

Establishment of Employment Relation Management Based on Employability

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Abstract

With the development of economic globalization and knowledge economic age, the traditional employment system has been gradually disorganized. How to rebuild relations between enterprises and employees and develop employment relations which can adapt knowledge economic age is an importance science task for the present research of human resource management and a realistic problem which enterprises face. In this article, we analyze the age background that the relational contract based on employee appropriability is transformed to the transactional contract based on employee employability, and discuss the reasons, concept and measures of establishment for employment relations management based on employability.

Keywords: Employability, Appropriability, Employment relation, Psychological contract

1. Introduction

With the development of economic globalization and knowledge economic age, the employment relations are changed in the whole world and the traditional employment system has been gradually disorganized. How to rebuild relations between enterprises and employees and develop employment relations which can adapt knowledge economic age is an importance science task for the present research of human resource management and a realistic problem which enterprises face.

In the concept of employment relations, the relations between employees and enterprises possess two meanings which include written contract relation and unwritten psychological contract relation. Because the employment has large differences with other economic businesses, so it can not implement employee management through specific contracts. With more and more universal knowledge jobs, the drive power of written contract becomes smaller and smaller, and the modern human resource management more and more emphasizes the functions of psychological contract in the employment relations management, so the psychological contract has become the core content of employment relations management. For psychological contract, it emphasizes connotative, informal and undemonstrative mutual expectations exist in the mutual relations between employees and enterprises except for contents regulated by formal employment contract, and they are the important factors to decide employees' attitudes and actions at the same time (Rousseau, 1995, p.287).

British psychologist Guest thought that the organization was a special group which was established by relations and in the process of enterprise organizational structural adjustment and employment relations change, the psychological contract was the core factor which could reflect this change through the most sensitive and centralized measure (Guest, 2001, p.98). Because traditional long-term employment psychological contract was destroyed, so in the knowledge economic age, to reestablish psychological contract through enhancing employees' employability and accordingly build harmonious and cooperative employment relations becomes the main strategy and task for employment relation management.

2. Transformation of employment psychological contract from relational contract to transactional contract

Rousseau named traditional psychological contract as relational contract and named new psychological contract which was forming as transactional contract (Rousseau, 1995, p.300). The relational contract more emphasizes extensive and long-term mutual relations with social feelings (such as dedication, trust and so on), and the transactional contract more emphasizes concrete, short-term and economical mutual relations (such as salary that the enterprise pays for employees because of their services). In the relational contract, the enterprise fosters appropriate employees, and in the transactional contract, enterprise should foster employees with employability.

2.1 Relational contract based on employee appropriability

In the past century, long-term employment system was the base platform for the management of enterprise employee. The interior development, job guarantee and income system based on longevity are characters of this employment

system. In this employment system, the psychological contract between enterprise and employees is a sort of relational contract, and employees contribute their own loyalties and achievements to the enterprises and the latter ensures employees' job guarantee and incomes.

Lifetime employment system adapts organizational characters of industrial society and these characters include relative stable exterior environment, small interior organizational structure changes, prospective work sequence, easily intersected pipelining flow and easily decomposed functions and responsible range. In this organizational background, to establish long-term employment relations taking labor market as carrier is the effective ligament to contact enterprise and employees, which can not only effectively enhance employees' loyalties to the enterprise, but also can improve labor productivity for the enterprise. And the enhancements of employees' loyalties and labor productivity are all based on employees' appropriative skills.

In the production management mode of industrial society, the competitive predominance of enterprise comes from monopolized and dominative rights to employees' abilities to a great extent. Aiming at special consumers, techniques and equipments of the enterprise, employees' knowledge and skills are more appropriative, their productivity are higher and the domains which the enterprise engages are more effective. If there is no lifetime employment system, employees will have no interests to learn and grasp special knowledge and skills which are only useful for several enterprises, because the skills with high appropriability may have no market outside the enterprise. At the same time, if there are no guarantees for long-term employment, enterprise also doesn't want to invest resources to help employees grasp specialties relative to enterprise, because employees' job-hopping will induce the enterprise lost its all investments. Therefore, lifetime employment system becomes the base which can strengthen both investments, and the system guarantee for the enterprise to foster employees' appropriative skills, and employees become the human resource of enterprise appropriability.

