CHAPTER

1

The Strategic Role of Human Resources Management

LEARNING OUTCOMES

AFTER STUDYING THIS CHAPTER. YOU SHOULD BE ABLE TO

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

DESCRIBE the two categories of activities required of HR managers and **DISCUSS** examples of each.

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

DESCRIBE the three stages in the evolution of HRM.

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

REQUIRED PROFESSIONAL CAPABILITIES (RPC)

Advises on the status of dependent and independent contractors and determinants of employee status

Contributes to improvements in the organization's structures and work processes

Gathers, analyzes, and reports relevant business and industry information (including global trends) to influence the development of strategic business HR plans

Develops business cases for HR activity

Stays current with professional knowledge

- Fosters and promotes the advancement of the profession

- Keeps current with emerging HR trends

- Guides and facilitates change in organizational culture or values consistent with business strategy

- Provides support and expertise to managers and supervisors with respect to managing people

- Monitors expenditures and timelines

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.

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]

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

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]

Develops business cases for HR activity.

FIGURE 1.1 Linking Company-wide and HR Strategies
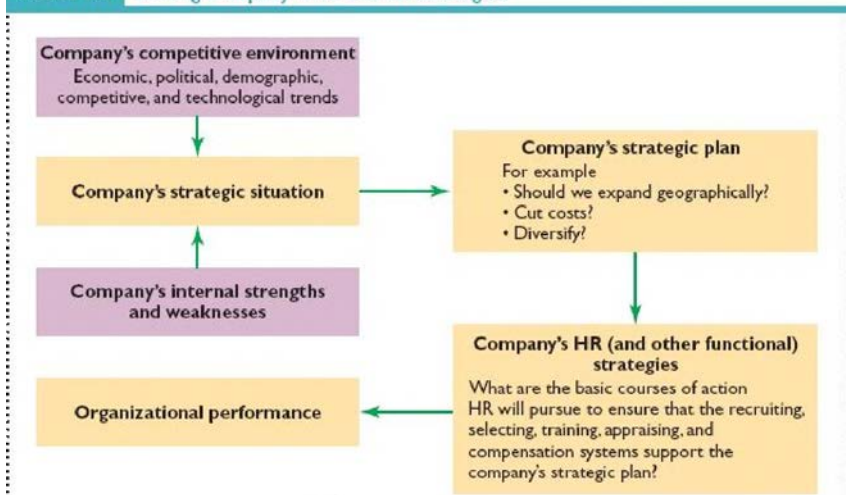
Source: © Gary Dessler, Ph.D., 2007.

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 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]

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.[8] 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.[9]

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.[10]

Phase I

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 nor 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.[11]

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

For example, Air Canada, CIBC, BMO Financial Group, Hewlett-Packard Canada, IBM Canada, Calgary Health, and TELUS have all outsourced parr 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.

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.[13] HR activities have become ubiquitous, where not only' the HR department bur 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, all potential managers must be aware of the basics of HR to succeed in their respective roles. 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.

A 2011 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

Traditional HR Responsibilities in Non-HR Roles

Senior Managers

- Senior managers may specialize in areas such as finance, marketing, or human resources or in the sale of a particular product or provision of a particular service
- Establish objectives tor the company and formulate or approve policies and programs (Strategy: Chapter 1)
- Authorize and organize the establishment of major departments and associated senior staff positions (Designing and Analyzing Jobs: Chapter 4)
- Allocate material, human, and financial resources to implement organizational policies and programs; establish financial and administrative controls; formulate and approve promotional campaigns; and approve overall personnel planning (HR Planning: Chapter 5)
- Select middle managers, directors, or other executive staff (Selection: Chapter 7)
- Coordinate the work of regions, divisions, or departments (Designing and Analyzing Jobs: Chapter 4)

Financial Auditors and Accountants

- May supervise and train articling students, other accountants, or administrative technicians (Orientation and Training: Chapter 8)

Supervisors, General Office and Administrative Support Workers

- Coordinate, assign, and review the work of clerks engaged in word processing, record keeping and   filing, operating telephones and switchboards, data entry, desktop publishing, and other activities involving general   office andadministrative skills (Performance Management: Chapter 10)
- Establish work schedules and procedures and coordinate activities with other work units or departments (Career Development: Chapter 9)
- Resolve work-related problems and prepare and submit progress and other reports (Legal: Chapter 2)
- Train workers in job duties, safety procedures, and company policies (Occupational Health and Safety: Chapter 14)
- Ensure smooth operation of office equipment and machinery, and arrange for maintenance and repair work (Occupational Health and Safety: Chapter 14)

Industrial and Manufacturing Engineers

- Plan and design plant layouts and facilities
- Study new machinery and facilities and recommend or select efficient combinations (Performance Management: Chapter 10)
- Develop flexible or integrated manufacturing systems and technological procedures (Technology: Chapter S)
- Conduct studies and implement programs to determine optimum inventory levels for production and to allow optimum use of machinery, materials, and resources (HR Planning: Chapter 5)
- Analyze costs of production (Strategic Pay Plans: Chapter 11)
- Design, develop, and conduct time studies and work simplification programs (Employee Benefits and Services: Chapter 13)
- Determine human resource and skill requirements and develop training programs (Orientation and Training: Chapter 8)
- Develop performance standards, evaluation systems, and wage and incentive programs (Financial Incentives: Chapter 12)
- Establish programs and conduct studies to enhance industrial health and safety or to identify and correct fire and other hazards (Occupational Health and Safety: Chapter 14)
- Supervise technicians, technologists, analysts, administrative staff, and other enqineers (Performance Management: Chapter 10)

