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SKU: 9781259654923-SOLUTIONS

1 STRATEGIC IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

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LEARNING OBJECTIVES

After studying this chapter, students should be able to:

1. Discuss the objectives of human resource management.
2. Identify steps in strategic management of human resources.
3. Explain how human resource departments are organized and function.
4. Discuss the role of human resource professionals in today's organization.

TERMS FOR REVIEW

Chartered Professional in Human Resources (CPHR)
Cost leadership strategy
Cultural forces
Cultural mosaic
Demographic changes
Differentiation strategy
Economic forces
Educational attainment
Focus strategy
Functional authority
Human resource audit
Human resource management
Knowledge workers
Line authority
Mechanization
Mission statement
Organization character
Organizational culture
Organizational goals
Proactive human resource management
Productivity
Reactive human resource management
Staff authority
Strategic human resource management

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LECTURE NOTES

Canadian Human Resource Management includes a complete set of Microsoft PowerPoint® slides for each chapter. These lecture notes are intended to accompany the PowerPoint® slides.

Slide 1-1	Chapter cover slide
Slide 1-2	Learning Objectives
Slide 1-3	Introduction—WHAT IS HRM? HRM is the leadership and management of people within an organization using systems, methods, processes, and procedures that enable employees to optimize their performance and in turn their contribution to the organization and its goals. HRM aims to support and enable organizations to meet their short- and long-term economic, social, and environmental goals.
Slide 1-4	Although each topic within human resources is addressed individually, it is important to recognize that the activities within human resource management are all interconnected. Figure 1-1 highlights some of this interconnectedness. When a change is made to one activity or system, it often has an impact on another activity. For example, if an organization acts to engage long-term employees in order to prevent them from leaving, it may spend fewer dollars recruiting and hiring new employees.[7] In order for human resource management systems, practices, and activities to be effective, leaders must consider how changes may affect the system overall.
Slide 1-5	STRATEGIC HUMAN RESOUCE MANAGEMENT • A strategy is similar to a game plan and is linked to the strategic needs of an organization • Strategic human resource management is the process of integrating the strategic needs of an organization into the choice of human resource management systems and practices • Human Resource strategies and tactics must be mutually consistent—strategies may fail if they are not supported by effective tactics, i.e. methods and procedures • Human Resource strategies need to reflect the organization's mission and strategies, i.e., be consistent with organizational priorities
Slide 1-6	A MODEL OF STRATEGIC HRM To be effective, a human resource management strategy and system should be formulated after careful consideration of an organization's environment, mission and objectives, strategies, and internal strengths and weaknesses, including its culture. For purposes of discussion, we will break the human resource strategy formulation and implementation process into five major steps, as outlined in Figure 1-2. Alternative sources may provide different stages and descriptions. Regardless, the logic remains

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	consistent: Know what you are aligning to, understand your external and internal environment, make decisions, and evaluate decisions.

Slide 1-7	Understanding the strategic HRM process
	STEP 1. ORGANIZATIONAL MISSION, GOALS, AND STRATEGY ANALYSIS
	• The organization's overall mission and goals guide the human resources that are needed to fulfil the mission and goals
	• For instance, goals such as productivity (or revenue surplus), organizational growth, employee satisfaction, efficiency, ability to adapt to environmental changes, etc., will help to identify human resources strategies
	
	There are three generic organizational strategies:
	• Cost Leadership strategy: Aims to gain competitive advantage through lower costs, e.g., seek efficiency and use tight controls
	  • E.g., BIC pen company
	• Differentiation strategy: Focuses on creating a creating a distinctive or unique product that is unsurpassed in quality, innovative design or other feature, i.e., achieved through product design, unique technology, or even advertising and promotion
	  • Apple, Samsung, Stella Artois
	• Focus strategy: Concentrates on segment of the market and attempts to satisfy that segment with a low-priced or highly distinctive product
	  • E.g., selling SUVs in North America, but fuel-efficient economy cars in less developed countries

Slide 1-8	STEP 2. ENVIRONMENTAL SCAN • Continuous monitoring of economic, technological, demographic, and cultural forces and noting changes in governmental policies, legislation, and statements
Slide 1-9	The environmental scan includes the following economic forces: economic cycles, global trade, productivity and innovation improvement
Slide 1-10	*Economic Force: Economic cycles* • The Canadian economy goes through boom and bust cycles, which are often linked to boom and bust cycles in other economies • During recessionary periods, HR managers face challenges associated with layoffs, wage concessions, and the lower morale that accompanies recessions. • During boom cycles, HR managers must consider how to recruit and develop the organization's talent base.

