

Part One

Introduction

Chapter 1

Introduction to Human Resource Management

Lecture Outline:

- What Is Human Resource Management?
 - Why Is HR Management Important to All Managers?
 - Line and Staff Aspects of Human Resource Management
 - Line Managers' Human Resource Management Responsibilities
 - The Human Resource Department
- The Trends Shaping Human Resource Management
 - Workforce Demographics and Diversity Trends
 - Trends in Jobs People Do
 - HR and the Gig Economy: On-Demand Workers
 - Improving Performance: *HR as a Profit Center*
 - Globalization Trends
 - Economic Trends
 - Technology Trends
- Important Components of Today's New Human Resource Management
 - A Brief History of Personnel/Human Resource Management
 - Distributed HR and the New Human Resource Management
 - Trends Shaping HR: *Digital and Social Media*
 - A Quick Summary
 - Strategic Human Resource Management
 - Improving Performance: *The Strategic Context*
 - Performance and Human Resource Management
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Where Are We Now...

The purpose of this chapter explains what Human Resource Management is, and why it's important to all managers. We'll see that human resource management activities such as hiring, training, appraising, compensation, and developing employees are part of every manager's job. We'll see that human resource management is also a separate function. The main topics we'll cover will include what is human resource management, the trends shaping human resource management, human resource management today, the new human resource manager, and the plan of the book.

Interesting Issues:

For many people today Upwork (www.upwork.com/) symbolizes much of what's new in human resource management. Millions of freelancers from graphic designers to translators, accountants, writers, and customer service agents register on this site. Employers then use Upwork to find, screen, hire, and pay the talent they need in more than 180 countries.

Learning Objectives:

- 1-1. Explain** what human resource management is and how it relates to the management process.
- 1-2. Briefly discuss and illustrate** the important trends influencing human resource management.
- 1-3. Briefly describe** six important components or pillars of human resource management today..
- 1-4. List** at least four important human resource manager competencies.
- 1-5. Outline** the plan of this book.

Annotated Outline:

- I. What Is Human Resource Management? – to understand what human resource management is, it's useful to start with what managers do. Most writers agree that managing involves performing five basic functions: planning, organizing, staffing, leading, and controlling. These functions in total represent the management process.
 - A. Why Is HR Management Important to All Managers?
 1. Avoid Personnel Mistakes – managers don't want to make personnel mistakes, like not having employees doing their best, hiring the wrong person for the job, experiencing high turnover, having to be in court due to discriminatory actions, being cited for unsafe practices, letting a lack of training undermine department effectiveness, or committing any unfair labor practices.
 2. Improving Profits and Performance – to help ensure that you get results, through people.
 3. You May Spend Some Time as an HR Manager
 4. HR for Small Business

- B. Line and Staff Aspects of Human Resource Management – in organizations, line authority traditionally gives managers the right to issue orders to other managers or employees. Line authority creates a superior (order giver) – subordinate (order receiver) relationship. Staff authority gives a manager the right to advise other managers or employees. It creates an advisory relationship.
 - C. Line Managers' Human Resource Management Responsibilities – line managers do have many human resources duties such as the following:
 - a. Placing the right person in the right job
 - b. Starting new employees in the organization (orientation)
 - c. Training employees for jobs that are new to them
 - d. Improving the job performance of each person
 - e. Gaining creative cooperation and developing smooth working relationships
 - f. Interpreting the company's policies and procedures
 - g. Controlling labor costs
 - h. Developing the abilities of each person
 - i. Creating and maintaining departmental morale
 - j. Protecting employees' health and physical conditions
 - D. The Human Resource Department – provides specialized assistance and knowledge. Job duties include: recruiters, EEO representatives, job analysts, compensation managers, training specialists, and labor relations specialists.
 - 1. New Approaches to Organizing HR
 - a. Technology – adopting new HR technology tools such as online training portals
 - b. Shared Services HR – teams that offer services through intranets or centralized call centers
 - c. Corporate HR – teams within a company that assist top management in top-level issues
 - d. Embedded HR – teams that have a HR generalist (also known as “relationship managers” or “HR business partners”) assigned to functional department
 - e. Centers of expertise – specialized HR consulting firms within the company
- II. The Trends Shaping Human Resource Management – trends are occurring in the environment of human resource management that are changing how employers get their human resource management task done. These trends include workforce trends, trends in how people work, technological trends, and globalization and economic trends.
- A. Workforce Demographics and Diversity Trends – the composition of the workforce will continue to change over the next few years; specifically it will continue to become more diverse with more women, minority group members, and older workers in the workforce.
 - B. Trends in Jobs People Do – work has shifted from manufacturing jobs to service jobs in North America and Western Europe. Today, over two-thirds of the U.S. workforce is employed in producing and delivering services, not products.

