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# 1

## The New Human Resource Management Process

### ••• LEARNING OUTCOMES

After studying this chapter, you should be able to do the following:

- 1-1 Identify the difference between the traditional view of human resource management and the 21st century view. [PAGE 7](#)
- 1-2 Identify and briefly describe the four critical dependent variables that managers must control in order to compete in a 21st century organization. [PAGE 10](#)
- 1-3 Describe the major HRM skill sets. [PAGE 14](#)
- 1-4 Discuss the line manager's HRM responsibilities. [PAGE 17](#)
- 1-5 Identify and briefly describe the major HRM discipline areas. [PAGE 18](#)
- 1-6 Explain the practitioner's model for HRM and how it applies to this book. [PAGE 26](#)
- 1-7 Define the key terms found in the chapter margins and listed following the Chapter Summary. [PAGE 33](#)

## Practitioner's Perspective

Cindy reflected on the current state of the HR field: Choice and change—two things you can rely on today! No longer merely concerned with hiring, firing, and record keeping, the average human resources department (HR) increasingly partners with the strategic planners in the executive suite, thanks to HR-based education and certifications. HR certification is available through HRCI with PHR, SPHR, and GPHR designations, and SHRM also offers its own program of certification with SHRM-CP and SHRM-SCP.

My professional progress began with membership in HR organizations. First, I became a SHRM student member, which provided access to SHRM's website—which was in turn valuable for research while I was a student. I still use it frequently. Next, my involvement spread to the local HR association. The chapter meetings provided excellent opportunities for education through the monthly programs, as well as for networking and swapping “best practices” with my colleagues.

### SHRM HR CONTENT

See Appendix: *SHRM 2013 Curriculum Guidebook* for the complete list

#### A. Employee and Labor Relations (required)

4. Employee engagement
5. Employee involvement
6. Employee retention
20. Attendance

#### B. Employment Law (required)

21. Professional liability

#### C. Ethics (required)

8. Codes of ethics

#### D. HR's Role in Organizations (required)

1. Generally . . . discuss HR's role with regard to each of the individual HR disciplines

#### F. Managing a Diverse Workforce (required)

8. Reverse discrimination

#### J. Strategic HR (required)

5. Sustainability/corporate social responsibility
6. Internal consulting (required—graduate students only)
9. Ethics (integrated)
11. Organizational effectiveness

#### O. Globalization (required—graduate students only)

7. Offshoring/outsourcing
8. Global labor markets

#### Q. Organizational Development (required—graduate students only)

5. Improving organizational effectiveness
6. Knowledge management
9. Ongoing performance and productivity initiatives
10. Organizational effectiveness



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My involvement inspired me to become certified as a professional. But beyond that, I have found that those who invest in certification tend to become more involved in their profession and, by extension, more successful.

I invite you to join me as we explore the field of human resource management (HRM). Chapter 1 gives an overview of HRM as a profession.



*Cindy Wright, PHR, came late to the Human Resources profession, and perhaps that explains some of her passion for the field. Wright graduated summa cum laude with a Business Administration degree, HR emphasis. She was recognized as “Outstanding Graduate” by the Human Resources Management department. After employment as a benefits administrator for seven thousand telecommunication’s retirees, then as an HR Generalist for a gas well drilling company of 500 employees, Wright is now working in personnel management for the Department of Human Services in the Division of Behavior Health Services. Besides membership in the profession’s national organization—the Society for Human Resource Management (SHRM), Wright has been active in the local affiliated chapter—the Central Arkansas Human Resources Association (CAHRA). Wright served as Vice President of Administration for the chapter’s Board as well as Chair of the College Relation Committee. She was recognized by her peers with the “Rising Star” award for her work in creating a student chapter membership and was involved in the initial efforts to create satellite CAHRA chapters. Wright’s mission is to provide assistance to others interested in entering into and advancing within the Human Resources profession.*

## ●●● CHAPTER OUTLINE

### Why Study Human Resource Management (HRM)?

#### HRM Past and Present

*Past View of HRM*

*Present View of HRM*

#### 21st Century HRM

*New HRM Challenges*

*Critical Dependent Variables*

*The HRM Strategic View*

*Technology and Knowledge*

*Labor Demographics*

*Productivity and Competitiveness Through HRM*

#### HRM Skills

*Technical Skills*

*Human Relations Skills*

*Conceptual and Design Skills*

*Business Skills*

#### Line Managers’ HRM Responsibilities

*Line Versus Staff Management*

*Major HR Responsibilities of Line Management*

#### HR Managers’ Responsibilities: Disciplines Within HRM

*The Legal Environment: EEO and Diversity Management*

*Staffing*

*Training and Development*

*Employee Relations*

*Labor and Industrial Relations*

*Compensation and Benefits*

*Safety and Security*

*Ethics and Sustainability*

#### HRM Careers

*Society for Human Resource Management (SHRM)*

*Other HR Organizations*

*Professional Liability*

*How to Find More Information*

#### Practitioner’s Model for HRM

*The Model*

*Sections of the Model*

#### Trends and Issues in HRM

*Creating an Engaged Workforce*

*A New Normal for Individuals With Moderate Skills*

*Doing Routine Work*

*Ethical Issues: Reverse Discrimination*

## WHY STUDY HUMAN RESOURCE MANAGEMENT (HRM)?

It's natural to think, "What can I get from this book?" or "What's in it for me?" These are important questions,<sup>1</sup> and the answers to them should be based on evidence.<sup>2</sup> Success in our professional and personal lives is about creating relationships,<sup>3</sup> and students generally understand the importance of relationships.<sup>4</sup> The better you can work with people, the more successful you will be in your personal and professional lives—whether as an employee, a line manager, or a human resource manager. And that's what this book is all about.

There is strong evidence that today's students want courses to have practical relevance.<sup>5</sup> Organizations also want their new managers to have the ability to apply knowledge.<sup>6</sup> The role of modern managers also continues to change, requiring today's organizational leaders to deal with increasingly dynamic and complex environments.<sup>7</sup> This brings us to the focus of this book; we designed it to be the most relevant "how to" book ever written on managing others in organizations. As indicated by the subtitle, *Functions, Applications, and Skill Development*, this book uses a three-pronged approach, with these objectives:

- To teach you the important functions and concepts of HRM
- To develop your ability to apply HRM functions and concepts through critical thinking
- To develop your HRM skills in your personal and professional lives
- To offers some unique features to further each of these three objectives, as summarized in Exhibit 1-1

Human resource issues are emerging as some of the most prominent concerns for business owners and managers.<sup>8</sup> You've probably heard buzzwords floating around about managers—and particularly human resource managers—needing to be more strategic, business focused, customer focused, and generally more in tune with the overall operational success of the organization.<sup>9</sup> So what is happening in today's business environment that might cause human resource managers to rethink their way of doing business? A key item that is causing this process of rethinking

### EXHIBIT 1-1 FEATURES OF THIS BOOK'S THREE-PRONGED APPROACH

Features That Present HRM Functions and Important Concepts	Features to Apply the HRM Functions and Concepts That You Learn	Features That Foster Skill Development
• Learning Outcome statements	• Opening thoughts	• Self-Assessments
• Key terms	• Organizational examples	• Communication Skills Questions
• Step-by-step behavior models	• Work Applications	• Skill Builder Exercises
• Chapter summaries with glossaries	• Applying the Concepts	
• Review questions	• Cases	
	• Videos	

## WORK APPLICATION 1-1

*How can this course help you in your personal and professional lives? What are your goals, or what do you want to get out of this course?*

### SHRM

SHRM Guide boxes (tied to Appendix) throughout the text will show you what SHRM says a college curriculum should teach in an HRM major.

### SHRM

**A:5**  
Employee Involvement

### SHRM

**A:4**  
Employee Engagement

**Human resources (HR)** The people within an organization

**Employee engagement** A combination of job satisfaction, ability, and a willingness to perform for the organization at a high level and over an extended period of time

management is the fact that there is much greater competition within most industries today compared to 20 or 30 years ago. That creates an absolute requirement to be more adaptable and productive as an organization.<sup>10</sup> As a result, human resource managers as well as operational managers have been forced to think in more strategic terms about how their organization can win against their competitors by utilizing their human resources.<sup>11</sup>

One simple fact is that, in the 21st century organization, **human resources (HR)**—*the people within an organization*—are one of the primary means of creating a competitive advantage for the organization, because management of human resources affects company performance.<sup>12</sup> This is because most organizations of comparable size and scope within the same industry generally have access to the same material and facilities-based resources that any other organization within the industry may have. This being the case, it's very difficult to create a competitive advantage based on material, facility, or other tangible or economic resources. What this frequently leaves is people as the organization's most valuable asset.<sup>13</sup> If the organization can manage its human resources more successfully than its competitors do, if it can get its employees involved in working toward the day-to-day success of the organization, and if it can get them to stay with the organization, then it has a much greater chance of being successful—with the term *successful* defined in this case as being more productive and more profitable than the competition.<sup>14</sup> Managers are responsible for getting the job done through employees,<sup>15</sup> so the organization's human resources are nearly always its most valuable resource. If we can get our employees fully engaged, we can make better decisions, increase employee trust and loyalty, and improve productivity.<sup>16</sup> (As you can see, there are SHRM Guide boxes next to this section. We will explain them in the seventh section of this chapter, "Practitioners' Model for HRM.")

While employee satisfaction (which we will talk about at length later) can be an important aspect of employee engagement, the overall concept of **employee engagement** is much larger. It is a *combination of job satisfaction, ability, and a willingness to perform for the organization at a high level and over an extended period of time*. Google is an example of an organization that is taking the concept of employee engagement very seriously. Google's "Project Oxygen" is one attempt to analyze what makes a better boss and use that information to train managers to be more consistent and interactive.<sup>17</sup> This training is designed to create greater employee satisfaction and engagement, for very practical reasons. According to *HR Magazine*, companies that fall into "the top 10% on employee engagement beat their competition by 72% in earnings per share during 2007–08."<sup>18</sup> A 2009 study showed that companies with high levels of satisfaction and engagement outperformed those with less engaged employees in return on investment (ROI), operating income, growth rate, and long-term company valuation.<sup>19</sup>

In this text, we define *engaged employees* as those who understand what they need to do to add value to the organization and are satisfied enough with the organization and their roles within it to be willing to do whatever is necessary to see to it that the organization succeeds. This book will teach you how to operate successfully within your organizations and compete productively in a 21st century organization—as an employee, HR manager, or any other type of manager—to get your employees engaged and get the results necessary to succeed against tough competitors in the new century.<sup>20</sup> We will focus on HR management, but the principles within this text apply to any form of management. The bottom line is that if you learn these skills and apply them successfully in your role as any type of manager, you will get your employees engaged and improve productivity. That is what will get you noticed by senior management and allow you to move up the organizational ladder. So let's get started!

## HRM PAST AND PRESENT

The management of the organization's human resources has not been a static process. Let's look now at how HRM has changed over the past 40 years, taking us from the traditional view of HRM to the 21st century view.

### LO 1-1

Identify the difference between the traditional view of human resource management and the 21st century view.

### Past View of HRM

Back in the dark ages, around the mid-1970s—when there weren't even any computers available to most managers!—the human resource manager (we usually called them personnel managers then) was sometimes selected for the job because that person had limited skills as an operational manager. The HR manager might have less experience or be considered to be “a people person” rather than a “tough boss.” In other words, this individual wasn't considered as capable of managing what were considered to be line jobs in *real* operations, so we put them in HR. This was because HRM was considered to be a bit easier than other management jobs. HR managers were only expected to be paper pushers who could keep all of the personnel files straight. They maintained organizational records on the people who worked for the company, but they had very little to do with the management of the organization's business processes. Since in most cases, all they had to do was manage paper (not people), we frequently put those with more limited skills in the personnel job.

In this environment, most HR departments provided limited services to the organization—keeping track of job applicants, maintaining employee paperwork, and filing annual performance evaluations. The line managers were the ones responsible for directly managing the people within the organization.

**COST CENTERS.** In these types of organizations, the human resources department was considered to be a cost center for the organization. A **cost center** is a division or department that brings in no revenue or profit for the organization—running this function only costs the organization money. As you can easily see, we don't want many (or any) cost centers in an organization if we can help it. We need revenue centers instead.

**REVENUE CENTERS.** Revenue centers are divisions or departments that generate monetary returns for the organization. Where cost centers eat up available funds, revenue centers provide funds for the organization to operate in the future. So, what's a good HR manager to do? HRM departments are not able to generate revenue *directly* because of their tasking within the organization, but they can generate significant revenue and profit in an indirect fashion.

### Present View of HRM

The old workplace in which managers simply told employees what to do is gone. You will most likely work in a team and share in decision making and other management tasks. Today, people want to be involved in management,<sup>21</sup> and organizations expect employees to work in teams and participate in managing the firm.<sup>22</sup> Modern organizations also expect significantly greater productivity than occurred in their historical counterparts.

