

Chapter 1 – Human Resource Management: Gaining a Competitive Advantage

This chapter discusses the role of Human Resource Management (HRM) in gaining a competitive advantage. It provides a foundation for the rest of the chapters by describing the role HRM plays within organizations and the skills HRM practitioners need for any company to be competitive. Within this chapter are the competitive challenges that U.S. companies currently face which influence their ability to meet the needs of shareholders, customers, employees, and other stakeholders and support as to how these competitive challenges are influencing HRM.

At the end of this chapter, instructors should ensure students understand HRM and its role within organizations (LO1-1, LO1-6). Further, students should be able to discuss the different HRM practices (LO1-7), which are outlined towards the end of the chapter. Accomplishing both tasks will help support students in subsequent chapters, however, it can be a difficult task given the perceptions of HRM and HR departments, as well as the potential for students who lack exposure to such ideas and practices.

The instructor may wish to ensure (and continue to revisit throughout the course) the student continually focuses on how they are the ones making the decisions (i.e. managers). However, their own experiences such as being interviewed can lead to great course discussion and reflection. Instructors may also find students, especially those with little interest in HRM or within other majors, experiencing difficulty in recognizing the importance of this topic and practice. Instructors may wish to emphasize that although HRM is a separate practice, much of what will be studied directly applies to the business acumen of managers and leaders in all facets of business management.

Once the above is considered, instructors may then wish to discuss the remainder of the LOs. If students have had a previous Introduction to Business/ Management or similar course, then discussion of these LOs from the perspective of strategic management and internal/external analysis (i.e. SWOT analysis) may help students to connect the concepts. Specifically, if a general understanding of strategic management exists, then instructors may discuss how HRM practices can contribute to the strategic advantage of organizations, and how HR departments and professionals hold a specific role and may contribute to this process. It would be helpful to draw students' attention to Table 1.15, which shows the outline of the textbook. These can help further demonstrate the different areas within HRM, and what students may expect from the remainder of the course.

Learning Objectives

LO 1-1: Discuss the roles and activities of a company's human resource management function.

LO 1-2: Discuss the implications of the economy, the makeup of the labor force, and ethics for company sustainability.

LO 1-3: Discuss how human resource management affects a company's balanced scorecard.

LO 1-4: Discuss what companies should do to compete in the global marketplace.

LO 1-5: Identify how social networking, artificial intelligence, and robotics is influencing human resource management.

LO 1-6: Discuss human resource management practices that support high-performance work systems.

LO 1-7: Provide a brief description of human resource management practices.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas identified in HR Expertise:

- HR Strategic Planning
- Talent Acquisition
- Employee Engagement & Retention
- Learning & Development
- Total Rewards
- Structure of the HR Function
- Organizational Effectiveness & Development
- Workforce Management
- Employee & Labor Relations
- Technology Management
- HR in the Global Context
- Diversity & Inclusion
- Risk Management
- Corporate Social Responsibility
- U.S. Employment Law & Regulations

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

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter

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materials for a specific timeframe. It is the instructors' discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

- Case Analysis – Business School Balanced Scorecard
- Case Analysis – In the News: The Business Case for Sustainability
- Video Case – Virtual Workplace: Out of Office Reply
- Click & Drag – Going Global?
- Click & Drag – HR Product Lines
- Case Analysis – Social Media Woes

Guidance to Discussion Questions and End of Chapter Sections

Discussion Question 1: Discussion will most likely focus on associated costs as companies outsource administrative functions normally housed within HR departments. Instructors may need to emphasize that as long as the strategically necessary functions are still emphasized and managed well then HR departments may not be necessary. The caveat is that sometimes without the department they do not get the necessary emphasis. However, HR professionals may not necessarily reside within HR departments, and can be within other departments (Training and Learning departments separate from the traditional HR department, for example) that focus on a specific function. It may also be important to emphasize that HR professionals can practice from multiple areas and backgrounds (Industrial/Organizational Psychology). Thus, HR practitioners and professionals become an important part of organizations, with or without departments. Further support may be found in Tables 1.1 (Responsibilities of HR Departments) and 1.2 (Questions to Ask: Are Human Resources Playing a Strategic Role in the Business?).

Discussion Question 2:

Staffing: ensuring organizations predict the appropriate number of employees and competencies necessary to meet strategic objectives, domestically and globally and then acquire them within the necessary timeframe. Example would be leadership identification and selection with global understanding and the ability to foresee issues within organizational operations/logistics to ensure sustainability.

Training: ensuring employees of organizations have the support to obtain and improve upon the competencies as necessary to meet the strategy. This would also include leadership development. Example could be sales training, development of customer service competencies, and a fluency to use corporate technology and its continual adoption of new technology to service customers.

Compensation: Identifying appropriate compensation and benefits strategies that align behind organizational strategy while meeting identified imperatives such as attraction and retention of key talent. Global challenge of compensation which meets regulation and demographic needs in multiple cultural and geographically dispersed areas. Technological challenge of risk and security management of employee data from theft, as well as meeting regulatory needs of multiple countries and economic zones.

