HUMAN RESOURCE MANAGEMENT

FUNCTIONS, APPLICATIONS, AND SKILL DEVELOPMENT

ROBERT N. LUSSIER • JOHN R. HENDON

Fourth Edition

HUMAN RESOURCE
MANAGEMENT

**FOURTH
EDITION**

To my wife, Marie, for her support of my textbook writing for more than 30 years.

Robert N. Lussier

A big thank you to my mother, Vivian, who (kind of) keeps me on track.

John R. Hendon

HUMAN RESOURCE
MANAGEMENT

FUNCTIONS, APPLICATIONS, AND SKILL DEVELOPMENT

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This book is printed on acid-free paper.

BRIEF CONTENTS

DETAILED CONTENTS

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PART I HUMAN RESOURCES, STRATEGIC PLANNING, AND LEGAL REQUIREMENTS 1

CHAPTER 1 What Is Human Resource Management? 2

CHAPTER 2 Strategy-Driven Human Resource Management 34

CHAPTER 3 The Legal Environment 68

PART II STAFFING   **101**

CHAPTER 4 Workforce Planning: Job Analysis, Job Design, and Employment Forecasting   102

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CHAPTER 5 Recruiting Job Candidates   138

CHAPTER 6 Selecting New Employees   166

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mentatdgt/Shutterstock.com

fizkes/Shutterstock.com

CHAPTER 9 Rights and Employee Management   280

CHAPTER 10 Employee and Labor Relations   320

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PART IV COMPENSATING   357

CHAPTER 11 Compensation Management   358

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CHAPTER 13 Employee Benefits 432

PART V PROTECTING AND EXPANDING ORGANIZATIONAL REACH 473

CHAPTER 14 Workplace Safety, Health, and Security 474

CHAPTER 15 Ethics, Diversity, Inclusion, and Social Responsibility 510

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PREFACE

Increasing numbers of students want their courses to be relevant and to show them how to apply what they learn, and they want to develop skills they can use in their everyday life and at work. It's not enough to learn about HRM; they want to learn how to be HR managers. This is why we wrote the book. After reviewing and using a variety of HRM books for more than a decade, we didn't find any that (1) could be easily read and understood by students and (2) effectively taught students how to be HR managers. We wrote this text out of our desire to prepare students to be successful HR managers and line managers who use effective HR practices. As the subtitle states, this book not only presents the important HRM concepts and functions but also engages students by taking them to the next level by actually teaching them to apply the concepts through critical thinking and to develop HRM skills they can use in their personal and professional lives.

MARKET AND COURSE

This book is for undergraduate and graduate-level courses in human resource management (HRM), including personnel management. It is appropriate for a first course in an HRM major, as well as required and elective courses found in business schools. This textbook is also appropriate for HRM courses taught in other disciplines, such as education and psychology, particularly industrial psychology and organizational psychology. The level of the text assumes no prior background in business or HRM. This book is an excellent choice for online and hybrid courses in HRM. (And earlier editions have been used in online HRM courses for more than a decade.)

LEARNING BY DOING: A PRACTICAL APPROACH

I (Lussier) started writing management textbooks in 1988—prior to the calls by the Association to Advance Collegiate Schools of Business (AACSB) for skill development—to help professors teach their students how to apply concepts and develop management skills. Pfeffer and Sutton (*The Knowing–Doing Gap*, 2000) concluded that the most important insight from their research is that knowledge that is actually implemented is much more likely to be acquired from learning by doing than from learning by reading, listening, or thinking. We designed this book to give students the opportunity to "learn by doing" with the following approaches:

- Chapters are written using a practical **"how-to-manage"** approach that is strategy driven.

- This is the only core HR text that focuses on introducing the *primary content* areas identified in the Society of Human Resource Management (SHRM) *2018 Curriculum Guidebook*. (You can see this complete guidebook in the Appendix.) Of more than 400 primary SHRM items, we cover over 80% and specifically identify each of these items in the text where the material is covered. Many of the *secondary content* items are also identified as they occur in the text.

- Six types of high-quality **application materials** use the concepts to develop critical-thinking skills.

- Four types of high-quality, **skill-builder exercises** help actually develop HR management skills that can be utilized in students' professional and personal lives.

- A comprehensive **video** package available with the Vantage product reinforces HRM-related abilities and skills.

- We use an approach that meets the preferred learning styles of today's students.

DESIGNED TO MEET A VARIETY OF TEACHING AND LEARNING STYLES

Today's students succeed when they are fully engaged in learning on multiple levels. Our text is flexible enough to accompany lecture-based teaching, and it also offers a wide range of engaging activities that accommodate a variety of contemporary learning styles, whether in-class or online formats. Many of the specific learning preferences of today's students have been addressed in the book's overall approach, organization, and distinctive features:

- Active Learning

  A desire for **active learning** is addressed with a large variety of activities and skill-building tools.

- Practical Approaches

  A desire for **application and skills** in personal and professional realms is addressed by a variety of features throughout the text. **Immediate application and ongoing self-assessment** are found in the Work Application prompts and Self-Assessment tools. Organization tools, such as **checklists**, **summaries**, and **"how-to" instructions**, are integrated throughout, for example, the in-text references to SHRM curriculum guidelines. **Interactive Self-Assessments** will be found online in Vantage for the fourth edition.

- Accessible Content

  Chunking of content into easily digested segments helps students to organize study time. **Visual-learning** preferences are accommodated in colorful exhibits, models, and figures throughout the text, along with an ancillary package that includes visual-learning options. **Internet-learning** preferences are recognized in a robust web-based package that includes video and interactive features for students.

A THREE-PRONGED APPROACH

We have created a comprehensive textbook intended to develop the full range of HRM competencies. As the title of this book implies, we provide a balanced, three-pronged approach to the curriculum.

Concepts and Functions

The following features are provided to support the first step in the three-pronged approach.

HRM functions. Chapter 1 presents eight major HRM functions identified by SHRM, with questions that need to be answered. The book is structured around the eight functions in five parts; see the table of contents for details. These functions are emphasized in order to show students the depth of knowledge that is required of an HR manager today.

Pedagogical aids. Each chapter includes Learning Objectives, a Chapter Summary, Key Terms, and Key Terms Review Questions.

SHRM's Primary Content items, as well as many Secondary HR Content Areas from the most recent *SHRM Human Resource Curriculum: Guidebook and Templates*

for Undergraduate and Graduate Programs (SHRM, 2018, found in the appendix), are annotated for easy reference where they appear in each chapter of the text. A text note—**(SHRM O:1-a)**—identifies the Curriculum Guide topic being covered, and the reference number (in this case topic O "Strategic HR," reference item 1-a "Strategic Management—competitive advantage") links to an appendix showing all *"Required Content"* for undergraduate HR programs in the SHRM Curriculum Guide. *Over 80% of primary content areas and subtopics* identified in the SHRM Curriculum Guidebook are at least introduced within the text, and most are covered in significant depth.