Nursing Coordinators and Supervisors

- Supervise registered nurses, licensed practical nurses, and other nursing personnel (Performance Management: Chapter 10)
- Evaluate patients' needs and ensure that required nursing care is delivered (Strategy: Chapter 1)
- Assist in the establishment of unit policies and procedures (HR Planning: Chapter 5)
- Assist in the selection, evaluation, and professional development of nursing personnel (Selection: Chapter 7, Orientation and Training: Chapter 8, Career Development: Chapter 9)

University Professors and Lecturers

- Teach one or more university subjects to undergraduate and graduate students (Strategy: Chapter 1)
- Prepare, administer, and grade examinations, laboratory assignments, and reports (Performance Management: Chapter 10)
- Direct research programs of graduate students and advise on research matters (Designing and Analyzing Jobs: Chapter 4)
- Conduct research in field of specialization and publish findings in scholarly journals or books (Career Development: Chapter 9)
- May serve on faculty committees dealing with such matters as curriculum planning and degree requirements and perform a variety of administrative duties (Designing and Analyzing Jobs: Chapter 4)
- May represent their universities as speakers and guest lecturers (Employee Benefits and Services: Chapter 11)
- May provide professional consultative services to government, industry, and private individuals (Legal: Chapter 2)

Source: O*NET OnLine, www.onetonline.org, (accessed October 3, 2011).

legislation, talent management, broad HR knowledge, and employee-labour relations knowledge.[14] The results align with an overall trend of increased expectations of HR professionals, suggesting that there are core competencies that those responsible for HR activities (within the HRM department and outside of it) must secure to help deliver value to the organization (see Figure 1.3).

Credible Activist A core HR competency 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 spend 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.[15]

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.

Guides and facilitates change in organizational culture or values consistent with business strategy

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 his or her 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.[16] According to an analysis of a Hewitt Associates database (over 4 million employees from

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.

FIGURE **1.3** HR Competency Model
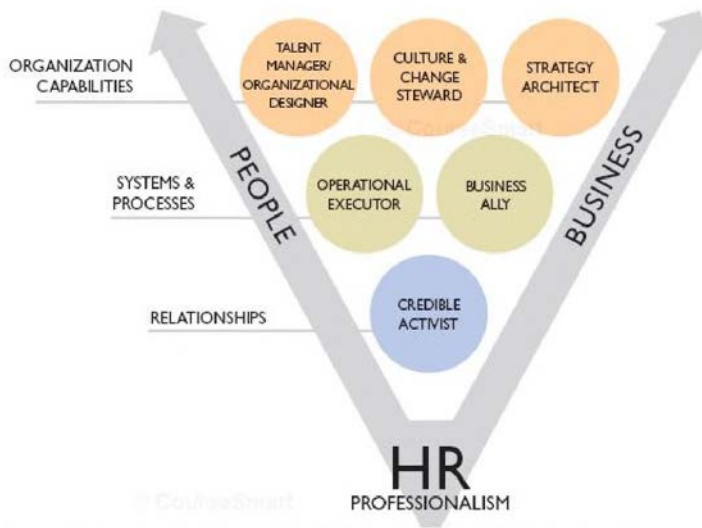
almost 1500 companies), there is a strong positive relationship between engagement and organizational performance (sales growth and total shareholder return).

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 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.[18]

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.

RPC

Monitors expenditures and timelines

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.

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.[19]

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."[20] 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.

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

Policy drafting, adaption, 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.

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

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.

Resources Consulting
www.cfthr.com/eii/index.php

HR Dept
www.hrdept.co.uk

Provides support and expertise to managers and supervisors with respect to managing people

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, bur they are also increasingly relied on to determine how an organization should be structured and how work can be integrated to ensure financial success.

As highlighted in the Strategic HR box, 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 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.[21] 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.[22]

Table 1.1 illustrates the different focus of operational versus strategic HR activities.

STRATEGIC HR

The HR Role Continues to Evolve

The current shift in human resources management as a department and as a profession will continue to undergo evolution well into the 2020s. There are five major forces driving this change:

1. **Changing Technology.** Technology has helped automate basic HR functions, including managing day-to-day transactions and employee self-service systems. Rather than maintain HR technology experts in-house, nearly half of companies outsource operational functions of HR (payroll, benefits administration, employee education, recruitment processes, and workforce analytics). And rather than commoditizing or marginalizing HR functions, the shift has actually freed up HR professionals from these repetitive tasks to concentrate on more critical functions, such as decreasing turnover, focusing on the quality of talent secured, and developing leaders within the organization.

2. **New Rules.** Corporate accounting scandals that plagued the early 2000s resulted in a more focused alignment of organizational activities with new laws and compliance expectations. The financial crisis that started in 2008 included a series of additional regulations and expectations of organizational accountability. In this highly volatile environment with high accountability expectations, HR's role is increasingly strategic, including helping the organization recover from changes and comply with new regulations.

3. **Succession Planning.** Fifty percent of companies do not have a succession plan in place for their CEO. Talesof disruptive, hastily planned, and overall unsuccessful succession plans highlight the importance of identifying, grooming, and supporting potential successors within an organization. HR's role extends significantly beyond operational tasks to think critically about the complexities, time, and contingencies that must be considered in succession planning. Thus, HR executives are critical to organizational success through development and management of a comprehensive succession planning process.

4. **Identifying Top Talent.** While some companies argue that all employees must be motivated, educated, rewarded, and evaluated, others argue that a better return on investment can be secured by focusing on a smaller portion of workers (for example, the top 3 percent of all employees). HR is continually asked to establish a commitment to talent development that is fair, realistic, aware of limitations, and sustainable. A thoughtful set of criteria for assessing and managing talent goes well beyond administrative activities to include an integrative and strategic approach to HR.

