

Thirteenth Canadian Edition

Human Resources Management in Canada

Gary Dessler Nita Chhinzler



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Dedication

To my mother

—*G.D.*

I would like to dedicate this book to those students who consistently demonstrate the ability to integrate, analyse and transfer knowledge, both within the classroom and outside of it. Your excellence keeps me inspired.

—*N.N.C.*

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Human resources continue to provide a source of competitive advantage for organizations in a hyper-competitive, global environment. The thirteenth edition of *Human Resources Management in Canada* demonstrates how human resources are among the most important assets in organizations today. This book 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 and those in business programs, supervisory/managerial staff, and small-business owners. Accordingly, this book exposes readers to both a breadth and depth of core issues, processes, and strategic elements of how the human resources at work contribute to organizational success. The strategic importance of HRM activities is emphasized throughout the book, using recent examples from the Canadian employment landscape.

As in previous editions, the Canadian thirteenth 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/academic contributions to the world of human resources are embedded throughout the book and highlighted with *Evidence-Based HR* icons in the margins. *Hints to Ensure Legal Compliance* are also highlighted, and *Ethical Dilemmas* are presented for discussion.

NEW TO THE CANADIAN THIRTEENTH EDITION

Alignment with new HR competencies requirements for the new national level certifications in HR (CHRP, CHRL, CHRE)

- In 2015, the national level Canadian Council of Human Resources Association (CCHRA) replaced the previous Required Professional Competencies (RPCs) with 44 newly formed HR competencies. The new competency list aligns with the move away from the Certified Human Resource Professional (CHRP) and Senior Human Resource Professional (SHRP) designations to a three-tier designation process, as discussed in detail in Chapter 1 (Certified Human Resource Practitioner, Certified Human Resource Leader, and Certified Human Resource Executive.) This book is updated to reflect the new set of required HR competencies associated with the new designations for Human Resource experts in Canada.
- While most provincial/territorial HR bodies have expanded on the baseline 44 HR competencies to reflect a range of expected expertise in each competency (e.g., Ontario), other provincial/territorial HR bodies are in the process of determining how these will be implemented. Accordingly, this textbook has been updated to delete the old RPCs and include the baseline 44 HR competencies developed by the CCHRA, highlighting where they are applied.

expert opinion
academic viewpoint



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 of that vision or mission. We rely on people to express the values required to meet the goals and objectives of the organization, which involves alignment of culture, incentives, process, and practices that often permeate through HR.

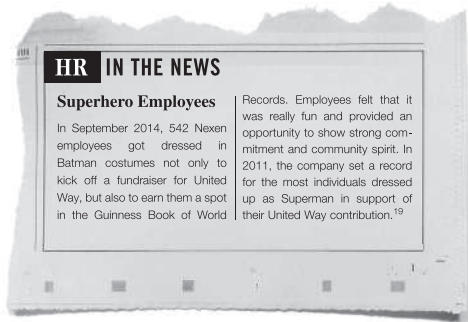
2. What are some of the hot topics being researched in the world of HRM now, which existing and future managers should know about?

- I. Data Analytics: In recent years there has been a lot of discussion of big data, specifically about how we can harness the volume of data accessible through HR systems. Big data in HR changes in real time, it's dynamic, with constantly changing algorithms.
- II. Technology for Performance Management: This is linked with data analytics, but addresses how we harness technology to make HR more effective. For example, HRIS requires packages tailored to the needs of specialized workers.
- III. Contingent Workforce: Organizations have a smaller core workforce with an increasing use of contingent workers. The issues of what this means for retention, information security, intellectual property, and the impact on the labour force composition requires consideration.
- IV. Intrapreneurship: Innovation within the organization requires an exploration of what kinds of infrastructure we need in place to support new information and innovation.

3. Why should those who manage human resources in an organization use academic articles in peer-reviewed journals to inform their decisions?
Pressing demands of the day-to-day job requirements make it hard for practitioners to manage information overload. Instead, researchers should work with media teams at their research centres (e.g., universities, government agencies) or develop industry-oriented papers to communicate information in a meaningful way outside of the research community. Recent research grant applications have started asking about plans for research dissemination, but we can also build in incentive systems to recognize research communicated in practitioner forums.

