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ORGANIZATIONS, WORK, AND APPLIED PSYCHOLOGY

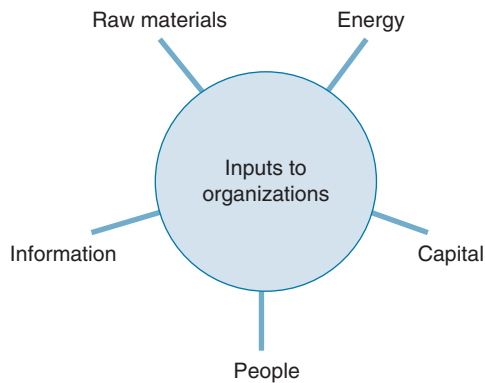
LEARNING GOALS

By the end of this chapter, you will be able to do the following:

- 1.1 Describe what an organization is and how applied psychology can help organizations make the wisest use of the people who staff them
- 1.2 Define the terms *applied psychology*, *talent management*, *human resource management*, and *personnel psychology* and understand how they differ
- 1.3 Explain how demographic changes and diversity will affect recruitment and staffing
- 1.4 Understand the managerial implications of generational diversity
- 1.5 Illustrate how technology and globalization are changing work and organizations
- 1.6 Describe the difference between job security and employment security, as well as the implications of each one for individuals and organizations
- 1.7 Explain the changing roles of managers and workers as the structure and design of organizations continue to evolve
- 1.8 Describe how the digital revolution will affect the workplace of the future, and identify emerging research needs in that area

THE PERVASIVENESS OF ORGANIZATIONS

Throughout our lives, each of us is deeply touched by organizations of one form or another. In the normal course of events, a child will be exposed to a school organization, a church or a religious organization, and perhaps a Little League or a Boy or Girl Scouts organization, as well as the social organization of the local community. After leaving the school organization, the young person may choose to join a military, business, or government organization, and as his or her career unfolds, the person probably will move across several different organizations.

FIGURE 1.1 ■ Inputs to Organizations

The point is simply that our everyday lives are inseparably intertwined with organizational memberships of one form or another.

What common characteristics unite these various activities under the collective label *organization*? The question is not an easy one to answer. Many different definitions of the term have been suggested, and each definition reflects the background and theoretical point of view of its author with respect to what is relevant or important. Yet certain fundamental elements recur in these definitions.

In general, an *organization* is a collection of people working together in a division of labor to achieve a common purpose (Hitt, Miller, & Collela, 2014). Another useful concept views an organization as a system of inputs, throughputs, and outputs. Inputs (raw materials) are imported from the outside environment, transformed or modified (e.g., every day tons of steel are molded into automobile bodies), and finally exported or sold back into the environment as outputs (finished products). Although

there are many inputs to organizations (energy, raw materials, information, etc.), people are the basic ingredients of *all* organizations, and social relationships are the cohesive bonds that tie them together (see Figure 1.1).

This book is about people as members and resources of organizations and about what applied psychology can contribute toward helping organizations make the wisest, most humane use of human resources. At the outset, let's be clear about the definition of some important terms. *Applied psychology*, as used in this book, is a branch of psychology that seeks to apply psychological principles to practical problems in organizations. *Talent management* is the process through which organizations anticipate and meet their needs for talent in strategic jobs (Cappelli & Keller, 2017). Talent management is part of the broader field of *human resource management (HRM)*—an overall approach to management that comprises staffing, retention, development, adjustment, and managing change (Cascio, 2018). *Personnel psychology*, a subfield of industrial and organizational (I/O) psychology, is concerned with individual differences in behavior and job performance and with methods for measuring and predicting such differences. We consider some of the sources of these differences in the sections that follow.

Differences in Jobs

In examining the world of work, one is immediately awed by the vast array of goods and services that have been and are being produced as a result of organized effort. This great variety ranges from the manufacture of tangible products—such as food, automobiles, plastics, paper, textiles, and glassware—to the provision of less tangible services—such as legal counsel, health care, police and fire protection, and education. Thousands of jobs are part of our work-a-day world, and the variety of tasks and human requirements necessary to carry out this work is staggering. Faced with such variability in jobs and their requirements on the one hand, and with people and their individual patterns of values, aspirations, interests, and abilities on the other, programs for the efficient use of human resources are essential.

Differences in Performance

People represent substantial investments by firms—as is immediately evident when one stops to consider the costs of recruiting, selecting, placing, and training as many people as there are organizational roles to fill. But psychology's first law is that people are different. People differ in size, weight, and other physical dimensions, as well as in aptitudes, abilities, personality, interests, and myriad other psychological dimensions. People also differ greatly in the extent to which they are willing and able to commit their energies and resources to the attainment of organizational objectives.

