# Instructor’s Manual for

# Fundamentals of Human Resource Management, 6th edition

Chapter One: Managing Human Resources

Welcome to your guide to teaching Chapter One, Managing Human Resources!

This guide will provide you with a [chapter summary](#_Chapter_Summary), [learning objectives](#_Learning_Objectives_for), [lecture outlines](#_Lecture_Outline), [solutions to in-chapter case questions](#_ROADMAP:_CASE_STUDY) and end of chapter discussion questions and possible responses.

## Instructor’s Manual Highlights:

**Chapter One Roadmap**

We hope you find each chapter of your Instructor Manual practical and useful, but also, ***exciting***! You can adapt the chapter text, the PowerPoint, and the video to work in an online class environment, a guided independent study environment, or a face to face or on-ground environment.

* When presenting Chapter One, have the students first read the chapter and encourage them to absorb the “big picture” of Human Resource Management.
* Use the PowerPoint for Chapter One to frame your lecture.
* Have students read and discuss the variety of pedagogy boxes, which provide real world vignettes that illustrate the concepts in the chapter. There are discussion questions suggested responses for each of these boxes.
* Have students read and review the end of chapter cases and their respective questions.
* Have students validate their knowledge of the chapter by working through the discussion questions at the end of the chapter.
* Lastly, have students review, journal, or discuss the Key Vocabulary Terms at the end of the chapter.

## ROADMAP: THE LECTURE

## Chapter Summary

## This introductory chapter provides your students with *foundations* of Human Resource Management. Human Resource Management (HRM) means the policies, practices, and systems the influence employees’ behavior, attitudes and performance. This chapter discusses the practices of HRM which include the analysis and design of work, recruiting, selection, training and development, performance management, compensation, employee relations, and strategic support for organizational strategy. HRM does not exist in a vacuum; it should be integrated into all strata of the organization. This chapter discusses a variety of internal and external considerations of HRM, including the *responsibilities* of an HRM Department, the *skills* of HRM professionals, and the *ethics* of HRM.

## Learning Objectives for Chapter One

After reading and studying Chapter One, students will be able to:

1. Define human resource management and explain how HRM contributes to organization’s performance.
2. Identify the responsibilities of human resource departments.
3. Summarize the types of skills needed for human resource management.
4. Explain the role of supervisors in human resource management
5. Discuss ethical issues in human resource management
6. Describe typical careers in human resource management.

## Lecture Outline

##### I. Introduction

Do human resource professionals find their work satisfying? This opening vignette shares two examples of HR professionals in different roles, yet they find their work challenging and rewarding. The vignette clearly identifies ways in which HR professionals add value to organizations.

**Discussion Questions and Suggested Responses**

1. What stands out as key responsibilites that that Koustrup and Simmons do on a regular basis which gives them satisfaction in their positions?

They both report to top executives in the organizations which indicates the value placed on their responsibilites, create and implement programs tied to the mission of the organizaiton, and develop programs to find and keep the best employees.

A. Human Resource Management (HRM) means the policies, practices, and systems that influence employees’ behavior, attitudes, and performance. Refer to **Figure 1.1** in the chapter to highlight the practices of HRM.

###### B. Human Resources and Company Performance

Managers and economists have traditionally seen HRM as an expense, rather than a source of value. Economic value is usually associated with capital such as cash, equipment, technology, and facilities.

Human Resource Management, however, can be valuable! Decisions about whom to hire, what to pay, what training to offer, and how to evaluate employee performance directly affects employees motivation and ability to provide goods and services that customers value.

Refer to **Figure 1.2** in the chapter to highlight the Types of Human Capital, and their relation to organizational performance.

Human resources are **valuable.** Human resources are **rare.** Human resources cannot be **imitated.** Human resources have no good **substitutes.**

###### C. Responsibilities of Human Resource Departments

The human resource function can be thought of as three product lines within the company.

1. Administrative services and transactions
2. Business partner services
3. Strategic partner

As indicated in **Figure 1.1, Human Resource Management Practices,** and reiterated in **Table 1.1, Responsibilities of HR Departments**, there are several important HRM responsibilities including:

1. Analysis and design of work

1. Recruitment and Selection

1. Training and development
2. Performance Management
3. Compensation and Benefits
4. Employee Relations
5. Personnel policies
6. Employee data and information systems
7. Compliance with laws
8. Support for strategy

###### A. Analyzing and Designing Jobs

1. **Job analysis** is the process of getting detailed information about jobs.

