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| PART ONE INTRODUCTION |
| CHAPTER |  | T One |
| **Managing Human Resources** **Today** | **1** |  |
| **Lecture Outline** |  |  |
| **Strategic Overview****I. What Is Human Resource Management?**A. Why Is HR Management Important to All Managers?B. Line and Staff Aspects of HRMC. Line Versus Staff AuthorityD. Line Manager’s Human Resource ResponsibilitiesE. The Human Resource Department**II. The Trends Shaping Human Resource Management**A. Workforce Demographics and Diversity TrendsB. Trends in How People WorkC. Globalization TrendsD. Economic TrendsE. Technology Trends**III. The New Human Resource Management**A. Distributed HR and the New Human Resource ManagementB. HR and PerformanceC. HR and Employee EngagementD. HR and StrategyE. HR and SustainabilityF. HR and Ethics**IV. The New Human Resource Manager**A. HR and the Manager’s SkillsB. HR Manager CertificationC. HR and the Manager’s HR Philosophy**V. The Plan of This Book**A. Part 1: IntroductionB. Part 2: Staffing: Workforce Planning and EmploymentC. Part 3: Training and Human Resource DevelopmentD. Part 4: Compensation and Total RewardsE. Part 5: Employee and Labor RelationsF. Part 6: Special Issues in Human Resource Management | ***In Brief:*** This chapter explains what human resource management is, its relationship to the management process, and how it is changing in response to trends in the workplace. It illustrates why knowing HR management concepts and techniques are important to any supervisor or manager and what trends are influencing HR management. In addition, the chapter explores strategies today’s HR managers engage in to deal with these trends, the competencies required of HR managers, and the plan of the book.***Interesting Issues:*** Human resources professionals play a key role in helping companies meet the challenges of global competition. Strategic objectives to lower costs, improved productivity, and increased organizational effectiveness are changing the way every part of the organization, including the HR department, does business. |  |

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| **ANNOTATED OUTLINE** |  |

I. What Is Human Resource Management? — The management process involves the following functions: planning, organizing, staffing, leading, and controlling. The “people” or personnel aspects of management jobs involve conducting job analyses; planning labor needs and recruiting job candidates; selecting job candidates; orienting and training new employees; managing wages and salaries; providing incentives and benefits; appraising performance; communicating; training employees and developing managers; building employee commitment; being knowledgeable about equal opportunity, affirmative action, employee health and safety, and handling grievances and labor relations.

1. Why Is HR Management Important to All Managers? — Managers don’t want to make mistakes while managing, such as hiring the wrong person, having their company taken to court because of discriminatory actions, or committing unfair labor practices. As a manager anywhere in the organization, you will want to improve performance. You may spend time as an HR manager or become an entrepreneur and require basic and some advanced knowledge and skills in HR.
2. Line and Staff Aspects of HRM — Although most firms have a human resource department with its own manager, *all* managers tend to get involved in activities like recruiting, interviewing, selecting, and training.
3. Line Versus Staff Authority — Authority is the right to make decisions, to direct the work of others, and to give orders. Line managers are authorized to direct the work of subordinates. Their subordinates are generally involved in work that directly produces or sells the company’s product or service, such as sales or manufacturing. Staff managers are authorized to assist and advise line managers in accomplishing their basic goals. The subordinates of staff managers are generally involved in work that supports the products or services, in departments such as Purchasing or Quality Control. HR managers are generally staff managers.
4. Line Manager’s Human Resource Responsibilities — All supervisors are responsible for aspects of HR/personnel tasks such as placement, training, and development of employees.
5. The Human Resource Department — The HR department provides specialized assistance such as acting as a recruiter, EEO representative, job analyst, compensation manager, training specialist, or labor relations specialist.
	* + 1. Many employers are revamping how they organize their human resource functions to include “shared services” or “distributed” HR. Others may use corporate or embedded teams.

**II. The Trends Shaping Human Resource Management** —Trends in the environment are changing how employers get their human resource management tasks done.

