

How is the world of work changing?

Chapter 2

The Changing Workplace

Key Terms

free enterprise system
profit
global economy
services
family-friendly programs
flextime
self-sufficient
demographics
diversity
outsourcing
technology
computer revolution
telecommuting
Internet
e-tailing
e-commerce
lifelong learning

Chapter Objectives

After studying this chapter, you will be able to

- **compare** and **contrast** employment opportunities in the free enterprise system with other world economic systems.
- **identify** five factors that are inspiring new ideas about the world of work.
- **describe** six factors that affect the labor market.
- **explain** the importance of technology to the workplace.
- **describe** what is expected of workers in today's workplace.

Key Concepts

- In a free enterprise system, individuals and businesses play a key role in making decisions.
- The workplace is constantly changing to make work faster and more efficient.
- Several factors shape the composition of the workforce and the types of jobs available.
- Technology is the cause of most ongoing change in the workplace.

Free Enterprise System

You live in a country that operates as a **free enterprise system**. That term describes an economy in which individuals and businesses play a major role in making decisions. In a free enterprise system, people can operate any type of business they choose, provided it is lawful. Businesses sell goods and services to customers.

free enterprise system
An economy in which individuals and businesses play a major role in making decisions.

Economic Freedom

How does a free enterprise system affect the people who live and work in it? The following are five effects, as demonstrated in the U.S. economy:

- People are free to be creative and choose where they work. They can choose to be their own boss or to work for someone else.
- People are free to own private property and buy whatever they want. Just think of all the choices available for any product you desire.
- The government allows people to buy or sell whatever they wish, so long as it doesn't harm others.
- Consumer *wants* and *needs* determine what products are desired in the marketplace.
- Businesses can compete against each other to make money. Those who sell successful products and services make a profit. A **profit** is the money left after all expenses are paid. Competition is good for consumers, too, because it promotes better products at lower prices.

The freedom to own property and freely buy and sell goods began with the founders of this country. The free enterprise system is an outgrowth of their spirit of independence. This economic system is also called a *market economic system*.

The desire to make a profit and earn a good living is called the *profit motive*. See 2-1. In countries where the government (or a central authority) controls the production of goods, it also controls their prices and distribution. Under such a system, people must follow the government's dictates regarding how to work and live.

profit
The money left in a business after all expenses are paid.



Your Reading

How does the free enterprise system compare with other world economies?

2-1

A child's lemonade stand is a simple example of the profit motive in action under the free enterprise system.



Community Connections

Interview at least four people who work full-time about changes in their various workplaces. (Parents, relatives, and neighbors may be included.) What are two examples of new equipment or tools used at each person's work? Have their employers made other changes, such as work methods or company size? If they are self-employed, what have they done to keep their business updated? Prepare a report about what you learn.



New Directions for the Workplace

The U.S. workplace is continually changing. New types of jobs are created each year. New tools are used to work faster and more efficiently. Companies have new ideas about how to find customers and how work should be done. Due to technology and more efficient methods of production, some jobs are replaced with other jobs.

The one thing you can count on in today's exciting workplace is *change*, and you will be a part of it. The question no longer is: Will change occur? Instead, it is: How will change occur? The following factors are inspiring new ideas that are changing the world of work.

A Global Perspective

Companies once reached no further than their neighborhoods to find customers. Then, companies searched for more customers beyond their towns and states. Today that search takes them beyond the nation's borders to every part of the world. Instant communications through phones, faxes, and computers makes this possible.

Customers are just one focus of the new global perspective. The other is labor. Companies constantly look to other nations for labor services. It generally costs less to make

goods in another country because pay scales are much lower. Only a few countries in the world have wage rates that nearly match the rates here.

Cheaper labor in other countries has forced U.S. businesses to change their practices and manufacture many goods elsewhere. Once the United States was the manufacturing center of the world. Factories and production lines were a part of practically every U.S. worker's experience.

