

Chapter 1

The Human Resource Profession

In This Chapter

- Explanation of HR functions
- Evolution of HR as a profession
- Various roles of HR professionals
- Professional associations and certifications
- Professional conduct
- Elements of effective HR programs
- Building an HR department

So, you think you want to be a human resource (HR) professional? Or maybe your job requires you to perform human resource functions as part of more broad responsibilities within your organization? If that's the case, or if you're working as a specialist in one area of human resources and want to broaden your basic knowledge of other aspects of the profession, this book is for you. We'll be examining different aspects of the human resource profession to provide you with a basic understanding of the diverse functions that fall under the purview of human resource departments in different organizations.

This book combines theory with practical information about how the theory is applied in daily operations. Each chapter includes information from subject matter experts (SMEs), who write about topics they focus on in their daily work. These insights from specialists who have "been there, done that" are designed to help you better absorb the information presented in the chapter so that you may more easily apply it in your work as a human resource practitioner.

In this chapter, we'll start our examination with an overview of work-force management and the evolution of the human resource profession.

human resource management (HRM)

Responsible for all activities related to workforce needs in organizations, including attracting and retaining qualified employees, ensuring that the organization operates within legal requirements, and maintaining a workforce that serves the organization's needs.

What Is Human Resource Management?

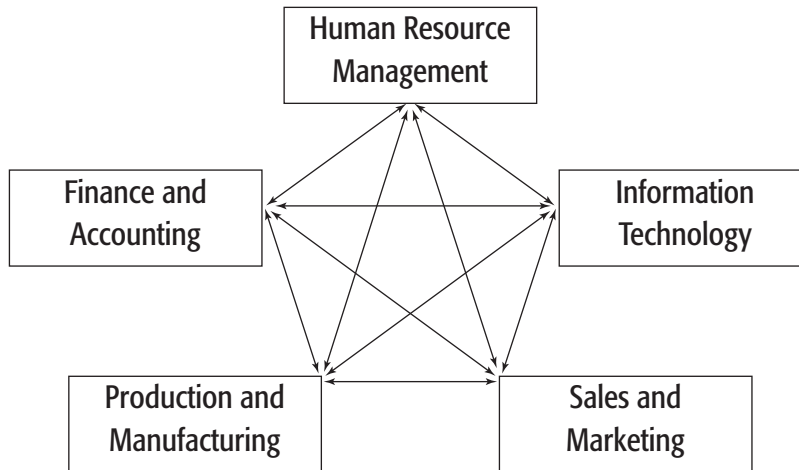
Human resource management (HRM) is the organizational function with responsibility for attracting, retaining, and managing the people who make up organizations. From the Chief Executive Officer to the worker on the production line, HRM is involved in the recruitment, selection, employment, and exit of employees from organizations. HRM includes all the following activities:

- ◆ Finding and interviewing candidates, and hiring the best-qualified person for the job
- ◆ Determining how best to compensate employees through salaries, wages, and benefits
- ◆ Providing a safe and secure workplace
- ◆ Understanding federal, state, and local employment laws and regulations; and ensuring that workplace policies comply with them
- ◆ Developing policies to build effective working relationships between organizations and employees
- ◆ Designing processes to enhance communication from the bottom up as well as from the top down
- ◆ Providing training and development opportunities that build employee skills
- ◆ Motivating and retaining employees
- ◆ Facilitating the exit process, whether it is voluntary or involuntary

HRM is one of the five basic functions that make up modern organizations. In addition to HRM, these functions include sales and marketing, information technology (IT), operations and manufacturing, and, of course, finance and accounting. The operations and manufacturing function supplies the products or services that are the source of income for the organization. The sales and marketing function, in conjunction with production, develops products or services that will be offered by the organization, seeks out customers, and sells those products or services. The finance and accounting function collects information about sales and expenses, and provides reports to management that summarize this information for use in managing the business. The information technology function is responsible for maintaining the systems that manage data for organizations, such as customer relationship management (CRM), human resource information systems (HRIS), e-mail, and, of course, the computer systems that connect employees with each other. Regardless of the size of an organization, all these elements are present in some form.