2. **Job design** is the process of defining the way work will be performed and the tasks that a given job requires.

3. In general, jobs can vary from having a narrow range of simple tasks to a broad array of complex tasks requiring multiple skills.

**B. Recruiting and Hiring Employees**

1. Based on job analysis and design, an organization can determine the kinds of employees it needs.

2. **Recruitment** is the process through which an organization seeks applicants for potential employment. **Selection** refers to the process by which an organization attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the organization achieve its goals.

3. Approaches to recruitment and selection involve a variety of alternatives such as:

1. Recruit from external sources such as Internet job postings, newspaper want ads, and college recruiting events

b. Heavily relying on promotions from within

c. Referrals from current employees

d. Availability of people with the necessary skills

4. The selection process may focus on specific skills such as experience with a particular programming language or type of equipment or it may focus on general abilities such as working well with a team or find creative solutions.

###### C. Training and Developing Employees

1. Although organizations base hiring decisions on candidates’ existing qualifications, most organizations provide ways for their employees to broaden or deepen their knowledge, skills, and abilities.

2. **Training** is a planned effort to enable employees to learn job-related knowledge, skills, and behavior.

1. **Development** involves acquiring knowledge, skills, and behavior that improve employees’ ability to meet the challenges of a variety of new or existing jobs.
2. **Table 1.2** lists the top qualities that employers say they are looking for in job candidates. Based on the National Association of Colleges and Employers, “Job Outlooks: The Candidate Skills/ Qualities Employers Want,” available on <http://www.naceweb.org>, those qualities are the following:
3. Teamwork skills
4. Decision making, problem solving
5. Planning, prioritizing tasks
6. Verbal communication skills
7. Gathering/processing information

###### D. Managing Performance

1. Managing human resources includes keeping track of how well employees are performing relative to objectives such as job descriptions and goals for a particular position. The process of ensuring employees’ activities and outputs match the organization’s goals is called **performance management.**

2. The activities of performance management include specifying the tasks and outcomes of a job that contribute to the organization’s success.

3. The HR department may be responsible for developing or obtaining questionnaires and other devices for measuring performance.

###### 

###### E. Planning and Administering Pay and Benefits

1. The pay and benefits that employees earn play an important role in motivating them. Decisions about pay and benefits also can support other aspects of an organization’s strategy.

2. Planning pay and benefits involves many decisions, often complex and based on knowledge of a multitude of legal requirements.

3. Pay and benefits have the greatest impact when they are based on what employees really want and need.

**Best Practices**

**How Abbott Laboratories Creates a Healthy Business**

Abbott Laboratories is a global company operating in more than 150 countries. They specialize in medical devices and pharmaceuticals. The industry is fast paced and Abbott needs to stay nimble in order to remain competitive. A key to their success is their talent management philosophy which includes careful hiring, a commitment to training and an internal mentoring program. In this vignette a finance employee’s career path is outlined as an example of how Abbott values career development which includes paying for an MBA program.

**Discussion Questions and Suggested Response**

1. How could a company such as Abbott benefit from sending an employee to study finance or another business subject?

Employees tend to be loyal to an employee who helps with career development by subsidizing continued education. It is a win-win situation because the Abbott will receive an ROI as the employee brings the new skills and abilities back to the workplace.

1. How do you think hiring and training could work hand-in-hand to help a company such as Abbott meet its business objectives?

In order to meet the business objectives, Abbott needs to ensure they have the right people in the right positions with the right skills. This can be done through a comprehensive recruitment, selection, and training program. The key is to hire people who fit the organization and then give additional training where needed to help the employee develop.

###### F. Maintaining Positive Employee Relations

1. Organizations often depend on HR professionals to help them identify and perform many of the tasks related to maintaining positive relations with employees. This function often includes providing for communications to employees.

2. The HR department also can expect to handle certain kinds of communications from individual employees such as: questions about benefits and company policy, discrimination issues, safety hazards, and dissatisfaction with a supervisor’s response. In unionized organizations, the HR department also maintains communication with union representatives.