If we observe a group of individuals doing the same kind of work, it will soon be evident that some are more effective workers than others. For example, if we observe a group of carpenters building cabinets, we will notice that some work faster than others, make fewer mistakes than others, and seem to enjoy their work more than others. These observations pose a question of psychological interest: Why? That is, what “people differences” cause these “work differences”? Perhaps these variations in effectiveness are due to differences in abilities. Some of the carpenters may be stronger, have keener eyesight, and have more finely developed motor coordination than others. Perhaps another reason for the observed differences in behavior is motivation. At any given point in time, the strength of forces impelling an individual to put forth effort on a given task, or to reach a certain goal, may vary dramatically. In other words, differences in individual performance on any task, or on any job, could be due to differences in ability, or to differences in motivation, or to both. This has clear implications for the optimal use of individual talents in our society.

A Utopian Ideal

In an idealized existence, our goal would be to assess each individual’s aptitudes, abilities, personality, and interests; to profile these characteristics; and then to place all individuals in jobs perfectly suited to them and to society. Each individual would make the best and wisest possible use of his or her talents, while in the aggregate, society would be making maximal use of its most precious resource.

Alas, this ideal falls far short in practice. The many, and often gross, mismatches between individual capabilities and organizational roles are glaringly obvious even to the most casual observer—history Ph.D.s driving taxicabs for lack of professional work, and young people full of enthusiasm, drive, and intelligence placed in monotonous, routine, dead-end jobs.

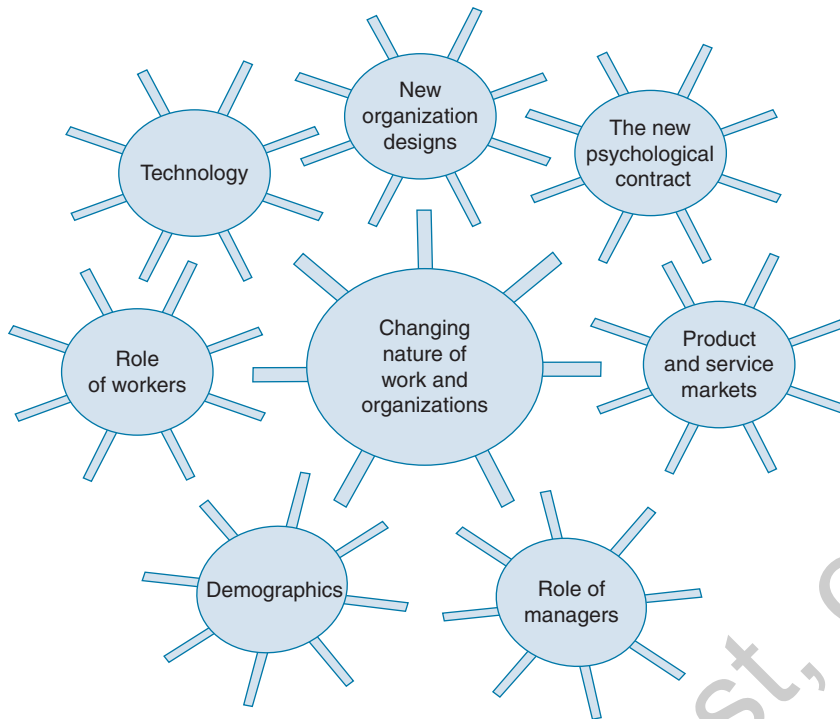
Point of View

In any presentation of issues, it is useful to make explicit underlying assumptions. The following assumptions have influenced the presentation of this book:

1. In a free society, every individual, regardless of race, age, gender, disability, religion, national origin, or other characteristics, has a fundamental and inalienable right to compete for any job for which he or she is qualified.
2. Society can and should do a better job of making the wisest and most humane use of its human resources.
3. Individuals working in the field of human resources and managers responsible for making employment decisions must be as technically competent and well informed as possible, since their decisions will materially affect the course of individual livelihoods and lives. Personnel psychology holds considerable potential for improving the caliber of HRM in organizations. Several recent developments have combined to stimulate this growing awareness. After first describing what personnel psychology is, we will consider the nature of some of these developments.

PERSONNEL PSYCHOLOGY AND TALENT MANAGEMENT IN PERSPECTIVE

People have always been subjects of inquiry by psychologists, and the behavior of people at work has been the particular subject matter of industrial and organizational (I/O) psychology. Yet sciences and subdisciplines within sciences are distinguished not so much by the subject

FIGURE 1.2 ■ The Changing Nature of Work and Organizations

psychology and the broader field of HRM. Both exclude, for example, such topics as labor and compensation law, organization theory, industrial medicine, collective bargaining, and employee benefits. Psychologists have already made substantial contributions to the field of HRM; in fact, most of the empirical knowledge available in such areas as motivation, leadership, and staffing is due to their work. Over the past decade, dramatic changes in markets, technology, demographics, organizational designs, the “psychological contract,” and the respective roles of managers and workers have inspired great emphasis on and interest in personnel psychology and talent management (Cascio, 2010; Cascio & Boudreau, 2016). The following sections consider each of these topics in more detail. Figure 1.2 illustrates them graphically.

