Chapter 16 – Strategically Managing the HRM Function

As the last chapter, Chapter 16 offers the opportunity for the instructor to review the previous discussions concerning HRM within the context of strategic HRM. Review of the different functions may occur with discussion of LO16-1. Instructors may wish to review materials from Chapter 2, as it is closely related to Chapter 16; however, Chapter 16 is more focused on the management of HRM itself, including the process of developing an HR Strategy (LO16-2) and the evaluation of said strategy (LO16-3). LO16-4 provides students with an overview of the different approaches to structuring HR processes within organizations. Instructors may wish to have several examples to illustrate these structures. LO16-5 then introduces the role of outsourcing within HRM, and LO16-6 introduces the application of process redesign to HRM. Both LOs may require more discussion and may be supported. Software and technology in HRM is discussed, (LO16-7) including an extensive breakdown of different HR functions and how software may support their management. The chapter ends by reviewing the competencies necessary to be an HRM executive (LO16-8), which may provide instructors with an opportunity to review and finalize the textbook concepts within the leadership of the organization.

Learning Objectives

LO 16-1: Describe the roles that HRM plays in firms today and the categories of HRM activities.

LO 16-2: Discuss how the HRM function can define its mission and market.

LO 16-3: Explain the approaches to evaluating the effectiveness of HRM practices.

LO 16-4: Describe the new structures for the HRM function.

LO 16-5: Describe how outsourcing HRM activities can improve service delivery efficiency and effectiveness.

LO 16-6: Relate how process reengineering is used to review and redesign HRM practices.

LO 16-7: Discuss the types of new technologies that can improve the efficiency and effectiveness of HRM.

LO 16-8: List the competencies the HRM executive needs to become a strategic partner in the company.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within all the content areas of HR Expertise.

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas:

* Business Management & Strategy
* Employee and Labor Relations
* Workforce Planning and Employment
* Human Resource Development
* Compensation and Benefits
* Risk Management

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** Why have the roles and activities of the HRM function changed over the past 20–30 years? What has been driving this change? How effectively do you think HRM has responded?

The roles and activities of HR have changed because many people feel that it should deal more with strategic rather than administrative functions. Many companies feel that they should be heading in this direction to adapt to the changing times within the market and the competition. Virtually every HR function in top companies is going through a transformation process to create a function that can play this new strategic role while successfully fulfilling its other roles. HR roles in building a competitive organization have evolved into two dimensions. One dimension represents the focus of a strategic orientation and the other refers to the day-to-day/operational orientation.

**Discussion Question 2:** How can the processes for strategic management discussed in Chapter 2 be transplanted to manage the HRM function?

The processes for strategic management starts with discussing the HRM role, which has been seen as a strategic partner that has input into the formulation of the company’s strategy and develops and realigns HR programs to help implement the strategy. For the HR function to become fully strategic, it must view itself as being a separate business entity and engage in strategic management in an effort to effectively serve the various internal customers. HR executives should take a customer-oriented approach to implementing the strategic function. Also, the products must be identified and the technologies through which HR meets customer needs vary depending on the need being satisfied. In doing so, it will become evident that for HR to fulfill its mission, the function must take a role in overall corporate planning and implementation.

**Discussion Question 3:** Why do you think that few companies take the time to determine the effectiveness of HRM practices? Should a company be concerned about evaluating HRM practices? Why? What might people working in the HRM function gain by evaluating the function?

Students may suggest a variety of reasons. HR must be sold to upper management, particularly during budget cycles. Additionally, through evaluation, HR can learn where effort for improvement and change should go. If through evaluation it is discovered that certain categories of employee hires have a high turnover rate, it may be very useful in determining what to change in order to reduce turnover. Continuous improvement of the HR function can cut costs and increase the quality of its service to the firm.

**Discussion Question 4:** How might imaging technology be useful for recruitment? For training? For benefits administration? For performance management?

Students should be encouraged to give specific examples of how imaging can reduce the need for paper storage, while making the needed information available to the HR function in a more efficient format. For example, scanning and storing resumes during the recruiting and selection process may be a very helpful use of this technology.

**Discussion Question 5:** Employees in your company currently choose and enroll in benefits programs after reading brochures, completing enrollment forms, and sending them to their HR rep. A temporary staff has to be hired to process the large amount of paperwork that is generated. Enrollment forms need to be checked, sorted, batched, sent to data entry, keypunched, returned, and filed. The process is slow and prone to errors. How could you use process reengineering to make benefits enrollment more efficient and effective?

By using a team to examine the process in depth, process reengineering might be able to design a system that utilizes new technologies to have employees enroll by computer, for example. By carefully plotting out what is currently done and then analyzing where the inefficiencies are, the company could develop a redesigned flow of tasks.

**Discussion Question 6:** Some observers argue that outsourcing an activity is bad because the activity is no longer a means of distinguishing the firm from competitors. (All competitors can buy the same service from the same provider, so it cannot be a source of competitive advantage.) Is this true? If so, why would a firm outsource any activity?

Outsourcing involves contracting with an outside vendor to provide a product or service to the firm, as opposed to producing the product using employees within the firm. Outsourcing is done for two reasons, either the outsourcing partner can provide the service more cheaply than it would cost to do it internally, or the partner can provide it more effectively than it can be performed internally. Outsourcing can still be a means of competitive advantage because you usually have an agreement with the outsourcing firm so it still maintains competitive advantage.

**Exercising Strategy**

Cisco Is Rewiring HR

1. In light of what you have read in this chapter, do you think that Cisco is innovating? Why or why not?

Responses will vary.

1. What do you think Katsoudas means by the phrase “one size fits one”?

Responses will vary.

