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## MANAGING HUMAN RESOURCES TODAY

### Strategies for a Changing Business Environment

#### ***Starting Point***

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Go to [www.wiley.com/college/messmer](http://www.wiley.com/college/messmer) to assess your knowledge of the basics of human resources today.

*Determine where you need to concentrate your effort.*

#### ***What You'll Learn in This Chapter***

- ▲ The value of employees in company performance
- ▲ Responsibilities of human resources managers
- ▲ Legal implications of corporate ethics
- ▲ The role of strategic thinkers
- ▲ Examples of technological change in human resources

#### ***After Studying This Chapter, You Will Be Able To***

- ▲ Examine how a company balances its strategic needs with its people needs
- ▲ Compare the human resources responsibilities of a small company to those of a large company
- ▲ Assess the effectiveness of a human resources department's ethics enforcement
- ▲ Differentiate between strategic thinkers and non-strategic thinkers
- ▲ Prepare to purchase updated human resources management software

## INTRODUCTION

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As business has become more complex, so has the field of human resources, which now encompasses everything from strategic staffing to recruiting and launching effective training initiatives, as well as implementing ethic codes, policies, and benefits that safeguard workers. At the same time, a major function of human resources is to protect a company's interests and improve the bottom line.

### 1.1 Human Resources and Company Performance

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A company's ability to grow and succeed has always depended heavily on the quality of its people. In today's market, this relationship is even more relevant. Employees are the talent base, or **intellectual capital**, that can make or break a firm's efforts to remain competitive. Businesses recognize the value of a skilled and motivated workforce as well as the challenge involved in finding and keeping top talent.

#### 1.1.1 The Business of People

Most people in business would agree that finding and keeping a quality workforce is harder to achieve today than in the past. To that end, human resources has become a business unto itself. And the principal asset of this particular business is people.

In any job market, those in human resources recognize that competition exists for the most desirable candidates, and, once hired, they are only a phone call away from another job offer. Recruiting and managing a first-rate staff takes more skill and effort than ever before.

#### 1.1.2 Standing Out From the Competition

The way a business manages its employees can make all the difference in its ability to differentiate itself from the competition. It is the job of a human resources manager (or, in some cases, a business owner or executive responsible for the HR function), to focus on the practices and policies that directly affect the welfare and morale of a company's most important asset—its employees.

#### 1.1.3 Balancing Act

Those in human resources help a firm strike the optimal balance between two aspects:

- ▲ The **strategic needs** of a business—those actions or measures that ensure the successful attainment of an organization's goals or mission.
- ▲ The basic **people needs** of a workforce—everything from a safe working environment to fair compensation and competitive benefits.

**FOR EXAMPLE****Creative Incentives**

OneStop, a company that sells and services office equipment in Delaware, is facing stiff competition from a big-name superstore that has moved into the area. Though sales representatives are being asked to put in extra hours to reassure their current customers and secure new business, Charlie DiCielo, the company's president, has taken steps to keep morale up and staff motivated. Those working long hours can now bank that time to use around the holidays. In addition, a new e-newsletter is being sent out that will highlight the efforts of a different employee each month, giving many behind-the-scenes staffers a chance to shine.

Being sensitive to—and doing your best to meet—the “people needs” of a company's employees is in the best interest of an employer. But many in business debate just how much responsibility a company needs to assume—and how much time (and money) a company must devote to the needs and priorities of employees as opposed to the needs and priorities of its business operations and customers.

**SELF-CHECK**

1. Define *intellectual capital*.
2. Stock options are a company's most important assets. True or false?
3. Give three examples of a company's “people needs.”

