Managing Human Resources (Canadian) 9th edition Bellcourt Solutions Manual

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Chapter 2: Strategy and Human Resources Planning

If nothing else, my students should learn that…

- It is important for HRM to align its policies and processes with the business strategy in order to provide value to the organization (external fit), and that the policies and processes are mutually reinforcing (internal fit). HR planning follows the same pattern as organizational strategic planning, and hence the two processes are complementary.
- In order to evaluate the effectiveness of strategy, it is imperative to take the "people side" into consideration. Sole reliance on financial documents (e.g., financial statements, cash flow statements, income statements) largely ignores investment in human capital.

Learning outcomes

1. Explain how human resources planning and a firm's mission, vision, and values are integrally linked to its strategy.
2. Understand how an organization's external environment influences its strategic planning.
3. Understand why it is important for an organization to do an internal resource analysis.
4. Explain the linkages between competitive strategies and human resources.
5. Understand what is required for a firm to successfully implement a strategy and assess its effectiveness.
6. Describe how firms evaluate their strategies and human resources implementation.

Why is this chapter important?

The purpose of this chapter is to highlight the nexus of organizational strategy and HR planning. It emphasizes the use of planning as a means of ensuring that qualified employees will be available to meet staffing needs when and where they occur. Moreover, it focuses on how HRM policies and practices can contribute toward achieving an organization's strategic goals. This chapter is important because it situates HRM within the broader organizational agenda, and demonstrates how it can be configured to help an organization succeed.

Why should students care?

Surveys show that 92 percent of chief financial officers now believe human capital affects an organization's customer service, 82 percent believe it affects profitability, and 72 percent believe it affects innovation. And, in a survey by the consulting firm Deloitte, nearly 80 percent of corporate executives said the importance of HRM in their firms has grown substantially over the years, and two-thirds said that HR expenditures are now viewed as a strategic investment rather than simply a cost to be minimized. Indeed, research shows that strategically designed and implemented HR systems increase the value of firms, something executives are keenly interested in accomplishing. They are also demanding their human resources groups to push past short-term projections and provide detailed forecasts for needs and the associated costs over a two- to three-year horizon. Even small companies are realizing that their employees are the key to ensuring their ability to compete and survive.

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What can I do in this class?

This section includes ideas for how to start and finish the class. It also contains information from the textbook that can be used as a basis for a lecture. Moreover, it contains numerous suggestions for student engagement. Depending on your class size, the nature of the students, and your desire for classroom participation, choose from these activities to enliven the classroom.

Getting started

- Find some facts about organizations that have changed their strategy. Present the stories to students, and ask them the implications for HRM and the management of people. Impress on students that most strategic moves have HRM repercussions.
- Bring a copy of your university's strategy document and share it with the class. Ask how they see the strategy being implemented in the university, or how it isn't!
- Ask students to think about their strategy for performing well in this class. Ask students whether they have set goals, such as to learn a lot about HRM and perhaps get an A! You will then want to remind students that strategy is much more than just the iteration of a goal. Strategy is also about making a plan. Ask students if they have a plan that will help them to achieve their vision in the class.

Strategic Planning and Human Resources

HR planning is an essential activity of organizations. **Strategic planning** is procedures for making decisions about the organization's long-term goals and strategies. **Human resources planning (HRP)** is the process of anticipating and providing for the movement of people into, within, and out of an organization. **Strategic human resources management** is the pattern of human resources deployments and activities that enable an organization to achieve its strategic goals.

Strategic Planning and HRP: Linking the Processes

Good HR managers consider human resources planning and strategic planning together. Human resources planning provides a set of inputs into the strategic *formulation* process by determining whether a firm has the types and numbers of people available to pursue a given strategy. In strategy *implementation*, the company's executives must make resource allocation decisions to implement that strategy, including decisions related to the firm's structure, processes, and human capital.

- Draw a rough sketch of *Figure 2.1: Linking Strategic Planning and Human Resources*, but don't include any written text (no words), or omit some of the words. Distribute copies to students and ask them to fill in the empty figure with the appropriate words. The figure serves as a map for the chapter and shows how companies align their human resource planning and strategic planning in this way: A firm's business strategy, along with its overall purpose, goals, and values, establishes the context for its HR strategy and the number and types of people, the skills they must have, and the like. In other words, the firm's HRM strategy follows the business strategy and helps to implement it. This figure also serves as a map of this chapter.