###### G. Establishing and Administering Personnel Policies

1. Organizations depend on their HR departments to help establish policies related to hiring, discipline, promotions, benefits, and other activities of HRM.

2. All aspects of HRM require careful record keeping ranging from preparation of employee handbooks to processing of job applicants, performance appraisals, benefits enrollment, and government mandated reports.

3. The handling of employee records requires accuracy as well as sensitivity to employee privacy. Organizations must have methods for ensuring accuracy and for balancing privacy concerns with easy access for those who need information and are authorized to see it.

**HR How To**

**Writing Effective HR Policies**

Effective policies clarify expectations in the workplace. In order for policies to be effective they need to be clearly communicated and relevant to the employees. There are six key principles for writing policies.

1. Decide if a policy is needed.
2. Determine if any legal requirements impact the policy.
3. Consult with experts to be sure situation is clear.
4. Be specific about the purpose of the policy, who it impacts, and consequences for breaking the policy.
5. Give examples of where the policy might come into play.
6. Give contact information where employees can get questions answered about the policy.

**Discussion Questions and Suggested Response**

1. Why do you think it is important to tell employee the purpose of a policy?

Adults tend to have a need to understand a purpose in order to follow a policy. There will be more buy-in from the employees if they understand the purpose of the policy and how it will impact the work environment.

1. Suppose some employees are coming to work dressed in a way that distracts others. How could writing a dress code policy help in this situation? If you were a manager, would you rather handle the situation by referring to a policy or discussing a specific clothing choice? Why?

Having a written dress code policy gives the manager a tool to use when talking with the employee. It is less awkward to talk about someone’s clothing when you can refer to a policy. It makes it less personal to say it is a company-wide policy instead of personal preference.

###### H. Ensuring Compliance with Labor Laws

1. The government has many laws and regulations concerning the treatment of employees. These laws govern such matters as equal employment opportunity, employee safety and health, pay and benefits, privacy, and job security.

2. Requirements include filing reports and displaying posters as well as avoiding unlawful behavior.

3. Ensuring compliance with laws requires the HR personnel keep watch over a rapidly changing legal landscape. Such areas undergoing change include: use of electronic employee databases, individuals with disabilities, discrimination based upon genetic makeup, fair employment practices, and job security.

###### I. Supporting the Organization’s Strategy

1. As more organizations have come to appreciate the significance of highly skilled human resources, many HR departments have taken a more active role in supporting the organization’s strategy. An important element of this responsibility is **human resource planning**. This means identifying the numbers and types of employees the organization will require in order to meet its objectives.

2. A key to supporting the organizations strategy is an effective **talent management** program which is a systematic, planned effort to attract, retain, develop, and motivate highly skilled employees.

3. **Evidence-based HR** is collecting and using data to show that HR practices have a positive influence on the company’s bottom line or key stakeholders.

4. Often an organization’s strategy requires some type of change. Common reactions to change include fear, anger, and confusion. The organization may turn to its HR department for help in managing the change process. Skilled HR professionals can apply knowledge of human behavior along with performance management tools to help the organization manage change constructively.

5. **Sustainability** is an organization’s ability to profit without depleting its resources, including employees, natural resources, and the support of the surrounding community.

**HR Oops!**

**“Talent Management Sounds great, but…”**

A recent survey by Risk Management found that only 12 percent of company have established and implemented a strategy for talent management despite more than half stating talent management is a high priority. Even worse, almost 38% of companies stated that talent management wasn’t a priority. These stats raise many questions about the value organizations place on talent management.

**Discussion Questions and Suggested Response**

1. **Why do you suppose half the managers say talent management is important at their company but only 12 percent say their company is doing it right? In other words, what is missing when people fail to do what they say is important?**

Unfortunately, many managers will state something is important but not spend the time and resources needed in order to follow through on the implementation of plan that would validate the importance. In this instance, it would be obvious to agree that talent management is important, but too many manager say they are used to doing things the “old” way or simply don’t have the time to implement a new strategy.

1. **How might a company that uses talent management gain an advantage over a competitor that treats HR tasks as unrelated activities?**

A talent management program gives the competitive advantage because it means the employer is hiring, retaining, and developing top talent. A company will gain a competitive advantage when they tie all HR activities to the mission, vision, and values of an organization because the employees will be engaged and energized to work toward common goals.

