

PART ONE: HUMAN RESOURCES MANAGEMENT IN PERSPECTIVE

CHAPTER 1 THE STRATEGIC ROLE OF HUMAN RESOURCES MANAGEMENT

LEARNING OUTCOMES

1. DEFINE human resources management and ANALYZE the strategic significance of human resources management.
2. DESCRIBE the value of HR expertise to non-HR managers and entrepreneurs.
3. DESCRIBE the stages in the evolution of HRM.
4. EXPLAIN how HRM has changed over recent years to include a higher-level advisory role.
5. DESCRIBE the competencies and recognition of growing professionalism of the HRM function.
6. DISCUSS the internal and external environmental factors affecting human resources management policies and practices and EXPLAIN their impact.

REQUIRED HR COMPETENCIES

10100: Impact the organization and human resources practices by bringing to bear a strategic perspective that is informed by economic, societal, technological, political, and demographic trends to enhance the value of human resources.

10300: Provide effective leadership for human resources, with due recognition of the roles and responsibilities of the governing body and the organization's leadership and their relationships with other stakeholders, to implement the business plan and manage risk.

10600: Align human resources practices by translating organizational strategy into human resources objectives and priorities to achieve the organization's plan.

20200: Adhere to ethical standards for human resources professionals by modeling appropriate behaviour to balance the interests of all stakeholders.

20500: Foster the advancement of the human resources profession by participating in professional activities and advocating for the profession to enhance the value of human resources in the workplace.

20600: Promote an evidence-based approach to the development of human resources policies and practices using current professional resources to provide a sound basis for human resources decision-making.

CHAPTER SUMMARY

This chapter focuses on the strategic role of HRM and HR professionals in today's business context. Strategic HRM links the management of people to strategic goals and objectives to improve business performance. Two major stages in the historical evolution of management thinking that led to strategic HRM, scientific management and the human resources movement, are discussed. Seven specific roles of HR professionals illustrate the new partnership between HRM and organizational managers and executives. Two specific areas of HR activity, operational and strategic, show how HRM has gone beyond its traditional administrative role. The chapter also considers that many employers are changing how they organize their human resource functions. The chapter concludes with a look at numerous professional designations that help to ensure that HR professionals understand and can deal with the large number of external factors that impact HRM, including economic factors, labour market issues, technology, government, globalization, and environmental concerns, as well as internal environment influences.

LECTURE OUTLINE

I. The Strategic Role of Human Resources Management

Just as organizations require financial capital to operate successfully, they must also acquire, grow and effectively use the **human capital** of workers (knowledge, education, training, skills, and expertise). HRM involves formulating and implementing HR systems (e.g. recruitment, performance appraisal, and compensation) that are aligned with organizational strategy (see Figure 1.1, p. 2). This ensures that necessary competencies and behaviours will be available to meet strategic goals. Research has shown that strategically aligned systems of HR practices are related to better organizational performance and competitive advantage. The resource-based view of the firm suggests that HR practices contribute to the development of embedded knowledge of a firm's culture, history, processes, and context, which are non-imitable (hard to copy by competitors). Three specific HR practices (profit sharing, results-oriented performance appraisal, and employment security) are strongly related to accounting measures of firm performance, such as return on assets and return on equity. A more extensive set of practices, known collectively as high-performance HR practices, have a positive relationship with turnover, productivity, and corporate financial performance (gross rate of return on capital).

Teaching Tip: This is a critical section for getting buy-in from students in quantitative disciplines/fields (e.g. economics, finance, accounting, and engineering) who may see HR as more trivial and less important than their other courses. Have students guess how much of a difference effective HR makes, then share the statistics and graphs from empirical research. The citations for footnoted studies are found in the Notes section of the text (beginning on page 492). If using this text for an MBA class you can assign one or more articles as class preparation.

II. A Brief History of HRM

While many students and employees still perceive HRM to be a clerical department, HRM has changed dramatically over the past 100 years, taking on an increasingly strategic role. This has changed the demands on, and expectations of, those working in the HR department. Today's strategic view of HRM evolved through three major stages.

a. *Scientific Management: Concern for Production (late 1800s – early 1900s)*

During this period, led by Frederick W. Taylor, operational productivity was the main objective and HRM practices such as simplified tasks and performance-base pay supported this focus. However, the dictatorial approach ignored the feelings and possible contributions of workers, which resulted in the subsequent development of the more comprehensive Human Resources Movement.

b. *The Human Resources Movement: Concern for People and Productivity (early 1900s – today)*

- ❖ In Phase 1 (early 1900s), HRM, known as “personnel,” was primarily responsible for hiring, firing, payroll and benefits.
- ❖ In Phase 2 (1920s – 1950s), HRM took on additional roles and responsibilities, such as labour relations, legal compliance, and human relations (orientation, performance appraisal, and employee relations).

