

Human Resources Management in Canada

Gary Dessler
Nita Chhinzer

Fourteenth
Canadian
Edition



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Pearson Canada Inc., 26 Prince Andrew Place, North York, Ontario M3C 2H4.

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978-0-13-479132-6

1 20

Library and Archives Canada Cataloguing in Publication

Dessler, Gary, 1942-, author

Human resources management in Canada / Gary Dessler and Nita Chhinzer. -- 14th edition.

ISBN 978-0-13-479132-6 (loose-leaf)

1. Personnel management--Textbooks. 2. Personnel management--Canada--Textbooks. 3. Textbooks--I. Chhinzer, Nita, author II. Title.

HF5549.D49 2019

658.3

C2018-906132-4

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Preface

Description and Approach

Human resources continue to provide a source of competitive advantage for organizations in a hypercompetitive, global environment. The fourteenth edition of *Human Resources Management in Canada* demonstrates how human resources are among the most important assets in organizations today. This course is designed to provide a complete, comprehensive review of human resources management (HRM) concepts and techniques in a highly readable and understandable form for a wide audience: students specializing in HRM, students in business programs, adult learners in supervisory or managerial roles, and existing or future small-business owners. Accordingly, this course exposes readers to both a breadth and depth of core issues, processes, and strategies aimed at maximizing how the human resources of the organization contribute to organizational success. The strategic importance of HRM activities is emphasized throughout the course by using recent examples from the Canadian employment landscape.

As in previous editions, the Canadian fourteenth edition provides extensive coverage of all HRM topics, such as job analysis, HR planning, recruitment, selection, orientation and training, career development, compensation and benefits, performance appraisal, health and safety, and labour relations. The scientific, evidence-based and academic contributions to the world of human resources are embedded throughout the book, blending updates from academic journals with practical discussion of HRM.

What's New

HR for HR Roles, Non-HR Management Roles, and Entrepreneurs

- As human resource functions are increasingly shared throughout the organization (with managers, business owners, and other executives), this book takes a broad, holistic, and comprehensive approach to human resource management. Thus, the content and structure of the book is developed in a manner to highlight the transferability of core HR concepts to many potential users of this information.

HR Professional Designations in Canada

- There have been significant changes to the HR designations in Canada over the last few years. Chapter 1 has been significantly modified to highlight what these changes are and how the designations vary by jurisdiction. To keep the national focus of this text, we have removed reference to any regional HR competencies. We have also removed the Ontario specific expert opinion box that focused on a limited view of the HR profession in Canada.

Introductory Videos

- Each chapter also includes a short (1–4 minute) introductory video by the Canadian author. This helps the reader identify the core topics in each chapter and engage in multiple learning formats (audio and visual).

Reorganization and Expansion of Broad HR Issues

- Each chapter was reorganized to start with a broad discussion of how the topic is strategically significant to employers and/or employees to bring readers into the significance of the issues presented. To aid with incremental learning, each chapter now presents core concepts and definitions first, and advance topics or comprehensive discussions later. To complement this approach, at the start of each chapter there is a section added called “where are we now” to indicate how the topic builds on the previous chapters.

Emergent Issues and Concepts

- Additional sections throughout the book were developed to build an awareness of emergent issues and concepts throughout the text. For example, Chapter 3 (HRM and technology) has an expanded section on knowledge work and human capital. Similarly, Chapter 6 (Recruitment) has new sections on twitter, crowdsourcing, LinkedIn and cloud-based recruitment techniques. Chapter 9 (Career and Management Development) has an updated discussion of change processes, career orientations, and coaching. Chapter 14 (Occupational Health and Safety) has an expanded discussion on employee wellness and stress.

New Running Case

- A new running case (Carter Cleaning Centre) is provided to illustrate the types of HRM challenges confronted by small-business owners and front-line supervisors. For each chapter, the case advanced the small business owner and HR managers dilemma in detail and the accompanying critical thinking questions provide an opportunity to discuss and apply the text material in a highly transferrable and practical way.

An Evidence-Based HR Approach

- The authors assume an evidence-based approach to the breadth of topics in the book, incorporating research from peer-reviewed academic journals to provide valid and reliable information to guide decision-making. This approach attempts to bridge the research–user gap and build confidence in the relevance, quality, and applicability of research findings.

Bridging Research and Practice: Expert Opinion Academic Viewpoint

- Canada Research Chairs from across Canadian universities in a wide variety of associated disciplines, such as human resource management, organizational behaviour, psychology, economics, social science, and other disciplines answer questions related to critical issues in the world of work from both HR and non-HR perspectives. These evidence-based discussions are aligned with key subtopics in each chapter and bring the reader into the academic discussions between and across reputable academic experts in Canada.

HR in the News

- Each chapter includes at least one HR in the News section aimed at maximizing the relevance and transferability of what students are learning. These are strategically placed in the text to align with the core content and highlight the theory versus practice differences that may be applicable. This contribution helps maximize the transferability of learning from each chapter by highlighting significant Canadian topics and experiences associated with employee and employer relationships.

HR by the Numbers

- Each chapter also includes an HR by the Numbers interactive element, a new visual that highlights the impact and trends of core concepts. These provide succinct and clear metrics associated with the concepts presented in each chapter, identifying practical issues

within the framework of the theory or ideals presented in the text. These are all relevant, current, thought-provoking, and visually appealing. This aligns with the focus on evidence-based HR.