1. Workforce Demographics and Diversity Trends — The labor force is getting older and more multi-ethnic. The aging labor force presents significant changes in terms of potential labor shortages, and many firms are instituting new policies aimed at encouraging aging employees to stay, or at attracting previously retired employees. High rates of immigration also present challenges and opportunities for HR managers. With projected workforce shortfalls, many employers are hiring foreign workers for U.S. jobs. Milennials who grew up with technology are experts at collaborating.
2. Trends in How People Work — Technological change will continue to shift growth in employment opportunities in different occupations.
	1. Service jobs — More than two-thirds of the U.S. workforce is employed in producing and delivering services, as opposed to products.
3. Globalization Trends — Refers to the tendency of firms to extend their sales, ownership, or manufacturing to new markets abroad. The rate of globalization continues to be high, and has several strategic implications for firms. More globalization means more competition, and more competition means more pressure to lower costs, make employees more productive, and do things better and less expensively.
4. Economic Trends — All these trends are happening within a context of economic upheaval. U.S. consumers actually spend more than they earn. The United States itself has become a debtor nation. The United States has had to borrow money to keep buying more from abroad than it sold. So much of the economic boom was built on debt, which eventually ran its course. Because of the “Great Recession” of 2007–2009, consumers are wary of resuming their spending at pre-recession rates.
	1. The labor force is growing more slowly than expected; as Baby Boomers leave the workforce, the labor participation rate declines, contributing to a slowing of economic growth.
5. Technology Trends — Companies are using digital and mobile devices to deliver human resource management services; some are using artificial intelligence. Some use cloud-based performance management systems. Others use talent analytics (the use of statistical techniques, algorithms, and problem solving to identify relationships among data for the purpose of solving problems).
	1. Employers are becoming more dependent on their workers’ human capital: knowledge, education, training, skills, and expertise.

**III. The New Human Resource Management** — HR management has evolved over the years and is now much more involved in strategic planning. The trends discussed above create new challenges for employers and the following responses reflect HR’s role in meeting these challenges.

1. Distributed HR and the New Human Resource Management — Digital tools such as mobile phones and social media have prompted a redistribution from a central HR department to the company’s employees and line managers.
2. HR and Performance — HR must lead the company’s performance improvement efforts through structuring an efficient HR department, managing employee costs, and working toward strategic results.
	* + 1. HR and Performance Measurement – HR must use performance measures to validate improved performance.
			2. HR and Evidence-based Management – Using data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support HR proposals, decisions, practices, and conclusions.
			3. HR and Adding Value – HR must add value, which means helping the firm and its employees improve in a measurable way as a result of the human resource manager’s actions.
3. HR and Employee Engagement — The HR function must ensure employees understand the difference between involvement and commitment. Employees cannot be “checked out” mentally yet still perform at the top of their game. Employee engagement refers to being psychologically involved in, connected to, and committed to getting one’s job done.
4. HR and Strategy — Strategic HR management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.
5. HR and Sustainability — When strategic goals include sustainability issues (including not only profits but also environmental and social performance), HR managers should have HR policies to support these goals.
6. HR and Ethics — Many workplace ethical issues are human resource management related.

**IV.** **The New Human Resource Manager** — The Society for Human Resource Management itemizes the competencies, skills, knowledge, and expertise human resource managers need and the basic functional areas of HR.

A. HR and the Manager’s Skills — HR can help managers build the skills they need to carry out HR management–related aspects of their jobs such as recruiting, selecting, training, appraising, and incentivizing employees.

B. HR Manager Certification — Many HR managers use certification to show their mastery of modern human resource management knowledge. The HR Certification Institute (HRCI) is an independent certifying organization for human resource professionals. Through testing, HRCI awards several credentials, including Professional in Human Resources (PHR) and Senior Professional in Human Resources (SPHR).

C. HR and the Manager’s HR Philosophy — Peoples’ actions are always based, in part, on the basic assumptions they make; this is especially true in regard to human resource management. The basic assumptions you make about people — Can they be trusted? Do they dislike work? Can they be creative? Why do they act as they do? How should they be treated? — together comprise your philosophy of human resource management. And every personnel decision you make — the people you hire, the training you provide, your leadership style, and the like — reflects (for better or worse) this basic philosophy.