Expert Opinion Boxes

- **Expert Opinion Industry Viewpoint.** Practitioners such as the President of Unifor, Executives from Loblaw and Labatt, HR representatives from the Government of Yukon, and a series of small-business leaders provide insight into relevant and current industry perspectives for each chapter. This provides the reader with valuable insight regarding critical issues according to industry experts, and first hand knowledge in terms of how these issues impact Canadian workplaces.
- **Expert Opinion Academic Viewpoint.** Canada Research Chairs from across Canadian universities in a wide variety of associated disciplines like 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

Increased Use of Contract Workers

- 377** readers of *HR Reporter* and members of HRPAC polled
- 63%** have seen an increase in the use of contract workers in their organization in the last five years
- 51.2%** identify that contract workers in their company receive no benefits at all
- 23.6%** feel company does not have well-defined processes in place to manage contract workers

HR by the Numbers

- **Each chapter also includes an HR by the Numbers** section, 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.

KEY FEATURES OF THE CANADIAN THIRTEENTH EDITION

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: Consistent with the evidence-based approach to HR, each chapter introduces expert opinions (as stand-alone boxes) from researcher experts (specifically, Canada Research Chairs) addressing research contributions associated with a subtopic in each chapter. To complement this, a wide range of industry expert opinions are also included in each chapter (as stand-alone boxes), bringing the reader into current and relevant perspectives of the topics from a wide range of practitioners. These opinions are presented in the book and contrasted in the student-based technology-enabled activities (discussed below).

Additional Features

Learning Outcomes. Specific learning goals are defined on each chapter-opening page.

HR Competencies. The associated HR competencies with each chapter are presented in the chapter opening and icons are inserted throughout the chapter, highlighting where each HR competency is addressed/developed.

Key Terms. Key terms appear in boldface within the text, are defined in the margins, and are listed at the end of each chapter and in the index.

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.

Full-Colour Figures, Tables, and Photographs. Throughout each chapter, key concepts and applications are illustrated with strong, full-colour visual materials.

Web Links. Helpful Internet sites are provided throughout the text and are featured in the margins.

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.

Boxed Features. The four boxed features—*Workforce Diversity*, *Strategic HR*, *Entrepreneurs and HR*, and *Global HRM*—have been updated and revised in all chapters.

End-of-Chapter Summaries. At the end of each chapter, the summary reviews key points related to each of the learning outcomes.

End-of-Chapter Review and Discussion Questions. Each chapter contains a set of review and discussion questions.

Critical Thinking Questions. Each chapter contains end-of-chapter questions designed to provoke critical thinking and stimulate discussion.

Experiential Exercises. Each chapter includes a number of individual and group-based experiential exercises that provide learners with the opportunity to apply the text material and develop some hands-on skills.

Running Case. The running case at the end of each chapter illustrates the types of HRM challenges confronted by small-business owners and front-line supervisors. It is accompanied by critical thinking questions, which provide an opportunity to discuss and apply the text material.

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.

WORKFORCE DIVERSITY

The Evolution of Thought on Sexual Harassment in Canada

In August 1982, two young women named Dianna Janzen and Tracy Goveaux secured waitressing jobs at Phoenix Restaurant in Winnipeg, Manitoba. The women hardly knew each other and rarely worked together. The cook, Tommy Grammas, started groping the women and making sexual advances during each woman's shift at work. As the women resisted the sexual advances, Tommy told them to "shut up or be fired."

Janzen tried to make it clear to Grammas that his actions were inappropriate, which did not stop the unwanted behaviour. When Janzen approached the owner, Philip Anastasiadis, he commented that she "needed to get laid." Feeling unsupported and embarrassed, Janzen continued working for two months before eventually quitting the job to remove herself from the continually hostile environment. Goveaux was soon fired from her job, because of her "attitude."

Both women filed complaints under the Manitoba Human Rights Code. They claimed that only females ran the risk of

being harassed at Phoenix, since none of the male waiters, cashiers, or busboys had ever been harassed; thus, sexual harassment was a form of discrimination based on sex.

After a series of appeals, in 1989 the case was reviewed by the Supreme Court of Canada. In this historic case, the Supreme Court agreed that the women were sexually harassed at work, that sexual harassment is a form of sex discrimination (and is therefore illegal), and that employers are responsible for their employees' actions.

Up until the ruling, the terms of sexual harassment were not defined and the application of the law was unclear. The real impact of the precedent that this ruling set was that it gave employers and employees an unrestricted definition of sexual harassment that has since been instrumental in capturing a broader level of unwelcomed behaviours at work.

Source: Summarized from Stephen Hammond of Harassment Solutions Inc., "The Historic Fight Against Sexual Harassment," *Canadian HR Review*, 24, no. 14 (August 15, 2011), p. 31. Used with permission from Stephen Hammond, Harassment Solutions Inc.; Harassment is a Form of Discrimination, www.the-ccbc.ca/en/employment/industrial/22.html; *Canadian Human Rights Commission*, 1989. Reproduced with the permission of the Minister of Public Works and Government Services Canada, 2012.

