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The SHRM-CP and SHRM-SCP certifications signify mastery of the HR competencies and knowledge that are defined in the SHRM Body of Competency and Knowledge (BoCK).
SHRM BoCK

The SHRM BoCK is the basis for the SHRM credentials. It:

• Draws heavily on the SHRM Competency Model.
• Describes the Behavioral Competencies and HR Functional Areas needed for effective job performance.
• Explains what HR professionals need to know and how they apply this expertise to perform effectively in the workplace.

The exams and the SHRM Learning System are built upon this foundation.

Technical Competency

The SHRM BoCK Technical Competency is **HR Expertise**, knowledge of the principles, practices, and functions of effective HR management. It comprises three knowledge domains made up of 15 HR Functional Areas.
The eight Behavioral Competencies reflect the way HR professionals apply their technical expertise.

**Which Certification Is Right for You?**

<table>
<thead>
<tr>
<th>SHRM-CP</th>
<th>SHRM-SCP</th>
</tr>
</thead>
<tbody>
<tr>
<td>For HR professionals who are primarily engaged in operational roles</td>
<td>For HR professionals at a senior level who operate primarily in a strategic role</td>
</tr>
</tbody>
</table>

See Certification Handbook for more information on which certification to pursue.

<table>
<thead>
<tr>
<th>CREDENTIAL</th>
<th>Less than a Bachelor's Degree*</th>
<th>Bachelor's Degree</th>
<th>Graduate Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHRM-CP</td>
<td>3 years in HR role 4 years in HR role</td>
<td>1 year in HR role 2 years in HR role</td>
<td>Currently in HR role 1 year in HR role</td>
</tr>
<tr>
<td>SHRM-SCP</td>
<td>6 years in HR role 7 years in HR role</td>
<td>4 years in HR role 5 years in HR role</td>
<td>3 years in HR role 4 years in HR role</td>
</tr>
</tbody>
</table>

*Less than a bachelor's degree includes: working toward a bachelor's degree; associate's degree; some college; qualifying HR certificate program; high school diploma; or GED.
Exam Overview

- Computer-based testing
- Two exam windows: May 1–July 15, 2019; December 1, 2019–February 15, 2020
- Four hours to complete 160 questions

<table>
<thead>
<tr>
<th>Breakdown of Testing Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidentiality agreement</td>
</tr>
<tr>
<td>Introduction and tutorial</td>
</tr>
<tr>
<td>Exam</td>
</tr>
<tr>
<td>Survey</td>
</tr>
</tbody>
</table>

Taking the Certification Exam

**SHRM-CP and SHRM-SCP**

- 160 questions
  - Approximately 95 stand-alone Knowledge Items (both basic Knowledge Items and Foundational Knowledge Items)
  - Approximately 65 Situational Judgment Items

* Note that both exams include some “field test” items that do not count toward a candidate’s final score.

Questions appear in “clusters” of items. You will first see a “cluster” of Knowledge Items, then a “cluster” of Situational Judgment Items, etc. There are approximately five “clusters” on the test.
Types of Items

**HR-Specific Knowledge Items**
- Cover key concept topics associated with the 15 HR Functional Areas.
- Examinees receive credit for selecting the correct answer to a given question; otherwise, no credit is awarded.

**Foundational Knowledge Items**
- Cover key concept topics considered foundational to the eight Behavioral Competencies.
- Examinees receive credit for selecting the correct answer to a given question; otherwise, no credit is awarded.

**Situational Judgment Items**
- Assess candidates' judgment and decision-making skills.
- Examinees are presented with realistic work-related scenarios and asked to choose the best strategy to address the issues.

**Field-Test Items**
- Allow the gathering of data on a question's effectiveness before it is included on future exams as a scored item.
- Examinees' answers to field-test items do not count toward any part of their exam scores.

Distribution of Items

<table>
<thead>
<tr>
<th>Behavioral Competency Clusters</th>
<th>Percent of Questions</th>
<th>Item Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>13%</td>
<td>Situational Judgment (40%)</td>
</tr>
<tr>
<td>Business</td>
<td>18.5%</td>
<td>Foundational Knowledge (10%)</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>18.5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR Knowledge Domains (HR Expertise)</th>
<th>Percent of Exam</th>
<th>Item Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>17%</td>
<td>HR-Specific Knowledge (50%)</td>
</tr>
<tr>
<td>Organization</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Workplace</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

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SHRM Learning System for SHRM-CP/SHRM-SCP

- Based on SHRM BoCK
- Designed to help students pass exam for both certifications
- Developed with input of global HR professionals
- Online learning system for exam preparation

Learning Content

**Four modules:**
- HR Competencies
- People
- Organization
- Workplace

- Content topics are readable via Topic Groups online.
- Also accessible via downloadable .epub files for access on the go.
Online Learning Center

- Personalized learning experience.
- Carousel provides suggested study tools/resources.
- Review of the materials in an exploratory or linear study path.

Resources

- SHRM Learning System—Online Learning Center: learnhrm.partnerrc.com
- SHRMcertification.org
- Prometric.com/shrm
HR Competencies

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The Role of the Leader

Leadership style affects employees':
- Ability to make decisions.
- Sense of responsibility.
- Standards for performance.
- Belief that they will be rewarded.
- Sense of mission/shared values.
- Commitment to shared goal.
Leadership Approaches

- **Coercive**
  - Leader imposes a vision or solution.

- **Authoritative**
  - Leader proposes a solution and invites team to join this challenge.

- **Affiliative**
  - Leader creates strong relationships and encourages feedback.

- **Democratic**
  - Leader invites followers to collaborate and acts by consensus.

- **Pacesetting**
  - Leader models high performance standards.

- **Coaching**
  - Leader develops team members’ skills.

Universal Characteristics of Leadership

Certain characteristics are defined around the world as traits of real leaders.

- Trustworthy and dependable
- Just
- Honest
- Thinks and plans ahead
- Encouraging
- Positive
- Dynamic
- Motivational
- Confidence building

- Decisive
- Committed to excellence
- Intelligent and informed
- Effective, win-win bargainer
- Administratively skilled
- Communicative
- Organized

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Trait Theory

Leaders possess certain innate characteristics, e.g., physical characteristics and personality traits.

Behavioral School

Leaders influence group members through certain behaviors.
Blake-Mouton Theory

Manager types
- Country club managers
- Impoverished managers
- Authoritarian managers
- "Middle-of-the-road" managers
- Team leaders

Situational Theories

- Extend the behavioral concept—the effectiveness of different leadership styles depends on the situation.
- Leadership style is most effective when it flexes to the situation or the employees involved.
**Hersey-Blanchard Situational Leadership**

Leadership style matches skills/experience of team members.

- **Telling**
  - Not yet motivated or competent

- **Selling**
  - Competent but not fully motivated

- **Participating**
  - Competent; included in problem solving and coached on higher skills

- **Delegating**
  - Very competent; ready for autonomy and self-direction

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**Fiedler’s Contingency Theory**

- Leaders change situation to make it more “favorable,” more likely to produce good outcomes.

- “Situation favorableness” occurs when:
  - Leader-member relationships are strong.
  - Task structure and requirements are clear.
  - Leader can exert necessary power to reach group’s goal.

- Unfavorable situations can be changed by:
  - Improving relations between leader and team.
  - Changing aspects of task.
  - Increasing or decreasing leader’s exercise of power.
Path-Goal Theory

- Leaders help employees stay on track toward goals.
- Involves addressing different types of employee needs:
  - Directive
  - Supportive
  - Achievement
  - Participative

Emergent Leadership

- A leader is not appointed but emerges from the group.
- The group chooses the leader based on interactions.
Learning the Organization

Formal organizational features
- Reporting lines
- Decision-making process
- Funding process
- Strategy, mission, values
- Assessment-shaping events

Informal organizational features
- Values and beliefs
- Cross-organizational relationships
- Communication methods
- Social networks

Finding Allies

“Bureaucratic black belts”
“Tugboat pilots”
“Benevolent bureaucrats”
“Wind surfers”
Types of Power

Using one’s power to change other’s perceptions or actions

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimate</td>
<td>Created formally through a title or position</td>
</tr>
<tr>
<td>Reward</td>
<td>Created when followers receive something they value in exchange for commitment</td>
</tr>
<tr>
<td>Expert</td>
<td>Created when a leader possesses great intelligence, insight, or experience</td>
</tr>
<tr>
<td>Referent</td>
<td>Created by the force of the leader’s personality</td>
</tr>
<tr>
<td>Coercive</td>
<td>Created when the leader has the power to punish nonfollowers</td>
</tr>
</tbody>
</table>

Methods of Persuasion

- Use reason.
- Appeal to mutually held visions or values.
- Use reciprocity (banking “favors”).
- Trade by using expertise or resources to fulfill another’s needs.

- Always use influence with honesty and concern.
- Avoid manipulating others by misusing emotional appeals and networking.
Building Trust

- Common values
- Aligned interests
- Benevolence
- Capability or competence
- Predictability and integrity
- Communication

Using Emotional Intelligence

- Perceiving emotion
  Identifying your own and others’ emotions
- Using emotion to facilitate thought
  Decision making, problem solving, etc., within the context of emotions
- Understanding emotion
  Interpreting complex emotions and understanding their causes
- Regulating emotion
  Detaching from emotions when they get in the way
Emotional Intelligence Quotient (EIQ)

**Self-awareness**
- Becoming aware of your emotions and needs and their effect on work relationships

**Self-regulation**
- Learning to control and accommodate one’s emotions

**Motivation**
- Possessing a passion for the job or current objective

**Empathy**
- Being aware and accepting of the importance and legitimacy of others’ emotions

**Social skills (social intelligence)**
- Being able to create connections or rapport with others

Motivation

Understanding why people behave the way they do helps leaders influence behavior by appealing to the right needs in the right way.
Theory X/Theory Y, Needs Theory

**Theory X/Theory Y**
- **Theory X** leaders believe that people must be strictly controlled and forced to work.
- **Theory Y** leaders believe that employees dislike rigid controls and inherently want to accomplish something.

**Needs Theory (Maslow)**
- Individuals are motivated by a desire to satisfy certain needs.
- Maslow identified five categories of needs that must be met in an ascending order:
  - Physiological
  - Safety and security
  - Belonging and love
  - Esteem
  - Self-actualization
- A lower-level need must be relatively satisfied in order for a higher-level need to emerge or serve to motivate. However, no need is ever totally satisfied.

Herzberg’s Motivation-Hygiene Theory

- **Behavior is driven by:**
  - Intrinsic factors (challenging work, meaningful impact of work, recognition).
  - Extrinsic factors (job security, pay, conditions).
- Satisfying hygiene factors can remove some discontent that interferes with motivation, but satisfactory conditions are not enough in themselves to create motivation.
- Motivation is created by appealing to individual desires or needs.
McClelland

**McClelland’s Three Needs Theory**

Individuals are motivated by **achievement, affiliation, power**.

Effective leaders identify and appeal to each employee’s primary motivators.

Examples:

- **Achievement**-oriented employees are given assignments that will require and call attention to their abilities.
- Socialization events or opportunities are incorporated into team schedules for **affiliation**-oriented employees.
- **Power**-oriented employees are given tasks that they can control and direct.

Self-Determination

**Self-Determination Theory**

Individuals are motivated by innate needs:

- Competence (McClelland’s achievement)
- Relatedness (McClelland’s affiliation)
- Autonomy (need to feel that one has control over one’s life)
- Purpose (sense that one’s actions have effects beyond individual or workplace)
Other Motivation Theories

Expectancy theory (Vroom)
- Level of effort depends on:
  - Expectancy.
  - Instrumentality.
  - Valence.

Attribution theory (Heider, Weiner)
- How a person interprets causes for past success or failure impacts motivation.
- A leader can help employees accurately attribute causes and create opportunities for success.

Goal-setting theory
- Motivation can be increased if employees can assess their achievement against goals.
- Optimally, employees should be involved in designing goals and supported in achieving them.

Competency Connection

Let’s discuss one of the Competency Connections related to Leadership and Navigation:
- A new HR manager recognized high turnover rates.
- The HR manager developed a culture committee to combat retention issues.
- The culture committee surveyed employees and analyzed issues affecting employee engagement.
- Management was persuaded to become more involved than they had been in the past, bridging the gap between management and employees.
Competency Connection

- What type of leadership approach did the HR manager take while solving this issue?
- Which formal and informal organizational features did the HR manager encounter?
- How was the HR manager able to use or account for those features in solving the issue?

Ethical Workplace

- Transparency
- Honesty
- Confidentiality
- Respecting the rights of others

Ethical principles
Ethical Decision Making

1. Recognize ethical situations as they arise.
2. Establish the facts.
3. Evaluate ethics of alternatives.
4. Apply relevant codes of ethics.
5. Consult with others.
6. Make a decision, own it, and learn from it.

Ethical Workplaces

Transparency
- Supports trust in relationships with stakeholders
- Discloses details about dealings, transactions, or processes

Honesty
- Reflects a commitment to truthfulness and fairness
- Avoids conflicts of interest and the use of bribery

Confidentiality
- Agrees not to share or make public personal information
- Respects proprietary information consistent with legal requirements and best practices

Protecting the rights of others
- Aims for conduct that respects others’ safety, well-being, privacy
Codes of Conduct

...help an organization promote ethical behavior...communicate organizational commitment internally...define behavioral expectations for all employees...serve as a guide by which employees and managers can judge their actions...

Creating a Code of Conduct

- Gather information.
- Draft and review.
- Formally adopt the code and communicate it.
- Monitor enforcement.
- Evaluate and revise.
Let’s discuss a Competency Connection related to Ethical Practice.

- The HR VP leads the design of a new leadership development workshop, largely funded by the SVP of finance.
- The SVP of finance tries to increase the representation of finance employees in the workshop.
- The HR VP explains the unfairness of loading the program with finance professionals and how the program and the SVP would be perceived as a result.

Let’s discuss:

- Which aspects of the Ethical Practice competency is the HR VP demonstrating?
- What should the HR VP do if the SVP of finance continues to press for greater finance representation?
**Networking**

A process of developing mutually beneficial contacts through the exchange of information…may consist of internal or external contacts.

Effective networking requires:
- Finding people who have something you would like to share.
- Having something yourself that other people would like to share.
- Allocating time to make and maintain connections.

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**Creating Professional Networks**

<table>
<thead>
<tr>
<th>How to Create a Professional Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Decide who you should include in your network.</td>
</tr>
<tr>
<td>• In all social situations, introduce yourself, and then ask, listen, and remember.</td>
</tr>
<tr>
<td>• Make yourself more visible. <strong>Attend, present, and participate</strong> professionally.</td>
</tr>
<tr>
<td>• Develop your own value. Work on becoming an expert.</td>
</tr>
<tr>
<td>• Do favors. Networking is bidirectional; value flows to both ends of the connection.</td>
</tr>
</tbody>
</table>
**Stakeholder Concept**

- Investors
- Governments
- Trade associations
- Communities
- Suppliers
- Customers
- Employees

**Benefits of Building Relationships**

**Effective relationships**

- Improve the quality of communication
- Increase productivity by supporting collaboration
- Create a positive work environment

**Paths to Effective Work Relationships**

- Strive for diversity in the range of your relationships.
- Invest time and energy in developing/sustaining relationships.
- Develop an ease with “small talk” about non-work matters.
- Talk about yourself without dominating the conversation.
- Learn to ask about others without prying into personal matters.
- Be considerate of other people’s time and obligations.
Conflict Resolution Tactics

<table>
<thead>
<tr>
<th>Mode</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodate (or smooth)</td>
<td>Emphasize agreement and downplay disagreement.</td>
</tr>
<tr>
<td>Assert (or force)</td>
<td>Impose a solution.</td>
</tr>
<tr>
<td>Avoid</td>
<td>Withdraw and allow conflict to be resolved (or not) by others.</td>
</tr>
<tr>
<td>Collaborate (or confront)</td>
<td>Search for a “third way” that both sides can own.</td>
</tr>
<tr>
<td>Compromise</td>
<td>Ask both sides to concede some issues to reach agreement.</td>
</tr>
</tbody>
</table>

Approaches to Negotiation

- **Soft**: The relationship is worth more than the issue at hand.
- **Hard**: Winning is more important than the relationship.
- **Principled (interest-based or integrative bargaining)**: Focus is on issues, finding common interests, and achieving mutual gain.
Negotiating Process

Prepare.
- Know your needs and their likely demands (e.g., BATNA analysis).

Build relationship.
- Create trust; encourage comfort and openness.

Exchange information.
- Understand positions and perspectives.

Persuade.
- Find mutual benefits.

Concede and agree.
- Find best alternative.
- Confirm and document if appropriate.

Competency Connection

Let's discuss a Competency Connection related to Relationship Management.

- The head of HR is concerned about IT’s ability to support execution of a major project.
- HR meets with IT to review project requirements and assess IT’s ability.
- HR and IT design new processes to eliminate constraints that would have caused delays.
Competency Connection

• Which types of stakeholders did the head of HR involve in this project? How did their relationship impact the way they attempted to solve the problem?

• How did the head of HR approach negotiating for the required changes to ensure the success of the project?

Communication Model

Who . . . says what . . . in what way . . . to whom . . .

Communicator Message Medium Receiver

Noise Noise Noise Noise

with what effect . . .

Feedback
Impactful Communication

Impactful communication integrates:
• An understanding of the audience’s needs and perspectives.
• A clear message.
• Effective delivery.

At the center is the communicator and the perception communicators create of themselves.

Understanding the Audience

Key audience analysis questions
• Who should receive information?
• What do they know, and what do they need to know?
• How will the audience react?
• How can I best persuade them?
Constructing the Message

Key “framing” questions

- What is my objective? What do I want the audience to feel? To do?
- What benefits can be created as a result of this communication?
- What are the key points, and what order makes logical sense?
- What evidence will convince the audience?

Planning Communications

Key planning questions

- How will the communication occur?
- When will the communication occur?
- Where will the communication occur?
- Who will communicate?
- What support will be required?
- What media will be used?
- How will audience feedback be managed?
- What organizational rules will shape the communication?
Being an Impactful Communicator

Key questions to create impact:

- How can I create credibility?
  - Reputation for expertise
  - Reliability
  - Integrity
- How do I create presence?
  - Posture and movement
  - Gesture
  - Eye contact
  - Vocal qualities

Evaluating Communication

- Was the audience analysis complete and on target?
- Did the audience react as anticipated?
- What points seemed most or least interesting?
- Where did they get confused?
- Where were they most engaged?
- What engagement tactics worked and which didn’t?
- How could feedback mechanisms be improved?
Feedback

Giving Feedback
- Must be timely and specific.
- Withholding feedback results in unmanaged negative risks.

Providing Corrective Feedback
- Bookending negative feedback with positive remarks does not improve acceptance.
- Incorporate the opportunity for employees to express their own goals.

Seeking and Receiving Feedback
- Decide what kind of feedback is needed. Then find the person most equipped to give it.
- Listen actively and don’t be defensive.
- Offer thanks.

Leading More Effective Staff Meetings

- Have a purpose and ensure that everyone understands this purpose.
- Set a clear agenda.
- Limit meeting time to what is needed to address agenda items.
- Start on time. Plan social exchanges ahead of the start time.
- For regular meetings, consider ways to “change things up.”
- Take time to resolve conflicts, but postpone difficult conflicts until later.
- Review decisions and next steps at meeting’s end.
- Send an e-mail summary if needed.
- Periodically, have a “meeting on meetings.”
Let's discuss a Competency Connection related to Communication.

- An organization with a strong brand reputation for quality is facing a product recall.
- The HR director (HRD) works with the president of the company, the PR director, and the production director to plan the recall.
- The HRD helps create a multifaceted communication approach to address employee concerns before they can cause unnecessary damage to employee morale and retention.

How has the HRD ensured that the employee communications will be impactful?

How has the HRD framed questions to ensure that the communication effort is successful?
A global mindset is the ability to take an international, multidimensional perspective that is inclusive of other cultures, perspectives, and views.

- Seeking a broader picture
- Accepting contradictions
- Trusting systems, procedures, and norms rather than structure
- Valuing multicultural teamwork
- Viewing change as an opportunity
- Welcoming new ideas and opportunities to learn
- Behaving inclusively rather than exclusively
Benefits of a Global Mindset

- Allows organization to identify global opportunities.
- Brings key operational benefits.
- Makes organization:
  - More proactive.
  - More alert to the entry of nontraditional competitors into local market.
  - More open to diversity.

Developing and Promoting a Global Mindset

- Study and understand your culture and how it relates to others.
- Promote a global mindset within your organization.
- Study and understand global business trends and forces.
Global HR Skills

Develop a strategic view of the organization.

Develop a global organizational culture.

Secure and grow a safe and robust talent supply chain.

Use and adapt HR technology.

Develop meaningful metrics.

Develop policies and practices to manage risks.

Culture

Set of beliefs, attitudes, values, and perspectives shared by members of a group and passed down from one generation to the next

- Nations
- Geographical regions
- Organizations
- Industries
- Smaller divisions of these groups
Layers of Culture

- Explicit Culture: Artifacts and products
- Implicit Culture: Basic assumptions

Cultural Intelligence

- Cognitive
- Behavioral
- Motivational

Cultural Intelligence
High- and Low-Context Cultures

**High-Context Cultures**
- Complex, long-standing networks of relationships.
- Rich history of common experience and implicit rules.
- What you say may not be what you mean.
- *Examples:* China, Japan, France, many Latin American countries.

**Low-Context Cultures**
- Relationships have less history.
- Background information is packaged with explicit communication.
- What you say is what you mean.
- *Examples:* United States, United Kingdom, Canada.

**Impacts:**
Negotiations, 360-degree performance reviews, training meetings

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Hofstede’s Dimensions of Culture

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power distance</td>
<td>Extent to which unequal distribution of power is accepted.</td>
</tr>
<tr>
<td>Individualism/collectivism</td>
<td>Degree of group integration: Individualism values self-reliance, collectivism values group loyalty.</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>Tolerance for uncertainty, ambiguity; comfort with new, unexpected situations.</td>
</tr>
<tr>
<td>Masculine/feminine</td>
<td>• Masculine: ambitious; concerned with work and achievement. • Feminine: nurturing; concerned with quality of life and consensus.</td>
</tr>
<tr>
<td>Long-term/short-term</td>
<td>• Long-term: values perseverance, thrift; orders relationships by status. • Short-term: values social traditions, respect, trading favors, greetings.</td>
</tr>
<tr>
<td>Indulgence/restraint</td>
<td>• Indulgence: Enjoyment of life and freedom in gratifying desires. • Restraint: Suppression of desires in order to meet social norms.</td>
</tr>
</tbody>
</table>
Trompenaars’s and Hampden-Turner’s Dilemmas

Universal vs. particular
Individual vs. communitarian
Neutral vs. affective
Specific vs. diffuse
Achieved vs. ascribed
Sequential vs. synchronic
Internal vs. external

Challenge of Culture

Ethnocentrism and parochialism (limited world views)

Cultural stereotypes (judgmental characterizations)

Cultural determinism ("The culture made me do it.")

Cultural relativism (Everything varies with the situation.)

Cultural disconnects can lead to “malicious compliance”—agreeing to programs from headquarters and then sabotaging their success.
Dilemma Reconciliation

- **Recognize**: Create awareness of cultural differences.
- **Respect**: Appreciate the value of difference.
- **Reconcile**: Resolve differences by finding a common path.
- **Realize and root**: Implement solutions and institutionalize them.

Types of Legal Systems

- **Civil Law**
  - Based on written codes approved by legislative bodies.
  - Most prevalent form of law in the world.

- **Common Law**
  - Based on judicial decisions.
  - Evolves over time.
  - Forms the basis of legal systems in United Kingdom and former colonies.

- **Religious Law**
  - Based on religious beliefs and conventions (a mix of written codes and interpretations).
  - Can influence HR policies and practices.
Rule of Law

No individual is beyond the reach of the law.

Authority is exercised only in accordance with written and publicly disclosed laws.

Laws are enforced through due process procedures.

Government is thereby restrained from abusing power.

Jurisdiction

The right of a legal body to exert authority over a territory, subject matter, or persons or institutions.

Implications for organizations:

• Host- rather than home-country laws may apply to corporate activities.

• For global organizations, jurisdictional disputes may arise.

• Two important concepts:
  — Conflict of laws
  — Forum or jurisdiction shopping
Levels of Law

Within a nation
- National laws
- Subnational laws

Between/among nations
- Extraterritorial*
- Regional/supranational
- International

* Extraterritorial laws extend the power of a country’s laws over its citizens outside that country’s sovereign national boundaries.

Competency Connection

Let’s discuss a Competency Connection related to Global and Cultural Effectiveness.
- A bilingual HRBP was asked to support a supervisor in giving a verbal warning to a Spanish-speaking employee.
- The HRBP asked questions to understand if addressing a perceived language issue was appropriate in the warning.
- The HRBP was able to explain to the supervisor that the language issue was not at fault and could not fairly be raised during the verbal warning process.
Competency Connection

- What process did the HRBP use to attempt to address the situation? How was the HRBP able to effectively apply the steps of that process?
- What aspects of cultural intelligence did the HRBP rely on when deciding how to address the situation?

Value

- **Value** generally refers to organizations’ success in meeting their strategic goals.
- Both for-profit and not-for-profit organizations must produce value.
- Value can vary by organization.
- It can be influenced by the organization’s mission.
Value Chain

- The organizational process used to create its product or services is the **value chain**.
- Value chains may vary in structure.
- Some include external supply chain and/or delivery partners.

Life Cycle

**Know where you are in the life cycle.**

Needs change as industries, businesses, and products pass through predictable cycles.
Porter’s “Five Forces”

- “Five Forces” framework reveals information about dynamic forces within industries.
- Analysis can be used to identify opportunities and threats, foresee possible changes in competitive landscape, and plan strategy.

Business Intelligence

The ability to use information to gain a deeper understanding of the organization and its parts.

Includes:
- Data gathering.
- Data warehousing.
- Query and reporting capabilities.
Budgeting

<table>
<thead>
<tr>
<th>Budget Type</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental</td>
<td>Traditional approach; prior budget is basis for next budget.</td>
</tr>
<tr>
<td>Zero-based</td>
<td>Each unit or goal is ranked, and available funds are allocated, with budgets starting at zero.</td>
</tr>
<tr>
<td>Activity-based</td>
<td>Based on how much it costs to perform activities; funding based on strategic significance of activities.</td>
</tr>
<tr>
<td>Formula-based</td>
<td>Different units receive varying percentages of budget.</td>
</tr>
</tbody>
</table>

Budgeting Considerations

The budgeting process requires understanding the organization’s practices, strategy, and environment.

- How does the organization allocate costs?
- Which costs are variable and which are fixed for the budget year?
- When do costs occur?
- What organizational and functional strategic plans will affect HR?
- What risk factors affect the budget?
**Business Case**

Presentation to management that establishes that a specific problem exists and argues that the proposed solution is the best way to solve the problem in terms of time, cost efficiency, and probability of success.