**PRODUCTIVITY CENTERS.** Welcome to the 21st century and the productivity center. A **productivity center** is a revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization. So,

**Cost center** A division or department that brings in no revenue or profit for the organization—running this function only costs the organization money

**Revenue centers** Divisions or departments that generate monetary returns for the organization

**Productivity center** A revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization

## SHRM

## Q:9

Ongoing Performance and Productivity

why does a modern organization worry so much about HRM? Today's HR managers are no longer running an organizational cost center. Their function, along with all other managers within the organization, is to improve organizational revenues and profits—to be a profit center. But how does HR create revenue and profits for the organization? They do it by enhancing the productivity of the people within the organization—by being a productivity center. **Productivity** is the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time. We must be more competitive in today's business environment if we are to survive for the long term. As managers of any type, we must do things that will improve the productivity of the people who work for us and our organization, so we create productivity centers.

But how can we become more productive? Productivity is the end result of two components that managers work to create and improve within the organization:

- **Effectiveness**—a function of getting the job done whenever and however it must be done. It answers the question, “Did we do the right things?”
- **Efficiency**—a function of how many organizational resources we used in getting the job done. It answers the question, “Did we do things right?”

Both of these are important, but most of the time, we are focused on efficiency. Our people allow us to be more efficient as an organization if they are used in the correct manner. This course is about how to make our people more efficient.

Companies around the world are taking this need for efficiency very seriously, and a few examples will quickly show how seriously. Teresa Taylor of **Qwest Communications International** (now **CenturyLink**), Lisa Brummel of **Microsoft**, and Leslie Locke of **Athenahealth** were all line managers with significant experience, but none of them had senior HRM experience when their organizations asked them to become HR leaders. Each of the companies was concerned about employee engagement and productivity, and especially about improving efficiency in their respective organizations,<sup>23</sup> so the companies put some of their best managers in the HRM job. In addition to improving efficiency, some fairly new research has shown that among Fortune 500 firms, having a senior HR manager in the “C-suite”—meaning having a chief of human resources operations (CHRO) in addition to having a chief operations officer (COO), a chief finance officer (CFO), etc.—increased profitability by 105% over peer companies that did not have a CHRO!<sup>24</sup>

## SHRM

## Q:5, 10, J:11

Improving Organizational Effectiveness; Organizational Effectiveness

Recall that efficiency is a function of how many organizational resources we use up in order to get the job done. It doesn't matter what kind of resources we are talking about. We burn up material, monetary, and facility resources doing our jobs. But do we burn up *human* resources? Well, not literally, though we can burn them out and thus make them useless if we subject them to intolerable working conditions. But we do burn up their time. This is the value that we have in our people—their time. We physically use up monetary resources, facility resources, and material resources, but we use up the time available from our people.

HR management deals primarily with improving the efficiency of the people within our organization. If our people are inefficient, it can literally kill our organization. Our organization will fail if our people are inefficient over long periods of time. If we don't use our people efficiently, we're ultimately going to be forced out of business by somebody who is better at using those resources than we are. So the primary reason we're worried about HR management within an organization is to improve the efficiency of our human beings.

So how do we make our people more efficient? Well, the problem is that we can't really *directly* affect the performance of individuals within the organization. We can't force employees to act in a certain way all of the time within the organization, and while we have the ability to punish them when they don't do what

**Productivity** The amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time

**Effectiveness** A function of getting the job done whenever and however it must be done

**Efficiency** A function of how many organizational resources we used in getting the job done

we need them to do, we don't have the ability to directly control all of their actions. So as managers for the organization, we have to do things that will have an indirect effect on our people's productivity—their efficiency and effectiveness. And we do have certain things within our control as managers that can cause our people to do things that we need them to do.

## 21ST CENTURY HRM

Now let's look at some of the issues facing today's HR managers, including HRM challenges, the variables that we briefly mentioned above, the strategic view, and some other factors that help us affect productivity and competitiveness through HRM.

### New HRM Challenges

What types of issues are today's HR managers concerned with? A recent SHRM survey of HR professionals asked what challenges they think will be most significant over the next 10 years. Here is a brief review of what they said.<sup>25</sup>

The three biggest challenges:

1. Retaining and rewarding the best employees
2. Developing the next generation of corporate leaders
3. Creating a corporate culture that attracts the best employees

The HR competencies and subcompetencies that will be the most critical:

1. Business acumen
  - a. HR metrics/analytics/business indicators
  - b. Knowledge of business operations and logistics
  - c. Strategic agility
2. Organizational leadership and navigation
3. Relationship management
4. Communication

Reviewing these challenges, HRM has been reasonably good at identifying and meeting some of them, while others have gone without significant attention to date in most companies. We have pursued better selection and retention strategies for a number of years, and we have recently become much better at identifying future leaders and managing organizational relationships, culture, and structure.

Where we have not done as well—at least in most organizations to this point—is in business acumen, especially in quantitative areas dealing with metrics and data analytics. This is an area that will explode in the next few years in HR departments all over the world. The ability to analyze large data sets will allow HRMs to work toward overcoming another of their challenges—creating strategic agility. We will introduce you to some of the basic HR metrics as we go through this text so that



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Today's technology improves the effectiveness and efficiency of HR managers, leading to higher levels of productivity throughout the organization.

## WORK APPLICATION 1-2

*Recall your most recent job. Did you work in a traditional cost center, a revenue center, or a productivity center? Briefly describe the firm and department and what made it a cost, revenue, or productivity center.*

you have a working understanding of how they might be used in each functional area of HRM.

## L01-2

Identify and briefly describe the four critical dependent variables that managers must control in order to compete in a 21st century organization.

### Critical Dependent Variables

Before we go further, let's look at some of the things that managers tell us they *must* control to compete in today's business environment but that they can't *directly* manipulate. These are called *dependent variables* because they can only be affected through indirect means. We have to control some other variable—called an *independent variable* because we can independently control it—to affect these items in any meaningful way.

Every time that we survey managers in any industry or any department about managing others, they bring up the following issues as being among the most important and most difficult things that they deal with:<sup>26</sup>

1. *Productivity*—defined above
2. *Job satisfaction*—a feeling of well-being and acceptance of our place in the organization
3. *Turnover*—permanent loss of workers from the organization. When people quit, it is considered voluntary turnover, while when people are fired, it is involuntary turnover.
4. *Absenteeism*—temporary absence of employees from the workplace

Note that all of these issues deal with people: not computers, not buildings, not finances—people! Also, managers have no *direct* control over these things. They only affect these items through indirect actions. In other words, we can't *force* employees to come to work and thus avoid absenteeism, nor can we force employees to be happy with their work. We have to create conditions in which employees are willing to or even want to come to work and in which they can enjoy the job. We can and should do this through employment practices that the employee perceives as fair and reasonable, such as providing acceptable pay for the tasks performed by the employee.

We have already introduced you to productivity, but what about the other three items? Why do we care about job satisfaction, turnover, and absenteeism? Let's take a moment for a more detailed look at each of them.

**Job satisfaction**, as noted above, *is the feeling of well-being that we experience in our jobs—it's basically whether or not we like what we do and the immediate environment surrounding us and our jobs*, or “the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs.”<sup>27</sup> Why do we as managers worry about our employees' job satisfaction? Well, there is a wealth of research that shows that if our employees are highly dissatisfied with their jobs, they will be far more likely to voluntarily leave and create turnover.<sup>28</sup> They will typically also have lower than average productivity. Is the opposite true? If we have highly satisfied employees, will they necessarily have higher productivity? Not necessarily, although they could.<sup>29</sup> But let's leave that discussion for later. For right now, just understand that low job satisfaction typically leads to lower productivity, so we want to maintain reasonably high job satisfaction.

**Turnover** *is the permanent loss of workers from the organization*. Does turnover cost the organization? Absolutely!<sup>30</sup> There is strong and “growing recognition that collective turnover can have important consequences for organizational productivity, performance, and—potentially—competitive advantage.”<sup>31</sup> What specific issues are associated with turnover? Well, first is the cost of the paperwork associated with the departing employees, and if they left involuntarily, we may have increases in our

A:6

Employee Retention

SHRM

**Job satisfaction** The feeling of well-being that we experience in our jobs—basically whether or not we like what we do and the immediate environment surrounding us and our jobs

**Turnover** The permanent loss of workers from the organization

unemployment insurance payments and might even have some potential security issues. Next, there is finding someone else to do the job, which incurs job analysis costs, recruiting costs, and selection costs (we will talk about all of these later). Once we hire someone new, we have orientation and other training costs, costs associated with getting the new worker up to speed on their job (something we call a *learning curve*), and the costs associated with them just not knowing our way of doing business (every company has a unique culture, and not knowing how to act within that culture can cause problems). So again, because we have many costs associated with turnover in the organization, we want to minimize turnover.

How about absenteeism? **Absenteeism** is the failure of an employee to report to the workplace as scheduled. So what's the problem with that? If employees don't come to work, we don't have to pay them, right? Well, some of them anyway—but not when we give paid sick leave or when they are “exempt” employees (we will talk about exemptions in Chapter 11). So why do managers worry about absenteeism? Well, for one thing, it *does* cost the organization money<sup>32</sup>—not necessarily directly, but indirectly. On an annual basis, absenteeism costs in the United States went from an estimated \$30 billion in 1984<sup>33</sup> to anywhere from \$100 to \$150 billion per year in 2011.<sup>34,35</sup> And even if we don't have to pay employees when they are absent from work, we still have to maintain benefits like health insurance. We also likely lose productivity in other employees because of having to do the missing employee's work and not being able to do their normal job; that costs us money, too. In addition, if some of our workers are frequently absent, it causes lower job satisfaction in others who have to continually “take up the slack” for their absent coworker. And there are other issues as well. So, we can quickly see that even though we don't have to pay some of our workers if they don't come to work, absenteeism still costs the organization money.

Note that these four issues are interrelated. Absenteeism is costly, is often due to a lack of job satisfaction, and leads to lower productivity.<sup>36</sup> People tend to leave their jobs (turnover) when they don't have job satisfaction, and while they are being replaced and sometimes after, productivity goes down.<sup>37</sup> Seeing that job satisfaction can affect absenteeism, turnover, and productivity, we will discuss job satisfaction in some more detail in Chapter 10.

So now we can see the importance of these four big issues that managers can't directly control. The bottom line is this:

**As managers, we always need to be doing things that will improve productivity and job satisfaction and that will reduce absenteeism and turnover. These items are critical. Everything in HRM revolves around these four things.**

## The HRM Strategic View

Strategy and strategic planning deal with a process of looking at our organization and environment—both today and in the expected future—and determining what we as an organization want to do to meet the requirements of that expected future. We work to predict what this future state will look like and then plan for that eventuality.

Only in the last 30 to 40 years has HR management really gone from reactive to proactive in nature. Instead of waiting for someone to quit and then going out and finding a replacement, HR managers are now actively seeking out talent for their organizations.<sup>38</sup> Good HR managers are constantly looking at processes within the organization and, if there is something going wrong, figuring out how to assist the line management team in fixing the problem—whether it is a training problem, a motivation problem, or any other people-oriented problem. The function of HR has been redesigned to enhance the other (line) functions of the business.

**SUSTAINABLE COMPETITIVE ADVANTAGE.** Why has HR been redesigned? To make our organizations more competitive and to create sustainable competitive advantages.

SHRM

A:20  
Attendance

## WORK APPLICATION 1-3

*How would you rate your level of productivity, job satisfaction, turnover, and absenteeism on your current job or a past job?*

**Absenteeism** The failure of an employee to report to the workplace as scheduled

## WORK APPLICATION 1-4

Recall your most recent job. What is the firm's competitive advantage, and how would you rate its sustainability?

This is the basis of *strategic HRM*.<sup>39</sup> Strategy and strategic planning deal with the concept of creating **sustainable competitive advantage**, *which is a capability that creates value for customers that rivals can't copy quickly or easily and that allows the organization to differentiate its products or services from those of competitors.*

Can we gain an advantage from our buildings, our physical facilities, or our equipment? Can we create machinery that our competitors can't create or imitate? Do we have access to computers that they don't have access to? Of course not—not in most cases anyway. It is very rare that we can create any real technological advantage over any significant period of time, even if our technology is proprietary. If we create a technological advantage in today's business environment, it's usually overcome, or at least closely matched, fairly quickly. So where within the organization can we create sustainable competitive advantage? The only place we can consistently create advantage that our rivals can't quickly match is through the successful use of our human resources—getting them to be more productive and more engaged with the organization than our rivals' human resources are.<sup>40</sup> If we can create an organization where people want to come to work and where they are therefore more productive, less likely to leave, less likely to be absent, and more creative and innovative—then guess who wins? We win, you lose, you die. It's that simple.

