

Key Features

We have developed a number of pedagogical features for *Human Resource Management: Linking Strategy to Practice, Second Edition* to support the strategic framework and enhance student interest and learning.

A MANAGER'S PERSPECTIVE AND A MANAGER'S PERSPECTIVE REVISITED

Each chapter opens with a real-life scenario describing a decision faced by an individual employee, manager, or human resource professional. These scenarios, labeled “A Manager’s Perspective,” highlight the importance of strategic decision making and help students see exactly how the chapter material is relevant to their future careers. Each scenario ends with five thought questions designed to get students thinking about core concepts from the upcoming chapter. A section labeled “A Manager’s Perspective Revisited” at the end of each chapter provides answers to the thought questions and once again emphasizes how the material covered in the chapter can help students build successful careers.

A MANAGER'S PERSPECTIVE

ALEX RETURNS TO HIS OFFICE AFTER MEETING WITH JASMINE, ONE OF HIS MOST VALUED TEAM MEMBERS. JASMINE JUST INFORMED ALEX THAT SHE WILL BE MAKING A FORMAL CLAIM OF SEXUAL HARASSMENT. BOB, A MEMBER OF THE SAME MANUFACTURING TEAM AS JASMINE—THE RED TEAM—HAS REPEATEDLY BEEN MAKING SEXUAL COMMENTS THAT CAUSE JASMINE TO FEEL UNCOMFORTABLE. JASMINE MENTIONED THIS TO ALEX A FEW WEEKS AGO, BUT ALEX HOPED THE ISSUE WOULD JUST GO AWAY. NOW HE IS WORRIED THAT HIS RESPONSE WAS NOT WHAT IT SHOULD HAVE BEEN. TODAY HE ASSURED JASMINE THAT HE WOULD SEE TO IT THAT THERE WAS NO RETALIATION FOR MAKING A HARASSMENT CLAIM. HOWEVER, ALEX WONDERS IF THINGS WOULD HAVE GOTTEN THIS BAD IF HE HAD STEPPED IN SOONER.

Alex knows that he should have tried to help resolve Jasmine’s concern. Yet, he is unclear whether the company is responsible for Bob’s actions. Does he as a supervisor have a responsibility to reprimand Bob for making sexual comments? Are there laws

that protect people from having to work in environments that make them uncomfortable? Is there real harm as long as Bob is not physically touching Jasmine?

As Alex thinks about legal issues, he remembers seeing an accident report for the blue team. Tim, one of the team members, received an injury while cleaning a piece of equipment. He tried a shortcut procedure that was not approved by company policy. In the accident report, however, Tim stated that he did not know there was a specific policy about how the equipment was to be cleaned. Tim will probably not be able to work for the next two weeks. Is the company required to pay him during the two weeks? Is the for the medical bills? After ta

now wondering if Tim might s
Alex also remembers a sto
the morning news. A nearby
legal difficulties because mi



A MANAGER'S PERSPECTIVE REVISITED

IN THE MANAGER'S PERSPECTIVE THAT OPENED THE CHAPTER, ALEX WAS THINKING ABOUT LEGAL AND SAFETY ISSUES. HE WAS CONCERNED ABOUT HIS RESPONSE TO A CLAIM OF SEXUAL HARASSMENT, AND HE DIDN'T KNOW IF HE WAS DOING ALL THAT WAS NECESSARY TO PROMOTE WORKFORCE DIVERSITY. HE ALSO WONDERED ABOUT THE CORRECT RESPONSE TO SAFETY VIOLATIONS AND ACCIDENTS. FOLLOWING ARE THE ANSWERS TO THE “WHAT DO YOU THINK?” QUIZ THAT FOLLOWED THE CASE. WERE YOU ABLE TO CORRECTLY IDENTIFY THE TRUE STATEMENTS? COULD YOU DO BETTER NOW?

1. People who are victims of sexual harassment can sue the person who harassed them but not the company. **FALSE.** Employers can be held accountable for the illegal actions of their employees.
2. Companies must hire minority workers even when they are not as qualified as other people who are applying for the same job. **FALSE.** Diversity enhancement and affirmative action require companies to increase their efforts to hire minority workers, but they do not require that preference be given to minority applicants who are less qualified.
3. A company can have legal problems when it doesn't hire enough women, even if it treats men and women the same. **TRUE.** Treating people the same can result in adverse impact discrimination, which occurs when employees from one group are hired at a higher rate than employees from other groups, even though the groups

- are treated the same. When a company's hiring procedures result in adverse impact discrimination, the company is required to demonstrate that the procedures identify the people most likely to succeed on the job.
4. Men and women must be paid the same when they perform the same job. **TRUE.** The Equal Pay Act requires them to be paid the same when the job is the same. Exceptions can be made for differences in job tasks, seniority, or performance.
 5. Employees have a right to know about any hazardous chemicals they are exposed to at work. **TRUE.** The Occupational Safety and Health Act requires employers to inform workers of chemical hazards.