- **Statement of need**: Condition or change impelling action
- **Recommended solution**: Objectives for an ideal solution
- **Risks and opportunities**: Outcomes that could decrease success or present new opportunities; risk of doing nothing
- **Estimated costs and time frame**: All foreseeable elements plus a reserve

---

**Sample Balance Sheet**

<table>
<thead>
<tr>
<th>ABC Manufacturing Company</th>
<th>In thousands (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheets</td>
<td>Year 1</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$133,900</td>
</tr>
<tr>
<td>Raw materials inventory</td>
<td>10,800</td>
</tr>
<tr>
<td>Work-in-process inventory</td>
<td>8,400</td>
</tr>
<tr>
<td>Finished goods inventory</td>
<td>25,000</td>
</tr>
<tr>
<td>Total inventory</td>
<td>$41,200</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>46,200</td>
</tr>
<tr>
<td>Doubtful accounts</td>
<td>&lt;500&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$220,800</td>
</tr>
<tr>
<td>Gross plant, property, and equipment</td>
<td>60,000</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>&lt;6,400&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Net plant, property, and equipment</td>
<td>$53,600</td>
</tr>
<tr>
<td>Total assets</td>
<td>$274,400</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>59,700</td>
</tr>
<tr>
<td>Short-term notes payable</td>
<td>12,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$71,700</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>80,000</td>
</tr>
<tr>
<td>Stockholders' equity (includes retained earnings)</td>
<td>122,700</td>
</tr>
<tr>
<td>Total long-term debt and stockholders' equity</td>
<td>$202,700</td>
</tr>
<tr>
<td>Total liabilities and stockholders' equity</td>
<td>$274,400</td>
</tr>
</tbody>
</table>
Balance Sheet Concepts

Assets = Liabilities + Equity or Equity = Assets – Liabilities

<table>
<thead>
<tr>
<th>Assets</th>
<th>What an organization owns</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Can be tangible or intangible</td>
</tr>
<tr>
<td></td>
<td>Can include investments</td>
</tr>
<tr>
<td></td>
<td>Can include what is owed to the organization (accounts receivable)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>What an organization owes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Can include items such as rent, loans, tax debts, etc.</td>
</tr>
<tr>
<td></td>
<td>Can include what vendors/suppliers are owed (accounts payable)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>Represents what a company owes to either its owner(s) or its shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Represents what is left of a company’s assets after its liabilities have been discharged</td>
</tr>
</tbody>
</table>

Income Statement Concepts

Basic form is:

Revenues – Expenses = Net income

- Provides the “bottom line” look at how the organization is performing.
- Also known as the profit and loss statement (P&L).
Sample Income Statement

ABC Manufacturing Company

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales—gross</td>
<td>$285,500</td>
<td>$312,000</td>
</tr>
<tr>
<td>Less: Sales discounts, returns, and allowances</td>
<td>14,300</td>
<td>15,600</td>
</tr>
<tr>
<td><strong>Revenue (net sales)</strong></td>
<td><strong>271,200</strong></td>
<td><strong>296,400</strong></td>
</tr>
<tr>
<td>Less: Cost of goods sold (COGS) (direct materials, direct labor, and factory overhead)</td>
<td>167,400</td>
<td>182,200</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>103,800</strong></td>
<td><strong>114,200</strong></td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>38%</td>
<td>39%</td>
</tr>
<tr>
<td>Less: Selling expenses</td>
<td>29,800</td>
<td>32,600</td>
</tr>
<tr>
<td>Less: General and administrative (salaries)</td>
<td>19,000</td>
<td>20,700</td>
</tr>
<tr>
<td>Less: Lease expense</td>
<td>10,800</td>
<td>11,900</td>
</tr>
<tr>
<td>Less: Total operating expenses (costs)</td>
<td>59,600</td>
<td>65,200</td>
</tr>
<tr>
<td>Less: Depreciation</td>
<td>3,400</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Earnings before interest and taxes (EBIT)</strong></td>
<td><strong>40,800</strong></td>
<td><strong>41,200</strong></td>
</tr>
<tr>
<td>Less: Interest expense</td>
<td>4,300</td>
<td>4,400</td>
</tr>
<tr>
<td><strong>Pretax income</strong></td>
<td><strong>36,500</strong></td>
<td><strong>36,800</strong></td>
</tr>
<tr>
<td>Less: Income taxes</td>
<td>12,000</td>
<td>21,100</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td><strong>$24,500</strong></td>
<td><strong>$15,700</strong></td>
</tr>
<tr>
<td>Net profit margin %</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Gross profit + Net sales

Net income + Net sales

Sample Cash Flow Statement

ABC Manufacturing Company

<table>
<thead>
<tr>
<th>Statements of Cash Flow</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-tax income</td>
<td>$24,500</td>
<td>$19,500</td>
</tr>
<tr>
<td>Depreciation add-back</td>
<td>3,400</td>
<td>4,000</td>
</tr>
<tr>
<td>(Increase)/decrease in inventory</td>
<td>(7,900)</td>
<td>(12,100)</td>
</tr>
<tr>
<td>(Increase)/decrease in accounts receivable</td>
<td>(7,700)</td>
<td>(4,200)</td>
</tr>
<tr>
<td>Increase/(decrease) in accounts payable</td>
<td>10,100</td>
<td>5,500</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td><strong>22,400</strong></td>
<td><strong>12,700</strong></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(10,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Net cash flow from investments</td>
<td>(10,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Cash flow from operations and investment</td>
<td>12,400</td>
<td>2,700</td>
</tr>
<tr>
<td>Additional equity capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Less dividends paid</td>
<td>(10,000)</td>
<td>(12,000)</td>
</tr>
<tr>
<td>Increase/(decrease) in long-term debt</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Increase/(decrease) in short-term notes</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>(8,000)</td>
<td>(8,000)</td>
</tr>
<tr>
<td>Cash flow from operations, investments, and financing activities</td>
<td>4,400</td>
<td>(5,300)</td>
</tr>
<tr>
<td><strong>Beginning cash balance</strong></td>
<td><strong>129,600</strong></td>
<td><strong>133,900</strong></td>
</tr>
<tr>
<td><strong>Ending cash balance</strong></td>
<td><strong>$134,000</strong></td>
<td><strong>$128,600</strong></td>
</tr>
</tbody>
</table>

Combined cash flow is subtracted from the ending cash balance of the previous period, which is the beginning cash balance of the current period.
Cash Flow Statement Concepts

- Shows incoming and outgoing cash in the areas of operations, investing, financing.
- The balance, trends, and relationships in areas of the statement are examined for signs of sound or weak management.
  - Negative cash flow in operations could indicate that sales are too low and/or the cost of production is too high.
  - Negative cash flow in financing could show that organization is relying too heavily on borrowing.

Financial Ratios

- Financial ratios can be used to analyze an organization’s performance.
- Excessive use of financial measures can overemphasize the importance of short-term results.
- Ratios are often industry-specific, so HR professionals should understand industry metrics and how organization compares with similar enterprises.
Sample Financial Ratios

- Current
- Debt to asset
- Debt to equity
- Accounts receivable turnover
- Gross margin
- Earnings before interest, taxes, depreciation, amortization (EBITDA) margin
- Profit margin
- Return on investment (ROI)
- Earnings per share (EPS)
- Price to earnings (P/E)

Sample Nonfinancial Metrics

- Market share
- Reputation among stakeholders
- Brand awareness
- Employer brand
- Social responsibility
- Quality, customer relations, innovation
- Efficiency
- Activity ratios
- Employee retention and job satisfaction
- Employee engagement
Let’s discuss a Competency Connection related to Business Acumen.

- An HR director (HRD) worked to make a successful argument for implementing a full-service HRIS in a nonprofit organization.
- The HRD built a business case following a rigorous selection process.
- The HRD took the additional step of meeting one on one with each member of leadership to specifically address concerns that they had.

How was the HRD able to use business intelligence when leading the selection process?

Without adequate business intelligence, would the HRD have been successful in convincing leadership to invest in the HRIS system? Why or why not?

What steps did the HRD take in order to craft a strong business case for the HRIS?
Consulting Model

Manage Change

- Sustain improvement.
- Define problem.
- Measure effectiveness.
- Design and implement solution.

Consulting Model © SHRM

Tools for Group Decision Making

- SWOT analysis
- Multi-criteria decision analysis (MCDA)
- Cost-benefit analysis (CBA)
- Force-field analysis

Tools for Group Decision Making © SHRM
HR’s Role in Managing Change

• Identify impact of change.
• Assess ripple effect across the organization.
• Consult with leadership about ways to support the acceptance and institutionalization of the change.
• Communicate quickly and often.
• Measure effectiveness in implementing the change.
• Track issues and follow up to deliver superior service to HR’s internal customers.

The J curve shows the challenge of introducing change into an organization.

Can we return to or exceed previous levels of productivity?

Will we be mired in resistance?
Managing Change Spectrum

What Makes Change Possible?

- Shared purpose
- Reinforcement systems
- Skills required for change
- Consistent role models
Lewin Change Model

Unfreezing

Unfreeze the current state.
The purpose of this step is to get people to accept that the change will occur. Reducing factors that work against change is critical at this stage.

Moving

Move toward the new state.
During the second step, the focus is on getting people to accept the new, desired state.

Refreezing

Refreeze the new state.
Once the change has been implemented and generally accepted, the focus should be on making the new idea a regular part of the organization.

Integrated View of Change *

THE WHAT—Follow Lewin’s Steps

Current State (Unfreeze) Transition State (Move) New State (Refreeze)

THE HOW—Implement Kotter’s Techniques

1. Create a sense of urgency.
2. Assemble a strong guiding team.
3. Provide a clear vision.
4. Over-communicate.
5. Empower action.
7. Consolidate progress.
8. Institutionalize.

* "Managing Across Borders in Latin America,” Cesar Aguirre
Let’s discuss a Competency Connection related to Consultation.

- HR identifies a turnover trend within a particular business segment.
- HR begins a fact-finding process, including discussions with functional managers to determine the cause of the turnover trend.
- HR then works with managers and employees to identify new ways to address the turnover.

How does HR apply the four steps of the consulting model to address the issue at hand?

How is HR able to manage the changes required to address the problem?

What reactions to change should HR be prepared to address?
Steps in Evidence-Based Decision Making

- Ask
- Acquire
- Appraise
- Aggregate
- Apply
- Assess

Evaluating Data Sources

Consider the quality of the data sources you use.

- Authority
- Evidence of bias
- Sources cited
- Facts relevant to use
- Current data
- Sound logic

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Common HR Data Sources

- Interviews
- Focus groups
- Surveys/questionnaires
- Observation
- Existing data
- Artifacts

Interviews

Individual interviews:
- Offer the opportunity for follow-up questions that may not be possible in a survey or focus group.
- Are rarely the sole form of gathering data.
- Are more effective if areas of discussion and specific questions are planned (e.g., with an interview guide).

Interviewer should establish a positive and trusting relationship with the interviewees.
## Interview Advantages and Challenges

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Safer, confidential environment may generate significant information.</td>
<td>• Can be time-intensive.</td>
</tr>
<tr>
<td>• Comments can suggest direction for further group research (focus groups</td>
<td>• Requires strong relationship-building skills.</td>
</tr>
<tr>
<td>and surveys).</td>
<td>• Requires vigilance to avoid bias from influencing questions and</td>
</tr>
<tr>
<td></td>
<td>interpretation of answers.</td>
</tr>
</tbody>
</table>

## Focus Groups

Small group (normally six to twelve) invited to participate in a structured discussion (one to three hours) with a facilitator

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provides a flexible format that is relatively comfortable for discussion</td>
<td>• Tends to foster “group think”</td>
</tr>
<tr>
<td>• Supports group brainstorming, decision making, and prioritization</td>
<td>• May be difficult to control if participants go off on tangents</td>
</tr>
<tr>
<td>and group consensus</td>
<td>• Generally don’t allow for deep discussions</td>
</tr>
<tr>
<td>• Enables HR to learn about employee needs, attitudes, and opinions</td>
<td>• Can provide skewed or biased results if participants are not representative</td>
</tr>
<tr>
<td>• Gives employees direct input</td>
<td></td>
</tr>
</tbody>
</table>

© SHRM 2019
Conducting More Effective Focus Groups

Important considerations:

- Planning
- Context
- Importance of facilitator and recorder
- Tools: mind mapping/affinity diagramming, nominal group technique, Delphi technique

Surveys and Questionnaires

- Relatively inexpensive ways to gather a large amount of data from a large and dispersed group of subjects
- Important considerations:
  - Obtaining a valid (representative) sample
  - Designing the survey with analysis in mind
  - Asking the right questions (for example, questions that reflect appropriate internal and external environmental factors and are mindful of language and cultural differences)
### Survey/Questionnaire

#### Advantages and Challenges

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Efficient way to gather a lot of data from a large and dispersed group</td>
<td>• Can be difficult to obtain an acceptable response rate</td>
</tr>
<tr>
<td>• Easier to quantify data for analysis and reporting</td>
<td>• Difficult to follow up on data from anonymous sources</td>
</tr>
<tr>
<td></td>
<td>• Relies on self-reporting, which can be biased</td>
</tr>
<tr>
<td></td>
<td>• Requires time and statistical expertise to assess sample and compile and analyze data</td>
</tr>
</tbody>
</table>

### Observation

Observing the workplace and work processes:

• Mitigates any self-reporting filters present in interviews, surveys, and focus groups.

• Can strengthen the HR professional’s understanding of the work at hand and the culture of the workplace.

• Allows observers to note factors that participants are unaware of, consider routine, or are reluctant to share.
### Observation Advantages and Challenges

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provides firsthand and immediate data rather than self-reported data, which can be affected by memory and selectivity.</td>
<td>• Requires skill to be “unseen.”</td>
</tr>
<tr>
<td>• Is time-efficient for subjects.</td>
<td>• Requires vigilance to remove personal bias from observations.</td>
</tr>
<tr>
<td></td>
<td>• Requires experience to note significant behaviors.</td>
</tr>
<tr>
<td></td>
<td>• Observations may not be representative of the entire body of data.</td>
</tr>
</tbody>
</table>

### Existing Data

Many sources of existing data:

• Official documents about the business and culture
• Performance data from financial records, organizational databases, and HRIS
• Correspondence and reports
• Industry data and benchmarks
### Existing Data Advantages and Challenges

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Eliminates the effects of observation and involvement and possible biases</td>
<td>• Can be time-intensive</td>
</tr>
<tr>
<td>• Rich, multi-perspective source of data</td>
<td>• Requires experience to extract key data</td>
</tr>
<tr>
<td></td>
<td>• May require ingenuity to find data</td>
</tr>
</tbody>
</table>

### Artifacts

- Objects created by members of a culture that convey a sense of that culture’s values and priorities, beliefs, habits and rituals, or perspectives.
- May include physical workspaces, virtual environments

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provides additional insight into cultural issues</td>
<td>• Requires researcher to understand the principles of culture</td>
</tr>
<tr>
<td>• Can be observed without the help of those being observed</td>
<td>• Can create misunderstandings if the researcher is not familiar with the culture</td>
</tr>
</tbody>
</table>
## Reliability and Validity

<table>
<thead>
<tr>
<th>Reliability</th>
<th>Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of an instrument to provide consistent results</td>
<td>Ability of an instrument to measure the intended attributes</td>
</tr>
</tbody>
</table>

*Example*: A checklist used to rate suppliers’ proposals produces the same results when used by multiple scorers.  
*Example*: A checklist used to rate suppliers’ proposals results in selection of suppliers who meet expectations.

## Sampling

- Samples must represent the population being measured.  
- Samples must be sufficiently large to include possible variations.
Errors and Bias in Statistical Analysis

Biases may include:
• Sampling.
• Selection.
• Response.
• Performance.
• Measurement.

Frequency Distributions

Used to sort numerical data to reveal patterns

- Frequency distribution
  - Lists the grouped data from lowest to highest
- Frequency table
  - Shows the size of individual data groups

<table>
<thead>
<tr>
<th>Mean Salary</th>
<th>Number of Incumbents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$55,000</td>
<td>2</td>
</tr>
<tr>
<td>$60,000</td>
<td>1</td>
</tr>
<tr>
<td>$65,000</td>
<td>2</td>
</tr>
<tr>
<td>$70,000</td>
<td>5</td>
</tr>
<tr>
<td>$75,000</td>
<td>1</td>
</tr>
</tbody>
</table>
Quartiles and Percentiles

Show how groups of data relate to each other (dispersion)

<table>
<thead>
<tr>
<th>0%</th>
<th>50%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quartile</td>
<td>Second quartile</td>
<td>Third quartile</td>
</tr>
<tr>
<td>Entry wage</td>
<td>$60,000</td>
<td>$65,000</td>
</tr>
</tbody>
</table>

Median and Mode

**Median** is the middle number in a range. Half are above and half are below. (Where there are an even number of data points, median is determined by averaging the two middle numbers.)

$55,000
$55,000
$60,000
$60,000
$65,000
$65,000
$70,000
$70,000
$75,000

Median = $67,500
Mode = $70,000

**Mode** is the most frequently occurring value.
Mean

Unweighted mean (raw average):
Gives equal weight to all data values.

Weighted mean (weighted average):
Adds factors to reflect the importance of different values.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number of Incumbents</th>
<th>Annual Salary</th>
<th>Total Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2</td>
<td>$55,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>$65,000</td>
<td>$130,000</td>
</tr>
<tr>
<td>D</td>
<td>5</td>
<td>$70,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>E</td>
<td>1</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>$325,000</strong></td>
<td><strong>$725,000</strong></td>
</tr>
</tbody>
</table>

Unweighted mean = $65,000
($325,000 ÷ 5 organization salaries)

Weighted mean = $65,909
($725,000 ÷ 11 incumbent salaries)

Data Analysis Methods

Variance analysis
Identify difference between planned and actual performance.

<table>
<thead>
<tr>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>$48,000</td>
<td>$2,000</td>
<td>4%</td>
</tr>
</tbody>
</table>

Root-cause analysis
Identify possible causes for an event/condition.

Scenario or what-if analysis
Identify the impacts on X of different scenarios.

Trend analysis
Identify change in a variable over time.

Regression analysis
Identify relationships between variables and their strength.
Pie chart
- Depicts as slices of a circle the constituents that comprise 100% of a data group.
- Communicates high-level information about data distribution.

Histogram
- Sorts data into groups and shows relative sizes as columns of varying heights or lengths.
- Supports rapid comparison.

Trend diagram
- Plots data points of a defined variable over time.
- Shows cycles or developing trends.
Graphic Analysis Tools

Pareto chart
- Ranks categories of data.
- Applies Pareto principle. (80% of problems are caused by 20% of causes.)

Scatter diagram
- Plots data points against variables.
- Tightness of clustering indicates strength of relationship.
- Direction of the line indicates a positive or negative relationship of the variables.

Competency Connection

Let’s discuss a Competency Connection related to Critical Evaluation.
- The HR manager identifies an increase in turnover during the last two years.
- The HR manager speaks with managers to determine the cause.
- The conclusion of the managers is refuted by analysis of exit interview data.
- The HR manager identifies the retention gap as the largest issue for the coming year and develops a plan to address it.
Competency Connection

- Which data sources does the HR manager use to investigate the turnover increase?
- What advantages and disadvantages from those data sources does the HR professional encounter?
- What are some other data sources that the HR manager could use? Why would the HR manager find those sources useful to analyzing this particular issue?

Functional Area #1: HR Strategic Planning

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Strategy is…

- A long-range plan of action oriented to achieving defined goals.
- Created and refined through a strategic planning process.
- Implemented through strategic management.

Levels of Strategy

- Strategic planning is repeated at each level with increasing focus and specificity.
- Business unit and operational strategies are closely aligned with the organizational strategy to better support its implementation.
Critical Success Factors

- Alignment of effort
- Control of drift
- Focus on core competencies

Strategic Planning and Management Process

- Evaluate results continually and at designated intervals.
- Gather and analyze information.
- Determine current position.

- Provide clear communication, coordination, and support.
- Control resources.
- Identify goals and tactics to frame strategic plan.
Formulating Strategy

Deepening one's understanding of the organization and its internal and external environments and opportunities and challenges

Systems Theory

- Strategic planning and management requires systems thinking. The challenge is to coordinate interacting and sometimes interdependent parts to achieve strategic goals.
IPO Model

An input-process-output (IPO) model is often used to analyze actions.

Inputs can include internal and external constraints as well as organizational resources and external conditions. All of these inputs can affect the outcome.

Environmental Scanning

Systematic survey and interpretation of relevant internal and external data to:
- Identify external threats and opportunities.
- Strengthen strategic plans and goals.

- PESTLE analysis
- SWOT analysis
- Growth-share matrix
- Scenario analysis
PESTLE Analysis

• Systematic search for environmental forces organized under specific categories.
• PESTLE can be used for the entire enterprise, for individual units or functions, or for specific activities.

PESTLE

- Political
- Economic
- Social
- Technological
- Legal
- Environmental

PESTLE Process

• Positive and negative
• Short and long term
• Ripples

Research impacts.

- Causes
- Dimensions
- Connections

Assess.

- Importance
- Strength of data

List.

- Focus groups
- Experts

Identify impacts.
**SWOT Analysis**

- Uses data to assess strategic capabilities in comparison to threats and opportunities identified during environmental scanning.
- Can be performed for organizations, functions, initiatives.
- Can be applied to specific HR activities.

**Growth-Share Matrix**

Uses data to find where the greatest value in the organization resides:
- **Stars**—high value
- **Cash cows**—create value reliably but with little opportunity for growth
- **Dogs**—consume resources without offering strong value or future growth
- **Question marks**—could be winners or losers

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Scenario Analysis

Compares the impact of changes in the environment on the organization’s outputs

Identifies environmental factors that have the greatest potential for positive or negative impact

Facilitates the application of risk management principles to strategy formulation

Mission, Vision, Values

Mission
- What the organization/function intends to pursue and its charted management course
- Provides focus and purpose of strategy

Vision
- What the organization/function aspires to become in the future
- Provides motivation and unity

Values
- What beliefs the organization/function supports through behaviors and actions
- Provides guidepost for decision making
Setting Goals

General goals suggest how the organization will focus its resources.

Starts moving the organization and people in the intended direction.

*Example*: Increase productivity.

Organizational goal-setting process must be repeated on unit or functional level.

Creates a line of sight from the organization’s strategic goals to the goals and objectives of the organization’s functions and units.

*Example for HR*: Improve quality and efficiency of talent supply chain.

Aligning HR Strategic Goals

Find the **value drivers**, the actions, processes, or results needed to deliver a desired value.

- **HR Goal**: Increase effectiveness of teams throughout the organization.
- **Enterprise Goal**: Decrease time to market to increase competitiveness in mobile applications.
- **Learning and Development Objective**: Facilitate development of teams and team skills.
- **Recruiting Objective**: Include screening and evaluation related to experience working in teams in all recruiting and selection tools.
- **HRIS Objective**: Develop talent management database.
- **HRM Objective**: Develop policies to support global talent management.
Using Balanced Scorecards

Provide a more strategy-focused, balanced, multi-perspective assessment of performance.

Original balanced scorecard developed by Robert Kaplan and David Norton

Leading/Lagging Indicators

Balanced scorecards include leading and lagging performance indicators.

Lagging

Describes effects that have already occurred and cannot be changed.

For example, turnover rate indicates the success or lack of success in employee engagement.

Leading

Describes predictive actions that can change future performance and help achieve success.

For example, employee satisfaction indicates future retention rates and associated costs of hiring.
SMARTER Performance Objectives

- S: Specific
- M: Measurable
- A: Attainable
- R: Relevant
- T: Timebound
- E: Evaluated
- R: Revised

Benchmarking Process

1. Define KPIs.
3. Identify appropriate benchmarks and data.
4. Identify performance gaps.
5. Set objectives and implement support activities.
Developing Strategy

How do we get to the future we have envisioned?
What strategy or strategies have “fit”? 

Strategic Fit

• Describes the consistency of strategy with internal and external environments.
• Reflects interconnectedness and alignment of activities throughout the organization (e.g., resources and capabilities deployed toward strategic goals).
• Strategic fit exists when activities:
  ✓ Are consistent with the strategy.
  ✓ Interact with and reinforce each other.
  ✓ Are “optimized” to reach the strategic goal.
Creating Competitive Advantage

There are two ways that an organization can create competitive advantage, and both involve change.

- **External changes**
  - Compete by adapting quickly to changes in the external environment.

- **Internal changes**
  - Compete through change, innovation, and reinvention.

Porter’s Competitive Strategies

- **Cost Leadership**
  - Lowest price
  - *Economies of scale, efficient production, agility*

- **Differentiation**
  - Higher price for unique offering
  - *Skillful marketing and quality management*

**Focus**

- Apply either strategy in segment or niche

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Impact of Business Strategy on HR

HR strategy can influence a primary lever of organizational strategy—employees:

- Talent management
- Workforce planning
- Compensation
- Employee engagement
- Organizational effectiveness
- Diversity and inclusion

Growth Strategy Options

Each strategy requires different levels of investment and offers different levels of control and return.

- Strategic alliance
- Joint venture
- Equity partnership
- Merger/acquisition
- Franchising
- Licensing
- Contract manufacturing
- Management contract
- Turnkey operation
- Greenfield operation
- Brownfield operation
HR Involvement in Growth Strategies

- Greenfield operations will require involvement in HR areas of risk analysis, staffing, working with local authorities, and implementing HR policies and procedures in the new operations.
- Policies and procedures may require adjustment to meet local laws, business practices, and culture.
- Even when little integration is required, HR may be asked to audit workplace practices.

HR’s Role in Divestiture Strategy

- **Identify the candidate.** Perform due diligence, identifying potential risks; participate in SWOT analysis.
- **Identify a target buyer.** Provide accurate information about the value of the workforce.
- **Restructure.** Identify and prepare strong leaders. Design incentive offers.
- **Execute the deal.** Assemble a balanced transition team. Facilitate the exit of departing employees.
Implementing Strategy

Translates strategic intent into specific plans of action.

Requires communicating the value of the strategies to all members and effectively managing the implementation of plans.

Aligning Budgets with Strategies

<table>
<thead>
<tr>
<th>Operational Budget</th>
<th>Strategic Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds ongoing activities required to provide HR services to internal customers</td>
<td>Funds initiatives aligned with strategic goals (line of sight)</td>
</tr>
<tr>
<td><strong>Examples:</strong></td>
<td><strong>Examples:</strong></td>
</tr>
<tr>
<td>• Talent acquisition costs</td>
<td>• Development of mentoring program</td>
</tr>
<tr>
<td>• Compensation and benefits</td>
<td>• Initiative to improve cultural alignment</td>
</tr>
<tr>
<td>Many items are variable and affected by organizational and HR strategies.</td>
<td>Initiatives must compete for available resources and are funded according to strategic priorities.</td>
</tr>
</tbody>
</table>
Communication Strategy

- Communication occurs in different ways and at different levels. *Examples:* Formal communication or team meetings
- The communication plan should include ongoing opportunities for feedback.