**THE MAIN GOALS OF STRATEGIC HRM.** So then, what are the main goals of strategic HRM? In the 21st century organization, the primary HRM function is no longer just one of ensuring that the company has (1) the correct number of employees with the levels and type of skills the organization requires and (2) control systems to make sure employees are working toward the achievement of the goals in the strategic plan. This is a control model for organizational management that doesn't work in many of today's organizations. So while we must successfully do these things sometimes, we also have to encourage our human resources to the maximum extent possible through motivation, leadership, environmental analysis, and organizational changes that lead to improved job satisfaction and employee engagement. The model for a successful HR manager has evolved to encompass the processes required to get that necessary employee engagement (and the associated increases in productivity and job satisfaction) while lowering absenteeism and turnover. That's a full plate for any manager. As a result, HR managers *have to be* part of the strategic planning team today. And this means that HR managers *have to* have strong business and strategic planning knowledge.

**ANALYZE STRATEGIC DIRECTION FOR HR FIT.** One of the most interesting and exciting jobs within the HRM field is being part of the strategic planning efforts for the organization. Why is it so interesting and exciting? If you play a role in creating the strategy for the organization, you have a hand in creating the organization's future. As we have already noted, HRM efforts are critical for the organization to be able to carry out plans and reach goals that have been defined by the strategic plan. While being part of the strategic planning process is not usually an option for those who are early in their HR careers, it becomes an option as you get experience in the four skill sets that we will shortly talk about in more detail—human relations skills, technical skills, conceptual and design skills, and especially business skills.

**Sustainable competitive advantage** A capability that creates value for customers that rivals can't copy quickly or easily and that allows the organization to differentiate its products or services from those of competitors

**Information Age** An era that began around 1980, in which information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries

### Technology and Knowledge

Why has the job of the HR manager changed so drastically? It has changed primarily because of the type of work that we do today in organizations compared to the type of work that was common in the last century. The 20th century saw the growth and decline of the Industrial Age in the United States and most other developed countries around the world. However, as we neared the end of the 20th century, we started to enter the **Information Age**—*an era that began around 1980, in which information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries.* This was when assembly

line work began to be taken over more and more by computers, robots, and other machines, and it was when the humans in our organizations were beginning to provide more than just labor; they started to provide intelligence—or knowledge. In the Information Age, we began to see a new kind of worker.

**KNOWLEDGE WORKERS AND THE KNOWLEDGE-BASED FIRM.** Knowledge workers are workers who “use their head more than their hands” and who gather and interpret information to improve a product or process for their organizations. There has been a lot written in the past 20 years on knowledge workers, but we can boil it down to the fact that most workers in 21st-century organizations are not working primarily with their hands; they work with their minds. In essence, knowledge workers manage knowledge for the firm.

**THE PACE OF TECHNOLOGICAL CHANGE.** One of the most critical issues that we face in the 21st century is the fact that technology is currently outstripping our ability to use it. In other words, we are creating computers and other technological systems that we can’t figure out how to use before new ones come out that make the old ones obsolete. Computers get faster and faster, but the human beings that have to use them don’t. What does this mean to a business? It means that if we—the *people* in the organization—can figure out ways to take advantage of the technology better and quicker than our competitors can, then we can create a sustainable competitive advantage. Notice that we didn’t say create *better technology*—that wouldn’t give us a sustainable advantage since our competitors could just copy the technology and improve it once we designed it. We must continually figure out ways to *use the technology* more successfully through hiring and training better and more capable employees—our *human* resources. If we do this, then as the technology changes, our people will continually figure out ways to take advantage of it before our competitors’ people do. This ability of our people is the thing that creates a continuing advantage over competitors who either don’t have people with as much or varied knowledge and skill sets, or don’t have people who want to assist the organization because they are not engaged and not satisfied.

Knowledge is precious in an organization. We can never have enough knowledge. There is a continuous shortage of knowledge workers for our organizations—those people with specialized sets of knowledge that they can apply to problems within our companies. They don’t work with their hands—they work with their heads. In fact, “The majority of jobs being created in the United States require skills possessed by only twenty percent of the current workforce.”<sup>41</sup> And the United States is not alone. In most countries of the world, the news is the same—too few knowledge workers and too many knowledge jobs open and waiting for them. This means that for the foreseeable future, we will have a shortage of knowledge workers on a global scale.

What does this mean to the organization’s HR manager? This means that each HR manager is going to be competing with every other HR manager in the world for that 20% of the workforce that comprises the pool of knowledge workers. If the HR manager’s organization has a reputation as a difficult place to work, then will the company succeed in getting knowledge workers to come to work for the organization when they have so many other opportunities? That would be very unlikely! Only if the organization manages its human resources successfully and maintains a reasonable working environment will it have any chance of filling most of the jobs that it has available.

## Labor Demographics

In addition to the issues of knowledge workers and knowledge-based organizations, we face significant demographic changes in the labor force that will be available to our companies over the next 20 years.

SHRM

Q:6

Knowledge Management



Note: As you go through this book the symbol above will note major global issues.

SHRM

Q:8

Global Labor Markets

**Knowledge workers** Workers who “use their head more than their hands” and who gather and interpret information to improve a product or process for their organizations



© William Taufic/Corbis

Part of the diversity in today's workforce is people retiring later in life and working part-time.

Companies are already seeing a reduction in the number and quality of potential employees, as well as greater gender, ethnic, and age diversity than at any time in the past. The lack of skilled workers for increasingly complex jobs is considered to be a major, ongoing problem.<sup>42,43</sup> Partly as a result of this shortage of skilled labor, we are seeing more older employees with high-level skill sets remain in the workforce. Some agencies estimate that over 90% of the growth in the US labor force between 2006 and 2016 will be from workers ages 55 and older.<sup>44</sup> So as a manager in a 21st century organization, your workforce will look much older than it has historically.

Your organization will also look more culturally diverse—even compared to today. The growth in immigrant workers will be substantial. Hispanic workers (of all nationalities) alone are predicted to be approximately 24% of the workforce in 2050, but today, they only compose about 14% of the workforce. Asian workers are expected to move up from about 4% now to about 8% of the workforce in 2050. But the gender mix will stay fairly close to what it is today. The percentage of women in the workforce has stabilized at about 47% or 48%.<sup>45</sup>

All of this means that managers of a 21st century organization will need to be more culturally aware and able to deal with individuals with significantly different work ethics, cultural norms, and even languages.

## Productivity and Competitiveness Through HRM

Remember that managing productivity is the main job of every manager in an organization. However, the only way that we can get top-notch productivity is to also manage job satisfaction, absenteeism, and turnover indirectly through the things that are within our control as managers. If we succeed in increasing productivity, we directly affect our company's competitiveness because increased productivity leads to increased profitability. And if we are more profitable, we have many options for increasing our competitiveness over the long term by creating that sustainable competitive advantage that we talked about earlier.

### LO 1-3

Describe the major HRM skill sets.

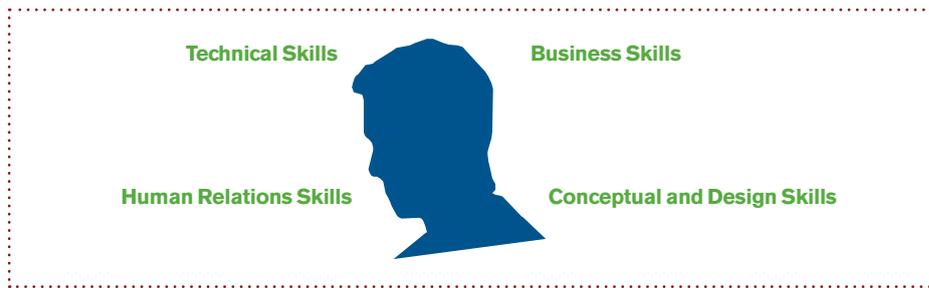
## HRM SKILLS

What skill sets will an HR manager need in order to succeed in their job? All managers require a mix of technical, human relations, conceptual and design, and business skills in order to successfully carry out their jobs (see Exhibit 1-2). HR managers are no different, so all leaders need management skills to improve organizational performance.<sup>46</sup> The set of necessary HR skills is similar to the skills needed by other managers, but of course, it emphasizes people skills more than some other management positions do.

## Technical Skills

The first skill set that an HR manager must develop to be successful, and also the easiest one to develop, is the technical skill set.<sup>47</sup> **Technical skills** are defined as *the ability to use methods and techniques to perform a task*. Being successful as an HR manager requires many skills, including comprehensive knowledge of laws, rules, and regulations relating to HR; computer skills (because everything in HR is now computerized); interviewing skills; training knowledge and skills; understanding of

**Technical skills** The ability to use methods and techniques to perform a task

**EXHIBIT 1-2 HRM SKILLS**

performance appraisal processes; cultural knowledge (so we don't make culture-related mistakes); and many others. We will cover many of these skills in the remaining chapters of this book.

### Human Relations Skills

The second major skill set is **human relations skills**, which comprise *the ability to understand, communicate, and work well with individuals and groups through developing effective relationships*. The resources you need to get the job done are made available through relationships with people both inside the organization (i.e., coworkers and supervisors) and outside the organization (i.e., customers, suppliers, and others).<sup>48</sup> Organizations are seeking employees with good human relations skills,<sup>49</sup> and business schools are placing more emphasis on people skills.<sup>50</sup> We will focus on interpersonal skills throughout this book, and you will have the opportunity to develop your human relations skills through this course.

HR managers must have strong people skills. This does not mean that HR managers have to always be gullible or sympathetic to every sob story, but it does mean that they have to be *empathetic*. **Empathy** is simply being able to put yourself in another person's place—to understand not only what that person is saying but why the individual is communicating that information to you. Empathy involves the ability to consider what the individual is feeling while remaining emotionally detached from the situation.

**Human relations skills** The ability to understand, communicate, and work well with individuals and groups through developing effective relationships

**Empathy** The ability to put yourself in another person's place—to understand not only what that person is saying but why the individual is communicating that information to you

1-1

## APPLYING THE CONCEPT

### HRM Skills

Identify each activity as being one of the following types of HRM skills and write the letter corresponding to each skill before the activity or activities describing it:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>a. technical</li> <li>b. human relations</li> <li>c. conceptual and design</li> <li>d. business</li> </ul> | <ul style="list-style-type: none"> <li>___ 1. The HR manager is working on the strategic planning process.</li> <li>___ 2. The HR manager is working on determining why more employees have been coming to work late recently.</li> <li>___ 3. The HR manager is filling out a complex government form.</li> <li>___ 4. The HR manager is talking socially with a few of her staff members.</li> <li>___ 5. The HR manager is praising a staff member for finishing a job analysis ahead of schedule.</li> <li>___ 6. The HR manager is assigning projects to various staff members.</li> <li>___ 7. The HR manager is communicating with employees throughout the company via email.</li> </ul> |
|---|--|

## WORK APPLICATION 1-5

Give examples of how a present or past boss of yours used each of the four HRM skills.

Human relations skills also involve the ability to work well with others in teams; to persuade others; to mediate and resolve conflicts; to gather information from others; and to jointly analyze, negotiate, and come to a collective decision. We will discuss many of these skills later in this text.

Finally, human relations skills involve the ability to relate to, as well as influence, both the employees and the executive staff of the organization. The HR manager must be able to work both sides of any issue. There are many times when they have to speak with the executive suite about issues that are uncomfortable or that, at least in the short term, affect organizational productivity. These conversations are delicate and require significant ability to sway the thoughts and opinions of others.

### Conceptual and Design Skills

Conceptual and design skills are another skill set required in a successful HR manager. Such skills help in decision making. Clearly, the decisions you have made over your lifetime have affected you today. Likewise, leaders' decisions determine the success or failure of the organization.<sup>51</sup> So organizations are training their people to improve their decision-making skills.<sup>52</sup> **Conceptual and design skills** include the ability to evaluate a situation, identify alternatives, select a reasonable alternative, and make a decision to implement a solution to a problem.

*Conceptual skills* are the ability to understand what is going on in our business processes—the ability to “see the bigger picture” concerning how our department or division and the overall organization operates. These also include the ability to see if we are operating outside expected process parameters. In other words, are we doing things that we shouldn't be, or are we not successfully doing the things necessary to maintain a high level of productivity? *Design skills* are the other part of the equation. These are the part of our skill set that allows us to figure out novel or innovative solutions to problems that we have identified with our conceptual skills. So, one part of this skill set is identification of any problems that exist, and the second part is decision making to solve problems.

### Business Skills

Lastly, HR managers must have strong general business skills. Like technical skills, business skills are easier to develop than human relations and conceptual and design skills. **Business skills** are the analytical and quantitative skills—including in-depth knowledge of how the business works and its budgeting and strategic planning processes—that are necessary for a manager to understand and contribute to the profitability of the organization. HR professionals must have knowledge of the organization and its strategies if they are to contribute strategically. This also means that they must have understanding of the financial, technological, and other facets of the industry and the organization. Finally, more and more today, HR managers must gain the capability to manipulate large amounts of data using data analytics programs and HR metrics.

