to a team leader and to their home function. Rather than progressing up a ladder of linked jobs, employees may rotate laterally into different jobs and teams. Lateral promotions and multiskilling may be elements that go together in a new system of employment.

Third, the very notion of a job itself, as a discrete bundle of tasks, is being questioned:

The job is a social artifact, though it is so deeply embedded in our consciousness that most of us have forgotten its artificiality or the fact that most societies since the beginning of time have done just fine without jobs. The job is an idea that emerged early in the 19th century to package the work that needed doing in the growing factories and bureaucracies of the industrializing nations. Before people had jobs, they worked just as hard but on shifting clusters of tasks, in a variety of locations, on a schedule set by the sun and the weather and the needs of the day. The modern job was a startling new idea—and to many, an unpleasant and perhaps socially dangerous one. Critics claimed it was an unnatural and even inhuman way to work. They believed that most people wouldn't be able to live with its demands. It is ironic that what started as a controversial concept ended up becoming the ultimate orthodoxy—and that we're hooked on jobs. (Bridges, 1994, p. 64)

The changes posed today include reconceptualizing work as a set of tasks that can be clustered and bundled in many different ways, accomplished across many different combinations of people, in many different space and time locations. These changes perhaps seem just as radical and risky today as did the introduction of the job. Like most changes, they hold both promises and threats—work could become more interesting but livelihoods could become more precarious. Changes like these do not happen in a vacuum and must be supported by other related changes in employment and social systems. For example, unemployment insurance might be provided, not just for people who are not working at all, but for people who are working fewer hours while they are in between assignments or seeking their place within another web of tasks. Changes in compensation and the distribution of wealth may be the most difficult of the many pieces of the employment relationship to change, but nonetheless one of the most crucial for bringing about the transition from old to new.

### ***Compensation: Individualistic versus Team-Oriented***

The old employment system was shaped from the 1920s to the 1950s by the New Deal legislation, which created minimum employment standards, including minimum wages, and by the countervailing power of unions exercised in collective bargaining. These factors essentially “took wages out of competition.” Employers did not try to compete by cutting wages. Pay was administered inside the internal

labor market. Pay levels were matched to grades in the hierarchy and/or to levels of seniority.

In this system, a fair amount of attention was focused on getting promoted, which was an important part of the reward system. Individual performance evaluations were typically conducted annually for employees in stable internal labor markets. These were used to determine annual pay raises and to assess promotion candidates. The performance evaluation system was designed to provide rationality and legitimacy to the reward system. Numerous studies have been conducted to determine whether performance evaluation practices were, in fact, accurate and whether employees believed they were fair (summarized in National Research Council, 1991). The evidence, taken together, suggests that individualistic performance measures have had only mixed success. Moreover, they may generate employee skepticism about their fairness and legitimacy (Scully, 1993), a tendency to fix the wrong parts of the system (Deming, 1986), and an inclination to grub for rewards rather than love the work intrinsically (Kohn, 1993).

The merits of this type of reward system may be debated by researchers, managers, and employees, but participants had some idea of what the intention of the design was. This approach to rewards fit with the system of other characteristics described above: long-term employment, promotion ladders, and individual job titles. As these other features change, the reward system should change with them. However, the dismantling of the old system may leave a vacuum of legitimacy, as employees who based their careers and aspirations around the old system are left skeptical about whether to trust a new system.

Furthermore, alternative systems have proved very difficult to conceptualize and implement. Many managers now can see that individualistic rewards are not well-matched with the values emphasized by teamwork. But individualistic competition for advancement is a deeply rooted value in the United States. From a cultural perspective, it is easy to find language and symbols that celebrate individual status attainment: the Horatio Alger stories of "rags to riches," testimonials from influential executives that "I started on the shop floor," and the general belief that "you can get what you want if you work hard."

Some of the new pay systems that are getting attention in the 1990s are, in many ways, a continuation of an individualistic approach to rewards. Some approaches try to "bring wages back into competition," by tying individual pay more closely to the market and to the contribution to the bottom line. Examples of this approach include "pay for contribution" and employee stock option programs. In both cases, there is a desire to make a link between individual effort and corporate performance, but such a link is difficult to measure and demonstrate. Another new approach is pay for skills or pay for knowledge, in which employees receive pay increases for increasing their skills, for example, through a series of courses taken on or off the job. This approach fits with other features of the new employment relationship in that it de-emphasizes advancement up a job ladder and substitutes advancement within a broadly classified job with multiple layers of skills. However, it retains a focus on individual pay.

