**Human Resource Management**

**Gaining a Competitive Advantage**

HRM Failures features real-life situations in which an HR conflict ended up in court. Each case includes a discussion questions and possible answers for easy use in the classroom. HRM Failures are not included in the text so that you can provide your students with additional real-life content that helps engrain chapter concepts.

**Chapter Summary**

This chapter discusses the role of the Human Resource Management (HRM) function in the corporate effort to gain a competitive advantage. The chapter first discusses the roles and skills that a human resource management department and/or managers need for any company to be competitive. The second section of the chapter identifies the competitive challenges that U.S. companies currently face, which influence their ability to meet the needs of shareholders, customers, employees, and other stakeholders. We discuss how these competitive challenges are influencing HRM. The chapter concludes by highlighting the HRM practices covered in this book and the ways they help companies compete.

**Learning Objectives**

After studying this chapter, the student should be able to:

1. Discuss the roles and activities of a company’s human resource management function.
2. Discuss the implications of the economy, the makeup of the labor force, and ethics for company sustainability.
3. Discuss how human resource management affects a company’s balanced scorecard.
4. Discuss what companies should do to compete in the global marketplace.
5. Identify the characteristics of the workforce and how they influence human resource management.
6. Discuss human resource management practices that support high performance work systems.
7. Provide a brief description of human resource management practices.

**Extended Chapter Outline**

Note: Key terms are boldface and are listed in the "Chapter Vocabulary" section.

**Opening Vignette:**

**Starbucks: HR Practices Help Focus on the Brew, Weather the Recession and Prepare for Growth**

Starbucks is Seattle- based coffee store with a mission to “inspire and nurture the human spirit. Its stores, which number 17,000 operating in the United States and 50 other countries, provide an inviting place for customers to enjoy fresh brewed coffee as well as smoothies, teas, pastries, sandwiches, salads, oatmeal, parfaits and fruit cups. The company has experienced come challenges from the economic downturn in 2007 when the recession as well as competition cut into its profits. The company had to close stores, retool practices for greater efficiency, and launch a new marketing campaign. Starbucks believes that its employees, whom it calls “partners,” are vital to its success. The company wants its partners to have coffee knowledge, product expertise, and provide excellent customer service. The company also believes in investing in its partners. It provides comprehensive health care benefits for partners who work 240 hours per quarter. Starbucks has a “total pay” package that includes programs that embrace diversity, providing all employees and their opposite-sex or same-sex partners with comprehensive health care benefits that include medical, dental, and vision care as well as tuition reimbursement, stock options, a discounted stock purchase plan, vacations and a 401(k) retirement plan. Starbucks’ CEO Howard Schultz places a high importance on partners. This is evidenced by his response to an institutional investor who, during the worst time for the company during the recent recession to consider cutting employee health care benefits. Schultz indicated he would not so do, and suggested that the investor invest elsewhere.

**Discussion Questions**

1. Think about the emphasis that even the face of economic challenges and stiff competition such as McDonalds’ and Dunkin Donuts, Starbucks places a heavy emphasis on treating its employees with care. Starbucks cares about knowledgeable employees, and it also training, comprehensive medical benefits as well as other benefits. Why do you think that CEO Howard Schultz is willing to persist in the provision of such benefits, even in the face of these external challenges?

Student answers may vary but certainly look for evidence that students understand the relationship between Human Resource Management practices, and business success. In particular, look for evidence that students connect Starbucks’ business model which emphasizes employee product knowledge and customer service, with the Human Resource Management practices of the company. Also, consider looking for evidence that students acknowledge that the CEO, Howard Schultz, himself is a champion for strong and effective Human Resource Management.

I. Introduction

A. **Competitiveness** refers to a company's ability to maintain and­ gain market share in its industry.

1. Competitiveness is related to effectiveness, which is determined by whether the company satisfies the needs of stakeholders (groups affected by business practices).

B. **Human Resource management (HRM)** refers to policies, practices and systems that influence employees’ behaviors, attitudes and performance. (See Figure 1.1)

1. Effective HRM practices have been shown to relate to company performance by contributing to employee and customer satisfaction, innovation, productivity, and development of a favorable reputation in the community in which the firm is located.

2. The HRM contribution has only recently been recognized.

II. What responsibilities and roles do HR departments perform?

A. Responsibilities that the HR department is solely responsible for include outplacement, Labor Law Compliance, record keeping, testing, unemployment compensation, and some aspects of benefit administration. (See Table 1.1).

B. Many different roles and responsibilities can be performed by the HR department depending on the size of the company, the characteristics of the workforce, the industry, and the value system of the company’s management.

C. HRM as a Business with Three Product Lines:

 1. Administrative services and transactions: compensation, hiring, staffing.

* An emphasis is placed on resource efficiency and service quality.

 2. Business partner services: developing effective HR systems and helping implement business plans, talent management.

* An emphasis is placed on knowing the business and exercising influence—problem solving, designing effective systems to ensure needed competencies.

 3. Strategic partner: contributing to business strategy based on considerations of human capital, business capabilities, readiness, and developing HR practices as strategic differentiation.

* An emphasis is placed on knowledge of HR and of the business, competition, the market, and business strategies.

III. What competencies do HR professionals need? Figure 1.3 shows the six competencies that are needed for the HR profession.

1. Credible activist: delivers results with integrity, shares information, builds trusting relationships, and influences others, providing candid observation, taking appropriate risks.

2. Cultural steward: facilitates change, develops and values the culture, and helps employees navigate the culture.

3. Talent manager/organizational designer: develop talent, design reward systems, and shapes the organization.

4. Strategic architect: recognizes business trends and their impact on the business, evidence-based HR, and develops people strategies that contribute to the business strategy.

5. Business Ally: understands how the business makes money and the language of the business.

6. Operational executor: implements workplace policies, advances HR technology, and administers day-to-day work of maintaining people.

IV. How is the HRM function changing?

A. The amount of time that the HR function is devoting to administrative tasks is decreasing and its role as a strategic business partner, change agent, and employee advocate are increasing.

B.Advancement in technology is enhancing self-service. **Self-service** is the process of giving employees control of HR transactions. This allows employees to take greater responsibility for their own careers.

C. **Outsourcing** refers to the practice of having another company provide services.

D. **Evidence-based HR** refers to demonstrating that human resources practices have a positive influence on the company’s bottom line or key stakeholders.

E. In-house HR activities are likely to be performance management, employee communications, plans and strategies, and policy development and implementation.