STEP 1: Mission, Vision, and Values

- The ***mission*** is the basic purpose of the organization as well as its scope of operations.

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- The ***strategic vision*** provides a perspective on where the company is headed and what the organization can become in the future.
- Organizational ***core values*** are the strong and enduring beliefs and principles that the company uses as a foundation for its decisions.

Developing a Mission Statement

A manager or business owner can craft a mission statement by asking basic questions about the firm, its purpose, its customers, and its values.

HR's Role in Establishing and Reinforcing a Firm's Mission, Vision, and Values

HR managers help embody the firm's mission, vision, and values within the organization by communicating, recruiting and hiring, and behaving with those values in mind.

- **Connectivity Activity:** Find examples of vision and mission statements of well-known organizations (e.g., McDonalds, Google, Starbucks, Revlon, etc.). Put the vision and mission statements on a slide, without telling students the name of the organization. Ask students if they can guess each organization according to their respective vision and mission statements.
- **Call-Out Question:** Who are vision statements for—the public or employees? Reinforce that marketing professionals focus on how to market products or the organization's image to the public, but the vision statement is meant primarily for employees in the organization. Nokia's vision statement is a good example of this: Connecting People and Very Human Technology. It is meant for employees to understand, not the public.
- **Making Explicit Real-World Links:** See *Highlights in HRM 2.1: Air Canada: Mission, Vision, and Values*.

STEP 2: External Analysis

Environmental scanning is the systematic monitoring of the major external forces influencing the organization. Managers attend to a variety of external issues.

The Business Environment

- **Making Explicit Real-World Links:** Ask students to put themselves in the armchair of a senior executive of Starbucks. Ask students to generate the factors that may impact upon Starbucks's success. Instead of teaching these seven factors in the external environment (1. the business environment, 2. the remote environment, 3. economic and ecological changes, 4. technological changes, 5. demographic changes, 6. social changes, 7. legal and regulatory changes) in a lecture format, try to encourage students, through probing questions, to generate them on their own. For instance, ask students whether they think that Starbucks keeps tabs on what Tim Hortons is doing.
- **Think-Pair-Share:** Use Discussion Question 2: *What external forces influence the future of community colleges and universities? List these and discuss the implications for the demand for faculty.* See the recommended responses in Answers to End-of-Chapter Discussion Questions.

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Competitive Environment

Show students *Figure 2.2: Five Forces Framework* to illustrate that the competitive environment includes five forces. A general rule of thumb about this analysis is: The more power each of these forces has, the less profitable (and therefore attractive) the industry will be.

1. Customers
2. Rival Firms
3. New Entrants
4. Substitutes
5. Suppliers

Stakeholders are key people and groups that have an interest in a firm's activities, and that can either affect them or be affected by them. A firm has primary stakeholders with a direct stake in the firm, and secondary stakeholders who can affect or be affected by the company.

- **Think-Pair-Share:** Make Discussion Question 1 the basis for this think-pair-share. Ask students: *As you have learned, substitutes can be an opportunity or a threat. The smartphone is a great example of a new product that eliminated the need for many other products. In groups, develop a list of the products that the smartphone has replaced.* See the recommended responses in Answers to End-of-Chapter Discussion Questions.
- **Making Explicit Real-World Links**: In *Reality Check: Spotting Trends in the Global Economy*, David Foot, a demographer at the University of Toronto, explains why HR professionals must become aware of the need to scan.

STEP 3: Internal Analysis

Core Capabilities

- ***Core capabilities*** are bundles of people, processes, and systems that distinguish an organization from its competitors and deliver value to customers. **Value creation** is what a firm adds to a product or service by virtue of making it; the amount of benefits provided by the product or service once the costs of making it are subtracted. Value creation as a cost–benefit scenario is value = benefits – costs.
- Core capabilities can consist of a combination of three resources: (a) processes (standard routines for how work will be done), (b) systems (technologies), and (c) people.