Globalization of Product and Service Markets

Globalization—the ability of any individual or company to compete, connect, exchange, or collaborate globally—is exploding. The ability to digitize so many things, to send them anywhere and to pull them in from everywhere via our mobile phones and the Internet, has unleashed a torrent of global flows of information and knowledge. Global flows of commerce, finance, credit, social networks, and more are interlacing markets, media, central banks, companies, schools, communities, and individuals more tightly together than ever before (Cascio, 2018). That same connectivity is also making individuals and institutions more interdependent. As author Tom Friedman notes, “Everyone everywhere is now more vulnerable to the actions of anyone anywhere” (Friedman, 2016, p. 27). Product and service markets have truly become globalized.

Global labor markets are another feature of globalization, created by cheap labor and plentiful resources, combined with ease of travel and communication. This is fueling mobility as

matter they study as by the questions they ask. Thus, both the social psychologist and the engineering psychologist are concerned with studying people. The engineering psychologist is concerned with the human aspects of the design of tools, machines, work spaces, information systems, and aspects of the work environment. The social psychologist studies power and influence, attitude change, communication in groups, and individual and group social behavior.

As noted earlier, personnel psychology is a subfield within I/O psychology. Some of the major areas of interest to personnel psychologists include job analysis and job evaluation; recruitment, screening, and selection; training and development; and performance management.

Personnel psychology and talent management overlap both

more companies expand abroad and people consider foreign postings as a natural part of their professional development. Beyond the positive effects that such circulation of talent brings to both developed and developing countries, it enables employment opportunities well beyond the borders of one's home country (Dulebohn & Hoch, 2017). This means that competition for talent will come not only from the company down the street but also from the employer on the other side of the world (Economist Intelligence Unit, 2014).

Consider three other emerging trends spawned by globalization (Cascio, 2018). The first is increasing workforce flux as more roles are automated or outsourced and more workers are contract based, are mobile, or work flexible hours. This may allow companies to leverage global resources more efficiently, but it also will increase the complexity of management's role. Second, expect more diversity as workers come from a greater range of backgrounds. Those with local knowledge of an emerging market, a global outlook, and an intuitive sense of the corporate culture will be particularly valued. Not surprisingly, talented young people will more frequently choose their employers based, at least in part, on opportunities to gain international experience. Finally, technical skills, although mandatory, will be less defining of the successful manager than the ability to work across cultures and to build relationships with many different constituents (Lublin, 2011; McGovern, 2017).

Why then, is there sometimes a backlash against globalization? It stems largely from a fear on the part of many people that globalization benefits big companies instead of average citizens, as stagnating wages and growing job insecurity in developed countries create rising disenchantment. In theory, less-developed countries win from globalization because they get jobs making low-cost products for rich countries. Rich countries win because, in addition to being able to buy inexpensive imports, they also can sell more sophisticated products, like financial services, to emerging economies. The problem, according to many experts, is that workers in the West are not equipped for today's pace of change, in which jobs come and go and skills can quickly become redundant (Brynjolfsson & McAfee, 2014; Friedman, 2016).

Despite these concerns, economic interdependence among the world's countries will continue. Global corporations will continue to be created through mergers and acquisitions of unparalleled scope. These mega-corporations will achieve immense economies of scale and compete for goods, capital, and labor on a global basis. As a result, prices will drop, and consumers will have more options than ever (Bhagwati, 2007; Ghemawat, 2017).

It takes more than trade agreements, technology, capital investment, and infrastructure, however, to deliver world-class products and services. It also takes the skills, ingenuity, and creativity of a competent, well-trained workforce. Workers with the most advanced skills create higher value products and services and reap the biggest rewards. Attracting, developing, and retaining talent in a culture that supports and nurtures ongoing learning is a continuing challenge for all organizations. Human resource professionals are at the epicenter of that effort.

Impact on Jobs and the Psychological Contract

The job churning that characterized the labor market in the 1990s and early twenty-first century has not let up. If anything, its pace accelerated during and after the Great Recession (Farber, 2011; Schwartz, 2009). Both white- and blue-collar jobs aren't being lost *temporarily* because of a recession; rather, they are being wiped out *permanently* as a result of new technology, improved machinery, and new ways of organizing work (Friedman, 2016; Hamlin & Roberts, 2017). These changes have had, and will continue to have, dramatic effects on organizations and their people.

Corporate downsizing has become entrenched in American culture since the 1980s, but it was not always so. It was not until the final 20 years of the 20th century that such downsizing and the loss of the perceived "psychological contract" of lifelong employment with a

single employer in the public and private sectors of the economy came to characterize many corporate cultures and the American workforce (Cascio, 1993b, 2002a, 2002b). The *psychological contract* refers to an unwritten agreement in which the employee and employer develop expectations about their mutual relationship (Payne, Culbertson, & Boswell, 2008; Rousseau, 1995). For example, absent just cause, the employee expects not to be terminated involuntarily, and the employer expects the employee to perform to the best of his or her ability.