Additional Features

- *Integrated chapters.* Rather than approaching topics as isolated silos, the book highlights areas of overlap in order to present HRM as an integrated set of topics.
- *Learning objectives.* Specific learning goals are defined at the beginning of each chapter and have an associated module in the text to help the reader identify the expected learning in each module.
- *End-of-chapter summaries.* At the end of each chapter, the summary reviews key points related to each of the learning objectives.
- *End-of-module and end-of-chapter quizzes.* To reinforce learning as it occurs, each module has a set of recall style questions aimed to help students remember and understand materials presented. Each chapter has an end-of-Chapter 10 item quiz to help learners assess their understanding of how materials learned can be applied and analyzed.
- *Critical thinking questions.* Each chapter contains multiple journal prompts that are individual or team-based questions designed to provoke critical thinking and stimulate discussion.
- *Current examples.* Numerous real-world examples of HRM policies, procedures, and practices at a wide variety of organizations, ranging from small service providers to huge global corporations, can be found throughout the text.
- *Key terms.* Key terms appear in boldface within the text, with pop-up definitions, and are listed at the end of each chapter.
- *Full-colour figures, tables, and photographs.* Throughout each chapter, key concepts and applications are illustrated with strong, full-colour visual materials.
- *Boxed features.* The four boxed features—*Workforce Diversity*, *Strategic HR*, *Entrepreneurs and HR*, and *Global HRM*—have been updated and revised where applicable.
- *Experiential exercises.* Each chapter includes multiple individual and group-based experiential exercises that provide learners with the opportunity to apply the text material and develop some hands-on skills.
- *Case incidents.* Case incidents can be found at the end of each chapter. These cases present current HRM issues in a real-life setting and are followed by questions designed to encourage discussion and promote the use of problem-solving skills.

Highlighted Themes

- *Workforce diversity.* The Workforce Diversity boxes describe some of the issues and challenges involved in managing the diverse workforce found in Canadian organizations. The broad range of types of diversity addressed include generational, age, ethnic, gender, racial, and religious.
- *Strategic HR.* These boxes provide examples that illustrate the ways in which organizations are using effective HRM policies and practices to achieve their strategic goals.
- *Entrepreneurs and HR.* Suggestions, examples, and practical hints are provided to assist those in smaller businesses who have limited time and resources to implement effective HRM policies and procedures.
- *Global HRM.* In recognition of the increasing impact of globalization, topics highlighted in the Global HRM boxes include cultural issues in retirement plans, employment contracts in Europe, and the importance of personal relationships for business success in China.

Acknowledgments

Over the editions, this manuscript was reviewed at various stages of its development by a number of peers across Canada, and we want to thank those who shared their insights and constructive criticism.

Anna Bortolon, Conestoga College
Carolyn Capretta, McMaster University
Lisa Henderson, Red Deer College
Joseph Krasman, University of Ontario Institute of Technology
Edward Marinos, Sheridan College
Steve Risavy, Wilfrid Laurier University
Carol Ann Samhaber, Algonquin College
Kathryn Taft, Capilano College

We are very grateful to many people at Pearson Canada: Karen Townsend, Portfolio Manager; Madhu Ranadive, Program Manager; Paul Donnelly, Content Developer; Andrea Falkenberg, Project Manager; and all the other people behind the scenes who have helped make this edition possible.

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About the Canadian Author



Dr. Nita N. Chhinzer

Dr. Nita N. Chhinzer is an Associate Professor of Human Resources at the Department of Management, University of Guelph. In 2016, she was recognized as one of the top 25 HR Professionals in Canada by the *Canadian HR Reporter*. From May 2012 to 2017, Chhinzer was the recipient of the prestigious Fellowship in Leadership, HRM and Work. Her research is concentrated on Strategic Human Resources Management, with a strong focus on downsizing practices, procedures, and ethics. Her program of research includes securing a stronger understanding of downsizing activity in the Canadian context, with an aim to affect public policy and legislation regarding layoffs. She has gained international recognition with conference participation including Athens, Greece; Paris, France; Dubai, UAE; and more than 50 North American speaking engagements.

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Part I Human Resources Management in Perspective

Chapter 1

The Strategic Role of Human Resources Management



Learning Objectives

- 1.1** Define human resources management and analyze how it relates to the management process.
- 1.2** Describe the value of HR expertise to non-HR managers and entrepreneurs.
- 1.3** Explain how HRM has changed over recent years to include a higher-level advisory role.

- 1.4 Identify tools to help make evidence-based HRM decisions.
- 1.5 Describe the core HR competencies and professionalism of the HRM function.
- 1.6 Discuss the internal and external environmental factors affecting human resources management policies and practices, and explain their impact.

Where Are We Now . . .

The purpose of this chapter is to explain what human resources management (also known as “HRM”) is, and why it’s important to all managers. We’ll see that human resources management activities—such as hiring, training, appraising, compensating, and developing employees—are part of every manager’s job. We will see that human resources management is also a separate function, usually with its own human resource or HR manager.

The Strategic Role of Human Resources Management

1.1 Define what human resources management is and analyze how it relates to the management process.

1.2 Describe the value of HR expertise to non-HR managers and entrepreneurs.

To understand what human resources management is, it’s useful to start with what managers do. An **organization** consists of people with formally assigned roles who work together to achieve the organization’s goals. A **manager** is responsible for accomplishing the organization’s goals, and 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**.

Human resources management (HRM) refers to the management of *people* in organizations. Human resources professionals are responsible for ensuring that the organization attracts, retains, and engages the diverse talent required to meet operational and performance commitments made to customers and shareholders. Their job is to ensure that the organization finds and hires the best individuals available, develops their talent, creates a productive work environment, and continually builds and monitors the organizations workforce. They have the primary responsibility for managing the workforce to improve organizational performance and achieve the organization’s strategic goals.¹

The aim of this text is to help every manager develop the skills he or she needs to carry out the human resources management–related aspects of his or her job, such as recruiting, selecting, training, appraising, and incentivizing employees, as well as providing them with a safe and fulfilling work environment.² In addition, the reader’s role as an employee can be informed through establishing an awareness of the factors (strategic, legal, political, structural, etc.) that impact how individuals, teams, or units are recruited, selected, evaluated, developed, compensated, and removed from the employment relationship.

