CHAPTER 1

HUMAN RESOURCE MANAGEMENT: AN OVERVIEW

LEARNING OBJECTIVES

- 1.1 Define human resource management (HRM) and the importance of studying it
- 1.2 Describe who performs HRM
- 1.3 Explain how the HRM function serves as a strategic business partner and the elements of the dynamic HRM environment
- 1.4 Discuss the role of HRM in building corporate culture and employer branding
- 1.5 Summarize HRM issues for small businesses
- 1.6 Identify ways that country culture influences global business
- 1.7 Explore essential skills for developing your career in HR or any other career path

KEY TERMS

Human resource management (HRM): The utilization of individuals to achieve organizational objectives.

Staffing: Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.

Performance management (PM): Goal-oriented process directed toward ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization.

Human resource development (HRD): Major HRM function consisting not only of training and development, but also of individual career planning and development activities, organization development, and performance management and appraisal.

Direct financial compensation (monetary compensation): Pay that a person receives in the form of wages, salary, commissions, and bonuses.

Indirect financial compensation (benefits): All financial rewards that are not included in direct financial compensation.

Nonfinancial compensation: Satisfaction that person receives from the job itself or from the psychological and/or physical environment in which the person works.

Safety: Protection of employees from injuries caused by work-related accidents. **Health:** Employees' freedom from physical or emotional illness.

Human resource management professional: An individual who normally acts in an advisory or staff capacity, working with other managers to help them address human resource matters.

Line managers: Individuals directly involved in accomplishing the primary purpose of the organization.

HR outsourcing (HRO): Process of hiring external HR professionals to do the HR work that was previously done internally.

Shared service center (SSC): A center that takes routine, transaction-based activities dispersed throughout the organization and consolidates them in one place.

Professional employer organization (PEO): A company that leases employees to other businesses.

Executive: Top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division.

Generalist: Person who may be an executive and performs tasks in a variety of HR-related areas.

Specialist: Individual who may be an HR executive, a human resource manager, or a nonmanager, and who is typically concerned with only one of the six functional areas of human resource management.

Profession: Vocation characterized by the existence of a common body of knowledge and a procedure for certifying members.

Human capital: As defined by economists, human capital refers to sets of collective skills, knowledge, and ability that employees can apply to create economic value for their employers.

Union: Comprised of employees who have joined together for the purpose of dealing with their employer.

Shareholders: Owners of a corporation.

Human resource information system (HRIS): Any organized approach for obtaining relevant and timely information on which to base human resource decisions.

Corporate culture: System of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms.

Employer branding: Firm's corporate image or culture focused on attracting the type of employees the firm is seeking.

Country's culture: Set of values, symbols, beliefs, language, and norms that guide human behavior within the country.

LECTURE OUTLINE

HUMAN RESOURCE MANAGEMENT

Human resource management (HRM) can be defined as the optimal utilization of individuals to achieve organizational objectives.

HUMAN RESOURCE MANAGEMENT FUNCTIONS

Six functional areas are associated with effective human resource management: staffing, human resource development, performance management, compensation, safety and health, and employee and labor relations.

- **STAFFING**—Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.
 - **Job analysis**: Systematic process of determining the skills, duties, and knowledge required for performing specific jobs in an organization.
 - **Human resource planning**: Systematic process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period of time.
 - **Recruitment**: Process of attracting qualified individuals and encouraging them to apply for work with the organization.
 - **Selection**: Process through which the organization chooses, from a group of applicants, those individuals best suited both for open positions and the company.
- **PERFORMANCE MANAGEMENT**—A goal-oriented activity to ensure organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization.
 - **Performance appraisal**: A formal system to review and evaluate individual or team performance.
- **HUMAN RESOURCE DEVELOPMENT**—A major HRM function consisting not only of training and development, but also of career planning and development activities, organization development, performance management, and appraisal.
 - **Training**: Activities designed to provide learners with the knowledge and skills needed for their present jobs.
 - **Organization development (OD)**: A planned and systematic attempt to change the organization to a more behavioral environment.
 - **Career planning**: Ongoing process whereby an individual sets career goals and identifies the means to achieve them.
 - **Career development**: Formal approach used by the organization to ensure that people with the proper qualifications and experiences are available when needed.

