

PART

1

INTRODUCTION

1

Managing Human Resources Today

OVERVIEW: IN THIS CHAPTER, WE WILL COVER . . .

- What Is Human Resource Management?
- The Trends Shaping Human Resource Management
- The New Human Resource Management
- The New Human Resource Manager
- The Plan of This Book

LEARNING OBJECTIVES

When you finish studying this chapter, you should be able to:

1. Answer the questions, "What is human resource management?" and "Why is knowing HR management concepts and techniques important to any supervisor or manager?"
2. Describe with examples what trends are influencing human resource management.
3. Discuss at least five consequences such trends have for human resource management today.
4. Explain what sorts of competencies, knowledge, and skills characterize today's new human resource manager.
5. Outline the plan of this book.

Source: Mitar Vidakovic/Shutterstock

MyLab Management

★ Improve Your Grade!

When you see this icon, visit

www.pearson.com/mylab/management for activities that are applied, personalized, and offer immediate feedback.

★ Learn It

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 1 Warm Up.

INTRODUCTION

During her senior year at State University Mira was a merchandising intern for TJX, which owns TJ Maxx and Marshalls, and after graduating joined its Store Leadership Pathway program for intensive training; now she's one week into her first management job, as Assistant Store Manager for a TJ Maxx store on the East Coast. "How did your week go?" asked Gladys, her Store Manager and mentor, over coffee. "I love it!" Mira said. "I guess the only surprise is that I thought I'd spend almost all my time on merchandising tasks like setting up displays to give our customers that real 'treasure hunt' experience. But I've actually been spending over a third of my time on "HR" tasks like interviewing prospective associates, training them, and letting them know how they're doing." "Get used to that" said Gladys. "My experience was about the same, and now as Store Manager I find I spend almost half my time on such tasks—including mentoring!"¹



Source: stylephotographs/123RF

LEARNING OBJECTIVE 1

Answer the questions, "What is human resource management?" and "Why is knowing HR management concepts and techniques important to any supervisor or manager?"

organization

An organization consists 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.

What Is Human Resource Management?

To understand what human resource management is, we should first review what managers do. The TJ Maxx store is an *organization*. An **organization** consists of people (in this case, people like sales and maintenance employees) with formally assigned roles who work together to achieve the organization's goals. A **manager** is someone who is responsible for accomplishing the organization's goals and who does so by managing the efforts of the organization's people.

Most writers agree that **managing** involves performing five basic functions: planning, organizing, staffing, leading, and controlling. In total, these functions represent the **management process**. Some of the specific activities involved in each function include the following:

- **Planning.** Establishing goals and standards; developing rules and procedures; developing plans and forecasts
- **Organizing.** Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates
- **Staffing.** Determining what type of people should be hired; recruiting prospective employees; selecting employees; setting performance

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.

standards; compensating employees; evaluating performance; counseling employees; training and developing employees

- **Leading.** Getting others to get the job done; maintaining morale; motivating subordinates
- **Controlling.** Setting standards such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action as needed

In this book, we will focus on one of these functions—the staffing, personnel management, or *human resource management (HRM)* function. **Human resource management** is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The topics we'll discuss should therefore provide you with the concepts and techniques you'll need to perform the “people,” or personnel, aspects of management. These include

- *Conducting job analyses* (determining the nature of each employee's job)
- *Planning labor needs* and *recruiting* job candidates
- *Selecting* job candidates
- *Orienting and training* new employees
- *Managing wages and salaries* (compensating employees)
- *Providing incentives and benefits*
- *Appraising performance*
- *Communicating* (interviewing, counseling, disciplining)
- *Training employees*, and *developing managers*
- *Building employee relations and engagement*

And what a manager should know about:

- Equal opportunity and affirmative action
- Employee health and safety
- Handling grievances and labor relations

Why is Human Resource Management Important to All Managers?

Why are the concepts and techniques in this book important to all managers? Perhaps it's easier to answer this by listing some of the *personnel mistakes you don't want to make* while managing. For example, you don't want to

- Have your employees not doing their best
- Hire the wrong person for the job
- Experience high turnover
- Have your company in court due to your discriminatory actions
- Have your company cited for unsafe practices
- Let a lack of training undermine your department's effectiveness
- Commit any unfair labor practices

Carefully studying this book can help you avoid mistakes like these.

Improving Profits and Performance More important, it can *help ensure that you get results—through people.*² Remember that you could do everything else right as a manager—lay brilliant plans, draw clear organization charts, set up modern assembly lines, and use sophisticated accounting controls—but still fail, for instance, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers—from generals to presidents to supervisors—have been successful even without adequate plans, organizations, or controls. They were successful because they had the knack for hiring the right people for the right jobs and then motivating, appraising, and developing them. Remember as you read this book that *getting results* is the bottom line of managing and that, as a manager, you will have to get these results through people. This fact hasn't changed from the dawn of management. As one company president summed it up:

For many years it has been said that capital is the bottleneck for a developing industry. I don't think this any longer holds true. I think it's the workforce and the company's inability to recruit and maintain a good workforce that does constitute the bottleneck for production. I don't know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped or hampered because they can't maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.³

At no time in our history has that statement been truer than it is today. As we'll see in a moment, intensified global competition, technological advances, and economic upheaval have triggered competitive turmoil. In this environment, the future belongs to those managers who can improve performance while managing change; but doing so requires getting results through engaged and committed employees.

Human resource management practices and policies play a big role in helping managers do this. For example, we'll see that one call center averaged 18.6 vacancies per year (about a 60% turnover rate). The researchers estimated the cost of a call-center operator leaving at about \$21,500, making the estimated total annual cost of agent turnover about \$400,000. Cutting that rate in half through improved recruiting and testing would save this firm about \$200,000 per year.⁴

You May Spend Some Time As An HR Manager Here is another reason to study this book: *you might spend time as a human resource manager*. For example, about a third of large U.S. businesses surveyed appointed non-HR managers to be their top human resource executives. Thus, Pearson Corporation (which publishes this book) promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. Why? Some think these people may be better equipped to integrate the firm's human resource activities (such as pay policies) with the company's strategic needs (such as by tying executives' incentives to corporate goals).⁵ Spending some time in HR can also be good for a manager. For example, one CEO served a three-year stint as chief human resource officer on the way to CEO. He said the experience was invaluable in learning how to develop leaders and in understanding the human side of transforming a company.⁶

However, most top human resource executives do have prior human resource experience. About 80% in one survey worked their way up within HR. About 17% had the HR Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professional in Human Resources (PHR). Many others carry the SHRM Certified Professional (SHRM-CP) or Senior Certified Professional (SHRM-SCP) designations from the Society for Human Resource Management (SHRM). SHRM offers a brochure describing alternative career paths within human resource management.⁷ Find it at www.shrm.org.

HR for Small Businesses And here is one final reason to study this book: *you may well end up as your own human resource manager*. About half the people working in the United States today work for small firms.⁸ Small businesses as a group also account for most of the 650,000 or so new businesses created every year.⁹ Statistically speaking, therefore, most people graduating from college in the next few years either will work for small businesses or will create new small businesses of their own. If you are managing your own small firm with no human resource manager, you'll probably have to handle HR on your own. To do that, you must be able to recruit, select, train, appraise, and reward employees. There are special HR Tools for Line Managers and Small Businesses features in most chapters. These show small business owners how to improve their human resource management practices.

Line and Staff Aspects of HRM

All managers are, in a sense, human resource managers because they all get involved in activities such as recruiting, interviewing, selecting, and training. Yet most firms also have a separate human resource department with its own human resource manager. How do the duties of this departmental HR manager and his or her staff relate to line managers' human resource duties? Let's answer this by starting with short definitions of line versus staff authority.

authority

The right to make decisions, direct others' work, and give orders.

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.

Line versus Staff Authority

Authority is the right to make decisions, to direct the work of others, and to give orders. In management, we usually distinguish between line authority and staff authority. Line authority gives managers the right (or authority) to issue orders to other managers or employees. It creates a superior-subordinate relationship. Staff authority gives a manager the right (authority) to advise other managers or employees. It creates an advisory relationship. **Line managers** have line authority. They are authorized to give orders. **Staff managers** have staff authority. They are authorized to assist and advise line managers. Human resource managers are staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

In practice, HR and line managers share responsibility for most human resource activities. For example, human resource and line managers in about two-thirds of the firms in one survey shared responsibility for skills training.¹⁰ (Thus, the supervisor might describe what training she thinks the new employee needs, HR might design the training, and the supervisors might then ensure that the training is having the desired effect.)