More specifically, HRM involves formulating and implementing HRM systems (such as recruitment, performance appraisal, and compensation) that are aligned with the organization’s strategy to ensure that the workforce has the competencies and

organization

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

manager

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

managing

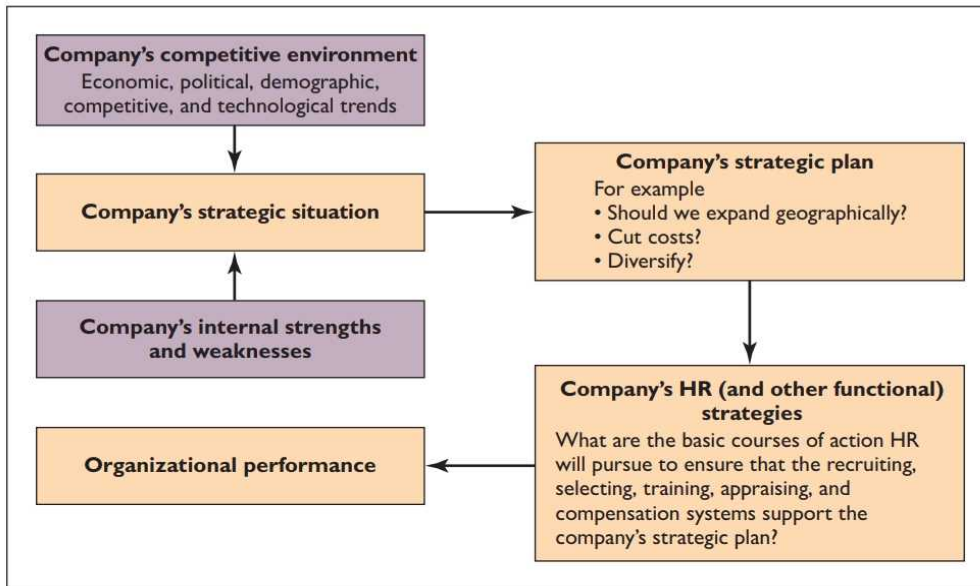
To perform five basic functions: planning, organizing, staffing, leading, and controlling.

management process

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

human resources management (HRM)

The management of people in organizations to drive successful organizational performance and achievement of the organization’s strategic goals.

Figure 1.1 Linking Company-wide and HR Strategies

SOURCE: © Gary Dessler, Ph.D., 2007.

behaviours required to achieve the organization's strategic objectives. It is crucial that the HR strategy be aligned with the company's strategic plan (see Figure 1.1).

As per Figure 1.1, a company's competitive environment and internal strengths or weaknesses impact the company's strategic situation, and that strategic situation impacts the strategic plan. Traditionally, organizational goals are viewed from the top of the firm down to front-line employees as a *chain* or a *hierarchy of goals*. At the top, the organizational leader(s) sets long-term or strategic goals (such as "double sales revenue to \$16 million in fiscal year 2020"). The top management team then set goals for the units that flow from, and make sense in terms of accomplishing, the leader's goals. Then their subordinates set goals, and so on down the chain.³

Strategy and Human Capital

A **strategic plan** is the company's overall plan for how it will match its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive position. The strategic planner asks, "Where are we now as a business, and where do we want to be?" He or she then formulates a strategic plan to help guide the company to the desired destination.⁴ When Yahoo! tries to figure out whether to sell its search business to concentrate on offering more content, or when Apple branches out into selling watches, they engage in strategic planning.

Strategic plans are similar to, but not the same as, *business models*. Those investing in a business will ask top management, "What's your business model?" A business model "is a company's method for making money in the current business environment." It pinpoints whom the company serves, what products or services it provides, what differentiates it, its competitive advantage, how it provides its product or service, and most importantly, how it makes money.⁵ For example, Google doesn't make money by requiring people to pay for searches; it makes money by offering targeted paid advertisements based on what people are searching for.

A **strategy** is a course of action. Every organization has a strategy, which can be formally developed, or emerges from organizational activity. Some organizations use the terms mission, objectives, or goals to refer to strategy, but essentially strategy addressing what the business is doing.⁶

strategic plan

The company's plan for how it will match its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.

strategy

A course of action the company can pursue to achieve its strategic aims.

strategic management

The process of identifying and executing the organization's strategic plan by matching the company's capabilities with the demands of its environment.

human capital

The knowledge, education, training, skills, and expertise of an organization's workforce.

Finally, **strategic management** is the process of identifying and executing the organization's strategic plan by matching the company's capabilities (strengths and weaknesses) with the demands of its environment (its competitors, customers, and suppliers, for instance).

Employers can't intelligently design their human resource policies and practices without understanding the role of these policies and practices in achieving the companies' strategic goals. Just as financial capital (money) is required for an organization to operate, the knowledge, education, training, skills, and expertise of a firm's workforce is required as valuable **human capital**. Service occupations such as consultant and lawyer continue to emphasize education and knowledge. The proliferation of IT-related businesses such as Google and Facebook demand high levels of human capital. However, even "traditional" manufacturing jobs such as assembly-line jobs are increasingly high-tech. Similarly, bank tellers, retail clerks, bill collectors, mortgage processors, and package deliverers today need a level of technological sophistication they didn't need a few years ago. Therefore, in our increasingly knowledge-based economy, "the acquisition and development of superior human capital appears essential to firms' profitability and success."⁷

Research studies over the past two decades have confirmed that effective HR practices are related to better organizational performance.⁸ Organizational benefits range from employee empowerment to extensive training that affects the productivity of employees.⁹ The resource-based view of the firm suggests that human resource practices contribute to the development of embedded knowledge of a firm's culture, history, processes, and context, which are non-imitable.¹⁰ More specifically, three HR practices (profit sharing, results-oriented performance appraisal, and employment security) have a statistically significant positive impact on important accounting measures of performance (return on assets and return on equity).¹¹ High-performance HR practices (comprehensive employee recruitment and selection procedures, incentive-based compensation and performance management systems, and extensive employee involvement and training) have a positive relationship with employee retention, productivity, and corporate financial performance (gross rate of return on capital).¹²

Why Is Human Resources Management Important to All Managers?