5. **A New Breed of HR Leaders.** The rise of the CH RO (chief HR officer) or CTO (chief talent officer) confirms the seriousness and intent of many boards of directors in elevating and recognizing the role and capabilities of HR in an organization's leadership. Including HR in the C-suite highlights the importance of talent management and HR's perspective on organizational issues. HR's participation at the highest level of organizational decision making marks the transformation of the role of HR from operational expert to strategic expert in a concrete way.

Measuring the Value of HR: Metrics

Today's HR professionals need to be able to measure the value and impact of their organization's human capital and HRM practices. The use of various metrics, or statistics to measure the activities and results of HR, is now quite common. Traditional operational measures focused on the amount of activity and the costs of the HR function (such as number of job candidates interviewed per month, cost per hire, and so on), but today's measures need to reflect the quality of people and the effectiveness of HRM initiatives that build workforce capability. These new measures provide critical information that

metrics Statistics used to measure activities and results.

TABLE 1.1 Operational versus Strategic HR

Operational	Strategic
Skills	Concepts
Administrative tasks	Planning
Reactive	**Proactive**
Collecting metrics/measurements	Analyzing metrics/measurements
Working to achieve goals and objectives	Setting the goals and objectives
Following the laws, policies, and procedures	Interpreting, establishing, and revising the i laws, policies, and procedures
Employee focus	Organizational focus
Explaining benefits to employees	Designing benefit plans that help the organization achieve its mission and goals
Setting up training sessions for employees	Assessing training needs for the entire organization
Recruiting and selecting employees	Workforce planning and building relationships with external resources
Administering the salary/wage plan	Creating a pay plan that maximizes employees' productivity, morale, and retention
Always doing things the same way	Recognizing that there may be better ways of doing things; recognizing how changes affect the entire organization—not just HR
Works within the organizational culture	Attempts to improve the organizational culture

Source: D.M. Cox and C.H. Cox, "At the Table: Transitioning to Strategic Business Partner," *Workspan* (November 2003), p. 22.

can be linked to organizational outcomes like productivity, product or service quality, sales, market share, and profits. For example, the percentage of first-choice job candidates accepting an offer to hire indicates the strength of the organization's employment brand in the marketplace and directly affects the quality of the workforce.

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

Many organizations are using the balanced scorecard system that includes measures of the impact of HRM on organizational outcomes. The balanced scorecard approach translates an organization's strategy into a comprehensive set of performance measures. It includes financial measures that tell the results of actions already taken. It complements the financial measures with operational measures of organizational, business unit, or department success that will drive future performance. It balances long-term and short-term actions and measures of success relating to financial results, customers, internal business processes, and human capital management.[1] For example, one measure relating to HRM is the percentage of senior management positions with fully job-ready successors ready to move up.

EN VIRONMENTAL IN FLUENCES ON HRM

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

External Environmental Influences

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

Economic Conditions

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

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

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

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

secondary sector Jobs in manufacturing and construction.

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

Employment trends in Canada have been experiencing dramatic change. The **primary** scctor, which includes agriculture, fishing and trapping, forestry, and mining, now represents only 4 percent of jobs. Employment in the secondary scctor (manufacturing and construction) has decreased to 19 percent of jobs. The sector that has grown to represent 77 percent of jobs, dominating the Canadian economy, is the tertiary or service sector, which includes public administration, personal and business services, finance, trade, public utilities, and transportation/ communications.

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

Labour Market Issues

Increasing Workforce Diversity Canada's workforce is among the most diverse in the world. Diversity refers to the attributes that humans are likely to use to tell themselves "that person is different from me. " These attributes

include demographic factors (such as race, gender, and age) as well as values and cultural norms.

The proportion of visible and ethnic minorities entering the Canadian labour market is expected to continue growing at a faster pace than the rest of the population. Today, Canada admits more immigrants per capita than any other country. About two-thirds of visible minorities are immigrants, and approximately 20 percent of the Canadian population could be visible minorities by 2017. Ethnic diversity is also increasing. Currently, more than 200 different ethnic groups are represented among Canadian residents.[26]

As the employment rate for women has continued to converge toward that for men, organizations are accommodating working women and shared parenting responsibilities by offering onsite daycare, emergency childcare support, and flexible work arrangements. Women are now the primary breadwinners for 29 percent of dual-earner couples in Canada.[27]

The Aboriginal population is young and growing at a rate almost twice that of the rest of the Canadian population.[28] Young Aboriginal people represent an untapped source of employees who are still facing considerable difficulty in obtaining jobs and advancing in the workplace.

Canadians with disabilities continue to confront physical barriers to equality every day. Inaccessibility is still the rule, not the exception. Even though studies show that there are no performance differences in terms of productivity, attendance, and average tenure between employees who classify themselves as having a disability and those who do not, persons with disabilities continue, on average, to experience an unemployment rate that is 50 percent higher than that for the able-bodied population and an average income that is 17 percent lower.[29]

Another aspect of diversity is generational differences. There are four generations in the workplace, and nearly half of all Canadians say they have experienced a clash with workers older or younger than themselves. On the other hand, about one-quarter of workers say they don't notice age differences and another one-quarter think this situation provides an excellent learning opportunity.

Traditionalists Individuals born before 1946.

The senior group are the Traditionalists (also known as the Silent Generation), born before 1946. They grew up in era of hardship, including a world war and the Great Depression, and they tend to be quiet, loyal, and self-sacrificing. Although many have retired, many remain in the workforce.[30] For example, Walmart employs many seniors, even into their 90s, as greeters in their stores.[31]

Baby Boomers Individuals born between 1946 and 1964.