1. On-Demand Workers
 2. Human Capital
 3. Improving Performance: Boosting Customer Service
- C. Globalization Trends – refers to companies extending their sales, ownership, and/or manufacturing to new markets abroad.
- D. Economic Trends – Figure 1-2 shows the gross national product (GNP), a measure of the United States of America’s total output. Figure 1-3 shows that during this period, home prices leaped as much as 20% per year. Unemployment remained docile at about 4.7%. Then around 2007-2008, GNP fell and home prices dropped by 10% or more. The unemployment rate had fallen from a high of more than 10% a few years ago to around 5% in 2015, and to about 4% in 2018, and GNP was growing at about 4% in 2018. The Bureau of Labor Statistics projects that gross domestic product (GDP) will increase by 2% annually from 2016 to 2026, slower than the 3% or higher that prevailed from the mid-1990s through the mid-2000s.
1. Labor Force Trends – the labor force in America is growing more slowly than expected. Mostly because with baby boomers aging, the “labor force participation rate” is declining—in other words, the percent of the population that wants to work is declining.
 2. The Unbalanced Labor Force –although unemployment rate is dropping, it’s doing so in part because fewer people are looking for jobs (remember the shrinking labor participation rate). Demands for workers is unbalanced.
- E. Technology Trends – it may be technology that most characterizes the trends shaping human resources management today. Five main types of digital technologies are driving this transfer of functionality from HR professionals to automation.
1. Social Media – employers increasingly use tools such as Twitter, Facebook, and LinkedIn to recruit new employees.
 2. Mobile Applications – used by employers, for instance, to monitor employee location and to provide digital photos at the facility clock-in location to identify workers.
 3. Gaming – enables employers to inject features such as feedback, fun, and objectives into training, performance appraisal, and recruiting.
 4. Cloud Computing – a more intuitive user interface that enables employers to monitor and report on things like a team’s goal attainment and to provide real-time evaluative feedback.
 5. Data Analytics – uses statistical techniques, algorithms, and problem-solving to identify relationships among data for the purpose of solving particular problems; it is also called talent analytics.
 6. Artificial intelligence (AI) – basically means using computers to do tasks in human-like ways.
 7. Augmented reality (AR) – transforms huge amounts of data and superimposes digital summaries and images on the physical world.

III. Today’s New Human Resource Manager

- A. A Brief History of Personnel/Human Resource Management – “personnel management” is not new. Ancient armies and organized efforts always required

attracting, selecting, training, and motivating workers. But tasks like these were mostly just part of every manager's job, something that lasted in most countries until the late 1800s. By 1900, employers set up the first "hiring offices." New union laws in the 1930s added "Helping the employer deal with unions" to personnel's tasks. New equal employment laws in the 1960s made employers more reliant on personnel management to avoid discrimination claims. By the 1970s, globalization made gaining a competitive edge through engaged employees, and therefore personnel management, important. Today economic and demographic trends make finding, hiring, and motivating employees more challenging, while more high-tech jobs means employers must manage employees' knowledge, skills, and expertise (human capital). Technological trends including mobile and social media are changing how employers recruit, select, train, appraise, and motivate employees. In a sense, a new human resource management is emerging, one built on six main components or pillars.