Each functional area plays a vital role in the operation of any organization. Without people, the organization could not exist. Without a product, there would be no jobs. Without sales, there would be no money to pay people or produce the product. Without financial reports, management would be unable to manage the business successfully. Without information systems, communication

and information gathering would be less efficient. The following illustration shows the interrelationship of these organizational functions.



The organizational need to manage workforce requirements is a fairly recent one, developing as society evolved from one in which work was largely agrarian to one in which work was overwhelmingly industrial. Workers in agrarian societies had, for the most part, direct daily contact with their “manager,” the farm owner. When jobs moved off the farm and into factories, the sheer size of the workforce precluded the business owner from having individual relationships with each employee, so this responsibility was delegated to supervisors and managers.

As organizations grew larger, the need to keep track of information about employees increased. It became necessary to hire workers whose only job was to keep track of all the workers: how many hours they worked and how much they were owed. The personnel department grew from this clerical function, and as labor laws were enacted, personnel, which already kept track of all the employees, was the natural function to assume responsibility for managing the new legal requirements. As the industrial age evolved into the information age, the personnel department evolved into the human resource function, with responsibility for managing overall employment relationships within organizations.

During this same period, changes in the work environment were taking place. The production needs on a farm were simple and tied directly to natural requirements that could not be manipulated. It was, after all, somewhat difficult to change the length of the growing season or to increase crop production by having the sun shine longer each day. With the advent of manufacturing processes, these natural constraints disappeared, and business owners could control conditions in a way that had not previously been possible by extending the workday to begin before dawn and end long after sunset. As business owners sought to

increase productivity, experts with backgrounds in scientific measurement were brought in to identify ways to do so. This scientific management approach was popular in the late nineteenth and early twentieth centuries, but it focused on productivity to the exclusion of the needs of workers. This environment helped to create the union movement, in which employees banded together in an effort to improve working conditions as well as to address wage and benefit issues.

Because the personnel function was already involved with employee records and employment laws, it was also natural to place responsibility for managing employment relationships into this function. As these important responsibilities were added to personnel, the change in scope required businesses to look at this function in a different way and resulted in the function as it is known today: human resources.

The relationship between employees and organizations requires a balance between the need of the organization to make a profit and the need of its employees to have a work environment that is safe and satisfies basic human needs. During the last 30 years, the HRM role in organizations has evolved to become the function that finds solutions to satisfy these conflicting needs.

The Changing Role of Human Resources

Early in the twentieth century, the personnel function was focused on providing services (such as hiring employees); advising management on workforce issues; and ensuring that managers and employees complied with company policies, employment legislation, and government regulations. In the challenging business environment that exists today, HRM must play a more active role in ensuring the success of the business. To that end, the HRM role is evolving into one that is strategic, operational, and administrative.

In its *strategic role*, HRM studies business goals to determine which human resources will be needed to achieve them and to develop legally compliant HR policies that contribute to the achievement of the goals. For example, if business leaders determine that they want to hire the most highly skilled employees available, HRM can further this goal by developing a compensation plan that leads the labor market for those skills (discussed in Chapter 4, “Building a Compensation Plan”). To do this, HRM must identify the demographic characteristics of candidates with the needed skills, find out what their competitors are providing in terms of compensation and benefits, develop a plan that exceeds what is being offered by the competition, and provide a staffing budget that demonstrates the impact of this plan on the bottom line. In this way, HRM demonstrates its ability to contribute to the overall success of the organization.

In another example, if business leaders determine that it is in the best interest of the organization to use a new form of technology in its production processes, HRM must examine the skills available in the current workforce to determine whether those skills are the ones needed to develop and implement

strategic role

Identifies organizational goals and develops HR practices and programs that contribute to the achievement of those goals.

the new technology. If not, HRM must do two things: develop a plan to train current employees in the new skill requirements and examine its recruiting methods to determine whether these methods can attract candidates with the desired skills. In this way, HRM ties a traditional function, recruiting, with the strategic goals of the business and also demonstrates its ability to contribute to the successful achievement of organizational goals.

In its *operational role*, HRM executes day-to-day tasks (such as recruiting new candidates or solving employee relations problems) in a manner consistent with the organization's needs and goals. In the area of staffing, for example, this role includes working with hiring managers to analyze jobs, writing job descriptions, creating recruiting plans for individual jobs, running ads, interviewing and evaluating candidates, administering pre-employment tests, and conducting background or reference checks on selected candidates.