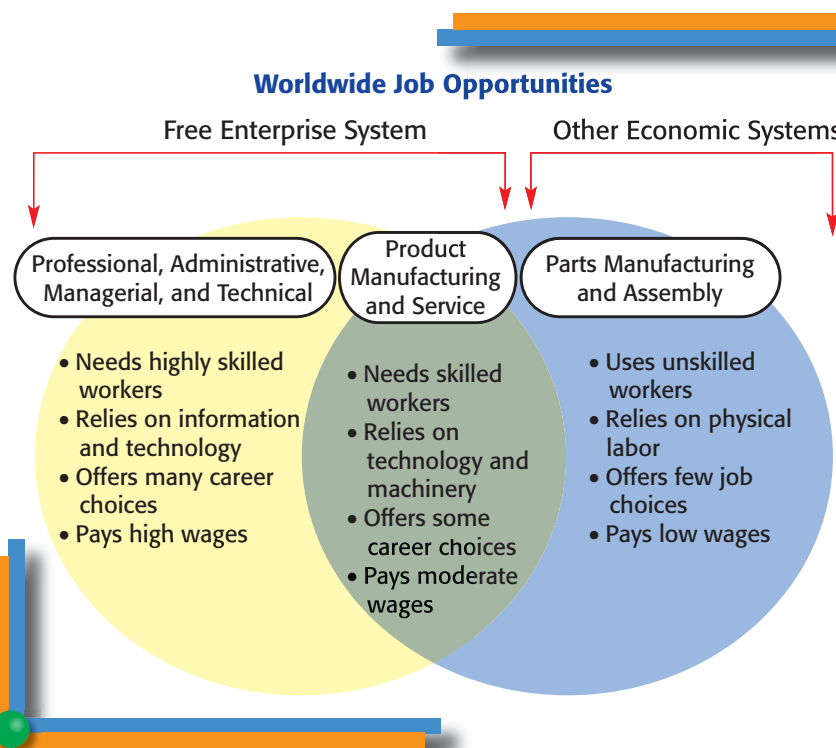
Nowadays, most manufacturing is done in various production centers in other countries. These centers fill orders placed by businesses located around the world. The centers make small items and parts for complex products. The parts are then sent to wherever the final product is assembled. This manufacturing process makes goods more affordable. See 2-2.

U.S. cars and other large items are often assembled in U.S. factories from parts made in other countries. Most small items are made entirely outside the country and shipped to a store near you. This is evidence of a global economy. A **global economy** is a financial interconnection among the countries of the world. It means that parts or entire products are created in one country for sale to customers in other countries.

The global economy has caused a major shift in the U.S. workforce. It has reduced the need for unskilled labor since a vast

global economy

Goods and services created by companies in one country are sold to customers in other countries.



2-2

U.S. jobs generally call for skilled labor because work requiring unskilled labor is handled in other parts of the world.

supply exists in other parts of the world. Instead, skilled, well-educated U.S. workers are needed to plan, develop, and deliver the products and services of tomorrow. Skilled workers are also needed for assembling large, complex products such as cars.

Globalization is the integration of markets, technology, and resources between the economies of nations.

Globalization involves the movement of money, material resources, and human resources between nations.

New technology in the workplace is speeding globalization of industries and businesses. This interdependence of the world's economies is impacting an ever-widening number of U.S. industries. Currently more than 130 U.S. industries rely on some form of globalization and are increasing their involvement. These industries represent a cross section of the U.S. economy—from vegetable farming to architectural services to office and financial services.

The Service and Information Economy

services

Nonmaterial assistance for which people are willing to pay.

The decline of the manufacturing sector paved the way for today's U.S. economy, which is based on services and information. **Services** are nonmaterial assistance for which people are willing to pay. This sector of the economy has grown very rapidly in recent years. It will remain the area of greatest job growth for the near future.

Over three-fourths of the 15.6 million new jobs that will exist by 2016 will be service oriented. See Figure 2-3 for a list of the 10 occupations that will employ the most people in 2016. All are focused on producing some type of service. The chart shows the numbers of new jobs that will be created during the period, not the millions that already exist. The only U.S. occupations that produce goods are construction, agriculture, forestry, fishing, manufacturing, and mining.

Another focus of today's economy is information. The computer and the Internet are American inventions. These are the tools of the information economy. What we learn with these tools helps us to create new services, improve business methods, and lower costs.

