

## CHAPTER

# 1

## HUMAN RESOURCE MANAGEMENT IN ORGANIZATIONS

### Learning Objectives

After students have read this chapter, they should be able to:

- ✓ Define human capital and identify the seven categories of HR activities.
- ✓ Discuss how organizational culture and HR are related and identify four areas that are part of these relationships.
- ✓ Explain how organizational ethical issues affect HR management.
- ✓ Provide an overview of six challenges facing HR today.
- ✓ Describe how the major roles of HR management are being transformed.
- ✓ Explain the key competencies needed by HR professionals and why certification is important.

## CHAPTER 1: HUMAN RESOURCE MANAGEMENT IN ORGANIZATIONS

### Chapter Overview

This chapter provides an overview of Human Resource Management by describing seven important considerations: HR as Organizational Core Competency, HR Management as Organizational Contributor, Organizational Ethics and HR Management, Current and Future HR Management Challenges, Managing HR in Organizations, HR Management Roles, and HR Management Competencies and Careers.

Many organizations today are looking at the management of human capital in their organizations. The importance of measuring the value of human capital and viewing human resources as a core competency for an organization is explored in the beginning of this chapter. A conceptual model is presented that shows that HR management is composed of seven

interlinked activities that are significantly impacted by external forces (legal, economic, technological, global, environmental, cultural/geographic, political, and social). These seven activities are identified and briefly described: (1) strategic HR management, (2) equal employment opportunity, (3) staffing, (4) talent management and development, (5) total rewards, (6) risk management and worker protection, and (7) employee and labor relations.

HR can contribute to organizational results in many ways. Some of the areas of contribution include organizational culture; organizational productivity; social responsibilities; customer service and quality; and employee engagement. HR management's contributions to each of these areas are explored.

Next, organizational ethics and HR is discussed. The relationship between ethics and organizational culture, the global differences regarding ethics, and HR's role in organizational ethics are covered. The HR impact of the Sarbanes-Oxley Act is also included.

Current and future HR management challenges are then identified and explored. These include organizational cost pressures and restructuring; economics and job changes; globalization of organizations and HR; workforce demographics and diversity; HR technology; and measuring HR impact through metrics.

Managing HR in organizations is discussed next. All managers engage in HR management but they are not expected to know the details about HR regulations and HR systems that one would expect from an HR professional. Smaller organizations (less than 100) typically do not have an HR department and the owner or another manager usually takes care of HR issues. It is important that there is cooperation between the operating managers and the HR staff for HR efforts to succeed. Some of the common negative and positive views of HR are discussed.

The various roles that HR management may undertake are then described and include the administrative, the operational and employee advocate, and the strategic roles. The chapter concludes with identifying HR competencies needed by all HR professionals and senior HR leaders. Some discussion of HR careers and various types of certification within the field of HR are also included.

## **Chapter Outline and Instructor Notes**

### **Suggested Content Coverage**

As the HR Headline indicates, managing people in organizations is a vital part of what is currently being done by supervisors, managers, and executives. Managing people as human resources is essential in organizations of all sizes and types.

**HR Headline: The Challenges and Crises Facing HR Management**

Recent economic downturns, industry crises, bank failures, closing of plants and stores, changes in global operations, and other factors have significantly affected organizations, managers, and Human Resource (HR) management professionals. Some jobs are in high demand while others are being eliminated. According to surveys, some of the biggest problems include the following: 1) Adjusting benefits programs due to increasing costs; 2) Attracting and retaining key employees; 3) Planning for replacement of “baby boomers” when they retire; 4) Using talent management to train and develop capabilities of employees for future job needs; 5) Dealing with the expanded personal and organizational use of HR technology through blogs, wikis, twitters, text messaging, and other aspects; and 6) Complying with revised and changing federal, state, and local legal requirements affecting discrimination, treatment errors, unionization, and others.

**Questions for Discussion:**

1. What do you think will be the most important change in the economy that will influence HR management operations? Explain.
2. How do you think technology changes will change the way HR professionals do recruiting and selection of employees? What are the pros and cons of any changes?
3. The number of jobs in HR is predicted to increase between now and 2018. Explain why you think that is?

**Human resource (HR) management** is “designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.” However, productive, creative people working in flexible, effective organizations that provide rewarding work for individual is important for all managers, not just those in HR departments.

**I. HUMAN RESOURCES AS ORGANIZATIONAL CORE COMPETENCY**

A **core competency** is a unique capability that creates high value and differentiates the organization from its competition. **Figure 1-1** shows some possible areas where human resources may become part of core competencies. Many organizations believe their human resources differentiate them from their competitors and are a key determinant of their competitive advantage.

- A. Human Capital and HR - **Human capital** is the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce. Sometimes it is called *intellectual capital* to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute.
  - B. HR Functions - **Figure 1-2** illustrates the context in which HR responsibilities are carried out and identifies seven interlinked HR activities taking place within organizations. Additionally, external forces (legal, economic, technological, global, environmental, cultural/geographic, political, and social) significantly affect HR activities.
- ✓ Strategic HR Management – as part of maintaining organizational competitiveness, *strategic planning for HR effectiveness* can be increased through the use of *HR metrics* and *HR technology*. (These topics are discussed in Chapter 2).