**Conceptual and design skills** The ability to evaluate a situation, identify alternatives, select a reasonable alternative, and make a decision to implement a solution to a problem

**Business skills** The analytical and quantitative skills—including in-depth knowledge of how the business works and its budgeting and strategic planning processes—that are necessary for a manager to understand and contribute to the profitability of the organization.

## LINE MANAGERS' HRM RESPONSIBILITIES

What if you are not planning on becoming an HR manager? Why do you need to understand the topics that we are discussing throughout this book? Well, line managers are the first point of contact with most of our employees when they have questions about human resources policies or procedures. As a result, you have to have a basic understanding of the management of your organization's human resources. You need to be able to answer employee HR questions, and if you don't follow company HR policies, you can cause legal problems for your firm, get disciplined and

fired, and potentially even spend time in jail. So in this section, we explain the difference between line and staff management and line managers' major HRM responsibilities.

## Line Versus Staff Management

**Line managers** are the individuals who create, manage, and maintain the people and organizational processes that create whatever it is that the business sells. Put simply, they are the people who control the actual operations of the organization. A line manager may have direct control over staff employees, but a staff manager would not generally have any direct control of line employees.

HR managers, on the other hand, would generally be **staff managers**, individuals who advise line managers in some field of expertise. These managers act basically as internal consultants for the company, within their fields of specialized knowledge. As an example, a company accountant or lawyer would usually have staff authority within a manufacturing firm—they would be there to *advise* the operational managers concerning what is legal or illegal. However, in a law firm, a lawyer would usually be a line manager, because the organization's end product is knowledge and application of the law. In this case, the lawyer would have the ability to control the organization's processes to produce their output—a legal briefing, a lawsuit, or a contract agreement, for instance.

## Major HR Responsibilities of Line Management

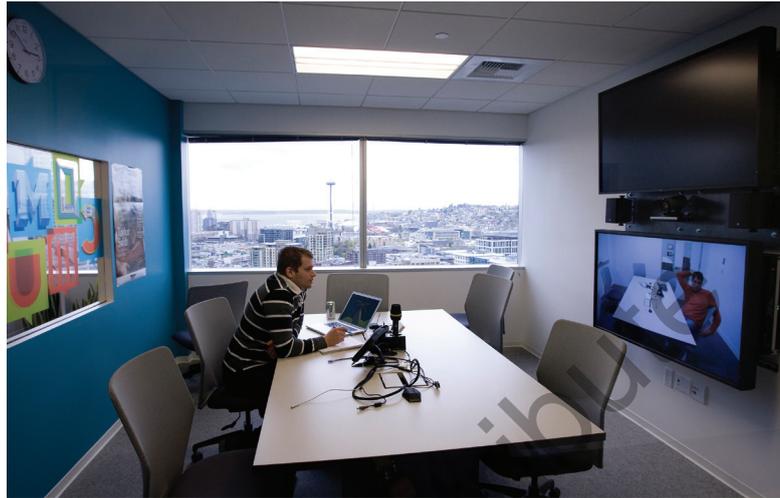
What does a line manager need to know about HR management? A lot! Remember that every manager's primary job is to manage the resources of the organization, including the human resources. The following list shows some of the major items that line managers would need to understand in order to successfully do their job.

**LEGAL CONSIDERATIONS.** Line managers can inadvertently violate the law if they don't know what the various employment laws say and what actions are prohibited or required in dealing with employees. Laws that a line manager needs to understand include employment laws, workplace safety and health laws, labor laws, and laws dealing with compensation and benefits.

**LABOR COST CONTROLS.** What can and can't line managers do to minimize labor costs? All managers need to know how they can manage labor costs, both from an efficiency standpoint and from the standpoint of understanding the state and federal laws that limit our options for managing our labor resources.

**LEADERSHIP AND MOTIVATION.** Obviously, one of the major reasons to have managers is to provide motivation and leadership to employees in our organizations. Managers are worth less than nothing if they don't improve their workers' performance and productivity through the use of motivation and leadership.

**TRAINING AND DEVELOPMENT.** Line managers are generally the first to see a problem with organizational processes. This is frequently an indication that some type of training is needed. Line managers are also the individuals who would debrief most employees on their annual performance appraisals. This is another situation in which a manager might recognize the need for further training of their workforce.



Bloomberg/Bloomberg/Getty Images

Line and staff employees can work more effectively together with today's technology.

SHRM

J:6

Internal Consulting

LO 1-4

Discuss the line manager's HRM responsibilities.

## WORK APPLICATION 1-6

Give examples of line and staff positions at an organization where you work or have worked.

**Line managers** The individuals who create, manage, and maintain the people and organizational processes that create whatever it is that the business sells

**Staff managers** Individuals who advise line managers in some field of expertise

## WORK APPLICATION 1-7

Give examples of HR responsibilities performed by your present boss or a past boss.

Finally, line managers are the people responsible for making changes to organizational processes. As a result of these changes, we frequently need to train our people on the new methods of doing our work.

Line managers are also the people responsible for identifying the talented workers in the organization whom we need to develop so that they can move into higher-level positions when they are needed. The organization needs to have these people “in the pipeline” so that as others leave the company or retire, we have qualified individuals to take their place.

**APPRAISAL AND PROMOTION.** Line managers should almost always be responsible for the appraisal (also called evaluation) of the people who work for them as well as the process of debriefing these individuals on their annual (or more frequent) work evaluations. Line managers should also have a strong voice in who should be eligible for promotions in the organization, since these managers’ job is to know their people and their capabilities and limitations.

**SAFETY AND SECURITY OF EMPLOYEES.** Line management has primary responsibility for maintaining the safety and security of the organization’s workforce. They must know federal and state laws concerning occupational safety and health as well as procedures for securing the organization’s workspaces and people from both outsiders and other employees who would want to harm them. Line managers need to monitor the areas under their physical control to minimize the hazards that can occur inside our companies.

So line managers have a lot to do with the human resources in the organization, don’t they? All line managers need to know all of these things and more in order to be successful in their jobs.

### LO 1-5

Identify and briefly describe the major HRM discipline areas.

## HR MANAGERS’ RESPONSIBILITIES: DISCIPLINES WITHIN HRM

But what if you *are* planning to become an HR manager? HR managers take the lead in the management and maintenance of the organization’s people. HRM is an exciting field with many different paths that you can take over the course of your career. The field is so broad that you could do something different each year for a 40-year career and never exactly duplicate an earlier job.

So if you have decided that you would like to explore the field of HRM as a career, what kind of jobs could you expect to fill inside your organization? What are your options for a career, and what kinds of specialized training and certification are available for you in the field? Although there are many different jobs in the field, most of them fall into a few categories. Let’s briefly take a look at each of these disciplines or specialties. We will provide the details in later chapters.

Most HR jobs are either *generalist* jobs, in which the HR employee works in many different areas, or *specialist* jobs, in which the employee focuses on a specific discipline of HR. What specialties are available? Below is a partial list of some of the major specialist careers that you can get into if you desire. But first, complete the self-assessment below to help you better understand your overall interest in HR and which specialties interest you more.

### The Legal Environment: EEO and Diversity Management

Equal employment opportunity (EEO) and diversity management specialists are involved with the management of the organization’s employee-related actions to ensure compliance with equal opportunity laws and regulations as well as

**D:1**  
HR’s Role in Organizations

SHRM

organizational affirmative action plans (when such plans are required or desired). Such specialists also have responsibilities related to the management of diverse employee groups within the company. There are many management-level issues in the diversity effort, including intergroup conflict management, creating cohesiveness, combating prejudice, and others. We will discuss some of these issues later in the text.

The HR legal and regulatory environment is critical to every organization today. This is also quite likely the area that changes more than any other in HRM. Every court case that deals with the human resource environment inside any organization has the potential to affect every organization. Even if the court ruling doesn't change the way a company has to do business, if a federal or state legislature sees that ruling as unfair, then it may change the law and thus affect each organization under its jurisdiction. This is how the Lilly Ledbetter Fair Pay Act (among other laws) was created. The US Supreme Court heard a case dealing with unequal pay and made its ruling based on existing laws, and because the US Congress felt that the ruling was unfair, it enacted a new law to change certain rules on how and when an equal pay complaint can be filed. We will talk a little more about this law in Chapter 3.

So if every court case that deals with equal opportunity, compensation and benefits, harassment, or discrimination in any form has the potential to change the way in which every company does business, then you can quickly see that the HR-related legal environment is an area of critical importance to your company. Therefore, people with strong expertise in HR law are equally critical to the organization. So if you want a job where you *really* never do the same thing twice, look at becoming an HR legal specialist.

## Staffing

Staffing includes all of the things that we need to do to get people interested in working for our company—going through the recruiting process, selecting the best candidates who apply, and getting them settled into their new jobs. This is likely one of the most rewarding areas in HRM. We get to hire people into the organization who want to work for us. However, it is also a highly complex job in which we have to understand the other jobs for which we are hiring, the people who apply to fill those jobs, and the legalities involved with the hiring process. This is the first line of defense for the company. This area can literally make or break the organization in its ability to be productive.<sup>53</sup> If we attract and hire the right types of people with the right attitudes and skills, then the organization will have a good start at being successful. If we hire the wrong types—people who don't want to work or don't have the correct skill sets—then the organization will have a very difficult time being successful in the long term.

## Training and Development

Next, we have the training and development discipline. This is where the education and training function occurs in organizations. A modern organization won't get very far without constantly training its employees. Research supports the idea that employees who participate in more training and development are less likely to leave the company (i.e., less likely to cause turnover) and less likely to engage in neglectful behavior.<sup>54</sup> We train people for a variety of reasons, from teaching them their basic job to teaching them the things that they will need in order to move up in the organization as people above them resign or retire. If you enjoy teaching and learning, this might be an area to consider as a career field in HRM. Many HR managers stay in training and development for their entire career, because they like it. They get to interact with many different people within the organization and get to learn about many different parts of the company as they go through the training processes.

As a training and development specialist, you would have responsibility for the training processes within the organization, as well as for the development of curricula

**1-1 SELF ASSESSMENT**

**HR Disciplines**

Following are 24 HR activities that you could be involved in. Rate your interest in each specialty with a number (1–7) that represents your interest in the activity.

I'm not really interested in doing this					I'm really interested in doing this	
1	2	3	4	5	6	7

1. \_\_\_\_ Working to make sure everyone in the firm is treated fairly
2. \_\_\_\_ Working against discrimination and helping minorities to get hired and promoted
3. \_\_\_\_ Knowing the laws, helping the firm implement laws, and reporting how the firm complies with the HR laws
4. \_\_\_\_ Working to get people to apply for jobs, such as writing advertisements and attending job fairs
5. \_\_\_\_ Interviewing job candidates
6. \_\_\_\_ Orienting new employees to the firm and their jobs
7. \_\_\_\_ Teaching employees how to do their current jobs
8. \_\_\_\_ Developing employees' general skills so they can progress in the firm
9. \_\_\_\_ Designing curricula and lesson plans for others to teach employees
10. \_\_\_\_ Coaching, counseling, and disciplining employees whose work quality is not up to standards
11. \_\_\_\_ Working with teams and helping resolve conflicts
12. \_\_\_\_ Working to understand and improve the level of job satisfaction throughout the firm
13. \_\_\_\_ Working with union employees
14. \_\_\_\_ Collective bargaining with unions
15. \_\_\_\_ Solving employee complaints
16. \_\_\_\_ Working to determine fair pay for different jobs, including investigating competitors' pay scales
17. \_\_\_\_ Creating incentives to motivate and reward productive employees
18. \_\_\_\_ Finding good benefits providers, such as lower-cost and higher-quality health insurance providers
19. \_\_\_\_ Making sure that employees don't get hurt on the job
20. \_\_\_\_ Working to keep employees healthy, such as developing diet and exercise programs
21. \_\_\_\_ Ensuring the security of the facilities and employees, issuing IDs, and keeping employee records confidential
22. \_\_\_\_ Ensuring that employees are ethical, such as developing and enforcing codes of ethics
23. \_\_\_\_ Enforcing ethical standards, such as maintaining methods for employees to confidentially report ethics violations
24. \_\_\_\_ Working to help the organization develop methods to improve efficiency while protecting our environment

**Scoring and Interpreting Individual Discipline Results**

Place your rating numbers (1–7) below and total the three scores for each discipline. Then rank your totals from 1 to 8 to determine which disciplines interest you most:

2 \_\_\_\_  
 3 \_\_\_\_  
 \_\_\_\_ Total (Rank this total: \_\_\_\_ [1–8])

**Legal Environment: EEO and Diversity Management**

1 \_\_\_\_

**Staffing**  
 4 \_\_\_\_  
 5 \_\_\_\_  
 6 \_\_\_\_  
 \_\_\_\_ Total (Rank this total: \_\_\_\_ [1–8])

and lesson plans and the delivery of training courses. You would also be involved with the development of talent within the company so that employees are trained and ready to move into more senior positions as those positions become vacant.

