### Chapter 1 – Managing Human Resources

Chapter 1 provides the introductory foundation for students. Elements include HRM’s role in organizational success, skills for effective HRM, and how these skills are necessary for all managers, not just HR managers. The chapter concludes with discussion of careers in HRM, ethical considerations, as well as an outline for the rest of the chapter.

Instructors should ensure students understand HRM’s contribution and HR as a department (LO1-1; LO1-2; LO1-5). Although it may seem straightforward, students’ differing experiences with work and HR departments may require more time devoted to this topic. Further, students should be able to discuss the different skills necessary (LO1-3; LO1-4) that are outlined in the chapter. Additionally, this discussion of skills could be used to introduce careers in human resources management (LO1-6).

**Learning Objectives**

LO 1-1: Define human resource management, and explain how HRM contributes to organization’s performance.

LO 1-2: Identify the responsibilities of human resource departments.

LO 1-3: Summarize the types of competencies needed for human resource management.

LO 1-4: Explain the role of supervisors in human resource management.

LO 1-5: Discuss ethical issues in human resource management.

LO 1-6: Describe typical careers in human resource management.

**Society for Human Resource Management Body of Competency & Knowledge:**

This chapter contains content, which may be identified within the following content areas:

* Talent Acquisition & Retention
* Learning & Development
* Total Rewards
* Structure of HR Function
* Business & HR Strategy
* Organizational Effectiveness & Development
* Workforce Management
* Risk Management

**Human Resource Certification Institute’s A Guide to the HR Body of Knowledge:**

This chapter contains content, which may be identified within the following content areas:

* Business Management & Strategy
* Workforce Planning and Employment
* Human Resource Development
* Compensation and Benefits
* Employee and Labor Relations
* Risk Management

**Vignettes and Guidance to Discussion Questions**

*Best Practices*

*How Abbott Laboratories Creates a Healthy Business*

Question Guidance

1. Students should identify the reduction in training costs while further developing the employee. Students may also identify the outside knowledge and skill gained, while potentially improving employee morale and thus increasing retention.
2. Discussion should consider how training initiatives may be viewed favorably by potential candidates, and thus lead to both the acceptance of a job offer and retention.

*HR How To*

*Making Analytics Useful and Relevant*

Question Guidance

1. Responses will vary, but instructors should be sure to help students first understand HR responsibilities, and then discuss how analytics can help improve those skills.
2. Students should be able to identify how both statistical and communication skills are necessary in human resources management.

*HR Oops!*

*HR Isn’t Just Paperwork*

Question Guidance

1. Answers will vary.
2. Answers will vary, but students may be able to rationalize any or all of the competencies within the figure.

*Did You Know?*

*Employees Care About Employer’s Reputations*

Question Guidance

1. Responses will vary, but they should identify how businesses with a bad reputation could lead to higher compensation costs to attract and retain employees.

*HRM Social*

*SHRM’s Presence on Social Media*

Question Guidance

1. Responses will vary.
2. Responses will vary.

# *Thinking Ethically*

*How Should an Employer Weigh Conflicting Values?*

Question Guidance

1. Responses should indicate a consideration as to how both sides’ rights may be impacted, while also considering the right to freedom of religion.
2. Responses will vary, but again should be respectful in considering both sides as well as the stakeholders and the impact on the children.

**End of Chapter Questions and Cases**

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.

1. 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 to secure those individuals with the necessary skills, knowledge, and abilities to perform at expected levels under the new system. Performance management, 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 because 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 successfully carry out this change by combining its knowledge of human behavior with performance management tools in order to assist the organization in constructively managing the change process.

1. 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 promoting 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 further.

1. Traditionally, human resource management practices were developed and administered by the company’s human resource department. Line managers now play 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 determine 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.

1. 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 recruitment, training, and labor relations. Human resource generalists usually perform the full range of HRM activities, such as recruitment, training, compensation, and employee relations. The cost difference associated with hiring 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 need to be examined prior to selecting either a specialist or a generalist to guide the HR process.

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

1. 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 regarding 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.

1. Federal law requires that employers not discriminate based on 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 behavior that is consistent with those principles. It is imperative for organizations to adhere to current laws and regulations. This is indicative of ethical organizational behavior. The way 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, remember that individuals most often prefer to deal with organizations they feel they can trust. So in essence, operating in an ethical/unethical manner may greatly impact an organization’s competitiveness.

1. 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 an exorbitant 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 conquer any of her fears.

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 effect.

1. A friend hears you are taking this course and mentions an interest in an HRM career. Based on this chapter’s description, what advice would you give your friend?

The answers provided by the individual students will vary but should reflect an understanding of the chapter material.

*Taking Responsibility*

*How “Good Things Happen to Costco”*

Question Guidance

1. The company clearly cares about a workforce that is engaged and 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.

2. 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, even though their pay rates are competitive. 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*

Question Guidance

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

2. Mundy clearly understood that talent management, which includes reducing turnover, was a key to solving the situation with sales reps who were leaving after two 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. Using evidence-based HR, the solutions are tied to the data so the chance of success is much higher than simply implementing a “best practice” solution that might not be right for the organization.

*HR in Small Business*

*Network is the Key to HRM at 1Collision*

Question Guidance

1. Students may identify the HR expertise as the recruitment support, and the evaluation regarding training requirements.

2. Responses may vary, but should identify the ability to gain HRM expertise at a relatively lower time and money cost than if the shop manager just handled all the HRM aspects.

**Classroom Exercises**

Students may benefit from exercises that illustrate the concepts of the chapter. Use these along with CONNECT activities.

1. Understanding of HRM and the textbook

-- Instructors may engage students in a general discussion meant to support the understanding of HRM. Instructors may have students review Figures 1.1 and 1.2, and then discuss Review and Discussion question #1. Instructors may then direct students to Table 1.3 to see the outline of the book and answer any questions they may have concerning the content.

2. The Role of HRM

-- Students may be asked to discuss and identify HRM’s role within organizations. Review and Discussion questions #5 may be used to begin the discussion. Then instructors may ask students to respond to the *Taking Responsibility* question #2. While responding to question #2, the instructor may ask students to reflect on their responses to the Review and Discussion question and ask whether their initial responses have now changed.

3. Competencies for Careers

-- Instructors may facilitate a discussion for students to discuss the competencies necessary for strong managers. Review and Discussion questions #3 and #4 may be asked to begin the discussion. Then, Review and Discussion question #6 may be asked as a follow-up, with students then reflecting on their responses to questions #3 and #4.

4. HRM Career Considerations

-- Instructors may wish to have students identify components in Chapter 1 within both the *Society for Human Resource Management Body of Competency & Knowledge* and the *Human Resource Certification Institute’s A Guide to the HR Body of Knowledge*. Discussion could be focused on how these chapter concepts are important to the development of their careers and potential certification.

5. Vignette Discussions

-- Any of the vignettes (see above) may be employed for classroom discussion. Students could be asked to respond as individuals or placed into groups for discussion. Individuals and/or groups may then be asked to defend their responses and rationale when comparing and contrasting other responses.