Line Managers' Human Resource Management Responsibilities

The direct handling of people always has been an integral part of every line manager's responsibility, from president down to the first-line supervisor. For example, one company outlines its line supervisors' responsibilities for effective human resource management under the following general headings:

1. Placing the right person in the right job
2. Starting new employees in the organization (orientation)
3. Training employees for jobs that are new to them
4. Improving the job performance of each person
5. Gaining creative cooperation and developing smooth working relationships
6. Interpreting the company's policies and procedures
7. Controlling labor costs
8. Developing the abilities of each person
9. Creating and maintaining departmental morale
10. Protecting employees' health and physical conditions

In small organizations, line managers may carry out all these personnel duties unassisted. But as the organization grows, line managers need the assistance, specialized knowledge, and advice of a separate human resource staff.¹¹

The Human Resource Department

In larger firms, the *human resource department* provides such specialized assistance.¹² Figure 1.1 shows human resource management jobs in one organization. Typical positions include compensation and benefits manager, employment and recruiting supervisor, training specialist, and employee relations executive. Examples of job duties include the following:



HUMAN RESOURCES ORGANIZATION CHART

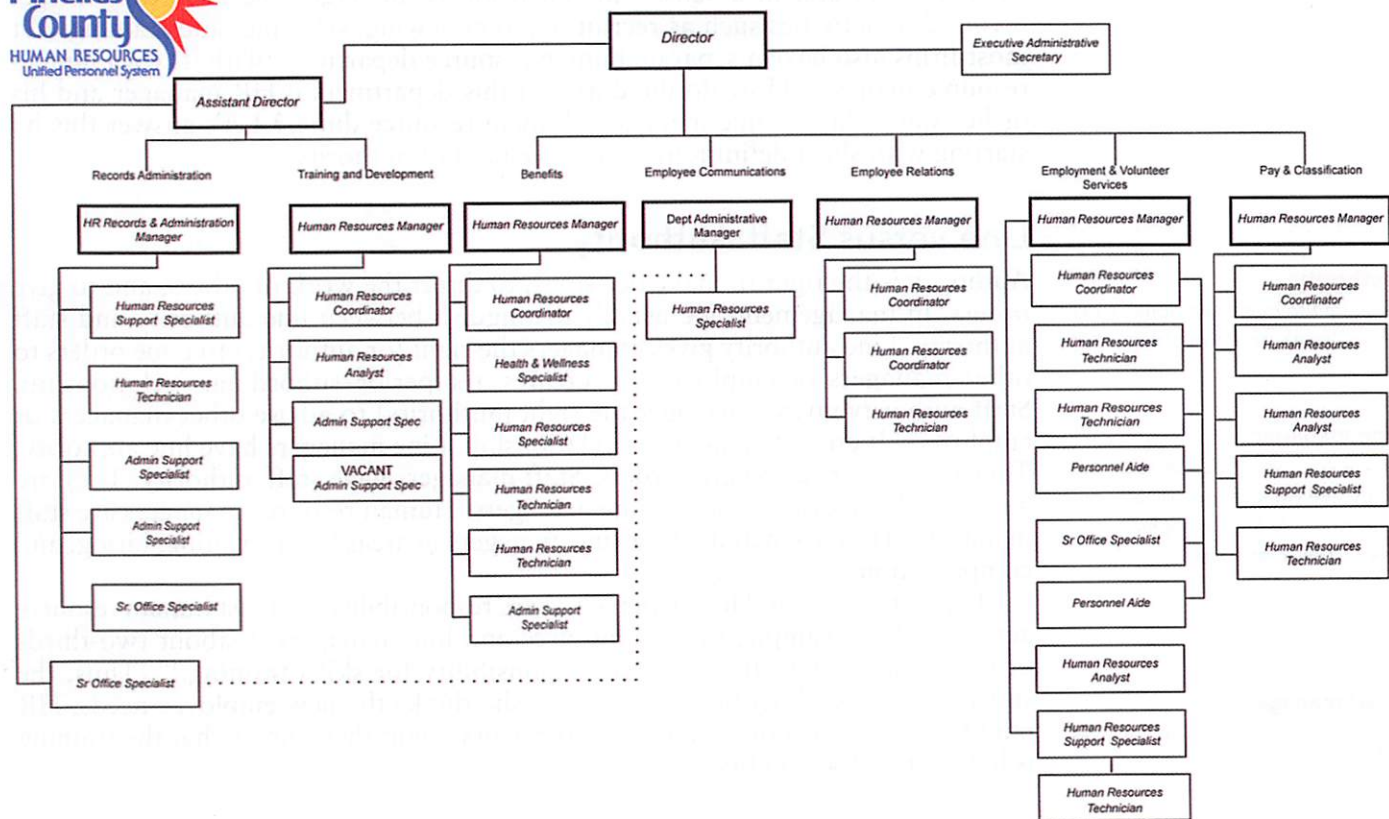


Figure 1.1

Human Resource Department Organization Chart Showing Typical HR Job Titles

Source: "Human resource development organization chart showing typical HR job titles," www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf. Courtesy of Pinellas County Human Resources. Reprinted with permission.

Recruiters: Maintain contacts within the community and perhaps travel extensively to search for qualified job applicants.

Equal employment opportunity (EEO) representatives or affirmative action coordinators: Investigate and resolve EEO grievances, examine organizational practices for potential violations, and compile and submit EEO reports.

Job analysts: Collect and examine detailed information about job duties to prepare job descriptions.

Compensation managers: Develop compensation plans, and handle the employee benefits program.

Training specialists: Plan, organize, and direct training activities.

Labor relations specialists: Advise management on all aspects of union-management relations.

New Approaches to Organizing HR However, many employers are revamping how they organize their human resource functions.¹³ For example, most plan to use technology to institute more "shared services" arrangements.¹⁴ These create centralized HR units whose employees are shared by all the companies' departments to obtain advice on matters such as discipline problems. The shared services HR teams use intranets or centralized call centers to provide managers and employees with specialized support in day-to-day HR activities (such as

discipline problems). Others use technology to “*distribute*” HR, for instance, by enabling store managers to use online interviewing tools to recruit and select their own employees. You may also find specialized *corporate HR teams* within a company. These assist top management in top-level issues such as developing the personnel aspects of the company’s long-term strategic plan. *Embedded HR teams* have HR generalists (also known as “relationship managers” or “HR business partners”) assigned to functional departments like sales and production. They provide the selection and other assistance the departments need. *Centers of expertise* are like specialized HR consulting firms within the company. For example, one center might provide specialized advice in organizational change to all the company’s various units.

LEARNING OBJECTIVE 2

Describe with examples what trends are influencing human resource management.

The Trends Shaping Human Resource Management

Working cooperatively with line managers, human resource managers have long helped employers hire and fire employees, administer benefits, and conduct appraisals. However, trends are occurring in the environment of human resource management that are changing how employers get their human resource management tasks done. These trends include workforce trends, trends in how people work, technological trends, and globalization and economic trends.

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.¹⁵ Table 1.1 offers a bird’s-eye view. Between 1992 and 2024, the percent of the workforce that the U.S. Department of Labor classifies as “white” will drop from 85% to 77%. At the same time, the percent of the workforce that it classifies as “Asian” will rise from 4% to 6.6%, and those of Hispanic origin will rise from 8.9% to 19.8%. The percentages of younger workers will fall, while those over 55 years of age will leap from 11.8% of the workforce in 1992 to 24.8% in 2024.¹⁶ Many employers call “the aging workforce” a big problem. The problem is that there aren’t enough younger workers to replace the projected number of baby boom–era older workers (born roughly from 1946–1964) who are retiring.¹⁷ Many employers are bringing retirees back (or just trying to keep them from leaving).