- **COMPENSATION**—All rewards that individuals receive as a result of their employment.
 - **Direct Financial Compensation**: Pay that a person receives in the form of wages, salaries, bonuses, and commissions.
 - Indirect Financial Compensation (Benefits): All financial rewards that are not included in direct compensation such as paid vacations, sick leave, holidays, and medical insurance.
 - Nonfinancial Compensation: Satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works.
- **EMPLOYEE AND LABOR RELATIONS**—Businesses are required by law to recognize a union and bargain with it in good faith if the firm's employees want the union to represent them. Internal employee relations comprise the human resource management activities associated with the movement of employees within the organization such as promotions, demotion, termination, and resignation.
- **SAFETY AND HEALTH**—Employees who work in a safe environment and enjoy good health are more likely to be productive and yield long-term benefits to the organization.
 - **Safety**: Activities involved in protecting employees from injuries caused by work-related accidents.
 - **Health**: Activities involved in securing the employees' freedom from illness and their general physical and mental well-being.
- HUMAN RESOURCE DATA ANALYTICS—Pervades all HRM functional areas and the researcher's laboratory is the entire work environment. Human resource research is key to developing the most productive and satisfied workforce possible. Data analytics go a long way towards establishing the HRM function as a strategic business partner.
- **INTERRELATIONSHIPS OF HRM FUNCTIONS**—All HRM functional areas are highly interrelated.

WHO PERFORMS THE HUMAN RESOURCE MANAGEMENT ACTIVITIES? The person or units who perform human resource management tasks has changed dramatically in recent years.

- HUMAN RESOURCE MANAGEMENT PROFESSIONAL—An individual who normally acts in an advisory (or staff) capacity when working with other (line) managers regarding human resource matters.
- **LINE MANAGERS**—Individuals directly involved in accomplishing the primary purpose of the organization. As the traditional work of HR managers diminishes, line managers are stepping up and performing some duties typically done by human resource professionals.
- **HR OUTSOURCING**—Process of hiring an external provider to do the work that was previously done internally.
 - **Discrete services outsourcing:** Involves one element of a business process or a single set of high-volume repetitive functions such as benefits.
 - **Business process outsourcing (BPO):** The transfer of the majority of HR services to a third party.
- **HR SHARED SERVICE CENTERS**—Take routine, transaction-based activities that are dispersed throughout the organization and consolidate them in one place.
- **PROFESSIONAL EMPLOYER ORGANIZATION (PEO)**—Company that leases employees to other businesses. When a decision is made to use a **professional employer organization**, the company releases its employees who are then hired by the PEO.

HUMAN RESOURCE MANAGEMENT PROFESSION

There are various designations in the human resource management profession.

- **EXECUTIVE**—A top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division is called an executive.
- **GENERALIST**—A person who may be an executive and performs tasks in a variety of HR-related areas is called a Generalist.
- **SPECIALIST**—An individual who may be an HR executive, a human resource manager, or a non-manager, and who is typically concerned with only one of the five functional areas of human resource management.

• **PROFESSION:** Vocation characterized by the existence of a common body of knowledge and a procedure for certifying members. Professions have representative organizations. In HR these include the Society for Human Resource Management, the Human Resource Certification Institute, the Association for Talent Development, and WorldatWork. Opportunities and compensation in this profession are growing.

HUMAN RESOURCES AS A STRATEGIC BUSINESS PARTNER IN A DYNAMIC ENVIRONMENT

Today's HR professional must be a strategic business partner with upper management. HR must thoroughly understand all aspects of the businesses they support. Working as a strategic partner requires a deeper and broader understanding of business issues. The HR professional must inform executives of the key role employees play in achieving organizational goals. Doing so requires HR professionals to understand the role of capital in value creation.

