

CHAPTER 1: Exploring Why HRM Matters

ESSENTIAL OUTCOMES

The purpose of this chapter is to acquaint students with the importance of human resources management (HRM) to the achievement of organizational objectives. As well, this chapter stresses that students should be interested in learning about HRM, as at some point in their careers they will be employees and/or managers and/or business owners.

This chapter describes what HRM is, why it is important to study, and the relationship of HR professionals with managers. It discusses how people can be a source of competitive advantage, the competitive challenges facing firms, and the concerns of employees themselves. Students are made aware of some of the important efforts that both large and small companies are undertaking to develop and use the talents of their employees, as well as the changes taking place at work in Canadian society.

LEARNING OUTCOMES

After studying this chapter, students should be able to:

- 1 Define human resources management (HRM).
- 2 Identify HRM systems, practices, and policies.
- 3 Explain the importance of HRM to all employees.
- 4 Discuss the relationship between a manager and an HR professional.
- 5 Describe current business topics and their impact on HRM.
- 6 Outline demographic considerations.
- 7 Describe key employee expectations.
- 8 Illustrate the link between business strategy and HRM strategy.

KEY CONCEPTS

- Definition of human resources management (HRM)
- HRM systems, practices, and policies
- The partnership of managers and HR professionals
- Current business topics impacting HRM
- Employee expectations
- Linking business and HRM strategy

STUDENT MOTIVATION

Many students are working, and those that aren't will eventually work when they graduate. This work could involve being employed by an organization and/or being a manager within an organization and/or starting their own business. Students need an understanding of the systems, practices and policies that organizations use to attract, keep, and motivate employees. The chapter is foundational for the other chapters within the textbook. Through current examples and stories, students will learn about HRM in Canadian companies.

BARRIERS TO LEARNING

Based on student experience, or the experience of their parents, people believe that HRM is about hiring and paying employees. Each chapter strives to enable the student to understand that the success of any business is the way in which the employees are dealt with—from the time the employee is recruited until the employee leaves the organization. Through in-class activities and out-of-class work, students can learn that HRM is much more than an administrative function and that it actually helps an organization achieve its strategic goals.

ENGAGEMENT STRATEGIES

Ways of engaging students at outset of class:

For current HR issues/topics and ideas of how to incorporate these into your teaching check out the bi-monthly blog post, *Inspired Teaching in Intro to HR*: <http://www.nelson.com/introhrblog/>

The following relates to LO 1:

- *Discussion:* Ask students to provide their definition of human resources management. You will want to compare student responses to the textbook definition.

The following relates to LO 2:

- *Discussion:* Review Figure 1.1 and ask students to identify their experiences with any of the HR processes, including whether they understood that this was part of HRM.

The following relates to LO 3 and LO 4:

- *Discussion:* Review Figure 1.2 and ask students if any are working, or have worked, and what experiences they've had with other employees, managers, and HR professionals. You

may want to conclude with a comment reinforcing the between managers and HR professionals. (This relates to LO 3 and 4.)

The following relate to LO 5:

- *Discussion:* Referring to At Work with HRM 1.1 spend some time discussing the Critical Thinking Questions. Depending on your geographical location, there may be other impacts from the global economy on your area. For example, Ontario's economy has been heavily dependent on manufacturing, which has suffered huge losses for several years, and Alberta is heavily dependent on oil production, which has also suffered recently. As an alternative, you may wish to have students bring in an article from your local newspaper that discusses a local business that is being affected by global competition.
- *Discussion:* Ask students to share any personal experiences with friends or relatives they have known who have been directly impacted by recent economic uncertainty. Remind students that businesses react differently during difficult economic times. You might also wish to create a debate on the question: Have firms overreacted by laying off people?
- *Facilitate:* Ask students to read HRM and the Law 1.1 and then facilitate a discussion of the Questions. Was there consensus on the questions?
- *Activity:* If your classroom is equipped with Wi-Fi, invite students to access one of the websites listed in Toolkit 1.1 and discuss findings.
- *Discussion:* Ask students to discuss any of their experiences with improving quality and/or customer service. Probe students on what they believe has worked or on what the organization could have done differently to make the process better for the people involved.
- *Discussion:* Referring to At Work With HRM 1.2 read about the various quality initiatives. Then, use the Critical Thinking Question to assess how students feel about using a variety of ways to improve organizational performance.
- *Discussion:* Probe students on the types of careers or opportunities that are occurring due to environmental and sustainability concerns. You may also wish to facilitate a discussion regarding the impact climate change may have on the workplace.
- *Discussion:* Review Figure 1.3 with students and ask them to consider those skills in relation to what skills they think they have. Do students generally feel that they have those skills or not?