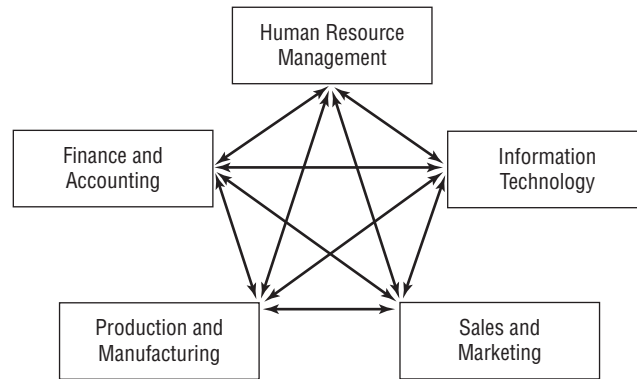
**1.2 Responsibilities of Human Resource Departments**

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**Human resources management** is the phrase most often used to describe a set of functions that once fell under the category of “personnel administration” or “personnel management.” Regardless of the name, you can sum up this particular aspect of business as the decisions, activities, and processes that must meet the basic needs and support the work performance of employees.

HR management is one of the five basic functions that make up modern organizations. In addition to human resources, an organization will have sales

Figure 1.1



The interrelationship between information systems.

and marketing, information technology, operations and manufacturing, and finance and accounting. Each area plays a vital role in the operation of any company; Figure 1-1 illustrates the interrelationship of these functions.

### 1.2.1 A Range of Focus

The most common areas that fall under HR management include the following:

- ▲ **Staffing:** Strategically determining, recruiting, and hiring the human resources you need for your business.
- ▲ **Basic workplace policies:** Orienting your staff on policies and procedures, such as schedules, safety, and security.
- ▲ **Compensation and benefits:** Establishing effective—and attractive—wages and perks.
- ▲ **Retention:** Continually assessing the quality of your workplace and HR policies to ensure people want to stay with your company.
- ▲ **Training and developing employees:** Ensuring that your staff grows in knowledge and experience to help your company expand and continue to meet the changing needs of customers.
- ▲ **Performance and behavior issues:** Resolving conflicts, handling disputes, and managing discipline problems.
- ▲ **Regulatory issues:** Complying with the ever-increasing number of federal, state, and local regulations.
- ▲ **Human resources information systems:** Using technology to enhance the efficiency of human resources operations (see Section 1.5).

### 1.2.2 Customizing Human Resources

No cookie-cutter formulas for effective HR management are available. Every company—regardless of size, location, or purpose—must deal with human resources issues in a way that's best suited to its needs and situation. A company's size is a significant determining factor.

- ▲ If you run a small business, you probably function as your own HR manager. You personally oversee and conduct all the classic human resources functions of your company:
  - You recruit and hire.
  - You set up the compensation and benefits package.
  - You write the paychecks and keep the appropriate records.
  - You're likely the person responsible for training and developing the people you hire.
  - You keep the people who work for you informed about what's going on in the company, through a newsletter or other means.
- ▲ Bigger companies face the same basic challenges and carry out the same general activities. The only difference is that larger companies employ individual specialists—or sometimes entire departments—to handle these same functions.

The human resources function in general has undergone enormous changes in the past twenty years. Some companies still take a highly structured, largely centralized approach to human resources management. The majority of companies today, however, take a far more decentralized approach, with HR practitioners and line managers working cooperatively to set basic policies and carry out programs.

### 1.2.3 Skills of Human Resource Professionals

To be successful in human resources management you must possess the skills necessary to work—*really* work—with people: find and recruit them; hire them; train and develop them; pay them; retain them; create a safe, healthy, and productive environment for them; communicate with them; and do what it takes to find that delicate balance between what best serves the basic needs of employees and what best serves the needs of the company.

Because of the increasing complexity of HR issues today, larger companies have boosted the size of their departments and typically employ **specialists** in areas such as benefits administration or 401(k) retirement plans. But smaller firms that don't have the resources for such specialization must ensure that the people who handle their HR functions are solid **generalists**—that is, they possess skills in several areas of HR rather than in one particular specialty.