Other alternatives shift the locus of reward from the individual to the team. Companies are experimenting with several kinds of team-based reward systems. A nod to teamwork is made when individual evaluations include an indication of whether the person is a good team player and has contributed to teams. This system is still essentially individualistic. Peer evaluations are sometimes used within

teams, although these can do more to damage than heighten team spirit. Sometimes teams are encouraged to compete against each other for a team level reward. This practice may simply raise the competitive spirit from the individual to the team level, hampering cooperation and coordination across teams. The tough problem of how to divide a team reward among team members remains, with potential disputes over whether to divide the reward into equal shares or try to find an algorithm for dividing it proportionally to contribution. The problem of how to measure contribution reappears. Is it the time spent on the team project? The effort exerted? The quality of ideas contributed? The technical value of the skills? The process and facilitation skills that kept the team together?

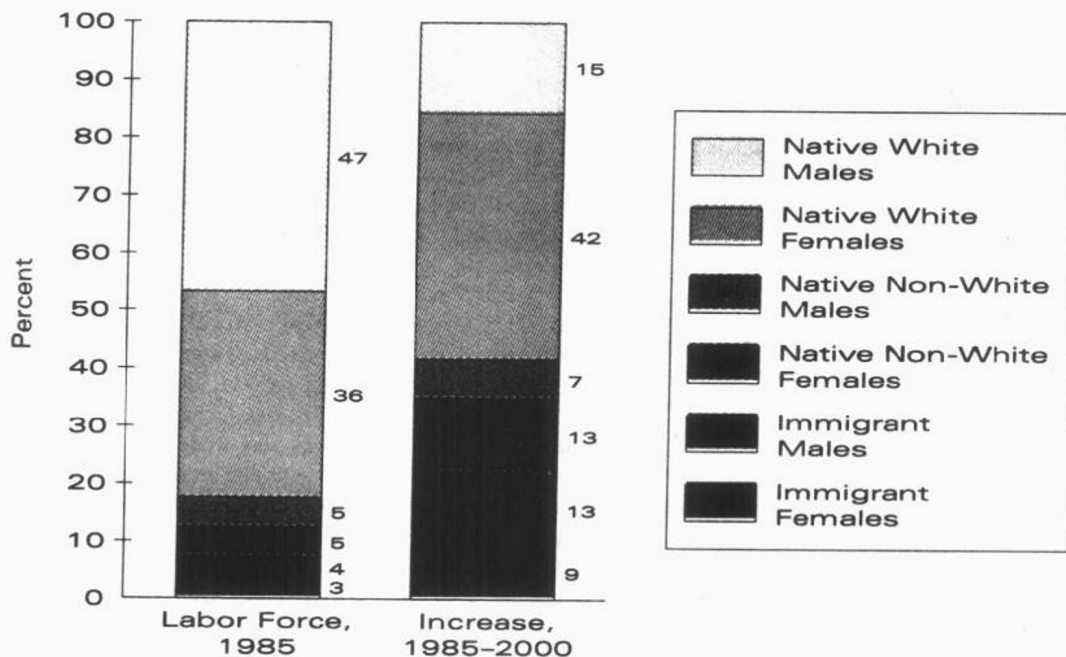
It is easy to critique the various team reward schemes that have been devised so far. The problem with many of them is that they are only a small increment removed from individualistic rewards and may keep an organization locked in the old bureaucratic mode of working (Donnellon and Scully, 1994). While it may be important to retain some elements of individualistic motivation and reward within a team context, it is also important to find types of rewards that fit better into the new employment relationship. The new reward system may have to take into account not just how rewards are divided within and between teams, but also how work and livelihood are coupled, how the surplus generated by increased productivity should be shared by the many potential contributors to it, and how the gap between the most and least well-off is affected. This level of thinking about compensation requires a deeper understanding of what we mean by flexibility and an ability to consider more approaches on the menu of choices, issues taken up in the following sections.

### **FLEXIBILITY: WHAT KIND, WHAT IS CHANGING, AND FOR WHOM?**

The demand for flexibility in work arrangements is often traced to the entrance of women into the paid workforce in increasing numbers (the contribution of women's unpaid work at home to national productivity is a separate issue). In 1950, 32 percent of women were in the labor force compared with 58 percent in 1993 (Kochan, 1994). Table 7.1 (see next page) shows some data from the *Workforce 2000* report commissioned by the United States Department of Labor. The data show who the new entrants to the workforce will be by the year 2000 (note that this is not the overall composition of the workforce but the new entrants—this number is sometimes misinterpreted). The new entrants will not look like the once prototypical white male employee but will be a more diverse group. These data have received a lot of attention by corporations, particularly those that are creating diversity programs so that they will be able to hire and retain employees from a more diverse group and not face a crisis or shortage of labor.