The Baby Boomers, born between 1946 and 1964, are the largest group in the workforce. They grew up in a time of major optimism and change amidst the moon landing and the women's movement. They tend to be career-focused workaholics who experienced a lot of competition in the workplace and are driven to succeed. Boomers are just beginning to retire and as a result the ratio of people not in the labour force (children under the age of 16 and seniors) per hundred people in the working population is expected to increase rapidly, from 44 per hundred in 2005 to 61 per hundred in 2031. [2] There are significantly fewer workers in later generations. This will create a labour shortage because a large, experienced group will be leaving the labour force and there will not be enough workers behind them to take over their jobs.

Generation X Individuals born between 1965 and 1980.

Generation X (individuals born between 1965 and 1980) is a much smaller group than the Boomers and were originally called the Baby Busters. This group grew up as divorce rates skyrocketed, and they were the first technology-literate generation. They tend to be independent and believe that security comes from transferability of skills rather than corporate loyalty. They can provide "out-of-the-box" thinking that can help companies deal with uncertainty. Flexible work-life arrangements and continuous skill development are valued by this generation.

Generation Y Individuals born since 1980.

Generation Y (also known as Millennials and the Net Generation), born since 1980, are the children of the Baby Boomers, who have a reputation for being over-involved parents.[54] Members of this sizable group are beginning to enter the workforce. Although they are techno-savvy, comfortable with diversity, and eager to make a contribution, they tend also to be impatient and action oriented. They expect to change jobs frequently. New approaches to work and career management will be required to keep this group challenged.[35] For example, almost 90 percent of recent graduates in one survey said that they would deliberately seek out an employer with corporate social responsibility behaviour that reflects their own values. Unfortunately, businesses have been slow to catch on.[36] A summary of the attitudes/values/expectations and key characteristics of each generation is shown in Tabic 1.2.

Keeps current with emerging HR trends

Half of Canada's population has some postsecondary education (trades, college, or university).[37] Given the higher expectations of the better-educated labour force, managers are expected to ensure that the talents and capabilities of employees are fully utilized and that opportunities are provided for career growth.

TABLE 1.2   The Four Generations

	Traditionalists 1922–1945	Baby Boomers 1946–1964	Gen Xers 1965–1980	Gen Ys 1981–2000
Attitudes, Values, and Expectations	• Loyalty • Respect for authority • Dedication • Sacrifice • Conformity • Honour • Privacy • Stability • Economic conservatism	• Optimism • Involvement • Team oriented • Personal growth and gratification • Youthfulness • Equality • Career focused	• Independence • Self-reliance • Pragmatism • Skepticism • Informality • Balance	• Confidence • Diversity • Civic duty • Optimism • Immediate access to information and services
Key Characteristics	• Compliant • Stable • Detail oriented • Hard-working • Dedicated • Fiscally frugal • Trustworthy • Risk averse • Long-term focused	• Driven to succeed • Team player • Relationship focused • Eager to add value • Politically savvy in the workplace • Competitive	• Techno-literate • Flexible and adaptable • Creative • Entrepreneurial • Multitasker • Results driven • Individualistic	• Techno-savvy • Collective action • Expressive and tolerant of differences • Eager to accept challenges • Innovative and creative

Source: Adwoa K. Buaheneand Giselle Kovary. Reprinted with permission from *HR Professional* (October/November 2007).

An Ethical | Dilemma

The maintenance department supervisor has just come to you, the HR manager, voicing concern about the safety of two of her reporting employees whom she recently discovered are functionally illiterate. What are your responsibilities to these employees, if any?

On the other hand, a startlingly high proportion (26 percent) have only marginal literacy skills, meaning their ability to understand and use printed and written documents in daily activities to achieve goals and to develop knowledge and potential is limited. A frightening reality is that inadequate reading and writing skills have replaced lack of experience as the major reason for rejecting entry-level candidates. About 15 percent of working-age Canadians are *functionally illiterate*—unable to read, write, calculate, or solve problems at a level required for independent functioning or the performance of routine technical tasks. Functional illiteracy is exacting a toll not only on individual social and economic opportunities, but also on organizations' accident rates and productivity levels.

Non-Standard or Contingent Workers For the last 30 years or more, the labour market has undergone major structural changes with the growth of **contingent** (or "non-standard") workers, meaning workers that do not fit the traditional definition of permanent, full-time employment with the same employer on an indeterminate basis. The forms of employment involving part-time, fixed-term, temporary, home, and standby workers, those who have more than one job, and $k$ecomc so significant numerically that they now affect about one-third or the workforce. More women fall into this category than men.[40] Non-standard work is often poorly paid, offers little or no job security, and is generally not covered by employment legislation. Some are calling for these laws to be updated so that contingent workers are provided the same legal protection as other workers.[41]

continue nt/no n-sta ndard wo rkers Workers who do not have regular full-time employment status.

Advises on the status of dependent and independent contractors and determinants of employee status

Technology

From Twitter to Facebook to videoconferencing setups that make it seem like everyone is in the same room, there is a wide range of technology available to organizations today. All of this technology can make working in and man-aging a dispersed workforce easier and can enable people to work anywhere and everywhere. The workplace of today includes "hotels, cafes and confer-ence venues, as well as public areas of lounges and airports."[42] However, it has also brought new concerns as the line between work and family time has become blurred.[43]

Contributes to improvements in the organization's structures and work processes

Questions concerning data control, accuracy, the right to privacy, and eth-ics are at the core of a growing controversy brought about by the new infor-mation technologies. Sophisticated computerized control systems are used to monitor employee speed, accuracy, and efficiency in some firms. More firms are also monitoring employee email, voice mail, telephone conversations, and computer usage, and some now monitor employee behaviour using video veillar .[44]

Government

Various laws enacted by governments have had and will continue to have a dramatic impact on the employer-employee relationship in Canada. One of the factors that makes employment law in Canada so challenging is that there are 14 different jurisdictions involved. Each of the ten provinces and three territo-ries has its own human rights, employment standards, labour relations, health

and safety, and workers' compensation legislation. In addition, about 10 percent of the workforce (including employees of the federal government and Crown corporations, chartered banks, airlines, national railways, and the Canadian Armed Forces) is covered by federal employment legislation.