The Commitment to Quality

You will hear the word *quality* spoken in the workplace quite often. To become the very best, businesses of all types

Occupations Offering the Greatest Number of New Jobs, 2006-2016		
Occupation	Number of New Jobs (in thousands)	Percent Increase
Registered nurses	587	24
Retail salespersons	557	12
Customer service representatives	545	25
Combined food preparation and service workers, including fast-food	452	18
Office clerks, general	404	13
Personal and home care aides	389	51
Home health aides	384	49
Postsecondary teachers	382	23
Janitors and cleaners, except maids and housekeeping cleaners	345	15
Nursing aides, orderlies, and attendants	264	18

U.S. Department of Labor

2-3

These 10 occupations will see the greatest growth in terms of job openings.

and sizes are constantly seeking ways to improve the quality of their product or service. Quality means different things to different businesses. In a manufacturing business, quality means producing a product with the least possible flaws. In a restaurant, quality means constantly preparing meals that are fresh, appealing, affordable, and served to the customer in a reasonable amount of time.

Quality also includes how well your customers are treated. Quality customer service means making your customers feel that they are welcome and important to you. It means following through in doing what you told the customer you would do. It means being pleasant, friendly, and treating customers fairly.

U.S. companies committed to quality participate in programs such as *Total Quality Management (TQM)*. If they do business in other countries, they adhere to globally recognized programs developed by the *International Organization of Standards (ISO)*. These programs have procedures and high standards that businesses strive to meet. The programs require management to improve all aspects of quality, including performance and customer satisfaction. Quality is a necessity for doing business in an ever expanding, and more competitive world market.

As an employee, you will be asked to make suggestions on ways to improve how the business operates. If you have an idea that will improve the quality of a product or service, or can save the company money, you should not hesitate to share the idea with your supervisor. Building quality into a product or service requires constant attention to the way work is done. You will be expected to watch for ways to do your job better and more efficiently.

A Teamwork Approach

Today's workplace uses a team approach as workers jointly seek solutions to problems, 2-4. Employers place high importance on hiring people who work well with others. When interviewing individuals for a job opening, employers look for proof that you have teamwork skills.

The importance of teamwork in your future is so great that one chapter is devoted entirely to the subject. (See Chapter 14, "Being a Team Player.")

family-friendly programs

Work programs that help employees to balance the demand of work and family.

Family First

Programs in the workplace that help workers handle the demands of work and family responsibilities are called *family-friendly programs*. Men as well as women seek the flexibility

2-4

The teamwork approach is used in many workplace settings.



these programs provide. Caring for young children is the main reason for the creation of such programs. Other reasons include caring for elderly parents or sick or disabled family members.

A flexible work arrangement is one type of family-friendly program. **Flextime** is a work schedule that permits flexibility in work hours. Companies that offer flextime generally have a daily core period when all employees must be at the work site. This usually consists of four or five hours in the middle of the day. Employees then can schedule their other work hours before or after the core period, depending on their preference.

Other family-friendly programs that companies may sponsor include the following:

- on-site child care
- vouchers or financial assistance for adult day care or vacation programs for children
- adoption assistance
- on-site shoe repair services, dry cleaners, or employer-sponsored food stores with ready-to-serve food to take home

Employers are also changing their current policies to make existing programs more family-friendly. For example, many companies no longer require workers to take full weeks of vacation time instead of single days. These companies know that many workers with young families prefer taking Mondays or Fridays off. This gives them long weekends for spending time with the family. See 2-5.

Besides voluntary programs in the workplace, a law requires time off for certain employees under certain circumstances. The details of the Family and Medical Leave Act will be covered in the next chapter.

Factors Affecting the Labor Market

Forces beyond any individual's control are constantly at work influencing workers. These forces shape the composition of the workforce and the types of jobs available.

flextime

A work schedule that permits flexibility in work hours.