STRATEGIC HR

Pumping Up People Supply

Building an aortic pericardial heart valve is no easy task. The intricate medical device, measuring mere millimetres, requires highly specialized skills in its production and engineering. Therefore, there is a very small talent pool available to Burnaby, BC-based Sorin Group Canada. They hire engineers who focus on custom-engineered machinery and equipment, quality assurance experts who ensure that regulations are followed, and production technicians who hand-sew and hand-suture the heart valves.

According to Judith Thompson, senior manager of HR at Sorin Group, "Canada isn't well-known for its biomedical engineers so even when we hire now, to ask for medical device experience, we wouldn't get it. So we hire an engineer or scientist and train on the rest of it." The company has come to realize the benefits, and necessity, of new immigrants as a major source of talent. "Our culture is very diverse. About 90 percent of our staff speak English as a second language,

from production people to vice-presidents, so we don't look for Canadian-born, Canadian-educated, Canadian experience because in these economic times that would set us back," she says. "I would never have filled 60 positions last year with those criteria."

Training is extensive, as it takes three or four months before workers, wearing gowns and gloves in a super-clean environment, can make a product that is usable. And even then they can only make a certain number of valves or components per week—it takes another six months to ramp up to regular production, says Thompson. Sorin supports its employees with in-house English-language training, through a partnership with immigration services, and provides subsidies to foreign-trained engineers who want to pursue an engineering degree in British Columbia.

Source: Adapted from S. Dabson, "Pumping Up People Supply at Sorin Group Canada to Build Heart Valves," *Canadian HR Review*, February 23, 2009.

- **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

Succession Planning and Family Businesses

In the second quarter of 2010, small businesses created 35 549 jobs, while large firms created only 729 jobs. During that period, small businesses in the construction sector alone accounted for 23 014 new jobs, while those in the healthcare and social assistance sectors introduced 9755 new jobs.

Multigenerational family-controlled businesses often struggle with succession planning. Only one-third of family-owned businesses survive the transition to the second generation. And of those, only one-third survive the transition to the third generation.¹⁴

There are many reasons for these failures.

1. Determining who will inherit the business and how ownership will be determined among children can be a source of immense stress for family business owners. Therefore, many choose to ignore the issue of succession planning altogether.
2. Second, a family business is a great source of pride for the business owner and is often their single largest asset. The concept of retirement or walking away can be incomprehensible to those who built the business.
3. There may not be a qualified or interested successor within the family.

While these are difficult issues to deal with, family businesses must begin to take an informed and strategic approach to these issues.

- **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

Successful Integration of Immigrants in Canada

There are many examples of innovative, forward-thinking companies that have developed initiatives to aid in the successful integration of immigrants into their workforce. The result is a competitive advantage and ability to recognize and recruit strong talent.

- RBC requires recruiters and managers to be trained in cross-cultural awareness to help interpret and understand past experiences related to the job. This represents a two-way mutual understanding approach to recruitment.
- Assiniboine Credit Union assumes an organic approach by training managers and employees on diversity and

cultural awareness, offering a mentorship or buddy program, and regularly soliciting and communicating feedback from the programs, which then aids in modifying the programs.

- Manulife offers paid internships (of 4 to 12 months) and formalizes the process by having clear indications of who is eligible for the programs offered (must be in Canada less than three years, have at least three years of foreign experience, and so on).

Source: Based on G. Lowe and G. Tibbitts, "Maximizing Immigrants' New-Canadian Work Experience," *Human, OR, Work and Learning Knowledge Centre*, 2009.

- **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.

Supplements

MyManagementLab

We have created an outstanding supplements package for *Human Resources Management in Canada*, Thirteenth Canadian edition. In particular, we have provided access to MyManagementLab, which provides students with an assortment of tools to help enrich and expedite learning. MyManagementLab is an online study tool for students and an online homework and assessment tool for faculty. MyManagementLab lets students assess their understanding through auto-graded tests and assignments, develop a personalized study plan to address areas of weakness, and practise a variety of learning tools to master management principles. New and updated MyManagementLab resources include the following:

- **New Personal Inventory Assessment (PIA).** Students learn better when they can connect what they are learning to their personal experience. PIA is a collection of online exercises designed to promote self-reflection and engagement in students, enhancing their ability to connect with concepts taught in principles of management, organizational behaviour, and human resource management classes. Assessments can be assigned by instructors, who can then track students' completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion.
- **New Personalized Study Plan.** As students work through MyManagementLab's new Study Plan, they can clearly see which topics they have mastered—and, more importantly, which they need to work on. Each question has been carefully written to match the concepts, language, and focus of the text, so students can get an accurate sense of how well they've understood the chapter content.
- **New Business Today Videos.** Business Today is a dynamic and expanding database of videos covering the disciplines of management, business, marketing, and more. Instructors will find new videos posted monthly, which makes Business Today the ideal resource for up-to-date video examples that are perfect for classroom use.
- **New Learning Catalytics.** Learning Catalytics is a “bring your own device” student engagement, assessment, and classroom intelligence system. It allows instructors to engage students in class with a variety of question types designed to gauge student understanding.
- **Assignable Mini-Cases and Video Cases.** Instructors have access to a variety of case-based assessment material that can be assigned to students, with multiple-choice quizzes or written-response format in MyManagementLab's new Writing Space.
- **Pearson eText.** The Pearson eText gives students access to their textbook anytime, anywhere. In addition to note taking, highlighting, and bookmarking, the Pearson eText offers interactive and sharing features. Rich media options may include videos, animations, interactive figures, and built-in assessments, all embedded in the text. Instructors can share their comments or highlights, and students can add their own, creating a tight community of learners within the class.

The Pearson eText may include a responsive design for easy viewing on smartphones and tablets. Many of our eTexts now have configurable reading settings, including resizable type and night reading mode.

- **Glossary Flashcards.** This study aid is useful for students' review of key concepts.
- **Simulations.** Simulations help students analyze and make decisions in common business situations; the simulations assess student choices and include reinforcement quizzes, outlines, and glossaries.

Instructor Supplements

Most of these instructor supplements are available for download from a password-protected section of Pearson Canada's online catalogue (www.pearsoncanada.ca/highered). Navigate to your textbook's catalogue page to view a list of those supplements that are available. See your local sales representative for details and access.

- **Instructor's Manual.** This comprehensive guide contains a detailed lecture outline of each chapter, descriptions of the discussion boxes, answers to review and critical thinking questions, answers to the case questions, and hints regarding the experiential exercises.
- **Test Item File.** This comprehensive test bank contains more than 1500 multiple-choice, true/false, and short essay questions.
- **PowerPoint® Lecture Slides.** This practical set of PowerPoint lecture slides outlines key concepts discussed in the text, and includes selected tables and figures from the text.
- **Computerized Test Bank.** Pearson's computerized test banks allow instructors to filter and select questions to create quizzes, tests, or homework. Instructors can revise questions or add their own, and may be able to choose print or online options. The test bank for *Human Resources Management in Canada*, Thirteenth Edition, includes more than 1500 multiple-choice, true/false, and short essay questions.
- **Image Gallery.** This package provides instructors with images to enhance their teaching.
- **Learning Solutions Managers.** Pearson's Learning Solutions Managers work with faculty and campus course designers to ensure that Pearson technology products, assessment tools, and online course materials are tailored to meet your specific needs. This highly qualified team is dedicated to helping schools take full advantage of a wide range of educational resources, by assisting in the integration of a variety of instructional materials and media formats. Your local Pearson Education sales representative can provide you with more details on this service program.

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Dr. Nita N. Chhinzer is an Associate Professor of Human Resources at the Department of Management, University of Guelph. 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 many North American speaking engagements. From May 2012–2017, Dr. Chhinzer is the recipient of the prestigious Fellowship in Leadership, HRM and Work.

CHAPTER

1



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The Strategic Role of Human Resources Management

LEARNING OUTCOMES

AFTER STUDYING THIS CHAPTER, YOU SHOULD BE ABLE TO,

DEFINE human resources management (HRM) and **ANALYZE** the strategic significance of human resources management.

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

DESCRIBE the stages in the evolution of HRM.

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

DESCRIBE the competencies and recognition of growing professionalism of the HRM function.

DISCUSS the internal and external environmental factors affecting human resources management policies and practices, and **EXPLAIN** their impact.

REQUIRED HR COMPETENCIES

- 10100:** Impact the organization and human resources practices by bringing to bear a strategic perspective that is informed by economic, societal, technological, political, and demographic trends to enhance the value of human resources.
- 10200:** Develop an understanding of the application of governance principles and methods by keeping current with the leading practices to contribute to and implement approved strategy.
- 10300:** Provide effective leadership for human resources, with due recognition of the roles and responsibilities of the governing body and the organization's leadership and their relationships with other stakeholders, to implement the business plan and manage risk.
- 10400:** Contribute to the organization's vision, mission, values, and goals, demonstrating business acumen and participating in the strategic planning process, to support organizational objectives.
- 10600:** Align human resources practices by translating organizational strategy into human resources objectives and priorities to achieve the organization's plan.
- 20200:** Adhere to ethical standards for human resources professionals by modelling appropriate behaviour to balance the interests of all stakeholders.
- 20500:** Foster the advancement of the human resources profession by participating in professional activities and advocating for the profession to enhance the value of human resources in the workplace.
- 20600:** Promote an evidence-based approach to the development of human resources policies and practices using current professional resources to provide a sound basis for human resources decision-making.