## FOR EXAMPLE

### Specialist Needed

As the staffing needs for Samuel Merritt College began to change, it became clear to the administration that an HR specialist was needed to handle the college's independent contractors. However, in addition to managing and administering all independent contracts, the person hired would also be required to handle the following: provide administrative support to the human resources department, including recruitment and employment, employee records, employee relations, job evaluation, compensation management, benefits administration, organization development, and training.

## SELF-CHECK

1. Define *human resources management*.
2. A large company is more likely to require the services of an HR specialist than a smaller company. True or false?
3. Explain the role of an HR generalist.
4. List five areas of human resources management.

## 1.3 Ethics in Human Resource Management

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**Ethics** refers to a set of rules or principles that define right and wrong conduct. The much-publicized cases of unethical and illegal organizational practices at companies such as WorldCom and Enron have brought the issue of ethical conduct to the attention of the government, media, and the public. People question how such unethical actions could have taken place and whether proper controls would have prevented them.

### 1.3.1 Government and Corporate Ethics

Government-mandated regulations touch almost every aspect of the human resource function, including safety and health, equal-employment opportunity, sexual harassment policies, pension reform, and environmental issues. Among recent legislation, the Sarbanes-Oxley Act of 2002 has had a widespread effect on workplace cultures. The primary objective of the act was to create stronger forms of financial accountability and internal controls in organizations. But the overall spirit of Sarbanes-Oxley is one of ethics and responsibility. To that end, it mandates that every publicly traded company create and articulate a strong code of conduct or **code of ethics**. Many private companies, attuned as well to the spirit

of the legislation, are voluntarily complying with some of the regulations, including placing a stronger emphasis on the ethical behavior of their employees.

### 1.3.2 The HR Role

No single department is better equipped than HR to deliver on this new spirit and vision of ethical conduct. Consider the ways in which human resources can inform and enforce a code of ethics:

- ▲ Company-wide communications.
- ▲ Training programs and careful ongoing monitoring efforts.

In the HR role for your company, you have the chance to be at the forefront of creating a corporate culture of accountability and personal integrity with a strong spirit of ethical behavior at its heart. Helping your organization understand the importance of putting ethics first is a way in which you can begin to make HR more than a function as you take on the role of strategic counselor.

#### **CRACKING THE CODE**

In performing their duties, HR practitioners must operate within a code of ethics that allows them to maintain credibility in their organization. The Society for Human Resources Management (SHRM) has established guidelines for conduct and sets a high standard for dealing with conflicts that arise between the multiple roles often played by those in human resources. You can visit the SHRM website at [www.shrm.org/ethics/code-of-ethics.asp](http://www.shrm.org/ethics/code-of-ethics.asp) to read the entire code of ethics.

#### **FOR EXAMPLE**

##### **Corporate Clean**

In October 2006, the CEO of Whirlpool Corporation released the following code of ethical conduct: “Whirlpool’s code of ethics requires each of us to act responsibly and maintain the highest levels of personal, business, and legal conduct. That means walking away from a business agreement rather than violating the law or compromising our standards. We are ever mindful that there is no right way to do a wrong thing.” The announcement also included instructions for employees to obtain additional information or to report any potential issues—either by contacting a supervisor or by contacting a “hotline” maintained by a specialized company to receive inquiries on a confidential basis. Employees can contact the hotline by telephone, by email, or by regular mail.



## SELF-CHECK

1. What are corporate *ethics*?
2. The Sarbanes-Oxley Act of 2002 requires that all employees agree to a federal code of ethics. True or false?
3. List three ways that human resource managers can promote a corporate code of ethics.

### 1.4 Focusing on Strategy

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Given the increasing recognition in corporate America that the most important asset a company has is not its products, factories, or systems, but its people, today's HR professionals are assuming an increasingly broad role in their companies, becoming strategic advisors to the senior management team.

