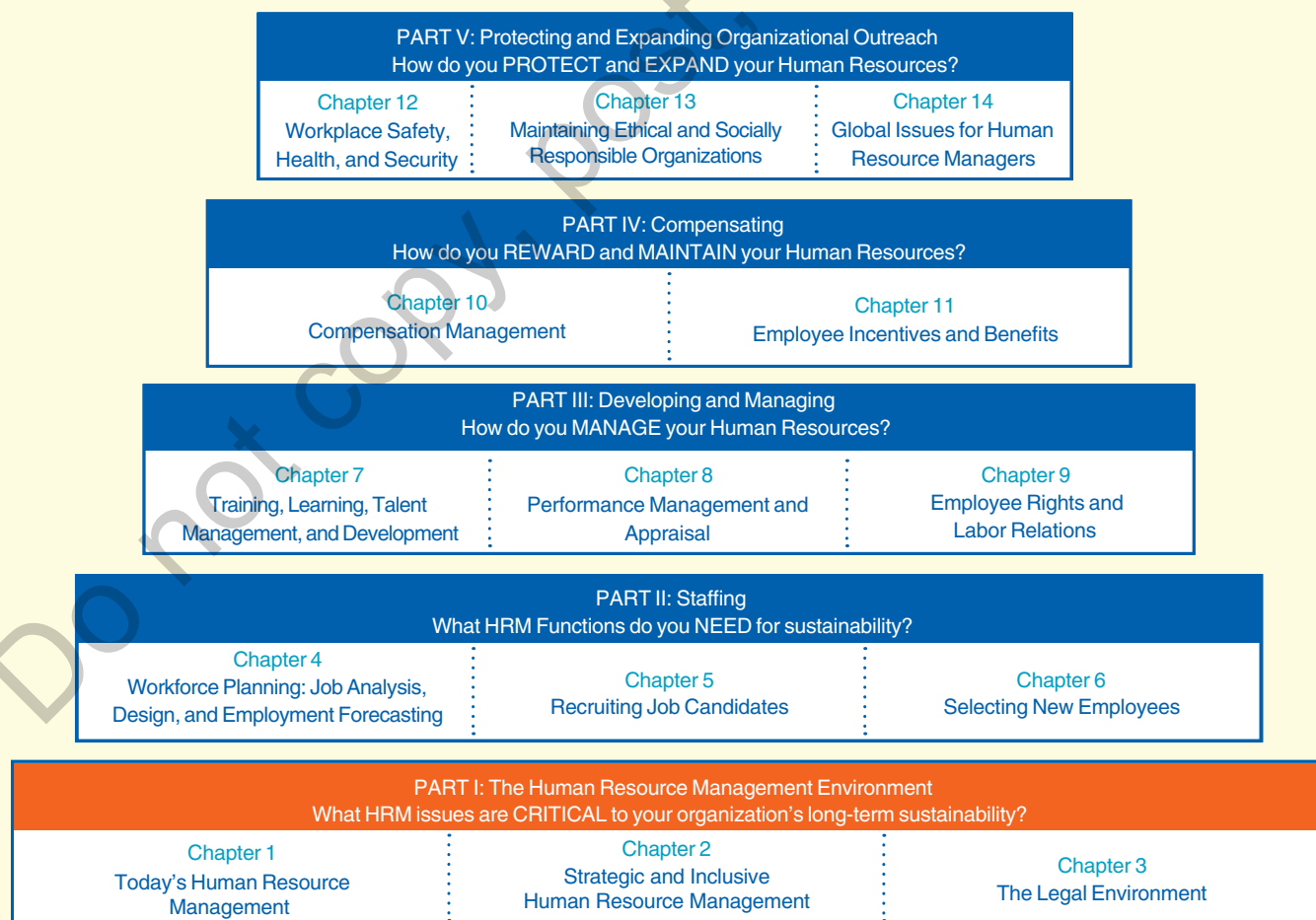


THE HUMAN RESOURCE MANAGEMENT ENVIRONMENT

Chapter 1	Today's Human Resource Management	3
Chapter 2	Strategic and Inclusive Human Resource Management	29
Chapter 3	The Legal Environment	59

- ↑ Productivity
- ↑ Engagement
- ↓ Absenteeism
- ↓ Turnover



Do not copy, post, or distribute

1

TODAY'S HUMAN RESOURCE MANAGEMENT



©iStockphoto.com/metamorworks

LEARNING COMPETENCIES

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

- 1.1 Explain why all managers need to understand the basics of HRM.
- 1.2 Discuss how HRM helps meet management challenges to improve organizational revenues.
- 1.3 Summarize the four major HRM skill sets.
- 1.4 Describe the major areas of responsibility within the HRM discipline.
- 1.5 Identify the most common HRM certification programs and their parent organizations.
- 1.6 Explain the practitioner's model for HRM and how it applies to this book.
- 1.7 Discuss the issues and trends impacting HRM today.

SHRM HR Content

See Online: *SHRM 2019 Curriculum Guidebook* for the complete list.

C. Employee and Labor Relations

4. Attendance
16. Employee engagement
17. Employee involvement

- 19. Employee retention
- D. Employment Law**
 - 36. Professional liability
- E. Globalization**
 - 6-c. Global benefits—Global labor markets
 - 6-d. Global benefits—Global talent shortages
- G. HR's Role in Organizations**
 - 1. It is expected that faculty will discuss HR's role regarding each of the individual HR disciplines ...
- L. Organizational Development**
 - 5. Improving organizational effectiveness
 - 6. Knowledge management
 - 10. Organizational effectiveness
 - 13. Ongoing performance and productivity initiatives
- O. Strategic HR**
 - 1-g. Strategic management—Organizational effectiveness
 - 1-j. Strategic management—Sustainability/corporate social responsibility
 - 2-a. HR strategies—Ethics
 - 2-c. HR strategies—Internal consulting
 - 2-g. HR strategies—The role of the chief human resource officer (CHRO)

Practitioner's Perspective

Did you choose human resource management (HRM), or did HRM choose you?

Ask 10 human resource management pros how they got into HRM and I bet you'll get 10 different answers! My first career was not in HRM. It was in the financial services industry. Here is how HRM picked me: I transitioned into HRM after holding a position with a firm where I had many human resource (HR) duties. Then, after having terrible HR experiences in my personal life, I decided to pursue a career in HRM. After earning a bachelor's degree in finance from the University of Arkansas–Little Rock (UALR), I returned to UALR to earn a bachelor's degree in HRM. Coupled with three certifications (aPHR, aPHRi, and PHR), I made my way into my current role as the director of human resources for the City of Maumelle, Arkansas.

My department is responsible for everything HR. I think of it as cradle-to-grave. From a candidate's first visit to our career page, to onboarding, and throughout the employee's development, to their exit, we touch everything HR. You name it, we do it: employee relations, compensation and benefits, talent development, recruitment and selection, performance management, and everything in between. As you can see, human resource management is not just about hiring, firing, and pushing paperwork. It is a discipline that is exciting, challenging, and ever-changing.