Applications

The following features are provided to support the second step in the three-pronged approach.

   Organizational examples of HRM concepts and functions appear throughout the book **name** and **organizations** are easy to find in **bold** font. Indices for Name and Company are also provided.

   Work Applications incorporate open-ended questions that require students to explain how the HRM concepts apply to their own work experience. Student experience can be present, past, summer, full-time, or part-time employment or volunteer work.

   Applying the Concept features ask the student to determine the most appropriate HRM concept to be used in a specific short example.

   Cases: At the end of each chapter are two cases illustrating how specific organizations use the HRM functions. Critical-thinking questions challenge the students to identify and apply the chapter concepts that are illustrated in each case. Several longer and more comprehensive cases are also available to the instructor on the website, either for testing material or to allow students to apply what they have learned over a significant part of the course.

Skill Development

The following features are provided to support the third step in the three-pronged approach.

   Communication Skills at the end of each chapter include questions for class discussion, presentations, and/or written assignments to develop critical-thinking communication skills; they are based on HR Content Areas.

   Behavior Modeling, showing step-by-step actions to follow when implementing HRM functions, such as how to conduct a job interview, performance appraisals, and coaching and disciplining, is presented throughout the text.

   Skill Builder exercises develop skills that can be used in students' personal and professional lives. Many of the competitor exercises tend to be discussion-oriented exercises that don't actually develop a skill that can be used immediately on the job.

NEW TO THE FOURTH EDITION

General Updates

- The chapters have been completely **updated** with nearly 80% new or revised references in this edition to strengthen the text.

- All chapters in this fourth edition have been updated according to the ***SHRM 2018 Curriculum Guidebook***. More than 80% of the primary undergraduate guidelines are included in the text, as well as many secondary.

- The **headings** in some chapters have been revised to reflect a better organization and to better align with learning objectives.

- The **learning objectives** in all chapters have been revised to be more properly stated pedagogically and to better align with the topic headings within the chapters.

- There is one new end-of-chapter **case** in each of the 16 chapters.

- There are changes to all of the **Applying the Concept** box questions and answers in this edition. There are six new boxes and 64 total boxes, with an average of four boxes per chapter. There are also 144 new questions for a total of 469 total Applying the Concept questions.

- The discussions of **Trends and Issues in HRM** at the end of every chapter have been updated. There are 25 (78%) new and four updated (13%); only 3 of 32 did not need updating.

- Several examples using today's **best companies** are introduced in this new edition of the text.

- Some of the new or expanded content includes people analytics and metrics, increasing use of AI, employee engagement, high-performance work systems, pay equity, diversity and inclusion, the changing marijuana laws, the changing process of performance appraisal, new exempt-employee regulations, and numerous other items.

- **Chapter 1**

  A new case has been added: Straton Industries Shows Why Even Small Businesses Need HR

- **Chapter 2**

  A new case has been added: Structure and Culture at Old Town Cape

- **Chapter 3**

  A new case has been added: St. Louis Police Face $20 Million Sexual Orientation Discrimination Verdict

- **Chapter 4**

  A new case has been added: Seasonal Staffing at Target Corp

- **Chapter 5**

  A new case has been added: Under- or Overmanaging the Hiring Process

- **Chapter 6**

  A new case has been added: Hiring for Fit: How Zappos Screens and Makes Hiring Decisions

- **Chapter 7**

  A new case has been added: Training Staff at Bon Bons of Cape

- **Chapter 8**

  A new case has been added: Appraising Performance at Tilt & Raise Blind Company

- **Chapter 9**

  A new case has been added: You're Fired! Darcy's Restaurant Follows Policy

- **Chapter 10**

  A new case has been added: Conflict Resolution at Cool Brands Shoppe

- **Chapter 11**

  A new case has been added: Unilever: Leveling the Playing Filed in the Battle for Equitable Pay

- **Chapter 12**

  A new case has been added: Transparent Compensation Packages

- **Chapter 13**

  A new case has been added: Culture the Joyful Way

- **Chapter 14**

  A new case has been added: Starbucks Handles the Coronavirus

- **Chapter 15**

  Two new cases have been added: Chr. Hansen Holdings Is World's Most Sustainable Company and Intel's Code of Conduct and Ethics

- **Chapter 16**

  A new case has been added: Going Global: Fire Chew Candy Company

Teaching Resources

This text includes an array of instructor teaching materials designed to save you time and to help you keep students engaged. To learn more, visit **sagepub.com** or contact your SAGE representative at sagepub.com/findmyrep.

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Robert N. Lussier is a professor emeritus of management at Springfield College. Through teaching management courses for more than 25 years, he has developed innovative and widely adopted methods for applying concepts and developing skills that can be used both personally and professionally. A prolific writer, Dr. Lussier has more than 475 publications with 6,700-plus Google Scholar citations to his credit, including *Management* 9e (SAGE), *Human Relations* 12e (McGraw-Hill), and *Leadership* 6e (Cengage), and has published in top-tier academic journals: *Entrepreneurship Theory and Practice*, *Family Business Review*, and *Journal of Small Business Management*. Over 2 million people globally have used his textbooks, earning him an unsurpassed national and international reputation as an author and keynote speaker. Dr. Lussier is the founder of **Publish Don't Perish (www.publishdonotperish.com),** and through contact, his book, *Publish Don't Perish: The Top Secrets to Get Published,* and keynote presentations and workshops have helped hundreds of institutions and individuals in 80 countries get published. His presentations inspire comments like, *"Bob explains complex business topics in an easy-to-understand language while keeping his audience engaged and spellbound"* (Dr. Raj V. Mahto, professor, University of New Mexico). He holds a bachelor of science in business administration from Salem State College, master's degrees in education and business from Suffolk University, and a doctorate in management from the University of New Haven. He served as founding director of Israel Programs and has taught courses in Israel. You can contact him at rlussier@springfield.edu.

John R. Hendon is a former U.S. Navy officer, seven-time entrepreneur, and former director of operations for a $60-million California company. He brought his experience and interests to the classroom full time in 1994 and has been a Management Department faculty member at the University of Arkansas at Little Rock for over 25 years. A nationally recognized HRM subject matter expert and an active member of the Society for Human Resource Management, he teaches in the areas of human resource management, strategy, family business, and organizational management and researches in a number of areas in the management field, specializing in entrepreneurial research. John is the president of The VMP Group, an Arkansas-based consulting firm. John's company consults with a variety of businesses on human resources, family business, strategic planning, organizational design, and leadership. He has provided professional assistance in the start-up and operation of dozens of Arkansas- and California-based businesses and nonprofits, government agencies, and utilities. John holds an MBA degree from San Diego State University and a B.S. in education from the University of Central Arkansas. You can reach him any time at jrhendon@gmail.com.

PART I

Human Resources, Strategic Planning, and Legal Requirements

CHAPTER 1.
What Is Human Resource Management?