THE STRATEGIC ROLE OF HUMAN RESOURCES MANAGEMENT

human resources management (HRM) The management of people in organizations to drive successful organizational performance and achievement of the organization's strategic goals.

 Watch on MyManagementLab

Patagonia: Human Resources Management

HR Competency

10100

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

HR Competency

10200

EVIDENCE-BASED HR

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 these human assets. They have the primary responsibility for managing the workforce that drives organizational performance and achieves the organization's strategic goals.¹

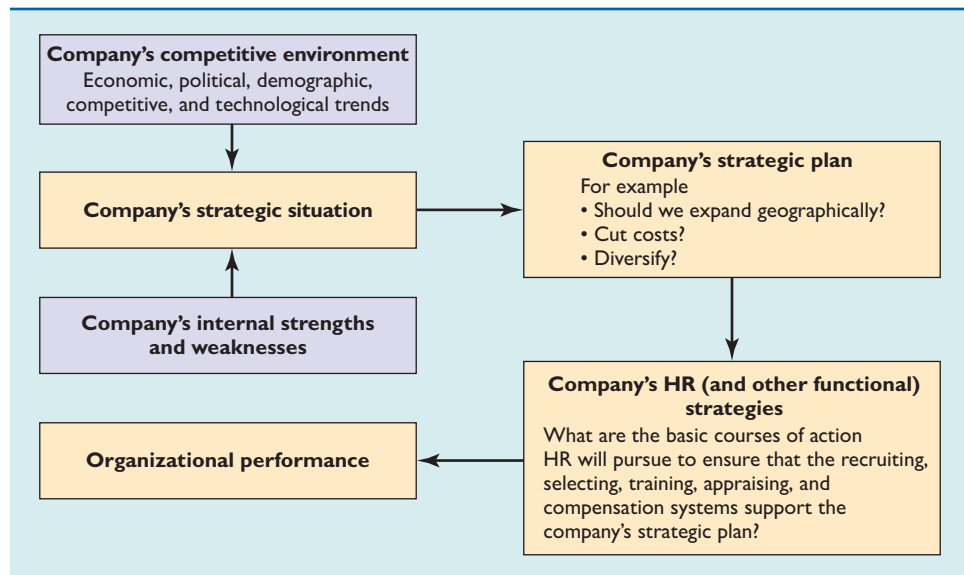
More specifically, HRM involves formulating and implementing HRM systems (such as recruitment, performance appraisal, and compensation) that are aligned with the organization's strategy to ensure that the workforce has the competencies and behaviours required to achieve the organization's strategic objectives. It is crucial that the HR strategy be aligned with the company's strategic plan (see **Figure 1.1**).

Just as important as the financial capital that is required for an organization to operate, the knowledge, education, training, skills, and expertise of a firm's workers represent its increasingly valuable **human capital**. More and more organizations are awakening to the importance of human capital as the next competitive advantage.²

Research studies over the past two decades have confirmed that effective HR practices are related to better organizational performance.³ Organizational benefits range from employee empowerment to extensive training that affects the productivity of employees.⁴ 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.⁵

More specifically, three HR practices (profit sharing, results-oriented performance appraisal, and employment security) have strong relationships with important accounting measures of performance (return on assets and return on equity).⁶ High-performance HR practices (comprehensive employee recruitment and selection procedures, incentive

FIGURE 1.1 Linking Company-Wide and HR Strategies



Source: © Gary Dessler, Ph.D., 2007.

HR Competency

10600

compensation and performance management systems, and extensive employee involvement and training) have a positive relationship with turnover, productivity, and corporate financial performance (gross rate of return on capital).⁷

Why Is Human Resource 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 federal 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.⁸ Reasons given include the fact that such people may give the firm's HR efforts a more strategic emphasis, and the possibility that they're sometimes better equipped to integrate the firm's human resource efforts with the rest of the business.⁹ For example, Pearson Corporation (which publishes this book) 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 large and small organizations. More than two in every three people working in the private sector in Canada as of 2012—about 7.7 million out of 11.3 million—work for small firms.¹⁰ Statistically speaking, therefore, 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, usually without a designated HR department. Thus, entrepreneurs, employees, and managers in small businesses should know the nuts and bolts of human resource management.