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

- hire the wrong person for the job
- experience high turnover
- have employees work below performance expectations
- waste time with useless interviews
- have the company taken to court because of discriminatory actions
- have the company cited under occupational safety laws for unsafe practices
- have some employees think their salaries are unfair relative to others in the organization
- allow a lack of training to undermine a department's effectiveness
- commit any unfair labour practices

In addition, throughout one's career, he or she may spend time as a HR manager. About one-third of the top HR managers in Fortune 100 companies moved to HR from other functional areas.¹³ Including members in the HR team who have had careers that from outside of HR may give the firm's HR efforts a more strategic emphasis, and these individuals may sometimes be better equipped to integrate the firm's human

resource efforts with the rest of the business.¹⁴ For example, Pearson (which publishes this text) promoted the head of one of its publishing divisions to the role of Chief Human Resource executive at its corporate headquarters.

HR is critical in a variety of public and private sector organizations alike. As of 2017, about 76.54 percent of the 15.26 million employed persons in Canada worked in the private sector, while the remaining 23.46 percent worked in the public sector.¹⁵ Statistically speaking, most people graduating from university, college, or private training programs in the next few years either will work for small businesses or will create new small businesses of their own, than compared to the past, usually without a designated HR department.¹⁶ Thus, entrepreneurs, employees, HR managers, and all managers in small, medium, and large businesses should be educated on human resources management.

The Evolution of HRM

1.3 Explain how HRM has changed over recent years to include a higher-level advisory role.

A Brief History of HRM

Is it accurate to say that HRM existed tens of thousands of years ago? Ancient armies and other organized efforts always required attracting, selecting, and training workers. Until the later 1800s, personnel tasks like these were mostly just part of every manager's job. At that time, labour problems began arising in many of the post-Industrial Revolution's new factories. Soon employers were setting up "welfare offices" and "welfare secretaries" to manage areas such as factory washrooms and "safety bureaus" to oversee plant safety.

By the early 1900s, employers had set up the first "hiring offices," training programs, and factory schools. These early stages of human resources management were known as personnel management. In these early firms, personnel managers took over hiring and firing from supervisors, ran the payroll departments, and administered benefits plans. As expertise in testing emerged, personnel departments played a greater role in employee selection and training.¹⁷

New union laws in the 1930s expanded the role of HR to help the employer deal with unions. Later, equity-oriented laws in the 1970s and 1980s made employers more reliant on personnel management to avoid discrimination claims.¹⁸

Around that time, globalization made gaining a competitive edge through engaged employees—and therefore personnel management—increasingly important. Today, economic and demographic trends (such as the aging population, for instance) make finding, hiring, and motivating employees more challenging, while the existence of more high-tech and service jobs means employers must excel at managing employees' knowledge, skills, and expertise (human capital) through aptly renamed human resources management departments.¹⁹

In the 1980s and 1990s, technological advances resulted in outsourcing much of the operational HR activities. **Outsourcing** involves contracting with outside vendors to handle specified business functions on a permanent basis. Although using outside experts to provide employee counselling and payroll services has been common for many years, the outsourcing of other specific HR functions, including pension and benefits administration, recruitment, management development, and training, has become increasingly common.²⁰ For example, Air Canada, CIBC, BMO Financial Group, Hewlett-Packard Canada, IBM Canada, Calgary Health, and TELUS have all outsourced part or all of their administrative HR functions.²¹

More recently, the role of HR departments has evolved to that of helping their organizations achieve their strategic objectives.²² HR activities have become universal, where not only the HR department but also often line managers have responsibilities

outsourcing

The practice of contracting with outside vendors to handle specified business functions on a permanent basis.

related to employees as they move through the stages of the human-capital life cycle: selection and assimilation into the organization, development of capabilities while working in the organization, and transition out of the organization.

For example, hiring managers in some companies bypass human resources management to find candidates directly via LinkedIn. When someone applies for a job at Google, 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 “crowd-sourcing,” Google employees get a big say in who the company hires.

Shared Responsibility for Talent Management

Some experts say that if current trends continue, many aspects of HR and talent management will become “fully embedded in how work gets done throughout an organization [distributed], thereby becoming an everyday part of doing business.”²³ Thus, somewhat ironically, we seem to be shifting in some respects back toward the time before the first personnel departments, when line managers did more of the HR tasks. Figure 1.2 highlights core job requirements that are found in non-HR roles that were

Figure 1.2 HR and Senior Manager Roles

Human resources managers (NOC code 0012) perform some or all of the following duties:

- Plan, organize, direct, control and evaluate the operations of human resources or personnel departments
- Plan human resource requirements in conjunction with other departmental managers
- Co-ordinate internal and external training and recruitment activities
- Develop and implement labour relations policies and procedures and negotiate collective agreements
- Administer employee development, language training and health and safety programs
- Advise and assist other departmental managers on interpretation and administration of personnel policies and programs
- Oversee the classification and rating of occupations
- Organize and conduct employee information meetings on employment policy, benefits and compensation and participate actively on various joint committees
- Direct the organization’s quality management program
- Ensure compliance with legislation such as the Pay Equity Act.