If you have a passion for developing your workforce and watching them grow and flourish, supporting and nurturing your line managers, and really getting to know your people, human resource management is for you!

At the end of this semester, will you choose HRM, or will HRM choose you some day?

Doreen Mattes, PHR, Director of Human Resources for the City of Maumelle, Arkansas

WHY YOU SHOULD STUDY HUMAN RESOURCE MANAGEMENT (HRM)

LEARNING COMPETENCIES

1.1 Explain why all managers need to understand the basics of HRM.

It's natural to think, "Why am I taking a human resources course?" "What's in it for me?" These are important questions, and the answers to them should be based on evidence.¹ In today's companies, people skills—many of the so-called soft skills—are generally considered more important than technical skills.² These soft skills "are associated with higher earnings in jobs in which they are used most intensively," according to *Human Resource Executive*.³ So, the better you can work with people, the more successful you will be, and that's what this book is all about.

In a modern organization, the **human resources (HR)**—*the people within an organization*—are one of the primary means of creating a potential competitive advantage, and the way we manage people directly affects their work performance.⁴ Most organizations of comparable size and scope within an industry generally will have access to the same material- and facilities-based resources that any other organization within the industry may have, making it very difficult to create a competitive advantage based on any material, facility, or other tangible resource. What this leaves is people as the organization's most valuable asset in most cases.⁵ If the organization can get its employees *engaged* in the day-to-day success of the organization and 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.⁶ It is in this context that *employee engagement is critical*.

Employee Engagement

Everyone has heard the term *job satisfaction* at some point. It is a common historical metric for analyzing employee intent to engage with the organization and can be an important aspect of **employee engagement**, but employee engagement is a much bigger term: 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*. Before you start thinking "Oh, this is just another new fad," let's look at a company that has been around for more than 50 years and has been highly successful in improving corporate performance through employee engagement.

Virgin Group, Sir **Richard Branson's** conglomerate, was founded in 1970 as a record producer and now has more than 40 companies under the brand.⁷ A *Forbes* article quotes Sir Richard as saying "by taking care of employees at Virgin everything else will take care of itself."⁸ Branson also says, "Train people well enough so they can leave, treat them well enough so they don't want to."⁹ These quotes and many others by Branson show his concept of employee engagement, and his concept has been working. In addition to leading those 40-plus companies, he was worth about \$5 billion in 2021, because of their success.¹⁰ So organizations have good reason for training managers to be more engaging. **(SHRM C:17)**—*These SHRM Curriculum Guide items are listed at the beginning of each chapter as well as on the companion website. We will explain them in the section of this chapter titled "Resources for HRM Careers."*

A recent Gallup meta-analysis shows the value of engagement to company success. In Gallup's analysis, businesses in the top quartile on employee engagement had better outcomes in a variety of areas, including 41% lower employee absenteeism, 40% fewer product defects, 70% fewer safety incidents, and 21% *higher profitability* than those in the bottom quartile.¹¹ **(SHRM C:16)**

Student Engagement and Skill Development

Today's students also want to be actively engaged in their education. They don't simply want to passively learn HRM concepts; they want to be able to apply those concepts with critical thinking, and they typically believe that project- and problem-based learning are the most effective ways to learn in their personal and professional lives.¹² Organizations want managers to have the ability to apply concepts and skills at work as well.¹³ So, our book uses a three-pronged approach, with these objectives:

1. To teach you the important functions and concepts of HRM
2. To develop your ability to apply HRM functions and concepts through critical thinking
3. To develop your HRM skills in your personal and professional lives

We offer some unique features to further each of the three objectives, as summarized in Table 1.1.

TABLE 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 Competencies	• Practitioner's Perspective	• Self-Assessments (online only)
• Key Terms	• Organizational Examples	• Ethical Dilemmas
• Step-by-Step Behavior Models	• Work Applications	• Skill Builder Exercises
• Chapter Summaries With Glossaries	• Applying the Concepts	
• Review Questions	• Cases	
	• Videos (online only)	

This book will teach you how to get people engaged so you can get the results necessary to succeed against tough competitors in today's business environment. We will focus on HR management, but the principles apply to any manager. The bottom line is that if you learn these skills and apply them successfully in any manager role, 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 quickly in the organization. So, let's get started!

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?

HRM PAST AND PRESENT

LEARNING COMPETENCIES

- 1.2 Discuss how HRM helps meet management challenges to improve organizational revenues.

Forty years ago—when there weren't even any computers available to most managers—being the human resource manager (we usually called them personnel managers then) 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 had very little to do with the management of the organization's business processes.

In these types of organizations, the HR department was considered to be a **cost center**,¹⁴ *a division or department within the organization that brings in no revenue or profit for the organization*. It only costs money for the organization to run this function. 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** 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? We know that HR 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 as *productivity centers*.

A **productivity center** is *a revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization*. HRM enhances the revenues of 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*. (SHRM L:13)

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.¹⁵ Our people allow us to be more efficient as an organization *if* they are used in the correct manner. (SHRM L:5, L:10, and O:1-g)

Companies around the world take this need for efficiency very seriously, and new ways of working using new technologies are helping companies improve their efficiency. Chief human resource officers (CHROs) are concerned about employee engagement and productivity, and especially about improving efficiency,¹⁶ so companies have put some of their best managers in the CHRO role. *Forbes* notes that in companies that enjoy a strong collaboration between the CFO and CHRO:¹⁷ (SHRM O:2-g)

- 41 percent had greater than 10 percent operational cash flow (EBITDA) growth in the last year, compared to only 14 percent of other companies.
- 43 percent saw a significant improvement in workforce productivity in the last year, compared to only 10 percent of other companies.
- 44 percent saw a significant improvement in employee engagement, compared to only 9 percent of other companies.

If you are interested in an HR career, you'll be glad to know the number of jobs has also been increasing over the past decade. In 2007, the median ratio of HR staff to workers was 1 HR staff member for every 100 workers. In a 2021 review, the median ratio had increased to more than 1.5:100.¹⁸

Even though HRM typically worries about improving the efficiency of the people within the organization, more recently HR has been one focal point of managing the organizational fallout over a series of catastrophes and societal issues that nobody could have predicted and that have changed *every* organization drastically and hopefully for the better, over the long term.

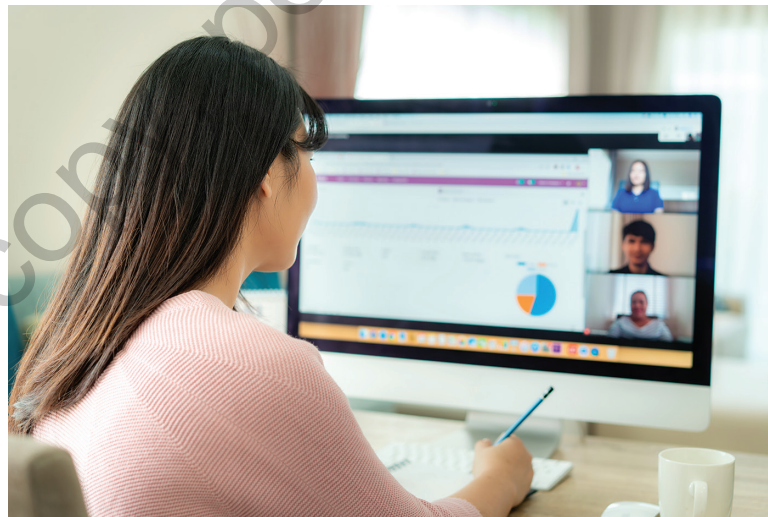
What a Long Strange Trip It's Been

To paraphrase a song from the 1970s by the Grateful Dead ... What a long strange trip the decade of the 2020s has been, at least so far. HRM is a profession that always changes rapidly. However, even HRM doesn't frequently see the turmoil we have recently. Laws change, regulations change, governments change, and companies continue to operate, but so far in the 2020s things have turned out to be quite different.

