1 THE NEW HUMAN RESOURCE MANAGEMENT PROCESS

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

1-1 Explain why all managers need to understand the basics of HRM. PAGE 4
1-2 Discuss how HRM helps improve organizational revenues in a 21st century organization. PAGE 6
1-3 Describe the major HRM discipline areas. PAGE 10
1-4 Recall the primary difference between line and staff managers and their major HR responsibilities. PAGE 13
1-5 Summarize the major HRM skill sets. PAGE 16
1-6 Identify the most common HRM certification programs and their parent organizations. PAGE 17
1-7 Explain the practitioner’s model for HRM and how it applies to this book. PAGE 19

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Chapter 1: The New Human Resource Management Process

**Practitioner’s Perspective**

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

My professional progress began with membership in HR organizations. First, I became a SHRM student member, which provided access to SHRM’s website—which was in turn valuable for research while I was a student. I still use it frequently. Next, my involvement spread to the local HR association. The chapter meetings provided excellent opportunities for education through the monthly programs, as well as for networking and swapping “best practices” with my colleagues. My involvement inspired me to become certified as a professional. But beyond that, I have found that those who invest in certification tend to become more involved in their profession and, by extension, more successful.

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

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**CHAPTER OUTLINE**

Why Study Human Resource Management (HRM)?

21st Century HRM

- HRM Then and Now
- HRM Challenges
- Critical Dependent Variables
- Technology and Knowledge
- Labor Demographics

Disciplines Within HRM

- The Legal Environment: EEO and Diversity Management
- Staffing
- Training and Development
- Employee Relations
- Labor and Industrial Relations
- Compensation and Benefits
- Safety and Security
- Ethics and Sustainability

HRM Responsibilities

- Line Versus Staff Management
- Major HR Responsibilities of HR Staff and Line Management

HRM Skills

- Technical Skills
- Human Relations Skills
- Conceptual and Design Skills
- Business Skills

HRM Careers

- Society for Human Resource Management (SHRM)
- Other HR Organizations
- Professional Liability

Practitioner’s Model for HRM

- The Model

Trends and Issues in HRM

- Creating an Engaged Workforce
- Reverse Discrimination Rulings Continue to Evolve

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

WHY STUDY HUMAN RESOURCE MANAGEMENT (HRM)?

It’s natural to think, “What can I get from this book?” or “What’s in it for me?” Success in our professional and personal lives is about creating relationships, and students generally understand the importance of relationships. The better you can work with people, the more successful you will be in your personal and professional lives—whether as an employee, a line manager, or a human resource manager. And that’s what this book is all about.

In the 21st century organization, human resources (HR)—the people within an organization—are one of the primary means of creating a competitive advantage for the organization, because the ways we manage people directly affect their performance. This is because most organizations of comparable size and scope within an industry generally have access to the same material and facilities-based resources that any other organization within the industry may have, making it
very difficult to create a competitive advantage based on material, facility, or other tangible resources. What this frequently leaves is people as the organization’s most valuable asset. If the organization can manage its people more successfully than its competitors do, if it can get its employees engaged in 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. Managers are responsible for getting the job done through employees, so the organization’s human resources are nearly always its most valuable resource. (As you can see, there are SHRM Guide boxes next to this section. We will explain them in the sixth section of this chapter, “HRM Careers.”)

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

Today’s students want courses to be directly applicable to their lives outside of school. Organizations also want managers to have the ability to apply concepts at work. The role of modern managers also continues to change, requiring today’s organizational leaders to deal with increasingly dynamic and complex environments. Because of these issues, this book uses a three-pronged approach, with these objectives:

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

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**EXHIBIT 1-1 FEATURES OF THIS BOOK’S THREE-PRONGED APPROACH**

<table>
<thead>
<tr>
<th>Features That Present HRM Functions and Important Concepts</th>
<th>Features to Apply the HRM Functions and Concepts That You Learn</th>
<th>Features That Foster Skill Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Learning Outcomes</td>
<td>· Practitioner’s Perspective</td>
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</tr>
<tr>
<td>· Key terms</td>
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</tr>
<tr>
<td>· Step-by-step behavior models</td>
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<tr>
<td>· Chapter summaries with glossaries</td>
<td>· Applying the Concepts</td>
<td>· Skill Builder Exercises</td>
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<td>· Review questions</td>
<td>· Cases</td>
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<td>· Videos</td>
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</tbody>
</table>

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.
This book will teach you how to get people engaged and get the results necessary to succeed against tough competitors in the new century. 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 any manager role, you will get your employees engaged and improve productivity. That is what will get you noticed by senior management and allow you to move up the organizational ladder. So let’s get started!

