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employment

# "HR" Cases: Complementarities and Change

- 1] Motorola: paying for algebra?! } complementarities
- 2] UPS: Exploration vs Exploitation }
- 3] NUMMI: building relationship } change
- 4] HP: Changing relationship }

Motorola: moving from papers to cell phones

- learning by doing. Wanted to improve general learning.
- paying for general purpose human capital?
- where is Arlington Heights? Is it on an island? ☺
- is this the "short-run"?
- $y = g + s + g \cdot s$       ◦ didn't teach them just algebra

gen'l specific

- what are outside wages? inside wages?
- ongoing training. What is level of future training promised?
- hard to raid everyone? Complementarities among workers might mean that you want to raid more people at the same time.
- Acemoglu - Pischke: QJE '98, JPE
- Autor's thesis. Why are firms paying for general training?
- complementarities point: TQM (total quality management)

UPS: response to <sup>fed ex</sup> new competition and <sup>package tracking</sup> new technologies

- March '91: Exploration and Exploitation
- classic UPS is "exploiter" - set up very well to do one task
- how flexible is it?

◦ Doeringer - Piore: internal labor market

- everyone knows how things are done, because they have done them.
- the job description is detailed up to the "gnat's eyelash" level
- "time in motion."

◦ finely tuned machine - set up to exploit

◦ when things are working well, you forget why it is working well.

NUMMI: This one motivated Sylvan's paper. Building relationships

- Fremont goes from worst to first.

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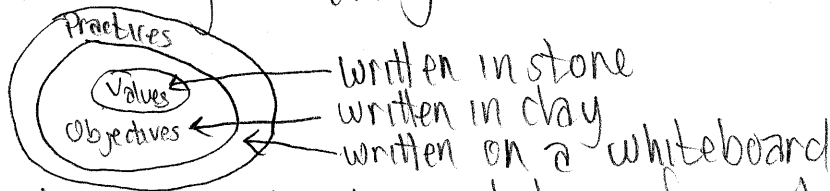
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papers: Sulvain

- Joel Watson: starting small (JET '99, GEB '02)
- fear?
- selection? This is the most radical union area. Almost everyone comes back.
- NUMI goes from GM (bad) to Toyota (good)
- Toyota 1) recognize UAW
- UAW 1) we'll reduce our strike rights.
- Toyota 2) "no" layoffs (will do things before having a layoff)
- UAW 2) agrees to greatly reduced job classifications
  - reduces ability to punish by "working to rule."
- credibility story, clarity story.
  - what type of trust moves should be taken?
- medium-sized downturn - Toyota uses this moment to signal clarity and credibility (Chassang).
- how do we get to eq?

### Hewlett-Packard

- Larry Greiner (Harvard Bus. Review): "Evolution and Revolution as orgs. grow,"
  - is it true that where you come from matters for where you are going?
- HP tries to stay as a family. The "HP Way" becomes codified.
- They then get large, and they realize that they need a layoff.
  - credibility? clarity?



- the "correct" interpretation of employment security is that it is a practice, not a value.
- when this is revealed, what do people believe about the equilibrium going forward?