CHAPTER 2.
Strategy-Driven Human Resource Management

CHAPTER 3.
The Legal Environment

PRACTITIONER'S MODEL

⬆ **Productivity**
⬆ **Satisfaction**
⬇ **Absenteeism**
⬇ **Turnover**

PART V: Protecting and Expanding Organizational Reach
How do you PROTECT and EXPAND your Human Resources?

Chapter 14	**Chapter 15**	**Chapter 16**
Workplace Safety, Health, and Security	Ethics, Diversity, Inclusion, and Social Responsibility	Global Issues for Human Resource Managers

PART IV: Compensating
How do you REWARD and MAINTAIN your Human Resources?

Chapter 11	**Chapter 12**	**Chapter 13**
Compensation Management	Incentive Pay	Employee Benefits

PART III: Developing and Managing
How do you MANAGE your Human Resources?

Chapter 7	**Chapter 8**	**Chapter 9**	**Chapter 10**
Learning, Training, and Development	Performance Management and Appraisal	Rights and Employee Management	Employee and Labor Relations

PART II: Staffing
What HRM functions do you NEED for sustainability?

Chapter 4	**Chapter 5**	**Chapter 6**
Workforce Planning: Job Analysis, Job Design, and Employment Forecasting	Recruiting Job Candidates	Selecting New Employees

PART I: Human Resources, Strategic Planning, and Legal Requirements
What HRM issues are CRITICAL to your organization's long-term sustainability?

Chapter 1	**Chapter 2**	**Chapter 3**
What Is Human Resource Management?	Strategy-Driven Human Resource Management	The Legal Environment

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1

What Is Human Resource Management?

Learning Objectives

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

1.1 Explain why relationship building and engagement are important in both human resource management and your personal life. PAGE 3

1.2 Identify the difference between the traditional view of human resource management (HRM) and the present view. PAGE 5

1.3 Identify the major challenges that HR managers face in a modern organization; note especially where we are not doing well. PAGE 8

1.4 Describe the four critical dependent variables that managers must control in order to compete in a modern organization. PAGE 9

1.5 Describe the four major HRM skill sets. PAGE 13

1.6 Discuss the line manager's six HRM responsibilities. PAGE 15

1.7 Describe the eight major HRM discipline areas. PAGE 17

1.8 List some of the major resources for HRM careers. PAGE 21

1.9 Explain the five parts of the practitioner's model for HRM and how the model applies to this book. PAGE 22

1.10 Discuss the issues and trends impacting HRM today. PAGE 25

SHRM HR Content

See Appendix: *SHRM 2018 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

F. **HR Career Planning**

   8-f. Ethical decision-making—Team leadership

G. **HR's Role in Organizations**

   1.   Generally . . . discuss HR's role with regard to 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

1.1: WHY STUDY HUMAN RESOURCE MANAGEMENT (HRM)?

>> **LO 1.1** **Explain why relationship building and engagement are important in both human resource management and your personal life.**

Most of you who are picking up this book are asking, "Why am I taking a human resources course?" "What's in it for me?" These are important questions,[1] and the answers to them should be based on evidence.[2] Today, people skills are considered more important than technical skills.[3] So one quick answer is that success in our professional and personal lives is about creating relationships.[4] Life and happiness are about friendships[5] and developing relationships.[6] So the better you can work with people, the more successful you will be in your personal and professional lives as an employee, line manager, or human resource manager.[7] And that's what this book is all about.

Do you want college to prepare you for the world of work but question the relevance of your courses?[8] Organizations also want their new hires to have the ability to apply knowledge and develop skills.[9] This may be one of the few courses you take in which you can actually use what you learn during the course to apply the concepts and develop human relations skills, as we close the relevance gap that so many of you see between what you are taught in class and what you do at work.[10] The role of modern managers also continues to change, requiring today's organizational leaders to manage increasingly dynamic and complex environments.[11] Managers have a major effect on performance, and unfortunately, as you may know, there are lots of poor managers.[12]

This brings us to the focus of this book; we designed it to be the most relevant how-to book 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

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 Objective Statements	Organizational Examples	Self-Assessments (Online)
Key Terms	Work Applications	Communication Skills Questions
Step-by-Step Behavior Models	Applying the Concepts	Skill Builder Exercises
Chapter Summaries With Glossaries	Cases	
Review Questions	Videos (Online)	

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

In today's business environment, human resource issues are some of the most prominent concerns for business owners and managers.[13] You've probably heard buzzwords floating around about managers—and particularly human resource managers—needing to be more analytical, strategic, business focused, customer focused, and generally more in tune with the overall operational success of the organization.[14] A key item that is causing this process of rethinking management is the fact that there is much greater competition and a much greater rate of change[15] in an external environment that requires organizational agility.[16] This creates an absolute requirement to be more adaptable and productive as an organization.[17] In addition, a more analytical mindset is an absolute requirement in managing human resources. Because of these issues, 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 better utilizing their human resources.[18]

Human resources (HR)
The people within an organization

One simple fact is that in today's organizations, **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 directly affects company performance.[19] 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.[20]

Because human resources are generally our most valuable organizational resources, if the organization can manage them more successfully than competitors, if it can get 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.[21] Managers are responsible for getting the job done through employees,[22] so if we can get our employees fully committed and engaged, we can make better decisions, increase employee trust and loyalty, and improve productivity.[23] (We will explain the "SHRM Guide Item" that you see here shortly, in the section titled "Society for Human Resource Management.") **(SHRM C:17)**

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

To be successful in creating competitive advantage through the organization's human resources, we need to engage our employees—body and mind—more than ever before. While employee job satisfaction 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.* Before you start thinking "Oh, this is

just another new fad," let's look at an old-line company that has been highly successful in improving performance through employee engagement. A recent **forbes.com** article wrote this about **Campbell's Soup**: The "company had lost more than half of its market value and had rock-bottom employee engagement scores. A new CEO prioritized employee experience for years by listening to employees and creating an environment where they were engaged and excited to work. After a slump where the stock price dropped to around $25 in 2000, the current price is $46. Even more telling, in the first decade of the engagement focus, Campbell's Soup stock increased by 30% while other S&P 500 stocks lost 10% of their value."[24]

A recent Gallup meta-analysis shows vividly why engagement matters. In their 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.[25] **(SHRM C:16)**

This book will teach you how to operate successfully within your organizations and compete productively in a modern, technology-oriented organization—as an employee, HR manager, or any other type of manager—in order to get your employees engaged and get the results necessary to succeed against tough competitors. 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 more engaged and improve productivity.[26] That is what will get you noticed by senior management and allow you to quickly move up the organizational ladder. So let's get started!