The questions that Alex faced are common to most managers. Employment and safety laws require organizations to follow certain guidelines. Alex, for example, does have an obligation to stop sexual harassment. He must also comply with a number of laws to eliminate discrimination and provide a safe workplace. Although Alex may have thought company guidelines were common-sense matters, he is wise to review them and see that he and other members of the organization are meeting legal requirements. Fortunately, compliance with the laws and guidelines can also increase productivity and profits in many ways.



BUILDING STRENGTH THROUGH HR

The opening section of each chapter includes a discussion that illustrates how a specific company has used the concepts discussed in the chapter to increase effectiveness. Trader Joe's, Southwest Airlines, Marriott, and General Electric are just a few of the firms included in these in-depth examinations of strategic HR. Each of the company descriptions ends with a "Building Strength Through HR" feature that clearly summarizes how the firm has used specific human resource practices to become more effective and competitive.

Additional "Building Strength Through HR" features appear throughout each chapter. These brief cases illustrate how specific companies have benefited from implementing particular human resource practices—for example, how Leicester Royal Infirmary, a large teaching hospital located in England, improved efficiency and patient satisfaction through work redesign and how General Mills used training in teamwork and creativity to enhance cross-functional product development. These discussions clearly illustrate how effective human resource practices have translated into success for a number of organizations. The inclusion of foreign-based firms points up the fact that the usefulness of strategic HR crosses international boundaries.



Building Strength Through HR

PEPSICO

PepsiCo is a global food and beverage company with annual revenues of more than \$35 billion. The company has over 168,000 employees in nearly 200 different countries and seeks to sell its food and beverage products to consumers in all racial and ethnic groups. Increasing the diversity of employees as a means of increasing sales to minority groups is therefore a critical objective at Pepsi.

Pepsi actively recruits diverse employees in several ways. First, the company cultivates relationships with African American colleges and universities and has an affirmative action planning process that seeks to increase the percentage of minority workers. Two external advisory boards of academics, politicians, and customers provide guidance on diversity issues. In addition, Pepsi encourages employees to join *affinity groups* that consist of people of a particular race or gender who get together to discuss issues that affect them. Each group has as its sponsor an executive who is not a member of that race or gender.

Diversity initiatives at PepsiCo have increased the number of its minority workers. People of color now represent 17 percent of managers at midlevel and above, and women represent 34 percent of managers. This representation has significantly increased in the past five years. The company is routinely rated as one of the best places of



employment for minorities, a rating that has led to increases in the number of minority job applicants.

Diversity also adds to PepsiCo's profits. Innovation centers on identifying new product flavors to match the unique tastes of diverse customers. Among these products are guacamole Doritos and Mountain Dew Code Red.

Sources: Information from Irene Chelaksky, "Pepsi's for Everybody," *Business World* 117 (1998): 248; Carol Hymowitz, "The New Diversity: In a Global Economy," *Wall Street Journal*, November 14, 2005; Chad Terhune, "Pepsi, Vowing Diversity Isn't Just Image Polish, Seeks Inclusive Culture," *Wall Street Journal*, April 19, 2005; Sonia Alleyne, Alfred A. Edmond, Jr., Sakina P. Spruiell, and Carolyn M. Brown, "The 30 Best Companies for Diversity," *Black Enterprise* 35, no. 12 (2005): 112-126; http://www.pepsico.com/PEP_Diversity/commitment/index.cfm.

HOW DO WE KNOW?

Research is an important part of the field of human resources. Each chapter therefore includes a number of features describing specific research studies. These features—labeled "How Do We Know?"—use nontechnical language to summarize research studies that have been published in scholarly journals. Each concludes with a "Bottom Line" summary that shows how the findings of the study contribute to our understanding of effective human resource management. These research summaries help students understand how knowledge is generated and help them see the science behind many of the principles discussed throughout the textbook.



How Do We Know?

WHAT DIFFERENTIATES FAST-FOOD RESTAURANTS?

Have you ever wondered why some people like to eat at McDonald's, but others prefer Burger King? What sets one fast-food chain apart from another? To find out, Bonnie Knutson asked 200 college students about their perceptions of Arby's, Burger King, KFC, McDonald's, Subway, Taco Bell, and Wendy's. She asked the students to rate these restaurants on features such as atmosphere, menu choices, consistency, and price.

The study found that students have common beliefs about differences between fast-food restaurants. McDonald's received the highest overall ratings. Students saw McDonald's as particularly strong in terms of combination meals, kid's meals, consistency, and value. They gave Taco Bell the highest rating for low-priced food. Subway received the highest rating for good nutrition, and Wendy's for menu variety.