Companies no longer take the “human” side of business for granted. For several decades now, people responsible for the human resources function have ceased to be viewed merely as “personnel administrators” or strictly “support.” Top company managers now look to HR for help in other ways:

- ▲ Formulating long-term staffing strategies.
- ▲ Introducing practices that help ensure that employees are able to meet the increasing demands of their jobs.
- ▲ Providing assistance with a wide range of legal and regulatory issues.
- ▲ Following through on the necessary support and training.

In short, senior management is looking to HR for insights on how to tap into the potential of every individual within the organization.

#### 1.4.1 A Strategic Skill Set

These new expectations create new opportunities for those in human resources. They also create a need for additional key skills, in particular, the ability to think strategically.

No doubt you've heard the term **strategic thinkers**. But what does it really mean? Certainly, strategic thinkers spend plenty of time setting objectives and getting work done, but they also do much more:

- ▲ They try to look ahead, attempting to anticipate which issues and information will be most relevant.
- ▲ They don't look at their work merely as a series of tasks or simply react to events.

### **COPING WITH AN AGING WORKFORCE**

Probably no generation has more greatly influenced the history of American business than the baby boomers, the 76 million men and women born between 1946 and 1964. Increasing numbers of them are nearing retirement age, creating a potential drain of knowledge within your corporation and the need to ensure proper training for the next generation of leaders. For many of these boomers, their financial, emotional, and mental resources are spread thin as they attempt to simultaneously care for their children and parents. And others who've been focused on their careers for many years are beginning to ponder different directions. All these factors have profound implications for the kind of HR programs you build—from management skills training to flexible work arrangements to broader, strategic initiatives that help shape your firm's overall culture.

- ▲ They examine trends, issues, opportunities, and long-term needs—and shape what they discover into policies and recommendations.

To borrow from the restaurant industry, strategic thinkers do more than cook; they help shape the menu.

#### **1.4.2 Strategy in HR**

So how does the concept of strategic thinkers apply to the HR world? In effect, strategic HR professionals act as consultants to the rest of the business.

- ▲ They help set a vision of how to ensure HR effectively delivers on its mission. Others may not want to deliberate when they're in a hurry to move forward, but strategic thinkers know it's wise to look before they leap, and this philosophy helps them offer valued counsel.
- ▲ They carefully examine and explain the long-term cost-benefit ratio of saying “yes” to a proposed direction.
- ▲ They expand the range of people they talk and listen to, drawing insights not just from HR but from finance, marketing, legal counsel, manufacturing, sales, and others who can help them better understand what makes their company tick. They do so with people at all levels, ranging from experienced senior managers to entry-level employees.

This approach is not easy. But it is a great opportunity—the chance to be regarded as a vital source of counsel and a central part of your firm's management

team. Even taking just fifteen minutes a day of solitary “think time” and research time can make a big difference in effectively shaping your work.

### 1.4.3 Putting Strategy to Work

The following list offers some general guidelines on how to be more successful overall in your HR efforts:

- ▲ **Know your business.** Find out everything you can about your company’s business, particularly in terms of revenues and profits. The more broad-minded you can be in how you approach everything you do in your job, the more credibility you will have as a strategic business professional—and the easier it will be to get senior managers and line managers to endorse the initiatives you recommend.
- ▲ **Don’t ignore the basics.** Regardless of how committed you are to bringing new ideas to your organization, don’t overlook the traditional needs such as policies regarding benefits, computers and the internet, dress code, and privacy. Make sure that every employee in the company is familiar with your company’s basic practices. If there’s an employee manual, it should be up to date. If the company doesn’t have an employee manual, make it a priority to create one.
- ▲ **Focus on quality hiring.** Make a commitment—and try to secure a similar commitment from other managers in other departments—that your company will devote the time and energy needed to ensure that each new employee you recruit and hire is the right person for that particular job.
- ▲ **Keep your finger on the pulse.** One of the most valuable contributions you can make to the senior managers of your company is to keep them apprised of all workplace issues and concerns that may affect your company’s ability to meet the needs of customers. Taking on this role doesn’t mean that you’re constantly looking over the shoulders of the line managers in your company. It does mean, however, that you aware, for example, when morale is starting to slip, or when the workload is starting to burn out people.
- ▲ **Stay current.** Be aware of new developments in human resources administration, including technological advances and key trends in pay practices and benefits programs. When you come across new and promising ideas, make sure that you let senior management know. Be particularly diligent about keeping pace with what is going on in the legal and regulatory side of HR, making sure that you’re aware of any laws or regulatory changes that apply to your company.