Under the restriction of lifetime employment relations, the enterprise can obtain benefits brought by employees' high specialization of knowledge skill to the largest extent and doesn't worry about the job-hopping of valuable employees. And to employees, they can get occupations and life guarantee and avoid suffering unemployed mental pressures and terrified feelings from long-term employment contract, and when they have occupation guarantee, they are willing to devote energies to learn professional knowledge relative to the enterprise or their own posts and unceasingly enhance their own specialization level. Therefore, under the situation that the management environment of enterprise is relatively stable, the long-term employment system in the interior labor market can not only ensure employees' work safety and foster appropriative employees for the enterprise, but also strengthen employees' dependences to the enterprise and the enhancement of enterprise productivity.

2.2 Transactional contract based on employee employability

The coming of globalization and knowledge economical age changes the environment of organizational management faced by enterprises. Continually intense market competition makes enterprise lose stable development environment, and to face challenges and keep competitive predominance, the enterprise must adjust its structure and this adjustment will inevitably bring the disintegration of traditional employment system. And the strategic adjustment, technical advancement and work recombination are direct drive forces for the disintegration of long-term employment system. The strategic adjustment makes original employment relations by centralized control present the situation of decentralization, employment policies become diversification, employment relation become flexible. The rapid development of technology negates the mode developing skills through the gradual accumulation of interior labor market. The work recombination makes the organizational form of production produce essential changes, and the original enterprise specialization layer organization with single task, high degree of member specialization and specific professional limitation is gradually substituted by flexible team organization. And the flexible production system requires that employees possess various work skills.

In the process that the enterprise adjusts its organization, it gradually disorganizes traditional employment relation. The psychological contract between employer and employee was transforming from relational contract to transactional contract (Herriot and Pemberton, 1995, p.48), and "a new psychological contract taking the independence on the other party in the aspect of existence and development as its premise is occurring (Hiltrop, 1995, p.289)". The psychological balance formed by both parties of employment especially originally formed by employees is broken, and employees' work stable senses exchanged by their loyalty, obeying and hard work are weaken, and they are losing their loyalty and trusts to the organization. The traditional and stable mutual loyalty relations between organization and employees are gradually disorganized. In the forming transactional psychological contract, long-term employment relation is replaced by short-term employment relation, and the relations between employees and organization exchange relation, and employees can get enhancement of employment ability through high work performances in turn, i.e. they can obtain mobile and carriable skills to strengthen their own selections. Boxall and Purcell especially emphasized that point, and they thought people begun to notice employability but not

stability in recent years (Boxall and Purcell, 2003, p.117).

3. Reasons to establish employment relation management based on employability

3.1 Meanings of employability

Accompanying with changes of employment relations, the research of employability begins to get people's recognition. At present, there is no a specific definition to define employability and many scholars thought employability was the ability to obtain job and be employed. British scholars Hillage and Pollard defined employability as that the employability was the ability needed to obtain original employment, maintain employment and get new employment when necessary (Hillage and Pollard, 1999, p.6). They thought one person's employability was decided by his depository of capitals such as including knowledge, technique and attitude, the method to manage and distribute these capitals, the ability to display these capitals to the potential employer and the space for individual operation.

The present research of employability emphasizes employability is a dynamic process of learning. Employability means the ability that one person shows in the process of obtaining employment post, maintaining employment post, reselecting and getting new post. The maneuverability indexes of employability are mainly presented in the skills that individual gets, such as common skill, special skill, occupation applying skill, psychological skill and so on.