##### III. Skills of HRM Professionals

**Figure 1.3, Competencies and Example Behaviors for HR Professionals,** is based on the new SHRM defined set of behaviors and skills associated with HR success. SHRM has identified 9 categories of competencies.

1. **Relationship management**
2. **Ethical practice**
3. **HR Expertise**
4. **Business acumen**
5. **Critical evaluation**
6. **Diversity and inclusion**
7. **Leadership and navigation**
8. **Consultation**
9. **Communication**

###### HR professionals also need to bring together a pool of skills that are identified below.

###### A. Credible Activists

1. Delivers results with integrity.

2. Shares information.

3. Builds trusting relationships.

4. Influences others, providing candid observations, taking appropriate risks.

###### B. Cultural and Change Steward

1. Facilitates change.

2. Develops and values the culture.

3. Helps employees navigate the culture (find meaning in their work, manage work/life balance, encourage innovation).

###### C. Talent Manager/Organizational Designer

1. Develops talent.
2. Designs reward systems.
3. Shapes the organization.

###### D. Strategic Architect

1. Recognizes business trends and their impact on the business.

2. Applies evidence-based HR.

3. Develops people strategies that contribute to the business strategy.

**E. Business Allies**

1. Understands how the business makes money.
2. Understands the language of business.

##### F. Operational Executors

1. Implements workplace policies.
2. Advances HR technology.
3. Administers day-to-day work of managing people.

##### Did You Know?

**CEO and CFO Relationship with HRM**

Many CEO’s recognize the value HR brings to the organization however few CFO’s agree. The biggest complaint from CFO’s is the lack of quantitative analysis from HR professionals.

**Discussion Question and Suggested Response**

1. What skills or competencies could help HR manager build stronger relationship with chief financial officers?

Business acumen is a key skill that all HR professionals need in order to be part of the executive team that adds value to the strategic business process. HR professionals need to know how to read financial statements and how to interpret data when evaluating HR programs. CFO’s will have more respect for HR professionals when they can talk the language of finance.

##### IV. HR Responsibilities of Supervisors

1. Although many organizations have HR departments, HR activities are by no means limited to the specialists who staff those departments. Non-HR managers need to be familiar with the basics of HRM and their role with regard to managing human resources.

2. **Figure 1.4, Supervisor’s Involvement in HRM: Common Areas of Involvement,** identifies some HR responsibilities that supervisors are likely to be involved in. These areas of responsibilities include:

1. Help define jobs
2. Forecast HR needs
3. Interview (and select) candidates
4. Appraise performance
5. Recommend pay increases and promotions
6. Communicate policies
7. Motivate with support from pay, benefits, and other rewards

##### V. Ethics in Human Resource Management

1. **Ethics** refers to the fundamental principles of right and wrong; ethical behavior is behavior that is consistent with those principles.

2. Recent surveys indicate that the general public and managers do not have positive perceptions of the ethical conduct of U.S. businesses. For example, in a Gallop poll on honesty and ethics in 21 professions, only 18 percent of Americans rated business executives as high or very high; three times as many rated them low or very low.

3. From a global perspective, an international poll of Facebook members found that two-thirds believe individuals do not apply values they hold in their personal lives to their professional activities.

1. Ethical lapses often relate to compensation and other HR policies (See the “HR Oops” box).
2. **Employee Rights**

1. Applied to HRM, ethical principles view employees as having some basic rights. A widely adopted understanding of human rights, based on the work of philosopher Immanuel Kant, assumes that in a moral universe, every person has certain basic rights. These basic rights include:

* 1. Right of free consent
  2. Right of privacy
  3. Right of freedom of conscience
  4. Right of freedom of speech
  5. Right to due process

1. One way to think about ethics in business is that the morally correct action is the one that minimizes encroachments on and avoids violations of these rights.

**B. Standards for Ethical Behavior**

1. Ethical, successful companies act according to four principles.

1. First, in relationships with customers, clients, and vendors, these companies emphasize mutual benefits.
2. Second, employees assume responsibility for the actions of the company
3. Third, such companies have a sense of purpose or vision that employees value and use in their day-to-day work
4. Fourth, they emphasize fairness. That is, another person’s interests count as much as their own.