**Core Elements of Success**
- ✓ Outward toward entire team
- ✓ Inward toward leaders
- ✓ Leadership support
- ✓ Free flow of information across organizational boundaries
- ✓ Helping team members see how their work connects to the strategy

Managing Strategic Initiatives

HR action plans are implemented through normal operations and through specific initiatives managed as time-limited projects.

- Multiple phases
- Simple or complex deliverables
- Large or small budgets

Projects can vary in complexity. Some require dedicated project managers.
Project Stages

Planning
- Working with stakeholders
- Defining deliverables
- Scheduling (e.g., critical path analysis, Gantt charts)
- Assembling team

Executing
- Communication
- Leadership
- Removing obstacles
- Managing stakeholders
- Monitoring and controlling

Closing
- Assessment and evaluation
- Team debriefing
- Continuous improvement
- Continuous learning

Specialized Project Management Approaches

Lean
Six Sigma
Agile
Critical chain
Evaluating Strategy

Essential for:
- Sound management
- Good governance
- Continuous improvement

Evaluating Strategic Results

Appears as the final phase of strategic management but is often a factor in the preceding stages.

Requires:
- Developing tools and establishing processes to collect data.
- Analyzing data in an ongoing manner.
- Investigating discrepancies between planned and actual.
Communicating Strategic Results

- **Create a narrative** that explains results.
- **Visualize** data analysis with tools such as bar charts and Pareto charts, trend diagrams, etc.
- **Acknowledge** disappointments as well as successes.
- **Invite** reactions and feedback.
- **Describe** next steps.

Discussion

A company currently spends over $1 billion in health-related areas. The company has multiple locations.

The VP of HR has been tasked with:

- Developing a strategy to improve employee health, reduce costs, and limit the company’s risks.
- Linking the health-care strategy to corporate strategy.
Discussion

How should the VP of HR develop a health-care (HC) strategy that will link with the corporate strategy?
A. Benchmark the HC strategy against industry practices.
B. Align the HC strategy with the organization’s human capital vision and mission.
C. Focus on developing the most cost-effective HC strategy.
D. Focus on understanding and satisfying senior management’s desires.

Feedback

The correct answer is B. Assuming that the company wants to compete, benchmarking (A) can be helpful. But aligning the HC strategy with the organization’s human capital vision and mission helps make sure that the strategy fits the corporation’s goals for its employees. HR will be able to draw connections for management.

The ultimate strategic goal is not necessarily cost efficiency, nor is it to please management (C and D).
Discussion

How should the VP develop the health-care strategy to ensure that it addresses the health needs of the employees?

A. Listen to the water cooler talk from employees.
B. Conduct focus groups with random samples of employees.
C. Survey the entire workforce about health needs.
D. Evaluate the data from the annual report on the employee assistance program.

Feedback

The correct answer is C. Focus groups (B) would be good, especially as follow-up to a larger survey. But surveying the entire workforce about health needs first provides more and better-quality data from a larger sample. This will also create better employee engagement in the process.

The other incorrect answers (A and D) provide limited and biased data.
Discussion

What can HR do to ensure that the new health-care strategy is understood and the benefit is used effectively by all employees?

A. Develop and mail health-care brochures to each employee’s home.
B. Send a mass e-mail to all employees about the new health-care system.
C. Conduct a health fair at each location and present the new benefit.
D. At each location, introduce providers and lead Q&A sessions with all employees.

Feedback

The correct answer is D. Conducting a health fair at each location (C) would get employees involved in their health issues and deliver information about the new benefit. However, introducing providers at each location and leading Q&A sessions with all employees gives employees information directly and interactively and allows them to question providers.

The other incorrect answers (A and B) are passive and rely on employees reading information.
Functional Area #2: Talent Acquisition

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Staffing

Attempts to provide an adequate supply of qualified individuals to complete the body of work necessary for the organization’s financial success

- Acts on the organizational human capital needs identified through workforce planning
- Anticipates organizational staffing needs and balances those needs with actual talent supplies
### Effect of Growth Strategies

<table>
<thead>
<tr>
<th>Type</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger/acquisition</td>
<td>New resources for talent</td>
</tr>
<tr>
<td></td>
<td>Retention of talent</td>
</tr>
<tr>
<td>Joint venture</td>
<td>Contributions of how much and what type of talent from each partner</td>
</tr>
<tr>
<td>Greenfield</td>
<td>All new staff</td>
</tr>
<tr>
<td>operation</td>
<td>Effects of local laws and labor markets</td>
</tr>
<tr>
<td>Strategic alliance</td>
<td>Staffing requirements if new venture is formed</td>
</tr>
</tbody>
</table>

### Staffing Patterns in Global Organizations

Initial staffing may rely on assignees. Gradually they are replaced by local nationals. Eventually the local nationals become global assignees themselves.

*Based on Calvin Reynolds*
Employment Branding

Positions the organization as an “employer of choice” in the labor market

- Creates a positive, compelling image of the organization
- Provides a clear and consistent message about what it is like to work at the organization
- Encourages the best potential candidates to apply
- Reinforces the public's image of the organization

Employee Value Proposition

- The foundation of employment branding
- A magnet to the organization’s employment brand
- Aligned with the organizational strategic plan, vision, mission, and values
- An image that answers the questions why top talent:
  - Would want to start working for this organization
  - Would want to stay working for this organization

Must accurately reflect the work environment and be congruent with the external brand
Employment Branding Tools

- Collateral materials
- Fairs and community events
- Social media
- Dialogue with employees
- Word of mouth (employees and candidates)
- Website
- Marketing campaigns and media ads

Building an Employment Brand

- How are we perceived now?
- Who is our competition for high-quality employees?
- What are the strengths and weaknesses of our brand?
- What value and benefits shall we communicate?
- Is our brand consistent across all audiences?

- Test the brand.
- Execute the brand.
- Reassess and revitalize the brand periodically.
- Promote the brand continuously.
Best Practices for Employment Branding

- Brand pillar identification
- Achievement of work environment awards
- Personalized channels for external audiences

Common Elements of Job Descriptions

Written description of a job and its requirements, including tasks, knowledge, skills, abilities, responsibilities, and reporting structure

Common Elements

- Job identification
- Position summary
- Minimum qualifications
- Duties and responsibilities
- Success factors
- Physical demands
- Working conditions
- Performance standards
Job Competencies and Models

A cluster of highly interrelated attributes, including knowledge, skills, and abilities, that give rise to the behaviors needed to perform a given job effectively.

A set of competencies defining the requirements for effective performance in a specific job, profession, or organization (e.g., the SHRM BoCK™).

Variations in Job Descriptions

Job description components may vary by organization and by job market. Some variations include:

- **Essential functions** (i.e., primary job duties individual must be able to perform with or without reasonable accommodation).
- **Nonessential functions** (i.e., desirable but not necessary).
- **Sign-off** (documentation of employee understanding of job description).
- **Disclaimers** (e.g., organization’s right to change responsibilities and tasks as needed by employer).
Global Job Descriptions

**Uses**
- Intracountry and cross-border transfers
- Career management and succession planning
- Compensation studies
- Statistics for job types across organization
- Comparison and alignment of business processes across countries

**Challenges**
- Lack of global competency model
- Country variations
  - Interpretations of job functions
  - Expectations for similar jobs
  - Approaches to on-the-job development
  - Work environments
  - Compliance requirements
  - BFOQs

Job Specifications

Describe the minimum qualifications necessary to perform a job.

Include experience, education, training, licenses and certification (if required), mental abilities and physical skills, level or organizational responsibilities.

Should reflect what is necessary for satisfactory performance, not what the ideal candidate should have.

The role they play in the legal and regulatory environment can vary from one country to another.
Writing Job Descriptions and Specifications

- Give jobs realistic and descriptive titles.
- Keep the summary short (no more than four or five sentences).
- List only the most important duties, tasks, or responsibilities.
- Identify the essential job duties and responsibilities.
- Review the KSAs to be sure they are job-related.
- Secure approvals and dates.
- Include any appropriate disclaimers.

Jobs change and necessitate regular reviews and updates.

Sourcing and Recruiting

- Sourcing: generates a pool of qualified applicants
- Recruitment: encourages candidates to apply

**Internal**
- Identifies candidates within domestic or global operations
- Typically uses internal postings and succession planning

**External**
- Finds candidates through a variety of sources outside the organization
- Talent shortages and globalization force organizations to cast a “wide net”
**Internal Recruiting Methods**

- Employee referrals
- Succession planning
- Inside moonlighting
- Job bidding
- Job posting
- Skill banks/skill tracking systems
- Nominations

**External Recruiting Methods**

- Trade and professional organizations
- Temporary agencies
- Referrals
- Personal networking
- Outplacement services
- Open houses
- Online social networks and blogs
- Intraregion recruiting
- Internships

- Advertising (print and nonprint)
- Agencies (third-party recruiters)
- Community awareness
- Contract agencies
- Educational institutions
- Employer websites
- Former employees
- Geofencing
- Government agencies
- HR associations
- International job boards (bulletin boards)
### E-Recruitment

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Widens recruitment sourcing (e.g., active and passive candidates)</td>
<td>• High volume of responses, many from unqualified candidates</td>
</tr>
<tr>
<td>• Provides almost immediate response</td>
<td>• May require labor-intensive and costly filtering processes</td>
</tr>
<tr>
<td>• Increases applicant pool</td>
<td>• May be restricted by data privacy regulations</td>
</tr>
<tr>
<td>• Facilitates better candidate matching</td>
<td>• May exclude qualified candidates</td>
</tr>
<tr>
<td>• Supports realistic job previewing</td>
<td>- Who would rather send a résumé</td>
</tr>
<tr>
<td>• Supports targeting specialized skills and particular lifestyle or culture-fit groups</td>
<td>- Who do not have access to the technology</td>
</tr>
</tbody>
</table>

### Social Media in Recruiting

<table>
<thead>
<tr>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Low-cost organizational publicity</td>
</tr>
<tr>
<td>• Posting of vacancies</td>
</tr>
<tr>
<td>• Branding</td>
</tr>
<tr>
<td>• Targeting geographically diverse talent</td>
</tr>
<tr>
<td>• Employment screening</td>
</tr>
<tr>
<td>• Reduced recruiting costs and time to fill</td>
</tr>
<tr>
<td>• Engagement of passive job candidates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Potential inaccuracy of information learned about candidates</td>
</tr>
<tr>
<td>• Legal risks associated with what employer learns about prospective candidates and how information is used or managed</td>
</tr>
</tbody>
</table>
Recruiting Effectiveness

- Be proactive.
- Brand.
- Use realistic profiles.
- Automate.
- Innovate.
- Interact.
- Promote.
- Adapt.
- Champion diversity.
- Be judicious.
- Be vigilant.

HR Metrics: Workforce Reporting

<table>
<thead>
<tr>
<th>Head count</th>
<th>Indicates the number of people on the organization’s payroll at a particular time.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Calculating average head count over a year provides a representation of the average number of employees the organization requires.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Groups and subgroups</th>
<th>Divides and subdivides employees into categories (e.g., executive, manager, staff, trainees, contractor, status).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Knowing composition of the workforce helps planning for diversity and operational requirements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Provides basic statistics and characteristics about employee groups (e.g., age, occupation, income).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Demographic trends provide important metrics for HR planning and forecasting.</td>
</tr>
</tbody>
</table>
HR Metrics: Cost per Hire

Cost per hire (CPH) = \[ \frac{\sum (\text{External costs}) + \sum (\text{Internal costs})}{\text{Total number of hires in a time period}} \]

- SHRM standard that addresses problems with variability in the traditional cost-of-hire measure (total costs divided by number of new hires)
- Differentiates between internal and comparable CPH metrics:
  - Cost per hire, internal (CPHI)
  - Cost per hire, comparable (CPHC)

HR Metrics: Recruitment Cost and Yield Ratios

Recruitment cost ratio (RCR)

\[ \frac{\text{External costs + Internal costs}}{\text{Total first-year compensation of hires in a time period}} \times 100 \]

\[ \frac{\$200,000}{\$2,000,000} \times 100 = 10\% \]

Yield ratios

- Qualified applicants: \[ \frac{100}{300} = 33\% \]
- Minority applicants: \[ \frac{80}{300} = 27\% \]
- Female applicants: \[ \frac{185}{300} = 62\% \]
- Offers extended: \[ \frac{5}{15} = 33\% \]
- Offers accepted: \[ \frac{3}{5} = 60\% \]
HR Metrics: Days to Fill

Number of days from opening of job requisition to acceptance of offer
- Helps HR determine a realistic amount of time for hiring new employees
- Helps managers plan how to best redistribute work
- Supports resource and budget planning

Emphasizing speed may increase recruitment costs and decrease quality of hire.

HR Metrics: Attrition

- Loss of employees for reasons other than firing and other employer-initiated events
- Implies that an employer has no direct control over how many personnel are lost to employee attrition

It is important to understand why employees leave, not just the fact that they leave.
Workforce Analytics

Mitigates collecting volumes of data or “analysis paralysis”

Implements vital decisions about talent and helps address workforce challenges

Selection Process

Step 1: Screen
Step 2: Interview
Step 3: Assess and Evaluate
Step 4: Select and Offer

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Step 1: Screen

Selection screening involves analyzing the candidates’ application forms, curricula vitae, and résumés to locate the most-qualified candidates for an open job.

- Identifies applicants who fit minimum selection criteria
- Provides a source of questions for subsequent interviews
- Provides information for reference checks
- Helps to ensure that managers or other internal stakeholders spend time interviewing only qualified candidates

Applicant Tracking Software (ATS)

Provides an automated way for organizations to manage the entire recruiting process, from receiving applications to hiring employees.

- Greatly reduces the time spent reviewing documents
- Tracks where candidates found a job posting
- Helps build a database for use with future vacancies

May be mandatory for regulatory compliance
Curricula Vitae (CVs) and Résumés

Both provide an overview of a person’s experience and other qualifications.
Are country- and culture-specific.

CV
Fairly detailed overview of a candidate’s accomplishments, especially those relevant in academia or research

Résumé
Typically a more concise and general introduction to a candidate’s experiences and skills; modified for each position a candidate applies for

Warning Signs in Application Forms, CVs, and Résumés

- Overqualified or underqualified
- Attempts to hide employment gaps
- Excessive “filler information”
- Messy, poorly organized, or incomplete
- Too much self-promotion (versus team credit)
- Vague terms
- Inconsistent career path
Step 2: Interview

Selection interviews are designed to probe areas of interest to the interviewer in order to determine how well the candidate meets the needs of the organization.

- Ask the candidate a series of questions
- Qualify candidates more than any other procedure in the selection process
- Require that interviewers are properly trained

Interviews

Prescreening
- Usually less than 20 minutes
- Usually conducted by HR
- Useful for high volume of applicants

In-depth
- Usually one hour or more
- Usually conducted by line management
- May include interviews conducted by potential colleagues
## Interviews

### Structured
- Every candidate is asked the same questions.
  - Repetitive interview

### Unstructured
- Process is more conversational, building on candidate’s responses.
  - Non-directive interview

### Behavioral
- Focus is on how candidate handled past situations and on pointed questions about minimum qualifications.
  - “Give me an example…”
  - “Describe a situation…”
  - “Tell me how you handled…”

### Competency-based
- Candidates are asked to illustrate how they demonstrated needed KSAs in past.
  - “How did you manage this situation?”
  - “What did you do when X happened?”

### Group
- Multiple candidates are interviewed at the same time.
  - Each candidate is interviewed by multiple people.
  - Fishbowl interviews
  - Team interviews
  - Panel interviews

### Stress
- Interviewer puts the applicant under some degree of stress.
  - Interviewer attitude
  - Puzzles
  - Case interviews and simulations
Interview Guidelines

Before

- Become familiar with the position’s duties and requirements.
- Be prepared to answer general questions about the organization.
- Formulate your questions.
- Organize the questions (e.g., in the order to be asked).
- Review the candidate’s application, CV, and/or résumé.

During

- Establish rapport.
- Listen carefully.
- Make smooth transitions from one topic to another.
- Observe nonverbal behavior.
- Take notes.
- Conclude the interview.

Effective Questioning Techniques

✓ Turn each desired skill set or job characteristic into a series of open-ended questions.

✓ Facilitate the candidates’ sharing of their experience and expertise through their responses.

✓ Ask questions that lead a candidate to:
  - Describe, in detail, his or her technical expertise.
  - Discuss core competencies.
  - Demonstrate problem-solving behavior, learning and communication style, and other necessary attributes.
## Interview Question Focus

**Sample Types**

- Customer focus
- Adaptability
- Work ethic
- Analytical ability
- Interpersonal skills
- Communication

## Step 3: Assess and Evaluate

Goal of assessment is to determine if candidate has potential to be successful in job.

Aim for transparent decisions based on fact.
Assessment Methods

Assessment methods help to identify applicant knowledge and skills that cannot be determined through interviews.

Substantive (Pre-Employment) Assessments
- Cognitive ability tests
- Personality tests
- Aptitude tests
- Psychomotor tests
- Assessment centers

Discretionary Assessments
- Methods sometimes used to separate finalists who receive job offers

Contingent Assessments
- Drug tests
- Medical exams

Examples of Cultural Assessment Tools

Cross-Cultural Adaptability Inventory (CCAI)
Cultural Orientations Indicator® (COI®)
Intercultural Development Inventory (IDI)
SAGE (Self-Assessment for Global Endeavors)
Selection Equity and Cost-Effectiveness

**Equity**
- Has the organization been successful in identifying and selecting a diverse, multifaceted workforce?
- Do job applicants view the process and decisions as fair?

**Cost-Effectiveness**
- Do the costs of assessment and the entire selection program correlate with productive and successful hires?

Background Investigations and Reference Checks

**Background investigations**
- Authenticate information (e.g., education and work history) supplied by a job applicant
- Usually improve hiring decisions

**Reference checks**
- Verify previous employment and provide information about the applicant’s aptitude and character
- Involve contacting the applicant’s former employers, learning institutions, and personal references
Step 4: Select and Offer

Last step in the selection process

Brings everything together to complete candidate evaluations.

Should document results and be systematic.

Ideally, the selection process yields a pool of qualified candidates (not just one).

Decision Process

Organize/summarize information in terms of selection criteria.

Identify and rank acceptable candidates.

Collect additional information as necessary.

Make an offer to the top candidate.
Job Offers

**Contingent Job Offer**
- Job offer that is contingent on candidate passing certain tests or meeting certain requirements

**Employment Offer**
- Oral/written communication that formally offers applicant job
- Generally not legally binding

**Employment Contract**
- Written agreement between organization and employee that explains employment relationship
- Confers legal obligations

Nonselected candidates for an open position should be notified promptly.

---

Engagement in Talent Acquisition

Based on Brilliant Ink survey data

**Make the job hunt simple, seamless, and informative.**

**Create accurate first impressions.**

**Make the first day count.**

**Give employees a structured onboarding experience.**

**Provide a “buddy.”**

**Show employees a path to success.**

---
Orientation and Onboarding

Orientation

• Helps employees (new or rehired) become familiar with organization, department, coworkers, and job.
• Generally lasts one to two days.
• Helps employee develop realistic image of organization and/or job.

Onboarding

• Encompasses orientation as well as first months of employee’s tenure.
• Helps employees develop positive working relationships with their supervisor, coworkers, and others.
• May be informal or formal.

Discussion

A company has a rigorous drug use and criminal conduct screening process for all job applicants. The drug test is a straightforward pass/fail screen. HR is the only party involved who has access to more details about the results.

A hiring manager comes to HR wanting more details about a candidate disqualified on the drug screen. The manager asks, “Was it just marijuana?”
Discussion

- What are the main issues raised by this scenario?
- How would you handle this?
- What HR competencies would be useful here?

Discussion

In another application, a criminal background report indicates that six years ago a candidate was convicted of driving while intoxicated (DWI), and her driving license was revoked for six months. Driving is not part of the duties for this job position. The hiring manager is new to the company, and this is his first hire. He feels very invested in this choice. He calls HR to check on the applicant’s progress.
Discussion

- As an HR professional, what are your main responsibilities in this situation?
- How would you handle this?
- What HR competencies would be useful here?

Functional Area #3: Employee Engagement and Retention

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Employee Engagement

Embodies broader concept than employee satisfaction, commitment, and morale

Involves employee behaviors that positively influence individual- and business-level performance

Characterized by a desire to stay with the organization in the future and willingness to “go the extra mile”

Facets of Employee Engagement

- Personal characteristics (e.g., curiosity)
- Workplace conditions or practices (e.g., variety)
- Effort invested (e.g., high performance)
Employee Engagement Benefits

Gallup analysis of data from 230 organizations showed a correlation between employee engagement and business results.

- Customer ratings
- Profitability
- Productivity
- Turnover
- Safety incidents
- Shrinkage (thefts)
- Absenteeism
- Quality (defects)

Common Engagement Drivers

- Satisfying work and job opportunities
- Confidence and trust in leaders
- Recognition and rewards
- Timely and orderly communication
Other Engagement Drivers

- Engaging leadership
- Talent focus
- The work (e.g., empowerment, work/life balance)
- The basics (e.g., job security, safety)
- Agility (e.g., collaboration, customer focus)

Engagement outcomes
- Say
- Stay
- Strive

Based on Aon Hewitt data

Employee Engagement and Well-Being

High productivity but high burnout and more likely to leave
Most productive and happy employees
Least contribution from employees
More likely to stay, less committed to organizational goals

* Based on Towers Watson data

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Types of Organizational Cultures

- Authoritarian
- Mechanistic
- Participative
- Learning
- High-performance

Role of Culture in Engagement

- What organizational culture have we created?
- Is this culture helping us achieve our strategic goals?
- How can our culture be expressed in a way that increases employee engagement?
HR needs to support manager behavior that:

- Reflects concern for employees’ professional and personal well-being.
- Expresses gratitude for contributions.
- Amplifies employees’ accomplishments.
- Values communication and emphasizes positive feedback.

Challenges to Engagement

- Global competition
- Economic conditions
- Continuous innovation
- New technology

Internal stressors
- Difficulty maintaining work/life boundaries
  - Mobile workplaces
  - 24/7 contact

External stressors

Decreased employee engagement

HR needs to make the business case for investing in employee engagement.
Engagement Strategies

- Commit long-term.
- Measure consistently.
- Connect engagement to business results.
- Seek employee input.
- Gain leadership support.

Business Case

Connect engagement with drivers of organization’s strategic goals.

Engagement
- Committed employees
  - Desire to stay
  - Increased customer focus
- Focused employees
  - Fewer mistakes
  - Increased productivity
  - Decreased absenteeism

Retention
- Customer loyalty
  - Lowered cost of goods
  - Fewer safety incidents
  - Increased profitability

Efficiency
  - Increased productivity
  - Decreased absenteeism
Retention

The ability to keep talented employees in the organization

- Involves strategic actions to keep high performers motivated and focused
- Preserves and develops an organization’s human capital
- Reduces voluntary turnover costs

Retention Drivers

Why are high performers more likely to stay?

- They believe they are doing meaningful work.
- They are recognized for going above and beyond.
- The organization provides tools/resources needed to succeed in job.
- Performance management systems are fair, consistent, and transparent.
- The organization offers appealing incentives and perks.
Retention Practices and Strategies

- Organization’s good reputation in community and with employees
- Good matches of skills and culture
- Competitive compensation and benefits

The imperative for an organization is to sustain and increase an employee’s engagement.

Improving Employee Retention

✓ Treat retention of key employees as a proactive, strategic part of talent management.
✓ Know what motivates each segment of the workforce.
✓ Conduct ongoing research to monitor motivation and workforce trends.
✓ Develop a deep understanding of the reasons employees want to stay or leave.
✓ Link the ability to retain and develop high-value talent to managers’ performance evaluations; reward appropriately.
✓ Keep employees informed about the organization.
✓ Monitor retention and turnover rates.
✓ Work to align systems, departments, processes, and procedures to improve retention.
Key Engagement Areas to Explore

- Team practices
- Leadership characteristics
- Organizational values
- Work itself

Engagement Topics

- Career development
  - Opportunities for advancement
  - Access to and support for learning and development

- Relationship with management
  - Communication with management
  - Autonomy
  - Recognition

- Compensation and benefits
  - Competitive wages and benefits
  - Work/life balance programs

- Work environment
  - Job-strategy connection
  - Organizational culture
  - Relationships with coworkers
**Employee Surveys**

### Types
- Attitude
- Opinion
- Engagement

### Purpose
Collect and assess employee perceptions about the work environment.

### Benefits
Numerous if properly designed and administered and results are communicated and visibly acted upon.

---

**Survey Development Principles**

- Prepare employees; communicate the purpose.
- Survey significant areas.
- Guarantee confidentiality and anonymity.
- Provide timely and actionable feedback on the results.
### Determining Actions from Survey Results

1. **Identify drivers of engagement with each survey.**
2. **Identify which engagement drivers can be realistically addressed.**
3. **Make action plans realistic and measurable.**
4. **Track and communicate efforts and results.**

### Online Surveys

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Higher response rates</td>
<td>• Requires computer access</td>
</tr>
<tr>
<td>• Improved responses to open-ended questions</td>
<td>• Requires e-mail contacts</td>
</tr>
<tr>
<td>• Quicker results</td>
<td>• Need for pilot testing</td>
</tr>
<tr>
<td>• Immediate status of survey progress</td>
<td>• Space limitations that discourage extended open-ended answers</td>
</tr>
<tr>
<td>• No interviewer bias</td>
<td>• Virus-checking software</td>
</tr>
<tr>
<td>• Ease and flexibility of aggregation and analysis</td>
<td>• Need to secure data</td>
</tr>
</tbody>
</table>
Employee Life Cycle (ELC) Phases

- Transition
- Recruitment
- Development
- Integration

Keep Employees Engaged

- Practices to increase engagement
  - Job enrichment
  - Performance and career management
  - Learning and development
  - Strategic compensation
Realistic Job Previews

- Help a candidate make an informed decision
- Allow the organization to objectively portray the job
- Increase the potential of a good match

**Examples:**
- Videos about the organization and its brand
- Tours of the workplace (virtual or walk-throughs)
- Interviews with future coworkers
- Job-related videos
- Simulations that replicate working conditions

Work/Life Balance Programs

- Convenience/concierge services
- Wellness programs
- Total working hours
- Miscellaneous programs
- Leave of absence
- Employee assistance/development programs
- Family assistance programs
- Flexible work arrangements

Several possibilities
Rewards and Recognition

- Tied to strategic goals and organizational values
- In a form meaningful to individual recipient
- Use positive and negative reinforcement of desired behavior (Skinner's behaviorist school)
  - Positive: adding something desired
  - Negative: removing something not desired

Financial
- Bonuses
- Prizes

Nonfinancial
- Public or private recognition
- Opportunities
- Greater autonomy or access to resources
- Work/life balance benefits

HR Role in Recognition

Promote a strategic recognition program.