- ❖ In Phase 3 (1960s – 1980s) the role of personnel departments expanded dramatically as workplace legislation expanded, covering areas such as human rights, wages and benefits, working conditions, health and safety. Also, during Phase 3, technological advances stimulated **outsourcing** of many traditional HR activities (employee counselling, payroll, pension and benefits administration, recruitment, management development, and training) to external vendors. References to “Personnel” gave way to “Human Resources Management,” representing a shift in emphasis from maintenance and administration to corporate contribution, proactive management, and initiation of change.
- ❖ In Phase 4 (current phase), the role of HR departments is focused on helping the organization achieve its strategic objectives in partnership with line managers. The HR responsibilities of non-HR roles have become more explicit (see Figure 1.2, p. 5); the HR professional now operates as more of an in-house consultant/subject matter expert.
- ❖ As the field has changed over time, the expectations of an HR Professional have also changed over time. According to a recent study, five critical pieces of knowledge for today’s HR professionals are business acumen, employment law and legislation, talent management, broad HR knowledge, and employee labour-relations knowledge. These areas of knowledge are reflected in the seven new roles associated with HR competency. The focus of much of today’s HR activity is on fostering **employee engagement**, acting as a **change agent**, and engaging in **environmental scanning** to identify external opportunities and threats and assess these against the organization’s strengths and weaknesses. This is in sharp contrast to earlier days when organizational **strategy** was formulated without HR input.

Teaching Tip: Avoid using the word “history” as this tends to make most students immediately tune out. Make students aware of outdated perceptions of those who work in HR by having them describe a day in the life of an HR person as preparation for class, or as a short in-class exercise. Have students look up HR job postings on www.monster.ca or www.workopolis.com.

III. Reorganizing the HRM Function

The evolution of HR is far from done. HR’s transformation has been underway for several years, but progress has been somewhat inconsistent because of lack of senior management support and the fact that many non-HR managers still view HR as a cost centre. Many HR professionals need to acquire more broad-based business knowledge and skill sets to be considered and respected as equal business partners by other executives in the company. In a few organizations, HR remains locked in an operational mode, processing forms and requests, administering compensation and benefits.

a. Evidence-Based Human Resource Management

A major contribution of HRM is making decisions based on evidence-based human resource management. This is 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. Put simply, evidence-based human resource management means using the best-available evidence in making decisions about the human resource management practices you are focusing on.

b. Measuring the Value of HR: Metrics

A key difference between the traditional and current role of HR professionals is the requirement to be able to measure the value and impact of the organization's human capital and HRM practices. Metrics (statistics) that HR professionals need to understand and use cover both quantity (e.g. # of candidates interviewed for a vacancy) and quality (e.g. # of first choice candidates accepting an offer to hire). Simply measuring activity is not enough. HR measures are also an important part of the balanced scorecard system of organizational outcomes that contains measures of financial, customer, human capital management and operations performance.

Teaching Tip: Point out to students that the balanced scorecard forces managers to consider both the short-term (financial) and long-term (customer, human capital management and operations performance) perspectives of their organizations.

IV. Growing Professionalism in HRM

Every profession (e.g. doctors, lawyers, engineers) shares several characteristics (common body of knowledge, benchmarked performance standards, representative professional association, external perception as profession, code of ethics, on-going skill development maintenance and socially responsible use of professional competence). In Canada, HR practitioners are increasingly professionals, both in performance and qualifications. Although operating locally, provincial HR associations are tied into a global network of HR associations through their affiliation with the Canadian Council of Human Resources Associations, which in turn is affiliated with the World Federation of People Management Associations. Public sector and quasi-public sector HR professionals have their own Canadian chapter of the International Personnel Management Association. HR professionals can also belong to a number of other Canadian and international associations. Broad and specialized certification requirements, managed and administered by provincial associations, leads to professional designations that signal validation of professional.

Similar to other professional designations, such as Chartered Accountant (CA) and Professional Engineer (P.Eng.), there are 3 different levels of Certification in Human Resources in Canada: Level 1 - Certified Human Resource Profession (CHRP), Level 2 - Certified Human Resource Leader (CHRL), Level 3 - Certified Human Resource Executive (CHRE) (See Figure 1.3, p.11). This 3 level structure of certification is relatively new (2015) and replaces a 2 level certification model.

