

Strategies, Trends, and Opportunities for Human Resource Management

WHAT DO I NEED TO KNOW?

After reading this chapter, you should be able to:

- LO1** Define human resource management and explain how HRM contributes to and supports an organization's strategies and performance.
- LO2** Summarize competencies, careers, professional accreditation, and ethics in human resource management.
- LO3** Explain the role of supervisors and managers in human resource management.
- LO4** Describe trends in the composition and expectations of the labour force.
- LO5** Discuss how technology is impacting human resource management.



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"We're Shopify. Our mission is to make commerce better for everyone—but we're not the workplace for everyone. We thrive on change, operate on trust, and leverage the diverse perspectives of people on our team in everything we do. We solve problems at a rapid pace. In short, we get shit done." In 2004, Shopify consisted of two people working from a coffee shop; today, Shopify has more than 3,000 employees serving 600,000 merchants around the world and has been rated as Canada's Best Place to Work.¹

Earning a Reputation as a Great Employer

What do Shopify, Simon Fraser University, Aboriginal Peoples Television Network Inc. (APTN), PCL Construction, Government of Yukon, Labatt Breweries of Canada, and Google have in common? They have all been recently recognized as excellent employers with progressive human resource management practices.²

The list of employment awards is growing, raising the bar on what it takes to attract, retain, and engage top talent. As labour markets become increasingly competitive, human resources professionals are being called upon to provide people management practices that not only support the organization's priorities but also provide for competitive success in a global marketplace. Organizations strive to create an employment brand that attracts top talent and earns a reputation as a great place to work.

Headquartered in Ottawa, e-commerce software solutions and web builder Shopify has been rated as the best place to work in Canada by Glassdoor and was recently ranked third of global tech employers by Hired.com—just behind SpaceX and Google, but ahead of Tesla, Netflix, and Facebook. Setting Shopify apart, according to Hired.com, were company culture, opportunities to learn new skills, and compensation and benefits. Anna Lambert, Shopify's director of talent acquisition, describes Shopify's focus on culture: "We're purposeful and intentional in everything we do, from the physical spaces we design, to our focus on continuous learning and development, to our 'default to open' approach to information sharing. The 'trust battery' is central to our culture." Trust battery is a metaphor critical to understanding the high-performance culture and employee experience at Shopify. CEO Tobi Lütke explains, "It's charged at 50 percent when people are first hired. And then every time you work with someone at the company, the trust battery between the two of you is

either charged or discharged, based on things like whether you deliver on what you promise." "We trust our people and we give them the space to make their own decisions, champion their own work, and challenge the status quo. We're building an environment where employees can do their life's work," Lambert adds.³

Introduction

Organizations of all sizes and in all industries are increasingly recognizing the importance of people. "This is a time of rapid change in the market—a time when Canadian organizations are constantly trying to keep pace and remain competitive. In today's knowledge-based economy, we rely on people to generate, develop, and implement ideas"⁴ and the "human resource function has an important role in ensuring that organizations have the people capacity to execute strategic objectives."⁵

Human resource management (HRM) centres on the practices, policies, and systems that influence employees' behaviours, attitudes, and performance. Many companies refer to HRM as "people practices." Figure 1.1 emphasizes there are several important HRM practices that should support the organization's business strategy: analyzing work and designing jobs, determining how many employees with specific knowledge and skills are needed (workforce planning), attracting potential employees (recruiting), choosing employees (selection), preparing employees to perform their jobs now and for the future (training, learning, and development), supporting performance (performance management), compensating and rewarding employees (total rewards), and creating a positive work environment (employee and labour relations). An organization performs best when all of these

human resource management (HRM) The practices, policies, and systems that influence employees' behaviours, attitudes, and performance.

FIGURE 1.1

Human Resource Management Practices



practices are managed well. At companies with effective HRM, employees and customers tend to be more satisfied, and the companies tend to be more innovative, have greater productivity, and develop a more favourable reputation in the community.⁶

In this chapter, we introduce the scope of human resource management, including the ways HRM facilitates and supports organizational strategy. We begin by discussing why human resource management is an essential element of an organization's success. We then turn to the elements of managing human resources and the roles and capabilities needed for effective human resource management. Next, the chapter describes how all supervisors and managers, not just human resources professionals, participate in the functions and processes of human resource management. We then provide an overview of careers in human resource management and the highlights of practices covered in the remainder of the book. The chapter concludes by discussing a variety of trends and developments that impact organizations and HRM.

Human Resources and Organizational Performance

Managers and economists traditionally have seen human resource management as a necessary expense, rather than as a source of value to their organizations. Economic value is usually associated with *capital*—cash, equipment, technology, and facilities. However, “in the changing corporate environment, more and more organizations are awakening to the importance of human capital as the next competitive advantage.”⁷ A barrier to business expansion is not only availability of financial capital but also access to talent—that is, human capital. In summary, people are

crucial to organizational success and the human and intellectual capital of an organization's workforce provides an opportunity for substantial competitive advantage. “As the ‘resident people experts,’ HR leaders are ideally suited to advise their organization on the best means for realizing their objectives.”⁸ Decisions such as whom to hire, what to pay, what training to offer, and how to evaluate employee performance directly affect employees' motivation, engagement, and ability to provide goods and services that customers value. Companies that attempt to increase their competitiveness by investing in technology and promoting quality throughout the organization also invest in state-of-the-art staffing, training, and compensation practices.⁹ These types of practices indicate that employees are viewed as valuable investments.¹⁰

The concept of “human resource management” implies that employees are *resources* of the employer. As a type of resource, **human capital** means the organization's employees, described in terms of their training, experience, judgment, intelligence, relationships, and insight—the employee characteristics that can add

human capital
An organization's employees, described in terms of their training, experience, judgment, intelligence, relationships, and insight.

economic value to the organization. In other words, whether it assembles vehicles or forecasts the weather, for an organization to succeed at what it does, it needs employees with certain qualities, such as particular kinds of skills and experience. This view means employees in today's organizations are not interchangeable, easily replaced parts of a system, but the source of the company's success or failure. By influencing *who* works for the organization and *how* people work, human resource management contributes to fundamental measures of an organization's success such as quality, profitability, and customer experience. Figure 1.2 shows this relationship.

FIGURE 1.2

Impact of Human Resource Management



Did You Know?



Engaged and Enabled Employees Deliver Organizational Results

Comparing companies where employees are highly engaged (commitment and discretionary effort) and highly enabled (optimized roles and

supportive environment) with low-engagement, low-enablement companies, the HayGroup found significant performance differences.

Revenue Growth



Source: HayGroup (www.haygroup.com), "Are You Missing Something? Engaging and Enabling Employees for Success," www.haygroup.com/downloads/ca/hay_group_employee_engagement_are_you_missing_something.pdf, retrieved January 5, 2015.

Human resource management is critical to the success of organizations, because human capital has certain qualities that make it valuable. In terms of business strategy, an organization can succeed if it has a *sustainable competitive advantage* (is better than competitors at something, and can hold that advantage over a sustained period of time). Therefore, we can conclude that organizations need the kind of resources that will give them such an advantage. Human resources have these necessary qualities:

- Human resources are *valuable*. High-quality employees provide a needed service as they perform many critical functions.
- Human resources are *rare* in the sense that a person with high levels of the needed skills and knowledge is not common. An organization might spend months looking for a talented and experienced manager or technician.
- Human resources *cannot be imitated*. To imitate human resources at a high-performing competitor, you would have to figure out which employees are providing the advantage and how. Then you would have to recruit people who can do precisely the same thing and set up the systems that enable those people to imitate your competitor.
- Human resources have *no good substitutes*. When people are well trained and highly motivated, they learn, develop their abilities, and care about customers. It is difficult to imagine another resource that can match committed and talented employees.

These qualities imply that human resources have enormous potential. As demonstrated in the Did You Know? box, an organization realizes this potential through the ways it practises human resource management.

To benefit from the full capacity and potential of an organization's human resources, an organization should support a culture and management style that focuses on enhancing employee engagement. **Employee engagement** refers to the degree to which employees are fully involved in their work and the strength of their commitment to their job and the organization.¹¹

employee engagement
Degree to which employees are fully involved in their work and the strength of their commitment to their job and the organization

How do we know if an employee is engaged? Engaged employees are passionate about their work, are committed to the company and its mission, and work hard to contribute. Employees' engagement is influenced by *how* managers treat employees as well as HR practices. Aon's 2018 Trends in Global Employee Engagement report reveals that, in Canada, engagement is 69 percent for all employees, which is 5 percent higher than the United States (64 percent), but significantly trails Latin America (75 percent). Globally, 27 percent of employees are highly engaged, 38 percent are moderately engaged, 21 percent are passive, and 14 percent are actively disengaged. Additional perspectives about employee engagement and its employee experience drivers will be explored in this chapter and in Chapter 11.¹²

What Are the Responsibilities of HR Departments?

In all but the smallest organizations, a human resource department is responsible for the functions of human resource management. On average, an organization has approximately one full-time HR position for every 100 employees on the payroll.¹³ One way to define the responsibilities of HR departments is to think of HR as a business within the organization with three product lines:¹⁴

1. **Administrative services and transactions**—Handling administrative tasks (for example, processing tuition reimbursement applications and responding to questions about benefits) efficiently and with a commitment to quality. This requires expertise in the particular tasks.
2. **Business partner services**—Developing effective HR systems that help the organization meet its goals for attracting, keeping, and developing people with

the skills it needs. For the systems to be effective, HR professionals must understand the business so they can understand what the business needs.

3. **Strategic partner**—Contributing to the company's strategy through an understanding of its existing and needed human resources and ways HR practices can give the company a competitive advantage. For strategic ideas to be effective, HR professionals must understand the business, its industry, and its competitors.

Another way to think of HR responsibilities is in terms of specific activities. Table 1.1 details the responsibilities of human resource departments. These responsibilities include the practices introduced in Figure 1.1 plus additional two areas of accountability that support those practices: (1) establishing and administering human resource policies, ensuring compliance with legal requirements, and implementing and maintaining HR technology, and (2) support for strategy.

TABLE 1.1

Responsibilities of HR Departments

Function	Responsibilities
Analysis and design of work	Workflow analysis; job analysis; job design; job descriptions; job specifications
Workforce planning	Labour demand and supply forecasts; labour surplus and shortage projections; succession planning
Recruitment and selection	Recruiting; testing; screening; interviewing; background checking
Training, learning, and development	Needs assessment; learning methodologies; program design, delivery, and evaluation; career management systems; onboarding
Performance management	Organizational framework and criteria; goal setting, appraisal, feedback, and performance improvement tools and processes
Total rewards	Compensation plans; incentive programs; employee benefits and services; retirement plans; payroll
Employee and labour relations	Satisfaction and engagement surveys; communications; employee handbooks; labour relations
HR policies	Policy development and implementation
Employee data and information systems	HR information systems, people (human capital) analytics, record keeping
Compliance with laws	Policies and practices to ensure appropriate behaviour; reporting
Strategy	Advisor to senior management/board; change management

Sources: Bureau of Labor Statistics, "Human Resources Managers," Occupational Outlook Handbook 2016–2017, March 9, 2016, <http://www.bls.gov/ooh/>; Canadian Council of Human Resources Associations National Standards for Human Resources Professionals, www.cchra-caarh.ca/en/phasesreport/, retrieved March 22, 2004; SHRM-BNA Survey No. 66, "Policy and Practice Forum: Human Resource Activities, Budgets, and Staffs, 2000-2001," Bulletin to Management, Bureau of National Affairs Policy and Practice Series (Washington, DC: Bureau of National Affairs, June 28, 2001).

