HUMAN RESOURCES MANAGEMENT



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Book: Human Resources Management (Lumen)

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Detailed Licensing

About This Course

In this course, students are introduced to the field of human resources management and learn about the legal and social implications of managing employees. Students will learn strategies to plan, recruit, compensate, develop, and engage a company's workforce. The course covers additional topics including unions, employee safety, corporate social responsibility, global HRM, and small business HRM.

Contributors and Attributions

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Course Contents at a Glance

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- Essential HR Resources
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Learning Outcomes



The content, assignments, and assessments for Human Resources Management are aligned to the following learning outcomes.For a complete list of topics covered in the course, see the Detailed Learning Outcomes.

Module 1: The Role of Human Resources

Discuss the importance and the role of human resources management

- Explain the concept of human resource management
- Describe the functions of human resource management

Module 2: Human Resource Strategy and Planning

Discuss strategy in human resources management, and how to create a human resources plan

- Discuss the foundations of human resource management
- Discuss the strategic management process
- Discuss human resource strategic planning

Module 3: Human Capital Trends

Discuss people analytics and human capital trends

- Explain the concept of people analytics
- Identify the use of people analytics in strategy
- Discuss human capital trends

Module 4: Diversity in the Workplace

Identify the laws relevant to avoiding discrimination in human resources management and discuss how to develop and support a diverse workforce

- Summarize the legislation regarding employment discrimination
- Discuss EEO (Equal Employment Opportunity) compliance best practices and enforcement
- Discuss the benefits & challenges of a diverse workforce
- Discuss how to promote diversity within your organization
- Highlight current diversity-related trends

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Describe the processes of job analysis, job design, and employment forecasting and discuss their importance in workforce planning

- Describe the steps in the workforce planning process
- Describe the job analysis process
- Explain the purpose and elements of job descriptions
- Discuss job design techniques and impacts

Module 6: Recruitment and Selection

Assess various recruitment and selection strategies, processes, and laws

- Discuss the recruitment process
- Discuss recruiting sources
- Discuss how to avoid discrimination in the recruiting process
- Discuss the selection process

Module 7: Onboarding, Training, and Developing Employees

Assess various onboarding, employee training & development and career management strategies

- Explain the value of onboarding
- Explain how to design, conduct, and evaluate employee training
- Explain how to develop employees

Module 8: Compensation and Benefits

Discuss various compensation and benefits plans and their effectiveness

- Discuss the laws regulating compensation
- Discuss various types of compensation
- Discuss benefits and benefit trends

Module 9: Performance Management and Appraisal

Evaluate various methods of performance management and employee appraisal

- Discuss the purpose of performance management
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Module 10: Building Positive Employee Relations

Discuss strategies and methods to build and maintain positive employees relations

- Describe employee engagement
- Identify conflicts that affect work relationships

Module 11: Employee Termination

Discuss legal and social ramifications of employee termination, as well as those of downsizing an organization

- Discuss the impact of downsizing on the organization and employees
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Module 12: Employee Rights and Responsibilities

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Module 15: Corporate Social Responsibility

Discuss the importance and legal ramifications of ethics, social responsibility, and sustainability in the modern business environment

- Explain the concept and business relevance of ethics
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Module 16: Managing Global Human Resources

Discuss the opportunities and challenges of managing human resources in the global business environment

- Identify the benefits of a geographically dispersed workforce
- Describe ways to engage a global team

Module 17: Managing Human Resources in Small & Entrepreneurial Businesses

Identify the unique challenges and processes of managing human resources in small and entrepreneurial businesses

- Discuss how to determine resource requirements
- Summarize employment laws relevant to small businesses
- Identify essential HR-related forms and publications and related resources
- Discuss how to hire for a start-up culture and environment

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CHAPTER OVERVIEW

1: The Role of Human Resources

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1.1: Putting It Together- The Role of Human Resources

It's interesting (and, perhaps, reassuring?) to note that people have always felt that they live in pivotal times. One of the first recorded references to the Chinese term for crisis as both danger and opportunity was in a 1938 editorial titled "The Challenge of Unusual Times." Interpretation debates aside, the point the author makes is worth considering; specifically, without danger, there is no opportunity. As we engage in the next industrial revolution—Industry 4.0—the sense that we are at an "incipient and dangerous moment" is pervasive. How we navigate this change will have broad—perhaps global—implications for business, government and society.



As global accounting and advisory firm KPMG observes in a recent publication: "It's a brave, evolving world for Human Resources (HR). Roles are changing, expectations are rising, boundaries are blurring, and organizations are charting new and more complex territory. These factors are transforming the HR function and positioning HR professionals as strategy partners at the leaders' table."[1]

1. "The Evolution of HR." KPMG. 2016. Accessed July 29, 2019. ↵

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1.2: Discussion- The Role of Human Resources

You are being hired as an HR leader for a small IT communication business that doesn't currently have an HR function. The business owner wants you to hire people and keep them government compliant, but you know you can do more. This IT communication business wants to bring their communication products to two new international markets this year, wants to come up with innovation around portable devices, and hopes to increase their staff by 50% to support all the new activity.

Discussion Prompt

The small business owner doesn't understand everything you, as HR professional, can do for him. Put together a list of all the functions you can perform to make the organization more successful if staffed with an HR department and how they will benefit the business. Then, review the suggestions of two of your peers, and make comment on their suggestions.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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1.3: Why It Matters- The Role of Human Resources

Why discuss the importance and the role of human resources management?



Human Resource Management as a practice has evolved dramatically over time. Prior to the emergence of modern human resource management, personnel management tasks were primarily administrative and HR staff were not considered part of senior management. In fact, this struggle for credibility and the associated goal of winning a "seat at the [leadership] table" is still resonant for many. Since the early 1900s, HR's stature and the complexity of HR roles has grown with new legislation and changes in associated business practices. Financial risk—for example, the cost of human resource management mistakes—play into this dynamic as well, with judgments having both a brand and business impact. For example, here are a few statistics compiled by SHRM:[1]

- **Negligent Hiring—$2,500,000.** Judgement against an employer for an attack on a customer by the company's deliveryman who had a record of assault and battery convictions.
- **National Origin Discrimination—$18,000,000.** Awarded to four former managers of a convenience store chain found to have discriminated on the basis of national origin.
- **Disability Discrimination—$7,100,000.** Total of compensatory and punitive damages awarded to an executive fired one day before he was scheduled to be released from an outpatient alcohol rehabilitation program.
- **Equal Employment Opportunity Commission (EEOC)—$775,000.** Settlement of a claim against a retail chain for creating a "racially hostile" work environment in one of their stores.

Navigating a landscape that is continuously evolving is not for the risk averse. HR management must not only ensure legal compliance but preside over socio-cultural conflicts. This is especially true as employees increasingly expect—indeed, demand—employers to take a stand on contentious issues. With globalization and employee diversification, the workplace is increasingly a place where religion, business and culture collide.[2]



2018 Equality March in Warsaw, Poland.

Case in point: An IKEA employee in Poland who objected to the company's recognition of "Pride" Month, a celebration of LGBTQ (Lesbian, Gay, Bisexual, Transgender & Queer) people, citing his religious beliefs. IKEA reported that the employee, who posted his comments on the company intranet, "used quotes from the Old Testament about death and blood in the context of what fate should meet homosexuals." To put this in context, *Time* reports that Poland, one of Europe's most Catholic countries, ranks 27 out of 28 European Union states when it comes to equality and non-discrimination.[3] Politicians backed the dissenting employee, arguing that international values are not Poland's values. Additional context: IKEA's values include "leadership by example," "daring to be different" and "togetherness and enthusiasm." Complicating matters, IKEA's values pages includes this statement: "Throughout the years, IKEA has stood by a set of values that affect the way we work. These values are as important at an IKEA store in Ireland as they are in a photo studio in Sweden or a distribution centre in China."[4]

Given this, what's the appropriate HR/business response? (Spoiler alert!) Refer to HR writer and speaker Suzanne Lucas's *Inc.* article "IKEA Poland Fires Man for Anti-LGBTQ Posts. Could You?" for analysis and watch news coverage for how the company's decision plays out.

HR management requires an ability to not only live with uncertainty and manage risk but also to facilitate culture and technological change—along with associated mindset, skill set and structural changes—to ensure continued business viability. For perspective on the challenge, a recent survey of HR professionals found that only 37% of HR leaders are very confident in HR's ability to transform the workplace and itself. Dow Chemical Company SVP of HR Johanna Söderström captures the current state of HRM in her observation that, "HR teams need to become "comfortable being uncomfortable" in today's disrupted environment."[5] In this module, we'll discuss human resources as a practice and a career, as well as the factors and trends shaping the evolution of HR.

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1. "The High Cost of Non-Compliance." Elite HR Team. Accessed July 29, 2019. ↵
2. Lucas, Suzanne. "IKEA Poland Fires Man for Anti-LGBTQ Posts. Could You?" Inc. Accessed July 29, 2019. ↵
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1.4: Introduction to Defining Human Resources Management

What you'll learn to do: Explain the concept of human resource management

Human resource management has evolved as a practice with changes in society, laws and business practices. And indeed, the pace of change is accelerating, increasing the relevance and potential impact of human resource management as a function. In this section, we'll describe the role of human resources and highlight the trends that will shape the function and profession in the future.

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1.5: Human Resources Today

Learning Outcomes

- Describe the role of human resources
- Discuss the trends shaping HRM



At a macro level, the role of human resources is to ensure that an organization has the talent—the right combination of skills, knowledge, aptitude and attitude—to achieve its strategic goals. In addition, human resource management is responsible for developing people-related structures, policies and procedures. This process role includes ensuring compliance with internal policy—for example, the policies outlined in an Employee Handbook and HR-related union contract provisions—and relevant federal and state legislation such as the Equal Employment Opportunity Act, the Occupational Safety and Health Act and minimum wage laws. This compliance role can lead to a perception of human resource staff as "enforcers." However, a more apt categorization is both guardian and champion, practicing and promoting the type of behavior that contributes to a healthy and productive culture. We will discuss these roles further in Module 15: Corporate Social Responsibility.

Practice Question

https://assessments.lumenlearning.co...essments/17281

Trends in Human Resources Management

The trends shaping HRM are the trends shaping business in general. As we enter the next industrial age, a business's survival will largely depend on the ability of its human resource management to adapt the organization—and transform itself—to a new operating reality. Let's take a look at some of the macro trends shaping HRM today.

Changes in Workforce Composition

In a *Wall Street Journal* briefing, advisory firm Deloitte observes, The "flexible workforce"—crowd-sourced networks, outsourced teams, independent contractors, freelancers and gig workers—"has joined the mainstream," adding that the ability to "manage this diverse talent segment will become essential to business growth in the years ahead."[1] Deloitte notes that the alternative workforce can be a long-term solution to tight labor markets—driving business growth and extending workforce diversity—if managed strategically; that is, if organizations adopt a source-blind approach to deploying talent and ensure that both alternative and traditional workers "be treated with respect with regard to culture, inclusion, and work assignments—and that perceptions on all sides reflect these values."

Increasing Workforce Diversity

The labor force is not only generationally diverse, it's becoming more racially and ethnically diverse, driven largely by immigration thanks to the U.S.'s relatively low population growth and labor participation rate. [2]

Increased Employee Expectations of Employers

Given the tight labor market, employees are demanding a more personalized work experience, a more flexible, equitable and inclusive culture, and social advocacy on the part of employers. In their Global Talent Trends 2019 report, LinkedIn observed that

"Employees expect more transparency, flexibility, and accountability from the companies that hope to attract and retain them."[3] We'll discuss these points further in future modules.

Changes in Societal Expectations



As Deloitte notes in their Human Capital Trends report, "Organizations are no longer assessed based only on traditional metrics such as financial performance, or even the quality of their products or services. Rather, organizations today are increasingly judged on the basis of their relationships with their workers, their customers, and their communities, as well as their impact on society at large—transforming them from business enterprises into social enterprises."[4] We'll discuss this further in Module 15: Corporate Social Responsibility.

Infrastructural Obsolescence

Labor market dynamics, employee expectations and technological changes will require fundamental changes in the organization's structure and culture and associated HR systems, policies and procedures. For perspective on the challenge, KPMG reports that 70% of human resource executives who participated in the advisory firm's 2019 Future of HR survey confirmed the need for workforce transformation. However, as noted in the Why It Matters section, only about a third (37%) indicated that they feel "very confident" about HR's ability to effect this transformation.

Changes in the Nature of Work

Automation is expected to significantly shift the division of labor between human and machine, changing job profiles and workforce planning, among other factors. As the World Economic Forum senior writer Sean Fleming phrases it: "The world of work is going through a period of arguably unprecedented change at the hands of machines; automation and artificial intelligence (AI) are the new kids on the employment block." In their 2019 Talent Trends Report, PwC refers to this trend as "workforce rebalancing," noting that "jobs are being unbundled into tasks that could be offshored, automated, augmented with technology or rebundled into new roles as organisations analyse how work gets done."[5]

Market and Industry 4.0

Multiple recent studies have identified soft skills as a critical complement to functional skills related to automation and AI. Specifically, these studies identified people-oriented skills such as communication, empathy and leadership—as well as an agile, continuous-learning mindset—as essential to take full advantage of new technologies. This is particularly true given the rapid pace of technological change and the associated devaluation of skills.

Changes in the Evaluation and Valuation of Talent

As mentioned above, the change in required skills and abilities will require human resource management to change policies, procedures and programs that define how candidates (internal and external) and employees are evaluated, compensated and developed.

"A Reskilling Imperative"

As we will discuss further in Module 7: Onboarding, Training, and Development, the skills gap has become mission critical, with 79% of CEOs viewing the lack of skills as a threat to their businesses. Indeed, with emerging trends and technologies accelerating skills obsolescence, re-skilling and upskilling will become the new normal. According to the World Economic Forum, 35% of the skills that workers need—regardless of industry—will have changed by 2020." To put that in perspective, the WEF projects that by 2022, more than 50% of employees will require significant re- and upskilling.[6]



Huawei's CFO Meng Wanzhou, Vladimir Putin, and Andrei Kostin speaking at *Russia Calling!* investment forum.

HR executives responding to WEF's The Future of Jobs survey cited increasing geopolitical volatility as "the greatest threat to employment and job creation at the global level." We've seen this playing out over the last few years with tariff wars impacting global supply chains and markets. In September of 2018—arguably before the Trump administration's tariff wars became intense—the nonpartisan policy research organization The Cato Institute compiled a list of over 200 companies that had been negatively impacted by the administration's trade policies. The companies represent a cross-section of American businesses from start-ups to *Fortune* 500 companies, and industries including craft stores, distilleries, media, technology start-ups and manufacturers. One company profiled, Rhode Island yacht maker MGM Yachts, lost a $2.2 million sale to a Monaco buyer because of retaliatory tariffs. The company noted that the income from that one sale would have supported four families for a year. These examples are in addition to the record number of bankruptcy filings—twice the number than during the Great Recession—in states that account for approximately half of U.S. agriculture production.[7] Diplomatic tensions have also impacted Chinese investment in American businesses. The *New York Times* reported Chinese direct investment "plummeting by nearly 90 percent since President Trump took office," dropping from $46.5 billion in 2016 to $5.4 billion in 2018.[8]

The risk extends beyond economic impacts. In December 2018, Canada arrested Chinese technology firm Huawei's CFO Meng Wanzhou at the request of the U.S. Justice Department, which is seeking her extradition.[9] Within days of Canada's decision to move forward with an extradition hearing, China detained two Canadians—a former diplomat and an entrepreneur—on charges of espionage.[10] As diplomatic tensions escalate, it appears that both American executives and Canadian citizens are being targeted as political pawns.

? Practice Question

https://assessments.lumenlearning.co...essments/17282

As Deloitte notes in their Human Capital Trends report, "we are witnessing seismic changes in the workforce, the workplace, and the technologies used in the world of work."[11] The upside, for those with a tolerance for uncertainty and risk, is the human resources profession has the opportunity to shape the future of the business, with significant human, organizational and, by extension, societal impacts.

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1.6: Introduction to Functions of Human Resources Management

What you'll learn to do: Describe the functions of human resource management

The essence of human resource management is captured in former casino resort developer Steve Wynn's quote: "Human resources isn't a thing we do. It's the thing that runs our business." In this section, we'll elaborate on that idea, describing the functions of human resource management and human resource metrics and identifying human resource management career, training and development options.



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1.7: Functions of Human Resources Management

Learning Outcomes

- Describe the functions of human resource management

Human resources is responsible for people operations broadly, including the four primary functions:

1. **Staffing.** A job and employee-lifecycle function that starts with job development or analysis and continues through job elimination or separation. This function may also include employer branding. (This function is discussed in depth in Module 6: Recruitment and Selection).
2. **Training & Development.** This function includes socialization, training & development activities from hire to separation, including onboarding, employee training, reskilling & upskilling, employee development and career management. It also includes organization-wide change management, learning & development initiatives. (This function is discussed in depth in Module 7: Onboarding, Training, and Developing Employees).
3. **Compensation (also referred to as motivation).** Responsibilities included in this function include factors that influence motivation ranging from job design, compensation and benefits, performance appraisal and related administration (e.g., payroll). This function will be discussed further in Modules 2, 8 and 10.
4. **Administration (also referred to as maintenance).** The administration function includes regulatory compliance and employee relations, including associated communications, records management and reporting.

Practice Question

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Alternative text for diagram showing functions of Human Resources Management can be found here.

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1.8: Metrics

Learning Outcomes

- Describe key human resource management metrics



Understanding how human resource management impacts are measured provides another point of reference on the practice and profession. Fundamentals of Human Resource Management defines metrics as "quantitative assessments used to measure the effectiveness of business practices." Key metrics, with calculations, are shown in the following table.[1] SHRM emphasizes that "metrics are only truly useful when they provide a basis for analysis." For example, comparing metrics over time, relative to a target or benchmark are examples of analyses that convert information into insight. Their point: it's insight—not the metrics themselves—that produces value.[2]

For perspective on benchmarking, see SHRM's Human Capital Benchmarking Report.[3]

Key HR Metrics

- Human Resources (Departmental)
  - **Total HR Staff.** Calculation: The number of employees supporting the HR function
  - **HR-to-Employee Ratio.** Calculation: The number of human resource employees per 100 employees
  - **HR Expense to Operating Expense Ratio.** Calculation: Total HR expenses divided by operating expenses for a given fiscal year
  - **HR Expense per FTE Ratio.** Calculation: Total HR expenses for a given fiscal year divided by the number of FTEs (full-time equivalent employees) in the organization
- Compensation
  - **Annual Salary Increase.** Calculation: The percentage of increase in salaries that an organization expects to provide or provides to its employees in a given fiscal year.
  - **Salaries as a percentage of operating expense.** Calculation: The total amount of employee salaries divided by the operating expenses for a given fiscal year.
- Employment
  - **Time to Fill.** Calculation: The number of calendar days from when the job requisition was opened until the offer was accepted, including weekends and holidays.
  - **Cost per Hire.** Calculation: The sum of costs related to a new hire, including advertising, any agency fees or employee referral incentives, travel and relocation and recruiter pay and benefits, divided by the number of hires.
  - **Number of Positions Filled.** Calculation: The number of open positions that were filled (offer accepted) by either external or internal candidates during the fiscal year.
  - **Annual Turnover Rate.** Two-step Calculation: 1) Calculate turnover for each month by dividing the number of separations during the month by the average number of employees during the month and multiplying by 100; 2) Sum the monthly turnover percentages to arrive at the annual turnover rate.

Practice Question

https://assessments.lumenlearning.co...essments/17284

For additional perspective on metrics, read author and talent management expert Dr. John Sullivan's article "The Top 10 Strategic Talent Acquisition and HR Metrics that CEO's Want to See."[4]

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1.9: Working in Human Resources

Learning Outcomes

- Evaluate human resource management as a career



The go-to site for evaluating occupations is the Bureau of Labor Statistics Occupational Outlook Handbook, an online publication that describes occupations and summarizes data projections for (currently) the 2016–2026 timeframe.[1]

Human resource positions profiled include the following:

- **Human Resources Specialist.** Provide development and administrative support for one of the human resource functions.
- **Labor Relations Specialist.** Interpret and administer labor contracts regarding issues such as wages and salaries, healthcare, pensions, and union and management practices.
- **Training & Development Specialist.** Help plan, conduct, and administer programs that train employees and improve their skills and knowledge.
- **Compensation & Benefits Manager.** Plan, develop, and oversee employee compensation programs.
- **Human Resources Manager.** Plan, direct, and coordinate human resources functions broadly, including strategic planning and advice and employee relations.

A summary of key data for these roles in included in Table 1 Note that although the BLS site uses the term human resources specialist to refer to specialists, generalists and recruiters, the roles are generally distinct. A human resources specialist usually focuses on one of the four human resource management functions whereas a generalist supports all four functions and a recruiter focuses the recruiting function.

Table 1. Human Resource Management Positions

Job Title	2018 Salary /1	Growth Rate /2	Entry-Level Education	Relevant Work Experience
Human Resources Specialist	$60,880	7%	Bachelor's degree	None
Training & Development Specialist	$60,870	11%	Bachelor's degree	Less than 5 years
Compensation, Benefits & Job Analysis Specialist	$63,000	9%	Bachelor's degree	Less than 5 years
Labor Relations Specialist	$67,790	–8%	Bachelor's degree	Less than 5 years
Compensation & Benefits Manager	$121,010	5%	Bachelor's degree	5 years or more
Human Resources Manager	$113,300	9%	Bachelor's degree	5 years or more
1/ Median pay				
2/ Projected change in employment from 2016-2026. The average growth rate for all occupations is 7%.				

? Learn More

For additional perspective on salaries—in particular, for specific positions, employers and/or markets (for example, geographic area or industry), use company review and salary reporting site Glassdoor.com, compensation data site Salary.com or associated job postings.

? Practice Question

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1.10: Training and Development

Learning Outcomes

- Identify human resource management training options
- Identify human resource management development options

Training Options

As the Bureau of Labor Statistics site notes, most human resource positions require a bachelor's degree. Each listing has a "How to Become a…" section that specifies typical education and related work experience. For example, BLS states that human resource manager candidates need a bachelor's degree and several years of related work experience at a minimum, with some jobs requiring a master's degree. Relevant degrees include human resources as well as finance, business management, education, or information technology. At a master's level, relevant degrees include human resources and business administration (MBA). Relevant courses for human resource roles in general include business communications, finance, human resources management and management. If available, courses in compensation analysis and benefits administration are also of value.



Training for human resource management might include experience in a human resources role—for example, as a human resources specialist. Management positions typically require a knowledge of federal, state and local employment laws, experience administering human resources plans and programs and familiarity with human resources software. In addition to formal education, all human resources roles require strong interpersonal skills. Management roles include additional skills, including (depending on the role), business management, communication, critical thinking, decision-making, leadership and organization.

For additional HR-related training options, refer to HumanresourcesMBA.net's (and similar) rankings of Human Resource and Organizational Development courses and degree programs at the bottom of their list of the 15 Best HR Organizations and Associations.[1]

Practice Question

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Development Options

Engaging in ongoing learning and development is an expectation in every profession, and human resources is no exception. One of the ways to do this is to pursue (and maintain) a professional certification such as the Society of Human Resource Management's Certified Professional (SHRM-CP) or a specific field of practice credential such as SHRM's Talent Acquisition or People Analytics Specialty Credential. Professional credentials prove expertise, add to one's professional credibility and demonstrate commitment. It's common to see credentials listed as required or desired qualifications on job postings and they are also a differentiator that may be factored in to promotion decisions.

The following is a short-list of formal human resource development options:

- Society for Human Resource Management (SHRM). The largest HR organization in the world, SHRM positions itself as "the foremost expert, convener and thought leader on issues impacting today's evolving workplaces." SHRM produces industry

research and publications, offers certification and organizes conferences. SHRM also has a HR People + Strategy group for HR executives with at least 10 years of experience. An affiliate, the Council for Global Immigration, is for HR professionals specializing in employment-based immigration.

- WorldatWork . WorldatWork is professional association for HR professionals that deal with compensation broadly including compensation, executive compensation, sales compensation, benefits, and work life issues. WorldatWork offers certification programs in each of these areas—for example, Certified Compensation Professional (CCP), Certified Sales Compensation Professional (CSCP), and Certified Benefits Professional (CBP). WorldatWork also produces industry research and publications, offers training certification and organizes conferences.
- HR Certification Institute. HRCI offers certification options for those who are just starting their HR career and HR experts, with eight credentials reflecting different levels of career advancement and geographic areas of expertise. For example, the Professional in Human Resources certificate is available in California and International options (PHRca and PHRi). To cement the case for certification, HRCI cites a report by the Human Resources Research Organization (HumRRO) that found that "certified HR professionals, specifically those who have earned either the PHR or SPHR, are more likely than non-certified professionals to:
  - Get hired and be employed full-time, be well compensated, and be happier with their career.
  - Perform better on the job, show greater potential for future positions, perform better on strategic HR efforts, and offer greater HR expertise.



For those interested in the business case for certification and/or evaluating certification options, the study is worth reading in full: [2]

In addition to participating in association meetings and conferences and attending classes, webinars and other structured training, you can set up Google Alerts on topics of interest, join LinkedIn groups, and read/subscribe to/follow relevant blogs, podcasts and Twitter feeds. For an overview of how to find relevant thought leaders, read Undercover Recruiter's article How to Find People to Follow on Twitter (also provides tips on finding relevant content creators on the web in general).[3] For an initial Twitter list, refer to HR Dive's 10 must-follow HR Twitter accounts.[4]

? PRactice Question

https://assessments.lumenlearning.co...essments/17287

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1.11: Getting a Job in Human Resources

Learning Outcomes

- Describe the functions of human resource management
- Evaluate human resource management as a career
- Identify human resource management training options
- Identify human resource management development options

Now that you've learned about the functions of HR, take a moment to help Petra as she determines how she might start a career in Human Resources.

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CHAPTER OVERVIEW

2: Human Resource Strategy and Planning

2.1: Strategy Implementation
2.2: Introduction to Strategic Planning
2.3: Organizational Strategic Planning
2.4: The Process of Human Resources Planning
2.5: Creating a Human Resources Department
2.6: Putting It Together- Human Resource Strategy and Planning
2.7: Discussion- Human Resource Strategy and Planning
2.8: Assignment- Becoming a Changemaker
2.9: Why It Matters- Human Resource Strategy and Planning
2.10: Introduction to Foundations of Human Resources Management
2.11: Scientific Management Theories
2.12: Administrative Management Theories
2.13: Behavioral Management Theories
2.14: Modern Management Theories
2.15: Introduction to Strategic Management
2.16: Strategic Analysis
2.17: Strategy Formulation

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2.1: Strategy Implementation

Learning Outcomes

- Describe strategy implementation

Regardless of how solid a strategy seems in concept, the proof is in implementation. Former AlliedSignal CEO and co-author of *Execution: The Discipline of Getting Things Done* (among other books) Larry Bossidy states that "execution is the ability to mesh strategy with reality, align people with goals, and achieve the promised results."[1] Specifically, the implementation phase is where the competitive strategy (which was previously developed in the strategy formulation phase) is translated into strategic goals and objectives, with associated accountability metrics and timelines.



The organization's choice of strategy has implications for human resources structure, policies and practices—including recruitment, employee training and development. From a human resource management standpoint, the key to successful implementation is alignment: aligning culture with an organization's mission and values; reviewing and redefining, as necessary, job descriptions; selecting employees who have the knowledge, skills and abilities (KSAs) as well as the mindset to drive the desired results and ensuring that structures, policies and systems (for example, compensation and incentive systems) reinforce desired behavior and performance. We'll discuss this in Organizational Strategic Planning but in the interim, let's take a look at an example in real life.

U.S. Government Accountability Office

Here is an excerpt from the U.S. Government Accountability Office's (GAO) 2013–2015 Human Capital Plan that reflects the alignment of the GAO's human capital plan to the agency's strategic goals:[2]

GAO's strategic goals:

1. Address current and emerging challenges to the well-being and financial security of the American people
2. Respond to changing security threats and the challenges of global interdependence
3. Help transform the federal government to address national challenges, and
4. Maximize the value of GAO by enabling quality, timely service to the Congress and being a leading practices federal agency

GAO's human capital strategic plan is aligned with Goal 4. The associated human capital objectives are:

1. Improve efficiency and effectiveness in performing GAO's mission and delivering quality products and services to the Congress and the American people
2. Maintain and enhance a diverse workforce and inclusive work environment through strengthened recruiting, retention development, and reward programs
3. Expand networks, collaborations, and partnerships that promote professional standards and enhance GAO's knowledge, agility, and response time and
4. Be a responsible steward of GAO's human, information, fiscal, technological, and physical resources.

What you see in the above example is a clear alignment of the GAO's human capital plan to the agency's strategic goals. For example, the human capital plan seeks to maximize the value of the GAO by improving the agency's efficiency and effectiveness, being a responsible steward of resources and enhancing knowledge, agility and response time. The human capital plan addresses the "leading practices" point by prioritizing a diverse workforce and inclusive work environment and expanding networks and partnerships that promote professional standards.

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2.2: Introduction to Strategic Planning

What you'll learn to do: Discuss human resource strategic planning

Human resource management has as their primary responsibility many of the factors that serve as inputs to the planning process, including culture, values and human resource readiness and risks. In this section, we'll discuss human resource management's role in strategic planning and strategy implementation at both the organizational and functional level. We'll also discuss the process and key elements of human capital planning.

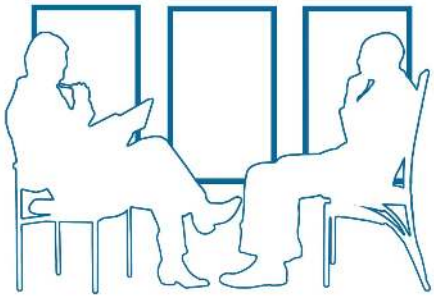
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2.3: Organizational Strategic Planning

Learning Outcomes

- Describe the role of human resource management in organizational strategic planning
- Describe the HR implications of different organizational strategies

Human resource management plays an instrumental role in both the development and implementation of organizational strategy. In the development phase, HR management is responsible for providing the human capital insight to support analysis of the organization's strengths and weaknesses, including identifying areas of expertise and sources of competitive advantage as well as identifying and assessing critical skills and knowledge gaps, leadership development issues. Human resources also provides insight into external human capital risks and opportunities based on their evaluation of legal, market, societal, technological and geopolitical factors.



Key HR initiatives in support of organizational strategy include:[1]

- Attracting, Retaining & Developing Critical Talent
  - Recruiting and selecting scarce talent with critical skills
  - Developing the required capabilities in the current talent
  - Addressing the needs/interests of multigenerational workforce
- Building high performance work organizations
  - Establishing accountability for achieving business results
  - Aligning reward systems with changing priorities
  - Building values and principles to sustain long-term growth
- Aligning people with the business
  - Involving employees in the business planning process
  - Building more effective communications and coaching systems
  - Focusing efforts on growth, market share, new markets, and customer retention

HR Implications of Organizational Strategies

As mentioned above, an organization's go-to-market strategy has implications for the organization's structure and human resources systems, policies and practices. For example, human resource management at a company such as Apple will design compensation and incentive systems that reward creativity and innovation. A company such as Nordstrom that differentiates itself based on its level of customer service will design recruitment, training and reward systems based on dimensions of customer service. HR management at a company such as WalMart will design compensation and incentive systems that reward adaptability, efficiency and cost and waste reduction.