- ✓ Equal Employment Opportunity (EEO) - *compliance* with EEO laws and regulations affects all other HR activities. (EEO is discussed in Chapter 3)
- ✓ Staffing - emphasizes the need to provide an adequate supply of qualified individuals to fill the jobs in an organization. *Workers, job design, and job analysis* lay the foundation for staffing by identifying what *diverse people* do in their jobs and how they are affected by them. Through *HR planning*, managers anticipate the future supply of and demand for employees and the nature of workforce issues, including the *retention* of employees. These factors are used when *recruiting* applicants for openings. The *selection* process is concerned with choosing qualified individuals to fill those jobs. (Staffing activities are covered in Chapters 4-7)
- ✓ Talent Management and Development - encompasses *orientation* of new employees and different types of *training*, and *HR development* and *succession* planning of all employees to meet future organizational challenges. *Career planning* identifies possible developmental paths and activities for employees and *performance management* focuses on how employees perform their jobs. (These topics are covered in Chapters 8-10)
- ✓ Total Rewards - reward people through *pay, incentives, and benefits*. Employers must develop and refine *compensation* systems and many organizations have developed some type of *variable pay programs*. Dealing with the rising costs of *benefits* continues to be a major issue for organizations. (These are discussed in Chapters 11-13.)
- ✓ Risk Management and Worker Protection – addresses the various workplace risks for employers to ensure protection of workers by meeting legal requirements and being more responsive to concerns for workplace *health and safety*. Workplace *security* has also grown in importance to both organizations and employees along with *disaster and recovery planning*. (These activities are covered in Chapter 14.)
- ✓ Employee and Labor Relations - must be handled effectively if both the employees and the organization are to prosper together. *Employer and employee rights* must be addressed as well as development/communication/updating of HR *policies and procedures*, and, in some organizations, *union/management relations*. (These activities are covered in Chapters 15-16)

#### **LOGGING ON: International Association for Human Resource Information**

**Management (IHRIM)** – the world’s leading clearinghouse for the HRMS industry for information management, systems issues, trends, and technology. [www.ihrim.org](http://www.ihrim.org)

## **II. HR MANAGEMENT’S CONTRIBUTING ROLE**

Human Resources can create value and impact organizational results in higher ways in some organizations than others. As such, being the core competency mentioned earlier means that HR may aid organizations in a number of ways.

- A. Organizational Culture and HR - **Organizational culture** consists of shared values and beliefs giving members of an organization meaning and providing them with rules for behavior.
1. HR Values and Organizational Cultures – Central to organizational culture are *values* that are inherent in the way organizations treat other people inside and outside the organization.
  2. Competitive Advantage of Organization Culture – Culture may affect the attraction and retention of competent employees. One competitive aspect of an organizational culture is to have *creativity* and *innovation*.
  3. Global Culture Factors – Cultural forces represent an important concern affecting international HR management. One widely used way to classify cultures was developed by Geert Hofstede, a Dutch scholar and researcher. He defined five dimensions useful in identifying and comparing culture: inequality in power, individualism/group orientation, masculinity/femininity, uncertainty avoidance, and long term/short term orientation.
- B. Organizational Productivity - **Productivity** is a measure of the quantity and quality of work done, considering the cost of the resources used. Better productivity does not necessarily mean more output; perhaps fewer people (or less money or time) are used to produce the same amount. One useful way of measuring productivity of human resources is to consider **unit labor cost**, which is computed by dividing the average cost of workers by their average levels of output.
1. Improving Organizational Productivity – Productivity at the level of the organization affects profitability and competitiveness in a for-profit organization, and total costs in a not-for-profit organization. The human resources used for productivity are scrutinized particularly closely. **Figure 1-3** identifies several approaches to improving organizational productivity:
    - *Organizational restructuring*
    - *Re-designing work*
    - *Aligning HR activities*
    - *Outsourcing analyses* (discussed further in Chapter 2)
- C. Social Responsibility and HR – Part of HR management is to insure that social responsibility is integrated into the organizational culture. Both *explicit* and *implicit* requirements are needed. The explicit requirements include specific regulations, policies, and training. The implicit ones aid how the organization culture encourages appropriate organizational behavior when dealing with customers, suppliers, employees, and others.
1. HR Advantages and Social Responsibilities – One of the most important advantages of corporate social responsibility is attracting and retaining employees. One key part of social responsibility is sustainability. **Sustainability** is being able to continue to operate, survive, and adjust to significant changes. As the HR Perspective discusses, the role of HR in green efforts is growing in importance.