Although the human resource department has responsibility for these areas, many of the requirements are performed by supervisors or others inside or outside the organization. No two human resource departments have precisely the same roles, because of differences in organization size and characteristics of the workforce, the industry, and management's values. In some organizations, the HR department handles all the activities listed in Table 1.1. In others, it may share the roles and duties with managers and supervisors of other departments such as finance, operations, or information technology. In some companies, the HR department actively advises top management. In others, the department responds to top-level management decisions and implements staffing, training, and rewards activities in light of company strategy and policies. And, in a recent trend, some companies are doing away with their HR departments altogether, preferring to flatten their organizational structure and to encourage departmental managers and other employees to handle HR issues as they arise.¹⁵

The structure and responsibilities of HR departments are likely to continue to change in the future to ensure that they remain strategic. Many companies, including Airbnb, are beginning to recognize that providing a positive **employee experience** is critical for keeping employees engaged and committed to the company. Employee experience refers to the “set of perceptions that employees have about their experiences at work in response to their interactions with the organization.”¹⁶ This encompasses all of the elements that influence an employee's perception of the work environment and becomes an important focus for the employee's entire “journey”—from the person's very first contact with a potential employer through retirement and even beyond. Organizational culture is a vital part of the employee experience that is evidenced through HR functions and how they are carried out.¹⁷

To enhance the employee experience, Airbnb combined three separate HR groups (Talent, Recruiting, and Ground Control) into one group. Airbnb's top HR officer's title is chief employee experience officer (CEEO). At Airbnb, HR involves marketing, communications, real estate, and social responsibility, in addition to traditional functions. The CEEO's responsibilities go beyond more traditional HR functions such as talent management and compensation to include workplace design and facilities, global citizenship, and the network of community managers who interact daily with Airbnb employees. For example, Airbnb's airy, open workplace includes small lockers for employees to charge their devices, which provides more room for a conference room, couches, nap

spaces, communal tables, and small spaces for employees to have conversations with their peers. Numerous cafés are available where employees can eat or collaborate on projects. HR also encourages employees to give back to the communities where Airbnb operates by encouraging four hours a month of individual volunteering as well as by participating in larger events such as painting an outreach centre or cooking meals for hospital patients' families.¹⁸

Let's take an overview of the HR functions and some of the options available for carrying them out. Human resource management involves both the selection of which options to use and the activities related to implementation. Later chapters will explore each function in greater detail.

Analyzing and Designing Jobs

To produce their given product or service (or set of products or services), companies require that a number of tasks be performed. The tasks are grouped in various combinations to form jobs. Ideally, the tasks should be grouped in ways that help the organization to operate efficiently and to obtain people with the right qualifications to do the jobs well. This function involves the activities of job analysis and job design. **Job analysis** is the process of getting detailed information about jobs. **Job design** is the process of defining the way work will be performed and the tasks that a given job requires.

employee experience

Set of perceptions that employees have about their experiences at work in response to their interactions with the organization.

job analysis

The process of getting detailed information about jobs.

job design

The process of defining the way work will be performed and the tasks that a given job requires.

Workforce Planning

Workforce planning, identifying the numbers and types of employees the organization will require in order to meet its objectives, is an “important tool for Canadian organizations seeking to stay competitive in an environment dominated by rapid and unprecedented change.”¹⁹ The human resource department helps the organization forecast its needs for hiring, training, and reassigning employees. Workforce planning also may show that the organization will need fewer employees to meet anticipated needs. In that situation, workforce planning includes how to handle or avoid layoffs. At the most basic level, workforce planning takes an immediate ad hoc focus of “hiring as needed”; however, a strategic approach includes developing alternative plans for multiple business scenarios.²⁰

workforce planning

Identifying the numbers and types of employees the organization will require to meet its objectives.

Recruiting and Hiring Employees

Recruitment is the process through which the organization seeks applicants for potential employment. **Selection** refers to the process by which the organization attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the organization achieve its goals. An organization makes selection decisions in order to add employees to its workforce, as well as to transfer existing employees to new positions.

Approaches to recruiting and selection involve a variety of alternatives. Some organizations may actively recruit from many external sources using job postings on their corporate websites, social media, and campus recruiting events. Other organizations may rely heavily on internal job postings, counting on the availability of current employees with the necessary skills.

At some organizations, the selection process may focus on specific skills, such as experience with a particular technology or type of equipment. At others, selection may focus on general abilities, such as the ability to work as part of a team or find creative solutions. The focus an organization favours will affect many choices, from the way the organization assesses skills, to the questions it asks in interviews, to the sources it uses to attract candidates. Table 1.2 lists the top five skills/qualities that employers say they are looking for in job candidates.

TABLE 1.2

Top Skills/Qualities Employers Look for in Employees

1. Verbal communication skills
2. Teamwork skills
3. Decision making, problem solving
4. Planning, prioritizing tasks
5. Gathering/processing information

Source: Based on National Association of Colleges and Employers, "Employers Say Verbal Communication Most Important Candidate Skill," news release, March 1, 2016, <http://www.naceweb.org>.

recruitment

The process through which the organization seeks applicants for potential employment.

selection

The process by which the organization attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the organization achieve its goals.

Training, Learning, and Development

Although organizations base hiring decisions on candidates' existing qualifications, most organizations provide ways for their employees to engage in learning to reinforce, broaden, or deepen their knowledge, skills, and abilities. To do this, organizations provide for employee training, learning, and development. **Training** is a planned effort to enable employees to learn job-related knowledge, skills, and behaviours. For example, many organizations offer safety training to teach employees safe work habits.

Development involves acquiring knowledge, skills, and behaviour that improve employees' ability to meet the challenges of a variety of new or existing jobs, including preparing employees to work in diverse work teams. Development programs often focus on preparing employees for leadership responsibilities.

training

A planned effort to enable employees to learn job-related knowledge, skills, and behaviours.

development

The acquisition of knowledge, skills, and behaviours that improve an employee's ability to meet the challenges of a variety of new or existing jobs.

Performance Management

Managing human resources includes assessing how well employees are performing relative to objectives such as job descriptions and goals for a particular position. The process of ensuring that employees' activities and outputs match the organization's goals is called **performance management**. The activities of performance management include specifying the tasks and outcomes of a job that contribute to the organization's success; providing timely feedback and coaching; and comparing the employee's actual performance and behaviours over some time period with the desired performance and behaviours. Often, rewards—the topic of the next section—are developed to encourage good performance.

performance management

The process of ensuring that employees' activities and outputs match the organization's goals.

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Total Rewards

The pay and benefits that employees earn play an important role in motivation. This is especially true when rewards such as bonuses are linked to the individual's or team's performance. Decisions about pay and benefits can also support other aspects of an organization's strategy. For example, a company that wants to provide an exceptional level of service or be exceptionally innovative might pay significantly more than competitors in order to attract and keep the best employees. At other companies, a low-cost

strategy requires knowledge of industry norms, so that the company does not spend more than market rates of pay for similar positions. Planning pay and benefits involves many decisions, often complex and based on knowledge of a multitude of legal requirements. An important decision is how much to offer in salary or wages, as opposed to bonuses, commissions, and other performance-related pay. Other decisions involve which benefits to offer, from retirement plans to various kinds of insurance to other more intangible rewards such as opportunities for learning and personal growth. All such decisions have implications for the organization's bottom line, as well as for employee motivation.

Administering pay and benefits is another big responsibility. Organizations need systems for keeping track of each employee's earnings and benefits. Employees need information about their health plans, retirement plan, and other benefits. Keeping track of this involves extensive record keeping and reporting to management, employees, and others, while ensuring compliance with all applicable legislation.

Maintaining Positive Employee and Labour Relations

Organizations often depend on human resources professionals to help them identify and perform many of the responsibilities related to providing satisfying and engaging work environments and maintaining positive relations with employees. This function often includes providing for communications to employees including maintaining a website on the organization's intranet. The human resource department can also expect to handle certain kinds of communications from individual employees. Employees turn to the HR department for answers to questions about benefits and company policy. If employees feel they have been treated unfairly, see safety hazards, or have other issues and are dissatisfied with their supervisor's response, they may turn to the HR department for help. Members of the department should be prepared to address such issues.

In organizations where employees belong to a union, labour relations entails additional responsibilities. The organization periodically conducts collective bargaining to negotiate an employment contract with union members. The HR department also maintains communication with union representatives to ensure that issues are resolved as they arise.

Establishing and Administering Human Resource Policies

All the human resource activities described so far require fair and consistent decisions, and most require substantial record keeping. Organizations depend on their HR department to help establish policies related to hiring, discipline, promotions, benefits, and the other activities of

human resource management. For example, with a policy in place about acceptable use of company-provided vehicles, the company can handle inappropriate vehicle use more fairly and consistently than if it addressed such incidents on a case-by-case basis. The company depends on its HR professionals to help develop and then communicate the policy to every employee, so that everyone knows its importance. Developing fair and effective policies requires strong decision-making skills, the ability to think ethically, and a broad understanding of business activities that will be covered by the policies. Therefore, human resource management requires the ability to communicate through a variety of channels; for example, presentations and social media.

Managing and Using Human Resource Data

All aspects of human resource management require careful and discreet record keeping, from screening job applications, to performance appraisals, benefits enrolment, and government-mandated reports. Handling records about employees requires accuracy as well as sensitivity to employee privacy. Whether the organization keeps records in file cabinets or on a sophisticated information system, it must have methods for ensuring accuracy and for balancing privacy concerns with easy accesses for those who need information and are authorized to see it.

The role of HRM in administration is decreasing as technology is used for many administrative purposes, such as managing employee records and allowing employees to get information about and enrol in training, benefits, and other programs. The availability of the Internet has decreased the HRM role in maintaining records and providing self-service to employees.²¹

Self-service refers to providing employees online access to, or apps that provide, information about HRM such as training, benefits, compensation, and contracts; enrolling online in programs and services; and completing online surveys. The shift to self-service means that HR can focus more time on consulting with managers on important employee issues and less time on day-to-day transactional tasks.

Thanks to technology, employee-related information is not just an administrative responsibility; it also can be the basis for knowledge that gives organizations an edge over their competitors. Data about employees can show, for example, which of the company's talent has the most promise for future leadership, what kinds of employees tend to perform best in particular

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HR How-To



Making Analytics Useful and Relevant

HR professionals skilled in analyzing data are in demand today. But sophisticated analysis is not of much value if the results don't point to actions that will improve an organization's performance. Therefore, HR professionals also must recognize which analytics will be useful and relevant. The following guidelines can help:

- Find out what performance measures the organization's managers care about. Learn what questions they are asking. Gather data related to those metrics, and explain how the analysis is relevant to managers' priorities.
- Express a performance metric as an equation showing the steps or variables that determine the metric. Then express each step or variable as its own equation. Keep breaking down the process or relationship until you have a set of simple equations showing what the organization must focus on in order to improve the original metric.
- Keep up with the research in business and human behaviour. It can provide insights for making realistic interpretations of how variables might be related. It can also suggest what kinds of data to *stop* collecting because they don't really predict anything or if there is risk that individuals' data privacy rights may be violated.
- Be open to working with service providers that specialize in analyzing data about human resources. They can help ensure that methods are rigorous.
- Make sure to "tell a story" when sharing the results. Providing a strategic summary in the form of a narrative that builds a story and includes visual data increases the likelihood that leaders can use the results for decision making and create value for the organization.

Sources: Rachel Ramosa, "Confused by analytics? Take Pfizer's prescription," *HRD HRTech News*, May 18, 2018, www.hrtechnologynews.com; Jane Cooper and Shannon Jackson, "Scaling the Wall: From HR Metrics to Evidence-Based Analytics," Ottawa: The Conference Board of Canada, 2018, p. 13; Mark Berry, "How to Fail at HR Analytics in Seven Easy Steps," *HR Magazine*, December 2015, <https://www.shrm.org>; Jeanne G. Harris, "Critical Evaluation: Put Your Analytics into Action," *HR Magazine*, December 2015, <https://www.shrm.org>; Tomas Chamorro-Premuzic, "Wise Words: Think Again—HR versus the 'Leadership BS' Movement," *Management Today*, November 1, 2015, Business Insights: Global, <http://bi.galegroup.com>; Martin Berman-Gorvine, "HR Metrics Should Be Relevant, Broken into Manageable Pieces," *HR Focus*, August 2015, pp. 1–2; John Scorza, "Business as Unusual," *HR Magazine*, June 2015, <https://www.shrm.org>.

positions, and which high-performing employees are most at risk to leave the organization. To use the data for answering questions such as these, many organizations have set up human resource information systems, including predictive capabilities. They may engage in **people (human capital) analytics**, which is the use of quantitative tools and scientific methods to analyze data from human resource databases and other sources to make evidence-based decisions that support business goals. For ideas on how to make analytics relevant to business goals, see the HR How-To box. Later in the chapter, we will also explore evidence-based HRM in more detail.

people (human capital) analytics

The use of quantitative tools and scientific methods to analyze data from human resource databases and other sources to make evidence-based decisions that support business goals.