Stability and predictability characterized the old psychological contract. In the 1970s, for example, workers held an average of three to four jobs during their working lives. Change and uncertainty, however, are hallmarks of the new psychological contract. Soon workers will hold 7–10 jobs during their working lives. Job-hopping no longer carries the stigma it once did. Indeed, the massive downsizing of employees has made job mobility the norm rather than the exception. This has led workers operating under the new psychological contract to expect more temporary employment relationships. Paternalism on the part of companies has given way to self-reliance on the part of employees, and also to a decrease in satisfaction, commitment, intentions to stay, and perceptions of an organization's trustworthiness, honesty, and concern for its employees (Lester, Kickul, Bergmann, & De Meuse, 2003; Llopis, 2013). Indeed, our views of hard work, loyalty, and managing as a career will probably never be the same.

Effects of Technology on Organizations and People

We live in a global world where technology, especially information and communication technology, is changing the manner in which businesses create and capture value, how and where we work, and how we interact and communicate. Consider five technologies that are transforming the very foundations of global business and the organizations that drive it: cloud and mobile computing, big data and machine learning, sensors and intelligent manufacturing, advanced robotics and drones, and clean-energy technologies. These technologies are not just helping people to do things better and faster but also enabling profound changes in the ways that work is done in organizations (Cascio & Montealegre, 2016).

The new wave of technological innovation features the emerging general paradigm known as “ubiquitous computing,” or an environment where computational technology permeates almost everything, enabling new ways of connecting people, computers, and objects. The ubiquitous computing infrastructure also enables the collection of enormous amounts of structured and unstructured data, requiring the adjective *big* to distinguish this new paradigm of development. Ubiquitous computing also blurs the boundaries between industries, nations, companies, providers, partners, competitors, employees, freelancers, outsourcers, volunteers, and customers. These blurred boundaries yield opportunities to unify the physical space and the electronic space, which has implications for privacy and security, as well as how companies are organized and manage talent (Montealegre & Cascio, 2017).

As with other new developments, there are negatives as well as positives associated with new technology, and they need to be acknowledged. Workers may be bombarded with mass junk e-mail (spam), company computer networks may be attacked by hackers who can wreak havoc on an organization's ability to function, and employees' privacy may be compromised. A comprehensive review of literature in this area revealed three lessons about the effects of ubiquitous computing. One, *the effects of ubiquitous computing on jobs is a process of creative destruction*. Ubiquitous computing is not the first technology to affect jobs. From steam engines to robotic welders to ATMs, technology has long displaced humans, often creating new and higher skilled jobs in its wake. Two, *ubiquitous computing can be used to enable or to constrain people at work*. As an example, consider electronic monitoring systems. Evidence indicates that attitudes in general, and attitudes toward monitoring in particular, will be more positive when organizations monitor their employees within supportive organizational cultures (Alge & Hansen, 2014).

Supportive cultures welcome employee input into the monitoring system's design, focus on groups of employees rather than singling out individuals, and focus on performance-relevant activities. Three, *ubiquitous computing is changing the nature of competition, work, and employment in ways that are profound and that need to be managed actively.*

A caveat is in order here, however. It relates to the common assumption that since production and service processes have become more sophisticated, high tech can substitute for skill in managing a workforce. Beware of such a “logic trap.” When it comes to engaging and inspiring people to move in the same direction, empathizing with customers, and developing talent, humans will continue to enjoy a strong comparative advantage over machines. No computer will ever manage by walking around, but inspirational leadership will always be in demand (Cascio & Montealegre, 2016). At a broader level, to succeed and prosper in a world where nothing is constant except the increasingly rapid pace of change, companies need motivated, technically literate workers who are willing to retrain continually. However, organizations of the future will look very different from organizations of the past, as the next section illustrates.

Changes in the Structure and Design of Organizations

Many factors are driving change, but none is more important than the rise of Internet technologies. Like the steam engine or the assembly line, the Web has already become an advance with revolutionary consequences, most of which we have only begun to feel. The Web gives everyone in the organization, from the lowliest clerk to the chairperson of the board, the ability to access a mind-boggling array of information—instantaneously from anywhere. Instead of seeping out over months or years, ideas can be zapped around the globe in the blink of an eye. Organizations are adapting to management via the Web: premised on constant change, not stability; organized around networks, not rigid hierarchies; built on shifting partnerships and alliances, not self-sufficiency; and constructed on technological advantages, not bricks and mortar (Cascio, 2018; Friedman, 2016). Twenty-first-century organizations are global in orientation, and all about speed. They are characterized by terms such as *virtual*, *boundaryless*, and *flexible*, with no guarantees to workers or managers.

This approach to organizing is no short-term fad. The fact is that organizations are becoming leaner and leaner, with better and better trained “multi-specialists”—those who have in-depth knowledge about a number of different aspects of the business. Eschewing narrow specialists or broad generalists, organizations of the future will come to rely on cross-trained multi-specialists in order to get things done. One such group whose role is changing dramatically is that of managers.

Changing Roles of Managers and Workers

In the traditional hierarchy that once made up most bureaucratic organizations, rules were simple. Managers ruled by *command* from the top (essentially one-way communication), used rigid *controls* to ensure that fragmented tasks (grouped into clearly defined jobs) could be coordinated effectively, and partitioned information into neat *compartments*—departments, units, and functions. Information was (and is) power, and, at least in some cases, managers clung to power by hoarding information. This approach to organizing—that is, 3-C logic—was geared to achieve three objectives: stability, predictability, and efficiency.