Slide 1-11	*Economic Force: Global trade*
	• For Canada, international trade has always been a crucial issue
	  ○ Canada ranks high among exporting nations, exporting more than U.S. and Japan on a per capita basis
	  ○ Canadian jobs and economic prosperity depend upon international trade

Slide 1-12	In 2011, Canada was the twelfth most competitive nation in the world; in 2015, we had fallen to fifteenth and, as of 2017, we are fourteenth (Figure 1-4)

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Slide 1-13	*Economic Force: Productivity and Innovation Improvement* • Productivity refers to the ratio of an organization's outputs (goods and services) to its inputs (people, capital, material, and energy) • Productivity improvement is essential for long-term success i.e., to reduce costs, save scare resources, and enhance profits • HR professionals contribute to improved productivity directly by finding better, more efficient ways to meet their objectives and indirectly by improving the quality of work life for employees • Productivity levels in the U.S., consistently outpace those in Canada • In recent years, Canada's ability to innovate and create wealth has not kept pace with other countries • Canada is 15 of 16 for number of patents filed per capita. Japan and Switzerland are ranked number 1 and 2 • Without innovation, productivity differences tend to increase. • These increasing productivity differences will put great pressure on human resource professionals as they look for ways to create additional productivity efficiencies.
Slide 1-14	The environmental scan includes technological forces: flexible work design, connectivity, and mechanization
Slide 1-15	*Technological Force: Flexible Work Design* • An unprecedented degree of technology has changed the way we work, play, study, and entertain ourselves, while access to information has affected the way several organizations conduct their business. • Technology has brought flexibility into when and where work is carried out. For instance, employees can work without leaving their homes through telecommuting
Slide 1-16	*Technological Force: Connectivity* • Connectivity and technology have disrupted the way organizations operate. • More effective knowledge management – the process of capturing organizational knowledge and making it available for sharing and building new knowledge – has been another outcome of digital information systems • Information management systems store integrated information that can be accessed quickly and accurately • The internet has had a profound impact on human resource activities through social networking sites, video-sharing sites, wikis, blogs, and other interactive opportunities to own and control data, and add value to the applications used.
Slide 1-17	*Technological Force: Automation* • Organizations automate to increase speed, provide better service to customers, increase predictability in operations, achieve higher standards of quality in production, and increase flexibility

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	• May use robots to replace boring or hazardous jobs • Mechanization/automation is not without its own HR challenges. For instance, an emergent field of additive manufacturing requires skilled designers, operators, and technicians.
Slide 1-18	The environmental scan also includes demographic forces: gender balance in the workforce, shift towards knowledge workers, educational attainment of workers, aging population, generational shift Demographics of the labour force describe the composition of the workforce e.g. education levels, age. Demographic changes occur slowly and can usually be predicted with considerable accuracy.
Slide 1-19	*Demographic Force: Gender Balance in the Workplace* • 47% of the workforce in 2017 are women • Women accounted for 70% of employment growth in Canada in last twenty years • Raises importance of child care, work-family balance, dual career families, and employment equity
Slide 1-20	*Demographic Force: Shift toward knowledge workers* • Shift from employment in primary and extractive industries to service, technical, and professional jobs • Information workers (data and knowledge workers) and non-information workers • Knowledge workers have been the fastest growing type of workers in Canada—organizations need to attract, retain, and retrain these knowledge workers • Estimated by 2021 that there will be a shortage of 40,000 knowledge workers in Alberta alone.
Slide 1-21	*Demographic Force: Educational attainment of workers* • Increases are expected to continue • In 2016, 54% of Canadians aged 25 to 44 were post-secondary graduates. • Over 28% of Canadians aged 25 or above hold a university degree of better. • But 48% of Canadians aged 16 or over fall below adequate levels of literacy • 17% of women and 19% of men drop out of school before graduating high school.
Slide 1-22	*Demographic Force: Aging Population* • Average age of the workforce is increasing (impending "old age crisis"), along with the general aging population in Canada • In 2016, the age group comprising those age 65 and over will form 16.5 percent of the population. By 2060, this proportion will increase to 25.4 percent. Conversely, the age category between 15 and 30 years old will decrease from 19.3 percent to 16.9 percent of the population over the same time frame. • Pressure for expanded retirement benefits, variable work schedules, coordination of government benefits with company benefits, and retraining programs, etc.