21ST CENTURY HRM

HRM Then and Now

Back in the mid-1970s—when there weren’t even any computers available to most managers!—the human resource manager (we usually called them personnel managers then) was sometimes selected for the job because that person had limited skills as an operational manager. Many times they were not considered capable of managing line functions in real operations, so we put them in HR. This was because HRM was considered to be a bit easier than other management jobs. HR managers were only expected to be paper pushers who could keep all of the personnel files straight. They had very little to do with the management of the organization’s business processes.

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

Revenue Centers. Revenue centers, however, 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. So, what’s a good HR manager to do? HR departments are not able to generate revenue directly because of their tasking within the organization, but they can generate significant revenue and profit in an indirect fashion as productivity centers.

Productivity Centers. A productivity center is a revenue center that enhances the profitability of the organization through enhancing the productivity of the people within the organization. Today’s HR managers are no longer running an organizational cost center. HRM enhances the revenues of the organization—by being a productivity center. Productivity is the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time.

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

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

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

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

HR management deals primarily with improving the efficiency of the people within our organization—getting more per unit of time. If our people are inefficient, it can literally kill the organization.

HRM Challenges

A recent SHRM survey of HR professionals asked what challenges they think will be most significant over the next 10 years. Here is what they said.

The three biggest challenges:

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

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

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

Can you see how these challenges and the competencies could have an effect on productivity? We have pursued better selection and retention strategies for a number of years, and we have recently become much better at identifying future leaders and managing organizational relationships, culture, and structure.

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

Before we go further, let’s look at some of the things that managers tell us they must control to compete in today’s business environment but that they can’t directly manipulate. Every time that we survey managers in any industry or any department about managing others, they bring up the following issues as being among the most important and most difficult things that they deal with:

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

Note that all of these issues deal with people: not computers, not buildings, not finances—people! We have already introduced you to productivity, but what about the other three items? Why do we care about job satisfaction, turnover, and absenteeism? Let’s take a moment for a more detailed look at each of them.

**Job satisfaction**, as noted above, is the feeling of well-being that we experience in our jobs—basically whether or not we like what we do and the immediate environment surrounding us and our jobs. There is a wealth of research that shows that if our employees are highly dissatisfied with their jobs, they will be far more likely to voluntarily leave and create turnover. They will typically also have lower than average productivity, so we want to maintain reasonably high job satisfaction.

**Turnover** is the permanent loss of workers from the organization. There is strong and “growing recognition that collective turnover can have important consequences for organizational productivity, performance, and—potentially—competitive advantage.” As we will discuss throughout the book, turnover is very costly, so we want to minimize turnover.

**How about absenteeism?** Absenteeism is the failure of an employee to report to the workplace as scheduled. On an annual basis, absenteeism costs in the United States went from an estimated $30 billion in 1984 to anywhere from $100 to $150 billion per year in 2011.22 We likely lose productivity, and if some of our workers are frequently absent, it causes lower job satisfaction in others who have to continually “take up the slack” for their absent coworker.

Note that these four issues are interrelated. Absenteeism is costly, is often due to a lack of job satisfaction, and leads to lower productivity. People tend to leave their jobs (turnover) when they don’t have job satisfaction, and while they are being replaced and sometimes after, organizational productivity goes down. Seeing that job satisfaction can affect absenteeism, turnover, and productivity, we will discuss job satisfaction in more detail in Chapter 9.

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

**Technology and Knowledge**

The 20th century saw the growth and decline of the Industrial Age in the United States and most other developed countries around the world. However, as we neared the end of the 20th century, we started to enter the **Information Age**—an era that began around 1980, in which information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries.
era that began around 1980, in which information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries. This was when assembly line work began to be taken over more and more by computers, robots, and other machines, and it was when the humans in our organizations were beginning to provide more than just labor; they started to provide intelligence—or knowledge. In the Information Age, we began to see a new kind of worker—knowledge workers.

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

The Pace of Technological Change. Technology is currently outstripping our ability to use it. Computers get faster and faster, but the human beings that have to use them don’t. What does this mean to a business? It means that if we 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. We must continually figure out ways to use the technology more successfully through hiring and training better and more capable employees—our human resources. If we do this, then our people will continually figure out ways to take advantage of it before our competitors.

Knowledge Workers Are in Short Supply. However, there is a continuous shortage of knowledge workers available. In fact, “The majority of jobs being created in the United States require skills possessed by only 20% of the current workforce.”26 And the news is the same globally. This means that for the foreseeable future, we will have a shortage of knowledge workers. So each HR manager is going to be competing with every other HR manager in the world for that 20% of the workforce that comprises the pool of knowledge workers. Only if the organization manages its people successfully and maintains a reasonable working environment will it have any chance of filling most of the jobs that it has available.

