

functional strategies  
strategic human resource management  
strategy map  
HR scorecard  
digital dashboard

strategy-based metrics  
HR audit  
high-performance work system  
human resource metric

## DISCUSSION QUESTIONS

- ★ 1. Give an example of hierarchical planning in an organization.
2. Define and give at least two examples of the cost leadership competitive strategy and the differentiation competitive strategy.
- ★ 3. What is a high-performance work system? Provide several specific examples of the typical practices in a high-performance work system.
4. Explain why strategic planning is important to all managers.
5. Explain with examples each of the seven steps in the strategic planning process.
6. List with examples the main generic types of corporate strategies and competitive strategies.
7. Define strategic human resource management and give an example of strategic human resource management in practice.

## INDIVIDUAL AND GROUP ACTIVITIES

1. With three or four other students, form a strategic management group for your college or university. Your assignment is to develop the outline of a strategic plan for the college or university. This should include such things as mission and vision statements; strategic goals; and corporate, competitive, and functional strategies. In preparing your plan, make sure to show the main strengths, weaknesses, opportunities, and threats the college faces, and which prompted you to develop your particular strategic plans.
2. Using the Internet or library resources, analyze the annual reports of five companies. Bring to class examples of how those companies say they are using their HR processes to help them achieve their strategic goals.
3. Interview an HR manager and write a short report entitled “The Strategic Roles of the HR Manager at XYZ Company.”
4. Using the Internet or library resources, bring to class and discuss at least two examples of how companies are using an HR scorecard to help create HR systems that support the company’s strategic aims. Do all managers seem to mean the same thing when they refer to HR scorecards? How do they differ?
5. Possibly in teams of several students, choose a company for which you will develop an outline of a strategic HR plan. What seem to be this company’s main strategic aims? What is the firm’s competitive strategy? What would the strategic map for this company look like? How would you summarize your recommended strategic HR policies for this company?
6. The PHR and SPHR Knowledge Base appendix lists the knowledge someone studying for the HRCI certification exam needs to have in each area of human resource management (such as in strategic management, workforce planning, and human resource development). In groups of four to five students, do four things: (1) review that appendix now; (2) identify the material in this chapter that relates to the required knowledge the appendix lists; (3) write four multiple-choice exam questions on this material that you believe would be suitable for inclusion in the HRCI exam; and (4) if time permits, have someone from your team post your team’s questions in front of the class, so the students in other teams can take each others’ exam questions.



## APPLICATION EXERCISES

### HR IN ACTION CASE INCIDENT 1

#### Siemens Builds a Strategy-Oriented HR System

Siemens is a 150-year-old German company, but it’s not the company it was even a few years ago. Until recently, Siemens focused on producing electrical products. Today the firm has diversified into software, engineering, and services. It is also global, with more than 400,000 employees working in 190 countries. In other

words, Siemens became a world leader by pursuing a corporate strategy that emphasized diversifying into high-tech products and services, and doing so on a global basis.

With a corporate strategy like that, human resource management plays a big role at Siemens. Sophisticated engineering and

services require more focus on employee selection, training, and compensation than in the average firm, and globalization requires delivering these HR services globally. Siemens sums up the basic themes of its HR strategy in several points. These include:

1. **A living company is a learning company.** The high-tech nature of Siemens' business means that employees must be able to learn on a continuing basis. Siemens uses its system of combined classroom and hands-on apprenticeship training around the world to help facilitate this. It also offers employees extensive continuing education and management development.
2. **Global teamwork is the key to developing and using all the potential of the firm's human resources.** Because it is so important for employees throughout Siemens to feel free to work together and interact, employees have to understand the whole process, not just bits and pieces. To support this, Siemens provides extensive training and development. It also ensures that all employees feel they're part of a strong, unifying corporate identity. For example, HR uses

cross-border, cross-cultural experiences as prerequisites for career advances.

3. **A climate of mutual respect is the basis of all relationships—within the company and with society.** Siemens contends that the wealth of nationalities, cultures, languages, and outlooks represented by its employees is one of its most valuable assets. It therefore engages in numerous HR activities aimed at building openness, transparency, and fairness, and supporting diversity.

### Questions

1. Based on the information in this case, provide examples for Siemens of at least four strategically required organizational outcomes (for example customer service), and four required workforce competencies and behaviors.
2. Identify at least four strategically relevant HR policies and activities that Siemens has instituted in order to help human resource management contribute to achieving Siemens' strategic goals.
3. Provide a brief illustrative outline of a strategy map for Siemens.

## HR IN ACTION CASE INCIDENT 2

### Carter Cleaning Company

#### The High-Performance Work System

As a recent graduate and as a person who keeps up with the business press, Jennifer is familiar with the benefits of programs such as total quality management and high-performance work systems.

Jack has actually installed a total quality program of sorts at Carter, and it has been in place for about 5 years. This program takes the form of employee meetings. Jack holds employee meetings periodically, but particularly when there is a serious problem in a store—such as poor-quality work or machine breakdowns. When problems like these arise, he meets with all the employees in that store. Hourly employees get extra pay for these meetings. The meetings have been useful in helping Jack to identify and rectify several problems. For example, in one store all the fine white blouses were coming out looking dingy. It turned out that the cleaner/spotter had been ignoring the company rule that required cleaning ("boiling down") the perchloroethylene cleaning fluid before washing items

like these. As a result, these fine white blouses were being washed in cleaning fluid that had residue from other, earlier washes.

Jennifer now wonders whether these employee meetings should be expanded to give the employees a bigger role in managing the Carter stores' quality. "We can't be everywhere watching everything all the time," she said. "Yes, but these people earn only about \$8 to \$15 per hour. Will they really want to act like mini-managers?" Jack replied.

### Questions

1. Would you recommend that the Carters expand their quality program? If so, specifically what form should it take?
2. Assume the Carters want to institute a high-performance work system as a test program in one of their stores. Write a one-page outline summarizing important HR practices you think they should focus on.

## EXPERIENTIAL EXERCISE

### Developing an HR Strategy for Starbucks

Several years ago, Starbucks was facing serious challenges. Sales per store were stagnant or declining, and its growth rate and profitability were down. Many believed that its introduction of breakfast foods had diverted its "baristas" from their traditional jobs as coffee-preparation experts. McDonald's and Dunkin' Donuts were introducing lower-priced but still high-grade coffees. Starbucks' former CEO stepped back into the

company's top job. You need to help him formulate a new direction for his company.

**Purpose:** The purpose of this exercise is to give you experience in developing an HR strategy, in this case, by developing one for Starbucks.

**Required Understanding:** You should be thoroughly familiar with the material in this chapter.