The old model evaluated expertise based on 187 required professional capabilities (called RPCs), while the new model evaluates expertise in 9 different function areas (see Figure 1.4, p.12 for a complete list) plus 5 enabling competencies (Strategic and Systems Thinking, Professional and Ethical Practice, Critical Problem-Solving and Analytical Decision Making, Change Management and Cultural Transformation, and Communication, Conflict Resolution, and Relationship Management).

Overall, it appears that the labour market rewards professionalism and designations (including, but not limited to, the CHRP designation). Information regarding differences in pay for CHRP and non-CHRP HR jobs in Canada is provided in Table 1.1, p.13.

Table 1.2, p.14 provides a list of Professional HR Designations in Canada (as of 2006).

a. Ethics

The professionalization of HRM has created the need for a uniform code of **ethics**, as agreement to abide by the code of ethics is one of the requirements of maintaining professional status. Since what is ethical or unethical is generally open to debate (except in a few very clear-cut cases such as wilful misrepresentation), most codes do not tell employees what they should do. Rather, they provide a guide to help employees discover the best course of action by themselves.

In recent years, the concept of social responsibility has frequently been discussed as an important manifestation of ethics. A company that exercises **social responsibility** attempts to balance its commitments, not only to its investors, but also to its employees and customers, other businesses, and the community or communities in which it operates.

Teaching Tip: Have students explore HR association websites and compare them to websites for other professions. Assign students to read one or more portions of the Canadian HR Reporter and bring recent cases, issues, articles to class or submit them as a reflection exercise.

V. Environmental Influences on HRM

As mentioned earlier, the new role of HR professionals involves environmental scanning, looking outside the organization, in addition to the more traditional internal focus. This is because HR professionals need to understand both external and internal environmental influences that could impact on strategy formulation and/or implementation. These influences can help organizations to attract and retain highly qualified workers or make it extremely challenging to ensure that the available human capital can successfully contribute to organizational performance and sustain competitive advantage.

- a. *External Environmental Influences* are outside the direct control of the organization. (Table 1.3, p. 15).
 - i. Economic Conditions (unemployment, **productivity**, **primary/secondary/tertiary sector** growth/decline) affect demand for products and services, therefore demand and supply of workers.
 - ii. Labour Market Issues (workforce diversity, generational differences (Table 1.4, p. 17), and growth in non-standard/contingent work) affect not only the characteristics of workers but also change traditional employment patterns and relationships. **Traditionalists, Baby Boomers, Generation X and Generation Y** workers are working with and for each other, and increasingly workers are not employees of the organization, but are working on a **contingent/non-standard** basis. Figure 1.5, p. 17 provides a recent breakdown of literacy levels in Canada. Functional illiteracy is exacting a toll, not only on individual, social and economic opportunities, but also on organizations' accident rates and productivity levels.
 - iii. Technology can enable workers to work almost anywhere and provide tools for management of a dispersed workforce. Technological changes, however, have brought increased concerns about employee privacy and the line between work and personal time.
 - iv. Government laws affecting the workplace continue to proliferate and are not standard across Canada. Companies with employees in multiple jurisdictions need to have a good grasp of the complexity of the legal landscape.
 - v. **Globalization** has brought an increase in business conducted outside of the home country, increasing the need to manage human resources in many different countries. In addition to legal differences there are also societal and cultural differences that have to be accommodated in HR practice.
 - vi. Environmental Concerns have led to sustainability being a key means of retaining human capital, as a growing number of workers want to work for a socially responsible organization.

Teaching Tip: One way to tackle this material is to have students first identify how each of these influences would affect the organization, then dig down to identify the specific impact on HRM.

- b. *Internal Environmental Influences* are within the control of the organization
 - i. **Organizational Culture**, defined as core, widely shared values, beliefs, assumptions, serves a number of purposes (communication, direction and norms, attitudes, identify, orderliness, consistency, loyalty and commitment). HR is involved in sharing stories, myths, symbols and creating ceremonies and rituals that reinforce the desired culture.
 - ii. **Organizational Climate** (prevailing atmosphere) should, but does not always, work in harmony with the organizational culture. Management's leadership style, HR policies and practices and organizational communication send more obvious signals about whether the organization is friendly/unfriendly, open/secretive, rigid/flexible, innovative/stagnant.
 - iii. Management Practices such as flatter organizational structures, cross-functional teams and improved communication have led to increased employee **empowerment**.