## FOR EXAMPLE

**A Better HR Recipe**

As the head of the advertising sales team of a major wine publication, Deborah's work day consists of racing to meetings, making sales calls, and ensuring that she and her team meet all their deadlines. Like other managers at her level, she is so busy and focused on doing and achieving in the present that it is easy to overlook her staff's strategic needs—training, support, long-term staff planning—that are ultimately essential to improving performance. It's not that she doesn't care. She just doesn't feel she has time because of the demands of the moment. In Deborah's case, her company has put together a human resources team that has a real understanding for the situation that the department managers find themselves in, and both parties feel comfortable sharing those important responsibilities.

## SELF-CHECK

1. Define *strategic thinker*.
2. List three examples of how human resources management has changed in recent decades.
3. List three strategic functions for HR professionals.

## 1.5 Keeping Pace with Technology

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As it has in other fields, technology has revolutionary development for people in HR management, changing the way human resource managers work. Email quickly replaced the cork bulletin board as the primary communication between management and employees, and it has gone on to do far more. Computers have streamlined the administrative aspects of every HR function. Technology has redefined the image of the “office,” with fax machines, modems, and intranets allowing staff to do their work anytime, anyplace in decentralized work locations.

The following are some specific examples of how technology has helped HR managers carry out human resource plans, make decisions, define jobs, and improve communications.

- ▲ **Recruiting:** Job postings on the internet—company websites, job-search websites, etc.—help human resource managers disseminate information

to individuals. In many cases this technology is even replacing traditional methods such as newspaper advertisements. This technology also allows HR managers to quickly and electronically screen an applicant's resume for job relevance.

- ▲ **Benefits administration:** HR professionals today have more efficient ways of processing changes in enrollment.
- ▲ **Management assistance:** Companies have the technology to improve performance review systems as well as monitor and deal with discipline issues.
- ▲ **Training and development:** The internet enables human resource managers to deliver orientation, training, and career development information, without physically transporting materials or employees.
- ▲ **Employee efficiency:** Companies can use technology to monitor, when necessary, an employee's computer activity; for example, if any time is being spent on recreational internet use.
- ▲ **Communication:** Employees today can communicate instantly anytime, with anyone, anywhere. In doing so, this technology has redefined traditional communication patterns and redefined how meetings, negotiations, and even chatting are conducted.
- ▲ **Decentralization:** Thanks to technology, many employees are no longer tied to a specific work location or work hours. This offers greater flexibility, but with less one-on-one supervision comes changes in management and production techniques.

### FOR EXAMPLE

#### High-Tech Help Wanted

Thanks to job search engines such as Monster.com, HotJobs.com, and CareerBuilder.com, both employers and prospective employees have the means to make contact with one another. A quick search for human resources manager positions within twenty miles of your home may yield dozens of employment possibilities. It's a far cry from the days of scouring the newspaper's help wanted ads.

#### 1.5.1 Facing the Challenges of Technology

With the benefits of technology come new challenges. The software that enables companies to process large amounts of information is complex and can be expensive. It has also introduced training and security issues that didn't affect HR professionals in the days of the typewriter.

In addition, as work processes have become more technically sophisticated, the need for skilled employees has intensified. **Knowledge workers** are employees whose jobs are designed around the application and acquisition of information. Such workers possess the skills and knowledge needed to perform the jobs and functions most affected by technological advances, tasks that in turn require significant levels of education. It is estimated that knowledge workers make up about a third of the U.S. workforce. Consider the potential range of knowledge workers required to staff a large corporation:

- ▲ Analysts.
- ▲ Database administrators.
- ▲ Programmers.
- ▲ Systems analysts.
- ▲ Technical writers.
- ▲ Academic professionals.
- ▲ Librarians.
- ▲ Researchers.
- ▲ Lawyers.