Tie recognition programs to corporate values.

Encourage corporate spending on employee recognition.
Engagement Practices During Separation

The employer brand is strengthened by:

- Humane and honest behavior during workforce reductions.
- Exit interviews that uncover obstacles to engagement.
- Well-handled separation processes.
- Creation of an alumni network.

Maintaining awareness of engagement during separation can lead to the eventual return of valued employees or valuable referrals of new employees.

Performance Management

Maintaining or improving employee job performance:

1. Organizational values and goals
2. Performance management standards
3. Employee performance/behaviors
4. Measurement and feedback
5. Business results and employee growth
Performance Standards

Management expectations translated into:

**Behaviors**
What the organization wants the employee to do

**Results**
What the employee must produce or deliver

Standards should be objective, measurable, realistic, and stated clearly in writing (or otherwise recorded) and communicated throughout the organization.

Performance Appraisal

Measuring the degree to which an employee (or group) accomplishes work requirements

**Purposes**
- Provide feedback and counseling.
- Help in allocating rewards and opportunities.
- Help in determining employees' aspirations and planning developmental needs.

**Desired Outcomes**
- Constructive feedback and improved productivity
- Training and developmental needs
- Clear expectations
- Commitment and mutual understanding

Performance evaluations should be communicated continuously.
Performance Appraisal Methods

Category Rating
- Graphic scale
- Checklist
- Forced choice

Comparative
- Ranking
- Paired-comparison
- Forced distribution

Narrative
- Essay
- Critical incidents
- Field review

Management by objectives (MBO) and behaviorally anchored rating scale (BARS) may be used to overcome appraisal challenges.

Errors in Performance Appraisal

Halo/horn effect
Recency
Primacy
Bias

Strictness
Leniency
Central tendency
Contrast
Appraisal Meeting

Proper **documentation** is critical:
- Timely
- Specific and objective
- Accurate and consistent

Discuss and agree on ratings.
Set objectives for next period.
Create plan to implement.
Discuss follow-up.
Discuss what will be accomplished.

Evaluating the Performance Management System

Approaches to measuring effectiveness of performance management system

- Track training of users.
- Track completion of activities.
- Review performance standards periodically.
- Review alignment with organization’s strategic goals.
- Confirm positive relationship of appraisal results with promotions and pay increases.
- Gather feedback from users.
Engagement Metrics

Focus on:
• Measuring outcomes with strategic significance.
• Specific metrics before and after implementing an engagement initiative.

Metrics could include:
• Employee absence rate.
• Workers’ compensation incidence rate.
• Monthly voluntary turnover rate.
• Revenue per employee.
• Yield ratios.

Evaluating Retention

• Examine employee turnover.
• Review absenteeism rates and the number of discrimination claims.
• Audit.
• Collect exit information.
Discussion

A business unit in a health-care organization conducts an employee satisfaction and engagement survey each year. Two measures have remained low across all departments:

- Employees’ perception as being valued by the organization
- Leadership’s understanding of the demands of employees’ daily work

Some departments are clear outliers in the data. The HR director and the department managers are uncertain why these measures have declined.

Discussion

To ensure that these factors do not affect the unit’s ability to attract and retain the best talent, senior leadership has asked the HR director to partner with the department managers to put solutions in place. The goal is to improve the unit’s results in the next 12 months, which is in line with the timing of the next satisfaction survey.
Discussion

To improve the business unit’s employee engagement results within the next 12 months, what is the first thing the HR director should do?

A. Communicate the survey results via an e-mail broadcast to the entire employee group in the business unit.

B. Conduct focus groups with employees in the departments that had the greatest decline in the two measures.

C. Coordinate a meeting with all department managers to review the survey results and determine next steps.

D. Meet with senior leadership to better understand the goals and expectations for the next survey process.

Feedback

The correct answer is C. Gathering all managers provides a look at the entire spectrum of performance and allows discussion of successes. This demonstrates the Consultation competency.

Focus groups with employees in the departments with the greatest declines would be premature as a first step. Communicating survey results is necessary but will not help achieve the current objective. Management’s goal is already clear.
Discussion

What is the most effective way the HR director can engage the managers in the analysis of the survey data and the development of solutions?

A. Facilitate discussions between department managers with similar survey results to determine where there may be common themes.

B. Partner with department managers to form committees within and across departments to further interpret results and determine actions.

C. Clearly communicate the goals of the next survey and request that each department manager work with employees to set measurable objectives to achieve the goals.

D. Review department-level results with each manager in the business unit and develop action plans based on the analysis of the survey results.

Feedback

The correct answer is B. This is a great way to make managers feel ownership of the survey process. It demonstrates the Leadership and Navigation competency.

Further due diligence by managers should precede any direct actions by employees.

A is not inclusive enough (only managers with similar results), and D does not include employees in data analysis and response development.
Functional Area #4: Learning and Development

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Learning, Training, and Development

**Learning**
Acquiring knowledge, skills, behaviors, and competencies

**Training**
Providing knowledge, skills, or abilities (KSAs) specific to a particular task or job

**Development**
Preparing for future responsibilities through job experiences, relationships, assessment, and educational courses
HR's Role in Learning and Development

- Ensure alignment of learning and development activity with strategic goals.
- Gather input from stakeholders.
- Use workforce analytics to guide development.
- Scan internal and external environment to identify critical learning needs and opportunities.

The Learning Organization

A learning organization adapts quickly to changes in the environment by altering organizational behavior. It provides the environment for learning and development.

— Peter Senge, The Fifth Discipline
Organizational Learning

- Occurs mainly through experience and what is learned from others and training
- Occurs through increase in skills, knowledge, and abilities accomplished within groups or teams
- Begins through shared insights and knowledge of individuals and groups and builds on past organizational memories

Knowledge Retention

Knowledge retention strategies consider:

- What knowledge may be lost.
- The consequences of losing that knowledge
- The actions that can be taken to retain that knowledge.
Global Learning and Development

- Cross-cultural awareness
- International assignment preparation
- Global team building
- Managing virtual teams
- Issues related to laws, ethics, and organizational values

Adult Learning

Adults learn differently from children. They:
- Are self-directed.
- Have experience as a resource.
- Are ready to learn.
- Are more problem-focused.
- Are internally motivated to learn.
- Are willing to “unlearn to learn.”
Obstacles to Learning

Resistance to learning can be caused by external or internal factors:

- Low tolerance for change
- Lack of trust
- Peer group pressure
- Bad previous experience
- Lack of organizational commitment

Leverage adult learners’ experience and relationships.
Learning Styles

**Visual learners**
- Learn from seeing
- Associate information with images

**Auditory learners**
- Learn by hearing (more than reading)
- Are sensitive to speech patterns

**Kinesthetic learners**
- Learn by doing it themselves (tactile learning)
- May be bored by inactivity

Training: ADDIE Model

- **Analysis**
- **Evaluation**
- **Design**
- **Implementation**
- **Development**
ADDIE Process—Analysis

<table>
<thead>
<tr>
<th>Level</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational</td>
<td>• Where is training needed?</td>
</tr>
<tr>
<td></td>
<td>• What conditions affect training choices?</td>
</tr>
<tr>
<td>Task</td>
<td>• What needs to be taught?</td>
</tr>
<tr>
<td></td>
<td>• What does effective performance look like?</td>
</tr>
<tr>
<td>Individual</td>
<td>• Who should be trained?</td>
</tr>
<tr>
<td></td>
<td>• What kind of training do they need?</td>
</tr>
</tbody>
</table>

ADDIE Process—Design

Apply Bloom's taxonomy.

Be aware of cultural influences:
• Preferred learning strategies
• Team rather than individual goals
• Topic- or subject-centered versus situational or problem-focused learning
• Instructor or individual and self-directed training
**Delivery Approaches and Transfer of Learning**

### Self-directed
- Self-directed
- Self-paced
- Multimedia
- Mobile

### Instructor-led
- Actual or virtual classroom
- Incorporates multiple activity styles
- Demonstration
- Immediate feedback
- Retesting

### On-the-job
- Adjust mix to content and audience

### Blended
- Incorporates multiple activity styles
- Demonstration
- Immediate feedback
- Retesting
- Adjust mix to content and audience

**Transfer of Learning**: effective and continuing application of knowledge and skills at the work site.

---

**ADDIE Process—Development**

### Activities
- Case studies
- Round robin
- Role plays
- Structured exercises
- Simulations
- Fishbowl activities
- T-groups
Training Delivery Tools

- E-learning
- Learning portals
- Learning management systems
- Webinars

- Mobile learning
- Virtual-world simulations
- Social media

ADDIE Process—Implementation

Pilot testing and revisions

Translation and interpretation

Instructor selection

Logistics
ADDIE Process—Evaluation

- Assess objectives.
- Identify best practices.
- Conduct investment analysis.
- Measure impact of training on individuals.
- Collect data to influence future training.
- Analyze design and delivery.
- Guide future decisions.

Kirkpatrick’s Levels of Evaluation

**Level 1—Reaction**
Measures reaction of participants to the training.
- Checklists
- Questionnaires
- Interviews

**Level 2—Learning**
Measures how knowledge, skills, and attitudes changed.
- Post-meaures
- Pre-/post-meaures
- Pre-/post-meaures with control group
Kirkpatrick’s Levels of Evaluation

**Level 3—Behavior**
- Measures a change in behavior.
  - Performance tests
  - Critical incidents
  - 360-degree feedback
  - Simulations
  - Observations

**Level 4—Results**
- Measures organizational results.
  - Return on stakeholder expectations
  - ROI analysis
  - Progress toward organizational objectives
  - Performance appraisals

Training ROI

1. Isolate effects of training.
2. Convert effects (benefits) into monetary values.
3. Calculate costs of training.

\[
\text{ROI} \% = \frac{\text{Program benefits} - \text{Total incurred costs}}{\text{Total incurred costs}} \times 100
\]

HR professionals should be aware of their organization’s thresholds for ROI and their effects on L&D activities.
Career Development

- Every employee bears primary responsibility for his or her own career.

- Managers can perform the following roles:
  - Coach
  - Appraiser
  - Advisor
  - Referral agent
Individual Development Plans

**Base-line information:**
- Employee profile
- Career goals/objectives
- Development objectives
- Training and development interventions
- Outcomes
- Signatures and dates

**Most effective when:**
- Aligned with organizational needs.
- Are an objective, accurate assessment.
- Include challenging development activities.
- Include coaching and feedback opportunities.
- Employee owns and embraces them.

Cultural Influences on Career Development

**Be mindful of cultural effects:**
- Cultural characteristics (e.g., power distance, paternalism, time orientation)
- Favoritism within groups
- How advancement opportunities may be seen
- External conditions (e.g., unions, political instability)
### Forms of Career Development

- **Employee self-assessment tools**
- **Apprenticeships**
- **Job rotation, enlargement, enrichment**
- **Projects, committees, teams**
- **Internal mobility**
- **Coaching and mentoring**
- **Universities, colleges, associations, continuing education**

### Career Development Trends

- **Multiple jobs and careers**
- **Greater individual responsibility**
- **Nontraditional employment**
- **Temporary, contract, and contingent work**
- **Accelerated responsibility**
Leader Development

Leadership
Ability of an individual to influence a group or other individual to achieve a goal or result

Leader development
Organization’s training and professional development programs aimed at building executive/manager skills and abilities to influence and flex to different and challenging situations

Why Leaders Fail

- Inability to learn from mistakes
- Lack of:
  - Interpersonal skills
  - Openness to new ideas
  - Accountability
  - Initiative
- Assumption of dominance
- Self-identification with organization

- Thinking they have all the answers
- Demand for total backing
- Obsession with company image
- Underestimation of major obstacles
- Resistance to change and new ideas
HR’s Role in Leader Development

• HR professionals must be leaders themselves, proposing and implementing changes that improve the organization’s effectiveness.

• They can improve the organization’s leadership bench strength by:
  – Identifying current employees who are or could be leaders and providing them with leadership development opportunities.
  – Making sure that recognized leaders have what they need to develop skills further or improve weak skills.

• They continually align the organization’s leadership needs with its strategy and adjust development programs accordingly.

Obstacles to Leader Development

Slowly developing crises  Potential negative publicity
Suppressive effects of organizations and communities  Lack of global mindset
Valuing individual performance over teamwork  Insufficient organizational focus
Leaders at Different Levels

Provide the competencies leaders need throughout their careers.

Lower-level
- Administering and managing
- Aligning tasks with strategic mission and goals
- Addressing obstacles

Middle-level
- Implementing structures and policies
- Leading multiple units
- Planning and coordination

Executive-level
- Long-range assessment and planning
- Communicating strategic vision and plans and implementing structural and policy changes
- Managing stakeholder relationships
- Fostering a high-performance culture

Leadership Assessment Tools

- Leadership inventories (e.g., 360-degree instruments)
- Work sample measures
  - Situation judgment tests
  - Assessment centers and simulations
- Emotional intelligence assessment tools
Leader Development Strategies

- Even "bad" bosses can positively influence one's sense of leadership.
- "Good" bosses focus on mentoring and coaching.

- Build leadership pipeline in integrated, system-wide manner
- Require organizational discipline
- Greater competitive advantage
- Sustainable leadership strategy built on actions and culture

Leader Development Methods

- More-challenging assignments/risk management
  With supportive training to address increased risk

- Hardship testing
  High-pressure, emotionally charged situations that develop emotional competence and resilience

- Problem solving in controlled environments
  Manage real risk

- Training
  Delivered when an individual needs and can apply the knowledge and skills
Action Learning
Leadership Development

- Continuous learning and improvement through “real work”
- Opportunities for reflection and feedback
- Learning how to learn
- Opportunities to apply new skills immediately

Developing Global Leaders

Be aware of the challenges in a global organization such as:

- Local feelings about whether leaders are “born” or “made.”
- Leadership models in different cultures.

Respond by:

- Developing an organizational culture that values leader development.
- Localizing leadership competency models.
- Prioritizing local acceptance and support.
An independent luxury hotel (single location, not a franchise), located in a competitive market, needs a comprehensive management and supervisory development program and employee skills training. HR is tasked with providing a solution as quickly as possible.

Retail skills are critical in the workforce, since the gourmet restaurant, day spa, and shops provide critical revenue. Revenue from retail has been declining.

Due to the immediacy of the training request, what is the best and first action the HR director should take?

A. Outsource the task to a local consultant who can immediately offer generic courses on time management and effective communication.

B. Assess organization-wide training needs and, with management, prioritize based on ROI.

C. Convene the executive team and solicit their input on topics.

D. Focus on team building.
Feedback

The correct answer is B. This question requires competency-related judgment—specifically, Critical Evaluation. The causes for declining retail performance must be understood.

This learning and development opportunity should not be restricted to the single identified issue.

HR would not demonstrate its value as a consultant by deferring its leadership role to management. Generic training may be quick but ineffective.

Discussion

What question should the HR response team analyze first as they consider training design?

A. How many people will need to be trained in each retail operation?
B. What effect will work schedules and wage laws have on our choice of training delivery method?
C. What would be the optimal length of a training event for each group?
D. How do the learner profiles in these different operations compare?
Feedback

The main issue during the design phase is to choose an approach that is effective in achieving training objectives while being efficient in using the training budget and the learners' time.

The correct answer is D. The different groups may have distinct learning needs, even when the content may be the same. For example, suggestive selling could be a more difficult concept for some cultural or demographic groups. The Critical Evaluation and Global and Cultural Effectiveness competencies are demonstrated.

A does not provide critical information about how these employees learn. B addresses constraints on delivery options, but this issue should follow a discussion of design. C could create problems by suggesting actions without first understanding what is needed.

Functional Area #5: Total Rewards

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### Key Terminology

<table>
<thead>
<tr>
<th>Total rewards</th>
<th>Encompasses direct and indirect remuneration approaches that employers use to attract, recognize, and retain workers; “remuneration” and “compensation and benefits” have the same meaning.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>Tangible payments or services provided to broad groups of employees to cover common issues (e.g., retirement and paid time off), in addition to those required by law.</td>
</tr>
<tr>
<td>Compensation</td>
<td>Refers to all other financial returns (beyond any tangible benefits payments or services), including salary and allowances.</td>
</tr>
<tr>
<td>Perquisites</td>
<td>Compensation provided on an individual basis in the form of goods or services (e.g., automobiles and mobile devices).</td>
</tr>
<tr>
<td>Incentives or premiums</td>
<td>Payments in return for the achievement of specific, time-limited, targeted objectives; often calculated as a percentage of base salary and paid as lump sums or ongoing payments.</td>
</tr>
</tbody>
</table>

### Compensation Philosophy

A short (but broad) statement documenting the organization’s guiding principles and core values about employee compensation

<table>
<thead>
<tr>
<th>Philosophy should be:</th>
<th>Programs offered should be:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Equitable</td>
<td>✓ Fair</td>
</tr>
<tr>
<td>✓ Defensible</td>
<td>✓ Competitive</td>
</tr>
<tr>
<td>✓ Perceived as fair</td>
<td>✓ Aligned to philosophy and policies</td>
</tr>
<tr>
<td>✓ Fiscally sensitive</td>
<td></td>
</tr>
<tr>
<td>✓ Legally compliant</td>
<td></td>
</tr>
<tr>
<td>✓ Easy to communicate</td>
<td></td>
</tr>
</tbody>
</table>
Process to Develop a Total Rewards Strategy

Is the total rewards strategy:

- In compliance?
- Compatible with the organization’s mission and strategy?
- A fit with the organization’s culture and appropriate for the workforce?
- Internally equitable?
- Externally competitive?
Objectives of a Total Rewards Strategy

- Compatible with the organization’s mission and strategy
- Compatible with the organizational culture (e.g., entitlement-oriented versus contribution-oriented)
- Appropriate for the workforce
- Internally and externally equitable

Pay Strategies

Compares an organization to other organizations that share its industry, occupation, or location

Organizations may decide to:

- Lag
- Match
- Lead
Global Influences

- Standardization versus localization
- Culture
- Competitive labor market
- Collective bargaining, employee representation, government mandates
- Economic factors
- Taxation

Importance of Total Rewards Strategy Communication

- Educating employees about the organization’s total rewards practices
- Achieving employees’ buy-in and making them aware of the overall value
- Supporting the organization’s strategic objectives
- Supporting the organization’s goals for performance management

A total rewards program is a powerful motivator when it is understood and accepted by employees.
Pay Transparency Considerations

**Potential advantages**
- Supports the achievement of strategic business objectives
- Reduces conflicts among employees and between employees and management regarding pay

- Can lead to jealousy and performance problems and employees questioning the system’s fairness
- Poses a risk that information may be used for inappropriate or unintended purposes
- Requires protection of employee privacy and proprietary information
- Raises individual and cultural concerns about fairness in the global environment

**Potential challenges**

---

Effective Communication of Total Rewards

Requires attention to a variety of factors, such as:
- Type of information (required and voluntary communication)
- Communication plans
- Direct communication
- Individualized total compensation statements
- Self-service technologies
- Consistent key messages

Starts with an overarching strategy and standard implementation guidelines but adaptable to organizational specifications and local conditions and norms.
Legal Compliance Example

- Laws and regulations legislated by a cooperative region (such as European Union [EU])
- Laws pertaining to the industry legislated by the country
- International Laws and Regulations (for example, ILO)

Legal Compliance Complexities

Due diligence should include an understanding of relevant:

- International standards and regulations.
- Extraterritorial application of national law.
- Application of national laws to international-owned subsidiaries operating within a nation’s borders.
Finance and Accounting Knowledge

- Total rewards are a significant component of an organization’s operating expenses.
- Understanding key finance and accounting terms and concepts, financial statement basics, and payroll provides critical insights.

Partnering with finance colleagues is always helpful as well as consulting “finance for non-finance professionals” resources.

Compensation System Design

- **Job Analysis**: Identifies job tasks and qualifications of incumbents
- **Job Documentation**: Creates job descriptions/specifications
- **Job Evaluation**: Establishes value of jobs within organization
- **Pay Structure**: Establishes pay grades/ranges
Job Analysis

Knowledge
Body of information necessary for task performance

Skills
Level of proficiency needed for task performance

Abilities
Capabilities necessary to perform job

Roles of Job Analysis in HR

Performance Management
Safety and Health

Training
Rewards

Staffing
Employee Relations

HR Planning
Legal Compliance
Job Analysis Considerations

Generally gathers information about:

- Job context—the purpose of the job, its work environment, its place in the organizational structure
- Job content—the duties and responsibilities of people who hold the job
- Job specifications/qualifications—knowledge, skills, and abilities required for a person to have a reasonable chance of successfully performing the job
- Performance criteria—desired behaviors/results that will constitute performance in the job

Job Analysis Methods

- Observation
- Interview
- Open-ended questionnaire
- Highly structured questionnaire
- Work diary or log
Job Evaluation

Determines the relative worth and pay structure of jobs based on an assessment of their content and relationship to other jobs in the organization.

Nonquantitative or whole-job methods

Establish order of jobs in terms of their value to the organization.

For example, job ranking, paired-comparison, job classification.

Quantitative methods

Use scale based on compensable factors to show how much more one job is worth than another.

For example, point-factor system.

Market-Based Job Evaluation

Determines the relative worth and pay structure of different jobs based on their market value or the going rate in the marketplace.

- Sometimes called “market pricing.”
- Data collection includes survey formats, survey analysis, and slotting.
- Job content or internal job relationships may be secondary considerations.
Remuneration Surveys

Collect information on prevailing market compensation and benefits practices

**Internal surveys**
Allow for more control over survey technique and data analysis

**External surveys**
Offer different options for externally published data

Considerations between internal and external surveys:
- Internal time and expertise required
- Relevance/match of external surveyed jobs to organization’s jobs
- How current external survey data is
- Expense associated with type of survey

Global Market Survey Considerations

What are the best sources of salary data?

How much information is available?

How frequently does the market change?

Does the data for the jobs available match or compare to the ones being compared?
Data Analysis

Salary data may need to be aged, leveled, and/or factored for geography.

• Aging uses movement in market rates to adjust outdated salary data.

• Leveling adjusts salaries when surveyed jobs are similar but not identical to jobs in the organization.

• Since wage rates will vary by location, the organization should factor any national salary survey data for geography.

Additional Information Sources

Benchmarking

• Initiatives range from informal networking and knowledge sharing to formal engagements with private firms.

• Helps to identify gaps in policies and procedures compared to competitors and best practices.

Other Sources

Typical sources include:

• Governments (e.g., ministries of labor or government statistical bureaus).

• International organizations (e.g., International Labor Organization).

• Membership-based business organizations (e.g., employer federations and local chambers of commerce).

• Professional, trade, and industrial associations
Creating a Pay Structure

Establish pay grades.

- Group jobs that have the same relative internal or external worth.
- Pay the same rate or within the same pay range.

Set pay ranges.

- Set upper/lower bounds of possible compensation for individuals whose jobs fall in a pay grade.
- Market data from surveys used to determine a midpoint.

Compa-Ratios

- Divide the pay rate of an employee by the midpoint of the range.
  - Given a range of $16 to $20 an hour, a midpoint of $18, and a salary of $16 an hour, the compa-ratio is:
    \[ \frac{16}{18} = 0.89 \text{ or } 89\% \]

- Compa-ratios below 1.00 mean wages are below the midpoint; compa-ratios greater than 1.00 mean wages exceed the midpoint.
Broadbanding

Combines salary grades to create larger ranges

- Allows people to move within their job without outgrowing the pay scale.
- Avoids having too many grades with small midpoint differences between them.

<table>
<thead>
<tr>
<th>Management</th>
<th>$50,000 ← $105,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td>$22,000 ← $68,000</td>
</tr>
<tr>
<td>Supervisory</td>
<td></td>
</tr>
<tr>
<td>Service Experts</td>
<td>$17,000 ← $38,000</td>
</tr>
</tbody>
</table>

Broadbanding Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provides wider ranges</td>
<td>• Reduces the value of ranges</td>
</tr>
<tr>
<td>• Reduces the number of job grades</td>
<td>• Affords less control</td>
</tr>
<tr>
<td>• Supports de-layering</td>
<td>• Creates overly broad ranges</td>
</tr>
<tr>
<td>• Provides more autonomy to line managers</td>
<td>• Difficult to maintain perception of equity</td>
</tr>
<tr>
<td>• Enhances employee mobility</td>
<td>• Reduces the opportunity for promotion</td>
</tr>
<tr>
<td></td>
<td>• Can lead to divergence from the market</td>
</tr>
</tbody>
</table>

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Develop and maintain a pay system that helps attract, motivate, and retain employees.

Most employees receive base pay in the form of an hourly wage or salary.

### Base-Pay Systems

**Single- or flat-rate**
- Employees receive the same rate of pay, regardless of performance or seniority.
- Generally corresponds to target market survey data for the job.
- May be a training wage in a flat-rate job.

**Time-based step-rate**
- Rate based on longevity.
- Increases occur on pre-determined schedule:
  - Automatic by percentage and time.
  - Affected by performance.
  - Combination of step-rate and performance (when job rate is reached).
### Base-Pay Systems

**Performance-based or merit pay (P4P or PfP)**
- Linked to measures of work quality or goals.
- Employers must be able to defend practices.
- Global differences must be addressed:
  - Types of incentives and remuneration.
  - Individual vs. collective performance.
  - Impact on risk.

**Productivity-based**
- Based on output.
- Straight piece-rate (base plus).
- Differential piece-rate (rate increases in steps after standard is met).