2. For human resource practices to be considered ethical, they must satisfy the three basic standards summarized in **Figure 1.5, Standards for Identifying Ethical Practices.** The three basic standards include (1) HRM practices must result in the greatest good for the largest number of people, (2) employment practices must respect basic human rights of privacy, due process, consent, and free speech, and (3) managers must treat employees equitably and fairly. These standards are most vexing when none of the alternatives in a situation meet all three of them.

##### VI. Careers in Human Resource Management

1. There are many different types of jobs in the HRM profession. **Figure 1.6, Median Salaries for HRM Positions,** identifies selected HRM positions and their salaries.

2. Some positions involve work in specialized areas of HRM such as recruiting, training, or labor and industrial relations. HR generalists usually perform the full range of HRM activities including recruiting, training, compensation, and employee relations.

3. The vast majority of HRM professionals have a college degree and many also have completed postgraduate work. The typical field of study is business, especially HR or industrial relations. However, some HRM professionals have degrees in the social sciences (economics or psychology), the humanities, and law programs.

4. A well-rounded educational background will likely serve a person well in an HRM position. HR professionals can also increase their career opportunities by taking advantage of training and development programs such as Valero Energy Corporation, which encourages its HR managers to earn certificates in general management through a local executive MBA program.

5. Some HRM professionals have a professional certification in HRM, but many more are members of professional associations. The primary professional organization for HRM is the Society for Human Resource Management (SHRM). It is the world’s largest human resource management association, with more than 250,000 professional and student members throughout the world.

**HRM Social**

**SHRM’s Social Medial Presence**

SHRM has a variety of ways for HR professionals to connect via social media and the links are shared in this section. Members of the Society for Human Resource Management (SHRM) can connect with the organization’s resources and with one another online, thanks to several applications of social media. SHRM has a Twitter account (<http://twitter.com/shrm>) so that members can sign up for the group’s Twitter feed. SHRM has a blog (<http://blog.shrm.org>), which gives members a place to read the organization’s latest thoughts and get involved in the conversation by reading and posting comments. SHRM has established its own members-only social network called SHRM Connect (<http://community/shrm.org>). Visitors to SHRM conferences can text questions to presenters, and those who can’t make the trip can get updates via Twitter.

**Discussion Questions and Suggested Response**

* + 1. Do you use Twitter or LinkedIn? Would you be interested in seeing career-related information in social media such as these?

It is recommended that you encourage your students to make a LinkedIn account as a means to start their professional online profile. A key to any social media site is to keep in up to date.

* + 1. How might participating in on line discussion groups help you in yourcareer?

Participating in on line discussion groups gives the student/HR professional exposure to other ideas and increases their professional network.

##### VII. Organization of This Book

1. Table 1.3 lists the topics covered in this book These topics are:

a. The Human Resource Environment

b. Acquiring, Training, and Developing Workers

c. Assessing Performance and Improving Performance

d. Compensating Human Resources

e. Meeting Other HR Goals

2. The chapters of the book will offer various other features to help you connect the principles to real-world situations. “Best Practices” boxes tell stories related to the chapter’s topic. “HR Oops!” boxes identify situations gone wrong and invite you to find better alternatives. “HR How To” boxes provide details about how to carry out a practice in each HR area. “Did You Know” boxes are snapshots of interesting statistics. “HRM Social” boxes identify ways that human resource professionals are applying social media to help their organization excel.

# Thinking Ethically

**How Should an Employer Weigh Conflicting Values?**

A large religious organization struggled with the policy it had regarding “abstinence before marriage and fidelity in marriage” as a requirement for employees. The problem came around same-sex marriage laws and how that impacted the current values of the organization. The board of directors decided to allow same-sex married employees however the outcry from the constituents was loud and clear. They felt this change in policy violated the company’s long stance on religious values of marriage. The President then reverse the policy however there was a lot of publicity that surrounded both decisions. There was nothing illegal with any of the decisions but there were some challenging ethical issues.

**Questions and Suggested Responses:**

1. In this situation, whose rights were affected? What basic rights were at stake?

The rights of the constituents and the rights of same-sex married couples were affected by the policy. The rights at stake are the religious right of the organization. Since they are a religious organization normally from a legal standpoint they can have policies that follow their beliefs. The constituents who give to the non-profit organization expect that the organization will have policies that follow their values.