3.2 Inevitability to establish employment relation management based on employability

In a knowledge economic society, because the security of post is difficult to be guaranteed, enterprises can attract, prompt and hold knowledge employees only depending on enhancing employees' employability. To establish new employment relations based on enhancing employees' employability has become necessary choice for the enterprise, and employees also should transform their abilities form pursuing security to pursuing employability.

Knowledge and competition are two characters of present age. Because enterprises face the threats of existence and employees face challenges of development, so to grasp knowledge is the headspring to possess competitive predominance not only for enterprise but also for employees, and knowledge pursuing has become the corporate need and aim for enterprise and employees. Employability or lifetime employment ability has become mutual beneficial base for both parties to establish new employment relations.

To develop employment relation based on employability is not only the need of organization, but also employees'. As viewed from organization, it couldn't offer a stable work place and long-time employment promise for employees and it is not the aim that the organization should pursue to give employees stable works. The organization begins to think much of individual's values to organization, and for employees with more values and strong adaptive ability, the organization would pay out resources, but for employees with fewer values, the organization can not give promise. At the same time, the coming of knowledge economical age increases the value contributions of human capital in product (or service), accordingly strengthens employees' status in the negotiation between labor and capital, which also make enterprise more consider how to attract and hold talents as viewed from employees' demands. When enterprise can not give employees the promise of lifetime employment, the promise to enhance employability for employees also becomes the necessary requirement to attract and hold most talents.

The incomes that enterprise makes the promise enhancing employees' employability are obvious. First, enterprise has flexibility to implement strategic adjustments. Through receiving further education and training, employees continually refresh their knowledge, which can avoid excessively narrow knowledge and the rigidity of employment conversion, enhance their own employment abilities, and make enterprise possess the flexibility of strategic adjustment and the strength of updating and extension. Second, the promise of employability is a big inducement to make employees stay in the enterprise, because employees know that if they go to other enterprises which don't care about enhancing employees' values for higher salary, so in the age with technology changing quickly, they will finally face the threats washing out because of outdated technologies, and only in the enterprise which emphasizes employees' employability, their benefits can be guaranteed really only through continually refresh their own knowledge and skills. Just as Welch described "The employment offered by GE is the best work post all people want to compete all over the world. We possess the most excellent resources of training and development and the enterprise environment we build can offer large numbers of opportunities for the developments of individuals and their careers (Welch, 2005, p.87)". Third, it helps to enhance market competition of enterprise. To enhance the competition in the labor market, employees will have more enthusiasms to study and employees with high abilities are propitious to the market competition of enterprise. Therefore, the employment relation based on employability can not only help enterprise win and hold talents, but also can enhance the efficiencies of enterprise management and business operation.

As viewed from employees, they have to more emphasize their opportunities learning and growing in organization

and the enhancement of employability to counteract the laid-off risk faced at any moment. Employees need obtaining knowledge, skills, ability and other characters which are emphasized by employer at present and in the future to maintain employment and ensure future employment.

In new employment relations, absolute loyalty to organization has become into relative loyalty to occupation, specialty and employability. That is to say, the organization and employees will regard each other as their own "gangplank", but not the "terminus". Baruch and Peiperl pointed that there was no any organization could guarantee employees' employment security today, and what they could do most was to make employees strengthen their skills for employment, and employers begun to give up their attitudes of householder and individuals needed depending on them more.

Therefore, only to establish new employment relation based on enhancing employees' employability and lifetime employment ability can realize the balance of benefits and aim between enterprise and employees. New employment relation fosters more sustainable relation of equality and mutual benefit between individual and organization. That is to say, enterprise increases employee's opportunities to strength their employability for exchanging better performances, loyalties and devotions that employees pay in the enterprise for the developments of the enterprise. The result implementing new contract is that the enterprise would possess a group of employees with occupation flexibility, and the employer would possess an enterprise with sustainable competition. And this new employment relation will create a sort of new enterprise mode with competitive predominance, in which the learning enterprise is composed by knowledge employees. It is a new developmental tendency of employment relation to establish the employment relation management based on employability and develop cooperative and win-win relations between organization and employees in the age background of integrative knowledge economy and global economy.