DISCUSSION BOXES

STRATEGIC HR:(p. 9)

Responsibility for managing employees in an organization might start at the executive level (who develop the mission and vision that essentially drive the organizational strategy), but all stakeholders (employees, managers, specialists) facilitate the execution of that vision or mission. We rely on people to express the values required to meet the goals and objectives of the organization, which involves alignment of culture, incentives, process and practices that often permeate through HR.

Teaching Tip: Get students to discuss who is responsible for managing the added-value associated with human resources (employees) in an organization.

GROWING PROFESSIONALISM OF HRM: (p.12)

Regarding the challenges HR professionals need to be aware of, internally, we are not as disciplined as we need to be and externally, we haven't convinced others (e.g. executives) that there is a unique body of knowledge required to succeed in this profession. This is not a challenge unique to the HR profession, but we can overcome this by having an emphasis on a strong academic foundation of knowledge.

Teaching Tip: Get students to discuss the challenges faced by HR professionals.

ETHICAL DILEMMAS

Can or should an employee reveal information that was disclosed in confidence about a troubled co-worker, and if so, under what circumstances? (p. 14)

Generally speaking, such information should not be disclosed, unless the person who has received the information in confidence believes that the troubled co-worker poses a threat to the organization or to themselves. If either of these apply, a case can be made for disclosing the confidential information.

The maintenance department supervisor has just come to you, the HR manager, voicing concern about the safety of two of her reporting employees whom she recently discovered to be functionally illiterate. What are your responsibilities to these employees, if any? (p. 18)

Functional illiteracy means that someone cannot read, write, calculate, or solve problems at a level required for independent functioning or the performance of routine technical tasks. This means that the supervisor must keep in mind, at all times, the fact that these employees may not be able to read hazard warnings, operating instructions, etc., putting themselves and possibly other workers in danger. You cannot assume that they will act in unsafe ways, but the firm has a legal obligation to take every possible precaution to protect the health and safety of

all of its employees. This might mean providing verbal instructions, using graphical signs and symbols, and/or supervising them more closely. Firing these employees or moving them to a lower-risk job (without consultation) increases the risk of a lawsuit or a union grievance (if unionized workplace). To ensure that all future workers meet functional literacy standards recruitment and selection processes should be reviewed and modified.

In the process, caution must be exercised to ensure that there is no violation of their privacy rights, and that the dignity and respect of these individuals are not undermined. If the functional illiteracy of one or both of these individuals is associated with a learning disability, human rights protection may also come into play. Firms have a legal obligation to accommodate individuals with a disability (physical or mental) to the point of undue hardship.

While not required to do so, the firm's code of ethics may suggest that this matter be addressed in a more comprehensive way and thus choose to offer an on-site literacy program. If the company has not checked for functional literacy as part of its selection processes, there may be other workers who are also functionally illiterate. Although such programs are aimed at refreshing and improving basic reading, writing, math, and problem-solving skills, they also improve listening, oral communication, teamwork, leadership, and computer skills, among other things.

KEY TERMS

authority The right to make decisions, direct others' work, and give orders. (p.6)

Baby Boomers Individuals born between 1946 and 1964. (p. 17)

balanced scorecard A measurement system that translates an organization's strategy into a comprehensive set of performance measures. (p. 10)

certification Recognition for having met certain professional standards. (p. 11)

change agents Specialists who lead the organization and its employees through organizational change. (p. 8)

contingent/nonstandard workers Workers who do not have regular full-time employment status. (p. 18)

employee engagement The emotional and intellectual involvement of employees in their work, such as intensity, focus, and involvement in his or her job and organization. (p. 7)

empowerment Providing workers with the skills and authority to make decisions that would traditionally be made by managers. (p. 20)

environmental scanning Identifying and analyzing external opportunities and threats that may be crucial to the organization's success. (p. 8)

evidence-based HRM 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. (p. 10)

Generation X Individuals born between 1965 and 1980. (p. 17)

Generation Y Individuals born since 1981. (p. 17)

globalization The emergence of a single global market for most products and services. (p. 19)

human capital The knowledge, education, training, skills, and expertise of a firm's workforce. (p. 2)

human resources management (HRM) The management of people in organizations to drive successful organizational performance and achievement of the organization's strategic goals. (p. 2)

human resources movement A management philosophy focusing on concern for people and productivity. (p. 4)

line authority The authority exerted by an HR manager by directing the activities of the people in their own business unit, department or service area. (p.6)

line manager A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks. (p. 6)

metrics Statistics used to measure activities and results. (p. 10)

organizational climate The prevailing atmosphere that exists in an organization and its impact on employees. (p. 20)

organizational culture The core values, beliefs, and assumptions that are widely shared by members of an organization. (p. 19)