COVID-19 and Remote Work

HRM practitioners were going about their business at the beginning of 2020 as they *always* do, as word spread from late 2019 of a novel coronavirus that was showing up, first in Wuhan, China, and soon in many other places. As the next couple of months went by, we found out this virus was a larger threat than was originally expected, especially when people were together in close places—like at work. Within a very short time, companies were forced to close down their physical workspaces and move most, if not all of their employees to remote work—something that has never before occurred in history, and something that HR had to figure out in a hurry. How do we manage recording hours? How do we ensure the work is getting done? How do we evaluate employees that we don't see? How do we (or *do we*) monitor remote workers?

Company leaders (including HR) also had to quickly consider the possibility of pay cuts for employees as well as large-scale layoffs for the first time in more than a decade. In addition, HR had its hands full with a raft of emergency federal legislation on payroll assistance, emergency leave, workplace safety, unemployment requirements, and dozens of other requirements. In most cases, they were also the lead or co-lead in managing moving the company's work to work-from-home or other remote sites and had to manage the mental well-being of the survivors who were not laid off in many companies. In fact, this and other issues in 2020 have drastically "elevated the role of HR chiefs in the C-suite."¹⁹ The COVID-19 pandemic, though, was not going to be the only defining issue of 2020.



The COVID-19 pandemic has changed the way we work. More and more people are choosing to continue working remotely as restrictions ease.

©iStockphoto.com/ake1150sb

Broad Calls for New Racial Justice Initiatives

In May of 2020, while the pandemic raged, George Floyd was in the process of being arrested after using a suspected counterfeit \$20 bill, and while forcibly restrained by a Minneapolis police officer for approximately 9 minutes, Mr. Floyd died. The city's mayor quickly said, "Being Black in America should not be a death sentence,"²⁰ and other officials joined the chorus of voices saying that what

happened was a symptom of an epidemic of a different sort. Shortly thereafter, street protests began—in the middle of the already raging COVID pandemic. Unlike previous protests, these drew much larger and more diverse crowds,²¹ at least partly because of the video of the incident where it appeared that Mr. Floyd was in distress and it looked like the officer was uncaring or oblivious to that distress.

Among the outcomes of George Floyd's death was the beginnings of a reexamination of equity and inclusion *at work as well as in society*.²² Companies started looking at the issue with more concern in part because sometimes-heated discussions about the incident started to appear in businesses where people with widely varying opinions were still gathered, even if remotely via video screens. These discussions about race, along with other fairness and inclusion issues, would start many companies on a path to reevaluating their historical and current diversity, equity, and inclusion practices.

The pandemic has also disproportionately affected underrepresented communities. HR has a role to play to bring diverse voices to the table to bring about social change and ensure equal access to resources for the workforce. **Michele Meyer-Shipp**, Chief Diversity and Inclusion Officer for **KPMG** states, "It's a critical time for organizations to proactively engage with employees and discuss these important issues—but it's equally important to demonstrate that actions are being taken to drive real change."²³

Deeper Reflection on Equity and Inclusion for LGBTQ+ People in Society and at Work

The next defining issue that pushed companies to reevaluate how they manage, or mismanage, their employees was a U.S. Supreme Court ruling on June 15, 2020, that interpreted the 1964 Civil Right Act's prohibition of "discrimination based on sex" to include LGBTQ+ individuals. The summary of the ruling specifically notes, "An employer who fires an individual merely for being gay or transgender violates Title VII."²⁴ This is the first time there has been a definitive ruling by the high court on any form of LGBTQ+ rights in the workplace. In fact, in several cases, the Supreme Court had declined to hear such cases and had put off previous LGBTQ+ rulings by passing them back to lower federal courts. Nevertheless, something was different this time, and companies had to quickly adapt their practices in many cases.

These issues and many more have made HR professionals one of the most critical parts of today's organization. We will discuss each of these issues in more detail as we work our way through what HR does in today's organizations.

Continuing HRM Challenges

What other continuing issues are today's corporate executives concerned with? While CEO sentiment changes constantly, many of the top concerns in every survey or report include the issue of people and their performance. Here is a brief review of key concerns from recent surveys of CEOs and CHROs:

1. Upskilling the workforce to successfully manage the AI revolution²⁵
2. "A shortage of skilled talent to clean, integrate, and extract value from big data and move beyond baby steps toward AI"²⁶
3. The need to build critical skills and competencies for the organization²⁷
4. Strengthening the current and future leadership bench²⁸

Reviewing these recurring 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. Where we have still not done as well—at least in most organizations—is in business acumen, especially in quantitative areas dealing with metrics and people analytics. The ability to analyze large data sets allows HR managers to work toward overcoming another of their challenges: creating strategic agility.²⁹ Although this is not an analytics text, we will introduce you to some basic HR metrics as we go through this text so you have a working understanding of how they might be used in each functional area of HRM.

Labor Demographics

Demographic changes in the labor force will significantly affect companies over the next 20 years. Businesses will become far more diverse in terms of gender, ethnicity, sexuality, and religion, among other characteristics, with a focus on creating an inclusive environment with equal employment opportunity and acceptance for all employees.³⁰ Aging of the workforce, skills shortages, integration of AI, and many other factors will also affect the ability of HR to provide the organization with the right numbers and types of employees. Let's quickly review a few of these issues.

The lack of skilled white-collar workers is an ongoing, worldwide problem,³¹ but there have been problems attracting skilled blue-collar workers as well.³² Workers hold more of the power post-pandemic,³³ and are becoming more forceful in negotiating better total compensation, career growth, and recognition from the organization.³⁴ In addition, according to the federal Bureau of Labor Statistics, the “quit rate”—the percentage of U.S. workers who leave their jobs—averaged 2.5% *per month*³⁵ in the first five months of 2021 alone! In addition, older baby boomers are retiring in large numbers, taking “decades—if not centuries—of cumulative knowledge and skills” with them.³⁶

Your organization will also soon look more culturally diverse—even compared to today. The global white population is decreasing, as there are more deaths than births in this group. Population growth in the United States and many other countries is coming from other races and ethnicities.³⁷ The growth in these worker groups over the next 10-plus years will be substantial. The U.S. Bureau of Labor Statistics (BLS) expects Hispanics to be 21% of U.S. workers in 2029, up from 17.8% in 2019.³⁸ Black workers are expected to increase from about 12.6% in 2019 to about 13% of the workforce in 2029.³⁹ But the gender mix may be significantly different due to women quitting the workforce during the COVID-19 pandemic to take care of family members. We will discuss this issue more shortly, as it is of great concern to HR professionals worldwide.