1.2: HRM PAST AND PRESENT

>> **LO 1.2**   **Identify the difference between the traditional view of human resource management (HRM) and the present view.**

Management of human resources has probably changed more in the past 20 years than in the entire history of organized companies. Technology and the ability to analyze large data sets have disrupted every industry and the way every company does—or should do—things, from operations to marketing to human resources.[27] Let's do a quick introduction to technology in human resource management. Because of the importance of technological change, we will also continue to explore the effects of technology in HRM as we look at strategy in Chapter 2 and in subsequent chapters throughout this book.

HRM in the Past

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 considered to be an easy management job. HR managers were expected to be only paper pushers who could correctly and legally maintain all of the personnel files. They maintained organizational records, but they had very little to do with the management of the organization's business processes. 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.

In these past organizations, the HR department was considered to be a **cost center**, *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. 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. Therefore, revenue centers are a present view of HRM, as are the other views discussed next.

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

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

Productivity The amount of output 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 were used in getting the job done

Present View of HRM

The old workplace in which managers simply told employees what to do is gone. Today's organizations are likely using a team-based structure,[28] so you will most likely work in a team,[29] perform lots of quantitative analysis on business data, and share in decision making and other management tasks—participative management.[30] Modern organizations also expect significantly greater productivity than occurred in their historical counterparts. **(SHRM F:8-f)**

Productivity Centers

Welcome to the new normal and the productivity center. A **productivity center** is *a revenue center that enhances profitability of the organization through enhancing the productivity of the people within the organization.* So 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 that of 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. **Productivity** is *the amount of output an organization gets per unit of input, with human input usually expressed in terms of units of time.* **(SHRM L:13)**

We must be more competitive in today's business environment if we are to survive for the long term. As managers, we have to do things that will improve the productivity of the people who work for us and our organization. But how can we become more productive? Productivity is the end result of two components that managers work to create and continually 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 were 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.[31] Our people allow us to be more efficient as an organization *if* they are used and motivated in the correct manner. This course is about how to make our people more efficient. **(SHRM L:5, L:10, O:1-g)**

Companies around the world take this need for efficiency very seriously, and new technologies and new ways of working are helping companies improve their efficiency. Chief human resource officers (CHROs) are concerned about employee engagement and productivity (along with a reasonably new term—*employee experience*—which we will discuss later in the chapter) and especially about improving efficiency in their respective organizations,[32] and companies have learned that they need some of their best managers in the HRM job.[33] 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 CHRO in addition to having a chief operations officer (COO), a chief finance officer (CFO), and so on—has the potential to increase overall profitability, especially through the use of people analytics.

In another productivity analysis, **McKinsey** reported that "companies using a portfolio of HR-analytics solutions could realize an increase of 275 basis points [2.75%] in profit margins, on average, by 2025."[34] For reference, the average net profit in the S&P 500 companies averages between 10% and 12% per year,[35] so a 2.75% increase would be quite large at around 23% to 27.5% more than average.

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 use up material, monetary, and facility resources doing our jobs. But do we use 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 use 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 over long periods of time, our organization will fail. 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? 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 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 we need them to do.

Technology's Effect on Efficiency

Senior HR managers have learned that one way to improve efficiency of their workers is through use of technology and especially through the use of people analytics. Old ways of doing work have become too slow in almost all cases—with competitors constantly innovating processes and customers and employees demanding that we use technology tools to speed up both work and feedback on the work that is done.[36] Today's companies must be agile.[37] Using technology allows us to gather, analyze, and manage large amounts of data much more quickly than we have ever been able to do before. This, in turn, allows managers—including HR managers—to find commonalities in the data that can help them create new and more efficient processes, as well as more engaged employees. One example will help show what we are talking about:

The *Financial Times* notes in an article that after **Bank of America** outfitted their employees in a call center with badges that monitored how they moved about the office, who they talked to, and for how long, the company *"discovered that its more productive workers were those allowed to take their breaks together, in which they let off steam and shared tips about dealing with frustrated customers. The bank took heed and switched to collective breaks, after which performance improved 23 percent and the amount of stress in workers' voices fell 19 percent."*[38]

1.1 APPLYING THE CONCEPT

HRM Past and Present View

Identify each statement as being a present or past HRM view, and write the corresponding letter before each statement.

a. past view of HRM

b. present view of HRM

___ 1. The organization focuses on maintaining employee paperwork.

___ 2. The organization uses participative management.

___ 3. The organization uses productivity centers.

___ 4. The organization focuses on answering the question, "Did we do the right things?"

___ 5. The HRM department provides limited services to other departments.

___ 6. The organization uses cost centers.

___ 7. The organization focuses on answering the question, "Did we do things right?"

___ 8. The organization uses revenue centers.

1.3: THE CHANGING WORLD OF HRM

>> **LO 1.3**   **Identify the major challenges that HR managers face in a modern organization; note especially where we are not doing well.**

Now let's look at some of the issues facing today's HR managers, including new HRM challenges, the competencies that will be required in order to do the job, and some demographic factors we need to be aware of in a modern labor market.

New HRM Challenges

What types of 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 some recent surveys of CEOs and CHROs:

1. Upskilling the workforce to successfully manage the AI revolution[39]

2. "a shortage of skilled talent to clean, integrate, and extract value from big data and move beyond baby steps toward AI"[40]

3. Build critical skills and competencies for the organization[41]

4. Strengthen the current and future leadership bench[42]

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 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 HRMs to work toward overcoming another of their challenges: creating strategic agility.[43] We will introduce you to some basic HR metrics as we go through this text so that 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, and religion, among other characteristics, with a focus on creating an inclusive environment with equal employment opportunity and acceptance for all employees.[44] 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.

Companies in developed countries are seeing a reduction in the number and quality of potential skilled employees, as well as greater gender, ethnic, and age diversity than at any time in the past.[45] The lack of skilled professionals is an ongoing, worldwide problem,[46] but recently, there have been problems attracting skilled blue-collar workers as well.[47] 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. So as a manager, your workforce will begin to look much older than it has historically.[48]

Your organization will also soon look more culturally diverse—even compared to today. The global (including in the United States) white population is decreasing, as there are more deaths than births in this group. The population growth in the United States and many other countries is coming from other races and ethnicities.[49] The growth in immigrant workers over the next 10-plus years will be substantial. According to the **U.S. Bureau of Labor Statistics (BLS)**, "The Hispanic share of the labor force is projected to increase more than that of any other race or ethnic group by 2026."[50]

The BLS expects Hispanic people to be nearly 21% of workers in 2028.[51] Asian workers are expected to move from about 6.3% in 2018 to about 7.3% of the workforce in 2028.[52] 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%.

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

Knowledge Workers and the Pace of Change

In the now-mature Information Age, we are managing 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*. In essence, knowledge workers manage knowledge for the firm.

Knowledge is precious in an organization. There is a continuous shortage of knowledge workers, 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. In fact, in one recent **SHRM** study, 67% of employers "said their biggest challenge in hiring is the lack of skilled, high-quality candidates."[53] So for the foreseeable future, we will likely have a shortage of knowledge workers on a global scale.