- **CAPITAL:** The factors that enable companies to generate income, increase company stock prices, economic value, strong brand identity, and reputation.
- **HUMAN CAPITAL:** As defined by economists, refers to sets of collective skills, knowledge, and ability that employees can apply to create economic value for their employers.

DYNAMIC HUMAN RESOURCE MANAGEMENT ENVIRONMENT

Many interrelated factors affect the five HRM functions. Factors outside an organization's boundaries that affect a firm's human resources make up the **external environment**.

- **LEGAL CONSIDERATIONS**—Federal, state, and local legislation, and the many court decisions interpreting this legislation, in addition to many presidential executive orders, have had a major impact on human resource management.
- **LABOR MARKET**—Potential employees located within the geographic area from which employees are normally recruited.
- **SOCIETY**—Society may also exert pressure on human resource management.
 - **Ethics**: Discipline dealing with what is good and bad, or right and wrong, or with moral duty and obligation.
 - **Corporate social responsibility**: Implied, enforced, or felt obligation of managers, acting in their official capacity, to serve or protect the interests of groups other than themselves.

- **POLITICAL PARTIES**—There are two major political parties in the United States. These parties often have differing opinions on human resource topics.
- UNIONS—Employees who have come together for the purpose of dealing collectively with their employer are collectively called a union. A union is treated as an environmental factor because they become a third party when dealing with the company.
- **SHAREHOLDERS**—Owners of a corporation are called shareholders. Because shareholders have invested money in a firm, they may at times challenge programs considered by management to be beneficial to the organization.
- **COMPETITION**—Firms may face intense competition in both their product or service and labor markets.
- **CUSTOMERS**—People who actually use a firm's goods and services. Management has the task of ensuring that its employment practices do not antagonize the members of the market it serves.
- **HR TECHNOLOGY**—The world has never before seen the rapid rate of technological change that is occurring today. The development of technology has created new roles for HR professionals but also places additional pressures on them to keep abreast of the technology.

With the increased sophistication of technology has come the ability to design more useful **human resource information systems (HRIS**). An *HRIS* is any organized approach for obtaining relevant and timely information on which to base human resource decisions.

Cloud computing, which is a means of providing software and data via the Internet, and the use of mobile devices are changing the way that HR work is performed. Social media is also an important HR tool, in particular for use in recruiting.

- **ECONOMY**—As a generalization, when the economy is booming, it is often more difficult to recruit qualified workers.
- **UNANTICIPATED EVENTS**—Many of the human resource functions require modification when unanticipated events such as major weather incidents occur.

THE ROLE OF HRM IN BUILDING CORPORATE CULTURE AND EMPLOYER BRANDING

As an internal environmental factor affecting human resource management, corporate culture refers to the firm's social and psychological climate.

- **CORPORATE CULTURE:** The system of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms. An infinite variety of cultures could exist, so one should view them as a continuum.
- **EMPLOYER BRANDING:** The firm's corporate image or culture created to attract and retain the type of employees the firm is seeking
 - **Diversity management:** Pursuing an inclusive corporate culture which makes everyone feel welcome.
 - **Organizational fit**: Management's perception of the degree to which an individual fits with the culture.
 - New hire orientation: The corporate culture by showing how things are done
 - **Talent management:** The strategic endeavor to optimize the use of employees to drive short and long-term organizational results.
 - **Organizational development:** A means to achieving change in corporate culture.
 - **Country's culture:** The set of values, symbols, beliefs, languages, and norms that guide human behavior within the country. It is learned behavior that develops as individuals grow from childhood to adulthood.

EMPLOYER BRANDING

Employer branding is the firm's corporate image or culture focused on attracting the type of employees the firm is seeking. Through employer branding, people get to know what the company stands for, the people it hires, the fit between jobs and people, and the results it recognizes and rewards.