In its *administrative role*, HRM maintains employment records and ensures compliance with federal, state, and local employment laws and regulations. In this role, HRM also ensures that company policies are fairly, equitably, and consistently applied throughout the organization. Many administrative tasks are managed with the use of an HRIS, an electronic system that collects and maintains information and statistics. HRIS systems have streamlined data collection and maintenance duties, freeing HRM professionals to spend their time on strategic and operational duties.

To see how these roles work together, let's use the performance appraisal process as an example. The process begins strategically, with selection of a review process designed to improve employee performance and communications between managers and employees. Operationally, HRM trains managers to conduct appraisals and might coach them through difficult reviews. Administratively, HRM advises managers of the appraisal schedule, follows up with managers to ensure that the process is completed, and records the results in the HRIS system. In this and many other HRM responsibilities, practitioners may find themselves acting in all three capacities at different times to complete their assignments.

As you can see, the HRM function can be complex. In addition to what we do, we often must wear many hats in our organizations, moving from employee advocate to management coach to compliance advisor.

operational role

Performs day-to-day tasks such as recruiting, counseling employees, and coaching managers—among many others.

administrative role

Develops company policies that enhance the organization's ability to meet its goals and be in compliance with federal, state, and local employment laws and regulations.

Professional Associations

As the personnel function evolved during the first half of the twentieth century, it became clear to practitioners, those who worked in the field on a day-to-day basis, that there was a need for a national association. This would provide them with a way to connect with others in the field and provide opportunities for professional development. They wanted to form an association that would enhance their ability to share information and be of benefit to all who worked in the field.

In 1948, 28 of these individuals formed the American Society for Personnel Administration (ASPA) to serve these needs. In 1989, to reflect the changing needs of business and the broader scope of responsibility of its members, ASPA became the Society for Human Resource Management (SHRM). SHRM has more than 175,000 members in 120 countries and is an influential voice on behalf of HR professionals, taking an active role in shaping legislation and government regulation of workforce activities.

This section describes SHRM and then touches upon several other organizations and forums that reflect developments in this rapidly changing field.

Society for Human Resource Management

The founders of SHRM and its early members were instrumental in developing the field as a profession. In 1964, SHRM (then known as ASPA) took the first steps to do so, beginning with a definition of what constituted a profession. They determined that the HR profession is defined by five characteristics:

- ◆ Common body of knowledge
- ◆ Code of ethics
- ◆ Ongoing research into the body of knowledge
- ◆ Certification program
- ◆ National professional association

body of knowledge (BOK)

A BOK defines the information that is common to the practice of a profession. The HR BOK requires knowledge of strategic management; workforce planning and employment; human resource development; compensation and benefits; employee and labor relations; and occupational health, safety, and security.

SHRM then set about to define the *body of knowledge (BOK)* that was unique to personnel, so a certification program could be developed. The ASPA Accreditation Institute (AAI) was created in 1975 to accomplish these goals. (AAI became the Human Resource Certification Institute, or HRCI, in 1989.) Over the years, the BOK has been revised to keep up with changes in the business environment and the impact of these changes on the practice of the profession. Today, the BOK consists of six functional areas:

Strategic Management This area looks at the “big picture” in the organization and requires knowledge of the other operational functions (such as IT or marketing). When HR professionals can tie daily activities to organization goals, they are operating strategically.

Workforce Planning and Employment This area covers operational responsibilities, including those needed to recruit, select, hire, retain, and exit employees from the organization.

Human Resource Development This area refers to the activities performed to ensure that employees have the skills necessary to produce goods or services for the organization.

Compensation and Benefits This area includes all the activities related to paying employees, including direct compensation they receive (such as cash and equity) and non-direct benefits the company provides (such as medical insurance and retirement plans).

Employee and Labor Relations This area covers relationships between employees and each other and between employees and the organization, as well as issues related to union environments.

Occupational Health, Safety, and Security This area covers the issues that involve the physical environment in which employees work each day.