**Person-based**
- Affected by employee’s knowledge, skill, or competencies.

### Pay Variations

- **Red-circle rates**: Rates above the range maximum
- **Green-circle rates**: Rates below the range minimum
- **Pay compression**: Small differences in pay regardless of experience, skills, level, or seniority
### Pay Adjustments

- **Pay adjustment matrix**
- **COLAs**
- **General pay increases**
- **Seniority increases**
- **Lump-sum increases**
- **Market-based increases**

### Differential Pay

#### Time-Based
- Based on when an employee works
- *Examples:*
  - Shift pay
  - Emergency-shift pay
  - Premium pay
  - On-call or call-back pay
  - Reporting pay
  - Travel pay
  - Overtime pay

#### Geographic
- Differentials:
  - For labor costs
  - To attract workers to certain locations
  - For foreign countries
Incentive Pay

• Motivates employees to perform at higher levels
• Pays for performance beyond base-pay expectations
• Must be related to aspects of the job that an employee can influence with achievable goals
• Can be structured to reward short-term accomplishments or long-term results or a balance of both short- and long-term goals

Types of Incentives

<table>
<thead>
<tr>
<th>Individual</th>
<th>Group</th>
<th>Organization-wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose is to improve individual performance</td>
<td>Used when measuring individual performance is difficult or when performance requires cooperation</td>
<td>Reward overall results</td>
</tr>
<tr>
<td>Examples: piece rate, commissions, noncash reward programs</td>
<td>Examples: gainsharing plans, team bonuses</td>
<td>Examples: profit sharing, stock ownership, bonus programs</td>
</tr>
</tbody>
</table>

Challenges for global organizations include designing and awarding culturally appropriate incentives and regulatory compliance.
Types of Executive Compensation

<table>
<thead>
<tr>
<th>Compensation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual salary</td>
</tr>
<tr>
<td>Stock option plans</td>
</tr>
<tr>
<td>Stock purchase plans</td>
</tr>
<tr>
<td>Restricted stock grants</td>
</tr>
<tr>
<td>Phantom stock</td>
</tr>
<tr>
<td>Restricted stock units</td>
</tr>
<tr>
<td>Performance grants</td>
</tr>
</tbody>
</table>

HR’s role in executive remuneration varies and may include:
- Consulting on strategy.
- Participating in selecting outside experts.
- Monitoring and evaluating compensation systems.

Direct Sales Compensation

<table>
<thead>
<tr>
<th>Compensation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straight salary</td>
</tr>
<tr>
<td>Salary plus commission and/or bonus</td>
</tr>
<tr>
<td>Straight commission</td>
</tr>
</tbody>
</table>

Use when:
- **Straight salary**
  - More time is spent on service than sales.
  - Measuring sales performance is difficult.
  - Individual sales and support efforts are hard to separate.
  - Sales cycle is long.

Use when:
- **Salary plus commission and/or bonus**
  - Organization needs to reward behaviors that support strategy.
  - System needs to be adaptable and allow for readjustments.
  - Competitors use the same strategy.

Use when:
- **Straight commission**
  - Organizational objective is to increase volume (even if it means less service).
  - Holding down cost of sales is important.
  - Competitors use the same strategy.
Compensation for Outside Directors

- Base pay or retainer
- Fees paid for various events or services
- Benefits (e.g., liability, life insurance)
- Perquisites
- Nonqualified stock options/grant plans
- Nonqualified deferred compensation programs

Common Compensation Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description/Formula</th>
<th>Strategic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation ratio</td>
<td>Relationship of current salaries to the midpoints of the salary ranges</td>
<td>Allows managers to consider if employees are being paid appropriately</td>
</tr>
<tr>
<td></td>
<td>Employee's pay rate / Pay range midpoint</td>
<td></td>
</tr>
<tr>
<td>Total organization compensation expense</td>
<td>All costs associated with employment, including salaries, overtime, benefits, and bonuses</td>
<td>Helps an organization manage the costs associated with human capital</td>
</tr>
<tr>
<td></td>
<td>Salaries + Overtime + Benefits + Bonuses / Total operating costs</td>
<td></td>
</tr>
</tbody>
</table>
Considerations include:

- Minimum wage and increases
- Overtime and holiday pay
- Equal pay
- Exemption
- Cap on hours worked
- Special issues under local law
- Taxation

Which benefits are required by law?
Which benefits enable an employer to compete for employees?
Which benefits are cost-effective to purchase and to administer?
Which benefits do employees prefer?
Which benefits provide creative choices?
Variations in Benefits

- Government-provided benefits
- Government-mandated benefits
- Voluntary or discretionary benefits
- Market practice benefits
- Tax treatment of benefits

Standardization is difficult because of variations in benefits.

Benefit Needs Assessment

1. Review strategy.
2. Analyze workforce demographics.
3. Conduct gap analysis.
4. Analyze benefits design and utilization data.
5. Evaluate and improve.
6. Review philosophy.
### Types of Benefits

#### Paid-Time-Off and Family-Oriented Benefits

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid time off (PTO)</td>
<td>Often legislated or part of collective bargaining agreements; embedded in culture and tradition.</td>
<td>Public holidays, parental leave, leave for illness.</td>
</tr>
<tr>
<td>Family-oriented</td>
<td>Help employees balance work roles with family roles.</td>
<td>Flexible work hours, child and elder care, domestic partner benefits.</td>
</tr>
</tbody>
</table>

#### Health and Welfare Benefits

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Funded through social or private insurance; affected by culture and location.</td>
<td>Medical, dental, wellness, employee assistance programs.</td>
</tr>
<tr>
<td>Disability</td>
<td>Pays employees unable to work because of illness or injuries; causes may be in or outside the workplace; may be funded by government, employer, and employee.</td>
<td>Short-term, long-term, and permanent.</td>
</tr>
<tr>
<td>Life insurance</td>
<td>Funded through social insurance and/or private insurance; paid to beneficiary.</td>
<td></td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>Pays employees portion of salary if they are unable to work due to a work-related accident or illness.</td>
<td></td>
</tr>
</tbody>
</table>
Terminations and Severance

Terminations

- Voluntary terminations
  - When an employee resigns or retires
- Nonvoluntary terminations
  - When employers discharge employees for cause or workforce adjustments
- Circumstances under which an organization can terminate employment are prescribed by law and differ by country.

Severance

- If required, severance pay must be compliant and fairly compensate terminated employees to avoid discrimination lawsuits and regulatory fines and penalties.
- Circumstances, requirements, and amount varies by country; some similarities within regions.

Unemployment Insurance

Applies toward paying a percentage of an employee’s salary in the case of the employee losing his or her job through no fault of the employee.

Helps workers who have been terminated to transition from one job to another equally suitable job.

May require a waiting period; benefit period is limited, as is the financial payout.

Other terms associated with this benefit are employment insurance, job seekers’ allowance/benefit, redundancy funds.
Retirement Plans

- Promises payment of a specific benefit amount at retirement.
- Vesting schedule is set up.
- Benefits are based on service and perhaps salary; decided by a formula.
- Provides a pre-specified level of benefits.
- Employer bears investment risk.

**Defined Benefit Plan**

- Money contributed regularly is specified.
- No promise is made regarding the future value of the benefit.
- Employees receive 100% of their investment and the vested employer portion.
- Requires individual employee accounts.
- Amount at retirement depends on the return.
- Employee bears investment risk.

**Defined Contribution Plan**

Fiduciary Responsibility

**Fiduciary duty**

Implies a legal obligation of one party (e.g., the employer) to act in the best interest of another (e.g., the employees).

**Fiduciary**

Refers to the obligated party (e.g., an individual or party entrusted with the care of money or property).
Social Security

- Varies by country.
- Generally refers to:
  - Social insurance, where people receive benefits or services in recognition of contributions to an insurance program.
  - Services provided by government or designated agencies responsible for social security provision.
  - Basic security irrespective of participation in specific insurance programs where eligibility may otherwise be an issue.

Perquisites

- Free/discounted products or services
- Mobile devices
- Professional organizations/certifications
- Training programs
- Education fees
- Housing
- Company car and/or cash car allowances
- Club memberships
- Meal allowances

Perquisites vary by country and culture.
## Common Benefits Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description/Formula</th>
<th>Strategic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits costs as a percentage of total payroll costs</td>
<td>Reflects the total costs of benefits divided by the total payroll costs for the organization.</td>
<td>This metric identifies the proportion of benefits costs.</td>
</tr>
<tr>
<td>Health-care expense per employee</td>
<td>Measures the health-care expense per employee for a given fiscal year. Total expenses include employee- and company-paid premiums, stop-loss insurance, and administrative fees</td>
<td>This measurement can show the per capita cost of the benefit (e.g., the average per person).</td>
</tr>
</tbody>
</table>

### Annual increase/decrease in health-care benefit costs

Represented the expected increase/decrease in the organization’s health-care expense for a given fiscal year; a comparison of the current health-care expense per employee metric to previous years and projected.

This measurement alerts an organization to the increasing costs of health-care benefits and helps the organization assess if actions must be taken to control benefits costs.
Discussion

The leader of a mid-sized organization asks HR to recommend an approach to total compensation practices for a new international location (the organization’s first).

The HR director considers:
- The value the employees will add. Highly knowledgeable and talented workers will be required.
- Competitiveness in the local labor market. It’s tight. Many workers will have to be lured away from competitors.
- The organization’s current pay practices. In current locations, total rewards practices have lagged the market due to employer brand and significant labor supplies.
- The probable labor budget in the new location.
Discussion

• What should the HR director recommend regarding pay practices for the new location?
• What impact will this have on the organization?
• What competencies would support the HR director’s performance?

Functional Area #6: Structure of the HR Function

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HR’s Strategic Role in the Organization

- Participate in creating organization’s strategy
- Align HR strategy with organization’s strategy
- Support other functions in their strategic roles

HR’s Administrative and Operational Roles

**Administrative**
- Use technology to capture and analyze data, reduce transactional time
- Focus on core capabilities

**Operational**
- Knowledge management
- Talent acquisition and development
- Incentive systems
- Employee engagement programs
All aspects of the HR function must be examined:

✓ Strategy, how HR will create value for the organization
✓ Shared values, how a commitment to service is communicated
✓ Structure, how HR can be more efficient and innovative
✓ Systems, what tools are needed
✓ Staff, what performance will be rewarded
✓ Skills, what capabilities are needed to deliver service
✓ Style of leadership, how leaders model customer service values
Executive Management

The C-suite is ultimately responsible for all of the core business functions and their effect on the organization’s performance.

- Develop and communicate strategy.
- Monitor and control implementation of strategic and operational activities through control of financial resources.
- Be the primary interface with the organization’s stakeholders.
- Lead the organization through a shared vision and the values they model.

Finance and Accounting

Finance:

- Supports operations and strategic initiatives through the creation and monitoring of operating and capital expenditure budgets.
- Provides financial analysis used in strategic planning.
- Manages the organization’s “treasury.”

Accounting:

- Focuses on tracking financial transactions and reporting financial information to finance and to external stakeholders.
Marketing and Sales

Brings in revenue; may be separate functions or together.

Marketing Strategies

- Often categorized as:
  - “Push”—getting products/services in front of customers.
  - “Pull”—attracting customers to the product.

Sales Strategies

- Heavily influenced by an industry’s customary distribution practices and the company’s marketing strategy.
- Affects HR needs, including talent acquisition and compensation.

Research and Development (R&D)

- Generates future revenue through new product design and development.
- May be conducted in a centralized manner (for example, with a globalized strategy) or implemented in business units so that projects stay focused on customer needs.
**Operations and IT**

**Operations**
- Develops, produces, and distributes products/services.
- Concerned with efficient use of resources, quality, environmental impact, worker health and safety.
- Requires complex logistics and sophisticated planning.

**IT**
- Manages storage, access, exchange, and analysis of organizational data through hardware and software systems.
- Supports integration of data across enterprise through ERPs.
- Maintains security and reliability of data.

---

**HR Team**

- **Leaders**
- **Managers**
- **Specialists**
- **Generalists**
- **HR business partners**

**Delivery of HR services**
### HR Structural Alternatives

#### Centralized
- All HR personnel are located within the HR department.
- Headquarters makes all HR policy and strategy decisions and coordinates all HR activities and programs.
- Helps ensures standardized HR policies and processes.
- Creates efficiencies in delivery of services.

#### Decentralized
- Each part of the organization controls its own HR issues.
- Strategy and policy may still be made at headquarters, but HR staff within each function, business unit, or location carries out the required activities.

#### Functional
- Headquarters HR specialists craft policies.
- HR generalists (e.g., located within divisions or other locales) implement these policies, adapt them as needed, and interact with employees.

#### Dedicated
- HR function at headquarters and separate HR functions located (or "embedded") in separate business units.
- Corporate HR articulates basic HR values, develops tools to be used by the organizational-level HR functions, and creates programs (e.g., global literacy and leadership skills).
- Business unit HR staff develops local policies and practices.
HR Structural Alternatives

Shared Services

- Centers with specific areas of expertise develop HR policies in those areas and then offer the service to all units.
- Frequently used in organizations with multiple business units.
- Units select what they need from a menu of shared services (usually transactional).

Third-Party Contractors

Successful outsourcing/cosourcing depends on:

- Choosing the right activities to outsource/cosource.
- Alignment of vendor’s performance objectives with strategic requirements.
- Confirmation of vendor's reliability, capacity, expertise, and ethical behavior.
Outsourcing Process

1. Analyze needs and define goals.
2. Define budget.
3. Create RFP.
4. Send RFPs to chosen contractors.
5. Evaluate proposals.
6. Choose contractor.
7. Negotiate contract.
8. Implement project and monitor schedule.
9. Evaluate project.

Demonstrating HR’s Value

Benefits of measuring and reporting results include:

- Reinforcing HR’s role in strategic development by measuring the effectiveness of HR strategies and senior management’s implementation of those strategies.
- Identifying opportunities for redirection and improvement through periodic measurement of progress on strategic objectives.
- Strengthening HR’s relationship with internal business partners.
- Supporting future investment in HR programs.
Evaluating HR Performance

Balanced scorecards help support clear line of sight from strategic goals to strategic performance.

Effective balanced scorecards:
- Contain accountability and measurable results.
- Are valid (e.g., understandable measures, metrics, and targets that are aligned to an objective and supported by solid data).
- Contain only measures that are most important to the objective and the organization’s strategic plan (e.g., measures must result in actionable items).
- Focus on results.
- Are carefully planned and executed.

Sample HR Metrics

Several possibilities:
- Absence rate
- Accruals
- Applicant yield ratio
- Cost per hire
- Human capital return on investment
- Human capital value added
- Key talent retention
- Promotion pattern
- Turnover rate
- Turnover costs
- Transfer
- Training return on investment
- Success ratio
- Vacancy costs
Types of HR Audits

- Compliance
- Best practices
- Strategic
- Function-specific

HR Audit Process

1. Determine scope and audit type.
2. Develop audit questionnaire.
3. Collect data.
4. Benchmark findings.
5. Provide results feedback.
6. Develop action plans.
7. Foster continuous improvement.
The newly appointed VP of HR is excited about participating in the upcoming strategy session and discussing a number of ideas on how to improve the efficiency of the HR department. These ideas will require a significant investment in technology and in upgrading the skill set of the HR department.

During the session, most of the other leaders provide direct and indirect feedback about the ineffectiveness of the HR department and complain that HR is out of touch with the rest of the organization. Often these leaders intentionally exclude the HR department and actively work around them until they are compelled to cooperate.

• What must the VP of HR do to convince the organization that the HR team is adding value to the organization?
• What competencies must the VP of HR demonstrate before other leaders support the implementation of the structural and operational changes within the HR department?
Functional Area #7: Organizational Effectiveness and Development

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Organizational Model

- Governance, risk management, and compliance
- Individual and team motivation
- Employee engagement and retention
- Organizational, team, and individual performance
Interventions can be seen as stepping in to interrupt the status quo in order to examine a situation more closely and make changes that improve outcomes.

**Characteristics of Effective Interventions**

- Strategically aligned
- Collaborative
- Supported by top management
- Producing sustainable results
- Supporting continuous improvement
- Using common tools
- Using common language
- Explicit assumptions
- Fact-based
- Oriented toward systems and processes
- Flexibility
- Multiple perspectives
Why Interventions Fail

- Lack of senior management support and buy-in
- Poor planning
- “Analysis paralysis”
- Reluctance to take reasonable risks
- Failure to communicate need
- Too much change for available resources, time, or change management capability

Redesigning the Organization

Organizational design optimizes elements that support an organization’s functioning, including:

- The organization’s mission and vision and the strategies it is pursuing to achieve its goals.
- The way decisions are made.
- The way information is communicated.
- The processes used to perform work and the degree to which and how those processes connect parts of the organization’s structure.
- The systems used to align the organization’s needs with the resources required to fill those needs.
Structural Characteristics in Organizational Design

Work specialization

Decision-making authority

Layers of hierarchy

Formalization

Mechanistic and organic organizations

Organizational Structures

Functional

Product

Geographic

Matrix
### Assigning Roles in New Structures

The RACI matrix describes roles as responsible (R), accountable (A), consult (C), and inform (I).

RACI matrices help an organization establish clarity around critical activities by assigning responsibility and describing communication needs.

<table>
<thead>
<tr>
<th>Activity</th>
<th>John</th>
<th>Mary</th>
<th>Team leaders</th>
<th>George</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documenting changes</td>
<td>Responsible</td>
<td>Accountable</td>
<td>Consulting</td>
<td>Informed</td>
</tr>
</tbody>
</table>

### Talent Development Interventions

- **Identify talent needs.**
  - Clarify performance standards.
  - Identify competency deficiencies.

- **Develop existing staff.**
  - Coordinate selection processes.
  - Develop comprehensive workforce development initiatives.

- **Build talent pool.**
  - Communicate performance expectations.
  - Develop coaching or mentoring programs and internal social networks.
Organizational Culture Intervention

Describe the current culture.

Identify the aspirational culture.

Identify gaps and conflicts.

Develop change initiatives.

Team or Unit Interventions

Goal may be to improve team processes and interactions through:

- Developing a team identity.
- Correcting dysfunctional behaviors.
- Redefining processes to remove conflicts and improve coordination.
- Building trust and helping diverse teams overcome cultural and geographic distances.
Team Formation

Based on Bruce Tuckman

- **Forming**
  - Low levels of commitment and communication
  - **Leader's role:** Provide vision, describe expectations, encourage perseverance.

- **Storming**
  - High levels of conflict and dissent
  - **Leader's role:** Enforce ground rules, increase levels of engagement, provide coaching.

- **Norming**
  - Growing sense of common direction, defined responsibilities and processes
  - **Leader's role:** Facilitate communication and group decision making.

- **Performing**
  - High levels of productivity and self-direction
  - **Leader's role:** Monitor, evaluate, and foster improvement; motivate by celebrating accomplishments.

Group Dynamics

**Group Roles**

- Task roles
- Social roles
- Dysfunctional roles

*Based on Kenneth Benne and Paul Sheats*
Team Building

Team-Building Activities

Activities may focus on:

• Goals and priorities.
• Roles and responsibilities.
• Processes.
• Interpersonal relationships.

Discussion

A small, family-run organization has always pursued a differentiation strategy that emphasizes quality and customer service.

The CEO decides to retire and sell the business to a mid-sized competitor who has always employed a cost leadership strategy.

As part of the sale agreement, the CEO insists that all current employees be retained.

Within four months of the acquisition, the VP of HR sees that almost 40% of the acquired employees have left the organization, taking critical knowledge with them. If this continues, it will affect customer service.
Discussion

• What type of OED intervention should the VP of HR consider first?
• What other activities should the VP of HR consider?
• What competencies can help the VP of HR to address this issue?
Workforce Management

HR manages human resources to maximize the organization’s opportunities for success and minimize its exposure to threats.

Workforce Planning

Process of analyzing the organization’s workforce and determining steps to prepare for future needs

Alignment of human capital with business direction
Workforce Analysis Process

Supply analysis
Where are we now?
What do we have?

Demand analysis
Where do we want to be?
What do we need?

Gap analysis
What KSAs exist?
What is lacking and what will be needed?

Solution analysis
What can we afford?
How will we get what we need?

Supply Analysis: Forecasting Tools

Accurate forecasts account for movement into and inside the organization (new hires, promotions, internal transfers) and out of the organization (resignations, retirements, involuntary terminations, discharges).

Turnover analysis
- Divide separations per year (or shorter time periods) by average monthly workforce.

Flow analysis
- Analyze career development plans.
- Obtain estimates of movement.
- Project future movement.
Demand Analysis: Judgmental and Statistical Forecasts

**Judgmental forecasts**
- Assess the past and present to predict future needs
- Based on a variety of estimates

**Statistical forecasts**
- Regression analysis (simple or multiple)
- Simulations (what if?)

Gap Analysis

Compared supply and demand analyses to identify the staffing differences and competencies needed for the future.

- Skills
- Abilities
- Distribution
- Diversity
- Deployment
- Time
- Cost
- Knowledge sharing
- Succession
- Retention
Prioritizing Gaps

Permanence  Impact  Control
Evidence  Root cause

Tactical Objectives

Focus on closing high-priority gaps in the near term (as opposed to the long-term HR strategic objectives); specify in concrete and measurable terms which gaps must be closed and when.

Tactical objectives support staffing needs because they:

✓ Specify which gaps will receive focused attention.
✓ Describe the degree to which the gap will be closed.
✓ Specify the time frame for achievement.
✓ Describe the localities or functional groups involved.
✓ Identify any special considerations.
Solution Analysis

Build
- Redeploy
- Train and develop

Buy
- Recruit and hire

Borrow
- Outsource, lease, or contract

Staffing Plan

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of purpose</td>
<td>Goals and targets</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Key decision makers and participants in planning</td>
</tr>
<tr>
<td>Activities and tasks</td>
<td>Necessary activities, tasks, and deliverables</td>
</tr>
<tr>
<td>Team members</td>
<td>Roles and responsibilities</td>
</tr>
<tr>
<td>Resources</td>
<td>Necessary financial and nonfinancial resources</td>
</tr>
<tr>
<td>Communication plan</td>
<td>Communicating, monitoring, gathering feedback</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>Evaluation and improvement strategy</td>
</tr>
</tbody>
</table>

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Flexible Staffing

- Uses alternative recruiting sources and workers who are not regular employees.
- Examples of where it might be used include:
  - Shortages of available workers for open positions.
  - Seasonal peak demands for operations.
  - Operational upturns and downturns that make permanent head count impractical.
  - Special projects that demand specific skills.

Flexible Staffing Types

Administration by organization
- Temporary assignments
- Temporary employees
- On-call workers
- Part-time employees
- Job sharing
- Seasonal workers
- Phased retirement

Administration outsourced
- Finite temporary help
- Temp-to-hire programs
- Contract workers
**Types of Flexible Staffing Arrangements**

- Payrolling
- Employee leasing or PEO
- Temp-to-lease
- Outsourcing or managed services

Co-employment (joint employment) agreements summarize legal relationship, rights, and obligations for some flexible staffing arrangements.

**Flexible Staffing Guidelines**

1. Be cautious of preprinted or standard forms.
2. Ensure clarity.
3. Negotiate competitive pricing.
4. Consider including an ADR provision.
5. Include a simple opt-out procedure.
6. Negotiate clear and precise provisions for the expiration/end.
Drivers of Restructuring

- Strategy (e.g., new strategies)
- Structure (e.g., new business models)
- Downsizing
- Expansion

Forms of Restructuring

- Redistribution of decision-making authority
- Extended organization
- Merger and acquisition (M&A) and divestiture
- Reduction in force (RIF or downsizing)
Talent Management

Attract, develop, engage, and retain employees with the KSAs needed now and in the future

Talent management decisions:
• Expectations regarding talent differentiation
• Philosophy of integration versus local differentiation
• Role of line leaders in developing talent
• Philosophy of talent mobility
• Diversity goals
• Beliefs about hiring for potential or position

Talent Pools

Employees who meet a formal set of identification criteria (e.g., high-potential employees or potential global assignees)

• Represent an essential component of strategic business planning.
• Help target employee and career development efforts.
• Can be useful in international assignment planning and deployment.
• Represent a valuable resource during crisis management.
• Can help identify and recognize solid performers.
• May help in compensation decisions.
• Contribute to effective knowledge management.
Succession Planning

- Identify and develop high-potential employees for positions critical to future needs.
- Applies throughout the organization, not just to senior management.
- Must be aligned with career management, training and learning, and performance management.
- Focuses on long-range needs and cultivation of talent (unlike replacement planning, which focuses on immediate needs).

Ingredients for Effective Succession Planning

- Defined plan
- Visible support
- Simple, measurable process
- Leadership criteria
- Alignment to organizational culture
- Leadership development plus more
- Organizational priority

Success components
Evaluating Succession Planning

Approaches to measuring the effectiveness of the succession planning system

• Evaluate satisfaction with personal development initiatives.
• Assess management satisfaction with employee performance and job readiness.
• Measure time to full-function attainment.

Knowledge Management (KM)

Process of creating, acquiring, sharing, and managing knowledge to augment individual and organizational performance

Institutional Knowledge

Expertise sharing and organizational learning
Knowledge retention and reduction of loss through employee attrition

KM systems may be informal or formal.
Developing a Formal Knowledge Management System

- Inventory knowledge assets.
- Create knowledge repository and directory.
- Encourage system use.
- Update system.

Knowledge Management Success Factors

- Create and support an appropriate environment and structure.
- Assess where knowledge exists and may be lost or underutilized.
- Help people develop requisite skills.
- Address “What is in it for me?”
- Develop project criteria.
- Identify and address multicultural challenges.

Challenge is to transform ad hoc nature of social learning and knowledge transfer into more structured learning and knowledge management opportunities.
Discussion

Due to business conditions, a CEO calls for an immediate RIF. All functions are directed to follow the CEO’s plan for the RIF. The results?

• Meetings to inform selected workers are planned to occur with an HR manager and the site manager.
• However, rumors emerge, and names of selected employees become known.
• Site managers, inexperienced in RIFs, tell workers selected for reduction that they don’t know why they were selected.
• During meetings, terminated workers are confused about how they could be fired (because they have always had good performance reviews and pay increases).

Discussion

How could the company have more effectively prepared the employees for the RIF?

A. Post an announcement and send an e-mail to all employees about the business reasons for the RIF as soon as possible.
B. Answer employee questions as they come up after the RIF.
C. Conduct employee meetings and discuss the RIF and its causes as soon as the decision is made.
D. Do not communicate the bad news to the employees until necessary.
Feedback

The correct answer is C. Employees should be informed face to face when this type of information is being communicated. Communication should be proactive and direct, include all employees, and come from leaders. This helps to mitigate rumors and would be a positive demonstration of the Communication competency.

Discussion

Operations expresses serious concerns about the CEO’s plans. How should HR respond to operations’ concerns?

A. Tell operations to provide HR with the necessary documentation to follow the CEO’s plan.

B. Meet with operations to make sure that they fully understand the CEO’s plan to select RIF-affected workers.

C. Help operations create a list of critical workers, and then ask the CEO to exclude these people.

D. Listen carefully and sympathetically, but proceed as directed by the CEO.
Feedback

The correct answer is C. HR is working to address operations’ concerns as well as showing leadership in proactively offering sound reasoning to the CEO. Working collaboratively with operations is critical to this relationship, and advising the CEO of the joint decision and the reasoning will benefit all stakeholders. These actions demonstrate the Relationship Management competency.

Functional Area #9: Employee and Labor Relations

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International Labor Standards

International labor standards reflect a consensus about employee rights and employer responsibilities. Even if they are not reflected in a nation's employment laws, they set a recognized bar that ethical employers strive to reach.