As a result, each HR manager is going to be competing with every other HR manager in the world for the pool of knowledge workers. If the organization has a reputation as a difficult place to work, will they succeed in getting knowledge workers to come to work for the organization when those workers have so many other opportunities? That would be very unlikely! Only if the organization manages its human resources successfully 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-c)**

One of the most critical issues HR managers face is the fact that technology is outpacing our ability to use it at an ever-increasing rate.[54] Computers get faster and faster, but the human beings who have to use them don't. This means that 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. 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. According to **Deloitte**, a leading international consulting company, "It's important not to lose sight of the fact that for most companies, human beings are the fundamental unit of economic value."[55] 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 want to assist the organization because they are not engaged and not satisfied. **(SHRM L:6)**

1.4: UNDERSTANDING HR'S CRITICAL FACTORS

>> **LO 1.4**   Describe the four critical dependent variables that managers must control in order to compete in a modern organization.

While there are many factors in successfully managing the organization's human resources, a few stand out in today's business world. Management of people is necessarily different from managing money or other material resources because people have free will and can do things in any way they see fit. Therefore, HR managers and all other leaders in organizations need to learn how to indirectly control their human resources, where to lead the people resources of the company, and what tools are becoming more important in creating advantage for one business over another. Let's review these three issues next.

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

Critical Dependent Variables

Before we go any further in this text, let's evaluate some of the things that managers tell us they *must* control in order to compete in today's business environment, but they can't *directly* manipulate because people have free will. These items are called *dependent variables* because we can affect them only through indirect means. We don't have the ability to directly manipulate them. We have to control some other variable—called an *independent variable* because we can independently (directly) control it—to affect these items in any meaningful way.

Every time 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 they deal with:[56]

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, 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. Also, managers have no *direct* control over these things. They only affect these items through indirect actions. In other words, we can't *force* an employee come to work and thus avoid absenteeism, nor can we force an employee to be fully engaged with their work. We have to create conditions in which the employee is willing to or even wants to come to work and in which they can enjoy their 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 and employee engagement, but let's take a moment for a more detailed look at absenteeism and turnover.

Turnover The permanent loss of workers from the organization

Turnover is *the permanent loss of workers from the organization.* Does turnover cost the organization? Absolutely![57] There is strong evidence that turnover can have important consequences for organizational productivity and performance, as well as competitive advantage.[58] 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 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.) One SHRM article on "toxic work cultures" notes that turnover drained "nearly *a quarter of a trillion dollars* from businesses over the last five years as workers fled managers who they believed created the caustic environment."[59] **(SHRM C:19)**

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

On the other hand, **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[60]—not necessarily directly but indirectly. On an annual basis, the costs of absenteeism and the lack of employee engagement were estimated at around $2 *trillion* in 2018 by looking at an average estimated cost of absence and disengagement of around $15,980 per employee[61] and multiplying that by the number of employees (about 130 million) in the United States in 2018.[62] **(SHRM C:4)**

In addition, 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

from 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. 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. 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, along with engagement and turnover, still costs the organization large amounts of money.

Note that our four dependent variables are interrelated. Absenteeism is costly, is often due to a lack of employee engagement, and leads to lower productivity.[63] 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. 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 employee engagement and that will reduce absenteeism and turnover. These items are critical. Everything in HRM revolves around these four things.

1.2 APPLYING THE CONCEPT

Critical Dependent HRM Variables

Identify each statement by its variable, and write the letter corresponding to the correct variable before the statement.

a. productivity

b. employee engagement

c. turnover

d. absenteeism

    9. Of course I take all my sick days; if I don't, I'll lose them.

  10. I got tired of the poor management telling me what to do, so I left for a better job.

  11. Most of us don't really like management, so we do only enough work to stay out of any trouble with the boss.

  12. I'm fed up with management continuing to lay off employees and expecting the rest of us to do their work to maintain production quotas.

  13. I'm a good worker. You aren't really going to fire me, are you?

  14. I'm taking a vacation day today to go fishing.

The Importance of Strategic HRM

Strategy and strategic planning look at our organization and environment—both today and in the expected future—and determine 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.

Today's HR management must be proactive in nature. Instead of waiting for someone to quit, then going out and finding a replacement, HR managers are now actively seeking out talent for their organizations.[64] Good HR managers are also 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 HRM been redesigned? To make our organizations more competitive and to create sustainable competitive advantages. This is the basis of *strategic HRM*.[65] Strategy and strategic planning deal with the concept of creating **sustainable competitive advantage**, *a capability that creates value for customers that rivals can't copy*

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

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 today that we can create any real technological advantage over a 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? In most cases, 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 are our rivals' human resources.[66] 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 Influence of Social Media

The last factor we will discuss here is the emergence of social media as a major tool for the workplace. Almost everyone is familiar with social media in their personal life—Facebook, Instagram, Snapchat, and LinkedIn are just a few of the many social-media platforms. However, many of you probably don't know how much social-media platforms have changed the way work is done in the organization. Let's quickly review some of the common areas where social media is put to use. We will also discuss more about social media as we go through the remainder of the book.

Recruiting and Selection

The recruiting process in many companies has almost been taken over by social media. Recruiters (and AI-based chatbots!) scour social-media platforms like LinkedIn for talented individuals whose profile fits a job the recruiter is attempting to fill.[67] On the other side of the process, many candidates use social media to check out the potential employer, connect with existing employees of the company, and review the company's social-media tools that they will have available if they choose to join its workforce.

Selection may be supported by Skype interviewing, where the candidate can personally interact with members of the company at little or no cost to either party. Other social-media sites, like Facebook and LinkedIn, are frequently scoured (as long as the state or country where the selection is taking place allows such reviews) as part of the background checks done on candidates to help the company make a selection that fits with the organizational culture.[68] These checks are, again, of little or no cost to the company.

The Onboarding Process

Once the person is selected to join the organization, social media can again be used to assist in many steps needed to get the person up to speed and capable of contributing to the company. We can use social media to teach organizational culture; create an FAQ area to answer common questions from new employees; provide mentors or work buddies to support the new employee; and provide commonly required payroll, equal opportunity, safety, and other information that can be reviewed at any time. We can create "communities" on the company intranet that can provide the new person with interaction with other employees all over the company. The use of social media to inform and enculturate new members of the organization is really unlimited.

Training and Development

As you will see in Chapter 7, social learning is one of the primary ways that we learn new things. Social-media platforms can easily be used to provide training for current jobs or developmental information to employees.[69] Many employees today rate the ability to learn and develop their skills for future jobs as more important than pay. Here again, formal mentoring and development communities can help with training and development for the new employee.

Performance Management

Social-media platforms give companies the means for continuous feedback to their employees.[70] Many employees respond better to continuing feedback than to quarterly or annual formal appraisal sessions. Many social-media platforms can also provide permanent records of the good, bad, and ugly of each employee's work. This can be useful if we ultimately have to go through a disciplinary process. You can pretty quickly see that social media is invading almost every area of HRM, so HR managers need a strong understanding of the uses and the dangers of social media. We will continue to point out areas where social media can be helpful and harmful as we go through the remainder of this book.