(SHRM E:6-c)

Knowledge Workers and the Changing Work Environment

In the now-mature Information Age, we manage a different kind of worker. **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. Deloitte consulting company, in its *Global Human Capital Trends 2020* report, noted, “Knowledge has been and will continue to be a key competitive differentiator when it comes to driving organizational performance.”⁴⁰

Knowledge is a precious commodity in an organization. And, in most countries of the world, there is a continuous scarcity problem—too few knowledge workers and too many knowledge jobs open and waiting for them. Many workers, especially women of every demographic group, who were furloughed or laid off during the pandemic decided not to come back when companies called.⁴¹ Some retired, some changed career paths, and some want to work remotely on a permanent basis. The available number of skilled workers *in all areas* appears to be down even more than before the lockdown based on anecdotal evidence from nearly every major company, employment agency, recruiter, and HR consultant.

As a result, each HR manager is going to be competing with every other HR manager in the world for the available pool of knowledge workers. If the organization has a reputation as a difficult place to work, or being uncaring, they will be unable to hire workers who have so many other opportunities. Only if the organization manages its human resources well and maintains a reasonable organizational reputation and working environment will it have any chance of filling most of the jobs that it has available. **(SHRM E:6-d)**

Another of the most critical issues HR managers face that is tied to these knowledge workers is the fact that technology is continuing to outpace our ability to use it.⁴² Computers get faster and faster, but the human beings who have to use them don't. This gives us an opportunity—if the *people* in our 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 knowledge workers—our *human* resources. According to **Deloitte**, “It’s important not to lose sight of the fact that for most companies, human beings are the fundamental unit of economic value.”⁴³ This ability within our people is the thing that creates a continuing advantage over competitors who either don't have people with numerous and varied knowledge and skills, or don't have people who *are willing* to assist the organization, because they are not engaged and not satisfied. **(SHRM L:6)**

The Purpose for Managing Human Resources

While there are many factors in successfully managing the organization's human resources, a few stand out in today's business world. Before we go further, let's look at some of the things managers tell us they *must* control in order to manage people through today's business challenges, but they can't *directly* manipulate. Every time we survey managers in any industry or any department about managing, they bring up the following issues as being among the most important and most difficult things they deal with:⁴⁴

1. *Productivity*—previously defined
2. *Employee engagement*—previously defined
3. *Turnover*—permanent loss of workers from the organization. When people quit, it is considered voluntary turnover, whereas when people are fired, it is involuntary turnover.
4. *Absenteeism*—temporary absence of employees from the workplace

Note that each of these issues deals with people—not computers, not buildings, not finances—people! We have already introduced you to productivity and employee engagement, but what about the other two items? Let's take a moment for a more detailed look at each of them.

Turnover is the *permanent loss of workers from the organization*. There is strong evidence that turnover can have important consequences for organizational productivity and performance, as well as competitive advantage,⁴⁵ and as we noted earlier, there is recent research that suggests we are in a “turnover tsunami,” based on employees' intent to quit.⁴⁶ As we discuss throughout the book, turnover is very costly, so we want to minimize turnover. **(SHRM C:19)**

How about absenteeism? **Absenteeism** is the *failure of an employee to report to the workplace as scheduled*. On an annual basis, the costs of absenteeism and the lack of employee engagement were estimated at around \$2 trillion in 2018.^{47,48} We likely lose productivity, and 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. **(SHRM C:4)**

Note that all four of these issues are interrelated. Absenteeism is costly, is often due to a lack of employee engagement, and leads to lower productivity.⁴⁹ People tend to leave their jobs (turnover) when they aren't engaged with their work, and during the process of replacing them—and sometimes after—productivity goes down.⁵⁰

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

WORK APPLICATION 1.2

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

HRM SKILLS

LEARNING COMPETENCIES

1.3 Summarize the four major HRM skill sets.

All managers require a mix of technical, interpersonal, conceptual and design, and business skills in order to successfully carry out their jobs (see Figure 1.1).⁵¹ HR managers are no different. 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. The Society for Human Resource Management (SHRM) competency model discusses four basic “competency clusters” that match up well with the following four skill sets.⁵²

Technical Skills

The first skill set an HR manager must develop to be successful—and the easiest one to develop—is technical skills.⁵³ **Technical skills** are *the ability to use methods and techniques to perform a task*. HR managers require many skills, including comprehensive knowledge of laws, rules, and regulations relating to HR; computer analytics skills; interviewing and training skills; understanding of performance appraisal processes; and many others. This skill set is part of the SHRM *technical expertise* competency. We will cover many of these technical skills in the remaining chapters of this book.

Interpersonal Skills

The second major skill set is **interpersonal 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).⁵⁴ This skill set is identified as *interpersonal proficiency* in the SHRM competency model. **Natalie Stute**, CHRO of **Gainwell Technologies** believes interpersonal skills are a key factor in her success. She says, “It’s all about the relationships you have. Because when you have solid, strong relationships at work you get so much done. People trust you. People [know you’re] going to follow through and value what you’re bringing to the table.”⁵⁵

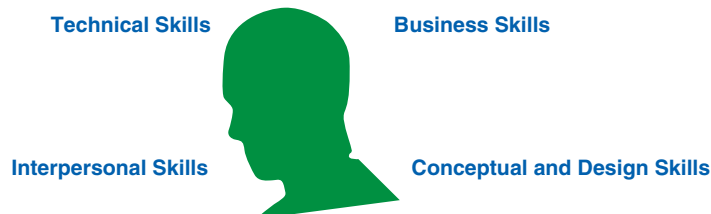
HR Managers must have strong interpersonal skills, including a willingness to be empathetic.⁵⁶ **Empathy** is simply *being able to put yourself in another person’s place—to understand not only what they are saying but they are communicating that information to you*. Empathy involves the ability to consider what the individual is feeling while remaining emotionally detached from the situation.

Conceptual and Design Skills

Conceptual and design skills help in decision making. Leaders’ decisions determine the success or failure of the organization.⁵⁷ So organizations train their people to improve their decision-making skills.⁵⁸

Conceptual and design skills include *the ability to evaluate a situation, identify alternatives, select a*

FIGURE 1.1 ■ HRM Skills



reasonable alternative, and make a decision to implement a solution to a problem. This skill set is a critical part of creating and maintaining the ability to lead in an organization, and it is necessary if you are going to become capable in the SHRM leadership proficiency competency.

Business Skills

Finally, SHRM's business-oriented proficiency competency is a mandatory HRM skill. 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 as well as an understanding of the financial, technological, and other facets of the industry and the organization and be able to manipulate large amounts of data using data analytics programs and HR metrics. This skill set is what can turn the HR department into that productivity center we discussed earlier.