outsourcing The practice of contracting with outside vendors to handle specified business functions on a permanent basis. (p. 4)

primary sector Jobs in agriculture, fishing and trapping, forestry, and mining. (p. 16)

productivity The ratio of an organization's outputs (goods and services) to its inputs (people, capital, energy, and materials) (p. 15)

scientific management The process of "scientifically" analyzing manufacturing processes, reducing production costs, and compensating employees based on their performance levels. (p. 3)

secondary sector Jobs in manufacturing and construction. (p. 16)

social responsibility The implied, enforced, or felt obligation of managers, acting in their official capacities, to serve or protect the interests of groups other than themselves. (p. 14)

staff authority Staff authority gives the manager the right (authority) to advise other managers or employees. (p. 6)

staff manager A manager who assists and advises line managers. (p.6)

strategy The company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage. (p. 8)

tertiary or service sector Job in public administration, personal and business services, finance, trade, public utilities, and transportation/ communications. (p. 16)

Traditionalists Individualists born between 1922 and 1945 (p. 17)

REVIEW AND DISCUSSION QUESTIONS

1. Describe the transformation that HR underwent over the years. Discuss how changes in internal and external factors contributed to the evolution in HR. (p. 3 – 7)

The role of HR is moving away from the traditional operational/administrative role, where HR professionals hire and maintain employee records, and manage employee separations, into a more strategic role, where HR is focused on ensuring that the organization acquires, develops and retains the most effective human capital to achieve its strategic goals. The evolution took place during four phases in which HR replaced administrative tasks with more strategic tasks. Factors driving the change included a heavy focus on productivity beginning with scientific management, increased unionization due to dissatisfaction with the sharing of gains from scientific management, increased employment laws and legislation, and technological advances that enabled outsourcing.

2. Describe the role of HR in strategy formulation and strategy implementation. (p. 2-3)

Organizations are increasingly viewing the HR department as an equal partner in the strategic planning process, in contrast to the past when HR input was not sought during strategic planning. HR professionals, together with line managers play a key role in identifying and analyzing *external* opportunities and threats that may be crucial to the organization's success. HR professionals can also add value to the strategy formulation process by supplying information regarding the company's *internal* strengths and weaknesses, particularly as they relate to the organization's workforce.

Strategy execution is typically the area where HR makes the biggest strategic contribution. For example, HR professionals are heavily involved in the execution of downsizing and restructuring strategies through establishing training and retraining programs, arranging for outplacement services, instituting pay-for-performance plans, and helping to redesign jobs. HR specialists are expected to be change agents who lead the organization and its employees through organizational change.

3. Describe how the external environment influences HR. (p. 15-19)

External environmental factors cited as driving the strategic focus of HRM are: overall economic conditions, labour market issues, technology, globalization, government, and environmental concerns. Students should discuss how these affect HRM e.g. economic conditions affect unemployment rates, which affect supply of labour. Economic conditions also affect demand for products and services which affects the demand for labour. Students should not discuss internal factors, such as organizational culture organizational climate, or management practices.

4. Differentiate between organizational culture and organizational climate. (p. 19-20)

Organizational culture consists of the core values, beliefs, and assumptions that are widely shared by members of an organization. It serves a variety of purposes: communicating "what the organization believes in" and "stands for"; providing employees with a sense of direction and expected behaviour (norms); shaping employees' attitudes about themselves, the organization, and their roles; creating a sense of identity, orderliness, and consistency; and fostering employee loyalty and commitment. A positive culture leads to loyalty and commitment; a negative culture has the opposite effect.

Organizational climate refers to the prevailing atmosphere that exists in an organization and its impact on employees. The major factors influencing climate are management's leadership style, HR policies and practices, and the amount and style of communication. The type of climate that exists is generally reflected in the level of employee motivation, job satisfaction, performance, and productivity, and thus has a direct impact on organizational profits and/or ongoing viability.

5. Describe the multiple jurisdictions related to employment legislation affecting HRM in Canada (p. 18-19)

Each province and territory has its own human rights, employment standards, labour relations, health and safety, and workers' compensation legislation. Some jurisdictions have pay and employment equity, while others don't. Some companies are under federal legislation and others provincial. About 10% of the Canadian workforce is federally regulated; these include employees of the federal government, banks, airlines, national railways, and the armed forces. However, there are some laws that apply to all employers and employees across Canada. These are Employment Insurance (EI) and the Canada/Quebec Pension Plan.