Performance Management: Ensuring employee performance is measured for improvement and other used for organizational decisions. Global challenge of developing leaders with global business acumen may also be discussed.

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Discussion Question 3: Table 1.6. Here, intangible assets would be employees and the skills/competencies/knowledge they bring to the organization. HRM practices, as anything which impacts the attitudes, behaviors, and performance of employees within the organization (recalling the definition presented within textbook).

Discussion Question 4: Definition is found under *Demonstrating the Strategic Value of HRM*, “demonstration that HR practices have a positive influence on the company’s bottom line or key stakeholders.” HR may resist due to a) lack of understanding, knowledge skill sets necessary, b) a feeling of de-personalization of the HR function (i.e. data and cold decisions versus people and warm decisions) c) fear of data-driven decisions resulting in downsizing of work force and HR, especially connected to previous mentioned reasons.

Discussion Question 5: Examples found under *Demonstrating the Strategic Value of HRM*, “demonstration that HR practices have a positive influence on the company’s bottom line or key stakeholders.” Further responses may include employee surveys, competitor compensation surveys, performance evaluation results (maybe mention 360 degree assessments and potential perceptions of management), length of tenure at specific positions, number of promotions by position/demographic, etc.

Discussion Question 6: Table 1.13 lists potential uses of Social Networking. Responses should reflect Table 1.13, and discuss ideas such as collaboration tools within context of cloud computing and data accessible. Another example would be employer of choice branding and campaigns on Social Media, which may help make employers look attractive.

Discussion Question 7: No; as employee engagement can save costs and thus help take company from the red and into the black.

Discussion Question 8: This question is meant to have each student explore the different areas of HRM and help ensure they understand the practice. Students should be guided towards the agreement that each area is important, but may become more of a strategic imperative depending on an organization’s internal and/or external environment and subsequent strategy at a point in time.

Discussion Question 9: Table 1.8 provides the responses for the four perspectives of customers, internal, innovation & learning, and financial. Student responses should be supported through textbook information, but will vary.

Discussion Question 10: Discussion may include info from Tables 1.1 and 1.2, while also integrating Figure 1.3 and how strategy requires professionals to have the requisite skill set. Overall discussion should reflect on the need for HRM practices to contribute to the strategy of the organization, and the different approaches outlined in the beginning of the chapter, through which organizations attempt to accomplish this. Discussion may also reflect on the history of HR as the personnel department, and its difficulty with becoming more strategic.

Discussion Question 11: Sustainability “company’s ability to meet its needs without sacrificing the ability of future generations to meet their needs.” HRM examples might be development of a culture focused on sustainability, with identification, selection of individuals who wish to work for such a

company. Training and development initiatives which help develop skill sets to recognize when and where a company can be socially and environmentally responsible.

Discussion Question 12:

Aging Workforce: loss of key employees and skill sets without enough of a workforce to replace the loss; employers may encourage delaying retirement or working part time as they age. May also face need to retrain and need to ensure age discrimination does not occur.

Diverse Workforce: Diverse mind sets and perspectives could lead to more difficulties in management within organizations. Can lead to more creativity, problem solving and understanding of different cultures due to diverse perspectives.

Skill Deficiencies: the need for organizations to ensure selection processes identify employees either with the requisite skill sets, or with the ability to learn. Organizations will also need to ensure their talent management and internal training and development are adequate to ensure skills and competencies are met. Retention of skilled employees will also become more imperative.

Discussion Question 13: Talent identification and retention within emerging markets; the need for cross-cultural training of employees who are relocated as well as those who conduct business across cultural barriers for the company are all challenges for HRM within global context. Thus, identifying workforce capability within a specific geographic area and the internal competency of the expanding organization become necessary for to assess prior to the decision to expand.

Discussion Question 14: HRM practices which focus overall and their integration and not in isolation is how they may have commonality with HPWS and quality goals.

Discussion Question 15: Disadvantages may include an inability to control quality of product/service delivered to company regarding the HR function. Managers might also lack specific knowledge concerning employment laws, HR practices that having in-house departments can assist with.

Self-service model, disadvantages may include resistance by managers to adopt such practices like their own reviewing of resumes, approving of bonuses, payroll, etc. These can also be disadvantages when line managers are more involved in designing and using HR practices. Other disadvantages may results from lack of understanding and/or skill regarding how to design and use such practices.

Discussion Question 16: Reasons to reshore would include decreased shipping costs, mitigation of supply chain disruption, quality concerns and customer preferences towards domestic production. Reasons not to reshore would be the contrary of any positives gained from the previously mentioned. Organizations should consider all of these reasons prior to a decision to reshore operations.

Exercising Strategy:

Zappos Faces Competitive Challenges

- 1) Students should be able to accurately identify the challenges listed in Chapter 1 and make rational arguments based on information in the textbook and case that link each together. One example might be the loss of 210 employees and the potential lack of skilled employees in the workforce leading to a weakened competitive position. Students should then be able

to mitigate the issue they identify. Again, regarding the loss of 210 employees due to a change in the new management system, HRM can mitigate this through training employees on the new system, developing pathways for employees to solve problems from the new system, as well as redevelop the recruitment and selection practices to find employees who can work within such a system.