In today's unpredictable, hypercompetitive work environment, the autocratic, top-down command-and-control approach is out of step with the competitive realities that many organizations face. To survive, organizations have to be able to respond quickly to shifting market conditions. In this kind of an environment, a key task for all managers, especially top managers, is to articulate a vision of what their organizations stand for, what they are trying to

accomplish, and how they compete for business in the marketplace. Managers need to be able to explain and communicate how their organizations create value. The next step is to translate that value-creation story into everything that is done, including the implications for employee knowledge and behavior, and to use it as a benchmark to assess progress over time.

Leadership in the digital age is not about control, but comfort with uncertainty. Companies need agility, that is, collaborative innovation to solve unstructured problems. In an attempt to derive a culture that employees wanted to see, GE crowdsourced input from employees and managers. The result was a renewed emphasis on acceleration, agility, and customer focus. IBM embraced a similar approach, known as *agile management*: a set of values and principles that emphasizes iterative, collaborative interactions among members of small teams working in a series of short cycles under conditions of full transparency. From the start, teams incorporate feedback and customer perspectives to deliver solutions that result from experimenting and learning from failure (Knowledge@Wharton, 2017).

The kinds of teams we are describing—intact, identifiable social systems (even if small or temporary) whose members have the authority to manage their own task and interpersonal processes as they carry out their work—go by a variety of names—autonomous work groups, process teams, self-managing work teams, and so on. The kinds of skills needed to succeed in this environment simply weren't needed in organizations designed and structured under 3-C logic. Indeed, lack of management support, organizational resistance to change, and company cultures at odds with the values of agile management limit its innovative potential.

Does this imply that we are moving toward a universal model of organizational and leadership effectiveness? Hardly. Contingency theories of leadership such as path-goal theory (House & Mitchell, 1974), normative decision theory (Vroom & Yetton, 1973), and LPC contingency theory (Fiedler, 1967) suggest that an autocratic style is appropriate in some situations. More often, however, today's networked, interdependent, culturally diverse organizations require transformational leadership (Bass & Riggio, 2006; Lord, Day, Zaccaro, Avolio, & Eagly, 2017). Leaders who transform followers to bring out their creativity, imagination, and best efforts require well-developed interpersonal skills, founded on an understanding of human behavior in organizations. Such strategic leadership is particularly effective under unstable or uncertain conditions (Colbert, Kristof-Brown, Bradley, & Barrick, 2008; Waldman, Ramirez, House, & Puranam, 2001). I/O psychologists and HR professionals are well positioned to help managers develop those kinds of skills.

An alternative approach is to engage talent as needed, thereby lowering overhead costs and improving response time. This is a talent-on-demand model and it is a central feature of the "gig" economy (Boudreau, Jesuthasan, & Creelman, 2015; Cascio & Boudreau, 2017; McGovern, 2017). More and more workers are operating outside the traditional confines of regular, full-time employment. They may be "free agents" or "e-lancers" (i.e., freelancers in the digital world) who work for themselves, or they may be employees of an organization a firm is allied with, employees of an outsourcing or temporary-help firm, or even volunteers. Two factors combine to make nonstandard work more feasible for organizations and workers. The first is technology. Internet-based communication tools, including collaborative workspaces and the opportunity for remote monitoring by companies, makes nonstandard work attractive to individuals as well as organizations (Cascio & Montealegre, 2016). Second, creativity and problem-solving skills play critically important roles in production and value creation in today's knowledge-based economy, and those can originate either inside or outside organizational boundaries. For certain specialized skills, the best way to obtain and keep them current is through a freelance or nonstandard work ecosystem (Boudreau et al., 2015; Meyer, Somaya, & Williamson, 2012).

In this kind of an environment, the managerial roles of "controllers," "planners," and "inspectors" are being replaced by "coaches," "facilitators," and "mentors" (Lund, Ramaswamy, &

Manyika, 2012; Srivastava, Bartol, & Locke, 2006). This doesn't just happen—it requires well-developed interpersonal skills, continuous learning, and an organizational culture that supports and encourages both. Demographic diversity will characterize almost all organizations, as our next section illustrates.