Hints : TO ENSURE If GAL : COMPLIANCE

Although there is some commonality across jurisdictions, there is also considerable variation. Minimum wage, overtime pay requirements, vacation entitlement, and grounds protected under human rights legislation, for example, vary from one province/territory to another. Furthermore, some jurisdictions have pay equity and employment equity legislation while others do not. This means that companies with employees in more than one jurisdiction have different rules applying to different employees. There are, however, certain laws that apply to all employers and employees across Canada, such as employment insurance and the Canada/Quebec Pension Plan.

Globalization

globalization The emergence of a single global market for most products and services.

The term globalization refers to the emergence of a single global market for most products and services. This growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition and leading most organizations to expand their operations around the world.[45] Firms in other parts of the world are also seeing human resources as a source of competitive advantage, as discussed in the Global HRM box.

HRM

Lin Congyin Prizes His Staff

Lin Congyin is the founder and chairperson of Jiumuwang Western-Style Fashional Clothes Co. Ltd. in Quanzhou, the third-largest city in Fujian province in China. His company makes men's trousers and has led the segment's market share for seven consecutive years, beating out more than 110 000 garment enterprises in China. For Lin, the most valuable assets of his undertaking are not capital, products, or brand: "Staff is paramount," he says. In the clothing industry, which has a high employee turnover rate, Jiumuwang's rate always stands at no higher than 1.5 percent, the lowest among his competitors. "Without my staff, we wouldn't have such a renowned brand with a reputation of high quality."

No matter how busy he is, Lin always makes time to sign birthday cards for all his 8000 staff, almost every day. And he has incorporated a monthly birthday party into his routine. "Just imagine a big party for at least 500 people every month," he says with excitement.

Lin has insisted on providing free annual physical examinations for every staff member for the past 10 years.

Moreover, he arranges the same package vacation for all of his staff, including cleaners, every year. "It's my responsibility to take care of all the staff."

"It's quite simple to explain: as a boss, staff is earning your money or helping you to make money," he says. "If being concerned with staff helps you make fortune, then they should be respected," he says. "When I started Jiumuwang, I realized this principle.''

Jiumuwang creates a career path tailored to every new staff member when they join the company. "We provide training to help promote staff's abilities. As a result we gain a talent pool," he says. Earlier this year, the All-China Federation of Industry and Commerce and Federation of Trade Unions awarded Lin the National Outstanding Entrepreneur award for staff caring. "If we respect staff and offer them training, their value will be priceless," says Lin.

Source: Adapted from Li Fangfang, "Lin Means Business," *China Business Week* (March 3 1 -April 6, 2008), p. 12.

There are increasing numbers of multinational corporations—firms that conduct a large part of their business outside the country in which they are headquartered and that locate a significant percentage of their physical facilities and human resources in other countries. For example, Toyota has a large market share in the United States, Europe, and Africa, and is the market leader in Australia. Toyota has factories all over the world, manufacturing or assembling vehicles like the Corolla for local markets. Notably, Toyota has manufacturing or assembly plants in the United States, Japan, Australia, Canada, Indonesia, Poland, South Africa, Turkey, the United Kingdom, France, and Brazil, and has recently added plants in Pakistan, India, Argentina, the Czech Republic, Mexico, Malaysia, Thailand, China, and Venezuela.[4*']

Globalization means that HR professionals need to become familiar with employment legislation in other countries and need to manage ethical dilemmas when labour standards are substantially lower than those in Canada. Companies doing business in sub-Saharan Africa, for example, have to deal with a high death rate among employees with AIDS. Some are paying for antiretroviral drugs to keep their employees alive.[4]

Environmental Concerns

Environmental concerns have suddenly (some might say finally) emerged as an issue for people, particularly the younger generations.[48] Sustainability, climate change, global warming, pollution, carbon footprints, extinction of wildlife species, ecosystem fragility, and other related issues are increasingly important to people around the world. There is increasing evidence that interest in environmental issues is motivating the behaviour of employees, and that they are concerned about whether they work for environmentally responsible companies. Companies like Fairmont Hotels have made environmental stewardship a priority for almost 20 years. They have found that developing a reputation as an environmental leader and demonstrating corporate social responsibility have not only helped them to gain market share, but have also been a strong employee retention tool.[49]

Employees are increasingly concerned with social responsibility, including environmental responsibility, on the part of their employer.

Internal Environmental Influences

How a firm deals with the three internal environmental influences of organizational culture, organizational climate, and management practices has a major impact on its ability to meet its objectives.

Organizational Culture

organizational culture The core values, beliefs, and assumptions that are widely shared by members of an organization.

Organizational culture consists of the core values, beliefs, and assumptions that are widely shared by members of an organization. Culture is often conveyed through an organization's mission statement, as well as through stories, myths, symbols, and ceremonies. It serves a variety of purposes:

- communicating what the organization "believes in" and "stands for"
- providing employees with a sense of direction and expected behaviour (norms)
- shaping employees' attitudes about themselves, the organization, and their roles
- creating a sense of identity, orderliness, and consistency
- fostering employee loyalty and commitment

All managers with HR responsibilities play an important role in creating and maintaining the type of organizational culture desired. For example, they may organize recognition ceremonies for high-performing employees and be involved in decisions regarding symbols, such as a logo or the design of new company premises. Having a positive culture has a positive impact on employer branding, recruitment, retention, and productivity.