HUMAN RESOURCE MANAGEMENT IN SMALL BUSINESSES

Typically the same HR functions previously identified must be accomplished by small business, but the manner in which they are accomplished may be altered. Small businesses often do not have a formal HR unit or HRM specialists, rather, line managers handle the HR functions. The focus of their activities is generally on hiring and retaining capable employees. Some aspects of HR functions may actually be more significant in smaller firms than in larger ones.

COUNTRY CULTURE AND GLOBAL BUSINESS

A country's culture is the set of values, symbols, beliefs, languages, and norms that guide human behavior within the country. Cultural differences between countries are a major factor influencing global business. This borderless world adds dramatically to the difficulty of managing employees. Cultural differences reveal themselves in everything from the workplace environments to differences in the concept of time, space, and social interaction. Cultural misunderstandings are common, but they can be hazards to executives managing global workforces, creating significant challenges in managing a firm's human resources.

DEVELOPING SKILLS FOR YOUR CAREER

You will have the opportunity to develop many of the skills that employers have identified as critical to success in the workplace.

- **Communication:** The effective use of oral, written, and nonverbal skills for multiple purposes, effective listening, and teamwork.
- **Critical thinking:** The purposeful and goal-directed thinking used to define and solve problems.
- **Collaboration:** Individuals actively work together on a task and construct meaning and knowledge as a group through dialogue and negotiation.
- **Knowledge applicator and analysis:** The ability to learn a concept and then appropriately apply that knowledge in another setting to achieve a higher level of understanding.
- **Business ethics and social responsibility:** Business ethics are sets of guiding principles that influence the way individuals and organizations behave within the society that they operate.
 - **Corporate social responsibility** is the implied, enforced, or felt obligation of managers to serve or protect the interests of groups other than themselves.
 - **Corporate sustainability** focuses on the possible future impact of an organization on society, including social welfare, the economy, and the environment.
- Information technology application and computing skills: The ability to select

and use appropriate technology to accomplish a given task.

• **Data literacy:** The ability to access, assess, interpret, manipulate, summarize, and communicate data.

ANSWERS TO CHAPTER 1 QUESTIONS FOR REVIEW

1-1. Define human resource management. What HRM functions must be performed regardless of the organization's size?

Human resource management is the utilization of a firm's human resources to achieve organizational objectives. The following functions are necessary for any size organization.

Staffing: Process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives.

Human resource development: Major HRM function consisting not only of training and development, but also of career planning and development activities, organization development, and performance management and appraisal.

Compensation: Compensation includes all rewards individuals receive as a result of their employment. The reward may be one or a combination of the following:

- **Direct financial compensation**: Pay that a person receives in the form of wages, salaries, commissions, and bonuses.
- **Indirect financial compensation (Benefits)**: All financial rewards that are not included in direct compensation such as paid vacations, sick leave, holidays, and medical insurance.
- Nonfinancial compensation: Satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works.

Safety and health: Safety involves protecting employees from injuries due to work-related accidents. Health refers to the employees' freedom from illness, and their general physical and mental well-being.

Employee and labor relations: Even with the projected decline in union membership, a business firm is required by law to recognize a union, and bargain with it in good faith, if the firm's employees want the union to represent them.

1-2. Define profession. Do you believe that the field of human resource management is a profession? Explain your answer.

Profession is a vocation characterized by the existence of a common body of knowledge and a procedure for certifying members. Performance standards are established by members of the profession rather than by outsiders; that is, the profession is selfregulated. Most professions also have effective representative organizations that permit members to exchange ideas of mutual concern. These characteristics apply to the field of human resources, and several well-known organizations serve the profession.

1-3. What are the environmental factors that affect HRM? Describe each one.