Applying the Concept 1.1

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:

- a. Technical
 - b. Interpersonal
 - c. Conceptual and design
 - d. Business
- ___ 1. The HR manager is in a meeting making a presentation with statistical data.
 - ___ 2. The HR manager is fixing a broken copy machine.
 - ___ 3. The HR manager is working on the strategic planning process.
 - ___ 4. The HR manager is working on determining why more employees have been coming to work late recently.
 - ___ 5. The HR manager is filling out a complex government form.
 - ___ 6. The HR manager is talking socially with a few of her staff members.
 - ___ 7. The HR manager is praising a staff member for finishing a job analysis ahead of schedule.
 - ___ 8. The HR manager is assigning projects to various staff members.
 - ___ 9. The HR manager is communicating with employees throughout the company via e-mail.

WORK APPLICATION 1.3

Give examples of how you and/or your present or past boss used each of the four HRM skills.

HRM RESPONSIBILITIES

LEARNING COMPETENCIES

- 1.4 Describe the major areas of responsibility within the HRM discipline.

HRM is not just the purview of the HR staff. Other managers must be competent in HRM practices as well. We are going to look next at HRM responsibilities within the organization.

Line Versus Staff Management

Line managers are *the individuals who build, manage, and maintain the people and organizational processes that create whatever it is 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.⁵⁹ Line managers' HRM responsibilities would generally include:

- HR Legal Issues—including work rules; employment, harassment, compensation, labor, and other federal and state laws.
- Labor Cost Controls—how to manage labor costs, both from an efficiency standpoint and from the standpoint of understanding state and federal laws that limit such cost controls.
- Leadership and Motivation of the Workforce—how to improve worker performance and productivity through the use of motivation techniques and tactics.
- Training and Development—when and how to train employees to meet immediate organizational goals, as well as providing training for future opportunities within the firm.
- Appraisal and Promotion—responsibility for the appraisal process (whatever the company decides that process is), debriefing of those appraisals, and analysis of which individuals have the capability to move up into higher-level positions when they are needed.
- Safety and Security—know federal and state laws concerning occupational safety and health, procedures for securing the organization's workspaces and people from those who would want to harm them, and how to minimize the hazards in the workspace.

HR managers, on the other hand, would generally be **staff managers**, *individuals who advise line managers in some field of expertise*. These managers, including accountants, lawyers, and HR staff, act basically as internal consultants for the company. So HR managers have staff authority to advise the operational managers concerning the HR disciplines. Let's look now at their major responsibilities.

Major Responsibilities of HR Staff

There are many different HRM paths you can take over the course of your career.⁶⁰ HR staff have the primary responsibility of developing the HR policies and programs for everyone in the organization to implement on a daily basis. Although there are many different jobs in the field, most of them fall into a few categories. Let's now take a look at these disciplines or specialties. **(SHRM O:2-c and G:1)**

The Legal Environment: EEO and Diversity Management

Equal employment opportunity (EEO) and diversity management specialists ensure compliance with equal opportunity laws and regulations as well as organizational affirmative action plans (when such plans are needed). They also have responsibilities related to the management of diverse employee groups within the company.

The HR legal and diversity environment has become probably the most critical issue in HRM. This is also quite likely the area that changes more than any other in HRM. The renewed emphasis on equity, inclusion and organizational belonging that we discussed briefly has quickly become one of the most important items in this specialty. In addition, every court case dealing with the HR environment inside any organization has the potential to affect every organization. We discuss this discipline in Chapters 2 and 3.

Talent Acquisition

Talent acquisition includes all of the things 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. However, this area can literally make or break the organization in its ability to be productive.⁶¹ 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. We discuss talent acquisition in Chapters 4, 5, and 6.

Training and Development

We train people for a variety of reasons, from teaching them their basic job to teaching them the things they will need in order to move up in the organization as people above them resign or retire. 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 and lesson plans and the delivery of training courses. You would also be involved with the development of talent within the company so employees are trained and ready to move into more senior positions as those positions become vacant. We discuss training and development primarily in Chapter 7.



Training and development is one tool human resource services can use to help retain the best talent.

©iStockphoto.com/nd3000

Employee Relations

This specialty covers a wide array of items such as coaching, counseling, and disciplining the workforce as needed. It also involves leadership and team-building efforts within the organization. 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. We discuss employee relations in Chapter 9.

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. HR managers who work in this area might be involved in union votes, negotiations for union agreements, collective bargaining, 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. We also discuss labor and industrial relations in Chapter 9.

Compensation and Benefits

The compensation and benefits specialist helps decide the total compensation package the organization will use to attract and retain the best mix of people with skills that are specifically suited to the organization. A manager will have to understand the federal and state laws dealing with compensation. You would also deal directly with all of the federal and state compensation laws to ensure compliance in organizational pay and benefits procedures. We discuss compensation in Chapter 10 and benefits in Chapter 11.

Safety and Security

In the safety and security discipline, you 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. Obviously, in a workforce touched by pandemic, stress management has taken on a much larger role. And finally, this function works to ensure employees are secure from physical harm inflicted by other workers, outsiders, or even acts of nature. We discuss safety and security in Chapter 12.

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 might 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*). We discuss ethics and sustainability in Chapter 13. **(SHRM O:1-j and O:2-a)**

Sustainability is meeting the needs of today without sacrificing future generations' ability to meet their needs.⁶² Some companies have historically done a relatively poor job of maintaining the environment in some countries in which they operated.

ETHICAL DILEMMA 1.1

WHAT WOULD YOU DO?

Our first HR discipline is to know and obey the laws, and the last discipline is ethics and sustainability. A long debated issue is (a) should a company focus on making a profit and doing so within the law, or (b) should a company go beyond the law to be ethical and socially responsible? Some experts state that (c) by being ethical and socially responsible the firm will be more profitable, whereas others say that (d) one shouldn't consider profits—a company should be ethical and socially responsible simply because it is the right thing to do. **Apple's** cofounder **Steve Jobs** primarily believed in focusing on profits, whereas current CEO **Tim Cook** has changed policies to be more socially responsible by giving more resources to nonprofit organizations.

1. Do you agree with (a) focusing on profits, or (b) going beyond to be ethical and socially responsible?
2. Do you agree with (c) being ethical and socially responsible if it is profitable, or (d) that a company should be ethical simply because it is the right thing to do?
3. Review the HR disciplines and describe how a company can be ethical and socially responsible in performing these functions.

People Analytics

People analytics is the specialty where we utilize computers and large databases to analyze patterns in our work environment. People analytics has been appearing in more and more organizations and “promises to help organizations understand their workforce . . . by making data about employee attributes, behavior and performance more accessible, interpretable and actionable.”⁶³ In fact, it is expected by some leading international consulting firms, including **Deloitte**⁶⁴ and **McKinsey**,⁶⁵ that companies

unable or unwilling to learn and apply good people analytics processes will be left far behind in the search for talented employees in the not-too-distant future. We will discuss different processes in analytics within several different chapters as it relates to that chapter's content.

We have gone through the disciplines very quickly, but we will discuss each in much more detail as we continue through this text. For right now, just understand there are many different 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 an 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.

