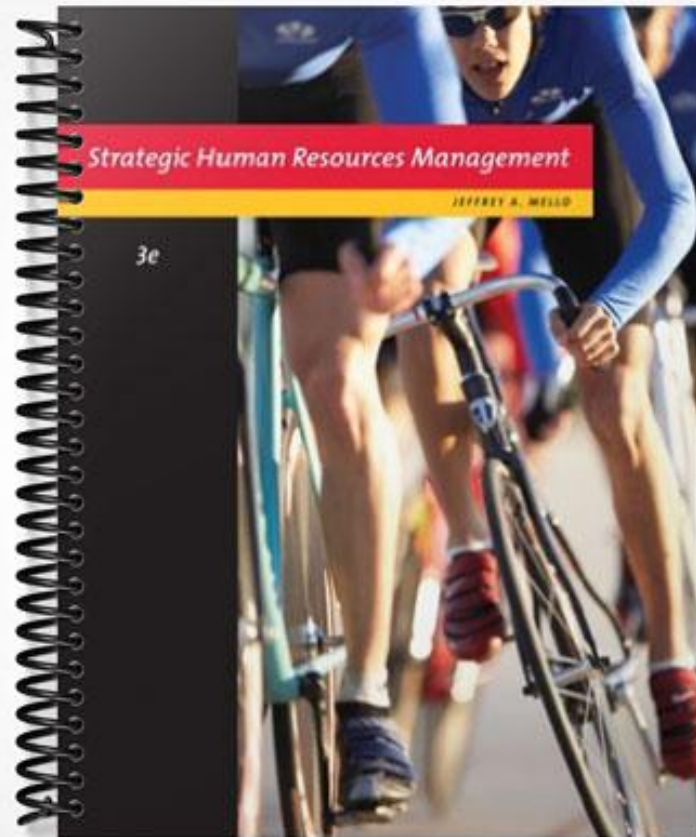


SOLUTIONS MANUAL



CHAPTER 2

SOCIAL RESPONSIBILITY AND HUMAN RESOURCE MANAGEMENT

A. OVERVIEW

This chapter discusses the some of the challenges face by human resource management in responding to changes in society as well as issues related to ethics and social responsibility. Near-constant changes in workforce composition, skills, worker expectations and work-life relationships require well-conceived and effectively implemented HR practices and systems that must be continuously reviewed from a strategic point of view. Pressure from a variety of external constituents and/or the desire to “do the right thing” greatly influence decisions related to ethics and social responsibility and are influenced and affected by human resource management.

B. LECTURE OUTLINE

1. **OPENING CASE - Safeway**

In response to escalating competition, Safeway developed a program designed to make it an employer of choice. Given that most of its customers were female, Safeway developed a “Championing Change for Women” program designed to promote the development of its female employees into managers. The program provided flexibility relative to its hours, allowing employees to achieve work/family balance. As part of its program it also developed the Women’s Road show, in which female executives visited various locations throughout the country to assist with learning, networking and development.

2. **WORKFORCE DEMOGRAPHIC CHANGES AND DIVERSITY**

1. Demographic changes in society have greatly impacted the composition of the workforce. In addition, numerous laws protect diverse groups in our society from discrimination in employment Most organizations have developed some kind of diversity management program in response to one of both of these factors.
2. Diversity initiatives can be designed to ensure legal compliance or to truly promote and encourage respect for others and differences. There is a marked difference between a diversity programs that attempt to address these motivations, as illustrated in Exhibit 2.1.
3. Diversity is a strategic business issue for an overwhelming majority of organizations/employers.
4. Generational diversity is becoming increasingly prevalent as individuals live and remain in the workplace longer than in previous years. Different generations need to be able to work alongside each other in contemporary organizations. Exhibit 2.2 illustrates some of the characteristics of different generations found in the workplace.
5. Increasing laws and company policies which prohibit discrimination based on sexual orientation have been implemented.
6. Individuals with disabilities are protected by the Americans With Disabilities

Act yet still suffer from stigmatization and underemployment. Walgreens has implemented a model program to assist with the employment of individuals with disabilities.

7. Hasbro, Texas Instruments, Intel and PepsiCo have both developed innovative approaches for managing diversity in the workplace.
8. Other dimensions of diversity which create challenges for organizations include the management of professionals, shifting employee loyalty and personal and family life dynamics.
9. The development and support of affinity groups is one way in which organizations manage and encourage diversity. Both Frito-Lay and PepsiCo have successfully embraced this strategy with successful business results.