V. The HRM Profession

1. There are many different types of jobs in the HRM profession. (See Table 1.3)
2. The primary professional organization for HRM is the Society for Human Resource Management (SHRM).

VI. Competitive Challenges Influencing Human Resource Management (See Figure 1.4)

A. The Sustainability Challenge

 1. **Sustainability** refers to the ability of a company to survive and succeed in a dynamic competitive environment.

 2. Company success is based on how well the company meets the needs of its stakeholders. **Stakeholders** refer to shareholders, the community, customers, and all of the other parties that have an interest in seeing that the company succeeds.

 3. Several changes in the economy have important implications for human resource management. Some key statistics about the economy and the workforce are shown in Table 1.4.

4. The competition for labor is affected by the growth and decline of industries, jobs, and occupations. Competition for labor is also influenced by the number and skills of persons available for full-time work. (See Table 1.5)

a. The most significant percentage change in employment from 2004 to 2014 is expected to be home health aides and computer software engineers, applications.

b. Personal and home health care aids and home health care aids also represent the largest number of job openings.

5. Increased Value Placed On Intangible Assets and Human Capital

a. **Intellectual assets** refer to a type of company asset including human capital, customer capital, social capital, and intellectual capital. (See Table 1.7).

b. **Knowledge workers** are employees who own the intellectual means of producing a product or service.

c. **Empowerment** means giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service.

d. As more companies become knowledge-based, they must promote and capture learning at the employee, team, and company levels.

e. A changing environment means that all employees must embrace a philosophy of learning. A **learning organization** embraces a culture of lifelong learning, enabling all employees to continually acquire and share knowledge.

6. Changes in the Employment Expectations

a. The need for companies to make rapid changes has played a major role in changing the employment relationship. The **psychological contract** describes what an employee expects to contribute and what the company will provide to the employee for these contributions.

b. In the new economy a new type of psychological contract is emerging. Companies demand excellent customer service and high productivity levels. Employees are expected to take more responsibility for their own careers, from seeking raining to balancing work and family. In exchange, employees want companies to provide flexible work schedules, comfortable working conditions, more autonomy in accomplishing work, training and development opportunities, and financial incentives based on how the company performs.

7. Concerns with Employee Engagement

a. **Employee engagement** refers to the degree in which employees are fully involved in their work and the strength of their job and company commitment. (See Table 1.8).

b. Employees who are engaged in their work and committed to the company they work for give companies competitive advantages (higher productivity, better customer service, lower turnover).

**Evidence-Based HR: United Health Care**

United Health Care is a company comprised of six businesses focused on individual, community, and state health care plans and services. The company uses employee engagement surveys to learn about the relationship between Human Resource Management practices and the company’s business strategy. When recent survey results revealed that managers’ performance, communication, and understanding of how each employee’s job contributes to business strategy, the executive vice president of human capital took action. This action included initiating personal and monthly communications with managers about how to engage employees and explain what employees can do to positively impact the business strategy. As a result, employee turnover has decreased by nine percent, rates of internal promotion have increased by 13 percent, and the rates of first year attrition have dropped by ten percent.

**Class Exercise**

Have the students break into small groups of three to four each, and have them discuss the following question: *What specific lessons does the case of United Health Care present, about employee engagement? To what extent does it matter that employees understand how their actions and their jobs relate to the business strategy? How does the case of United Health Care, presented in this Evidence-Based HR vignette, illustrate the effects of employee engagement?*

 Answers could include the following:

Effective employee engagement practices communicate to employees how their actions positively contribute to the strategy of the business. When employees feel that their actions contribute to organizational strategy, they are more committed, they tend to stay longer, and they have higher aspirations for themselves at their organizations.

8. Talent Management

a. Talent management involves attracting, retaining, developing, and motivating highly skilled employees and managers.

b. Companies report that one of the most important talent management challenges they face is developing existing employees for managerial positions and attracting and retaining top level managers in leadership positions.

9. Use of Alternative Work Arrangements

 a. **Alternative work arrangements** include use of independent

 contractors, on call workers, temporary workers, and contract

 company workers.

10. Demanding Work, but with More Flexibility

a. The globalization of the world economy and the development of e-commerce have made the notion of a 40-hour work week obsolete.

b. Many companies are taking steps to provide more flexible work schedules, protect employees’ free time, and more productively use employees’ work time.

B. The balanced scorecard: Measuring performance to stakeholders (See Table 1.9)

1. The **balanced scorecard** gives managers the opportunity to look at the company from the perspective of internal and external customers, employees and shareholders.The balanced scorecard should be used to:

1. Link human resource management activities to the company’s business strategy.
2. Evaluate the extent to which the human resource function is helping the company’s meet its strategic objectives.

C. Social Responsibility.

1. **Social Responsibility** is the recognition by companies that by engaging in business practices that take into account their effects on all stakeholders, they boost their image, gain access to new markets, and attract and retain talented employees.
2. Several companies such as Microsoft, Whole Foods, Nokia, Motorola, and Palm have been lauded for their socially responsible efforts.

**Competing Through Sustainability**

**Volunteerism and Going Green are Reaping Dividends for Employees, Communities, and the Environment**

Companies such as General Mills, pharmaceutical company Novartis, and General Electric are becoming increasingly socially conscious through sustainability efforts as well as volunteerism. General Mills’ Chairman and CEO wants the company to be the most socially responsible consumer food company in the world. For example, Finance and Information Technology employees from General Mills Canada picked more than 7000 apples and pears as part of a teambuilding exercise, and they donated the fruit to food banks in the Niagara region of Canada. General Electric’s health care unit identified maternal and infant mortality as frequent causes of death in India and in response, it developed a product that provides heat for cradles. Novartis supports REPSSI, which is an African-based philanthropic organization that provides emotional and financial support for children who lose their parents or guardians to AIDS.

**Discussion Question**

1. What are the benefits for these corporations who encourage volunteerism? Can you identify an organization in your own community that engages in socially responsible practices such as encouraging employee volunteerism?

 Student responses may vary, but look for evidence that students understand the definition of social responsibility and look for specific responses that could include the improvement in the health of employees through better diet and exercise and the increased well-being of volunteers. Other responses could include the strengthening of the company’s tie to its community that results in a positive reputation.