**V. The Plan of This Book** — Each topic interacts with and affects the others, and all should fit within the employer’s strategic plan.

A. Part 1: Introduction

1. Chapter 1: Managing Human Resources Today

2. Chapter 2: Managing Equal Opportunity and Diversity

3. Chapter 3: Human Resource Strategy and Analysis

 B. Part 2: Staffing: Workforce Planning and Employment

1. Chapter 4: Job Analysis and Talent Management

2. Chapter 5: Personnel Planning and Recruiting

3. Chapter 6: Selecting Employees

C. Part 3: Training and Human Resource Development

1. Chapter 7: Training and Developing Employees

2. Chapter 8: Performance Management and Appraisal Today

3. Chapter 9: Managing Careers

D. Part 4: Compensation and Total Rewards

1. Chapter 10: Developing Compensation Plans

2. Chapter 11: Pay for Performance and Employee Benefits

1. Part 5: Employee and Labor Relations

1. Chapter 12: Maintaining Positive Employee Relations

2. Chapter 13: Labor Relations and Collective Bargaining

3. Chapter 14: Improving Occupational Safety, Health, and Risk Management

1. Part 6: Special Issues in Human Resource Management

1. Module A: Managing HR Globally

2. Module B: Managing Human Resources in Small and Entrepreneurial Firms

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| KEY TERMS |  |

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| **Organization** | A group consisting of people with formally assigned roles who work together to achieve the organization’s goals. |
| **Manager** | Someone who is responsible for accomplishing the organization’s goals and who does so by managing the efforts of the organization’s people. |
| **Managing** | **P**erforming five basic functions: planning, organizing, staffing, leading, and controlling. |
| **Management process** | The five basic functions: planning, organizing, staffing, leading, and controlling. |
| **Human Resource Management (HRM)** | The process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns.  |
| **Authority** | The right to make decisions, to direct the work of others, and to give orders. |
| **Line manager** | A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization’s tasks. |
| **Staff manager** | A manager who assists and advises line managers. |
| **Gig workers** | The large and growing workforce composed of contract, temp, freelance, independent contractor, “on-demand,” or simply “gig” workers |
| **Employment engagement** | The extent to which an organization’s employees are psychologically involved in, connected to, and committed to getting one’s jobs done. |
| **Strategic HRM** | Formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims. |
| **Ethics** | The principles of conduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be. |

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| DISCUSSION QUESTIONS  |  |

**1-1. What is human resource management?** There are five basic functions that all managers perform: planning, organizing, staffing, leading, and controlling. HR management involves the policies and practices needed to carry out the staffing (or people) function of management. HR management helps the management process avoid mistakes and get results. (LO 1.1)

**1-2. Explain with at least five examples why “a knowledge and proficiency in HR management concepts and techniques is important to all supervisors or managers.”** HR management concepts and techniques can help all managers to ensure that they get results through others. These concepts and techniques also help managers avoid common personnel mistakes such as: hiring the wrong person; experiencing high turnover; finding subordinates not doing their best; wasting time with useless interviews; having the company taken to court because of discriminatory actions; having the company cited under federal occupational safety laws for unsafe practices; having some employees think their salaries are unfair and inequitable relative to others in the organization; allowing a lack of training to undermine a department’s effectiveness, and committing any unfair labor practices. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-3. Explain with examples what we mean by the “the changing environment of human resource management.”** Companies are competing in a challenging new environment. Globalization, competition, technology, workforce trends, and economic upheaval confront human resources with new challenges and require innovative strategies to help organizations continue to grow and prosper. (LO 1.2: Describe with examples what trends are influencing human resource management.)