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A BRIEF HISTORY OF HRM

HRM has changed dramatically over time and has assumed an increasingly strategic role. The demands on HR staff and expectations regarding their role have evolved as HRM has changed. HR practices have been shaped by society's prevailing beliefs and attitudes about workers and their rights, which have evolved in three stages.

Scientific Management: Concern for Production

scientific management The process of “scientifically” analyzing manufacturing processes, reducing production costs, and compensating employees based on their performance levels.

Frederick Taylor was the driving force behind **scientific management**, the process of “scientifically” analyzing manufacturing processes, reducing production costs, and compensating employees based on their performance.¹¹ As a result, management practices in the late 1800s and early 1900s emphasized task simplification and performance-based pay. Such incentives were expected to lead to higher wages for workers, increased profits

for the organization, and workplace harmony. Taylor's views were not accepted by all management theorists. For example, Mary Parker Follett, a writer ahead of her time, advocated the use of self-management, cross-functional cooperation, empowerment, and managers as leaders, not dictators.¹²

The Human Resources Movement: Concern for People and Productivity

human resources movement

A management philosophy focusing on concern for people and productivity.

HRM is currently based on the theoretical assumptions of the **human resources movement**. Arriving at this joint focus on people and productivity involved four evolutionary phases.¹³

Phase 1

In the early 1900s, HRM—or personnel administration, as it was then called—played a very minor or non-existent role. During this era, personnel administrators assumed responsibility for hiring and firing (a duty formerly looked after by first-line supervisors), ran the payroll department, and administered benefits. Their job consisted largely of ensuring that procedures were followed.

Phase 2

As the *scientific management movement* gained momentum, operational efficiency increased but wage increases did not keep up, causing workers to distrust management. The resulting increase in unionization led to personnel departments serving as the primary contact for union representatives. Following the depression of the 1930s, various pieces of legislation were enacted, including a minimum wage act, an unemployment insurance program, and protection of workers' right to belong to unions. Legal compliance was subsequently added to the responsibilities of personnel managers. During the 1940s and 1950s, personnel managers were also involved in dealing with the impact of the *human relations movement*. Orientation, performance appraisal, and employee relations responsibilities were added to their job.

Phase 3

The third major phase in personnel management was a direct result of government legislation passed during the 1960s, 1970s, and 1980s that affected employees' human rights, wages and benefits, working conditions, health and safety, and established penalties for failure to meet them. The role of personnel departments expanded dramatically. They continued to provide expertise in such areas as compensation, recruitment, and training, but in an expanded capacity.

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.¹⁴

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. During the latter part of this era, the term "human resources management" emerged. This change represented a shift in emphasis—from maintenance and administration to corporate contribution, proactive management, and initiation of change.¹⁵

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

Phase 4

The fourth phase of HRM is the current phase, where the role of HR departments has evolved to that of helping their organization achieve its strategic objectives.¹⁶ HR activities have become ubiquitous, where not only the HR department but also every line manager has responsibilities 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. **Figure 1.2** highlights core job requirements that are found in non-HR roles that were traditionally limited to the HR department, thus providing further evidence for the permeation of HR skills throughout the organization. Thus, to succeed in their respective roles all potential managers must be aware of the basics of HR.

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.

HR Competency

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FIGURE 1.2 Traditional HR Responsibilities in Non-HR Roles

Chief Executives

- direct human resources activities, including the approval of human resource plans or activities, the selection of directors or other high-level staff, or establishment or organization of major departments

Information Technology Project Managers

- develop or update project plans for information technology projects, including information such as project objectives, technologies, systems, information specifications, schedules, funding, and staffing
- confer with project personnel to identify and resolve problems
- direct or coordinate activities of project personnel

General and Operational Managers

- determine staffing requirements, and interview, hire, and train new employees, or oversee those personnel processes
- manage staff, preparing work schedules and assigning specific duties

Registered Nurse

- direct or supervise less-skilled nursing or healthcare personnel, or supervise a particular unit

First-Line Supervisors of Police and Detectives

- inform personnel of changes in regulations and policies, implications of new or amended laws, and new techniques of police work
- train staff in proper police work procedures
- monitor and evaluate the job performance of subordinates, and authorize promotions and transfers

Chefs and Head Cooks

- monitor sanitation practices to ensure that employees follow standards and regulations
- determine production schedules and staff requirements necessary to ensure timely delivery of services
- instruct cooks or other workers in the preparation, cooking, garnishing, or presentation of food

Source: O*NET OnLine, www.onetonline.org, U.S. Department of Labour. (accessed March 2, 2015).