Labor Demographics

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

Companies are already seeing a reduction in the number and quality of potential employees, as well as greater gender, ethnic, and age diversity than at any time in the past. The lack of skilled workers for increasingly complex jobs is considered to be a major, ongoing problem.27,28 Partly as a result of this shortage of skilled labor, we are seeing more older employees with high-level skill sets remain in the workforce. Some agencies estimate that over 90% of the growth in the US labor force between 2006 and 2016 will be from workers ages 55 and older.29 So as a manager in a 21st century organization, your workforce will look much older than it has historically.
Your organization will also look more culturally diverse—even compared to today. The growth in immigrant workers will be substantial. Hispanic workers (of all nationalities) alone are predicted to be approximately 24% of the workforce in 2050, but today, they only make up about 14% of the workforce. Asian workers are expected to move up from about 4% now to about 8% of the workforce in 2050. But the gender mix will stay fairly close to what it is today. The percentage of women in the workforce has stabilized at about 47% or 48%.

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

**DISCIPLINES WITHIN HRM**

HRM is an exciting field with many different paths that you can take over the course of your career. The field is so broad that you could do something different each year for a 40-year career and never exactly duplicate an earlier job. 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. But first, complete the self-assessment below to help you better understand your overall interest in HR and which specialties interest you more. This section presents the disciplines discussed in detail throughout the book, so we will keep it short here.

**The Legal Environment: EEO and Diversity Management**

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

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 HR environment inside any organization has the potential to affect every organization. Even if the court ruling doesn’t change the way a company has to do business, if a federal or state legislature sees that ruling as unfair, then it may change the law and thus affect each organization under its jurisdiction.

**Staffing**

Staffing includes all of the things that we need to do to get people interested in working for our company—going through the recruiting process, selecting the best candidates who apply, and getting them settled into their new jobs. However, this area can literally make or break the organization in its ability to be productive. 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.

**Training and Development**

Next, we have the training and development discipline. We train people for a variety of reasons, from teaching them their basic job to teaching them the things that they will need in order to move up in the organization as people above them resign or retire.

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 Relations**

This specialty covers a wide array of items such as coaching, counseling, and disciplining the workforce as needed. It also involves leadership and team-building efforts within the organization. We also measure and evaluate job satisfaction and employee engagement as part of employee relations. HR managers in this function have to keep up with the many and varied laws relating to employee relations, and this specialty also involves the management of employee communication.

**Labor and Industrial Relations**

The labor and industrial relations specialist works with the laws and regulations that control the organization’s labor-related relationships with their workforce. HR managers who work in this area might be involved in union votes, negotiations for union agreements, collective bargaining, grievances, and other items that affect the union/management relationship within the organization. This area also includes all labor relations activities, even in nonunion businesses.

**Compensation and Benefits**

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. A manager will have to understand the federal and state laws that deal with compensation. You would also deal directly with all of the federal and state compensation laws to ensure compliance in organizational pay and benefits procedures.

**Safety and Security**

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

**Ethics and Sustainability**

In this specialty, you would bear responsibility for seeing to it that the organization acts in an ethical and socially responsible manner. You might work on codes of ethics and also make sure employees live by those codes, such as by maintaining ways in which employees can report violations of ethics (also known as whistle-blowing).

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

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

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

Legal Environment: EEO and Diversity Management

1 _____
2 _____
3 _____

Total (Rank this total: [1–8])

Staffing

4 _____
5 _____
6 _____

Total (Rank this total: [1–8])

Scoring and Interpreting Individual Discipline Results

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

If you take a look at the table of contents as well as the practitioner's model below, you will realize that this book is organized to discuss the eight areas of HRM listed above. 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 an HRM career.
Chapter 1: The New Human Resource Management Process

Training and Development
7 _____
8 _____
9 _____
_____ Total (Rank this total: _____ [1–8])

Employee Relations
10_____
11_____
12_____
_____ Total (Rank this total: _____ [1–8])

Labor and Industrial Relations
13_____
14_____
15_____
_____ Total (Rank this total: _____ [1–8])

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

Compensation and Benefits
16_____
17_____
18_____
_____ Total (Rank this total: _____ [1–8])

Safety and Security
19_____
20_____
21_____
_____ Total (Rank this total: _____ [1–8])

Ethics and Sustainability
22_____
23_____
24_____
_____ Total (Rank this total: _____ [1–8])

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

<table>
<thead>
<tr>
<th>Low interest in HR</th>
<th>High interest in HR</th>
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</thead>
<tbody>
<tr>
<td>24</td>
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<tr>
<td>50</td>
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<tr>
<td>75</td>
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<td></td>
</tr>
<tr>
<td>125</td>
<td></td>
</tr>
<tr>
<td>150</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