4. Concepts and measures to establish employment relation management based on employability

4.1 Concepts to establish employment relation management based on employability

To establish employment relation management based on employability, enterprise should transform management concepts first.

(1) Abandoning traditional employment concepts. Enterprise should not treat employees as one part of enterprise assets or a sort of resource occupied by it any more. New employment relation should establish equally cooperative relation between enterprise and employees and pursuing win-win. If one day the results of win-win don't exist any more, it should be reasonable that any party stops cooperation. In this way, both enterprise and employees have exact anticipations to the future cooperative relation and advance the management aim of employability together.

(2) Abandoning the traditional concept that employees are loyal. Enterprise should not think it is a sort of betrayal that talented employees resign and go to other enterprises any more. Employees' demission may indicate they want to change work environment or there is other post at which they can better exert their specialties. Only giving up this old concept, the management enhancing employability can be implemented.

(3) Establishing new enterprise ascription sense. Employees have ascription senses to those enterprises which really care about their future. Enterprise should let employees know that enterprise truly consider employees' benefits and the change of management environment induces working papers. Enterprise should let employees trust the fortune of the enterprise is just their own responsibilities, not responsibilities of super managers. In this way, employees can clearly realize the base and target that enterprise exist are to offer products (or services) satisfied by consumers and if enterprise can not do that, every one will lose his job. Only in this way, enterprise can establish stronger cohesive force in enterprise.

(4) Building people-oriented employment concept. In a good employment environment, enterprise must emphasized putting people first, respect individual occupation, evaluate objectively individual adaptive ability and maintain individual social capital and human capital. Enterprise should also respect employees' personal aim and belief and help them enhance their abilities to fulfill and adapt society through consciously changing their individual behaviors.

(5) Building enterprise culture which can be consistent with employability. To enhance employees' employability, enterprise must build enterprise culture which can be consistent with employability. This sort of culture not only can build necessary challenging atmosphere, strength employees' senses of pressure and crisis, encourage employees completely enhance their individual abilities, but also can create a sort of atmosphere which supports study, advocate the concept of lifetime study, emphasize and encourage employees' study and make it become tools to face transformation for employees, make employees obtain learning opportunities through various approaches, enhance employees' learning needs and learning responsibilities that exchange opportunities of existence and development by their own knowledge, abilities and intelligences.

4.2 Measures to establish employment relation management based on employability

Managers should take some concrete measures in organizing and managing enterprise to enhance employees'

employability. In modern enterprises, familiar measures include following aspects.

(1) Post alternation in the interior of enterprise. New contract based on employability means employees have to study continually and prepare to rediscover their own potentials at any moment to adapt new environment. If one person can grasp several skills, his employability is enhanced obviously. The post alternation in the interior of enterprise can help employees achieve various specialties.

(2) Establishing occupational development center of enterprise. As the place to help employees know the demands and development tendencies of labor market in or out enterprise, occupational development center can issue opening information of job. It can help employees develop evaluations of their own occupational careers, offer occupational consultations for employees to strength employees' cognitions for themselves and accordingly increase employees' enthusiasms in occupational management and match certain occupational aim with individual. Enterprise can hold conference about occupational layout and offer reference books or evaluation software for employees' self-evaluation.

(3) Helping employees enrich their own human relation network. Enterprise should encourage employees participate in communion of same occupation such as various guilds, industrial organizations or proseminars, which can make employees communicate with talents in this industry, find differences and enhance themselves, and can make more craft brothers know our employees and enhance their employability.

(4) Actively implementing the training enhancing employees' employability. Enterprise should take training as a sort of long-term welfare and lead employees actively participate in some items to develop their general skills, new skills and special skills and store talents for the future development of the enterprise.

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