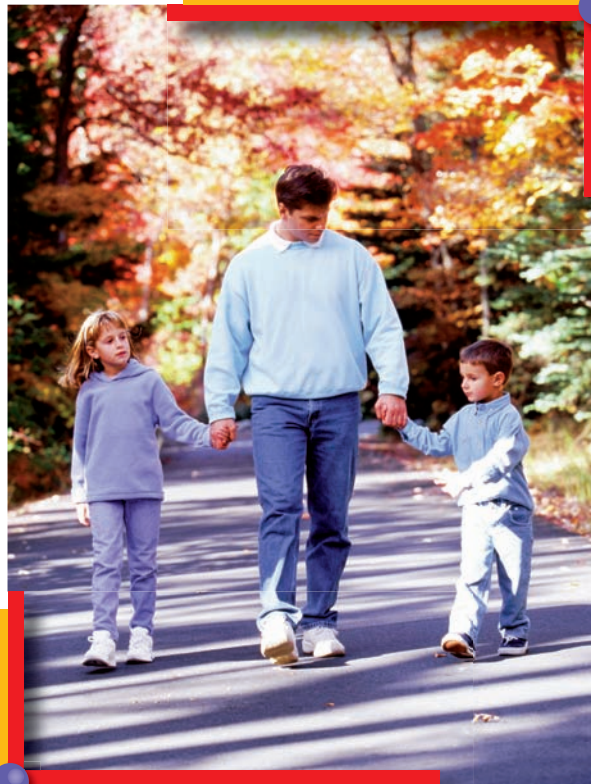


Your Reading

In what ways is the workplace changing?

2-5

More flexibility in work schedules lets employees plan work around caregiving needs.

**self-sufficient**

Individuals who can take care of themselves; who can earn a salary that will support their needs and wants as well as those of their future families.

Social Change

Society once discouraged mothers from joining the workforce instead of caring for children at home. In fact, women were generally discouraged from full-time work. That social barrier is long gone. Young women today are encouraged to prepare themselves to be self-sufficient.

Self-sufficient individuals are those who can take care of themselves. This means earning a salary that will support your needs and wants as well as those of your future family.

Except for wartime, most U.S. workers have always been men. That will continue, but the number of new women entering the workforce will almost equal the number of men. From 2006 to 2016, 6.3 million women will join compared to 6.5 million men.

Population Shifts

The characteristics or makeup of a population are called **demographics**. Key changes within the population

demographics

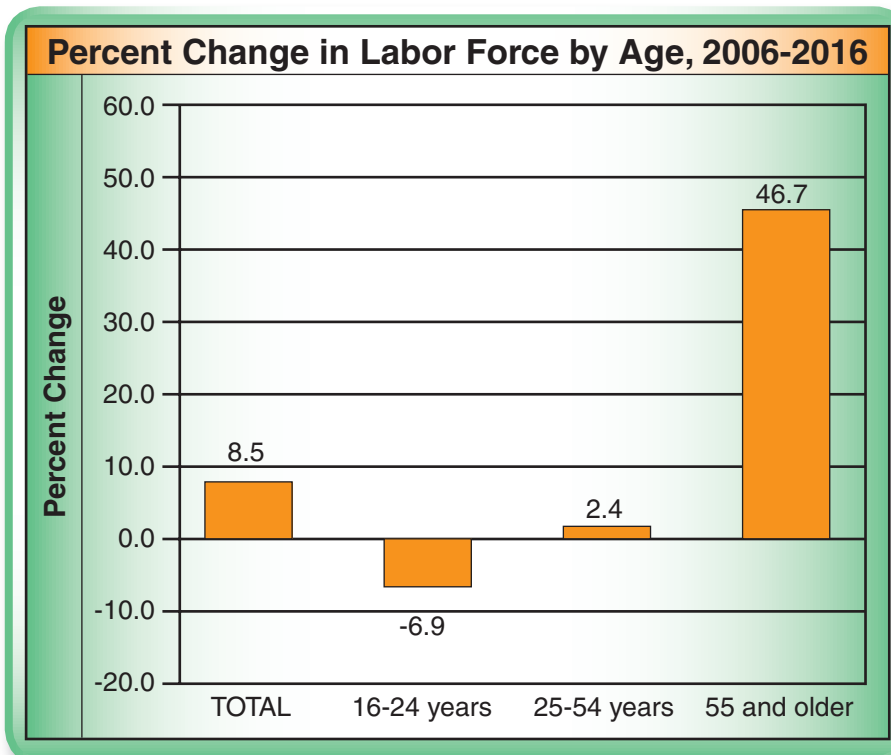
The characteristics or makeup of a population.