The following relate to LO 6:

- *Discussion:* Ask students their opinion on the items in Figure 1.4 and ask them to share their own experiences at work with different age groups.

- *One-minute paper:* Assign students to read At Work with HRM 1.3 and respond to Critical Thinking Question #1.
- *Discussion:* Encourage students to discuss employment conditions as they exist today for working parents and what steps employers and the larger society could take to accommodate them.
- *Discussion:* Ask students to forecast the employment options that will be available in the next five years. How will this change from current situations and what will be the HR impact on organizations?
- *Invitation:* Using Ethics in HRM 1.1, engage students in a conversation on workplace ethics. Determine what students' expectations are in relation to ethical behaviour—either in the classroom or at work.

The follow relates to LO 7:

- *Discussion:* Ask students to list their top five expectations from an employer. Students can then share their ideas with one another and compare responses.

The following relates to LO 8:

- *Activity:* Ask students to identify companies that have achieved success or a competitive business advantage from the knowledge, skills, and abilities of the employees, or whose product or service relies heavily on them. Get students to explain their choices.

ASSESSMENT TOOLS

You may wish to make use of the test bank, web quizzes, or at the end of a class ask students to summarize the key points from the lesson.

REFLECTION ON TEACHING

1. What worked? What didn't?
2. Were students engaged? Were they focused, or did they go off on tangents?
3. Did my assessments suggest that they understood the key concepts?
4. What could I do differently next time?
5. How can I gather student feedback?
6. How can I make this more relevant to students?

ADDITIONAL RESOURCES

Opening Vignette

This is a story about Kim Davidson, who is President and CEO of SideFx. Davidson describes the importance of achieving the company's objectives through its people. He describes how, as the

company has grown, he has recognized the need to have a human resources department. Further, Davidson recognizes the importance of hiring qualified people who fit into the organization's culture and that this is best achieved through appropriate HRM.

Lecture Outline

Learning Outcome #1

Presentation Slide 5

What Is Human Resources Management?

Simply put, human resources management, or HRM, is an integrated set of systems, practices, and policies in an organization that focuses on the effective deployment and development of its employees. It is important that these systems, practices, and policies are integrated to achieve organizational success. Using the words “human resources” also signals that people are as important as other resources, such as money, materials, and information.

Learning Outcome #2

Presentation Slide 6

What Are the HRM Systems, Practices, and Policies?

There are a number of HRM systems, practices and policies traditional and emerging—that are addressed in the textbook. Review Figure 1.1 with students so that they can see the link between business challenges and HRM.

Learning Outcome #3

Presentation Slide 7

Why Study Human Resources Management?

The answer to this question is much the same no matter what career a student chooses. Organizations compete through people. Studying HRM gives students an understanding of the systems and processes needed to develop and utilize the talents and energies of employees.

Learning Outcome #4

Presentation Slides 8–10

Relationship between Managers and HR Professionals

Emphasize to students that managing people is *the responsibility of the managers—not HR*, and successful organizations are those that equip their managers with an understanding of good HRM practices by using the expertise of HR professionals. Addressing HR issues is rarely the responsibility of HR professionals acting alone. Instead, HR professionals work side by side with managers to address people-related issues of the organization and to ensure that the potential of the people is being fully used.

Explain that the manager is directly responsible for the effective performance of their employees. The HR professional is responsible for assisting the manager in acquiring and using the best people practices. If the company has an HR unit, the HR professionals will play a greater role in top-management planning and decision making.

Describe the structure in Figure 1.2 as a way of reinforcing the relationship.

Learning Outcome #5

Current Business Topics Impacting HRM

Presentation Slides 11–16

Even though “The Great Recession” occurred some years ago, the global economy is still struggling, and it is important for students to understand the business context. HRM doesn’t operate in a vacuum and therefore must align with what is going on with the business. The Conference Board of Canada, the Society for Human Resource Management, and CPHR Canada study the most important trends and issues facing organizations and the impact on human resources. Reinforce the idea that large and small companies are equally affected and that these trends are considerably different than they were several years ago. Further, it would be appropriate for you to gather key current business stories to share with students and to explain what impact those stories have on organizations and their people.