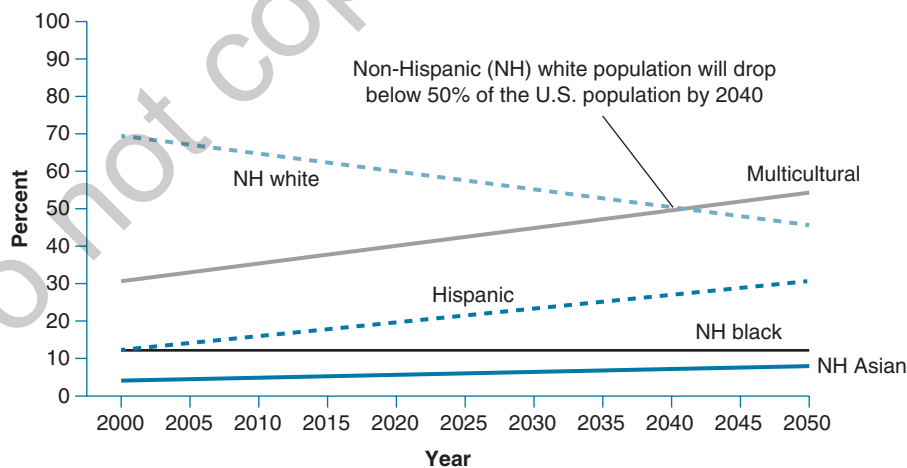
Changing Demographics

Demographically, today's organizations are more diverse than ever before. They comprise more women at all levels; more multiethnic, multicultural workers; older workers; younger workers; more workers with disabilities; robots; and contingent workers. Consider some of the contours of these changes.

Around the globe, the number as well as the mix of people available to work are changing rapidly. The U.S. labor force is aging, as the proportion of the labor force composed of people aged 55 and older rises from 19% in 2010 to 24% in 2050. As Figure 1.3 shows, by 2040 the non-Hispanic white population is projected to drop below 50%, with Hispanics making up more than a quarter of the population, and Asians, African Americans, and other ethnic groups constituting the rest. Immigration is projected to account for 88% of U.S. population growth over the next 50 years, such that by 2055 there will be no majority racial or ethnic group. Globally, the United Nations estimates that by 2060, for every 100 people of working age, there will be 30 people who are 65 and older. That is more than double the ratio of old to young people today. Because of low birth rates, the age wave is more acute in developed countries, increasing the cost of social programs and limiting economic growth. Younger migrants may ease that pain, however (“The first world is aging,” 2015; Jordan, 2015).

In developed economies, many employers are unable to find people with the skill sets they need. By 2020, that talent gap could reach 1.5 million people in the United States and as many as 23 million in China (Lund et al., 2012; Qi, 2017). These trends have two key implications: (1) The reduced supply of workers (at least in some fields) will make finding and keeping employees a top priority, and (2) the task of managing a diverse workforce, of harnessing the motivation and efforts of a wide variety of workers, will present a continuing challenge.

FIGURE 1.3 ■ U.S. Population by Race, 2000 to 2050



Source: National Association of Corporate Directors. (2014, January 16). *The US demographic tsunami: What directors need to know*, p. 6.

Earlier we noted that more women than ever are found at all levels of organizations. Women constitute 47% of the U.S. workforce, and they hold 52% of all managerial and professional positions. So much for the myth that women don't hold high-level business jobs because they supposedly don't aim high enough (Catalyst, 2016; U.S. Bureau of Labor Statistics, 2015). Age diversity is even more pronounced. At present, five generations comprise the U.S. workforce: The *silent generation* (born 1930–1945); the *baby boom generation* (born 1946–1964); *Generation X* (born 1965–1980); *Generation Y*, also known as *millennials* (born 1981–1995); and *Generation Z* (born 1996–2010).

Evidence from time-lag and cross-sectional studies suggests that, despite a number of similarities, the generations in today's workplace differ in aspects of their personalities, work values and attitudes, leadership and teamwork preferences, leader behaviors, and career experiences (Lyons & Kuron, 2014; Twenge, 2010). Meta-analytic results, however, indicate that the relationships between generational membership and work-related outcomes (job satisfaction, organizational commitment, and intent to quit) are moderate to small, essentially zero in many cases. Differences that appear to exist are likely attributable to factors other than generational membership (Costanza, Badger, Fraser, Severt, & Gade, 2012). An overarching theme across studies, however, is that individualism characterizes all generations (Twenge, 2012). An open question is the extent to which observed differences will remain stable or shift over time as the generations move through their respective life courses and career stages.

Age-based stereotypes are common (Posthuma & Campion, 2009), particularly among older workers, but this is just as true for middle-aged and younger workers (Finkelstein, Ryan, & King, 2013). As those authors noted, supervisors can serve as powerful ambassadors of positive age-diverse interactions, both by embodying and facilitating positive views of outgroup members and by promoting open communication and treating people as individuals. To support an aging workforce, Truxillo, Cadiz, and Hammer (2015) outlined 11 possible interventions, from work redesign to optimizing total worker health.

What are the implications for leaders? First, individual differences are always bigger than generational differences (Schumpeter, 2015). Generational differences are manifestations of broader trends in society and work that continue to evolve as the generations move through their respective life courses. Leaders cannot simply assume that past management practices will work in the modern context and that today's practices will work in the future (Lyons & Kuron, 2014). They should focus on finding qualified employees who best fit the organization's values and HR practices rather than attempting to craft strategies to attract the average member of a generation. For example, an organization that emphasizes high commitment might emphasize work–life fit and flexible schedules, while looking for workers who are enthusiastic and hard-working, and who have the requisite skills and experience the organization needs.