HRM RESPONSIBILITIES
Now that we know the HR disciplines, it’s time to learn the difference between line and staff managers and how their HR responsibilities within the disciplines are different while being related.
HRM Disciplines

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

- Legal Environment: EEO and Diversity Management
- Staffing
- Training and Development
- Employee Relations
- Labor and Industrial Relations
- Compensation and Benefits
- Safety and Security
- Ethics and Sustainability

1. The HR manager is writing an ad to recruit a job candidate.
2. The HR manager is investigating an employee complaint of racial discrimination.
3. The HR manager is taking a class in preparation for the exam to become certified as a Professional in Human Resources (PHR).
4. The HR manager is working with an insurance company to try to keep the high cost of health insurance down.
5. The HR manager is replacing the office copier with a more energy-efficient model.
6. The HR manager is having a new software program installed to protect employee records from theft.
7. The HR manager is working on the new collective bargaining contract with the Teamsters Union.
8. The HR manager is looking for potential new employees at the LinkedIn website.
9. The HR manager is filling out an accident report with a production worker who got hurt on the job.
10. The HR manager is reviewing a report that compares its wages and salaries to other businesses in the area.
11. The HR manager is giving priority to promoting a member of a minority group to a management position.
12. The HR manager is teaching the new employee how to use the HR software program.
13. The HR manager is referring an employee to a marriage counselor.

ETHICAL DILEMMA: WHAT WOULD YOU DO?

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

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

Line Versus Staff Management

Line managers are the individuals who create, manage, and maintain the people and organizational processes that create whatever it is that the business sells. Put simply, they are the people who control the actual operations of the organization. A line manager may have direct control over staff employees, but a staff manager would not generally have any direct control of line employees. HR managers, on
the other hand, would generally be staff managers, *individuals who advise line managers in some field of expertise*. These managers, including accountants, lawyers, and HR staff, act basically as internal consultants for the company. So HR managers have staff authority to *advise* the operational managers concerning the HR disciplines, as we discuss next.

**Major HR Responsibilities of HR Staff and Line Management**

All managers are responsible for meeting the organization’s goals through effective management of its human resources. However, their major HR responsibilities are different. The HR staff has the primary responsibility of developing the HR policies and programs for everyone in the organization to implement on a daily basis. The line managers, therefore, are responsible for implementing the HR policies within their departments. Let’s review the HR disciplines and discuss some differences.

- **The Legal Environment: EEO and Diversity Management.** The HR staff needs to know the laws and train the line managers how to operate within the law, such as what line managers can and can’t ask during the interview process to follow EEO laws. HR staff may develop diversity programs and teach line managers how to work with a diversity of employees.

- **Staffing.** The HR staff generally recruits employees, but line managers select who is hired.

- **Training and Development.** HR staff develop training programs, including training line managers how to be effective managers. HR may teach many employees how to do their jobs, but line managers tend to provide ongoing on-the-job training.

- **Employee Relations.** HR staff develop policies, but line managers are constantly dealing with employee relations. HR may train line managers on how to coach and discipline employees.

- **Labor and Industrial Relations.** HR is responsible for policies and training to making sure the labor laws are followed, and line managers implement them. If the organization has a union, HR often helps in the contract negotiations.

- **Compensation and Benefits.** HR is responsible for developing the pay system including salary and benefits, but line managers can often have some input into how much an individual is paid, including raises.

- **Safety and Security.** HR is responsible for knowing the safety laws (OSHA) and ensuring that line managers train and manage their employees to follow the safety rules.

- **Ethics and Sustainability.** HR may develop Ethics Codes for everyone in the organization to follow, and line managers are responsible for making ethical decisions and helping their employees do likewise.

Line and staff employees can work more effectively together with today’s technology.
All managers require a mix of technical, human relations, conceptual and design, and business skills in order to successfully carry out their jobs (see Exhibit 1-2). The set of necessary HR skills is similar to the skills needed by other managers, but of course it emphasizes people skills more than some other management positions do.

### Technical Skills

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

### Human Relations Skills

The second major skill set is human relations skills, which comprise the ability to understand, communicate, and work well with individuals and groups through developing effective relationships. The resources you need to get the job done are made available through relationships with people both inside the organization (i.e., coworkers and supervisors) and outside the organization (i.e., customers, suppliers, and others). We will focus on interpersonal skills throughout this book, and you will have the opportunity to develop your human relations skills through this course.

HR managers must have strong people skills, including being empathetic. Empathy is simply being able to put yourself in another person’s place—to understand not only what that person is saying but why the individual is communicating that information to you.

### Conceptual and Design Skills

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

### Business Skills

Lastly, HR managers must have strong general business 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.