The chapters that follow discuss aspects of these functional areas from the perspective of each of the three roles HR practitioners play in their organizations: strategic, operational, and administrative. Whether HR practitioners be entry-level, mid-career, or seasoned professionals, to be involved in the management of the organization and have the impact they desire on the workforce, every aspect of their practice must begin with an assessment of its strategic value or how it will contribute to the achievement of corporate goals. On top of that, to be seen as credible in their organizations, HR practitioners must ensure that HR programs run smoothly and deliver the services that management and employees expect. Chapter 11, “Strategic Human Resource Management” discusses how all the disparate elements of the HR profession come together for the benefit of organizations.

Other Professional Associations

As HRM functions became more complex, specialties began to develop, and practitioners in those areas began to form professional associations to meet their particular needs. The following organizations represent only a small number of those available to practitioners:

- ◆ American Society for Training and Development (ASTD)
- ◆ International Public Management Association for HR (IPMA-HR)
- ◆ International Association for Human Resource Information Management (IHRIM)
- ◆ WorldatWork
- ◆ National Association of Personnel Specialists

Most of these national associations have local chapters throughout the country. Members can meet, exchange ideas, look for jobs, and find qualified candidates for openings in their organizations. Most association websites provide contact information for local chapters and encourage members to participate at this level as well as at the national level.

Informal Networking Communities

With the advent of the Internet, opportunities for networking with other professionals have increased exponentially. Virtual HR communities provide camaraderie, information, and support from practitioners at all career levels. Each of these communities has its own personality, and many long-term members form

close bonds. A major benefit of these groups is that their members can post questions and ask for advice on highly sensitive and confidential situations without breaching confidentiality or privacy requirements. Sometimes, just having someone else who has “been there, done that” can provide insights you may not have considered and help you to formulate a plan of action. It never hurts to get a variety of ideas and approaches for handling difficult situations. One of the best examples of this is the Human Resource Mentoring And Networking Association (HRMAN). The experience level of members of this community ranges from recent college graduates in their first jobs, to office or administrative managers who perform HR duties as part of their jobs, to employment law attorneys and senior HR executives.

Two other sites that provide useful information and an opportunity to ask questions are HRhero.com and AHIPubs.com. HRhero.com is an online community which provides a variety of information sources and services, including an online test, “HR I.Q.,” that lets you test your knowledge. AHIPubs.com is another source for solid information and advice, and has an active community participating on its bulletin board.

You can access these sites at www.hr-man.com., www.hrhero.com and www.ahipubs.com.

Professional Certifications

professional certifications

A professional certification indicates that an individual has met requirements established by a national certifying body for that profession.

There are a number of *professional certifications* available to HR practitioners. Some are awarded to specialists in areas such as staffing, compensation and benefits, and training; others are awarded to generalist professionals whose work encompasses multiple areas of human resource responsibilities. Let’s begin with a discussion of the generalist certifications awarded by HRCI.

Generalist Certifications

The first HR certifications were earned in 1976; by May 2003, more than 68,000 HR generalists had earned professional certification. Today’s certification process, which has evolved over time, consists of three levels of certification, Professional in Human Resources (PHR), Senior Professional in Human Resources (SPHR), and Global Professional in Human Resources (GPHR). According to the “HRCI State of the Institute Report 2003,” the process of identifying the body of knowledge for a new level of certification, nonexempt and entry-level employees, will begin in 2004.

The certification process allows practitioners to demonstrate their mastery of the profession by meeting standards set by fellow practitioners who work in the field each day.

If you're a generalist who is seriously considering the certification path, I recommend that you pick up a copy of my book, *PHR/SPHR: Professional in Human Resources Certification Study Guide* (Sybex, 2004) to help you prepare for the exams. It has hundreds of sample questions, and many real-life examples that will help you apply what you've learned.

HRCI has set some requirements that must be met by candidates for the PHR, SPHR, and GPHR exams. You should check their site, www.hrci.org, for the most up-to-date information regarding exam requirements.

NOTE

Compensation and Benefit Certifications

Compensation and benefit professionals are certified by two different organizations: WorldatWork, which was previously known as the American Compensation Association, and the International Foundation of Employment Benefit Plans. WorldatWork certifies professionals at three levels, described as follows.