**Managing People**

Wells Fargo’s Recovery?

1. Do you think Wells Fargo has done enough to punish those responsible for this scandal? Why or why not?

Responses will vary.

1. Why do you think the board would not fire the CEO and head of retail banking, but rather let them leave voluntarily?

Responses will vary.

**HR in Small Business**

Employees Make a Difference at Amy’s Ice Creams

1. Which elements of a customer-oriented HRM perspective does Amy’s Ice Creams seem to have? (See Figure 16.2.)

Responses will vary, but this seems to be a business that is committed to keeping both customers and employees happy. As such, HR’s customers in this case seem to be all employees. And by making work fun, it appears that Amy’s Ice Creams encourages employees to also share that fun spirit with the firm’s customers.

1. Suppose Amy’s hired you as a consultant to evaluate whether the company has an effective HRM function. Which outcomes would you look for? How would you measure them? Responses will vary. While it is not indicated in the case, one can infer that the company is profitable. To measure the success of the HRM function for this firm, however, balanced scorecard items such as employee satisfaction, turnover rate, customer satisfaction, engagement, etc. should be considered outside of financial performance.
2. Generally, a small ice cream shop such as Amy’s cannot afford to pay store workers very high wages. How well do you think the company can achieve high employee satisfaction without high pay? What can it do to foster satisfaction besides the efforts described here? How could e-HRM support these efforts?

Responses should link responses in question 2, as well as discuss other tangible and intangible benefits that can be given besides pay. Within that context, e-HRM may help support the overall satisfaction of employees based on their work experiences, while further reducing costs associated with administration.

Guidance to Chapter Cases

**A Look Back**

Rebuilding Wells Fargo

1. In light of what you have read in this chapter, what do you think HR needs to be doing to help rebuild Wells Fargo?

Responses will vary.

1. What will the HR function need to look like to be able to deliver this transformation?

Responses will vary.

**Competing through Technology**

Robots Are Now in Charge of Hiring

1. Do you think these new technologies used in hiring are a good idea? Why or why not?

Responses will vary.

1. Do you think there is the potential for bias in hiring using these technologies? What should be done about it?

Responses will vary.

**Competing through Globalization**

IKEA Enters India

1. Do you think that IKEA will be able to successfully enter the Indian home furnishings market? Why or why not?

Responses will vary.

1. What skills of HR people do you think are necessary to make sure this is a success?

Responses will vary.

**Integrity in Action**

CBS’s CEO Needed CHRO Help

1. In part, because of his leadership deficiencies, Moonves resigned as CEO in 2018. If you had been CBS’s CHRO, how would you have tried to counsel him so that his resignation might not have been necessary?

Responses will vary.

**Competing through Environmental, Social, and Governance Practices**

*The CHRO’s Role in ESG*

1) Do you think CHROs are the right people to be so heavily involved in ESG issues? Why or why not? If yes, which issues?

Responses will vary.

**Other Classroom Materials: CONNECT**

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**Effective Evaluation**

*Case Analysis*

This activity reviews the various approaches to evaluating HRM effectiveness.

LO: 16-03 Explain the approaches to evaluating the effectiveness of HRM practices.

Difficulty: 2 Medium; 3 Hard

Blooms: Remember; Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: Evaluating the Effectiveness of HRM Practices

**HRM Execution**

*Case Analysis*

This activity discusses how the HR role is changing to be able to provide a more strategic perspective in organizations.

LO: 16-08 List the competencies the HRM executive needs to become a strategic partner in the company.

Difficulty: 2 Medium

Blooms: Understand

AACSB: Analytical Thinking

Topic: The Role of the HRM Executive

**Restructure, Outsource, or Redesign?**

*Case Analysis*

This activity reviews three different ways to improve human resources: restructure, outsource, or redesign.

LO: 16-04 Describe the new structures for the HRM function.

16-05 Describe how outsourcing HRM activities can improve service delivery efficiency and effectiveness.

16-06 Relate how process reengineering is used to review and redesign HRM practices.

Difficulty: 1 Easy; 2 Medium; 3 Hard

Blooms: Remember; Understand; Apply; Evaluate

AACSB: Analytical Thinking; Knowledge Application

Topic: Evaluating the Effectiveness of HRM Practices

**Strategic Management of the HRM Process**

*Click & Drag*

This activity asks students to match Walmart’s actions to the correct step in the strategic human resource management process.

LO: 16-02 Discuss how the HRM function can define its mission and market.

16-07 Discuss the types of new technologies that can improve the efficiency and effectiveness of HRM.

Difficulty: 2 Medium

Blooms: Apply

AACSB: Knowledge Application

Topic: Integrating Human Resource Planning and Strategic Planning

**Strategic Moves**

*Case Analysis*

This activity reviews the best practices for making traditional HRM more strategic.

LO: 16-02 Discuss how the HRM function can define its mission and market.

16-04 Describe the new structures for the HRM function.

16-05 Describe how outsourcing HRM activities can improve service delivery efficiency and effectiveness.

Difficulty: 2 Medium; 3 Hard

Blooms: Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: Integrating Human Resource Planning and Strategic Planning

**CHRO Conversation: Interview with Kevin Cox**

*Video Case*

This activity has students watch a video interview with the CHRO of American Express and answer questions about the necessary skills, abilities, and knowledge of an HR leader in an organization.

LO: 16-08 List the competencies the HRM executive needs to become a strategic partner in the company.

Difficulty: 2 Medium

Blooms: Understand; Analyze; Evaluate

AACSB: Analytical Thinking

Topic: How HRM Helps to Build a Sustainable Competitive Advantage