Senior managers - financial, communications and other business services (NOC code 0013) perform some or all of the following duties:

- Determine the company’s mission and strategic direction as conveyed through policies and concrete objectives which are met through the effective management of human, financial and material resources
- Authorize and organize the establishment of major departments and associated senior staff positions
- Allocate material, human and financial resources to implement organizational policies and programs; establish financial and administrative controls; formulate and approve promotional campaigns; and approve overall human resources planning
- Select middle managers, directors or other executive staff; delegate the necessary authority to them and create optimum working conditions
- Represent the organization, or delegate representatives to act on behalf of the organization, in negotiations or other official functions.

SOURCE: Statistics Canada, National Occupational Classification (NOC) 2011. Reproduced and distributed on an “as is” basis with the permission of Statistics Canada.

traditionally limited to the HR department, thus providing further evidence for the permeation of HR skills throughout the organization. Therefore, to succeed in their respective roles, all potential managers must be aware of the basics of HR.

The New HR Manager

It's more complicated being an HR manager today.²⁴ Tasks such as formulating strategic plans and making data-based decisions require new competencies and skills. HR managers can't just be good at traditional personnel tasks such as hiring and training. Instead, they must "speak the CFO's language" by defending HR plans in measurable terms (such as return on investment).²⁵ To create strategic plans, the HR manager must understand strategic planning, marketing, production, and finance.²⁶ As companies merge and expand abroad, they must also be able to formulate and implement large-scale organizational changes, drive employee engagement, and redesign organizational structures and/or work processes. None of this is easy.

Additionally, HR professionals often serve as subject-matter experts or in-house consultants to line managers, offering advice on HR-related matters, formulating HR policies and procedures, and providing a wide range of HR services. 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 it takes much more than that to succeed. What does it take to be an HR manager today?

HR's transformation has been underway for several years, but progress has been somewhat inconsistent because of lack of senior management support and the fact that many non-HR managers still view HR as a cost centre. Many HR professionals need to acquire more broad-based business knowledge and skill sets to be considered and respected as equal business partners by other executives in the company.²⁷ In a few organizations, HR remains locked in an operational mode; processing forms and requests, administering compensation and benefits, managing policies and programs, and overseeing hiring and training.²⁸ Many HR experts (industry and academic) realize the changing the face of HR. Dr. Rick Hackett's perspectives of the profession and hot topics for the future are highlighted in the Expert Opinion box that follows.

Expert Opinion:

ACADEMIC VIEWPOINT



Dr. Rick Hackett

Identification: Dr. Rick Hackett, Professor and Canadian Research Chair in Organizational Behaviour and Human Performance, and Fellow of Canadian Psychological Association

Affiliation: DeGroote School of Business, McMaster University

Focus: Executive/managerial assessment, leadership, HR recruitment, testing, selection, work attitudes, absenteeism, and performance assessment.

1. In your expert opinion, who is responsible for managing the added value associated with human resources (employees) in an organization?

My one-word answer: Everyone. Responsibility for managing employees in an organization might start at the executive level (executives develop the mission and vision that essentially drive the organizational strategy), but all stakeholders (employees, managers, specialists) facilitate the execution. We rely on people to express the values that facilitate goal attainment. This typically involves HR playing a strategic role in ensuring the alignment of the organization's mission with its culture, through talent management practices and processes.

2. What are some of the hot topics being researched in the world of HRM now that existing and future managers should know about?

- I. Data Analytics: In recent years, there has been a lot of discussion of big data, specifically concerning how we can best garner value from talent analytics employed on large, multi-sourced, and fast changing individual, team, and organizational streams of data.
- II. Diversity: How best to leverage workplace diversity to enhance both employee and organizational well-being.
- III. Contingent Workforce and the “Gig Economy”: Organizations have a smaller core workforce with an increasing dependence on contingent workers who straddle many jobs. What this means for talent management is demanding much attention.
- IV. Intrapreneurship: Innovation *within* organizations calls for exploring what infrastructures support knowledge sharing and disruption of the status

quo. Survival in today’s hyper-competitive, digitally savvy, and dynamic environment requires ongoing innovations.

- V. The impact of technology on work: This includes the disruption caused by the introduction of artificial intelligence, bots, and robots, which are fundamentally changing how work is done, and in many cases, resulting in considerable job displacements.

3. Why should those who manage human resources in an organization use academic articles in peer-reviewed journals to inform their decisions?

Simply keeping up with day-to-day job demands make it difficult for managers to manage effectively. Researchers should work with media teams at their research centres (e.g., universities, government agencies) to write practitioner-targeted articles. Evidenced-based management rests heavily on researchers effectively communicating to practitioners.

SOURCE: Reprinted by permission from Dr. Rick D. Hackett.

Many employers are changing how they organize their HR functions. For one thing, the traditional HR organization tends to divide HR activities into separate “silos,” such as recruitment, training, and employee relations, and apply these the same throughout the whole company. Alternatively, companies like IBM split their employees into three segments for HR purposes: executive and technical employees, managers, and rank-and-file employees. Separate HRM teams (for instance, consisting of recruitment, training, and pay specialists) focus on each employee segment. This helps ensure that the employees in each segment get the specialized testing, training, and rewards they require.²⁹

There are other configurations as well.³⁰ For example, some employers create *transactional HR teams*. These teams provide specialized support in day-to-day HR activities (such as changing benefits plans), usually through centralized call centres and outside vendors (such as benefits advisors). Specialized *corporate HR teams* 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 (HRBP)*) assigned to functional departments such as sales and production. They provide the selection and other assistance the departments need. In contrast, *centres of expertise (COEs)* are like specialized HR consulting firms within the company. For example, a COE might provide specialized advice in organizational change to the company’s department managers.

