

CHAPTER 1: THE CHALLENGES OF HRM

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. This chapter describes what HRM is, why it is important to study, and the relationship of HR professionals with line managers/supervisors. 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 utilize the talents of their employees, as well as the changes taking place at work in the Canadian society.

LEARNING OUTCOMES

1. Define human resources management (HRM).
2. Identify the processes and practices of HRM.
3. Explain the importance of HRM to the line manager.
4. Discuss the relationship between the line manager and the HR practitioner.
5. Describe current business issues facing organizations and the impact on people in organizations.
6. Outline the key demographic and employee concerns.
7. Illustrate the link between business strategy and HRM strategy.

KEY CONCEPTS

- Definition of human resources management (HRM)
- Processes and practices of HRM
- Relationship of line managers and HR professionals
- Business context in which HRM functions
- Demographics
- Business and HRM strategy

STUDENT MOTIVATION

Many students are working and those that aren't will eventually work when their course of studies is done. Students need an understanding of the processes and practices employers use to attract and keep employees. The chapter is foundational for the other chapters. Through 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 works, students can learn that HRM is much more than administrative.

ENGAGEMENT STRATEGIES

1. Ways of engaging students at outset of class:

Discussion: Ask students to provide their definition of human resources management. You will want to compare student responses to the textbook definition. (This relates to LO 1.)

2. Other activities:

- a. *Review Figure 1.1 and create discussion:* Ask students to identify their experiences with any of the HR processes, including whether they understood that this was part of HRM. (This relates to LO 2.)
- b. *Review Figure 1.2. Discussion:* Ask students if any are working or have worked and what experiences they've had with managers and HR professionals. You may want to conclude with a comment reinforcing the role of HR with the line manager. (This relates to LO 3 and 4.)

The following activities relate to LO 5:

- c. *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. 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.
- d. *Discussion*: Ask students to share any personal experiences with friends or relatives they have known who have been directly impacted by the downturn. 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?
- e. Ask students to research the current situation in relation to business evolutions and survivals. For example, Research In Motion (RIM). You may want to assign students to research RIM, create a one-minute report, and share in small groups of 3 to 4 students. You may want to refer students to an article in the February 20, 2012 issue of *Canadian Business*: "Who the Hell Is Responsible for This, Anyway?"
- f. If your classroom is equipped with WiFi, invite students to access one of the websites listed in Manager's Toolkit 1.1.
- g. Ask students if they have used the Internet to post their resume or apply for work. Review the ways technology has impacted HRM.
- h. *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 what the organization could have done differently to make the process better for the people involved.
- i. *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.
- j. *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.
- k. *Facilitate*: Using the questions in HRM and SME 1.1, arrange students in groups of 4–5. Assign one of the questions to each group so that both questions are being used. Ask students to share their responses with the entire class.

The following activities relate to LO 6:

- l. *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. Also, explore the information in Manager's Toolkit 1.2 and determine if students understand the concerns employers have about the looming loss of older employees.
- m. *One-minute paper:* Assign students to read Margaret Wentz and Dakshana Bascaramurty, "Two Solitudes," *The Globe and Mail*, March 21, 2012. After reading, ask students to comment on the authors' observations of Boomer and Millennial values. As part of the commentary, ask students to include whether they agree or disagree and why.
- n. *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.
- o. *Discussion:* Ask students to forecast the employment options that will be available in the next 5 years. How will this change from current situations and what will be the HR impact on organizations?
- p. *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.

Pertaining to LO 7: Ask students to identify companies that have achieved success or a competitive business advantage whose product or service relies heavily on the knowledge, skills, and abilities of the employees. 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 a student 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?

ADDITIONAL RESOURCES

Opening Vignette

This is a story about Tania Goodine, who is a senior manager in charge of advertising, marketing, communications, and branding at Libro Financial Group. She describes the importance of achieving the company's objectives through its people. Part of her daily work is coaching and developing, and investing time with her people no matter how challenging any conversation might be. She explains that in her role now she must get work done through other people. Tania indicates that the best advice she received was during a new-supervisor training session. She was told that it is important to know and understand individual differences in people and adapt her style accordingly.