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Slide 1-23	*Demographic Force: Generational Shift* • The Baby Boomers, Generation X, Generation Y, and Next Gen (Gen Z) are qualitatively different workers • Although the differences within groups may be wider than the differences between groups, understanding that people have different expectations from their workplaces is a useful starting point
Slide 1-24	The environmental scan also includes cultural forces: diversity, ethics
Slide 1-25	*Cultural Force: Diversity* • Canadian society is a cultural mosaic—Canada encourages maintaining unique culture and heritage vs. U.S. "melting pot" • Brings opportunities and challenges for an HR department
Slide 1-26	*Cultural Force: Ethics* • Ethical conduct of business is becoming an increasingly important issue. Managers should understand different ethical perspectives and take into account the ethical implications of their decisions.
Slide 1-27	STEP 3. ANALYSIS OF ORGANIZATIONAL CHARACTER AND CULTURE • Human resource strategies should be formulated only after a careful look at the organization's character: its employees, objectives, technology, size, age, unions, policies, successes, and its failures. • Structure reflects the organization's past and shapes the future. • Each organization has a unique culture—core beliefs and assumptions that are widely shared by all organizational members. Need to be familiar with and adjust to the culture of the organization
Slide 1-28	STEP 4. CHOICE AND IMPLEMENTATION OF HUMAN RESOURCE STRATEGIES Strategic choice and implementation involved identifying, securing, organizing, and directing the use of resources both within and outside the organization. • Ultimately, there should be a clear line of sight between the human resource strategy and the corporate goals. • The HR strategy must reflect every change in the organizational strategy and support it.
Slide 1-29	• In formulating strategies, the HR department must continuously focus on the following 5 groups of activities: ○ Planning Human Resources—Job Analysis, HR Planning ○ Attracting Human Resources—Meeting Legal Requirements, Recruitment ○ Placing, Developing and Evaluating Human Resources—Training, Development, Career Planning, Performance appraisals ○ Motivating Employees—Compensation, Benefits, Employee Motivation ○ Maintaining High Performance—Employee Relations, Meeting the Needs of a Diverse Workforce, Safety, Union Relations

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	• Note: Defined action plans with target achievement dates are required to ensure effective implementation of HR strategies
Slide 1-30	STEP 5. REVIEW AND EVALUATION OF HUMAN RESOURCE STRATEGIES • Strategies should be examined periodically for their continued appropriateness and with consideration for changing factors, e.g., technology, environments, internal factors, etc. • A human resource audit involves a holistic examination of the human resource policies, practices, and systems of a firm (or division) to eliminate deficiencies and improve ways to achieve goals • HR departments must also focus on looking to the future to be proactive in their orientation
Slide 1-31, 1-32	The Human Resource Department in a Small Organization • A separate HR department emerges in an organization when the human resource activities become a burden to other departments—often emerges as a small department or an individual reporting directly to a middle-level manager ○ Typical duties include maintaining employee records, helping managers find new recruits
Slide 1-33, 1-34	A Large Human Resource Department • As the organization grows, the HR department usually grows in impact/complexity and specialists are added, often in the areas of employment, compensation, training, safety, employee and labour relations • Greater importance of the head of human resources may be signified by a change in title to “Vice President”
Slide 1-35	THE SERVICE ROLE OF THE HR DEPARTMENT ○ Staff Authority ○ Human resource departments are service departments. They exist to assist employees, managers, and the organization ○ Authority to advise, not direct managers in other departments ○ Line Authority ○ Possessed by managers of operating departments, allows these managers to make decisions about production, performance and people ○ Functional Authority ○ In highly technical or extremely routine situations, the human resource department may be provided the authority to make decisions usually made by line managers or senior managers, e.g., deciding the type of benefits provided to employees
Slide 1-36	TODAY’S HUMAN RESOURCE MANAGEMENT PROFESSIONAL ○ In the last thirty years, there has been an enormous growth in the number of HR managers (1971: 4,055; 1999: more than 43,000) ○ HRM has been slow to evolve into a full-fledged profession