Practice Questions

https://assessments.lumenlearning.co...essments/18110

https://assessments.lumenlearning.co...essments/18111

1. Bawany, Sattar. "The Role and Future of HR: Today's Challenges & Tomorrow's Vision." HR.com. January 6, 2015. Accessed July 30, 2019. ↵

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2.4: The Process of Human Resources Planning

Learning Outcomes

- Describe the process of human resource planning



On a functional level, human resource management is responsible for developing human capital strategies that align with the organization's mission, goals and objectives. Human capital planning—often characterized as a roadmap—generally has a 3–5 year timeframe. Human Resource strategy sets the direction for all the key areas of HR, including hiring, performance management, compensation and training and development.

The U.S Office of Personnel Management describes human capital strategic planning as the method by which human resource management "designs a coherent framework of human capital policies, programs, and practices to achieve a shared vision integrated with the [organization's] strategic plan."[1]

Personnel Management's planning guide identifies the following essential elements:

- A clearly understood strategic direction
- Customer and stakeholder human capital management outcomes/goals
- Strategies/objectives for accomplishing the goals
- An implementation plan
- A communication/change management plan, if needed
- An accountability system

Developing a strategic direction requires a detailed understanding of the organization's strategic plan and objectives, budgetary constraints, current workforce characteristics, key senior management and stakeholder perceptions regarding human resource challenges and requirements and internal and external factors driving human capital needs. The conceptual objective is to develop a vision of the future workforce. The implementation plan is a roadmap as well as a framework for transforming culture and operations. The accountability system establishes how success will be measured and tracked, information that is essential for measuring and evaluating performance and for monitoring progress towards objectives.

The guide recommends that data collection support the identification of key themes associated with any gaps between the current and desired workforce and related human capital functions. These themes become the broad human capital goals and are the building blocks of the plan. For example, talent, performance management and leadership might be themes that will be translated into goals. Goals would be developed to address the gap and specific objectives would be identified to support achievement of the goal. Implementation plans are developed with varying levels of detail but at an operational level, should identify the specific actions required, who is responsible, what resources are required and the completion timeframe.

Practice Question

https://assessments.lumenlearning.co...essments/18112

U.S. Government Accountability Office

For perspective, here's an excerpt from the U.S. Government Accountability Office's (GAO) 2013–2015 Human Capital Plan: [2]

Performance Goal: Strengthen recruiting and hiring initiatives to attract a diverse workforce.

Human Capital Initiatives:

- Improve recruitment program by expanding efforts to maintain relationships with colleges, universities, and pipeline and professional organizations through participating in virtual outreach efforts, hosting representatives from partner institutions, and inviting candidates to visit GAO.
- Build annual recruitment plans based on analysis of data from prior years, with consideration to GAO's workforce diversity plan, budget, and workforce planning needs.
- Monitor hiring process data and compare this data to established goals.
- Offer incentives where needed for positions that are hard to fill to help recruit and retain staff with critical skills.

Quantitative Measures (Accountability)

- Meet or exceed established benchmarks to maintain a diverse workforce.
- Meet the 80-day goal (+/− 1 percent) for the hiring process.
- Meet the new hire target established in GAO's performance and accountability report

1. "Human Resources Management in Agencies; Final Rule." Office of Personnel Management. April 28, 2008. Accessed July 30, 2019. ↵
2. "GAO's Human Capital Strategic Plan 2013-2015." United States Government Accountability Office. 2013. Accessed July 30, 2019. ↵

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2.5: Creating a Human Resources Department

Learning Outcomes

- Describe the role of human resource management in organizational strategic planning
- Describe the HR implications of different organizational strategies
- Describe the process of human resource planning

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2.6: Putting It Together- Human Resource Strategy and Planning

The essence of management and strategy is making sense of reality: human, organizational, and situational. And, more critically, to be able to act on that insight. From both an executive management and human relations management standpoint, strategy is about alignment: alignment of the mission, core values, culture, competitive strategy and supporting infrastructure, including policies and practices.

As Jim Collins and Jerry Porras phrase it in *Built to Last: Successful Habits of Visionary Companies*: “Building a visionary company requires one percent vision and 99 percent alignment.” Alignment also requires an understanding of human motivation and how to inspire a belief in and commitment to that vision. To quote Simon Sinek: “If you hire people just because they can do a job, they’ll work for your money. But if you hire people who believe what you believe, they’ll work for you with blood and sweat and tears.”

The following table summarizes both the strategic planning process and the implications for human resource strategy:[1]

Strategic Analysis, Strategy Formulation, and Strategy Implementation

	Strategic Analysis	Strategy Formulation	Strategy Implementation
Business Strategy	Assess driving forces in the industry	Formulate mission, vision, and values	Develop organizational capabilities
	Determine key success factors	Define culture, management philosophy, and business practices	Manage performance
	Assess business and organizational capabilities	Set business objectives and priorities	
	Define strategic issues	Develop action plans	
	Identify competitive advantage and associated market positioning	Allocate resources	
Human Resources Strategy	Assess people and organizational implications [of business strategy]	Develop people-related strategies in support of business strategy	Enable effective change
	Assess people-related organizational capabilities		Align core people management processes to enable implementation
	Determine future people and organizational requirements		Align human resources function with changing requirements
	Identify people-related capability gaps		Establish and implement a business plan for the HR function

1. Bawany, Sattar. "The Role and Future of HR: Today's Challenges & Tomorrow's Vision." HR.com. January 6, 2015. Accessed July 30, 2019.

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2.7: Discussion- Human Resource Strategy and Planning

When an organization looks at competitive differentiation, costs of doing business, they do SWOT and SOFT analyses, all as a part of determining the strategic direction of the business. As the leader of the organization's human resources department, you will be developing your own strategy, which will provide direction to your group on how your team will support the overall goals of the company.

You work for a small-box retailer that's a little late getting into the ecommerce space. Now, the company wants to move quickly from a "bricks-and-mortar" only approach to one that embraces omnichannel retailing. Why? Because the competition is eating their lunch!

Currently, the company's website is barely a page or two. One page features an "about the company" area and a list of store locations. As an HR leader, you have a recruiting page on it and a link to your application system, but that's about it. Ecommerce and omnichannel retailing seem light years away, but the company's five-year plan calls for it to be up and running in short order.

Discussion Prompt

We know you're not an ecommerce professional or a retail professional and, hey, you've only gotten into the second module of HR management. That aside, we still think you have what it takes to help save this company! You're going to use what you know about human resources strategy planning—that is, attracting talent, building high performance work organizations and aligning people with the business—to support the company's efforts to get into omnichannel retailing.

Write down at least three ideas and plans for each one of those strategic areas. Research other companies that are getting into or trying to get into the ecommerce space to support your ideas and try to anticipate issues for your company by understanding what others have experienced. Once you've completed your paper, share it with two classmates to get their thoughts. Offer your thoughts on the papers of two classmates as well.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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2.8: Assignment- Becoming a Changemaker

Throughout this course, you will complete a series of assignments that align with the following scenario:

> You are a college senior who has been selected to participate in a hybrid internship/onboarding program with an elite HR research and advisory firm. Your training consists of a combination of formal education—specifically, enrollment in this Human Resource Management course—and a rotation in support of the principals of the firm. In your rotations, you will synthesize what you've learned in the relevant modules to address firm or client issues, conducting additional research as necessary and developing draft deliverables as instructed by the principal consultant. The quality of your deliverables—that is, your ability to convert learning into practical insight—will largely determine whether, at the end of the internship period, you are offered a position with the firm or simply thanked for your participation.

Scenario

A quote from the Boston Consulting Group's People & Organization website page summarizes Modules 1 and 2: "Human resources has long been evolving beyond its traditional—and outdated—role as a mere processor of administrative transactions. Today, HR is usually viewed as a strategic partner to the business. The intensity of competition and the pace of change demand that the HR function fulfill this mandate. HR leaders need a clear view of their current capabilities, a set of clear priorities linked to the business strategy, and a targeted approach to improve the most urgent problem areas."[1]

Your Task

In your first rotation, you will be reporting to the Strategic Planning principal consultant. She is developing an interactive game for client HR teams to play to develop their adaptability; specifically, to be able to envision and implement the changes required in the HR organization in order to capitalize on emerging trends and technologies.

Your assignment is to reframe one of the following trends (discussed in Human Resources Today) as a business opportunity:

- Changes in Workforce Composition
- Increasing Workforce Diversity
- Increased Employee Expectations of Employers
- Changes in Societal Expectations
- Infrastructural Obsolescence
- Changes in the Nature of Work
- Market and Industry 4.0
- Changes in the Evaluation and Valuation of Talent
- "A Reskilling Imperative"
- Increasing Geopolitical Risks

For example, "changes in workforce composition" is a trend that represents both a challenge and an opportunity. How might an organization use that to their advantage? How would you express that as a Human Resource strategy? What policies and procedures would need to be in place to support that strategy and leverage a flexible workforce? How would you avoid the typical disconnect between planning and implementation? Be specific; your recommendations must be actionable. To take it from mets expectations to exceeds expectations, cite (summarize and link to) an example of a "best practice" organization. As a perspective point, she suggests you keep the following quote from the text in mind: "The essence of management and strategy is making sense of reality: human, organizational and situational. And, more critically, to be able to act on that insight."

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped,	**12 pts** Content indicates thinking and reasoning applied with original thought on a few	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
	unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not support conclusions drawn.	with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

1. "Human Resources Strategy & Consulting." Boston Consulting Group. Boston Consulting Group. Accessed November 30, 2019. ↵

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2.9: Why It Matters- Human Resource Strategy and Planning

Why learn about strategy in human resources management?

Although they may seem to be academic concepts, management theories and strategic planning practices have a significant impact on an organization's performance—and, ultimately, its sustainability. What's bizarre is that we're still failing at the basics, despite extensive research and experimentation and the contributions of numerous thought leaders.



Here are a few statistics that highlight critical competence—and confidence—gaps:[1]

- Only 2% of leaders are confident that they will achieve 80% or more of their strategy's objectives
- 54% of organizations achieve less than 50% of their strategy objectives
- 61% of respondents acknowledge that their firms often struggle to bridge the gap between strategy formulation and its day-to-day implementation
- 33% of leaders rate their organization as poor or very poor at implementing strategy

Key alignment (and logic) disconnects: 45% of organizations say changing staff member actions or behaviors is the toughest implementation challenge, and yet 95% of employees don't understand their organization's strategy, and the majority of front-line employees (90%) and middle managers (70%) don't have compensation that's linked to the organization's strategy.

Why it matters?

- 63% of successful companies have their business units aligned to their overall corporate strategy
- 70% of organizations that used a formal process to manage strategy out-performed their peers
- "Getting it right" has the potential to increase the value of an organization's current strategy by 60–100%.

In this module, we'll discuss the basics—management theory, strategic analysis, competitive strategy and execution—and how these decisions impact human resource management strategy and planning.

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1. Jansen, Hasse. "94 Mind-Blowing Strategy Execution Stats." Boardview. October 5, 2016. Accessed August 05, 2019. ↵

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2.10: Introduction to Foundations of Human Resources Management

What you'll learn to do: Discuss the foundations of human resource management

The practice of human resource management builds on over 100 years of management research and experimentation, including scientific management, administrative management and behavioral management theories. In this section, we'll discuss these foundational theories and their applicability to human resource management in our current operating environment.



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2.11: Scientific Management Theories

Learning Outcomes

- Discuss classical scientific management theories

The foundation for modern human resource management was established in the early 1900s, with the emergence of scientific management principles. Influential classical scientific management theorists include Dr. Frederick Taylor as well as Frank Gilbreth and his wife, Dr. Lillian Gilbreth. The contributions of two additional thought leaders of the classical period, administrative theorist Henri Fayol and humanist Mary Parker Follett, will be discussed in subsequent sections.

Considered the "father of scientific management," Dr. Taylor published his principles, also referred to as "Taylorism," in a paper titled "The Principles of Scientific Management" in 1911.[1] In his introduction, Taylor observes that:

The search for better, for more competent men…was never more vigorous than it is now. And more than ever before is the demand for competent men in excess of the supply. What we are all looking for, however, is the ready-made, competent man; the man whom some one else has trained. It is only when we fully realize that our duty, as well as our opportunity, lies in systematically cooperating to train and to make this competent man, instead of in hunting for a man whom some one else has trained, that we shall be on the road to national efficiency.



Figure 1. Frederick Winslow Taylor

Taylor's argument was that the remedy to inefficiency was systematic management, rather than the search for an extraordinary human resource. Specifically, he sought to prove that "the best management is a true science," and "to show that the fundamental principles of scientific management are applicable to human activities." And, ultimately, that the correct application of these principles can yield exceptional improvements in efficiency.

In contrast to the labor abuses and hostility common in America's early industrial age, Taylor believed that the purpose of management was to maximize both employer and employee prosperity. In terms of the individual employee, maximum prosperity means not only maximizing one's wage but developing each man to his state of maximum efficiency. A mechanical engineer by training, Taylor designed a number of time and motion studies to determine the one best way to complete a specific task. Taylor distilled his research into four principles of scientific management:

1. Apply the scientific method to analyze work and determine the most efficient way to perform every task.
2. Match workers to jobs based on their capability and motivation and train them to work at maximum efficiency.
3. Provide instruction and supervision to ensure that the "best" method is being used to complete each task.
4. Divide work between managers and workers, with managers focusing on planning and training and workers focusing on production.



Figure 2. Lillian Gilbreth

Dr. Lillian Gilbreth and her husband Frank were also pioneers in the field of scientific management. Like Taylor, the Gilbreth's applied their engineering skills to identifying "the one best way" to perform a task. In addition to time and motion studies, the couple used film to identify opportunities to improve work processes. In his lifetime, Frank Gilbreth, the "father of motion study," made over 250,000 feet of 35mm of motion picture films; for perspective, Motion Pictures in the Human Sciences' website has a page with links to his films: The Original Films of Frank Gilbreth. Frank's major contribution was to categorize human work as a number of individual motions, termed "Therbligs," and then optimize these motions to improve efficiency—a process he applied to operations ranging from bricklaying to surgery.[2]

The couple, who had 12 children, also "mainstreamed home economics and domestic management."[3] A psychologist as well as an industrial engineer, Lillian Gilbreth is credited with a number of inventions including shelves on the inside of refrigerator doors, the foot pedal on the trash can, wall light switches, and the linear kitchen layout. In a biography of Lillian Gilbreth, The American Society of Mechanical Engineer notes that she is referred to "the mother of modern management" and "was awarded the prestigious Hoover Award, jointly bestowed by five leading engineering organizations in recognition of 'great, unselfish, non-technical services by engineers to humanity.'"[4]

? Practice Question

https://assessments.lumenlearning.co...essments/18103

1. Taylor, Frederick. "The Principles of Scientific Management." New York and London: Harper & Brothers Publishers. 1911. ↵
2. "The Tale of Taylor and Gilbreth." All About Lean. November 10, 2013. Accessed July 29, 2019. ↵
3. Paules-Bronet, Ileana. "The Movie 'Cheaper by the Dozen' Was Inspired by a Real 1920's Family With 12 Children." Little Things. Accessed July 29, 2019. ↵
4. Giges, Nancy. "Lillian Moller Gilbreth." ASME.org. April 30, 2012. Accessed July 29, 2019. ↵

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2.12: Administrative Management Theories

Learning Outcomes

- Discuss administrative management theory



Figure 1. Henri Fayol

The current understanding of management functions is based in large part on a third classical management theorist, Henri Fayol. A mining executive and engineer, Fayol's administrative management theories were developed after observing a work stoppage that he judged to be a management failure. In his 1916 book, *Administration Industrielle et Générale* (Industrial and General Administration), Fayol proposed the following 14 principles of management:[1]

1. **Division of Work.** When employees are specialized, output can increase because they become increasingly skilled and efficient.
2. **Authority.** Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.
3. **Discipline.** Discipline must be upheld in organizations, but methods for doing so can vary.
4. **Unity of Command.** Employees should have only one direct supervisor.
5. **Unity of Direction.** Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
6. **Subordination of Individual Interests to the General Interest.** The interests of one employee should not be allowed to become more important than those of the group. This includes managers.
7. **Remuneration.** Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.
8. **Centralization.** This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
9. **Scalar Chain.** Employees should be aware of where they stand in the organization's hierarchy, or chain of command.
10. **Order.** The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.
11. **Equity.** Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.
12. **Stability of Tenure of Personnel.** Managers should strive to minimize employee turnover. Personnel planning should be a priority.
13. **Initiative.** Employees should be given the necessary level of freedom to create and carry out plans.
14. **Esprit de Corps.** Organizations should strive to promote team spirit and unity.

Although the majority of these management principles still hold true today, Fayol's most significant contribution to the field of management theory is his identification of the duties of management. His original list of five management duties: foresight, organization, command, coordinate and control, has been modified over time. Current theory identifies six management functions:

planning, organizing, staffing, leading, controlling and motivating. This list reflects the addition of two functions—staffing and motivating—and the recategorization of the command and coordinate duties as leading.

? Practice Question

https://assessments.lumenlearning.co...essments/18104

1. "Henri Fayol's Principles of Management: Early Management Theory." MindTools. Accessed July 29, 2019. ↵

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2.13: Behavioral Management Theories

Learning Outcomes

- Discuss behavioral management theories

In contrast to scientific management, with its focus on optimizing man as a machine, behavioral management focuses on worker behavior and motivations. Specifically, behavioral management theory is concerned with how to manage productivity by understanding worker motivation, including expectations, needs and interests, and group dynamics. Behavioral management theory is sometimes referred to as the human relations movement due to its focus on the human dimension of work.[1] Theorists who contributed to behavioral management include Mary Parker Follett, Elton Mayo, and Abraham Maslow.

Mary Parker Follett



Figure 1. Mary Parker Follett

Although she was a contemporary of Taylor and the Gilbreths, author and advisor Mary Parker Follett had a very different frame of reference and her ideas form the basis of our understanding of modern organizational behavior. A former social worker, she understood power dynamics and stressed the importance of human psychology and human relations rather than a mechanical or scientific approach to work and management-employee interactions. In its biography, ThoughtCo. notes that "Follett was one of the first people to integrate the idea of organizational conflict into management theory."[2] And, indeed, her idea of conflict as a place of opportunity is even more relevant today. Specifically, Follett proposed that conflict, rather than requiring compromise, could be a stimulus for innovation. In an essay written in 1924, Follett coined the terms "power-over" and "power-with," differentiating between coercive and participative power and demonstrating how "power-with" can be greater than "power-over." Although her work is rarely or only marginally covered, her ideas have shaped theories in psychology and management, including Abraham Maslow's work. For perspective, management consultant Peter Drucker, whom *BusinessWeek* referred to as "the man who invented management" called Follett the "prophet of management" and his "guru."[3]

Follett's theory of management included the following principles:[4]

- Genuine power is not "coercive" (power over) but coactive (power with)
- True leaders create group power rather than expressing personal power

Elton Mayo

In 1924, Australian sociologist Elton Mayo, who later became an industrial research professor at Harvard, began a series of studies that demonstrated that employee motivation is heavily influenced by social and situational factors. Mayo's findings, referred to as the "Hawthorne Effect," marked a radical change in motivational theory and management practice.

For example, Frederick Taylor's principles focused on individual workers and how to optimize that person's work performance. The Hawthorne studies observed workers in a social context—as part of a group—and determined that employee performance is influenced by not only innate ability but by the work environment and their co-workers. Specifically, the studies found that management attention and engagement with workers and the group dynamic had more of an impact on productivity than factors such as lighting or benefits.

Maslow's Hierarchy of Needs

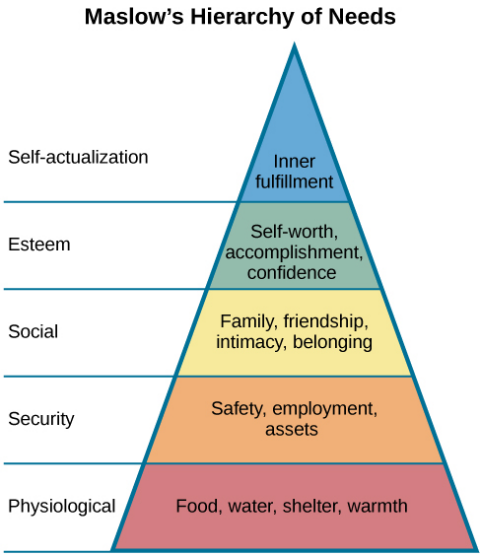


Figure 2. Maslow's hierarchy of needs. Alternative text for Maslow's Hierarchy of Needs can be accessed here.

In his 1943 paper "A Theory of Human Motivation," psychologist Abraham Maslow proposed what is considered the classic theory of needs: Maslow's Hierarchy of Needs.[5] He proposed that people are motivated by five categories of needs: physiological, safety, love, esteem, and self-actualization. These needs are represented as a pyramid, with basic physiological needs such as food, water and shelter at the base and the need for self-actualization at the top.

Maslow further classified the bottom four levels of the pyramid "deficiency needs," noting that "a person does not feel anything if they are met, but becomes anxious if they are not." He classified the fifth level "a 'growth need' because it enables a person to 'self-actualize' or reach his fullest potential as a human being.[6]

Maslow proposed that human behavior is purposeful and is motivated by the desire to satisfy needs and that lower-level needs must be met before a person can focus on the next level of needs. A need that is satisfied no longer motivates. An unmet need is a primary motivator. Thus, Maslow's hierarchy provides managers with a visual representation of employee motivation.

? Practice Question

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2.14: Modern Management Theories

Learning Outcomes

- Discuss modern management theories

Current management thinking incorporates ideas from administrative, behavioral, and scientific management, factoring in operating realities and available technology and considering not only the worker but the organization and larger operating environment. Two schools of thought that are particularly relevant to our times are the **learning organization** and **quantitative management**.



Learning Organizations

Author, MIT professor, and learning systems theorist Donald Schön developed the conceptual framework for the learning organization, stating that:

> The loss of the stable state means that our society and all of its institutions are in continuous processes of transformation. We cannot expect new stable states that will endure for our own lifetimes. We must learn to understand, guide, influence and manage these transformations. We must make the capacity for undertaking them integral to ourselves and to our institutions. We must, in other words, become adept at learning. We must become able not only to transform our institutions, in response to changing situations and requirements; we must invent and develop institutions which are "learning systems," that is to say, systems capable of bringing about their own continuing transformation.[1]

Author, systems scientist and MIT Sloan School of Management senior lecturer Dr. Peter Senge proposed his theory of the learning organization in his 1990 classic *The Fifth Discipline*, which Harvard Business Review cited as "one of the seminal management books of the past 75 years."[2] Senge's argument: "in the long run the only sustainable competitive advantage is your organization's ability to learn faster than the competition." To be clear, learning is not only a leader/manager priority; Senge states that "organizations need to 'discover how to tap people's commitment and capacity to learn at all levels.'"[3]

For a brief synopsis of the book, watch Miles MacFarlane's 3-Minute summary of The Fifth Discipline:



You can also download a t



Quantitative Management

Quantitative Management is focused on data-driven decision making. Briefly, this school of thought views management as a problem to be solved through the application of analytical tools and techniques. Developed as a technique for improving military outcomes in World War II, quantitative management uses mathematical techniques and technology—data analysis, information modeling, computer simulation—to improve decision making. The benefit of using mathematical models is the ability to systematically analyze and reduce the complexity of problems. Quantitative techniques are generally developed and used to inform management rather than as a school of management thought per se. For example, quantitative analysis can be used to identify and quantify the factors that influence decisions, providing a more informed basis for action. We'll discuss this topic further in Module 3: People Analytics and Human Capital Trends.

? Practice Question

https://assessments.lumenlearning.co...essments/18106

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2.15: Introduction to Strategic Management

What you'll learn to do: Discuss the strategic management process

Strategy is one of those concepts that we're all familiar with, but can be difficult to explain. Medtronic VP Ellie Pidot's definition is to the point, with a sense of humor: "Strategy is a fancy word for coming up with a long-term plan and putting it into action." Strategic planning is generally done as part of an annual business planning exercise. The plan may reference the organization's mission statement and include strategic analysis, development of goals and objectives and an associated budget. In this section, we'll discuss the 3-step strategic management process, including strategic analysis, strategy formulation, and strategy implementation.

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2.16: Strategic Analysis

Learning Outcomes

- Describe strategic analysis

> *"If a man does not know to what port he is steering, no wind is favorable to him."*
>
> *—Seneca*

A Roman philosopher, statesman, and dramatist, Seneca's quote is as applicable to strategic planning as it is to sailing—or any other initiative. In the analysis stage, an organization identifies (or affirms) its mission or purpose (its "port") and associated operating framework, including culture and core values, and conducts a situational analysis.

An organization's mission is its purpose or reason for existence, something that Simon Sinek refers to as its "why."

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "Start With Why."

Sinek's point is that "people don't buy what you do, they buy why you do it."[1] And this applies to consumers, employees, candidates and stakeholders broadly.

Learn More

You can watch Sinek's full talk here: "How Great Leaders Inspire Action"



Core values are the formal expression of the organization's beliefs and what it values—an expression of the organization's personality and a guide for organizational and individual behavior. Consider the National Park Service's explanation: "We have an entire universe of values, but some of them are so primary, so important to us that [throughout] the changes in society, government, politics, and technology they are STILL the core values we will abide by. In an ever-changing world, core values are constant."[2] To tie it back to Sinek's "why," core values "help explain why we do business the way we do." Thus, core values are not operating practices or business policy, they guide or inform these practice or policy decisions.

As the IKEA example in the Why It Matters section of Module 1 illustrated, core values articulate what an organization stands and thus inform a range of business decisions, including termination. Culture is how management and employees actually behave—including whether/how policies and practices are enforced. The lived culture may or may not reflect the stated values; if there's a disconnect, the culture will undermine efforts to achieve the mission. As management guru Peter Drucker famously said (or not): "Culture eats strategy for breakfast."[3]

The final step in this stage is conducting a strategic or situation analysis. Although there are a number of strategic analysis tools that are valuable under different circumstances, the essential situational analysis tool is the SWOT analysis. This tool is a variation on a model developed by management consultant Albert Humphrey, who led a Stanford University team researching how to improve corporate planning effectiveness.[4] The approach the team developed was referred to as a "SOFT" analysis, based on the

following logic: “What is good in the present is Satisfactory, good in the future is an Opportunity; bad in the present is a Fault and bad in the future is a Threat.”[5]

As illustrated in Figure 1, the acronym “SWOT” stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are based on internal factors and summarize the organization’s position relative to the competition. Opportunities and threats are factors external to the organization—favorable or unfavorable conditions, to use the sailing analogy. For example, to identify strengths and weaknesses, consider the organization’s position relative to the competition on key financial, human and operating dimensions such as leadership expertise, workforce skills, brand and financial strength, capacity for innovation, strategic networks and marketing and distribution infrastructure. To identify opportunities and threats, consider the organization’s exposure to pending legislation, emerging technologies, societal trends and geopolitical or environmental risks to facilities, personnel or supply chains.

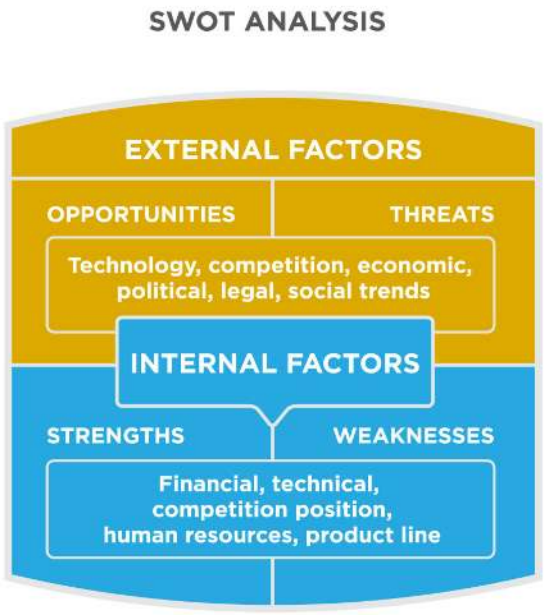


Figure 1. SWOT Analysis

The objective of the exercise is to identify factors that influence success or failure and to incorporate them into strategic planning. Thus, conducting a situation analysis positions an organization to capitalize on opportunities, manage risk and results in a more realistic and achievable goals and objectives.

? Practice Question

https://assessments.lumenlearning.co...essments/18107

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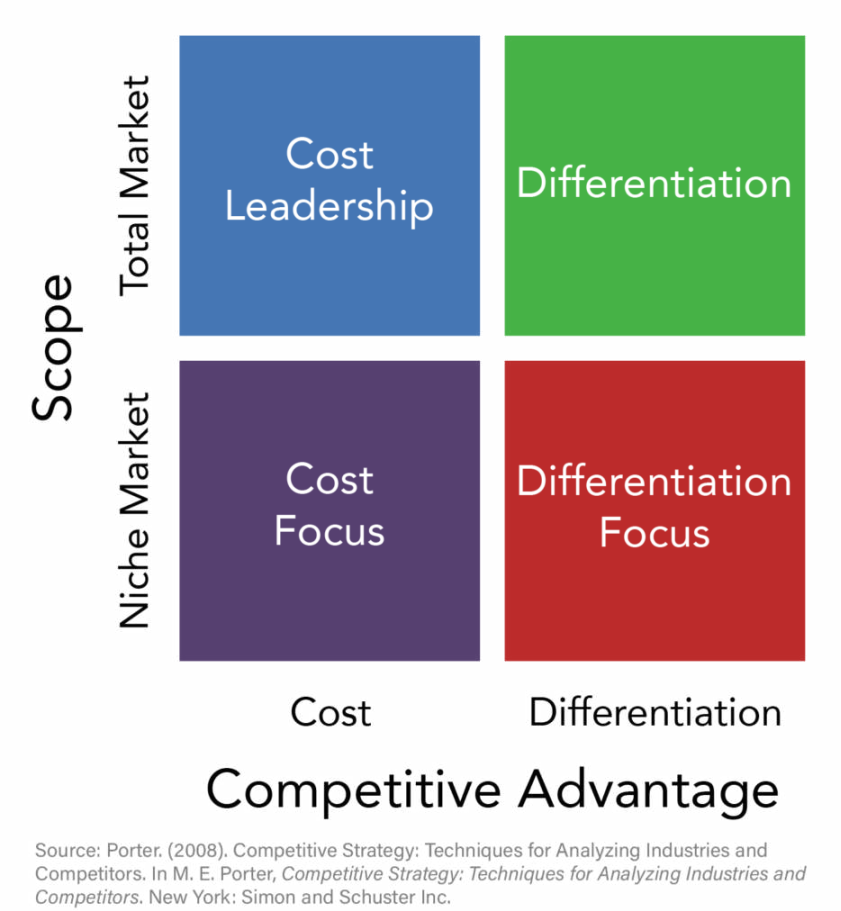
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2.17: Strategy Formulation

Learning Outcomes

- Describe strategy formulation

Strategy formulation involves converting the inputs from the strategic analysis stage into a business plan. Specifically, the plan involves developing a competitive strategy that best reflects the organization's strengths and weaknesses and market realities and is consistent with its mission and values. Management consultant and Harvard Business School professor Michael Porter developed the classic strategy formulation model, referred to as Porter's Generic Competitive Strategies, illustrated in Figure 1.[1]



Source: Porter. (2008). Competitive Strategy: Techniques for Analyzing Industries and Competitors. In M. E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Simon and Schuster Inc.

Figure 1. Porter's Generic Competitive Strategies. Alternative text for Porter's Generic Competitive Strategies can be accessed here.