**Employee Relations**

This specialty covers a very wide array of items associated with management and employee relations. It involves such things as coaching, conflict resolution,

**Training and Development**

7 \_\_\_\_\_

8 \_\_\_\_\_

9 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

**Employee Relations**

10 \_\_\_\_\_

11 \_\_\_\_\_

12 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

**Labor and Industrial Relations**

13 \_\_\_\_\_

14 \_\_\_\_\_

15 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

**Compensation and Benefits**

16 \_\_\_\_\_

17 \_\_\_\_\_

18 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

**Safety and Security**

19 \_\_\_\_\_

20 \_\_\_\_\_

21 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

**Ethics and Sustainability**

22 \_\_\_\_\_

23 \_\_\_\_\_

24 \_\_\_\_\_

\_\_\_\_\_ Total (Rank this total: \_\_\_\_\_ [1–8])

The higher your total in each discipline, the greater your interest in that area of HR at this point in time. Of course, your interest levels can change as you learn more about each discipline. You will also be doing self-assessments in all the other chapters that relate to these eight disciplines.

**Scoring and Interpreting Total Discipline Results**

Now add up your grand total interest score from all 24 activities and write it here: \_\_\_\_\_. Then compare it to the continuum below to gauge your overall level of interest in working in human resources:

Low interest in HR    24    50    75    100    125    150    168    High interest in HR

The higher your score, the greater is your overall interest in HR, again at this time only.

You should realize that this self-assessment is only designed to show your current level of interest. It may not predict how much you will enjoy working in any HR discipline in the future. For example, if you get a real job in an area where you gave yourself a low score today, you could end up finding it very interesting. The self-assessments throughout this book are designed to give you a better understanding of your interest and aptitudes at the present time, and they are open to your interpretations. For example, some people tend to rate themselves much lower or higher than others even though they have the same level of interest—so don't be too concerned about your score. There are *no* correct answers or scores. Some people with lower scores may actually enjoy the course more than those with higher scores. The purpose of these self-assessments is to help you gain self-knowledge and get you thinking about how the topic of HRM relates to you.

So at this point, you should have a better idea of what the eight HR disciplines are and which areas are of more and less interest to you. But as you read the rest of this chapter and the others and learn more about each discipline, you may change your mind.

counseling, and disciplining the workforce as needed. It also involves leadership and team-building efforts within the organization. Virtually every 21st century organization operates with at least some teams as part of its structure, and teams create unique problems within the company that employee relations managers must address.

We also measure and evaluate job satisfaction and employee engagement as part of employee relations. HR managers in this function have to keep up with the many and varied laws relating to employee relations, and this specialty also involves the management of employee communication.

## WORK APPLICATION 1-8

*Give brief examples of the HR disciplines performed by the HR department (or individuals responsible for HR) where you work or have worked.*

### Labor and Industrial Relations

The labor and industrial relations specialist works with the laws and regulations that control the organization's labor-related relationships with their workforce. This is also the area that manages any relationships the organization has with unions. HR managers who work in this area might be involved in union votes, negotiations for union agreements, contract collective bargaining, handling grievances, and other items that affect the union/management relationship within the organization. This area also includes all labor relations activities, even in nonunion businesses. These managers have to maintain a working knowledge of all of the federal labor laws such as the National Labor Relations Act and the Taft-Hartley Act. Again, we will cover this in more detail later.

### Compensation and Benefits

A compensation and benefits specialist might find jobs in compensation planning, salary surveys, benefits management, incentive programs, and more. This area deals with how we reward the people who work for us. Rewards come in many styles and types, and the compensation and benefits specialist helps decide the total compensation package that the organization will use to attract and retain the best mix of people with skills that are specifically suited to the organization. Here again, a manager will have to understand the federal and state laws that deal with compensation management within businesses, including the Fair Labor Standards Act plus EEO and discrimination laws. Compensation management also includes issues such as pay secrecy, comparable worth, and wage compression—topics that we will cover in some detail in later chapters.

In this specialty, you would have a hand in setting pay scales, managing pay of various types, and administering benefits packages. All of the processes within this discipline are designed to help the organization attract and keep the right mix of employees. You would also deal directly with all of the federal and state compensation laws to ensure compliance in organizational pay and benefits procedures.

### Safety and Security

We also need to protect our human resources. In the safety and security discipline, a manager might work in the area of occupational safety and/or health to make sure we don't injure our people or cause them to become sick because of exposure to some substance they work with. This discipline also includes fields such as stress management and employee assistance programs, which help employees cope with the demands of their jobs on a daily basis. And finally, this function works to ensure that employees are secure from physical harm inflicted by other workers, outsiders, or even acts of nature. We have to protect our people if we are going to expect them to do their jobs.

As a safety and security specialist, the HR manager works to ensure that the work environment is safe for all workers so that on-the-job injuries, illnesses, and other negative events are minimized to the greatest extent possible. You also have responsibility for managing the organization's plans for securing the workforce, both from being harmed by other people and from natural disasters such as earthquakes or tornados. Maintaining the privacy of employees' confidential HR files is also part of this specialty.



As you go through this book, the symbol above will note ethics, sustainability, and social responsibility issues.

### Ethics and Sustainability

In this specialty, you would bear responsibility for seeing to it that the organization acts in an ethical and socially responsible manner. You would work on codes of ethics and also make sure employees live by those codes, such as by maintaining

ways in which employees can report violations of ethics (also known as *whistle-blowing*).

Environmental issues are now major social concerns,<sup>55</sup> and sustainable development has become one of the foremost issues facing the world.<sup>56</sup> *Sustainability* is meeting the needs of today without sacrificing future generations' ability to meet their needs.<sup>57</sup> All developed societies and a growing number of developing countries expect sustainability, and that includes wanting managers to use resources wisely and responsibly; protect the environment; minimize the amount of air, water, energy, minerals, and other materials used in the final goods we consume; recycle and reuse these goods to the extent possible rather than drawing on nature to replenish them; respect nature's calm, tranquility, and beauty; and eliminate toxins that harm people in the workplace and in communities.<sup>58</sup> Some companies have historically done a relatively poor job of maintaining the environment in some less developed countries in which they operated. In fact, in many cases, companies decided to operate out of a particular country to minimize their costs associated with conservation and sustainability.

If you take a look at the table of contents as well as the practitioner's model below, you will realize that this book is organized to discuss the eight areas of HRM listed above. We have gone through the disciplines pretty quickly thus far, but we will deal with each in much more detail as we continue through this text. For right now, just understand that there are many different functions and areas in which an HR manager can work as part of their organization. So, it is pretty much guaranteed that you won't get bored in your role as a 21st century HR manager if you don't want to.

Next, let's take a look at some of the professional organizations that are out there to help you get where you want to go in HRM.

## HRM CAREERS

If you are interested in HRM as a career, there are several professional associations and certification programs associated with HR management that will help you get into these jobs and help you advance more quickly in the future. We've listed some of them below, and there are several others within specific HR disciplines that are not discussed here.

### Society for Human Resource Management (SHRM)

The **Society for Human Resource Management (SHRM)** is the largest and most recognized of the HRM advocacy organizations in the United States. According to its website, SHRM is "the world's largest association devoted to human resource management . . . representing more than 250,000 members in over 140 countries."<sup>59</sup>

What does SHRM do? Probably the biggest part of its work is dedicated to (1) advocacy for national HR laws and policies for organizations and (2) training and



Recycling contributes to our present and future sustainability.



SHRM

J:5

Sustainability/Corporate Social Responsibility

SHRM

J:9

Ethics (integrated)

SHRM

C:8

Codes of Ethics

**Society for Human Resource Management (SHRM)** The largest and most recognized of the HRM advocacy organizations in the United States

1-2

## APPLYING THE CONCEPT

### HRM Disciplines

Identify each HRM discipline and write the letter corresponding to it before the activity involving it:

- a. Legal Environment: EEO and Diversity Management
  - b. Staffing
  - c. Training and Development
  - d. Employee Relations
  - e. Labor and Industrial Relations
  - f. Compensation and Benefits
  - g. Safety and Security
  - h. Ethics and Sustainability
- \_\_\_\_\_ 8. The HR manager is writing an ad to recruit a job candidate.
- \_\_\_\_\_ 9. The HR manager is investigating an employee complaint of racial discrimination.
- \_\_\_\_\_ 10. The HR manager is taking a class in preparation for the exam to become certified as a Professional in Human Resources (PHR).
- \_\_\_\_\_ 11. The HR manager is working with an insurance company to try to keep the high cost of health insurance down.
- \_\_\_\_\_ 12. The HR manager is replacing the office copier with a more energy-efficient model.
- \_\_\_\_\_ 13. The HR manager is having a new software program installed to protect employee records from theft.
- \_\_\_\_\_ 14. The HR manager is working on the new collective bargaining contract with the Teamsters Union.
- \_\_\_\_\_ 15. The HR manager is looking for potential new employees at the LinkedIn website.
- \_\_\_\_\_ 16. The HR manager is filling out an accident report with a production worker who got hurt on the job.
- \_\_\_\_\_ 17. The HR manager is reviewing a report that compares its wages and salaries to other businesses in the area.
- \_\_\_\_\_ 18. The HR manager is giving priority to promoting a member of a minority group to a management position.
- \_\_\_\_\_ 19. The HR manager is teaching the new employee how to use the HR software program.
- \_\_\_\_\_ 20. The HR manager is referring an employee to a marriage counselor.

certification of HR professionals in a number of specialty areas. SHRM also provides its members with a place to network and learn from their peers, plus a vast library of articles and other information on HR management.

SHRM is an outstanding organization that anyone thinking about a career in human resources should consider joining. Student memberships have always been and continue to be very inexpensive, especially considering all that is available to members of the organization. If you are a college or university student, does your school have a student SHRM chapter? If it does and you are serious about a career in HR—join. If your school doesn't have a chapter, consider starting one.

SHRM interacts with the Human Resource Certification Institute (HRCI), which provides some of the most respected certifications for HR personnel anywhere in the world. The three biggest certification programs are the PHR, SPHR, and GPHR certifications. PHR stands for Professional in Human Resources, SPHR stands for Senior Professional in Human Resources, and GPHR stands for Global Professional in Human Resources. These certifications are recognized by organizations worldwide as verification of a high level of training.

SHRM also provides a curriculum guide for colleges and universities that offer HRM degree programs. The guide identifies specific areas in which SHRM feels students should gain competence as HRM majors. It breaks down curriculum areas into required, secondary, and integrated sections. Because SHRM is such a significant force in each of the HRM fields, we have decided to show you where each of the required curriculum areas is covered within this text. In each chapter, you will see notes on the side of the page when a *SHRM required* topic is discussed. These notes are alphanumerically keyed to the information in the Appendix *SHRM Curriculum Guide 2013*. You might want to pay special attention to these side notes if you have plans to become an HR manager.

If you do decide to work toward a goal of becoming an HR manager, you will need to think about taking the SHRM Assurance of Learning Exam. This exam is sort of a student version of the PHR exam noted above. According to the SHRM website, “First and foremost, passing the assessment will help students show potential employers they have acquired the minimum knowledge required to enter the HR profession at the entry level.”<sup>60</sup> To get more information about the Assurance of Learning Exam, go to the SHRM website at <http://www.shrm.org/assessment/>.

## WORK APPLICATION 1-9

*Are you joining or will you join a professional association, and will you seek certification? Explain why or why not.*

### Other HR Organizations

In addition to SHRM, there are two organizations that have certification programs that are recognized in many countries around the world. The first one is the **Association for Talent Development (ATD)**. As its name implies, ATD primarily focuses on the training and development functions of HR managers.<sup>61</sup> Its major certifications include the Certified Professional in Learning and Performance (CPLP) and the Human Performance Improvement (HPI) certification. According to the ATD website, CPLP certification is “a credential for training and development practitioners offered by ATD Certification Institute. It is a broad-based certification and addresses ten areas of expertise as defined by the ATD Competency Model.”<sup>62</sup> On the other hand, becoming certified in “the art and science of Human Performance Improvement (HPI) helps organizations become better and faster at achieving their business goals.”<sup>63</sup>

The other organization is **WorldatWork**. Certifications from this organization include Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Global Remuneration Professional (GRP), Work-Life Certified Professional (WLCP), Certified Sales Compensation Professional (CSCP), and Certified Executive Compensation Professional (CECP). As you can quickly see, WorldatWork mainly deals with compensation, benefits, and performance management programs.<sup>64</sup>

Both of the above certification bodies are quite high in quality within their areas of focus. Each of them has extensive websites (the primary sites are <http://astd.org> and <http://worldatwork.org>). If you are interested in these specific areas within HRM, take a look as you have time.