Applying the Concept 1.2

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. Talent Acquisition
 - c. Training and Development
 - d. Employee Relations
 - e. Labor and Industrial Relations
 - f. Compensation and Benefits
 - g. Safety and Security
 - h. Ethics and Sustainability
- ___ 10. The HR manager is writing an ad to recruit a job candidate.
 - ___ 11. The HR manager is investigating an employee complaint of racial discrimination.
 - ___ 12. The HR manager is taking a class in preparation for the exam to become certified as a Professional in Human Resources (PHR).
 - ___ 13. The HR manager is working with an insurance company to try to keep the high cost of health insurance down.
 - ___ 14. The HR manager is replacing the office copier with a more energy-efficient model.
 - ___ 15. The HR manager is having a new software program installed to protect employee records from theft.
 - ___ 16. The HR manager is working on the new collective bargaining contract with the Teamsters Union.
 - ___ 17. The HR manager is looking for potential new employees at the LinkedIn website.
 - ___ 18. The HR manager is filling out an accident report with a production worker who got hurt on the job.
 - ___ 19. The HR manager is reviewing a report that compares its wages and salaries to other businesses in the area.
 - ___ 20. The HR manager is giving priority to promoting a member of an underrepresented group to a management position.
 - ___ 21. The HR manager is teaching the new employee how to use the HR software program.
 - ___ 22. The HR manager is referring an employee to a marriage counselor.

WORK APPLICATION 1.4

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

RESOURCES FOR HRM CAREERS

LEARNING COMPETENCIES

1.5 Identify the most common HRM certification programs and their parent organizations.

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 in this section, but there are 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 foremost expert, convener and thought leader on issues impacting today’s evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally.”⁶⁶

What does SHRM do? Probably the biggest part of its work is dedicated to (a) advocacy for national HR laws and policies for organizations and (b) training and certification of HR professionals in a number of specialty areas. SHRM’s “competency-based” certification programs include the SHRM Certified Professional and Senior Certified Professional (SHRM-CP and SHRM-SCP). Anyone thinking about a career in human resources should consider joining SHRM. Student memberships have always been and continue to be very inexpensive, especially considering all that is available to members of the organization.

SHRM also provides a curriculum guide for colleges and universities that offer HRM degree programs. The guide identifies specific areas in which SHRM believes students should gain competence as HRM majors. 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 within the content when a *SHRM required* topic is discussed. These notes are alphanumerically keyed to the information in the Appendix of the *SHRM 2019 Curriculum Guidebook*. For example, if you see **(SHRM C:4)**, the item would be in the appendix under section “C,” item number “4.” You might want to pay special attention to these notes if you have plans to become an HR manager.



Taking and passing the SHRM Assurance of Learning Exam is an important step on the path to becoming an HR manager.

©iStockphoto.com/GaudiLab

Other HR Organizations

In addition to SHRM, there are three organizations that have certification programs that are recognized in many countries around the world. The first one is the **Association for Talent Development (ATD)**, which you can find at <https://www.td.org>. As its name implies, “The Association for Talent Development is a professional membership organization supporting those who develop the knowledge and skills of employees around the world.”⁶⁷ Its major certification is the certified professional in learning and performance (CPLP). According to the ATD website, CPLP certification “measures a professional’s knowledge and skill application across the breadth of talent development capabilities.”⁶⁸

The **Human Resource Certification Institute (HRCI)** is another organization that provides some of the most respected certifications for HR personnel anywhere in the world. The three most significant HRCI certification programs are the PHR, SPHR, and GPHR certifications.⁶⁹ PHR stands for professional in human resources, SPHR stands for senior professional in human resources, and GPHR is global professional in human resources. These certifications are recognized by organizations worldwide as verification of a high level of training.

The final major organization we want to mention is **WorldatWork**. Certifications from this organization include certified compensation professional (CCP), certified benefits professional (CBP), global remuneration professional (GRP), 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.⁷⁰

Professional Liability

One of the more important things you need to understand if you are thinking about becoming an HR manager is the issue of professional (personal) liability for the actions you take on behalf of the organization. It is not a well-known fact that HR managers can be held personally liable for some of the actions 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 discuss in more detail in later chapters)—“have both been construed by courts to provide for individual liability.”⁷¹ 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 an HR manager 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 D:36)**

WORK APPLICATION 1.5

Are you interested in working in the HRM field? Explain why or why not. If so, will you prepare for SHRM certification?