Ensuring Compliance with Federal and Provincial/Territorial Legislation

As we will discuss in later chapters, especially in Chapter 2, governments have many laws and regulations concerning the treatment of employees. These laws govern matters such as human rights, employment equity, employee safety and health, employee compensation and benefits, and employee privacy. Most managers depend on human resources professionals to help them keep up to date and on track with these requirements. Ensuring compliance with laws requires that human resources professionals keep watch over a rapidly changing legal landscape. For example, the increased use of and access to electronic databases by employees and employers suggest that legislation may be needed to protect employee privacy rights and the recent legalization of

cannabis for recreational use has far-reaching implications for Canadian workplaces. And, as the age of the workforce increases, as described later in this chapter, the number of cases dealing with age discrimination in layoffs, promotions, and benefits will likely rise. Employers will need to review recruitment practices and performance evaluation systems, revising them if necessary to ensure that they do not discriminate on the basis of age.

Focus on Strategy

Traditional management thinking treated human resource management primarily as an administrative function, but managers today are beginning to see a more central role for HRM. They are looking at HRM as a means to support and shape the organization's strategy—its plan for meeting broad goals such as profitability, quality, market share, and innovation. This strategic role for HRM has evolved gradually. At many organizations, managers still

treat HR professionals primarily as experts in designing and delivering HR processes (see the HR Oops! box). But at a growing number of organizations, HR professionals are strategic partners with other managers.

As a result, today's HR professionals need to have a well-internalized comprehension of the organization's business operations, project how business trends might affect the business, reinforce positive aspects of the organization's culture, develop talent for present and future needs, craft effective HR strategies, and make a case for them to top management. Evidence for greater involvement in strategy comes from interviews with finance and HR executives who say they are more interested than ever in collaborating to strengthen their companies.²² Finance leaders can see that employees are a major budget item, so they want to make sure they are getting the best value for that expense. HR leaders, for their part, are learning to appreciate the importance of using quantitative tools to measure performance.

HR Oops!



Out-of-Focus HRM

In an international survey by Deloitte, only 4 percent of mid- and top-level managers outside the HR department rated their company's human resource programs as excellent. Another 24 percent say the performance is good. That leaves more than 7 out of 10 who consider the performance just adequate or worse. Their colleagues in the HR department tend to agree, with just 5 percent rating their department's performance as excellent and 34 percent calling it good.

What is going wrong? The analysts at Deloitte see the problem as a failure to align HR work with the company's strategy. Many managers and employees in these departments are sticking to their old, familiar roles as specialists in particular functions. Departments are spending more on technology but underinvesting in improvements to their people (through hiring, training, and development) and processes.

For this situation to improve, HR managers and employees need to educate themselves about

the business, so they understand how they can contribute to solving business problems. HR professionals who want to take a leadership role may even plan career paths in which they take a turn in line management, responsible for sales or production, so they have a fuller picture of what makes the company tick.

Questions

1. Imagine that you work for a manufacturing company where the HR department's performance on providing the necessary talent is just "adequate." From a business standpoint, what might be the consequences of this less-than-excellent performance?
2. Imagine you lead the HR department in that same manufacturing company. What is one step you could take to improve your department's performance?

Sources: David J. DeFilippo, "HR Will Seat You Now," *Chief Learning Officer*, February 2016, pp. 41–43; Martin Berman-Gorvine, "Less than Half of HR Leaders Rate Their Programs as 'Good' or 'Excellent,'" *HR Focus*, April 2015, pp. 1–3; Josh Bersin, Dimple Agarwal, Bill Pelster, and Jeff Schwartz, introduction to *Global Human Capital Trends 2015: Leading in the New World of Work* (Westlake, TX: Deloitte University Press, 2015), <http://www2.deloitte.com>.

Workforce planning provides important information for **talent management**—a systematic, planned effort to train, develop, and engage the performance of highly skilled employees and managers. Approaching these accountabilities in terms of talent management is one way HR professionals are making the link to organizational strategy.

talent management

A systematic, planned effort to train, develop, and engage the performance of highly skilled employees and managers.

Organizations do this, for example, when they integrate all the activities involved in talent management with each other and with the organization's other processes to provide the skills the organization needs to pursue its strategy. An integrated approach to talent management includes acquiring talent (recruiting and selection); providing the right opportunities for training, learning, and development; measuring performance; and creating the compensation plans that reward the needed behaviours. To choose the right talent, provide the right training, and so on, HR professionals need to be in ongoing close contact with the members of the organization who need the talent. And when the organization modifies its strategy, HR professionals are part of the planning process so they can modify talent management efforts to support the revised strategy.

HR professionals can support such efforts even in small companies, which often have a human resource department of one. In these situations, the company depends on that one person to understand both HRM principles and the ways they can help the business perform better. Consultant Lori Kleiman urges the one-person HR department to make a point of showing up at business meetings with business-focused data and ideas.²³

Evidence-based HRM

As part of its strategic role, one of the key contributions HR can make is to engage in evidence-based HRM. **Evidence-based HRM** refers to demonstrating that human resource practices have a positive influence on the company's profits or key stakeholders (employees, customers, community, shareholders). This practice helps show that the resources invested in HR programs are justified and that HR is contributing to the company's goals and objectives. For example, data collected on the relationship between HR practices and productivity, turnover, workplace injuries, and employee engagement may show that HR functions are as important to the business as finance, accounting, and marketing.

As discussed earlier in the chapter, evidence-based HRM increasingly relies upon people (human capital)

evidence-based HRM

Collecting and using data to show that human resource practices have a positive influence on the company's bottom line or key stakeholders.

analytics. **Big data** refers to information merged from HR databases, corporate financial statements, employee surveys, and other data sources to make evidence-based HR decisions and show that HR practices have an impact on business strategy.²⁴ Companies are increasingly becoming “data-enabled” by using people (human capital) analytics to analyze data to drive organizational effectiveness and improve HR practices.²⁵ Google was one of the first companies to use analytics to make people decisions by creating algorithms to predict which job candidates were most likely to succeed. It also produced algorithms to review applications that were rejected. This helped Google hire engineers who its normal application screening process would have missed. A food and beverage company uses analytics to link HR data and organizational data to explore the causes of front-line employee turnover; it turned out it was shift scheduling, not the physical demands as assumed. This company also uses data to determine which universities provide the top candidates.²⁶

big data Information merged from HR databases, corporate financial statements, employee surveys, and other data sources to make evidence-based HR decisions.

Change and Sustainability Requires Agility

Often, an organization's strategy requires some type of change—for example, adding, moving, or closing facilities, applying new technology, or entering markets in other regions or countries. Common reactions to change include fear, anger, and confusion. The organization may turn to its human resource department for help in managing the change process. Skilled human resources professionals can apply knowledge of human behaviour, along with performance management tools, to help the organization manage change constructively.

Another strategic challenge tackled by a growing number of companies is how to seek profits in ways that communities, customers, and suppliers will support over the long run. This concern is called **sustainability**—broadly defined as an organization's ability to profit without depleting its resources, including employees, natural resources, and the support of the surrounding community. Success at sustainability comes from meeting the needs of the organization's **stakeholders**, all the parties that have an interest in the company's success.

sustainability

An organization's ability to profit without depleting its resources, including employees, natural resources, and the support of the surrounding community.

stakeholders

The parties with an interest in the company's success (typically, shareholders, the community, customers, and employees).

Typically, an organization's stakeholders include shareholders, the community, customers, and employees. Sustainable organizations meet their needs by minimizing their environmental impact, providing high-quality products and services, ensuring workplace health and safety, offering fair compensation, and delivering an adequate return to investors. Sustainability delivers a strategic advantage when it boosts the organization's image with customers, opens access to new markets, and helps attract and retain talented employees. In an organization with a sustainable strategy, HR departments focus on employee development and empowerment rather than short-term costs; on long-term planning rather than smooth turnover and outsourcing; and on justice and fairness over short-term profits.²⁷

Organizational agility is the "ability of a firm to sense and respond to the environment by intentionally changing."²⁸ Today's turbulent business environment includes conditions such as rapidly changing customer preferences and options and complex problems with unknown solutions. These conditions necessitate creativity and collaboration. Organizations such as Amazon, Spotify, Google, and Netflix have distinguished themselves as particularly successful in being "born agile" and or with the ability to "agile at scale" by balancing organizational strategy and structure to achieve innovation and high-performance.²⁹ At the Bank of Montreal (BMO), the shift to "agile" started with cross-functional product-development teams working to enhance customer experience. "Speed is the new business currency," states Lynn Roger, BMO's chief transformation officer.³⁰

organizational agility Ability of a firm to sense and respond to the environment by intentionally changing.

The specific ways in which human resources professionals support the organization's strategy vary according to their level of involvement and the nature of the strategy. Strategic issues include emphasis on innovation and decisions about growth. Human resource management can support these strategies, including efforts such as attracting and retaining critical talent, productivity improvement, mergers and acquisitions, and restructuring. For example, a decision to use outsourcing can make an organization more efficient but can also give rise to many human resource challenges. Global expansion similarly presents a wide variety of HRM challenges and opportunities. In an agile organization, HR needs to provide the same services it's always provided—attracting and hiring, training and development, performance management, compensation and rewards—but in ways that are responsive to the ongoing changes in the culture and work style of the organization. For example, at BMO, performance management has shifted to include a focus on teams, rather than just individuals. And at ING, the HR team played a major role in understanding both the skills and mindset needed by a software-based company building agility to renew new

processes. HR at ING led a process that required its almost 3,500 head office employees to re-interview for their own jobs. The impact was staggering—40 percent of these employees moved to new positions or left the company.³¹

Productivity Improvement

To compete in today's global economy, companies need to enhance productivity. The relationship between an organization's outputs (products, information, or services) and its inputs (e.g., people, facilities, equipment, data, and materials) is referred to as **productivity**. Canada's record of productivity growth has chronically underperformed the United States over the past two decades. The Conference Board of Canada reported results of a productivity model simulation to establish how much better off Canada would be if its labour productivity growth had kept up with the United States during the past 20 years. The simulation revealed that if Canada's productivity had kept pace with the United States, per capita personal disposable income would have been \$7,500 higher, corporate profits would have been 40 percent higher, and federal government revenues would have been more than 30 percent higher.³²

productivity

The relationship between an organization's outputs (products, information, or services) and its inputs (e.g., people, facilities, equipment, data, and materials).

The Business Development Bank of Canada (BDC) explains the gap in productivity between Canada and the United States is mainly attributable to two factors:³³

- Canada's GDP (Gross Domestic Product) is more heavily weighted to small and medium-sized businesses than the United States. Fifty-three percent of Canada's GDP comes from small and medium-sized businesses vs. 46 percent in the United States.
- Canada's small and medium-sized businesses are less productive than their U.S. counterparts. U.S. small and medium-sized businesses are 67 percent as productive as large businesses; however, Canadian small and medium-sized businesses are only 47 percent as productive as large businesses.

The main strategy for improving productivity, as identified in a recent survey of private Canadian companies, was to provide better training for employees. Additional HR contributions to productivity improvement include supporting an organization's managers in measuring and benchmarking productivity as well as playing a necessary role in assessing applications and investments in information and communications technology.³⁴

Mergers and Acquisitions

Often, organizations join forces through mergers (two companies becoming one) and acquisitions (one company

buying another). Some mergers and acquisitions result in consolidation within an industry, meaning that two firms in one industry join to hold a greater share of the industry. Other mergers and acquisitions cross industry lines, disrupting traditional organizations and industries. For example, when Amazon acquired Whole Foods in 2017, it was estimated that \$22 billion of share value was lost from grocery industry stocks overnight.³⁵

HR should have a significant role in carrying out a merger or acquisition. Differences between the businesses involved in the deal make conflict inevitable. Training efforts should therefore include development of skills in collaboration and conflict resolution. Also, HR professionals have to sort out differences in the two companies' practices with regard to total rewards, performance management, and other HR systems. Establishing a consistent structure to meet the combined organization's goals may help to bring employees together.

Non-traditional Employment and the Gig Economy

More companies are moving away from the traditional employment model based on full-time workers to increasingly rely on non-traditional employment. **Non-traditional employment** includes the use of independent contractors, freelancers, on-call workers, temporary workers, and contract company workers. According to a recent study from Randstad Canada, non-traditional workers currently make up 20 to 30 percent of the workforce and this number is expected to rise in the next decade.³⁶ Companies that rely primarily on non-traditional employment to meet service and product demands are competing in the *gig economy*.³⁷

non-traditional employment
Includes the use of independent contractors, freelancers, on-call workers, temporary workers, and contract company workers.

