

Chapter 1

Managing Human Resources

This chapter provides the introductory foundation for students. Elements include HRM's role in organizational success, skills for effective HRM, and how these skills are necessary for all managers, not just HR managers. The chapter concludes with discussion of careers in HRM, ethical considerations and an outline for the rest of the chapter.

Chapter Outline

Human Resources and Company Performance

- Human resources are valuable.

Responsibilities of Human Resource Departments

- **Human Resource Management (HRM)** consists of an organization's "people practices," including:
 - Policies, practices, and systems that influence employees' behavior, attitudes, and performance.
 - Who works for the organization and how those people work.
 - A variety of functions related to acquiring and managing employees.

Skills of HRM Professionals

- **HRM** requires human relations skills, including:
 - Communicating.
 - Negotiating.
 - Team development.
- HR professionals also need to:
 - Understand the language of business.
 - Be a credible with line managers and executives.
 - Be strategic partners.

HR Responsibilities of Supervisors

- Non-HR managers, such as supervisors, typically have responsibilities related to all HR functions such as analyzing work, interviewing, training, and writing performance appraisals.

Ethics in Human Resource Management

- Make consistently ethical decisions.
- Understand and enforce employee rights.

Careers in Human Resource Management

- Careers in **HRM** may involve specialized work in fields such as recruiting, training, or compensation.

Learning Objectives

LO 1-1: Define human resource management, and explain how HRM contributes to organization's performance.

LO 1-2: Identify the responsibilities of human resource departments.

LO 1-3: Summarize the types of competencies needed for human resource management.

LO 1-4: Explain the role of supervisors in human resource management.

LO 1-5: Discuss ethical issues in human resource management.

LO 1-6: Describe typical careers in human resource management.

Society for Human Resource Management Body of Competency & Knowledge

This chapter contains content, which may be identified within the following content areas:

- Talent Acquisition & Retention
- Learning & Development
- Total Rewards
- Structure of HR Function
- Business & HR Strategy
- Organizational Effectiveness & Development
- Workforce Management
- Risk Management

Human Resource Certification Institute's A Guide to the HR Body of Knowledge

This chapter contains content, which may be identified within the following content areas:

- Business Management & Strategy
- Workforce Planning and Employment
- Human Resource Development
- Compensation and Benefits

- Employee and Labor Relations
- Risk Management

Question Guidance to Vignettes and Discussion Questions

Best Practices

HRM Helps Abbott Laboratories Thrive

1. How could a company such as Abbott benefit from sending an employee to school to study finance or another business subject?

Answer: Students should identify the reduction in training costs while further developing the employee. Students may also identify the outside knowledge and skill gained, while potentially improving employee morale and, thus increasing retention.

2. How do you think hiring and training could work hand-in-hand to help a company such as Abbott meet its business objectives?

Answer: Discussion should consider how training initiatives may be viewed favorably by potential candidates, and thus lead to both the acceptance of a job offer and retention.

HRM Social

Social Media Tools for HR Professionals

1. Of the social-media applications described here, which, if any, have you already used? On which, if any, have you observed messages from employers or co-workers?

Answer: Expect many student answers to center around the largest and most popular social media sites/apps. This is both true for the first and second parts of Question 1. Consider moving the conversation to tools such as Google Drive, Dropbox, or other sharing tools that are used for both personal and work projects.

2. Based on the descriptions here and your experiences with social media, briefly describe one way the use of social media might help you start or advance your career.

Answer: Students will probably focus on their network and how job postings can be made and spread very easily. Instructors will want to guide the conversation to targeted strategies, where students can research a company the same way a company can research potential applicants.

HR How To

Applying HR Data to Solve Business Problems

1. Review the categories of HR responsibilities (see Table 1.1). For any of the categories write a question that analytics might be able to answer.

Answer: Responses will vary, but instructors should be sure to help students first understand HR responsibilities, and then discuss how analytics can help improve those skills.

2. In light of the tips listed here, how should an HR professional use data to address the business issue you identified in question 1?

Answer: Students should be able to identify how both statistical and communication skills are necessary in human resources management.

HR Oops!

Zenefits Runs into Its Own HR Issues

1. What do you think of the description of HR being “essentially pretty boring”? How well does that statement take into account the competencies Zenefits has defined for HR professionals?

Answer: Students will respond with their own experiences of being hired, trained, appraised, or terminated. Instructors should consider flipping this model and have the students re-do those problem situations with their own answers.

2. Review the competencies in Figure 1.3 and the example behaviors listed in the accompanying text discussion. Which ones are the areas you would advise Zenefits to strengthen so it can better meet its internal needs or serve its customers?