Certified Compensation Professional (CCP) Candidates for CCP certification must demonstrate competence in nine areas, and the certification process requires candidates to pass exams in each of the areas. Six of the exams are designed to cover a wide variety of basic compensation knowledge, including the management of total rewards programs, knowledge of compensation and benefit regulations, fundamentals of benefit programs, job analysis, documentation and evaluation, and quantitative analysis methods. In addition to exams that measure basic compensation knowledge, candidates must select three areas of specialty, such as international benefits, mergers and acquisitions, or communicating with employees about total rewards (among others).

Certified Benefits Professional (CBP) Like the CCP, the CBP certification requires candidates to pass nine exams to demonstrate their knowledge of various benefit programs.

Global Remuneration Professional (GRP) Earning the GRP requires candidates to demonstrate their knowledge of remuneration techniques that apply to organizations with operations around the world. It consists of a series of exams focused on global application of compensation and benefit practices.

Information about compensation and benefit examinations is available on the WorldatWork website: www.worldatwork.org.

Employee benefits specialists can also earn certifications from the International Foundation of Employment Benefit Plans (IFEBP), in partnership with the Wharton School of Business at the University of Pennsylvania (for U.S. candidates) and with Dalhousie University in Nova Scotia (for Canadian candidates).

This organization recently revised its certifications to include four levels, described as follows.

Certified Employee Benefits Specialist (CEBS) The CEBS designation is earned by individuals who complete coursework in eight areas and earn a passing score on a comprehensive examination that covers all aspects of employee benefits programs.

Other designations The IFEBP recently revised its certification program by adding three new designations. The Compensation Management Specialist (CMS), Group Benefits Associate (GBA), and Retirement Plans Associate (RPA). These three designations are designed to acknowledge individuals who have mastered knowledge in each area of specialty. Information about these certifications can be found at www.IFEBP.org.

Staffing Certifications

Staffing professionals formed an association known as the National Association of Personnel Services (NAPS), which sponsors two professional certifications:

Certified Personnel Consultant (CPC) Candidates for the CPC certification must pass a certification exam designed to measure knowledge of employment laws, government regulations, ethical standards, and best business practices.

Certified Temporary-Staffing Specialist (CTS) The CTS exam covers topics similar to those on the CPC exam, but focuses on how they affect temporary service agencies.

In addition to these certifications, NAPS also sponsors a certification for recruiters who specialize in placing physicians, the Physician Recruiting Consultant (PRC) certification. Additional information about NAPS and these certifications is available on its website at www.recruitinglife.com.

Training Certifications

The ASTD is the professional association for training and development professionals. This association sponsors two certificate programs, as follows.

Certified Performance Technologist (CPT) The International Society for Performance Improvement (ISPI) developed the CPT certification to measure candidates on 10 Standards of Performance Technology. These standards include the ability to focus on results, to analyze situations within the context of the larger organization, to add value to programs, and to collaborate with clients in developing programs, among others.

Human Performance Improvement (HPI) The HPI certification is awarded to candidates who successfully complete six courses, covering topics that include analyzing and improving human performance at work;

selecting, managing, and evaluating interventions used to improve performance; and moving from a focus on traditional training techniques to performance improvement consulting.

Information about the ASTD certification programs is available on the ASTD website at www.astd.org.

Other Certifications

Although I could write an almost endless list of certifications with some relevance to HR practice, those mentioned previously are ones that will be most often encountered during the course of a career. Should you find yourself becoming a specialist in a different area of HR practice, it is worth your while to seek out a professional association that represents that specialty and investigate opportunities for certification in that field. Certification provides practitioners with many benefits and can be a useful career tool.

Professional Conduct

The different roles played by HR practitioners in organizations require flexibility. On the one hand, we represent management and contribute to organizational goals; on the other, we are charged with representing employee needs. There are many cases in which these roles are in direct conflict with each other, and balancing them can be rewarding and challenging—and often is the source of frustration. Ultimately, HR professionals provide the management team with strategies and tactics designed to improve and maintain productivity. The ultimate goal of any organization is, after all, to produce a product or provide a service, and employees are the people who make that happen.