Table 1.1 Demographic Groups as a Percent of the Workforce, 1992–2024

Age, Race, and Ethnicity	1992	2002	2012	2024
Age: 16–24	16.9%	15.4%	13.7%	11.3%
25–54	71.4	70.2	65.3	63.9
55+	11.8	14.3	20.9	24.8
White	85.0	82.8	79.8	77.0
Black	11.1	11.4	11.9	12.7
Asian	4.0	4.6	5.3	6.6
Hispanic origin	8.9	12.4	15.7	19.8

Source: U.S. Bureau of Labor Statistics Economic News Release, www.bls.gov/news.release/ecopro.t01.htm, accessed December 19, 2013, and <https://www.bls.gov/news.release/ecopro.t01.htm>, accessed April 16, 2017.

With not enough younger workers to replace retirees, many employers are hiring foreign workers for U.S. jobs. The H-1B visa program lets U.S. employers recruit skilled foreign professionals to work in the United States when they can't find qualified American workers. U.S. employers bring in about 85,000 foreign workers per year under these programs, although such programs face opposition.¹⁸ Under the Trump administration the Department of Justice and the immigration services began enforcing H-1B rules more forcefully.¹⁹

Some employers find millennial employees (those born roughly between 1980 and 1997) a challenge to deal with, and this isn't just an American phenomenon. For example, China's senior army officers are having problems getting millennial-aged volunteers and conscripts to shape up.²⁰ "Intergenerational consultants" help employers deal with what they say are millennials' unique needs. For example, they say millennials want meaningful work and frequent feedback.²¹ And while many employees spend about an hour per workday on their social media, millennials spend more.²² On the other hand, millennials grew up with smartphones and social media and are experts at collaborating online. "Generation Z" (born 1994–2010), having seen their millennial predecessors struggle to find jobs, are reportedly "not willing to settle" and "extremely self-motivated."²³

Trends in How People Work

At the same time, work has shifted from manufacturing to service in North America and Western Europe. Today, over two-thirds of the U.S. workforce is employed in producing and delivering services, not products. By 2024, service-providing industries are expected to account for 129 million out of 160 million (81% of) wage and salary jobs overall.²⁴ So in the next few years, almost all the new jobs added in the United States will be in services, not in goods-producing industries.²⁵

■ HR and the Gig Economy

On-Demand Workers

For many people today Upwork (www.upwork.com)²⁶ symbolizes much of what's new in human resource management. Millions of freelancers from graphic designers to translators, accountants, and lawyers register on the site. Employers then use Upwork to find, screen, hire, and pay the talent they need, in more than 180 countries.²⁷ Workers like these are part of a vast workforce comprised of contract, temp, freelance, independent contractor, "on-demand," or simply "**gig**" workers. Such workers may comprise half the workforce in the next 10 years.²⁸

Anyone using Uber already knows about on-demand workers.²⁹ At last count, Uber was signing up almost 30,000 new independent contractor drivers per week, a rate that was increasing fast.

Today, many workers aren't employees at all, but are freelancers and independent contractors who work when they can on what they want to work on, when the company needs them.³⁰ So, for example, Airbnb can run in essence a vast lodging company with only a fraction of the "regular" employees Hilton Worldwide would need (because the lodgings are owned and managed by the homeowners themselves). Other sites tapping on-demand workers include Amazon's Mechanical Turk, TaskRabbit, and Handy (which lets users tap Handy's thousands of freelance cleaners and furniture assemblers when they need jobs done).³¹

Similarly, more employers use contractors for their jobs. Before it combined with Alaska Air Group, Virgin America used contractors rather than employees for jobs including baggage delivery, reservations, and heavy maintenance. A trucking

gig workers

The large and growing workforce comprised of contract, temp, freelance, independent contractor, "on-demand," or simply "gig" workers.

company supplies the contract workers who unload shipping containers at Walmart warehouses. And even Google's parent, Alphabet Inc., has about the same number of outsourced jobs as full-time employees.³² We'll see in this text that companies that rely on freelancers, consultants, and other such nontraditional employees need special HR policies and practices to deal with them.

Gig economy work has detractors.³³ Some people who work in such jobs say they can feel somewhat disrespected. One critic says such work is unpredictable and insecure. An article in the *New York Times* said this: "The larger worry about on-demand jobs is not about benefits, but about a lack of agency—a future in which computers, rather than humans, determine what you do, when and for how much."³⁴ Some Uber drivers sued for the right to unionize.

Globalization Trends

Globalization refers to companies extending their sales, ownership, and/or manufacturing to new markets abroad. Thus Toyota builds Camrys in Kentucky, and Apple assembles iPhones in China. Free trade areas—agreements that reduce tariffs and barriers among trading partners—further encourage international trade. The North American Free Trade Agreement (NAFTA) and the European Union (EU) are examples.

Globalization has boomed for the past 50 or so years. For example, the total sum of U.S. imports and exports rose from \$47 billion in 1960, to \$562 billion in 1980, to about \$5.0 *trillion* recently.³⁵ Changing economic and political philosophies drove this boom. Governments dropped cross-border taxes or tariffs, formed economic free trade areas, and took other steps to encourage the free flow of trade among countries. The fundamental economic rationale was that by doing so, all countries would gain, and indeed, economies around the world did grow quickly until recently.

More globalization meant more competition, and more competition meant more pressure to be "world class"—to lower costs, to make employees more productive, and to do things better and less expensively. As multinational companies jockeyed for position, many transferred operations abroad, not just to seek

Anyone using Uber already knows about on-demand workers. It is signing up tens of thousands of new independent contractor drivers per week, a rate that is doubling fast.

Source: Pressmaster/Shutterstock.



cheaper labor but to tap new markets. The search for greater efficiencies prompted some employers to *offshore* (export jobs to lower-cost locations abroad). Some offshore even highly skilled jobs such as radiologists.³⁶ We'll see that a loss of jobs and growing income inequities are prompting some to rethink the wisdom of globalization.³⁷

Economic Trends

Although globalization supported a growing global economy, the past 15 or so years were difficult economically. As you can see in Figure 1.2, gross national product (GNP)—a measure of the United States of America's total output—boomed between 2001 and 2007. During this period, home prices (see Figure 1.3) leaped as much as 20% per year. Unemployment remained docile at about 4.7%.³⁸ Then, around 2007–2008, all these measures fell off a cliff. GNP fell. Home prices dropped by 10% or more (depending on city). Unemployment nationwide soon rose to more than 10%. Some economists called it the “Great Recession.”

Why did all this happen? It's complicated. Many governments stripped away rules and regulations. For example, in America and Europe, the rules that prevented commercial banks from expanding into new businesses such as investment banking were relaxed. Giant, multinational “financial supermarkets” such as Citibank emerged. With fewer regulations, more businesses and consumers were soon deeply in debt. Homebuyers bought homes with little money down. Banks freely lent money to developers to build more homes. For almost 20 years, U.S. consumers spent more than they earned. The United States became a debtor nation. Its balance of payments (exports minus imports) went from a healthy *positive* \$3.5 billion in 1960, to a huge *minus* (imports exceeded exports) \$497 billion deficit more recently.³⁹ The only way the country could keep buying more than it sold from abroad was by borrowing money. So, much of the boom was built on debt.

Around 2008, all those years of accumulating debt ran their course. Banks and other financial institutions had trillions of dollars of worthless loans. Governments stepped in to prevent their collapse. Lending dried up. Businesses and consumers stopped buying. The economy tanked.