C. Customer Service and Quality emphasis

1. Customer excellence requires attention to product and service features as well as to interactions with customers.

2. **Total Quality Management** can be defined as "a cooperative form of doing business that relies on the talents and capabilities of both labor and management to continually improve quality and productivity using work teams." This is one strategy companies are currently using.

 a. The TQM movement has alerted management to the key role HRM plays in the achievement of quality.

b. The **Malcolm Baldrige National Quality Award** was established by President Reagan to publicize successful quality strategies. (See Table 1.10 for the award criteria)

**Example**: Two of the 2007 Baldridge award winners were Sharp HealthCare of San Diego, California and PRO-TEC Coating company of Leipsic, Ohio. Sharp HealthCare is a not-for-profit organization that employs 14,000 staff members, 2600 affiliated physicians, operates seven hospitals, three medical groups, 19 outpatient clinics, and manages its own health insurance plan. Sharp HealthCare meets and exceeds patients expectations by providing high-quality health care. PRO-TEC Coathing Company is an industry leader in developing high-strength stell that inhibits corrosion. From 2002-2005, the company produced an estimated 85% of the high-strength stell supply in the U.S. Their employees work in self-directed teams and are empowered to use continuous improvement processes to fix problems as they occur.

c. The **ISO 9000:2000** standards were developed by the International Organization for Standardization in Geneva, Switzerland. ISO 9000 is the name of a family of standards (ISO 9001, ISO 9004) that includes requirements such as how to establish quality standards and document work processes to help workers understand quality system requirements. ISO 9000:2000 has been adopted as a quality standard in nearly 100 countries.

d. The **Six Sigma process** refers to a system of measuring, analyzing, improving, and then controlling processes once they have been brought within the narrow Six Sigma quality tolerances or standards. The objective of Six Sigma is to create a total business focus on serving the customer—that is, deliver what customers really want when they want it.

D. Changing demographics and diversity of the workplace

1. The labor force of current employees is often referred to as the **internal labor force.**

2. The **external labor market** includes persons actively seeking employment.

3. Aging of the workplace

a. Figure 1.5 compares the projected distribution of the age of the workforce in 2006 and 2016.

b. The labor force will continue to age, and the size of the 16-24 youth labor force will decrease to its lowest level in thirty years.

1. The labor force participation of those 55 years and older is expected to grow because older individuals are leading healthier and longer lies than in the past. Additionally, the high cost of insurance and the decrease in health benefits causes many employees to keep working to keep their employer-based insurance.

4. As figure 1.6 shows, the U.S. workforce is becoming increasingly diverse. To successfully manage a diverse workforce, managers must develop a new set of skills, including:

a. Communicating effectively with employees from a wide variety of cultural backgrounds.

b. Coaching and developing employees of different ages, educational backgrounds, ethnicity, physical ability, and race.

c. Providing performance feedback that is based on objective outcomes rather than values and stereotypes that work against women, minorities, and handicapped persons by prejudging the persons’ abilities and talents.

d. Creating a work environment that makes it comfortable for employees of all backgrounds to be creative and innovative.

5. Managing cultural diversity can provide a competitive advantage to companies (See Table 1.12).

E. Legal and Ethical Issues

1. Five main areas in the legal envi­ronment have influenced HRM practice: equal opportunity legislation, safety and health legislation, pay and benefits legis­lation, employee privacy, and job security. Most recently, the Americans with Disabilities Act regulations require employers to accommodate mental and physical limitations of otherwise qualified individuals, unless undue expense would be incurred.

2. Ethical criteria should be used in company and employee interactions. Ethical principles include the emphasis of mutual benefits, employees assuming responsi­bility for company actions, a meaningful corporate vision for employees, and fairness.

 **Example**: The Raytheon Company has a checklist including several questions that is distributed to each employee to use when considering whether an action is ethical. Raytheon reinforces its ethics codes with formal training programs, a toll-free “ethics line,” and full-time ethics offices and officers in all of its major business units. Mandatory one-hour ethics training for all employees uses case studies to make employees aware of the ethical problems that may occur at work.

a. The **Sarbanes-Oxley Act of 2002** sets strict rules for corporate behavior especially in regards to accounting procedures.

F. The Global Challenge **-** In order to survive, U.S. companies must, improve HRM practices, develop global markets and better prepare employees for global assignments.

1. Development of Global Markets. The most admired and successful companies in the world have not only created multinational corporations, but have created organizations with workforces and corporate cultures that reflect the characteristics of the global markets in which they operate.

2. Global business expansion has been made easier by technology. Using the Internet, e-mail, and video-conferencing, business deals can be completed between companies thousands of miles apart.

 3. Globalization has affected not only businesses with international operations. Companies without international operations buy or use goods that have been produced overseas, hire employees with diverse backgrounds, and compete with foreign-owned companies operating within and outside of United States. Globalization is not limited to a particular sector of the economy or product market.

4. To compete in the world economy, U.S. companies need to put greater effort into effective HRM practices.

5. U.S. companies must do a better job of preparing employees and their families for international assignments, especially given the current high failure rate.

6. **Offshoring** refers to the exporting of jobs from developed countries to less developed countries. **Onshoring** refers to exporting jobs to rural parts of the United States.

**Competing Through Globalization:**

**Apple Polishes Its Image Through Auditing Overseas Suppliers**

Apple is a company that has introduced revolutionary products such as the iPad, iPhone, and Mac Air computers. It has come under scrutiny, however, for partnering with Asian manufacturers who have engaged in labor practices that are scorned. These practices include underage hiring, lack of training, and low wages. After several employees of a Chinese manufacturer committed suicide by jumping from buildings (which was due to job-related stress), the chief operating officer of Apple visited the supplier, and he and his team interviewed over 1,000 workers. They evaluated the supplier’s reaction to the suicides. Apple, as a result, recommended that the supplier provide training for counselors for employees, and establish a twenty-four hour care center. Additionally, Apple has trained suppliers how to identify fake identification papers. Through these efforts, Apple has demonstrated a commitment to fair and legal employment practices that ensure that employees are protected from abuse.

**Discussion Question**

1. Explain how Apple could be such a revered company in the United States, while its suppliers engaged in unsafe, unfair, and sometimes illegal Human Resource Management practices. Then, explain what Apple did to bring the Human Resource Management practices in line with its own practices in the United States.

 Because the company relies on overseas suppliers, the pressure to bring its revolutionary products such as the iPad to market created conditions within Asian supplier that led to employment practices that were questionable. These practices included inadequate training, stress, and the hiring of underage workers. Apple responded by auditing the employment practices of suppliers, and by requiring fair, safe, and productive employment practices of suppliers.