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**EXHIBIT 1-2 HRM SKILLS**

**Technical Skills**

**Business Skills**

**Human Relations Skills**

**Conceptual and Design Skills**

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business works and its budgeting and strategic planning processes—that are necessary for a manager to understand and contribute to the profitability of the organization. HR professionals must have knowledge of the organization and its strategies if they are to contribute strategically. This also means that they must have understanding of the financial, technological, and other facets of the industry and the organization. Today, HR managers must gain the capability to manipulate large amounts of data using data analytics programs and HR metrics.

**HRM CAREERS**

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

**Society for Human Resource Management (SHRM)**

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

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’s new “competency-based” certification programs include the SHRM Certified Professional and Senior Certified Professional (SHRM-CP and SHRM-SCP).

SHRM is an outstanding organization that anyone thinking about a career in human resources should consider joining. Student memberships have always been and continue to be very inexpensive, especially considering all that is available to members of the organization.

SHRM also provides a curriculum guide for colleges and universities that offer HRM degree programs. The guide identifies specific areas in which SHRM believes students should gain competence as HRM majors. Because SHRM is such

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**APPLYING THE CONCEPT**

**HRM Skills**

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

- a. technical
- b. human relations
- c. conceptual and design
- d. business

_____ 14. The HR manager is working on the strategic planning process.

_____ 15. The HR manager is working on determining why more employees have been coming to work late recently.

_____ 16. The HR manager is filling out a complex government form.

_____ 17. The HR manager is talking socially with a few of her staff members.

_____ 18. The HR manager is praising a staff member for finishing a job analysis ahead of schedule.

_____ 19. The HR manager is assigning projects to various staff members.

_____ 20. The HR manager is communicating with employees throughout the company via email.

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a significant force in each of the HRM fields, we have decided to show you where each of the required curriculum areas is covered within this text. In each chapter, you will see notes on the side of the page when a SHRM required topic is discussed. These notes are alphanumerically keyed to the information in the Appendix SHRM Curriculum Guide 2013. You might want to pay special attention to these side notes if you have plans to become an HR manager.

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

Other HR Organizations

In addition to SHRM, there are three organizations that have certification programs that are recognized in many countries around the world. The first one is the Association for Talent Development (ATD). As its name implies, ATD primarily focuses on the training and development functions of HR managers. Its major certifications include the Certified Professional in Learning and Performance (CPLP) and the Human Performance Improvement (HPI) certification.

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

The third organization is WorldatWork, whose certifications mainly cover compensation and performance management programs. Certifications from this organization include Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Global Remuneration Professional (GRP), Work-Life Certified Professional (WLCP), Certified Sales Compensation Professional (CSCP), and Certified Executive Compensation Professional (CECP).

Professional Liability

Do you realize that you can be held personally liable for your actions on the job? If you break the law, you can be sued and possibly face criminal charges. This is one of the many reasons why you really want to understand all of the HRM concepts. 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.
PRACTITIONER’S MODEL FOR HRM

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

The Model

The practitioner’s model is designed to show you how each of the areas within HRM interact and which items you must deal with before you can go on to successfully work on the next section—kind of like building a foundation before you build a house. Let’s discuss the details of each section of the model separately. As we discuss each section, refer back to Exhibit 1-3 for a visual of the section.

EXHIBIT 1-3  THE PRACTITIONER’S MODEL FOR HRM

<table>
<thead>
<tr>
<th>End Result = Organizational Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Productivity</td>
</tr>
<tr>
<td>• Satisfaction</td>
</tr>
<tr>
<td>• Absenteeism</td>
</tr>
<tr>
<td>• Turnover</td>
</tr>
</tbody>
</table>

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

- Chapter 12: Workplace Safety, Health, and Security
- Chapter 13: Organizational Ethics, Sustainability, Global Issues for Human Resource Managers
- Chapter 14: Resource Managers

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

- Chapter 10: Compensation Management
- Chapter 11: Employee Incentives and Benefits

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

- Chapter 7: Training, Learning, Talent Management & Development
- Chapter 8: Performance Management and Appraisal
- Chapter 9: Employee Rights and Labor Relations

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

- Chapter 4: Matching Employees and Jobs
- Chapter 5: Recruiting Job Candidates
- Chapter 6: Selecting New Employees

PART I: 21st Century Human Resource Management Strategic Planning and Legal Issues
What HRM issues are CRITICAL to your organization’s long-term sustainability?

- Chapter 1: The New Human Resource Management Process
- Chapter 2: Strategy-Driven Human Resource Management
- Chapter 3: The Legal Environment and Diversity Management
Section I: 21st Century HRM, Strategic Planning, and HR Laws. You have already begun Section I, where we talk about HRM in the 21st century, including the necessity of having strategy-driven HRM and a strong understanding of the basic HR legal environment. This is the basis for everything else that a 21st century HR manager will do, so it is the foundation of our diagram. These are the things that are most critical to the organization’s basic stability and success, because if we don’t get them right, we will probably not be around long enough as an organization to be successful in the sections resting on this one.