### Professional Liability

One of the more important things that you need to understand if you are thinking about becoming an HR manager is the issue of professional (personal) liability for the actions that you take on behalf of the organization. You most likely don't know that HR managers can be held personally liable for some of the actions that they take as part of their job. For instance, two federal laws—the Fair Labor Standards Act and the Family and Medical Leave Act (which we will discuss in more detail in later chapters)—“have both been construed by courts to provide for individual liability.”<sup>65</sup> Both the organization *and managers* who have authority to make decisions for the organization can be sued by an employee who feels that his or her rights under these laws have been violated. This is one of the many reasons why if you plan to manage people, you really want to understand all of the HRM concepts as well as possible. These are only two examples of potential professional liability that HR managers can incur if they fail to take federal and state laws into account. There are many others, so you need to be aware of the potential for personal liability, and in some cases, you may even need to consider professional liability insurance—for instance, if you are an HRM consultant to outside organizations.

SHRM

**B:22**  
Professional Liability

## How to Find More Information

HRM is one of the most constantly changing areas in business. Because of this fact, HR practitioners must continually work to stay up-to-date on news from their profession. Use the sites in this appendix to maintain your knowledge base as the HR functions you just learned about continue to adapt and change.

### LO 1-6

Explain the practitioner’s model for HRM and how it applies to this book.

## PRACTITIONER’S MODEL FOR HRM

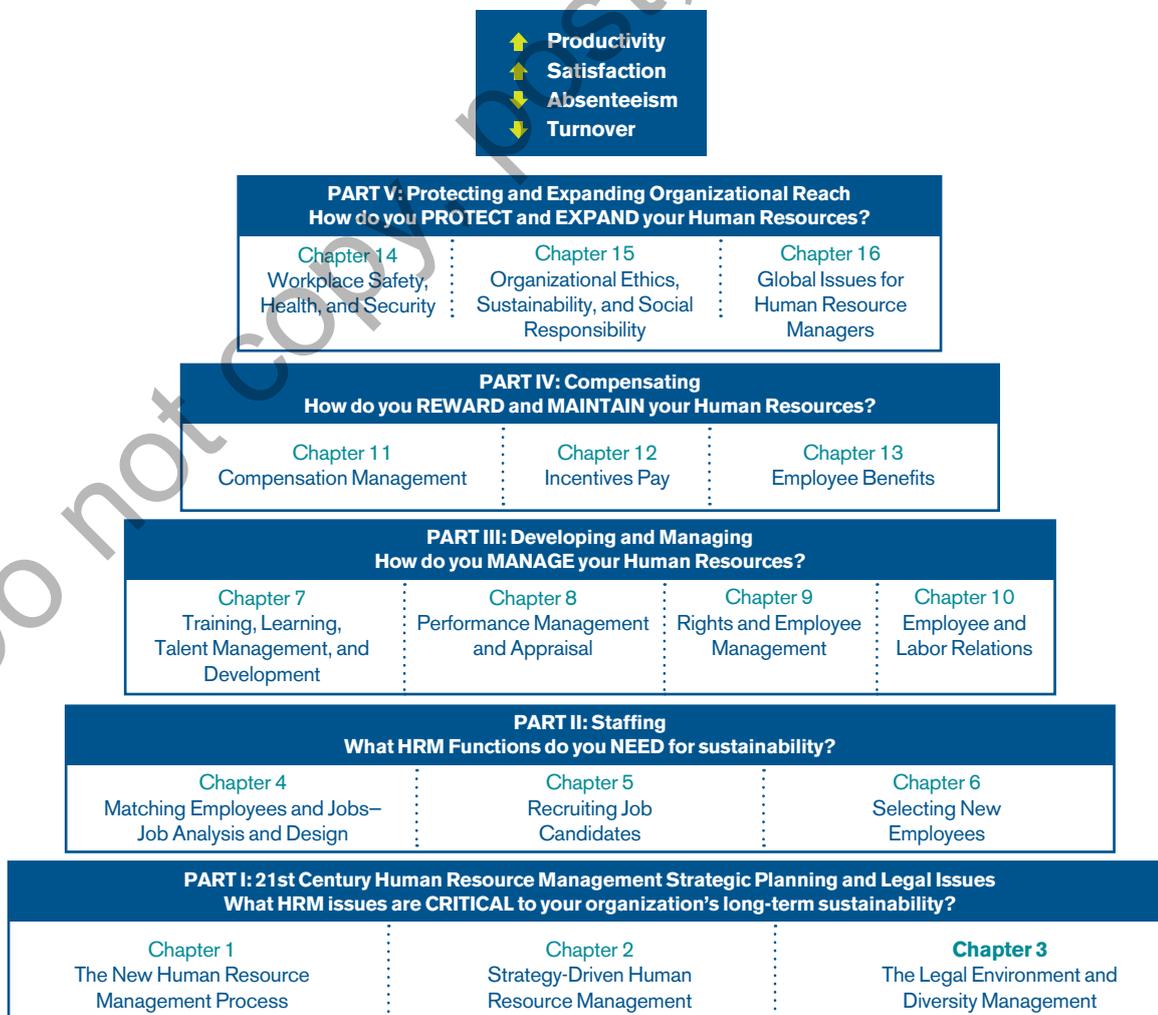
We have given you a (very) brief history of the HRM world and what HR management does for the organization. Now we need to get into the particulars of the matter and start talking about some of the detailed information that you will need to know in order to be a successful HR (or other) manager for your organization. How will we do that? We are going to work through what you need to know using a practitioner’s model for HRM, shown in Exhibit 1-3.

### The Model

The practitioner’s model is designed to show you how each of the sections of HRM interact and which items you must deal with before you can go on to successfully work on the next section—kind of like building a foundation before you build a

### EXHIBIT 1-3 THE PRACTITIONER’S MODEL FOR HRM

End Result = Organizational Success



house. The model first provides you with knowledge of which organizational functions are critical to ensure that the organization can be viable over the long term—so that it will operate legally and work toward the goals that it has identified as critical to gaining success. Second, the model helps you learn what things the organization needs to do in order to *sustain itself and its human resources* over the long term—including identifying and setting up different jobs, finding the right people, and getting them into the organization and ready to work. Next, the model discusses the critical issues in managing those human resources successfully—training, developing them for the future, evaluating and improving their performance, and maintaining a strong relationship between management and employees. Fourth, the model discusses how to *maintain your workforce* through managing the compensation and benefits provided to your people—including determining fair pay and incentives for work completed, as well as what benefits to provide to workers. Finally we look at some *special issues* that have become far more important to organizational success over the past 30 years: safety and health, ethics and social responsibility, and global issues.

## Sections of the Model

Let's discuss the details of each section of the model separately.

**SECTION I: 21ST CENTURY HRM, STRATEGIC PLANNING, AND HR LAWS.** You have already begun Section I, where we talk about HRM in the 21st century, including the necessity of having strategy-driven HRM and a strong understanding of the basic HR legal environment. This is the basis for everything else that a 21st century HR manager will do, so it is the foundation of our diagram. These are the things that are *most critical* to the organization's basic stability and success, because if we don't get them right, we will probably not be around long enough as an organization to be successful in the sections resting on this one.

**SECTION II: STAFFING.** Now that we have a stable organization with some form of direction, we start to look at getting the right people into the right jobs in Section II. This section includes the items that will allow the organization to get its work done successfully over long periods of time. We first look at identifying the jobs that will need to be filled and then work through how to recruit the right numbers and types of people to fill those jobs. Finally, we find out what our options are concerning methods to select the best of those job candidates whom we have recruited. The items in Section II are absolutely necessary for long-term organizational *sustainability and success*.

### EXHIBIT 1-4 PART I: PRACTITIONER'S MODEL FOR HRM

PART I: 21st Century Human Resource Management Strategic Planning and Legal Issues What HRM issues are CRITICAL to your organization's long-term sustainability?		
Chapter 1 The New Human Resource Management Process	Chapter 2 Strategy-Driven Human Resource Management	Chapter 3 The Legal Environment and Diversity Management

### EXHIBIT 1-5 PART II: PRACTITIONER'S MODEL FOR HRM

PART II: Staffing What HRM Functions do you NEED for sustainability?		
Chapter 4 Matching Employees and Jobs— Job Analysis and Design	Chapter 5 Recruiting Job Candidates	Chapter 6 Selecting New Employees

**EXHIBIT 1-6 PART III: PRACTITIONER'S MODEL FOR HRM**

PART III: Developing and Managing How do you MANAGE your Human Resources?			
Chapter 7 Training, Learning, Talent Management, and Development	Chapter 8 Performance Management and Appraisal	Chapter 9 Rights and Employee Management	Chapter 10 Employee and Labor Relations

**SECTION III: DEVELOPING AND MANAGING.** In the third section, we learn how to manage our people once they have been selected into the organization. We have to train (and retrain) our people to do jobs that are ever changing in today's organization; we have to evaluate them in some formal manner so that they know how well they are doing in the eyes of their management; and we have to develop them so that they can fill higher-level positions as we need people to step up into those positions. We sometimes have to coach, counsel, and/or discipline our employees as well, so we need to learn how to do those things so that we can improve motivation when possible, and if we can't improve motivation or overcome poor work behaviors, we will know how to correctly and humanely separate (i.e., terminate) the individual from the organization. Finally, Section III addresses the role of employee and labor relations, with emphasis on the function of unions within organizations. So Section III shows us how to *manage* our human resources *on a routine basis*.

**SECTION IV: COMPENSATING.** The fourth section will cover the compensation and benefits packages that we work with to keep our people satisfied (or at least not dissatisfied). Both direct compensation, in the form of base pay and incentives, and indirect pay, in the form of worker benefits, provide us with some level of control over what our employees decide to do for the organization (since we cannot directly make them more productive). Section IV shows us how to *reward and maintain* our workforce, since they are so critical to our ongoing success.

**SECTION V: PROTECTING AND EXPANDING.** The last section's topics include managing safety and health, providing ethical and social responsibility guidelines to members of the organization, and the globalization issues involved in working in multiple countries and cultures. The area of worker safety and health is critical because the

**EXHIBIT 1-7 PART IV: PRACTITIONER'S MODEL FOR HRM**

PART IV: Compensating How do you REWARD and MAINTAIN your Human Resources?		
Chapter 11 Compensation Management	Chapter 12 Incentives Pay	Chapter 13 Employee Benefits

**EXHIBIT 1-8 PART V: PRACTITIONER'S MODEL FOR HRM**

PART V: Protecting and Expanding Organizational Reach How do you PROTECT and EXPAND your Human Resources?		
Chapter 14 Workplace Safety, Health, and Security	Chapter 15 Organizational Ethics, Sustainability, and Social Responsibility	Chapter 16 Global Issues for Human Resource Managers

employees of a 21st century organization are almost always the basis of at least some of our competitive advantage over our rivals in any industry, so we need to keep them healthy and happy. In addition to safety and health, two areas have become far more important since the beginning of the information age in the early 1980s: ethical, sustainable, and socially responsible organizations; and the ability to operate in a global business environment.

## TRENDS AND ISSUES IN HRM

In each chapter of this text, we will discuss some of the most important issues and trends in HRM today. These issues and trends will cover areas such as the use of technology in HRM, HR in small businesses, ethical issues in HR, and diversity and equal opportunity. For this chapter, we have chosen the following issues: creating an engaged workforce, a new normal for individuals with moderate skills doing routine work, and the ethical issue of reverse discrimination.

### Creating an Engaged Workforce

We mentioned the concept of employee engagement earlier in this chapter, but it bears a closer look before we continue on. Remember that employee engagement is defined as a combination of job satisfaction, ability, and a willingness to perform for the organization at a high level and over an extended period of time. This combination of satisfaction, ability, and willingness is more critical today than ever before in business. Many of our employees are highly talented and extremely difficult to replace, but according to a recent Gallup report, 70% of them just aren't being made an integral part of the organization through the use of management techniques that cause them to become more interested in both their work and the work of the organization overall.<sup>66</sup> This same Gallup report shows that companies with the most engaged workforce had 147% higher earnings per share, better productivity and profitability, and lower absenteeism and turnover than their competitors, so there is certainly strong reason to work toward a more engaged workforce. So what is a 21st century manager to do?

Higher rates of pay are not the answer, or at least not the *complete* answer. Evidence shows that increases in pay do not provide the motivational potential that most employees and managers believe they do.<sup>67</sup> Many nonmonetary actions, such as workplace flexibility and more autonomy on the job, provide more return than money. However, actions by the company that increase autonomy alone are not the answer, either. Employees are people, and people need strong relationships with other people that feed their collective creativity.

So what should you do? The first and most important thing that companies must do to improve engagement is to find, hire, and *train* the right managers on how to create employee engagement. Train them to communicate, listen, and be empathetic without being dupes to outlandish employees. Train them to provide the necessary feedback to their workers so that employees know that their managers recognize good work.<sup>68</sup> The evidence says that poorly trained managers are likely the biggest reason for employees being actively disengaged.

The second thing is to create and adhere to company values and goals that make employees feel they are part of something that is important and much bigger than they could do on their own.<sup>69</sup> They will be forced to be engaged with others in order to have access to coworkers who will be available to help in reaching those goals. These corporate values and goals have to be published, they have to have *senior executive commitment*, and they have to be enforced with everyone in the organization, down to the lowest levels.