**HR Perspective: “Growing “Green” in HR**

Getting employees involved in green efforts is growing, which may affect the organizational corporate image with customers, employees, and throughout the business community in area. Firms that have emphasized “green” have found that attracting, retaining, and motivating workers of all types can be positive. For instance, General Electric highlights its “Ecomagination” on its recruiting website. In Chicago a number of firms in different industries have green-job training programs for environmental specialists, as well as other participants. A broader value of playing a key green role is that it can result in more organizational strategic emphasis. Organizations such as Mitsubishi International, Google, Emory University, and others have established sustainability officers to lead green environmental efforts. For instance, Google switched a California facility to more solar power, guided by those officers. HR has a key role in green efforts. HR needs to communicate, train, and enforce the relevant green requirements with employees and managers throughout the organization is important. Also, safety and health issues may be affected by these efforts. In summary, HR management will have an increasingly green role in both large and small employers.

**Questions for Discussion:**

1. Do you think the costs of going green are always offset by the savings? Explain
2. Do you think going green will create more jobs? Do you think it will reduce the need for some jobs? Explain
3. How can safety and health issues be affected by going green efforts of organizations? Give an example

2. Global Social Responsibility and HR – Global practices of social responsibility are often conducted through HR and may include collecting/donating money for local charities or national disasters and numerous other activities to add workers in various countries.

D. Customer Service and Quality Linked to HR – Linked to social responsibility, customer service and quality significantly affect organizational effectiveness. Unfortunately, overall customer satisfaction with sales quality has declined in the US and other countries.

E. Employee Engagement and HR Culture – **Employee engagement** is the extent to which individuals feel linked to organizational success and how the organization performs positively. Engaged employees are less likely to quit, more likely to encourage others to become employees, and to commit to activities positively outside of their organizations.

1. Social Networking and Engagement – Networking has become a massive issue for employees and employers as technology has expanded through emailing, text messaging, twitters, blogs, and many other means. The expansive use of technology methods may create both good and bad images for employees and employers, as well as work-related legal issues. The use of these technologies and issues are discussed more in other chapters on specific HR resources and issues.

### III. **ORGANIZATIONAL ETHICS AND HR MANAGEMENT**

Closely linked to the strategic role is how managers and HR professionals influence the organizational ethics practiced by executives, managers, and employees. How those ethics affect work and lives for individuals may aid in producing more positive work outcomes. As **Figure 1-4** indicates, establishing ethical areas can lead to organizational and individual consequences. Pressures and challenges of acting ethically have been increasing in number and complexity for HR managers as evidenced by the recent corporate scandals in the U.S. and in other countries.

A. **Ethical Behavior and Organizational Culture** – Every organization has an organizational culture, shared values and beliefs in an organization, and that culture influences how executives, managers, and employees act in making organizational decisions. HR plays a key role in ensuring ethical behavior in organizations. One survey reported that ethical behavior is likely to occur when four elements of ethics programs exist: a written code of ethics and standard of conduct; ethics training for all employees, managers, and executives; a means for employees to obtain advice on ethical situations they face (often made by HR); and a system available for confidential reporting of ethical misconduct or questionable behavior. The HR Best Practices describes how Cisco using creative and effective means throughout its global business world to emphasize ethics.

**LOGGING ON: Ethics & Policy Integration Centre** – An online source for ethical and policy issues - [www.ethicaledge.com](http://www.ethicaledge.com)

B. **Ethics and Global Differences** – Different legal, political, and cultural values and practices in different countries can lead to ethical issues for global employers. With the changes in the global economy in the past few years, a France-based entity, the Organization for Economic Cooperation (OECD) has emphasized the effects of ethics. The OECD recommends that global multinational firms establish and implement stricter ethical standards to aid business development. Global firms have established guidelines and policies to reduce the payments of bribes, but even those efforts do not always provide detailed guidance on handling the specific situations that can arise.

#### **HR Best Practices: Cisco Makes Global Ethics Important and Fun**

Cisco Systems, the technology firm with over 60,000 employees worldwide, has emphasized ethics in interesting ways. Cisco now uses a constantly available ethics program through its firm's communications, Internet, and even television programs, similar to American Idol. To conduct its ethics awareness, Cisco enables employees worldwide to view the Ethics Idol via television on its intranet. Cartoon individuals present different ethical situations and then have "judges" give decisions. Employees vote on the best answer to each situation. Over 10,000 Cisco employees participate voluntarily in these network analyses. This creative ethics program is an expansion of Cisco's corporate responsibility efforts. But for years Cisco has been a leader in "Corporate Citizens" listing on business ethics, only one of the three firms being recognized every year.

C.

**Questions for Discussion:**

1. What are some ways that Cisco might measure how well their ethics initiatives are working?
2. If ethics is an aide in attracting employees, how would potential employees of Cisco find out about the organization's ethics and corporate integrity?
3. What might be some specific ethical issues that Cisco managers might face as a technology firm that might be different from other industries?

HR's Role in Organizational Ethics – HR management plays a key role as the “keeper and voice” of organizational ethics. All managers, including HR managers, must deal with ethical issues and be sensitive to how they interplay with HR activities. People must be guided by values and personal behavior “codes,” including whether the behavior or results achieved meet all applicable *laws, regulations, and government codes*; all *organizational standards*; and *professional standards* of ethical behavior. The most frequent areas of ethical HR misconduct are shown in **Figure 1-5**. Ethical issues pose fundamental questions about fairness, justice, truthfulness, and social responsibility. Ethics deals with what “ought” to be done and goes beyond what is legal. To help HR professionals deal with ethical issues the Society for Human Resource Management (SHRM) has developed a code of ethics of its members.