Section II: Staffing. Now that we have a stable organization with some form of direction, we start to look at getting the right people into the right jobs. 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.

Section III: Developing and Managing. In the third section, we learn how to manage our people once they have been hired. We have to train people to do jobs; we have to evaluate them in some formal manner so that they know how well they are doing; 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. Finally, Section III addresses the role of employee and labor relations.

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

Section V: Protecting and Expanding. The last section’s topics include managing safety and health, providing ethical and social responsibility guidelines to members of the organization, and the globalization issues involved in working in multiple countries and cultures. In addition to safety and health, two areas have become far more important since the beginning of the information age in the early 1980s: ethical, sustainable, and socially responsible organizations, and the ability to operate in a global business environment.

TRENDS AND ISSUES IN HRM
In each chapter of this text, we will briefly discuss some of the most important issues and trends in HRM today. These issues and trends will cover areas such as the use of technology in HRM, HR in small businesses, ethical issues in HR, and diversity and equal opportunity. For this chapter, we have chosen the following issues: creating an engaged workforce and the issue of reverse discrimination.

Creating an Engaged Workforce
Many of our employees are highly talented and extremely difficult to replace, but according to a recent Gallup report, 70% of them just aren’t being made an integral part of the organization through the use of management techniques that cause them to become more interested in both their work and the work of the organization overall. This same report shows that companies with the most engaged workforce had 147% higher earnings per share, better productivity and profitability, and lower absenteeism and turnover than their competitors, so there is certainly strong reason to work toward a more engaged workforce.
Higher rates of pay are not the answer, or at least not the complete answer. Evidence shows that increases in pay do not provide the motivational potential that most employees and managers believe they do.43

The first and most important thing that companies must do to improve engagement is to find, hire, and train managers on how to create employee engagement. Train them to communicate and be empathetic, and to provide feedback so that employees know that their managers recognize good work.44 The evidence says that poorly trained managers are likely the biggest reason for employees being actively disengaged.

The second thing is to create and adhere to company values and goals that make employees feel they are part of something that is important and much bigger than they could do on their own.45 They will be required to engage with others in order to have access to coworkers who will be available to help in reaching those goals.

Third, you have to make the hard decision to get the actively disengaged employees out of the company. This is a case of “one bad apple spoiling the whole barrel.” Actively dissatisfied employees create tension in the workplace, which converts to disengagement among other employees who were just recently excellent workers.46

Reverse Discrimination Rulings Continue to Evolve

In 2009, a case claiming “reverse discrimination” (Ricci v. DeStefano.)47 came to the Supreme Court. What is reverse discrimination? It is discrimination against a majority group rather than a minority group. In general in the United States, this would be discrimination against white male employees or applicants. We protect many different racial, ethnic, gender and other groups within the United States, but how do we, and should we, protect the majority group? At what point does the protection of minority groups cross over to discrimination against the majority?

Ricci v. DeStefano renewed the discussion of race-based decision making in employment. And while there were many nuances to the case, the end result was that reverse discrimination was deemed to have occurred. A written promotion exam for firefighters was considered discriminatory when no black and only one Hispanic test-taker passed the exam. As a result, the city of New Haven threw the entire exam out and didn’t promote anyone. The firefighters who scored highest on the exam sued based on reverse discrimination.

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

1-1 Explain why all managers need to understand the basics of HRM.

In a modern organization, human resources are one of the primary means of creating a competitive advantage for the organization, because the ways we manage people directly affects their performance. Engaged employees have also been shown to directly contribute to the bottom line (the top 10% on employee engagement beat their competition by 72% in earnings per share during 2007–2008). HRM provides all managers with tools to engage their employees and as a result increase employee productivity and company profitability.

1-2 Discuss how HRM helps improve organizational revenues in a 21st century organization.

Today’s HR department acts as a productivity center rather than a cost center, enhancing the profitability of the company by improving employee productivity. HRM practices primarily help to improve organizational efficiency. Employees become more efficient if they are used correctly, which means that managers don’t use up their time (the valuable resource that we get from employees) in an inefficient manner.

1-3 Describe the major HRM discipline areas.

