**INSTRUCTOR’S MANUAL**

**APPLICATIONS IN HUMAN RESOURCE MANAGEMENT 7E**

**PART 1**

**Human Resources Management in Perspective:**

**Environment and Legal Issues**

*The HRM Function/Environment*

1. CASE: THE NEW DIRECTOR OF HUMAN RESOURCES

I. OVERVIEW:

This case describes the creation of a human resource department in a young, rapidly growing company. The human resource director, Joyce Newcombe, faces a number of issues in developing and implementing human resource policies for the company's five plants. The major issues include: the role of human resource management in organizations, interface between human resource and line managers, integration of human resource policies with business goals and strategies, organization structure, and termination procedures. This case serves as an excellent pre-measure of the level of knowledge that the student brings to the course or as a post-test of the student's knowledge at the completion of the course.

II. OBJECTIVES:

1. To introduce students to the various roles of human resource management in organizations.
2. To illustrate potential areas of conflict between human resource and line managers.
3. To demonstrate the linkage between human resource policies and programs and organizational goals and strategies.

III. DISCUSSION:

This case works well as a way of introducing students to the role of human resource management in organizations. The major issue facing Newcombe is how to assure consistency in the implementation of the company's human resource philosophy and policies throughout its plants. The problem will become compounded in the future as Mount Ridge expands geographically. To effectively analyze the case, the students should view both the short-term and long-term dimensions of the problem. In the short-term Newcombe must determine how to respond to the call from Johnson. The Johnson incident underscores the problem of getting line managers to embrace and implement top management's "human resource goals." It is clear from the president's statements that the company views employees as valuable assets critical to company goal attainment. Braxton's actions and handling of Johnson's request for pay increases and promotions indicates that perhaps the company's philosophy has not been effectively communicated to plant management. While it appears that Johnson is quite qualified and can perform the equipment operator's job, Braxton's behavior ultimately results in the company losing a good worker. Also it is not clear that Braxton made any efforts to talk with either corporate personnel or the manager of plant operations about Johnson's requests. Since the company was growing so rapidly, students argue that there may have been opportunities for Johnson at one of the new plants under construction.

Braxton may have indicated an incorrect reason on the termination report because he did not want to be blamed for the employee's resignation.

Newcombe has several alternatives to consider in handling the short-term issue. Some of the possible alternatives include: disciplining Braxton for "falsifying personnel records" if she can substantiate Johnson's allegations; offering Johnson a job as an equipment operator in one of the new plants under construction; or ask the manager of plant operations to meet with Braxton to reiterate how the company wants to manage its employees. For the long-term issues, the company must develop ways to assure that its human resource policies and programs are implemented effectively throughout its entire operations. In addition to involving line managers in training meetings and stressing the importance of fair and consistent implementation of the company's policies, there is also a need to restructure the company to better facilitate the relationship between the plant managers and human resources. The company should consider the addition of a human resource generalist at corporate headquarters to handle human resource needs at the current plant operations. This individual would have to work closely with both the vice president of corporate human resources and the manager of plant operations to assure that he/she has the requisite authority to be effective. The company's alternatives for restructuring are somewhat constrained by the small size of each plant. It may not be cost effective to have a human resource manager at each plant (each plant has 45 employees). Students should also discuss the implications of future growth plans on the structure of human resource operations at Mount Ridge.

IV. ANSWERS TO CASE QUESTIONS:

1. Discuss the relationship between the corporate human resources structure and operations at the plant level. What impact, if any, did it have on the present situation?

As presently designed the organization structure of Mount Ridge may have contributed to the evident lack of communication between corporate human resources and plant management. The plant managers report directly to the manager of plant operations and even though Newcombe is at the vice president level, her position is not in the "direct chain of command". As currently structured it may be viewed more as a "staff" function reporting to the executive vice president. In order for the design to work, there would have to be strong communication flow between Newcombe and the manager of plant operations. Additionally, at the time of the incident, a great deal of Newcombe's time may have been consumed by managing the human resource needs at corporate headquarters resulting in a good deal of autonomy for the plant managers in handling human resource matters. Top management needs to clarify the role of human resources in the organization and train managers in implementing human resource policies in their plants. The company should consider restructuring the human resource operations. One proposal might be to create a new position to assist Newcombe in overseeing personnel operations at the plants. This individual would be in a position to make regular visits to each plant and update and train managers on the firm's policies and programs, etc. The final structure should allow human resources to fulfill its three basic roles in organizations: (1) offering advice and service to line managers (advisory role); (2) ensuring that human resource policies and practices are consistent and fair across the organization (control role); and (3) develop policies/programs to support organization objectives and strategies (policy formulation role).

1. How should Joyce Newcombe have handled this situation?

Newcombe should have to assure Johnson that she would have his personnel records corrected and that she would meet with Braxton to review his case. If Johnson had a good record, she could have asked him to consider a position in another plant facility. She also needed to explain to Braxton the importance of maintaining accurate personnel records.

1. What, if any, disciplinary action should have been taken against the plant’s superintendent at the time of the incident?

Disciplinary action may have been "counterproductive." However, Newcombe should have investigated the allegations made by Johnson. If these allegations were true, then an oral warning might have been appropriate. In any case, Newcombe should have met with the manager of plant operations and all plant superintendents and supervisors to emphasize the need to follow human resource policies and to consult with corporate on any employee problems or issues related to the implementation of company human resource policies.

1. If Johnson's allegations were true, what are the legal ramifications of Braxton's behavior?

The falsification of an employee's reasons for leaving a job may violate requirements under federal and state unemployment insurance regulations. Individuals may be disqualified from receiving unemployment insurance benefits if he/she left the last job voluntarily without good cause attributable to the employer. Perhaps this was Braxton's motive for indicating that "Johnson had left to take another job." The notice of termination form completed by Braxton even stresses the importance of factual information -- "the exact reasons for termination are extremely important."

1. Describe Mount Ridge’s business strategy. What is the relationship between its business strategy and its human resource practices?

Mount Ridge pursues a cost leadership strategy, meaning it aims to offer the lowest prices on its product as compared to its competitors. Because it is not charging premium prices to earn high profits, it must keep its operating expenses low. To achieve this, Mount Ridge operates nonunion plants, offering competitive but not high salaries with good benefits but no profit-sharing plan.

1. What strategic human resource issues will Newcombe likely face as the company expands to the Northeast? How might this expansion affect the structure of the organization and its human resource department?

Newcombe will face several issues as the company expands. Present human resource policies and procedures will have to be evaluated to assess their appropriateness for a new region of the country. For example, different state laws and regulations may affect areas like salary administration and benefits differently. Additionally, the external environment of the northeast may be quite different from that of the southeast. Wage rates will have to be made competitive with region requirements and also the pressure from labor unions will be greater in the northeast. As the company expands in the northeast the structure of the human resource operations may have to change again to include a human resource generalist to handle the northeast regions.