Sustaining a Competitive Advantage Through People

- Organizations can achieve a sustained competitive advantage through people if they are able to meet the following criteria:
    - *The resources must be valuable.*
    - *The resources must be rare.*
    - *The resources must be difficult to imitate.*
    - *The resources must be organized.*

- **Connectivity Activity:** Find YouTube clips on Southwest's culture (quite a few show flight attendants entertaining customers). Ask students to watch the clips and then provide examples of how the culture is rare, valuable, inimitable, and organized.
- **Connectivity Activity:** Use Sheehan's (2006) simulation to enable students to

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understand the resource-based view of the firm. See the full citation for this paper in the Recommended Reading section.

Types of Talent and Their Composition in the Workforce

Use *Figure 2.3: Mapping Human Capital* to show that different occupational groups in an organization can be classified according to the degree to which they create strategic value and are unique to the organization. In many cases, HR practices will differ depending on the group to which the employees belong. HR practices vary for different employees:

- *Strategic knowledge workers*
- *Core employees*
- *Supporting workers*
- *External partners and complementary skills*

- **Connectivity Activity:** Use *HRM Experience: Customizing HR for Different Types of Human Capital* as the basis for a class discussion on HR architecture. See sample answers to this exercise in the HRM Experience section.
- **Making Explicit Real-World Links:** The Province of British Columbia recognizes the value of human capital as described in *Highlights in HRM 2.2: The Measurement of Human Capital*.
- **Class Debate:** Assign half of the class to argue that organizations should use contract workers, and half of the class to argue that organizations should use full-time contracts. Information pertaining to these positions is found in *Ethics in HRM: The Employment Contract* and *The Business Case: Hiring Contract Workers Pays*.

Corporate Culture

- Organizations often conduct ***cultural audits*** to examine the values, assumptions, beliefs, and expectations of their workforces.
- A company's corporate culture is a source of competitive advantage; firms are also beginning to engage in what is called ***values-based hiring***, which involves outlining the behaviours that exemplify a firm's corporate culture and then hiring people who are a fit for them.
- **Making Explicit Real-World Links:** Provide students with the example of SAS, a business-analytics corporation that often ranks No. 1 on *Fortune* magazine's "Best Companies to Work For" list. In their cultural audit, they ask employees detailed questions about the company's pay and benefit programs, and a series of open-ended questions about the company's hiring practices, internal communications, training and recognition programs, and diversity efforts.

Forecasting

Use *Figure 2.4: Model of HR Forecasting* to explain that managers focus on (at least) three key elements: (1) forecasting a firm's demand for employees; (2) forecasting the supply of employees; and (3) assessing a firm's human capital readiness: a gap analysis.

Forecasting A Firm's Demand For Employees

- **Call-Out Question:** Ask students whether they work over the holiday season (e.g., winter holiday break). Remind them that many employers (e.g., retail mainly, such as Indigo) hire more employees during this time period in order to meet customer

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demand. The hiring process for a December start-date often begins in October. But how do such retailers know how many people to hire in October to be ready for the holiday period? They need to engage in forecasting. Organizations can use one of two approaches to figure this out:

  - *Quantitative approaches.* An example is ***trend analysis***, whereby a firm's employment requirements are forecasted on the basis of some organizational index.
  - *Qualitative approaches*. ***Management forecasts*** are the opinions (judgments) of supervisors, department managers, experts, or others knowledgeable about the organization's future employment needs. The *Delphi technique* attempts to decrease the subjectivity of forecasts by soliciting and summarizing the judgments of a pre-selected group of individuals.
- **Making Explicit Real-World Links:** *Highlights in HRM 2.3: HRP and Strategy Questions to Ask Business Managers* contains a list of questions that HR personnel can ask as part of the Delphi method.

Forecasting the Supply of Employees

- Staffing tables
- Markov analysis
  - **Making Explicit Real-World Links:** See *Figure 2.5: Hypothetical Markov Analysis for a Retail Company* for an example.
- Skill inventories
- Replacement charts
  - **Making Explicit Real-World Links:** *Figure 2.6: An Executive Replacement Chart* shows an example of how an organization might develop a replacement chart for the managers in one of its divisions.
- Succession planning
  - **Making Explicit Real-World Links:** *Highlights in HRM 2.4: Succession-Planning Checklist* shows a checklist for evaluating the "success" of succession planning.
  - **Making Explicit Real-World Links:** Use *Highlights in HRM 2.5: Lack of Succession Planning Threatens Family Businesses* to emphasize the importance of succession planning, not only in large organizations, but also smaller ones.