In performing their duties, HR practitioners must operate within a *code of ethics* that allows them to maintain credibility in their organizations. The SHRM “Code of Ethical and Professional Standards in Human Resource Management” establishes guidelines for appropriate professional conduct and sets a high standard for dealing with daily conflicts that arise between the multiple roles required by our organizations. There are six core principles that guide practitioners in the performance of their duties, as described in the following sections.

code of ethics

A code of ethics establishes guidelines for professional conduct.

Professional Responsibility HR professionals are responsible for setting and maintaining high standards of excellence, conducting themselves professionally during the course of their work, ensuring that their organizations comply with legal requirements, and advocating for employees.

Professional Development Not only do employment laws change regularly, but business needs change rapidly as well. To perform professional work at the highest standards, HR professionals must engage in lifelong learning for continuous development of the knowledge and skills that further business goals.

Ethical Leadership SHRM sets a high standard for ethical behavior, expecting practitioners to set the standard for ethical conduct within their organizations by conducting themselves ethically in all their duties.

Fairness and Justice HR professionals are in a unique position to ensure that all individuals within an organization are treated equitably, and with dignity and respect.

Conflicts of Interest It is crucial for HR professionals to exhibit a high level of integrity. For this reason, it is important that we refrain from activities that leave even the appearance of a conflict of interest and call the practitioner's credibility into question.

Use of Information During the course of daily work, HR professionals are routinely exposed to sensitive and confidential information. Sharing information of this nature invades the privacy of the affected employee and can destroy an HR professional's credibility.

Visit the SHRM website at www.shrm.org/ethics/code-of-ethics.asp to read the entire code of ethics.

Although it is human nature to want to become part of the group, working in HR can place a strain on workplace friendships. It is one thing for a group of employees to gossip about work and complain about the boss; it is quite another when HR participates in such a conversation. Because HR plays dual roles as both a management representative and an employee advocate, HR practitioners who are made aware of activities involving any form of harassment or activities that could expose the organization to legal action have an obligation to advise management of serious situations. This may make it difficult to develop friendships with coworkers outside of the HR department because they may not be fully aware of your responsibility as a representative of management. At the same time, one of the functions of HR is to provide services for the employee population, so it is important to build relationships with these workers. We'll talk more about balancing these requirements in Chapter 6, "Building the Employee Relations Program."

Elements of Effective HR Programs

In the previous section, we identified the six areas of the HR BOK. This book examines basic aspects of each of these areas that are common to any organization employing people in its operations.

These basic elements are a part of any effective HR program, regardless of the size of the organization. In some very small organizations, they may not be identified specifically, but they are part of the employment process nonetheless. In very large organizations, these elements may be represented by separate departments staffed by specialists in each area; they may be combined in a single department and managed by a generalist in small and medium-sized organizations.

Let's take a look at each of the elements of effective HR programs, so you can better understand them:

Compliance: Employment Law and Organization Policy Each of the other elements is subject to employment laws and regulations enacted by federal, state, and local legislatures, as well as to common-law practices. In addition, each organization establishes policies ensuring that employees are treated in a consistently fair and equitable manner regardless of which department they work in. An effective HRM program ensures that each element complies with these laws, regulations, and policies.

Staffing: Workforce Planning and Employment Staffing refers to the process of acquiring and exiting employees from the organization. This process includes identifying the skills needed by the organization, the duties that need to be performed, and the level of experience necessary for success in a position. With that information, HR can recruit effectively, manage the selection process, hire, transfer or promote employees, and orient them to the organization. When employees resign, or must be laid off or terminated for other reasons, the staffing process identifies whether or not a replacement is needed and ensures that a smooth transition is made.

Compensation: Compensation and Benefits Compensation is a critical element for attracting and retaining employees in an organization. Compensation comes in many forms: tangible, intangible, monetary, and non-monetary. Business goals are a crucial piece of a compensation program that attracts employees who possess the skills needed by the organization.

Safety: Occupational Health, Safety, and Security Employers must provide a safe work environment for their employees.

Employee Relations: Employee and Labor Relations Effective employee relations programs are a key element in retaining employees and avoiding unionization of the workforce.