It should be clear by now that we are in the midst of a revolution—a revolution at work. Twenty-first-century organizations, both large and small, differ dramatically in structure, design, and demographics from those of even a decade ago. Paternalism is out; self-reliance is in. There is constant pressure to do more with less and a steady emphasis on empowerment, cross-training, personal flexibility, self-managed work teams, and continuous learning. Workers today have to be able to adapt to changing circumstances and to be prepared for multiple careers. *Job security* (the belief that one will retain employment with the same organization until retirement) has become less important to workers than *employment security* (having the kinds of skills that employers in the labor market are willing to pay for). In our next section we consider some organizational responses to these new realities.

Implications for Organizations and Their People

In a world where virtually every factor that affects the production of goods or the delivery of services—capital, equipment, technology, and information—is available to every player in the

global economy, the one factor that doesn't routinely move across national borders is a nation's workforce. Today the quality of a nation's workforce is a crucial determinant of its ability to compete and win in world markets.

Human resources can be sources of sustained competitive advantage as long as they meet three basic requirements: (1) They add positive economic benefits to the process of producing goods or delivering services; (2) the skills of the workforce are distinguishable from those of competitors (e.g., through education and workplace learning); and (3) such skills are not easily duplicated (Barney, 1991). A human resource system (the set of interrelated processes designed to attract, develop, and maintain human resources) can either enhance or destroy this potential competitive advantage (Lado & Wilson, 1994).

Perhaps a quote attributed to Albert Einstein, the famous physicist, best captures the position of this book. After the first atomic reaction in 1942, Einstein remarked: "Everything has changed, except our way of thinking" (*Workplace of the Future*, 1993, p. 2). As I/O psychology in general, and talent management in particular, move deeper into the 21st century, our greatest challenge will be to change the way we think about organizations and their people. As just one example, consider how the digital revolution will affect the workplace of the future, and some emerging research needs in that area (Colbert, Yee, & George, 2016).

There is no doubt that the increasing prevalence of technology influences the way people approach work. We are in near-constant communication with one another, and our lives are chronicled for friends and followers in real time on social media. At the same time, people vary in their proficiency and comfort in achieving desired outcomes at work using technology, often referred to as "digital fluency" (Briggs & Makice, 2012). Clearly, research is needed to fully understand how digital fluency may influence job performance and career progression across a range of professions, as well as how it affects conflict and collaboration in diverse groups (Colbert et al., 2016).

Digitally fluent or not, the effects of technology at work may be both positive and negative. On the positive side, technology has facilitated leaps in productivity, collaboration, and connectivity with others that were unimaginable a few decades ago. At the same time, however, the ubiquitous presence of technology in our lives may limit opportunities to develop deep levels of self-awareness and to behave authentically, especially among those who spend lots of time in online worlds and working with avatars. Managers and organizations need to consider how to address the possibility of reduced self-awareness and authenticity among members of the digital workforce while also remaining aware of the ways that technology might be used to promote healthy identity development (Colbert et al., 2016). To be sure, the prevalence of technology in our daily lives may affect the quality of our interactions with others and may lead to a decline in our level of empathy (a cognitive understanding of another's perspective and an affective response to another's experiences). Meta-analysis revealed that dispositional empathy levels decreased between 1979 and 2009 among college students in the United States (Konrath, O'Brien, & Hsing, 2011). A possible reason for this finding is that the kinds of fully present, face-to-face interactions that foster empathy have become less common in a world of digital communication. More research is needed to fully understand how digitally mediated communication may influence communication, relationship quality, and empathy, especially in the workplace (Colbert et al., 2016).

In our "always-on" society, technology has blurred boundaries between work and nonwork, sometimes to our detriment. Thus, in a study of the daily intrusions of e-mail in nonworking hours, Butts, Becker, and Boswell (2015) found that time required to respond to e-mail outside of work was associated with higher levels of anger, which in turn led to increased work-family conflict. Research is just beginning to provide guidance on how organizations can most effectively manage the digital workforce and leverage technology while avoiding potential downsides.

To be sure, the future world of work will not be a place for the timid, the insecure, or the low skilled. For those who thrive on challenge, responsibility, and risk taking, security will

come from seizing opportunities to adapt and to develop new competencies (Gunz & Peiperl, 2007; Hall & Mirvis, 1995). The need for competent HR professionals with broad training in a variety of areas has never been greater.

PLAN OF THE BOOK

In Chapter 2, we explore a pivotal issue in HRM today: legal requirements for fair employment practice. In particular, we emphasize employment protections in the U.S. Constitution, civil rights laws, and relevant case law. The remainder of the book focuses in greater depth on some of the major issues in contemporary personnel psychology. Each chapter outlines the nature of the topic under consideration, surveys past practice and research findings, describes present issues and procedures, and, where relevant, indicates future trends and new directions for research.

The goal of Chapters 3 through 5 is to provide the reader with a strategy for viewing the employment-decision process and an appreciation of the issues associated with assessing its outcomes. Chapter 3 presents an integrative model in which the major areas of personnel psychology are illustrated as a network of sequential, interdependent decisions. The model then provides a structure for the rest of the book, as well as a conceptual framework from which to view the complex process of matching individuals and jobs.