According to the U.S. Bureau of Labor Statistics' 2006–2007 Occupational Handbook projections, more than 75 percent of the 25 fastest-growing occupations require a college degree. Companies are looking more and more to their HR departments to simultaneously enhance the skills of existing employees and identify job candidates who possess the necessary level of expertise.

### 1.5.2 Playing It Safe with HR Technology

One of the great success stories of the last ten years has been the way HR professionals have been able to maximize the benefits of information technology. You can manage everything from payroll to benefits administration to staffing quite efficiently on your desktop. So with all these bells and whistles at your disposal, what should your priorities in maximizing their value be?

- ▲ **Security:** With so many people in an organization now having access to more information, any system you use must be properly safeguarded against intrusion. This security is especially important in human resources, which houses such sensitive information as employee compensation, performance reviews, health records, and other important data.
- ▲ **Accessibility:** The ability to consistently, smoothly and affordably upgrade and integrate technology into the rest of the organization is a key concern. Because HR professionals work with every department

within the company, make sure that any software products you implement are easily understood and used by others.

### 1.5.3 Staying Ahead with HR Software

Computer software has been very good to HR professionals in recent decades. Many labor-intensive functions involved in tracking employee information—time reporting, payroll calculation, tax computation, and tax reporting—are now processed quite rapidly.

The scope, flexibility, and versatility of HR-related software—formally known as **Human Resource Information Systems (HRIS)**—continues to accelerate. New training and development software, for example, not only tracks such aspects of training as scheduling, enrollments, vendor data, and costs, but it also integrates that data with information relating to career development and assessment.

The evolution of HRIS has not only enhanced the efficiency of human resources operations in general, but it has also enabled HR departments to lower their administrative costs and make better and timelier use of data in strategic planning (see Section 1.4).

### 1.5.4 Heeding HRIS Hazards

With so many products and applications evolving at such a rapid pace (the number of HR-related software products on the market, according to Worldat-Work, now exceeds 3,000 and shows no signs of ebbing), it has become increasingly difficult for HR professionals to make basic buying decisions.

Depending on the size of your company, the level of customization you require, and the number of functions you're interested in, the cost can run anywhere from just under \$500 to more than \$1 million. And that doesn't include what you may have to spend on additional computer hardware, the time it takes your employees to learn the new system, the potential operational problems during the transition period, as well as any program maintenance that is required.

The challenge you face when you're in the market for an HR software application is not simply a matter of deciding which product has the niftiest features or which vendor is the most supportive. It's much more a matter of figuring out an overall strategy to ensure that the transition from the old way to the new way goes as smoothly as possible.

Of course, all software decisions should be driven by the strategic and operational needs of the business, as opposed to the capabilities of the software. The system must ultimately produce a business payoff, in any or all of the following areas:

- ▲ Increased productivity.
- ▲ Cost savings.

- ▲ Quicker response time.
- ▲ Improved employee morale.

### 1.5.5 Making HRIS Decisions

Before you move ahead on any software initiative, be prepared to go through a disciplined needs assessment, followed by a cost/benefit analysis. In other words, instead of thinking about this purchase as an administrative matter of implementation, step back and assess it strategically.

Ask the following key questions when you're going through this process:

- ▲ What business benefits does your company stand to gain once the software is in place?
- ▲ How much is the software going to cost?
- ▲ How long will it take before the investment is recouped?
- ▲ What can you expect in terms of downtime or reduced productivity while employees are learning the new system?

Don't get so swept up in the remarkable capabilities of today's HRIS products that you lose sight of what the technology is meant to do: help your company operate more efficiently and profitably. Think it through.