G. The Technology Challenge

1. Advances in sophisticated technology along with reduced costs for the technology are changing many aspects of human resource management. Technology is pushing the boundaries of artificial intelligence, speed synthesis, wireless communications, and networked virtual reality.

2. **High‑Performance Work Systems –** maximize the fit between the company’s social system and its technical system.

 a. Change in Employees' Work Roles and Skill Requirements— New technology often requires new basic skills. For example, computer‑integrated manufacturing requires employees to monitor equipment and troubleshoot problems with sophisti­cated equipment. More organizations want employees cross trained in multiple jobs. Interpersonal skills are increasingly important as teams are used.

 b. Increase in the Use of Teams to Perform Work—Employees are now expected to make decisions at point of sale to improve customer service. Work teams form one method of increasing both employee responsibility and control. These teams frequently assume managerial activities. Quality control may be integrated into the team’s functions. Cost savings may be real­ized by the use of teams.

 c. Through technology, the information needed to improve customer service and product quality becomes more accessible to employees. Popular methods for increasing employee responsibility and control are through work teams, and cross training.

3. Changes in skill requirements – High performance work systems have implication for employee selection and training.

4. Working in partnerships – Technology has allowed companies to form partnerships with one or more other companies. A **Virtual team** is separated by time, geographic distance, culture and/or organizational boundaries and relies exclusively on technology for interaction between team members.

5. Changes in Company Structure and Reporting Relationships – In the adaptive organizational structure, employees are in a constant state of learning and performance improvement. They are free to move wherever they are needed in the company.

6. Increased Availability of human resource management databases and e-HRM—A human resource information system may contain large amounts of data regarding the company's employees. An HRIS may be used to support strategic decision-making and ensure legal compliance, as well as to evaluate programs and policies or support daily operating concerns.

**Example**: Northern Telecom has facilities in 90 countries and has created a central database of employee records worldwide. Headcount, salary, and recruiting data are updated regularly. This system has improved Northern Telecom's ability to meet customer needs and address global staffing issues.

7. **Electronic-human resource management (e-HRM) –** E-HRM has the potential to change all traditional human resource management functions. (See Table 1.13)

8. An **HR dashboard** is an HR metrics such as productivity, absenteeism that are accessible by employees and managers through the company intranet or human resource information system.

9. Competitiveness in High‑Performance Work Systems—In order for new technologies or new structures to support organiza­tional improvement, the integration of these two factors must be carefully examined. Human resource practices that support high‑performance work systems are listed in Table 1.14. These practices are designed to provide employees with skills, incen­tives, knowledge, and autonomy. Global Engineering Manufacturing Alliance (GEMA) endorsed the high-performance workplace because it recognized that the company needs to be competitive to avoid losing jobs. By rotating jobs, the plant was able to keep workers motivated in their work and avoid injuries.

**Competing Through Technology**

**Connectiveness Enhances HR Practices**

Social networking helps people satisfy their need to stay connected, and now it also helps companies to enhance many of their HR practices including recruiting, training and development, scheduling and enhancing employee engagement. There are several examples of this use of social networking for HR practices. Macy’s, for example, uses Twitter to post job openings and to reach out to recruit merchandise buyers laid off by other retailers who are closing their stores. IBM’s onboarding process, which is known as Succeeding@IBM, is used to help new employees learn about the company and reduce the feeling of being overwhelmed.

**Discussion Question**

1. Explain how social networking can be used for various HR practices. Can you think of other ways that the HR function in an organization can use Twitter, Facebook, LinkedIn, or other types of social networking? Also, are companies limited to using popular applications such as these in order to achieve the benefits of connectivity, or are their other ways of doing so? Provide examples.

 Companies use various forms of social networking tools to enhance and support HR practices, and they are not limited to well known systems such as Twitter, LinkedIn, or Facebook. Students may give various examples: Long Realty’s use of “Long Connects” which provides a way for realtors to share information about lenders; Kelly Services uses a tool called “chatter” which helps employees share information. Student responses to imagining other uses of social networking for HR can vary but examples could also include perhaps using social networking to distribute information about benefits plans, or to use it to help employees of different types of interests connect, or it could be used to facilitate mentor/mentee relationships.

VII. Meeting the Competitive Challenges through HRM Practices - HRM practices that help companies respond to the four competitive challenges can be grouped into the following four dimensions. (See Figures 1.7 and 1.8)

A. Managing the Human Resource Environment—HRM practices should be linked to strategy, legal compliance must be assured, and work should be designed to maximize employee effectiveness and motivation.

B. Acquiring and Preparing Human Resources—Human resource planning must occur, employees must be recruited and placed in appropriate jobs, methods of employee selection must be determined, and ensuring employees have skills to perform particular jobs.

C. Assessment and Development of Human Resources—This area of HRM deals with measuring employee performance, preparing employees for future work roles, identifying and responding to employee interests, and creating a beneficial and effective work environment.

D. Compensating Human Resources—Appropriate pay systemsmust be developed, employee contributions must be rewarded,and employees must be provided with benefits.

E. Special Issues—Labor unions create an additional HRM challenge.

VIII. The final paragraph and Table 1.15 present the overall organizationof the text.

**Chapter Vocabulary**

These terms are defined in the **"Extended Chapter Outline" section.**

Balanced scorecard

Competitiveness

Electronic human resource management (e-HRM)

Employee engagement

Empowering

Evidence-based HR

External labor market

High-performance work systems

HR dashboard

Human resource information system

Human resource management (HRM)

Intangible assets

Intellectual capital

Internal labor force

ISO 9000:2000

Knowledge workers

Learning organizations

Malcolm Baldrige National Quality Award

Offshoring

Onshoring

Outsourcing

Psychological contract

Sarbanes-Oxley Act of 2002

Self-service

Six Sigma Process

Stakeholders

Sustainability

Total quality management (TQM)

Virtual teams

**A Look Back**

Starbucks is engaged in aggressive business growth focusing on new products and new markets while trying to maintain the customer experience.

**Questions**

1. What HR practices do you believe are most critical for Starbucks to maintain the coffee experience and customer service it’s known for?

Starbucks emphasizes selecting the right new employees, training them, and rewarding and retaining employees with above-minimum salaries. Even though 85 percent of Starbucks employees are part-time, they are eligible for full-time benefits if they work 240 hours a quarter. All new employees at the company are placed in an intensive training program to learn how to preserve the coffee experience for customers. In addition, Starbucks engages in evidence-based HR to seek out evidence that their HR practices have a positive impact on the business and support the company’s mission and values.