Lecture Outline

Learning Outcome #1

Presentation Slide 5

1. What Is Human Resources Management?

Simply put, human resources management, or HRM, is the total combination of all the processes, programs, and systems in an organization that ensure the company is getting the very best effort from all its employees. It is important that these processes and systems 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

2. What Are the HRM Processes and Practices?

There are a number of HRM processes and activities—both traditional and emerging—which are listed on page 5 of 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

3. 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

4. Line Managers and HR Professionals

<i>Presentation Slides 8–10</i>
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Emphasize to students that managing people is ***the responsibility of the manager—not HR***, and successful organizations are those that equip their line 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 line 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 line manager is directly responsible for the effective performance of their employees. The HR professional is responsible for assisting the line 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.

5. Current Business Challenges

With what is now being called “The Great Recession,” which created havoc for the world, it is important for students to understand the business context. HRM is not a stand-alone activity and therefore must align with what is going on with the business. The Conference Board of Canada, the Society for Human Resource Management, and the Human Resource Planning Society 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.

Learning Outcome #5

Presentation Slide 11

A. Issue 1: Global Economy

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

B. Issue 2: Evolution of Firms and Business Sectors

Canada has been greatly impacted by the events triggered in the US since the US is Canada's biggest trading partner with over 75% of Canadian GDP going to the US. Not all provinces have been impacted to the same degree. Quebec and Ontario, with many manufacturing firms, have suffered greatly, particularly in relation to the auto industry. British Columbia and Alberta have not suffered as much due to the mining, oil and gas sectors. Companies have had to lay off staff—such as RIM and some of the video gaming firms in BC—while others, such as Nortel Networks, have gone bankrupt and sold off assets.

Presentation Slides 13–14

C. Issue 3: Technology and Quality

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. 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 9 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.

Presentation Slide 15

D. Issue 4: Sustainability

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 16

E. Issue 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.

Learning Outcome #6

Presentation Slides 17–18

F. Issue 6: Demographic and Employee Concerns

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 the 2006 Census, immigrants account for over 70% of the workforce and most immigrants come from Asia. To adapt to shifting demographics, organizations are recruiting and training a diverse workforce.

Age distribution of employees—The working-age population in Canada is becoming older. There are more individuals in the older age brackets of 45 to 64 years and fewer individuals in the younger brackets. The 45 to 64 age bracket accounts for 38% of the total population. In contrast, the youth share of the labour force is dropping, placing a strain on businesses looking for new talent. This imbalance in the age distribution has significant implications for employers. Employers are looking at a number of strategies to deal with demographic issues, including looking to aboriginal youth as a source of new talent for the workplace and encouraging older workers to not retire.

Skills and labour shortage—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—Approximately 62% of labour force participants are women. As a result, employers are focusing on creating a work culture that encourages women not only to join their organization but also to stay.

Rising levels of education—The educational level of the Canadian workforce has risen over the last few years. And the level of education does impact a person's employment prospects. Those with a university degree have a participation rate of 83%, whereas people with limited education (such as only elementary school) have about a 45% participation rate. The most secure and fastest-growing sectors of employment are in those areas requiring higher levels of education.

Changing nature of the job and cultural changes—Nearly half of all jobs created during the last two decades were nonstandard: part time, temporary, or

contract work. With the increase in self-employment and changing employment options, labour-force participants have become more polarized in terms of their employment situations. Remind students that these changes create new challenges for effective HR practices. The attitudes, beliefs, values, and customs of people are derived from the culture and affect employee behaviour on the job and the environment within the organization. Reactions to work assignments, leadership styles, and reward systems are influenced.

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.

Changing attitudes toward work—Include people who are increasingly seeking ways of living that are less complicated but more meaningful. 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.

Learning Outcome #7

<i>Presentation Slides 19–20</i>

6. Business Strategy and HRM Strategy

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.

ANSWERS TO END-OF-CHAPTER MATERIALS

Review Questions

1. Define human resources management.

An integrated set of processes, programs, and systems in an organization that focuses on the effective deployment and development of its employees (page 4).

2. Name and describe the eight HRM processes.

Organizational, work, and job design; planning; recruitment and selection; training and development; performance management; compensation; occupational health and safety; and employee and labour relations (page 5).