3. ETHICAL BEHAVIOR

1. Many employers are now considering ethics and ethical behavior in light of major bankruptcies, scandals and business meltdowns. However, ethics are subject to personal values and convictions.
2. Common ethical concerns for HR include off-duty behavior, ownership of work and non-compete clauses. These latter two issues have been dealt with at Intel through an intrapreneurship program.
3. The Sarbanes-Oxley Act of 2002 provides sweeping measures to control deception in accounting and management practices by increasing government oversight of financial reporting, holding senior executives more responsible than previously and protecting whistle blowers.
4. Many organizations and some industries have developed their own code of ethics. The Society of Human Resource Management (SHRM) has developed such a code for HR professionals, displayed in Exhibit 2.5. This code presents core principles, intent and guidelines in a number of areas, including: Professional Responsibility; Professional Development; Ethical Leadership; Fairness and Justice; Conflicts of Interest; and Use of Information. Exhibit 2.6 provides some guides for developing a code of ethics or code of conduct.
5. Social responsibility and sustainability take a more macro approach to managing an organization's relationship with its external environment. Organizations are being increasingly expected to consider the effects of their operations, decision and business on the social and natural environment. General Electric has developed a model program related to sustainability and Gap has set standards for offshoring of its manufacturing operations. Exhibit 2.7 provides some HR-related standards of the Global Reporting Initiative.

4. CONCLUSION

1. Organizations operate in dynamic environments are must evolve and adapt to changes in society, including changing demographics and lifestyles and expectations to contribute to, rather than take from, the larger society.

- Human resource management strategies can facilitate organizational responses to society.

EXHIBIT 2.1 Differences Between Legal Compliance and Managing Diversity

	Compliance with EEO laws	Managing Diversity
Impetus	Mandatory, forced, external	Voluntary, internal
Focus	Productivity, compliance	Understanding
Elements	Usually limited to race, gender, ethnicity	All elements of diversity
Company Culture	Fitting employees into existing culture	Creating a culture that is fluid, adaptive
Outcomes	Preferences, quotas	Equality
Time Frame	Short-term, one-shot	Continuous and ongoing
Scope	Independent of other HR activities and company strategy	Fully integrated with other HR activities and company strategy

EXHIBIT 2.2 Generations in the Workplace¹⁰

Generation	Percentage of Workforce	Contributions	Leadership Preferences	“Fit” sought
Traditionalists (1922–1945)	8%	Diligent, stable, loyal, detail-oriented, focused, emotionally mature	Fair, consistent, direct, respectful	Contribution (experience, balance, caring)
Baby Boomers (1946–1964)	44%	Team-oriented, experienced, knowledgeable, loyal	Equality, democratic, personable, mission-focused	Relationships (security, coworkers)
Generation X (1965–1980)	34%	Independent, adaptable, creative, non-conforming	Direct, competent, informal, flexible, supportive	Job (challenge, participation, outcomes)
Generation Y/Millennials (1981–2000)	14% (increasing)	Optimism, multi-tasking, socially responsible, diverse, tech-savvy	Positive, mentor, motivational, organized	Culture (progressive, autonomous, fast-paced)