## WORK APPLICATION 1-10

*Explain how technology is used where you work or have worked.*

SHRM

0:7

Offshoring/Outsourcing

Third, you have to make the hard decision to get the actively disengaged employees out of the company. This is a case of “one bad apple spoiling the whole barrel.” Every manager has seen one dysfunctional individual cause everyone else in a division or department to become less satisfied and less engaged with their coworkers. Actively dissatisfied employees create tension in the workplace, which converts to disengagement among other employees who were just recently excellent workers.<sup>70</sup> The detrimental individual has to be taken out of the equation in order to restore harmony.

We haven’t said anything here that is new. We just need to understand the consequences of failure to create employee engagement. Do you want your company to be the one with 147% greater EPS and more profitability, or do you want to be part of the mass of organizations with disengaged employees and poor ROI, low creativity, and high turnover?

### A New Normal for Individuals With Moderate Skills Doing Routine Work

Another trend in work that is becoming apparent is the loss of significant numbers of middle-wage jobs, especially in the United States and other developed countries. A series of reports by the various branches of the US Federal Reserve and several articles in the American Economic Review have noted that “routine” work is being displaced more and more by both automation and offshoring of these tasks.<sup>71</sup> Much of this routine work historically was accomplished by middle-skilled workers. This hollowing out of the middle class is being called “labor market polarization,” and it is associated with job losses in a wide variety of middle-class occupations.

Offshoring is being fed by the ability to do routine work in remote settings—all over the world. The ability to do these jobs anywhere allows companies to trade in tasks or services of an individual instead of going the traditional route of exporting and importing of goods.<sup>72</sup> Companies are moving these routine tasks to lower-cost locations at an increasing rate. There has been some recent talk of “onshoring,” or bringing jobs back to the United States from other countries, but as of yet, there is little evidence that this is a significant trend.<sup>73</sup> As a result, we have hollowed out some of those historical middle-class jobs, such as routine office management or blue-collar manufacturing jobs.

Automation is also cutting into routine jobs, in all countries. As computers become more capable of analyzing and performing routine tasks, those tasks will inevitably move from the hands of individuals to the appendages of robots or the bitstreams of computers. For instance, computers have the capability to manage routine surveillance of a call center today, where historically, several managers might be required to manage a call center of any significant size. In the same way, tasks such as metal fabrication, printing operations, and automotive diagnostics are each being accomplished, at least partially, by automation.

Finally, evidence shows that even at the low end of the job-skills spectrum, job growth in core service occupations is responsible for nearly all job growth.<sup>74</sup> These are jobs in such areas as restaurant servers, janitors, and child care and elder care providers. Many individuals have little desire to serve in these occupations. However, without significant skills in decision making, problem solving, data analysis, or other skill sets that allow individuals to solve nonroutine problems, a large portion of the workforce will likely be relegated to these positions.

### Ethical Issues: Reverse Discrimination

In 2009, a case claiming “reverse discrimination” came to the Supreme Court. *What is reverse discrimination?* It is discrimination against a majority group rather than a minority group. In general in the United States, this would be discrimination against white male employees or applicants. Is reverse discrimination wrong? We



## WORK APPLICATION 1-11

*How has globalization affected where you work or have worked?*

protect many different racial, ethnic, gender and other groups within the United States, but how do we, and how should we, protect the majority group? At what point does the protection of minority groups cross over to discrimination against the majority?

The 2009 case that brought back discussions about reverse discrimination was *Ricci v. DeStefano*.<sup>75</sup> It renewed the discussion of race-based decision making in employment. And while there were many nuances to the case and ultimately to the Supreme Court decision, the end result was that reverse discrimination was deemed to have occurred. The basic issue was that a written promotion exam for firefighters was considered by the city of New Haven, Connecticut, to be discriminatory when no black and only one Hispanic test-taker passed the exam. As a result, the city threw the entire exam out due to disparate impact (we will discuss this term in Chapter 3) and didn't promote anyone. The firefighters who scored highest on the exam sued based on reverse discrimination. According to the local newspaper, "The justices concluded that some of the city's arguments justifying its actions to the high court 'are blatantly contradicted by the record,' and the justices found that the city 'turned a blind eye to evidence supporting the exam's validity.'"

Was the decision right or wrong? We can't make that determination here, but employment discrimination of all types continues to be something that HR managers have to be very aware of and guard against to the best of their ability. Nobody in your workforce likes feeling that they have been treated unfairly, whether they happen to be in a federal or state "protected class" or a member of the workforce majority. Fairness is one of the critical themes you will see dealt with throughout this book. The HR department is, and will continue to be, the organization's watchdog on the topic of workforce discrimination and fairness to all employees.

SHRM

F:8

Reverse Discrimination

## WORK APPLICATION 1-12

What is your opinion regarding reverse discrimination?

Have you experienced or seen discrimination at work?

## CHAPTER SUMMARY

### 1-1 Identify the difference between the traditional view of HRM and the 21st century view.

The traditional view holds that human resource management is a *cost center*, meaning a department or division within an organization that uses up organizational resources but doesn't create revenues for the company. In the 21st century organization, we view HRM as a productivity center for the company. As a *productivity center*, HR fulfills a revenue-generating function by providing the organization with the right people in the right place and with the right skills so that organizational productivity can be improved.

### 1-2 Identify and briefly describe the four critical dependent variables that managers must control in order to compete in a 21st century organization.

The four critical variables are productivity, job satisfaction, absenteeism, and turnover.

1. *Productivity* is the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time.

The two parts of productivity are efficiency and effectiveness.

2. *Job satisfaction* is a feeling of well-being and acceptance of our place in the organization.
3. *Turnover* is permanent loss of workers from the organization. When people quit, it is considered voluntary turnover, while when people are fired, it is involuntary turnover.
4. *Absenteeism* is temporary absence of employees from the workplace.

### 1-3 Describe the major HRM skill sets.

The HRM skill sets include technical skills, human relations skills, conceptual and design skills, and business skills. *Technical skills* include the ability to use methods and techniques to perform a task. *Human relations skills* provide the ability to understand, communicate, and work well with individuals and groups through developing effective relationships. *Conceptual and design skills* provide the ability to evaluate a situation, identify alternatives, select an alternative, and implement a solution to the problem.

Finally, *business skills* provide analytical and quantitative skills, including the in-depth knowledge of how the business works and of its budgeting and strategic planning processes that is necessary for a manager to understand and contribute to the profitability of the organization.

#### 1-4 Discuss the line manager's HRM responsibilities.

Line managers require knowledge of each of the following topics:

- *Major employment laws.* Line managers must know all of the major employment laws so that they don't accidentally violate them in their daily interactions with their employees.
- *Labor cost controls.* Line managers have to understand what they are legally and ethically allowed to do to control labor costs.
- *Leadership and motivation.* Probably the most significant function of line managers is that of being leaders and motivators for the people who work for them. Managers are worth less than nothing if they don't improve employee performance.
- *Training and development.* Line managers are typically the first point of contact to determine whether or not their workforce needs training or development to perform at a high level. They are also the people responsible for making changes to organizational processes. Training in these new processes is typically required to create maximum productivity in our workforce.
- *Appraisal and promotion.* Line managers are the primary individuals who evaluate subordinates' work performance, and they should have a strong voice in who should be eligible for promotions in the organization, since their job is to know their people and each of their capabilities and limitations.
- *Employee safety and security.* Line managers have primary responsibility for the safety and security of the workers in an organization. They have to know the laws that deal with occupational safety and health as well as security procedures to protect their people from individuals who might want to do them harm.

#### 1-5 Identify and briefly describe the major HRM discipline areas.

- *The legal environment: EEO and diversity management.* This discipline deals with equal opportunity laws and regulations as well as management of a diverse workforce.
- *Staffing.* This discipline manages the processes involved in job analysis, recruiting, and selection into the organization.

- *Training and development.* This discipline has responsibility for the training processes within the organization, for developing curricula and lesson plans, and for delivery of training courses. It is also involved with development of talent within the company to provide a group of employees who will be able to move into more senior positions that become vacant.
- *Employee relations.* This area involves the coaching, counseling, and discipline processes, along with employee communication and stress management. It is also typically responsible for the management of job satisfaction and employee engagement.
- *Labor and industrial relations.* This discipline works with the laws and regulations that control the organization's relationships with their workforce. It also works with any union-management contracts, including but not limited to union votes, grievances, contract negotiations, and bargaining with union representatives.
- *Compensation and benefits.* This discipline works with pay of various types and with benefits packages, all of which are designed to attract and keep the right mix of employees in the organization. It also deals directly with all of the federal and state compensation laws to ensure compliance.
- *Safety and security.* This discipline works to ensure that the environment on the job is safe for all workers so that on-the-job injuries and illnesses are minimized to the greatest extent possible. It also involves managing the organization's planning for securing the workforce, both from being harmed by other people and from natural disasters such as earthquakes or tornados.
- *Ethics and sustainability.* This discipline bears responsibility for seeing to it that the organization acts in an ethical and socially responsible manner, to minimize harm to the environment and its various stakeholders. It involves managing the sustainability efforts in the organization to minimize the organization's "footprint" on the environment—in other words, to minimize the depletion of worldwide resources caused by the organization's carrying out its processes.

#### 1-6 Explain the practitioner's model for HRM and how it applies to this book.

The practitioner's model is designed to show the relationships between each of the functions and disciplines within HRM. On the first level are the items that are absolutely critical to the organization if it is going to continue to operate (and stay within federal and state laws while doing so) and be stable and

successful for a significant period of time. The second level encompasses those things that are required to identify the kinds of jobs that must be filled and then recruit and select the right types of people into those jobs so the company can maximize productivity over the long term. These are the items that will allow the organization to get its work done successfully over long periods of time. As we get into the third tier, we concern ourselves with management of the human resources that we selected in the second level. We have to get them training to do their jobs and allow them to perform those jobs for a period of time. We then have to appraise their performance and, if necessary, correct their behaviors that are not allowing them to reach their maximum potential. We do the latter through the coaching, counseling, and disciplinary processes. As this is occurring,

we need to ensure that we maintain positive relationships with our employees so that they remain engaged with the organization and productive. We manage these positive relationships in many ways, from measuring and assessing job satisfaction periodically to managing relationships with union employees. Finally, in the top tier, we want to make sure that we reward and maintain our workforce to minimize unnecessary turnover and dissatisfaction. We do this through fair and reasonable compensation planning and through the maintenance of a safe and secure workplace.

### 1-7 Define the key terms found in the chapter margins and listed following the Chapter Summary.

Complete the Key Terms Review to test your understanding of this chapter's key terms.

## KEY TERMS

absenteeism  
business skills  
conceptual and design skills  
cost center  
effectiveness  
efficiency  
empathy  
employee engagement

human relations skills  
human resources  
Information Age  
job satisfaction  
knowledge worker  
line manager  
productivity  
productivity center

revenue center  
Society for Human Resource  
Management (SHRM)  
staff manager  
sustainable competitive  
advantage  
technical skills  
turnover

## KEY TERMS REVIEW

Complete each of the following statements using one of this chapter's key terms.

- \_\_\_\_\_ consists of the people within an organization.
- \_\_\_\_\_ is a combination of job satisfaction, ability, and a willingness to perform for the organization at a high level and over an extended period of time.
- \_\_\_\_\_ is a division or department within an organization that brings in no revenue or profit; in other words, it costs money for the organization to run this function.
- \_\_\_\_\_ is a division or department that generates monetary returns for the organization.
- \_\_\_\_\_ is a revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization.
- \_\_\_\_\_ is the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time.
- \_\_\_\_\_ answers the question "Did we do the right things?" It is a function of getting the job done whenever and however it must be done.
- \_\_\_\_\_ is a function of how many organizational resources we used in getting the job done; it answers the question "Did we do things right?"
- \_\_\_\_\_ is the feeling of well-being that we experience in our work—basically, whether or not we like what we do and the immediate environment surrounding us and our work.
- \_\_\_\_\_ is the permanent loss of workers from the organization.
- \_\_\_\_\_ is the failure of an employee to report to the workplace as scheduled.
- \_\_\_\_\_ is a capability that creates value for customers that rivals can't copy quickly or easily and that allows the organization to differentiate its products or services from those of competitors.
- \_\_\_\_\_ is an era that began around 1980, when information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries.

14. \_\_\_\_\_ are workers who “use their head more than their hands” to gather and interpret information to improve a product or process for their organizations.
15. \_\_\_\_\_ include the ability to use methods and techniques to perform a task.
16. \_\_\_\_\_ include the ability to understand, communicate, and work well with individuals and groups through developing effective relationships.
17. \_\_\_\_\_ is being able to put yourself in another person’s place—to understand not only what they are saying but why they are communicating that information to you.
18. \_\_\_\_\_ are made up of the ability to evaluate a situation, identify alternatives, select an alternative, and make a decision to implement a solution to a problem.
19. \_\_\_\_\_ are the analytical and quantitative skills, including in-depth knowledge of how the business works and of its budgeting and strategic planning processes, that are necessary for a manager to understand and contribute to the profitability of the organization.
20. \_\_\_\_\_ create and manage the organizational processes and the people that create whatever it is that a business sells.
21. \_\_\_\_\_ are the individuals that advise line management of the firm in their area of expertise.
22. \_\_\_\_\_ is the largest and most recognized of the HRM advocacy organizations in the United States.