1. HR/Ethics and Sarbanes-Oxley – The Sarbanes-Oxley Act (SOX) was passed by Congress to make certain that publicly traded companies follow accounting controls that would reduce the likelihood of illegal and unethical behaviors. While SOX did not directly affect HR it has had an impact on executive compensation and benefits and sections of SOX require ethical codes, an employee complaint system, and anti-retaliation policies for employee whistle blowers who identify wrongful actions.

#### IV. CURRENT AND FUTURE HR MANAGEMENT CHALLENGES

The environment faced by organizations and their managers is a challenging one with changes occurring rapidly across a wide range of issues. It appears that some of the most prevalent challenges facing HR management are: organizational cost pressures and restructuring; economics and job changes; globalization of organizations and HR; workforce demographics and diversity; HR technology; and measuring HR impact through metrics.

- A. Organizational Cost Pressures and Restructuring – An overriding theme facing managers and organizations is to operate in a “cost-less” mode, which means continually looking for ways to reduce costs of all types: financial, operations, equipment, and labor. To reduce costs many organizations have gone to closing facilities, using international outsourcing, adapting their management practices, increasing productivity, and decreasing labor costs in order to become more competitive.



- B. Economics and Job Changes – Alterations to employment and occupational patterns in the US have come from various economic and technological changes. A major change is the shift of jobs from manufacturing firm to the service industry.
1. Occupational Shifts – Most of the fastest-growing occupations percentage-wise are related to information technology and health care. **Figure 1-6** indicates the occupations with the largest projected job growth to 2016.
  2. Workforce Availability and Quality Concerns – Many organizations have reported difficulty finding qualified, experienced workers with the skills being demanded. Employers are concerned that the preparation and specific skills of new high school and college graduates are not adequate to perform the jobs being added. This is another reason why international outsourcing has grown.
  3. Talent Management and Development - Some forces behind the emphasis on talent management have included the impending retirement of “baby boomers” worldwide; shortages of skilled workers of certain type and levels; increasing global competition for human resource talent; and growth in technology capable of automating talent management processes. Talent management is discussed further in later chapters.
  4. Growth in Contingent Workforce – Today *contingent workers* (temporary workers, independent contractors, leased employees, and part-timers) represent about one fourth of the U.S. workforce. The use of contingent workers has grown because employers can pay less and provide fewer benefits to contingent workers and employers reduce their legal liability by using workers supplied by others.

**LOGGING ON: Development Dimensions International** – provides resources for globalization of organization and HR - [www.ddiworld.com](http://www.ddiworld.com)

- C. Globalization of Organizations and HR - The internationalization of business is continuing to proceed at a rapid pace. Many large and small U.S. firms receive a large portion of their profits and sales from foreign operations. Globalization of business has shifted from trade and investment to integrating global operations, management, and strategic alliances worldwide. There are three types of global workers: 1) an **expatriate** is a citizen of one country who is working in a second country and employed by an organization headquartered in the first country; 2) a **host-country national** is a citizen of one country who is working in that country and employed by an organization headquartered in a second country; 3) a **third-country national** is a citizen of one country who is working in a second country and employed by an organization headquartered in a third country.
1. Global Economic Factors – Economic factors are linked to political, legal, cultural and different economic systems. The differences between labor costs in the US compared with those in Germany and Korea are significant as **Figure 1-7** shows. Critics of

globalization cite the extremely low wages and substandard working conditions that exist in some underdeveloped countries. The global employers, however, counter that their employees receive the highest wages and best working conditions in that country.

2. Global Legal and Political Factors – Many nations function under turbulent and varied legal and political systems. International employers may have to increase security for both operations and employees. As a result, it is crucial for HR professionals to conduct a comprehensive review of the political environment and employment laws including those dealing with labor unions before beginning operations in a country.
- D. Workforce Demographics and Diversity – The U.S. workforce is now more diverse racially and ethnically, has a higher percentage of women, and has an older average age than ever before. As a result, HR management has to adapt to a more varied labor force both externally and internally.
1. Racial/Ethnic Diversity – Minority racial and ethnic persons account for a growing percentage of the overall labor force, with the percentage of Hispanics equal to or exceeding the number of African Americans. Also, a growing number of individuals are characterizing themselves as *multi-racial* suggesting a blurring of racial/ethnic identities. More awareness and accommodation for Islamic religious beliefs and practices have also become a common concern. Workforce diversity is discussed further in Chapter 4.
  2. Women in the Workforce – Women constitute about 50% of the U.S. workforce. Many of these women are single, separated, divorced, widowed, or otherwise “primary” income earners. Others are married and part of dual-career marriages and a growing number live with “domestic partners” of the same or opposite sex. An increasing number of workers are feeling pressures to balance their job demands with those necessary to meet their family obligations. Employers have responded with a number of “family friendly” initiatives.
  3. Aging Workforce – In many economically-developed countries, such as the U.S., the workforce is aging. In the next decade a significant number of experienced employees will be retiring, changing to part-time, or otherwise shifting their employment. Replacing their talent and experience will be difficult. Also, the aging and growing diversity in the workforce are creating more tensions and greater likelihood of employment discrimination complaints.
- E. HR Technology – Greater use of technology has lead to organizational use of a *human resource management system (HRMS)*, which is an integrated system providing information used by HR management in decision making.