Operational and Strategic Aspects of Human Resource Management

All managers are, in a sense, human resource managers, because they all get involved in recruiting, interviewing, selecting, and training their employees. Yet most firms also have a human resource department with its own top manager. How do the duties of this human resource manager and department relate to the human resource duties of sales and production and other managers? Answering this requires a short definition of line versus staff authority. **Authority** is the right to make decisions, to direct the work of others, and to give orders. Managers usually distinguish between line authority and staff authority.

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

line authority The authority exerted by an HR manager by directing the activities of the people in his or her own business unit, department, or service area.

staff authority Staff authority gives the manager the right (authority) to advise other managers or employees.

line manager A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks.

staff manager A manager who assists and advises line managers.

In organizations, having what managers call **line authority** traditionally gives managers the right to *issue orders* to other managers or employees. Line authority therefore creates a superior (order giver)–subordinate (order receiver) relationship. When the Vice-President of sales tells his or her sales director to “get the sales presentation ready by Tuesday,” he or she are exercising line authority. **Staff authority** gives a manager the right to *advise* other managers or employees. It creates an advisory relationship. When the human resource manager suggests that the plant manager use a particular selection test, he or she is exercising staff authority.

On the organization chart, managers with line authority are **line managers**. Those with staff (advisory) authority are **staff managers**. In popular usage, people tend to associate line managers with managing departments (like sales or production) that are crucial for the company's survival. Staff managers generally run departments that are advisory or supportive (like purchasing and human resource management). Human resource managers are usually staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

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

Human Resource Manager's Duties

A recent national survey of HR professionals identified five critical pieces of knowledge required by HR professionals today. Presented in priority order, they are business acumen, an understanding of employment law and legislation, talent management, broad HR knowledge, and employee–labour relations knowledge.¹⁷

The results align with an overall trend of increased expectations of HR professionals, suggesting that there are core capabilities that those responsible for HR activities (within the HRM department and outside of it) must secure to help deliver value to the organization.

Credible Activist A core HR contribution is that of being both credible (respected, listened to, trusted) and active (takes a position, challenges assumptions). Both of these qualities are required to help an organization optimize the value added from its human resources.

The activist role is shared with non-HR positions as well. For example, a recent study conducted by Monster.com found that 73 percent of CEOs spent more than 25 percent of their time on talent-related activities, with three in every five identifying employee satisfaction/engagement as a key goal for their job, and three of every four identifying retention of high-performing employees as one of their goals.¹⁸

EVIDENCE-BASED HR

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EVIDENCE-BASED HR

HR IN THE NEWS

Superhero Employees

In September 2014, 542 Nexen employees got dressed in Batman costumes not only to kick off a fundraiser for United Way, but also to earn them a spot in the Guinness Book of World

Records. Employees felt that it was really fun and provided an opportunity to show strong commitment and community spirit. In 2011, the company set a record for the most individuals dressed up as Superman in support of their United Way contribution.¹⁹



PERSONAL INVENTORY ASSESSMENT

Learn About Yourself
Leading Positive Change



PERSONAL INVENTORY ASSESSMENT

Learn About Yourself
Effective Empowerment and
Engagement

employee engagement The emotional and intellectual involvement of employees in their work, such as intensity, focus, and involvement in his or her job and organization.

EVIDENCE-BASED HR

Culture and Change Steward The ability to appreciate, help shape, and articulate an organization's corporate culture includes understanding, guiding, and reacting to both internal and external stakeholder expectations. HR staff has a responsibility to shape and support a culture of change as well as develop programs, strategies, or projects to embed desired change throughout the organization.

Intense global competition and the need for more responsiveness to environmental changes put a premium on **employee engagement**, the emotional and intellectual involvement of employees in their work, such as intensity, focus, and involvement in their job and organization. Engaged employees drive desired organizational outcomes—they go beyond what is required; understand and share the values and goals of the organization; perceive that there are opportunities for growth, development, and advancement; enjoy collegial relationships with managers and co-workers; trust their leaders; and regard the success of the organization as their success.²⁰ According to an analysis of a Hewitt Associates database (over 4 million employees from almost 1500 companies), there is a strong positive relationship between engagement and organizational performance (sales growth and total shareholder return).²¹

Talent Manager and Organizational Designer As traditional linear career paths change, the importance of an HR professional's ability to effectively manage human resources has become more critical as employees enter, exit, or move up, down, or across the organization. In this vein, HR specialists must embed theory, research, and practice into the processes, policies, and structures of an organization.

HR professionals and line managers play a pivotal role in *lowering labour costs*, the single largest operating expense in many organizations, particularly in the service sector. Doing so might involve introducing strategies to reduce turnover, absenteeism, and the rate of incidence of occupational illnesses and injuries. It could also mean adopting more effective recruitment, selection, and training



"What if we don't change at all ...
and something magical just happens?"