demographics affect the workplace. One significant change underway is the increase in minorities in the U.S. population. Employees of Hispanic, Asian, African-American, or Native American heritage will account for a larger share of the workforce in the future. Other minority groups will likewise increase in size, too. Virtually every nation of the world is represented in the U.S. population, making it the most diverse on earth. Diversity is a term commonly used to describe the benefits of working with people different from you. **Diversity** is the positive result of people of different racial, ethnic, and cultural backgrounds working together. Business leaders view our diverse workforce as a major resource in addressing the global market.

The greatest population shift occurring now and continuing to 2016 is the age of workers in the labor force. See 2-6. The number of 55-and-older workers will grow by 46.7 percent, while the number of workers between the ages of 16 and 24 will decline by 6.9 percent. The number of all other workers—those between the ages of 25 and 54 will increase by 2.4 percent.

diversity

The positive result of people of different racial, ethnic, and cultural backgrounds working together.



2-6

This chart shows the projected change in the labor force by age.

An overall slowdown in growth of the labor force is expected because of the aging and retiring of so many people by 2016. The overall growth rate of the labor force is expected to increase 8.5 percent from 2006 to 2016. This is much less than the 13.1 percent increase of the previous decade.

The Economy

When the economy is strong, demand is high for goods and services. To meet this demand, employers keep their businesses fully staffed, sometimes working their employees overtime. Workers spend their earnings freely when the fear of unemployment is low. They do not worry about losing their jobs.

A weak economy, on the other hand, can cause unemployment for many employees. During periods of economic uncertainty, the fear of losing jobs causes consumers to cut back purchases. Less money is spent on items that aren't really needed, such as movie tickets, CDs, and eating out. Consumers even postpone buying necessary items.

A widespread slowdown in purchasing will cause employee cutbacks in an industry. For example, if clothing sales decrease, there is less need to put new fashions on display. Consequently, there is less need for salesclerks in the stores, truckers moving inventory, and other workers who help get clothes to market. When economic downturns are prolonged, the weak business in one industry usually affects others.

World Events

An earthquake that destroys roads in Taiwan can mean increased business for road-building experts in this country. See 2-7. At the same time, the earthquake can disrupt the country's production of computer chips. That disruption can reduce the number of new computers in the U.S. market and may even cause prices to rise.

Whether world events are natural or manufactured, they hold opportunities and consequences for U.S. businesses and consumers.

**2-7**

Installing power lines, water systems, and new roads are services in which U.S. companies excel.



Community Connections

Invite a speaker from the nearest office of your state's public employment service. Ask the guest to talk to the class about how the economy affects unemployment rates. Also, discuss the services offered by the employment office and the ways in which it helps people locate jobs.

Government Actions

If you own a busy gas station in town and a new expressway interchange is planned five miles away, your station will probably lose business. Government action can, and often does, affect companies. Actions that affect some companies in a positive way may negatively affect others.

It is important to know that rules, regulations, and other government decisions are generally not made suddenly. Issues are considered for many months or years before a plan is announced. Time is always allowed for affected members of the public to comment before a final decision on the plan is made. The smart citizen stays alert to government plans that may affect his or her livelihood.

The Forces of Competition on Staff Size

Success in the global market means developing and delivering products and services quickly. Often this requires hiring more employees. Deciding how many full-time workers

to have is a challenge, especially for smaller companies eager to grow. Employers cannot afford to have employees on the payroll with nothing to do.

Companies often turn to independent consultants before making big changes. Such experts can help companies decide how to best handle a new challenge. If more workers are needed, temporary or part-time help may be considered first. Only when an increased workload is sure to be long-lasting, will companies hire more full-time employees.

The reverse is also true. When a company foresees less demand for its products on a long-term basis, it will reduce its workforce.