What does non-traditional employment look like? Often, a website or mobile app is used to assign work, and the worker sets their own schedule. Because these workers do not work for a company, they do not have income taxes or other employment deductions such as employment insurance withheld from their earnings, they do not have to receive minimum wage or overtime pay, and they are not eligible for employer-provided benefits. Uber and Lyft are examples of companies that rely on the gig economy. Non-traditional employment has benefits and disadvantages for both individuals and employers.³⁸

Non-traditional employment can benefit both individuals and employers. More and more individuals don't want to be attached to any one company. They want the flexibility to work when and where they choose or they may already be working full or part-time and want or need a "side hustle" for extra income or to pursue a passion. Others may want to work fewer hours

to better balance work and family responsibilities. From the company perspective, flexibility is provided through the ability to add and release talent as needed; however, the organization's leaders and managers are likely to require additional development and executive coaching to develop skills to work effectively with on-demand workers who may be highly skilled, experienced, and educated, and have many options in the job market.³⁹

Outsourcing

Many organizations are increasingly outsourcing and offshoring business activities. **Outsourcing** refers to the practice of having another company (a vendor, third-party provider, or consultant) provide services. For instance, a manufacturing company might outsource its accounting and

outsourcing
The practice of having another company (a vendor, third-party provider, or consultant) provide services.

transportation functions to businesses that specialize in these activities. Outsourcing gives the company access to in-depth expertise and is often more economical as well. In addition to manufacturing, software development and support, as well as call centre operations, are other functions typically considered for outsourcing.

Not only do HR departments help with a transition to outsourcing, but many HR functions are being outsourced. Outsourcing initially focused on routine transactions such as payroll processing and on complex technical specialties such as managing retirement accounts and global relocation. Today's outsourcing is moving more into areas that automate processes and support decision making. For example, outsourcing the recruitment process could allow HR professionals to use data to figure out how to build a pipeline for the right kinds of talent. Providers of benefits administration help companies set up enrolment and training via online platforms that employees—especially younger ones—have come to expect. Small companies sometimes outsource most of their HR work. Benefits Canada reports that 59 percent of Canadian employers outsourced some or all HR services and another 10 percent plan to do so within two years.⁴⁰

Expanding into Global Markets

Companies are finding that to survive and prosper they must compete in international markets as well as fend off foreign competitors' attempts to gain ground in Canada. To meet these challenges, Canadian businesses must develop global markets, keep up with global competition, hire from an international labour pool, and prepare employees for global assignments. This global expansion can pose some challenges for human resource management as HR employees learn about the cultural differences that shape the expectations and behaviours of employees in other parts of the world.

Companies that are successful and widely admired not only operate on a multinational scale, but also have workforces and corporate cultures that reflect their global markets. Yum Brands was quick to seize on the potential of China's massive population: in 1987, its KFC restaurants became the first fast-food chain to enter China, and in 1990 its Pizza Hut brand became the first pizza chain there. Today the company has more than 6,000 restaurants in the country with plans to open hundreds more. More than half the company's sales are made in China. Behind the success of this overseas expansion is a willingness to adapt menus to local tastes and develop local management talent.⁴¹

The Global Workforce

Talent comes from a global workforce. Organizations with international operations hire at least some of their employees in the countries where they operate. In fact, regardless of where their customers are located, organizations are looking globally to hire talented people (who may be willing to work for less pay than the Canadian labour market requires). The efforts to hire workers in other countries are common enough that they have spurred the creation of a popular term for the practice: **offshoring**. Just a few years ago, most offshoring involved big manufacturers building factories in countries with lower labour costs. But it has become so easy to send information and software around the world that even start-ups have joined the offshoring movement.

Hiring in developing nations such as India, Mexico, and Brazil gives employers access to people with educational achievements and

offshoring
Moving operations from the country where a company is headquartered to a company where pay rates are lower but the necessary skills are available.

potential who are eager to work yet who will accept lower wages than elsewhere in the world. Challenges, however, may include employees' lack of familiarity with corporate practices, as well as political and economic instability in the areas. Important issues that HR experts can help companies weigh include whether workers in the offshore locations can provide the same or better skills, how offshoring will affect motivation and recruitment of employees needed in Canada, and whether managers are well prepared to manage and lead offshore employees.

Even hiring at home may involve selection of employees from other countries. The 21st century, like the beginning of the previous century, has seen significant immigration. Figure 1.3 shows the distribution of immigration by continent of origin. Canada's foreign-born population accounts for one in five of Canada's total population—the highest proportion in almost a century.⁴² The impact of immigration is especially significant in some regions of Canada. The vast majority of the foreign-born population lives in Ontario, British Columbia, Quebec, and Alberta—particularly in Toronto, Montreal, and Vancouver.⁴³ Statistics Canada projects that by 2031, nearly one-half (46 percent) of Canadians aged 15 and over will be foreign-born or have at least one foreign-born parent.⁴⁴

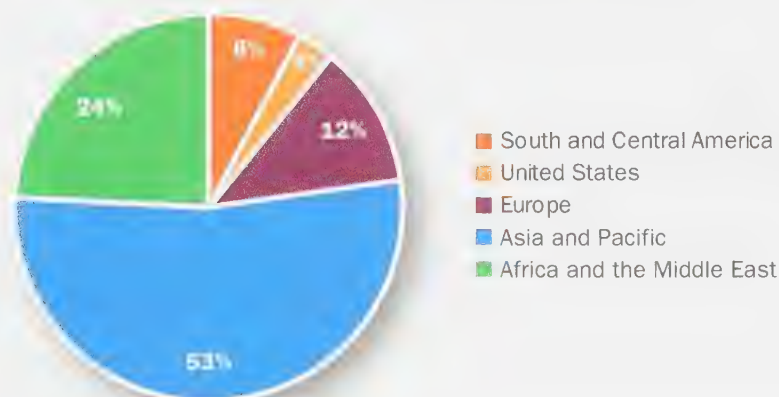
International Assignments

Besides hiring an international workforce, organizations must be prepared to send employees to other countries. This requires HR expertise in selecting employees for international assignments and preparing them for those assignments. Employees who take assignments in other countries are called **expatriates**.

expatriates
Employees who take assignments in other countries.

FIGURE 1.3

Where Do Immigrants (Permanent Residents) to Canada Come From?



Source: Facts and Figures 2015, Immigration Overview, Permanent Residents Annual IRCC Updates, Government of Canada, Canada Permanent Residents by Age and Source Area, 2015, <https://open.canada.ca/data/en/dataset/2fbb56bd-eae7-4582-af7d-a197d185fc93>, retrieved June 19, 2018.

Canadian companies must prepare employees to work in other countries. Canadian companies must carefully select employees to work globally on the basis of their ability to understand and respect the cultural and business norms of the host country. Qualified candidates also need language skills and technical ability. In Chapter 10, we discuss cross-cultural training practices.

What Competencies Do HR Professionals Need?

With such varied responsibilities, human resources professionals need to bring together a large pool of competencies. The Human Resources Professionals Association's (HRPA) *Professional Competency Framework* consists of nine functional areas, groupings, and underlying competencies as shown in Figure 1.4.

1. **Strategy**—a cluster of competencies related to the ability to think and act strategically in regards to organizations, business, and the HR function.
2. **Professional Practices**—a cluster of competencies related to the ability to conduct oneself in a professional manner and to exhibit high levels of professionalism in all contexts and situations.
3. **Organizational Effectiveness**—a cluster of competencies related to using the levers available to HR professionals to maximize the performance of organizations, teams, and individuals within the context of executing the organization's strategy.
4. **Workforce Planning and Talent Management**—a cluster of competencies related to the recruitment and deployment of human resources within an organization.
5. **Labour and Employee Relations**—a cluster of competencies related to managing the relationships between employer and employees.
6. **Total Rewards**—a cluster of competencies related to the management of rewards within an organization in a manner that maximally supports the execution of organizational strategy.
7. **Learning and Development**—a cluster of competencies related to the optimization of the ability of the organization, teams, and individuals to acquire and put to use new competencies.
8. **Health, Wellness, and Safe Workplace**—a cluster of competencies related to the creation and maintenance of healthy and safe workplaces.
9. **HR Metrics, Reporting, and Financial Management**—a cluster of competencies related to the ability to collect, manage, and synthesize information relevant to the management of human resources and the ability to incorporate financial analysis in the making of decisions about HR investments.

FIGURE 1.4

HR Competency Framework—Functional Competencies (HRPA)



Source: "Human Resources Professionals Competency Framework," Human Resources Professionals Association (HRPA), 2014, <https://www.hrpa.ca>, accessed June 19, 2018.

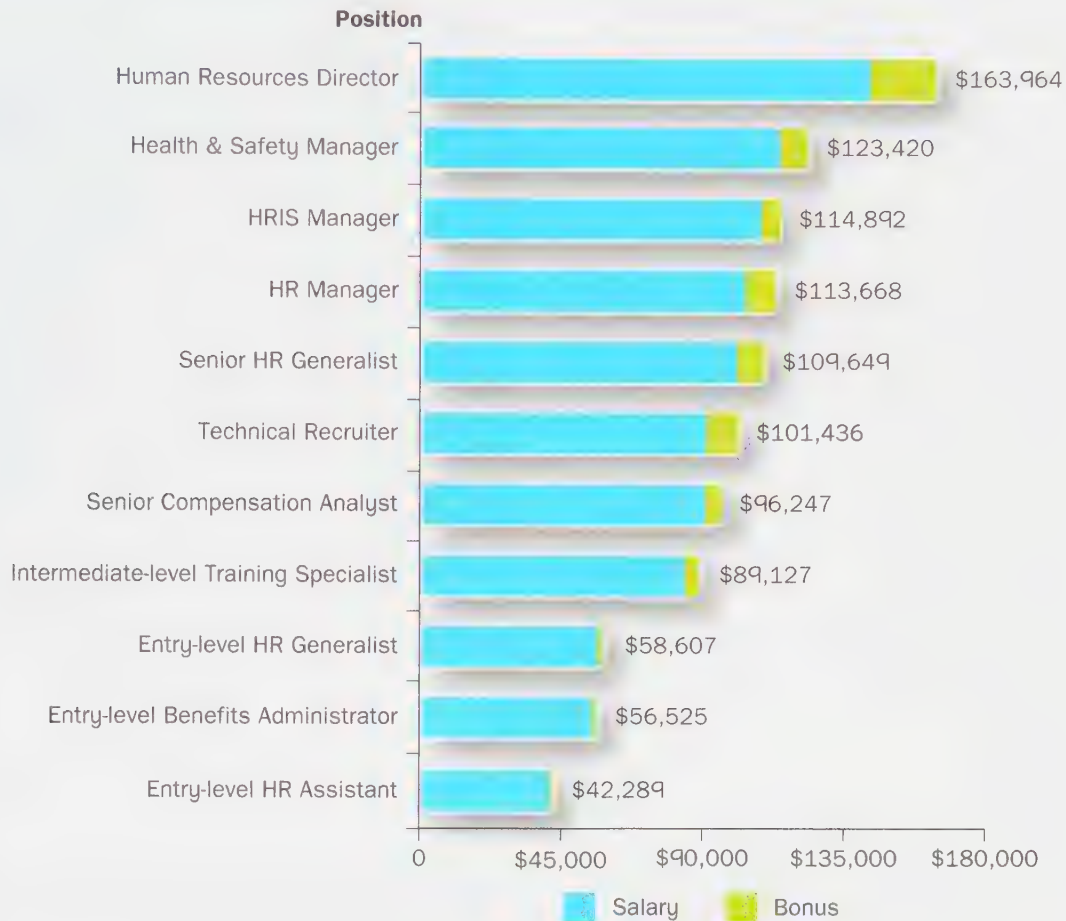
HRPA's HR Competency Framework provides definitions and specifics and is further supported by identification of *enabling competencies* organized into individual, team, and organizational categories. For example, individual skills include⁴⁵:

- critical thinking and analysis
- technological savvy
- research skills
- quantitative skills
- critical legal thinking.

All of the provincial and territorial HR Associations, except Ontario, are affiliated with CPHR Canada. All of the CPHR Canada affiliate HR associations have a substantially similar (but not identical) competency framework to the HRPA's competency framework.

Careers in Human Resource Management

There are many different types of jobs in the HRM profession. Figure 1.5. shows selected HRM positions and their median salaries and bonuses. The salaries vary according to education and experience, as well as the type of industry in which the person works.

FIGURE 1.5**Median Salary and Median Salary + Bonus for HRM Positions (Toronto, Ontario)**

Source: Data from Salary Wizard Canada, Salary.com, http://swz.salary.com/CanadaSalaryWizard/layouts/scripts/cswzl_newsearch.aspx, accessed January 7, 2015.