- *The legal environment: EEO and diversity management*. This discipline deals with equal opportunity laws and regulations as well as management of a diverse workforce.
- *Staffing*. This discipline manages the processes involved in job analysis, recruiting, and selection into the organization.
- *Training and development*. This discipline has responsibility for the training processes within the organization, for developing curricula and lesson plans, and for delivery of training courses. It is also involved with development of talent within the company to provide a group of employees who will be able to move into more senior positions that become vacant.
- *Employee relations*. This area involves the coaching, counseling, and discipline processes, along with employee communication and stress management. It is also typically responsible for the management of job satisfaction and employee engagement.
- *Labor and industrial relations*. This discipline works with the laws and regulations that control the organization’s relationships with its workforce. It also works with any union-management contracts, including but not limited to union votes, grievances, contract negotiations, and bargaining with union representatives.
- *Compensation and benefits*. This discipline works with pay of various types and with benefits packages, all of which are designed to attract and keep the right mix of employees in the organization. It also deals directly with all of the federal and state compensation laws to ensure compliance.
- *Safety and security*. This discipline works to ensure 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 depletion of worldwide resources caused by the organization carrying out its processes.

1-4 Recall the primary difference between line and staff managers and their major HR responsibilities.

The HR staff has the primary responsibility of developing the policies and programs with its HR disciplines for everyone in the organization to implement on a daily basis. The line managers are responsible for implementing the HR policies within their departments.

1-5 Summarize the major HRM skill sets.

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

1-6 Identify the most common HRM certification programs and their parent organizations.
The primary certifications are carried out by SHRM, ATD, HRCI, and WorldatWork. SHRM’s “competency-based” certification programs include the SHRM Certified Professional and Senior Certified Professional (SHRM-CP and SHRM-SCP). ATD training and development certifications include the Certified Professional in Learning and Performance (CPLP) and the Human Performance Improvement (HPI) certification. HRCI maintains certification programs for Professional in Human Resources (PHR), a senior version (SPHR), and a global version (GPHR). Finally, certifications from WorldatWork include Certified Compensation Professional (CCP), Certified Benefits Professional (CBP), Global Remuneration Professional (GRP), Work-Life Certified Professional (WLCP), Certified Sales Compensation Professional (CSCP), and Certified Executive Compensation Professional (CECP).

1-7 Explain the practitioner’s model for HRM and how it applies to this book.

The practitioner’s model shows the relationships between each of the functions and disciplines within HRM. On the first level are the items that are absolutely critical to the organization if it is going to continue to operate (and stay within federal and state laws while doing so) and be stable and successful for a significant period of time. The second level encompasses those things that are required to identify the kinds of jobs that must be filled and then recruit and select the right types of people into those jobs so the company can maximize productivity over the long term. These items will allow the organization to get its work done successfully over long periods of time. In the third tier, we concern ourselves with management of the human resources that we selected in the second level. We have to get them training to do their jobs and allow them to perform those jobs for a period of time. We then have to appraise their performance and, if necessary, correct behaviors that are not allowing them to reach their maximum potential. As this is occurring, we need to ensure that we maintain positive relationships with our employees so that they remain engaged and productive. In the fourth tier, we want to make sure that we reward our workforce reasonably through fair and reasonable compensation planning to minimize unnecessary turnover and dissatisfaction. In the last tier we provide for employee safety and health, and also turn our attention to organizational ethics and the issues surrounding global business operations because these issues will allow us to sustain our workforce and thrive in the 21st century.

**KEY TERMS**

- absenteeism, 8
- business skills, 16
- conceptual and design skills, 16
- cost center, 6
- effectiveness, 6
- efficiency, 6
- empathy, 16
- employee engagement, 5
- human relations skills, 16
- human resources, 4
- Information Age, 8
- job satisfaction, 8
- knowledge worker, 9
- line manager, 14
- productivity, 6
- productivity center, 6
- revenue center, 6
- Society for Human Resource Management (SHRM), 17
- staff manager, 15
- technical skills, 16
- turnover, 8

**KEY TERMS REVIEW**

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

1. ________ the people within an organization.
2. ________ 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. ________ a division or department within an organization that brings in no revenue or profit – in other words it costs money for the organization to run this function.
4. ________ a division or department that generates monetary returns for the organization.
5. ________ a revenue center that enhances profitability of the organization through enhancing the productivity of the people within the organization.
6. ________ the amount of output that an organization gets per unit of input, with human input usually expressed in terms of units of time.
7. ________ answers the question “Did we do the right things?”; it is a function of getting the job done whenever and however it must be done.
8. ________ is a function of how many organizational resources we used in getting the job done; it answers the question “Did we do things right?”
9. __________ is the feeling of well-being that we experience in our work—basically whether or not we like what we do and the immediate environment surrounding us and our work.

10. __________ is the permanent loss of workers from the organization.

11. __________ is the failure of an employee to report to the workplace as scheduled.

12. __________ is an era that began around 1980 in which information became one of the main products used in organizations; it is characterized by exponential increases in available information in all industries.

13. __________ are workers who “use their head more than their hands” to gather and interpret information in order to improve a product or process for their organizations.

14. __________ include the ability to use methods and techniques to perform a task.