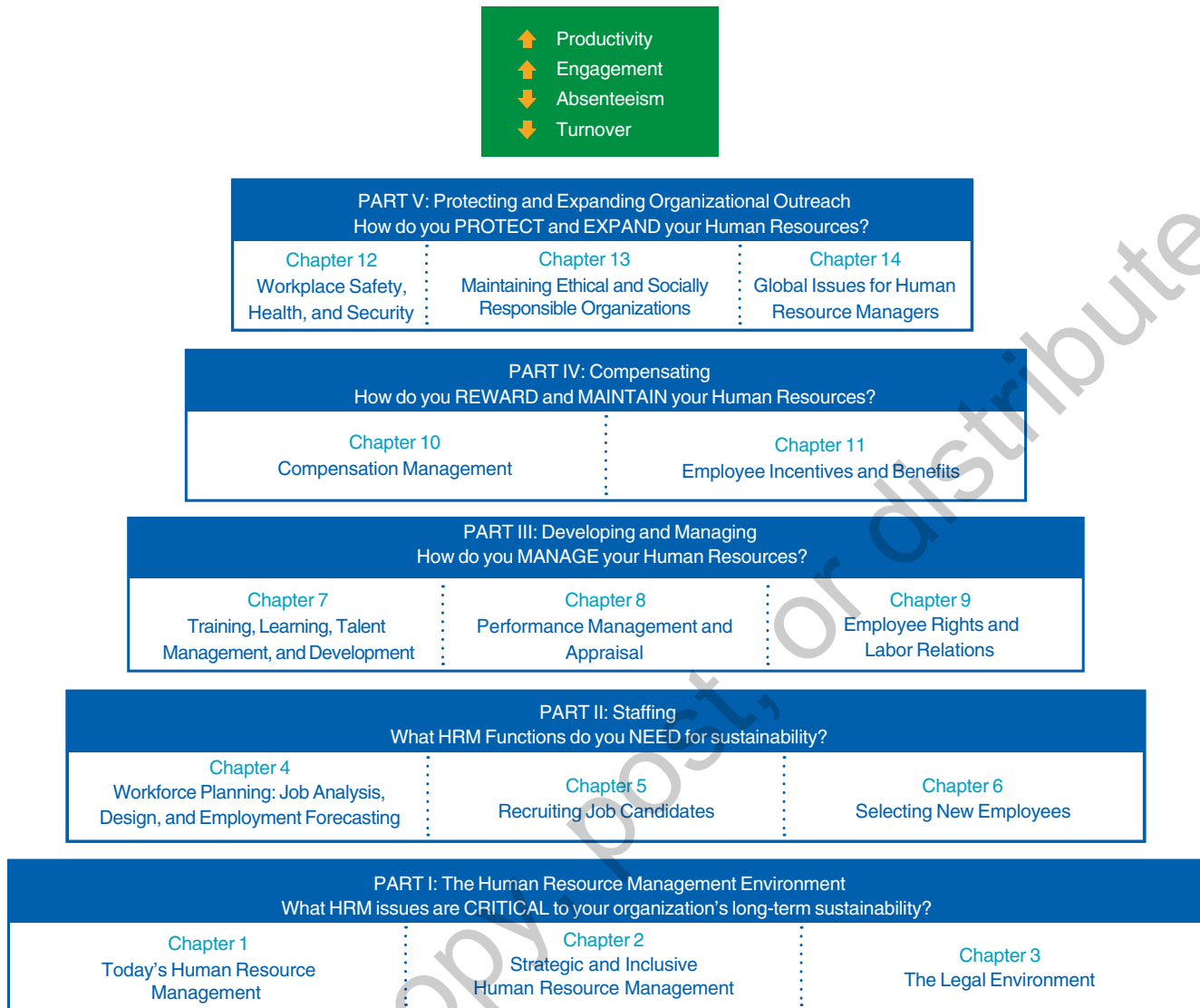
PRACTITIONER'S MODEL FOR HRM

LEARNING COMPETENCIES

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

We have given you a (very) brief history of HRM and what it does for the organization. Now we need to start talking about some of the detailed information you will need to know in order to be a successful 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, shown in Figure 1.2, which is the foundation for this book.

FIGURE 1.2 ■ The Practitioner’s Model for HRM



The Model

The practitioner’s model is designed to show you how each of the areas within HRM interacts within the larger organization 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 house. Let’s discuss the details of each section of the model separately.

Part I: The Human Resource Management Environment

You have already begun Section I, where we discuss the modern form of HRM, including the necessity of having strategy-driven HRM that provides us with a diverse, equitable, and inclusive work environment as well as a strong understanding of the basic HR legal environment. Strategic use of *all* of our people resources is the basis for everything else that an 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 today, 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.

Part II: Talent Acquisition

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—again, paying attention to creating an inclusive work environment for everyone. 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 the job candidates we have recruited. Recruiting and selecting the right people helps us create an organization that is sustainable for the long term.

Part III: Developing and Managing

In the third section, we learn how to manage our people once they have been hired. We have to train people to do jobs; we have to evaluate them in some formal manner so they know how well they are doing; and we have to develop them so 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. Finally, we also have to address the role of employee and labor relations in creating the right type of workplace where people feel they belong.

Part IV: Compensating

The fourth section will cover the compensation and benefits packages that will 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. Section IV shows us how to reward and maintain our workforce, since they are so critical to our ongoing success.

Part V: Protecting Workers and Expanding Organizational Reach

The last section's topics include managing worker safety and health, providing direction to organizational members concerning ethical and socially responsible actions. We then wind up with globalization issues involved in working in multiple countries and cultures. Each of these topics helps us expand our reach within the communities we serve by showing that we expect to be good corporate citizens, whether it is in small-town America or as a global corporation with reach into a hundred countries. Companies that do not pay attention to these issues will become the last choice for today's savvy knowledge workers and will ultimately struggle for success in this world of instant bad press.

WORK APPLICATION 1.6

Which topics/chapters are the most interesting to you, and why?

TRENDS AND ISSUES IN HRM

LEARNING COMPETENCIES

1.7 Discuss the issues and trends impacting HRM today.

In each chapter of this text, we briefly discuss important trends and issues in HRM today. These trends and issues cover areas such as the use of technology in HRM, global HRM, ethical issues in HR, and diversity and equal opportunity. For this chapter, we have chosen the issue of how HR has had to reconfigure post-pandemic.

Reconfiguring Everything HRM

HR was already in the process of being modernized based on the revolution in people analytics before the COVID-19 pandemic showed up. However, as we got deep into the pandemic, HR had to rethink *everything*. Literally in many cases almost overnight, HR had to become immediately responsive to emerging employee needs, which required a new agility in the field. We had to figure out how to manage the move to nearly all remote work while at the same time paying attention to employee health, wellness, stress levels, maintaining some kind of engagement, and thinking about the *reasonably* new concern of employee experience. We had to figure out how to build work environments in employee living rooms or bedrooms, and whether or not to directly monitor remote workers and if so, how that would be done without being too intrusive, if possible.

Additionally, we had to work with the C-suite to attempt to find solutions to nonwork issues that were nonetheless affecting our employees' work, such as child care, isolation, and grief when loved ones were lost. People had to be retrained (remotely) to do jobs differently in many cases, learning to collaborate without sitting in the same room. In all of this, we were tasked with maintaining good relations with employees, managing the company culture, and determining what new benefits needed to be provided and which old ones needed to be dropped. We discuss most of these issues in more detail throughout the text, along with significant changes in diversity management and creating an environment where everyone not only feels included but feels they *belong*. That's all—it's pretty easy to be an HR manager!

CHAPTER SUMMARY

LC 1.1 Explain why all managers need to understand the basics of HRM.

In a modern organization, human resources are one of the primary means of creating a competitive advantage for the organization, because the ways we manage people directly affects their performance. Engaged employees make organizations more successful. A study reported by *Forbes* showed businesses in the top quartile on employee engagement had better outcomes in a variety of areas, including 41% lower employee absenteeism, 40% fewer product defects, 70% fewer safety incidents, and 21% higher profitability than those in the bottom quartile. HRM provides all managers with tools to engage their employees.

LC 1.2 Discuss how HRM helps meet management challenges to improve organizational revenues.

Today's HR department acts as a productivity center rather than a cost center, enhancing the profitability of the company by improving employee productivity. HRM practices primarily help to improve organizational efficiency. Employees become more efficient if they are used correctly, which means managers don't use up their time (the valuable resource we get from employees) in an inefficient manner. HR also has a primary role in ensuring fairness, equity, and inclusion in all organization processes and assists in managing technology for efficiency, along with managing the four dependent variables that concern line managers.

LC 1.3 Summarize the four major HRM skill sets.

The HRM skill sets are technical skills, interpersonal skills, conceptual and design skills, and business skills. *Technical skills* include the ability to use specialized knowledge, methods, and techniques to perform a task. *Interpersonal skills* provide the ability to understand, communicate, and work well with individuals and groups through developing effective relationships. *Conceptual and design skills* are the ability to evaluate a situation, identify alternatives, select an alternative, and implement a solution to the problem. Finally, *business skills* are analytical and quantitative skills, including the in-depth knowledge of how the business works and of its budgeting and strategic planning processes.

LC 1.4 Describe the major areas of responsibility within the HRM discipline.

- *The legal environment: EEO and diversity management.* This discipline deals with equal opportunity laws and regulations as well as management of a diverse workforce.
- *Talent acquisition.* 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 its 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 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 depletion of worldwide resources caused by the organization carrying out its processes.
- *People analytics.* This is the use of computers and large databases to analyze patterns in our work environment. People analytics helps organizations understand their workforce through the interpretation of information gathered about employee attributes, behavior, and performance.