This model holds that there are two potential sources of competitive advantage: cost (price) or differentiation. The two options, combined with the organization's desired scope—industry or niche market—determine the appropriate strategy: cost leadership,

differentiation or focus. Briefly, the goal of an organization pursuing a cost leadership strategy is to become the lowest cost producer in the industry. The goal of an organization pursuing a differentiation strategy is to differentiate the firm and its products or services based on one or more attributes that consumers value and that it is uniquely capable of delivering. Differentiation is associated with a premium price point.

A focus strategy, which is appropriate for organizations pursuing a niche market, has two variants: cost and differentiation. An organization pursuing a cost focus strategy will seek to become the lowest cost producer in the market segment(s) it is targeting. A differentiation focus strategy involves differentiation based on the specific requirements of consumers in that market segment(s)—think Harley-Davidson motorcycles or Lululemon athletic clothes. In either case, there must be some element that distinguishes the focus target segments—a pricing, product, production or distribution requirement that is best served by a niche producer. Cost focus exploits differences in cost behavior in a niche market, while differentiation focus exploits the special needs (think dietary restrictions or generational preference differences) of buyers in a niche market.

? Practice Question

https://assessments.lumenlearning.co...essments/18108

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CHAPTER OVERVIEW

3: Human Capital Trends

3.1: Best Practices in People Analytics
3.2: Introduction to Human Capital Trends
3.3: Human Capital Trends
3.4: Putting It Together- People Analytics and Human Capital Trends
3.5: Discussion- People Analytics and Human Capital Trends
3.6: Why It Matters- People Analytics and Human Capital Trends
3.7: Introduction to People Analytics
3.8: What is People Analytics?
3.9: Adoption Trends
3.10: Implications of People Analytics
3.11: Introduction to Strategy and People Analytics
3.12: Impact of People Analytics on Strategy
3.13: Key Metrics
3.14: Challenges in People Analytics

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3.1: Best Practices in People Analytics

Learning Outcomes

- Identify people analytics best practices



People analytics expert Patrick Coolen has been researching and validating people analytics best practices for a number of years. In a LinkedIn post, he presents a crowd-sourced version of the 10 Golden Rules of HR Analytics; highlights are included below.[1]

Rule 2: Focus on business relevance

Focus your research on critical business issues. For example, what keeps executives awake at night? To be able to generate relevant questions, ask business leaders to identify challenges and opportunities. Also confirm their willingness to act on the research findings—regardless of their agenda or interests.

Rule 3: Generate actionable insights

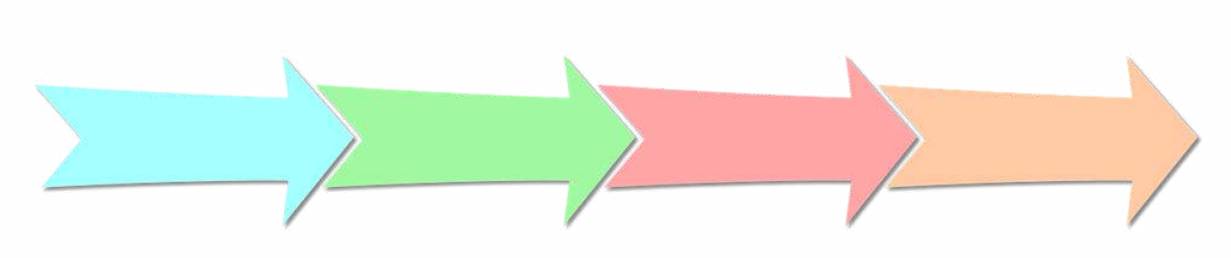
Insights are of no value if the organization fails to act on them. What group is responsible for implementation and evaluation depends on the organization, but developing consultancy skills and an ability to speak in business terms—and craft a compelling story—will likely improve success.

Rule 5: Involve legal & compliance

Work with your legal department or representative to ensure compliance with privacy legislation, contracts and other regulations. Specifically, it's a good practice to request legal approval for projects and review of results prior to release. At a minimum, be clear on the goal of the research and aware of what data—or at what level (e.g., individual)—data is off limits.

Rule 6: It's a process

Understand that analytics is a process. It takes time to hone in on the research question, develop the model and select and validate data, etcetera. In fact, these preliminary steps can consume 75% of the project timeframe.



Lesson learned: don't set a delivery date until you've confident you can deliver. For perspective, here's Coolen's 4-step approach to the people analytics process:[2]

1. Intake and Design

- Contracting senior management
- Contracting legal
- Determine business question
- Determine data sources
- Approving research proposal

2. Data Cleaning
   - Data collection
   - Connecting datasets
   - Descriptive analyses
   - Design models
3. Data Analyses
   - Run models
   - Discuss intermediate results
   - Decide on extra analyses
   - Run final models
4. Sharing Insights
   - Discuss final models
   - Interpret insights
   - Create business presentation
   - Discuss with business
   - Advise business on insights
   - Incorporate insights in strategies or activities

Rule 8: Success requires balance

HR analytics success requires a team with a blend of capabilities and skills, including an understanding of business challenges, HR processes and technology and analytical and consultancy skills. A defining capability is curiosity.

? Learn More

For a visual perspective, see Coolen's capability wheel diagram in his "A practitioner's view on HR analytics" post.

? Practice Question

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3.2: Introduction to Human Capital Trends

What you'll learn to do: Discuss human capital trends

Business and HR structures and processes have largely failed to keep pace with changes in technology and societal and workforce expectations. In this section, we'll discuss the future of HR and what changes are required to close this gap.

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3.3: Human Capital Trends

Learning Outcomes

- Identify human capital trends and implications



In the *Introduction to their Reimaging Human Resources* briefing, consulting firm Deloitte notes that "Enterprises are fundamentally shifting with new business models, technologies, and changing expectations of—and by—the workforce. Often, HR teams are left straddling the needs of the legacy organization while planning for the needs of the future. This creates unprecedented opportunity for HR to play a new and vital role in shaping the way enterprises compete, access talent, and show up in the communities where they operate."[1]

As their The future of enterprise demands a new future of HR video explains: How people live and work is changing dramatically. Enterprises must adapt. And so must HR. It's time to reimagine outcomes and drive growth in the context of three futures happening now:

- The future of enterprise
- The future of the workforce and
- The future of how work gets done.[2]

In order to lead the organization into the future, HR will have to execute shifts across four dimensions: mindset, focus, lens and enablers. Here's the framework for transformation:

Mindset

Shift from doing digital to being digital.

- Embrace new traits & behaviors
- Reevaluate job design and work and strategic planning to factor in artificial intelligence, robotics and cognitive technology

Focus

 Shift from being center-driven to providing human-centered solutions.

- Personalize the workforce
- Drive measurable—qualitative and quantitative—value across the enterprise

Lens

Shift from compliance & control to trust and empowerment.

- Implement flexible operating models
- Develop ecosystems that foster speed, talent and innovation

Enablers

Shift from integrated systems to a unified engagement platform.

- Adopt advanced technologies
- Don’t just automate, reinvent

? PRactice Question

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3.4: Putting It Together- People Analytics and Human Capital Trends

As a society and as organizations, we are inundated with data and information. However, in an organizational context, that data has no value until it can be applied to solve business problems. As one people analytics leader put it: "I am not in the curiosity business. We need to know the relevance to the business before we spend time and energy to work on a problem."[1] People analytics expert Josh Bersin captures the essence of the practice with his observation that "We used to think the secret to productivity at work was 'skills.' Now, through the use of [scientific methods], we can understand that the secret is also 'behaviors,' 'habits," and 'patterns' that highly successful people adopt."[2] The amount of available data and processing capacity also allows us to solve questions of greater complexity, quantifying issues so management can evaluate the significance and respond accordingly.

For example, here are some of the questions people analytics consultant Patrick Coolen has used analytics to address:[3]

- What HR factors (e.g. engagement, leadership, individual and team characteristics, competencies and skills) are impacting client satisfaction, sales, net growth and the quality of our offerings?
- What factors are driving employee engagement worldwide?
- How is diversity within teams positively influencing our business goals (financial and customer satisfaction) and to what extent?
- Can we predict successful hires based on our selection data, resulting in hires that are more likely to perform and stay with our organization?
- What leadership characteristics have a positive impact on business goals including engagement?
- How is the notion of a shared purpose between employee and our organization contributing to engagement and business performance?

People analytics is still, relatively speaking, in its infancy, with practitioners reporting case data with a mixture of wonder and excitement. Hype and adoption challenges aside, the potential is real. We'll close this module with a case that is the modern counterpoint to the Hawthorne studies referenced in Module 2: Human Resource Strategy and Planning.

✔ Google's Project Aristotle

In 2012, Google launched an initiative to discover the secrets of effective teams. Channelling Aristotle's "the whole is greater than the sum of its parts" idea, the initiative was named Project Aristotle. The project goal: answer the question "What makes a team effective at Google?"

Researchers started by reviewing the academic literature on teamwork and then began analyzing the composition of Google's teams, including social habits, hobbies and educational backgrounds. However, regardless of how they parsed the data, the researchers were unable to find patterns or evidence that the composition of a team made a difference. As The New York Times reports, "most confounding of all, two teams might have nearly identical makeups, with overlapping memberships, but radically different levels of effectiveness." In their attempts to understand the dynamics, the team honed in on an idea that kept coming up in their research: the concept of "group norms," or the "unspoken and often unwritten set of informal rules that govern individual behaviors in a group."[4] The influence of norms can be profound, since they typically override individual behavior preferences. Ultimately, the team determined that performance wasn't a function of who was on the team per se but how the team worked together, resulting in the five key characteristics of effective teams:[5]

1. **Psychological Safety.** Team members feel safe with one another and are willing to take risks and be vulnerable
2. **Dependability.** Team members get things done on time
3. **Structure & Clarity.** Team members have clear roles, plans, and goals
4. **Meaning.** Work is important and meaningful to individual team members
5. **Impact.** Team members believe their work creates a meaningful change

Project Aristotle taught Googlers that "no one wants to put on a 'work face' when they get to the office. No one wants to leave part of their personality and inner life at home." Perhaps more importantly, the project taught them about being human. As one Googler stated: "We can't be focused just on efficiency. We want to know that work is more than just labor." Times senior editor Charles Duhigg notes: the ''employee performance optimization'' movement [people analytics] has given us the tools to

quickly teach lessons that once took managers decades to absorb. In conclusion, Rozovsky observes: ‘‘just having data that proves to people that these things are worth paying attention to sometimes is the most important step in getting them to actually pay attention.’’

Watch Google Project Aristotle team leaders Abeer Dubey and Julia Rozobsky’s summary:

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video “Google’s five keys to a successful team.”

For additional perspective on team effectiveness, read The New York Times article “What Google Learned From It’s Quest to Build the Perfect Team,” which also includes findings from a related study into team effectiveness and intelligence.

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3.5: Discussion- People Analytics and Human Capital Trends

You're an HR professional at Pinnacle Pharmaceuticals. Currently, there is no succession plan or "bench" for the company's current leaders. The CEO has not made this a priority for the HR department, but you feel strongly that she needs to have a second look. You will need a plan for speaking to the CEO if you're going to get succession planning on the list of strategic priorities for the company. In order to take the lead on this, you'll need to anticipate and plan ahead.

Discussion Prompt

Answer one of the following questions:

- Which challenges do you anticipate will come up during the conversation?
- On what best practices in people analytics will you rely?
- What kind of data do you think will support your position best?

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

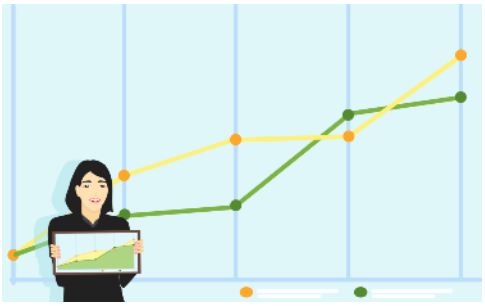
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3.6: Why It Matters- People Analytics and Human Capital Trends

Why learn about people analytics and human capital trends?



The quantity of “big data”—data sets that are too large or too complex for traditional data processing applications[1]—is growing exponentially. By 2020, it’s estimated that 1.7 MB of data will be created per second for every person on earth.[2] In 2019, the size of the “global datasphere,” or quantity of new data captured or created globally,[3] is projected to be 41 zettabytes. By 2025, that number is forecast to be 175zettabytes. To put this in perspective, see Cisco’s Visualized: A Zettabyte graphic.

Well . . . so what? Consider this: What if, instead of simply reporting human resource metrics and attempting to trouble-shoot a “black box,” you applied predictive analytics to employee data to identify probable causes and change outcomes? And that is precisely what Experian did when faced with a turnover challenge.

Turnover and Data

In 2016, Experian’s global human HR management found that the company’s resignation rates were 4% over the industry benchmark.[4] This was not only a staffing issue; the company determined that every 1% increase in turnover cost the business approximately $3 million and that the churn was constraining growth and innovation. Additionally, higher turnover diverted HR staff from core culture- and employee-building initiatives.

In order to identify employees who were a flight risk, Experian built a predictive model that factored in 200 attributes, including team size and structure, supervisor performance and commute distance.[5] The model identified both risk factors and flight risk triggers, one of the latter being a move that increased the employee’s commute. Analytical insights, combined with good management practices, allowed management to address issues on both an individual level and at scale. Business impact: attrition was reduced by 4% globally, saving the business $14 million over two years. Experian Group HR Director Mark Wells observed that applying analytics not only saved the company millions, it has become “the backbone of how we make the best decisions for our people. We’re now better able to anticipate and predict what our employees value and that’s helped us to retain talent that keeps Experian innovating.” Experian has also turned their predictive model into a “Workforce Analytics for Retention” service.

Being able to see into the black box of employee motivations and behavior is powerful. However, the ability to change HR outcomes is transformational. In this module, we’ll explore that potential, including people analytics and human capital trends and implications.

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1. Van Vulpen, Erik. "15 HR Analytics Case Studies with Business Impact." AIHR Analytics. July 30, 2019. Accessed August 06, 2019. ↵
2. "Data Never Sleeps 6.0." Domo Resource. Accessed August 06, 2019. ↵
3. "Global DataSphere." IDC. Accessed August 06, 2019. ↵
4. "Case Study: Experian Predictive Workforce Analytics." Experian. 2019. Accessed August 06, 2019. ↵
5. Van Vulpen, Erik. "15 HR Analytics Case Studies with Business Impact." AIHR Analytics. July 30, 2019. Accessed August 06, 2019. ↵

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3.7: Introduction to People Analytics

What you'll learn to do: Explain the concept of people analytics

People analytics is a practice that has been an "emerging trend" for over a decade. Indeed, research and advisory firm Garter still categorizes analytics as an emerging technology, estimating time to mainstream adoption (as of October 2018) at 2–5 years.[1] However, practice thought leaders are declaring that "the people data revolution, predicted for years, has finally arrived." In this section, we'll get beyond the hype, defining people analytics and discussing adoption trends and implications for HR.

1. George, Sharon. "6 Trends in the Gartner Hype Cycle for Human Capital Management, 2018." Gartner. October 30, 2018. Accessed August 06, 2019. ↵

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3.8: What is People Analytics?

Learning Outcomes

- Define the term people analytics

When we use data to uncover the workplace behaviors that make people effective, happy, creative, experts, leaders, followers, early adopters, and so on, we are using “people analytics.”

—Ben Waber

People Analytics author and Humanyze CEO Ben Waber defines people analytics as a “data driven approach to people-related decisions and practices. That is, people analytics is the application of analytics to people data or, to avoid the circular reference, insights derived from an organization’s employee data. The insight point is key. As RiskIQ chief data scientist Adam Hunt notes: “The amount of data you can grab, if you want, is immense, but if you’re not doing anything with it, turning it into something interesting, what good is it? Data science is about giving that data a purpose.”[1] The purpose of people analytics is to provide HR and business leaders with actionable people insights that improve business outcomes.



According to *People Analytics for Dummies* author Mike West, the term “people analytics” was derived from Google’s reference to Human Resources as People Operations and, thus, the associated analytics “people analytics.”[2] Google, who West notes aspires to make all management decisions using data, formed its first formal people analytics group in 2007.

Although the terms “people analytics,” “HR analytics,” and “workforce analytics” are often used interchangeably, people analytics is the broader or umbrella concept. In practice, however, the idea is the same, which is to integrate data to improve decisions that have historically been made based on people’s experience and intuition.[3]

? PRactice Question

https://assessments.lumenlearning.co...essments/18113

The first instance of a group focused on Human Resource-specific analytics is believed to be the “HR Decision Support” team formed by pharmaceutical maker Merck in 2001. Although people analytics as a practice has been in existence for approximately 20 years, organizations adoption of associated tools and processes is still far from maturity—a point we’ll explore in the next section.

1. Stokkel, Bastiaan. "Top 5 Trending HR Analytics Articles of July 2018." AIHR Analytics. 2018. Accessed August 06, 2019. ↵
2. West, Mike. "What Is the History of People Analytics?" LinkedIn. October 9, 2015. Accessed August 06, 2019. ↵
3. "What Is People Analytics?" *The Way We Work* (audio blog), May 16, 2018. Accessed August 06, 2019. ↵

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3.9: Adoption Trends

Learning Outcomes

- Discuss people analytics adoption trends



Deloitte's 2018 Global Human Capital Trends survey results indicate that "the use of workforce data to analyze, predict, and improve performance has exploded in practice and importance over the last few years," with 84% of respondents rating people analytics as important or very important.[1] According to Bersin by Deloitte's High-Impact People Analytics Study, 69% of large organizations have formed a people analytics team and are building an associated database. Bersin notes that in prior years, the percentage was a relatively constant 10–15%.

In a related article titled "People Analytics: Here With A Vengeance," Bersin highlights key study findings that illustrate the accelerating pace of adoption:[2]

1. People Analytics has grown up—it is now an established discipline in business.
    - As the statistics cited above illustrate, CEOs and CHROs now understand the link between people analytics and business performance. There's also a recognition that people analytics can do so much more than simply "cost-justify HR investments;" indeed, people analytics supports effective action on a range of high-priority issues including diversity, gender pay equity, skills gaps and retention rates.
2. The problems of data quality, integration, and integrity are being addressed.
    - Businesses report significant progress in addressing data quality and integrity issues that have historically been an obstacle. Specifically, 39% of respondents reported having "very good" or "good" quality data to support people-related decisions and 31% reported an understanding of "best-in-class" people analytics.
3. Companies are greatly expanding the type, nature, and level of data to analyze.
    - In addition to traditional data regarding candidates, pay, performance, training and other lifecycle data, organizations are compiling an extensive amount of data—increasingly in real-time—that reflects employee engagement, sentiment, behavior, well-being and other data that can be used to profile high-performers, identify patterns of behavior and inform decisions and interventions.
4. Data and analytics literacy has become an imperative for HR professionals.
    - Most business managers recognize that data is key to their success. They won't listen to unsubstantiated claims of bias or culture issues. What they're seeking is the data to prove what's not working and data-driven recommendations for improvement.
5. AI and Machine Learning have arrived – and People Analytics teams are using these algorithms to partner with the business
    - Bersin observes that "we used to think the secret to productivity at work was 'skills.' Now, through the use of machine learning, we can understand that the secret is also 'behaviors,' 'habits,' and 'patterns' that highly successful people adopt. Many of these are unconscious [and can't be observed] by the experts, but can be analyzed and understood by software."

For a visual view of adoption, refer to Figure 1, which illustrates people analytics adoption based on an organization's level of maturity or implementation of people analytics. The model, created by Bersin, categorizes adoption based on four progressive

levels of “maturity,” ranging from Level 1 through 4. In Level 1, which represents 14% of the organizations surveyed, data is not considered a value-driver and decision-making is still driven by intuition, experience and precedence.[3] In Level 2, representing 69% of the organizations surveyed, there is a focus on building people analytics capabilities and a consistent use of analytic tools—primarily in support of HR. In Level 3, approximately 15% of those surveyed, organizations are using advanced tools and technologies to collect, integrate and analyze data relevant to the business broadly. In Level 4, representing maturity, organizations are using real-time, AI-aided tools and technologies to college, integrate and analyze data and people analytics is integral to business, HR and management decisions; 2% of the organizations surveyed are operating at this level.

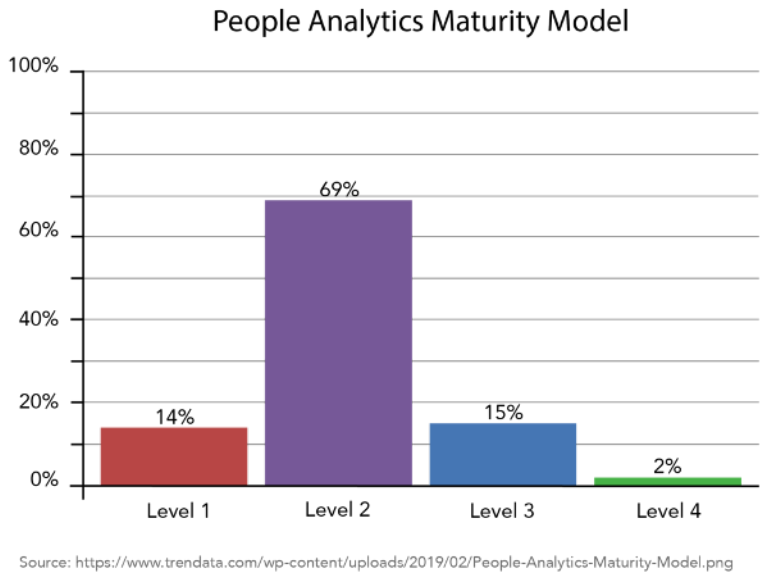
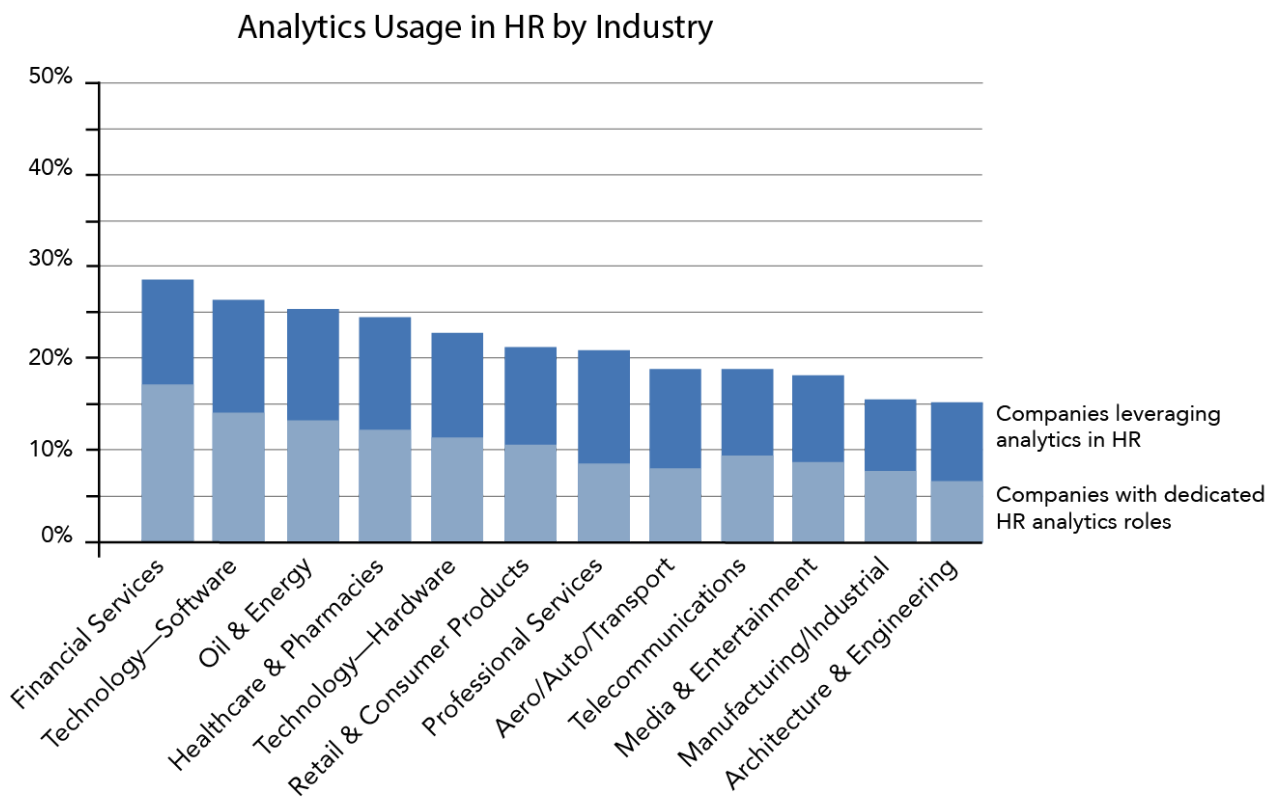


Figure 1. Bersin People Analytics Maturity Model

In their “Rise of Analytics” report, LinkedIn notes that people analytics adoption is concentrated in specific industries (see Figure 2). The overall adoption of HR-focused analytics teams is still relatively low, with only 22% of companies using HR analytics and 11% with an HR analytics role.



Source: https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/talent-intelligence/workforce/pdfs/Final_v2_NAMER_Rise-of-Analytics-Report.pdf

Figure 2. North American Companies—Percentage of Companies Applying Analytics in HR by Industry

Analytics Usage in HR by Industry (Table)

Industry	Companies leveraging analytics in HR	Companies with dedicated HR analytic roles
Financial Services	11%	16%
Technology – Software	11%	14%
Oil and Energy	11%	12%
Healthcare & Pharmacies	12%	12%
Technology – Hardware	10%	11%
Retail & Consumer Products	10%	11%
Professional Services	11%	8%
Aero/Auto/Transport	10%	7%
Telecommunications	10%	9%
Media & Entertainment	8%	8%
Manufacturing/Industrial	7%	7%
Architecture & Engineering	8%	6%

1. Abbatiello, Anthony, Dimple Agarwal, Josh Bersin, Gaurav Lahiri, Jeff Schwartz, and Erica Volini. "2018 Deloitte Global Human Capital Trends." Deloitte Insights. 2018. Accessed August 06, 2019. ↵
2. Bersin, Josh. "People Analytics: Here With A Vengeance." JOSH BERSIN. December 19, 2017. Accessed August 06, 2019. ↵
3. Bersin, Deloitte Consulting LLP. "Figure 1. People Analytics Maturity Model." 2017. ↵

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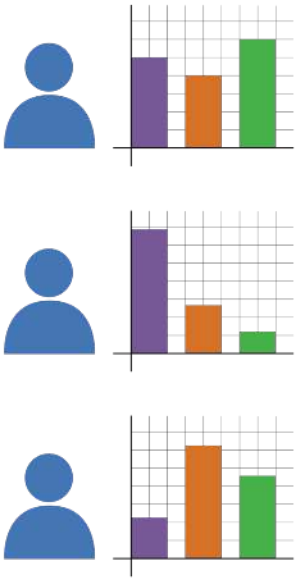
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3.10: Implications of People Analytics

Learning Outcomes

- Discuss the implications of people analytics trends for HR professionals



Research by Deloitte, Bersin, LinkedIn, and others highlights the implications of people analytics trends for HR professionals. In particular, the data reflects a significant gap between the perceived importance of people analytics and associated analytical skills. In their 2018 Human Capital Trends report, Deloitte noted that 85% of participating companies consider people data “important” or “very important” but only 42% indicated they were either “ready” or “very ready.” Similarly, Deloitte’s 2017 Human Capital Trends report found that 71% of companies see people analytics as a high priority, but only 9% believe they have a good understanding of which talent dimension drives performance in their organizations.[1]

Bersin’s conversations with executives underscore these findings. He relates a conversation with a CHRO who stated: “I’m tired of hiring HR professionals that don’t know the difference between a median and a mean. I’m thinking of asking all my HR teams to take a course in statistics.”[2] Related perspective point: “research shows that one of the biggest factors that predicts success in People Analytics is not just the skills of the analytics team – it’s the skill set of the HR business partners, analysts, and staff.” Bersin notes that it is human resources management’s responsibility to interpret people analytics for leaders—“[showing] him or her data which points out that their team has bias, poor work practices, weak skills, failing culture, or other problems that can be proven with data.”

Practice Question

https://assessments.lumenlearning.co...essments/18115

From a market perspective, LinkedIn reports that in the last five years (since March 2018), the number of HR professionals who list analytics skills and keywords on their profiles has tripled.[3] On the demand side, workforce productivity research firm Institute for Corporate Productivity, Inc. (i4cp) states that approximately 50% of high-performance organizations plan to increase their people analytics budget in 2019.[4] However, the firm notes that “as people analytics functions mature, finding and/or developing the right talent continues to be a barrier.”

1. Collins, Laurence, David R. Fineman, and Akio Tsuchida. "People Analytics: Recalculating the Route." Deloitte Insights. February 28, 2017. Accessed August 06, 2019. ↵
2. Ibid. ↵

3. Chensoff, Grace, Catherine Coppinger, Pooja Chhabria, Candice Cheng, Alvin Kan, and Huiling Cheong. "The Rise of Analytics in HR." LinkedIn. 2018. Accessed August 06, 2019. ↵
4. Mattsson, Alexander. "New Report: Four Ways to Advance Your People Analytics—I4cp." Institute for Corporate Productivity. May 30, 2018. Accessed August 06, 2019. ↵

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3.11: Introduction to Strategy and People Analytics

What you'll learn to do: Identify the use of people analytics in strategy

Just as human resource-related data is integral to strategic planning, people analytics is—or has the potential to be—integral to strategy execution. For perspective, the mission of LinkedIn's HR analytics team is "better, faster talent decisions."[1] In this section, we'll identify people analytics strategy impacts, illustrate the relationship between HR metrics and people analytics and discuss people analytics challenges and best practices.



1. Chensoff, Grace, Catherine Coppinger, Pooja Chhabria, Candice Cheng, Alvin Kan, and Huiling Cheong. "The Rise of Analytics in HR." LinkedIn. 2018. Accessed August 06, 2019. ↵

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3.12: Impact of People Analytics on Strategy

Learning Outcomes

- Identify key people analytics strategy impacts



For perspective on people analytics strategy impacts, consider the questions Chief Human Resource Officers business leaders are using analytics to answer:

- "How do we identify and predict who is going to be the next batch of successful leaders in our organization?"
- "How do we make informed decisions around labor mix, talent attraction, and development?"
- "What is the supply of talent in the external marketplace?"
- "How impactful is our leadership, the way we work, and our processes?"
- "How strong is our culture, and do we have the right people?"

As LinkedIn notes, "HR data analytics can help answer many of the critical concerns CHROs must grapple with, including workforce diversity, geolocation decisions, hiring strategy, competitive benchmarking, workforce planning, and employer branding."[1]

Practice Question

https://assessments.lumenlearning.co...essments/18116

Nielsen and Employee Retention[2]

To illustrate, consider how measurement and data analytics company Nielsen used people analytics to solve an issue with employee retention. In 2015, the leader of one of Nielsen's largest businesses asked the head of the company's new People Analytics group for assistance in identifying why people were leaving her team, saying "Attrition is high—something's going on. I feel it, I see it, I'm losing my associates."

In fact, turnover had been identified as a company-wide issue and the people analytics team built a model to answer the question. The initial model factored in 20 employee data points, including age, gender, tenure and manager rating and generated a key finding: internal mobility was a critical retention factor. Specifically. employees that had been promoted or accepted a lateral job change within the past two years were much less likely to leave.

Based on this insight, Neilsen created a "Ready to Rotate" group to help employees interested in an internal transfer. The company also used the data to identify high performers who were "at risk"—specifically, those with the greatest likelihood of leaving the company within six months—and scheduled conversations that resulted in 40% being transferred to new roles.