Evidence-Based HRM

1.4 Identify tools to help make evidence-based HRM decisions.

A major contribution of HRM is making decisions based on **evidence-based HRM**. This involves the use of data, facts, analytics, scientific rigour, critical evaluation, and critically evaluated research or case studies to support human resources management proposals, decisions, practices, and conclusions.³¹ Put simply, evidence-based HRM means using the best-available evidence in making decisions about the HRM practices you are focusing on.³² The evidence may come from *actual measurements* (such as how did the trainees like this program?). It may also come from *existing data* (such as what happened

evidence-based HRM

Use of data, facts, analytics, scientific rigour, critical evaluation, and critically evaluated research/case studies to support human resources management proposals, decisions, practices, and conclusions.

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?). Throughout this text, we will show you how managers can use evidence to make better HRM decisions by highlighting areas of research that are instrumental to the HRM realm. This is identified in the text where needed.

Today's HR professionals need to be able to measure the value and impact of their organization's human capital and HRM practices. The use of various **metrics**, or statistics, to measure the activities and results of HR is now quite common. Traditional operational measures focused on the amount of activity and the costs of the HR function (such as number of job candidates interviewed per month, cost per hire, and so on), but today's measures need to reflect the quality of people and the effectiveness of HRM initiatives that build workforce capability. These new measures provide critical information that can be linked to organizational outcomes such as productivity, product or service quality, sales, market share, and profits. For example, the percentage of first-choice job candidates accepting a job offer indicates the strength of the organization's employment brand in the marketplace and directly affects the quality of the workforce.³³

Strategic HRM Tools

Managers use several tools to translate the company's strategic goals into HRM policies and practices in an evidence-informed way. These tools include the strategy map, the HR scorecard, and the digital dashboard.

Strategy Map The **strategy map** summarizes how each department's performance contributes to achieving the company's overall strategic goals. It helps the manager and each employee visualize and understand the role his or her department plays in achieving the company's strategic plan. Management gurus sometimes say that the map clarifies employees' "line of sight." It does this by visually linking their efforts with the company's ultimate goals.³⁴

Many organizations are using the **balanced scorecard** system, which includes measures of the impact of HRM on organizational outcomes. The balanced scorecard approach translates an organization's strategy into a comprehensive set of performance measures. It includes financial measures that tell the results of actions already taken. It complements the financial measures with operational measures of organizational, business unit, or department success that will drive future performance. It balances long-term and short-term actions and measures of success relating to financial results, customers, internal business processes, and human capital management.³⁵ For example, one measure relating to HRM is the percentage of senior management positions with subordinates who are fully job-ready to move to the management role when or if the position becomes vacant (known as succession planning).

Managers use special scorecard software to quantify the relationships between (1) the HR activities (amount of testing, training, etc.), (2) the resulting employee behaviours (for instance, customer service), and (3) the resulting firm-wide strategic outcomes and performance (such as customer satisfaction and profitability).³⁶ The HR scorecard stems from the "balanced scorecard" planning approach, which aims to balance hard data such as financial measures with soft data such as customer satisfaction in assessing a company's performance.

Digital Dashboards The saying "a picture is worth a thousand words" explains the purpose of the digital dashboard. A **digital dashboard** presents the manager with desktop graphs and charts, showing a computerized picture of how the company is doing on all the metrics from the HR scorecard process. As per Figure 1.3, a top Southwest Airlines manager's dashboard might display real-time trends for various strategy-map

metrics

Statistics used to measure activities and results.

strategy map

A strategic planning tool that shows the "big picture" of how each department's performance contributes to achieving the company's overall strategic goals.

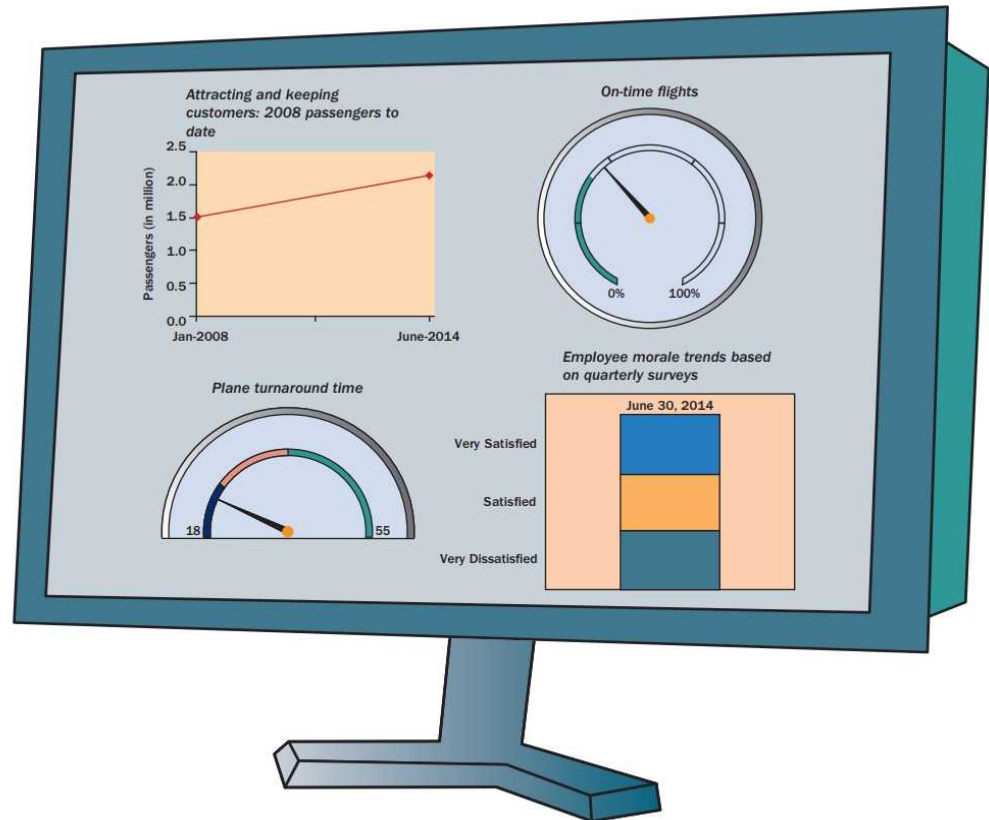
balanced scorecard

A measurement system that translates an organization's strategy into a comprehensive set of performance measures.