- B. Distributed HR and the New Human Resource Management – more human resource management tasks are being *redistributed* from a central HR department to the company's employees and line managers.
- C. Trends Shaping HR: *Digital and Social Media* – the new human resource management tools that are changing how people look for jobs, and how companies recruit, retain, pay, and train employees. Examples are career sites, recruitment sites, and talent analytics tools.
- D. A Quick Summary – Figure 1-4 illustrates a summary of what trends mean for human resource management.
- E. Strategic Human Resource Management – today's human resources managers are more involved in longer-term, strategic "big picture" issues.
- F. Improving Performance: *The Strategic Context* – illustrates building L.L.Bean. Today's employers want their HR managers to put in place practices that will produce the employee behaviors that help the company achieve its strategic aims.
- G. Performance and Human Resource Management – employers expect their human resources manager/"people experts" to spearhead employee performance-improvement efforts. There are three levers that can be applied: HR department lever, employee cost lever, and strategic results lever.
 - 1. HR and Performance Measurement – metrics are used to validate.
 - 2. HR and Evidence-Based Management – the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions. It's using the best-available evidence in making decisions about the human resources practices being focused on.
 - a. Actual measurements
 - b. Existing data
 - c. Research studies
 - 3. HR and Adding Value – boosting profits and performance.
- H. Sustainability and Human Resource Management – company's efforts being measured not only by performance but also whether they are "sustainable," which means they are judged not just on profits, but on their environmental and social performance as well.
- 4. Employee Engagement and Human Resource Management – **employee engagement** refers to being psychologically involved in, connected to, and committed to getting one's

jobs done. Engaged employees “experience a high level of connectivity with their work tasks,” and therefore work hard to accomplish their task-related goals.

5. Ethics and Human Resource Management – **ethics** means the standards someone uses to decide what his or her conduct should be. Many ethical issues—such as workplace safety—are HR-related, and HR plays a big role in cultivating organizational ethics today.

IV. The New Human Resource Manager – it’s more complicated being a human resource manager today. It requires new competencies and skills. The Society of Human Resources Management (SHRM) has itemized the behaviors and competencies (with definitions) that today’s HR manager should be able to exhibit:

1. Leadership & Navigation – the ability to direct and contribute to initiatives and processes within the organization.
2. Ethical Practice – the ability to integrate core values, integrity, and accountability throughout all organizational and business practices.
3. Business Acumen – the ability to understand and apply information with which to contribute to the organization’s strategic plan.
4. Relationship Management – the ability to manage interactions to provide service and to support the organization.
5. Consultation – the ability to provide guidance to organizational stakeholders.
6. Critical Evaluation – the ability to interpret information with which to make business decisions and recommendations.
7. Global & Cultural Effectiveness – the ability to value and consider the perspective and backgrounds for all parties.
8. Communication – the ability to effectively exchange information with stakeholders.
9. SHRM also says HR Managers are to have command of the basic functional areas of HR such as the following:
 - a. Functional Area #1: HR Strategic Planning
 - b. Functional Area #2: Talent Acquisition
 - c. Functional Area #3: Employee Engagement & Retention
 - d. Functional Area #4: Learning & Development
 - e. Functional Area #5: Total Rewards
 - f. Functional Area #6: Structure of the HR Function
 - g. Functional Area #7: Organizational Effectiveness & Development
 - h. Functional Area #8: Workforce Management
 - i. Functional Area #9: Employee & Labor Relations
 - j. Functional Area #10: Technology Management
 - k. Functional Area #11: HR in the Global Context
 - l. Functional Area #12: Diversity & Inclusion
 - m. Functional Area #13: Risk Management
 - n. Functional Area #14: Corporate Social Responsibility
 - o. Functional Area #15: U.S. Employment Laws & Regulations
- A. HR Manager Certification – certifications are used to demonstrate mastery of contemporary human resource management knowledge and competencies. HR Certification Institute (HRCI) is an independent certifying organization for human resource professionals. HRCI awards several credentials:

1. Professional in Human Resources (PHR)
 2. Senior Professional in Human Resources (SPHR)
- B. HR and the Manager's Human Resources Philosophy – the basic assumptions you make about people are: Can they be trusted? Do they like their work? And other assumptions together comprise the philosophy of human resources. Another way the philosophy is created is it should evolve as knowledge, and experience is accumulated. Also the organization's top management molds the philosophy.