- 2) Responses should correctly identify the different outcomes of engagement from Chapter 1, and then find those examples within the case. This would include being ranked consistently Best Company to Work, as well as the cultural fit aspects of interviewing, and other benefits offered to employees. Responses should connect the HR practices found in the case to those concepts found in the chapter.
- 3) Each one of the 10 core values could potentially be influenced or impacted by HRM. Here, again, focus should be on the rationale students provide, which, demonstrate connecting the core value (a part of strategy) to how HRM can impact it as well as students' ability to identify different roles of HRM. For example, Be Adventurous, Creative, and Open-Minded could be argued that HR has the most impact on (Managing the HR Environment; Acquiring and Preparing Human Resources) if students identify culture of the organization, recruitment and selection of appropriate candidates as HRM practices.
- 4) Time in more meetings undermines values of Create Fun; Be Adventurous; Be Passionate. Employees who are worried about career advancement undermine the value of Pursue Growth and Learning. Both undermine Build a Positive Team and Family Spirit, especially with the loss of 210 employees. Employees who are struggling to understand the management system will be demotivated and less engaged, especially if they are not sure if what they are doing is correct, or if it will lead to promotion.

Managing People:

Marriott: HR Practices Result in Engaged Employees and Satisfied Customers

- 1) Student responses should demonstrate an understanding of the different HRM practices and how they may impact the competitive advantage of the organization. Integration of Marriott's core values and principals should be apparent in student responses. For example, discussion of the corporate culture of "family" and retention may be connected to Marriott's hiring and selection processes. Benefits may also be discussed as evidence of Marriott's commitment to take care of its employees, or the ability to train and learn within Marriott.
- 2) Responses should emphasize how these HR practices have helped Marriott strategically through what was discussed in question 1.
- 3) Students should be able to discuss how while practices may vary due to industry, HRM can contribute to the strategic advantage of the company regardless of sector, product/service, or industry. Students should be able to begin to recognize how different companies may need to emphasize different HRM imperatives. For example, employee retention within research and development is extremely important due to technological advancement and proprietary company knowledge, highlighting how retention needs for Marriott are different.
- 4) Responses can vary, and instructors may wish to (depending on demographics of the class) ask students to reflect on their own needs as employees and what they would like from an employer. Regardless of responses, instructors should ensure that students recognize practices must not only meet needs and desires of employees, but also align behind corporate strategy.

HR in Small Business:

Network Is the Key to HRM at 1Collision

- 1) Responses should recall areas identified in Table 1.15 and the Competencies of HR Professionals Table 1.3. Responses may identify how performance management and training identifies key performance indicators and then provides coaching for improvement to achieve results. Discussion may also include how 1Collision has online tools for benefits administration.
- 2) Students may identify a shared-services model, where an HR professional assigned to the shop, can provide targeted expertise and support shop owners, freeing shop owners time to handle other strategically demanding issues.

Chapter Cases: Discussion Guidance

Enter the World of Business:

Publix: HR Practices Result in Happy Employees and Customers

There is a “Look Back” section that revisits the Publix case and asks 4 questions. Suggested guidance for each is as follows:

- 1) Students may identify high retention rates and low voluntary turnover as evidence of success. Then, they may discuss career pathways for employees, training and tuition reimbursement as part of the development of employees. Or, they may identify the potential for ownership through shares as compensation. Any of these practices identified are appropriate, but students should be able to connect the strategy and success with the appropriate HR practices.
- 2) Students may identify how promotion from within may cause an insular culture, and not promote creativity and new ideas as potentially achieved from new hires from the outside.
- 3) Student responses will vary, but should be able to identify the practices of HRM, and advocate for these within the different industries discussed.
- 4) Answers will vary, but student responses should use case information to rationalize responses.

Competing through Sustainability:

Socially Responsible Programs Help Improve the World

Students may focus on the alignment of employee concern for such initiatives and the organizations' own initiatives and subsequent culture. This would lead to attraction, retention, as well as motivation of employees to contribute and develop to further support the organization.

Integrity in Action:

HR Is Not Just a Back-Office Function

Responses may identify Organizational Leadership and Navigation, Communications, Business Acumen, Critical Evaluation, Human Resource Technical Expertise and Practice, and Relationship Management all within the case.

Competing through Globalization

Effectiveness in Global Business Requires More than Just a First-Class Ticket

Topics would include cross-cultural skills including verbal and nonverbal; culture- specific training for the specific destination such as customs and business practices; time and stress management for expatriates. It is important for families to receive this training because family issues and problems are the number one reason why overseas assignments fail.

Competing through Technology:

Connectiveness and Mobility Enhance HR Practices

Some disadvantages may include lack of access due to socio-economic reasons; cyber security concerns; employee privacy and data; rate of technological change and adoption.