Organizational Climate

organizational climate The prevailing atmosphere that exists in an organization and its impact on employees.

Organizational climate refers to the prevailing atmosphere, or "internal weather," that exists in an organization and its impact on employees.[50] It can be friendly or unfriendly, open or secretive, rigid or flexible, innovative or stagnant. The major factors influencing the climate are management's leadership style, HR policies and practices, and the amount and style of organizational communication. The type of climate that exists is generally reflected in the level of employee motivation, job satisfaction, performance, and productivity. HR professionals play a key role in helping managers throughout the firm establish and maintain a positive organizational climate.

Employees in fast-food establishments are taught how to provide courteous, efficient customer service.

Management Practices

Management practices have changed considerably over the past decade, with many HRM implications. For example, the traditional bureaucratic structure with many levels of management is being replaced by

empowerment Providing workers with the skills and authority to make decisions that would traditionally be made by managers.

flatter organizational forms using cross-functional teams and improved communication. Since managers have more people reporting to them in flat structures, they cannot supervise their employees as closely and employee empowerment has greatly increased.

GROWING PROFESSIONALISM IN HRM

Stays current with professional knowledge

Fosters and promotes advancement of the profession

Today, HR practitioners must be professionals in terms of both performance and qualifications.[51] Every profession has several characteristics: (1) a common body of knowledge; (2) benchmarked performance standards; (3) a representative professional association; (4) an external perception as a profession; (5) a code of ethics; (6) required training credentials for entry and career mobility; (7) an ongoing need for skill development; and (8) a need to ensure professional competence is maintained and put to socially responsible uses. Every province has an association of HR practitioners (Prince Edward Island is included in Nova Scotia's) that currently assumes dual roles: first, as a professional association serving the interests of its members, and second, as a regulatory body serving the public. These two roles sometimes conflict, such as when the disciplinary role of a regulator conflicts with the professional interests of a member.

Canadian Council of Human Resources Associations www.cchra.ca/en/

World Federation of People Management Associations www.wfpma.com

The Canadian Council of Human Resources Associations (CCHRA) is the 40 000-member national body through which all provincial HR associations are affiliated. The CCHRA is in turn a member of the World Federation of People Management Associations (WFPMA). The International Personnel Management Association (IPMA)-Canada is the national association for public-sector and quasi-public-sector HR professionals.

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

certification Recognition for having met certain professional standards.

The Certified Human Resources Professional (CHRP) designation is a nationally recognized certification for Canadian HR professionals (there are approximately 21 000 of them at present).[3] Managed by the CCHRA and administered through provincial HR associations, the CHRP is similar to other professional designations, such as Chartered Accountant (CA) and Professional Engineer (P.Eng.); it recognizes members' qualifications and experience based on established levels of 187 required professional capabilities in seven functional dimensions: (1) professional practice; (2) organizational effectiveness; (3) staffing; (4) employee and labour relations; (5) total compensation; (6) organizational learning, training, and development; and (7) occupational health, safety, and wellness. The national certification requirements are shown in Figure 1.4. A recently launched SHRP designation (Senior Human Resources Professional) is aimed at professionals who possess other internationally recognized designations (for example, the US Society for Human Resource Management), or a work history demonstrating leadership, advisory capabilities, strategic orientation, a breadth of general business

knowledge (not just limited to HR), and significant impact of their organization and profession.

In addition to the international- and national-level broad HR designations, a series of more specialized or specific professional designations in Canada allows those who may be interested in specialized areas to gain recognition for a deeper level of subject matter expertise. Tabic 1.3 highlights a series of additional HR designations.[54]

FIGURE **1.4** National CHRP Certification Requirements

Please note that throughout the certification and recertification process, provincial variations may apply. Always contact the provincial HR association of which you are a member to ensure you have the most updated information that applies to you (www.hranb.org/cchra-member-association.php).

A. Initial Certification

To fulfill the academic requirements for the CHRP designation, a candidate must:

1. Become a member of a provincial human resources professionals association; and

2. Pass

(1) The National Knowledge Exam® (assesses knowledge of major human resources functions), and

(2) National Professional Practice Assessment® (measures human resources "experience"); must be written within 5 years of passing the National Knowledge Exam®. (Please note that the NPPA is not mandatory in Quebec and Ontario.)

As of January 1, 2011, CHRP Candidates—those who have passed the National Knowledge Exam® (NKE) - will require a minimum of a bachelor's degree from an accredited college or university in order to register for the National Professional Practice Assessment® and qualify for the CHRP designation. In some provinces, the degree requirement varies, or additional requirements may be applicable. Please contact your provincial HR association for more details.

B. Sign the National Code of Ethics (or your provincial association's equivalent)

C. Recertification

Every three years, all CHRPs will be required to recertify based on a set of professional development criteria, including seminars, conferences, volunteer work, or continuing education. Provincial variations may apply.

Source: Adapted from Canadian Council of Human Resources Associations, *What Is the CHRP Designation?* www.cchra.ca (July 29. 2009). Reproduced with permission of the Canadian Council of Human Resources Associations.