Assessing A Firm's Human Capital Readiness: Gap Analysis

- Human capital readiness: The process of evaluating the availability of critical talent in a company and comparing it to the firm's supply.
- **Making Explicit Real-World Links**: Use *Figure 2.7: Assessing a Firm's Human Capital* to show how PharmaCo, a chemical manufacturing company, approaches human capital readiness. Managers begin by identifying a company's core capabilities and the key people and processes that are critical to those capabilities. PharmaCo's executive team identified eight key job "families" that comprise about 100 employees of the firm's 1500-member staff. For each critical job family, managers identified the critical knowledge, skills, and behaviours necessary to build the core capabilities. They then determined the number of people required for these positions, as well as the number who are currently qualified. As the lower portion of the figure shows, the company's human readiness ranged between 0 percent for supply chain management design specialists and 75 percent for call centre representatives.

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STEP 4: Formulating Strategy

Strategy Tool: *SWOT analysis* is a comparison of strengths, weaknesses, opportunities, and threats for strategy formulation purposes. *Figure 2.8: An Example of a SWOT Analysis for Liz Claiborne* shows a SWOT analysis done for the fashion apparel company.

- **Connectivity Activity:** Go on the Internet and find an example of SWOT analysis for a well-known organization, such as Starbucks, McDonald's, or Google. Try to find an organization that your students know well (McDonald's normally does the trick!). Print out one copy of the SWOT for each group of about five students. Then cut out single sentences that are strengths, weaknesses, opportunities, or threats, and stick them in an envelope in no particular order. Provide each group with an empty SWOT grid and see whether they can determine which piece of information is an S, W, O, or T. Alternatively, you can give each student one slip of paper with a piece of tape, and make a giant SWOT grid on the board. Ask students to come to the board and tape their S, W, O, or T in the appropriate box. The learning point is that sometimes it is difficult to know whether an issue is an opportunity or a weakness; you can reinforce that O and T are external, and S and W are internal to the organization.
- **Linking to Previous Learning:** Ask students to develop their own personal SWOT for this class. What are their strengths? (e.g., writing) What are their weaknesses? (e.g., multiple-choice tests) What are the opportunities? (e.g., online discussion boards) What are the challenges? (e.g., friends want to go out on Friday night)

Corporate Strategy

Corporate strategy focuses on domain selection, that is, the markets in which they will compete. Some options are:

- Growth and Diversification
- Mergers and Acquisitions
- Strategic Alliances and Joint Ventures

Team Assignment: Use Discussion Question 4 as the basis for a team assignment: *Shopify and Tim Hortons are both Canadian success stories. From websites and news articles, try to articulate and compare their corporate strategies.* See the recommended responses in Answers to End-of-Chapter Discussion Questions.

Business Strategy

Low-Cost Strategy: Compete on Productivity and Efficiency

- This strategy is based on cutting costs. A good example is McDonald's; it focuses on efficiency, productivity, and minimizing waste for a broad target base.

Differentiation Strategy: Compete on Unique Value Added

- This strategy is based on providing something unique to customers. Examples include FedEx's focus on speed and flexible delivery, Holt Renfrew's commitment to fashion and customer service, and Apple's emphasis on innovation and product development.

- **Group discussion:** Use Case Study 1: *Domino's Tries to Get Its Strategic Recipe Right* as the basis for a group discussion. See the recommended responses in Answers to End-of-Chapter Discussion Questions.

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Functional Strategy: Ensuring Alignment

Vertical Fit/Alignment

- This strategy focuses on the connection between the business objectives and the major initiatives in HR.

Horizontal Fit/Alignment

- This strategy ensures that HR practices are all aligned with one another internally to establish a configuration that is mutually reinforcing.

    - **Making Explicit Real-World Links:** Use the Baron and Kreps (1999) article (see Additional Teaching Resources for a full reference) to draw out examples of fit and misfit. The article reviews the Portman Hotel case (Harvard Business Review Case for sale), and can be used as a point of discussion on how HRM policies and practices need to "fit," both internally and externally. With a seasoned class, the instructor may wish to purchase the case from Harvard Business Review. With a less experienced class, it may be best to provide some clear examples from the Baron and Kreps (1999) article instead of using the full case.

STEP 5: Strategy Implementation

Use *Figure 2.9: The 7-S Model* to show the 7-S framework to reveal that HRM is instrumental to strategy implementation. While *strategy* lays out the route that the organization will take in the future, organizational *structure* is the framework in which activities of the organization members are coordinated.