As you can see from Figure 1.5, some positions involve work in specialized areas of HRM such as benefits administration, training, or compensation. Other positions call for generalists to perform a full range of HRM activities, including recruiting, training, compensation, and employee relations. The vast majority of HRM professionals have a university or college degree, and many also have completed postgraduate work. The typical field of study is business (especially human resources or industrial relations), but some HRM professionals have degrees in the social sciences (economics or psychology), the humanities, and law programs. Those who have completed graduate work have master's degrees in HR management, business management, or a similar field. This is important because to be successful in HR you need to speak the same language as people in the other business functions.

You have to have credibility as a business leader, so you must be able to understand finance and to build a business case for HR activities.

HR Professional Designations

The CPHR (Chartered Professional in Human Resources) designation is the designation that recognizes achievement and capability for HR professionals in all provinces and territories, except Ontario. Note: In Quebec and in New Brunswick this designation is translated as CRHA. CPHR Canada represents 27,000 members across nine provinces and three territories in Canada. CPHR certification requirements include educational requirements (a minimum of a bachelor's degree in any discipline), assessed

proficiency in human resources knowledge—National Knowledge Exam® (NKE), professional experience, and membership in a provincial/territorial HR Association. In Ontario, the Human Resources Professionals Association (HRPA) has a tiered certification framework with three designations and associated requirements.⁴⁶

- **Entry designation:** CHRP (Certified Human Resources Professional)
- **Professional designation:** CHRL (Certified Human Resources Leader)
- **Executive designation:** CHRE (Certified Human Resources Executive).

Table 1.3 summarizes the HR designations by province and territory including their relevant HR Professional Association. Developments are underway across Canada to move the HR profession from an unregulated profession to a self-regulated profession.

Ethics in Human Resource Management

Whenever people's actions affect one another, ethical issues arise, and business decisions are no exception.

Ethics refers to fundamental principles of right and wrong; ethical behaviour is behaviour that is consistent with those principles.

ethics The fundamental principles of right and wrong.

Business decisions, including HRM decisions, should be ethical, but the evidence suggests that is not always what happens. Recent surveys indicate that the general public and managers do not have positive perceptions of the ethical conduct of businesses. For example, in a Gallup poll on honesty and ethics in 21 professions, only 17 percent of respondents rated business executives high or very high; close to twice as many rated them low or very low. And within organizations, a recent survey of workers found that 45 percent had witnessed some form of unethical conduct at their workplace.⁴⁷ Table 1.4 provides brief overview excerpts from CPHR Canada's "Code of Ethics and Rules of Professional Conduct" to provide a glimpse into the standards for professional and ethical conduct of HR professionals.⁴⁸ Detailed requirements for each of the four fundamental duties are provided in the complete document available on CPHR Canada's website.

To explore how ethical principles apply to a variety of decisions, we will highlight ethical dilemmas in HRM practices throughout the book in the "Thinking Ethically" features positioned at the end of each chapter.

TABLE 1.3

HR Associations and Designations

Province/Territory	HR Association	Designation(s)	
British Columbia and Yukon	CPHR BC & Yukon	CPHR	https://cphrbc.ca
Alberta, Nunavut, and Northwest Territories	CPHR Alberta	CPHR	www.cphrab.ca
Saskatchewan	CPHR Saskatchewan	CPHR	www.cphrsk.ca
Manitoba	CPHR Manitoba	CPHR	www.cphrmb.ca
Ontario	Human Resources Professionals Association (HRPA)	CHRP, CHRL, CHRE	www.hrpa.ca
Québec	CRHA Ordre des conseillers en ressources humaines agréés	CRHA	www.portailrh.org
New Brunswick/Nouveaux-Brunswick	CPHR New Brunswick	CPHR/CRHA	www.cphrnb.ca
Nova Scotia	CPHR Nova Scotia	CPHR	https://cphrns.site-ym.com
Prince Edward Island	CPHR Prince Edward Island	CPHR	www.cphrpei.ca
Newfoundland and Labrador	CPHR Newfoundland & Labrador	CPHR	https://cphrnl.ca

TABLE 1.4

CPHR Canada's Code of Ethics and Rules of Professional Conduct (Overview)

Duties to the Public

- Members have a duty to discharge all of their Professional responsibilities honourably, competently and with integrity.

Duties to the Profession

- Members have a duty to protect and promote the Profession and to cooperate with the Association.

Duties to Clients and Employers

- Members have a duty to act in the best interest of their clients and employers.

Duties to Individuals

- Members must at all times act in a manner that advances the principles of health and safety, human rights, equity, dignity, and overall well-being in the workplace.

Source: "Code of Ethics and Rules of Professional Conduct," Chartered Professionals in Human Resources in Canada, 2016, <https://cphr.ca/wp-content/uploads/2017/01/2016-Code-of-Ethics-CPHR-2.pdf>, accessed June 19, 2018.

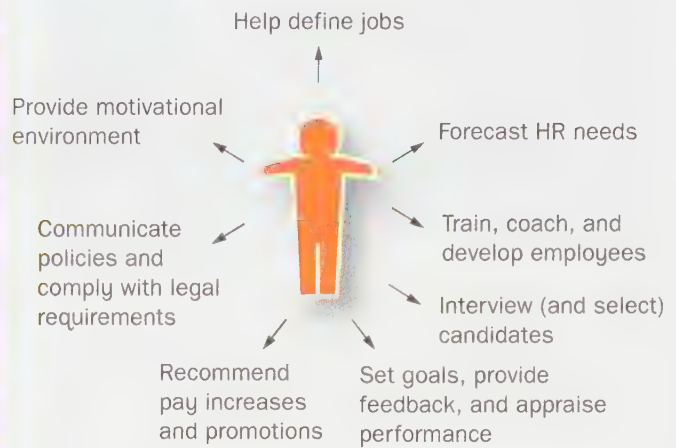
What Are the HR Responsibilities of Supervisors and Managers?

Although many organizations have human resource departments with specialists responsible for developing effective HR practices, *implementation* of these practices ultimately resides with the organization's supervisors and managers. HR practices will have little impact on performance if managers and supervisors are unable—or unwilling—to implement them. When an organization's culture, norms, and attitudes are supportive of HR practices, supervisors and managers are more likely to make efforts to effectively implement HR practices.⁴⁹

Figure 1.6 shows some HR responsibilities that supervisors and managers are likely to have. Organizations depend on supervisors and managers to help them determine what kinds of work need to be done (job analysis and design) and in what quantities (workforce planning). Supervisors and managers typically interview job candidates and participate in the decisions about which candidates to hire. Many organizations expect supervisors to play a key role in onboarding and to train employees in some or all aspects of the employees' jobs. Supervisors work with employees to set goals, provide performance feedback and coaching, and appraise performance, and

FIGURE 1.6

Typical Areas of Involvement of Supervisors and Managers in HRM



Source: Based on National Association of Colleges and Employers, "Employers Say Verbal Communication Most Important Candidate Skill," news release, March 1, 2016, <http://www.nacweb.org>.

may recommend pay increases. And, of course, supervisors and managers play a key role in employee relations, because they are most often the voice of management for their employees, representing the company on a day-to-day basis. In all of these activities, supervisors and managers can participate in HRM by taking into consideration how decisions and policies will affect their employees. Understanding the principles of communication, motivation, and other elements of human behaviour can help supervisors and managers engage and inspire the best from the organization's human resources.

How Is the Labour Force Changing?

The *labour force* is a general way to refer to all the people willing and able to work. For an organization, the **internal labour force** consists of the organization's workers—its employees and the people who work at the organization. This internal labour force is drawn from the organization's **external labour market**, that is, individuals who are actively seeking employment. The number and kinds of people in the external labour market determine the kinds of human resources available to an organization (and their cost). Human resources

internal labour force

An organization's workers (its employees and the people who work at the organization).

external labour market

Individuals who are actively seeking employment.



Sean Zaffino, Steam Whistle Brewing

Adrian Joseph (in photo), a Sri Lankan immigrant with a strong financial and accounting background, lacked Canadian work experience but was hired as CFO (chief financial officer) by Toronto's Steam Whistle Brewing only three weeks after his arrival in Canada.

professionals need to be aware of trends in the composition of the external labour market, because these trends affect the organization's options for creating a well-skilled, motivated internal labour force.

Aging of the Workforce

Canada's labour force is aging—quickly. From 2016 to 2026, the only growing age group in the labour force is expected to be workers 55 years and older. The 15–24 and 25–54-year-old groups' share of the total workforce are expected to decrease between 2016 and 2026. By 2026, 4 in 10 working-age Canadians could be aged 55+, representing a steep increase from 30 percent in 2007 and an average of 25 percent during the 1990s. There are fewer

people entering the labour force than are exiting it—in 2016, there were 4.4 million people aged 15 to 24 in the Canadian population and 4.9 million people aged 55 to 64. This means there is a widening gap between the number of younger people entering the labour force and the number of people preparing to exit the labour market. The ratio of people aged 15–24 years to people 55–64 was 0.9 in 2016—below replacement. In contrast, in 1976 there were 2.4 people aged 15–24 years for each person aged 55 to 64. This ratio has trended downward for several decades, but actually dipped below 1.0 for the first time in 2013. This trend is expected to continue over the next two decades.⁵⁰

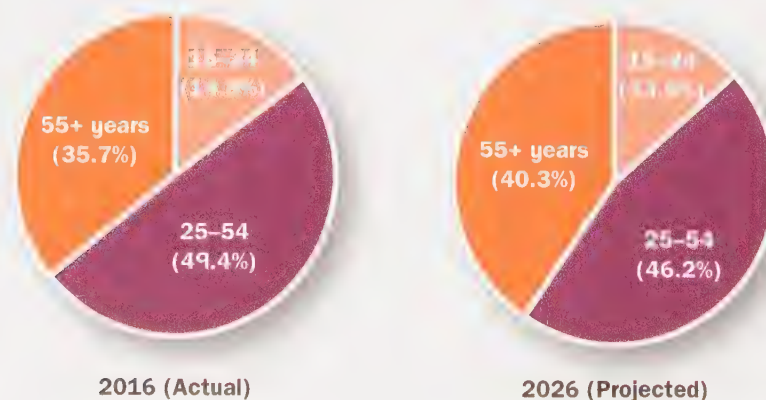
Figure 1.7 shows the change in age labour force representation from 2016 (Actual) to 2026 (Projected).

Today's older generations include many people who are in no hurry to retire. They may enjoy making a contribution at work, have ambitious plans for which they want to earn money, have good health, and/or be among the many who have mortgage debt, family responsibilities, or inadequate savings for full retirement. Gallup recently reported that almost three-quarters of people plan to keep working in some capacity past the age of 65—a significant increase from 1995 when only 14 percent of people said they planned to keep working past the age of 65.⁵¹

Despite myths to the contrary, worker performance and learning are not adversely affected by aging.⁵² Older employees are willing and able to learn new technology. An emerging trend is for qualified older workers to ask to work part time or for only a few months at a time as a means to transition to retirement. Employees and companies are redefining the meaning of retirement to include second careers as well as part-time and temporary work assignments. An aging workforce means that employers will increasingly face HRM issues such as

FIGURE 1.7

Age Distribution of the Canadian Labour Force 2016 (Actual) and 2026 (Projected)



Note: Percentages may not add up to 100 due to rounding

Source: Andrew Fields, Sharanjit Uppal, and Sébastien LaRoche-Côté, "The impact of aging on labour market participation rates: Chart 1 - Distribution of working-age population, by age group, 1976-2016," *Statistics Canada*, June 14, 2017, <https://www150.statcan.gc.ca/n1/pub/75-006-x/2017001/article/14826-eng.htm>, accessed June 21, 2018.

career plateauing, retirement planning, and retraining older workers to avoid skill obsolescence. Companies will struggle with how to control the rising costs of benefits and health care. Companies face competing challenges with older workers. Companies will have to ensure that older workers are not discriminated against in hiring, training, and workforce reduction decisions. At the same time, companies will want to encourage retirement and make it financially and psychologically acceptable.

A Multi-generational Workforce

Because employees are working longer, the workforce now has five generations, each one with unique characteristics as well as similarities. Table 1.5 shows the year born and the familiar name(s) for each generation. Consider some of the attributes that are believed to characterize each generation.⁵³ Generation Z, born after 1995, have started to graduate from university and college and are becoming the newest “faces” in organizations. This generation doesn’t know a time before the Internet or smartphones and are even more attached to their devices for learning and connecting with others than are Millennials. Generation Z may be more entrepreneurial than other generations and more interested in meaningful work than money. With Baby Boomers retiring, this generation will have many job and career opportunities. Generation Z wants a work environment that provides in-the-moment communications and access to answers.