V. The Plan of This Book

- A. The Basic Themes and Features
- B. Practical Tools for Every Manager
 1. Responsibility of every manager
 2. Use human resource management techniques to improve performance, productivity, and profitability.
 - a. Improving Performance: HR Tools for Line Managers and Small Businesses
 - b. Improving Performance: HR as Profit Center
 - c. Improving Performance: HR Practices Around the Globe
 - d. Improving Performance Through HRIS
 - e. Diversity Counts
 3. How digital and high-tech trends are shaping human resource management
 4. Understand how the employer's human resource management policies and practices produce the employee skills and performance the company needs to achieve its strategic aims.
- A. HR is the responsibility of every manager.
 - a. HR managers must defend plans and contributions in measurable terms.
 - b. HR systems must be designed to achieve the company's strategic aims.

VI. Chapter Contents Overview

Part 1: Introduction

Chapter 1: Introduction to Human Resource Management

Chapter 2: Equal Opportunity and the Law

Chapter 3: Human Resource Management Strategy and Analysis

Part 2: Recruitment, Placement, and Talent Management

Chapter 4: Job Analysis and Talent Management Process

Chapter 5: Personnel Planning and Recruiting

Chapter 6: Employee Testing and Selection

Chapter 7: Interviewing Candidates

Part 3: Training and Development

Chapter 8: Training and Developing Employees

Chapter 9: Performance Management and Appraisal

Chapter 10: Managing Careers and Retention

Part 4: Compensation

Chapter 11: Establishing Strategic Pay Plans

Chapter 12: Pay for Performance and Financial Incentives

Chapter 13: Benefits and Services

Part 5: Enrichment Topics in Human Resource Management

Chapter 14: Build Positive Employee Relations

Chapter 15: Labor Relations and Collective Bargaining

Chapter 16: Safety, Health, and Risk Management

Chapter 17: Managing Global Human Resources

Chapter 18: Managing Human Resources in Small and Entrepreneurial
Firms

The Topics Are Interrelated

Chapter Review

Chapter Section Summaries:

- 1-1. All managers should be able to answer, **What is human resource management, and why is it important.**
- 1-2. **The trends shaping human resource management.**
- 1-3. In terms of the **components or pillars of human resource management today**, employers expect human resource management teams to focus on big-picture issue.
- 1-4. To do so, **the human resource managers need new competencies.**
- 1-5. Understanding the overall **plan of this book.**

Discussion Questions:

1-1. Explain what HR management is and how it relates to the management process.

To understand what human resource management is, it's useful to start with what managers do. Most writers agree that managing involves performing five basic functions: planning, organizing, staffing, leading, and controlling. These functions in total represent the management process.

1-2. Give examples of how HR management concepts and techniques can be of use to all managers.

HR management concepts and techniques can help all managers to ensure that they get results – through others. These concepts and techniques also help managers avoid common personnel mistakes such as: hiring the wrong person; experiencing high turnover; finding your people not doing their best; wasting time with useless interviews; facing lawsuits because of discriminatory actions; receiving citations under federal occupational safety laws for unsafe practices; having some employees think their salaries are unfair and inequitable relative to others in the organization; allowing a lack of training to undermine a department's effectiveness, and committing any unfair labor practices.

1-3. Illustrate the HR management responsibilities of line and staff managers.

Line managers are someone's boss; they direct the work of subordinates in pursuit of accomplishing the organization's basic goals. Some examples of the HR responsibilities of line managers are: placing the right person on the job; starting new employees in the organization (orientation); training employees for jobs that are new to them; improving the job performance of each person; gaining creative cooperation and developing smooth working relationships; interpreting the company's policies and procedures; controlling labor costs; developing the abilities of each person; creating and maintaining department morale; and protecting employees' health and physical conditions. Staff managers assist and advise line managers in accomplishing these basic goals. They do, however, need to work in partnership with each other to be successful. Some examples of the HR responsibilities of staff managers include assistance in hiring, training, evaluating, rewarding, counseling, promoting, and firing of employees, and administering various benefits programs.

1-4. Compare the authority of line and staff managers. Give examples of each.