15. __________ are the ability to understand, communicate, and work well with individuals and groups through developing effective relationships.

16. __________ is being able to put yourself in another person’s place—to understand not only what they are saying but why they are communicating that information to you.

17. __________ are made up of the ability to evaluate a situation, identify alternatives, select an alternative and make a decision to implement a solution to a problem.

18. __________ are the analytical and quantitative skills, including in-depth knowledge of how the business works and its budgeting and strategic planning processes that are necessary for a manager to understand and contribute to the profitability of their organization.

19. __________ create and manage the organizational processes and the people that create whatever it is that a business sells.

20. __________ are the individuals that advise line management of the firm in their area of expertise.

21. __________ is the largest and most recognized of the HRM advocacy organizations in the United States.

**COMMUNICATION SKILLS**

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

1. Why is it important for all business majors to take this course in HRM?

2. Are you interested in becoming an HR manager? Why or why not?

3. Do you agree with the statement “Effectively utilizing the human resources within the organization is one of the few ways to create a competitive advantage in a modern business”? Why or why not?

4. Is employee engagement possible in an age when people tend to have very little loyalty to their employers and vice versa? How would you work to increase employee engagement as a manager?

5. Can HRM really create revenue for the organization? If so, how?

6. Identify some things that could be done by a manager to increase productivity and job satisfaction and decrease absenteeism and turnover. Make a list for each item.

7. If you were the HR manager for your organization, what would you do to increase the number of applicants who apply for “knowledge worker” positions in your organization? Assume you can’t pay them more.

8. Is there anything that an individual within an organization can do to help improve relations among diverse workers? If so, what?

9. Some say that for managers, hard skills (technical and business skills) are more important than soft skills (human relations and conceptual and design skills). What do you think, and why?

10. Are external certification programs (in all jobs) becoming more important? Why?

**CASE 1–1 BA—ZYNGA! ZYNGA FACES TROUBLE IN FARMVILLE**

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

Zynga was one of the fastest growing web-based companies at that point in time. It operated with an almost military command-and-control structure, with autonomous units in charge of each game (most of you will recognize
At times, it was “a messy and ruthless war.”48 Employees worked long hours while “managers relentlessly track[ed] progress, and the weak links [were] demoted or let go.”49 The entire environment could be described as intense.

There were serious concerns about the long-term viability of this culture, though. “While some staff members thrive in this environment, others find it crushing. Several former employees describe emotionally charged encounters, including loud outbursts from Mr. Pincus, threats from senior leaders, and moments when colleagues broke down [in] tears.”50 A number of former employees spoke about how the high-pressure culture might become a major liability as the company continued to grow. The consensus of these former workers appeared to be that the company might not continue to be able to attract and retain the top engineering and programming talent that they would need going forward.

“While from the outside Zynga may have the fun and whimsy of the Willy Wonka chocolate factory, the organization thrives on numbers, relentlessly aggregating performance data, from the upper ranks to the cafeteria staff.”51 Everything was measured and mapped, and results were used to identify the top performers along with the “not-so-top” performers and their groups. (Top teams had been known to be rewarded with vacations for the entire team, with spending money provided by the company!) Mr. Pincus personally tracked large amounts of data showing performance levels for the 3,000 employees and their work teams.

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

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

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

**Skill Builder 1-1 Getting to Know You**

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

**Skills**
The primary skills developed through this exercise are as follows:

1. *HR management skill—Human relations*
2. *SHRM 2013 Curriculum Guidebook—A: Employee Relations*
Application
What can you do to improve your ability to remember people’s names?

Procedure 3 (5–10 minutes)
Elect a spokesperson for your group. Look over the following categories and decide on some specific questions you would like your spokesperson to ask the instructor from one or more of the categories. The spokesperson will not identify who asked the questions. You do not have to have questions for each area.

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

Procedure 4 (10–20 minutes)
Each spokesperson asks the instructor one question at a time until all questions have been answered. Spokespeople should skip questions already asked by other groups.

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

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

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

Skills
The primary skills developed through this exercise are as follows:
1. HR management skills—Conceptual and design
2. SHRM 2013 Curriculum Guidebook—A: Employee Relations

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

<table>
<thead>
<tr>
<th>HR Management Skills and HR Responsibilities</th>
<th>Best Supervisor or Boss</th>
<th>Worst Supervisor or Boss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Relations</td>
<td></td>
<td></td>
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<tr>
<td>Conceptual and Design</td>
<td></td>
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<tr>
<td>Business Skills</td>
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<td>Legal Skills</td>
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<td>Staffing</td>
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<td>Training and Development</td>
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<td>Employee and Labor Relations</td>
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<tr>
<td>Safety and Security</td>
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<tr>
<td>Ethics</td>
<td></td>
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</tr>
</tbody>
</table>

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

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