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	○ Human Resource managers expected to possess competencies including: Mastery of HRM Tools, Change Mastery, Personal Credibility ○ CCHRA (Canadian Council of Human Resources Associations), a collaborative effort of HR Associations from across Canada, coordinates the nationally recognized designation in HR called the CPHR (Chartered Professional in Human Resources)
Slide 1-37	STRATEGIC HRM SUMMARY After mastering this chapter content, you should be able to: 1. Discuss the objectives of human resource management. 2. Identify steps in the strategic management of human resources. 3. Explain how human resource departments are organized and how they function. 4. Discuss the role of human resource professionals in today's organization.

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RESPONSES TO REVIEW AND DISCUSSION QUESTIONS

1) **What are the goals of a human resource department? Choose an organization that you are familiar with and indicate which of these goals will be more important in this organization and why.**

Strategic HRM is systematically linked to the strategic needs of an organization and aims to provide it with an effective work force while meeting the needs of its members and other constituents in society. HRM aims to improve the productive contribution of individuals while simultaneously attempting to achieve other societal and individual objectives. In practice, this means that the department is attempting to achieve the organizational, functional, societal, and individual (or personal) goals of employees wherever feasible. Today's organizations must be able to survive and compete in a vastly changed world, where high productivity and effectiveness are cornerstones to success. The HR department aims to achieve these goals while at the same time attempting to satisfy societal and employee individual needs.

2) **Draw a diagram of a HR department in a firm that employs over 5,000 persons, and name the likely components of such a department. Which of these functions are likely to be eliminated in a small firm employing 50 persons?**

See Figure 1-14 in the text. In a small firm, the middle-level managers are likely to be eliminated.

3) **Identify and briefly describe three major external challenges (choosing one each from economic, technological, and demographic categories) facing human resource managers in Canada and their implications.**

Examples can be taken from Figure 1-3

4) **Outline the three major strategies pursued by Canadian businesses. What implications do they have for human resource function within the firms? Illustrate your answers with suitable examples.**

The three major strategies are cost leadership, focus, and differentiation.

5) **What are four trends (or attributes) in the Canadian labour market that have implications for a human resource manager? Explain your answer citing which of the HR functions will be affected and how.**

Trend 1: The increasing number of women in the work force. HR Dimensions: Benefits (child care, counselling for two-career families), recruitment, selection (employment equity, promotion).

Trend 2: Shift toward knowledge workers. HR Dimensions: Recruitment and Selection (recruitment strategies, selection criteria), training and development (special programs), compensation (pay for knowledge, not skills).

Trend 3: Educational attainment of workers. HR Dimensions: Training and development (re-training programs), compensation (incentives).

Trend 4: Aging population. HR Dimensions: Training (re-training programs), benefits (coordination of government and company benefits), work options (variable work schedules).

Trend 5: Generational Shift. HR Dimensions: Recruitment, training, benefits (what is desirable), work options (flexibility).

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RESPONSES TO CRITICAL THINKING QUESTIONS

1) Suppose your company is planning a chain of high-quality restaurants to sell food products that the company already produces. Outline considerations that may be made by a strategic human resource professional prior to a roll-out of the planned restaurants.

Virtually every area of human resource management will be affected. Initially, consideration will have to be given to human resource planning, recruitment, selection, training, compensation, and overall employee communications and relations. Once the business is established, plans nor the further development of present employees, career planning, and performance evaluation will have to be undertaken.

2) If a bank is going to open a new branch in a distant city, with what inputs will the human resource department be concerned? What activities will the department need to undertake in the transition to a fully staffed and operating branch? What type of feedback do you think the department should seek after the branch has been operating for six months?

The primary inputs of concern to the human resource department are the availability of the needed workers in the branch bank's locale, staffing requirements, and anticipated salary levels.

Creating a fully operating branch requires a plan for the human resources needs and then to recruit, select, hire, and train the personnel.