**HR Online: Wikis, Blogs, Twitters, and HR**

The growth of the Internet has resulted in creation of a large number of wikis, blogs, twitters, text-messaging, and other techniques. In a wiki each contributor adds positive and negative comments about a topic. Wikis are one example of collaborative HR, the process of HR professionals from several different organizations jointly working to address shared business problems. Blogs are weblogs and the subject of blogs can vary and may be done by CEOs or HR executives to enhance information with employees immediately on operational or important occurrences. Some firms use twitters to send out policy changes, competitive services details, or many other organizational messages. However, these technology tools and others create significant HR issues, including ethical and disciplinary actions. Firms must establish policies and regulations on how this technology can and should be used.

**Questions for Discussion:**

1. What would be your concerns about being a participant in a collaborative HR process? How could you address these concerns?
2. What would be some HR topics or issues that you think would be especially well suited for collaborative HR? Why do you think these would be well suited?
3. Do you think it is a good idea for the CEO to have a blog? Why or why not?

1. Purposes for Expanding HR Technology - The explosive growth in information technology serve two major purposes in organizations. The first purpose is to improve the efficiency with which data on employees and HR activities are compiled (payroll, benefits, etc.). The second purpose is for effectiveness and is related to strategic HR planning.

2. Greater Uses of HR Technology – Numerous firms provide a Web-based employee self-service program to their worldwide staffs. As the HR On-Line identifies, the explosive use of wikis, blogs, twitters, and other technology is affecting HR significantly.

F. Measuring HR Impact through Metrics – As HR has grown in importance it has had to develop measurements of its results, both activities and financial in nature in order to justify its activities. HR has had to become more analytical and develop *metrics* that measure HR efforts, much like financial officers measure their responsibilities. HR metrics are discussed as part of Chapter 2, as well as throughout the text.

**V. MANAGING HR IN ORGANIZATIONS**

In a sense *every* manager in an organization is an HR Manager because they all engage in HR management and their effectiveness depends in part on the success of HR systems

A. Smaller Organizations and HR Management – The number of small businesses continue to grow and they now employ over 50% of all private-sector employees in the U.S. and generate new jobs each year. Surveys have also indicated that three of the top four

concerns of small businesses have an HR focus. However, in small organizations, the owner typically takes care of all HR issues. At 80-100 employees, organizations typically designate one person to specialize in HR and larger organizations typically have an HR staff with people who specialize in a variety of HR activities.

- B. HR Cooperation with Operating and Line Managers – Cooperation between operating managers and HR staff is necessary for HR efforts to succeed. The exact division of labor varies from organization to organization. **Figure 1-8** shows a typical division of HR responsibilities for recruiting.
- C. How HR is Seen in Organizations – There are many different views of HR in organizations. Some employees, managers, and executives have negative views of HR and some have positive views of HR.
  - 1. Negative Views of HR – It is often the legal compliance role and other administrative aspects of HR staff that can create conflicting views. HR is sometimes criticized as too bureaucratic, too administratively focused, too detail-oriented, too costly, and not effective change agents. Frequently HR managers are seen as more concerned about *activities* than *results*.
  - 2. Positive Views of HR – Despite many of these criticisms, there is evidence that HR can be respected if done well and truly brings HR into the realm of business strategy. Key for a more positive view is for HR to expand as a business contributor. The different roles of HR are discussed in the next section.

## **VI. HR MANAGEMENT ROLES**

Several roles can be fulfilled by HR management depending on both what upper management wants HR managements to do and what competencies the HR staff have demonstrated. **Figure 1-9** shows the three roles that are usually identified for HR: (1) *Administrative*, (2) *Operational and employee advocate*, and (3) *Strategic*. The biggest barriers to HR becoming more strategic are transaction of administration tasks, lack of strategic involvements, and insufficient HR budgets.

- A. Administrative Role of HR – At this basic level, HR management is heavily oriented to processing and record keeping. Two major shifts driving the transformation of the administrative role are greater use of technology and outsourcing.
  - 1. Technology Transforming HR – To improve administrative efficiency more HR functions are becoming available electronically or done on the Internet using web-based technology.
  - 2. Outsourcing of HR - The HR areas most commonly outsourced are employee assistance, retirement planning, benefits administration payroll services, and outplacement services. The primary reason for outsourcing is to save money on HR staffing, to take advantage of specialized vendor expertise and technology, and to be able to focus on more strategic HR activities.