2. Could Starbucks be successful without its current HR practices? Explain.

Student answers may vary. Given that Starbucks is trying to re-position itself in a competitive marketplace and provide a particular type of customer experience through coffee and specialty drinks, it is unlikely that the company could attract and retain the type of employees it needs without such generous benefits, and without the type of training that it provides.

3. Do you think the culture and HR practices that Starbucks us using during the recession would also help the bottom line at companies in other industries such as health care, manufacturing, or research and development? Explain why or why not.

Student answers may vary. The culture and HR practices at Starbucks would be effective in other industries. Employees of a company should be the focus of every company, because without good employees, a company’s bottom line will falter. Customer service can be the determining factor in a customer’s decision to purchase the services or products of a company. Therefore, it is becoming increasingly important to have employees able and willing to provide customers with a unique buying experience.

**Discussion Questions**

1. Traditionally, human resource management practices were developed and administered by the company's human resource department. Line managers are now playing a major role in developing and implementing HRM practices. Why do you think non-HR managers are becoming more involved in developing and implementing HRM practices?

As the relationship between various HRM practices and the productivity and performance of employees has been recognized, line managers have strong reasons to become involved in the development and implementation of HRM practices. The information from line managers is critical to determining needed and appropriate policies and practices that will reinforce the strategic and operational needs of the organization. For instance, if quality needs improvement, then it is critical that incentive/compensation practices be developed to reward quality improvement, rather than volume production.

2. Staffing, training, compensation, and performance management are important HRM functions. How can each of these functions help companies succeed in meeting the global challenge, the challenge of using new technology, and the sustainability challenge?

Training may improve deficient skills, performance appraisal techniques may emphasize and measure quality improvement, and compensation practices may be used to reinforce needed change. Diverse work force, low skill levels of entry‑level workers could be helped by training and performance management techniques. Obviously, using selection processes that are fair and nondiscriminatory while selecting the best employees is important. And again, compensation systems that reward the acquisition of needed skills could help here.

The work systems challenge necessitates that employees adjust to working in team structures (training and selection), that they receive higher‑level and basic skills training, and once again that compensation and performance management systems are used to motivate and reinforce appropriate behaviors.

Finally, the global challenge may produce the organizational need for employees who speak multiple languages, who are trained to adjust to new cultures and who are sensitive to cultural differences. Employees with the flexibility and skills needed to work in various cultures or with individuals of diverse backgrounds may be selected or developed through training. Appropriate rewards will maintain these valuable employees.

 3. What are intangible assets? How are they influenced by human resource management

 practices?

 Intangible assets are a type of company assets including human capital, customer

 capital, social capital, and intellectual capital. Human resource management such as

 training, selection, performance management, and compensation have a direct impact on

 human and social capital. For example, Southwest’s emphasis on training and

 development of employees with skills to perform multiple jobs allows the airline to

 quickly clean and service airplanes.

 4. What is “Evidence-based HR”? Why might an HR department resist becoming

 evidence-based?

 Evidence-based HR refers to demonstrating that human resource practices have a

 positive influence on the company’s bottom line or key stakeholders. HR departments

 may resist becoming evidence-based in order to avoid comparing their performance to

 other companies and avoid possible changes that may result from the system.

 5. What types of workforce analytics would you collect and analyze to understand why an employer was experiencing a high turnover rate?

 It could be helpful to collect employee engagement information obtained through employee surveys, in order to gather insights about how employees feel about the work they do, the training they receive, their pay and benefits, and the work conditions. Additionally, it may be helpful to collect information about workforce demographics and consider ways to analyze the composition of the workforce, and compare that composition with the types of HR practices maintained by the company. For example, if an employee population is comprised of younger workers, it may be to the company’s advantage to provide family-friendly benefits.

 6. Which HR practices can benefit by the use of social collaboration tools such as Twitter and Facebook? Identity the HR practices and explain the benefits gained.

 There are many different ways that social collaboration tools can be used to enhance HR practices. These practices could include using Twitter to provide updates about sales information, store locations, employee scheduling. Facebook can be used to provide information about training opportunities, and it can be used to help employees communicate with their own networks of friends, associates and family about employment opportunities in the organization.

 7. Do you agree with the statement “Employee engagement is something companies

 should be concerned about only if they are making money”? Explain.

 Employee engagement is something companies should be concerned with regardless of

 whether they are making money. Employees that are engaged in their work provide

 their company with a competitive advantage; high levels of customer service and a

 lower turnover rate.

 8. This book covers four human resource management practice areas: managing the human resource environment, acquiring and preparing human resources, assessment and development of human resources, and compensating human resources. Which area do you believe contributes most to helping a company gain a competitive advantage? Which area do you believe contributes the least? Why?

Each student’s answer will vary to this question based on opinion. An example can be: Acquiring and preparing human resources is the most important HRM practice because well-trained employees are the most important aspect of a business. On the other hand, compensating human resources is not at all important because money is not what drives all employees. However, contradictory arguments can be made for each of these points as well.

9. What is the balanced scorecard? Identify the four perspectives included in the balanced scorecard. How can HRM practices influence the four perspectives?

The balanced scorecard gives managers an indication of the performance of a company based on the degree to which stakeholders’ needs are satisfied. This gives managers the opportunity to look at the company from the *perspective* of internal, external, employees, and shareholders. Communicating the scorecard to employees gives them a framework that helps them see the goals and strategies of the company, how these goals are measured, and how they influence the critical indicators.

10. Is HRM becoming more strategic? Explain your answer.

Technology is allowing the typical HRM to steer away from everyday tasks to focus more on the strategic side. Self-service, empowerment, and outsourcing are also increasing strategic roles. There is an increase in managers in charge of human resource function being included on high-level committees that are shaping the strategic direction of the company.

11. What is sustainability? How can it HR activities help a company become more socially and environmentally conscious?

 Sustainability is the ability of a company to survive in a dynamic competitive environment. It is based on an approach to organizational decision making that considers the long-term impact of strategies on stakeholders. HR can help by championing, implementing and managing programs, including community volunteer programs, and raise employee awareness and encourage a spirit of social consciousness.

12. Explain the implications of each of the following labor force trends for HRM: (1) aging

 workforce, (2) diverse workforce, (3) skill deficiencies.

The aging workforce means that employees will increasingly face issues such as career paltering, retirement planning, and retraining to avoid skill obsolescence. High healthcare costs will also be a struggle with the aging employees.