6. Give examples of how HR management concepts and techniques can be of use to all managers. (p. 3)

Perhaps it is easiest to answer this by listing some mistakes managers *don't* want to make. For example, no manager wants to:

- Hire the wrong person for the job
- Experience high turnover
- Have employees work below performance expectations
- Waste time with useless interviews
- Have the company taken to court because of discriminatory actions
- Have the company cited under federal occupational safety laws for unsafe practices
- Have some employees think their salaries are unfair relative to others in the organization

- Allow a lack of training to undermine a department's effectiveness
- Commit any unfair labour practices.

In addition, throughout one's career, one may spend time as a HR manager. About one-third of the top HR managers in Fortune 100 companies moved to HR from other functional areas. Reasons given include the fact that such people may give the firm's HR efforts a more strategic emphasis, and the possibility that they're sometimes better equipped to integrate the firm's human resource efforts with the rest of the business.

7. Explain how HR has become professionalized and describe the value of this professionalism. (p. 11-12)

HRM has adopted the characteristics of a profession, namely a common body of knowledge, certification of members, self-regulation mechanisms, professional code of ethics, requiring training and on-going skill development, maintenance and socially responsible use of professional competence. The Canadian Council of Human Resources Associations (CCHRA) is the national body through which ten provincial and specialist HR associations are affiliated. It oversees the standards of the HR profession.

The value of this professionalism is that it raises the credibility of HR professionals in the eyes of senior management, promotes sharing of best practices across organizations, ensures HR professionals are prepared to deal with the full range of HR issues, and increases the probability that the organization can avoid legal problems.

CRITICAL THINKING QUESTIONS (page 22)

1. 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 attending now. Present in class.

Students' outlines will vary. They should, however, reflect some or all of the following concepts:

Workplace Diversity

Canada's workforce is among the most diverse in the world. *Diversity* refers to the attributes that humans are likely to use to tell themselves "that person is different from me." These attributes include demographic factors (such as race, gender, and age) as well as values and cultural norms. HR by the Numbers demonstrates the diversity in Canada's workforce and focuses on the four protected groups: visible and ethnic minorities, women, Aboriginals, and persons with disabilities.

Technological Innovation

Questions concerning data control, accuracy, the right to privacy, and ethics are at the core of a growing controversy brought about by the new information technologies. Sophisticated computerized control systems are used to monitor employee speed, accuracy, and efficiency in some firms. More firms are also monitoring employee email, voice mail, telephone

conversations, and computer usage, and some now monitor employee behaviour using video surveillance.

Globalization

The term **globalization** refers to the emergence of a single global market for most products and services. This growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition and leading most organizations to expand their operations around the world. Firms in other parts of the world are also seeing human resources as a source of competitive advantage.

Changes in the Nature of Work

The labour market has undergone major structural changes with the growth of **contingent (or “non-standard”) workers**, that is, workers who do not fit the traditional definition of permanent, full-time employment with the same employer on an indeterminate basis. These non-traditional workers are often used by companies to provide flexible, on-demand labour, without the same guarantees for continued employment, employee development, or benefits that regular full-time employees are given.

2. Explain how changing economic and competitive pressures have had an impact on the organization in which you are working or one in which you have worked. How has your business responded to these pressures?

Economic conditions (unemployment, inflation, interest rates, and/or exchange rates) and competitive pressures (competitor offerings, pricing, or control of materials or distribution) affect demand for goods and services, indirectly affecting supply and demand for labour. While they might talk about how their organization has responded through changes to marketing, production or e-commerce, they should make a connection to how those changes impacted HR. e.g. If the company dropped its prices, did it put in a hiring freeze or layoff people? If economic conditions improved, did they hire more full-time people or just give more overtime to current workers?

3. A firm has requested your assistance in ensuring that its multigenerational workforce functions effectively as a team. What strategies or programs would you recommend? Why?

Answers should focus on the fact that three types of programs are required:

- (a) activities/training to promote an understanding of and respect for values, priorities, and differences associated with the members of the Baby Boom generation, Generation X and Generation Y, and an appreciation of the benefits associated with having a multigenerational workforce;
- (b) work/life support programs to enable all employees to effectively balance their work and non-work responsibilities, such that they can devote the expected time and attention to their work duties; and
- (c) activities/programs to enhance teamwork skills, which are not innate and must be learned.

For any such initiatives to be successful, there must be support from senior management (in terms of financial and human resources) and a commitment to multigenerational teams by senior managers, since they set the tone and example.

The fact that employees of all ages are truly valued must be embedded in the corporate culture and reflected in all HRM policies, procedures, activities and decisions, such as training program admission, transfer and promotion decisions, communications initiatives, etc.