International Labour Organization (ILO) core standards relate to:

- Right of workers to organize and bargain collectively.
- Prohibition of forced labor.
- Regulation of child labor.
- Equal pay and benefits for men and women.
- Prohibition of discrimination and promotion of equal opportunity and treatment.

Employer Rights Under the Law

- Direct employees’ work and conduct of the organization in accordance with law.
- Protect assets from damage.
- Benefit from employee work through intellectual property.
Employment Contracts

• Norm for employees in many countries; some countries mandate that employers provide contracts within a certain time after hiring.
• Can be implied by employment documents (e.g., pay stubs).
• Must be formally amended.

In the U.S., most employee relations not covered by employment contracts are considered “at will” (employment at-will, or EAW). Employees may be terminated by the employer with no cause, although employers must be careful not to violate antidiscrimination laws or various exemptions (e.g., public policy, implied contract, covenant of good faith and fair dealing).

Employee Relationship (ER) Strategy

• Alignment with organizational strategy
• Alignment with employment laws and practices
• Vision describing the workplace culture
• Values underpinning the strategy
• Strategic goals
• Strategic initiatives
Communicating the ER Strategy

Workplace policies
- Broad statements that reflect the employer’s ER strategy.
- Provide a basis for HRM practices.

Employee handbooks
- Handbooks should reflect the organization’s vision and values and be legally compliant.

Manager and supervisor involvement
- Must understand how ER strategy aligns with management practices.
- Should be able to fulfill the ER strategy in daily work.

Labor Relations

Refers to the way organizations manage their relationships with employees as collective group rather than individually

- Frequently involves third parties (e.g., labor/trade unions, works councils, professional associations, government ministries)
- Requires direct HR involvement in developing and implementing labor strategy
Labor or Trade Unions

Group of workers who coordinate activities to achieve common goals in their relationship with an employer or group of employers

- Members elect representatives to interact with management.
- Membership may include managers and professionals as well as skilled/unskilled workers.

Types of Unions

Large or global employers may interact with all types of unions.

- Single enterprises
- Specific trades or crafts
- National
- Industry
**Know Your Union**

- Level at which bargaining occurs
- Focus of bargaining topics
- Union penetration or density
- Membership
- Relationship with management
- Role government will play

**Labor Relations Strategies**

**Acceptance**
Organizations accept unionization for various reasons.

**Avoidance**
Employers remove the appeal of unions by addressing the major reasons why employees join them.

**Adaptation**
When a workplace is already unionized, the employer defines the nature of the relationship as confrontational or collaborative.
For Productive Union Relationships

- Comply with international standards and all employment laws.
- Comply with local regulations.
- Develop fair grievance and dispute resolution processes.
- Implement joint problem-solving groups.
- Treat union members equitably and respectfully.
- Demonstrate genuine appreciation for workers.
- Consult with union leaders proactively.

Global ER Strategies

<table>
<thead>
<tr>
<th>Hands-off</th>
<th>Locally managed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor</td>
<td>Headquarters expresses interest, but decisions are made locally.</td>
</tr>
<tr>
<td>Guide and advise</td>
<td>Headquarters offers advice and global policies, but decisions are made locally.</td>
</tr>
<tr>
<td>Plan strategically</td>
<td>Global policies and local practices are in alignment.</td>
</tr>
<tr>
<td>Set limits and approve exceptions</td>
<td>Some local adaptation allowed.</td>
</tr>
<tr>
<td>Integrate headquarters and field HR</td>
<td>Joint decision making.</td>
</tr>
<tr>
<td>Manage locally from headquarters</td>
<td>Headquarters-developed HR policies and practices with local implementation.</td>
</tr>
</tbody>
</table>
**Collective Bargaining**

- **Legal and regulatory factors**
  - Economic conditions
  - Management representation
  - Union representation
  - Bargaining precedents
  - Public and employee opinion

**Bargaining subjects:** topics, issues, and goals

**Contract Negotiations**

- Goal is to arrive at a workable contract acceptable to both sides.
- Outside third-party dispute mechanisms may be used (or may be mandatory) if parties cannot agree.
  - **Mediation (conciliation):** nonbinding dispute resolution intended to help disputing parties reach decision.
  - **Arbitration:** negotiated procedure in which both parties agree to abide by arbitrator’s decision.

*HR may not be directly involved in negotiations, but they can play a valuable role in improving the quality of the contract based on their experience and knowledge of metrics.*
Handling Grievances

**Immediate supervisor**
Grievance filed with supervisor. Supervisor and union representative investigate grievance.

**Next level**
Employee usually not present but is represented by union.

**Higher-level management**
May involve top officials at local or company level. Must be resolved within contract-defined time frame.

**Third-party determination**
Neutral third party used to arbitrate agreement between representatives at highest levels for both sides.

---

Works Councils

- Permanent bodies composed of employee representatives on local or organizational level
- Receive information from employer that might affect workforce and enterprise
- Do not engage in contract negotiation

In the U.S., works councils are seen as violating Section 8(a)(2) of the National Labor Relations Act, which prohibits company-dominated unions.
Works Councils Structures

- May include BOTH management and worker representatives or ONLY worker representatives.
- When worker representation only, may or may not involve management oversight.
- Codetermination:
  - Two-tiered corporate governance structure that allows both management and employees to participate in strategic decision making.
  - Topics include anything that affects workers, including HR policies and practices and compensation.

Governments and Other Groups

**Employer or industry associations**
Negotiation partner when contracts are at industry or national level

**National governments and agencies**
Regulator, representative of social interests, sometimes part of negotiations

**International groups**
Advisory and expert role (e.g., ILO’s Global Jobs Pact)

**Local governments, nongovernmental organizations, religious institutions, community groups**
Apply pressure on social issues, participate in task forces on employee relations issues
Industrial Actions

- **General strike**: Collective or "concerted" employee actions taken to protest work conditions or employer actions. Designed to interfere with employer's ability to fulfill its commercial interests.
- **Sit-down strike**: Work-to-rule or secondary action or boycott.
- **Sympathy strike**: Picketing or wildcat strike.

Unfair Labor Practices (ULPs)

**Employer ULPs**
- Interfering with right to join union
- Discriminating based on union membership
- Refusing to bargain or provide needed information
- Refusing to enforce contract
- Controlling or intervening in union operations

**Employee/Union ULPs**
- Conspiring with employers to discriminate against employees
- Interfering with employees' freedom of speech
- Not responding to member complaints
- Refusing to bargain in good faith
- Requiring unreasonable fees
- Directing prohibited actions
Workplace Conflict

HR may have to apply their competencies to manage different types of workplace conflicts.

Managers

Third parties

Employees

Employees

Multicultural Aspects of Conflicts

- Cultures differ in their appetites and tolerances for conflict.
- Cultural differences also affect the way in which the existence of conflict is acknowledged and then resolved.
Dispute Resolution

Listen.

Manage own emotions.

Agree on goals.

Focus on issues and facts, not personalities.

Consider all perspectives.

Engage in problem solving and explore alternatives.

Reach agreement on next steps.

Workplace Retaliation

Retaliation: Unlawful discrimination or other adverse action taken against an employee as a result of a conflict or complaint.

Employers should:

• Adopt and disseminate a strong antiretaliation policy.
• Inform employees about process for reporting retaliation.
• Train managers and supervisors.
• Monitor treatment of employees.
• Investigate allegations and take corrective action if necessary.
Conducting Investigations

1. Ensure confidentiality.
2. Provide protection.
3. Select investigator.
4. Create plan.
5. Develop interview questions.
6. Conduct interviews.
7. Make a decision.
8. Close the investigation.
9. Develop written summary of investigation results.

Third-Party Resolution Techniques

Legal and cultural norms, organizational requirements, and/or collective bargaining agreements can impact the choice and use of ADR.

- **Open door**: Access anyone in chain of command.
- **Ombudsperson**: Neutral third party investigates and mediates.
- **Single designated officer**: Management appoints someone to investigate and resolve.
- **Chosen officer**: Employee selects arbitrator from designated group.
- **Peer review**: Panel of employees (and maybe managers) hears and resolves complaints.
- **Mediation**: Neutral party helps both sides assess positions and reach agreement.
- **Arbitration**: Sides tender dispute to a third-party judge and abide by the decision.
Agency Complaints and Litigation

- Disputes that cannot be or are not resolved internally may be referred to government agencies or courts.

- HR professionals should be aware of:
  - Orientation of agencies and courts toward employers.
  - Specific role HR plays in complaints and litigation (e.g., active or passive—representing employer or providing evidence).

Disciplining Employees

Good business practices include:

- Produce persuasive evidence of employee’s culpability or negligence.

- Give employee fair opportunity to present his or her side of story.

- Determine penalty appropriate for given offense.

- Impose discipline that is consistent with treatment others have received for similar infractions.

- Incorporate HR review of all material/serious disciplinary actions.
Tests of Due Process

✓ Employee is informed of expectations.
✓ Employer is consistent and predictable in disciplinary actions.
✓ Action is based on facts.
✓ Employee is given the chance for defense.
✓ Employee has the right to appeal.
✓ Constructive discipline is used.
✓ Employee is considered as an individual.

Constructive Discipline

A form of corrective discipline that proceeds in steps as needed

- Problem solving: Joint and open dialogue
- First formal warning: Private, oral or written
- Second warning: Feature of some systems
- Final warning: Written, employee documents understanding
- Discharge
Discussion

A family-owned industrial manufacturing company has a warehouse department of approximately 15 men. Most of their work involves driving forklifts to load and unload trucks. The warehouse workers rarely interact with other employees because of the way the facility is laid out.

A female employee bids into the warehouse and gets the job. She is immediately subjected to continuous harassment from coworkers, including dirty jokes and sexually explicit language. The males will usually help each other, but they will not help her.

The company has not done any harassment training for its employees. It has policies about harassment and physical contact but has been inconsistent in enforcement.

The female employee tolerates the behavior at first, but when things don’t improve, she complains to the warehouse supervisor. He tells her that she needs a “thicker skin.”

The supervisor tells the male employees the female has complained about them, but he does not discipline them. The verbal abuse and poor treatment continue until one day a male employee pinches her and, frustrated, she punches him.

Recently, a second female has bid for a warehouse position and is waiting to be moved into the job.

The HR manager has been discussing this situation with the CEO as it has developed, but the CEO responds by saying, “This is why we never hired women for this job.”
Discussion

- How would you manage the physical altercation, which violated company policy against physical contact?
- How would you respond to the behavior of the warehouse supervisor?
- How would you respond to the CEO?
- What Behavioral Competencies are needed here?

Functional Area #10: Technology Management

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Three features of big data have changed technology requirements for organizations: volume, velocity, and variety.

Big data can help HR by collecting new data, using existing data more effectively, and allowing for better strategic analysis.

Information System Components

- Information systems are a way to collect, organize, store, analyze, and share data.
- They feature four basic component tiers:
  - Presentation
  - Application
  - Data
  - Communications
Integration

- Enterprise resource planning (ERP) systems
  - Designed to allow different parts of an organization to access the same data
  - Designed for a generalized user's needs

- HR information systems (HRIS)
  - Specific technology that supports HR functions
  - Component of an ERP system

- "Best of breed" systems
  - HR technology products designed to serve unique situations or satisfy specific preferences
  - May not communicate with an organization's database successfully

Scalability and the Cloud

- Flexibility
- Economy
- Control
- Security
Addressing IS Security

• Ensure confidence in security of purchased systems and software.
• Assign appropriate user security levels.
• Implement governance policies and processes to ensure transparency.

HR Technology Applications

HR software products can:

- Automate complex processes.
- Produce data for other applications.
- Support data analysis.
- Support compliance-related activities.
Self-Service Technologies

**Employee Self-Service Technologies**
- Enable employees to enter and edit their own data

**Manager Self-Service Technologies**
- Enable managers to handle HR-related transactions
- Save time for everyone

Purchasing Technology

1. Assess needs.
2. Prioritize requirements.
3. Identify and assess providers.
4. Create a business case.
5. Implement and assess.
Conduct Internal Needs Assessment

After identifying all stakeholders, work to assess technology needs along three main fronts:

- HR’s needs
- Users’ needs
- Organization’s needs

Prioritize Requirements

What will meet our needs?
- On premises or in the cloud?
- Owned, leased/licensed, subscription?
- ERP solution or BoB HRIS system?
Research Providers

- Search and review online articles and vendor websites.
- Review analyst reports.
- Ask for recommendations from industry colleagues.
- Contact existing vendors.
- Attend HR professional meetings and technology trade shows.

Create Business Case

Any major IT purchase will have to:

- Align strategically with organizational and HR objectives.
- Add valuable capabilities.
- Affect organizational risk level in an acceptable manner.
- Provide a reasonable return on investment.
Data and System Security

- Limiting logical and physical access to data/systems
- Encrypting data that is transmitted or stored
- Defending against hacking and social engineering

Social Engineering

Train users to:
- Never disclose a password to anyone.
- Not give private information to anyone they do not know.
- Click links only from trusted sources.
- Delete unsolicited e-mails.
- Assess requests and investigate if they are unusual.

Common social engineering tactics:
- Phishing
- Fake job openings
- Phony security alerts
- “Click this link” scams
GDPR Themes

- Transparency
- Individual rights of access to/ control over data
- Legality of processing
- Data quality and minimization
- Data sharing
- Data transfers
- Data breaches
- Accountability

Collaboration Policies and Approaches

Organizations have introduced communication practices designed to maintain structure while, as much as reasonably possible, allowing for natural aspects of human interaction.

**Examples:**
- Meeting times that can accommodate most participants
- Creating agendas with time estimates for each topic
- Providing the meeting host full control over technological tools
- Recording discussions/meetings
- Using passcodes to restrict participation to invitees
- Hierarchies of authority for access to documents
- Legal disclaimers outlining rights/responsibilities
- Balancing security and rights protection with accessibility
“Bring Your Own Device” (BYOD)

Realistic BYOD policies allow employees to use their personal digital devices to access the organization’s network but define certain restrictions on their use.

- Restrict the use of personal devices while the employee is working in the workplace.
- State which devices will be supported by IT and the requirements for using the device.
- Clarify financial arrangements and legal rights.
- Define security measures.

Developing Social Network Policies

1. Identify key risks.
2. Review employee handbook for existing policies.
3. Discuss risks and concerns with IT experts.
4. Consult with legal counsel on compliance issues.
5. Align proposed policy with organizational culture.
Social Media Policy Inclusions

- Prohibitions on use of organization’s resources
- Prohibitions on disclosing confidential information
- Situations requiring employer approval for postings
- Rules about personal endorsement of organizational products/services
- Rules for posts about colleagues
- Statement that employees will be held accountable for any violations of laws or policies

Discussion

A retail operation has stores in five locations and a corporate office in which one HR director handles all HR functions. The organization has about 150 employees; 20% are full-time and the remaining 80% are part-time. The organization has approximately 40% turnover annually at their retail stores. The owners are planning to increase the number of stores to ten within the next five years.

Currently, the only automated HR function is payroll. The rest are managed through paper or spreadsheet. Because of a previous incident within the organization, management is very concerned about the limits of data security with electronic systems.
Discussion

The HR director is concerned about being able to maintain accurate records while adding the number of employees but also wants to reduce the amount of time spent on administrative functions and focus more on talent management, retention, and employee engagement. There is no performance management program or compensation structure in place. Currently, the HR director spends 30% of available time updating the payroll system, spreadsheets, and other related information to add and delete employees.

At a recent SHRM chapter meeting, a technology vendor conducted a demo of an HRIS. The human resource director believes a product like this would reduce the time spent on administrative functions and increase time spent on strategic activities.

What is the first step the HR director should take to invest in an HRIS for the organization?

A. Contact the vendor that presented at the SHRM chapter meeting and request a quote.
B. Involve appropriate stakeholders to analyze an investment in an HRIS.
C. Talk with several HR professionals to obtain feedback on the systems they use in their organizations.
D. Create a business case to identify the reasons to implement an HRIS.
Feedback

**B is the correct answer.** A business case will most likely be needed (D), but the case will be stronger with more perspectives and allies. As a first step, involving other stakeholders will improve the quality of the business case.

A is incorrect because an analysis of benefits and costs to the organization should be completed first. C yields information that may be useful in preparing a request for proposal, but it is not a first step.

This question calls for using the Business Acumen competency.

Discussion

What would be the best way to handle management's concern about data security in an HRIS?

A. Collaborate with internal IT professionals trusted by management to develop a security strategy.

B. Request a contract from the HRIS vendor that assures that the system is secure.

C. Arrange for a meeting between management and the HRIS vendor's security professionals to reassure management that the data is protected.

D. Convince management to implement the system so they can have firsthand evidence of the security of the system.
Feedback

A is the correct answer. Involving trusted IT professionals shows the HR director’s awareness of this management issue and uses collaboration to address the concerns. This demonstrates use of the Consultation competency.

B is incorrect. A contractual promise does not equate with the ability to perform, and management is likely to know that. C is plausible because it brings in expert advice, but management will probably trust internal IT experts more than external experts. D is incorrect. Even if HR is successful in persuading management to go ahead with analysis, any security breach will hurt the organization’s and HR’s credibility.

Functional Area #11: HR in the Global Context

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### How Globalization Began

**Globalization Time Line**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>Apple Macintosh</td>
</tr>
<tr>
<td>1990</td>
<td>First Internet page posted</td>
</tr>
<tr>
<td>1994</td>
<td>NAFTA</td>
</tr>
<tr>
<td>1996</td>
<td>First smartphone</td>
</tr>
<tr>
<td>2002</td>
<td>Euro introduced</td>
</tr>
<tr>
<td>2003-2005</td>
<td>Growth of tech companies</td>
</tr>
<tr>
<td>2008</td>
<td>Great Recession</td>
</tr>
<tr>
<td>2012</td>
<td>Shift in foreign direct investment to emerging economies</td>
</tr>
<tr>
<td>2016</td>
<td>TPP negotiations</td>
</tr>
<tr>
<td>2016</td>
<td>BREXIT vote in U.K.</td>
</tr>
<tr>
<td>2018</td>
<td>U.S. tariff “war”</td>
</tr>
<tr>
<td>2018</td>
<td>EU General Data Protection Regulation</td>
</tr>
</tbody>
</table>

### Defining Globalization

“The inevitable integration of markets, nation-states and technologies to a degree never witnessed before…”

*Thomas L. Friedman*

Globalization changes the way we see the world around us and how we interact with all the dynamic forces.
### Connections in a Globalized World

- HR needs to distinguish between large-scale forces and trends and more immediate events and “trendy” phenomena.
- Global forces (political, economic, social, technological, legal, environmental) are and should be seen as interconnected.
- While a given force’s effects are global, their impact on different cultures, industries, and organizations may be unique.

### Forces Shaping Globalization

#### Shift from Developed to Emerging Economies

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>The Diaspora</th>
<th>Demographic Dichotomy</th>
<th>Reverse Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment of foreign assets into domestic structures, equipment, organizations</td>
<td>Mass migration from homeland to multiple destinations</td>
<td>Younger workforce in emerging economies; aging workforce in developed economies</td>
<td>Innovations created for or by emerging markets and then imported to developed markets</td>
</tr>
<tr>
<td>Leading indicator of shift and major feature of globalization</td>
<td>Communities of voluntary emigrants bonded by common heritage</td>
<td>Creates educational, skills dividends and deficits</td>
<td></td>
</tr>
</tbody>
</table>

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## Forces Shaping Globalization

### Hyperconnectivity

We are all instantly, constantly, globally connected.

<table>
<thead>
<tr>
<th>Measurability</th>
<th>24/7 Global Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Data mining and analytics enable new types of data to be analyzed.</td>
<td></td>
</tr>
<tr>
<td>• What gets measured is what gets acted on.</td>
<td>• Blurring of public and private lives.</td>
</tr>
<tr>
<td></td>
<td>• Achieving work/life balance.</td>
</tr>
<tr>
<td></td>
<td>• Data privacy issues.</td>
</tr>
</tbody>
</table>

### Role of Global HR

- Help create the organization’s global strategy.
- Align HR processes and activities with that strategy.
- Enhance communication between the organization and its stakeholders.
- Ensure that HR can fulfill its role and demonstrate its value.
- Adapt to the cultural and legal contexts of each area of the global organization.
Globalization

Push and Pull Factors

“Push” factors

- Saturated local markets
- Increased cost pressures
- Decreased local access to materials and talent
- Restrictive government policies
- Trade agreements that increase domestic competition
- Globalized supply chain

“Pull” factors

- Greater strategic control
- Policies promoting outward foreign investment
- Trade agreements that offer protection of intellectual property

Perlmutter’s Headquarters Orientations

| Ethnocentric | Headquarters maintains tight control over subsidiaries.  
|              | “One best way.” |
| Polycentric  | Subsidiaries develop strategies consistent with local business practices and cultures.  
|              | “Many best ways.” |
| Regiocentric | Communication and coordination are high within the region but not between regions and headquarters. |
| Geocentric  | Headquarters and subsidiaries form a network, each contributing specific expertise.  
|              | “Team way.” |
Strategic Globalization: GI

Global Integration

<table>
<thead>
<tr>
<th>Key Elements</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Consistency of approach</td>
<td>• Economies of scale</td>
</tr>
<tr>
<td>• Standardized processes</td>
<td>• Integrated value chain activities</td>
</tr>
<tr>
<td>• Common corporate culture across global operations</td>
<td>• Serve globally integrated customers</td>
</tr>
<tr>
<td></td>
<td>• Global branding</td>
</tr>
<tr>
<td></td>
<td>• Shared organizational capabilities and knowledge</td>
</tr>
<tr>
<td></td>
<td>• Better quality assurance</td>
</tr>
<tr>
<td></td>
<td>• Leverage global assets for local competition</td>
</tr>
</tbody>
</table>

Strategic Globalization: LR

Local Responsiveness

<table>
<thead>
<tr>
<th>Key Elements</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adapt to needs of local markets</td>
<td>• Better respond to local customer needs or specialized local distribution demands</td>
</tr>
<tr>
<td>• Allow subsidiaries to develop unique products, structures, and systems</td>
<td>• Gain efficiencies from using local substitute products and components, local workforce, local networks</td>
</tr>
<tr>
<td></td>
<td>• Better/easier compliance with local laws and regulations</td>
</tr>
</tbody>
</table>
International Strategy

- Low in global integration; low in local responsiveness.
- Foreign divisions in host countries are seen as “appendages” to home country.
- Strategy, research and development, management, and management culture derive from home country.
**Multidomestic Strategy**

- Low in global integration; high in local responsiveness.
- Decentralized portfolio of subsidiaries that operate with fair degree of independence from each other and from headquarters, which remains in home country.
- Knowledge is shared on local rather than global level.

**Global Strategy**

- High in global integration; low in local responsiveness.
- “Hub and spoke” relationship between headquarters and subsidiaries; headquarters integrates operations to take advantage of conditions in subsidiary markets and standardizes products or services.
GI-LR Matrix

Transnational Strategy

- High in global integration; high in local responsiveness.
- Locates value chain activities in most advantageous geographic locations.
- Subsidiaries can adapt global products and services to local markets.
- Best practices and knowledge are shared throughout organization.

Global-Local Models

Upstream decisions made at headquarters:
- Strategy and coordination
- Standardization of processes and integration of resources

Downstream decisions made locally:
- Adapting strategic goals and plans to local realities
Global-Local Models

- Embraces diversity in management of people, products/services, and branding.
- Product/service offerings and brand identity may be adjusted for local cultures.

• Are underlying operations integrated across locations?
  - Technology platforms
  - Business performance metrics
  - HR systems

Outsourcing

What is it?
• Transfers portions of work (e.g., processes or production) to outside suppliers rather than completing it internally
• Contracts out (or subcontracts) activities

Why is it done?
• Reduces costs
• Frees up personnel and resources for other activities
**Offshoring**

**What is it?**
- Relocating processes or production to another country (e.g., from developed countries to distant developing countries)

**Why is it done?**
- Lower costs
- Closer proximity to production resources
- More favorable economic climate for taxation
- Financial incentives
- Access to talent
- Round-the-clock shifts
- “Follow the sun”

**What is changing?**
- Eroding cost-saving dynamics
- Creation of a new middle class in offshoring destinations
- Political fallout in developed countries

---

**Onshoring**

**What is it?**
- Relocation of business processes or production to a lower-cost location inside the same country as the business
- Sometimes called “home-shoring”
- May include employees working from home

**Why is it done?**
- Lower operation costs
- Benefits of having local employees
**Near-Shoring**

**What is it?**
- Contracting a part of business processes or production to an external company located in a country that is relatively close

**Why is it done?**
- Similar financial and legal constraints or trade agreements that provide social and economic stability
- Shared cultural values and similar mindset
- Proximity benefits (e.g., time differences and reduced travel costs)

---

**HR Due Diligence in Moving Work**

<table>
<thead>
<tr>
<th>Cost and quality</th>
<th>Sociopolitical environment</th>
<th>Risk levels</th>
<th>Talent pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Wage structure</td>
<td>✓ Government receptivity and regulations</td>
<td>✓ Political and labor unrest</td>
<td>✓ Language and cultural differences</td>
</tr>
<tr>
<td>✓ Tax structure</td>
<td>✓ Ethics in politics and business</td>
<td>✓ Natural disasters</td>
<td>✓ Size of cultural differences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ IT security</td>
<td>✓ Size of labor force with required skills</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Personal/property security, intellectual property rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Economic stability (e.g., currency fluctuations)</td>
<td>✓ Size of offshore sector and share of exports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Regulatory stability</td>
<td>✓ Availability of qualified vendors for services</td>
</tr>
</tbody>
</table>
Managing Global Assignments

<table>
<thead>
<tr>
<th>Strategic-Systematic</th>
<th>Tactical-Reactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach as long-term investments.</td>
<td>Approach as short-term expenses.</td>
</tr>
<tr>
<td>Develop executives with global perspectives to create and manage competitive strategies.</td>
<td>Quick-fix approach to short-term foreign operation problem.</td>
</tr>
<tr>
<td>Improve coordination among home office and foreign operations.</td>
<td>Randomly and haphazardly perform assignment functions, shifting focus as problems arise.</td>
</tr>
<tr>
<td>Disseminate information, technology, and values throughout worldwide organization.</td>
<td>Fail to integrate worldwide organization's values, technology, products, and brand.</td>
</tr>
</tbody>
</table>

Types of Global Assignments

- **Globalists**: Spend entire career moving from one locale to another
- **Local hires**: Host-country nationals
- **Short-term assignees**: Less than a year but more than a few weeks
- **International assignees**: Traditional expatriates on one- to three-year assignment
- **Commuters**: Travel across country border for work regularly
- **Just-in-time expatriates**: Ad hoc or contract workers hired for single assignment
Global Assignment Guidelines

- View assignments as a process, not an activity.
- Recognize and consider all dimensions of the assignment experience.
- Conduct thorough and professional assessments of candidates.
- Establish and maintain realistic expectations.
- Provide training.
- Provide appropriate health and safety support.
- Provide well-planned, ongoing training and support.
- Plan, prepare for, and support repatriation.
- Address problems quickly, thoroughly, and responsively.