The diverse composition of the workforce challenges HRM to ensure that the talents and skills of all employees are fully utilized for the good of the organization. Immigration is an important factor contributing to the changing workforce. HRM need to be aware of the positive and negative aspects of immigration.

Projections show that the supply of entry-level labor will not have the education and skills to meet basic job demands. Individuals will have low reading, writing, and impersonal skills.

13. What role do HRM practices play in a business decision to expand internationally?

With opportunities opening up in many emerging markets, it is important that a company creates a multinational culture that is characteristic of the culture in which it operates in. Successful companies realize that the most important asset to a business is its employees. This translates into HRM playing a big role in international expansion.

14. What might a quality goal and high performance work systems have in common in terms of HRM practices?

In terms of HRM practices, a quality goal and high performance work system have a lot in common. Both require increased use of teams, empowering employees and changing employee roles and company structure. A quality goal is central to the high performance work systems.

15. What disadvantages might result from outsourcing HRM practices? From employee self

 service? From increased manager involvement in designing and using HR practices?

The primary disadvantages of outsourcing HRM practices include the loss of strategic ties in the organization because someone else is handling the company’s HR practices. It also may have a potential negative impact on employee behavior and attitudes. The disadvantages of employee self-service include possible derailment of their careers. The possible disadvantage from increased managerial involvement might be too much structure and authoritative HR practices. It would also go against the quality and high performance work system principles.

16. What factors should a company consider before offshoring? What are the advantages and disadvantages of offshoring?

 A company should consider a variety of issues, including interests of stakeholders, economic situations in potential offshoring locations, governmental implications offshoring, and the morale of employees.

 Advantages of offshoring usually include higher profit levels due to lower labor costs and operational costs. Disadvantages include displaced local workers, low employee morale, and lower customer loyalty.

**Twitter Focus:**

Helping others and making her company a positive place to work has helped Susan Dubin create a successful career in human resource management. When a local insurance agent decided to open her own services firm, Dubin signed on as the firm’s HR manager because she was so impressed with the business owner’s commitment to client services and to her own employees. Dubin understands that employees who are happy at work are more productive and play a major role in growing any successful business.

**Questions:**

1. Why do you think Susan Dubin enjoys HRM?
2. What are some HRM competencies that Susan likely has that employees appreciate?

**Self-Assessment Exercise: Do You Have What It Takes To Work In HR?**

Refer to the self-assessment exercise in the text**.**

**I. Introduction**

This scenario provides a depiction of the ethical dilemmas that may arise when two legitimate organizational goals are in conflict: generating revenue and legal business practices. The manager in this situation is presented with a risky course of action that, if it worked, would have tremendous benefits for his company and department. Interpersonal communication styles and influence tactics are also demonstrated and provide a stimulus for discussion among students.

**II. Learning Objectives**

1. To analyze the causes of ethical dilemmas
2. To evaluate influence techniques and communication styles
3. To apply principles of ethical decision making

**III. Scenario Description:**

***Overview:***A Wall Street trading company, Smith/Blackwell, is coming to the end of their 4th Quarter. BesTel Inc. has offered to invest 4 million dollars with Smith/Blackwell which would not only save the department from lay-offs but would create year-end bonuses for the manager’s team, which in recent months has been plagued by very low morale. In order to process the investment before year’s end, some procedural steps would need to be ‘abbreviated/skipped/ignored’. The shareholders of BesTel will not meet until mid-January and therefore will not approve the investment until then. Therefore, Gina presents a situation in which she plans to side-step procedure to arrive at the advantageous outcome for the department and wants Jason’s support. While the Chairman of the Board, Jack, has assured Gina that the vote will pass and that he’s talked to the key shareholders personally, the truth is, he does not have the power to make this decision without the boards’ actual vote.

***Profile:***

* Jason Powell, Director of New Accounts, manages a team of 25 people. Held position for 4 years but in the past two years, investments have fallen by over 50% department-wide.
* Gina Travers, Assets Manager. Gina has been working in the financial industry for over nine years. She has been with Smith/Blackwell for four years and was hired by Powell. To date, for the year 2002, Gina has brought in 3.5 million dollars in investments.

***References:*** The references included in the DVD are:

* Concepts in Ethical Behavior (PPT 2-3)
* Source for Code of Ethics (PPT 2-5)
* Three Principles to Guide Ethical Conduct (PPT 2-9)
* Approaches to Social Responsibility (PPT 2-11)

***Back History:***As the economy worsens, the new accounts department is facing layoffs and downsizing. If the 4th Quarter numbers do not improve substantially, up to 50% of their department will be laid off and the year-end bonuses will be foregone for the entire department. The environment is stressed and morale is low.

***Scene Set-up:*** Travers makes an appointment with Powell to discuss some recent opportunities.

***Scene Location:*** Powell’s office.

***The Meeting - Summary***: Gina, the account representative approaches Jason with a “deal” from BesTel that will save the department and allow everyone to earn their bonuses for the year. Jason is reluctant to jump on board with this plan because the transaction would not be approved by the company’s shareholders in time for the 4th quarter.

Jason attempts to figure out a way to ensure that they “do things right” by getting the deal in writing and talking to Jack personally with Gina. Gina argues that following procedure is not going to work in this case and that sidestepping the rules will serve the greater good. She also suggests that taking risks is critical to success. The conversation escalates and Gina clearly becomes agitated and stressed. She threatens to go over Jason’s head, gives him an ultimatum, and tries to appeal to their long-time working relationship to influence Jason. Eventually, she storms out of the room leaving the situation unresolved.

***Afterthoughts – Summary:*** Jason did not think the meeting went well. He was concerned with Gina’s insistence on rushing to action without thoroughly thinking through the consequences. He noted that there is always tension between the salesperson and accounting/legal department’s roles in an organization. He suggested that he was playing the accounting role to ensure that they did not engage in an illegal deal.

***Dossier:*** The specific artifacts included in the DVD are:

1. Document outlining the “restructuring” of the New Accounts Department, should they not reach their financial goals for the 4th Quarter.
2. Gina’s notes on the financial impact the deal will have – if were to go through, and if it were not.
3. BesTel Chairmans’ voice-mail assuring Gina that “all systems are go” and that he’s counting on her to make this happen.

**IV. Discussion Questions:**

The *References* and related *Discussion Questions* may be found in PowerPoint slides 2-1 to 2-11 on the Instructor side of the text’s Website.