### 1.5.6 HRIS Research

If your company is seriously exploring a major software purchase, you should have at least a general idea of what various products are meant to do and what features distinguish one system and one vendor from another.

The internet offers a wealth of information on technology products. Two useful websites are the Society for Human Resource Management ([www.shrm.org](http://www.shrm.org)) and hrVillage ([www.hrVillage.com](http://www.hrVillage.com)). These sites contain useful information about HRIS, including data from vendors and tutorial advice.

No secret formulas ensure that your HRIS buying decisions will give you the results you seek. But the following suggestions stack the odds in your favor.

- ▲ **Rely on teamwork:** Instead of taking sole responsibility for making the final decision, put together a team of employees who represent different areas of the company (IT staff, department managers, etc.) and who are interested in being a part of the process. Use this group to investigate and review issues of compatibility and implementation.
- ▲ **Research the vendors:** Find out how long potential vendors have been in business, how established they are, how committed they are to research and development, and how diligent they are when it comes to support.

- ▲ **Get proof:** Insist that a vendor demonstrate how the software you're considering performs those specific functions that you believe are most important to your business (through case studies or pilot programs).
- ▲ **Ask questions about development:** Find out, in particular, whether the development team included people who were familiar with those business functions that are your chief priority.
- ▲ **Get references:** Consider getting the names and telephone numbers of at least five current users of any product you're considering to get a real-world perspective. When you talk to those users, ask for additional names that weren't given to you by the vendor.

### FOR EXAMPLE

#### Technological Change

Times have changed in the world of publishing. Ten or fifteen years ago, an office and in-house staff were required to write, edit, illustrate, and design a niche birdwatching magazine. Today, thanks to advances in technology and the changing culture of business, this is no longer the case. An editor in chief can work in one state, a managing editor in another, and an art director in yet another; at the same time, these staffers contract with freelance writers and photographers all over the world to fill the magazine with great photographs and articles. Frequent emails and phone calls keep everyone on the same page, and layouts can be transferred over the internet and reviewed at leisure. When subscribers get their issues months later, they don't notice any difference.

## SELF - CHECK

1. Explain how human resource information systems are used.
2. Which of the following can help ensure a successful HRIS purchase?
  - a. vendor research
  - b. information about product development
  - c. references
  - d. all of the above
3. Advances in technology allow HR managers to spend more time on strategic planning. True or false?
4. Explain the value of teamwork in HRIS decisions.

## SUMMARY

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Like other areas of business, human resources has become increasingly complex. In today's market, the way an organization manages its employees can make all the difference in its ability to stand out from the competition. Because a company's employees are its greatest assets, HR must address its employee's needs as it addresses the company's strategic needs, requiring HR managers to take on new responsibilities. An effective human resources department will be customized to best serve the needs of each organization and will include such areas as staffing, compensation, retention, training, and conflict resolution, and strategic thinking. As such, the skills required of HR professionals can vary, with certain areas of specialty becoming more prevalent. In addition, in response to government regulations, many human resource professionals are now responsible for informing and enforcing an organization's code of ethics, which sets principles of conduct for employees. Finally, as part of an organization's effort to keep pace with advances in technology, those in HR are taking advantage of improved information systems to increase their effectiveness in managing many aspects of HR, including recruiting, benefits administration, and communication.

## KEY TERMS

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<b>Code of ethics</b>	Company policies that place a strong emphasis on the behavior of their employees.
<b>Ethics</b>	A set of rules or principles that define right and wrong conduct.
<b>Generalists</b>	People who possess skills in several areas rather than in one particular specialty.
<b>Human Resource Information Systems (HRIS)</b>	Software designed for human resources management purposes.
<b>Human resources management</b>	The decisions, activities, and processes that meet the basic needs and support the work performance of employees.
<b>Intellectual capital</b>	The knowledge, applied experience, and professional skills that translate into customer relationships and provide an organization with a competitive edge in the marketplace.
<b>Knowledge workers</b>	An employee who possesses the skills and knowledge needed to perform the jobs and functions most affected by technological advances, tasks that in turn require significant levels of education.