Communications: Employee and Labor Relations It is essential that employee communication programs provide avenues for "bottom-up" communication as well as "top-down." Giving employees the ability to influence their daily work aids retention and results in greater productivity.

Training and Development: Human Resource Development Training provides skills that employees need to be successful in their current positions, such as new-hire orientation or training on the use of new software that is installed. Development prepares employees to take on increased responsibility within the organization, and may be achieved through academic methods, on-the-job, or by other means.

Performance Management: Human Resource Development Performance management is an ongoing process that, when done effectively, provides employees with regular feedback. Performance appraisals, generally given on an annual basis, are one aspect of performance management.

As demonstrated in the following illustration, these basic elements form the building blocks of an effective HRM program:



The diagram shows two additional building blocks: Global HRM and Strategic HRM.

Global HRM In today's business environment, even relatively small organizations might have global operations. When these operations involve employing workers in other countries, HR professionals must become familiar with employment laws and customs in the host country as well as ensure compliance with U.S. laws that apply to global operations.

Strategic HRM It's a fact that HR professionals at all levels must operate strategically today. This means that programs must be scrutinized to

ensure that they contribute to the capability of the organization to achieve its goals. After you learn the basics, we'll talk in practical terms about how to operate strategically in your daily work.

HR Practices in Different Employment Sectors

For the most part, jobs fall into one of two sectors: public or private. Jobs in the public sector include those in federal, state, and local government agencies. In the private sector, jobs exist in for-profit businesses and nonprofit organizations. An effective HR program in any of these organizations contains all the basic elements described in the previous section. Depending on the type of the organization, however, the combination of the elements and the importance placed on different elements can vary.

Public Sector Organizations

Jobs in the public sector have a number of unique characteristics that set them apart from the private sector, including the prevalence of unions, legal restrictions that govern employee relations issues, and mandated limitations on compensation and benefits. For many years, the reputation of the public sector was one of extreme bureaucracy and of being resistant to change, characterized by mountains of paperwork and red tape. Change, when it did take place, often occurred as the result of a lengthy process requiring the involvement of numerous committees and agencies, and approvals at multiple levels in the hierarchy. Today, in response to the need to reduce the cost of government, these practices are changing. At the federal level, change was spurred by the Government Performance and Results Act of 1993, which Congress enacted to provide federal agency managers with the tools necessary to improve services and reduce costs. Similar trends are occurring in state and local governments as well, as public officials struggle to make tax dollars go further.

For the HR practitioner, what this means is that, just as in the private sector, it is necessary to demonstrate the value of current and proposed programs and how they add to the achievement of public mandates—as evidenced by legislative actions or the initiatives of elected officials such as mayors and governors or, at the federal level, the president. It is no longer possible to justify programs based on the number of employees who participate in them; HR must now be able to demonstrate their effectiveness by showing how programs contribute to improved services or reduced costs.

A hallmark of public sector jobs is that they are often viewed as more secure than those in the private sector. Although this is true to a large extent, some job categories are unique to the public sector: those that are political appointments. These incumbents serve “at the pleasure of” the president, governor, or mayor who appointed them; and they are most often replaced when the administration changes. Public sector jobs are different from those in the private sector in that

they are often subject to legislatively mandated employee rights with more legal protections and longer appeals processes. Although this makes it more difficult to terminate poor performers, it also serves to protect employees who are not political appointees from political pressures that change as the result of an election.

One aspect of jobs in the public service that hasn't changed very much is the level of compensation. It is still generally true that public sector jobs pay lower salaries than do those in the private sector. This differential is sometimes offset by more generous benefits such as more paid holidays and more generous leave-of-absence policies, for example. The larger employee base of most government entities usually means lower benefit costs to employees, as well.

The majority of those who choose to work in the public sector do so as a means of public service, with the desire to affect public policy decisions and improve circumstances for their neighbors, families, and friends. Public service jobs are available in widely diverse areas, including support staff for legislatures at the federal, state, and local levels; administrative and teaching positions in school districts, colleges, and universities; court districts; hospitals; libraries; and office work for government agencies. This diversity provides a challenging and interesting environment in which to practice human resources.

Private Sector Organizations

In the private sector, organizations can operate for profit or not-for-profit. Although both types of organizations are governed by the same laws, differences in the ways the organizations operate, and the motivations of the people who work in them have an impact on the way HRM is practiced.