TABLE **1.3** Professional HR Designations in Canada (as ol 2006)

Designation	Designation Holders in Canada
Certified Human Resources Professional (CHRP)	18 000
Group Benefits Associate (GBA)	1430
Registered Professional Recruiter (RPR)	1200
Canadian Payroll Manager (CPM)	1200
Certified Employee Benefits Specialist (CEBS)	896
Payroll Compliance Practitioner (PCP)	850
Certified Compensation Professional (CCP)	734
Retirement Plans Associate (RPA)	652
Canadian Management Professional (CMP)	550
International Personnel Management Association (IPMA) — Certified Practitioner	266
Registered Assessment Specialist (RAS)	250
Certified Training and Development Professional (CTDP)	250
Registered Professional Trainer (RPT)	200
Compensation Management Specialist (CMS)	174
Global Remuneration Professional (GPR)	37
Senior Professional in HR (SPHR)	37

Source: Adapted from S. Klie. "Senior HR Designations Unveiled," *Canadian HR Reporter,* July 7, 2009. Reprinted by permission of Canadian HR Reporter. ©Copyright Thomson Reuters Canada Ltd., (2012) Toronto. Ontario. 1-800-387-5164. Web: www.hrreporter.com

Chapter

1. Human resources management (HRM) refers to the management of people in organizations. Strategic HRM involves linking HRM with strategic goals and objectives to improve business performance. In more and more firms, HR professionals are becoming strategic partners in strategy formulation and execution.

2. The two major stages in the evolution of management thinking about workers were (1) scientific management, which focused on production, and (2) the human resources movement, in which it was recognized that organizational success is linked to operational and strategic management of labour.

3. Core roles HR professionals must fulfill today include the roles of talent manager, culture/change steward, strategic architect, operational executor, business ally, and credible activist. These roles are shared with managers and executives in the organization, with HR professionals often assuming roles of advisers or subject matter experts.

4. Activities of employee management, empowerment, training, and guidance are often shared between managers in the organization (executive and line managers) and HR professionals. Therefore, managers, executives,

and HR personnel are all influential in effective human resources management.

5. Hinnaft^kaU'dtdsoWtiiEitisilare now being seen as falling into two categories. The first is the traditional operational (administrative) category, where HR hires and maintains employees and then manages employee separations. The second is the more recent strategic category, where HR is focused on ensuring that the organization is staffed with the most effective human capital to achieve its strategic goals.

6. A number of external factors have an impact on HRM, including economic factors, labour market issues, technology, government, globalization, and environmental concerns.

7. There are numerous professional designations that will boost a career trajectory in human resources. The most basic of these is the Canadian Human Resources Professional (CHRP). However, additional designations exist that are important and may be influential in building expertise and careers in management or human resources management.

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Key TERMS

Baby Boomers *(p. 12)*
balanced scorecard *(p. 10)*
certification *(p. 18)*
change agents *(p. 8)*
contingent/non-standard workers *(p. 14)*
employee engagement *(p. 6)*
empowerment *{p. 17)*
environmental scanning *(p. 8)*
Generation X *(p. 13)*
Generation Y *(p. 13)*
globalization *(p. IS)*
human capital *(p. 2)*
human resources management (HRM) *(p. 2)*

human resources movement *(p. 3)*
metrics *(p. 9)*
organizational climate *(p. 17)*
organizational culture *(p. 17)*
outsourcing *(p. 4)*
primary sector *(p. 11)*
productivity *(p. 11)*
scientific management *(p. 3)*
secondary sector *(p. 11)*
strategy *(p. 8)*
tertiary or service sector *(p. 11)*
Traditionalists *(p. 12)*

Review and Discussion QUESTIONS

1. Describe the transformation that HR underwent over the years. Discuss how changes in internal and external factors contributed to the evolution in HR.

2. Describe the role of HR in strategy formulation and strategy implementation.

3. Describe how the external environment influences HR.

4. Differentiate between organizational culture and organizational climate.

5. Describe the multiple jurisdictions related to employment legislation affecting HRM in Canada.

6. Discuss the six core competencies required of HR professionals. Identify how these competencies are also embedded in the roles of line managers, senior managers, and C-level executives in an organization.

Explain how HR has become professionalized and describe the value of this professionalization.

Critical Thinking

1. Explain how demographics and workforce diversity have had an impact on the organization in which you are working or one in which you have worked. What policies or practices did managers or HR in the organization have in place to help assist with the management of a diverse internal labour force?

2. Explain how changing economic and competitive pressures have had an impact on the organization in which you are working or one in which you have worked. How has your business responded to these pressures?

3. A firm has requested your assistance in ensuring that its multigenerational workforce functions effectively as a team. What strategies or programs would you recommend? Why?

4. Choose a non-HR role you have had in your previous jobs. Identify how you used the core competencies of HR professionals in that role and how it affected your job performance.

Experiential

1. Working alone or with a small group of classmates, interview an HR manager and prepare a short essay regarding his or her role in strategy formulation and implementation.

2. Review job ads for five senior HR roles on job posting websites or corporate websites. Identify common competencies required for those roles as per the ads. Contrast these required competencies (both implied and explicit) with the core HR professional competencies highlighted in this chapter. Discuss the most consistently required competency and the impact of that competency on organizational success.

3. Review job ads for five executive roles (such as CEO, vice-president, or president) on job posting websites or corporate websites. Identify common competencies required for those roles as per the ads. Contrast these required competencies (both implied and explicit) with the core HR professional competencies highlighted in this chapter. Discuss the most consistently required competency and how it is important in non-HR roles.

4. According to a 2011 study of the world's most attractive firms (released by Universum), the top 10 employers for career seekers with a business background were (in priority order): Google, KPMG, PricewaterhouseCoopers, Ernst &C Young, Deloitte, Microsoft, Procter 8c Gamble, J.P. Morgan, Apple, and Goldman Sachs. In groups, review the company websites of these organizations to determine the corporate strategy, objectives, and markets that these organizations target. As a team, discuss the similarities and differences among the strategies, objectives, and markets of these 10 employers. Explain how these factors might affect Generation Y perceiving these companies as desirable employers.