### ●●● COMMUNICATION SKILLS

The following critical-thinking questions can be used for class discussion and/or for written assignments to develop communication skills. Be sure to give complete explanations for all answers.

1. Why is it important for all business majors to take this course in HRM?
2. Are you interested in becoming an HR manager? Why or why not?
3. Do you agree with the statement “Effectively utilizing the human resources within the organization is one of the few ways to create a competitive advantage in a modern business”? Why or why not?
4. Is employee engagement possible in an age when people tend to have very little loyalty to their employers and vice versa? How would you work to increase employee engagement as a manager?
5. Can HRM really create revenue for the organization? If so, how?
6. Identify some things that could be done by a manager to increase productivity and job satisfaction and decrease absenteeism and turnover. Make a list for each item.
7. If you were the HR manager for your organization, what would you do to increase the number of applicants who apply for “knowledge worker” positions in your organization? Assume you can’t pay them more.
8. Is there anything that an individual within an organization can do to help improve relations among diverse workers? If so, what?
9. Some say that for managers, hard skills (technical and business skills) are more important than soft skills (human relations and conceptual and design skills). What do you think, and why?
10. Are external certification programs (in all jobs) becoming more important? Why?

### ●●● CASE 1-1 BA-ZYNGA! ZYNGA FACES TROUBLE IN FARMVILLE

In late 2011, Zynga’s employees were showing serious frustration with long hours, high-stress deadlines, and especially the leadership of the company. Responses to a quarterly staff satisfaction survey provided lots of criticism of both the company culture and Mr. Mark Pincus—the CEO. One individual was so disenchanted that he openly expressed his intent to “cash out” and leave after the company’s initial public offering (IPO) in December 2011.

Zynga was one of the fastest growing web-based companies at that point in time. It operated with an almost

military command-and-control structure, with autonomous units in charge of each game (most of you will recognize the games FarmVille and CityVille). At times, it was “a messy and ruthless war.”<sup>76</sup> Employees worked long hours while “managers relentlessly track[ed] progress, and the weak links [were] demoted or let go.”<sup>77</sup> The entire environment could be described as intense.

There were serious concerns about the long-term viability of this culture, though. “While some staff members thrive in this environment, others find it crushing. Several former

employees describe emotionally charged encounters, including loud outbursts from Mr. Pincus, threats from senior leaders, and moments when colleagues broke down [in] tears.”<sup>78</sup> A number of former employees spoke about how the high-pressure culture might become a major liability as the company continued to grow. The consensus of these former workers appeared to be that the company might not continue to be able to attract and retain the top engineering and programming talent that they would need going forward.

“While from the outside Zynga may have the fun and whimsy of the Willy Wonka chocolate factory, the organization thrives on numbers, relentlessly aggregating performance data, from the upper ranks to the cafeteria staff.”<sup>79</sup> Everything was measured and mapped, and results were used to identify the top performers along with the “not-so-top” performers and their groups. (Top teams had been known to be rewarded with vacations for the entire team, with spending money provided by the company!) Mr. Pincus personally tracked large amounts of data showing performance levels for the 3,000 employees and their work teams.

It wasn’t that Zynga was failing, or even that there was an open fear of failure. Zynga was one of the rare Internet start-ups that were actually making money. Zynga had garnered \$828.9 million in revenue in the first nine months of 2011 and had earned \$121 million since the start of 2010. However, the company culture was purely performance driven. The best employees were rewarded very well, while people who couldn’t “hit the numbers” were likely to disappear.

Other local companies and their human resources managers were looking on in anticipation. They also had talent acquisition problems, but many had a much more collaborative culture than Zynga did, and they thought they would be able to use these cultural attributes to steal talent from Zynga after the IPO concluded. They knew that most of Zynga’s early employees who had some type of stock or options in the company would not be likely to leave until the IPO was finalized, but that many would be looking around soon after.

### Questions

1. Imagine you are the new HR director at Zynga. What do you think you might do in this situation to limit the potential loss of a large number of very talented employees?
2. Are there any benefits or incentives that you can think of that might make more people want to stay on at Zynga after the IPO is complete and they can “get their money”?
3. HR managers frequently have to teach other senior managers how to deal with their employees better. What do you think you would do about Mr. Pincus? Is there anything you *could* do? Could you coach him concerning his management style? Do you think this would be effective?
4. Do you think that big cash and stock rewards for top performers and “the boot” for poor performers is the appropriate way to manage talent in this type of high-tech business? Why or why not?

## ●●● CASE 1-2 WELCOME TO THE WORLD OF 21ST CENTURY HRM

Angie was standing at her (former) desk, picking up her personal items and wondering how she had gotten into this mess. At one shoulder was the head of HR, and at the other was one of the security officers. They were there to escort her out of the building as soon as she retrieved her personal items. Thinking back, the last hour or so had been a whirlwind. She had come to work like she had for the past several months, maybe a little late and a little hung over, but she was there.

Shortly after she had sat down at her desk to start making phone calls, her supervisor had called her into his office. He asked her to accompany him to the HR manager’s office. Once there, she saw a printout of her (public) Facebook page and the blog that she kept on pretty much a daily basis. She was a little embarrassed by the photos on the printout, but at least they weren’t as racy as some she had considered putting up. She was really glad

that when she graduated from college, she had purged her account of all of those pictures of the Florida vacations on the beach (and other places).

Angie knew, like all of the other employees, that company management had been recently going through some of the social networking sites to review potential recruits before they decided to hire them, but she didn’t know anything about management reviewing current employees’ personal webpages. She had, however, read (well, scanned) the company’s social media policy in the employee handbook and had signed a form saying she understood the requirements. Well, she thought, my pages are pretty clean since I was warned about this by career services in college.

However, what she saw next really bothered her. There was the highlighted section of her blog from last Thursday. She had forgotten about that! In it, she noted that she had a whopping hangover because of the girls’ night out on

Wednesday night, and she had said, “I think I’ll call in sick because I just can’t face working for that idiot with this headache.” Well, they knew that she wasn’t sick. How could she have been that stupid?

As she sat there, she suddenly realized that this was no normal conversation—it looked more like an inquisition. And when the HR manager informed her that the company was going to terminate her employment because she had violated the social media policy, she couldn’t believe it. What had happened to freedom of speech? What had happened to a person’s right to have a life outside of work? Could the company monitor her personal communications that had nothing to do with work and then use them against her? She wasn’t sure, but she thought that was wrong. Nonetheless, here she was, cleaning out her desk.

A 2012 report by SilkRoad Technology declares, “75% of workers access social media on the job from their personal mobile devices at least once a day, and 60% access it multiple times.” But “fewer than 10% of companies offer social media training to their employees. And only 23% have a specific policy regarding use of social media.”<sup>80</sup>

Also, according to a recent study by Harris Interactive for Careerbuilder.com, about two out of every five employers are using social networks to screen job candidates.<sup>81</sup> More than 40% of employers have decided not to offer jobs to potential candidates based on content from their social networking sites, including Facebook, LinkedIn, Myspace, Twitter, and others. At the same time, 19% said they had hired individuals because of their social media activities. A *Business Insider* article identifies several recent firings because of social media. These include an employee ranting about his employer on Facebook, a breach of personal privacy when putting photos on Instagram, and using company equipment to make a video complaining about the company, among other issues.<sup>82</sup>

The National Labor Relations Board (NLRB) has recently jumped into the debate on social media posts, with some new policies and some mixed rulings in social media cases. The NLRB rulings generally direct that it is illegal to adopt overly broad social media policies “like bans on ‘disrespectful’ comments or posts that criticize the employer—if those policies discourage workers from exercising their right to communicate with one another with the aim of improving wages, benefits, or working conditions.”<sup>83</sup> But employers have been judged to be within their rights in other cases when disciplining employees who acted alone to disparage or vilify their employer or its customers. According to a quote in *Forbes* magazine by Tony Wagner, a spokesman for the National Labor Relations Board, “The NLRA does not protect personal rants that don’t pull in other employees who may be experiencing poor working conditions.”<sup>84</sup>

Social media sites are no longer just a location where you can connect with your friends. Companies are routinely using

these sites to research both recruits for employment *and* the actions of current employees. The Internet is full of references of people fired for things that they said on their personal web pages. And it doesn’t necessarily matter if you set your pages to private. Your friends may still capture comments that you’ve made on their pages without you even knowing about it. In addition, recruiters in some states can use your “friend” list to find people to call for references, and if your friends are unaware of the purpose for the call, they might say something that you’d rather they didn’t. Employers can look at who has recommended you on sites such as LinkedIn and may approach those references as well.<sup>85</sup>

Social media is here to stay, and companies are using it—but is Angie right? Can the company use her personal pages on social media sites against her as an employee? Should the employer be able to discipline an employee because of a personal social media page? Even if it can, is it ethical? Can employees have any expectation that their personal rants—whether against their employer, a local store, or a former boyfriend or girlfriend—are private? Isn’t free speech protected by the Constitution?

Organizations (and many employees and former employees) are now struggling with these questions. We will discuss these questions as we explore the world of 21st century HRM over the next 16 chapters, but what do you think?

### Questions

1. Does Angie have a right to say what she wants on her Facebook page or in her blog? Why or why not?
2. What if she harmed the company or its reputation in some way with what she posted? Would that change your answer?
3. What if she gave out confidential information about new products or services?
4. Is it legal for the company to terminate an employee because of something she did away from work?
5. If it is legal for the company to terminate an employee for something she did on her own time, in what circumstances would it be legal? For example:
  - Would it be legal for the company to terminate an employee because the employee campaigned for a politician who was writing legislation that would harm the interests of the company?
  - Would it be legal for the company to terminate someone who wrote in a blog that they had physically assaulted another person?
  - Would it be legal to terminate someone who wrote that they had carried a gun to work, even though the person really hadn’t?
6. Does Angie have any legal recourse because of the company firing her over her social media posts?



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## ●●● SKILL BUILDER 1-1 GETTING TO KNOW YOU

### Objectives

1. To get acquainted with some of your classmates
2. To gain a better understanding of what the course covers
3. To get to know more about your instructor

### Skills

The primary skills developed through this exercise are as follows:

1. *HR management skill*—Human relations
2. *SHRM 2013 Curriculum Guidebook—A: Employee Relations*

### Procedure 1 (5–8 minutes)

Break into groups of five or six, preferably with people you do not know. Have each member tell the group their name and two or three significant things about themselves. Then have all group members ask each other questions to get to know each other better.

### Procedure 2 (4–8 minutes)

Can everyone in the group address every other person by name? If not, have each member repeat their name. Then each person in the group should repeat the names of all the group members until each person knows everyone's first name.

### Application

What can you do to improve your ability to remember people's names?

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### Procedure 3 (5–10 minutes)

Elect a spokesperson for your group. Look over the following categories and decide on some specific questions you would like your spokesperson to ask the instructor from one or more of the categories. The spokesperson will not identify who asked the questions. You do not have to have questions for each area.

- *Course expectations.* What do you expect to cover or hope to learn from this course?
- *Doubts or concerns.* Is there anything about the course that you don't understand?
- *Questions about the instructor.* List questions you'd like to ask the instructor to get to know them better.

### Procedure 4 (10–20 minutes)

Each spokesperson asks the instructor one question at a time until all questions have been answered. Spokespeople should skip questions already asked by other groups.

### Apply It

What did I learn from this experience? How will I use this knowledge in the future?

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## ●●● SKILL BUILDER 1-2 COMPARING HR MANAGEMENT SKILLS AND HR RESPONSIBILITIES

### Objective

To better understand the importance of good HR management skills and implementing HR responsibilities effectively

### Skills

The primary skills developed through this exercise are as follows:

1. *HR management skills*—Conceptual and design

2. *SHRM 2013 Curriculum Guidebook—A: Employee Relations*

**Compare Your Supervisors' HR Management Skills and HR Responsibilities Effectiveness**

Recall the best supervisor or boss you ever worked for and the worst one you ever worked for (preferably line managers, not HR managers). Compare these two people by writing brief notes in the following chart about each person's HR management skills and HR responsibilities.

**HR Management Skills and HR Responsibilities**

Best Supervisor or Boss

Worst Supervisor or Boss

- Technical
- Human Relations
- Conceptual and Design
- Business Skills
- Legal Considerations
- Labor Cost Control
- Leadership and Motivation
- Training and Development
- Appraisal and Promotion
- Safety and Security

Based on your own experiences with a good boss and a poor one, what do you believe are the key differences between good and poor managers?

**Apply It**

What did I learn from this exercise? How will I use this knowledge in the future?

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