Taking Action: Reconciling Supply and Demand

Demand for a firm's products is based on business forecasts. Supply considerations involve filling employee vacancies to meet the forecasted demand for products. Organizations can hire, have current employees work overtime, recall laid-off workers, use temporary or contract employees, and outsource or offshore some of their business processes.

- **Student Team Presentations:** In groups, ask students to answer Discussion Question 5: *During the semester in which you are enrolled in this course, there will be news about an organization needing to reduce the workforce by thousands of employees. What are the options? What are the advantages and disadvantages of each option?* See the recommended solutions in Answers to End-of-Chapter Discussion Questions. Ask students to present their findings to the class. Alternatively, generate a list on the board together as a class. Then assign one option to each group, and ask each group to present to one another to foster collaborative learning.
- **Making Explicit Real-World Links:** Use *Highlights in HRM 2.6: Managing Labour Shortages* to show how one Nova Scotia company deals with labour shortages.

STEP 6: Evaluation and Assessment

Evaluation and Assessment Issues

Benchmarking is the process of identifying "best practices" in a given area—for example, productivity, logistics, brand management, training—and then comparing the practices and performance to those of other companies.

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Metrics fall into two basic categories:

- Human capital metrics: assess aspects of the workforce
- HR metrics: assess the performance of the HR function itself

- **Making Explicit Real-World Links:** Most large companies use software to track their HR metrics over time. *Figure 2.10: An Example of an HR Dashboard* illustrates an HR "dashboard," which is software that tracks and graphically displays HR statistics for managers to view at a glance (as you do your dashboard readings when you are driving).
- **Team Assignment:** Look at studies being conducted by the HR Benchmarking Association at hrba.org. Write a report that summarizes the benchmarking activities in one industry. What impact would your results have for HRM managers in the best/worst of those organizations?

Measuring a Firm's Strategic Alignment

Strategy Mapping and the Balanced Scorecard

The balanced scorecard (BSC) is a framework that helps managers translate their firms' strategic goals into operational objectives. The model has four related cells: (1) financial, (2) customer, (3) processes, and (4) learning.

- **Think-Pair-Share:** Use Discussion Question 6: *Imagine that you are president of the HR student association at your school. You want to measure the success of the association during your term. What metrics would you use? What benchmarks would you use?* See the solutions in Answers to End-of-Chapter Discussion Questions.

Measuring Horizontal Fit

Making Explicit Real World Links: Use *Figure 2.12: Assessing Horizontal Fit* to show an example of how organizations can assess the horizontal fit of their HR practices. There are essentially three steps:

1. Managers identify the key workforce objectives they hope to achieve.
2. Managers identify each of the HR practices used to elicit or reinforce those workforce objectives (job design, staffing, training, appraisal).
3. Managers evaluate each HR practice on a scale of –5 (not supportive) to 5 (supportive). By tallying up the ratings across managers, organizations can get a very clear idea of which HR practices are working together to achieve the workforce objectives and which are not.

Ensuring Strategic Flexibility for the Future

Successful HRP helps increase ***organizational capability***—the capacity of the organization to continuously act and change in pursuit of sustainable competitive advantage.

- Flexibility can be achieved in two primary ways:
  - ***Coordination flexibility*** occurs through rapid reallocation of resources to new or changing needs.
  - ***Resource flexibility***, on the other hand, results from having people who can do many different things in different ways.

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Finishing Class

- Use *Case Study 2: How a Strategy Change Led to Nike's Formation* to generate a discussion of who is ultimately responsible for formulating strategy. See the solutions in Notes for End-of-Chapter Case Studies.
- Review the learning objectives.
- Create a multiple-choice style quiz based on the lecture material to reinforce learning. Use clickers if they are available.
- Ask students to respond to a Discussion Question to present to the class the following week.
- Provide students with a "one-minute" paper and ask them to respond to the following questions: (1) What is the most important thing I learned today? (2) What question do I have that is left unanswered? Collect the one-minute papers and take up any unresolved issues in the following class.
- Provide each student with a sticky note and ask them to write down anything that was unclear to them in class, or if there are any unanswered questions. Use this as a basis for discussion on the online discussion board for your class.