Perhaps the most important feedback the human resource department should seek after the branch has operated for six months is an evaluation of employee performance. This information enables the human resource department to assess how successful it was in conducting the necessary human resource activities needed to start the branch bank.

3) Find two recent news items and explain how these developments might affect the demands made on the HR department of an organization.

Answers will vary.

4) **If the birth rate during the early 2020s was to double from the low rates of earlier decades, what would be the implications in the years 2040 and 2050 for (a) grocery stores, (b) fast food restaurants, (c) Canadian Armed Forces, (d) large metropolitan universities?**

(a) Grocery store: it will probably be easier to hire staff due to larger supply, more difficult for older workers to find jobs.

(b) Fast food restaurants: can be selective in hiring; large supply (higher selection ratio); lower turnover due to lack of alternatives.

(c) Canadian Armed Forces: more applicants; higher selection ratio; higher quality recruits.

(d) Large metropolitan university: higher enrolment; higher staffing needs; higher revenues.

5) Assume you were hired as the human resource manager in a firm that historically gave low importance to the function. Most of the human resource management systems and procedures in the firm are outdated. Historically, this function was given a low-status, "record-keeping" role within the firm. Armed with sophisticated HR training, you recently entered the firm and want to upgrade the HR systems and status of the department. In other words, you want to make management recognize the true importance of sound HR practices for strategic success. What

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actions will you take in the short and long term to achieve your goals? Be specific in our action plans and illustrate your steps where relevant.

Answers will vary. Short-term suggestion: Make HRM relevant to line managers. Show some tangible benefits (e.g., improved communication, faster processing of departmental requests). Medium and Long term: Encourage their input in formulating the overall HR strategy and policies; encourage human resource audit to bring about continuous improvements; show tangible contributions (e.g., reduced employee turnover, better morale, reduced absenteeism; better legal compliance).

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RESPONSES TO INCIDENT 1-1: HUMAN RESOURCE DECISION MAKING AT CALGARY IMPORTERS LTD.

This incident illustrates a constantly recurring issue between human resource departments and operating managers is who should make critical human resource-related decisions. Operating managers claim they are responsible for results, therefore, they should have the authority to hire, fire, compensate, and perform other human resource activities. However, when operating managers are given complete control, inequities and inconsistencies arise.

1) **If you were president of Calgary Importers Ltd. And were asked to resolve this dispute, which argument would you agree with? Why?**

Because managers are responsible for their performance, the president risks depriving these managers of the authority they need to do their jobs if they are not allowed to make human resource decisions about their staff. Thus, supporting the line manager's need for decision-making authority seems reasonable arrangement. However, when different managers make decisions looking at only departmental needs, consistency in overall HR practices may be lost. The result could be confusion, sense of inequity on the part of employees and potential legal violations

2) **Can you suggest a compromise that would allow line managers to make these decisions consistently?**

Most organizations strive to achieve consistency in their human resource decision making without depriving the manager of the authority to make decisions. This compromise approach results in operating managers being able to make decisions within the department's guidelines. Usually these decisions, particularly with respect to major changes, are subject to review by the department's specialists. If the review by the human resource department uncovers inconsistencies, the manager is advised of the problem and given an advisory recommendation to remove the inconsistency. If the manager persists in ignoring the policy or advice, managers at higher levels are consulted.

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RESPONSES TO *INCIDENT* 1-2: CANADIAN BIO-MEDICAL INSTRUMENTS LTD.

1) **Assume you are the vice-president in charge of human resources. What additional information would you want these three employees to find out?**

In addition to learning more about the market opportunities through an environmental scan (including economic trends such as a competitive analysis and social trends) and regulations surrounding introducing new medical products into German and European markets, there are a series of demographic and cultural forces that CBMI will need to analyze. Demographic trends in the region will inform not only the business opportunities in Europe for CBMI, but also the labour market available to grow to 20 employees in a year. Figure 1-3 summarizes key forces CBMI will have to understand before embarking on an international expansion of their business.