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

EVIDENCE-BASED HR

change agents Specialists who lead the organization and its employees through organizational change.



Learn About Yourself
Comfort with Change Scale

environmental scanning Identifying and analyzing external opportunities and threats that may be crucial to the organization's success.

programs. At one international tire manufacturing firm, adopting a behaviour-based interview strategy as the basis for selection of entry-level engineers resulted in savings of \$500 000 in three years. These savings were due to lower turnover, lower training costs, and improved capabilities of the engineering staff because of a better fit.²²

Strategy Architect HR professionals significantly contribute to strategy by integrating internal stakeholder and external stakeholder expectations. Through identifying, forecasting, and facilitating organizational responses to an ever-changing internal workforce and often volatile external pressures, HR plays an active role in the establishment and execution of overall strategy.

Traditionally, **strategy**—the company's plan for how it will balance its internal strengths and weaknesses with external opportunities and threats to maintain a competitive advantage—was formulated without HR input. But today HR professionals are increasingly involved in both formulating and implementing organizational strategy. A survey of over 1100 corporate managers in Canada found that three-quarters of them strongly believe that the HR function contributes significantly to the overall success of their company and view having an HR professional on staff as a strategic advantage.²³

Operational Executor Leading HR researcher Brian Becker says, “It isn't the content of the strategy that differentiates the winners and losers, it is the ability to execute.”²⁴ HR specialists are expected to be **change agents** who lead the organization and its employees through organizational change. Making the enterprise more responsive to product or service innovations and technological change is the objective of many management strategies. Flattening the pyramid, empowering employees, and organizing around teams are ways in which HRM can help an organization respond quickly to its customers' needs and competitors' challenges.

Policy drafting, adaptation, and implementation, as well as employees' administrative needs, were traditional roles that HR fulfilled. In recent years the efficiency in dealing with operational issues has significantly improved through the use of technology, shared services, or outsourcing. However, much of the expertise in operational aspects of employee-related policies remains largely within the HR professional's realm of responsibility.

Business Ally Organizational goal setting and development of business objectives is highly dependent on external opportunities or threats. HR professionals, together with other organizational managers, play a role in what strategic planners call **environmental scanning**, which involves identifying and analyzing *external* opportunities and threats that may be crucial to the organization's success. These managers can also supply competitive intelligence that may be useful as the company formulates its strategic plans. Details regarding a successful incentive plan being used by a competitor, impending labour shortages, and information about pending legislative changes are examples.

HR professionals can also add value to the strategy formulation process by supplying information regarding the company's *internal* strengths and weaknesses, particularly as they relate to the organization's workforce. HR professionals not only understand the value and social context of the business, but they are also increasingly relied on to determine how an organization should be structured and how work can be integrated to ensure financial success.

REORGANIZING THE HRM FUNCTION

The evolution of HR is far from done. 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

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 of that vision or mission. We rely on people to express the values required to meet the goals and objectives of the organization, which involves alignment of culture, incentives, process, and practices that often permeate through HR.

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

- I. Data Analytics: In recent years there has been a lot of discussion of big data, specifically about how we can harness the volume of data accessible through HR systems. Big data in HR changes in real time, it's dynamic, with constantly changing algorithms.
- II. Technology for Performance Management: This is linked with data analytics, but addresses how we harness technology to make HR more effective. For example, HRIS requires packages tailored to the needs of specialized workers.
- III. Contingent Workforce: Organizations have a smaller core work-

force with an increasing use of contingent workers. The issues of what this means for retention, information security, intellectual property, and the impact on the labour force composition requires consideration.

- IV. Intreprenurship: Innovation within the organization requires an exploration of what kinds of infrastructure we need in place to support new information and innovation.

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

Pressing demands of the day-to-day job requirements make it hard for practitioners to manage information overload. Instead, researchers should work with media teams at their research centres (e.g., universities, government agencies) or develop industry-oriented papers to communicate information in a meaningful way outside of the research community. Recent research grant applications have started asking about plans for research dissemination, but we can also build in incentive systems to recognize research communicated in practitioner forums.

Source: Reprinted by permission from Dr. Rick Hackett.

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.²⁵ 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.²⁶ 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 above.

Many employers are changing how they organize their human resource functions. For one thing, the traditional human resource organization tends to divide HR activities into separate "silos" such as recruitment, training, and employee relations for the whole company. IBM split its 330 000 employees into three segments for HR purposes: executive and technical employees, managers, and rank and file employees. Separate human resource management teams (consisting of recruitment, training, and pay specialists, for instance) focus on each employee segment. This helps to ensure that the employees in each segment get the specialized testing, training, and rewards they require.²⁷