1.5: HRM SKILLS

>> **LO 1.5**   **Describe the four major HRM skill sets.**

What skill sets does an HR manager need in order to succeed in their job? All managers require a mix of technical, interpersonal, conceptual and design, and business skills in order to successfully carry out their jobs (see Exhibit 1.2).[71] 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) created the SHRM competency model, which discusses four basic "competency clusters" that match up well with the following four skill sets.[72]

EXHIBIT 1.2

HRM Skills

Technical Skills   Business Skills

Interpersonal Skills   Conceptual and Design Skills
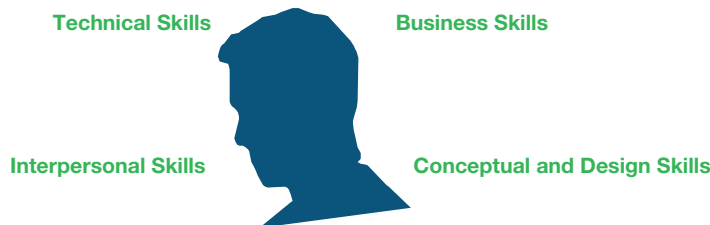
Technical Skills

The first skill set an HR manager must develop to be successful—and also, the easiest one to develop—is the technical skill set.[73] **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 performance appraisal processes; cultural knowledge (so we don't make culture-related mistakes); 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.

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

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*. Our relationships and happiness are based on our interpersonal skills.[74] The resources you need to get the job done are made available through

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

relationships with people both inside the organization (i.e., coworkers and supervisors) and outside the organization (i.e., customers, suppliers, and others).[75] **Richard Branson** says, "You definitely need to be good with people to help bring out the best in people."[76]

HR managers must have strong interpersonal skills to lead employees.[77] This does not mean that HR managers always have to be gullible or sympathetic to every sob story, but it does mean they have to be *empathetic*. **Empathy** is simply *being able to put yourself in another person's place—to understand not only what he or she is saying but why he or she is communicating that information to you*. Empathy involves the ability to consider what the individual is feeling while remaining emotionally detached from the situation.

Interpersonal 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. This skill set is identified as *interpersonal proficiency* in the **SHRM** competency model. We will focus on interpersonal skills throughout this book, and you will have the opportunity to develop *your* skill set throughout this course.

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

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.[78] So organizations train their people to improve their decision-making skills.[79] **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*. This skill set is a critical part of creating and maintaining the ability to lead in an organization.

The conceptual part of this skill set is an 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 operate. It also includes the ability to see if we are getting outside expected process parameters. In other words, are we doing things that we shouldn't be, or are we not successfully doing things that are necessary for maintaining a high level of productivity?

Design skills are the other part of the equation. This is the skill set that allows us to figure out novel or innovative solutions to problems that we have identified through the use of 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 and carrying out (leading) the solution. Learning this skill set is necessary if you are going to become capable in the **SHRM** *leadership proficiency* competency.

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

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 if they are to contribute strategically. This also means they must have 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.

To summarize, technical and business skills are primarily concerned with things, interpersonal skills are primarily concerned with people, and conceptual and design skills are primarily concerned with ideas and concepts.

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

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

___ 15. The HR manager is in a meeting making a presentation with statistical data.

___ 16. The HR manager is working on fixing a broken copy machine.

___ 17. The HR manager is working on the strategic-planning process.

___ 18. The HR manager is working on determining why more employees have been coming to work late recently.

___ 19. The HR manager is filling out a complex government form.

___ 20. The HR manager is talking socially with a few of her staff members.

___ 21. The HR manager is praising a staff member for finishing a job analysis ahead of schedule.

___ 22. The HR manager is assigning projects to various staff members.

___ 23. The HR manager is communicating with employees throughout the company via e-mail.

1.6: LINE MANAGERS' HRM RESPONSIBILITIES

>> LO 1.6   Discuss the line manager's six HRM responsibilities.

What if you are not planning on becoming an HR manager? Why do you need to understand the topics 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.

Line managers also have outsized effects on employee engagement and, ultimately, organizational loyalty. One recent **HR Magazine** article titled "Building a Better Boss" notes that "bad managers can make or break your organization's ability to achieve its goals" and that "half of workers who quit their jobs say they left because of their managers."[80] So even if you are not considering becoming an "HR manager," you still need to maximize your interpersonal skills. 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 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.[81]

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

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. **(SHRM O:2-c)**

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.[82] 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 federal, state, and local 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

The ability to lead is an important skill for everyone, especially for managers, because leadership contributes to organizational success.[83] A survey found that 63% of companies screen all new hires on the basis of leadership ability.[84] Managers need to improve their workers' performance and productivity through the use of motivation, which is part of 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. 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 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 for the process of debriefing those individuals on their annual (or more frequent) work evaluations. The line manager should also have a strong voice in who should be eligible for promotions in the organization, since the line manager's 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.

1.7: HR MANAGERS' RESPONSIBILITIES: DISCIPLINES WITHIN HRM

>> LO 1.7   **Describe the eight major HRM discipline areas.**

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. It is an exciting field with many different paths that you can take over the course of your career.[85] It is also currently one of the most promising managerial careers, according to the **U.S. Bureau of Labor Statistics**. A *Wall Street Journal* article analyzed the BLS statistics and identified HR manager as the 35th highest-rated job out of 800 total occupations.[86] The field of HR is also 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. **(SHRM G:1)**

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. Small businesses tend to have more generalist HR managers, versus more specialists in larger organizations. What specialties are available? What follows is a partial list of some of the major specialist careers that you can get into if you desire.

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 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 because of the results of that case. Even if the court ruling doesn't change the way a company has to do business, if a federal or state legislature sees that a ruling was unfair, they may change the law at either the federal or state levels, and that affects each organization under their jurisdiction. This is how the Lilly Ledbetter Fair Pay Act (among other laws) was created. The U.S. Supreme Court heard a case dealing with unequal pay and made its ruling based on existing laws. Because the U.S. 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 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 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.[87] 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.[88] We train people for a variety of reasons, from teaching them their basic job to teaching them the things that they will need 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 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 and Labor Relations

This specialty covers a very wide array of items associated with management and employee relations. It involves such things as coaching, conflict resolution, counseling, employee evaluation, disciplining, leadership, and team-building efforts. All organizations manage employees, but in union organizations, it is common to use the term labor relations. 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.

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. Finally, 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. 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 as well as from natural disasters, such as earthquakes or tornados. Maintaining the privacy of employees' confidential HR files is also part of this specialty.