- Legal considerations: Another significant external force affecting human resource management relates to federal, state, and local legislation, and the many court decisions interpreting this legislation. In addition, many presidential executive orders have had a major impact on human resource management.
- **Labor market**: Potential employees located within the geographic area from which employees are normally recruited.
- **Society**: Society may also exert pressure on human resource management. If a firm is to remain acceptable to the general public, it must be capable of accomplishing its purpose in line with societal norms.
- **Political parties**: There are two major political parties in the United States. These parties often have differing opinions on human resource topics.
- **Unions**: Group of employees who have joined together for the purpose of dealing collectively with their employer.
- **Shareholders**: Owners of a corporation. Because shareholders have invested money in a firm, they may at times challenge programs considered by management to be beneficial to the organization.
- **Competition**: For a firm to succeed, grow, and prosper, it must be able to maintain a supply of competent employees. Other organizations are also striving toward that objective.

- **Customers**: Because sales are critical to the firm's survival, management has the task of ensuring that its employment practices do not antagonize members of the market it serves.
- **HR technology**: The development of technology has created new roles for HR professionals but also places additional pressures on them to keep abreast of the technology. With the increased sophistication of technology has come the ability to design more useful human resource information systems (HRIS).
- **Economy**: The economy of the nation—on the whole—and of its various segments is a major environmental factor affecting human resource management. As a generalization, when the economy is booming, it is often more difficult to recruit qualified workers. On the other hand, when a downturn is experienced, more applicants are typically available.
- **Unanticipated events**: Occurrences in the external environment that could not be foreseen such as a significant weather event.

1-4. How might HR technology affect the various HR functions?

There is no doubt that HR technology is truly the trend of the future. There are many advantages to using HR technology, but the most important benefit is that it lets HR professionals accomplish their tasks in a quicker and more efficient manner. Cloud computing can change the way HR work is performed as secure access to applications can happen anywhere. HR professionals are not required to work in their office; HR tasks can be performed anywhere there is a signal. While this will affect all functions of HR, recruitment is likely most affected as social media can be used to build a company's brand and attract potential employees.

1-5. Define corporate culture. Explain why corporate culture is a major internal environment factor.

Corporate culture is defined as the system of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms.

Culture gives people a sense of how to behave and what they ought to be doing. Each individual gradually forms such perceptions over a period of time as the person performs assigned activities under the general guidance of a superior and a set of organizational policies. The culture existing within a firm influences the employee's' degree of satisfaction with the job, as well as the level and quality of their performance.

1-6. This chapter describes HR's changing role in business. Describe each component that is involved in HRM.

HR professionals are increasingly taking on the role of a strategic partner with upper management within organizations. To become a strategic partner, HR must understand the company as a whole and build HR systems to support the organization's strategy. This includes all the functions of HR such as staffing, compensation, performance management, human resource development, safety and health, and labor and employee relations.

1-7. How does HRM become more complex as a company's workforce reaches 25 employees?

New small businesses are faced with a host of federal and state government regulatory requirements, tax laws, and compensation demands. The SBA has identified various compliance steps for new small businesses. Before anyone is hired, an Employment Identification Number (EIN) should be obtained. EINs can be acquired online from the IRS and are needed to report taxes as well as information about new employees to state government. Then, procedures for withholding taxes should be made. The IRS requires that businesses keep records of employment taxes for at least four years. This includes employee wages, tips, and sickness records, as well as employee tax withholding certificates.

Verification of eligibility to work is required for new employees within three days of the hire date. An Employment Eligibility Verification Form I-9 must be completed. Also all employers are required to report newly hired and rehired employees to a state directory within 20 days of their hire or rehire date.

Workers' compensation insurance should then be obtained. Any business that hires employees must carry this insurance. A new business should also register for unemployment insurance tax. Small businesses may also be required to pay unemployment insurance tax. New companies should also check to see if they are required to purchase disability insurance. Some states require employers to provide partial wage replacement insurance coverage to eligible employees for non-work related sickness or injury.

Laws also require that the business prominently display posters that inform employees of their rights and the small business's responsibilities to them under labor laws. New employers now have different and new federal and state tax filing requirements that apply.

Once the above discussed tasks have been completed, new small businesses can focus on creating a fulfilling, safe, and fair workplace.