For-Profit Businesses

Businesses operate for a profit. The owners of the business, whether they are single individuals or shareholders, invest in the business expecting to earn a return on that investment. For this reason, business decisions are focused on increasing the *bottom line*, or the amount of money the business earns after all the expenses have been paid.

There are many different industries within the business environment. The type of work done in different industries determines the skills that are needed to produce the goods or services for individual businesses. This affects HRM in many ways. For example, depending on the level of skill needed and the availability of individuals with that skill in the local area, a business may need to recruit nationally for new employees instead of running an advertisement in the local newspaper to find them.

Employees in different types of jobs have different needs and are motivated by different incentives, and HRM must be able to identify these motivators in order to retain employees.

Nonprofit Organizations

A nonprofit organization (NPO) is one that is funded by contributions, such as the National Wildlife Federation; or by government programs, such as some child-care centers. In either case, the funding is limited to what can be raised by those who work for the NPO. For this reason, salaries and benefits in NPOs are generally lower than those an employee could earn for doing the same job in a for-profit organization or in a public sector job. As a result, NPO employees are generally motivated by non-monetary reasons. Although this is good for the budget, it means that it is often difficult to attract employees with the highest skills, and it has an impact on operations. The limited funds present numerous challenges for HRM because the need to improve skills may not be supported by the availability of funds to provide adequate training.

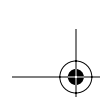
Building the HR Department

Now that you have a better idea of the scope of the profession and the role played by practitioners at work, we can explore what it means to build an HR department. I've organized this book around the elements that are needed to build an HR department from the ground up because it allows me to explain the process in a logical progression, with each element building on previous elements. Let's talk a little about the general issues involved in building an HR department from scratch.

Understanding Organization Functions

As mentioned earlier in this chapter, HR is one of five basic elements common to all organizations. HR's function is to provide workforce management services to the other functions in the organization. Because of this interrelationship, HR practitioners must have a working knowledge of the needs of each of these functions, how they are unique, and what elements they have in common. In the technology sector, for example, individuals who work in highly technical positions, such as software engineers or scientists, are often characterized as being detail-oriented, highly intelligent introverts with poor people skills. One motivator that is extremely important to these "techies" is work that allows them to stay on the cutting edge of technology developments. It is important to HRM to understand this for several reasons, including the following:

- ◆ Promoting an employee who has been successful in a technical role might require the company to provide additional training in supervisory, management, and motivational skills.
- ◆ Advanced training on new technology is an effective motivator for technicians.



In contrast, employees in sales positions are often characterized as highly competitive extroverts with excellent people skills who find paperwork unnecessary and are often highly motivated by cash incentives. When HRM understands this, it is possible to develop reward programs for the sales team that concentrate on cash incentives that are tied to sales goals.

Understanding that like all human beings, employees are motivated when they have some control over their daily work allows HRM to develop management-training programs to improve the ability of managers and supervisors to empower employees. When employees take responsibility for their individual performance, increased productivity is often the result.

Tying HR Plans to Organizational Needs

I've mentioned several times the importance of tying HR activities to business goals. Each of the following chapters begins with a brief explanation of some ways to do this. Keep it in mind as you read the chapters, and give some thought to ways in which you can tie activities in these areas to your own organization's goals. In Chapter 11, I'll talk about how this all works along with some specific strategies that can be used, even when performing the most basic HR activities.

Terms to Know

administrative role

operational role

body of knowledge (BOK)

professional certifications

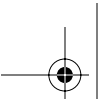
code of ethics

strategic role

human resource management (HRM)

subject matter expert (SME)





Review Questions

1. What is the role of human resource management in an organization?
2. What does it mean for HR professionals to “be strategic?”
3. How is HRM restricted in an NPO organization?
4. What sets HR apart as a profession?
5. What are some things for HR to consider when establishing operations outside the United States?
6. Why do HR professionals need to understand other organizational functions?
7. What areas of HR are subject to legal requirements?
8. Describe the administrative aspect of HRM.
9. Describe the operational aspect of HRM.
10. What is the difference between training and development programs?