Millennials grew up with diversity in their schools and were coached, praised, and encouraged for participation rather than accomplishment by their Baby Boomer parents. Millennials are characterized as being optimistic, willing to work and learn, eager to please, self-reliant, globally aware, and valuing of diversity and teamwork. They are also believed to have high levels of self-esteem. Millennials are a highly educated and technologically connected group who approach the workplace with the mentality, “What’s

in it for me?” They are the generation most likely to switch jobs and be on the lookout for new opportunities. Millennials want to understand how they fit in with their jobs, teams, and companies. They look for work that fuels their sense of purpose and makes them feel important.

Generation X grew up during a time when the divorce rate doubled, the number of women working outside the home increased, and the personal computer was invented. They were often left on their own after school (latchkey kids). They value skepticism, informality, and practicality; seek work/life balance; and dislike close supervision. They tend to be impatient and cynical. Baby Boomers tend to value social conscientiousness and independence. They are competitive, hard working, and concerned with the fair treatment of all employees. They are often considered to be workaholics and rigid in conforming to rules. Traditionalists grew up during the Great Depression and lived during World War II. They tend to value frugality, are patriotic and loyal, adhere to rules, are loyal to employers, and take responsibility and sacrifice for the good of the company.

Members of each generation may have misperceptions of each other, causing tensions and misunderstanding in the workplace.⁵⁴ For example, Generation X leaders may become irritated by having to answer Generation Z employees’ questions about why they are expected to perform a job a certain way, and by their employees’ preference for instant feedback and praise when they complete work. Consequently, Millennials may think Generation X leaders are uninterested in them or are poor delegators. Millennials might believe that Baby Boomers are too rigid and follow company rules too closely. Employees in the older generations may be perceived to be too slow in adopting social media tools and overvalue tenure rather than knowledge and performance. Traditionalists and Baby Boomers may conclude that Millennials don’t have a strong work ethic because they are too concerned with work/life balance. Also, members of the younger generations may resent Baby Boomers and Traditionalists who are working longer before retiring, blocking promotions and career moves. Although generational differences likely exist, members of the same generation are no more alike than members of the same gender or race. This means that we need to be very cautious in attributing differences in employee behaviours and attitudes to generational differences or expecting all employees of a generation to have similar values. Research suggests that the generations of employees have similarities as well as differences.⁵⁵ For example, most employees view work as a means to more fully use their skills and abilities, meet their interests, and allow them to live a desirable lifestyle.

TABLE 1.5

Generations in the Workforce

Year Born	Generation
1925–1945	Traditionalists Silent Generation
1946–1964	Baby Boomers
1965–1980	Generation X
1981–1995	Millennials Generation Y
1996–2014	Generation Z

A Diverse Workforce

In addition to age, the Canadian population and labour force is also growing more diverse in other ways. Immigration is an important force in population and labour force growth

and diversity. For example, Statistics Canada recently stated that more than 250 ethnic origins were reported for the 2016 Census of Population question.⁵⁶ Statistics Canada also reported there are almost 1.7 million Indigenous people (Statistics Canada terminology is “Aboriginal”) in Canada (4.9 percent of the total Canadian population). Since 2006, the Indigenous population has grown by 42.5 percent—more than 4 times the growth rate of the non-Indigenous population over the same period. The Indigenous population is young—29.2 percent of First Nations and one-third (33 percent) of the Inuit population in 2016 were 14 years of age or younger in contrast to only 16.4 percent of the non-Indigenous population,⁵⁷ thus providing opportunities for a significant source of talent for the future.

According to a study by the Association for Canadian Studies, 80 percent of Canadians aged 18 to 24 describe their school or workplace as ethnically diverse. Jack Jedwab, the association’s executive director, says this diversity is helping to make Canadians among the world’s most tolerant people. The four-country survey also reveals that “the more diverse your workplace or school, the more accepting you will be of diversity in other areas of life, like the friends you choose and the neighbourhood you live in.”⁵⁸

“I think the main difference between us and some other Canadian companies is that when we look at a résumé, first of all we don’t put Canadian experience as a criteria,” says Cam Heaps, Steam Whistle co-founder. “We don’t discredit or put a lower value on a new Canadian’s résumé because their experience might have been outside of the country. Actually, we might put a bit of a premium on it because if anything it brings a fresh perspective. You’re tapping into a whole other strategy experience when you bring people in from different regions.”⁵⁹

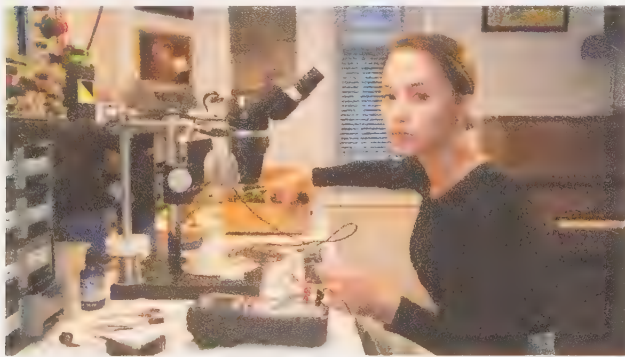


Photo: Don Chaput

It has been reported that Generation Z have a strong work ethic and want jobs with social impact. Ann Makosinski from Victoria, British Columbia, has achieved international fame for these characteristics. At the age of 15, Ann was the winner of Google’s Global Science Fair (open to students aged 13–18) for inventing a flashlight powered by the heat of the human hand. The invention was inspired by a friend from the Philippines who failed a grade because she was unable to study at night due to not having electricity. Makosinski has also been recognized in *Forbes*, *Time* magazine, and *BC Business* magazine’s “30 Under 30” and founded Makotronics Enterprises with her father. Ann is a student at the University of British Columbia (UBC), in Vancouver.⁶⁰

Business leaders increasingly recognize diversity as a competitive advantage that drives innovation, creativity, and creates conditions where employees’ potential can be fully utilized. However, the benefits of diversity are fully realized only when organizations intentionally engage all employees in a way that is authentically *inclusive*.⁶¹ Diversity and inclusion as well as the composition of Canada’s workforce in the context of the employment equity—designated groups—women, Aboriginal peoples, members of visible minorities, and persons with disabilities—will be explored in more detail in Chapter 2.

Throughout this book, we will show how diversity affects HRM practices. For example, from a talent acquisition perspective, it is important to ensure that methods used to attract and select employees are objective and unbiased. With regard to total rewards, organizations are providing benefits to accommodate the needs of a diverse workforce; for example, providing time off without loss of pay and benefits to deal with personal emergencies and to Indigenous employees for cultural events such as wakes or public duties such as Band Elections.⁶²

Shift to Knowledge Workers

The increasing use of computers to do routine tasks has shifted the kinds of skills needed. Qualities such as physical strength and mastery of a particular piece of machinery are no longer important for many jobs. More employers are looking for mathematical, verbal, and interpersonal skills, such as the ability to solve math or other problems or reach decisions as part of a team. Often, when organizations are looking for technical skills, they are looking for skills related to using technology. When employees lack advanced literacy and thinking skills, they may be unable to perform their jobs competently and will experience difficulty adjusting to changes in the workplace.⁶³ Today’s employees must be able to handle a variety of responsibilities, interact with customers, and think creatively.

These types of employees, **knowledge workers**, are employees whose main contribution to the company is specialized knowledge such as knowledge of customers, a process, or a profession. Employees cannot simply be ordered to perform tasks; they must share knowledge and collaborate on solutions. Knowledge workers contribute specialized knowledge that their managers may not have, such as information about

customers. Managers depend on them to share information. Knowledge workers have many job opportunities. If they choose, they can leave a company and take their knowledge to a competitor. Knowledge workers are in demand because companies need their skills and jobs requiring them are growing.

knowledge workers

Employees whose main contribution to the company is specialized knowledge such as knowledge of customers, a process, or a profession.

To find such employees, many organizations are looking for educational achievements. A college diploma, university degree, or skilled trades certificate is a basic requirement for many jobs today. Competition for qualified college, university, and skilled trades graduates in many fields is intense. At the other extreme, workers with less education often have to settle for low-paying jobs. Some companies are unable to find qualified employees and instead rely on training and re-skilling to address skill gaps.⁶⁴

Increasing Levels of Education

The educational attainment of Canada's labour force is increasing—almost 1 in 3 people in Canada's labour force had a university degree or higher in 2018, up from approximately 1 in 4 people in 2008 and less than 1 in 5 in 1998. See Figure 1.8.

In a survey conducted for a TD Bank Financial Group paper, economists Craig Alexander and Eric Lascalle examined the work of a dozen researchers to discover the rate of return of postsecondary education. The rate of return was calculated using the present-value difference between the lifetime earnings of a postsecondary graduate and those of a high-school graduate, factoring in the cost of tuition, academic fees, and lost earnings while students were in school. Annual rates of return for a university degree ranged from 12 percent to 17 percent for men and 16 percent to 20 percent for women.⁶⁵

Competing through Technology

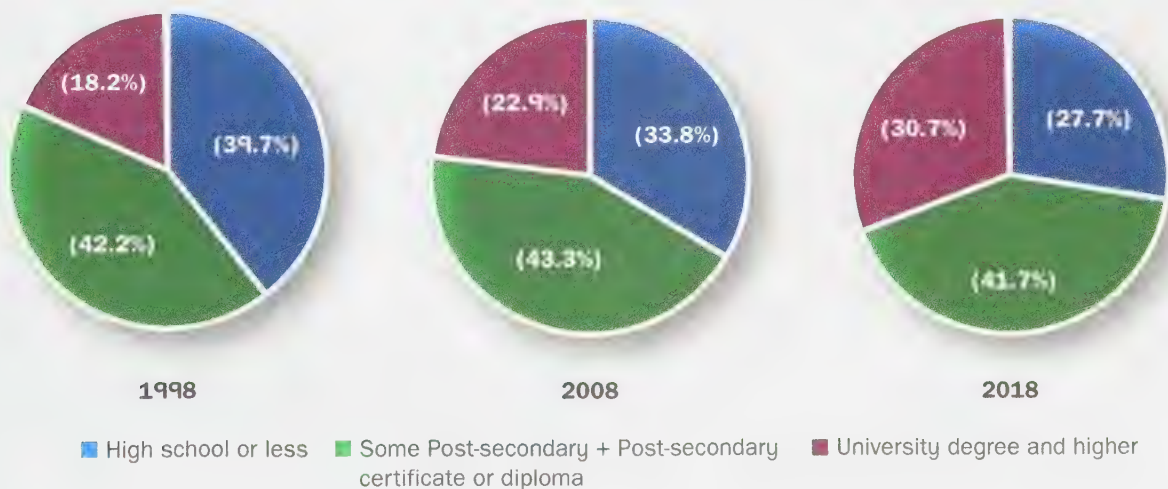
Technology has reshaped the way we play, shop, communicate, and live and work. According to Chandran Fernando, managing director of Matrix360, “We need to realize that, at the end of the day, technology is not at the centre of the universe—people are.”⁶⁶ Bill Morrow, with Deloitte's Human Capital Trends, describes the opportunity as, “How do we augment human abilities with technology? If we have technology augmenting what a person is doing, you're actually making that person superhuman.”⁶⁷ Head of Research at Bersin by Deloitte, David Mallon describes a recent HR tech conference where there were many competing companies promoting their talent acquisition chat bots to an HR audience wanting to improve the real-time quality of their candidate experience. According to Mallon, the next step for HR is to find additional ways to use technology to augment HR professionals' skills—“How do we use bots, for example, to track down people that fit a certain profile and connect them back to us so we can begin to build long-term relationships with them?”⁶⁸

Social Networking, Artificial Intelligence (AI), and Robotics

Advances in sophisticated technology, along with reduced costs for the technology, are changing many aspects of

FIGURE 1.8

Educational Attainment of Canada's Labour Force (Percentage)



Note: Percentages may not add to 100 due to rounding. January data is provided for each of the indicated years.

Source: Statistics Canada. Table 14-10-0019-01 Labour force characteristics by educational attainment, monthly, unadjusted for seasonality (x 1,000) <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action>, accessed June 23, 2018

human resource management. Specifically, companies are using or considering using social networking, artificial intelligence, and robotics.