*Learning Objective #1:* *To* *analyze the causes of ethical dilemmas*

1. What is the source of this conflict and what role has the organization played to contribute to this dilemma? (PPT 2-2)

The account representative is very motivated to make this deal go through because the organization has tied her bonuses and salary increases to the dollar amount of investments she brings to the company. The manager also is rewarded if his department makes sales. On the other hand, he has the responsibility to protect the company’s assets and reputation by engaging in lawful business agreements. Thus, these competing goals set-up difficult ethical decisions for the manager and employees.

**⯑** 1. Why is Jason skeptical?

* + - * 1. Client isn’t reliable
				2. Gina isn’t reliable
				3. Deal seems fishy

Deal seems fishy - Jason is skeptical because the initial approach and information provided by Gina raises some red flags regarding the legality and appropriateness of pursuing this deal.

1. Which of the “Concepts in Ethical Behavior” are relevant to this scenario? Why? (PPT 2-2 & 2-3)

Most would be considered in this scenario, students’ answers will vary. Certainly Professional ethics would be a driving factor in this case because there are rules and procedures that individuals in this profession are bound to. Also, organizational stakeholders should be considered because if the company engages in an unlawful deal, the reputation and ultimate longevity of the company could be at risk – on the other hand some of the employees may lose their jobs if revenue doesn’t come in this quarter.

1. Organizations can effectively help their employees to behave and act ethically by creating and communicating a code of ethics. What factors in this scenario should be considered if you were to develop the code of ethics for Smith/Blackwell? See “Sources for Codes of Ethics” PPT 2-4 & 2-5.

Students should address each of the three aspects affecting the organization’s code of ethics and provide relevant examples based on the information provided in the case.

*Learning Objective #2: To evaluate influence techniques and communication styles*

1. Describe Gina’s initial approach with Jason. What influence tactic does she use initially? Was it successful? (PPT 2-6).

Initially, Gina relies on the common goals she and Jason share with regard to making their 4th quarter numbers to save the department from potential lay-offs. Her emotion and elation at the solution is an attempt to appeal to Jason emotionally so that he’ll gloss over the important details that may prevent the deal. Clearly, she was not successful as he began to examine the deal more closely.

**⯑** 2. Jason’s behavior demonstrates:

 a. caution

 b. distrust

c. nit-picking

Jason appears cautious because he is trying to understand the legitimacy of acting on the deal before the shareholders have voted.

1. How does Gina handle Jason’s hesitation to move forward on the deal? How does her reaction affect Jason? (PPT 2-6)

Gina gets flustered and does not use rational case to argue her point. She begins to get defensive and uses a “bull-dozer” approach to influencing Jason rather than a thoughtful, rational one. This causes Jason to become even more skeptical of the deal and becomes increasingly reluctant. He does effectively to stay calm and does not raise his voice.

**⯑** 3. Gina’s over-excited. Jason should:

1. Calm Gina
2. Acknowledge her point
3. Request written proposal

Jason may want to show Gina that he shares her goal of helping the employees of the department earn bonuses and keep their jobs. By agreeing with some aspect of her proposal he may decrease her defensiveness and show her that he’s willing to consider alternatives that do not jeopardize the organization.

Jason ends up requesting a written proposal which agitates Gina further because she doesn’t see how that will accomplish her goal.

1. Upon realizing the Jason will not easily sign-off on the deal, Gina attempts a variety of different influence techniques. Describe them and evaluate how effective and appropriate they were given the situation. (PPT 2-7)

Gina tries to threaten Jason by saying she will go over his head and make the deal happen with Jason’s boss. Depending on the culture of the organization, this may have a negative consequence for Gina because she is skipping organizational levels. In addition, senior management are likely to have the same reaction as Jason which, again, will have a negative effect on her reputation.

Gina also tries to appeal to Jason based on their friendship and says that she cares about him. After using a threat, this approach is quite ineffective because the sincerity on which this strategy relies is questionable.

**⯑** 5. How should Jason respond to a threat?

1. Ignore it
2. Reprimand Gina
3. Get to Ralph first

The threatening, or retribution, approach to influence is only appropriate under certain circumstances. For example, when the initiator has complete control, the issue is extremely important (e.g., safety), and the relationship is relatively unimportant. In this case, Gina is the subordinate (relatively less power) and the relationship with Jason is important. Therefore, her choice of this influence strategy is poor and proves to be ineffective. Jason should reprimand her and explain the inappropriateness of her comments.

*Learning Objective #3: To apply principles of ethical decision making*

1. Consider each of the principles to guide ethical conduct (PPT 2-9). Analyze this situation from both Gina’s and Jason’s perspectives using these principles. Which model did Gina rely on most heavily? Jason? (PPT 2-8)

Answers will vary. An argument could be made for any of the models. Gina’s comment about the “greater good” resembles the Utilitarian model. However, the negative consequence of the action could impact even more people than those who might enjoy positive consequences. Jason might argue the Moral Rights position in that not allowing the shareholders to vote before the deal is done violates their rights.

**⯑** 4. What are the risk factors?

1. Losing deal
2. Misleading shareholders
3. Making illegal deal

In terms of consequences for the company’s reputation and potential losses, making an illegal deal is a significant risk. Losing the deal would be unfortunate but is part of doing business. Misleading shareholders in and of itself may not have any direct consequences but one should consider the whether they will be uncomfortable in the long run with that decision (i.e., will you be able to sleep at night).

1. Review the “Approaches to Social Responsibility” (PPT 2-11). Which approach is most closely aligned with Gina’s behavior? Which approach most closely matches Jason’s? Explain your choices. (PPT 2-10)

Gina’s behavior seems to resemble the Obstructionist approach because she is not concerned with the legality of her actions. Jason is initially taking a defensive approach because he does not want to break the law. However, he demonstrates willingness to explore other options which matches the Accommodative approach.

**⯑** 6. What should Jason do next?

1. Let Gina make deal
2. Call Jack himself
3. Look for a new job

Jason can’t really let Gina make the deal without finding out more information. If he calls Jack himself, he may make the company look disorganized and may discredit Gina who Jack knows and likes. Looking for a new job may be long-term plan, but it won’t address the current issue.

Jason may want to let Gina cool down and then talk to her again. Perhaps thinking about alternative courses of action together may solve the problem. If the driving force behind her need to close this deal is revenue generation, perhaps there is another creative, yet legal, way to accomplish that goal. Or there may be a legitimate approach to this deal that they have not explored.

**Exercising Strategy**

**Zappos Faces Competitive Challenges**

**Questions**

1. What challenges are Zappos facing that may derail its attempt to be the best online retailer? How can human resource management practices help Zappos meet these challenges?