**1-4. Give examples of how the HR manager can support a company’s sustainability goals.** There are many ways in which the HR manager can support a company’s sustainability goals. HR can assist in planning and staffing sustainability jobs within the company. Flexible work arrangements can support the environment through reducing commuters. Performance appraisal and incentive pay systems can be designed to support sustainable behaviors. Worker safety is also an important component in sustainability. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-5. Discuss with examples four important issues influencing HR management today.** This item can be assigned as a Discussion Question in MyLab Management. Student responses will vary. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-6. Explain HR management’s role in relation to the firm’s line management.** This item can be assigned as a Discussion Question in MyLab Management. Student responses will vary. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-7. Compare the authority of line and staff managers. Give examples of each.** Line managers have line authority, which gives them authorization to give orders and manage their employees. Staff managers are authorized to assist and advise line managers. Generally HR professionals are staff managers. The hiring process is a good example of the difference in authority between line managers and staff managers. HR screens candidates and makes recommendations, but ultimately the line manager makes the hiring decision. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

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| INDIVIDUAL AND GROUP ACTIVITIES |  |

**1-8. Working individually or in groups, contact the HR manager of a local bank. Ask the HR manager how he or she is working as a strategic partner to manage human resources, given the bank’s strategic goals and objectives. Back in class, discuss the responses of the different HR managers.** The students should ask the HR manager to discuss how his or her role as a strategic partner is improving the bank’s performance, and if the bank’s culture is more innovative and flexible as a result of the strategic partnership. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-9. Working individually or in groups, interview an HR manager. Based on that interview, write a short presentation regarding HR’s role today in building competitive organizations.** The response here will, of course, depend upon the organization and HR manager interviewed. Hopefully, items such as workforce diversity, technological trends, globalization, high-performance work systems, HR metrics, or ethics will be mentioned. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-10. Working individually or in groups, bring several business publications such as *Business Week* and the *Wall Street Journal* to class. Based on their content, compile a list entitled, “What HR Managers and Departments Do Today.”** The students should look for articles and advertisements that deal with any of the following topics: conducting job analyses, planning labor needs and recruiting job candidates; selecting job candidates; orienting, training, and developing employees; managing wages and salaries; providing incentives and benefits; appraising performance; communicating; training and developing managers; building employee commitment; equal opportunity; affirmative action; employee health and safety; and labor relations. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-11. Based on your personal experiences, list 10 examples showing how you used (or could have used) human resource management techniques at work or school.** Depending on the degree of their work experience, students will cite a wide range of examples possibly including some of the following: 1) situations where they have improved the efficiency of their work through the use of technology made available to them through human resource systems; 2) employed the services of nontraditional workers (or been employed as a nontraditional worker); 3) developed metrics to measure how they have added value in terms of human resource contributions; 4) kept themselves abreast of employment law in order to minimize risk to their company; 5) utilized self-service HR technology; 6) employed high-performance work systems concepts in their job or department. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-12. Laurie Siegel, senior vice president of human resources for Tyco International, took over her job in 2003, just after numerous charges forced the company’s previous board of directors and top executives to leave the firm. Hired by new CEO Edward Breen, Siegel had to tackle numerous difficult problems starting the moment she assumed office. For example, she had to help hire a new management team. She had to do something about what the outside world viewed as a culture of questionable ethics at her company. And she had to do something about the company’s top management compensation plan, which many felt contributed to the allegations by some that the company’s former CEO had used the company as a sort of private ATM.**

 **Siegel came to Tyco after a very impressive career. For example, she had been head of executive compensation at AlliedSignal, and was a graduate of the Harvard Business School. But, as strong as her background was, she obviously had her work cut out for her when she took the senior vice president of HR position at Tyco**.

 **Working individually or in groups, conduct an Internet search and library research to answer the following questions**: **What human resource management–related steps did Siegel take to help get Tyco back on the right track? Do you think she took the appropriate steps? Why or why not? What, if anything, do you suggest she do now?**

 Tyco’s top executives, (the Chairman/Chief Executive as well as the CFO) had been accused of playing fast and loose with corporate accounting and of using the company’s coffers as personal piggy banks. Upon taking office, Breen fired the entire board of directors, and then dismissed the entire headquarters staff of 125 people. He recruited a new, completely independent board of directors and hired a CFO, an ombudsman and a vice president of corporate governance who reports directly to the board.