Sometimes companies turn to other companies for help instead of creating new departments and hiring workers. The practice of one company contracting with another to handle work more efficiently and keep costs in line is called **outsourcing**. By outsourcing work, companies can get products quickly and often less expensively. Usually one of the terms of the contract is delivery of the products exactly when and where needed.

Companies also contract with service providers for outside help. Outside experts are often used to do payroll tasks, garbage pick-up, and general cleaning. See 2-8. If a company grows unsatisfied with the service provider, it can make changes when the contract expires. Service contracts usually last for one year.

outsourcing

The practice of one company contracting with another to handle work more efficiently and keep costs in line.



Your Reading

What factors shape the composition of the workforce and the types of jobs available?

The Technology Revolution

Change is ongoing in the workplace, and technology is the cause of most of that change. **Technology** is the application of scientific principles.

New Replaces Old

Look around your school and the businesses in your area. You see computers, fax machines, cellular phones, and other signs of modern technology. This society has moved far beyond the steam engine, electricity, and other discoveries that shaped earlier eras. Today's technology affects how you live and work in more dramatic ways than ever.

technology

The application of scientific principles.

**2-8**

Using an independent service for a specific task, such as cleanup, can result in a high-quality job at a lower cost to the company.



Community Connections

Investigate what types of businesses have existed locally for more than 50 years. Check historical documents about the community in the public library. Summarize your findings in a written report that also answers this question: Which local companies appear to make the best use of new technologies?

Technology has a snowballing effect, leading to ever more discoveries. More changes in technology have occurred in the last 25 years than in all the preceding years combined. However, what is new today will be old tomorrow. Technology quickens the pace of change.

At one time, an office with a telephone and a typewriter was considered “high-tech.” Today, that office would be considered outdated and inefficient. In the office of today, laptop and handheld computers, scanners, wireless networks, fax machines, multitasking copy machines, e-mail, Web-based programs, personal organizers, and cell phones are all considered commonplace.

Some argue that technology causes job losses. Consider the typewriter again and the fact that jobs involving this outdated product are no longer needed. The proper way to judge technology’s effect on employment is to compare the number of jobs lost to those created by new technology. In this case, you would compare the total typewriter-related jobs lost to the total computer-related jobs gained. By making a fair

computer revolution

The total change in the way people live and work caused by computers.



Service Learning

If your school has laptops, how might you use them to help needy people or organizations in the community? Think of a plan. Perhaps you could teach someone in a shelter how to create a budget or low-cost menu using Internet resources. Maybe you could acquaint the elderly with the Internet and how it can enhance their lives and keep them in touch with family and friends.

telecommuting

Working at home through an electronic linkup with the central office.

Internet

The global computer linkup of individuals, groups, and organizations in government, business, and education.

comparison, you can see that more jobs result from advances in technology.

Changing Technology in the Workplace

Many of the items you use in your daily activities didn't even exist 20 years ago. For example, CDs, DVDs, and digital cameras were unheard of 20 years ago. Much of the technology in the workplace of today began with U.S. space exploration. The space program created a simple electronic calculator that led to the computer revolution. The **computer revolution** is the total change in the way people live and work caused by computers. Technology developed by the space program and defense programs affect the way we work, live, travel, and play.

Defense and manufacturing industries expanded the use of the electronic calculator to help with designing new products. This led to computer systems that link the production, manufacturing, and control functions of a company. The result is shortened cycles for new product introductions and the ability to bring more goods to market quicker than ever.

The introduction of the *PC*, or personal computer, brought enormous computing power, resulting in automating the office and combining systems that formerly were kept separate. Now the work of storing, processing, and communicating information has merged into a single system. This allows several computer users to communicate with each other.

Laptop computers can tap into this system while freeing people from their desks. Laptops are small, notebook-size computers that contain the work of one or more people. Workers can take them to the factory, a meeting room, or a project area, and back to their desks. This also allows more work to be done at home, 2-9. All that is needed to send information back and forth is an electronic linkup with the central office. This is known as **telecommuting**.

Information can also be sent and received via the **Internet**—the computer linkup of individuals, groups, and organizations. The Internet has revolutionized the business world. With the right equipment and connections, workers in different locations can share voice or voice/picture communications anytime and anywhere.