- B. Operational and Employee Advocate Role for HR – Traditionally, HR professionals have been viewed as the “employee advocates.” Sometimes they are seen as “company morale officers” that do not contribute to the strategic success of the business. However, HR professionals spend considerable time on HR “crisis management” helping employees cope with on-the-job and off-the job problems, ensuring that employees are equitably treated, and dealing with other people issues that can contribute significantly to the organization’s success and prevent or reduce lawsuits and regulatory complaints. Typically the operational role requires HR professionals to identify and implement needed programs and policies in the organization in cooperation with operating managers. This role is tactical in nature.
- C. Strategic Role for HR – The transformation of HR from operational to strategic requires HR to be proactive in addressing business realities and focus on future HR needs. Many executives increasingly see the need to manage human resources in a “business-oriented” manner. In fact, it has been suggested that the HR function should be managed as its own business and HR should be responsible for knowing what the true cost of human capital is for that employer.
  - 1. “Contributing at the Table” – The role of HR as a *strategic business partner* is often described as “having a seat at the table” and contributing to the strategic directions and success of the organization. This phrase means HR is involved in *devising* strategy in addition to *implementing* strategy.

**LOGGING ON: HRN Management Group** – information on strategic issues for HR, including news and success stories for key HR decision makers – [www.hronline.com](http://www.hronline.com)

## VII. HR MANAGEMENT COMPETENCIES AND CAREERS

As HR management becomes more complex, greater demands are placed on individuals who make the HR field their career specialty. Although some readers of this book will not become HR professionals, it is useful to know about the competencies required for effective HR management.

- A. HR Competencies – Research has indicated that HR professionals at all levels need the following: strategic knowledge and impact means; legal, administrative, and operational capabilities; technology knowledge and usage abilities. Senior HR leaders need the following: more business, strategic, HR, and organizational knowledge; ability to lead changes; and ethical behavior and results-orientation performance.
- B. HR Management as a Career Field - There are a variety of jobs within the HR career field. Two major categories of HR jobs are HR generalist and HR specialist. The **HR generalist** is a person who has responsibility for performing a variety of HR activities. A **HR specialist** is a person who has in-depth knowledge and expertise in a limited area of HR. Appendix D contains sample HR related job descriptions of HR generalists and specialists.

**LOGGING ON: HR Certification Institute** – provides information about HR certification (PHR/SPHR/GPHR) – [www.hrci.org](http://www.hrci.org)

- C. HR Professionalism and Certification - Depending on the job, HR professionals may need considerable knowledge about employment regulations, finance, tax laws, statistics, and information systems in addition to extensive knowledge about specific HR activities. Involvement by HR professionals in professional associations and organizations has become important in light of the broad range of issues they now face. For HR generalists, the largest organization is the Society for Human Resource Management (SHRM). Public sector HR professionals tend to be concentrated in the International Personnel Management Association (IPMA). There are several other professional associations geared to major HR functional specialties.
1. HRCI Certification - The most well-known HR certifications are the Professional in Human Resources (PHR) and the Senior Professional in Human Resources (SPHR), both sponsored by the Human Resource Certification Institute (HRCI) which is an affiliate of SHRM. Annually thousands of HR professionals annually take the HRCI exams. HRCI also sponsors a Global Professional in Human Resources (GPHR) certification. **Figure 1-10** identifies eligibility requirements for PHR, SPHR, and GPHR certification. Appendix A identifies test specifications and knowledge areas covered by the PHR/SPHR.
  2. WorldatWork Certifications – This association has certifications emphasizing compensation and benefits. The four certifications are: Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Certified Work-Life Professional (CWLP), and Certified Global Remuneration (CGR).
  3. Other HR Certifications – For specialists, other well-known certifications include: Certified Recognition Professional (CRP) sponsored by the Recognition Professionals International; Certified Employee Benefits sponsored by the International Foundation of Employee Benefits Plans; Certified Professional in Learning and Performance sponsored by the American Society for Training & Development; Certified Safety Professional (CSP) and Occupational Health and Safety Technologist (OHST) sponsored by the American Society of Safety Engineers; Certified Professional Outsourcing (CSO) provided by the Human Resource Outsourcing Association; Certified Graphics Communications Manager (CGCM) and Certified Mail Manager (CMM) sponsored by the International Personnel Management Association. Appendix B and Appendix C has information regarding associations and HR literature that can help HR professionals state updated.

## CRITICAL THINKING ACTIVITIES

### **1. Discuss several areas in which HR can affect organizational culture positively or negatively.**

Organizational culture consists of shared values and beliefs giving members of an organization meaning and providing them with rules for behavior. Central to organizational culture are *values* that are inherent in the way organizations treat other people inside and outside the organization. HR can affect positively or negatively the way organizations treat people inside and outside the organization.

Ethical Behavior and Organizational Culture - Ethics are another important part of organizational culture. HR plays a key role in ensuring ethical behavior in organizations. One survey reported that ethical behavior is likely to occur when four elements of ethics programs exist: a written code of ethics and standard of conduct; ethics training for all employees, managers, and executives; a means for employees to obtain advice on ethical situations they face (often made by HR); and a system available for confidential reporting of ethical misconduct or questionable behavior.