 Breen’s directive to Siegel was that her first priority was to set up corporate-governance and compensation systems and controls, then to transition “to really driving the talent machine.” Siegel’s first step was to draft a strict company code of ethics. She then arranged to have it taught simultaneously at a special ethics training day to every Tyco employee. She advised the compensation committee on how to replace Tyco’s old salary and bonus policy, which rewarded acquisition-based company growth. The new system is based on measurable company performance. Bonuses and restricted-stock grants are linked to objective measurements, including each business unit’s earnings before interest and taxes, and Tyco International’s overall performance. Top officers are required to hold company stock worth 3–10 times their yearly base salary. They must hold 75 percent of their restricted stock and stock options until a minimum level has been reached. Above that level, they must hold 25 percent for at least 3 years. Severance pay is limited to two times an individual’s yearly salary plus bonus. Post-handshake perks such as consulting contracts and free transportation in company aircraft have been abolished.

 As a result of the above steps, Tyco is now aiming for higher marks in ethics. It has written and circulated a multi-page ethics policy, and hired more than 100 internal auditors to enforce it. It has a new corporate ombudsman, to address employee concerns about ethics or policies. All of Tyco’s employees attended mandatory one day ethics seminars, and more detailed programs are in the works for its 25,000 managers. In the past, the practice was to award huge bonuses to anyone who “somehow drove the numbers up.” The new system assesses how well managers set and meet goals. As a result, Tyco’s bonus budget for the fiscal year 2003 was reduced by $90 million.

 Students will probably agree that, in general, Siegel took the appropriate steps, and the turnaround and recovery of Tyco’s finances, profits, and stock prices are testimony to the effectiveness of her approach. Suggestions for what Siegel should do moving forward may include continued ethics training, HR strategies and scorecards that drive the appropriate employee behaviors in support of the business strategy. (LO1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-13. Working individually or in groups, develop a list showing how trends such as workforce diversity, technological trends, globalization, and changes in the nature of work have affected the college or university you are now attending or in the organization for which you work.** The list might include items such as the growth of adult (nontraditional-aged) students, the use of computer and communications technology, diversity issues, and others. (LO 1.2: Describe with examples what trends are influencing human resource management.)

**1-14. Working individually or in groups, develop several examples showing how the new HR management practices mentioned in this chapter (using technology, for instance) have or have not been implemented to some extent in the college or university you are now attending or in the organization for which you work.** The list might include items such as the growth of adult (nontraditional-aged) students, the use of computer and electronic communications technology, diversity issues, and others. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-15.** **For this activity, you will need the documents titled (1)HRCI PHR® and SPHR® Certification Body of Knowledge, and (2) “About the Society for Human Resource Management (SHRM) Body of Competency and Knowledge™ Model and Certification Exams.” Your instructor can obtain these two documents from the Pearson Instructor Resource Center and pass them on to you. These two documents list the knowledge someone studying for the HRCI or SHRM certification exam needs to have in each area of human resource management (such as in Strategic Management and Workforce Planning). In groups of several students, do four things: (1) review the HRCI and/or SHRM documents; (2) identify the material in this chapter that relates to HRCI’s or SHRM’s required knowledge lists; (3) write four multiple-choice questions on this material that you believe would be suitable for inclusion in the HRCI exam and or the SHRM exam; and (4) if time permits, have someone from your team post your team’s questions in front of the class, so that students in all teams can answer the exam questions created by other teams.** Students responses will vary (LO 1.4: Explain what sorts of competencies, knowledge, and skills characterize today’s new human resource manager.)

Students can find the following assisted-graded writing questions at **www.pearson.com/mylab/management**:

**1-16. How do today’s HR managers deal with the trends and challenges shaping contemporary HR management?**

**1-17. Discuss some competencies HR managers need to deal with today’s trends and challenges.**

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| APPLICATION EXERCISES |  |