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. **(SHRM O:2-a)**

Environmental issues are major social concerns today,[89] and sustainable development has become one of the foremost issues facing the world.[90] *Sustainability* is meeting the needs of today without sacrificing future generations' ability to meet their needs.[91] 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.[92] 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. **(SHRM O:1-j)**

People Analytics

Finally, we come to the latest addition to HRM functions in the organization. People analytics is the discipline where we utilize computers and large databases to analyze patterns in our work environment. We look for patterns and relationships within

the data that we may not intuitively see. Hopefully, these patterns can help us predict employee actions that will be detrimental to the company, and as a result, we can take action to change or otherwise address the expected issues. 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."[93] In fact, it is expected by some leading international consulting firms, including **Deloitte**[94] and **McKinsey**,[95] 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 have gone through the disciplines very quickly here, 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 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.

WORK APPLICATION 1.6

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

1.4 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 and Labor Relations

e.   Compensation and Benefits

f.   Safety and Security

g.   Ethics and Sustainability

h.   People Analytics

___ 24.   The HR manager is running a statistical program to better understand why the company has a high turnover rate.

___ 25.   The HR manager is writing an ad to recruit a job candidate.

___ 26.   The HR manager is investigating an employee complaint of racial discrimination.

___ 27.   The HR manager is taking a class in preparation for the exam to become certified as a professional in human resources (PHR).

___ 28.   The HR manager is working with an insurance company to try to keep the high cost of health insurance down.

___ 29.   The HR manager is replacing the office copier with a more energy-efficient model.

___ 30.   The HR manager is having a new software program installed to protect employee records from theft.

___ 31.   The HR manager is working on the new collective-bargaining contract with the Teamsters Union.

___ 32.   The HR manager is looking for potential new employees at the LinkedIn website.

___ 33.   The HR manager is filling out an accident report with a production worker who got hurt on the job.

___ 34.   The HR manager is reviewing a company report that compares its wages and salaries to other businesses in the area.

___ 35.   The HR manager is giving priority to promoting a member of a minority group to a management position.

___ 36.   The HR manager is teaching the new employee how to use the HR software program.

___ 37.   The HR manager is referring an employee to a marriage counselor.

1.8: RESOURCES FOR HRM CAREERS

>> LO 1.8   List some of the major resources for 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 subsequently, 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 foremost expert, convener and thought leader on issues impacting today's evolving workplaces" and represents more than "300,000 members in 165 countries."[96]

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 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.

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. 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 also provides a curriculum guide for colleges and universities that offer either undergraduate or graduate 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 and secondary 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 within the text when a *SHRM-required* topic is discussed. These notes are alphanumerically keyed to the information in the Appendix: *SHRM 2018 Curriculum Guidebook*. You might want to pay special attention to these 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-CP Exam. To get more information about the SHRM-CP Exam and when you are eligible to take it, go to the SHRM website at www.shrm.org/assessment.

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

Other Major 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). As its name implies, ATD primarily focuses on supporting those who develop the knowledge, skills, and abilities of employees in organizations around the world.[97] Its major certification is the certified professional in learning and performance (CPLP). According to the ATD websites, CPLP certification "measures a talent development professionals' competency in 10 areas of expertise (AOEs) with a focus on global mindset as defined by the latest ATD Competency Model."[98]

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 biggest HRCI certification programs are the PHR, SPHR, and GPHR certifications.[99] 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.

The other major organization that we want to mention is **WorldatWork**. Certifications from this organization include certified compensation professional (CCP), advanced certified compensation professional (ACCP), 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.[100]

All of the previously mentioned certification bodies are quite high in quality within their areas of focus. Each of them has an extensive website (the primary sites are www.td.org, hrci.org, and worldatwork.org). If you are interested in these certifications, 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. It is not a well-known fact 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."[101] Both the organization *and managers* who have authority to make decisions for the organization can be sued by an employee who feels that their 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 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)**

1.9: PRACTITIONER'S MODEL FOR HRM

>> LO 1.9   Explain the five parts of the practitioner's model for HRM and how the model applies to this book.

We have given you a (very) brief history of current HRM practices 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 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 for HRM, shown in Exhibit 1.3.

The Model

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

EXHIBIT 1.3

The Practitioner's Model for HRM End Result = Organizational Success

⬆ **Productivity**
⬆ **Satisfaction**
⬇ **Absenteeism**
⬇ **Turnover**

PART V: Protecting and Expanding Organizational Reach
How do you PROTECT and EXPAND your Human Resources?

| **Chapter 14** | **Chapter 15** | **Chapter 16** |
| Workplace Safety, Health, and Security | Ethics, Diversity, Inclusion, and Social Responsibility | Global Issues for Human Resource Managers |

PART IV: Compensating
How do you REWARD and MAINTAIN your Human Resources?

| **Chapter 11** | **Chapter 12** | **Chapter 13** |
| Compensation Management | Incentive Pay | Employee Benefits |

PART III: Developing and Managing
How do you MANAGE your Human Resources?

| **Chapter 7** | **Chapter 8** | **Chapter 9** | **Chapter 10** |
| Learning, Training, and Development | Performance Management and Appraisal | Rights and Employee Management | Employee and Labor Relations |

PART II: Staffing
What HRM functions do you NEED for sustainability?

| **Chapter 4** | **Chapter 5** | **Chapter 6** |
| Workforce Planning: Job Analysis, Job Design, and Employment Forecasting | Recruiting Job Candidates | Selecting New Employees |

PART I: Human Resources, Strategic Planning, and Legal Requirements
What HRM issues are CRITICAL to your organization's long-term sustainability?

| **Chapter 1** | **Chapter 2** | **Chapter 3** |
| What Is Human Resource Management? | Strategy-Driven Human Resource Management | The Legal Environment |

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 very important to organizational success: safety and health, ethics and social responsibility, and globalization of work.

Parts of the Model

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

Part I: Human Resources, Strategic Planning, and Legal Requirements

You have already begun Part I, where we discuss the modern form of HRM, 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 an HR manager will do, so it is the foundation of our model. 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 parts resting on this one.

EXHIBIT 1.4

Part I: Practitioner's Model for HRM

PART I: HUMAN RESOURCES, STRATEGIC PLANNING, AND LEGAL REQUIREMENTS	
What HRM issues are CRITICAL to your organization's long-term sustainability?	
Chapter 2	**Chapter 3**
Strategy-Driven Human Resource Management	Legal Environment
• Strategy	• Legal Environment
• Structure	• Equal Employment Opportunity (EEO) and Affirmative Action
• Culture	• Diversity

Part 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 Part 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 Part II are absolutely necessary for long-term organizational *sustainability and success.*

EXHIBIT 1.5

Part II: Practitioner's Model for HRM

PART II: STAFFING		
What HRM functions do you NEED for sustainability?		
Chapter 4	**Chapter 5**	**Chapter 6**
Workforce Planning: Job Analysis, Job Design, and Employment Forecasting	Recruiting Job Candidates	Selecting New Employees

Part III: Developing and Managing

In the third part, we learn how to manage our people once they have become part of 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, Part III addresses the role of employee and labor relations, with emphasis on the function of unions within organizations. So Part III shows us how to *manage* our human resources *on a routine basis.*

EXHIBIT 1.6

Part III: Practitioner's Model for HRM

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

Part IV: Compensating

The fourth part 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). Part IV shows us how to *reward and maintain* our workforce because they are so critical to our ongoing success.