**2-9**

Laptop computers are especially useful for those who work outside a central location and must access a central data source.

The personal computer also changed the way products are sold and purchased. The selling and buying of goods and services over the Internet has offered many new opportunities in **e-tailing** (electronic retailing) or **e-commerce** (electronic commerce). Both terms are often used to refer to business conducted over the Internet. Both large and small businesses conduct business over the Web. E-commerce has become a multibillion-dollar industry. Web sites such as Amazon.com and eBay.com are e-commerce sites. The two major forms of e-commerce are Business-to-Consumer (B2C) and Business-to-Business (B2B). While companies such as Amazon.com cater mostly to consumers, other companies provide goods and services exclusively to businesses.

Fiber-optics has replaced the way data is transmitted. Fiber-optic lines are strands of optically pure glass as thin as a human hair. Fiber-optic lines transmit digital information over long distances. They are also used in medical imaging, mechanical engineering inspection, and for cable television.

The development of the *global positioning system (GPS)*, once used only by the military, is now common in vehicles, hand-held

e-tailing

Electronic retailing.

e-commerce

Electronic commerce.

devices, and cell phones. GPS uses a series of satellites to identify the user's location. GPS is funded and controlled by the U. S. Department of Defense and is currently used extensively in the shipping and transportation industries, 2-10.

It has been suggested that advances in technology will multiply dramatically in the coming years. As a future worker, you will have to adapt to an ever-changing workplace.

The New World of Work

The workplace has changed as a result of using the tools of technology. Consequently, employers have different expectations of themselves and their employees.

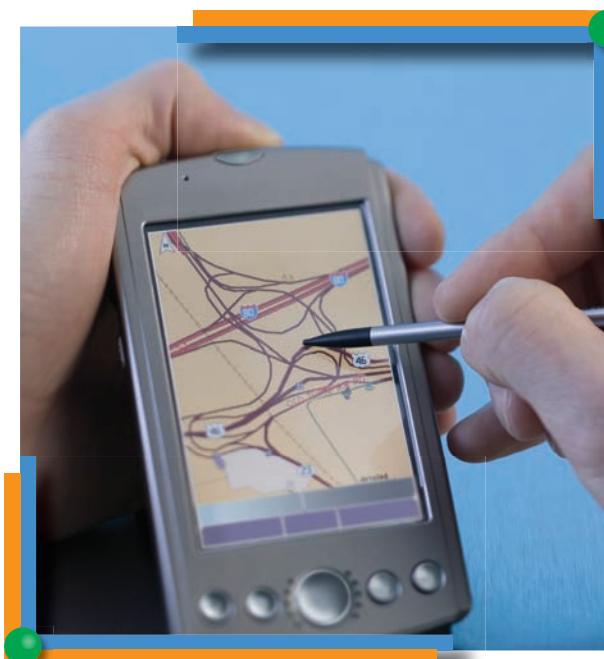
Instant communications, for example, has quickened the overall pace of the business world. Speed is all-important, but so is accuracy. There is no place for slow or wrong responses in today's high-tech environment.

Knowing how to keystroke and operate a computer are skills expected of new employees. You should know how computers are used in the career field you select. You should also know how to access information important in that field.

Today the addition of personal organizers, wireless connections, and portable data devices allow companies and workers to have flexibility in their working environment.

2-10

GPS systems are useful in helping salespeople locate their customers more easily.



The availability of technology has increased expectations that workers will work off-site, often beyond normal work hours.

Only a small percentage of workers will actually work on high-technology assignments. Everyone else will feel the effects of technology in the new tools and processes they use to do their jobs well. Keeping up with advances in technology will require lifelong learning. **Lifelong learning** is continually updating your knowledge and skills. It is a term that means your need for learning will never end.