<b>People needs</b>	The requirements of a workforce, ranging from a safe working environment to fair compensation and competitive benefits.
<b>Specialist</b>	A person who specializes in one area of human resources or other field.
<b>Strategic needs</b>	Those actions or measures that ensure the successful attainment of an organization's goals or mission.
<b>Strategic thinkers</b>	People who set objectives and get work done, while anticipating future issues; examine trends and long-term needs.

## ASSESS YOUR UNDERSTANDING

Go to [www.wiley.com/college/messmer](http://www.wiley.com/college/messmer) to assess your knowledge of the basics of human resources today.

*Measure your learning by comparing pre-test and post-test results.*

### Summary Questions

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1. A company's intellectual capital is its skilled and motivated workforce. True or false?
2. Human resources programs care for the people needs of its employees by
  - (a) raising product prices.
  - (b) cutting healthcare benefits.
  - (c) improving morale.
  - (d) extending work hours.
3. Assessing the quality of your workplace and policies to ensure that employees stay with a company is
  - (a) regulation.
  - (b) training.
  - (c) retention.
  - (d) development.
4. Small companies typically employ specialists to handle particular aspects of HR. True or false?
5. Explain the difference between an HR generalist and an HR specialist.
6. A company's code of ethics refers to its
  - (a) mission statement.
  - (b) expectations of conduct.
  - (c) HR policies.
  - (d) stockholder privileges.
7. Name the regulation passed in 2002 that addresses employee behavior.
8. A strategic thinker is able to formulate HR policies that address long-term needs. True or false?
9. In human resources, strategic thinkers utilize coworkers in other departments. True or false?
10. Knowledge workers are
  - (a) analysts.
  - (b) librarians.
  - (c) programmers.
  - (d) all of the above.

11. Advances in technology have limited recruiting practices. True or false?
12. Decentralization has increased because of
  - (a) strategic thinking.
  - (b) rising fuel costs.
  - (c) use of teams.
  - (d) online communications.
13. Improved HR information systems guarantee a company increased efficiency. True or false?

### **Applying This Chapter**

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1. TLC Physical Therapy is experiencing a high rate of turnover—most of the assistant therapists stay with the company for less than six months. Develop a list of potential people needs that should be addressed by TLC's human resources department.
2. The shipping company where you've worked for ten years has bought out a competing company in another state. Now instead of managing five HR employees, you'll be managing ten. Given that the company will have offices in two different states, what new HR challenges might you face?
3. You've been chosen to create a code of ethics for the software development company you work for. Evaluate the particular needs of that industry and choose three areas of ethical emphasis.
4. Assume that you head the HR department of a small hospital. Strategic thinking is increasingly becoming a part of your work. Determine which other hospital employees should also be strategic thinkers.
5. Again, as the human resources manager of the same small hospital evaluate the hospital's need for HR information systems. In this age of patient confidentiality, what areas of HRIS should be of concern to you?

# YOU TRY IT

## Getting Ahead in HR

Using the Society of Human Resource Management's website ([www.shrm.org](http://www.shrm.org)) research what types of training programs or advanced certifications are available for HR professionals who need to get up to speed with the strategic responsibilities of this changing field. Determine the cost and time involved; indicate which level of HR a program might apply to.

## What's in a Job?

Interview someone in human resources—by phone, email, or in person.

- What is that person's job title and responsibilities?

- Evaluate how that person's position fits into the more updated HRM profile covered in this chapter.
- Create a job description for the position, then propose changes or additions to the position to bring it up to date.

## Technological Update

A small law firm is in need of an HRIS update: recruiting, training, management software, etc. Using the internet, including [hrVillage.com](http://hrVillage.com), research purchasing options and create a plan. Determine who will be involved in the decision making, what you'll need, and a timeline.