EXHIBIT 1.7

Part IV: Practitioner's Model for HRM

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

Part V: Protecting and Expanding Stakeholder Reach

The last part'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 employees in any 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 other 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. We wind up the text with these topics.

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	**Chapter 15**	**Chapter 16**
Workplace Safety, Health, and Security	Ethics, Diversity, Inclusion, and Social Responsibility	Global Issues for Human Resource Managers

1.10: TRENDS AND ISSUES IN HRM

>> **LO 1.10**   **Discuss the issues and trends impacting HRM today.**

In each chapter of this book, we will introduce 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, social media, ethical issues, and diversity and equal opportunity. For this chapter, we have chosen the following issues: "Employee Experience" and "Continuing Worldwide Problems With Managerial Training."

Employee Experience: The Latest HR Imperative

We have already introduced you to employee engagement—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 a more critical predictor of company performance today than ever before.[102] However, we are finding that employee engagement is "necessary but not sufficient" to maximize employee–employer relationships. A recent, more comprehensive concept is

Employee experience
Employee engagement as well as the totality of other interactions between the individual and their workplace and whether those interactions are positive or negative overall

employee experience, which includes *employee engagement* (defined earlier) *as well as the totality of other interactions between the individual and their workplace and whether those interactions are positive or negative overall.* Burt Rea, director of human capital consulting at **Deloitte**, says, "It's the whole life cycle of the employee, from recruiting to onboarding to how I'm paid to how I interact with leadership."[103]

Josh Bersin of **Bersin by Deloitte** provides a few tips for building a workplace that allows for strong employee experience:[104]

- *Empathize with employees*. In other words, put yourself in your employees' shoes to see what part of their interactions with the organization work and what parts don't.

- *Involve employees in solutions*. You need to ask what is going on that is not working and "work with the employees to fix old and broken processes, design new systems, and make work easier."

- *Simplify processes*. "Design the organization around the customer and employee, not around the hierarchy." This may require that we complete some job analysis and job redesign. We will discuss these processes in Chapter 4.

- *Use analytics*. We need valid data to determine where time is being wasted and frustration is growing because of bad processes. For instance, we may have multiple layers of approval for a simple process such as a petty-cash expenditure where one or two people are all that may be necessary.

Following these tips will allow the company to at least begin to analyze employee experience in a dedicated way.

Continuing Worldwide Problems With Managerial Training

One would think that we would have figured out by now how to train managers to successfully manage and lead others in the workplace. However, we continue to have problems in many, if not most, organizations after more than 100 years of organized, collective work. We noted earlier in this chapter that organizations have lost an estimated quarter of a trillion dollars over five years due to turnover where "workers fled managers who they believed created [a] caustic environment."[105] A recent **Gallup** survey also notes "more than half of employees (51%) are searching for new jobs or watching for openings . . . and 35% of workers report changing jobs within the past three years."[106] Where are companies failing?

Yoh, a "talent and outsourcing company," asked **Harris Poll** what managerial issues made employees consider quitting their jobs. They found the following issues:

- Lack of respect for employees in lesser positions (53%)

- Broken promises (46%)

- Unrealistic expectations (42%)

- Playing favorites among subordinates (40%)

- Gossiping about other employees (39%)

- Being overly critical (37%)

- Micromanaging (35%)

- Not listening to subordinates' opinions (34%)

It's not like these are a surprise to anyone, so why do they continue to be issues? The problem is a lack of managerial training. Most of us think that managing others is an intuitive thing and that it's easy. Managing in a modern organization is anything but intuitive, and if managers are not trained, they can create enormous liability for their employer. But why are so many managers incapable—or at least ignorant of their

shortcomings? The main answer is that they are poorly trained for their new position. Most new supervisors or managers are promoted because they were good employees in lower-level jobs. This does not prepare them for the difficult work of leading others and interacting with their new charges successfully. Intentional management and leadership training is necessary, and refresher training is also required when we see that a manager may not be doing the things necessary create a positive "employee experience" as we discussed previously. Ultimately, senior management is responsible for training new managers and, after such training if necessary, getting that new leader out of the position if they cannot adapt to the needed behaviors to drive positive performance. Companies can't afford to drive away talent in today's tight labor markets.

CHAPTER SUMMARY

LO 1.1   Explain why relationship building and engagement are important in both human resource management and your personal life.

The people within an organization are one of the primary means of creating a competitive advantage for the organization. To be successful at this, you need to know how to engage people. The better you can work with people, the more successful you will be in your personal and professional lives as an employee, line manager, or human resource manager.

LO 1.2   Identify the difference between the traditional view of human resource management (HRM) and the present 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 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.

LO 1.3   Identify the major challenges that HR managers face in a modern organization; note especially where we are not doing well.

The combined major challenges are as follows:

- Upskilling the workforce to manage the AI revolution
- Extracting value from big data
- Building critical skills and competencies for organizations
- Strengthening current and future leadership

LO 1.4   Describe the four critical dependent variables that managers must control in order to compete in a modern organization.

The four critical variables are productivity, employee engagement, turnover, and absenteeism.

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. *Employee engagement* 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.

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.

LO 1.5   Describe the four major HRM skill sets.

The HRM skill sets include technical skills, interpersonal skills, conceptual and design skills, and business skills. *Technical skills* include the ability to use 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* 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 are necessary for a manager to understand and contribute to the profitability of the organization.

LO 1.6   Discuss the line manager's six HRM responsibilities.

Line managers require knowledge of each of the following topics:

- *Legal considerations*. 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 a line manager is that of being a leader

and motivator for the people who work for him or her. 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 because 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.

LO 1.7   Describe the eight 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 and labor 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.

- *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 carrying out its processes.

- *People analytics.* This allows the HRM manager to identify patterns in the work environment. This will allow a more proactive approach to addressing issues that could pose a potential risk and harm to the organization.

LO 1.8   List some of the major resources for HRM careers.

The major resource for most HR managers is the Society for Human Resource Management, or SHRM. SHRM maintains information on all of the HR functions that we mentioned in Chapter 1. Other sources for information include ATD (The Association for Talent Development), which focuses on training and developing employees in organizations; the Human Resource Certification Institute (HRCI), which provides some of the most respected certifications for HR personnel anywhere in the world, the PHR, SPHR, and GPHR certifications; and WorldatWork, which primarily focuses on total compensation of the workforce in all types of organizations.

LO 1.9   Explain the five parts of the practitioner's model for HRM and how the model 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 to 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.

- In the fourth tier, we look at how to reward and maintain employees. Compensation and benefits can help keep employees satisfied and motivated.