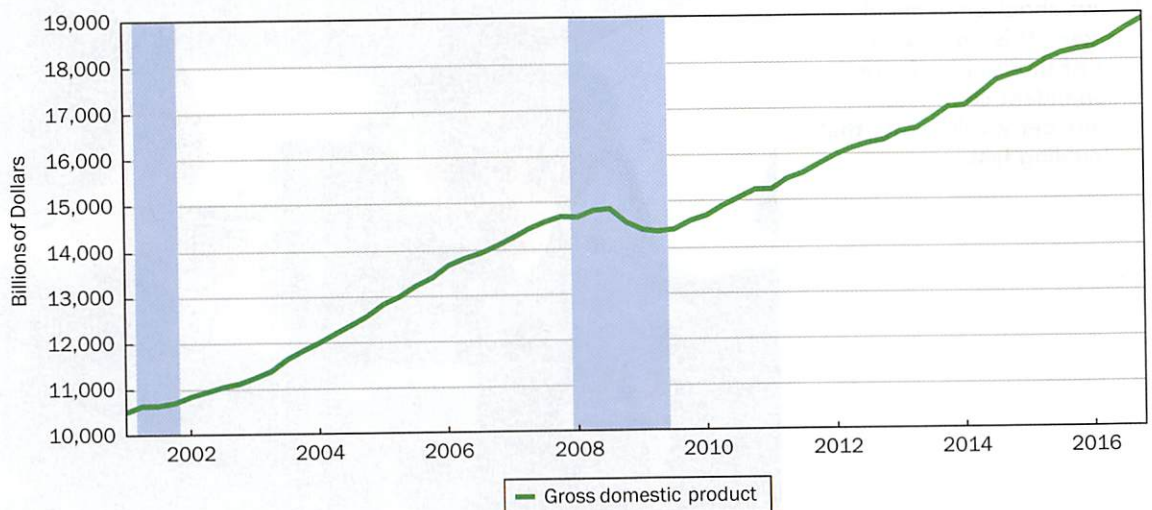


Figure 1.2

Gross National Product, 2000–2016

Source: St. Louis Federal Reserve Bank, <https://fred.stlouisfed.org/> accessed April 16, 2017.

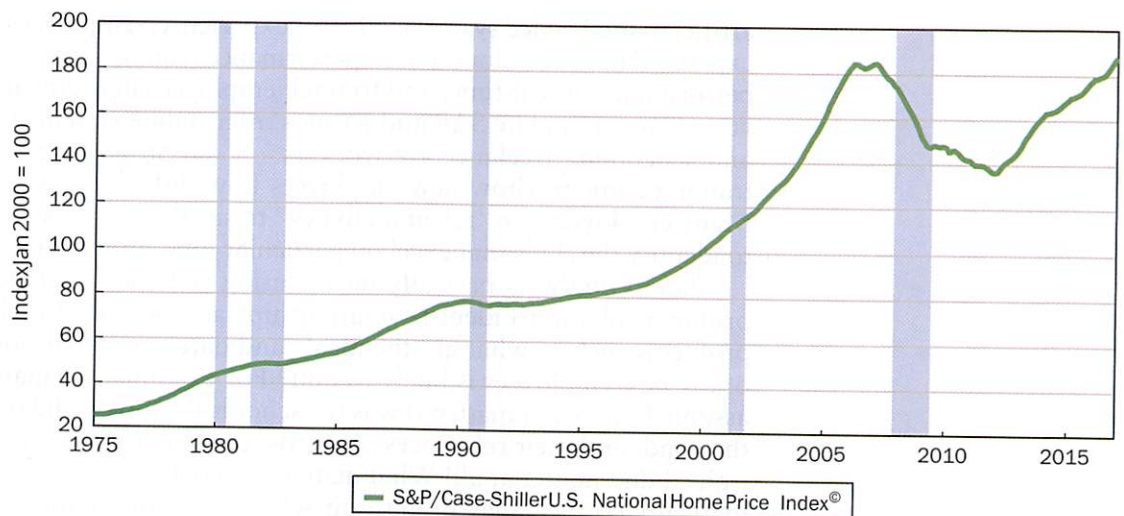


Figure 1.3

Case-Shiller Home Price Indexes 1975–2016

Source: St. Louis Federal Reserve Bank, <https://fred.stlouisfed.org/> accessed April 17, 2017.

Today, economic trends are pointing up, and hopefully they will continue to do so. For example, by 2017, the unemployment rate had fallen from a high of more than 10% to around 4.5%.

However, that doesn't necessarily mean clear sailing for the economy. For one thing, after seeing the economy tank in 2007–2008, many companies became hesitant to expand factories and equipment. With their credit card and tuition loan debts still hanging over them, and many still without good jobs, consumers are understandably wary about pulling out all the stops on spending.⁴⁰ At the same time, productivity growth is slowing, which may further retard economic growth.⁴¹ And after what the world went through in 2007–2009, it's doubtful that the deregulation, leveraging, and globalization that drove economic growth for the previous 50 years will continue unabated.

Labor Force Trends Complicating all this is the fact that the labor force in America is growing more slowly than expected (which is not good, because if employers can't get enough workers, they can't expand). To be precise, the Bureau of Labor Statistics projects the labor force to grow at 0.2% per year from 2015 to 2025, compared with an annual growth rate of 0.7% during the 2002–2012 decade.⁴² Why? 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.

Add it all up, and the bottom line looks to be slower economic growth ahead. The Bureau of Labor Statistics projects that gross domestic product (GDP) will increase by 2.6% annually from 2012 to 2022, slower than the 3% or higher that more or less prevailed from the mid-1990s through the mid-2000s.⁴³

Technology Trends

Technological change is also reshaping human resource management.⁴⁴ Just over half of companies in one survey were using digital and mobile devices to “redesign HR.” For example 41% were designing mobile apps to deliver human resource management services, and about a third were using artificial intelligence.⁴⁵ For instance, Accenture estimates that social media tools like Facebook and LinkedIn will soon produce up to 80% of new recruits—often letting line managers bypass HR and do their own recruiting.⁴⁶ At a large insurance firm in Japan, IBM's Watson

artificial intelligence system enables inexperienced employees to analyze claims like experts. Others use cloud-based performance management systems to monitor team performance in real-time, and to track employee engagement via quick weekly surveys. Companies like SAP and Kronos offer online systems for in-taking, tracking, and scheduling freelance gig workers.⁴⁷ Cold Stone Creamery Inc. uses a digital training game to show new employees how different flavors “scoop” differently. Many employers use “talent analytics” to sift through vast reams of employee data to identify the skills that excel on particular jobs, and to cut absences and accidents.

Talent analytics basically means using statistical techniques, algorithms, and problem solving to identify relationships among data for the purpose of solving problems such as what are the ideal candidate’s traits, or how can I predict which of my best employees is likely to quit? For example, for many years one employer assumed that what mattered was the schools the job candidates attended, the grades they had, and their references. A retrospective talent analytics study revealed these traits didn’t matter at all! What mattered were things like: their résumés were grammatically correct, they didn’t quit school until obtaining some degree, they were successful in prior jobs, and they were able to succeed with vague instructions.⁴⁸

Technology is also affecting the nature of work.⁴⁹ “Tech jobs,” no longer just mean jobs at Apple and Google. For example at Alcoa’s Davenport Works plant in Iowa, a computer at each workstation helps employees control their machines.

Human Capital One big consequence of globalization and of economic and technological trends is that employers are more dependent on their workers’ knowledge, education, training, skills, and expertise—on their “human capital.”

Jobs like consultant and lawyer always required education and knowledge. Today, even production assemblers as well as bank tellers, retail clerks, and package deliverers need a level of technological sophistication they wouldn’t have needed a few years ago. The point is that in our knowledge-based economy, “. . . the acquisition and development of superior human capital appears essential to firms’ profitability and success.”⁵⁰

The challenge for managers is that they have to manage such workers differently. For example, empowering them to make decisions presumes you’ve selected and trained them to make more decisions themselves.⁵¹ The accompanying HR as a Profit Center feature illustrates how one employer took advantage of its human capital.

Technology changed the nature of work and therefore the skills that workers must bring to their jobs. For example, many factory jobs today require special technology skills and training.

Source: Suwin Puengsamrong/123RF.



■ HR as a Profit Center

Boosting Customer Service

A bank installed special software that made it easier for its customer service representatives to handle customers' inquiries. However, the bank did not otherwise change the service reps' jobs in any way. Here, the new software system did help the service reps handle more calls. But otherwise, this bank saw no big performance gains.⁵²

A second bank installed the same software. But, seeking to capitalize on how the new software freed up customer reps' time, this bank also had its human resource team upgrade the customer service representatives' jobs. This bank taught them how to sell more of the bank's services, gave them more authority to make decisions, and raised their wages. Here, the new computer system dramatically improved product sales and profitability, thanks to the newly trained and empowered customer service reps. Value-added human resource practices like these improve employee performance and company profitability.⁵³

★ Talk About It–1

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to discuss the following: Discuss three more specific examples of what you believe this second bank's HR department could have done to improve the reps' performance.