1. How well do you think the organization applied standards of ethical behavior? Why?

They tried to be open to the changing cultural views on marriage however they did not follow ethical principles when they changed the policy without getting input from their constituent.

ROADMAP: Key Terms

Human Resource Management (HRM)

Human Capital

Job Analysis

Job Design

Recruitment

Selection

Training

Development

Performance Management

Workforce Analytics

Human Resource Planning

Talent Management

Evidence-Based HR

Sustainability

Stakeholders

Ethics

## ROADMAP: Review and Discussion Questions

**Review and Discussion Questions with Suggested Responses**

1. How can human resource management contribute to a company’s success?

Human resource management consists of an organization’s “people practices” such as the policies, practices, and systems that influence employees’ behavior, attitudes, and performance. HRM influences who works for the organization and how those people work. These human resources, if well managed, have the potential to be a source of sustainable competitive advantage, contributing to basic objectives like quality, profits, and customer satisfaction.

2. Imagine that a small manufacturing company decides to invest in a materials resource planning (MRP) system. This is a computerized information system that improves efficiency by automating such work as planning needs for resources, ordering materials, and scheduling work on the shop floor. The company hopes that with the new MRP system, it can grow by quickly and efficiently processing small orders for a variety of products. Which of the human resource functions are likely to be affected by this change? How can human resource management help the organization carry out this change successfully?

The sort of change described in the question above would most likely affect, to some degree, all nine of the functions of human resource management. The analysis and design of work would need to be considered in a decidedly different manner than it was before the newly implemented automated process, as the “job” itself would be changed under the new system. Recruitment and selection as well as training and development would require adjustment in order to secure those individuals with the necessary skills, knowledge, and abilities to perform at expected levels under the new system. Performance management, which is the process of ensuring employees’ activities and outputs match the organization’s goals, would need reevaluation due to the changes created by the new process. Compensation would require adjustment as a result of the changes caused by the automation. Employee relations and human resource planning to support the organizational strategy would require adjustment to bring harmony and balance back into the workplace as individuals are noted to fear and resist new changes.

Human resource management can help the organization carry out this change successfully by applying its knowledge of human behavior along with performance management tools in such a way as to assist the organization to constructively mange the change process.

3. What skills are important for success in human resource management? Which of these skills are already strengths of yours? Which would you like to develop?

Human resource management requires substantial human relations skills, including skill in communicating, negotiating, and team development. Human resource professionals also need decision-making skills based on knowledge of the HR field as well as the organization’s line of business. Leadership skills are necessary, especially for managing conflict and change. Technical skills of human resource professionals include knowledge of current techniques, applicable laws, and computer systems.

The student responses will vary as to which skills are their current strengths and which skills they would like to develop.

4. Traditionally, human resource management practices were developed and administered by the company’s human resource department. Line managers are now playing a major role in developing and implementing HRM practices. Why do you think non-HR managers are becoming more involved?

As the relationship between various HRM practices and the productivity and performance of employees has been recognized, line managers have strong reasons to become involved in the development and implementation of HRM practices. The information from line managers is critical to determining needed and appropriate policies and practices that will reinforce the strategic and operational needs of the organization. For instance, if quality needs improvement, then it is critical that incentive/compensation practices be developed to reward quality improvement, rather than volume production.

5. If you were to start a business, what aspects of human resource management would you want to entrust to specialists? Why?

Human resource specialists most often possess certain areas of expertise, such as recruiting, training, and labor relations. Human resource generalists usually perform the full range of HRM activities, such as recruiting, training, compensation, and employee relations. The cost associated with the difference between the hiring of a specialist or a generalist would need to be considered, as this is a newly established company. A full picture of organizational size, objectives, financial standing, as well as organizational need would have to be examined prior to selecting a specialist or a generalist to guide the HR process.

The responses provided by the students will vary depending upon their personalviewpoints. However, each response provided should discuss rationales for why such a decision was made.

6. Why do all managers and supervisors need knowledge and skills related to human resource management?

Although many organizations have human resource departments, non-HR managers must be familiar with the basics of HRM and their own role with regard to managing human resources. Supervisors typically have responsibilities related to all HR functions. Supervisors help analyze work, interview job candidates, participate in selection decisions, provide training, conduct performance appraisals, and recommend pay increases. On a day-by-day basis, supervisors represent the company to their employees, so they also play an important role in employee relations.