EXHIBIT 2.3 Individual Dimensions of Diversity

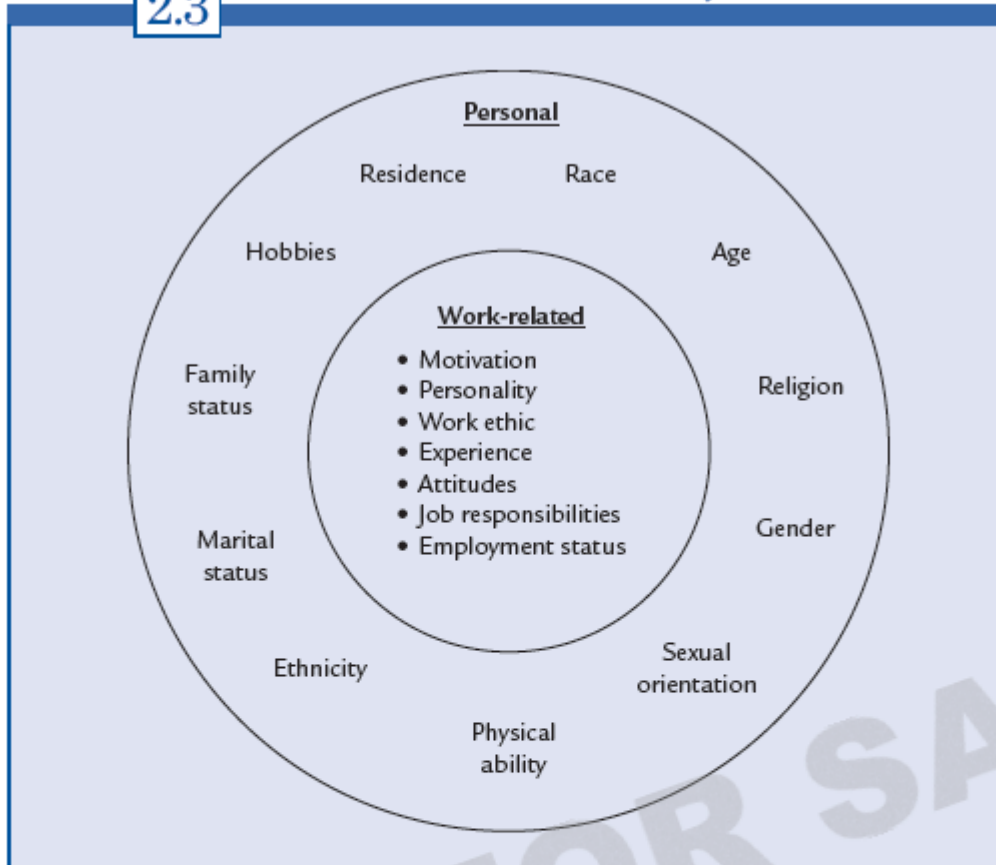


EXHIBIT 2.4 The Strategic Management of Diversity

- 1) Determine why diversity is important for the organization.
- 2) Articulate how diversity relates to the mission and strategic objectives of the organization.
- 3) Define diversity and determine how inclusive its efforts will be.
- 4) Make a decision as to whether special efforts should be extended to attract a diverse workforce.
- 5) Assess how existing employees, customers, and other constituencies feel about diversity.
- 6) Determine specific types of diversity initiatives that will be undertaken.

EXHIBIT **2.6** **Guidelines For Developing a Code of Ethics/Conduct**

- **Need for Personal Integrity**—a statement about dealing with individuals both inside and outside of the organization
- **Compliance and Laws**—addressing intolerance for violating employment, labor, or any other laws that affect the organization
- **Political Contributions and Activity**—a statement concerning the employer's policy in this domain, including solicitation of personal and/or financial support
- **Confidential Information**—a statement that identifies what is considered confidential and how such information should be treated, including a statement on employee expectations of privacy
- **Conflicts of Interest**—a statement that employees are expected to act in the employer's interests in carrying out their job duties along with disclosure requirements
- **Books and Records**—a statement stressing the practice of using accurate and accepted standards for financial reporting, as well as a prohibition against falsification
- **Employment Policies**—a general statement on how employees are to be treated, including issues of fairness, discrimination, and safety
- **Securities Transactions**—a statement on any restrictions that might exist relative to the purchase or sale of stock, as well as a statement and policy directed at insider trading
- **Use of Company Assets**—a statement that assets will be used only for business, rather than personal interests and needs
- **Gifts, Gratuities, and Entertainment**—a statement about such relationships and exchanges with clients, with further guidance provided for employees who deal with individuals from other countries where customs, laws, and business practices may differ from those domestically
- **The Environment**—a statement about the organization's relationship to its environment, if the area of business has an impact on the environment
- **Compliance**—a statement concerning how the Code of Ethics is to be communicated, certified, implemented, and enforced

Codes of ethics/conduct can be effective only if communicated to all employees and reinforced through the behaviors of senior managers and the organization's reward system. Codes that are developed, then exist, isolated from specific business practices and rewards are likely to have little impact on employees' behavior. Senior managers need to lead by example, modeling the kinds of behaviors expected of employees at all levels of the organization. Finally, such codes can succeed only if a mechanism exists to enforce compliance with their terms, including follow-up and corrective action.