In Chapter 4, we focus on one of the most persistent and critical problems in the field of talent management, that of developing and applying adequate performance criteria. A thorough understanding and appreciation of the criterion problem is essential, for it is relevant to all other areas of HRM, especially to performance management.

In Chapter 5, we examine current methods, issues, and problems associated with the performance management process, of which performance appraisal is a key component. The objective of performance management is to improve performance at the level of the individual or team every day.

The first part of the book presents fundamental concepts in applied measurement that underlie all employment decisions. Chapters 6 and 7 represent the core of personnel psychology—measurement and validation of individual differences. After comparing and contrasting physical and psychological measurement, we consider the requirements of good measurement (reliability and validity) and the practical interpretation and evaluation of measurement procedures. As a capstone to this part of the text, Chapter 8 is devoted entirely to a consideration of the issue of fairness in employment decisions. Taken together, Chapters 2 through 8 provide a sound basis for a fuller appreciation of the topics covered in the remainder of the book.

To provide a job-relevant basis for employment decisions, information on jobs, work, and workforce planning is essential. This is the purpose of Chapters 9 and 10. In Chapter 9, we examine work analysis (the study of the work to be done, the skills needed, and the training required of the individual jobholder). It is the touchstone for all employment decisions. In Chapter 10, we consider strategic workforce planning. The goal of a strategic workforce-planning system is to anticipate an organization's future staffing requirements and, based on an inventory of present employees, to establish action programs (e.g., in recruitment, training, and deployment) to prepare individuals for future jobs. The chapter emphasizes tying current strategic workforce-planning theory to practice.

Chapters 11 through 14 are concerned with staffing—specifically, recruitment and selection. In Chapter 11, we consider the theoretical and practical aspects of recruitment,

emphasizing both traditional and Internet-based strategies. Chapter 12 is the first of two chapters on selection methods. Its particular focus is on nontest techniques such as personal-history data and employment interviews. Chapter 13 is the second chapter on selection methods, with particular emphasis on managerial selection. Chapter 14 demonstrates how material from the previous three chapters can be integrated into alternative strategies for making selection decisions.

Chapters 15 and 16 focus on the design, implementation, and evaluation of training and development activities for individuals and teams. These topics have drawn special attention in HRM, especially in light of the need to develop skills continually in a dynamic business environment.

The last part of the book comprises Chapters 17 and 18. Chapter 17, “International Dimensions of Talent Management,” examines the effects of culture on many topics considered earlier in the book. Globalization implies more, not less, contact with cultures other than one’s own. Personnel psychology has much to contribute, from identifying international management potential early on to selecting, training, developing, and managing the careers of expatriates.

Finally, Chapter 18 addresses organizational responsibility and ethical issues in talent management and HRM. Responsible organizations consider the expectations of multiple stakeholders as well as the triple bottom line of economic, social, and environmental performance. As for ethical questions in talent management and HRM, there are no easy answers but public discussion of these questions is essential if genuine progress is to be made. Now that we have considered the “big picture,” let’s begin our treatment in Chapter 2 by examining the legal environment within which employment decisions are made.

EVIDENCE-BASED IMPLICATIONS FOR PRACTICE

Organizations are all around us, but how we think about them has changed dramatically over time. Consider just a few such changes:

- Product and service markets are global, 24/7/365. New, Internet-based organizations are “born global,” and countries and companies in every region of the world now compete against each other for talent. The result: global labor markets.
- The influence of factors such as technology, notably digitization and the Internet, has changed the work and personal lives of millions of people.
- Given the massive downsizing that has occurred worldwide in the past few years, the stability and predictability of the old psychological contract have given way to uncertainty, change, and the need for self-reliance.
- The ability to work in teams is more important than ever, but those teams may be spread geographically all over the world. Cultural diversity has been woven into the very fabric of workplaces everywhere, spawning the need for information sharing, tolerance, and cultural understanding in order to prosper.
- Massive demographic changes are taking place as populations age in developed countries and birth rates drop. This has led to gaps between the kinds of talent needed and the kinds of talent available.
- High tech will never substitute for skill in managing a workforce. Inspirational leadership will always be in demand.
- Leadership in the digital age is not about control, but comfort with uncertainty.

Discussion Questions

1. How have globalized product and service markets affected organizations and workers?
2. Discuss some of the changes that have occurred in the perceptions that workers and organizations have about each other in light of the massive downsizing that has taken place during the past decade.
3. How does information technology change the roles of managers and workers?
4. Describe some potential problems and opportunities presented by the changing nature of work.
5. What challenges does a multigenerational workforce present to managers?
6. What can organizations do to support older workers?
7. Why is nonstandard work becoming more feasible for organizations and workers?
8. What are the implications of agile management?
9. Do you agree or disagree with the following statement? In the future, technical skills will be less defining of the successful manager than will the ability to work across cultures and to build relationships with many different constituents.
10. Why is employment security more important to most workers than job security?

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