Topic 1: Global Economy

Presentation Slide 11

Many companies are seeking business opportunities in global markets, but globalization is not just something of interest to large firms. Approximately 70–80% of the Canadian economy today is affected by international competition. This means that both small and large organizations are affected by the various trade agreements that help with the flow of goods and services around the world. This also means that competitors can be located anywhere.

Presentation Slide 12

Topic 2: Changes in Firms and Business Sectors

With Canada’s economy being dependent on natural resources, the decline in world prices for oil and minerals has impacted provinces such as Alberta and British Columbia. Manufacturing in Ontario and Quebec still tends to be declining. When Target left Canada, over 17,000 people were laid off, while Nordstrom entered the retail market in Canada and hired several thousand staff. Ethics and HRM 1.1 outlines key issues encountered when Sears Canada went bankrupt.

Topic 3: Technology and Quality

Presentation Slide 13

Technology and quality continue to be major forces for change in organizations and HRM. Advances in technology have enabled organizations to streamline processes and to ensure that quality is key to customer satisfaction. Also, as mentioned in the textbook, the rise of social networking has revolutionized how young people communicate with each other, and many organizations have also tried to harness the power of social media when communicating with employees. Inform students that there is a website called *socialnomics.com*, as well as a book titled *Socialnomics*, that provide a variety of interesting facts about how social media are transforming how we live. For example, it took 13 years for TV to have 50 million users, while Facebook had 100 million users after nine months!

In meeting customer expectations, managers must focus on quality, innovation, variety, and responsiveness. Six Sigma is a statistical method of converting a customer's needs into separate tasks and defining the best way to perform each task in concert with others. ISO 9000 and 14000 certification is another approach companies can use to improve performance. Benchmarking looks at the “best practices” in other companies to assess whether something could be used in their organization to improve overall performance. Refer to the textbook for some of the quality initiatives companies have used.

Topic 4: Sustainability

Presentation Slide 14

More people are paying more attention to the health of our globe, and as a result, new businesses are being created. At the same time, pressure is being put on people to use less fuel in autos and less energy that relies on oil and gas. This means that new careers are emerging while old careers are in decline.

Presentation Slide 15

Topic 5: Human Capital and Talent Management

“Human capital” is an overall term used to describe the value of knowledge, skills, and capabilities that may not show up on a company's balance sheet but nevertheless have tremendous impact on an organization's performance.

To build human capital, these organizations must ensure superior knowledge, skills, and experience within their workforce. Staffing and training are important in this regard. Goals that focus on competency development and developmental assignments are becoming valuable methods for sharing in the development of skilled individuals. Organizations have identified “core competencies” that are carefully developed to ensure the firms have a competitive advantage. Also, performance management and reward systems help motivate employees and direct their skills in directions that benefit the organization. Likewise, the organizations “manage the talent” by leveraging the competencies to achieve goals. Talent management also means that organizations look carefully at certain HR processes such as leadership development, succession planning, and professional development. Remind students that managers must adopt a different style of managing if organizations are to get the best out of the people.

Topic 6: Demographics*

*Note: Information for this section has been taken from references listed within the textbook. Please refer to specific citations for further information.

In addition to competitive challenges, managers need to be concerned about changes in the makeup and expectations of employees. Among the most significant challenges are the demographic changes occurring in Canada.

Emphasize that changes in employee backgrounds, age, gender, and education levels are important topics for discussion. They affect both the employees and the employer.

Diversity of backgrounds—According to a recent report by Statistics Canada, it is predicted that by 2031, 33% of the labour force will be foreign-born and 15% will belong to a minority group. Most of the immigration is from Asia—a sharp contrast to immigration that occurred 50 years ago, which was primarily from European countries. Immigrants tend to settle in large urban areas, such as Toronto, Montréal, and Vancouver. It has also been predicted that by 2031, one person in three in the labour force will be born outside Canada.

As well, organizations are seeking new and effective ways to bring more Aboriginal peoples into the workforce. To assist with this, the Aboriginal Human Resource Council has a mandate to advance the full labour-market participation of Aboriginal peoples. Employers such as RBC, Syncrude, and IBM Canada are actively involved in the council's programs and as advocates to other employers.