Additional Teaching Resources

Recommended Reading

- Baron, J.N., & Kreps, D.M. (1999). Consistent human resource practices. *California Management Review*, 41(3), 29–53.
- Bowen, D.E., & Ostroff, C. (2004). Understanding HRM-Firm performance linkages: The role of the 'strength' of the HRM system. *Academy of Management Review*, 29(2), 203–221.
- Kotter, J. (1995). Leading change: Why transformation efforts fail. *Harvard Business Review*, 50–67.
- Pfeffer, J. (2005). Seven practices of successful organizations. In W.L. French, C.H. Bell, & R.A. Zawacki (Eds.). *Organizational Development and Transformation: Managing Effective Change.* New York: McGraw-Hill, pp. 460–479.
- Sheehan, N.T. (2006). Understanding how resources and capabilities affect performance: Actively applying the resource-based view in the classroom. *Journal of Management Education*, 30(3), 421–430.
- Ulrich, D. (1991). Using human resources for competitive advantage. In R. Kilmann, I. Kilmann, and Associates (Eds.). *Making Organizations Competitive*. San Francisco, CA: Jossey-Bass.

Answers to End-of-Chapter Discussion Questions

1. *As you have learned, substitutes can be an opportunity or a threat. The smartphone is a great example of a new product that eliminated the need for many other products. In groups, develop a list of the products that the smartphone has replaced.* Students may generate some of the following: Kindle e-reader; daily newspaper; pocket digital camera (via built-in camera); holga film camera (via Instagram, ToyCamera app); pocket foreign language dictionaries; scanner (via Genius Scan); bank ATMs (via USAA's app, which allows deposits via snapshot); GPS device; road maps / printouts from

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Mapquest and Google Maps; reporter's notebook (I find tapping out notes isn't any slower than writing them); voice recorder; handwritten grocery lists (via DropBox-syncing Plaintext); Nintendo DS; iPod; radio (via NPR app / Hype Machine / iTunes / Spotify / Pandora); paper comics (via Comixology); set-top box remote (via the Roku app); paper receipt file (via EZ receipts), among others. Emphasize that often the biggest opportunity or threat in an industry is not from direct competition but from buyers substituting other products. Hence, firms may need to adjust their employee skill bases to support different technologies, or they may need to think about how they will compete in different ways.

2. *What external forces influence the future of community colleges and universities? List these and discuss the implications for the demand for faculty*. These environmental forces include the following: economic factors, including general, regional, and global conditions; industry and competitive trends, including new processes, services, and innovations; technological changes, including information technology, innovations, and automation; government and legislative issues, including laws and administrative rulings; social concerns, including child care, elder care, the environment, and educational priorities; demographic and labour market trends, including age, composition, and literacy. Each one of these has an impact on the demand for faculty. For instance, technological changes increase the demand for faculty, as lifelong learning is necessary; on the other hand, technological changes have introduced online courses, which reduce the demand for faculty. Similar arguments can be made for many of the factors listed.

3. *Think about an organization that you know well. Place the employees of this organization into the following categories: strategic knowledge workers; core employees; supporting workers; and partners and complementary skills workers.* Strategic knowledge workers tend to have unique skills that are directly linked to the company's strategy and are difficult to replace; they typically are engaged in knowledge work that involves considerable autonomy and discretion. Core employees have skills that are quite valuable to a company, but are not particularly unique or difficult to replace. Supporting workers typically have skills that are of less strategic value to the firm and are generally available in the labour market. Partners and complementary skills have skills that are unique, but frequently are not directly related to a company's core strategy. An excellent answer would showcase understanding of these four types of employees.

4. *Shopify and Tim Hortons are both Canadian success stories. From websites and news articles, try to articulate and compare their corporate strategies.* Student answers should tackle (a) which market each competes within (domain selection); (2) against whom each competes; (3) how they compete in their own market. They should also respond to (4) whether each is in a period of growth and/or diversification, and if they do diversify, how is each responding to the "make-or-buy" question. Finally, students should discuss the extent to which each has engaged in (5) M&As, and (6) strategic alliances and joint ventures. Students may also discuss (7) the business strategy adopted by each, tackling whether they believe each takes a low-cost or unique value-added approach. If this assignment is given as a team assignment that is graded and forms part of the student's summative evaluation, instructors should provide students with detailed instructions.