digital dashboard

Presents the manager with desktop graphs and charts, a computerized picture of where the company stands on all those metrics from the HR scorecard process.

Figure 1.3 A Sample of a Digital Dashboard



activities, such as fast turnarounds and on-time flights. This enables the manager to take corrective action. For example, if ground crews are turning planes around slower today, financial results tomorrow may decline unless the manager takes action.

Growing Professionalism in HRM

1.5 Describe the core HR competencies and professionalism of the HRM function.

Today, HR practitioners must be professionals in terms of both performance and qualifications.³⁷ Every profession has several characteristics:

1. A common body of knowledge
2. Benchmarked performance standards
3. A representative professional association
4. An external perception as a profession
5. A code of ethics
6. Required training credentials for entry and career mobility
7. An ongoing need for skill development; and
8. A need to ensure professional competence is maintained and put to socially responsible uses

certification

Recognition for having met certain professional standards.

Certification by a professional body indicates that certain professional standards have been met. Professionalism of the HR practitioner can be signalled through certification.

The HR professional designation in Canada is in the midst of a major change. Traditionally, those working in HR could be professionally certified with the nationally

recognized Certified Human Resources Professionals (CHRP) designation. In the past, the provincial associations governing the professional designation worked relatively cohesively, promoting and recognizing the common CHRP designation under the Canadian Council of Human Resources Associations (CCHRA).

However, as a result of recent changes, Ontario has formed its own association and is governed independently from the other jurisdictions. In 2015, the Ontario-based Human Resources Professionals Association (HRPA) replaced CHRP with a three-tiered designation: (1) Certified Human Resources Professional (CHRP), (2) Certified Human Resources Leader (CHRL), and (3) Certified Human Resources Executive (CHRE).

Accordingly, in 2016, the CCHRA (covering all jurisdictions in Canada, except Ontario) renamed itself as the Chartered Professionals in Human Resources (CPHR).³⁸ It replaced the CHRP designation across Canada with a new designation of a Chartered Professional in Human Resources (CPHR, the same name and acronym as the governing body).³⁹ This was due in part to the representation of CHRP as a junior or entry-level designation by the Ontario association (thereby depreciating the value of the CHRP), and in part as a reaction to market confusion regarding the designations in Canada.

Now, those who secured the CHRP designations in the affiliated associations in the past are now recognized with the CPHR designation (outside of Ontario). Table 1.1 provides clarity on the designations and associations in HR in Canada, as of 2018.

At the time this chapter was last updated (September 2018), the impact of the multiple designations on the labour market perceptions of the professional designation were unknown. Pragmatically, most HR professionals feel that a common national designation would be in the best interest of HR professionals, but also understand the complex political and structural environment of professional associations.

Advertised jobs in HR appeared either to value both the CHRL and CPHR designations or to suggest that a professional designation in HR was a desired attribute, rather than a requirement, without referring to which designation would be considered. The impact of this change should be unfolding in the labour market in the near future.

Other important associations for HR specialists include the Canadian Industrial Relations Association; WorldatWork for compensation and rewards issues; health and safety associations, such as the Industrial Accident Prevention Association, the Construction Safety Association, and Safe Communities Canada; and the Canadian Society for Training and Development.

Table 1.1 HR Associations by Province and Designation

Jurisdiction	HR Association	Designation	Link
British Columbia and Yukon	Chartered Professionals in Human Resources of British Columbia and Yukon (CPHR BC & Yukon)	CPHR	www.cphrbc.ca
Alberta, Nunavut, and Northwest Territories	Chartered Professionals in Human Resources of Alberta (CPHR Alberta)	CPHR	www.cphrab.ca
Saskatchewan	Chartered Professionals in Human Resources Saskatchewan (CPHR Saskatchewan)	CPHR	www.cphrsk.ca
Manitoba	Chartered Professionals in Human Resources Manitoba (CPHR Manitoba)	CPHR	www.cphrmb.ca
New Brunswick	Chartered Professionals in Human Resources New Brunswick (CPHR New Brunswick)	CPHR	www.cphrnb.ca
Nova Scotia	Chartered Professional in Human Resources Nova Scotia (CPHR Nova Scotia)	CPHR	www.cphrns.ca
Prince Edward Island	Chartered Professionals in Human Resources of Prince Edward Island Association (CPHR PEI)	CPHR	www.cphrpei.ca/
Newfoundland and Labrador	The Chartered Professionals in Human Resources Newfoundland and Labrador (CPHR NL)	CPHR	www.cphrnl.ca
Quebec	L'Ordre des Conseillers en Ressources Humaines Agréés	CPHR	www.ordrecrha.org
Ontario	Human Resources Professionals Association (HRPA)	CHRP, CHRL, CHRE	www.hrpa.ca/

In addition to the international and national level broad HR-related designations, a series of more specialized or specific professional designations in Canada allows those who may be interested in specialized areas to gain recognition for a deeper level of subject matter expertise. These include the Group Benefits Associate (GBA), Registered Professional Recruiter (RPR), Canadian Payroll Manager (CPM), Certified Employee Benefits Specialist (CEBS), Canadian Management Professional (CMP), and Certified Training and Development Professional (CTDP) designations.