7. Federal law requires that employers not discriminate on the basis of a person’s race, sex, national origin, or age over 40. Is this also an ethical requirement? A competitive requirement? Explain.

Ethics refers to the fundamental principles of right and wrong. Ethical behavior is that behavior which supports those principles. It is imperative for organizations to adhere to current laws and regulations. This is indicative of ethical organizational behavior. The manner in which an organization conducts its business can affect the way in which others, such as customers, government agencies, and vendors, perceive that organization. While operating ethically is not a competitive requirement, it must be remembered that individuals most often prefer to deal with organizations that they feel they can trust.

So in essence, operating in an ethical/unethical manner may greatly impact an organization’s competitiveness.

8. When a restaurant employee slipped on spilled soup and fell, requiring the evening off to recover, the owner realized that workplace safety was an issue to which she had not devoted much time. A friend warned the owner that if she started creating a lot of safety rules and procedures, she would lose her focus on customers and might jeopardize the future of the restaurant. The safety problem is beginning to feel like an ethical dilemma. Suggest some ways the restaurant owner might address this dilemma. What aspects of human resource management are involved?

Safety for workers as well as for customers is vital for every organization regardless of its size. Accidents can prove to be exorbitant in cost for businesses. The restaurant owner may address this dilemma by gaining knowledge on the value of safety training. By viewing implementation of safety training as an enhancement, the owner may defeat any fears that may be present.

In actuality, all nine areas of human resource management functions could potentially be involved in or affected by the creation of a safety-training program. Of course, the training and development function would sustain an immediate and more recognized affect.

9. Does a career in human resource management, based on this chapter’s description, appeal to you? Why or why not?

The answers provided by the individual students will vary contingent upon their personal career goals and understanding of the chapter material.

## ROADMAP: END OF CHAPTER CASE

**Taking Responsibility**

**How “Good Things Happen to” Costco**

Costco is a large chain of warehouse stores who has done a great job of getting through the Great Recession. They did by demonstrating to their employees that they are valued and even gave raises during tough financial times. They are reinvesting in their employees and have decided that satisfied employees will be long term employees. Costco has the lowest turnover rate in the industry (less than 5 percent on first year employees.) The employees give back to Costco with their loyalty and hard work in response the above industry standards for wage and benefits.

**Questions with Possible Responses**

1. In what ways does Costco meet the criteria for a “sustainable” organization?

The company clearly cares about a workforce that is engage and is retained. This adds to their sustainability because they do not have to spend as much on recruitment costs. They have employees who feel valued and that translates into productivity and customer satisfaction.

1. What would you describe as Costco’s basic strategy as a retailer? How do human resource practices support that strategy?

Their basic strategy is to be a low cost provider. They keep their HR costs low by having less turnover and lower residual training costs, which is tied to the low turnover. They also have higher productivity so they are getting a great ROI for their higher hourly wage and benefits.

## Managing Talent

**Ingersoll Rand’s Problem-Solving Approach to HRM**

Ingersoll Rand is a complicated organization which specializes in transportation and building products. Craig Mundy was hired as an HR executive to bring a fresh business perspective to the organization. He started by identifying strategic priorities for his business unit which wasn’t readily accepted by the employees. He set objectives and asked questions that required his team to do research. From the research he developed a Talent Solutions framework that the team could use to address various talent management issues. The new framework improved Ingersoll Rand’s performance and now the HR team is seen as a strategic partner.

**Questions with Possible Responses**

1. What important HRM skills has Craig Mundy applied to his role at Ingersoll Rand?

Mundy brought his critical evaluation skills, business acumen, and leadership and navigation abilities.

1. How do talent management evidence-based HR support Mundy’s efforts to offer solutions?

Mundy clearly understood that talent management, which includes reducing turnover, was a key to solving the situation with the sales reps who were leaving after 2 years. However, because of evidence-based HR he also knew the team needed to do some research to determine the problem before coming up with solutions. With evidence-based HR the solutions are tied to the data so that the chance of success is so much higher than if simply implementing a “best practice” solution that might not be right for the organization.