The Bottom Line. The results of this study illustrate the concepts of cost leadership and differentiation. Taco Bell is seen as a low-cost provider, which can be an effective strategy as long as the cost structure really allows it to produce and serve food at low cost. Subway has been successful at differentiating itself based on nutrition, and Wendy's has differentiated based on menu variety. These restaurants also have different human resource strategies that help support their competitive strategies. Professor Knutson concludes that fast-food restaurants should place high importance on creating a clear brand image that is consistent with their strategy for competing with other restaurants.

Source: Bonnie J. Knutson, "College Students and Fast Food: How Students Perceive Restaurant Brands," *Cornell Hotel and Restaurant Administration Quarterly* 41, no. 3 (2000): 68-74.

TECHNOLOGY IN HR

How Can Work Be Designed to Improve Family Life? 147



Technology in HR

ALLOWING EMPLOYEES TO WORK FROM HOME

Allowing employees to work from home can help employers retain good workers. One company that allows employees to work at alternative locations is AT&T. The company reports that 30 percent of management employees work full-time outside the office, while another 41 percent work away from the office an average of one or two days a week. The move to work away from the office has cut expenses for office space by \$30 million. These and other savings have led AT&T to conclude that allowing employees to work at alternative locations saves the company over \$180 million each year.³⁸

Employees at AT&T, as well as other companies, report increased job satisfaction and productivity when they work from home. Not only do they save an average of an hour of driving time each day, but they are no longer subject to the distractions created by coworkers. People who work from home report greater autonomy and decreased stress. Absenteeism and turnover are also usually lower among people who work at home than other employees.³⁹ Technological advancement thus seems to increase the productivity of some employees.

A potential problem with working from home is the sense of isolation that some workers experience. These workers feel that they miss out on important social interaction, and in some cases, they also feel that by working at home their contributions are less



suggest that organizations must carefully evaluate the benefits and problems that arise when employees use technology to complete work from home.

Source: Information from Ann Bodnarz, "Telework Thrives at AT&T," *Network World* 22, no. 50 (2005): 29; William Grandall, "An Update on Telecommuting: Review and Prospects for

Technological change has had a pervasive influence on every aspect of management, and human resource management is no exception. "Technology in HR" features describe how technological advances are affecting the field of human resource management. The information included in this feature illustrates how the Internet and other forms of electronic communication are affecting human resource practices in areas such as employee selection, training, and compensation. These discussions show students how advancements in technology are being incorporated to increase the effectiveness of human resource management.

RECALL FEATURES

A number of features included in each chapter help students focus on and learn key concepts.

- **Learning Objectives.** A list of learning objectives opens each chapter and prepares readers for the key concepts to be discussed.
- **Key Terms and Definitions.** Key terms shown in boldface in the chapter text and linked to margin definitions highlight critical concepts and provide an opportunity for review.

66 Chapter 2 • Making Human Resource Management Strategic

SUMMARY

LEARNING OBJECTIVE 1

How is strategy formulated?

A strategy is a set of coordinated choices and actions. The first step in strategy formulation is gathering information from outside and inside the organization. Information about the organization's external environment describes opportunities, which are favorable conditions, and threats, which are unfavorable conditions. Demographic and cultural trends, economic and political conditions, and technological developments represent important threats and opportunities for most organizations. Information is also gathered about the organization's internal resources and capabilities. Areas of high capability are labeled strengths, and areas of low capability are labeled weaknesses. A strategic set of human resource practices can represent a valuable and rare strength.

Once information has been gathered, the next step is to analyze the information and make decisions. Encouraging a group of decision makers to work together can facilitate this process. Members of the group should meet often and develop their collective intuition. They should also make sure

Another common competitive business-level strategy is differentiation. Organizations using a differentiation strategy strive to produce goods and services that are somehow better than those produced by competitors. They usually strive to produce unique products and to offer exceptional service. The key to success for these organizations is having employees who do better things than the employees of other organizations.

LEARNING OBJECTIVE 2

What are basic approaches to human resource strategy?

Two basic approaches to human resource strategy are the universalistic approach and the contingency approach. The universalistic approach focuses on identifying a set of practices that are beneficial to all organizations. This approach has identified a bundle of practices, labeled the commitment strategy, that appear to be generally beneficial. Practices in the commitment bundle communicate the message that management cares about employees. The commitment strategy also helps ensure that employees have the training and freedom to pursue important

- **End-of-Section Review Questions.** Each major section concludes with review questions that focus students' attention on major topics.
- **End-of-Chapter Summaries.** Each chapter ends with a summary of key concepts linked to the chapter learning objectives and major sections.
- **Discussion Questions.** End-of-chapter discussion questions revisit major topics, providing readers with an opportunity not only for review but also for critical thinking and interpretation.