Another key finding: the first year matters most. To act on this, Nielsen set up a program called "Golden Year" that tracks associate's first year.

So what was the business impact or these changes?

- Voluntary turnover decreased by almost 50% (with millions of dollars in related HR expense savings)

- Internal job changes increased by a multiple of 8 in the initiative's first year.
- Annual retention of at-risk employees increased 5–10% in most groups.

Not surprisingly, this impact also established the credibility of the people analytics team.

? Learn More

For additional people analytics case studies, see David Geen's 20 People Analytics Case Studies article on LinkedIn.

1. Chensoff, Grace, Catherine Coppinger, Pooja Chhabria, Candice Cheng, Alvin Kan, and Huiling Cheong. "The Rise of Analytics in HR." LinkedIn. 2018. Accessed August 6, 2019. ↵
2. Steiner, Keenan. "People Analytics Isn't as Hard as You Think—Nielsen Proves Why." LinkedIn. LinkedIn, March 9, 2017. ↵

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3.13: Key Metrics

Learning Outcomes

- Highlight key people analytics metrics



Metrics and accountability are critical to performance. However, metrics are simply data, which has no intrinsic value. The value of data is that it provides a basis for analysis and, more specifically, insight. The same is true of data that's used to conduct people analytics. The 20 data points that Nielsen's used to address its turnover issue were just pieces of information until analysis identified factors that strongly influenced retention.

Data has meaning only if it can provide actionable insight into human behavior, culture or operational effectiveness. Used in combination, metrics and analytics can make sense of data and put it in perspective, allowing management to assess the situation and take action that improves business outcomes.

? PRactice Question

https://assessments.lumenlearning.co...essments/18117

To understand the connection between HR metrics and people analytics, let's consider the example illustrated by people analytics expert Erik van Vulpen below. Van Vulpen notes that the key distinction between metrics and people analytics is that "metrics don't say anything about a cause, they just measure the difference between numbers." In contrast, people analytics makes the connection between people drivers and business outcomes. That is, people analytics determines not only why something is happening but also quantifies the impact. The so what? People analytics allows management to move from opinion to insight, as Figure 1 illustrates.



Source: https://www.analyticsinhr.com/blog/hr-metrics-and-analytics-how-both-can-add-value/

Let's walk through the above scenario:

1. In this example, we start with the opinion that "a lot of people are ill this month." This opinion may or may not be accurate.
2. To determine whether this opinion is a fact, we would refer to the data, which indicates that absence levels for the month are 12%. However, one data point doesn't tell us whether this is a relatively high or low percentage.
3. To evaluate the data, we need a point of reference or norm. If the company average is 8.5% and the national average is 4%, we know the data is abnormally high and there's a potential problem. This is where metrics can add value/perspective. For example, calculating the cost of lost productivity due to absence will quantify the issue. The calculation for cost of lost productivity is absence x number of employees x average labor cost. If the organization has 100,000 employees and an average annual labor cost of $50,000, the cost of absence is .12 x 100,000 x ($50,000/12) = $50,000,000. That's a startling monthly number and clearly a question/issue worth resolving.

4. Applying analytics helps identify causes. Let's say the number of employees reporting flu-like symptoms has increased significantly. How does that compare with regional or country data?
5. The final step is insight or, more specifically, acting on the insight. Given that the cost of flu-related illness poses a significant financial and operational risk, the company should consider ways to reduce that risk. For example, the company might consider sponsoring flu vaccinations or developing a contingency plan that involves tapping former employees or the alternative workforce.

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3.14: Challenges in People Analytics

Learning Outcomes

- Discuss challenges to implementing people analytics

The challenges to implementing people analytics are reflected in survey data, with Deloitte, KPMG and others reporting an organizational "readiness gap." Glass Bead Consulting principal Andy Spence identified the following seven key challenges to people analytics implementation.[1]



Challenge 1: HR Mindset

According to a survey of Human Capital Institute members, "80% of HR practitioners say their company leaders still rely on 'gut feelings' to make people-based decisions." The problem with that—effectiveness aside—is that if managers (people analytics business customers) don't believe that data is useful, they won't ask for it, use it or believe in it.

Recommendations

- Educate management—and new employees—on the value of using evidence-based data.
- Find opportunities to make intuitive decisions more data-based and factor intuition into data-based decisions.

Challenge 2: Managing Expectations

Spence's rhetorical question: Organizations have always had business problems, statistical knowledge and access to large amounts of data, so why the focus on people analytics now? Hype. In Gartner hype cycle terms, analytics is currently in stage 3: the trough of disillusionment. Although people analytics has delivered some impressive results, unrealistic expectations is a real danger.

Recommendations

- Set realistic expectations on people analytics.
- Start with a specific business problem.

Challenge 3: Not “Big Data,” Big Questions



Point: “Without data you are just another person with an opinion” W. Edwards Deming

Counterpoint: “Without questions, you are just another person with data.”

Spence notes “there is a danger that People Analytics is a solution looking for a problem.” Instead, practitioners should be focusing on identifying the question that impact business performance.

Recommendations

- Know the business and focus on focus on solving business problems, not data analysis.
- Generate a number of broad questions and hypotheses that address business issues.

Challenge 4: The Right Tools

HR systems, data and reporting tools aren’t designed for analytics or to help HR answer business questions.

Recommendation

Work with fellow practitioners to identify effective tools

Challenge 5: No Confidence

As workforce analytics consultant Dr. Max Blumberg notes: “if, like most people, you don’t believe in your organisation’s competency and performance management frameworks, then you certainly aren’t in a position to believe in the results of statistical analysis based on data generated by these frameworks. As the old acronym GIGO says, Garbage In, Garbage Out.” This point also applies to data integrity.

Recommendations

- Put people analytics on pause until you’ve developed a reliable framework.
- Collaborate with and learn from academia and fellow practitioners

Challenge 6: Show Me the Money

Beautiful data visualizations don’t matter to CEOs. Show them how the data relates to revenue, profits and the holy grail of increasing employee productivity.

Recommendations

- Develop employee productivity measures
- Link initiatives to improving employee productivity

Challenge 7: HR Structural Issues

HR structural issues include a siloed operating model—for example, a concentration of specialists who inhibit a collaborative approach to delivering business strategy impact.

Recommendations

- Leverage lessons learned by companies who have been through HR transformations
- Ensure HR representatives possess basic analytical skills and an awareness of business issues.
- Continually evaluate the effectiveness of HR and management initiatives

? PRactice Question

https://assessments.lumenlearning.co...essments/18118

In addition to the above points, researchers and practitioners cite a lack of relevant skills (discussed in Implications of People Analytics) as a key implementation challenge.

? Key Takeaway

Closing the “readiness gap” will require organizations to change HR and operating approaches/mindsets and address people analytics skills and tools issues.

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1. Spence, Andy. "7 Challenges That People Analytics Must Overcome." HR Transformer Blog. September 22, 2016. Accessed August 06, 2019. ↵

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CHAPTER OVERVIEW

4: Diversity in the Workplace

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4.1: Why It Matters- Diversity in the Workplace

Why learn about anti-discriminatory laws and methods to develop and support a diverse workforce?

We are a nation founded on principles of equality. However, the promise of "liberty and justice for all" in our constitution wasn't initially the egalitarian commitment that it has been interpreted to be over time—it was initially written about all white men. In order to understand the present, we need to understand our history and, in particular, to look beyond stated intent to observe the practical impact of legislation, policy and practices.

We've come a long way in our quest for a diverse workforce. And yet, we still have a long way to go. As we've evolved as humans we've developed a mental shorthand to help us make decisions. Based on our experience and social conditioning, we make assumptions that codify into beliefs that drive our behaviors—often unconsciously. These collective assumptions and beliefs have over time become entrenched in business practices and policies.

? Learn More

For perspective on how this happens—and the need for change—watch Helen Turnbull's TED Talk titled "Inclusion, Exclusion, Illusion and Collusion":

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "Inclusion, Exclusion, Illusion and Collusion."

Key quote from this talk: "The unchallenged brain is not worth trusting."

The problem with these default behaviors and associated practices is that they no longer serve as well (if, indeed, they ever did). In fact, there is a business penalty and human cost to maintaining these practices. With demographic trends, increased employee advocacy and global interconnectedness, a failure to embrace diversity will constitute not only a competitive risk, but a risk of sustainability.



Figure 4.1.1

Diversity isn't just a women's or minority issue. Educational technology company Instructure senior vice president Jeff Weber observes that "more and more, when we're interviewing, candidates are asking what we're doing about diversity and inclusion. And it's not just diverse talent themselves, and it's not just millennials or Generation Z—we're hearing this from while, straight men in the Midwestern United States."[1] Organizational transformation consultants SYPartners associate principal Sabrina Clark notes that "companies that lack diversity are being called out publicly, and may even be losing business, not to mention falling behind when it comes to recruiting."[2] She observes that companies that make diversity and inclusion a business priority understand the brand implications, noting that "they're thinking . . . about what kind of company they are, who they want to be and what their legacy will be."[3] Diversity and inclusion isn't just an HR initiative, it's a strategic imperative. In this module, we'll discuss diversity and inclusion—what it is, the business case, challenges, best practices and emerging trends.

1. Florentine, Sharon. "Diversity and Inclusion: 8 Best Practices for Changing Your Culture." CIO. February 14, 2019. ↵
2. null ↵

3. Ibid. ↵

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4.2: Introduction to Legislation

What you'll learn to do: Summarize the legislation regarding employment discrimination

Equal opportunity is one of our nation's core values and should be a core company policy. In this section, we'll summarize employment discrimination legislation and highlight interpretation and enforcement changes.



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4.3: The Law and Discrimination

Learning Objectives

- Describe the laws designed to prevent bias and discrimination in hiring

A SHRM article emphasizes: “Discrimination costs employers millions of dollars every year, not to mention the countless hours of lost work time, employee stress and the negative public image that goes along with a discrimination lawsuit.” Equal employment opportunity isn’t just the right thing to do, it’s the law. Specifically, it’s a series of federal laws and Executive Orders designed to eliminate employment discrimination. Illegal discrimination is the practice of making employment decisions such as hiring, compensation, scheduling, performance evaluation, promotion, and firing based on factors unrelated to performance. There are currently nine categories protected under federal law: age, disability, genetic information, national origin, pregnancy, race and color, religion and sex. Although the final category is being disputed (more on this later), the EEOC currently interprets “sex” to include gender, sexual orientation and gender identity.



Figure 4.3.1

Employment discrimination laws and regulations are enforced by the Equal Employment Opportunity Commission (EEOC), an agency established by the Civil Rights Act of 1964 (Title VII). The agency’s mission is to stop and remedy unlawful employment discrimination. Specifically, the EEOC is charged with “enforcing protections against employment discrimination on the bases of race, color, national origin, religion, and sex.” Congress has expanded the agency’s jurisdiction over the years and the EEOC is now responsible for enforcing the Equal Pay Act of 1963 (APA), the Age Discrimination in Employment Act of 1967 (ADEA), Section 501 of the Rehabilitation Act of 1973, Titles I and V of the Americans with Disabilities Act of 1990 (ADA), and Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA). In 1972, Congress expanded Title VII protections to include federal government employees and granted the EEOC authority to pursue independent litigation against private employers under Title VII. Note that state and local laws may provide broader discrimination protections. If in doubt, contact your state department of labor for clarification.

? PRactice Question

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4.4: Anti-Discrimination Legislation

Learning Objectives

- Summarize the discrimination protections provided by Title VII of the Civil Rights Act of 1964
- Summarize the discrimination protections provided by the Civil Rights Act of 1991
- Identify additional laws & executive orders regarding discrimination

The Civil Rights Act of 1964



Figure 4.4.1: Lyndon B. Johnson signs the Civil Rights Act of 1964

History.com notes that "The Civil Rights Act of 1964, which ended segregation in public places and banned employment discrimination on the basis of race, color, religion, sex or national origin, is considered one of the crowning legislative achievements of the civil rights movement." Indeed, civil rights leader Martin Luther King, Jr. referred to the Act as a "second emancipation." The Act was originally proposed by President John F. Kennedy, who stated, "the United States 'will not be fully free until all of its citizens are free.'"[1] Despite strong opposition from southern Congressional members, including a record 75-day filibuster and a 14 hour speech by former Ku Klux Klan member and West Virginia Senator Robert Byrd, the Act passed and was signed into law by President Kennedy's successor, Lyndon B. Johnson.

Fundamentals of Human Resource Management authors DeCenzo, et.al. also state that "no single piece of legislation has had a greater effect on reducing employment discrimination than the Civil Rights Act of 1964." For Human Resource Management purposes, the section or "title" of the Act that's particularly relevant is Title VII, which, as amended, "protects individuals against employment discrimination on the basis of race and color as well as national origin, sex, or religion."[2] Title VII makes it unlawful to discriminate against any employee or applicant for employment because of race or color in regard to hiring, termination, promotion, compensation, job training, or any other term, condition, or privilege of employment. Title VII prohibits not only intentional discrimination but also neutral policies that disproportionately exclude minorities and are not job related. Title VII is applicable to private sector employers with fifteen or more employees, federal government employers, employment agencies, and labor organizations.

Title VII also prohibits employment decisions based on stereotypes and assumptions about abilities, traits, or the performance of individuals of certain racial groups. The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. Finally, the law requires employers to make reasonable accommodations for applicants' and employees' sincerely held religious practices, unless doing so would impose an undue hardship on the operation of the employer's business.

Title VII Exceptions

An employer is permitted to take employment actions that would otherwise be held as discriminatory if the decision is based on a bona fide occupational qualification (BFOQ). Workforce states that "Title VII of the Civil Rights Act of 1964 provides that employment decisions may be made on the basis of sex, religion, or national origin (but not race or color) if the sex, religion, or national origin is a BFOQ reasonably necessary to the normal operation of the business. The Age Discrimination in Employment Act of 1967 contains a similar provision for the BFOQ exception in regard to age."[3]

To be applicable, a BFOQ exception must meet two conditions: (1) A particular religion, sex, national origin or age must be an actual qualification for performing the job; and (2) the requirement must be necessary to the normal operation of the employer's business. The same exception is allowed for job notices and advertisements, where the position at issue requires a worker of a particular religion, sex, national origin or age. For example,
Civil.laws.com notes that "it would not be a violation of Title VII for a Jewish center to refuse employment to a Catholic individual in a shul or school funded by the congregation if the employment required a statement of adherence to and promulgation of Judaism or the Jewish faith.[4]

? Learn More

For additional perspective, refer to Cornell Law School's discussion of BFOQ.

Civil Rights Act of 1991

The Civil Rights Act of 1991 was passed to address a series of decisions by the Supreme Court that undermined discrimination protections.[5] In effect, the law nullified these decisions, re-establishing an employers burden of proof and the disparate impact theory of discrimination. The Act also amended "Title VII and the ADA to permit jury trials and compensatory and punitive damage awards in intentional discrimination cases."[6] Specifically, "the Act provided that where the plaintiff shows that discrimination was a motivating factor for an employment decision, the employer is liable for injunctive relief, attorney's fees, and costs (but not individual monetary or affirmative relief) even though it proves it would have made the same decision in the absence of a discriminatory motive."[7]

The Act also extended employment discrimination protection to employees of Congress and Title VII and ADA coverage to include American and American-controlled employers operating abroad.

Practice Questions

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? Practice Questions

The Equal Pay Act (APA) of 1963



The Equal Pay Act (APA) of 1963 makes it illegal to pay different wages to men and women if they perform equal work in the same workplace. The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. The EPA is discussed further here.

The Age Discrimination in Employment Act (ADEA) of 1976

ADEA protects applicants and employees 40 years or older from discrimination because of age and for retaliation for a discrimination complaint or related action. ADEA applies to private employers with 20 or more employees, state and local governments, employment agencies, labor organizations and the federal government. As mentioned above, it is generally unlawful to to state an age-related preference in job advertisements except when age is demonstrated to be a BFOQ. In a Recruitment & Selection training manual, SHRM recommends cross-referencing state's discrimination laws, noting that "some states require compliance with age discrimination law for employers of two or more workers, and some states have lowered the age discrimination threshold far below 40 years old."

The Pregnancy Discrimination Act of 1978

The Pregnancy Discrimination Act of 1978 is an amendment to Title VII of the Civil Rights Act. The Act makes it illegal to discriminate against a woman because of pregnancy, childbirth, or a medical condition related to pregnancy or childbirth. SHRM notes that "the basic principle is that a woman affected by pregnancy or other related medical condition must be treated the same as any other applicant in the recruitment and selection process." The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit.

Title I of the Americans with Disabilities Act (ADA) of 1990

Title I makes it illegal to discriminate against a qualified person with a disability in the private sector and in state and local governments. The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. The law also requires that employers reasonably accommodate the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or employee, unless doing so would impose an undue hardship on the operation of the employer's business. SHRM expands on the EEOC description, stating that "employers are prohibited from using an employment test to disqualify a disabled candidate unless that test is valid for the skills necessary in the job to which they are applying and unless the same test is given to all applicants, not just to those with disabilities." Sections 501 and 505 of the Rehabilitation Act of 1973 extend ADA Title I protections to federal government applicants and employees.

The Genetic Information Nondiscrimination Act (GINA) of 2008

GINA makes it illegal to discriminate against employees or applicants because of genetic information. Genetic information includes information about an individual's genetic tests and the genetic tests of an individual's family members, as well as information about any disease, disorder or condition of an individual's family members (i.e. an individual's family medical history). The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit.

? Note

SHRM's caution regarding differences in state and local versus federal laws applies across the board, and state/local laws are generally more stringent. HR personnel are advised to contact the relevant state department of labor to confirm the extent of specific employment laws and to develop a process to remain up to date on changes.

Executive Orders

Executive orders generally extend discrimination protections to federal workers, including those working under federal contracts.

- **Executive Order (E.O.) 11246.** Issued by President Lyndon B. Johnson, prohibits federal contractors from discriminating "against any employee or applicant for employment because of race, color, religion, sex, or national origin." Amended by President Obama (E.O. 13672)[8] to extend protection to include sexual orientation or gender identity.[9]
- **E.O. 11478.** Issued by President Nixon, bars discrimination against federal employees on the basis of race, color, religion, sex, national origin, disability, and age. Amended by President Clinton (E.O 13087) to include sexual orientation as a protected category. Amended by President Obama (E.O. 13672)[10] to extend protection to include gender identity as a protected category.

? Practice Question

1. History.com Editors. "Civil Rights Act of 1964." History.com. January 4, 2010. Accessed September 14, 2019. ↵
2. "Title VII of the Civil Rights Act of 1964." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵
3. Staff Report. "The BFOQ Exception to Discrimination Laws." WorkForce. December 24, 1999. Accessed September 14, 2019. ↵
4. "Title VII of the Civil Rights Act." Laws. Accessed September 14, 2019. ↵
5. "The Civil Rights Act of 1991." EEOC. Accessed September 14, 2019. ↵

6. "Laws Enforced by EEOC." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵
7. "The Civil Rights Act of 1991." EEOC. Accessed September 14, 2019. ↵
8. "Executive Order 13672." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵
9. Winston & Strawn LLP. "President Obama Signs Amendments to Executive Orders Supporting LGBT Workplace Equality." Lexology. July 22, 2014. Accessed September 14, 2019. ↵
10. "Executive Order 13672." U.S. Equal Employment Opportunity Commission. ↵

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4.5: Supreme Court Cases

Learning Objectives

- Summarize key Supreme Court cases regarding discrimination

As we saw with the passage of the Civil Rights Act of 1991, "justice"—at whatever level—is not always blind (or fair) and we may be entering another phase of regressive judicial activism with the recent appointments of conservatives Neil Gorsuch and Brett Kavanaugh to the bench. However, the Court has also contributed to diversity and preventing discrimination and, equally importantly, clarifying what is permissable under the law. Here are a few key descrimination decisions drawn from the EEOC's list of Selected Supreme Court Decisions.

Phillips v. Marin Marietta Corp. (1971)



The Supreme Court holds that Title VII's prohibition against sex discrimination means that employers cannot discriminate on the basis of sex plus other factors such as having school age children. In practical terms, EEOC's policy forbids employers from using one hiring policy for women with small children and a different policy for males with children of a similar age.[1]

Griggs v. Duke Power Co. (1971)

The Supreme Court decides that where an employer uses a neutral policy or rule, or utilizes a neutral test, and this policy or test disproportionately affects minorities or women in an adverse manner, then the employer must justify the neutral rule or test by proving it is justified by business necessity. The Court reasons that Congress directed the thrust of Title VII to the consequences of employment practices, not simply the motivation. This decision paves the way for EEOC and charging parties to challenge employment practices that shut out groups if the employer cannot show the policy is justified by business necessity.

Espinoza v. Farah Manufacturing Co. (1973)

The Supreme Court holds that non-citizens are entitled to Title VII protection and states that a citizenship requirement may violate Title VII if it has the purpose or effect of discriminating on the basis of national origin.

Alexander v. Gardener-Denver Co. (1974)

The Supreme Court rules that an employee who submits a discrimination claim to arbitration under a collective bargaining agreement is not precluded from suing his or her employer under Title VII. The court reasons that the right to be free of unlawful employment discrimination is a statutory right and cannot be bargained away by the union and employer.

UAW v. Johnson Controls (1991)

The Supreme Court addresses the issue of fetal hazards. In this case, the employer barred women of childbearing age from certain jobs due to potential harm that could occur to a fetus. The Court rules that the employer's restriction against fertile women performing "dangerous jobs" constitutes sex discrimination under Title VII. The Court further rules that the employer's fetal protection policy could be justified only if being able to bear children was a bona fide occupational qualification (BFOQ) for the job. The fact that the job posed risk to fertile women does not justify barring all fertile women from the position.

Oncale v. Sundowner Offshore Services (1998)

In a unanimous decision, the Supreme Court rules in that sex discrimination consisting of same-sex sexual harassment is actionable under Title VII. The Court reiterates that the plaintiff must prove that there was discrimination because of sex and that the harassment was severe.

? PRactice Question

1. "Selected Supreme Court Decisions." EEOC.gov. Accessed September 14, 2019. ↵

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4.6: Interpreting the Law

Learning Objectives

- Discuss changing interpretations of legal protections of diversity

As illustrated above, laws are subject to interpretation—both expansion and contraction. For example, an EEOC notice[1] emphasizes that their interpretation of the Title VII reference to "sex" is broadly applicable to gender, gender identity and sexual orientation. And further, that "these protections apply regardless of any contrary state or local laws." This interpretation is consistent with Executive Orders issued by the Obama administration that extended discrimination protection based on sexual orientation or gender identity to federal workers and federal contractor employees. However, the Trump administration is seeking to reverse that interpretation and the associated protections.

The Supreme Court has agreed to hear a series of cases on the interpretation of "sex" in the Civil Rights Act of 1964; specifically, to decide whether the Act's prohibition of employment discrimination based on sex applies to sexual orientation or transgender status.

In a brief submitted to the court on August 23, 2019, the Department of Justice argues that federal employment law doesn't protect workers from discrimination based on sexual orientation. A SHRM article notes that "the department's lawyers said that the ordinary meaning of "sex" is biologically male or female and doesn't include sexual orientation."[2] Major companies, like the EEOC, are fighting to retain protections. In a SHRM article, attorney Allen Smith states that "more than 200 businesses signed a brief on July 2 calling on the Supreme Court to rule that Title VII of the Civil Rights Act of 1964 prohibits discrimination based on sexual orientation and gender identity."[3] The Supreme Court has agreed to hear two cases, one from a federal appeals court in New York that found that discrimination against gay men and lesbians is a form of sex discrimination and one from a court in Georgia that came to the opposite conclusion. The justices also agreed to decide the separate question of whether Title VII bars discrimination against transgender people.

The New York Times reports that in a minor case, "Justice Neil M. Gorsuch wrote that courts should ordinarily interpret statutes as they were understood at the time of their enactment." Justice Ruth Bader Ginsburg held that "Congress may design legislation to govern changing times and circumstances." Adding, from a previous opinion, "Words in statutes can enlarge or contract their scope as other changes, in law or in the world, require their application to new instances or make old applications anachronistic."[4]

Key Takeaway

Law is interpreted (and, by extension, enforced) differently by different Administrations and courts. As Zadie Smith observed: "Progress is never permanent, will always be threatened, must be redoubled, restated and reimagined if it is to survive."

? Practice QUestion

1. "What Your Should Know About EEOC and the Enforcement Protections of LGBT Workers." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵
2. Nagele-Piazza, Lisa. "DOJ Asks Supreme Court to Find Workplace Bias Law Doesn't Cover Sexual Orientation." Society for Human Resource Management. August 26, 2019. Accessed September 14, 2019. ↵
3. Smith, Allen. "Companies Urge High Court to Ban LGBTQ Discrimination." Society for Human Resources Management. July 2, 2019. Accessed September 14, 2019. ↵
4. Liptak, Adam. "Supreme Court to Decide Whether Landmark Civil Rights Law Applies to Gay and Transgender Workers." The New York Times.April 22, 2019. Accessed September 14, 2019. ↵

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4.7: Introduction to Equal Employment Opportunity

What you'll learn to do: Discuss EEO (Equal Employment Opportunity) compliance best practices and enforcement

The EEOC is the front-line of the battle for equal employment opportunity and is the source for EEO practices, process and impacts. In this section we'll discuss EEO compliance best practices, how the EEOC complaint and enforcement process works and provide perspective on the cost of EEO violations.

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4.8: EEO Best Practices

Learning Objectives

- Discuss EEO compliance best practices



As part of its E-Race (Eradicating Racism & Colorism from Employment) Initiative, the EEOC has identified a number of best practices that are applicable broadly, including the following: [1]

Training, Enforcement, and Accountability

Ensure that management—specifically HR managers—and all employees know EEO laws. Implement a strong EEO policy with executive level support. Hold leaders accountable. Also: If using an outside agency for recruitment, make sure agency employees know and adhere to relevant laws; both an agency and hiring organization is liable for violations.

Promote an Inclusive Culture

It's not just enough to talk about diversity and inclusion—it takes work to foster a professional environment with respect for individual differences. Make sure that differences are welcomed. Being the "only" of anything can get tiring, so make sure you're not putting further pressure on people by surrounding them in a culture that encourages conformity. A great way to promote an inclusive culture is to make sure your leadership is diverse and to listen to the voices of minorities.

Develop Communication

Fostering open communication and developing an alternative dispute-resolution (ADR) program may reduce the chance that a miscommunication escalates into a legally actionable EEO claim. If you're not providing a path for employees to have issues resolved, they'll look elsewhere. Additionally, it's essential to protect employees from retaliation. If people think reporting an issue will only make the situation worse, they won't bring it up, which will cause the issue to fester and lead to something worse than it once was.

Evaluate Practices

Monitor compensation and evaluation practices for patterns of potential discrimination and ensure that performance appraisals are based on job performance and accurate across evaluators and roles.

Audit Selection Criteria

Ensure that selection criteria do not disproportionately exclude protected groups unless the criteria are valid predictors of successful job performance and meet the employer's business needs. Additionally, make sure that employment decisions are based on objective criteria rather than stereotypes or unconscious bias.

Make HR Decisions with EEO in Mind

Implement practices that diversify the candidate pool and leadership pipeline. Provide training and mentoring to help employees thrive. All employees should have equal access to workplace networks.

? Making HR Decisions

Now that you've learned EEO compliance best practices, let's check your instincts and take a look at a few HR situations.

A link to an interactive elements can be found at the bottom of this page.

Enforce an Anti-Harassment Policy

Establish, communicate and enforce a strong anti-harassment policy. You should conduct periodic training for all employees and enforce the policy. The policy should include:

- A clear explanation of prohibited conduct, including examples
- Clear assurance that employees who make complaints or provide information related to complaints will be protected against retaliation
- A clearly described complaint process that provides multiple, accessible avenues of complaint
- Assurance that the employer will protect the confidentiality of harassment complaints to the extent possible
- A complaint process that provides a prompt, thorough, and impartial investigation
- Assurance that the employer will take immediate and appropriate corrective action when it determines that harassment has occurred

? Practice Question

1. "Best Practices for Employers and Human Resources/EEO Professionals." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵

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4.9: EEO Complaints

Learning Objectives

- Explain the process for filing an EEO complaint
- Explain how EEO complaints are pursued

If an employee believes they were or are being discriminated against at work based on a protected category, the person can file a complaint with the EEOC or a state or local agency.[1] For example, in California, a discrimination claim can be filed either with the state's administrative agency, the California Department of Fair Employment and Housing (DFEH) or the EEOC. Workplacefairness.org notes that the "California anti-discrimination statute covers some smaller employers not covered by federal law. Therefore, if your workplace has between 5 and 14 employees (or one or more employees for harassment claims), you should file with the DFEH."[2] California law also addresses language discrimination—for example, "English-only" policies. In brief, "an employer cannot limit or prohibit employees from using any language in the workplace unless there is a business necessity for the restriction."[3] This section discusses private-sector EEO complaints and enforcement. Federal job applicants and employees follow a different process, linked here: federal EEO complaint process.

Who Should File

If federal EEO law applies your workplace and you believe you were discriminated against at work because of your race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (40 or older), disability or genetic information, you can file a charge of discrimination with the EEOC.

Filing a charge of discrimination involves submitting a signed statement asserting that an employer, union or labor organization engaged in employment discrimination. The claim serves as a request for the EEOC to take remedial action. Note that an individual, organization, or agency is allowed to file a charge on behalf of another person in order to protect that person's identity. A person (or authorized representative) is required to file a Charge of Discrimination with the EEOC prior to filing a job discrimination lawsuit based on EEO laws with the exception of the Equal Pay Act. Under the Equal Pay Act, you are allowed to file a lawsuit and go directly to court.

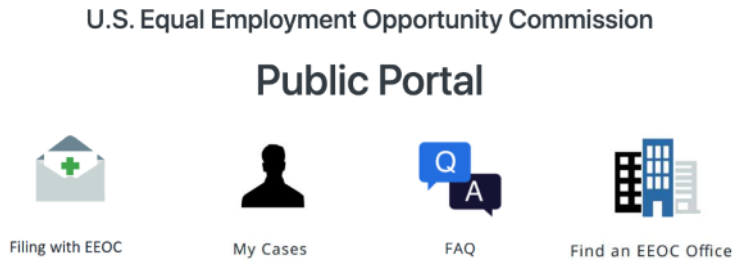


Figure 4.9.1: The EEOC's Public Portal

How to File

To start the process, you can use the EEOC's Public Portal (website) to submit an inquiry or schedule an "intake" interview. The Public Portal landing page also has a FAQ section and Knowledge Base and allows you to find a local office and track your case. The two most frequently accessed articles are linked below:

- What happens during an EEOC intake interview?
- If I submit an online inquiry, does that mean I filed a charge of discrimination?

The second step in the process is to participate in the interview process. The interview allows you to discuss your employment discrimination situation with an EEOC staff member and determine whether filing a charge of discrimination is the appropriate next step for you. The decision of whether to file or not is yours.

The third step in the process, filing a Charge of Discrimination, can be completed through the Public Portal site.

When to File

The general rule is that a charge needs to be filed within 180 calendar days from the day the discrimination took place. Note that this time frame includes weekends and holidays, except for the final day. This time frame is extended to 300 calendar days if a state or local agency enforces a law that prohibits employment discrimination on the same basis. However, in cases of age discrimination, the filing deadline is only extended to 300 days if there is a state law prohibiting age discrimination in employment and a state agency authorized to enforce that law.

If more than one discriminatory event took place, the deadline usually applies to each event. The one exception to this rule is when the charge is ongoing harassment. In that case, the deadline to file is within 180 or 300 days of the last incident. In conducting its investigation, the agency will consider all incidents of harassment, including those that occurred more than 180/300 days earlier.