Employee Engagement and HR Culture – Employee engagement is the extent to which individuals feel linked to organizational success and how the organization performs positively. Engaged employees are less likely to quit, more likely to encourage others to become employees, and to commit to activities positively outside of their organizations. HR can play a positive or a negative role in encouraging employee engagement.

### **2. Give some examples of ethical issues that you have experienced in jobs, and explain how HR did or did not help resolve them.**

Students might give examples that include illegal activities such as employee theft or other activities such as favoritism or not being totally truthful with customers, etc. Whether HR helped to resolve these examples will vary based on the examples and the organizations.

### **3. Why is it important for HR management to transform from being primarily administrative and operational to becoming a more strategic contributor?**

Some firms restrict HR to administrative and operational functions such as record-keeping, compiling reports, recruiting, employee orientation, training, safety, and health, employee relations, and administration of the benefits program. This narrow viewpoint, however, ignores the strategic quality of human resources that must be viewed in the same context as are financial, technological, and other resources. Effective use of people in the organization can provide a competitive advantage, both domestically and abroad. The strategic role of HR management emphasizes that the people in an organization are valuable resources representing significant organizational investments. For HR to play a strategic role, it must focus on the longer-term implications of HR issues. The more successful companies recognize top HR managers as being members of the top management team. Without the strategic aspect of HR,

it would be difficult for companies to engage in such things as plant expansion, plant relocation, plant closings, mergers, and acquisitions. It has also been established that the strategic role has greater potential payoffs in terms of valued added per dollar spent than either the administrative or operational roles.

**4. Assume you are an HR Director with a staff of seven people. A departmental objective is for all staff members to become professionally certified within a year. Using Internet resources of HR associations such as [www.shrm.org](http://www.shrm.org) and [www.WorldatWork.org](http://www.WorldatWork.org), , develop a table that identifies four to six certifications that could be obtained by your staff members, and show the important details on each certification.**

<b>Name of Sponsoring Organization</b>	<b>Name of Certification</b>	<b>Web-Site Address</b>	<b>Experience and Education Requirements</b>	<b>Nature of Certification Process</b>
World at Work	Certified Compensation Professional (CCP)	<a href="http://www.worldatwork.org">www.worldatwork.org</a>		The CCP designation requires a passing score on nine examinations, including six required exams plus three chosen from the remaining elective exams. There is no time limit for completion of these requirements.
World at Work	Certified Benefits Professional (CBP)	<a href="http://www.worldatwork.org">www.worldatwork.org</a>		The CBP designation requires a passing score on nine examinations, including six required examinations plus three exams chosen from the remaining electives. There is no time limit for completion of these requirements.
International Foundation of Employee Benefit Plans/Wharton School	Certified Employee Benefits Specialist (CEBS)	<a href="http://www.ifebp.org">www.ifebp.org</a>		CEBS offers you the opportunity to earn designations in three distinct areas of specialization: group benefits, retirement and compensation. The Group Benefits



				Associate (GBA), Retirement Plans Associate (RPA) and the Compensation Management Specialist (CMS) form the core of the CEBS curriculum. Earn a designation in each of the specialty tracks and, at the same time, receive credit that will qualify toward earning the CEBS designation, which now carries an eight-course requirement (six required courses plus two electives.)
International Foundation of Employee Benefit Plans/Wharton School	Compensation Management Specialist (CMS)	<a href="http://www.ifebp.org">www.ifebp.org</a>		See above
International Foundation of Employee Benefit Plans/Wharton School	Group Benefits Associate (GBA)	<a href="http://www.ifebp.org">www.ifebp.org</a>		See above
International Foundation of Employee Benefit Plans/Wharton School	Retirement Plans Associate (RPA)	<a href="http://www.ifebp.org">www.ifebp.org</a>		See above
Human Resource Certification Institute	Senior Professional in Human Resources (SPHR) or Professional in Human Resources (PHR) or Global Professional in Human	<a href="http://www.hrci.org">www.hrci.org</a>	Required: 2 years of exempt level HR experience. At least 51% of daily work activities must be within the HR function. In 2011 these requirements are changing and are found in the text.	PHR/SPHR/GPHR certification shows that the holder has demonstrated mastery of the HR body of knowledge and, through recertification, has accepted the challenge to stay informed of new developments in the

	Resources (GPHR)			HR field.
American Society for Training and Development	Certified Performance Technologist (CPT)	<a href="http://www.astd.org">www.astd.org</a>	The eligibility requirements include three years of experience in performance improvement or related fields and a detailed description of work performed in multiple projects in a manner that demonstrates the use of each of the Standards with attestations from internal/external clients or supervisors. A provision for performance improvement professionals with ten or more years of experience is also available.	The Certified Performance Technologist (CPT) certification is performance-based rather than education-based. It recognizes practitioners who have demonstrated proficiency in 10 Standards of Performance Technology in ways that are in keeping with the Code of Ethics. Individuals who receive the Certified Performance Technologist (CPT) designation must be re-certified every three years to maintain the credential.

## HR EXPERIENTIAL PROBLEM SOLVING

### 1. What legislative act prompted many U.S. companies to develop internal ethical policies and procedures?

The Sarbanes-Oxley Act (SOX) is discussed in the text.