Global Assignment Process

- Find the right people.
- Engage repatriated employees and access their knowledge.
- Provide support throughout the assignment.
- Manage the details of the transition.
- Stage 1: Assessment and selection
- Stage 2: Management and assignee decision
- Stage 3: Pre-departure preparation
- Stage 4: On assignment
- Stage 5: Completing the assignment
- Repatriation
- Redeployment
Global Assignees: Assessment and Selection

1. Develop the selection criteria.
2. Involve the right people.
3. Choose the best selection methods and tools.
4. Complete the assessment/make a recommendation.

Global Assignees: Management and Assignee Decision

Analysis of the costs and benefits of the assignment
Preparation of the assignment plan
Candidate acceptance or rejection of the assignment offer
### Global Assignees: Pre-Departure Preparation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visas and work permits</td>
<td>Adequate time to obtain the necessary documents and awareness of expiration dates</td>
</tr>
<tr>
<td>Security briefings</td>
<td>Briefings about personal and family safety abroad and business aspects of security</td>
</tr>
<tr>
<td>Cross-cultural counseling</td>
<td>Counseling before and during the assignment to increase the probability of success</td>
</tr>
</tbody>
</table>

### Global Assignees: On Assignment

- **Honeymoon**: Everything seems new and exciting.
- **Culture shock**: Challenges of living and working abroad become clear.
- **Adjustment**: Understanding host-country norms and patterns and how to get things done.
- **Mastery**: Ability to participate fully and comfortably in the host country.
Global Assignees: Completing the Assignment

**Repatriation**
- Involves reintegrating the employee back into the home country
- Includes adjustment to a new job and readjustment to the home culture and conditions

**Redeployment**
- Involves deployment to:
  - A different global location
  - A new location or new position in the current host country

Discussion

An HR manager works in South Africa for a U.S.–based company and reports to the owner. The manager has recently had two experiences with the owner that have left the manager puzzled about the next best step.

In the first instance, the owner ordered HR to terminate a local employee who had resisted the owner’s marketing ideas. “Just find a reason and fire him,” the owner says.
Discussion

In the second instance, the owner directs HR managers in all overseas operations to roll out a 360-degree assessment program. The owner believes this assessment approach has been very effective in the U.S. and will improve management performance in the company’s remote operations.

The HR manager has delayed responding to the owner about these two issues for a couple of days but must act soon.

Discussion

How should the HR manager advise the owner on the termination issue?

A. Present the issue as a matter of risk management.

B. Review the employee’s records to see if there are grounds for termination.

C. Tell the owner that this is not the way disagreements are handled in South Africa.

D. Ask the company’s lawyer to speak with the owner and change his mind.
Feedback

The correct answer is A. This termination action is a risk that could harm the company. The company will probably be violating an employment contract and will be subject to economic penalties. The issue will also tarnish the employer brand in that country. This answer will build HR’s credibility and value with the owner and demonstrates the Consultation competency.

B is unethical and a violation of HR’s responsibilities to provide sound guidance to the organization’s leader. C is truthful from a cultural perspective but does not address the risk management issues. D is incorrect. This type of issue is clearly an HR responsibility, and the manager should not try to transfer it to someone else.

Discussion

How should the HR manager respond to the direction about implementing 360-degree feedback?

A. Say that it’s a good idea that is worth trying and learning from.
B. Implement the system but review feedback before forwarding it to the home office.
C. Call the owner to discuss why cultural differences may make implementing this approach difficult.
D. Send a “Reply all” e-mail, explaining the academic grounds for the approach used in South Africa.
Feedback

C is the correct answer. The HR manager needs to provide honest feedback that could help avoid an action that, at best, would not result in the desired outcome and, at worst, could damage employee engagement. In a high power distance culture, employees are unlikely to provide candid feedback about superiors’ performance.

A only protects the HR manager from the owner’s reaction. The manager is not providing honest feedback. B is incorrect. The HR manager would be neglecting responsibility and also committing an ethically questionable act by censoring feedback. D would help educate the owner about the cultural differences that underlie approaches to performance assessment. However, it is probably a mistake to make this argument with the entire group rather than creating a dialogue with the owner.

Functional Area #12: Diversity and Inclusion

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Visible and Invisible Traits

Visible Traits
Generally external physical characteristics that are easily recognizable

Examples: Culture, ethnicity/race, nationality, gender, physical attributes, age, language

Invisible Traits
Attributes that are not readily seen

Examples: Perspectives and life experiences, including education, family status, values and beliefs, work styles, socioeconomic status

Equality vs. Equity

Equity refers to a focus on promoting fairness and justice via organizational structure, not to be confused with equality, which focuses on providing equal support levels to all employees.
Four Layers of Diversity

Source: Gardenswartz and Rowe

Each diversity dimension presents unique issues and challenges.

<table>
<thead>
<tr>
<th>Diversity Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Sexual orientation</td>
</tr>
<tr>
<td>Religion</td>
</tr>
<tr>
<td>Ethnicity and race</td>
</tr>
<tr>
<td>Nationality (culture)</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Physical ability</td>
</tr>
<tr>
<td>Family status</td>
</tr>
<tr>
<td>Socioeconomic status</td>
</tr>
<tr>
<td>Veteran status</td>
</tr>
<tr>
<td>Organizational function/level</td>
</tr>
</tbody>
</table>
Defining Inclusion

**Diversity** asks: “Who do we bring into our organization?”

**Inclusion** asks: “How do we make them feel welcome?”

- Inclusion is how you leverage the value of diversity.
- Diversity is the byproduct of effective inclusion.

Defining “Covering”

**Diversity Without Inclusion**

When an organization promotes assimilation—not inclusion—employees learn to “cover”:

- Appearance
- Affiliation
- Advocacy
- Association
Benefits of Diversity

- Improved creativity and innovation
- Recruitment and retention
- Market strengths
- Branding
- Global integration/local differentiation

Costs and Challenges of Diversity

- Fragmented, nonproductive, indecisive teams
- Increased costs and time frames: training, recruitment, management
- Communication difficulties
- Blurred branding
- Stereotyping
- Global integration/local differentiation
- Up-front costs for designing diversity strategy/programs
Why Does Diversity Falter?

Organizations must truly embrace diversity and integrate varied lifestyles, beliefs, and needs into business culture; no edicts from “on high” will lead to true change.

Ways to Increase Diversity

- Voluntary training
- Self-managed teams
- Cross-training
- College recruitment targeting women and minorities
- Mentoring for women and minorities
- Diversity task forces
- Diversity managers

Based on Frank Dobbin and Alexandra Kalev

D&I Strategic Process

1. Executive Commitment
2. Preliminary Assessment
3. Infrastructure Creation
4. System Changes
5. Training
6. Measurement and Evaluation
7. Evolution and Integration
D&I Strategic Process: Executive Commitment

To make the business case for D&I, you must:

• Show that it can play a critical role in achieving core business goals.

• Link it to your organization’s unique mission, vision, and business objectives.

• Realign it over time with corporate strategic reevaluation and repositioning.

D&I Strategic Process: Preliminary Assessment

Twofold purpose:

1. **Identify current needs** to set corresponding priorities, goals, and objectives.

2. **Provide benchmarks** to measure the success or failure of subsequent D&I strategies.
D&I Strategic Process: Infrastructure Creation

Diversity Council Key Responsibilities

- Setting goals and priorities
- Ensuring alignment with core business strategies
- Identifying obstacles and opportunities
- Recommending actions
- Monitoring the process
- Collecting data and evaluating results

Criteria for Effective Employee Resource Groups

- Whether groups have formal charters
- Percentage of employees in at least one group
- Racial/gender breakdowns of groups
- Percentage of top executives who are sponsors of groups
- Whether groups are used for recruitment, onboarding, talent development, marketing, mentoring, and diversity training
- If the groups’ success is measured through retention, engagement, talent development, and other contributions
- If resource group leaders have rotational positions on executive diversity councils

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Review and revise to align with diversity goals:
- Organizational systems
- Operational processes, procedures, and practices

D&I Strategic Process: System Changes

D&I Strategic Process: Training

Diversity awareness courses

Professional development opportunities

Diversity management courses
D&I Strategic Process: Measurement and Evaluation

<table>
<thead>
<tr>
<th>Process Measures</th>
<th>Results Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How did we do?</td>
<td>• What difference</td>
</tr>
<tr>
<td>• What went well?</td>
<td>has it made to the organization?</td>
</tr>
<tr>
<td>• What didn’t?</td>
<td></td>
</tr>
<tr>
<td>• Why?</td>
<td></td>
</tr>
</tbody>
</table>

D&I Strategic Process: Evolution and Integration

<table>
<thead>
<tr>
<th>Integration</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Make D&amp;I part of “the</td>
<td>• Global expansion</td>
</tr>
<tr>
<td>way we do business” and</td>
<td>• Initiative’s own success</td>
</tr>
<tr>
<td>“who we are”</td>
<td>• Shifts in focus over time</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discussion

A company has been in rapid growth mode for 18 months and shows no signs of slowing down. Although this is good for business, the HR function has had trouble keeping up with the recruiting.

The vice president of HR has received CEO approval for two new HR staff members: one new recruiter and one newly created diversity manager to align with the organization’s mission of celebrating diversity and inclusion. The diversity manager will assist the company in improving the culture of diversity inside the office and creating a strong employment brand outside the office.

Discussion

The newly recruited workforce is made up primarily of Millennials, and more established managers see the Millennials’ work habits as “lax.” Other related events, the vice president notices, include:

- A request to begin affinity groups at work (e.g., LGBT, women, ethnic groups).
- A discrimination suit filed by a minority worker.
- A request to terminate a disabled employee.

It appears that the recent hiring increase has brought about an increase in intolerance. There are more issues of conflict in the workplace and less feeling of an organizational identity.
Discussion

What is the first step the diversity manager should do to establish the new role in the organization?

A. Meet with all of the Millennials in the office to determine what their needs are.

B. Schedule a meeting with the executive team to discuss the departmental strategies.

C. Align the departmental plan with the mission of the organization to celebrate diversity and inclusion.

D. Prepare a plan to present to the executive team modeled on a plan used by the diversity manager’s former employer.

Feedback

C is the correct answer. It is imperative that the HR strategy cascade down from the organizational strategy to ensure alignment. This demonstrates Leadership and Navigation, championing HR’s role within the organization’s mission and vision.

A focuses on one group, the Millennials, and so is not consistent with the manager’s broader charge. B is a plausible action, but this should not be a first step. The diversity manager should first analyze the situation and be prepared to present ideas to the executive team. D is incorrect because D&I plans cannot be copied from one organization to another.
Discussion

What is the best action the vice president of HR can take to support the diversity manager in implementing this initiative?

A. Ask the CEO to make a webcast explaining the importance of the diversity initiative.
B. Conduct a culture audit.
C. Advise management to slow hiring while the problem is being addressed.
D. Instruct managers to begin including tolerance of diversity in performance appraisals and promotion decisions.

Feedback

B is the correct answer. HR must understand fully the nature and scope of the cultural issues before designing a response. This demonstrates use of the Critical Evaluation competency.

A involves leadership voicing its commitment and reasoning, but the first step is to understand the problems. C is probably unrealistic from a Business Acumen perspective and also fails to apply Leadership and Navigation to the situation. D is incorrect. Without sufficient attention to changing the organization’s culture, this may only make matters worse.
Functional Area #13: Risk Management

Risk and Risk Management

<table>
<thead>
<tr>
<th>Risk</th>
<th>“The effect of uncertainty on objectives” (from ISO 31000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk management</td>
<td>“Coordinated activities to direct and control an organization with regard to risk”</td>
</tr>
<tr>
<td></td>
<td>Change probabilities or magnitude of impact on objectives</td>
</tr>
</tbody>
</table>

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### Categories of Risk

- Known unknowns and unknown unknowns
- Kaplan and Mikes’s categories
  - Internal and preventable
  - Strategy
  - External
- Enterprise perspective:
  - Strategy
  - Operations
  - Financial reporting
  - Compliance

### Risk categories in the HR context:
- Strategy
- Operations
- Reporting
- Compliance

---

### Benefits and Barriers

#### Benefits of Risk Management
- Strategic alignment of risk levels and management
- More effective response to risk
- More consistent response across the organization
- Fewer resources wasted
- More integrated vision of risk in the organization

#### Barriers to Risk Management
- Structural—silo organizational structures
- Cognitive—mindset lacking imagination, or one of unreasonable optimism, resistance to change
- Cultural—poor alignment of the organization’s culture; inadequate communication of the culture’s risk approach
ISO 31000

• 11 principles—for example:
  — Focused on value and continual improvement
  — Integrated into all processes and decision making
  — Transparency
  — Responsive to change

• Framework
  — Management commitment
  — Policies, processes, ethics, values, leaders’ examples, culture

• Risk management process

Risk Management Process

- Establish the context of risk.
  Define risk appetite and set risk management goals.

- Evaluate.
  Audit risk controls, review effectiveness, and monitor for changes in risks.

- Identify and analyze risks.
  Gather information in order to accurately evaluate and prioritize risk.

- Manage risks.
  Adopt and implement risk responses appropriate to each risk.

- Communication and Consultation

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Risk Management

Step 1: Establish the context of risk.

- Know internal and external sources of risk.
- Define risk criteria:
  - Risk position (acceptable gain or loss)
  - Risk appetite and risk tolerance (acceptable amount of uncertainty)

Strength of Organization’s Governance

- Strategic goals
- Loss expectancy
- Attitude toward risk
- External requirements
- Resources or risk capacity
Common Misaligned Risks

Moral hazard
- One party engages in risky behavior knowing that another party will incur any resulting loss.

Principal-agent problem
- An agent makes decisions on behalf of a principal but has personal incentives not aligned with those of the principal.

Conflict of interest
- A person or organization has the potential to be influenced by two opposing sets of incentives.

Risk Management

Step 2: Identify and analyze risks.

Methods:
- Experts and information sources
- Focus groups and interviews
- Surveys
- Process analysis
- Direct observation

Example: Duty of care
Employer’s responsibility to take all reasonable steps to ensure the health, safety, and well-being of employees and protect them from foreseeable injury
Risk Management

Step 2: Identify and analyze risks.

Risk analysis tools

Risk formula
Risk level = Probability of occurrence × Magnitude of impact

Risk scorecard

Risk matrix

Step 2: Identify and analyze risks.

Evaluating risks

Prepare, act, park, adapt (PAPA) model
Risk Management

Step 2: Identify and analyze risks.

Key risk indicators (KRIs): Early signals of increasing risk exposure; critical part of preparedness.

- Strategically aligned.
- Develop KRIs by identifying root causes of risks and intermediate events.
- Monitor for changes in KRIs.

Risk register:

- Risk category
- Risk event
- Risk classification
- KRIs
- Risk management controls
- Risk owner(s)
- Reporting requirements
## Risk Management

### Step 3: Manage risk.

<table>
<thead>
<tr>
<th>Upside Risk Management Tactics</th>
<th>Approach</th>
<th>Downside Risk Management Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize</td>
<td>Eliminate uncertainty.</td>
<td>Avoid</td>
</tr>
<tr>
<td>Share</td>
<td>Redefine ownership.</td>
<td>Transfer</td>
</tr>
<tr>
<td>Enhance</td>
<td>Increase/decrease effect.</td>
<td>Mitigate</td>
</tr>
<tr>
<td>Ignore</td>
<td>Take no action.</td>
<td>Accept</td>
</tr>
</tbody>
</table>

## Eliminate Uncertainty

<table>
<thead>
<tr>
<th>Upside Risk Management Tactics</th>
<th>Downside Risk Management Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize</td>
<td>Avoid</td>
</tr>
</tbody>
</table>

Uncertainty:
- Number of applications for an assignment
- Poor hiring decision

Tactic:
- Include guaranteed income provision.
- Use careful application screening process.
### Redefine Ownership

#### Upside Risk Management Tactics

<table>
<thead>
<tr>
<th>Share</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertainty: Ability to provide needed workforce during critical period</td>
<td>Uncertainty: Kidnapping of assigned employees</td>
</tr>
<tr>
<td>Tactic: Arrange for contingent workers with staffing agency.</td>
<td>Tactic: Obtain kidnapping and ransom insurance.</td>
</tr>
</tbody>
</table>

### Increase/Decrease Effect

#### Upside Risk Management Tactics

<table>
<thead>
<tr>
<th>Enhance</th>
<th>Mitigate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertainty: Supervisor impact on employee engagement</td>
<td>Uncertainty: Vulnerability of employees to workplace violence</td>
</tr>
<tr>
<td>Tactic: Include communications skills training in supervisory career path.</td>
<td>Tactic: Provide training in identifying and responding to early warning signs.</td>
</tr>
</tbody>
</table>
Take No Action

<table>
<thead>
<tr>
<th>Upside Risk Management Tactics</th>
<th>Downside Risk Management Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ignore</td>
<td>Accept</td>
</tr>
<tr>
<td>Uncertainty:</td>
<td></td>
</tr>
<tr>
<td>Vulnerability of workplace to acts of terrorism</td>
<td>Uncertainty: Performance relative to goals</td>
</tr>
<tr>
<td>Tactic:</td>
<td></td>
</tr>
<tr>
<td>Identify as low risk and operate with existing emergency response protocols.</td>
<td>Tactic: Take no further action to produce performance that exceeds goals.</td>
</tr>
</tbody>
</table>

Residual risk: the amount of risk that remains after all management efforts have been exhausted

Risk Management

Step 3: Manage risk.

Implementing risk management plan

- Define objectives.
  - Be strategically focused.
  - Combine activities and results.
  - Combine lagging and leading metrics.
- Modify risks related to noncompliance.
- Instill risk management principles in organization’s members and processes.
- Integrate actions across organization.
- Communicate needs, expectations, and new policies and processes.
Common Risk Management Plans

**Emergency preparedness**
- Emergency response planning and training
- Securing employee health and safety

**Business continuity plan**
- Continuation of critical business processes
- Securing and supporting necessary human resources

Crisis Management Process

1. Identify and manage risks.
2. Develop crisis management plan.
3. Train, test, drill.
4. Activate plans.
5. Recover, learn, improve.
6. Evaluate and revise plans as needed.
7. Learn.

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Contingency Plans

- Policies
- Communication
- Continuity
- Evacuation and Relocation
- Training

Managing Workplace Risk

Security threats
- Cyber threats
- Physical security

Illness and injury
- Physical
- Chemical
- Biological

Drug use
- Illegal or legal drugs or alcohol
- Before, during, or after working hours
Step 4: Evaluate.

- Increase transparency and accountability.
- Confirm compliance.
- Assess effectiveness of individual strategies.
- Assess effectiveness of organization’s risk management framework.
- Continually improve risk management skills.

Risk Management

Step 4: Evaluate.

- Conduct debriefs and incident investigations.
- Facilitate and investigate whistleblowing charges (and prevent retaliation).
- Conduct audits.
  - Health and safety
  - Compliance
  - Process

“A crisis is a terrible thing to waste.”
Quality Assurance and Continuous Improvement

Quality Assurance (QA)

• Helps to ensure that work is performed according to standards and that processes are used correctly and completely.
• Considers proactive, preventive, predictive, and preemptive actions.

Continuous Improvement

• Equates to organizational approaches to improve and maintain the quality of risk management processes.

Risk management is not static; it is a continuous activity. Quality assurance and continuous improvement help an organization remain vigilant.

Discussion

The HR department has received several anonymous complaints about certain unethical behaviors of a high-level leader. These complaints have caught the HR director’s attention.

This leader has been working for the company for more than 15 years. He started as a front-line assembly worker. His reputation as a generous and kind leader is well known throughout the company.

The complaints do not match the HR director’s general impression of this leader. The HR director decides to investigate the issue and sets up an individual meeting with the leader to find out what has been truly going on.
Discussion

At first, the leader is honest and open to discussion. It turns out that the leader didn’t engage in the unethical behaviors on purpose. In fact, he didn’t realize that those past behaviors were considered inappropriate, unethical, or a form of harassment until the HR director pointed this out.

However, the leader does not receive the feedback well and becomes very emotional and defensive toward the end of the meeting when the HR director starts to touch on issues related to his personal integrity. He even expresses his intention to leave the organization because he doesn’t see himself fitting in anymore.

Discussion

• How should the HR director have prepared for this meeting?
• How should the HR director respond to the leader’s reaction and statement about leaving the company?
• If the leader chooses to stay, what further actions should the HR director take?
Functional Area #14: Corporate Social Responsibility

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Evolution of CSR

- CSR includes a **broader range of a decision or action’s effects on a broader field of stakeholders.**
- Attention to CSR has moved **from the corporate periphery to center stage.**
- Integrated into **organizational mission and core business strategies.**
## Triple Bottom Line

<table>
<thead>
<tr>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, profits, ROI</td>
<td>Pollutants emitted</td>
<td>Health/safety record</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>Carbon footprint</td>
<td>Community impacts</td>
</tr>
<tr>
<td>Monetary flows</td>
<td>Recycling and reuse</td>
<td>Human rights; privacy</td>
</tr>
<tr>
<td>Jobs created</td>
<td>Water/energy use</td>
<td>Product responsibility</td>
</tr>
<tr>
<td>Supplier relations</td>
<td>Product impacts</td>
<td>Employee relations</td>
</tr>
</tbody>
</table>

### Typical Measures
- Sales, profits, ROI
- Taxes paid
- Monetary flows
- Jobs created
- Supplier relations

<table>
<thead>
<tr>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
</tbody>
</table>

### Social Audit Areas
- Ethics
- Staffing
- Environment
- Human rights
- Community
- Society
- Compliance
**Forces Shaping Today’s CSR**

- **Technology**
  - Corporate actions are more knowable.
  - CSR impacts are more measurable.

- **Environmental concerns**
  - Increased sustainability regulations and requirements.
  - Increased sustainability opportunities.

- **Economic pressures**
  - Bigger payback potential for sustainability efforts.
  - Enhanced value of CSR to employees.

- **Sociopolitical forces**
  - Increased pressures from civil and social rights groups.
  - Rapidly evolving diversity and environmental concerns.

---

**CSR Maturity Curve**

1. **Compliance**
2. **Integration**
3. **Transformation**

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CSR and HR

HR has the opportunity to become a CSR resource for corporate leaders.

Key opportunity areas:
- Culture change
- Corporate strategy
- Organization effectiveness
- Human capital development

Compliance vs. Ethics

**Compliance**
- Being in accordance with all national, federal, regional, or local laws, regulations, and government authority requirements for all the nations in which an organization operates
- Focuses on fulfilling the technical requirements of regulations

**Ethics**
- A set of behavioral guidelines that an organization expects all of its directors, managers, and employees to follow to ensure appropriate moral and ethical business standards
- Focuses on acting according to “core ethical beliefs and convictions”

Corporate ethical issues can overlap with compliance issues.
**Ethical Universalism vs. Cultural Relativism**

**Ethical universalism**
Fundamental principles apply across all cultures, without regard to local ethical norms.

**Cultural relativism**
Ethical behavior is determined by local culture, laws, and business practices.

---

**Supply Chain Responsibilities**

**Ethical supply chain behavior**
Better products  
More satisfied customers  
More sustainable working communities that support the growth of business

**Areas of concern:**
- Workplace safety  
- Child labor  
- Sustainability
**Governance**

System of rules and processes an organization puts in place to ensure compliance with:
- Local and international laws.
- Accounting rules.
- Ethical norms.
- Environmental and social codes of conduct.

When an organization lacks good governance and fails to recognize and respond to ethical issues, its stakeholders may perform that task for it, to its detriment.

---

**Three Spheres of Sustainability**

Diagram showing the intersection of Planet, People, and Profits, with Sustainability at the center.
Sustainability Sweet Spot

Where sustainability becomes an engine of innovation and a way to identify business opportunities…

Business interests  
Sustainability SWEET SPOT  
Public interests

…generating new products, processes, markets, and business models.

Stakeholders

Sustainability:
• Expands how an organization interacts with stakeholders.
• Seeks out internal and external stakeholder input through engagement opportunities and strategic social partnerships.
OECD Guidelines

- Established by OECD’s member governments in 1976.
- Voluntary guidelines based on ILO Conventions.
- Cover:
  - Disclosure
  - Human rights
  - Employment and industrial relations
  - Environment
  - Combating bribery, bribe solicitation, and extortion
  - Consumer interests
  - Science and technology
  - Competition
  - Taxation

GRI Standards Reporting Guidelines

- Universally accepted standard for reporting results of sustainability programs.
- Adoption improves transparency in reporting results to stakeholders and enables meaningful and consistent comparisons of organizations' sustainability performance.
- Cover economic, environmental, and social topics.
**CSR Strategic Process**

1. Executive Commitment
2. Assessment
3. Infrastructure Creation
4. Plan Implementation
5. Measurement, Reporting, and Evaluation
6. Reassessment and Revision

**CSR Strategy: Executive Commitment**

**Areas of CSR Value Creation**

<table>
<thead>
<tr>
<th>Category</th>
<th>Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Composition of business portfolio</td>
</tr>
<tr>
<td></td>
<td>Innovation and new products</td>
</tr>
<tr>
<td></td>
<td>Reaching new customers and markets</td>
</tr>
<tr>
<td>Returns on capital</td>
<td>Green sales and marketing</td>
</tr>
<tr>
<td></td>
<td>Sustainable value chains</td>
</tr>
<tr>
<td></td>
<td>Sustainable operations</td>
</tr>
<tr>
<td>Risk management</td>
<td>Operational risk management</td>
</tr>
<tr>
<td></td>
<td>Reputation management</td>
</tr>
<tr>
<td></td>
<td>Regulatory management</td>
</tr>
</tbody>
</table>

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CSR Strategy: Assessment

**Purpose:**
- Provide a detailed picture of where the organization is now.
- Visualize the direction in which the organization can go.

**Process:**
- Review organization’s systems and procedures.
- Gather input from internal and external stakeholders.

CSR Strategy: Infrastructure Creation

**Questions to answer:**
- Will there be a single head of CSR?
- Will there be a separate sustainability department?
- Will HR spearhead strategic implementation?
- How will data be collected and evaluated?
- Who will organize and administer the effort? Will outside consultants be needed?

**For a global organization:**
- Will there be local departments, divisions, or individuals responsible for local efforts?
- How will these be coordinated with global goals and initiatives?
CSR Strategy: Implementation

Key tasks:
• Set the strategy.
• Set priorities and objectives:
  — How will intermediate, tactical steps lead to long-term objectives?
  — How will results be measured?
  — Who is accountable?
• Implement the action plan created.