If you are alleging a violation of the Equal Pay Act, the deadline for filing a charge or lawsuit under the EPA is two years from the day you received the last discriminatory paycheck. This timeframe is extended to three years in the case of willful discrimination. Note that if you have an Equal Pay Act claim, you may want to pursue remedy under both Title VII and the Equal Pay Act. The EEOC recommends talking to a field staff to discuss your options.

Key point: filing deadlines will generally not be extended to accommodate an alternative dispute resolution process—for example, following an internal or union grievance procedure, arbitration or mediation. These resolution processes may be pursued concurrently with an EEOC complaint filing. The EEOC is required to notify the employer that a charge has been filed against it.

If you have 60 days or less to file a timely charge, refer to the EEOC Public Portal for special instructions or contact the EEOC office closest to you.

? Practice Question

Claim Assessment

The EEOC is required to accept all claims related to discrimination. If the EEOC finds that the laws it enforces are not applicable to a claim, that a claim was not filed in a timely manner or that it is unlikely to be able to establish that a violation occurred, the agency will close the investigation and notify the claimant.

Claim Notice

Within 10 days of a charge being filed, the EEOC will send the employer a notice of the charge.

Mediation

In some cases, the agency will ask both the claimant and employer to participate in mediation. In brief, the process involves a neutral mediator who assists the parties in resolving their employment disputes and reaching a voluntary, negotiated agreement. One of the upsides of mediation is that cases are generally resolved in less than three months—less than a third of the time it takes to reach a decision through investigation. For more perspective on mediation, visit the EEOC's Mediation web page.

Investigation

If the charge is not sent to mediation, or if mediation doesn't resolve the charge, the EEOC will generally ask the employer to provide a written response to the charge, referred to as the "Respondent's Position Statement." The EEOC may also ask the employer to answer questions about the claims in the charge. The claimant will be able to log in to the Public Portal and view the position statement. The claimant has 20 days to respond to the employers position statement.

How the investigation proceeds depends on the facts of the case and information required. For example, the EEOC may conduct interviews and gather documents at the employer site or interview witnesses and request documentation. If additional instances of discriminatory behavior take place during the investigation process, the charge can be "amended" to include those charges or an EEOC agent may recommend filing a new charge of discrimination. If new events are added to the original charge or a new charge is filed, the new or amended charge will be sent to the employer and the new events will be investigated along with the prior events.

EEOC Decision

Once the investigation has been completed—on average, a ten-month process—the claimant and employer are notified of the result. If the EEOC determines the law may have been violated, the agency will attempt to reach a voluntary settlement with the employer. Barring that, the case will be referred to EEOC's legal staff (or, in some cases, the Department of Justice), to determine whether the agency should file a lawsuit.

Right to Sue

If the EEOC decides not to file suit, the agency will give the claimant a Notice of Right to Sue, allowing the claimant to pursue the case in court. If the charge was filed under Title VII or the ADA, the claimant must have a Notice of Right to Sue from EEOC before filing a lawsuit in federal court. Generally, the EEOC must be allowed 180 days to resolve a charge. However, in some cases, the EEOC will issue a Notice of Right to Sue in less than 180 days.

? Practice Question

1. "Filing a Charge of Discrimination." U.S. Equal Employment Opportunity Commission. Accessed September 14, 2019. ↵
2. "Filing a Discrimination Claim – California." Workplace Fairness. Accessed September 14, 2019. ↵
3. Ibid. ↵

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4.10: EEO Violations

Learning Objectives

- Identify the impacts of EEO violations



Figure 4.10.1

In 2018, the EEOC received 76,418 charges of workplace discrimination, including approximately 40,000 charges of retaliation, 25,000 charges of discrimination (in each category) based on sex, disability and race and 17,000 charges of age-related discrimination.[1] The agency resolved 90,558 charges, securing over $500 million in settlements for victims in the private sector, state and local government, and federal workplaces.

In the press release announcing 2018 fiscal year statistics, Acting Chair Victoria A. Lipnic states that “we cannot look back on last year without noting the significant impact of the #MeToo movement in the number of sexual harassment and retaliation charges filed with the agency.” The number of sexual harassment charges filed increased 14% over 2017 and the agency obtained $56.6 million in monetary benefits for victims of sexual harassment.

For perspective, here are a few recent verdicts and settlements:[2]

- **7/2019—$3.8 million.** Judgment against City of Tucson for failing to provide a lactation room for a firefighter
- **6/2019—$5 million.** Proposed agreement to settle a class-action suit claiming that JP Morgan Chase Bank’s paid parental leave policy discriminated against fathers
- **2/2019—$1.5 million.** Punitive damages for an ex-KFC employee for breastfeeding accommodation violations.
- **2/2019—$11 million.** Judgement against Silverton Partners, Inc. for sexual harassment, retaliation, failure to prevent harassment/retaliation and negligent supervision, retention, and hiring.
- **11/2018—$6 million.** Judgement against Teva Pharmaceuticals for discrimination on the basis of age, national origin and retaliation.
- **10/2019—$3 million.** Judgement against PPG Industries, Inc. for gender discrimination. Half of the award was damages for emotional distress.

? Practice Question

As a Center for American Progress report notes: “There’s a price to be paid for workplace discrimination.” And that price includes more than attorney fees and judgements. In addition to the direct costs of non-compliance, there are operating, brand and human costs, including not only management time in responding to or defending against a claim but the impact on how an organization is perceived by customers, partners and employees. Looking at just one aspect of that equation—turnover—The Level Playing Field Institute estimated the cost of unfairness to be $64 billion in 2007. This figure doesn’t factor in penalties, brand impact or the morale and productivity of employees who remain. This is simply the estimated cost of losing and replacing more than 2 million American workers who leave jobs annually due to unfairness and discrimination. The report goes on to state that “businesses that discriminate based on a host of job-irrelevant characteristics, including race, ethnicity, gender, age, disability, and sexual orientation and gender identity put themselves at a competitive disadvantage compared to businesses that evaluate individuals based solely on their qualifications and capacity to contribute.”[3]

Although the Center’s point of reference is LGBT individuals, the points they make are valid across the spectrum of diversity. Specifically, discrimination against employees based on factors unrelated to job performance negatively impacts the economic performance of businesses in every human resource and revenue-generation category including recruitment, retention, job performance, productivity, engagement and marketing to consumers.

1. "EEOC Releases Fiscal Year 2018 Enforcement and Litigation Data." U.S. Equal Employment Opportunity Commission. April 10, 2019. Accessed September 14, 2019. ↵
2. "Verdicts and Settlements." Employment Law Information Network. Accessed September 14, 2019. ↵
3. Burns, Crosby. "The Costly Business of Discrimination." Center for American Progress. March 2012. Accessed September 14, 2019. ↵

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4.11: Introduction to Working with a Diverse Workforce

What you'll learn to do: Discuss the benefits & challenges of a diverse workforce

While laws can provide useful guidance and protect individuals from discrimination, there is more to diversity than simply obeying the law. In this section, we'll discuss the business case for this course of action, the benefits, the challenges, and what works in regards to diversity.

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4.12: Diversity and Inclusion

Learning Objectives

- Compare diversity and inclusion



Language can be imprecise and, therefore, ineffective in supporting communication or the transfer of meaning that is essential to collaboration and, in particular, affecting change. Diversity and inclusion speaker and advisor Joe Gerstandt comments “maybe our greatest barrier to further progress [toward achieving diversity] is that [diversity] remains an issue that seems very vague and ambiguous to many people, primarily about platitudes and political correctness. It is [a term that is] watered down now, it means a bunch of different stuff to a bunch of people…and to some people it has become too negative, too complicated, too charged.”[1] So true.

In order to get us all on the same page, we’ll start with a minimalist statement that defines and differentiates between diversity and inclusion. To quote Gerstandt: “Diversity means difference and inclusion means our ability to include difference.” Practically speaking, diversity can be understood as a range of human characteristics that differ from our own and/or from those we share with the groups to which we belong. Inclusion is more intuitive; as the Oxford Dictionary defines it, inclusion is “the action or state of including or of being included within a group or structure.”[2] One point worth emphasizing in that definition: inclusion involves “including” as well as “being included.” To that point, Gerstandt emphasizes that “[Inclusion is] activist in nature.” As he puts it, the key question is “what do you do intentionally, and deliberately to be more inclusive?”[3]

A distinction worth noting is that there are generational differences in how diversity and inclusion are interpreted. In their 2019 report “The Bias Barrier: Allyships, Inclusion and Everyday Behaviors,” Deloitte identified that “millennials (aka Generation Y) view inclusion as having a culture of connectedness that facilitates teaming, collaboration, and professional growth.”[4] In contrast, Baby Boomers and Generation X-ers consider diversity and inclusion a matter of representation and assimilation.

Table 4.12.1. Millennial vs Nonmillennial Definitions of Diversity[5]

Millennials are more likely to focus on	Nonmillennials are more likely to focus on
32% more likely to focus on respecting identities	21% more likely to focus on representation
35% more likely to focus on unique experiences	19% more likely to focus on religion and demographics
29% more likely to focus on ideas, opinions, and thoughts	25% more likely to focus on equality

Practice Question

Key Perspective Point

For Millennials, inclusion is primarily about cognitive diversity; specifically, “capitalizing on a variety of perspectives in order to make a stronger business impact.” Deloitte University Leadership Center for Inclusion Managing Principal Christie Smith and Deloitte consultant Dr. Stephanie Turner note that transforming the diversity and inclusion model isn’t just a retention issue, “the millennial viewpoint is simply better for business.”[6]

Related statistic

An IBM study found that 75% of CEOs and executives consider leveraging cognitive diversity fundamental for organizational success.

If you think diversity and inclusion—however its defined or interpreted—is passé, think again. SHRM Senior Legal Editor Lisa Nagele-Piazza lists “improving gender diversity”[7] as one of the Top Ten Workplace Trends for 2019.

Author, researcher and advisor Josh Bersin considers diversity and inclusion “a very hot topic.”[8] In fact, he says it comes up in every client conversation. Why? Follow the hashtags (e.g., #metoo, #blacklivesmatter), political positioning, with the emphasis on income inequality and fairness, and the realities of employee expectations translating into activism or turnover. As Bersin puts it: diversity and inclusion is not [just] an HR program, it’s a business strategy.

? Learn More

For additional perspective on diversity and inclusion, read recruitment automation software provider Ideal’s Diversity and Inclusion: A Beginners Guide. For additional perspective on generational differences in how diversity is perceived, refer to The Radical Transformation of Diversity and Inclusion: The Millennial Influence, a joint project of Deloitte and the Billie Jean King Leadership Initiative (BJKLI).

1. Gerstandt, Joe. "What Does Diversity Mean to You?" Joe Gerstandt : The Value of Difference. March 21, 2011. Accessed September 14, 2019. ↵
2. "Inclusion." Lexico. Accessed September 14, 2019. ↵
3. Gerstandt, Joe. "Inclusion in Action." Joe Gerstandt : The Value of Difference. April 11, 2019. Accessed September 14, 2019. ↵
4. Smith, Christie and Stephanie Turner. "The Radical Transformation of Diversity and Inclusion: The Millennial Influence." Deloitte University, The Leadership Center for Inclusion. Accessed September 14, 2019. ↵
5. Ibid. ↵
6. Ibid. ↵
7. Nagele-Piazzam Lisa. "Top 10 Workplace Trends for 2019." Society for Human Resource Management. June 27, 2019. Accessed September 14, 2019. ↵
8. Bersin, Josh. "Diversity and Inclusion is a Business Stratgey, Not an HR Program." Josh Bersin. August 29, 2018. Accessed September 14, 2019. ↵

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4.13: Benefits of Diversity

Learning Objectives

- Discuss the benefits of a diverse workforce



UC Berkeley's Greater Good Science Center's (GGSC) definition of diversity captures not only that essential element of difference but why it matters. To quote: "'diversity' refers to both an obvious fact of human life—namely, that there are many different kinds of people—and the idea that this diversity drives cultural, economic, and social vitality and innovation.'"[1] From a human resource management standpoint, it's important to note that diversity benefits both the organization and individuals. GGSC cites research indicating that "individuals thrive when they are able to tolerate and embrace the diversity of the world." Of course, the opposite is also true: intolerance undermines our well-being.

In the Executive Summary of their 2018 "Delivering through Diversity" report, McKinsey & Company consultants Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle and Lareina Yee observe that "While social justice, legal compliance, or maintaining industry-standard employee environment protocols is typically the initial impetus behind these efforts, many successful companies regard I&D [inclusion & diversity] as a source of competitive advantage, and specifically as a key enabler of growth."[2] In this follow-up to prior research conducted in 2015, the authors found the business case for diversity and inclusion remains compelling. Specific findings:[3]

- **Diversity drives business performance.** There is a "statistically significant correlation between a more diverse leadership team and financial outperformance."
- **Executive diversity (gender++) matters.** "Companies in the top-quartile for gender diversity on executive teams were 21% more likely to outperform on profitability and 27% more likely to have superior value creation." The authors note that the connection between executive diversity and performance isn't limited to gender. "Companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability." The authors conclude that executive diversity in "the myriad ways in which diversity exists beyond gender (e.g., LGBTQ+, age/generation, international experience) can be a key differentiator among companies.*f*"
- **Lack of diversity impairs business results.** As the authors phrase it, "There is a penalty for opting out [of diversity]." Specifically, "companies in the bottom quartile for both gender and ethnic/cultural diversity were 29% less likely to achieve above-average profitability than were all other companies in our data set."

For human resource management, in particular, it's important to understand what's driving higher performance.

? Practice Question



The authors believe that the positive relationship between I&D and performance is due to the fact that “more diverse companies are better able to attract top talent; to improve their customer orientation, employee satisfaction, and decision making; and to secure their license to operate.” To expand on those findings, here are seven benefits drawn from Hult International Business School’s blog:[4]

1. Greater creativity and innovation—diversity of thought—for example, different experiences, perspectives and cognitive styles —can stimulate creativity and drive innovation. Hult blogger Katie Reynolds notes that “cosmetic giant L’Oréal attributes much of its impressive success in emerging markets to its multicultural product development teams.” The *Harvard Business Review*

article she references, “L’Oréal Masters Multiculturalism,” is a recommended read for any student interested in international business.

2. Improved competitive positioning—“local knowledge”—everything from local laws and customs to connections, language and cultural fluency—can increase the probability of success when entering a new country or region.
3. Improved marketing effectiveness—having an understanding of the nuances of culture and language is a prerequisite for developing appropriate products and marketing materials. The list of gaffes is endless…and the financial and brand impact of errors can be significant, from a line of Nike Air shoes that were perceived to be disrespectful of Allah to the poor Chinese translation of KFC’s “Finger lickin’ good tagline: “so tasty, you’ll eat your fingers off!”
4. Improved talent acquisition & retention—this is particularly critical in a competitive job market: embracing diversity not only increases the talent pool, it improves candidate attraction and retention. A Glassdoor survey found that 67% of job seekers indicated that diversity was an important factor when evaluating companies and job offers. Reynolds also cites HR.com research that indicates diversity, including diversity of gender, religion, and ethnicity, improves retention.
5. Increased organizational adaptability—hiring individuals with a broader base of skills and experience and cognitive styles will likely be more effective in developing new products and services, supporting a diverse client base and will allow an organization to anticipate and leverage market and socio-cultural or political developments/opportunities.
6. Greater productivity—research has shown that the range of experience, expertise and cognitive styles that are implicit in a diverse workforce improve complex problem-solving, innovation and productivity. Additional benefit: responsiveness—A study conducted in Australia found that “when diversity is recognised and employees feel included they have a better responsiveness to changing customer needs.”[5]
7. Greater personal and professional growth—learning to working across and leverage differences can be an enriching experience and an opportunity to build a diverse network and develop a range of high-value soft skills including communication, empathy, collaborative problem-solving and multicultural awareness. To that point, GGSC reports that a study published in Psychological Science found that “social and emotional intelligence rises as we interact with more kinds of people.”[6]

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1. "Diversity Defined: What is Diversity?" *Greater Good Magazine*. Accessed September 14, 2019. ↵
2. Hunt, Vivian, Sara Prince, Sundiatu Dixon-Fyle, and Lareina Yee. "Delivering Through Diversity." McKinsey & Company. January 2018. Accessed September 14, 2019. ↵
3. Ibid. ↵
4. Reynolds, Katie. "13 benefits and Challenges of Cultural Diversity in the Workplace." Hult International Business School. February 2019. Accessed September 14, 2019. ↵
5. Grey, Justin. "Study Finds Diverse, Inclusive Workplaces More Productive." MyBusiness. January 21, 2013. Accessed September 14, 2019. ↵
6. "Diversity Defined: Why Practice It?" Greater Good Magazine. Accessed September 14, 2019. ↵

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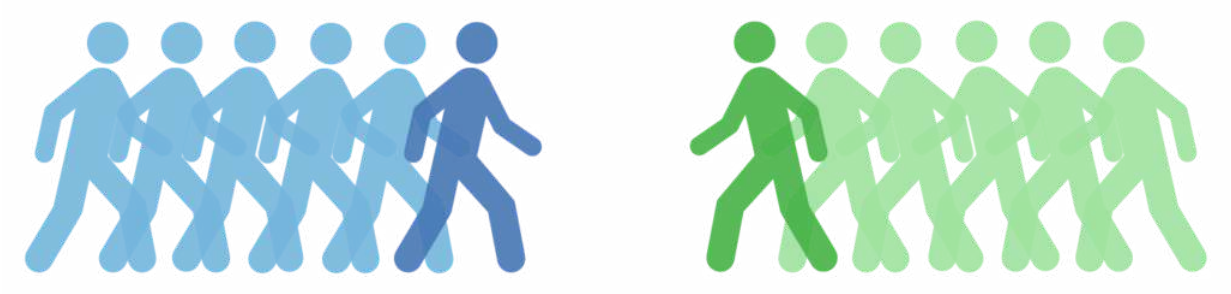
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4.14: Challenges of Diversity

Learning Objectives

- Discuss the challenges of a diverse workforce

What makes us different can also make it challenging for us to work well together. Challenges to employee diversity are based not only on our differences—actual or perceived—but on what we perceive as a threat. Our micro (e.g., organizational culture) and macro (e.g., socio-political and legal) operating environment can also be challenges for diversity. Long-term economic, social, political and environmental trends are rendering entire industries—and the associated skill sets—obsolete. For many in these industries and many slow-growth occupations, workplace trends seem to represent a clear and present danger.



In an article titled "Meet the US workforce of the future: Older, more diverse, and more educated," Deloitte notes that the U.S. labor market is increasingly dividing into two categories: "highly skilled, well-paid professional jobs and poorly paid, low-skilled jobs."[1] The authors Dr. Particia Buckley and Dr. Daniel Bachman note that there are relatively fewer middle-skill, moderate-pay jobs—for example, traditional blue-collar or administrative jobs. Indeed, as we've discussed in other modules, the idea of a static set of skills for a given occupation is a historical concept. The authors note that participation in the future labor force will increasingly require computer and mathematical skills, even at the low-skill end.

Deloitte expects the workforce of the future to be older ("70 is the new 50"), more diverse and more highly educated.[2] To the diversity point, Deloitte states that "if current trends continue, tomorrow's workforce will be even more diverse than today's—by gender, by ethnicity, by culture, by religion, by sexual preference and identification, and perhaps by other characteristics we don't even know about right now."[3] The Bureau of Labor Statistics projects that by 2024, less than 60% of the labor force will identify as "white non-Hispanic," down from over 75% in 1994.[4] Hispanics are projected to comprise approximately 20% of the 2024 labor force, African-Americans 13% and Asians 7%. Women are expected to comprise 47% of the 2024 workforce. For many, these economic and demographic shifts represents a radical change. Macro level challenges to diversity include fixed mindsets, economic trends and outdated socio-political frameworks.

Here are specific challenges that may be experienced at the organizational level:

1. **Complexity.** This is the flip-side of one of diversity's benefits: it's hard work! Reynolds notes that while it might seem easier to work on a homogeneous team, there is a tendency to compromise and "settle for the status quo." The title of a Harvard Business Review article captures the dynamic: "Diverse Teams Feel Less Comfortable—And That's Why They Perform Better." The authors' argument: "working on diverse teams produces better outcomes precisely because it's harder."[5]
2. **Differences in communication behaviors.** Different cultures have different communication rules or expectations. For example, colleagues from Asian or Native American cultures may be less inclined to "jump in" or offer their opinions due to politeness or deference as a new member or the only [fill in the blank] on the team.
3. **Prejudice or negative stereotypes.** Prejudice, negative assumptions or perceived limitations can negate the benefits of diversity and create a toxic culture. As Reynolds notes, "although not all stereotypes are necessarily negative…all are simplifications that can prove limiting or divisive in the workplace. And while outright prejudice or stereotyping is a serious concern, ingrained and unconscious biases can be a more difficult challenge of workplace diversity to overcome."
4. **Differences in language and non-verbal communications.** George Bernard Shaw quipped "The single biggest problem in communication is the illusion that it has taken place." Clearly, language differences can be a challenge, including accents and idioms. Translation errors can also occur with non-verbal communication; gestures, eye contact, personal space and greeting

customs can be significantly (and disastrously) different across cultures and regions. For perspective, scan *Business Insider*'s infographic How to properly shake hands around the world.

5. **Complexity & cost of accommodations.** Hiring a non-U.S. citizen may require navigating visas and employment law as well as making accommodations for religious practices and non-standard holidays.
6. **Differences in professional etiquette.** Differences in attitudes, behaviors and values ranging from punctuality to the length of the work day, form of address or how to manage conflict can cause tensions.
7. **Conflicting working styles across teams.** In addition to individual differences, different approaches to work and team work—for example, the relative value of independent versus collaborative/collective thought and work—can derail progress.

? PRactice Question

1. Buckley, Patricia and Daniel Bachman. "Meet the US Workforce of the Future: Older, More Diverse, and more Educated." Deloitte Insights. July 31, 2017. Accessed September 14, 2019. ↵
2. Ibid. ↵
3. Ibid. ↵
4. "Labor Force Projections to 2024: The Labor Force is Growing, but Slowly." United States Department of Labor: Bureau of Labor Statistics. December 2015. Accessed September 14, 2019. ↵

5. Reynolds, Katie. "13 Benefits and Challenges of Cultural Diversity in the Workplace." Hult International Business School. February 2019. Accessed September 14, 2019. ↵

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4.15: Introduction to Promoting a Diverse Workforce

What you'll learn do to: Discuss how to promote diversity within your organization

In order to develop a diverse workforce, organizations must take deliberate steps to create a working environment where individuals of different background truly feel welcomed and valued. In this section we will discuss best practices in developing a diverse workforce.



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4.16: Developing a Diverse Workforce

Learning Objectives

- Discuss what works in terms of developing a diverse workforce
- Identify best practices for achieving workforce diversity



A *Harvard Business Review* article notes that "one of the most common ways that companies attempt to address organizational diversity is through formal training."[1] Indeed, Harvard Kennedy School public policy professor and author of *What Works: Gender Equality by Design* Iris Bohnet notes that U.S. organizations spend approximately $8 billion annually on diversity training.[2] With that type of investment, we would expect that training would translate into more diversity. And yet, despite extensive research, Bohnet "did not did not find a single study that found that diversity training in fact leads to more diversity." However, when she analyzed research on how people think, it began to make sense. Specifically, the data shows that "it is actually very hard to change mind-sets." The key issue Bohnet identifies is unconscious bias, defined as "a prejudice in favor of or against one thing, person, or group compared with another—usually in a way that's considered to be unfair."[3] As Franchesca Ramsey notes in an Upworthy article "bias is a natural response to living in a society that normalizes certain types of people and behaviors while it 'others' anything that's different."[4]

Bohnet argues that design can address unconscious bias, referencing the classic example of implementing blind auditions for orchestras, discussed in Interview Approaches. Although un-biasing the audition process required multiple modifications, it eventually lead to over 50% of women advancing to the finals. Bohnet notes that there are things that work, it you design them right. For example, if you want to promote gender equality, start by reviewing job advertisements and de-biasing the language. Although not every attribute can be expressed as a gender-neutral word, language can be balanced, with a very gendered word like assertive, if that's a key characteristic, balanced by cooperation or collaboration. Bohnet also recommends applying blinding to the candidate screening and evaluation process. A start-up that conducted a traditional and blind recruitment in parallel found that they didn't have a significant gender or race bias; their bias was disciplinary. That is, they assumed that their target candidates were computer scientists and engineers rather than entertain a much broader range of candidates—including neuroscientists and psychologists—who could do the work. Another key design point drawn from behavioral science: defaults matter. For example, a company might change the default in job ads to part-time with the option to work full-time if desired. A telecommunications company in Australia changed its job ad default to flexibility to increase the odds that women would apply.

A final point: companies need to "use machines, algorithms and data much more intelligently." Bonhet is not suggesting decisions be left up to machines, but to use machine and human capabilities to complement each other. Her conclusion is that "throwing money at the problem through diversity-training programs and leadership training programs…is not the way to go. We have to understand what's broken and then intervene where the issues are. In particular, she stresses using data on what works to inform our decision making."

Two forms of training that have shown promise in experiments with undergraduates may be able to accelerate the process of changing attitudes and behaviors. In their article "Two Types of Diversity Training that Really Work," researchers Alex Lindsey, Eden King, Ashley Membere, and Ho Kwan Cheung discuss perspective-taking, or "mentally walking in someone else's shoes"—and goal-setting. The researchers found that having students take the perspective of a minority—specifically, "by writing a few sentences imagining the distinct challenges a marginalized minority might face"—"[improved] pro-diversity attitudes and

behavioral intentions toward these groups" and that "these effects persisted even when outcomes were measured eight months after training." An additional compelling finding: perspective-taking seemed to produce what the team referred to as "crossover effects," where a student who took the perspective of a racial minority demonstrated more positive attitudes and behaviors toward LGBT individuals and vice versa.

A second activity that yielded positive results is diversity-specific goal setting combined with related training. For example, a participant might set a specific, measurable goal to challenge inappropriate comments about or directed to marginalized groups. In a small study, the researchers found that "goal setting within diversity training led to more pro-diversity behaviors three months after training and improved pro-diversity attitudes nine months after training."

? PRactice Question



Achieving workforce diversity requires addressing not only conscious and unconscious bias, but dismantling the policies and practices that contribute to systemic bias. Companies that get it are, as Josh Bersin suggested, viewing diversity and inclusion as core to their business strategy. Bersin cites as an example Schneider-Electric, a French company, whose "executive team was made up of French nationals located in Paris." What the company found was that policy was limiting their growth—in particular, as they sought to expand into emerging markets. Schneider-Electric CHRO Olivier Blum wrote about the company's transformation in a LinkedIn article titled "Building an Inclusive Company in a Diverse World." In the article Blum muses "we live in a wonderfully diverse world . . . it's difficult to understand why and when did we start to value sameness so much; why don't our workplaces mirror the diversity that's all around us; and why is our society still dogged by exclusion?" A point he emphasizes: "diversity is meaningless without inclusion." As Bersin relays, the company realized it could "no longer tolerate a 'French-led' leadership team, or any forms of bias, discrimination, or non-inclusive thinking in its strategy." Here are a few key strategic commitments Schneider made to support workforce diversity:

- **Leadership Diversity.** "We want our leadership to reflect our business footprint, as well as the diversities of the communities in which we operate."[5] To that end, they strive to foster an inclusive environment and cultivate diversity in gender, nationality, and generation.
- **Inclusive Practices and Policies.** "Diversity is challenging because it highlights what makes us all unique. To make it work we must hardwire it through policies and practices." Two of the policy changes Schneider made were to commit to salary equality and to launch a Global Family Leave policy that allows employees to take time off for the occasions that are relevant to them.
- **Inclusive Behavior.** "To lead in a diverse environment, our leaders must become aware of their own biases, and take accountability for building inclusive teams. " Schneider's top leaders participated in unconscious bias training so they could model desired change and subsequently engaged all managers in the training. Recognizing that training alone won't create an inclusive culture, Schneider is taking steps to reinforce, reward and recognize behavior to embed it in the culture.

Blum concludes: "In an increasingly complex business environment, finding a way to blend diversity in thought and ideas not only makes an organisation more human, more competitive, and more fun, it might be the only way to achieve sustainability."

CIO Senior writer Sharon Florentine identifies the following eight additional diversity and inclusion best practices, based on organizational transformation consultancy SY Partner's client and organizational experience:[6]

1. **Establish a sense of belonging for everyone.** A sense of belonging and safety in your identity is not only a psychological need, it results in great creativity and engagement.
2. **Empathetic leadership is key.** D&I is more than an HR initiative. To make change happen, "every individual leader will need to buy into the value of belonging—both intellectually and emotionally" and be able to communicate why it matters.
3. **A top-down approach isn't enough.** A top-down approach "drives compliance, not commitment." Identify differences in employee experience and values to activate change from all directions.
4. **Quotas don't automate inclusion.** Creating an inclusive culture requires more than setting hiring goals. SY Partners associate principal Sabrina Clark advises organizations to take an honest look at the end-to-end employee experience, focusing on creating conditions that promote inclusion and developing ways to measure the impact.
5. **Inclusion is a habit that needs to be developed.** Inclusion requires individuals to build new habits or "microbehaviors." Creating change cohorts that support behavior change on a daily basis is more effective than a one-time training.
6. **Maximize joy and connection, minimize fear.** Fear tends to cause people to narrow their perspective. To increase the potential for positive change, frame challenges as possibilities.

7. **Forget ‘fit’ and focus on helping individuals thrive.** The norms, power structures, and inequities in society can become embedded in an organization as “fit.” Make sure “fit” is based on your organization’s values and purpose.
8. **Consider your brand.** Florentine relays that “Brand and culture are intimately connected;” recognize that the transition to an inclusive culture will require changes in behavior change—ways of working, communicating and contributing and changes in how the company operates.

? PRactice Question

1. Lindsey, Alex, Eden King, Ashley Membere and Ho Kwan Cheung. "Two Types of Diversity Training That Really Work." Harvard Business Review. July 28, 2017. Accessed September 14, 2019. ↵
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4.17: Introduction to Current Diversity-Related Trends

What you'll learn to do: Highlight current diversity-related trends

The chronic nature of both conscious and unconscious bias suggests that it may be time for a different approach; specifically, recruiting and training allies and using artificial intelligence to help filter out our biases. In this section, we'll discuss the role of allies and AI in the workplace.

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4.18: Current Diversity-Related Trends

Learning Objectives

- Discuss the role of allies
- Discuss the role of artificial intelligence

Two of the trends that are expected to drive the next wave of progress on diversity and inclusion are allies and artificial intelligence.

Allies

Deloitte suggests that allies may be the key to helping employees live the organization's values with regards to diversity and inclusion, serving as behavioral models and influencers in informal discussions and meetings.[1] Their research suggests that a majority of respondents consider themselves allies, but don't feel empowered or know what to do. Specifically, 92% of survey respondents agreed with the statement "I feel dedicated to supporting individuals or groups who are different from me." This represents a massive force for change, and one that's positioned to see and respond to microaggressions in daily behavior. However, the research indicates allies need to be activated and, in particular, trained and supported to be effective. For perspective, although 73% of respondents indicated that they felt comfortable discussing bias, 30% ignored it when experienced or observed. Deloitte's conclusion: "the majority of today's workforce demonstrates that they want to be involved in advancing inclusion—they just don't know how."