LEARNING OBJECTIVE 3

Discuss at least five consequences such trends have for human resource management today.

The New Human Resource Management

For much of the 20th century, “personnel” managers focused mostly on day-to-day activities. In the earliest firms, they took over hiring and firing from supervisors, ran the payroll department, and administered benefits plans. As expertise in testing emerged, the personnel department played a bigger role in employee selection and training.⁵⁴ New union laws in the 1930s added “Helping the employer deal with unions” to its duties. With new equal employment laws in the 1960s, employers began relying on HR for avoiding discrimination claims.⁵⁵

We've seen that today's employers face new trends and challenges. Demographic trends make finding and hiring employees more difficult and managing diversity more important. Employers must also address the equal employment laws that diversity has engendered. Technology trends mean employers must manage their employees' knowledge, skills, and expertise, and also that they can use new digital and social media tools to do so.⁵⁶ A slower-growing economic pie means more pressure on employers to get the best efforts from their employees. Employers expect their “people experts”—their human resource managers—to deal with such challenges. This has prompted several changes in human resource management.

Distributed HR and the New Human Resource Management

Perhaps the most important change is that more human resource management tasks are being redistributed *from* a central HR department *to* the company's employees and line managers, thanks to digital tools like mobile phones and social media.⁵⁷ For example, at Google, when someone applies for a job, his or her information goes into a system that matches the recruit with current Google employees based on interests and experiences. In a process Google calls “crowdsourcing,” Google employees then get a big say in whom Google hires.

Some experts say that many aspects of HR (such as recruiting, selecting and training) will become “fully embedded [“distributed”] in how work gets done throughout an organization, thereby becoming an everyday part of doing business.”⁵⁸ So, somewhat ironically, we may be shifting in some respects back toward the time before the first personnel departments, when line managers did more of the personnel tasks themselves. As an example, Hilton Worldwide is placing more HR activities in the hands of employees, while redirecting the savings to building up the more strategic aspects of what its human resource managers do.⁵⁹ In the following chapters, we’ll use Trends Shaping HR features like the accompanying one to present more examples.



TRENDS SHAPING HR: *Digital and Social Media*

Digital and Social Media Tools and the New Human Resource Management
Digital and social media tools are changing how people look for jobs and how companies recruit, retain, pay, and train employees. In doing so, they’ve transformed human resource management and created, in a sense, a new human resource management.

For example, career sites like Glassdoor, CareerBliss, CareerLeak, and JobBite let members share insights into hundreds of thousands of employers, including commentaries, salary reports, and CEO approval ratings.⁶⁰ One report says 48% of job seekers surveyed report using Glassdoor during their job search, including checking before applying for employment at a company.⁶¹ Such transparency prompts sensible human resource managers to redouble their efforts to ensure their internal processes (such as promotion decisions, pay allocations, and performance appraisals) are fair, and that their recruitment processes are civil by responding to rejected job candidates and giving them some closure.

As another example, talent analytics algorithms help employers improve employee retention. They do this, for example by identifying the factors (such as experience, career advancement, performance reviews, compensation, and even a surge in activity on social media sites) that flag high-potential employees who are more likely to leave.

HR and Performance

Employers expect their human resource managers to help lead their companies’ performance-improvement efforts.⁶² Today’s human resource manager is in a powerful position to do this and uses three main levers to do so. One is the *HR department lever*. He or she ensures that the human resource management function is delivering its services efficiently. For example, this might include outsourcing certain HR activities such as benefits management to vendors, controlling HR function headcount, and using technology to deliver its services more cost effectively.

The second is the *employee costs lever*. For example, the human resource manager takes a prominent role in advising top management about the company’s staffing levels and in setting and controlling the firm’s compensation, incentives, and benefits policies.

The third is the *strategic results lever*. Here the HR manager puts in place the policies and practices that produce the employee competencies and skills the company needs to achieve its strategic goals. For example (see the HR as a Profit Center feature on page 13) a bank’s new software helped its customer service reps improve their performance, thanks to new human resource training and compensation practices.

HR and Performance Measurement Improving performance requires being able to measure what you are doing. For example, when IBM’s former HR head needed

\$100 million to reorganize its HR operations several years ago, he told top management, “I’m going to deliver talent to you that’s skilled and on time and ready to be deployed. I will be able to measure the skills, tell you what skills we have, what [skills] we don’t have [and] then show you how to fill the gaps or enhance our training.”⁶³

Human resource managers use performance measures (or “metrics”) to validate claims like these. For example, median HR expenses as a percentage of companies’ total operating costs average just under 1%. On average, there is about 1 human resource staff person per 100 employees.⁶⁴

HR and Evidence-Based Management Basing decisions on such evidence is the heart of *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.⁶⁵ 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.⁶⁶ The evidence may come from *actual measurements* (such as, how did the trainees like this program?). It may come from *existing data* (such as, what happened to company profits after we installed this training program?). Or, it may come from published *research studies* (such as, what does the research literature conclude about the best way to ensure that trainees remember what they learn?).

Sometimes, companies translate their findings into what management gurus call *high-performance work systems*, “sets of human resource management practices that together produce superior employee performance.”⁶⁷ For example, at GE’s assembly plant in Durham, North Carolina, highly trained self-directed teams produce high-precision aircraft parts. We’ll discuss performance measurement and high-performance work systems in Chapter 3.

HR and Adding Value The bottom line is that today’s employers want their HR managers to *add value* by boosting profits and performance. Professors Dave Ulrich and Wayne Brockbank describe this as the “HR Value Proposition.”⁶⁸ They say human resource programs (such as screening tests) are just a means to an end. The human resource manager’s ultimate aim must be to add value. *Adding value* means helping the firm and its employees improve in a measurable way, as a result of the human resource manager’s actions. We’ll see in this text how human resource practices do this, for instance with HR as a Profit Center features like the one on page 13.

The accompanying HR in Practice feature raises a related issue.

■ HR in Practice

Does Performance Trump Equity?

Can too much productivity and performance be bad? Many would say “yes.” In brief, they would argue that what they’d consider an excessive drive for performance can cost workers their jobs and lead to growing inequities between a highly paid and skilled elite and ordinary workers.

For example, in an episode made famous by then-presidential candidate Donald J. Trump, a Carrier Corporation executive was videotaped telling workers in Indianapolis that Carrier was moving 1,400 of their jobs to Mexico, putting them out of work. On the tape he calls it “just a business decision.” (Carrier’s Midwest workers earn about \$15–\$26 per hour, while those in Mexico earn about \$9.50–\$19 per day).⁶⁹ Similarly, Toys “R” Us hired a staffing/outsourcing company from abroad. Toys “R” Us then brought in a number of the staffing company’s employees using temporary worker visas. These employees spent four weeks sitting with selected Toys “R” Us employees

learning every detail of their jobs. The staffing company employees then returned to their country, where they trained local employees to take over the Toys “R” Us workers’ jobs.⁷⁰ Automation plays a role too. For example, “machine learning”—sophisticated algorithms that can learn, for instance, which types of employees are best for which jobs and can therefore gradually replace, say, human resource recruitment and selection employees—are replacing even higher-level jobs with automation.⁷¹

For whatever reason, a big gap has emerged between what *The Economist* newspaper calls a skilled elite and ordinary workers. Since the Great Recession of 2007–2009, incomes have risen, but almost only for those in the very highest income brackets. Good jobs, to paraphrase the *Harvard Business Review*, are disappearing, often replaced by relatively insecure and lower paid jobs.⁷² Inequities are rising. Even some economists who once believed that globalization and technological advances could always be counted on to boost demand and hiring are now rethinking their theories.⁷³ This was the environment that prompted 2016 presidential candidate Hillary Clinton to call for a “fairer, more equal, just world,”⁷⁴ and candidate Donald Trump to demand that Carrier bring the jobs back to America.