Social Networking

Technological advances in electronics and communications software have made possible mobile devices such as smartphones and tablets which enhance capability for social networking. *Social networking* refers to use of platforms such as Facebook, Twitter, Instagram, LinkedIn, and wikis and blogs that facilitate interactions between people, usually around shared interests. Table 1.6 shows some of the potential issues that can be addressed by using social networking. In general, social networking facilitates communication, decentralized decision making, and collaboration. Social networking can be useful for connecting to customers and valuable for busy employees

TABLE 1.6

Potential Uses of Social Networking

Issues	Use
Loss of expert knowledge due to retirement	Knowledge sharing, capturing, and storing
Employee engagement	Collect employees' opinions, chat with employees
Identify and promote employee expertise	Create online expert communities
Promote innovation and creativity	Encourage participation in online discussions
Reinforce learning	Share best practices, applications, learning points, links to articles and webinars
Employees need coaching and mentoring	Interact with mentors and coaching peers
Need to identify and connect with promising job candidates	Share job openings, respond to candidates' questions, cultivate a pool of potential employees

Sources: Based on L. McFarland and R. Ployhart, "Social Media: A Contextual Framework to Guide Research and Practice," *Journal of Applied Psychology* 100 (2015), pp. 1653–77; D. Robb, "Cultivating Connections," *HR Magazine*, September 2014, pp. 65–66; M. McGraw, "Managing the Message," *Human Resource Executive*, December 2014, pp. 16–18; P. Brotherson, "Social Networks Enhance Employee Learning," *T + D*, April 2011, pp. 18–19; M. Derven, "Social Networking: A Frame for Development," *T + D*, July 2009, pp. 58–63; M. Weinstein, "Are You Linked In?" *Training*, September/October, 2010, pp. 30–33.

to share knowledge and ideas with their peers and managers with whom they may not have much time to interact face-to-face on a daily basis. Employees, especially Millennials and Generation Z, have used social networking tools for much of their lives and see them as valuable tools for both their work and nonwork lives.

Despite the potential advantages of social networking, many companies are uncertain whether they should embrace it.⁶⁹ They fear that social networking will result in employees wasting time or offending or harassing their co-workers. Other companies believe that the benefits of using social networking for HR practices and allowing employees to access social networks at work outweigh the risks. They trust employees to use social networking productively and are proactive in developing policies about personal use and training employees about privacy settings and social network etiquette. They realize that employees will likely check their Instagram, Twitter, Facebook, or LinkedIn accounts but accept it unless it is interfering with completing their work. In some ways, social networking has become the electronic substitute for daydreaming at one's desk or walking to the break room to socialize with co-workers.

Artificial Intelligence (AI) and Robotics

Artificial intelligence, robotics, tracking systems, radio frequency identification, and nanotechnology are transforming work.⁷⁰ Technology has also made it easier to monitor environmental conditions and employees and operate equipment. Driverless cars, self-driving trucks at iron ore mines that need no human operators, and computers that perform legal research are recent advances in automation.

Artificial intelligence (AI) is a technology that simulates human thinking. It works through queries that allow it to learn from data over time so that it can identify trends and patterns that influence future searches and suggestions. Artificial intelligence is in use at home and in the workplace.⁷¹

artificial intelligence (AI)
Technology that can think like a human.

For example, artificial intelligence has provided us with personal assistants such as Apple's Siri and Amazon's Alexa that we can give orders to, such as to make a purchase or play our favourite music. AI assistant Google Duplex adds pauses, "ums," "mmm-hmmms" and is able to pick up on nuance and small phrases so well that is leaving some feeling uneasy. In the workplace, IBM has teamed up its artificial intelligence (called Watson) with H&R Block to help clients prepare their tax returns and maximize their tax refunds. Watson has also been used in health care to provide cancer diagnoses and in service industries to answer customers' questions. AI can be used to streamline routine parts of HR functions such as recruitment and onboarding so HR professionals can allocate time to more strategic aspects.

AI's predictive capabilities can also be used to supplement human decision making to reduce bias in hiring, assess potential, and make promotion decisions as well as support a variety of other HR functions; for example, workforce planning and compensation and benefits planning.

Robots are being used in manufacturing.⁷² Heasy, a robot with eyes, can help you find your way through a hotel or resort. Airport Guide Robot can answer airline passengers' questions in English, Chinese, Japanese, and Korean; scan a ticket; and give directions. Robots at Whirlpool's dryer factory snap pictures to scan defects. At BMW's auto plants, robots work alongside employees, freeing them from having to perform repetitive, physically demanding tasks so that they can perform more important and knowledge-intensive work. Robots can help companies save money because they can work more efficiently and lower labour costs, but they still can't perform many important tasks.

According to the director of talent at the innovation hub MaRSD, Daneal Charney, who recently served as moderator of the AI and ethics panel at a recent HR Tech Summit in Toronto, "It's not us vs. the machine. Put yourself back in the driver's seat. We decide why and how to adopt AI at work. We decide the ethical guidelines. We decide what to do with the predictive outcomes AI serves up."⁷³ The Thinking Ethically feature at the end of this chapter provides additional perspectives about a balanced and ethical approach to the use of data for making decisions about people.

Wearables are being developed and used for training and performance support solutions. Wearable Intelligence provides smart eyewear technology and camera technology that gives employees hands-free, voice-activated access to procedures and checklists and live access to experts using mobile devices. These technologies allow data and live video sharing, the opportunity to review best-practice videos before or during the performance of complex

procedures and operations, and real-time notifications and alerts.⁷⁵ For example, an operator who might be working on a remote oil rig or a surgeon in a sterile operating room can share live video with experts and get their advice to fix a broken valve or complete a medical procedure, while remaining focused on the equipment or patient.

HRIS, Mobile Devices, Cloud Computing, and HR Dashboards

Companies continue to use human resource information systems to store large quantities of employee data including personal information, training records, skills, compensation rates, absence records, and benefits usages and costs. A *human resource information system (HRIS)* is a computer system used to acquire, store, retrieve, and distribute information related to a company's human resources.⁷⁶ An HRIS can support strategic decision making, help the company provide data for evaluating policies and programs, and support day-to-day HR decisions. Hilton Worldwide Inc. is giving managers access to talent data so that they can integrate it with business data to make more effective and strategic decisions about talent and performance.⁷⁷ This allows managers to perform workforce planning by seeing the gaps between workforce projections and available supply of staff or projected turnover, and modelling different scenarios.

Mobile devices refer to smartphones and tablet computers. Mobile devices are increasingly being used to provide employees with anytime and anywhere access to HR processes and other work-related information as well as collaborative tools. For example, employees can use their devices to enter time card information, check their pay stubs, share knowledge, participate in a learning event, check for career opportunities, and receive coaching and feedback. For example, Best Buy uses an app-based training tool known as Gravity. Gravity allows employees to scan products from their mobile devices to instantly educate themselves about a product and get information. Gravity provides the employee with product details, warranty information, video demonstrations, selling tools, and FAQs.⁷⁸

Cloud computing allows companies to lease software and hardware and employees don't even know the location of the computers, databases, and applications they are using (they are in the "cloud"). Cloud computing refers to a computing system that provides information technology infrastructure over a network in a self-service, modifiable, and on-demand model.⁷⁹

cloud computing
A computing system that provides information technology infrastructure over a network in a self-service, modifiable, and on-demand model



Photo courtesy of BMW Group

In BMW's Dingolfing factory in southern Germany, a lightweight robot works alongside workers to lift and install a gear that weighs up to 5.5 kg. This collaboration allows the workers to focus on other tasks better suited to their capabilities, while the robot is able to consistently apply the exact force needed.⁷⁴

Many companies have moved their HRIS to the cloud or are considering doing so in the next few years.⁸⁰ Clouds can be delivered on-demand via the Internet (public cloud)

or restricted to use by a single company (private cloud). Cloud computing gives companies and their employees access to applications and information from mobile devices rather than relying solely on personal computers. It also allows groups to work together in new ways, provide greater access to large company databases, and can make employees more productive by allowing them to more easily share documents and information. This means that tools for conducting people analytics using metrics on turnover, absenteeism, and performance, as well as social media and collaboration tools such as Twitter, blogs, Google documents, and YouTube videos, will be more easily accessible and available for use. Cloud computing also can make it easier for employees to access training programs from a variety of vendors and educational institutions. Siemens has a cloud computing system for its more than 400,000 employees who work in 190 countries. This allowed Siemens to standardize its global recruitment and development processes into a single system using the cloud.⁸¹

One of the most important uses of Internet technology is the development of HR dashboards. An **HR dashboard** is a series of indicators or metrics that managers and employees have access to on the company intranet or HRIS. The HR dashboard provides access to important HR metrics for people analytics inputs. HR dashboards are important for determining the value of HR practices and how they contribute to business goals. As a result, the use of dashboards is critical for evidence-based HR discussed earlier in the chapter. For example, Cisco Systems views building talent as a priority, so it has added to its dashboard of people measures a metric to track how many people move and why.⁸² This allows Cisco to identify divisions that are developing new talent.

HR dashboard

HR metrics such as productivity and absenteeism that are accessible by employers and managers through the company intranet or human resource information system

High-Performance Work Systems and Virtual Teams

Effective management of human resources can form the foundation of a **high-performance work system**—an organization in which technology, organizational structure, people, and processes all work together seamlessly to give an organization an advantage in the competitive environment. As technology changes the ways organizations manufacture, transport, communicate, predict, and keep track of information, human resource management must ensure

high-performance work system

An organization in which technology, organizational structure, people, and processes all work together seamlessly to give an organization an advantage in the competitive environment.

that the organization has the right people to meet the new challenges. New technology causes changes in skill requirements and work roles and often results in redesigning work structures (e.g., using work teams).⁸³

High-performance work systems maximize the fit between the company's social system (employees) and its technical system.⁸⁴ For example, computer-integrated manufacturing uses robots and computers to automate the manufacturing process. The computer allows the production of different products simply through reprogramming. As a result, labourer, material handler, operator/assembler, and maintenance jobs may be merged into one position. Computer-integrated manufacturing requires employees to monitor equipment and troubleshoot problems with sophisticated equipment, share information with other employees, and understand the relationships between all components of the manufacturing process.⁸⁵ Maintaining a high-performance work system might also include development of training programs, recruitment of people with new skill sets, and establishment of rewards for behaviours such as teamwork, flexibility, and learning. Chapter 11 examines high-performance work systems in greater detail.

Besides changing the way that products are built or services are provided within companies, technology has allowed companies to form partnerships with one or more other companies. **Virtual teams** refer to teams that are separated by time, geographic distance, culture, and/or organizational boundaries and that rely almost exclusively on technology (e.g. messaging, apps, Internet, videoconferencing) to interact and complete their projects.

virtual teams

Teams that are separated by time, geographic distance, culture, and/or organizational boundaries and that rely almost exclusively on technology to interact and complete their projects.

Virtual teams can be formed within one company whose facilities are scattered throughout the country or the world. A company may also use virtual teams in partnerships with suppliers or competitors to pull together the necessary talent to complete a project or speed the delivery of a product to the marketplace. For example, Art & Logic software developers all work remotely from across Canada and the United States from home offices, rented office space, or at a co-working facility.⁸⁶ Their clients represent a diverse set of industries, including education, aerospace, music technology, consumer electronics, entertainment, and financial services. The project teams work on the most unusual and difficult problems, which developers at other companies have failed to solve. Art & Logic tries to accommodate the unique schedule and work-style requirements of its developers, but its work is highly collaborative within project teams. Every project consists of at least a project manager/developer and has a maximum of five to seven developers. Teams use Google's apps for sharing documents and communicating (both within the team and with clients).

Thinking Ethically



Using Data Analytics Responsibly

“There are certain things that, mathematically, may sound right but, ethically, [do] not,” says Arun Chidambaram, global head of talent analytics at Pfizer. In these instances, the talent analytics team defers to legal, HR and other business analysts. “Sometimes data science takes a back step when it comes to sensitive topics such as employment law and data privacy rights.”

Pfizer is not the only company advocating for taking a balanced approach to the use of data and analytics. At General Motors, the Talent Analytics team is integrating human capital analytics into organizational decision making and HR practices to drive performance. However, GM is mindful that success is dependent upon the trust that GM employees have about how the data is being used. With a global workforce of 212,000 employees who work in 23 time zones and speak more than 50 languages, integrating data collection technologies to optimize workplace operations is accomplished through a balanced approach.