Line and Staff Aspects of Human Resource Management – in organizations, line authority traditionally gives managers the right to issue orders to other managers or employees. Line authority creates a superior (order giver) – subordinate (order receiver) relationship. Staff authority gives a manager the right to advise other managers or employees. It creates an advisory relationship.

Line managers have many human resources duties such as the following:

- a. Placing the right person in the right job
- b. Starting new employees in the organization (orientation)
- c. Training employees for jobs that are new to them
- d. Improving the job performance of each person
- e. Gaining creative cooperation and developing smooth working relationships
- f. Interpreting the company's policies and procedures
- g. Controlling labor costs
- h. Developing the abilities of each person
- i. Creating and maintaining departmental morale
- j. Protecting employees' health and physical conditions

Staff managers assist and advise line managers in accomplishing these basic goals.

Individual and Group Activities:**1-5. Working individually or in groups, develop outlines showing how trends like workforce diversity, technological innovation, globalization, and changes in the nature of work have affected the college or university you are now attending. Present in class.**

The list might include items such as the growth of adult (non-traditional aged) students, the use of computer and communications technology, diversity issues, and others.

- 1-6. Working individually or in groups, contact the HR manager of a local bank. Ask the HR manager how he or she is working as a strategic partner to manage human resources, given the bank's strategic goals and objectives. Back in class, discuss the responses of the different HR managers.**

The students should ask the HR manager to discuss how his/her role as a strategic partner is improving the bank's performance, and if the bank's culture is more innovative and flexible as a result of the strategic partnership.

- 1-7. Working individually or in groups, interview an HR manager. Based on that interview, write a short presentation regarding HR's role today in building competitive organizations.**

The responses here will, of course, depend upon the organization and HR manager interviewed. Hopefully, items such as workforce diversity, technological trends, globalization, high-performance work systems, HR metrics, or ethics will be mentioned.

- 1-8: Working individually or in groups, bring several business publications such as *Bloomberg's Business Week* and *The Wall Street Journal* to class or access them in class via the Web. Based on their contents, compile a list entitled, "What HR Managers and Departments Do Today."**

The students should look for articles and advertisements that deal with any of the following topics: conducting job analyses, planning labor needs, and recruiting job candidates; selecting job candidates; orienting, training, and developing employees; managing wages and salaries; providing incentives and benefits; appraising performance; communicating; training and developing managers; building employee commitment; equal opportunity; affirmative action; employee health and safety; and labor relations.

- 1-9. Based on your personal experiences, list 10 examples showing how you used (or could have used) human resource management techniques at work or school.**

Depending on the degree of their work experience, students will cite a wide range of examples, possibly including some of the following: 1) situations where they have improved the efficiency of their work through the use of technology made available to them through human resource systems; 2) employed the services of non-traditional workers (or been employed as a non-traditional worker); 3) developed metrics to measure how they have added value in terms of human resource contributions; 4) kept themselves abreast of employment laws in order to minimize risk to their company; 5) utilized self-service HR technology; 6) employed high-performance work system concepts in their job/department.

- 1-10. Laurie Siegel, former senior vice president of human resources for Tyco International, took over her job just after numerous charges forced the company's previous board of directors and top executives to leave the firm. Hired by new CEO Edward Breen, Siegel had to tackle numerous difficult problems starting the moment she assumed office. For example, she had to help hire a new management team. She**

had to do something about what the outside world viewed as a culture of questionable ethics at her company. And she had to do something about the company's top-management compensation plan, which many felt contributed to the allegations by some that some former company officers had used the company as a sort of private ATM.

Siegel came to Tyco after a very impressive career. For example, she had been head of executive compensation at Allied Signal, and was a graduate of the Harvard Business School. But, as strong as her background was, she obviously had her work cut out for her when she took the senior vice president of HR position at Tyco.

Working individually or in groups, conduct an Internet search and/or do library research to answer the following questions: What human resource management-related steps did Siegel take to help get Tyco back on the right track? Do you think she took the appropriate steps? Why or why not? What, if anything might you have done differently if you had been in Ms. Siegel's position?

Tyco's top executives, (the Chairman/Chief Executive as well as the CFO) had been accused of playing fast and loose with corporate accounting and of using the company's coffers as personal piggy banks. Upon taking office, Breen fired the entire board of directors and then dismissed the entire headquarters' staff of 125 people. He recruited a new, completely independent board of directors and hired a CFO, an ombudsman, and a vice president of corporate governance, who report directly to the board.