Response to Bias in the Workforce today[2]

- 34% of people confide in a colleague
- 31% of people confide in their supervisor
- 29% of people address it in the moment by speaking up
- 24% of people address it later by speaking to the person who was showing bias
- 23% of people address it later by speaking to the person who experienced bias
- 34% of people ignore it

For the action oriented, here are a few things that allies can do now:

- **Understand how you can change your own way of doing things.** Start by asking "why?"
- **Develop greater empathy and understanding of different life experiences.** Expose yourself to new people and perspectives and challenge your interpretation of "normal."
- **When people say they don't feel included, listen and support them.** Cultivate a culture of safety and respect.
- **Recognize that when you're hiring and you aren't finding good diverse candidates, it's probably you not them.** Evaluate your recruiting strategy to ensure you're not perpetuating a cookie cutter mold.
- **Talk to other allies about what you're doing and why.** Be vocal, share what works (and what doesn't) and consider teaming up to amplify impact.

Practice Question

Learn More

For additional action items and perspective, read Melinda Briana Eple's post "Tech Diversity: 12 Things Allies Can Do."

Artificial Intelligence



One of the 2019 workplace diversity trends highlighted by HR application provider Ideal's Director of Marketing Kayla Kozan is the use AI or artificial intelligence; specifically, using technology like AI to avoid unconscious bias. A related trend, as Bohnet recommended, is testing diversity initiatives with data.[3] One of the advantages of using AI for sourcing and evaluating candidates is the potential to to avoid bias based on demographic factors such as race, gender and age. However, the AI industry is experiencing its own diversity crisis. Fortune reports that New York University research group AI Now stated that "a lack of diversity among the people who create artificial intelligence and in the data they use to train it has created huge shortcomings in the technology."[4] According to writer Jonathan Vanian, "The report's authors believe that AI performance issues could be fixed if those working on the technology's development were more diverse, and noted that "while tech companies say they are aware of the problem, they haven't done much to fix it." A MIT Sloan Management Review article recognizes the upside value of AI, asking "what if, instead of perpetuating harmful biases, AI helped us overcome them and make fairer decisions…that could eventually result in a more diverse and inclusive world."[5]

In order for that to happen, the people working with the technology need to do a better job of vetting the data used to train AI systems. In a New York Times article, Shorenstein Center on Media, Politics and Public Policy at the Harvard Kennedy School fellow Dipayan Ghosh notes that "It is far too easy to assume that technology has an objectivity that humans don't. But the reality is that 'artificial intelligence and machine learning and algorithms in general are designed by none other than us — people."[6] Apparently Hellen Turnbull's point about the unchallenged brain refers to both humans and machines.

Practice Questions

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2. Ibid. ↵
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6. Tugend, Alina. "The Commonality of A.I. and Diversity." The New York Times. November 6, 2018. Accessed September 14, 2019. ↵

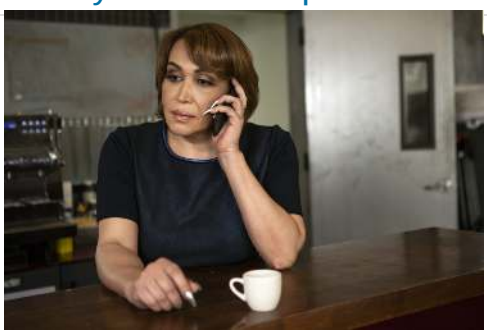
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4.19: Putting It Together- Diversity in the Workplace



Although decades of advocacy and diversity training have had an impact, the results have been mixed. The upside: Deloitte's research into the current state of inclusion found that 86% of respondents felt they could be themselves most or all of the time at work.[1] That statistic represents a significant improvement over a relatively short period of time. A survey conducted six years prior found that 61% of "respondents felt they had to hide at least one aspect of who they are."[2] At that time, the conclusion was that "most inclusion programs require people to assimilate into the overall corporate culture" and that this need to "cover" directly impacts not only an individual's sense of self but their commitment to the organization.[3]

On the downside, bias remains a constant, with over 60% of respondents reporting bias in their workplace.[4] Deloitte reports that 64% of employees surveyed "felt they had experienced bias in their workplace during the last year."[5] Even more disturbing, 61% of those respondents "felt they experienced bias in the workplace at least once a month." The percentages of respondents who indicated that they have observed bias in their workplaces during the last year and observe it on a monthly basis are are roughly the same at 64% and 63%, respectively.



Research suggests that bias is now more subtle—for example, an act of "microaggression" rather than overt discrimination. It is, however, no less harmful. Deloitte's 2019 research found that bias impacts not only those who are directly affected, but also those who observe the behavior. Specifically, of those who reported experiencing or observing bias: 86% reported a negative impact on happiness, confidence, and well-being; 70% reported a negative impact on engagement and 68% reported a negative impact on productivity.[6] Executive coach Laura Gates observes that the price of not addressing corrosive interpersonal behavior is too high. She notes that "if people don't feel safe, they can't be creative. If they aren't creative, they can't innovate. If they don't innovate, the business eventually becomes obsolete."[7]

Given the slow pace of progress on D&I , it may be worth looking at the situation as Melinda Briana Epler proposes in one of her ally recommendations. Specifically, if it's not working, it may be you. Although we are generally aware that our perceptions are subjective, we are largely unaware that there can be a disconnect between our conscious thoughts and our unconscious beliefs or biases, primarily a product of socio-cultural conditioning. To see how this might play out, watch Yassmin Abdel-Magied's "What does my headscarf mean to you?" TED Talk.



? LEarn More

To take D&I to the next level, raise your awareness of unconscious bias and use design hacks and technology to circumvent automatic reactions. For more perspective on how to cultivate diversity, refer to GGSC's How Do I Cultivate Diversity page. To quote Abdel-Magied: "If we want to live in a world where the circumstances of your birth do not dictate your future and where equal opportunity is ubiquitous, then each and every one of us has a role to play in making sure unconscious bias does not determine our lives." Perhaps, with practice, egalitarianism will become our default.

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7. "Clean Up Corrosive Interpersonal Dynamics on Your Team with This System." First Round Review, March 27, 2018. ↵

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4.20: Discussion- Diversity in the Workplace

In 2019, when reviewing a list of CEOs of Fortune 500 companies, less than 5% are women—in fact, there are more men named David that are CEOs of Fortune 500 companies than there are women CEOs.

As we discussed, when leadership at the executive level is diverse, companies are more profitable. So why aren't more companies making sure their senior team is diverse?

Discussion Prompt

Take a look at 2019's Fortune 500 list and choose any company that has a CEO who is part of a minority group. This could be Tim Cook at Apple, or Mary Dillon at Ulta, or anyone else of your choosing. Then, go out to that company's website and determine the diversity of that company's senior team (hint: any publicly traded company is likely to list information on their top three executives in the shareholder's section).

How did your company do in 2019—did they perform better than in 2018 and 2017? Do they have any space on their careers page dedicated to diversity? Answer these questions in your paper.

Write a paragraph about the company's diversity initiatives and if you feel they are benefitting the business.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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4.21: Assignment- Develop a Diversity Allies Program

Scenario

Achieving a diverse workplace requires more than a business case; it requires us—both individually and collectively—to question our assumptions and the business practices and policies based on these assumptions. Complicating matters, the terminology itself is interpreted differently by different people and generations and has become political and emotionally charged. Research suggests that a majority of employees consider themselves allies, but don't know how to be effective in that role—a role that is particularly critical in addressing more subtle but pervasive acts of microagression.

Your Task

In your second rotation, you are reporting to the firm's Chief Diversity Officer, who is also the lead consultant for the firm's Diversity and Inclusion practice. You have been asked to develop a pilot diversity allies program to address these issues. The program will be tested "in house" and, if successful, offered as a service to clients. Specifically, your task is to define the desired group composition (diverse on what basis) and develop a half-day program that guides the group to develop a shared working definition of diversity, identify relevant program success metrics, identify potential challenges and associated training (i.e., conflict management), policies and support networks needed to implement a successful diversity allies program.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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CHAPTER OVERVIEW

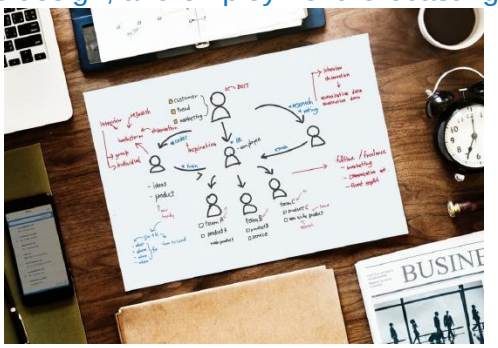
5: Workforce Planning

5.1: Why It Matters- Workforce Planning
5.2: Introduction to the Workforce Planning Process
5.3: Business Strategy and Workforce Planning
5.4: Assessing Current Human Resources
5.5: Labor Supply and Demand
5.6: Workforce Planning Outcomes
5.7: Introduction to the Job Analysis Process
5.8: What is Job Analysis?
5.9: Introduction to Job Descriptions
5.10: Job Descriptions
5.11: Introduction to Job Design
5.12: What is Job Design?
5.13: Job Design Theories
5.14: Putting It Together- Workforce Planning
5.15: Discussion- Workforce Planning
5.16: Assignment- Job Description Research and Development

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5.1: Why It Matters- Workforce Planning

Why learn about job analysis, job design, and employment forecasting?



Workforce planning may seem like a mundane series of tasks, but that is certainly not the case. This is where an organization's vision and values, where their aspirations and operating realities are accurately embedded or are lost in translation. This is also a process that can either unleash human potential or squander it. Workforce management is simple in theory. Management consulting firm Korn Ferry describes workforce planning as "the practice of mapping an organization's people strategy with its business strategy so they work in sync," noting that when executed well it "helps to ensure that organizations have the right workforce, today and tomorrow, at the right cost."[1]

There is also legal and equity factors to workforce planning. The process establishes a framework that either perpetuates or minimizes the probability of discrimination—that either moderates or increases exposure to legal action. Indeed, there are many points of failure in the workforce planning process and the effects are compounded by reliance on those findings for recruiting, selection, compensation and evaluation.

The significance of workforce planning is that it represents an approach to human resource management that is grounded in business strategy, legally and operationally valid and reflects market realities. Financial Express notes that "organizational success depends on having the right employees with the right competencies at the right time. Workforce planning provides managers the means of identifying the competencies needed in the workforce not only in the present, but also in the future and then selecting and developing that workforce. Finally, workforce planning allows organizations to address systematically issues that are driving workforce change."[2]

In this module, we'll discuss the workforce planning process broadly, including the relationship between business strategy and workforce planning, the process of workforce planning and job analysis, associated deliverables including workforce development plans and job descriptions and the concept of job design.

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1. "The Right Workforce, Today and Tomorrow." Korn Ferry Institute. May 31, 2016. Accessed September 10, 2019. ↵
2. "The Importance of Workforce Planning." Financial Express. March 19, 2006. Accessed September 10, 2019. ↵

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5.2: Introduction to the Workforce Planning Process

What you'll learn to do: Describe the steps in the workforce planning process

Workforce planning is a process for aligning human resources—as a function and the people—in support of the organization's strategy over a long-term planning horizon. In this section, we'll discuss what the workforce planning process entails, including its alignment with business strategy, how human resources are assessed, how to determine the supply and demand for labor and the outcome of the workforce planning process.



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5.3: Business Strategy and Workforce Planning

Learning Outcomes

- Describe the relationship between business strategy and workforce planning

What is Workforce Planning?

We've previously discussed the strategic planning process and the role that HR management plays in supporting the planning and implementation process. As stated in Human Resources Today, the role of human resource management is to ensure that an organization has the talent—the right combination of skills, knowledge, aptitude and attitude—to achieve its strategic goals. The organization's strategy, including its mission or "why," core values and culture as well as its competitive strategy, has implications for not only human resource structure, policies and practices but how roles are designed and valued. Workforce planning is not simply a matter of filling open requisitions, it is a complex research and design problem that involves developing a detailed understanding of a role, it's requirements and how that role relates to organizational strategy and to other roles within the organization.

The state of California's Human Resource Department abbreviated definition of workforce planning is "having the right number of people with the right skills in the right jobs at the right time."[1] Good as far as it goes, but this definition doesn't capture the complexity of workforce planning in what is, practically speaking, a full employment economy on the verge of the next industrial revolution. HRZone's definition better reflects these operating realities: "workforce planning is the process of ensuring an organisation has current and future access to the human capital it needs to perform effectively."[2] Using the term "access" also reflects the increasing use of alternative employment—for example, contract and temporary—rather than a traditional full-time employee relationship.

? PRactice Question

The Workplace Planning Process

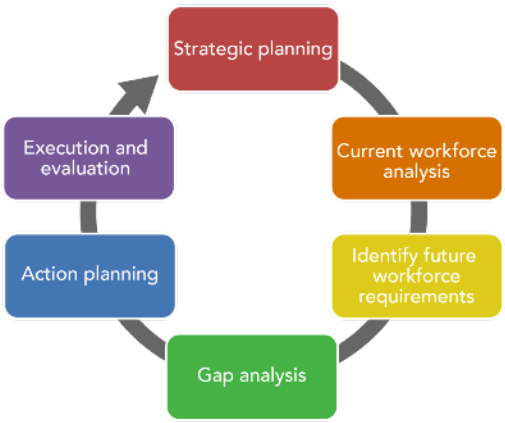


Figure 5.3.1: The Workplace Planning Process

Workplace planning is generally done based on a multi-year horizon (for example, 3–5 or 5–10 years) and consists of a six step process, as illustrated in Figure 1. The steps in the process are fleshed out based largely on the federal Office of Personnel Management's workforce management training materials.[3]

1. **Strategic planning.** Align the workforce planning process with the organization's strategic plan and annual business plan to support achievement of long-term (strategic plan) and short-time (annual performance) goals and objectives.
2. **Current workforce analysis.** Analyze current resources, including projections for training and development and turnover.
3. **Identification of future workforce requirements.** Develop specifications for the types, quantity, and location of human resources required to accomplish strategic objectives
4. **Gap analysis.** Identify the gaps between current and projected workforce needs.
5. **Action planning.** Identify how to close resource gaps, including development of implementation plans and associated evaluation metrics. Plans may encompass a range of activities including recruiting, training, reskilling, organizational restructuring, contracting/outsourcing, automation and succession planning.
6. **Execution and evaluation.** Execution involves, in brief, establishing roles and responsibilities and securing required resources. Evaluation involves monitoring progress relative to goals and making adjustments as necessary to reflect changes in plan assumptions or other relevant factors.

As the circular design implies, this is a continuous rather than linear—start to end—process. For perspective on the significance of this process, the state of California's HR departments notes that "workforce planning informs recruitment, retention, employee development, knowledge transfer and succession planning."[4] For perspective on sequencing, author, blogger (HR Bartender) and president of human resource consulting firm ITM Group, Inc., Sharlyn Lauby notes that "before companies can start thinking about their succession plans, they have to understand their jobs."[5]

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1. "Statewide Workforce Planning." California Department of Human Resources. Accessed September 10, 2019. ↵
2. "What is Workforce Planning?" HR Zone. Accessed September 10, 2019. ↵
3. "OPM's Workforce Planning Model." opm.gov. Accessed September 10, 2019. ↵
4. "State of California Workforce Planning Model." California Department of Human Resources. Accessed September 10, 2019. ↵
5. Rassi, Elias. "6 Quotes About the Value of Succession Planning from 2015." SABA Blog. December 30, 2015. Accessed September 10, 2019. ↵

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5.4: Assessing Current Human Resources

Learning Outcomes

- Describe how to assess current human resources

Why Assess Your Current Human Resources?



Assessing current human resources involves developing a profile of the workforce that includes staff levels, demographics, and competencies (aka KSA or knowledge, skills, and abilities). CalHR recommends developing a profile of the current workforce, including an evaluation of key competencies based on an assessment process and using trends and other relevant data to make projections about this workforce, including the impact of separations and changes in demographics.[1]

In order to compile and analyze human resource data, you must first understand the why you're doing the work, what your deliverable should be, and what steps you should take:

- **Purpose.** Provides the data for the workforce plan, using systematic analysis to reveal the department's workforce gaps.
- **Deliverable.** A comprehensive analysis of the department's staffing and competency gaps and a list of the department's classifications in order of risk level.
- **Primary Steps.** There are four primary steps, as follows:
  1. Develop a profile of your current workforce that includes both staffing (composition such as number of staff and demographics) and competencies (knowledge, skills and abilities).
  2. Use the results from the strategic planning phase to project future human resource needs.
  3. Perform a gap analysis to identify current and future staff and competency needs.
  4. Develop and prioritize a list of human resource risks to inform the workforce action planning.

Learn More

For further details on how to compile and analyze human resource data, refer to CalHR's Gather and Analyze Human Resource Data tutorial.

For perspective on evaluating human resource risks, refer to CalHR's Risk Assessment flowchart.

What is Assessment?



The concept of assessment may seem obvious, but given the potential for failure, it's worth drilling down further. The U.S. Department of Labor defines personnel assessment as "a systematic approach to gathering information about individuals used to make employment or career-related decisions."[2] The agency describes an assessment as "any test or procedure used to measure an individual's employment or career-related qualifications and interests"—for example, knowledge and ability tests or work simulations. The crux of the matter is designing and implementing an effective assessment and testing method. An improperly designed assessment may introduce bias and undermine diversification and equity efforts. A related challenge is lack of job relevance and/or outdated job criteria. Assessments that fail to measure job-related skills or capabilities may constitute a basis for a claim of discrimination. For perspective, OPM notes that an assessment that is perceived to be unfair or invalid is more likely to prompt a claim of discrimination. Finally, an irrelevant assessment generates irrelevant results—garbage in, garbage out—and undermines the assessment and broader planning process.

Assessing Your Human Resources

OPM explains there are two key elements to an assessment: reliability and validity. Reliability is "the extent to which an assessment tool is consistent or free from random error in measurement." Validity is "the extent to which an assessment tool measures what it is intended to measure." Note that an assessment can be reliable and yet not valid. That is, it is a necessary but insufficient condition for validity.

The OPM recommends a 3-step process to developing valid assessments:

1. **Identify job-relevant competencies.** Based on a job analysis, discussed below
2. **Design the assessment strategy.** Develop one or more assessments to determine a person's ability to successfully perform a job
3. **Identify assessment tools.** Identify and evaluate assessment tools such as cognitive ability and job knowledge tests, work samples and structured interviews.

OPM's training presentation concludes with the caution that "to use assessment tools properly, you must be aware of both the benefits and limitations of any assessment strategy."[3]

? PRactice Question

1. "Phase 2 – Gather and Analyze Departmental Data for the Workforce Plan." California Department of Human Resources. Accessed September 10, 2019. ↵
2. "Testing and Assessment: An Employer's Guide to Good Practices." U.S. Department of Labor Employment and Training Administration. Accessed September 10, 2019. ↵
3. "OPM's Workforce Planning Model." opm.gov. Accessed September 10, 2019. ↵

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5.5: Labor Supply and Demand

Learning Outcomes

- Discuss how to determine the demand for and supply of labor

Predicting the demand and supply of labor in the future requires an understanding of not only business requirements and current resource capabilities but the availability or supply of relevant talent in the market. The organization's demand for labor will be based on a range of both macro- and micro-level factors including the economy, geopolitical relations, government and regulatory policy, industry growth, competitive factors, and trends in technology and consumer preferences. These assumptions will be factored into the organization's strategic planning process and provide broad guidance as to the quantity of labor and types of expertise that will be required over the planning horizon.

Perspective point

As Investopedia notes, "in the private sector, the type and quantity of demanded labor is a function of the total demand for products and services in the economy." That is, at both the industry and individual business level, "it is the consumer who controls labor and not the employer."[1]

Evaluate Current Resources



The first step in determining the demand for labor involves an evaluation of current resources (as described above) or the internal supply of labor. That is, current employees should be evaluated based on their ability to meet projected future requirements, factoring in training, reskilling, lateral transfers and promotions. Estimates of internal labor supplies also need to factor in terminations and voluntary turnover (e.g., resignation and retirement).

Businesses tend to use one or a combination of qualitative or quantitative approaches to analyze internal labor supplies. For example, a qualitative approach is using management judgement based on market and industry experience and an understanding of the organization's competitive position as a business and performance as an employer (i.e., development and retention). Management judgement also comes into play when evaluating current resources relative to future requirements. Specifically, if there are significant skill or expertise gaps, determining whether current resources—either individually or at scale, as we will discuss in Module 7: Onboarding, Training & Developing Employees—are capable of closing the gap with training and development is often a matter of judgement. Another labor demand forecasting method used is the Delphi Technique, originally developed by the global policy think tank RAND in the 1950s to forecast the impact of technology on warfare.[2] The Delphi Technique uses a panel of experts to arrive at a consensus based on multiple rounds of questions and review of a statistical representation of the consolidated responses.

Tracking Potential Talent

Human resource management may develop replacement charts to keep track of high potential talent, as illustrated in Figure 1. A graphical technique can also be applied to succession planning, where HR develops and manages the pipeline for senior executive and other critical positions. To distinguish between replacement and succession planning, succession planning has a broader development objective; that is, the purpose is to develop high potential individuals for positions in the organization broadly.

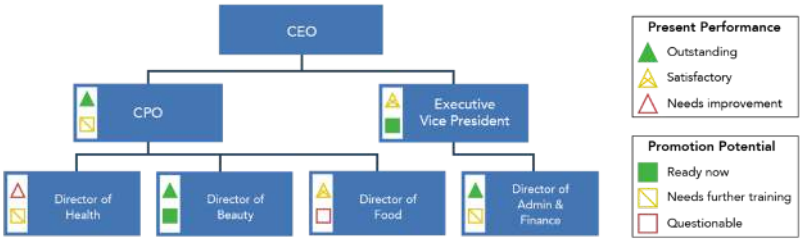


Figure 5.5.1: Organizational chart

Alternative text for this organizational chart can be accessed here.

A common qualitative method used is Markov analysis, named after Russian mathematician Andrei Andreyevich Markov. In an HR context, Markov analysis can be used to track the pattern of employee movements within the organization and develop a transitional probability matrix for forecasting internal supply by specific categories, such as job title, role and gender.

Using Analytics

Given the availability of data and data processing capabilities, it's likely that analytics will become an integral part of the workforce planning process, from assessing current resource capabilities or supply to forecasting demand. In an article for HR Technologist, analytics educator and consultant Chiradeep BasuMallick states that "with the global workplace facing a skills shortage and the emergence of roles that were once unheard of, workforce planning is now a major differentiator."[3] Specifically, he argues that using descriptive, predictive and prescriptive analytics "can give HR professionals a deeper understanding of current movements, future shifts, and the best ways forward."

From a workforce planning perspective, one of the key opportunities in using analytics to spot talent trends and gaps. In particular, performance management data can identify underutilized resources, upskilling opportunities and leadership training needs.

External Labor Supply

The external supply of labor is a function of a range of economic and qualitative factors including the availability of housing, transportation, the quality of life and the number and quality of local/regional educational and training educational institutions. Wages, competition for labor, demographic and immigration trends, and policies and individual preferences and perceptions of utility as well as the structure of jobs will also impact the availability of labor and labor force participation. We will discuss these factors in greater detail in Module 6: Recruitment and Selection.

? Practice Question

1. Ross, Sean. "How Are Labor Demand Forecasts Made in Human Resources Planning?" Investopedia. November 20, 2018. Accessed September 10, 2019. ↵
2. "Delphi Method." RAND Corporation. Accessed September 10, 2019. ↵
3. "4 Ways Analytics Can Improve Workforce Planning in 2019." HR Technologist. April 16, 2019. Accessed September 10, 2019. ↵

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5.6: Workforce Planning Outcomes

Learning Outcomes

- Discuss the outcome of workforce planning

The outcome of the workforce planning process is a workforce development plan that translates human resource-related analysis conducted during the strategic and workforce planning processes into a human resource plan of action.

Diablo Valley College's (DVC) Workforce Development

Although it serves as a master plan for workforce development in an academic versus business setting, Diablo Valley College's (DVC) Workforce Development plan is excellent perspective on a workforce planning deliverable. The purpose of the plan was to develop a framework for 2015–2020 that maintains successful curriculum and programming and program management elements and "develops and maintains programs that are responsive to industry needs, data-driven and evaluated, co-developed with partners, and ensure success for all students."[1]

The primary components of the plan are:

- **Vision Statement.** A projection of what the future would look like if Workforce Development Programs were completely successful
- **Mission Statement.** How DVC workforce development proposes to reach the envisioned future
- **Guiding Principles.** Criteria for making decisions about strategies that support the goals
- **Goals.** What the plan is intended to work toward in the next five years
- **Implementation Grid.** Long-term outcomes, strategies that will lead to these outcomes, and anticipated intermediate outcomes for each strategy.

The plan includes supporting documentation, including a summary of the planning and data collection process, a summary of the underlying research and data and a summary of findings. The plan is presented in context, including a statement of the program's vision, mission and guiding principles and articulation of how the program aligns with the college's mission and strategic plan. For example, DVCs Workforce Development Program vision statement is to "prepare students with the skills to succeed in an ever-changing global economy based on responding to industry needs." To the alignment point, the document states that "The DVC-WD Master Plan aims to reinforce components of the mission and goals of both DVC'sStrategic Plan (2013-2017), and the Contra Costa Community College District Strategic Plan (2014-2019). Additionally, the Master Plan will further the workforce and economic development elements of both strategic plans." There is also integrity within the plan. For example, the following points speak specifically to Steering Committee recommendations:

Guiding Principle #5: "Innovative, Data-driven, and Responsive: We utilize relevant data and research to ensure our programs and curriculum are responsive to industry needs, including best practices, and prepare our students for success in their careers."

Goal 1: "Develop and maintain responsive programs and curriculum that are data-driven, co-developed with industry partners and ensure success and career readiness for all students."

The goals are further broken down into objectives and specific strategies. For example, one of the objectives related to Goal 1 is "Deepen engagement with external partners to ensure responsive curriculum and programs and increase student career opportunities." And one of the supporting strategies is: "Engage industry partners and employers in the process of identifying workforce needs and developing programs and curriculum." The Implementation Grid, excerpted below, also includes specific objectives or success metrics.[2]

Implementation Grid

Goal 1: Develop and maintain responsive programs and curriculum that are data-drive, co-developed with industry partners, and ensure success and career readiness for all students.					
Objective 1a: Deepen engagement with external partners to ensure responsive curriculum and programs and increase student career opportunities.					
Strategies	Intermediate Objectives	Responsible Parties	Timeline	Resources Required	DVC Strategic Plan [Goal/Obj]
a. Engage industry partners and employers in the process of identifying workforce needs and developing programs and curriculum.	100% of CTE programs will engage with industry partners two times annually through advisory committee meetings or in regional marketplaces.	CTE Deans and faculty, Workforce Development Manager	Ongoing	Staff/faculty time	Goal 2: Obj 1 Goal 2: Obj 3

In conclusion, the plan is characterized as a "[demand] that we continue to move toward an increased level of collaboration, data-driven decision making, and alignment and coordination, all coming together to support a thriving local economy and ensure that students succeed in career and life." As economic, social and technological trends continue to transform the world of work, DWC's conclusion may well become a rallying cry for future workforce development collaborations spanning education, business and government.

? Practice Question

https://assessments.lumenlearning.co...essments/18142

1. "Master Plan for Workforce Development (WD) Programs." Hatchuel Tabernik and Associates. April 2015. Accessed September 10, 2019. ↵
2. Ibid. ↵

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5.7: Introduction to the Job Analysis Process

What you'll learn to do: Describe the job analysis process

A job analysis is one of the most critical human resource management tasks, with linkages to virtually all HR responsibilities. In this section, we'll describe the purpose of job analysis, identify the steps in the job analysis process, identify inputs to and describe the job analysis process.

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5.8: What is Job Analysis?

Learning Outcomes

- Describe the purpose of job analysis
- Identify the steps in the job analysis process
- Identify sources of information for job analysis

OPM (United States Office of Personnel Management) describes job analysis as "a systematic procedure for gathering, documenting, and analyzing information about the content, context, and requirements of the job."[1]

Purpose of Job Analysis



The purpose of job analysis is to establish what a job entails, including the required knowledge, skills and abilities or KSA as well as job duties and responsibilities and the conditions of the job. Job analysis is essential documentation and a fundamental resource for human resources management actions including recruiting, compensation, training and assessment and performance evaluation. As OPM notes, "a job analysis is the foundation of human resources management. A valid job analysis provides data that should be used to develop effective recruitment, qualification and assessment, selection, performance management, and career development methodologies."[2]

Job analysis serves four primary purposes:

1. Establish and document job-related competencies
2. Identify the job-relatedness of essential tasks and competencies
3. Establish the legal basis for assessment and selection procedures/decisions
4. Establish the basis for determining relative worth

Practice Question

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Steps in Job Analysis

Fundamentals of Human Resource Management authors DeCenzo, et.al. identify the following job-specific steps in the job analysis process:[3]

- **Establish the organizational relevance of the specific role.** Identify how the job relates to the organization's strategy. Reality check: If there isn't a clear connection, the job may not be necessary.
- **Benchmark positions, if necessary.** If it's impractical to conduct an analysis of every role, jobs can be grouped into categories that have similar characteristics. This is analogous to grouping jobs into categories for compensation purposes, as discussed in Module 8: Compensation and Benefits.
- **Identify inputs.** Determine what data sources will be used and how information will be collected. Review data and information; clarify any questions.
- **Draft the job description.** Formats vary, but there are common and required elements, discussed in Job Descriptions.

- **Finalize the job description.** Review the draft job description with the job supervisor and make revisions as appropriate. The supervisor should approve the final job description.

Summary: The Job Analysis Process

The job analysis process, including inputs and output, are listed below.[4]

Inputs

- Sources of Data:
  - Organization Chart
  - Managers
  - Employees
- Methods of Collecting Data
  - Observations
  - Interviews
  - Questionnaires
  - Processes

Position Data / Information

- Purpose of Role
- Reporting Relationship
- Key Accountabilities
- Internal & External Communication
- Machines & Equipments
- Knowledge & Experience
- Skills

Output

- Job Description

Practice Question

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Sources of Information

As noted above, determining what a job consists of involves identifying sources of information and determining how data will be collected. Internal sources of information include published information including organizational charts, job announcements, position descriptions; direct or indirect (e.g., review of video) observation; input from management, employees and/or a relevant subject matter expert, obtained through interviews or via questionnaires. An additional option for collecting data is the diary method, where a job incumbent keeps a diary or log of daily activities.

Information obtained from internal sources can be supplemented with or compared with external data. A key source of information —relevant for career exploration and job analysis, as the site's welcome notes—is the O*Net OnLine database. O*Net's About states the site "is the nation's primary source of occupational information. O*Net's database is updated on a continual basis and "contains hundreds of standardized and occupation-specific descriptors on almost 1,000 occupations covering the entire U.S. economy." The section of particular interest to job analysts and human resource management in general is the Content Module, which provides the "anatomy" or distinguishing characteristics of an occupation including knowledge, skills and abilities and other job dimensions.

O*Net data is organized in the following six major domains:

- **Worker Characteristics.** Enduring characteristics that may influence both performance and the capacity to acquire knowledge and skills required for effective work performance.
- **Worker Requirements.** Descriptors referring to work-related attributes acquired and/or developed through experience and education.
- **Experience Requirements.** Requirements related to previous work activities and explicitly linked to certain types of work activities.
- **Occupational Requirements.** A comprehensive set of variables or detailed elements that describe what various occupations require.
- **Workforce Characteristics.** Variables that define and describe the general characteristics of occupations that may influence occupational requirements.
- **Occupation-Specific Information.** Variables or other Content Model elements of selected or specific occupations.