★ Talk About It–2

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to discuss the following question: Do you think an employer can achieve high performance while preserving jobs and minimizing these sorts of inequities? Give examples of why or why not.

employment engagement

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

HR and Employee Engagement

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.⁷⁵

Employee engagement is important because it drives performance. For example (as we will discuss in Chapter 3), based on one Gallup survey, business units with the highest levels of employee engagement have an 83% chance of performing above the company median; those with the lowest employee engagement have only a 17% chance.⁷⁶ A survey by consultants Watson Wyatt Worldwide concluded that companies with highly engaged employees have 26% higher revenue per employee.⁷⁷

The problem for employers is that, depending on the study, only about 21–30% of today’s employees nationally are engaged.⁷⁸ In one survey, about 30% were engaged, 50% were not engaged, and 20% were actively disengaged (anti-management).⁷⁹

We will see in this text that managers improve employee engagement by taking concrete steps to do so. For example, a few years ago, Kia Motors (UK) turned its performance around, in part by boosting employee engagement.⁸⁰ As we will discuss more fully in Chapter 3, it did this with new HR programs. These included *measurable objectives*, new *leadership development* programs, new *employee recognition* programs, improved *internal communications* programs, a new *employee development* program, and new *compensation and other policies*. We use special Employee Engagement Guide for Managers sections in most chapters to show how managers use human resource activities such as recruiting and selection to improve employee engagement.

HR and Strategy

Strengthening organizational performance and building engaged work teams puts a company’s human resource managers in a more central role. This means they tend to be more involved today in the company’s strategic planning.⁸¹

Most companies have a strategic plan, a plan for how it will balance its internal strengths and weaknesses with external opportunities and threats to maintain a

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.

competitive advantage. Traditionally, developing such a plan is a job primarily for the company's operating (line) managers. Thus, company X's president might decide to enter new markets, drop product lines, and embark on a five-year cost-cutting plan. Then the president would more or less leave the personnel implications of that plan (hiring or firing workers, and so on) to the human resource manager.

Today, human resource managers often get much more involved in both developing and implementing strategic plans. Chapter 3 (Human Resource Management Strategy and Analysis) expands on this. In brief, we will see there that **strategic human resource management** means *formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims*. The basic idea behind strategic human resource management is this: In formulating human resource management policies and practices, the manager's aim should be to produce the employee skills and behaviors that the company needs to achieve its strategic aims. So, for example, when Yahoo's CEO wanted to improve her company's innovation and productivity a few years ago, she turned to her new HR manager (a former investment banker). Yahoo then instituted many new HR policies. It eliminated telecommuting to bring workers back to the office where they could continuously interact, and adopted new benefits (such as 16 weeks' paid maternity leave) to lure new engineers and to make Yahoo a more attractive place in which to work.⁸²

We will use a model starting with Chapter 3 to illustrate this idea, but in brief, the model follows this three-step sequence: *Set* the firm's strategic aims, *Pinpoint* the employee behaviors and skills we need to achieve these strategic aims, and *Decide* what HR policies and practices will enable us to produce these necessary employee behaviors and skills.

HR and Sustainability

In a world where sea levels are rising, glaciers are crumbling, and increasing numbers of people view financial inequity as outrageous, more and more people say that businesses can't just measure "performance" in terms of maximizing profits. They argue instead that companies' efforts should be "sustainable," by which they mean judged not just on profits, but on their environmental and social performance as well.⁸³ We've just seen that *strategic human resource management* means putting in place the human resource policies and practices that produce the employee skills and behaviors that are necessary to achieve the company's strategic goals. When those strategic goals include sustainability issues, then it follows that human resource managers should have HR policies to support these goals.

For example, PepsiCo wants to deliver "Performance with Purpose," in other words financial performance while also achieving human sustainability, environmental sustainability, and talent sustainability. PepsiCo has goals to measure financial performance, for instance in terms of shareholder value and long-term financial performance. Its goals for human sustainability include providing clear nutrition information on products. Environmental sustainability goals include protecting and conserving global water supplies. Talent sustainability goals include respecting workplace human rights and creating a safe and healthy workplace.⁸⁴

PepsiCo's human resource managers can help the company achieve these goals.⁸⁵ For example, it can use its *workforce planning* processes to help determine how many and what sorts of environmental sustainability ("green") jobs the company will need to recruit for. It can help top management institute *flexible work arrangements* that help sustain the environment by reducing commuting. It can change its employee *orientation* process to include socializing new employees into PepsiCo's sustainability goals. It can modify its *performance appraisal* systems to measure the extent to which managers and employees are achieving their individual sustainability goals. It can put in place *incentive systems* that motivate employees to achieve PepsiCo's sustainability goals. It can institute *safety and health* practices aimed at eliminating unsafe conditions and improving worker safety. It can make Talent Sustainability part of the company's *HR Philosophy*, for example, by fostering a respectful work environment.⁸⁶ And it can institute *employee relations* programs aimed at

maintaining positive employee relations and ensuring that employees have a safe, fulfilling, and respectful tenure at the company. With such actions, HR can play a central role in supporting a company's sustainability efforts.

HR and Ethics

Regrettably, news reports are filled with stories of otherwise competent managers who have run amok. For example, prosecutors filed criminal charges against several Iowa meatpacking plant human resource managers who allegedly violated employment law by hiring children younger than 16.⁸⁷ Behaviors like these risk torpedoing even otherwise competent managers and employers. **Ethics** means *the standards someone uses to decide what his or her conduct should be*. We will see in Chapter 12 that many workplace ethical issues—workplace safety and employee privacy, for instance—are human resource management related.⁸⁸

ethics

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

LEARNING OBJECTIVE 4

Explain what sorts of competencies, knowledge, and skills characterize today's new human resource manager.

The New Human Resource Manager

When asked, “Why do you want to be an HR manager?” many people basically say, “Because I’m a people person.” Being sociable is certainly important, but as we’ve seen in this chapter it takes much more. Tasks like formulating strategic plans and making data-based decisions require new competencies and skills.

What does it take to be a human resource manager today? The Society for Human Resource Management (SHRM) has a “competency model” (called the SHRM Body of Competency and Knowledge™); it itemizes the competencies, skills, knowledge, and expertise that human resource managers need. Here are the behaviors or competencies (with definitions) SHRM says today’s HR manager should be able to exhibit:

- **Leadership and Navigation:** The ability to direct and contribute to initiatives and processes within the organization.
- **Ethical Practice:** The ability to integrate core values, integrity, and accountability throughout all organizational and business practices.
- **Business Acumen:** The ability to understand and apply information with which to contribute to the organization’s strategic plan.
- **Relationship Management:** The ability to manage interactions to provide service and to support the organization.
- **Consultation:** The ability to provide guidance to organizational stakeholders.
- **Critical Evaluation:** The ability to interpret information with which to make business decisions and recommendations.
- **Global & Cultural Effectiveness:** The ability to value and consider the perspectives and backgrounds of all parties.
- **Communication:** The ability to effectively exchange information with stakeholders.

SHRM also says HR managers must have the basic knowledge of principles and practices of the basic functional areas of HR, which include the following:

- Functional Area #1: Talent Acquisition and Retention
- Functional Area #2: Employee Engagement
- Functional Area #3: Learning and Development
- Functional Area #4: Total Rewards
- Functional Area #5: Structure of the HR Function
- Functional Area #6: Organizational Effectiveness and Development
- Functional Area #7: Workforce Management
- Functional Area #8: Employee Relations
- Functional Area #9: Technology and Data
- Functional Area #10: HR in the Global Context
- Functional Area #11: Diversity and Inclusion

- Functional Area #12: Risk Management
- Functional Area #13: Corporate Social Responsibility
- Functional Area #14: U.S. Employment Law and Regulations
- Functional Area #15: Business and HR Strategy

HR and the Manager's Skills

This text aims to help all managers develop the skills they'll need to carry out the human resource management–related aspects of their jobs, such as recruiting, selecting, training, appraising, and incentivizing employees and providing them with a safe and fulfilling work environment. Building Your Management Skills features in each chapter cover matters such as how to interview job candidates and train new employees. HR Tools for Line Managers and Small Businesses features aim to provide small business owners and managers in particular with techniques they can use to better manage their small businesses. Know Your Employment Law features highlight the practical information all managers need to make better HR-related decisions at work. Employee Engagement Guide for Managers features show how managers improve employee engagement.