Breen's directive to Siegel was that her first priority be setting up corporate-governance and compensation systems and controls, then to transition "to really driving the talent machine." Siegel's first step was to draft a strict company code of ethics. She then arranged to have it taught simultaneously at a special ethics training day to every Tyco employee. She advised the compensation committee on how to replace Tyco's old salary and bonus policy, which rewarded acquisition-based company growth. The new system is based on measurable company performance. Bonuses and restricted-stock grants are linked to objective measurements, including each business unit's earnings before interest and taxes, and Tyco International's overall performance. Top officers are required to hold company stock worth 3 to 10 times their yearly base salary. They must hold 75 percent of their restricted stock and stock options until a minimum level has been reached. Above that level, they must hold 25 percent for at least three years. Severance pay is limited to two times an individual's yearly salary plus bonus. Post-handshake perks, like consulting contracts and free transportation in company aircraft, have been abolished.

As a result of the above steps, Tyco is now aiming for higher marks in ethics. It has written and circulated a multi-page ethics policy, and hired more than 100 internal auditors to enforce it. It has a new corporate ombudsman to address employee concerns about ethics and policies. All of Tyco's employees attended mandatory one-day ethics seminars, and more detailed programs are in the works for its 25,000 managers. In the past, the practice was to award huge bonuses to anyone who "somehow drove the numbers up." The new system assesses how well managers set and meet goals. As a result, Tyco's bonus budget for the fiscal year 2003 was reduced by \$90 million.

Students will probably agree that, in general, Siegel took the appropriate steps, and the turnaround and recovery of Tyco's finances, profits, and stock prices are testimony to the effectiveness of her approach. Suggestions for what Siegel should do moving forward may include continued ethics training, HR strategies, and scorecards that drive the appropriate employee behaviors in support of the business strategy.

1-11. Appendices A and B at the end of this book list the knowledge someone studying for the HRCI (Appendix A) or SHRM (Appendix B) certification exam needs to have in each area of human resource management (such as Strategic Management and Workforce Planning). In groups of several students, do four things: (1) review Appendix A and/or Appendix B; (2) identify the material in this chapter that relates to the Appendix A and/or Appendix B required knowledge lists; (3) write four multiple-choice exam questions on this material that you believe would be suitable for inclusion in the HRCI exam and/or the SHRM exam; and (4) if time permits, have someone from your team post your team's questions in front of the class, so that students in all teams can answer the exam questions created by the other teams.

This question can be assigned as an out-of-class project to be done in teams.

Experiential Exercise: HR and "The Profit"

Purpose: The purpose of this exercise is to provide practice in identifying and applying the basic concepts of human resource management by illustrating how managers use these techniques in their day-to-day jobs.

Required Understanding: Be thoroughly familiar with the material in this chapter, and with at least one or two episodes of CNBC's *The Profit* with Marcus Lemonis
<http://www.tv.com/shows/the-profit/watch/>. (Access a library of past episodes at URLs as <http://www.cnbc.com/live-tv/the-profit>)

How to Set Up the Exercise/Instructions:

- Divide the class into teams of several students.
- Read this: As you may know by watching billionaire Marcus Lemonis, as he works with actual small businesses in which he's taken an ownership share, human resource management often plays an important role in what he and the business owners and managers need to do to be successful. For example, at Grafton Furniture, a lack of clarity about who does what (a lack of up-to-date job descriptions) leads to inadequate supervision of some ongoing orders and to lower profit margins. Questions also arise at Grafton about, for instance, the effectiveness of the training that some managers (including the owner's son) have received.
- Watch several of these shows (or reruns of the shows), and then meet with your team and answer the following questions:

- 1-12. What specific HR functions (recruiting, interviewing, and so on) can you identify Mr. Lemonis addresses on this show? Make sure to give specific examples based on the show.**

Students' responses will vary but should use the information found in the text to explain and defend their answers.

- 1-13. What specific HR functions can you identify as being problematical in this company? Again, please give specific answers.**

Students' answers will vary but should include addressing line and staff manager's authority.