2) **What human resource issues or policies are you likely to confront in the foreseeable future?**

As the organizational mission and goals for CBMI evolve, the organizational strategy will need to match and provide logical steps towards achieving the mission and goals. The HR strategy (along with the marketing and technology strategies) must support the organizational strategy. All of the practices, processes, and tactics developed to support the HR strategy must be aligned (see Figure 1-10). Consideration of legal requirements along with variations in job descriptions that may be needed to accommodate differences between the North American workforce and European workforce may result in recruitment, training and development, performance management, and pay and benefit variations.

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CASE STUDY: WE CONNECTIONS – MOTIVATING THROUGH JOB DESIGN

Discussion Questions and Expected Responses:

1) Is Alex's approach of blocking time in his calendar to become strategic about HR consistent with the process of strategic human resource management? Is this approach common for start-up organizations? Why?

Alex's approach of blocking time in his calendar to become strategic about HR might be a helpful first step towards becoming more strategic about HR. However, overall, Alex does not appear to be acting in a manner consistent with the process of strategic human resources management as indicated by the case commentary; for example, "He simply dealt with the people issues in isolation as they arose, and moved on, hoping for the best" and "On some level, he had thought that if he focused on the technology, everything else would follow". Although Alex has hired a Human Resources Specialist and two assistants, it does not appear that Alex has aligned his company's human resource management activities with the company's mission, goals, and overall business strategy. (LO1)

This approach is likely to be common for start-up organizations because company founders tend to be stronger and more focused on the technical and operational as opposed to the interpersonal and management side of the company. However, the chapter notes that strategic human resource management can enable an organization of any size to achieve its goals; thus, there is a competitive advantage available for start-up organizations that do choose to follow the process of strategic human resource management. (LO1)

2) Imagine that Alex has asked you to advise him as he is about to develop the strategic human resource management process for WEC. Describe for him how economic, demographic, technological, and cultural forces are likely to affect WEC.

Overall, the steps associated with Figure 1-2 (A Model of Strategic Human Resource Management) should be followed in order to provide a framework that can be used to advise Alex. Regarding the first step, Alex must confirm that his company does in fact have a strong mission, set of goals, and overall business strategy; getting specific about these areas would likely help to inform and develop his strategic human resource management process. For example, it appears that WEC is following a differentiation strategy as they are building software that is unique to the needs of their client organizations across various markets and customer groups (e.g., part ordering, information sharing across departments, customer data collection and response, broader communication strategies and consulting). Thus, when deciding which candidates to hire, which employees to promote, or which employees should be granted merit increases, consistent with this strategy, WEC should be hiring, promoting, and rewarding the people who can solve unique problems across different segments as opposed to the people who focus on efficiencies in production (which would be more consistent with the cost leadership strategy) or the people who focus on providing highly distinctive products to narrow segments (which would be more consistent with the focus strategy). It seems that WEC is doing well in this regard as "Most of their recruiting focused on hiring innovative software engineers who could solve tough technical problems"; however, consistent with their business strategy, they also need to ensure that they are hiring customer-focused, team-oriented, and conscientious employees. (LO2)

The second step in the strategic human resource management process involves an environmental scan, which seeks to identify the major economic, demographic, technological, cultural, and legal forces

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affecting the company. As an example of how technological forces are likely to affect WEC, if technological forces are resulting in a trend towards more flexible work design, then it is possible that firms competing with WEC for talent might be offering telecommuting (or remote work) options for their employees. If telecommuting is something that is desired by the market of potential employees for WEC, then Alex would need to consider offering this type of option or he might otherwise be losing talented workers to competing organizations that do offer more flexible work options. (LO2)

3) Alex asks you to conduct a human resource audit; how would you go about doing that? What things would the audit cover?

Figure 1-12 (Steps in a Human Resource Audit) displays the steps that should be followed in a human resource audit. Based on these steps, the case alludes to potential issues with employee satisfaction (Jake's resignation even when Alex offers to match and then beat Jake's job offer) and strategy alignment (as discussed in response to Question 2). In order to conduct the human resource audit, research approaches and tools should be suggested in order to generate the audit report. For the example of Jake's resignation and his comment that "I'm not valued" (employee satisfaction), an example of a research approach is further qualitative data gathering and an example of a corresponding research tool is a more in-depth exit interview with Jake so that he can have time to collect his thoughts and then fully explain his reasons for leaving. This would help Alex to ascertain whether there were other areas of dissatisfaction beyond the monetary concern that was initially noted by Jake. The results of the audit report should then allow Alex to initiate new programs and responses to issues such as, the areas of employee dissatisfaction noted by Jake. (LO2)