### 2. What are key concepts related to business ethics that should be considered in the development of the ethics training program?

Every organization has an organizational culture, shared values and beliefs in an organization, and that culture influences how executives, managers, and employees act in making organizational decisions. HR plays a key role in ensuring ethical behavior in organizations. One survey reported that ethical behavior is likely to occur when four elements of ethics programs exist: a written code of ethics and standard of conduct; ethics training for all employees, managers, and executives; a means for employees to obtain advice on ethical situations they face (often made by HR); and a system available for confidential reporting of ethical misconduct or questionable behavior.

## **CASE: HR, CULTURE, AND BUSINESS RESULTS SUCCESS AT GOOGLE, SCRIPPS, AND UPS**

**1. How does the integration of HR with the organizational culture contribute to the success of Google, Scripps, and UPS? To find ideas, go to the appropriate corporate website for each of them and then search for additional insights.**

Overall, HR at all three of these organizations have integrated HR operations that are in sync with the organization's culture and HR is considered a strategic partner for the organization to help the organization meet organizational strategic objectives.

Google – the overriding key of HR at Google is its emphasis on organizational culture and business objectives. The focus on Google HR is on giving its employees flexibility to produce results, not just following core job requirements. HR at Google has established innovative efforts for its people and to make the administrative part of HR efficient. Minimizing forms, data, and reports by using technology have occurred, which would be expected in a technology firm.

Scripps Network (a prominent TV and communications corporation) – HR at Scripps plays a core role in establishing strategic goals. HR has played a major role in getting multiple cultures to integrate when the organization has merged separate media firms. A pay-for-performance system that provides incentives is used to support the culture and core values. HR at Scripps also emphasizes leadership development and the firm has widely used work variability efforts such as work-life balance, telecommuting, etc.

UPS – HR at UPS is linked with business objectives and uses communication and intranet programs to ensure employees are kept constantly informed on business objectives and workforce challenges. HR also plays a major role in promoting corporate integrity and established codes of conduct are consistently reviewed with all employees and include specific examples of actual potential situations employees may face.

**2. Discuss how some of the culture facets mentioned compare to ones in employers you have worked for and explain the difference in the views of those employers.**

Students' answers will vary but most students probably have not had a chance to work for companies with the reputation of Google, Scripps, and UPS.

## **SUPPLEMENTAL CASES**

**Phillips Furniture** - This case describes a small company that has grown large enough to need a full-time HR person. You have been selected to be the HR Manager, and you have to decide what HR activities are needed and the role HR is to play. (For the case, go to [www.cengage.com/management/mathis](http://www.cengage.com/management/mathis))

**Questions**

1. On what activities would you tell Mr. Phillips you intend to focus? Why?
2. What would be your first actions, and why?

**Comments:**

This case is quite useful in illustrating that personnel management is important in small organizations, just as in large corporation. A student should recognize that the interface concept emphasizes the need for the newly appointed personnel manager and the more experienced operating managers to cooperate. A younger and newer person would have to identify the appropriate “division” of personnel responsibilities that would be consistent with maintaining the cooperation and support of the other managers in the firm.

Identification of the correct state of personnel activities in each of the seven interfaces would be mandatory before definite actions and changes could be initiated. Winning acceptance as a valuable aide, not an adversary, would be critical if future problems are to be minimized.

**Sysco** - As a large food services and distribution firm, Sysco had to revise its HR management. Review this case and identify how the Sysco changes modified HR's importance. (For the case, go to [www.cengage.com/management/mathis](http://www.cengage.com/management/mathis))

**1. How does the market-driven approach illustrate that HR has strategic, operational, and administrative roles at SYSCO?**

The administrative role is heavily oriented to processing and record keeping. When SYSCO's HR staff enter data into the Virtual Resource Center (VRC) and when they use technology to calculate cost/benefit analyses they are performing the administrative role.

The operational role emphasizes support for executives, managers, and employees when addressing and resolving HR problems and issues. When SYSCO's corporate HR identified ways it could assist regional operations, and then developed programs and services that met regional needs they were performing the operational role. SYSCO's HR was also performing the operational role when they worked with the operational managers of the warehouse workers and the truck and delivery drivers to reduce turnover in those operational areas.

The strategic role focuses on the longer-term implications of HR issues and is closely linked to the strategic plans of the organization. When SYSCO's corporate HR conduct workplace climate surveys of employees they are involved in scanning the internal environment to provide data to help upper level managers make strategic decisions.

**2. Discuss what types of HR changes could have affected reductions in workers' compensation expenses, employee turnover, and increases in customer satisfaction.**

The types of HR changes that could have affected reductions in workers' compensation expenses, employee turnover, and increases in customer satisfaction include:

- ✓ Collection of better data to track workers' compensation claims
- ✓ Improvement in safety training to reduce workers' compensation claims

- ✓ Better recruitment and selection to match the job to the worker
- ✓ Better training and development efforts
- ✓ Better employee relations that makes the employee feel valued by the organization
- ✓ More competitive base pay and incentive programs
- ✓ More effective orientation programs for new employees