HR Manager Certification

Many human resource managers use certification to demonstrate their mastery of human resource management knowledge and competencies. Managers have, at this writing, at least two testing processes to achieve certification.⁸⁹

The oldest is administered by the HR Certification Institute (HRCI), an independent certifying organization for human resource professionals (see www.hrci.org). Through testing, HRCI awards several credentials, including Professional in Human Resources (PHR) and Senior Professional in Human Resources (SPHR). Managers can review HRCI's Knowledge Base and take an online HRCI practice quiz by going to www.hrci.org and clicking on Exam Preparation and then on Sample Questions.⁹⁰

Starting in 2015, SHRM began offering its own competency and knowledge-based testing and certifications, for SHRM Certified Professionals, and SHRM Senior Certified Professionals, based on its own certification exams.⁹¹ The exam is built around the SHRM Body of Competency and Knowledge™ model of functional knowledge, skills, and competencies.

A summary of the SHRM and the HRCI knowledge bases is available to your instructor as appendices titled “HRCI PHR® and SPHR® Certification Body of Knowledge” and “About the Society for Human Resource Management (SHRM) Body of Competency and Knowledge™ Model and Certification Exams.” Your instructor can obtain these appendices from the Pearson Instructor Resource Center and pass them onto you. One covers SHRM's functional knowledge areas (such as employee relations). The other covers HRCI's seven main knowledge areas (such as Strategic Business Management, and Workforce Planning and Employment). This also lists about 91 specific HRCI “Knowledge of” subject areas within the seven main topic areas with which those taking the test should be familiar.

You'll find throughout this book special Knowledge Base icons, starting in Chapter 2, to denote coverage of SHRM and/or HRCI knowledge topics.

HR and the Manager's Human Resource Philosophy

People's actions are always based in part on the basic assumptions they make; this is especially true in regard to human resource management. The basic assumptions you make about people—Can they be trusted? Do they dislike work? Why do they act as they do? How should they be treated?—together comprise your philosophy of human resource management. And every personnel decision you make—the people you hire, the training you provide, your leadership style, and the like—reflects (for better or worse) this basic philosophy.

How do you go about developing such a philosophy? To some extent, it's preordained. There's no doubt that you will bring to your job an initial philosophy

based on your experiences, education, values, assumptions, and background. But your philosophy doesn't have to be set in stone. It should evolve as you accumulate knowledge and experiences. For example, after a worker uprising in China at the Foxconn plant owned by Hon Hai that assembles Apple iPhones, the personnel philosophy at the plant softened in response to its employees' and Apple's discontent.⁹² In any case, no manager should manage others without first understanding the personnel philosophy that is driving his or her actions.

One of the things molding your own philosophy is that of your organization's top management. Although it may or may not be stated, it is usually communicated by their actions and permeates every level and department in the organization. For example, here is part of the personnel philosophy of the founder of the Polaroid Corp., stated many years ago:

To give everyone working for the company a personal opportunity within the company for full exercise of his talents—to express his opinions, to share in the progress of the company as far as his capacity permits, and to earn enough money so that the need for earning more will not always be the first thing on his mind. The opportunity, in short, to make his work here a fully rewarding and important part of his or her life.⁹³

Current “best companies to work for” lists include many organizations with similar philosophies. For example, the CEO of software giant SAS has said, “We’ve worked hard to create a corporate culture that is based on trust between our employees and the company... a culture that rewards innovation, encourages employees to try new things and yet doesn’t penalize them for taking chances, and a culture that cares about employees’ personal and professional growth.”⁹⁴

★ Watch It

How does a company actually go about putting its human resource philosophy into action? If your professor has chosen to assign this, go to www.pearson.com/mylab/management to watch the video Patagonia Human Resource Management and then answer the questions to show what you would do in this situation.

After a worker uprising in China at the Foxconn plant owned by Hon Hai that assembles Apple iPhones, the personnel philosophy at the plant softened in response to its employees' and Apple's discontent.

Source: Dmitry Kalinovsky/123RF.



LEARNING OBJECTIVE 5
Outline the plan of this book.

The Plan of This Book

This book has two main aims: to provide all future managers, not just HR managers, with the practical human resource skills (for instance how to interview, train, engage, and appraise employees) they need to produce an engaged and high-performing workforce, and to cover SHRM's and HRCI's bodies of knowledge in a relatively compact and economical 14-chapter soft cover format. Special main features—Employee Engagement Guide for Managers, Building Your Management Skills, HR Tools for Line Managers and Small Businesses, HR and the Gig Economy, HR as a Profit Center, and Know Your Employment Law—help illustrate important points.

The Chapters

We've organized the book as follows:

Part 1: Introduction (Chapters 1, 2, 3)

1. **Managing Human Resources Today**
2. **Managing Equal Opportunity and Diversity** What you need to know about equal opportunity laws as they relate to human resource management activities such as interviewing, selecting employees, and evaluating performance.
3. **Human Resource Strategy and Analysis** What is strategic planning, strategy formulation and execution, and evidence-based management?

Part 2: Staffing: Workforce Planning and Employment (Chapters 4, 5, 6)

4. **Job Analysis and Talent Management** What is talent management? How to analyze a job and how to determine the job's requirements, specific duties, and responsibilities, as well as what sorts of people need to be hired.
5. **Personnel Planning and Recruiting** Workforce planning and techniques for recruiting employees.
6. **Selecting Employees** What managers should know about testing, interviewing, and selecting employees.

Part 3: Training and Human Resource Development (Chapters 7, 8, 9)

7. **Training and Developing Employees** Providing the training and development necessary to ensure that your employees have the knowledge and skills required to accomplish their tasks.
8. **Performance Management and Appraisal Today** Techniques for managing and appraising performance.
9. **Managing Careers** Causes of and solutions for employee turnover, and how to help employees manage their careers.

Part 4: Compensation and Total Rewards (Chapters 10, 11)

10. **Developing Compensation Plans** How to develop market-competitive pay plans.
11. **Pay for Performance and Employee Benefits** Developing total reward programs, including incentives and benefits plans for employees.

Part 5: Employee and Labor Relations (Chapters 12, 13, 14)

12. **Maintaining Positive Employee Relations** Developing employee relations programs and employee involvement strategies; ensuring ethical and fair treatment through discipline and grievance processes.
13. **Labor Relations and Collective Bargaining** The relations between unions and management, including union-organizing campaigns, negotiating and agreeing on collective-bargaining agreements between unions and management, and managing the agreement.
14. **Improving Occupational Safety, Health, and Risk Management** The causes of accidents, how to make the workplace safe, and laws governing your responsibilities in regard to employee safety and health.


Part 6: Special Issues in Human Resource Management (Modules A, B)

Module A: Managing HR Globally Applying human resource management policies and practices in a global environment.

Module B: Managing Human Resources in Small and Entrepreneurial Firms Special HRM methods small business managers can use to compete more successfully.

Review

MyLab Management

If your instructor is using MyLab Management, go to www.pearson.com/mylab/management to complete the problems marked with this icon .

Summary

1. Staffing, personnel management, or human resource management includes activities such as recruiting, selecting, training, compensating, appraising, and developing. Human resource management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The HR manager and his or her department provide various staff services to line management, including assisting in the hiring, training, evaluating, rewarding, promoting, disciplining, and safety of employees at all levels. HR management is a part of every line manager's responsibilities. These responsibilities include placing the right person in the right job and then orienting, training, and compensating the person to improve his or her job performance. Reasons every manager needs HR expertise include avoiding HR mistakes (such as high turnover); getting results; spending time as an HR manager; and being in a small business where the owner needs to do most HR tasks him or herself.
2. Trends are requiring HR to play a more central role in organizations. These trends include workforce diversity, technological change, the expanding use of social media and digital tools, globalization, and economic challenges.
3. These trends are helping to shape a new human resource management, one characterized by more emphasis on distributed HR, as well as on performance and evidence-based management, employee engagement, strategy, sustainability, and ethics.
4. As a result, any manager responsible for managing human resources today will need competencies, (such as in relationship management and in the ability to manage interactions), practical skills (for instance in using new tools for selecting employees), a consciously thought through "HR philosophy," and skills, knowledge, and competencies tested through certification.
5. This text aims to help managers develop the skills they'll need to carry out the human resource management-related aspects of their jobs, such as recruiting, selecting, training, appraising, and incentivizing employees, and providing them with a safe and fulfilling work environment. There is a special emphasis on building skills and in fostering employee engagement. Special Building Your Management Skills features in each chapter cover matters such as how to interview job candidates and train new employees.