The audit would cover some or all of the major areas noted in Figure 1-13 (Major Areas Covered in a Human Resource Audit); related to the case, there is information suggesting that the following areas should be included in Alex's audit: human resource plans (there is no replacement plan for Jake), compensation administration (the wage and salary levels may be lagging below the market; moreover, there are potential internal pay inequities between employees, such as Jake and Julie), career development (there is no one internally that is ready to take on Jake's role and to manage the key project that was due to launch in less than six weeks), and human resource controls (Alex is just starting to feel like he is losing control of the people in his own company even though Jake is the second key person to leave WEC in the previous five months; moreover, it does not appear that the employees have been communicating any of their issues to Alex). (LO2)

4) Who else might Alex want to involve in the development of a strategic HR framework for WEC?

As a starting point, Alex should speak with Charlotte Huang, the human resources specialist, to determine her background and skills towards developing strategic HR frameworks. She may have some experience, but more likely, will have direct knowledge of the skill-set required to develop a strategic HR framework. She can help Alex craft the project description for developing a strategic HR framework for WEC. Although hiring an HR professional to develop and lead strategic HR at WEC is a possibility, WEC may also seek to hire development of the strategic HR framework as a specific project or initiative. There are HR firms and high-level HR executives who can provide consulting expertise at the strategic level required for building out the HR framework.

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CASE STUDY: DIGITECH

Discussion Questions and Expected Responses:

1) What do you believe has led to the emergency meeting between Stephanie and Gail from (1) an organizational perspective and (2) a strategic HR perspective?

a. From an organizational perspective, a lack of project planning may be at the route of the emergency meeting. Namely, the barriers that are identified by Stephanie could have (and perhaps should have) been identified as potential barriers prior to initiating the project. If proper project planning had taken place, a number of the challenges that DigiTech is experiencing could have been avoided, or at worst, planned for and mitigated.
b. From a strategic HR perspective, the absence of strategic human resource planning is at route of the emergency meeting between Stephanie and Gail. It is apparent that Gail had not been asked, or alternatively had not provided, insight into the potential knowledge and skill gaps that would emerge in this significant technology shift for Digitech. With a strategic and proactive approach to HR, challenges such as that described in the case may be anticipated and addressed before they become an emergency through an environmental scan and an analysis of organizational culture.

2) What internal and external forces were influencing DigiTech?

a. Internal forces at play include employee readiness, employee knowledge, skills, and abilities, as well as productivity and innovation. With respect to employee readiness, it appears that the employees were not appropriately prepared for the project. Making things more difficult, it would appear that the current employees do not have the knowledge, skills, and/or abilities to undertake the change that is required at DigiTech.
Finally, productivity and innovation will be an internal influence as it appears the employees were used to doing things certain ways and the change and innovation required to make a larger productivity platform is greater than the employees were ready for.
b. External forces include technological, demographic and economic. For instance, the technological change from on-premise computing to cloud based computing led DigiTech to consider an alternative platform. Demographic influences were likely at play as well, given the change in consumer demands for higher quality games from DigiTech. Lastly, economic pressures were at play in that if DigiTech does not make the shift, they may have difficulty competing in the market place.

3) In hindsight, what should Gail have done before this eventful Monday morning?

a. In hindsight, Gail should have analyzed the element of Digitech's strategic plan to shift its computing to a cloud based environment so that she may identify the potential internal and external human resource forces that would create potential challenges and opportunities throughout the project. Based on that analysis, Gail could have set out a parallel human resources plan that would support the successful implementation of Stephanie's technology transformation.

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4) What should Gail do now?

a. Gail should take stock of the current situation by analyzing what external and internal forces are at play in the current situation. This analysis should then be coupled with an assessment of the gaps in knowledge, skill, abilities of current staff to successfully implement the projects as it is set out. Finally, Gail should identify a short and intermediate term plan to address the identified gaps and forces in a priority sequence.