Generations at work—The Canadian workforce is getting older. There are more individuals than ever in the older age brackets (ages 45 to 64) and fewer than ever in the younger brackets. As well, Canadians are working past age 65 according to the latest census data from Statistics Canada.

Skills and labour shortage—Certain industries call for skill sets that will see shortages: health-related occupations, skilled labour such as crane and tower operators, plumbers, and work that requires scientific and mathematical skills. Some industries are more affected by shortages than others. The Organisation for Economic Co-operation and Development (OECD) stresses the importance of making students better informed regarding the skills necessary to find work. The change in age distribution is creating shortages in certain sectors and occupations such as medical technicians, mining specialists, and plumbers.

Gender distribution of the workforce—According to Statistics Canada, more than 80% of women in Canada aged 25 to 54 participated in the labour market in 2015, compared to just over 20% in 1950. Women were also more likely than men to work on a part-time basis (18.9% versus 5.5%) and to do so for voluntary reasons.

Rising levels of education—The educational attainment of the Canadian labour force has steadily risen over the years. Not coincidentally, the most secure and fastest-growing sectors of employment over the past decade have been in those areas requiring higher levels of education. In 2016, more than half (54.0%) of Canadians aged 25 to 64 had either college or university qualifications, up from 48.3% in 2006.

Learning Outcome #7

Employee Expectations

Presentation Slide 17

Employee rights, ethics, and privacy—Federal and provincial laws grant employees the right to equal employment opportunity, union representation if desired, a safe and healthy work environment, a pension plan that is fiscally sound, equal pay for men and women performing essentially the same job, and privacy in the workplace. Mention to students that these issues are all addressed in detail in later chapters of the textbook. With the various business scandals in the last several years, employees are expecting that businesses operate ethically. The misuse of employee information is protected by the Personal Information Protection and Electronic Documents Act (PIPEDA). This law requires compliance on how an employer uses, collects, and discloses personal information.

Fulfilling and meaningful work—Employees in organizations are starting to define success in terms of personal self-expression and desire a balance between the challenges and rewards of work with those of their personal lives.

Balancing work and family—Work and family issues are connected in social, economic, and psychological ways. “Family-friendly” HR policies may include unconventional hours, daycare, part-time work, job sharing, pregnancy leave, parental leave, executive transfers, spousal involvement in career planning, assistance with family problems, and telecommuting. Remind students that with the aging population, more and more employees are becoming responsible for the care of aging parents, and many organizations are introducing programs to assist employees in balancing multiple demands.

Learning Outcome #8

Linking Business Strategy and HRM Strategy

Presentation Slides 18-19

There are many challenges facing people in today’s business environment. In order to effectively manage these challenges, organizations develop a business strategy to enable them to achieve a high level of performance. There is a distinction between corporate strategies (“What business should we be in?”) and business strategies, which deal with how a particular business unit of the organization competes. But for organizations to be competitive, people in the organization need to be managed in a way that achieves the business strategy.

Highlight the relationship of a human resources management strategy to the overall business strategy. If there is not a careful link between HR practices and business objectives, the company may not be able to achieve its competitive advantage. Ultimately this textbook will provide a set of frameworks for addressing both concerns. The success of most any company depends on balancing these sometimes competing demands.

Definition of Human Resources Management Strategy

Presentation Slide 20

Development and implementation of HRM systems, practices, and policies that enable the human capital (employees) to achieve the business objectives.

Emerging Trends

Before moving on to the end-of-chapter materials, you may wish to review Emerging Trends 1.1 with students. Ask them if they can identify other emerging trends.

ANSWERS TO END-OF-CHAPTER MATERIALS

HRM Close-up Application

1. Kim Davidson states that hiring HR professionals is similar to hiring IT professionals. What does he mean?

Just as with any other profession, HR Professionals have a depth of specialized knowledge and competencies.

2. Davidson notes that a good human resources department can make the work environment better for employees. What are three key HRM systems, policies, or practices that SideFX could implement?

Examples include: orientation, recruitment and selection, training and development programs and performance management. Students should link answers to all topics/chapters that will be addressed throughout the textbook.

3. Davidson also acknowledges that people leave “cool companies for a number of reasons.” What are the key reasons employees leave a company?

Possible responses include: lack of proper compensation, lack of acknowledgement, poor communication, poor relationships with co-workers and toxic work environment.