5. Using the sample balanced scorecard template provided by your professor, in pairs develop a balanced scorecard measure for a hypothetical company in the retail urban clothing sector. This company has many stores in large and small cities in Ontario and Quebec. Be sure to take into consideration current economic conditions as you develop your measures.

   Exchange your completed set of measures with another pair. Compare and contrast your measures. Is one set "better" than the other? Why or why not? Debrief as instructed.

Running

Introduction

The main theme of this book is that HRM—activities like recruiting, selecting, training, and rewarding employees—is not just the job of a central HR group, but rather one in which every manager must engage. Perhaps nowhere is this more apparent than in the typical small service business, where the owner-manager usually has no HR staff to rely on. However, the success of such an enterprise often depends largely on the effectiveness with which workers are recruited, hired, trained, evaluated, and rewarded. To help illustrate and emphasize the front-line manager's HR role, throughout this book we will use a continuing ("running") case based on an actual small business in Ottawa's high-tech region. Each segment will illustrate how the case's main players—owner-managers Jennifer Lau and Pierre LeBlanc—confront and solve HRM problems each day by applying the concepts and techniques presented in that particular chapter. Here is some background information you'll need to answer questions that arise in subsequent chapters.

LcarnlnMotion.com: A Profile

Jennifer and Pierre graduated from university as business majors in June 2008 and got the idea for LearnInMotion.com as a result of a project they worked on together their last semester in their entrepreneurship class. The professor had divided the students into two- or three-person teams and asked them to "create a business plan for a high-tech company." The idea the two came up with was LearnlnMotion. com. The basic idea of the website was to list a vast array of web-based, CD-ROM-based, or textbook-based continuing education-type business courses for working people who wanted to take a course from the comfort of their own homes. Users could come to the website to find and then take a course in one of several ways. Some courses could be completed interactively on the web via the site; others were in a form that was downloadable directly to the user's computer; others (which were either textbook or CD-ROM—based) could be ordered and delivered (in several major metropolitan areas) by independent contractor delivery people. Their business mission was "to provide work-related learning when, where, and how you need it. "

Based on their research, they knew the market for work-related learning was booming. At the same time, professional development activities like these were increasingly Internet-based. Tens of thousands of on- and offline training firms, universities, associations, and other content providers were trying to reach their target customers via the Internet. Jennifer and Pierre understandably thought they were in the right place at the right time.

Jennifer's father had some unused loft space in Kanata, Ontario, so with about $45 000 of accumulated savings, Jennifer and Pierre incorporated and were in business. They retained the services of an independent programmer and hired two people—a web designer to create the graphics for the site (which would then be programmed by the programmer) and a content manager whose job was to enter information onto the site as it came in from content providers. By the end of 2008, they also completed upgrading their business plan into a form they could show to prospective venture capitalists. They sent the first version to three Canadian venture capitalists. Then they waited.

And then they waited some more. They never heard back from the first three venture capitalists, so they sent their plan to five more. They still got no response. But Pierre and Jennifer pressed on. By day they called customers to get people to place ads on their site, to get content providers to list their available courses, and to get someone—anyone—to deliver textbook- and CD-ROM-based courses, as needed, across Canada. By' May 2009 they had about 30 content providers offering courses and content through LearnhiMotion.com. hi the summer, they got their first serious nibble from a venture capital firm. They negotiated with this company through much of the summer, came to terms in the early fall, and closed the deal—getting just over $1 million in venture funding—in November 2009.

After a stunning total of $75 000 in legal fees (they had to pay' both their firm's and the venture capital firm's lawyers to navigate the voluminous disclosure documents and agreements), they had just over $900 000 to spend. The funding, according to the business plan, was to go toward accomplishing five

main goals: redesigning and expanding the website; hiring about seven more employees; moving to a large office designing and implementing a personal information manager (PIM)/calendar (users and content providers could use the calendar to interactively keep track of their personal and business schedules); and last but not least, driving up sales. LearnlnMotion was off and running.

QUESTIONS

1 What is human resources management and does it have a role to play in this organization? If so, in what ways specifically?

2 What environmental influences will affect the role that human resources management could play within this organization?

Case INCIDENT

Jack Nelson's Problem

As a new member of the board of directors for a local bank, Jack Nelson was being introduced to all the employees in the home office. When he was introduced to Ruth Johnson he was curious about her work and asked her what the machine she was using did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had only been working there for two months. She did, however, know precisely how to operate the machine. According to her supervisor, she was an excellent employee.

At one of the branch offices, the supervisor in charge spoke to Nelson confidentially, telling him that "something was wrong," but she didn't know what. For one thing, she explained, employee turnover was too high, and no sooner had one employee been put on the job than another one resigned. With customers to see and loans to be made, she continued, she had little time to work with the new employees as they came and went.

All branch supervisors hired their own employees without communication with the home office or other branches. When an opening developed, the supervisor tried to find a suitable employee to replace the worker who had quit.

After touring the 22 branches and finding similar problems in many of them, Nelson wondered what the home office should do or what action he should take. The banking firm was generally regarded as a well-run institution that had grown from 27 to 191 employees in the past eight years. The more he thought about the matter, the more puzzled Nelson became. He couldn't quite put his finger on the problem, and he didn't know whether to report his findings to the president.

QUESTIONS

1 What do you think is causing some of the problems in the bank's branches?

2 Do you think setting up an HR unit in the main office would help?

3 What specific functions should an HR unit carry out? What HR functions would then be carried out by supervisors and other line managers? What role should the Internet play in the new HR organization?

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