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CASE STUDY (11E): MAPLE LEAF SHOES LTD. – A STRATEGIC MANAGEMENT EXERCISE

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Discussion Questions and Expected Responses:

1) **What are some changes within Maple Leaf Shoes and in its environment that have caused a shift in its strategy? List the challenges facing the company using the classification provided in your text.**

Students may point out any of the number of changes that have occurred in the firm and its environments. Samples include:

- The firm's cost of production is on the rise.
- There seems to be more competition, especially based on price. Maple Leaf Shoes' prices are no longer very low priced compared to those of other manufacturers.
- Remaining non-managerial staff are about to be unionized.
- There is increasing competition from abroad. Several of the new competitors are from countries such as Mexico and Thailand, which have lower labour costs.
- The planned facilities in Indonesia (and plans to enter India and Mexico) raise new HR challenges in the areas of managerial training (especially those who have Asian assignments), diversity training, and developing new HRM policies and systems to be suitable for an international organization.
- There is a lack of well-trained managerial and supervisory staff. The growth plans will make this even more apparent in future.

Several of the challenges listed in Figure 1-3, can be added to the above list.

2) Assume that you are hired as a consultant to help the firm hire a new human resource manager. What immediate and long-term job responsibilities will you identify for the new job incumbent?

The immediate priorities will be:

- Meeting human rights legislation requirements and the requirements imposed by various federal and provincial laws.
- Preparing for contract negotiations with unions.
- Job analysis of key functions and task holders to set the stage for cost-reduction proposals.
    - Employee relations, especially fostering communication with employees and improving the overall morale by establishing necessary administrative systems.

The long-term priorities will be:

- Training and developing managers and other staff to prepare them for future expansion.
- Employment planning, which will also involve the preparation of skills inventories and replacement charts, and employee career counseling. This will also have to be tied to a performance appraisal system.
- Facilitating organizational changes to accommodate new priorities imposed by growth and expansion.

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3) Identify three sample objectives of the human resource department at Maple Leaf Shoes and list associated strategies and action plans to be implemented by the department.

There may be a number of acceptable answers here. It is recommended that the instructor evaluate the objective for its clarity and rationale. Financial information is given in Table 1.
For example: The objective may be:
"To train 20 percent of the current managerial staff in topics X, K, and Z by 15-7-2012 at a cost not exceeding $_. The trained managers should be able to do (a) ____ , (b) ____ , and (c) _____ satisfactorily."

This could translate into actions such as:

1. Identifying the sample of managers who need training. Thus, the training needs analysis must be completed by a set date (with monetary and resource constraints attached to it).
2. The training methodology must be identified next, choosing from lecture, role playing, computer simulation, on-the –job training, etc.
   Once again, the person responsible for each action and the date by which the action must be completed is to be identified.

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CASE STUDY (11e): CANADIAN PACIFIC AND INTERNATIONAL BANK – STRATEGIC HUMAN RESOURCE MANAGEMENT

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Discussion Questions and Expected Responses:

1) What are some major challenges facing CPIB?

The major challenge to CPIB is to improve its competitive position by becoming ore innovative. Specifically, technological developments have allowed for electronic banking and virtual banks with lower overhead costs. Further, shareholders have been demanding more voice in bank decisions. More broadly, CPIB operates in a highly regulated industry. Due to such regulations, Canadian banks feel they are at a disadvantage relative to U.S. banks.

2) What are the specific implications for the human resource function?

HRM must take a proactive approach to meet the technological and competitive challenges. This includes a thorough environmental analysis to identify environmental threats and opportunities. Such an analysis may suggest adopting cutting-edge technology, for example. The type of organization strategy that CPIB adopts will greatly affect HR priorities and practices. If a focus strategy is used, this would indicate a high emphasis on training, with moderate emphasis on both skill application and flexibility to change.

3) What suggestions do you have for the current challenges faced by the HR function?

The bank should adopt a differentiation strategy because this is consistent with their history of capitalizing on opportunities, especially in opening up in foreign markets. It should continue to innovate technologically as it did before as a key player in the development of e-commerce. To address the concerns of shareholders, CPIB should emphasize its lean operations yet still maintain its practice as a good corporate citizen. Adopting such a strategy means that employees should be selected on the basis of broad skills and their creativity and innovation, while training and development are given high emphasis. HRM should foster an environment that encourages employee flexibility to deal with change.

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