1-8. What are the various designations associated with the HRM profession?

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- **Executive**: Top-level manager who reports directly to a corporation's chief executive officer or to the head of a major division.
- Generalist: Person who may be an executive and performs tasks in a variety of HR-related areas.
- **Specialist**: Individual who may be an HR executive, a human resource manager, or a nonmanager, and who is typically concerned with only one of the five functional areas of human resource management.

1-9. What has been the evolution of HRM?

Traditionally, separate functions such as staffing, training and development, compensation, safety and health, and labor relations (if the firm was unionized) were created and placed under the direction of a human resource manager or executive. Large firms might have had a manager and staff for each HR function that reported to the HR executive. The HR vice president worked closely with top management in formulating corporate policy.

Today, the person or persons who perform HR tasks is certainly different than it was even a decade ago. As more and more companies use alternative means to accomplish HR tasks, the role of the traditional HR manager is diminishing. HR must now enter into the business of strategic HR, focus more on the bottom line of the organization, and leave the more administrative tasks to technology or others.

1-10. Explain how the seven employability skills matte regardless of your career aspirations.

Communication is defined as effective use of oral, written, and nonverbal skills for multiple purposes. You will gain insight into your and your group member's strengths and weaknesses pertaining to communication and collaboration skills.

Critical thinking involves purposeful and goal-directed thinking used to define and solve problems, make decisions or form judgements related to a situation or set of circumstances. Critical thinking, which includes self-assessment and personal reflection, will help you understand yourself and finding your voice will help you approach situations within and outside the employment setting with greater confidence.

Collaboration takes place when individuals actively work together on a task, constructing meaning and knowledge as a group through dialogue and negotiation resulting in a product reflective of their join interdependent actions. HR professional and managers throughout the organization work together to address important workplace issues.

Knowledge application and analysis is the ability to learn a concept and then appropriately apply that knowledge in another setting to achieve a higher level of understanding. This allows you to think through opportunities and solutions to specific problems and apply these processes to other situations you will likely encounter in the future.

Business ethics and social responsibly are guiding principles that influence the way individuals and organization behave within the society that they operate. Ethics also focuses on individual decision-making and behavior as well as the impact of ethical choices on employee welfare.

Information technology application and computing skills are the ability to select and use appropriate technology to accomplish a given task, and solve problems.

Data literacy is the ability to access, assess, interpret, manipulate, summarize, and communicate data. This will enable you to translate quantitative information for use in other contexts. You can expand this skill by thinking through when and how to create new policies or modify existing ones.

DISCUSSION OF CHAPTER 1 INCIDENTS

HRM Incident 1: HR after a Disaster

After Hurricane Rita struck Lake Charles in southwest Louisiana, many businesses wondered if they would ever return to their former selves. Lake Charles, known for its large and beautiful oak and pine trees, now had the job of removing those downed trees from homes, businesses, and lots. You could see for miles through what used to be thick forests. Huge trucks designed for removing massive tree trunks were everywhere. While driving down a street, downed trees could be seen stacked two stories high, waiting to be picked up. The town grew rapidly in size because of the increased number of repair crews working on recovery operations. The noise created by their chain saws could be heard from daylight until dark. The sounds of hammers were everywhere as homeowners scrambled to get their roofs repaired. Often repair crews would just find an empty lot and set up tents for the night because all motels were full. Traffic was unbelievably slow, and it appeared as if everyone was attempting to get on the road at the same time. Just driving from Point A to Point B could often be quite an adventure. As might be expected in conditions such as these, accidents were numerous. Often police did not have the resources to ticket every fender bender, so unless there were injuries, insurance cards were exchanged and the police went on to the next accident.