4. SideFX wants to hire people who “fit” within the company. What does this mean, and what kind of person would be the best fit for this organization?

SideFX wants to hire people who understand the organization’s objectives, want to help the

company be successful and can work well with other employees. A person who is creative and willing to work in an uncertain, flexible environment would be a good fit for the organization.

Critical Thinking Questions

1. What are the reasons that all employees need to know about and understand HRM?

Students will have a number of answers but ensure they identify the key reasons such as that employees are impacted by the companies practices; employees are paid for work and need to understand how employers make decisions about pay; employees have rights and need to understand their rights; employees need to know that employers make decisions about what skills are necessary to do work; and potential employees need to know how to access jobs.

2. You are a manager in a major chain of coffee bars. What might your HR concerns be in attracting and retaining employees who have an understanding of the importance of the customer?

Determining an appropriate wage for servers in the industry, what is affordable, and how much influence you have on decision makers; amount of and level of training; amount of coaching and support; and whether or not the person has previous experience.

3. There have been a number of news reports about Canada's Temporary Foreign Worker Program and the suggestion that foreign workers are taking jobs from Canadian residents. What would be the HR implications if Canada eliminated this program?

Not enough employees to fill certain jobs, opportunity to tap into different labour pools such as people with disabilities and Aboriginal peoples, may need to pay higher wages to attract residents, and may need to do more training so that Canadians have necessary skills.

4. List at least three pros and three cons of having a more diverse workforce. Can Canada compete better globally with our diverse population? Why?

Pros include increasing access to different skill sets, ability to relate to a diverse client or customer base, creating an inclusive community, ability to bring different perspectives, and providing an opportunity for immigrants to become part of Canada.

Cons include potential for more work conflict due to different perspectives; higher costs in providing diversity training; some clients or customers may respond negatively to someone with a different background; and potential for individuals not really understanding or being willing to work under others.

When students respond to whether or not Canada can compete better in the global market with a diverse population, determine if there is a consensus and what were the reasons.

Building Your Skills

Exercises 1 and 2 are designed for use in class. Exercises 3 and 4 are intended for use outside of class and results may be shared with classmates.

NOTES FOR END-OF-CHAPTER CASE STUDIES

Case Study 1: Does HR Provide Any Value?

1. How do effective HRM systems, practices, and policies enable employees and employers to work toward the same goals?

Allows people to know what is expected of them. At the core, effective HRM systems, practices, and policies rely on transparent and clear communication. Effective HRM systems, practices, and policies support workers and enable them to achieve an organization's strategic goals.

2. What can an organization do to ensure that its HR department plays a vital and effective role in its operations?

It is important that the top HR person in an organization is part of the senior management/ leadership team. This will ensure that HR “has a voice” at the strategic and decision-making table. Hiring competent and qualified HR professionals will also help ensure that the HR department plays a vital role. Senior management must also believe in and support HR systems, practices, and policies.

3. What type of person should go into HR? Are there certain personality types best suited to this work?

Students will likely share a variety of perspectives. Important to note that not one type of person is best suited for HR. Also, important to note that “liking people” is not a good reason to choose a career in HR.

Case Study 2: Tim Hortons and Burgers—What’s Going to Happen to a Canadian Icon?

1. What are the pros and cons when two major restaurant chains merge?

Pros:

- *More capital for expansions and operations*
- *Bigger chance to leverage brand in other countries*
- *Ability to learn from each firm*
- *Different financial understanding and backing*
- *Merging of similar systems such as distribution*
- *More opportunities for remaining staff*

Cons:

- *Possible staff reductions*

- *Same food items in each store*
- *No financial problems for Tim Hortons making merger unattractive*
- *Combining both operations into same physical location*
- *Reduction in share price and/or dividends*
- *Equity firm privatizing the merged company*

2. What are the HR implications of this type of merger?

Possible reduction of staff, cultural clash between Tim Hortons and Burger King ways of doing things, changes in/or reduction in training and development, changes in rewards and recognition practices, changes in leaders and leadership practices, potential decline in morale.

3. What, if any, significant changes to operations at Tim Hortons have you noticed since the merger?

Students will have a variety of answers. Determine if there are more responses that note improvement in operations or more responses that note a decline in operations. Use responses to discuss how effective HRM systems, practices and policies link to these outcomes.