Labor and Decent Work

1. Total workforce by employment type, employment contract, and region.
2. Total number and rate of employee turnover by age group, gender, and region.
3. Benefits provided to full-time employees not provided to temporary or part-time employees.
4. Percentage of employees covered by collective-bargaining agreements.
5. Minimum notice periods regarding significant operational changes, including whether specified in collective agreements.
6. Percentage of total workforce represented in joint management/worker/health and safety committees that help monitor and advise on occupational health and safety programs.
7. Rates of injury, lost days, and absenteeism and the total number of work-related fatalities by region.
8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
9. Health and safety topics covered in formal agreements with trade unions.
10. Average hours of training per year per employee.
11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
12. Percentage of employees receiving regular performance and career development reviews.
13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
14. Ratio of basic salary of men to women by employee category.

Human Rights

15. Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations.
16. Total number of incidents of discrimination and actions taken.
17. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights.
18. Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor.
19. Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.
20. Total number of incidents of violations involving rights of indigenous people and actions taken.

Social

21. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

Economic

22. Coverage of the organization's defined benefit plan obligations.
23. Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.
24. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

READINGS

Reading 2.1 – Stereotype Threat at Work

Stereotype threat is defined as the fear of being judged according to a negative stereotype. Even if an employer were successful in hiring only non-prejudiced managers, stereotypes still exist in the broader society and hence, the workplace. Stereotype threat has been documented across a wide range of diversity dimensions and performance domains. It extends beyond those in traditionally disadvantaged groups to those who are members of high-status groups. Stereotype threat affects everyone as every individual is a member of at least one group about which stereotypes exist.

Stereotype threat is based on the conditions of task difficulty and personal task investment. Stereotype threat is more likely to influence performance on difficult, challenging tasks which are at the limits of a person's abilities. It is also more likely to influence performance when an individual is more personally involved with a task and hence, cares about performance.

Stereotype threat can be reduced by teaching affected employees behavioral strategies for improving performance and counteracting negative stereotypes. Stereotype threat can also be eliminated by refuting or diminishing the stereotype relevance of a given task. Employees can also be reminded about external factors which might constrain performance such as a difficult client, limited resources or a tight deadline. Stereotype threat can also be minimized by presenting a role model who contradicts the stereotype.

Managers can actually use stereotype threat to create more diversity-friendly work environments. Stereotypes should be acknowledged and addressed directly and managed by focusing on a larger context or environment.

Reading 2.2 - The Ethics of Human Resources and Industrial Relations

Human resource managers typically face three kind of ethical problems. The first is the need for discernment or determining the right thing to do in a given situation. The second is conflict between what the HR managers feels is right and what the employer asks be done. The third is conflicts of interest where the HR manager's personal beliefs differ from the responsibility of acting as an agent for the employer.

Ethical dilemmas in recruitment can involve special requests for hiring criteria from managers, setting or recommending entry salary, how extensively to recruit, internal versus external recruiting, privacy protection due to applicants and follow-up with rejected applicants/candidates.

Ethical dilemmas in training and development can involve training employees who make take their skills to a competitor, ensuring employee safety, particularly given an employee's language, minimizing abuses of power in mentoring relationships and fully and truthfully informing employees about their future prospects with the employer.

Ethical dilemmas in compensation can involve compressed compensation systems, ensuring that employers are not exploited by managers relative to compensated hours of work, comparable worth, differences in pay between levels of responsibility and equity in pay relative to the marketplace.

Ethical dilemmas may also be present relative to employee monitoring, progressive discipline and termination, balancing costs of benefits with employees' needs and choice and measures used to retain employees.

Reading 2.3 – Does it Pay to be Green? A Systematic Overview

The conventional wisdom surrounding environmental protection and responsibility is that it comes at a significant additional cost to an organization which may erode efficiency and competitiveness. However, improving an organization's environmental performance can actually lead to improved financial performance rather than an escalation of costs and erosion of profits.

Such enhanced financial performance can be the result of 1) better access to certain markets, 2) differentiated products, 3) the sale of pollution-control devices, 4) enhanced risk management and relations with external stakeholders, 5) decreased costs of material, energy and services, 6) decreased costs of capital and 7) decreased cost of labor. Table 1 of the reading illustrates the organizations circumstances which make each of these outcomes more likely and specific organizational example of each type of success. It is critical to remember that environmental stewardship is not always associated with improved financial performance but is realistically possible in a variety of organizational scenarios, contrary to much popular belief.