The firm's commitment to a multigenerational workforce must be reflected in recruitment advertising and discussed during the selection process to ensure that individuals thinking about joining the firm understand the expectations related thereto.

Support and/or mentoring programs should be considered, since they can be very effective in breaking down barriers and increasing understanding. For example, an older employee might be asked to mentor a younger employee to prepare him/her for a specific advancement opportunity. A younger employee might be asked to provide an older employee with some computer skills coaching.

Building effective teams (whether multigenerational or not) requires training in setting and achieving group goals, team roles and responsibilities, group problem solving and decision making, handling conflict, and effective communication strategies.

Confidential assistance should be available to provide guidance/advice to employees in how to handle specific situations, so that any problems/misunderstandings can be dealt with as they arise.

4. Choose a non-HR role you have had in your previous jobs. Identify how you used the core competencies of HR professionals in that role and how it affected your job performance.

Their answer should touch on each of the six core competencies (p. 6-8). Being a credible activist means building trust while challenging assumptions about existing policies and procedures. Being a culture and change steward means helping to promote and implement change and develop employee engagement that is aligned with the organization's culture. Non-HR employees can also act as talent managers/organizational designers by identifying ways to lower labour costs by changing organizational policies and/or processes. Being a strategy architect is probably the core competency that they may not have experienced but some may have had a role in providing information into the strategy formulation process. As an operational executor, non-HR employees play a large role in providing information to HR about company policies and procedures that may need to be changed to help the organization become more responsive, because they are closer to the customer. Everyone in the organization should act as a business ally and share information that is relevant to external opportunities and threats and internal strengths and weaknesses.

Teaching Tip: Some of these questions may have to be revised depending on the composition of your class. If you have a predominantly young and relatively inexperienced group, give them an assignment requiring them to ask these questions of an older relative who has been in the workforce for more than 10 years.

EXPERIENTIAL EXERCISES (page 22)

1. Working alone or with a small group of classmates, interview an HR manager and prepare a short essay regarding his or her role in strategy formulation and implementation.

Here the student should consider the responsibilities of the actual role and compare it to the discussion in the text. Is the role strategic or is it more administrative? What core competencies has the HR manager used in the past? Identify what actions the HR managers took that contributed to strategy formulation versus those that contributed to strategy implementation. What gap or opportunity did the HR strategy intend to address? What is the link between HR strategy and organizational strategy? How was the strategy implemented? What were the outcomes?

2. Review job ads for five senior HR roles on job posting websites or corporate websites. Identify common competencies required for those roles as per the ads. Contrast these required competencies (both implied and explicit) with the core HR professional competencies highlighted in this chapter. Discuss the most consistently required competency and the impact of that competency on organizational success.

Answers will vary somewhat depending on what postings were available at the time of their search. Ideally, the postings should have Director, Vice President, or Assistant Vice President in the title; Manager is acceptable only if no other postings are available and it is for a large organization. Their answer should copy and paste language used in the posting to the one or more of the six core competencies. They may choose to use a table for this purpose. Quotations from job advertisements should be properly cited. The explicit information may come easily but they will have to interpret other parts of the job specification (knowledge, skills, abilities, and other characteristics/credentials) in order to uncover implicit requirements. The most consistently required competency should be the one with the most matches to job posting content.

3. Review job ads for five executive roles (such as CEO, vice-president, or president) on job posting websites or corporate websites. Identify common competencies required for those roles as per the ads. Contrast these required competencies (both implied and explicit) with the core HR professional competencies highlighted in this chapter. Discuss the most consistently required competency and how it is important in non-HR roles.

Answer will vary depending on postings selected; all postings should be for non-HR executive roles e.g. Vice President, Marketing or Chief Information Officer. The first part of their answer should identify commonalities across these postings e.g. leadership, vision, etc. Then the second part of their answer should match these commonalities against the six HR core competencies. This may take some work, as executive postings are often worded quite broadly and requirements may not have an obvious match at first glance. However, they should be able to find that one of the six competencies appears more frequently/has more emphasis in executive roles. Their answer is not complete if they do not discuss the importance of this HR competency in a non-HR role.

4. According to a 2013 study of the world's most attractive firms (released by Universum), the top 10 employers for career seekers with a business background were (in priority order): Google, Ernst & Young, Goldman Sachs, PricewaterhouseCoopers, Microsoft, Apple, Deloitte, KPMG, Coca-Cola, and Procter & Gamble. In groups, review the company websites of these organizations to determine the corporate strategy, objectives, and markets that these organizations target. As a team, discuss the similarities and differences among the strategies, objectives, and markets of these 10 employers. Explain how these factors might affect Generation Y-ers perceiving these companies as desirable employers.