LC 1.5 Identify the most common HRM certification programs and their parent organizations.

The primary certifications are carried out by SHRM, ATD, HRCI, and WorldatWork. SHRM's "competency-based" certification programs include the SHRM Certified Professional and Senior Certified Professional (SHRM-CP and SHRM-SCP). ATD training and development has the Certified Professional in Learning and Performance (CPLP) certification. HRCI maintains certification programs for Professional in Human Resources (PHR), a senior version (SPHR), and a global version (GPHR). Finally, certifications from WorldatWork include Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Global Remuneration Professional (GRP), and others.

LC 1.6 Explain the practitioner's model for HRM and how it applies to this book.

The practitioner's model shows 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 for those jobs so the company can maximize productivity over the long term. These items will allow the organization to get

its work done successfully over long periods of time. In 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 behaviors that are not allowing them to reach their maximum potential. As this is occurring, we need to ensure that we maintain overall positive relationships with our employees so they remain engaged and productive. In the fourth tier, we want to make sure we reward our workforce reasonably through fair and reasonable compensation and planning to minimize unnecessary turnover and dissatisfaction. In the last tier, we provide for employee safety and health. We also turn our attention to organizational ethics and the issues surrounding global business operations because these issues will allow us to sustain our workforce and continue to thrive.

LC 1.7 Discuss the issues and trends impacting HRM today.

The pandemic threw a curve ball that impacted the field of HRM significantly. Shifting to a remote workforce presented new challenges and opportunities to businesses of all kinds. It required new strategies to address issues of employee health, wellness, stress, and engagement.

KEY TERMS

absenteeism (p. 11)	knowledge workers (p. 10)
business skills (p. 13)	line managers (p. 14)
conceptual and design skills (p. 12)	productivity (p. 7)
cost center (p. 7)	productivity center (p. 7)
effectiveness (p. 7)	revenue centers (p. 7)
efficiency (p. 7)	Society for Human Resource Management (SHRM) (p. 18)
empathy (p. 12)	staff managers (p. 14)
employee engagement (p. 5)	technical skills (p. 12)
human resources (HR) (p. 5)	turnover (p. 11)
interpersonal skills (p. 12)	

KEY TERMS REVIEW

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

- _____ are 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.
- _____ are divisions or departments that generate monetary returns for the organization.
- _____ is a revenue center that enhances 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 permanent loss of workers from the organization.

10. _____ is the failure of an employee to report to the workplace as scheduled.
11. _____ are workers who “use their head more than their hands” to gather and interpret information in order to improve a product or process for their organizations.
12. _____ include the ability to use methods and techniques to perform a task.
13. _____ are the ability to understand, communicate, and work well with individuals and groups through developing effective relationships.
14. _____ 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.
15. _____ 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.
16. _____ 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 their organization.
17. _____ are the individuals who create, manage, and maintain the people and organizational processes that create whatever it is that a business sells.
18. _____ are the individuals that advise line management of the firm in their area of expertise.
19. _____ is the largest and most recognized of the HRM advocacy organizations in the United States.

CASE 1.1 STRATON INDUSTRIES SHOWS WHY EVEN SMALL BUSINESSES NEED HR

Straton Industries is a Connecticut-based manufacturer of molds, tools, dies, and stampings. As a machine shop, they help other companies with any of their custom manufacturing needs. Founded in 1961, the firm has built its reputation by providing superb customer service and ensuring that everything they do is of the highest quality. It's difficult to find an industry that Straton Industries has not served—aerospace, electronics, energy, military, medical, and much more. With fewer than 100 employees, providing this high level of service shows that small companies can effectively thrive in the machining industry.(1)

However, small companies are notorious for not having a human resources department. This is a role that is common in large, diversified companies with hundreds, if not thousands, of employees. Entire departments may have 20 or more individuals dedicated to the HR function. But with a small business, it is typically the owner or one of the vice presidents who take on the HR duties. This means they are often not trained and do not have the expertise to properly manage staffing, training, employee relations, compensation, benefits, safety, and more. Fortunately, the president of Straton Industries, David Cremin, recognized the need for a person to be dedicated to the HR role in his company.(2)

By hiring Donna Toth to manage the growing company's HR needs, it gave Cremin time to focus on managing the business. Cremin knew HR was important, but overseeing every aspect of the firm meant that HR concerns were usually farther down on his list of things to do each day. Cremin was primarily focused on the growth of the company—ensuring that sales were increasing and that the firm was garnering new customers.

But turnover started to become an issue when some employees started leaving the company. “We missed the cues,” he said, referring to the departure of several employees.(3) Toth was hired when Cremin realized too many employees were quitting the company because they were dissatisfied with their employment situation. A person dedicated to the HR function of the firm was needed.

Toth was able to hit the ground running by bringing Straton Industries' HR function up to date. She started with simple steps, such as writing job descriptions and facilitating improved communication. Then, she worked on staffing and team building. With these actions, Toth impacted the internal operations of the company immediately. According to Cremin, "You think of it as just 'people stuff,' as something soft and optional you can take care of in between other things."⁽⁴⁾ Fortunately, Cremin realized that HR was more than just "people stuff"; human resources are the key to the success of a business.

Primarily, Toth is focused on three aspects of HR that are important to Straton Industries. Daily, she is ensuring the firm is hiring the right people, retaining those individuals, and ensuring the firm is complying with all federal and state HR laws. Of course, she is also managing all the other HR functions in the company, but by dedicating efforts to these three areas, Cremin can return his attention to growing the company and garnering new clients.

What is his advice for small companies that don't have an HR professional on staff? "Try it part time," he says. Having an individual focused on human resources issues even part time is better than none at all.⁽⁵⁾

Questions

1. Why should businesses—no matter how small—have someone dedicated to the HR function?
2. Think of two ways a small business could justify hiring an HR professional.
3. How effective would Straton Industries be without Donna Toth as their HR professional? What potential concerns might develop?
4. As Straton Industries grows, should an additional HR professional be hired to help Donna Toth? And if so, what should that new person focus on?

Sources

1. Straton Industries, March 10, 2020, <https://straton.com/our-company/>.
2. P. Zelinski, "Does Your Shop Need a Human Resources Professional?" *Modern Machine Shop* 92, No. 8 (January 2020): 14–16.
3. Ibid.
4. Ibid.
5. Ibid.

Case written by Dr. Steven Austin Stovall, Southeast Missouri State University.

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 skills*—Interpersonal skills
2. SHRM 2019 Curriculum Guidebook—C: Employee and Labor 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?

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?

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 2019 Curriculum Guidebook—C: Employee and Labor 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	
Skills and Responsibilities	Supervisor or Boss
Best	Worst
Technical	
Interpersonal	
Conceptual and Design	
Business Skills	

(Continued)

HR Management Skills and HR Responsibilities (Continued)	
Legal Considerations	
Talent Acquisition	
Training and Development	
Employee and Labor Relations	
Safety and Security	
Ethics	

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?

Do not copy, post, or distribute