## HR in Small Business

## Managing HR at a Services Firm

This case describes Susan Durbin’s career in human resource management, and her decision to join the Danone Simpson Insurance Services in Woodland Hills, California. In her role as HR director at Danone Simpson, Durbin sees herself as contributing to the fast-growing company’s success because she has created an environment where employees are happy at work. For example, in order to have room in her budget for monthly luncheons, raffle prizes, and break rooms—things that contribute to employee satisfaction—Durbin looks for the best deals in benefits programs. Simpson sees Durbin as a balance between nurturing and practicality. The company’s website promotes the agency as an “honest and hardworking team” and “Please be advised that our organization cares about its employees.”

**Discussion Questions and Suggested Responses**

1. Based on the description in this case, how well would you say Susan Durbin appreciates the scope of human resource management? What, if any, additional skills of an HR professional would you encourage her to develop?

Durbin’s role, as described in this case, is primarily an employee relations function. The case does mention that Durbin shops for and selects benefits plans, but because that was mentioned briefly, it is not clear to the extent to which she is involved in compensation and benefits, overall. The case does not describe Durbin’s role in training and development, although that perhaps could be assumed. Nevertheless, the training and development of employees is a critical HRM skill and one that Durbin could develop, particularly as the company continues to grow. Durbin could develop her skills in job analysis and design, for similar reasons. As the company grows, it is likely that the work needed to carry out the company’s objectives could become more varied and complex. Therefore, it will be important for Durbin to understand how to analyze and design those jobs. Skill and understanding in employment law is yet another suggestion for Durbin to develop.

1. Look up descriptions of HR jobs by searching under “human resources” in the latest edition of the Bureau of Labor Statistics’ Occupational Outlook Handbook (available online at [www.bls.gov/OCO/](http://www.bls.gov/OCO/)). What position in the handbook best matches Dubin’s job, as described in this case?

Dubin’s position is that of Human Resource Manager.

1. How would you expect Dubin’s job in a small services company to be different from a similar position in a large manufacturing company?

The various human resource management responsibilities might not change, but the focus and the type of work might change. For example, in a services company, Dubin likely trains on how to sell and service products and services, but in a manufacturing environment, the training might include a greater emphasis on technical skills. Similarly, Dubin’s focus on creating and implementing a compensation and benefits system might have the same basic components, but clearly the jobs in the two different types of environments are materially different. In a large manufacturing company, also, Dubin might have a staff of human resource professionals who work with her to meet the needs of the organization.

**HRM DVD Vol 3 Suggested Video with Discussion Questions and Possible Responses**

**Video Part 1: Zappos.com (6:55)**

**Video Summary**

Zappos.com is an online shoe and apparel shop that was formed in 1999. Its CEO, Tony Hsieh, is profiled along with Zappos unconventional approach to company culture, employee hiring, rewards, and unorthodox benefits which include nap rooms and concierge services.

Zappos is a start-up company that has outpaced even its own expectations over the last 13 years. It has been ranked by Forbes magazine as one of the Top 100 Best Places to Work. Zappos believes in a culture of happiness for its employees that is driven by a set of ten core values. These values are exhibited by every employee, every day in all the decisions they make. Their business model is simple; happy employees translate into satisfied customers.

Zappos hiring process includes a full day of interviews and company tour which is followed by an intense four-week training program. After training, if you decide that Zappos is not right for you, the company will even pay you $3,000 to leave the company. Zappos was most recently acquired by Amazon.com for over $1.3 billion.

**Discussion Questions**

**1.** What is the value of having an extensive selection process when hiring new employees?

Having an extensive hiring process means that you significantly increase the probability of having the right people with the right skills, in the right positions, at the right time. The time a company spends on the selection process on the front end pays significant dividends on the back end. Making an erroneous decision in hiring causes long term complications on many levels, including higher attrition rates, lower employee morale, decreased customer satisfaction and a lower level of discretionary effort exhibited by employees when they come to work.

**2.** What are the benefits of having an unorthodox set employee services such as Google’s nap rooms and concierge services?

Employees are constantly determining how much the company actually values them. Having additional benefits and employee services such as massages, nap rooms, free gyms, free food, and laundry services on-site sends a strong message to employees that the company is committed to their welfare. It shows the progressive nature of the company. The benefits to the company include that it keeps employees focused on their work without having outside distractions. It also offers additional opportunities for employees to mingle and possibly share ideas. Employees repay the company with an increased sense of loyalty and potential longevity to the company.