An efficient way for students to tackle this question is to set up a table in which they can record information that they obtain from the website and/or annual reports. They should then briefly summarize points of similarity, but spend more time on points of difference. For instance, do some of the employers have the same target market but different strategies? How do objectives differ across employers in terms of growth or market position? For the final part of the question, they should draw on the information about Generation Y in Table 1.4 and the text (both on p. 17) rather than simply drawing on their own personal opinions. Two key characteristics of Generation Y are that they are eager to accept new challenges and are innovative and creative. If they do not find a match in company's strategy or goals (e.g. entry into new markets, research and development goals) then they may not find certain employers as attractive.

5. Using the sample Balanced Scorecard template provided by your professor, in pairs, develop a balanced scorecard measure for a hypothetical company in the retail urban clothing sector. This company has many stores in large and small cities in your province. Be sure to take into consideration current economic conditions as you develop your measures.

6. Exchange your completed set of measures with another pair. Compare and contrast your measures. Is one set "better" than the other? Why or why not? Debrief as instructed.

Create a simple handout with four sections as follows, and if the students are not yet familiar with Balanced Scorecard measures and concepts, briefly outline each and compare the value of these measures to traditional organization measures which only measure outcomes once things have happened. Provide a sample measure for each section as required:

Financial - e.g. profits, sales, market share

Customer Service – e.g. satisfaction, repeat business, # of products per customer

Internal processes – e.g. productivity, quality, cycle time

Employees – e.g. satisfaction, learning, engagement, turnover, absenteeism

Debrief the students' work by discussing the linkages between measures in the other 3 categories and HR measures. For instance, what could HR measure to help ensure quality in operations or customer satisfaction?

RUNNING CASE: LearnInMotion.com (page 23)
Introduction

1. What is human resources management and does it have a role to play in this organization? If so, in what ways specifically?

Human resource management (HRM) refers to the management of people in organizations. Human resources professionals are responsible for ensuring that the organization attracts, retains and engages the diverse talent required to meet operational and performance commitments made to customers and stakeholders. Their job is to ensure that the organization finds and hires the best individuals available, develops their talent, creates a productive work environment and continually builds and monitors these human assets. They have the primary responsibility of managing the workforce that drives organizational performance and achievement of the organization's strategic goals. More specifically, HRM involves formulating and implementing HRM systems that are aligned with the organization's strategy in order to ensure that the workforce has the competences and behaviours that are required to achieve the organization's strategic objectives. See Figure 1.1 on page 2.

2. What environmental influences will affect the role that human resources management could play within this organization?

There are numerous external and internal environmental influences that are driving the strategic focus of HRM. To be effective, all managers, including those with responsibility for HR, must monitor the environment on an ongoing basis, assess the impact of any changes, and be proactive in responding to such challenges. External environmental influences include: economic conditions, labour market issues, government, technology and globalization. Internal environmental influences include: organizational structure, organizational climate and management practices.

Students should focus on the fact that this is a high-tech company; therefore, technological changes will be a powerful influence. However, they should also recognize that labour demand and supply in the tech field can swing from shortage to surplus depending on the success or failure of other tech companies. New employees may require specific skill sets that are or are not being taught in postsecondary institutions. The organizational culture that they start with will have a strong influence on their HR decisions as will the organizational climate that their workers experience after being hired. Culture and climate in tech firms are often quite different from culture and climate in the public sector, financial services or retail.

CASE INCIDENT: Jack Nelson's Problem (page 24)

1. What do you think was causing some of the problems in the bank's branches?

There is clearly a problem with communication, and the effects are felt in the area of employee commitment. Supervisors are not spending sufficient time on orientation and training of new

employees. This may lead new employees to feel that the organization does not really care about them. 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.

2. Do you think setting up a HR unit in the main office would help?

A human resource management department in the home office could help to establish consistent policies and procedures for staffing, orientation and training and help new employees feel welcome. A centralized unit could also collect data to create a consolidated picture of human capital in the bank to help identify internal strengths and weaknesses. On the other hand, having run their own HR activities independently to date, there may be some resistance from some of the 22 line managers who question the expertise of HR professionals.

3. 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?

This answer should build on the answer to Question 2, by identifying what HR would do versus what line supervisors/managers would do, and most importantly, how they should work as partners. In the new HR organization, the Internet could be used for environmental scanning and also dissemination of information and to reinforce the company's culture and a positive climate.