Answer: Students should be able to rationalize any or all of the competencies within the figure. Group work could be a recommended method of instruction or activity.

Did You Know?

Employers' Reputations Have Value

1. If you were an HR manager, how could you use the survey results to make a business case for rewarding ethical conduct?

Answer: Students should identify how businesses with a bad reputation could lead to higher compensation costs to attract and retain employees. Active learning strategies are strongly recommended here based on personal experience and improving the response of HR in ethical dilemmas.

End of Chapter Questions and Cases

Thinking Ethically

Whom Does the HR Professional Represent?

1. Consider a situation where a new sales associate complains that a top-earning sales manager has been harassing her. Who would be affected by (a) a decision to fire the sales manager; and (b) a decision to tell the employee the manager is valuable, and she should figure out how to handle the situation herself?

Answer: Responses should indicate a consideration as to how both sides' rights may be impacted, while also considering the legal and publicity ramifications of either action.

2. What duties does the HR department receiving this complaint have to (a) the sales associate; (b) the sales manager; (c) the company that employs them?

Answer: In today's age, instructors should anticipate this to be a hotly debated topic in the classroom. Students answers should be respectful in considering both parties and how the process should play itself out. In addition, decisions must incorporate the business decisions of maintaining profitability. Refer back to the section on reputation of the business in creating a positive culture.

Review and Discussion Questions

1. How can human resource management contribute to a company's success? (LO 1-1)

Answer: Human resource management consists of an organization's "people practices" such as the policies, practices, and systems that influence employees' behavior, attitudes, and performance. HRM influences who works for the organization and how those people work. These human resources, if well managed, have the potential to be a source of sustainable competitive advantage, contributing to basic objectives like quality, profits, and customer satisfaction.

2. Imagine that a small manufacturing company decides to invest in a materials resource planning (MRP) system. This is a computerized information system that improves efficiency by automating such work as planning needs for resources, ordering materials, and scheduling work on the shop floor. The company hopes that with the new MRP system, it can grow by quickly and efficiently processing small orders for a variety of products. Which of the human resource functions are likely to be affected by this change? How can human resource management help the organization carry out this change successfully? (LO 1-2)

Answer: The sort of change described in the question above would most likely affect, to some degree, all nine of the functions of human resource management. The analysis and design of work would need to be considered in a decidedly different manner than it was

before the newly implemented automated process, as the “job” itself would be changed under the new system. Recruitment and selection as well as training and development would require adjustment to secure those individuals with the necessary skills, knowledge, and abilities to perform at expected levels under the new system. Performance management, the process of ensuring employees’ activities and outputs match the organization’s goals, would need reevaluation due to the changes created by the new process. Compensation would require adjustment because of the changes caused by the automation. Employee relations and human resource planning to support the organizational strategy would require adjustment to bring harmony and balance back into the workplace as individuals are noted to fear and resist new changes.

Human resource management can help the organization successfully carry out this change by combining its knowledge of human behavior with performance management tools in order to assist the organization in constructively managing the change process.

3. What competencies are important for success in human resource management? Which of these competencies are already strengths of yours? Which would you like to develop? (LO 1-3)

Answer: Human resource management requires substantial human relations skills, including skill in communicating, negotiating, and promoting team development. Human resource professionals also need decision-making skills based on knowledge of the HR field as well as the organization’s line of business. Leadership skills are necessary, especially for managing conflict and change. Technical skills of human resource professionals include knowledge of current techniques, applicable laws, and computer systems.

The student responses will vary as to which skills are their current strengths and which skills they would like to develop further.

4. Traditionally, human resource management practices were developed and administered by the company’s human resource department. Line managers now play a major role in developing and implementing HRM practices. Why do you think non-HR managers are becoming more involved? (LO 1-4)

Answer: As the relationship between various HRM practices and the productivity and performance of employees has been recognized, line managers have strong reasons to become involved in the development and implementation of HRM practices. The information from line managers is critical to determine needed and appropriate policies and practices that will reinforce the strategic and operational needs of the organization. For instance, if quality needs improvement, then it is critical that incentive/compensation practices be developed to reward quality improvement rather than volume production.

5. If you were to start a business, what aspects of human resource management would you want to entrust to specialists? Why? (LO 1-3)

Answer: Human resource specialists most often possess certain areas of expertise, such as recruitment, training, and labor relations. Human resource generalists usually perform the full range of HRM activities, such as recruitment, training, compensation, and employee relations. The cost difference associated with hiring a specialist or a generalist would need to be considered, as this is a newly established company. A full picture of organizational size, objectives, financial standing, as well as organizational need would need to be examined prior to selecting either a specialist or a generalist to guide the HR process.