? Practice Question

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? Learn More

O*Net's Content Model page is interactive; data can be accessed by clicking on a particular section or domain. For example, clicking on Worker Requirements links to a page with four primary folders: Abilities, Occupational Interest, Work Values and Work Styles. Nested under Abilities, defined as "Enduring attributes of the individual that influence performance" are four folders: Cognitive Abilities, Psychomotor Abilities, Physical Abilities and Sensory Abilities.

Completing Job Analysis



As described by the OPM, a job analysis is "a study of what workers do on the job, what competencies are necessary to do it, what resources are used in doing it, and the conditions under which it is done."[5] Note that a job analysis is not a job evaluation; that is, the analysis is not an evaluation of the person currently performing the job.

Conducting a job analysis includes the following processes:

- **Collecting Data.** Gathering information from published sources, observation, interviews, online databases, such as O*Net or career sites.
- **Developing Tasks.** Developing a description of the "activities an employee performs on a regular basis in order to carry out the functions of the job."[6]
- **Developing Competencies.** Describing the knowledge, skills, abilities, behaviors, and other characteristics required for successful performance of the role or occupational function. For information on how to write competencies, refer to OPM's Competencies Quick Tips sheet.
- **Validating & Rating Tasks & Competencies.** Subject matter expert (SME) review and rating of tasks and competencies. A director supervisor or highly accomplished incumbent would be considered SMEs.
- **Finalizing Tasks & Competencies.** Finalization of tasks and competencies; those that are not rated by SMEs are required to successfully perform the job are dropped. The job analysis should be documented for validity and dated to provide a reference for updates.

To elaborate on the rating point, the OPM recommends that tasks that are rated as both frequent (every few days to weekly) and important (on a scale from Not Important to Extremely Important) be considered critical for the job. The OPM ranks competencies based on importance and when the skill is needed—for example, on entry or within 6 months, recommending that competencies be considered critical if considered at least Important and needed within the first 3 months.

? Practice Question

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1. U.S. Office of Personnel Management. "Frequently Asked Questions Assessment Policy." U.S. Office of Personnel Management. OPM. Accessed October 14, 2019. ↵
2. "Delegated Examining Operations Handbook: A Guide for Federal Agency Examining Offices." U.S. Office of Personnel Management. June 2019. Accessed September 10, 2019. ↵
3. DeCenzo, David A., Stephen P. Robbins, and Susan L Verhulst. 2016. *Fundamentals of Human Resource Management*. New York, NY: John Wiley & Sons ↵
4. People Excellence Team. "What is Job Analysis." pesync. August 28, 2018. Accessed September 10, 2019. ↵
5. "Job Analysis." United States Office of Personnel Management. Accessed September 10, 2019. ↵
6. Ibid. ↵

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5.9: Introduction to Job Descriptions

What you'll learn to do: Explain the purpose and elements of job descriptions

The primary output of the job analysis process is a job description, a document that includes job specifications. In this section, we'll identify the elements of a job description and clarify the distinction between the terms job analysis, job description, and job specifications.

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5.10: Job Descriptions

Learning Outcomes

- Identify the elements of a job description
- Differentiate among job analysis, job descriptions and job specifications

A job description is a written statement of what a position entails: what is done, how it's done and under what conditions. Wright State University's Human Resources department notes that "when well-written, [a job description] produces a realistic picture of a job and answers the question, "What does the person in this role actually do?"[1] In addition to describing the responsibilities of the position, a job description is the primary reference document for recruiting and evaluation. To that point, WSU notes it "sets the stage for optimum work performance by clarifying responsibilities, expected results, and evaluation of performance." As is true of a job analysis, a job description should be "incumbent neutral;" that is, a classification of the position, without reference to a specific person in that position.

Elements of a Job Description

Although layouts vary, job descriptions generally include the following elements:

- **Job Title.** Job title and other reference information such as a job code.
- **Reporting Relationships.** Identification of the department the job is a part of, the position the role reports to and any supervisory responsibilities (i.e., number of staff supervised).
- **Job Summary.** A brief (1–2 sentence) overview of the role, including its purpose, level and scope of responsibility.
- **Essential Functions.** A representative description of the essential tasks, duties and responsibilities of the position. Although in templates this section is often titled "Job Duties and Responsibilities," using the terminology "essential functions" reinforces the point that these are considered "must have" capabilities. That is, they are required for the successful performance of the job and cannot be modified. For fairness and legal defensibility, these should include all but only those specific skills or abilities that are necessary. Employers who do not have job descriptions with current, defensible essential functions may find themselves unable to defend against a claim of discrimination.
- **Job Specifications.** This section identifies the minimum acceptable qualifications for the job including education, experience, and specialized knowledge or skills, if applicable. If applicable, a job description may also list a few preferred qualifications, which may reflect a preference for additional education, experience, knowledge, skills or ability. For example, the job may specify a minimum of a bachelor's degree but list a preference for a master's degree or a Human Resource certification.

For a point of reference, refer to Workforce's sample job description for a HR Manager. For perspective, CareerBuilder states that "the key to writing effective job descriptions is to find the perfect balance between providing enough detail so candidates understand the role and your company while keeping your description concise," noting that job descriptions that range between 700 and 2,000 characters receive up to 30% more responses.[2] Potential shortcut: SHRM offers members free sample job description templates organized by title and function.

Pratice Question

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Job Analysis vs. Job Descriptions vs. Job Specifications

A job analysis is an internal document that serves as the basis for both job descriptions and job specifications. As discussed in the prior section, a job description summarizes key details of the job, including its purpose, essential functions and job specifications. Job specifications are a subset of the job description that detail the minimum acceptable qualifications for the job. For an illustration of this, refer to Table 1.

Table 1. Job Analysis produces a Job Description and Job Specifications

Job Description	Job Specifications
Job Title	Qualifications
Job Location	Experience
Job Summary/Duties/Responsibilities	Training
Reporting to	Skills
Working conditions/Hazards	Emotional Characteristics

A key distinction is that the details listed under job description are not personal; they are aspects of the job. That is, the job description is what is to be done. Job specifications reflect what's required to complete the job and are personal in the sense that each candidate or employee will have a different job specification profile or combination of education, experience and expertise. Note that a job description may also feed back into the job analysis as a source document when a job is being reviewed or updated.

? Practice question

https://assessments.lumenlearning.co...essments/18148

1. "Writing an Effective Job Description." Wright State University. Accessed September 12, 2019. ↵
2. "How to Write a Job Description." Indeed. Accessed September 12, 2019. ↵

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5.11: Introduction to Job Design

What you'll learn to do: Discuss job design techniques and impacts

A job analysis is based primarily on how a job is currently performed, however, there's another way of looking at a job. Job design considers how to structure a job in a way that increases motivation and satisfaction. In this section, we'll discuss the concept of job design and various job design theories and characteristics.

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5.12: What is Job Design?

Learning Outcomes

- Discuss the concept of job design



The Business Dictionary defines job design as a “work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks.”[1] The Canadian Centre for Occupational Health & Safety (CCOHS) elaborates on that definition, noting that job design “refers to the way that a set of tasks, or an entire job, is organized” and addresses factors such as:[2]

- What tasks are done.
- How the tasks are done.
- How many tasks are done.
- In what order the tasks are done.

The primary purpose of job design is to increase employee motivation, productivity and satisfaction. However, as CCOHS notes, there is also a safety and health component to job design. Specifically, in addition to motivation factors such as job rotation and job enrichment, job design for safety takes into account factors such as task/machine pacing and work breaks to reduce risk. Net net: CCOHS states that “a well designed job will encourage a variety of ‘good’ body positions, have reasonable strength requirements, require a reasonable amount of mental activity, and help foster feelings of achievement and self-esteem.”[3]

? Practice Question

https://assessments.lumenlearning.co...essments/18149

1. "Job design." Business Dictionary. Accessed September 12, 2019. ↵
2. "OSH Answers Fact Sheets." Canadian Centre for Occupational Health and Safety. Accessed September 12, 2019. ↵
3. Ibid. ↵

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5.13: Job Design Theories

Learning Outcomes

- Discuss job design theories and characteristics

There are three broad theories of good job design related to human motivation: job relevance, job enlargement, and job enrichment. In order for employees to have a sense of accomplishment in their work, “the job needs to be designed so that the tasks have a clear purpose and relate to the company mission.”[1] After all, “good job design incorporates tasks that relate to organizational goals and values into every job description.”[2]

Job Relevance

Significance and relevance isn’t just for high-performance individuals and senior executives. To avoid turnover and engagement issues, this factor should be designed in at every level and length of tenure, from new hire to veteran.

With a focus on specialization and standardization—“man as a machine”—scientific management yielded productivity and profit/wage gains, but at a cost. Although specialization can increase quality and productivity, it can also result in boredom and create a sense of alienation that depresses productivity and job satisfaction.

Job Enlargement



Job enlargement seeks to address this issue by expanding the number of tasks one person is responsible for. For example, instead of performing one task in a series, a worker would be responsible for a series of tasks. Job enlargement needs to be coupled with training to develop competency in performing the additional tasks. If effectively designed, job enlargement can increase satisfaction. Quality may remain high or increase, since there’s a greater understanding of dependencies. However, if job enlargement is perceived to be simply an addition of more rote tasks with no emotional return, satisfaction and productivity will not increase and may in fact decrease further.

Job Enrichment

The theory of job enrichment is attributed to Frederick Herzberg, who famously stated that “if you want people to do a good job, give them a good job to do.” Herzberg believed that “employee satisfaction can be enhanced through ‘job enrichment’–the addition of different tasks associated with a job that provides greater involvement and interaction with that job.” Specifically, he proposed that: “the job must use the full ability of the employee and provide them with sufficient challenge and any employee who demonstrates an increasing level of ability should be given correspondingly increasing levels of responsibility.”[3]

Practice Question

https://assessments.lumenlearning.co...essments/18150

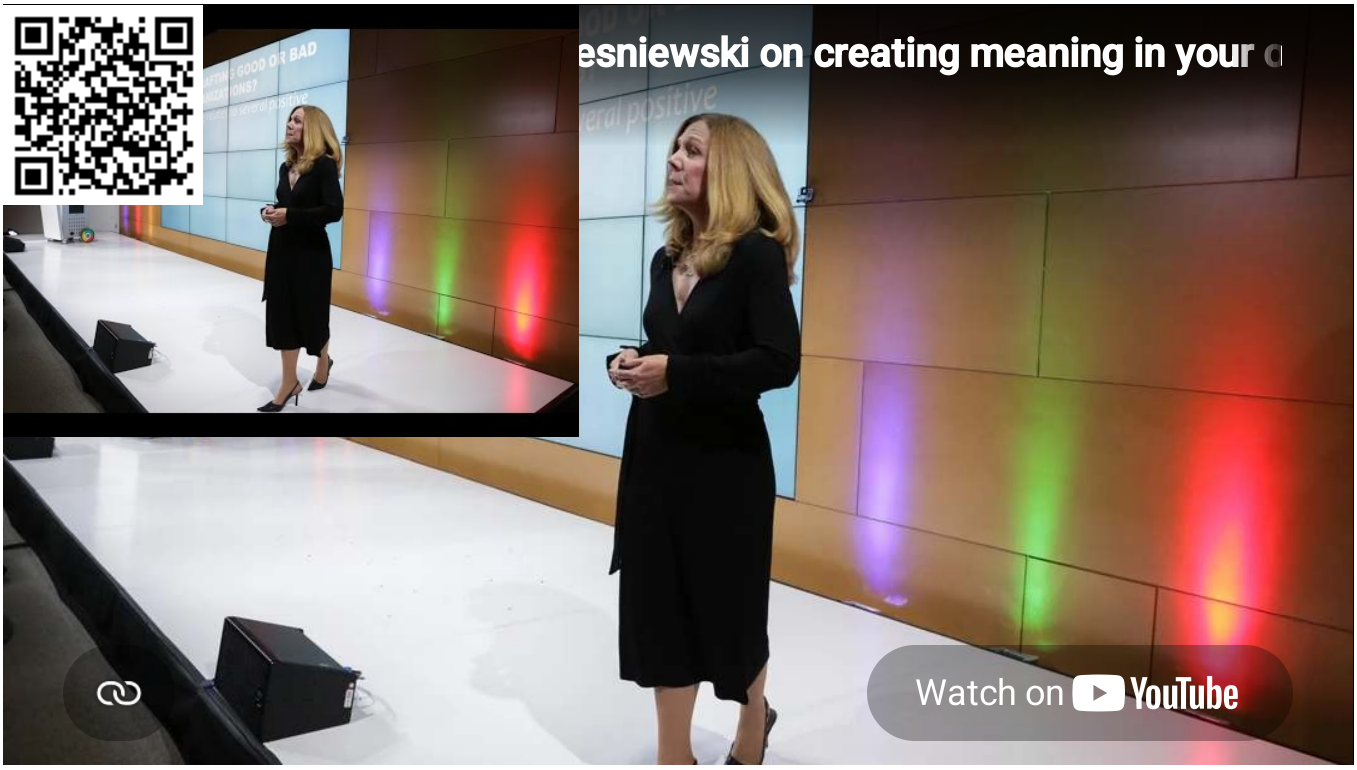
The Job Characteristics Theory

According to DeCenzo, et.al., Herzberg “suggests expanding the content of a job with opportunities for personal growth, advancement, responsibility, interesting work, recognition and achievement to create more opportunities for job satisfaction and

motivation." Organizational psychologists J. Richard Hackman and Greg Oldham built on Herzberg's theories, developing a job design model (referred to as the job characteristics theory or JCT) based on the following five job characteristics:[4]

1. **Skill Variety** or the "degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of a person."
2. **Task Identity** or the "degree to which the job requires completion of a whole, identifiable piece of work; that is, doing a job from beginning to end with visible outcome."
3. **Task Significance** or the "degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization or in the world at large."
4. **Autonomy** or the "degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedure to be used in carrying it out."
5. **Feedback** or the "degree to which carrying out the work activities required by the job provides the individual with direct and clear information about the effectiveness of his or her performance."

For a reverse—bottom up—perspective on job design, watch Yale School of Management Organizational Behavior professor Dr. Amy Wrzesniewski's "Job Crafting" presentation at Google



1. DeCenzo, David A., Stephen P. Robbins, and Susan L Verhulst. 2016. Fundamentals of Human Resource Management. New York, NY: John Wiley & Sons. ↵
2. Ibid. ↵
3. Jones, DeEtta. "Want to Motivate Your Staff? Give Them a Good Job to Do." DeEtta Jones Blog. July 16, 2014. Accessed September 12, 2019. ↵
4. Martin. "Understanding the Job Characteristics Model (including Job Enrichment)." Cleverism. March 13, 2017. Accessed September 12, 2019. ↵

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5.14: Putting It Together- Workforce Planning

Although workforce planning is often described in simple terms—for example, Korn Ferry's 5 Rs: right shape, right skills, right size, right site, and right spend—it is deceptively hard to put that framework in place, much less execute on it. Indeed, HR consultancy XpertHR lists "Understanding Workforce Planning" as one of the top 10 HR compliance challenges for 2019.[1]



Their research revealed not only talent acquisition challenges—virtually a universal issue given the current labor market—but also process issues. To put the data in perspective, let's review the concept of workplace planning. As stated in Business Strategy and Workforce Planning, workforce planning is a complex research and design problem that involves developing a detailed understanding of a role, its requirements, and how that role relates to organizational strategy and to other roles within the organization. Decisions made during this process have implications for virtually every aspect of business, including finance, legal and operations. Decisions made during this process—in particular, job analysis and job design—also have a significant impact on motivation, satisfaction and retention.

Challenges cited by survey respondents include the following:

- 43% viewed aligning talent retention strategy with business objectives as very or extremely challenging
- 47% were very or extremely challenged by managing performance and providing professional development opportunities
- 52% of respondents were very or extremely challenged by ensuring employees and supervisors have the necessary skill sets now and for future responsibilities
- 50% of respondents were very or extremely challenged by creating a succession plan
- 49% were very or extremely challenged when it came to increasing employee engagement, morale and satisfaction.

Taking a strategic approach to workforce planning can address these challenges. As CalHR noted, "workforce planning informs recruitment, retention, employee development, knowledge transfer and succession planning."[2]



In a competitive labor market, it is especially critical to assess the internal supply of labor accurately and manage it effectively. As author and educational advisor Sir Kenneth Robinson notes: Human resources are like natural resources…you have to go looking for them." Assessment or identifying capabilities is only one part of the equation. Other key elements are creating an effective development framework—the workforce development plan—and developing "good jobs," whether that's through job analysis, job design or a combination or the two. A more experimental option supported by Dr. Wrzensniewski's research is actively engaging employees in a job crafting process.

Day & Zimmermann HR SVP Beth Albright's integrates these ideas in a coherent whole, observing that "fundamentally, people want to come to work, do a good job, feel like they make a difference and be recognized for their efforts."[3] However, for that to happen, a company needs to have the right infrastructure and processes in place. Albright argues that "if systems prevent people from doing a good job, you must fix them. If people aren't being developed and trained, they can't make a difference in the work they do." A simple, wholistic concept. Complex—but critical—to implement.

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1. "The Top 10 Compliance Challenges in 2019." Xpert HR. Accessed September 12, 2019. ↵
2. "State of California Workforce Planning Model." California Department of Human Resources. Accessed September 12, 2019. ↵
3. Jerant, Frederick. "How to Heal Human Resources." Forefront Magazine. 2014. Accessed September 12, 2019. ↵

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5.15: Discussion- Workforce Planning

O*Net Online is “the nation’s primary source of occupational information.” We’re going to use it to help the leader of our operations department hire a new employee!

A national retailer is growing to the point where they have decided it would be wise to have some regional meetings a few times a year with their store managers, and perhaps even a national meeting that all store managers would attend. With 500 stores and counting, this would mean a lot of people in attendance. They’d need to look at hotels or convention centers to provide space. They would raise funds from the company’s vendors to pay for the event.

As the manager of the operations department, Litong has decided that an event manager would be an excellent addition to the operations team and has approached the company’s human resources department to get started.

Discussion Prompt

You, as a human resources professional, should perform a job analysis on event managers (code 13-1121.00) using O*Net Online and the O*Net Resource Center. What tasks should you look to complete (note: for this discussion, you do not need to complete these tasks, simply identify what information you need to find).

Grading

Share your opinions below and respond to two of your classmates’ thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers’ presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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5.16: Assignment- Job Description Research and Development

Scenario

Workforce planning is a complex research and design problem. Decisions made during this process have broad financial, legal, and operational implications. Decisions made in the job analysis and job design phases also have a significant impact on motivation, satisfaction, and retention.

Your Task

In your third rotation, you are reporting to the firm's Chief Human Resources Officer, who is also the Workforce Planning consulting lead. The CHRO is interested in reality (market) testing the job description template used for client firms and evaluating technology adoption and hiring trends. Your task is to use the Summary Report for a Human Resource Manager on O*Net to answer the CHRO's questions and develop a reference job description.

Based on O*Net, what is the career outlook for a Human Resource Manager? Under Technology Skills, what software was cited as "Hot Technology" or a frequently cited job requirement? Cite two "Work Context" factors that would contribute to job satisfaction and motivation based on job design theories. Convert the Summary Report into a job description, with reference to the following elements:

- Job Title
- Reporting Relationships
- Job Summary
- Essential Functions
- Job Specifications

What is the legal significance of the Essential Functions section?

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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CHAPTER OVERVIEW

6: Recruitment and Selection

6.1: Avoiding Discrimination in Recruiting
6.2: Introduction to the Selection Process
6.3: The Selection Process
6.4: Avoiding Bias in Selection
6.5: Interview Approaches
6.6: Putting It Together- Recruitment and Selection
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6.8: Assignment- Employer Branding Overview
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6.10: Introduction to the Recruitment Process
6.11: The Recruitment Process
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6.15: Candidate Sourcing
6.16: Technology and Recruiting
6.17: Introduction to Avoiding Discrimination

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6.1: Avoiding Discrimination in Recruiting

Learning Outcomes

- Discuss how to avoid discrimination in the recruiting process

In order to avoid discrimination in the recruiting process, human resource personnel need to review recruiting policies and procedures to ensure compliance with federal discrimination legislation (as discussed in Module 4: Diversity in the Workplace). In particular, employers need to evaluate their advertising and use of employee recruiting, screening, testing and selection techniques to avoid not only intentional discrimination but also practices that have an "adverse impact" on protected groups.



To the advertising point, the EEOC states that "it is illegal for an employer to publish a job advertisement that shows a preference for or discourages someone from applying for a job because of his or her race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age (40 or older), disability or genetic information." For example, a job ad that specifies "male" or "female" or language that suggests age such as "recent college graduate" or "retiree" may violate the law.[1]

With the emphasis on social and employee-supported recruiting, it's important to note the potential danger of employee referrals. Specifically, it's illegal for an employer to engage in recruiting practices that have a discriminatory impact. The example the EEOC cites is an employer's reliance on word-of-mouth recruitment by its mostly Hispanic workforce, noting that if the result is that most new hires are Hispanic, that practice may violate the law.[2]

To quote from the Equal Employment Opportunity Commission's (EEOC) Employment Tests & Selection Procedures Fact Sheet: "The use of tests and other selection procedures can be a very effective means of determining which applicants or employees are most qualified for a particular job. However, use of these tools can violate the federal anti-discrimination laws if an employer intentionally uses them to discriminate based on race, color, sex, national origin, religion, disability, or age (40 or older). Use of tests and other selection procedures can also violate the federal anti-discrimination laws if they disproportionately exclude people in a particular group by race, sex, or another covered basis, unless the employer can justify the test or procedure under the law.[3]

Title VII of the Civil Rights Act of 1964 permits the use of employment tests unless they are "designed, intended or used to discriminate because of race, color, religion, sex or national origin." Additionally, employers are prohibited from using different standards or otherwise altering the results of employment-related tests on the basis of race, color, religion, sex, or national origin. Title VII also applies to employees and, therefore, internal recruiting and selection (for example, transfer or promotion).

Title VII prohibits both "disparate treatment" and "disparate impact" discrimination based on race, color, religion, sex, or national origin. An example of disparate treatment would be testing the reading ability of Hispanic or Latino candidates but not white candidates. To review practices for potential violation of the disparate treatment clause, ask:

- Are candidates of a different race, color, religion, sex, or national origin treated differently?
- Is there any evidence of bias, such as discriminatory statements or written comments?

- Can any difference in treatment be justified under the law?

These are also the questions that EEOC would consider in evaluating a charge of discrimination.

“Disparate impact” discrimination involves the use of tests or selection procedures that have the effect of disproportionately excluding persons based on race, color, religion, sex, or national origin and are not “job-related and consistent with business necessity.”

To review practices for potential violation of the disparate impact clause, ask:

- Do required tests disproportionately screen out members of protected groups?
- If there is a disparate impact, can that be justified as necessary for the safe and efficient performance of the job? Note that the skills tested must be specifically related to the particular job.
- Is there an alternate means of evaluating job-specific skills that is equally effective in predicting job performance that would not disproportionately exclude protected groups?

✔ Griggs v. Duke Power Co.

Consider the Griggs v. Duke Power Co. case decided by the Supreme Court in 1971. At issue in this case: whether Duke Power Company’s internal transfer policy, which required both a high school education and passing scores on two separate aptitude tests discriminated against African-American employees in violation of Title VII of the 1964 Civil Rights Act.

The Supreme Court found that Duke’s standardized testing requirement did constitute discrimination, finding that “Duke’s standardized testing requirement prevented a disproportionate number of African-American employees from being hired by, and advancing to higher-paying departments within, the company. Specifically, the court held that “neither the high school graduation requirement nor the two aptitude tests was directed or intended to measure an employee’s ability to learn or perform a particular job or category of jobs within the company” but rather, “the purpose of these requirements was to safeguard Duke’s long-standing policy of giving job preferences to its white employees.” This case established the legal precedent for disparate impact lawsuits based on racial discrimination.[4]

Policies and procedures should also be reviewed to ensure compliance with Title I of the Americans with Disabilities Act (ADA), which prohibits discrimination against qualified individuals with disabilities on the basis of their disabilities.[5] Review of testing procedures for compliance with the ADA is similar to the points above. Specifically, evaluate employment tests to determine whether they tend to screen out individuals with a specific type of disability or disabilities in general. Any disparate impact must be job-related and consistent with business necessity. Further, employers must ensure that tests are selected and administered in a manner that accurately reflects an applicant’s job-related aptitude or skills, not the applicant’s impairment. Finally, employers are required to make reasonable accommodations for the known physical or mental limitations of an otherwise qualified candidate unless such accommodation would impose an undue hardship.

The last piece of legislation to factor in is the ADEA, which prohibits both disparate treatment (intentional) and disparate impact discrimination based on age.[6] An example of disparate treatment would be requiring only applicants over the age of 50 to take agility or cognitive tests. Similar to Title VII and the ADA, the ADEA also prohibits employers from using tests or selection procedures that have a discriminatory impact on persons 40 or older, unless the evaluation is based on a reasonable factor other than age.

? Practice Question

https://assessments.lumenlearning.co...essments/18157

1. "Prohibited Employment Policies/Practices." U.S. Equal Employment Opportunity Commission. Accessed July 26, 2019. ↵
2. Ibid. ↵
3. "Employment Tests and Selection Processes." The U.S. Equal Employment Opportunity Commission. Accessed July 26, 2019. ↵
4. “Griggs v. Duke Power Co.” Encyclopædia Britannica. Encyclopædia Britannica, inc. Accessed September 17, 2019. ↵

5. Americans With Disabilities Act of 1990. Public Law 101-336. 108th Congress, 2nd session (July 26, 1990) ↵
6. Age Discrimination in Employment Act of 1967. Public Law 90-202. 90th Congress. (June 12, 1968) ↵

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6.2: Introduction to the Selection Process

What you'll learn to do: Discuss the selection process

Selection is a process of elimination, one that can positively differentiate an organization or mire it in manual work, missed opportunities, and legal challenges. In this section, we'll discuss evaluation techniques, interview approaches, and how to avoid discrimination, perceptual errors, and unconscious bias in the selection process.

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6.3: The Selection Process

Learning Outcomes

- Discuss the selection process



Whether your framework is personnel policies or software settings, the selection process involves moving candidates through the recruiting process and identifying the best candidates for the job. Along the way, screening and assessment techniques are used to eliminate candidates that either don't meet the stated minimum requirements or aren't a good fit for cultural or other (i.e., job requirements or salary expectations). The goal is to ensure that those candidates who are invited to participate in a face-to-face interview are, in fact, highly qualified and, ideally a promising fit from a cultural standpoint.

There are four primary techniques for evaluating potential candidates, that also represent phases in the selection process:

1. **Evaluation by Association.** Use the posting location—i.e., an industry or professional association-specific job site—as an initial screen.
2. **Application.** Conduct an initial assessment based on review of a candidate's cover letter, resume and application. May also include review of a candidate's business (i.e., LinkedIn) and/or social networking (i.e., Facebook or Twitter) profiles. To avoid investing time assessing a candidate that isn't viable, incorporate pre-screening questions that require the candidate to attest that he or she meets the stated minimum criteria. In this phase, the objective is to eliminate candidates that don't meet the basic requirements for the position based on fundamental factors including minimum experience and education, salary expectations and/or willingness to relocate or meet work schedule requirements, if applicable.
3. **Assessment.** Conduct a preliminary assessment of skills. This can be done in conjunction with or subsequent to the application review process. Depending on position requirements, a more in-depth assessment of a candidate's level of skill and aptitude may be appropriate.
4. **Screening Interview.** An initial telephone interview is a second level of active screening that's used to assess the candidate's objective and motivation, relevant education and experience and to get a sense for the candidate as a person. In the course of approximately 20–30 minutes, an interviewer can confirm application and resume details and assess a range of soft skills—for example, active listening and communication—as well as engagement and overall level of poise and professionalism. The objective is to eliminate candidates that don't warrant the time and cost of an in-person interview or in-depth skills assessment.
5. **External Verification.** Verify stated educational qualifications and check references.

? Practice Question

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As mentioned in prior sections, many of these steps can be automated. HR infrastructure provider Ideal's Head Data Scientist Ji-A Min notes that automating candidate screening can also solve the resume black hole or "ignore" problem, citing the statistic that, on average, 65% of resumes received for high-volume positions are never reviewed.[1] Given labor shortages and the cost of recruiting, that's a critical break-down in the system. Min highlights the following benefits of automated candidate screening:

- Reduced time to hire—which also reduces the likelihood of losing talent to faster-moving competitors
- Higher candidate quality—based on review & ranking of all resumes received

- Improved candidate experience—allows for rapid identification of and engagement with the most qualified candidates as well as timely feedback to those who are eliminated (but may be viable candidates for future opportunities)

As Workforce Management Principal Analyst Cliff Stevenson notes, the benefits of automation are not only time savings; human capital management systems "also allow for the type of data collection and analysis that is intrinsic to the legalities of modern HR."[2]

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1. Min, Ji-A. "How Automated Screening Solves the "Ignore" Problem." Ideal. December 7, 2016. Accessed July 26, 2019. ↵
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6.4: Avoiding Bias in Selection

Learning Outcomes

- Discuss how to avoid discrimination in the selection process
- Discuss how to avoid perceptual errors (unconscious bias) in the selection process

Avoiding Discrimination

The go-to reference for avoiding discrimination in the selection process is the EEOC's Uniform Guidelines on Employee Selection Procedures. In brief, the purpose of the Guidelines is "to aid in the achievement of our nation's goal of equal employment opportunity without discrimination on the grounds of race, color, sex, religion or national origin."[1] The Guidelines constitute a uniform set of principles governing employee selection procedures that are consistent with applicable legal standards and validation standards generally accepted by the psychological profession.

The Guidelines apply to

- most private and public employers, including labor organizations, employment agencies, state and local governments, and federal government contractors and subcontractors
- all selection procedures used to make employment decisions, including interviews, review of experience or education from application forms, work samples, physical requirements, and evaluations of performance
- employee selection procedures used in making retention, promotion, transfer, demotion, or dismissal decisions

As an aside: the guidelines do not have bearing on recruiting procedures or practices—for example, practices designed to attract members of a particular race, sex, or ethnic group that are under-represented.

The California State Personnel Board's "Summary of the Uniform Guidelines on Employee Selection Procedures" is more accessible than trying to parse the original Guidelines.[2] To excerpt: The Uniform Guidelines "establish uniform standards for employers for the use of selection procedures and to address adverse impact, validation, and record-keeping requirements…and outline the requirements necessary for employers to legally defend employment decisions based upon overall selection processes and specific selection procedures."[3]

Key Points

- Employer policies or practices which have an adverse impact on employment opportunities of any race, sex, or ethnic group are said to be discriminatory and are illegal unless justified by business necessity.
- If adverse impact exists for a specific selection procedure or an overall selection process, the selection procedure must be validated to document the relationship between the procedure and successful performance on the job.
- Discrimination or adverse impact is decided based on the "4/5ths" or "80 percent" rule. If a comparison group does not have a passing rate equal to or greater than 80 percent of the passing rate of the highest group, then it is generally held as evidence of adverse impact for the particular selection procedure.
- If the use of a particular selection procedure results in adverse impact, the employer can cease use of the procedure or it must demonstrate the "business necessity" of the selection procedure through validation.
- Validation is the establishment of a clear relationship between a selection procedure and the requirements of successful job performance. Refer to the Summary for additional details on the aspects of validity testing and additional requirements.

For a higher-level view, the following is a representative sample of the EEOC's Employer Best Practices for Testing and Selection:[4]

1. Employers should administer tests and other selection procedures without regard to race, color, national origin, sex, religion, age (40 or older), or disability.
2. Employers should ensure that employment tests and other selection procedures are properly validated for the positions and purposes for which they are used. The test or selection procedure must be job-related and its results appropriate for the

employer's purpose. While a test vendor's documentation supporting the validity of a test may be helpful, the employer is still responsible for ensuring that its tests are valid under UGESP.