3. What is the relationship between the line manager and an HR professional?

The relationship is a partnership. The line manager has line authority—directly responsible for the product or service. The line manager is the people manager, directly interacts with the employees, and is responsible for the effective contribution of those employees to the organization. The HR professional's primary role in the organization is to help equip the line manager with the best people practices so that the organization can be successful.

4. Identify the current business issues facing Canadian organizations.

Global economy; evolution of firms and business sectors; technology and quality; sustainability; developing human capital and talent management; and demographic and employee concerns.

5. What is the important link between a business strategy and the HR strategy?

The link between a business strategy and the HR strategy is the identification of the key HR processes and practices that must be implemented to ensure that the business outcomes are achieved. In other words, the HR strategy must be aligned with the business strategy.

Critical Thinking Questions

1. Are people always an organization's most valuable asset? Why or why not? What are other strategic or valuable assets that a company might have?

Students will have a number of different opinions as to whether people are always an organization's most valuable asset. Ensure that students mention the importance of good management and having people with the appropriate skills for the work. Also ensure that students mention other valuable assets such as reputation, equipment, and property.

2. The manufacturing sector in Canada continues to undergo rapid changes. What are some of the changes, and how are companies responding to the impact that these are having on their employees?

The changes include downsizing, outsourcing, cost control, quality initiatives, and a variety of other responses. Students will have a variety of responses to the impact on employees, including the loss of work, loss of income, loss of confidence, etc.

3. Identify a situation in which, if a particular person left an organization, the organization's expertise or competitive advantage might drop rapidly.

Students will have a variety of different responses, including the knowledge of key manufacturing processes, relationships with key customers, and the knowledge of software programs.

4. You are managing a small business and are faced with reducing costs. Which would you do and why: outsource or downsize?

Students will have a variety of answers, but ensure that they consider cost savings and the expertise necessary to handle customer service well.

5. You and some of your classmates have been discussing the future of Research In Motion (RIM). Access at least three news websites and determine the company's current status. Prepare a one-page summary of the information.

You may want to have students share a number of their summaries.

6. The federal government announced in 2012 that the age to collect Old Age Security (OAS) was changing from age 65 to 67 starting in 2023. What is the impact of this change for you? For your parents?

It is probably difficult to answer this question definitively. It is meant to stimulate conversation and dialogue about the issues facing changes that government policy makes on the future income of workers.

DEVELOPING YOUR SKILLS

Exercises 1 to 3 are designed for use in class. Exercises 4 and 5 are intended for use outside of class and results shared with classmates.

NOTES FOR END-OF-CHAPTER CASE STUDIES

Case Study 1: Growth and Sustainability?

1. What are the pros and cons of having the federal government involved in supporting research and development?

Some of the pros include directing funds to research that aligns with government policy, making efficient use of scarce dollars, and ensuring that results from research benefit the general society. Cons include not providing incentives for researchers to take risks, determining the research areas, and discouraging researchers and entrepreneurs from following a hunch.

2. There has been much media attention on pharmaceuticals that slow down on manufacturing drugs once the patents run out. What could be done to encourage ongoing manufacturing even when revenues begin to diminish?

Set this up as a brainstorming session with students working in groups of 4 to 5. Have each group present its finding to the entire class.

3. Do you think businesses ought to be *required* to conduct research and development? Why or why not?

Students will have a variety of answers. You might also wish to use this as a debate in a small class.

Case Study 2: No Sleet or Snow!

1. What are the opportunities and threats for Canada Post as it transforms itself?

While students might have a variety of opinions, ensure that they mention the need to stay ahead of emerging technology as well as dealing with public perception of Canada Post.

2. What HRM issues arise for Canada Post with these changes?

The cost of skill upgrading, the cost of terminations if employees can't be retrained, the loss of trained employees to other organizations, anger from employees who thought everything was OK, whether or not employees would launch lawsuits over

their loss of employment, and skepticism from remaining employees about new processes, suppliers, and whether environmental concerns might be a fad.

3. What are the HR implications if Canada Post does not make changes?

Students will have a variety of answers. Be sure that reasons are provided. Ensure that at least one student indicates the unemployment of thousands of employees if Canada Post ceases to exist.