Much attention has been given to the increasing numbers of women entering the workforce. At the same time, it is important to remember that women have been in the workforce for a long time (32 percent in 1950, as cited above) and have long faced issues of balancing work and family. Women of color in particular have had a long history of workforce participation, in disproportionately greater numbers than white women. There is much to be learned from their experiences of balancing work and family before there was a broader societal dialogue and some corporate support for the issue.

**TABLE 7.1 WORK AND WORKERS IN THE YEAR 2000: MOST NEW ENTRANTS WILL BE NON-WHITE, FEMALE, OR IMMIGRANTS**



Source: Hudson Institute, *Workforce 2000: Work and Workers for the 21st Century*, Indianapolis, 1987, p. 95. Commissioned by the U.S. Department of Labor. (Percentages rounded to whole numbers.) Copyright © 1987 Hudson Institute, Inc. Reprinted by permission.

It is interesting, though not surprising, that it is the rise of white, middle class women into higher positions in organizations that has prompted new dialogues about ways to balance work and family. These women may have had somewhat more capacity to bargain for new conditions of work, even though it is risky to raise the issue or deviate from career norms. The dialogue has gradually expanded from being primarily a women's issue to include fathers' taking leave, parental leave time more generally, and leave time for adopting children.

And the dialogue continues to expand to include all employees more generally, whether parents or not, who want to be able to pursue meaningful leisure time activities and not be tied to their work lives for long hours. For example, community involvement, hobbies, volunteer work, and political work are all at the heart of a well-functioning democratic community, but require time.

Though this need for flexibility is increasingly well articulated, the capacity of employees to lobby for changes is low, because so many people are worried about simply keeping the jobs they have, under whatever conditions. This section examines the different types of flexibility that are gaining attention and considers what types of changes in what aspects of work are actually involved. This section also considers the positive and negative sides of flexibility in terms of quality of work life and asks about the differential benefits of flexibility for more and less powerful stakeholders.



***The Positive Side of Flexibility: Choices, Balancing, Interesting Work***

It is important to understand what features of employment are being made flexible in each of the various trends that appears under the umbrella of flexibility. Analyzing the different types of flexible arrangements in this way is helpful for understanding just what and how much is changing. Some kinds of flexibility will pose greater challenges to workplaces and managers than to others. Very often the types of flexibility are considered as one batch, as the quote at the beginning of this reading suggests. The types of flexibility that are included here as the positive side of flexibility for employees are sorted into several types: flexible space, flexible time and allocation of tasks, and flexible career paths.

**Flexible Space.** Telecommuting allows employees to work at home, at distant sites, or on the road. Usually these employees are linked electronically to the main site by computer modem and fax machine and are often expected to be available at certain regular hours or to report to work in person at specified times. They may do the same job as before, and even work longer hours, but in a different place. Systems for ensuring their accountability are evolving and vary from those based on strict monitoring to those based on high trust.

One corporate approach to reducing costs is to weaken employees' link to one physical space and establish a "virtual office." The number of square feet maintained per employee is an increasingly important indicator and may be decreasing. A virtual office is like a hotel, where employees check in at fixed times when a certain cubicle is theirs and a "concierge" helps put the right files into cubicles for that day's occupant. Flexible space will have to fit with other elements of the new employment system; for example, employees will need to work effectively as teams over electronic links and learn when face-to-face contact needs to be scheduled.

**Flexible Time and Allocation of Tasks.** In its simplest form, flexibility in the hours of work came in the form of flextime, in which employees had some choice in their start and end times. The basic nature of the job was unchanged. Part-time work and job sharing involve different partitioning of work. Part-time work may involve a schedule that is reduced on a weekly basis (e.g., five half days or three full days) or an annual basis (seasonal employment). Job sharing involves two employees sharing the responsibilities that were typically associated with one job description, devising ways to communicate across their roles.

As the preceding section suggests, the very notion of what set of tasks constitutes the job is being reconsidered. Discussions of flexible time and tasks have evolved from flextime to much more fundamental questions about work. Thinking about the flexibility of time and tasks now involves more than thinking about how to carve up traditional 40-hour jobs into different start and end times or into two 20-hour jobs. The promise of technology used to be that it would reduce the working week to about 30 hours and generate more time for leisure pursuits. Instead, the number of hours of work is increasing, not just for individuals, but also for family units that have more than one person employed for pay. As long as jobs are conceptualized as 40 or more hours per week, there may continue to be an imbalance between people who are overworked and stressed, on the one hand, and people who are underemployed and unable to generate a sufficient salary from 30 hours or fewer of work, on the other hand. Again, from a holistic perspective, reducing the number of hours of work will require thinking concomitantly about a