HR in Action Case Incident 1: Jack Nelson’s Problem

**1-18. What do you think is causing some of the problems in the bank home office and branches?** There is clearly a problem with communication, and the effects are felt in the area of employee commitment. Additional contributing factors include the lack of consistency in the policies and procedures of various locations. There is no cohesiveness to the staffing activities of this organization. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-19. Do you think setting up an HR unit in the main office would help?** Of course it would! Because there are HR-related problems both in the home office and in the branches; it is clear that if a personnel office were set up, it would need to help coordinate the HR activities in the branches. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**1-20. What specific functions should an HR unit carry out? What HR functions would then be carried out by the bank’s supervisors and other line managers?** There is room for quite a bit of variation in the answers to this question. Our suggested organization would include: HR Unit: job analyses, planning labor needs and recruiting, providing advising and training in the selection process, orienting new employees, managing wage and salary administration, managing incentives and benefits, providing and managing the performance appraisal process, organization-wide communications, and providing training and developing services. Supervisors and Other Line Managers: interviewing and selection of job candidates, training new employees, appraising performance, departmental and personal communications, and training and development. Internet and HR: shift some activities to specialized online service portals or providers. (LO 1.3: Discuss at least five consequences such trends have for human resource management today.)

**HR in Action Case Incident 2: Carter Cleaning Company: Introduction**

**1-21. Make a list of five specific HR problems you think Carter Cleaning will have to grapple with.**

 Potential answers could include the following:

1. Staffing the company with the right human capital by identifying the skills and competencies that are required to perform the jobs and the type of people that should be hired. Sourcing candidates and establishing an efficient and effective recruiting and selection process will be an important first step.

2. Planning and establishing operational goals and standards, and developing rules and procedures to support business goals and strategies. Failure to do so will result in a lack of clarity around performance expectations down the line as each store becomes operational.

3. Implementing effective Performance Management through setting performance standards, high quality appraisal of performance, and providing ongoing performance coaching and feedback to develop the abilities of each person and support positive employee relations.

4. Designing an effective compensation system that will give the company the ability to attract, retain, and motivate a high-quality workforce, providing appropriate wages, salaries, incentives, and benefits. A poorly designed system will result in difficulty in attracting candidates, turnover, and low employee morale.

5. Training and developing employees both at the management and employee level to be able to perform the job to meet the performance expectations. This should include a new-hire orientation program as well as a program for ongoing training and development. Lack of attention to this component may result in errors, increase in operational costs, turnover, and morale problems. (LO 1.1: Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”)

**1-22. What would you do first if you were Jennifer?** Answers will vary; however, probably the most important first step is to ensure that the staffing process is well designed and targeting the right mix of skills and abilities needed among candidates. A thorough job should be done in analyzing the requirements of each job, developing a complete job description for each role, and sourcing candidates that meet those requirements. Significant time should be invested in the hiring process to ensure that the candidates hired meet the requirements and possess the skills and abilities to do the job.

**Teaching Tips: It is important for students to understand at this point in the course that Human Resource Management is a topic that applies to each of them, regardless of whether they plan a career in the HR department; that is, every manager must be cognizant of methods for improving employee performance, and the need to think strategically. Also, managers act as agents of the company, and as such, must be fluent in the law of the workplace to avoid embarrassment or liability. Students who do not plan careers in management will be exposed to decisions made by their managers and the HR function. A firm grounding in HR practice can make them better consumers.**

Experiential Exercise: HR and “The Profit”

Purpose

The purpose of this exercise is to provide practice in identifying and applying the basic concepts of human resource management by illustrating how managers use these techniques in their day-to-day jobs.

Required Understanding

Be thoroughly familiar with the material in this chapter, and with at least one or two episodes of CNBC’s *The Profit* with Marcus Lemonis (www.tv.com/shows/the-profit-watch/). (Access a library of past episodes at URLs such as www.cnbc.com/live-tv/the-profit.)

How to Set Up the Exercise/Instructions

* Divide the class into teams of several students.
* Read this: As you may know by watching billionaire Marcus Lemonis as he works with actual small businesses in which he’s taken an ownership share, human resource management often plays an important role in what he and the business owners and managers need to do to be successful. For example, at Grafton Furniture, a lack of clarity about who does what (a lack of up-to-date job descriptions) leads to inadequate supervision of some ongoing orders and to lower profit margins. Questions also arise at Grafton about, for instance, the effectiveness of the training that some managers (including the owner’s son) have received.
* Watch several of these shows (or reruns of the shows), and then meet with your team and answer the following questions:

1.23 What specific HR functions (recruiting, interviewing, and so on) can you identify Donald Trump using on the show? Make sure to give specific examples. Recruiting, interviewing, candidate evaluation, selection, and termination are the obvious functions that Donald Trump uses throughout the series. Students will give specific examples related to the episode they select. Challenge students to evaluate whether Donald Trump effectively utilized these practices in the examples they cite, and why or why not.