5. *During the semester in which you are enrolled in this course, there will be news about an organization needing to reduce the workforce by thousands of employees. What are the options? What are the advantages and disadvantages of each option?* Supply

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considerations involve determining where and how candidates with the required qualifications can be found to fill a firm's vacancies.

	Advantages	Disadvantages
Restrict hiring	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff, and at the same time reduces the costs of production	Slow
Reduce work hours	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff, and at the same time reduces the costs of production	Employees may not be satisfied with this option, as they may not earn a sufficient amount to pay for their own cost of living.
Layoffs	Remove full layers of a hierarchy at once; quick	Often decisions are based on seniority or ability. If seniority, more competent people may be laid off versus less competent; it may have a detrimental effect on women who have less seniority.
Attrition	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff	Slow
Early retirement	Wage bill will go down, as more senior individuals are normally paid more; makes room for younger employees to grow	May lose the talent and memory of older workers; bottom-heavy hierarchy may mean a loss of leadership

6. *Imagine that you are president of the HR student association at your school. You want to measure the success of the association during your term. What metrics would you use? What benchmarks would you use?* In order to evaluate my performance, I need to establish a set of parameters that focus on the "desired outcomes" of my strategic planning, as well as the metrics I will use to monitor how well the association delivers against those outcomes. My metrics may include the number of events held by the association, the number of students who register and attend the events, the level of student satisfaction with the events, the number of students who go to our website, the number of members, the number of external organizations that support the HR association, and so on. I would use other student associations as benchmarks (e.g., accounting student association), or an HR association at another university.

Notes for End-of-Chapter Case Studies

Case Study 1: Domino's Tries to Get Its Strategic Recipe Right

1. *Explain how Domino's strategy differed from its competitors.* Domino's initial success came about because it provided a unique, value-added dimension to customers that, at the time, no one else was providing—pizzas delivered to customers' homes in under 30 minutes. It differed from its competitors because rather than relying on quality,

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customer experience, or even price, it relied on the speediness of service. However, more recently, competitors have replicated this part of Domino's strategy, such that they are no longer unique. From the case, it appears that its competitors were not only making and delivering pizza in about the same amount of time as Domino's, but they were also making better-tasting pizza, or pizza at a lower cost. Currently, Domino's strategy is evolving as its products have diversified; it now offers in-room dining, it has increased the quality and taste of its pizza, it offers a number of unique "technological innovations" to engage customers, and there is clearly a focus on training management in order to reduce turnover. Whether it differs so drastically from its competitors today is less clear from the case. The technological innovations that it offers to entice employees and customers may be unique—but not for very long, as technology is easier to reproduce by competitors. What is less "reproducible" is the culture that Domino's (might be/is) creating through its focus on people management, or at the least, the management of management staff. If it wants to have a long-term sustainable competitive advantage, Domino's may be wise to focus not only on managers (its core workers, seemingly), but also employees (supporting workers). At this point, it may be useful to bring up HRM architecture in a class discussion.

2. *Has the firm been able to achieve a long-term strategic fit between its strategy and HR practices in your opinion? Why or why not?* A long-term strategic fit between strategy and HR practices assumes that strategy will not change over the long term. This is highly unlikely. A better question is whether the organization, HR, and the workforce are flexible enough to continually progress and succeed into the future. The HR practices designed for management staff are likely to meet with success in aligning the objectives of managers with that of the organization (i.e., rewards tied to store performance). On the other hand, the answer to this question may be "no." This is because the supporting workers—the employees who could just as easily work at McDonald's, Wendy's, or Starbucks—are not valued to the same extent as management. They are underpaid, and in the eyes of many employees, this is equivalent to being undervalued. When people feel undervalued, they are likely to quit when a better opportunity arises, neglect their work duties when possible, and even engage in deviant behaviours to harm the organization or its stakeholders.

Case Study 2: How a Strategy Change Led to Nike's Formation

1. *Who is ultimately responsible for formulating a firm's strategy—its managers, employees, or both?* Management is ultimately responsible for formulating strategy, but they use input from employees. Therefore, students could argue that both are responsible.

2. *What strategy execution problems do you think Knight and Bowerman might have faced in their effort to make Nike successful?* Students could suggest a variety of problems, such as the lack of financial resources, finding a manufacturer, and making Onitsuka into a rival.

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