 Student answers may vary, but could include a discussion of how competition in the retail industry could inhibit Zappos aspirations. The internet and online retailing have relatively low barriers to entry, so Zappos faces industry pressures. Human resource management practices that align with its strategic objectives to be the best online retailer include strategic staffing practices, and effective training and development of customer service employees.

2. Do you think that employees at Zappos have high levels of engagement? Why?

 Student answers will vary. It is likely that employees are engaged, because of the creative ways that HRM interviews and selects them. Additionally, employees who do not seem to “fit” are weeded out during the initial training.

3. Which of Zappos ten core values do you believe that human resource practices can influence the most? The least? Why? For each of the core values identify the HR practices that are related to it. Explain how each of the HR practice(s) you identified is related to the core values.

 Student answers will vary. Look for evidence that the students are able to connect the core values with HRM practices. For example, “Deliver WOW through customer service” can be influenced through training and development, as can “Pursue Growth and Learning.” The values such as “Build Open and Honest Relationships with Communication” and” Be Passionate and Determined” can be indirectly influenced by HRM through positive employee relations practices as well as strategic recruitment and selection practices.

**Managing People**

**Skill Shortages Make it Difficult to Fill Positions and Customer Orders**

**Questions**

1. If you worked for a manufacturing company what evidence would you look for to determine if involvement in community colleges and recruiting employees with ex-military backgrounds and inmates was an effective human resource practice?

 If there was a challenge with attracting and retaining skilled manufacturing workers, it would likely be a good idea to consider recruiting employees with ex-military backgrounds, as well as inmates. The considerations include the feasibility of doing so. In other words, if the company or any of its locations is located near a military base, or a prison system, it would make sense for the company to consider recruiting from those types of sources. It would also make sense for a company to recruit at a community college, if the particular college had curriculum and programs that aligned with the workforce skill and education needs – in particular, for example, math and science.

2. Besides the ideas discussed in this case what other ideas should a manufacturing company consider to identify, prepare, and attract skilled manufacturing employees?

 It might make sense for a manufacturing company to consider internship programs where high school or community college students work for the summer in order to learn about career opportunities. Additionally, it might make sense for a company to provide training and development opportunities for employees, so that they would benefit from being able to grow and develop within the organization. They might be less likely, as a result, to leave the company for a competitor.

1. What HR practices might help a small manufacturing company retain skilled manufacturing employees who are being recruited by other companies?

Similarly to the response in question two, a company would be well served to consider ways to provide employees with growth opportunities, so employees could feel a reason to remain loyal to their current employer. Training and development opportunities also demonstrate that an employer cares about an employee’s long term sustainability and interest in the organization.

**Additional Activities**

**Teaching Suggestions**

The use of outside or additional assignments early in the term provides an opportunity for students to illustrate for themselves how HRM is an impor­tant function within the organization. Following are several additional reading assignments, extra discussion questions for the "Competing through" boxes in the text, as well as a suggestion for an outside speaker. Getting students to provide examples of organizations that have effectively used HRM practices to help respond to competitive challenges sells them on the importance of the rest of the course!

**Activities**

1. This chapter contains references to many current issues in business and HRM. One assignment that could help students see the relevance of what they will be studying is to ask them to read The Wall Street Journal, Business Week, or other resources and to bring in an article that discusses any of the topics covered in the chapter. In groups or in class, they could share their example and discuss the implications. Alternatively, this could serve as a written assignment if they were asked to write a summary of the article and to point out the implications for HRM.
2. Assign students to read The Wall Street Journal article "Bob Stadler Has Lived All the Business Trends of the Past 50 Years," July 11, 1996, p. 1. Have students research recent related articles.

a. Ask them to discuss the changes in employee expectations regarding work.

1. How must employers respond to some of these changes?
2. If your class contains students with work experience, it might be useful to ask them what types of quality improvement programs they have seen in their companies and what type of employee reactions occurred when the programs were implemented.

3. Outside Speaker: In the first week or two of class, it is frequently useful to invite a CEO of a small firm or an HRM vice-president of a larger firm to talk with the class about the role of human resources in the success of the company. Very often, such speakers have good examples of how the knowledge of HRM has helped the company to deal effectively with competitive pressures and environmental change.

HRM Failures

**Case 1: A Break in the Action**

Suppose you’d been on your feet for more than six hours, working on the job without a break for lunch or even so much as a quick cup of coffee. Wal-Mart employees in northern California had a similar experience: they were routinely missing their lunch break due to busy periods in the store.

According to a state law enacted in 2001, employees who work at least six hours are entitled to an unpaid 30-minute lunch break. According to company rules at the time, a worker who didn’t get a lunch break was entitled to an hour of “penalty pay”—twice the rate of the lunch break—to make up for the lost lunchtime. Employees were required to file a request for penalty pay.

But the Wal-Mart employees said it wasn’t a matter of applying for penalty pay. They sued their employer in a class action, and in 2005, a jury returned a verdict awarding $172 million in damages. The award covered about 116,000 Wal-Mart employees who worked from 2001 to 2005 and translated to about $1,000 per person.

Wal-Mart’s $172 million penalty represents a huge red flag to employers as they strive to create and manage their companies’ human resource policies. Policies that are not communicated or implemented carefully can become an opportunity for litigation among employees.

Wage-and-hour statutes vary widely from state to state. Laws in some states are outdated and have been on the books since the 1930s. Still, employers can improve their situation by:

* Crafting HR policies designed to comply with the laws in each state in which they have operations and stipulating meal breaks precisely
* Training managers and employees on the policies and encouraging their compliance
* Investing in a software system that documents compliance by tracking employees’ use of break time
* Conducting spot checks to see that policies are being followed and not violated

Regardless of the type of work they do, employees need breaks to renew and refresh themselves during the workday. By creating an environment in which employees take the breaks they’re entitled to, employers can help enhance workplace morale (and avoid costly lawsuits).

**Question**

Suppose you are an employer, and all of your employees have desk jobs. What can you do to ensure that they take their breaks?

**Possible answers**

* Include a policy regarding workday breaks in the company handbook.
* Train managers to enforce the policy, and during orientation, emphasize the importance of taking meal breaks during the workday.
* If it looked as if eating at desks could became a problem, consider discouraging this in the handbook while also providing an attractive lunchroom on the premises, or sponsoring a series of informative “brown-bag lunch” talks on various topics during the lunch hour.