1.24 What specific HR functions can you identify one or more of the team leaders use to help manage his or her team(s) on the show? Again, please make sure to give specific answers. Examples may include team leaders employing human resource strategies, planning labor needs, selecting job candidates, training and developing team members, developing compensation models, appraising performance, building commitment, implementation of high-performance work system concepts, identifying and reporting metrics or scorecards.

1.25 Provide a specific example of how HR functions (such as recruiting, selection, interviewing, compensating, appraising, and so on) contributed to one of the participants coming across as particularly successful to Mr. Trump? Can you provide examples of how one or more of these functions contributed to a participant being told by Mr. Trump, “You’re fired”? Encourage students to identify specifically what was done effectively in the example they cite from an HR perspective, and how that would be viewed in a true organizational setting. There are mixed views of the effectiveness of both Trump’s and the team leaders’ approach and the implementation of human resource functions in terms of “best practice.” Many critics have suggested that if what was portrayed on the show were carried out in the “real world,” the consequences would be lawsuits and significant dollars laid out both in direct and indirect costs. Have students reflect on this idea and facilitate discussion on what both “The Donald” and team leaders could have done more effectively from a human resource perspective in the examples cited.

1.26 Present your team’s conclusions to the class. Solicit feedback from the class on each team’s conclusions and facilitate a discussion on reactions to each group’s presentation. Ask the following questions:

* + 1. Do you agree with the team’s conclusions? Why or why not?
		2. Do you agree with Donald’s decision to fire or not fire?
		3. If you were the team leader in this example, what would you have done differently?

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| WEB-e’s (Web exercises) |  |

**1. Several years ago, Stanford’s restaurant in Lake Oswego was written up for how well it used HR to keep good employees. What do customers at sites such as** [**http://www.yelp.com/biz/stanfords-restaurant-and-bar-lake-oswego**](http://www.yelp.com/biz/stanfords-restaurant-and-bar-lake-oswego) **say about Stanford’s and what implications do you think this has for Stanford’s HR practices?** Stanford’s resturant clearly wants to establish itself as an employer of choice. Their policies and practices are progressive and demonstrate a commitment to their staff and a culture of a positive working environment.

**2. The Web site** [**http://www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf**](http://www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf) **shows one example of an HR organization. Find two others and compare them to each other.** Students should search and compare the Web sites of two other organizations. Students should come prepared to discuss both the similarities and differences between the organizations.

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| ADDITIONAL ASSIGNMENTS |  |

1. **Give examples of how HR management concepts and techniques can be of use to all managers**. HR management concepts and techniques can help all managers to ensure that they get results through others. These concepts and techniques also help you to avoid common personnel mistakes such as: hiring the wrong person; experiencing high turnover; finding your people not doing their best; wasting time with useless interviews; having your company taken to court because of discriminatory actions; having your company cited under federal occupational safety laws for unsafe practices; have some employees think their salaries are unfair and inequitable relative to others in the organization; allow a lack of training to undermine your department’s effectiveness, and commit any unfair labor practices.
2. **Illustrate the HR responsibilities of line and staff managers.** Line managers are someone’s boss; they direct the work of subordinates in pursuit of accomplishing the organization’s basic goals. Some examples of the HR responsibilities of line managers are: placing the right person on the job; starting new employees in the organization (orientation); training employees for jobs that are new to them; improving the job performance of each person; gaining creative cooperation and developing smooth working relationships; interpreting the company’s policies and procedures; controlling labor costs; developing the abilities of each person; creating and maintaining department morale; and protecting employees’ health and physical conditions. Staff managers assist and advise line managers in accomplishing these basic goals. They do, however, need to work in partnership with one another to be successful. Some examples of the HR responsibilities of staff managers include assistance in hiring, training, evaluating, rewarding, counseling, promoting, and firing of employees, and the administering of various benefits programs.