Months after Hurricane Rita struck, large and small businesses were still frantically trying to find workers so they could start up again. It appeared that every business in the town had a "Help Wanted" sign out front. Individuals who wanted a job could get one and could command a premium salary. Walmart, known for remaining open 24 hours a day, could only stay open on an abbreviated schedule. Employers often had to bus employees from locations not affected by the hurricane each morning and return them at night because there were not enough workers available in the local area. Restaurants that normally remained open late into the evening closed at 6:00 p.m., if they opened at all. Compensation scales that were in use prior to the hurricanes had to be thrown out and new plans implemented. Minimum-wage jobs were nonexistent. Employees who earned minimum wage before the storm could now command \$10 per hour just for being a flagger (a person who directs traffic). Fast-food restaurants that normally paid minimum wage now paid \$10 or \$11. Burger King was even offering a \$1,500 bonus for entry-level workers. Upscale restaurants that normally paid minimum wage plus tips now paid premium rate plus tips. Restaurants that remained open often had a much younger staff and it was evident that the managers and assistant managers were working overtime to train these new workers. Restaurant patrons had to learn patience because there would be mistakes by these eager, but largely untrained workers.

QUESTIONS

1-18. Which environmental factor(s) did Hurricane Rita affect? Discuss.

Certainly the primary external environment factor was unanticipated events. Hurricane Rita could not have been foreseen although disaster planning could overcome many of the problems.

Several external environmental factors resulted from the hurricane. The labor market experienced considerable change. Remember that restaurants were having difficulty in hiring experienced workers and many of the servers had to be trained. Some customers were having difficulty in receiving supplies from producers in the area. Technology was affected as cell phone towers had been destroyed in the area and it was difficult to communicate. To complicate the situation, landlines were also down. The economy took an initial beating from the storm, but the ultimate economic stimulus produced powerful results that continue today.

1-19. How were the HR functions affected by Hurricane Rita?

Virtually every area of HR was affected when Hurricane Rita struck. Businesses were desperately trying to staff their business. Compensation systems had to be significantly altered. There were many untrained workers so the training function continued. Safety issues were everywhere.

1-20. Do you believe that the HR situation described regarding Hurricane Rita would be typical in a disaster? Explain.

Certainly there can be some degree of planning for a disaster. But it is unlikely that all events can be anticipated. At times, managers just have to react to occurrences and hope that the proper decision is being made.

HRM Incident 2: Downsizing

Employer branding is an ongoing effort that requires a company to "put its money where its mouth is." In other words, building and maintaining a positive employer brand goes beyond written policy and good media coverage. Successful branding starts with executive leadership setting an example for employees. Take the Internet company, Yahoo. Yahoo has a policy that provides generous paid parental leave and permits employees to work from home. The company had a golden opportunity to demonstrate commitment to its family leave policy after then CEO Marissa Mayer gave birth to her baby in 2012. Rather than taking several weeks to work from home, she built a nursery next to her office where she could be close to the baby. Then, in 2013, a leaked internal memo revealed that Yahoo would terminate its telecommuting policy that allowed employees to work from home. In the memo, she stated, "Speed and quality are often sacrificed when we work from home." In addition, "We need to be one Yahoo, and that starts with physically being together." Media responses were mixed. On one hand, Mayer showed that she could continue to lead Yahoo as a new mother. On the other hand, media reports criticized her, "for failing to set a realistic expectation for America's working moms." Since then, Yahoo expanded its parental leave policy for the birth or adoption of a child, foster child placement, or surrogacy.

1-21. How do these changes at Yahoo influence the company's employment branding?

When work from home options were eliminated, the firm may have been branded as less family friendly, rigid, or "behind the times". Mayer was judged on her decisions as a new mother, not as a corporate executive. When Yahoo expanded its parental leave policy, it once again began to rebrand itself in to more of a family friendly and supportive organization for all parents.

1-22. As an HR professional, what would you have done after Mayer chose not to take more time allowed under Yahoo's parental leave policy?

Mayer was setting an example for all leadership within Yahoo in terms of what they should expect of their employees who will utilize the parental leave policy. While not taking more time was certainly her choice, as CEO, Mayer reflects the values of the organization. Mayer should have been made aware of the perception her actions may have precipitated.