Key Terms

organization	2	line manager	5
manager	2	staff manager	5
managing	2	gig workers	8
management process	2	employment engagement	16
human resource management (HRM)	3	strategic human resource management	17
authority	5	ethics	18

★ Try It

How would you do applying the concepts and skills you learned in this chapter? If your professor has chosen to assign this, go to www.pearson.com/mylab/management and complete the Human Resource Management simulation.

Discussion Questions

- 1-1. What is human resource management?
- 1-2. Explain with at least five examples why “a knowledge and proficiency in HR management concepts and techniques is important to all supervisors or managers.”
- 1-3. Explain with examples what we mean by “the changing environment of human resource management.”
- 1-4. Give examples of how the HR manager can support a company’s sustainability goals.
- ★ 1-5. Discuss with examples four important issues influencing HR management today.
- ★ 1-6. Explain HR management’s role in relation to the firm’s line management.
- 1-7. Compare the authority of line and staff managers. Give examples of each.

Individual and Group Activities

- 1-8. 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.
- 1-9. 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.
- 1-10. Working individually or in groups, bring several business publications such as *Bloomberg Businessweek* and *The Wall Street Journal* to class. Based on their contents, compile a list entitled “What HR Managers and Departments Do Today.”
- 1-11. Based on your personal experiences, list 10 examples showing how you used (or could have used) human resource management techniques at work or school.
- 1-12. Laurie Siegel served as senior vice president of human resources for Tyco International from 2003 to 2012. She 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 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 AlliedSignal, 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 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, do you suggest Tyco’s HR head do now?

- 1-13. Working individually or in groups, develop a list showing how trends such as workforce diversity, technological trends, globalization, and changes in the nature of work have affected the college or university you are now attending or the organization for which you work.
- 1-14. Working individually or in groups, develop several examples showing how the new HR management practices mentioned in this chapter (using technology, and supporting sustainability efforts, for instance) have or have not been implemented to some extent in the college or university you are now attending or in the organization for which you work.
- 1-15. For this activity, you will need the documents titled (1) “HRCI PHR® and SPHR® Certification Body of Knowledge,

and (2) “About the Society for Human Resource Management (SHRM) Body of Competency & Knowledge® Model and Certification Exams.” Your instructor can obtain these two documents from the Pearson Instructor Resource Center and pass them on to you. These two documents list the knowledge someone studying for the HRCI or SHRM certification exam needs to have in each area of human resource management (such as in Strategic Management, and Workforce Planning). In groups of several students, do four things: (1) review the HRCI and/or SHRM documents; (2) identify the material in this chapter that relates to HRCI’s or SHRM’s 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.

MyLab Management

If your instructor is using MyLab Management, go to www.pearson.com/mylab/management for Auto-graded writing questions as well as the following Assisted-graded writing questions:

- 1-16. How do today’s HR managers deal with the trends and challenges shaping contemporary HR management?
- 1-17. Discuss some competencies HR managers need to deal with today’s trends and challenges.

APPLICATION EXERCISES

HR IN ACTION CASE INCIDENT 1

Jack Nelson’s Problem

As a new member of the board of directors for a local bank, Jack Nelson was being introduced to all the employees in the home office. When he was introduced to Ruth Johnson, he was curious about her work and asked her what her machine did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had been working there for only two months. She did, however, know precisely how to operate the machine. According to her supervisor, she was an excellent employee.

At one of the branch offices, the supervisor in charge spoke to Nelson confidentially, telling him that “something was wrong,” but she didn’t know what.

For one thing, she explained, employee turnover was too high, and no sooner had one employee been put on the job than another one resigned. With customers to see and loans to be made, she explained, she had little time to work with the new employees as they came and went.

All branch supervisors hired their own employees without communication with the home office or other branches. When an opening developed, the supervisor tried to find a suitable employee to replace the worker who had quit.

After touring the 22 branches and finding similar problems in many of them, Nelson wondered what the

home office should do or what action he should take. The banking firm was generally regarded as a well-run institution that had grown from 27 to 191 employees during the past eight years. The more he thought about the matter, the more puzzled Nelson became. He couldn't quite put his finger on the problem, and he didn't know whether to report his findings to the president.

Questions

- 1-18. What do you think is causing some of the problems in the bank's home office and branches?

- 1-19. Do you think setting up an HR unit in the main office would help?
- 1-20. What specific functions should an HR unit carry out? What HR functions would then be carried out by the bank's supervisors and other line managers?

Source: "Jack Nelson's Problem," by Claude S. George, from *Supervision in Action: The Art of Managing Others*, 4th ed., 1985. Copyright © 1985 by Pearson Education, Inc. Reprinted with permission.

HR IN ACTION CASE INCIDENT 2

Carter Cleaning Company

Introduction

A main theme of this text is that HR management—activities like recruiting, selecting, training, and rewarding employees—is not just the job of a central HR group but rather a job in which every manager must engage. Perhaps nowhere is this more apparent than in the typical small service business. Here the owner/manager usually has no HR staff on which to rely. However, the success of his or her enterprise (not to mention his or her family's peace of mind) often depends largely on the effectiveness through which workers are recruited, hired, trained, evaluated, and rewarded. Therefore, to help illustrate and emphasize the front-line manager's HR role, throughout this book we will use a continuing case based on an actual small business in the southeastern United States. Each chapter's segment of the case will illustrate how the case's main player—owner/manager Jennifer Carter—confronts and solves personnel problems each day at work by applying the concepts and techniques of that particular chapter. Here is background information you will need to answer questions that arise in subsequent chapters. (We also present a second, unrelated case incident in each chapter.)

Carter Cleaning Centers

Jennifer Carter graduated from State University in June 2013 and, after considering several job offers, decided to do what she really always planned to do—go into business with her father, Jack Carter.

Jack Carter opened his first laundromat in 2001 and his second in 2004. The main attraction of these coin laundry businesses for him was that they were capital intensive rather than labor intensive. Thus, once the investment in machinery was made, the stores could be run with just one unskilled attendant and have none of the labor problems one normally expects from being in the retail service business.

The attractiveness of operating with virtually no skilled labor notwithstanding, Jack had decided by 2003 to expand the services in each of his stores to include the dry cleaning and pressing of clothes. He embarked, in other words, on a strategy of "related diversification" by adding new services that were related to and consistent with his existing coin laundry activities. He added these in part because he wanted to better utilize the unused space in the rather large stores he currently had under lease. But he also did so because he was, as he put it, "tired of sending out the dry cleaning and pressing work that came in from our coin laundry clients to a dry cleaner 5 miles away, who then took most of what should have been our profits." To reflect the new, expanded line of services, he renamed each of his two stores Carter Cleaning Centers and was sufficiently satisfied with their performance to open four more of the same type of stores over the next five years. Each store had its own on-site manager and, on average, about seven employees and annual revenues of about \$700,000. It was this six-store cleaning centers chain that Jennifer joined upon graduating from State University.

Her understanding with her father was that she would serve as a troubleshooter and consultant to the elder Carter with the aim of both learning the business and bringing to it modern management concepts and techniques for solving the business's problems and facilitating its growth.

Questions

- 1-21. Make a list of five specific HR problems you think Carter Cleaning will have to grapple with.
- 1-22. What would you do first if you were Jennifer?

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 (www.tv.com/shows/the-profit/watch/). (Access a library of past episodes at URLs such as 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:
 - 1-23. What specific HR functions (recruiting, interviewing, training, and so on) can you identify Mr. Lemonis addressing on this show? Make sure to give specific examples based on the show.
 - 1-24. What specific HR functions can you identify as being problematical in this company? Again, please give specific answers.
 - 1-25. In terms of HR functions (such as recruiting, selection, interviewing, compensating, appraising, and so on), what exactly would you recommend doing to improve this company’s performance?
 - 1-26. Present your team’s conclusions to the class.