The responses provided by the students will vary depending upon their personal viewpoints. However, each response provided should discuss rationales for why such a decision was made.

6. Why do all managers and supervisors need knowledge and skills related to human resource management? (LO 1-4)

Answer: Although many organizations have human resource departments, non-HR managers must be familiar with the basics of HRM and their own role regarding managing human resources. Supervisors typically have responsibilities related to all HR functions. Supervisors help analyze work, interview job candidates, participate in selection decisions, provide training, conduct performance appraisals, and recommend pay increases. On a day-by-day basis, supervisors represent the company to their employees, so they also play an important role in employee relations.

7. Federal law requires that employers not discriminate based on a person's race, sex, national origin, or age over 40. Is this also an ethical requirement? A competitive requirement? Explain. (LO 1-5)

Answer: Ethics refers to the fundamental principles of right and wrong. Ethical behavior is behavior that is consistent with those principles. It is imperative for organizations to adhere to current laws and regulations. This is indicative of ethical organizational behavior. The way an organization conducts its business can affect the way in which others such as customers, government agencies, and vendors perceive that organization. While operating ethically is not a competitive requirement, remember that individuals most often prefer to deal with organizations they feel they can trust. So in essence, operating in an ethical/unethical manner may greatly impact an organization's competitiveness.

8. When a restaurant employee slipped on spilled soup and fell, requiring the evening off to recover, the owner realized that workplace safety was an issue to which she had not devoted much time. A friend warned the owner that if she started creating a lot of safety rules and procedures, she would lose her focus on customers and might jeopardize the future of the restaurant. The safety problem is beginning to feel like an ethical dilemma.

Suggest some ways the restaurant owner might address this dilemma. What aspects of human resource management are involved? (LO 1-5)

Answer: Safety for workers as well as for customers is vital for every organization regardless of its size. Accidents can prove to be an exorbitant cost for businesses. The restaurant owner may address this dilemma by gaining knowledge on the value of safety training. By viewing implementation of safety training as an enhancement, the owner may conquer any of her fears.

In actuality, all nine areas of human resource management functions could potentially be involved in or affected by the creation of a safety-training program. Of course, the training and development function would sustain an immediate and more recognized effect.

9. A friend hears you are taking this course and mentions an interest in an HRM career. Based on this chapter's description, what advice would you give your friend? (LO 1-6)

Answer: Individual students will provide a wide variety of responses to this topic. Answers should represent an understanding of each content area in this chapter.

Taking Responsibility

Why Good Things Happen at Costco

1. In what ways does Costco meet the criteria for a "sustainable" organization?

Answer: The company clearly cares about a workforce that is engaged and retained. This adds to their sustainability because they do not have to spend as much on recruitment costs. They have employees who feel valued and that translates into productivity and customer satisfaction.

2. What would you describe as Costco's basic strategy as a retailer? How do its human resource practices support that strategy?

Answer: Their basic strategy is to be a low-cost provider. They keep their HR costs low by having less turnover and lower residual training costs, which is tied to the low turnover, even though their pay rates are competitive. They also have higher productivity so they are getting a great ROI for their higher hourly wage and benefits.

Managing Talent

Old Navy's Talent Strategy Fills in Some Gaps

1. In your own words, briefly summarize the business problem facing The Gap and the effectiveness of This Way Ahead as a solution to the problem.

Answer: Students answers should focus on the skill deficits facing many of the workers that would typically find jobs or start careers in the retail industry. TWA is meant to provide incentives on a number of fronts. Not only is Old Navy creating a demand to work at their stores, but they are also investing in workers who are more enthusiastic and have the potential to grow inside of Old Navy.

2. Suggest one or two ways Old Navy's HR department could use data to measure the success of This Way Ahead in providing a source of talent. That is, what measure would indicate success?

Answer: Data could be analyzed to investigate any potential reductions in employee turnover as well as new workers to the Old Navy brand. Focusing on store-by-store, or regional results on entry-level employees is the key metric.

HR in Small Business

Network Is the Key to HRM at 1Collision

1. Give examples of 1Collision's HRM professionals providing the competencies of (a) HR expertise and (b) critical evaluation.

Answer: Students may identify the HR expertise as the recruitment support, and the evaluation regarding training requirements.

2. How might HRM support from the 1Collision Network make an auto body shop more competitive than if it relied on the shop manager to handle human resource management? In other words, how might this support contribute to business success?