Ethics

The professionalization of HRM has created the need for a uniform code of ethics, as agreement to abide by the code of ethics is one of the requirements of maintaining professional status. Since what is ethical or unethical is generally open to debate (except in a few very clear-cut cases such as wilful misrepresentation), most codes do not tell employees what they should do. Rather, they provide a guide to help employees discover the best course of action by themselves.⁴¹ Increasingly, HR departments are being given a greater role in providing ethics training and monitoring to ensure compliance with the code of ethics. Some organizations have such a commitment to ethics that they have a full-time ethics officer. However, a survey of Ontario HR professionals found that 78.2 percent had been coerced into doing something morally or legally ambiguous at least once in their careers.⁴²

The most prevalent ethical issues confronting Canadian organizations today pertain to security of information, employee and client privacy, environmental issues, governance, and conflicts of interest.⁴³ The major reasons for the failure of ethics programs to achieve the desired results are lack of effective leadership and inadequate training. Positive outcomes associated with properly implemented ethics programs include increased confidence among stakeholders, such as clients, partners, and employees; greater client, customer, and employee loyalty; decreased vulnerability to crime; reduced losses due to internal theft; and increased public trust.⁴⁴

In recent years, the concept of **social responsibility** has frequently been discussed as an important manifestation of ethics. A company that exercises social responsibility attempts to balance its commitments, not only to its investors but also to its employees and customers, other businesses, and the community or communities in which it operates. Mountain Equipment Co-op (MEC) is an example of a company that considers socially responsible approaches to all aspects of its business—selecting and designing products, manufacturing MEC-brand products, transporting products and people, greening operations, engaging employees, equipping members, supporting the community, driving economic performance, and governing the co-operative. It examines every aspect of a product's life cycle from a social responsibility perspective including the resources that go into making and shipping it, as well as the satisfaction of the employees and the members who take the products home.⁴⁵

Social responsibility

A company's approach to balancing its commitments, not only to its investors but also to its employees and customers, other businesses, and the community or communities in which it operates.

Environmental Influences on HRM

1.6 Discuss the internal and external environmental factors affecting human resources management policies and practices, and explain their impact.

There are numerous external and internal environmental influences that drive the strategic focus of HRM. To be effective, all managers, including those with responsibility for HR, must monitor the environment on an ongoing basis, assess the impact of any changes, and be proactive in responding to such challenges. Table 1.2 illustrates the major external and internal environmental influences on HRM.

Table 1.2 External and Internal Environmental Influences on HRM

External	Internal
Economic conditions: affect supply and demand for products, impacting quantity and quality of employees required and ability to pay/give benefits	Organizational culture: values, beliefs, and norms of organizational members
Labour market issues: changes to the workforce composition, including gender, education levels, experience, as well as protected groups (visible/ethnic minorities, women, Indigenous, disabled) and generational differences (traditionalists, baby boomers, Gen X-ers, Gen Y-ers)	Organizational climate: the atmosphere's impact on employee motivation, job performance, and productivity
Technology: controlling data and privacy	Management practices: organizational structure and employee empowerment
Government: abiding by provincial and national standards	
Globalization: managing the workforce in an intense, hypercompetitive global economy	
Environment: managing sustainability and corporate social responsibility	

External Environment Influences

Six major external environmental influences on HRM will be discussed: economic conditions, labour market issues, technology, government, globalization, and environmental concerns.

Economic Conditions Economic conditions affect supply and demand for products and services, which in turn have a dramatic impact on the number and types of employees required as well as on an employer's ability to pay wages and provide benefits. When the economy is healthy, companies often hire more workers as demand for products and services increases. Consequently, unemployment rates fall, resulting in more competition for qualified employees, thus training and retention strategies increase in importance. Conversely, during an economic downturn, some firms reduce pay and benefits to maintain workers' jobs. Other employers are forced to downsize by offering attractive early retirement and early leave programs or by terminating or laying off employees. Unemployment rates rise and employers are often overwhelmed with the number of high quality applicants when vacancies are advertised.

Productivity refers to the ratio of an organization's outputs (goods and services) to its inputs (people, capital, energy, and materials). Canada's relatively low productivity growth rate is of concern because of increasing global competition. To improve productivity, managers must find ways to produce more outputs with current input levels or use fewer resources to maintain current output levels. In most organizations today, productivity improvement is essential for long-term success.

Employment trends in Canada have been experiencing dramatic change. The **primary sector**, which includes agriculture, fishing and trapping, forestry, and mining, now represents only 4 percent of jobs. Employment in the **secondary sector** (manufacturing and construction) has decreased to 17 percent of jobs. The sector that has grown to dominate the Canadian economy, representing 79 percent of jobs is the **tertiary or service sector**, which includes public administration, personal and business services, finance, trade, public utilities, and transportation/communications.⁴⁶

Since all jobs in the service sector involve the provision of services by employees to individual customers, effectively managing and motivating human resources is critical. Although there are some lesser-skilled jobs (for example, in housekeeping and food services), many service-sector jobs demand highly knowledgeable employees.

Labour Market Issues

Increasing Workforce Diversity Canada's workforce is among the most diverse in the world. *Diversity* refers to the attributes that humans are likely to use to tell themselves,

productivity

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

primary sector

Jobs in agriculture, fishing and trapping, forestry, and mining.

secondary sector

Jobs in manufacturing and construction.

tertiary or service sector

Jobs in public administration, personal and business services, finance, trade, public utilities, and transportation/communications.