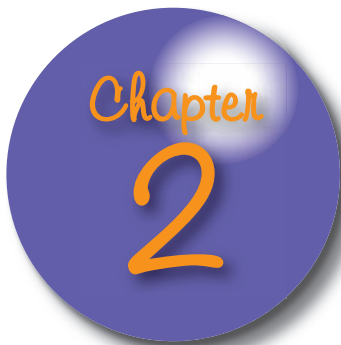
The discussion of technology brings us back to the subject of teamwork. Many firms find that installing the biggest and best equipment does not always guarantee top results. In fact, companies with less-advanced equipment but total employee involvement do a better job. This demonstrates that how employees use equipment is what counts most. This also underscores the importance of your future role as part of a work team. You will be expected to help find solutions to work challenges rather than merely follow orders.

lifelong learning
Continually updating your
knowledge and skills.



Your Reading

How does technology
affect the workplace?



Chapter 2

Summary

Several trends indicate new directions for the workplace in a global economy. Product and service quality is continually examined to make sure it meets customer expectations. Teamwork is the primary way that work is accomplished. Family-friendly programs are helping to lessen the challenge of balancing family and work responsibilities.

Many factors work together to shape the labor market. Social changes, population shifts, the age of workers economic conditions, government action, world events, and forces of competition affect jobs.

Many high-tech tools are reshaping work. To be successful in the workplace, employees must know how to use the computer quickly and accurately. They must update their knowledge and skills continually.

Reviewing Key Concepts

1. What is another name for the free enterprise system?
2. The decline of the U.S. manufacturing sector has paved the way for a new economy based on what sectors of the economy?
3. Name three factors that are inspiring new ideas about the world of work.
4. Companies are *not* likely to outsource _____.
 - A. custodial services
 - B. landscaping
 - C. management functions
 - D. payroll services
5. Name four factors that affect the labor market.
6. In your own words, define *technology* and *computer revolution*.
7. Technology will *not* _____.
 - A. change the way work is done
 - B. process information faster
 - C. slow the pace of work
 - D. link companies and customers around the world
8. True or false. Changes in technology will cause unemployment to increase.
9. True or false. Technology will require workers to constantly keep learning throughout life.
10. Which of the following is generally *not* a desired quality in today's workers?
 - A. computer ability
 - B. willingness to learn
 - C. teamwork skills
 - D. an ability to command

Building Academic Skills

1. **Social Studies.** Prepare a Venn diagram, comparing employment opportunities of the free enterprise system with the economic systems of the international job market (traditional, command, and market). What are the basic principles of each system regarding the production, consumption, and distribution of goods and services? How do these principles impact the types of jobs people hold?
2. **History.** Investigate historical events that have created growth for business. Write a report that answers the following questions: What types of businesses have existed for more than 100 years? In the last 10 years, what businesses have appeared? have disappeared?
3. **Social Studies.** Write a report explaining aspects of one example of societal change and how the change has affected your chosen career field by giving examples of jobs that were created, altered, or eliminated because of the change.

Building Technology Skills

1. Conduct an online search using the words *teamwork activities*. Propose two classroom activities and identify the Internet sites where they were found.
2. Conduct online research on FMLA. When did the law become effective? Is the employee paid while on a leave? How does an employee become eligible?
3. Access the Internet to search adult day care for elderly family members. Summarize the services discussed and identify any such facilities in the community.
4. Compose and send an e-mail to a classmate, summarizing the main points covered in class. Relate this to a workplace situation.

Building Career Knowledge and Skills

1. Research information about the future of service jobs in our economy and make a brief presentation to the class.
2. Identify one new technology or piece of equipment. Explain in a written report how you think it will influence the workplace.
3. Write a letter inviting a representative from an area business or organization to speak to the class about the technology skills desired in new employees today.
4. Discuss how you think changes in technology might change the workplace in the next 10, 20, and 50 years.
5. Interview current workers regarding the teamwork experiences where they work.
6. Interview past and present workers regarding family-friendly programs that did/do exist at their places of employment. Write a report summarizing your interviews.
7. Find media examples of how technology is changing the workforce and workplace.

Building Workplace Skills

Join a team of three or four classmates to analyze technology changes in the telephone and their effect on the workplace. As a team, determine the five changes you believe were most significant and explain why in a 10-minute presentation to the class. Conclude your presentation with one prediction about future phone capabilities and cite the source of the prediction. Explain how the predicted capability may change the workplace further and enhance globalization.