END-OF-CHAPTER APPLICATION EXERCISES

Knowledge is most useful when it can be applied to solve real problems. We end each chapter with cases and experiential exercises that help students begin the process of applying the concepts to solve actual problems associated with effective human resource management.

- *Example Cases.* An example case illustrates how a specific company implements the human resource practice discussed in the chapter.
- *Discussion Cases.* A discussion case provides background information about a fictional company that can serve as the launching point for a class discussion.

3. Why can groups do more than individuals for making decisions?
4. What are the primary differences between a cost leadership and a differentiation strategy?
5. What are the key elements of the commitment strategy from the universalistic approach? Why does this approach generally contribute to success for organizations?
6. What human resource practices might be associated with a cost reduction emphasis? What practices might be associated with a differentiation emphasis?
7. What are the strengths and weaknesses of internal and external labor orientations?

9. What are the key elements of the four human resource strategies: Loyal Soldier, Bargain Laborer, Committed Expert, and Free Agent?
10. The chapter text pointed out that a majority of organizations have a human resource strategy that fits their competitive strategy. What should an organization do if the strategies don't match?

EXAMPLE CASE

United Parcel Service

Of course, every company wants to attract the best people it can. Equally important at UPS is attracting people who fit the company culture, which encourages high energy, hard work, fairness, inclusiveness, teamwork, and sharing the wealth.

Those who work at UPS are more than employees; they're business partners. Promotions come largely from within the organization. Managers typically will handle assignments in about a half dozen different functional areas of the business during their careers. This employer/employee relationship remains relevant in today's economy, because the nature of UPS's business involves an extraordinary degree of teamwork.

Every business day, UPS moves 13 million packages around the globe. In effect, UPS is the world's conveyor belt for commerce, one that requires 350,000 employees to work in harmony and with precision. Every day, 85,000 drivers take responsibility for roughly 6 percent of the nation's GDP, which is delivered from their package cars.

Every day, thousands of decisions must be made by managers to keep the conveyor belt moving smoothly—decisions about

- *Experiential Exercises.* An experiential exercise describes an activity that a student can complete, often online, to actively learn more about the topic discussed in the chapter.

INTERACTIVE EXPERIENTIAL EXERCISE

HR Strategy in Action: Selling the HR Function at Mega Manufacturing
<http://www.wiley.com/college/sc/stewart>

Access the companion website to test your knowledge by completing a Mega Manufacturing interactive role-playing exercise.

In this exercise, you meet with senior management at Mega and try to convince other members of the management team that HR needs to have a "seat at the table" and function as a business partner within the company. The CFO, however, expresses the opinion that HR is just a "touchy feely" department that adds no legitimate business value. Your objective is to gain credibility and show that a strategic approach to HR can improve Mega Manufacturing. Based on previous discussions, you have learned that Mega believes that its products are better than those of its competitors. You also know that the company prefers to hire experienced people who won't require much training. How will you defend the HR function to the CFO and others in the meeting who may share the same opinion of HR? •

- *Interactive Experiential Exercises.* An interactive experiential exercise provides a link to the companion website where students can go to participate in a role play that tests their knowledge of the basic concepts discussed in the chapter.

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ENDNOTES

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2. Birger, "The 30 Best Stocks," 88.
3. Daniel Fisher, "Is There Such a Thing as Nonstop Growth?" *Forbes* 170, no. 1 (2002): 82.
4. Wendy Zeller and Michael Arndt, "Holding Steady As Rivals Sputter, Can Southwest Stay on Top?" *BusinessWeek*, Issue 3818 (February 2003): 66.
5. Pfeffer, "Competitive Advantage Through People," 9–28.
6. Birger, "The 30 Best Stocks," 88.
7. Sally B. Donnelly, "One-Airline's Magic," *Time* 160, no. 18 (2002): 45; Melanie Trotman, "Inside Southwest
15. Paulo Prada and Susan Carey, "Southwest Jumps into Bidding for Frontier Airlines," *Wall Street Journal*, B1, July 31, 2009.
16. R. Duane Ireland and Michael A. Hitt, "Achieving and Maintaining Strategic Competitiveness in the 21st Century: The Role of Strategic Leadership," *The Academy of Management Executive* 13 (1999): 43–57.
17. Robert B. Duncan, "Characteristics of Organizational Environments and Perceived Environmental Uncertainty," *Administrative Science Quarterly* 17 (1972): 313–327.
18. Jane E. Dutton and Susan E. Jackson, "Categorizing Strategic Issues: Links to Organization Action," *Academy of Management Review* 12 (1987): 76–91.
19. Donald G. Hambrick and Phyllis A. Mason, "Upper Echelons: The Organization as a Reflection of Its Top