- 1-14. In terms of HR functions (such as recruiting, selections, interviewing, compensating, appraising, and so on) what exactly would you recommend doing to improve this company's performance?**

Students' answers will vary but should use the information found in the text to explain and defend their answers.

- 1-15. Present your team's conclusions to the class.**

Application Case: Jack Nelson's Problem

- 1-16. What do you think was causing some of the problems in the bank's home office and branches?**

There is clearly a problem with communication, and the effects are felt in the area of employee commitment. Additional contributing factors include the lack of consistency in the policies and procedures of various locations. There is no cohesiveness to the staffing activities of this organization.

- 1-17. Do you think setting up an HR unit in the main office would help?**

Of course it would! Since there are HR-related problems both in the home office and in the branches, it is clear that an HR unit in the main office would help to coordinate HR activities in the branches.

- 1-18. What specific functions should an HR unit carry out? What HR functions would then be carried out by supervisors and other line managers? What role should the Internet play in the new HR organization?**

There is room for quite a bit of variation in the answers to this question. Our suggested organization would include: HR Unit: conducting job analyses, planning labor needs, recruiting, providing advice and training in the selection process, handling orientation of new employees, managing wage and salary administration, managing incentives and

benefits, providing and managing the performance appraisal process, facilitating organization-wide communications, and providing training and development services. Supervisors and Other Line Managers: interviewing and selecting job candidates, training new employees, appraising performance, ensuring departmental and personal communications, and providing training and development. Internet and HR: shift some activities to specialized online service portals and/or providers.

Continuing Case: Carter Cleaning Company – Introduction

1-19. Make a list of five specific HR problems you think Carter Cleaning will have to grapple with.

Potential answers could include the following:

- 1) Staffing the company with the right human capital by identifying the skills and competencies that are required to perform the jobs and the type of people that should be hired. Sourcing candidates and establishing an efficient and effective recruiting and selection process will be an important first step.
- 2) Planning and establishing operational goals and standards and developing rules and procedures to support business goals and strategies. Failure to do so will result in a lack of clarity around performance expectations down the line as each store becomes operational.
- 3) Implementing effective performance management by setting performance standards, offering high-quality appraisal of performance, and providing ongoing performance coaching and feedback to develop the abilities of each person and support positive employee relations.
- 4) Designing an effective compensation system that will give the company the ability to attract, retain, and motivate a high-quality workforce, and providing appropriate wages, salaries, incentives and benefits. A poorly designed system will result in recruiting problems, high turnover rates, and low employee morale.
- 5) Training and developing employees both at the management and employee level to be able to perform the job to meet the performance expectations. This should include a new hire orientation program as well as a program for ongoing training and development. Lack of attention to this component may result in errors, increased operational costs, high turnover, and morale problems.

1-20. What would you do first if you were Jennifer?

Students' answers will vary. However, probably the most important first step is to ensure that the staffing process is well designed and targeting the right mix of skills and abilities needed among candidates. Thoroughness is necessary when analyzing the requirements of each job, developing a complete job description for each role, and sourcing candidates

that meet those requirements. Significant time should be invested in the hiring process to ensure that potential employees meet the requirements and possess the skills and abilities to do the job.

Key Terms:

Organization – A group consisting of people with formally assigned roles who work together to achieve the organization's goals.

Manager – Someone who is responsible for accomplishing the organization's goals, and who does so by managing the efforts of the organization's people.

Managing – To perform five basic functions: planning, organizing, staffing, leading, and controlling.

Management Process – The five basic functions of planning, organizing, staffing, leading, and controlling.

Human Resource Management (HRM) – The process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

Authority – The right to make decisions, to direct the work of others, and to give orders.

Line Authority – Traditionally gives managers the right to issue orders to other managers or employees.

Staff Authority – Gives a manager the right to advise other managers or employees.

Line Manager – A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks.

Staff Manager – A manager who assists and advises line managers.

Strategic Human Resource Management – Formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

Employment Engagement – The extent to which an organization's employees are psychologically involved in, connected to, and committed to getting their jobs done.

Ethics – The principles of conduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be.