Answer: Responses may vary, but should identify the ability to gain HRM expertise at a relatively lower time and money cost than if the shop manager just handled all the HRM aspects.

Recommended Connect Activities

HRM Matters to Everyone

Learning Objective: 01-03 Summarize the types of competencies needed for human resource management

Activity Summary: This case analysis involves the changing role of the HR department over time and the addition of increased responsibility and decision making.

Follow-Up Activity: Active and collaborative learning exercises are recommended for this application exercise. One example would be for small groups to diagram the different organizational structures for HR as time has progressed. In addition, students can then delegate the different HR responsibilities of each employee as the company has evolved.

Ethical Concerns in Human Resources

Learning Objective: 01-05 Discuss ethical issues in human resource management.

Activity Summary: This worksheet includes matching of real-world issues to the ethical concerns highlighted in the text.

Follow-Up Activity: Activities for this application exercise could include any number of topics. Use the multiple-choice questions as a pre- and post-assessment so that students understand each of the ethical dilemmas outlined in the text. After the pre-assessment is complete, have individuals or groups document previous examples in their own careers when an ethical concern arose. Students could then categorize those examples as one of the main ethical concern areas as outlined in the activity.

Supervising Employees Who Work from Home

Learning Objective: 01-04 Explain the role of supervisors in human resource management.

Activity Summary: Technological improvements can influence policies and practices in human resource management, as well as in the overall organization. Although there are many benefits of using technology in the workplace, there are also challenges. This video case presents some of those for telecommuters.

Follow-Up Activity: Have students "flip" the classroom and present on the processes organizations use for considering, implementing, and supervising telecommuting employees. The answers do not need to include great depth but should focus on recognition and examples of the necessary steps.

HRM Practices

Learning Objective: 01-03 Summarize the types of competencies needed for human resource management.

Activity Summary: Today is it not enough for an HR professional to know only how to perform tasks specific to human resources management. HR professionals must be proficient in the nine categories of HR success competencies clustered into four areas: technical, interpersonal, business, and leadership.

Follow-Up Activity: This matching exercise plays a more foundational role in a student's ability to understand the role of HR in the current landscape. Ask students to complete this worksheet when class begins and then have them retake it at the end of the class meeting (the same could be done in an online environment). Use the results to guide your teaching to the needs/weaknesses of your students on a real-time basis, which will increase the chances of retention.

CHRO Conversations: Tracy Keogh, HP, Inc.

Learning Objective: 01-02 Identify the responsibilities of human resource departments.

Activity Summary: The video case and multiple-choice questions that follow will push students to apply previously learned information to corporate-level strategy.

Follow-Up Activity: Students should understand the role that HR takes in managing an environment that has the necessary tools and structure to lead an organization to a highly competitive market position. Active learning strategies could include having students research their own employers or find "best HR practices" and then apply course content to these scenarios.

Classroom Exercises

Students may benefit from exercises that illustrate the concepts of the chapter. Use these along with CONNECT activities.

1. Understanding of HRM and the textbook

Instructors may engage students in a general discussion meant to support the understanding of HRM. Instructors may have students review Figures 1.1 and 1.2, and then discuss Review and Discussion question #1. Instructors may then direct students to Table 1.3 to see the outline of the book and answer any questions they may have concerning the content.

2. The Role of HRM

Students may be asked to discuss and identify HRM's role within organizations. Review and Discussion questions #5 may be used to begin the discussion. Then instructors may ask students to respond to the *Taking Responsibility* question #2. While responding to question #2, the instructor may ask students to reflect on their responses to the Review and Discussion question and ask whether their initial responses have now changed.

3. Competencies for Careers

Instructors may facilitate a discussion for students to discuss the competencies necessary for strong managers. Review and Discussion questions #3 and #4 may be asked to begin the discussion. Then, Review and Discussion question #6 may be asked as a follow-up, with students then reflecting on their responses to questions #3 and #4.

4. HRM Career Considerations

Instructors may wish to have students identify components in Chapter 1 within both the *Society for Human Resource Management Body of Competency & Knowledge* and the *Human Resource Certification Institute's A Guide to the HR Body of Knowledge*. Discussion could be focused on how these chapter concepts are important to the development of their careers and potential certification.

5. Vignette Discussions

Any of the vignettes (see above) may be employed for classroom discussion. Students could be asked to respond as individuals or placed into groups for discussion. Individuals and/or groups may then be asked to defend their responses and rationale when comparing and contrasting other responses.