Implementing a Compliance Program

Key Components
• Organizational leadership and culture
• Training and education
• Disciplinary and preventive measures
• Reporting and investigation
• Monitoring, auditing, and evaluating program effectiveness

Compliance programs ensure that codes of conduct are understood and applied to issues as they arise.
CSR Strategy: Evaluation

• Use GRI Standards criteria.
• Ensure that all objectives have corresponding metrics.
• Ensure that measurement and evaluation are keyed to specific goals and objectives.
• Systems must be in place for:
  — Reporting and evaluating.
  — Data sharing with marketing and other areas that can profitably leverage the data.

CSR Strategy: Reassessment and Revision

Based on evaluation of results…

• Revise tactics and strategic goals.
• Where is the organization along the sustainability maturity curve?
• Provide the entire organization with a clear sense of:
  — Progress achieved.
  — Victories won.
  — Next steps needed.
Corporate Philanthropy

Charitable donations
Foundations
Strategic partnerships with nonprofits
Custom (owned) entity

Employee Volunteerism

Levels of corporate involvement

Private Supported Employee Employer-Sponsored Employer-Planned Business-Integrated

Types of benefits:
- Individual
- Team
- Organizational
- Business
Discussion

An automobile manufacturer has a reputation for being employee-friendly, charitable, and innovative. It is also consistently praised for its high profit margins and efficient operating model. The corporate office is located in a technologically robust city with strict ecofriendly regulations; it is a community that is unforgiving to socially unconscious companies.

Because of recent increases in revenue, the CEO seeks investment opportunities and settles on one of the company’s suppliers abroad. The supplier has been struggling financially, but the CEO believes the company will be able to leverage the supplier’s existing resources and generate additional revenue.

The CEO informs the company’s leadership of the intent to purchase the supplier. This surprises the CHRO, because the supplier has been accused of committing human rights violations and damaging the environment in its home country. In fact, the company has been fortunate to have avoided negative attention from the public about this relationship. The CHRO is extremely concerned about the potential negative attention this transaction could create.

The CHRO e-mails these concerns to the CEO and suggests that the company should stop using the supplier altogether and partner with a supplier that is socially conscious. However, the CEO responds by stating that the purchase will positively impact the company’s bottom line, and nothing else matters.
Discussion

How should the CHRO respond to the CEO’s statement that the purchase will have a positive impact on the company’s bottom line?

A. Agree, since the purchase will most likely increase the company’s revenue by leveraging the supplier’s customers and strategic partnerships.

B. Agree, since the purchase will most likely strengthen the company’s future value to all of its stakeholders.

C. Send an e-mail reply and present the concept of the triple bottom line to the CEO.

D. Ask that a working group be implemented to analyze the possible effects of the purchase.

Feedback

D is the correct answer. Assembling a working group to analyze the purchase looks at the deal in its entirety, not just from an economic perspective. It demonstrates the Leadership and Navigation, Consultation, and Communication competencies.

A focuses only on the economic component of the triple bottom line and ignores the values and risks associated with the environmental and social components. B is incorrect, as the purchase would probably produce only short-term and not sustainable benefit to the company. While C educates the CEO about the triple bottom line, it does not apply the concept to this choice.
Discussion

What ethical argument should the CHRO make for the company withdrawing from purchasing the supplier and seeking another supplier?
A. It would help avoid negative publicity and potential lawsuits.
B. It would help avoid potential strikes and disruptions to the supply chain.
C. Building a partnership with a supplier that has similar ethical policies would lead to better products and services.
D. It would allow for better products, more satisfied customers, and working communities that support the growth of the company.

Feedback

D is the correct response. Creating an ethical supply chain will lead to better products, more satisfied customers, and communities that support the growth of the company. This demonstrates the Ethical Practice competency.

A and B are economic, not ethical, arguments. A seeks to manage risks from negative publicity and potential lawsuits; B seeks to avoid costs associated with disruptions to productivity. While C mentions better products and services, it fails to mention the other possible benefits.
Functional Area #15: U.S. Employment Law and Regulations

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Sources of Law

- The Constitution
- Statutes
- Regulations
- Agency guidelines
- Executive orders
- Common law

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Legal Compliance Essentials

- Policies, procedures, training
- Workplace posters
- New-employee orientation
- Workers’ compensation insurance
- Proper tax withholding
- Paychecks delivered in accordance with law
- Compliance training
- Organizational code of conduct
- Compliance hotline
- Provisions for reporting or participation in investigation of discriminatory employment practices

Legal Services and Risk Mitigation

Securing appropriate legal counsel and employment practices liability insurance (EPLI) is prudent.

**Legal Services**
- HR needs to:
  - Understand relevant employment law and the potential implications of noncompliance.
  - Recognize when involvement of legal counsel may be necessary.

**EPLI**
- Protects against the risk of heavy financial losses resulting from employment claims and lawsuits.
- Must be carefully considered and reviewed to ensure that it provides the level of protection needed.
HR Audits and Compliance Checklists

- Checklists help to prepare for an HR compliance audit (internal or external).
- An organization may develop its own checklist or use or adapt ones from administrative agencies.

Administrative agencies may be more or less rigorous during a compliance audit than what appears on a HR checklist.

Typical Steps in Employment Lawsuits

- Notification
- Answering complaint
- Scheduling conferences
- Discovery process
- Motion to dismiss
- Summary judgment
- Pretrial and trial
Equal Opportunity

Laws require employment decisions to be job- and business-related and not made on the basis of:

- Race.
- Sex (including pregnancy).
- Ethnicity.
- National origin.
- Citizenship.
- Religion.
- Age.
- Color.
- Military/veteran status.
- Genetic information.
- FMLA entitlement.
- Disability status.
- Other factors.

“Protected classes” describes people who are covered under a federal, state, or local antidiscrimination law.

Types of Discrimination

Disparate treatment

Direct discrimination that treats protected classes differently from other applicants or employees

Disparate (adverse) impact

Indirect discrimination that results when a policy that appears to be neutral has a discriminatory effect
Title VII of the Civil Rights Act of 1964

Illegal to discriminate in employment

Race  
Color  
Religion  
Sex  
National origin

Title VII Protections

Specific provisions apply to:
• Recruiting, hiring, and advancement.
• Segregation and classification of employees.
• Harassment/hostile work environment.
• Compensation.
• Other terms, conditions, and privileges of employment.
### Title VII Exceptions

Some exceptions include:

- Work-related requirements
- Bona fide seniority systems
- Bona fide occupational qualifications (BFOQs)
- Affirmative action plans

### Key Title VII Amendments

- **Equal Employment Opportunity Act**: Gives the EEOC authority to “back up” its administrative findings and conduct its own enforcement litigation.
- **Pregnancy Discrimination Act (PDA)**: Prohibits discrimination on the basis of pregnancy, childbirth, or related medical conditions; requires employers to treat pregnancy the same as any other temporary disability.
Uniform Guidelines on Employee Selection Procedures

Assists employers in complying with Title VII, Executive Order 11246, and other EEO requirements.

Covers all aspects of the selection process.

Prohibits selection procedures that have adverse impact on protected classes.

Adverse impact occurs when the rate for a protected class is less than 80% of the rate for the group with the highest selection rate (also known as the 80% or four-fifths rule).

Key Discrimination Cases


• Sets the standard for determining whether discrimination based on disparate impact exists.

• Practices, procedures, or tests that appear neutral on their face, and even neutral in their intent, and that result in a discriminatory effect on a protected class are illegal.

Phillips v. Martin Marietta Corporation (1971)

• Applied the sex discrimination provisions of Title VII of the Civil Rights Act of 1964 to employment decisions.

• Prohibits an employer (in the absence of business necessity) from refusing to hire women with preschool-aged children while hiring men with such children.
Civil Rights Act of 1991

- Allows jury trials when a plaintiff seeks compensatory or punitive damages.
- Compensatory damages are awarded to make an injured person “whole.”
- Punitive damages (exemplary damages) are awarded when the defendant’s willful acts were malicious, violent, oppressive, fraudulent, wanton, or grossly reckless.
- Under federal law, punitive damages are not possible against a governmental unit or agency (but may be available under state law).

Age Discrimination in Employment Act (ADEA)

**ADEA prohibits:**
- Employment discrimination against persons age 40 and over
- Mandatory retirement based on age (with few limited exceptions)

**ADEA covers:**
- Employers with 20 or more employees
- Unions with 25 or more members
- Employment agencies and apprenticeship and training programs
ADEA Exceptions and OWBPA Amendment

- Age can be a BFOQ if necessary for the normal operation of the business.
- Other exceptions can occur when:
  - The organization has a genuine seniority or benefit plan.
  - The employer disciplines or fires for good cause.
  - The employee is a top executive or policy maker.

The Older Workers Benefit Protection Act (OWBPA) amended the ADEA to prohibit discrimination in employee benefits and waivers of claims.

Americans with Disabilities Act (ADA)

Prohibits discrimination against qualified individuals with disabilities.

Applies to employers with 15 or more employees, employment agencies, labor organizations, and joint labor-management committees.
### ADA Terms

| **Qualified**                                                                 |                                                                 |
| ---                                                                         |                                                                 |
| • Has the requisite skills, experience, education, licenses, etc.           |                                                                 |
| • Can perform the essential functions of the job, either with or without   |                                                                 |
|   reasonable accommodation                                                  |                                                                 |

| **Disability**                                                             |                                                                 |
| ---                                                                         |                                                                 |
| • Has an impairment that substantially limits one or more major life        |                                                                 |
|   activities                                                                |                                                                 |
| • Has a record of such an impairment                                       |                                                                 |
| • Is regarded as having such an impairment                                  |                                                                 |

| **Essential functions**                                                   |                                                                 |
| ---                                                                         |                                                                 |
| • Primary job duties that a qualified individual must be able to perform,  |                                                                 |
|   with or without accommodation                                            |                                                                 |

### ADA Amendments Act (ADAAA) of 2008

- Retains the basic definition of disability contained in the ADA but expands interpretation.
- Makes it easier to meet the definition of disability.
- Includes nine rules of construction.
- Identifies several impairments that virtually always meet the definition of disability.
- Expands the ADA list of major life activities.
Reasonable Accommodation

Modifying or adjusting a job application process, a work environment, or the circumstances under which a job is usually performed to enable a qualified individual with a disability to be considered for the job and perform its essential functions

- Involves an interactive process between the employer and the employee.
- Does not require employers to provide reasonable accommodation but to give consideration for the reasonableness of the accommodation.

Workplace Harassment

According to the EEOC, harassment is a form of employment discrimination that violates Title VII of the Civil Rights Act of 1964 and ADEA, ADA, EPA, and GINA.

Harassment becomes unlawful:
- When enduring offensive conduct becomes a condition of continued employment.
- When the conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive.
- When an individual is harassed in retaliation for filing a discrimination charge, testifying, or participating in any way in an investigation, proceeding, or lawsuit.
Types of Sexual Harassment

**Quid pro quo**
Employee must give in to sexual demands or forfeit an economic benefit (job or raise).

**Hostile environment**
Sexual or other discriminatory conduct creates a threatening or abusive work environment.

Key Sexual Harassment Cases

- Two separate U.S. Supreme Court rulings distinguishing between supervisor harassment that results in tangible employment action (e.g., discharge, failure to promote, demotion) and supervisor harassment that does not.
- When harassment results in a tangible adverse employment action, the employer is always liable. *Example: Vicarious liability*
Fair Workplace Recommendations

✓ Include sexual orientation in nondiscrimination policies.
✓ Provide training.
✓ Prohibit and prevent harassment of lesbian, gay, bisexual, transgender employees.
✓ Recognize organizations representing interests of lesbian, gay, bisexual, transgender employees.
✓ Refer to “sexual orientation” rather than “sexual preference.”

Harassment Policy/Prevention

✓ Have a written policy with a clear definition of harassment and a statement that it will not be tolerated.
✓ Establish a complaint procedure.
✓ Provide training and education.
✓ Investigate every complaint.
✓ Discipline if necessary.
✓ Communicate via variety of methods to management and employees.
**Fair Labor Standards Act (FLSA)**

Establishes minimum wage, overtime pay, youth employment, and record-keeping standards affecting full- and part-time workers in the private sector and in federal, state, and local governments.

Applies to:
- Employers with at least $500,000 in annual dollar volume of business (with limited exceptions).
- Organizations with employees who engage in interstate commerce or the production of goods for interstate commerce.

**IRS Independent Contractor Guidance**

Under FLSA, an employer has no ongoing obligations to self-employed independent contractors.

**Behavioral control**  **Financial control**  **Relationship of the parties**
### Exempt and Nonexempt Employees

<table>
<thead>
<tr>
<th>Type of Employee</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Exempt**       | • Excluded from minimum wage and overtime pay requirements of the law.  
                    • Must work in a bona fide manner and meet requirements for:  
                      — Primary (exempt) duties.  
                      — Salary compensation (as a uniform amount).  
                      — Minimum salary.  |
| **Nonexempt**    | Not excluded from minimum wage requirements and entitled to overtime. This includes blue-collar workers, no matter their compensation level, as well as veterans in blue-collar jobs. |

### “White-Collar” Exemptions

- Revised “white-collar” exemptions, which include EAP employees and computer and outside sales positions.
- Employees who meet requirements of exemption tests in addition to minimum salary and salary basis tests are exempt from overtime pay.
**Improper Deductions and Safe Harbor**

**Improper Deductions**

- Employers can lose the exemption if they did not intend to pay on a salary basis.
- Regulations specify several factors to identify a practice of making improper deductions.
- Improper deductions that are either isolated or inadvertent are forgiven if the employer reimburses the employees.

**Safe Harbor**

“Safe harbor” exists if:

- The employer has a clearly communicated policy prohibiting improper pay deductions.
- Employees are reimbursed for any improper deductions.
- The organization makes a good-faith effort to comply in the future.

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**FLSA Overtime Pay Provisions**

Sets rate of overtime pay (1.5 times regular pay after 40 hours worked).

Sets workweek as any fixed, recurring period of 168 consecutive hours (7 days × 24 hours).

Requires overtime on time worked, not time compensated.

Requires overtime to be paid in cash, except for public-sector employees. (Presently, compensatory time is not allowed for private-sector nonexempt employees.)
Other FLSA Regulations

<table>
<thead>
<tr>
<th>Child labor provisions</th>
<th>Restricts the hours and conditions of employment for minors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage</td>
<td>Requires employers to pay covered nonexempt employees at least the federal minimum wage for all hours worked up to 40 in a workweek</td>
</tr>
<tr>
<td>Other administrative concerns</td>
<td>Other issues such as enforcement, claims investigations, penalties, and what to do when state laws differ from federal regulations</td>
</tr>
</tbody>
</table>

Portal-to-Portal Act (1947)

- Amends FLSA and defines additional rules for hours worked.
- Provides guidelines on:
  - On-call/standby time.
  - Preparatory/concluding activities.
  - Waiting time.
  - Meals and breaks.
  - Travel time.
  - Training time.
Equal Pay Act (EPA)

Prohibits unequal pay for equal or “substantially equal” work performed by men and women (with limited exceptions).

Skills

Effort

Responsibility

Working conditions

Employee Retirement Income Security Act (ERISA)

- Establishes minimum standards for retirement plans.
- Plans must conform to the Internal Revenue Code’s requirements and ERISA to receive tax advantages.
- Sets up the Pension Benefit Guaranty Corporation (PBGC).
- Rules cover:
  - Fiduciary duties.
  - Eligibility requirements.
  - Vesting requirements.
  - Communication requirements.
  - Reporting requirements.
Sarbanes-Oxley Act (SOX)

Defined contribution plans

- Requires plan administrators to provide at least 30-day notice of blackout period (of more than three consecutive business days).
- Places restrictions on directors or executive officers from trading of company stock.
- 30-day blackout notice must be in writing and clearly communicated.

Whistleblower provisions

Prohibits any adverse employment action against employees because of protected whistleblowing activities.

Lilly Ledbetter Fair Pay Act (2009)

- Overturned the 2007 U.S. Supreme Court decision *Ledbetter v. Goodyear Tire and Rubber Company*.
- States that the statute of limitations on pay discrimination lawsuits resets as each allegedly discriminatory paycheck is issued.
- Proactive organizations will identify and remedy any potentially discriminatory pay practices.
Consolidated Omnibus Budget Reconciliation Act (COBRA)

Provides continuous group medical coverage after a qualifying event.

Type of event determines the length of coverage, generally 18 or 36 months.

Employer can charge actual cost plus a 2% administrative fee.

Applies to employers who provide health-care benefits to 20 or more employees.

COBRA Coverage Amendments

Patient Protection and Affordable Care Act (PPACA)

Generally requires group health plans to provide coverage to dependent children up to age 26.

Health Insurance Portability and Accountability Act (HIPAA)

Amended continuation coverage rules related to:
  • Disability extension.
  • Pre-existing conditions.
  • Definition of qualified beneficiary.
Family and Medical Leave Act (FMLA)

- Covers private employers that have employed 50 or more employees for 20 or more workweeks in current or preceding year.
- Employee must have worked at least 12 months (total within last seven years) for employer, have worked 1,250 hours in past year, and work at site within 75 miles of which 50 or more employees work.
- Provides up to 12 workweeks of unpaid, job-protected leave for incapacity due to pregnancy; prenatal medical care; childbirth; child care following birth or placement for adoption or foster care; serious health condition of a child, spouse, parent, or the employee; for obligations arising from military service.

FMLA Regulations

Department of Labor regulations pertaining to:
- Absence of a legal or biological parent-child relationship.
- “Spouse” definition.
- Intermittent leave.
- Medical certification.
- Fitness for duty.
- Health benefits continuation during FMLA leave and trigger for COBRA.
- Reinstatement rights.
- Modified-duty programs.
- Cost containment.
- “Serious health condition” definition.
FMLA Expansion

According to National Defense Authorization Acts provisions:

Qualified exigency leave: FMLA leave due to spouse, son, daughter, or parent being on or called to covered active duty. Up to 12 workweeks.

Military caregiver leave: FMLA leave for an eligible employee who is spouse, son, daughter, or parent of or next of kin to covered service member with serious injury or illness. Up to 26 workweeks during 12-month period.

Uniformed Services Employment and Reemployment Rights Act (USERRA)

Protects the employment, reemployment, and retention rights of persons who voluntarily or involuntarily serve or have served in the uniformed services.

- Applies to virtually all employers, both public and private, regardless of size.
- VOW to Hire Heroes Act amended USERRA to recognize claims of a hostile work environment.
Patient Protection and Affordable Care Act (PPACA)

- Minimum essential health coverage
- Lifetime maximum benefit limits
- Preexisting conditions
- Small employer health-care tax credit
- Preventive care
- Dependent coverage
- Uniform explanation of coverage
- Notice of material modifications
- Annual benefit limits
- State health marketplaces
- “Cadillac plan” tax


U.S. Supreme Court rulings on two key PPACA provisions:

**Medicaid expansion**

The requirement that states choose between complying with the PPACA or losing federal funding for Medicaid was ruled unconstitutional.

**Individual mandate**

The individual mandate was ruled constitutional; Congress has the power to assess a tax against those who do not purchase insurance.
Occupational Safety and Health (OSH) Act

Established the first national policy for workplace safety and health; requires employees to comply with OSHA standards and requires employers to provide safe and healthful working conditions for employees

- Covers virtually all workers in the country, with a few exceptions.
- Provisions are enforced by the Occupational Safety and Health Administration (OSHA).
- Overarching employee rights under the act are covered by the General Duty Clause.

OSH Act Key Standards

- Emergency Exit or Evacuation Procedures
- Occupational Noise Exposure
- Machine Guarding
- Hazard Communication
- Control of Hazardous Energy
- Bloodborne Pathogens
- Confined Space Entry
- Personal Protective Equipment
- Process Safety Management
Drug-Free Workplace Act

Federal contractors with contracts of $100,000 or more and recipients of grants from federal government in any amount must:

• Develop a policy that maintains a drug-free workplace.
• Specify penalties for policy violations.
• Provide a copy of the policy to employees.
• Establish a drug-awareness program.

State Drug-Free Workplace Laws and Marijuana Laws

Key questions:

If an employee uses medical marijuana, can the employee be terminated following a positive workplace drug test result?

Must an employer accommodate an employee using medical marijuana?

Do employers in states with legal recreational marijuana have to allow for marijuana use apart from participation in a recognized medical marijuana program?

Consultation with legal counsel is advisable.
National Labor Relations Act and Amendments

National Labor Relations Act
- Intended to protect and encourage growth of union movement.
- Workers have right to organize and bargain collectively with employers.
- National Labor Relations Board (NLRB).

Labor-Management Relations Act
- Significantly amended NLRA to restrict activity and power of unions.

Labor Management Reporting and Disclosure Act
- Amended NLRA to regulate internal union affairs and the relationship between union officials and union members.

NLRB Enforcement

The NLRB protects the self-organization rights of employees to:
- Form, join, or assist labor organizations.
- Bargain collectively through representatives of their own choosing.
- Engage in concerted activities for the purpose of collective bargaining or other mutual aid and protection.
- Refrain from any or all such activities.

The NLRB investigates charges of unfair labor practices.
Key Cases

**NLRB v. Weingarten** (1975)

- Deals with the rights of union employees to have another person present during investigatory interviews (the so-called *Weingarten rights*).
- Person attending must be affiliated with the union, not an attorney or relative.

**Lechmere, Inc. v. NLRB** (1992)

- Deals with NLRA rights of employees to self-organize to form, join, or assist labor organizations; makes interfering with employees as they exercise their rights a ULP for employer.
- The NLRA confers rights only on employees, not on unions or their nonemployee organizers.

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**Fair Credit Reporting Act (FCRA)**

- Applicant/employee must provide written authorization before a consumer report is ordered (with limited exceptions).

- Employer must provide:
  - Written notice that a report may be used and time for a response to the report.
  - Notice if adverse action procedures are taken.
  - Certification to credit bureaus of FCRA compliance.
FCRA Amendments

**Fair and Accurate Credit Transactions Act (FACT Act)**

- Eliminates consent and disclosure requirements for certain third-party investigations (e.g., suspected misconduct, a violation of laws or regulations).
- Includes directives aimed at uncovering and preventing incidents of identity theft or unauthorized use of the information.

**Dodd-Frank Wall Street Reform and Consumer Protection Act**

- Adds notification requirements if any adverse action is taken either partly or wholly because of information in a consumer report.

**Examples:**

- Notice of the adverse action
- Specific credit score information
- Name of the consumer reporting agency or person that furnished the credit score

Immigration Reform and Control Act (IRCA)

- Prohibits discrimination on the basis of national origin or citizenship.
- Establishes penalties for hiring illegal aliens.
- Places burden on employers to verify an employee’s identity and right to work.
- All documents must be unexpired.

E-Verify electronically checks the information provided by the employee on his or her Form I-9.
Employee Polygraph Protection Act (EPPA)

- Regulates the use of polygraph tests (lie detectors).
- Allows the use of polygraph tests when:
  - The employer is the federal, state, or local government.
  - Current employees are under reasonable suspicion of involvement in workplace incident that results in economic loss.
  - Prospective employees will work in security-sensitive, drug manufacturing, or intelligence situations.
- Employer may not discharge an employee based solely on test results or refusal to test.

Worker Adjustment and Retraining Notification (WARN) Act

Requires a minimum of 60 days’ notice for:
- Plant closings.
- Mass layoffs.

*Limited exceptions:* faltering company, unforeseeable business circumstances, natural disaster

Requires that notice be given to:
- Affected workers or their representatives.
- State dislocated worker units.
- Local government.

Employers must check state and local laws for other criteria and “mini WARN” laws that may apply.
Genetic Information Nondiscrimination Act (GINA)

- Prohibits discrimination against an individual in employment and health insurance on the basis of genetic information about the individual or a family member.
- With limited exceptions, prohibits an employer from requesting, requiring, or purchasing genetic information on the individual or a family member.

EEOC Complaint Process

1. EEO charge filed.
2. EEOC notifies respondent of charge via a letter.
3. EEOC sends respondent a copy of the charge.
4. Employer is requested to submit its written response to the charge and/or EEOC’s request for information. The EEOC may schedule a fact-finding conference and/or offer mediation.
5. EEOC reviews charge and assesses “reasonable cause.”
   - If reasonable cause is found . . .
     - EEOC attempts conciliation.
     - Respondent required to provide remedies to settle.
   - If the EEOC does not make a determination . . .
     - Charging party has right to request right-to-sue letter after 180 days.
   - If reasonable cause is not found . . .
     - EEOC notifies both parties.
     - Charging party is notified of right to sue.
     - EEOC involvement ends.
6. Charge is settled or may go to litigation with EEOC or private court.
7. Charging party must file suit in court within 90 days.
8. Charging party may file suit in court within 90 days.
Retaliation

Employers are prohibited from retaliating against employees engaged in “protected activities.”

Examples of protected activities:
- Filing a complaint
- Threatening to file a complaint
- Refusing to obey a discriminatory or unsafe order
- Engaging in concerted activity with other employees

Examples of adverse actions:
- Firing, demoting, or disciplining an employee or treating an employee in a discriminatory manner
- Threatening action against or criticizing the employee
- Inappropriate discussions with the employee and internal or external parties

Records Management

- Federal and state statutes/regulations
- Status as government contractor or subcontractor
- Number of employees or purpose of record keeping
- Industry, location, or customers

Requirements may depend on...
**Electronic Record Keeping**

- Systems must have reasonable controls to ensure the integrity, accuracy, authenticity, and reliability of records.
- Records must be maintained in reasonable order in a safe and accessible place.
- Records must be able to be converted to paper format.
- Adequate records management practices must be in place.

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**Evolving Compliance and Reporting**

Employers are generally free to maintain their employment records either on paper or electronically. However, some federal agencies impose electronic requirements.

**OSHA Example**

Revisions require certain employers (e.g., in high-hazard industries) to electronically submit injury and illness data for posting on the agency's website.
Discussion

A high-potential performer is among 20 employees selected for a mentoring program. The employee is matched to a senior executive in the organization. The mentee is excited about the opportunity and, as instructed by the program guidelines, e-mails the senior executive to set up a meeting.

The mentee does not get a response from the executive but does get an e-mail from the vice president of HR indicating that the mentee is no longer part of the mentoring program. The e-mail states that the mentee did not demonstrate the core values of the organization. The example given was the “aggressive and demeaning tone of her e-mail.” The mentee, upset, discusses her experience with others selected for the mentoring program.

Discussion

One of these women says, “I think you really dodged a bullet on that one. The executive you were matched with hates women! Every female matched with him has quit, but no one does anything about his behavior.”

The mentee approaches you as part of the HR department and asks why she was removed from the program. She also shares the information gathered from the other mentee.

You have been recently promoted into the role of HR manager. You have heard about issues with females and this executive previously, but you do not know any details.
Discussion

- How would you respond to the mentee?
- What challenges do you face in responding to the employee?
- How would you approach the vice president of HR with this information?
- What HR competencies will be useful in supporting you in this situation?