Chief Talent Officer Michael Arena explains that “at GM, there are no electronic badges, the company does not track email and calendars; it does not fit employees with odometers, heart monitors, and calorie counters.” Data collection is “mostly limited to the tried-and-true,” and qualitative approaches are integrated with survey and existing data to use analytics

to answer questions. For example, employee engagement is a priority at GM and every 24 months a comprehensive survey is conducted. Kelly Kuras, GM’s senior manager of engagement, explains how the data is supplemented with observational insights, conducted by trained HR professionals, to look for patterns in the context of the work environments that would account for high vs. moderate employee engagement results. Insights gained from these observations are used along with the data for action planning. According to Arena, “observations can unmask subtleties that statistics miss.” “Second, there is a contract around data collection. Organizations have to manage employees’ trust that the data are accurate and used responsibly. . . . We don’t take the statistical data as being 100 percent absolute.”

Questions

1. Do you think it is appropriate for organizations to monitor employee behaviour with sensors and surveillance that monitor how they work and collaborate? Would you trust an employer that collected this type of information?
2. Why is it important to not rely exclusively on quantitative data when making decisions about people?

Sources: Rachel Ramosa, “Confused by analytics? Take Pfizer’s prescription,” *HR Tech News*, May 18, 2018, www.hrtechnologynews.com, accessed June 20, 2018, “25 Truths about Talent Management: Insights from The 2018 Talent Management Strategies Conference,” *The Conference Board*, (2017), pp. 1-21; Patti P. Phillips, and Rebecca L. Ray, “Human Capital Analytics @ Work Volume 2, *The Conference Board*, (2017), pp. 1-56.

How Is This Book Organized?

This chapter has provided an overview of human resource management as well as a summary of trends and opportunities impacting employees, managers and supervisors, HR professionals, and organizations. In this book, the topics are organized according to the broad areas of human resource management shown in Table 1.7. The numbers in the table refer to the part and chapter numbers.

Along with examples highlighting how HRM helps a company maintain high performance, the chapters offer various other features to help you connect the principles to real-world situations. “HR Oops!” boxes identify situations

gone wrong and invite you to find better alternatives. “HR How-To” boxes provide details about how to carry out a practice in each HR area. “Did You Know?” boxes are snapshots of interesting statistics related to chapter topics. “Thinking Ethically” at the end of each chapter demonstrates ethical issues in managing human resources. “Experiencing HR” are experiential exercises that encourage exploration of real-world HR topics and situations in both individual and group settings. New to this edition are Evidence-based HRM and HRM Social chapter-ending case studies. These case studies provide stories that illustrate how evidence-based HRM and social media is integrated in the context of human resource management.

TABLE 1.7

Topics Covered in This Book

Part 1: The Human Resource Environment

1. Strategies, Trends, and Opportunities for Human Resource Management
2. The Legal Context for HRM and Creating Safe and Healthy Workplaces

Part 2: Preparing for and Acquiring Human Resources

3. Analyzing Work and Designing Jobs
4. Planning for and Recruiting Human Resources
5. Selecting Employees

Part 3: Managing Talent

6. Training, Learning, and Development
7. Managing Employees' Performance

Part 4: Compensating and Rewarding Human Resources

8. Total Rewards

Part 5: Meeting Other HR Goals

9. Labour Relations
10. Managing Human Resources Globally
11. Creating and Sustaining High-Performance Organizations

SUMMARY

LO1 Define human resource management and explain how HRM contributes to and supports an organization's strategies and performance.

Human resource management consists of an organization's "people practices"—the policies, practices, and systems that influence employees' behaviours, attitudes, and performance. HRM influences who works for the organization and the experience employees have at work. The organization's human resources have the potential to be a source of sustainable competitive advantage. As part of its strategic role, HR can demonstrate the impact of human resource practices on company results by engaging in evidence-based HRM. Sustainability, organizational agility, and diversity characterize successful organizations. The organizational context is increasingly globalized and rapidly changing, requiring relevant and agile approaches to all HR functions and processes.

LO2 Summarize competencies, careers, professional accreditation, and ethics in human resource management.

Human resources professionals require substantial and varied competencies. Careers in HRM may involve

specialized work in fields such as talent acquisition, total rewards, or labour relations—or work as generalists, performing a full range of HR accountabilities. Provincial/territorial associations manage the certification process and award professional designations. Work is underway throughout Canada to move HR from an unregulated to a self-regulated profession. Human resources professionals are required to uphold high ethical standards including duties to the public, profession, clients and employers, and individuals in the workplace.

LO3 Explain the role of supervisors and managers in human resource management.

Supervisors and managers must be familiar with their own important role in managing human resources and implementing HR processes. Supervisors and managers are likely to analyze work, interview job candidates, participate in selection decisions, provide training, set goals, provide coaching and feedback, provide performance feedback, and recommend pay increases. On a day-to-day basis, supervisors and managers represent the company to their employees, so they also play an important role in employee and labour relations.

LO4 Describe trends in the composition and expectations of the labour force.

Canada's labour force is aging, multi-generational, and diverse. Immigration is an important force for population and labour force growth. The Indigenous population is growing more rapidly than the non-Indigenous population and is characterized by having many young people under the age of 14 years. The educational attainment of the labour force is increasing and knowledge workers hold a position of power in the workplace.

LO5 Discuss how technology is impacting human resource management.

Technology is reshaping how we live and work. Social networking, artificial intelligence, and robotics influence many aspects of HRM. Companies continue to use Human Resource Information Systems to store data and support decision making, and mobile devices enable timely and convenient access to HR processes. Cloud computing has created capabilities for people to work collaboratively and virtual teams rely heavily on technology. In a high-performance work system, technology, structure, people, and processes work together seamlessly.

CRITICAL THINKING QUESTIONS

1. How can human resource management contribute to a company's success and sustainability?
2. Consider a job that you have (or had). What moments or critical events were most influential in contributing to your employee experience? How does (did) your employee experience impact your level of engagement? Discuss.
3. Based on this chapter's description, does a career in human resource management appeal to you? Why or why not? In your opinion, which would be more interesting—a position as an HR specialist or an HR generalist? Explain.
4. How does implementing evidence-based HRM including the use of people (human capital) analytics change the role and competency requirements of human resources professionals?
5. 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 further?
6. Why do all managers and supervisors need knowledge and skills related to human resource management?
7. How does each of the following labour force trends affect HRM?
 - a. Aging of the workforce
 - b. Diversity
 - c. Shift to knowledge workers
 - d. Increasing levels of education of the workforce
8. Review the description of each of the generations in the workforce. Does this information match your understanding and experience? What additions or changes do you suggest to the narrative on the generation you associate most closely with?
9. Why does HR need technology and data?

EXPERIENCING HR—HOW IS HRM IMPACTED?

This chapter described trends shaping human resource management, including the aging of the workforce, the multi-generational workforce, diversity, and the impact of technology. Alone or with a partner, list two or three of the trends that interest you. Then select a manager or employee who would be willing to talk about these trends for about 15 minutes—someone in human resource management or in a different field that interests you.

With your partner if you have one, interview the person. Summarize each trend you listed, and ask your interviewee to describe any impact of that trend that they have observed at work. Take notes.

In a paragraph, summarize what you learned. In a second paragraph, analyze the impact on human resource management. If your interviewee noted specific opportunities (or challenges), suggest how HR professionals might help the organization achieve its strategy.

CASE STUDY: EVIDENCE-BASED HRM

Quantifying the Employee Experience

IBM has literally “done the math” for putting employee experience at the centre of its people management

practices. Diane Gherson, chief human resources officer at IBM, explains: “Like a lot of other companies, we started

with the belief that if people felt great about working with us, our clients would too. That wasn't a new thought, but it's certainly one we took very seriously, going back about four or five years. We've since seen it borne out. We've found that employee engagement explains two-thirds of our client experience scores. And if we're able to increase client satisfaction by five points on an account, we see an extra 20 percent in revenue, on average."

IBM started with an initial question, "So, what is the ideal employee experience at work?" as the starting point to explore the relationship between employee experience and client experience. This initial question was later reframed into three questions to leverage a path to improved job performance and sustained competitive advantage:

1. What is the ideal employee experience in today's workplace?
2. What impact could a positive employee experience have on key outcomes?
3. How can organizations drive more positive and human employee experiences?

To answer these questions, IBM's Smarter Workforce Institute and Globoforce's WorkHuman® Research Institute partnered to carry out a global research study consisting of three phases:

- **Phase 1**—Literature review and identification of constructs related to a positive employee experience.
- **Phase 2**—Construct measurement: implementation of a global survey of more than 23,000 IBM employees in 45 countries and territories.
- **Phase 3**—Development of an Employee Experience Index and key leadership and workplace/HR practices to enhance employee experience.

IBM used the findings to leverage changes to HR offerings and brought employees directly into the design process. For example, Millennial employees were brought in to co-design a learning platform that is individually personalized for each of IBM's 380,000 employees. This personalization includes considering how people consume content on their devices, their role, organizing content into channels, and providing a live-chat adviser.

IBM measures its HR programs and processes with a Net Promoter Score (NPS) rather than classic satisfaction ratings. NPS is a core measurement for rating customer experience and is calculated using a 0–10 scale for the question: "*How likely is it that you would recommend [brand] to a friend or colleague?*" Promoters are loyal enthusiasts (score 9–10); Passives are satisfied but unenthusiastic (score 7–8); Detractors are unhappy (score 0–6). NPS provides better feedback on what people are experiencing but it's much more difficult to get a high rating because the percentage of Detractors is subtracted from the percentage of Promoters. As a result, Net Promoter Scores range from –100 (if everyone is a Detractor) to 100 (if everyone is a Promoter). At the time of publication in 2018, IBM's learning and development NPS was 60. According to Gherson, chief human resources officer, "that's in the excellent range, but of course there's still room to improve."

Questions

1. What is your reaction to IBM's approach to "co-creating the employee experience" by bringing employees into the design process for HR programs?
2. How could smaller organizations adapt IBM's approach to evidence-based HRM to support strategy and decision making?

Sources: Lisa Burrell, "Co-Creating the Employee Experience," *Harvard Business Review*, March/April 2018, pp. 54–58; "The Employee Experience Index," *IBM Smarter Workforce & Globoforce*, September 2016, pp. 1–12; "What is Net Promoter?" www.netpromoter.com, accessed June 25, 2018.

CASE STUDY: HRM SOCIAL

Glassdoor Opens the Way to Better Communication

Anonymous employee reviews about what it's like to work for the company—does that sound like a recruiting advantage or a public relations nightmare? Employee reviews are one of the information services of Glassdoor, a job website featuring employee-provided reviews and salary information along with employer-provided job listings. Employers might see a loss of control over information sharing, but Glassdoor also lets employers respond to reviews and gather data about what people are saying and doing on the site.

Nestlé Purina PetCare, employing approximately 600 people across Canada, treats Glassdoor as a means

to foster better communication with employees. Purina has a reputation for treating its employees well, with benefits including a pet-friendly work culture intended to keep business decisions focused on pets. But management understands that perks alone do not create a favourable work environment. The company also makes a practice of listening to employees and responding to their concerns.

Purina's human resource department monitors employee comments on Glassdoor and prepares a summary to include in its monthly report to executives. Steve Degan, chief human resources officer, says Purina also

investigates and responds to any complaints it sees. At one point the department noticed a pattern of employees complaining that it was difficult to balance the demands of work and their personal lives. The department responded by creating a video in which top managers acknowledged the problem and suggested ways to address it, such as being more careful to consider the timing and length of meetings. A survey after the video was distributed, showed that 40 percent of employees immediately saw “a definite change.”

Sources: Purina website, www.purina.ca, accessed June 23, 2018; Glassdoor website, www.glassdoor.ca, accessed June 23, 2018; Nestlé USA, “Nestlé Purina PetCare Honored as One of the Best Places to Work in 2016,” news release, December 9, 2015, <http://www.nestleusa.com>; Angela Mueller, “Top Dogs: Why Nestlé Purina PetCare Is Consistently a Best Place to Work,” *St. Louis Business Journal*, March 13, 2015, <http://www.bizjournals.com>; Caryn Freeman, “Value Placed on Feedback Boosts Nestlé Purina to Top of Glassdoor List,” *HR Focus*, February 2015, pp. 3–4.

Questions

1. In what ways is knowledge a source of power for workers in this example? In what ways does the knowledge sharing on Glassdoor impact Purina’s human resources professionals? Managers and supervisors?
2. Besides opinions about their company, what other kinds of knowledge could employees constructively share on social media (Glassdoor and other tools)?