3. If a selection procedure screens out a protected group, the employer should determine whether there is an equally effective alternative selection procedure that has less adverse impact and, if so, adopt the alternative procedure.
4. To ensure that a test or selection procedure remains predictive of success in a job, employers should keep abreast of changes in job requirements and should update the test specifications or selection procedures accordingly.
5. No test or selection procedure should be implemented "casually"; that is, without an understanding of its effectiveness and limitations for the organization, its appropriateness for a specific job, and whether it can be appropriately administered and scored.

? PRactice Question

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Avoiding Perceptual Errors

When reviewing a final slate of candidates, it's important to be aware of the potential for perception errors and unconscious bias.

Research has indicated that interviewers make decisions about candidates rapidly—within the first 30 seconds to 2 ½ minutes, to be precise.[5] Unfortunately, we also tend to overrate our ability to evaluate others. In a study cited in Fundamentals of Human Resource Management, an algorithm that weighed several objective job-related criteria did a 25% better job of selecting successful candidates than experienced managers. A common mistake is judging candidates based on a first impression or "likeability." As IBM Smarter Workforce business development executive Jason Berkowitz notes: "It's so easy to assume that a firm handshake and good eye contact means someone is competent across the board."[6] Interview tip: Don't use the interview to try to validate your initial judgment—positive or negative. Berkowitz's recommendation: "Hiring managers should actually try to disprove their initial impression."[7]

Another common error is interviewer bias, where the interviewer allows information reviewed prior to the interview—resume, test scores, social media activity—to shape their perception of the candidate. In order to counter this and related judgement errors, interviewers should cultivate active listening skills and focus on evaluating each candidate relative to the same standards.

Another source of evaluation error is unconscious bias, which is "a prejudice in favor of or against one thing, person, or group compared with another—usually in a way that's considered to be unfair."[8] In a Fast Company article titled "How Unconscious Bias Affects Everything You Do," author Howard Ross notes that "Over 1,000 studies in the past 10 years alone have conclusively shown that if you're human, you have bias, and that it impacts almost every variation of human identity: Race, gender, sexual orientation, body size, religion, accent, height, hand dominance, etc."[9] His conclusion: "The question is not 'do we have bias?' but rather 'which are ours?'" The implications for human resource management? How do we design selection processes that counter unconscious bias?

✔ Bias in the Orchestra

The classic example of how to design around unconscious bias is that of major orchestras attempting to overcome systemic hiring bias and achieve relative gender equity. Although there were a number of factors that contributed to bias—for example, issuing private invitations rather than advertising auditions—the critical modification was implementing blind auditions, where raters did not see the musicians.

Although this is where most people end the story, the curtain wasn't the final bias hack. As University of Tromsøt professor Curt Rice reported in the Guardian, the curtain did make it 50% more likely that a woman would advance to the finals; however, the sound of a woman's heels on the stage still triggered unconscious bias. The final modification was to have musicians remove their shoes before entering the audition area.[10] Rice observes that while gender blind evaluations may seem impractical, orchestras prove it can be done. His challenge: "If we trust the research and accept that women are being judged more fairly because of the screen, perhaps we should ask if there's any way to replicate the musicians' success. What kind of screen would be needed at your workplace?"

Unconscious bias can also be a factor in the pre-screening process. In an article titled “Can dogs help us avoid hiring bias?”[11] BBC Senior Editor Meredith Turits describes TED director of research and development Aaron Weyenberg’s attempts to hack unconscious bias in the hiring process. One of the hiring policies he implemented was to conduct first-round interviews with audio-only telephone calls, to eliminate consideration of irrelevant information. However, he was aware that LinkedIn “often finds its way into the process before that. And what that does is expose to me to information I actually don’t want and doesn’t help me – like their appearance (and thereby their approximate age), name, et cetera.” To get around that, Weyenberg used the Profile of Dogs Chrome browser extension, which replaces a LinkedIn user’s profile picture with randomly assigned image of a dog’s face. The problem with that theory, as Princeton assistant chair of psychology Alexander Todorov explains, is that people make associations with all kinds of things. Even dogs. For instance, different dogs have different reputations and invoke different responses (think: pit bull versus golden retriever) and the viewer may transfer those associations to the candidate—even when they know the image is randomly generated. Turits notes that even if we are able to remove bias from an initial screening, it’s likely to slip back in at a later stage. As Todorov phrases it: “the mind is a big associative machine.” Inclusion consulting firm Jones Diversity CEO Sharon Jones notes that “Most people believe they are fair and support a meritocracy in hiring and in the workplace. What people don’t understand that wanting to be fair doesn’t make you fair.”[12]

So if the goal is to neutralize unconscious bias and believing we’re fair doesn’t make it so, what does? Ross proposes two approaches: awareness and design. Specifically, he notes that “when we are aware of our biases and watch out for them, they are less likely to blindly dictate our decisions.”[13] To the second point, he advocates for developing approaches that help us make decisions more consciously. One of the specific actions he recommends is priming, explaining that “by consciously priming people to pay attention to potential areas of bias, we have found that they can be encouraged to be more conscious of their decision-making processes.” Specifically, the goal is to help managers identify what they’re reacting to and refocus on information that’s relevant to the job.

? PRactice Question

https://assessments.lumenlearning.co...essments/18160

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6.5: Interview Approaches

Learning Outcomes

- Discuss various interviewing approaches

The objective of the interview process is to identify the "right" person. Of course, what—or, rather, who—constitutes the "right" person depends on the organization. And the approach the organization takes to the interviewing process says as much about an organization's culture and values as a candidate's interactions say about him or her.



Traditional interview approaches include one-on-one, panel and series:

- The most common interview approach is a **one-on-one interview**, with the interview conducted by a Human Resource representative or the hiring manager.
- The **panel interview** is a standard practice in academia and fairly common in business. In a panel interview, a committee composed of several interviewers meets with the candidate at the same time. When using this format, interviewers generally ask an established set of questions in order, taking notes and, in some organizations, filling out a corresponding evaluation form.
- In a **series interview**, a candidate is evaluated in a series of one-on-one interviews with multiple interviewers. Different organizations and interviewers may also seek to stage the interview differently—creating, for example, a situation that may range from conversational to stressful.

Practice Question

https://assessments.lumenlearning.co...essments/18161

Regardless of the format used, those involved in the interview process should be trained in effective interviewing techniques—for example, active listening—and, critically, what questions are prohibited. For best results—and to avoid litigation—interview questions should relevant to the position, consistent across candidates and reflect the realities of both the position and the business environment. To be specific, questions should focus on the job duties, relevant skills and qualifications and related success factors. As alluded to above, it's important for the interviewer to recognize that her or she is not only discussing the position but representing the company.

An interview is a two-way assessment; the candidate is also making an assessment to determine credibility, desirability and culture "fit." This is particularly true in our current labor market, which favors employees.

Google Hire

The Google Hire article referenced earlier also showcased a creative merger of sourcing and selection.[1] When searching for a content marketing manager, email marketing platform Mixmax posted the job description across the web—job boards, social media and company website—but required candidates to find the president's personal email address in order to submit their application. Finding the email address required applicants to use specialized email marketing tools and techniques, ensuring that every candidate who successfully applied had the skills and knowledge required for the role.

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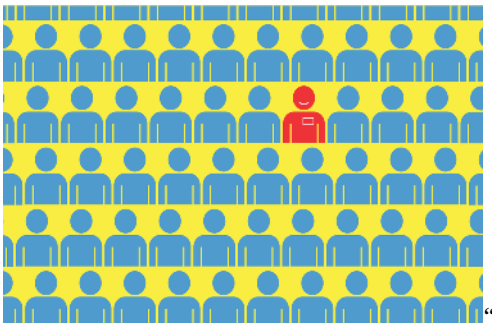
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6.6: Putting It Together- Recruitment and Selection

Given labor market trends and the accelerating pace of technology, recruiting is becoming a mission-critical. As highlighted in PwC's Talent Trends 2019 report, 80% of CEOs identified a skills gap as a threat to growth, with those who were "extremely concerned" about the availability of key skills, citing the negative impact on innovation (55%) and people costs (52%), among other factors.[1] PwC notes that respondents level of concern has increased over the last five years with the emergence of new technologies.

To put the upside in perspective, Oracle reports that the financial impact of hiring a top performing employee is estimated to be 10–100 times that of a person's compensation. Let's do the math: Hiring a single high-impact employee at an annual salary of $100,000 has the potential of adding $1–$10 million to a company's revenue every year that person remains with the company.[2] The cost and organizational impact of a poor choice is also significant. The U.S. Department of Labor estimates that the average cost of a bad hiring decision is 30% of the employee's first year projected earnings.[3] Note, however, that number represents only a fraction of the organizational impact. CFOs surveyed by global staffing firm Robert Half ranked morale (39%) and productivity (34%) effects of a bad hire greater than the monetary (25%) cost. Additionally, a perception that leaders lack competence undermines trust in the organization—a point we'll discuss further in the Module 15: Corporate Social Responsibility. Perhaps the most damaging effect is on an organization's top performers; worst case scenario: the pressure and dysfunction could cause them to leave, ending the revenue multiplier effect.



"Getting the right people on the bus" is also critical because personnel costs are often a business' single largest expense. According to the Society for Human Resource Management, salaries alone can account for 18 to 52 percent of your operating budget.[4] Add in taxes and benefits and the full cost could be in the 40–80% of gross revenue range.[5] Choose well, and your employees can be a source of revenue and competitive advantage. A poor choice can represent a critical liability.

Making the best talent choices also requires organizations to address HR information processing challenges and confront the reality of perceptual errors and unconscious bias. As the UNC Executive Development Team phrases it: "Unconscious biases in the workplace can stymie diversity, recruiting and retention efforts, and unknowingly shape an organization's culture."[6] Increasingly, choosing well—and optimizing the recruiting process from cost, effectiveness and candidate experience standpoints—will involve integrating automation, robotics and AI.

For perspective, Swedish recruiters are currently testing the world's first robot designed to conduct unbiased job interviews.[7] Developed by AI and social robotics firm Furhat Robotics, "Tengai" is a 16" tall computer interface similar to a human head that would be positioned on a table across from a candidate.

A link to an interactive elements can be found at the bottom of this page.

Tengai is being trained in collaboration Swedish recruiting firm TNG. As Technology of Business reporter Maddy Savage notes, "the goal is to offer candidates job interviews that are free from any of the unconscious biases that managers and recruiters can often bring to the hiring process, while still making the experience 'seem human'." To avoid the transfer of human bias, Tengai is learning from several different recruiters. Additional protocols designed to increase objectivity: dispensing with pre-interview conversation and posing questions in an identical manner, using the same tone and order. Transcripts of each interview are provided to recruiters or managers, eliminating potential bias based on a candidate's name, face or other information that's not relevant to job performance. Tengai was scheduled to start interviewing candidates in May 2019. An English-language version of the robot is expected to be available in 2020.

While this is an exciting possibility, it is important to think about both the limitations of technology and the effects of depersonalizing the interview process. Additionally, it's worth thinking about the fact that while the robot has been created with the goal of eliminating bias, it was created with conventionally white male features.

Of course, we can use what we know about perceptual errors and bias to modify our recruiting processes today. Given the research regarding adverse impact and the implications for organizational success, hacking unconscious bias should be a recruiting—and organizational—priority.

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6.7: Discussion- Recruitment and Selection

A candidate can have every skill you are looking for in a position, and yet still might not be successful at the job. Bringing a new employee into the organization means matching skills to job requirements and matching personalities to workplace culture.

Your HR team has worked hard to build a culture that supports the company's brand and goals. The organization prides itself on open-door discussions between leaders and subordinates; they provide flexible hours and telecommuting; they've established core values and "work lingo" that support their employment brand. Your employee value proposition boasts that working for your company is like having a second family.

You're an HR manager working with a recruiter to bring a new executive on board in the finance department. As a new leader, this executive will be driving workplace culture as much as he or she will be blending in with it.

Discussion Prompt

What type of interview questions would you ask candidates to ensure that they are a good fit for the company culturally? And what answers to those questions would prompt you to make the candidate an offer of employment? Write one or two questions and their "correct" answers to submit. Then, review the questions and answers of two of your classmate peers and provide comments.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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6.8: Assignment- Employer Branding Overview

Scenario

In this module, you learned that recruiting is the art of attraction, and that cultivating a strong employer brand is an essential aspect of that process. Employer branding matters for two primary reasons: it affects an organization's ability to attract and retain talent and it has labor cost and productivity implications. An ability to cultivate and communicate an engaging employer brand is particularly critical given that it's a sellers market, with heightened employee expectations and increased competition for a smaller pool of workers.

Your Task

In your fourth rotation, you are reporting to the firm's Employer Branding lead. This is a relatively new practice and the team is still developing services and associated deliverables. You have been assigned to develop a proprietary (original) 1-page "How to Build a Strong Brand" overview for clients. Bonus points: submit your deliverable as an infographic (For perspective, search for "how to build an employer brand" and select Images). Refer to Employer Branding for a jump start. Although your how-to must be original (riffing is fine; duplication is not), it should address the following four points:

- Step 1: Evaluate your brand.
- Step 2: Identify/clarify your employer proposition.
- Step 3: Connect with your audience.
- Step 4: Recruit & support brand ambassadors.

This assignment requires you to incorporate research (cite Harris Poll, Gallup or other credible data) on why a recommendation matters and specific action items associated with each step.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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6.9: Why It Matters- Recruitment and Selection

Why learn about recruitment and selection strategies, processes, and laws?

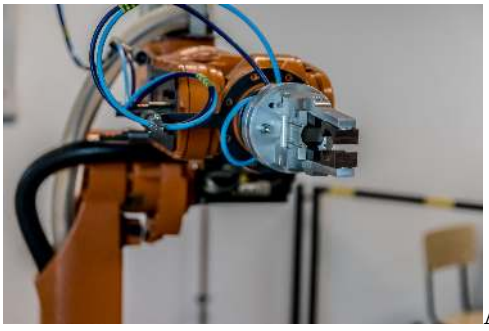


While we tend to focus on products and experiences—for example, the latest iPhone or streaming series—it's important to remember that it's people who make the magic happen. It's people who, to quote Döhler's tagline, "bring ideas to life." And it's people who create customer and, ultimately, business value. As an aside, it's also people who create value on a national level, as reflected in intellectual property law and recent trade wars over, ostensibly, intellectual property.

As analytical software and service provider SAS' former president Jim Goodnight observed, "95% of my assets drive out of the gate every evening. It's my job to maintain a work environment that keeps those people coming back every morning."[1] And it's a recruiters job to identify those assets—those individuals—that can drive value creation and get them to show up: to apply, to interview and, ultimately, to accept an offer. It's always been a challenging prospect, but current economic and demographic trends make it even more so today.

Let's consider our operating environment:

- Unemployment is at record lows—the U.S. unemployment rate for May 2019 was 3.6%, unchanged from April and the lowest rate since 1969 in 49 years[2]
- Slower population growth and lower labor force participation is projected to limit the supply of labor in the U.S.[3]
- The U.S. economy is experiencing a historical term of expansion—the economy has grown for 121 months, the longest (although not the most robust) expansion cycle since 1854[4]
- Employee confidence and expectations of both employers and the workplace has increased significantly, reflecting both economic and employment trends
- Younger Americans tend to prioritize the work experience—enjoyment, making a difference—and are more inclined to entrepreneurship or working in the gig economy[5]
- The labor force is becoming more racially and ethnically diverse, with much of the change driven by immigration[6]



Although the next phase in the industrial revolution—referred to as Industry 4.0 or the Industrial Internet of Things (IIoT)[7]—may offset some of the impacts of labor shortages in the manufacturing and services sectors, it is expected to exacerbate the shortage of and competition for higher-skilled talent that is already scarce. For perspective, economic consultancy Oxford Economics projects that by 2030, robots will replace up to 20 million manufacturing jobs globally. However, the firm also noted that increased automation is expected to yield productivity benefits that will increase growth and that, at a global level, the number of jobs created will match the number of jobs eliminated.[8] The net net: it's expected to be a seller's market for the foreseeable future, with the balance of power—and power of choice—tipped to workers who possess in-demand

skills. As we will discuss further in Module 15: Corporate Social Responsibility, the health of the economy has also given workers greater confidence in pursuing their demands for changes in workplace policies and practices.

Given heightened employee expectations and increased competition for a smaller pool of workers, recruiters will need to demonstrate not only core human resource competencies but a sales and marketing sensibility. Specifically, human resources personnel will have to become adept at cultivating and communicating the organization's culture as well as an engaging employer brand. Greater labor pool diversity—in particular, if organizations are trying to increase minority representation—will also require recruiters to be aware of unconscious bias and the potential for discrimination and proactive in implementing changes to address adverse impacts. In this section, we'll discuss the recruiting and selection process broadly, including the importance of employer branding, how to avoid discrimination and unconscious bias and the use of technology in the recruiting process.

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6.10: Introduction to the Recruitment Process

What you'll learn to do: Discuss the recruitment process

The essence of recruiting is expressed in researcher, advisor and bestselling author Jim Collin's classic recommendation: "get the right people on the bus." This analogy, presented in his 2001 bestseller *Good to Great*, reflects the realities of operating in a dynamic and disruptive environment.[1] In the years since, this insight has been widely recognized as a critical business success factor. Recent economic, labor and technological trends have only increased the stakes. In this section, we'll discuss the recruitment process and the importance of employer branding.

1. Collins, Jim. *Good to Great.* New York, New York: Harper Collins, 2001. ↵

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6.11: The Recruitment Process

Learning Outcomes

- Discuss the recruitment process

Recruiting is the art of attraction, a process that requires a clear understanding of what makes the company unique as well as what type of person a company wants to attract. It's also important for human resource personnel to be aware of the subtleties of communication—for example, differences in how behavior, gestures, language (and silence) is interpreted, and the associated message received.



In a recruiting briefing for employers, employer research, review and job posting site Glassdoor made the following recruiting recommendations, supported by Harris Poll survey data of adults who were searching for work, both currently employed and not currently employed.[1]

Get inside the Job Seeker's Mind

- Factors that contribute to workers'/job seekers' perception of long-term potential
  - Transparency about pay/benefits: 44%
  - Information about growth opportunities: 39%
  - Company's track record of promoting from within: 37%
  - Positive employee reviews: 35%
- Factors most likely to prompt an application
  - Attractive benefits: 48%
  - Convenient commute: 47%
  - Relatively high salary: 46%
- Factors most likely to prompt candidate to abort the recruitment process
  - A layoff announcement: 44%
  - Negative interactions with a recruiter or hiring manager: 40%
  - Negative employee reviews: 35%
  - Leadership or employee scandals: 33%

Gender Differences

- Female respondents were more likely than male respondents to cite CEO misbehavior as a reason to exit the recruitment process (42% vs. 21%)
- Female respondents were more likely than male respondents to rate poor customer service levels as a detracting factor (39% vs. 23%)
- Female respondents were more likely than male respondents to cite negative employee reviews as a deterring factor (43% vs. 28%)

Optimize the Candidate Experience

- Aspects of the job application process that contributed to a positive experience
  - Clear and regular communication: 58%
  - Clear expectations: 53%
  - Feedback regarding rejection: 51%
- Greatest causes of frustration during the interview process
  - Lack of information about pay and benefits: 50%
  - Interview schedule changes: 50%
  - Untimely responses: 47%
  - Lack of information about job responsibilities: 46%
  - Gender differences note: Female respondents were more likely than male respondents to be frustrated about lack of compensation information (57% vs. 44%) and lack of information about job responsibilities (55% vs. 39%).

With that perspective, let's discuss the recruiting process. Recruiting is the phase that occurs after human resource planning and before selection. The goal of the recruitment process is to build a pool of qualified candidates. To be effective—from both a successful placement and cost of hire standpoint—the recruiter should have a complete job description that includes job specifications or minimum acceptable qualifications (and, perhaps, desired qualifications), essential functions and an ability to speak to job responsibilities and other details. The recruiter should also be able to articulate how the role contributes to the organization's strategy and should develop a recruitment plan. Planning points to consider include evaluating your employer brand, identifying candidate sources, evaluating related technologies and—an ongoing responsibility—cultivating passive candidates and encouraging positive word of mouth. We'll discuss these points further below.

? Practice Question

https://assessments.lumenlearning.co...essments/18151

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6.12: Employer Branding

Learning Outcomes

- Discuss the importance of employer branding
- Discuss how to build your brand as an employer

A positive employer brand is important for two primary reasons: it affects an organization's ability to attract and retain talent and it has financial and productivity implications.



In a Harvard Business Review article, Global VP of LinkedIn Talent Solutions Wade Burgess observed that workers now "have more choices and bargaining power than they've had in nearly a decade."[1] Burgess reported that a nationally representative survey of full-time professionals found that candidate choices are increasingly based on employer brand, with three factors contributing most to a bad reputation as a place to work:

- lack of job security
- dysfunctional teams
- poor leadership

On the other side, the three key factors for a positive reputation were as follows:

- stability
- opportunities for career growth
- the ability to work with a high-performing team

The research also established that there was a financial cost to a poor reputation. Specifically, researchers determined that the minimum premium required to convince a candidate to take a job at a company with bad reputation was 10% (roughly $4,725 per hire). Assuming an annual turnover of 16.4%, a company of 10,000 employees could spend up to $7.6 million in additional salary to compensate for its poor reputation.[2]

That's not the end of the bad news; almost half of the respondents indicated that they wouldn't even consider taking a job with a company that exhibited the three negative employer brand factors. CRO (Corporate Responsibility Officers) Magazine's statistic on that point is even higher; the magazine reports that 86% of women and 67% of men (U.S. data) wouldn't join a company with a bad reputation.[3]

So what's the upside? *CR (Corporate Responsibility) Magazine* reports that 92% of people would consider changing jobs if offered a role with a company with an excellent corporate reputation.[4] Additionally, Office Vibe cites the statistic that investing in employer brand can reduce employee turnover by 28%.[5]

Practice Question

https://assessments.lumenlearning.co...essments/18152



So, that we know that it's essential to have a good brand as an employer, but how can you build that brand? Burgess' brand-building recommendations are relevant to both companies with tarnished brands and those who are, perhaps, just misunderstood.

- **Step 1: Evaluate your brand.** Conduct surveys to determine what prospective employees think of your brand and the company as a place to work. Seconding Glassdoor's "get inside the job seeker's mind" point, surveys will also yield insight into candidate's concerns.
- **Step 2: Identify/clarify your employer proposition.** Knowing what inspires your employees to drive through the gate every day (and if you don't know, ask/survey), will allow you to accurately communicate your brand and build campaigns that illustrate those attributes.
- **Step 3: Connect with your audience.** Send the right message to the right people via the right medium.
- **Step 4: Recruit & support brand ambassadors.** Provide your employees with engaging, shareable content, encourage them to share and amplify their efforts.

Perspective point: Burgess notes that "the difference between mediocre and great employer branding often is executive involvement."[6] To that point, his final recommendation is to engage the C-suite in publishing content and social sharing.

? Practice Question

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In Global Workforce Management's "Talent Trends 2019" report, the authors conclude with a comment that "it's more important than ever that organisations create a workplace where people want, and not just need, to work each day."[7] That observation goes to the heart of the brand-engagement dynamic. Brand consultant and author Denise Lee Yohn cites a Gallup finding that only 13% of employees are engaged and notes that disengaged employees are estimated to cost U.S. companies $450-$550 billion annually in lost productivity.[8] She argues that the way to make the way to effectively engage employees is by making the critical connection to achieve employee brand engagement. According to Yohn, "employee brand engagement is achieved when employees are aligned and involved with the organization's brand." To clarify, Yohn notes that "It isn't about selling anything, or even telling employees what they should do; it's about informing, inspiring, and involving employees so that they want to support and advance the brand. Only when employees are engaged with the brand will they think and act in the specific ways that produce the specific results the company is seeking."

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6.13: Writing a Job Advertisement

Learning Outcomes

- Create a compelling job advertisement

Creating a compelling job advertisement is similar to writing a compelling marketing pitch. The first step in the process is attraction, defined as "a quality or feature of something or someone that evokes interest, liking, or desire." Additionally, it's key that you effectively understand and describe the advertised job.

Job Analysis

In order to advertise a job, you first have to understand what that job entails (at least to best current knowledge, as jobs are often shifting in their scope). Job analysis is often done with the help of Industrial and Organizational (I-O) psychologists. There are two related but different approaches to job analysis—you may be familiar with the results of each as they often appear on the same job advertisement. The first approach is task-oriented and lists in detail the tasks that will be performed for the job. Each task is typically rated on scales for how frequently it is performed, how difficult it is, and how important it is to the job. The second approach is worker-oriented. This approach describes the characteristics required of the worker to successfully perform the job. This second approach has been called job specification (Dierdorff & Wilson, 2003). For job specification, the knowledge, skills, and abilities (KSAs) that the job requires are identified.

Observation, surveys, and interviews are used to obtain the information required for both types of job analysis. It is possible to observe someone who is proficient in a position and analyze what skills are apparent. Another approach used is to interview people presently holding that position, their peers, and their supervisors to get a consensus of what they believe are the requirements of the job.

How accurate and reliable is a job analysis? Research suggests that it can depend on the nature of the descriptions and the source for the job analysis. For example, Dierdorff & Wilson (2003) found that job analyses developed from descriptions provided by people holding the job themselves were the least reliable; however, they did not study or speculate why this was the case.

? LEARN MORE

The United States Department of Labor maintains a database of previously compiled job analyses for different jobs and occupations. This allows the I-O psychologist to access previous analyses for nearly any type of occupation. This system is called **O*Net** (accessible at www.online.onetcenter.org). The site is open and you can see the KSAs that are listed for your own position or one you might be curious about. Each occupation lists the tasks, knowledge, skills, abilities, work context, work activities, education requirements, interests, personality requirements, and work styles that are deemed necessary for success in that position. You can also see data on average earnings and projected job growth in that industry.

The O*Net database describes the skills, knowledge, and education required for occupations, as well as what personality types and work styles are best suited to the role. See what it has to say about being a food server in a restaurant or an elementary school teacher or an industrial-organizational psychologist.

Employer Branding in Job Advertisements

As we previously discussed, employer branding is a key element in the recruitment process. In order to attract the best candidates, hiring managers need to clearly define their employment brand. Here are a few specific recommendations to help you do so:

- Clarify your corporate culture
- Understand your market position
- Set performance expectations
- Help candidates determine whether they would be a good fit before they even apply

? PERSPECTIVE POINT

A clear and compelling employer value proposition not only tells candidates why they want to work for you, but it also reminds current employees why they're there.

Selling the Job

With the employer brand clarified and the job defined, we can move on to selling the job. What differentiates a compelling ad from one that isn't noticed, or worse, rejected, is emotion. That is, in order to make a job advertisement compelling, you must make an emotional connection. Brand and Marketing Strategist Alex Honeysett's recommendations for writing a compelling blog post also apply to writing a compelling job ad: "Now more than ever, people want to connect with brands in a human way."[1] And candidates are seeking that same humanity in potential employers. Her two key recommendations: share a story and write with a specific person in mind. The rationale for the latter point: "By writing with one person in mind, your tone, story, and message will be much more focused and detailed than if you're writing to a nameless, faceless group of people. And your readers will connect to that focus and detail."[2]

The following nine-step job ad development process is a combination of Honeysett's recommendations and Betterteam's job posting template:[3]

1. Write a compelling headline
2. Craft a compelling hook
3. Write with a specific person in mind
4. Pitch the position with emotion as well as the key facts
5. Tell the company's story—and invite the candidate to be part of it
6. Sell the area
7. Summarize, selling the package
8. Close with a call to action
9. Have a member of the target audience read and comment

? Practice Question

https://assessments.lumenlearning.co...essments/18154

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6.14: Introduction to Recruitment Sources

What you'll learn to do: Discuss recruiting sources

In an article for *Forbes*, human resources and HR technology analyst Josh Bersin observes that "Not only do companies have to deal with social sourcing, creating an employment brand (on a myriad of social websites), but the entire industry has become data driven and one of the fastest growing areas of AI.[1] In this section, we will discuss sourcing and the impact of technology on the sourcing and recruiting process broadly.



1. Bersin, Josh. "Robotic, IA and Cognitive Computing Are Changing Organizations Even Faster Than We Thought." Forbes. March 9, 2017. Accessed July 26, 2019. ↵

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6.15: Candidate Sourcing

Learning Outcomes

- Discuss candidate sourcing

Sourcing is the process of identifying, pre-screening and cultivating qualified candidates in order to meet current and anticipated future job openings. As is true of the recruiting process in general, having a clear understanding of who your ideal candidate is—a "specific person in mind"—will inform your choice of sourcing channels and improve sourcing effectiveness. That is, your choice of sourcing channels or methods will depend on who you want to reach.

External vs Internal Sourcing

While this page focuses on finding external candidates, the best person for a job may already be working at your company. Too often companies ignore the talent pool already at their finger tips in pursuit of something new. Internal recruitment requires training and development (which we'll talk about in Module 7: Onboarding, Training, and Development), but allows you to pull known talent, as well as build loyalty among existing employees. To learn more about internal candidates, check out the following articles:

- "Why Companies Overlook Great Internal Candidates," from *Harvard Business Review* by Wade Burgess
- "Why the Best Internal Candidate Might Be from an Unlikely Part of the Company," from *Harvard Business Review* by Rebecca Zucker



Tapping into social media is essential, with Pew Research Center reporting that 72% of Americans are using social media for information, entertainment and to make and maintain connections.[1] Pew's Social Media Fact Sheet also notes that social media use has become more representative of the broader population; however, the use of specific social media platforms varies by age, gender and educational attainment. For example, college graduates are power users of YouTube (80% vs 73% total), Facebook (74% vs. 69% total), LinkedIn (51% vs. 27% total) and Twitter (32% vs. 22%). To highlight a few gender differences, a higher percentage of men than women use YouTube (78% vs. 68%) and LinkedIn (29% vs. 24%), with percentages similar on Twitter (24% vs 21%) and women's use of Facebook higher (75% vs. 63%). One of the largest differences based on race is on LinkedIn, used by 28% of whites and 24% of blacks, but only 16% of Hispanics.

Employees should be an essential part of social recruiting. In Fundamentals of Human Resource Management, the authors state that "employee referrals tend to be more acceptable applicants, who are more likely to accept an offer and, once employed, have a higher job survival rate."

Three caveats to be aware of with regards to employee referrals:

1. an employee might mistakenly assume job performance competence based on friendship;
2. employee referrals may lead to nepotism or hiring individuals who are related to persons already employed by the company
3. employee referrals may reinforce the status quo rather than advance a diversification objective.

For perspective on the social point, here are a few social recruiting statistics compiled by Todd Kunsman[2]:

- 79% of job applicants use social media in their job search

- Job seekers rank social media and professional networks as the most useful job search resource compared to job boards, job ads, recruiting agencies, and recruiting events
- 73% of millennials found their last position through a social media platform
- 80% of employers say social recruiting helps them find passive candidates
- 91% of employers are currently using social media to hire talent
- Employers believe that social media marketing will be the most in-demand HR skills by 2020, followed by Data Analysis and Predictive Modeling

Old-school—face-to-face methods—work as well, serving to build the employer brand as well as a candidate pool. Participating in, partnering with or sponsoring college groups, community organizations and professional associations is an effective way to identify individuals with high-values skills or demographic profiles.



You can also work the interest angle online, joining relevant LinkedIn groups or identifying and following thought leaders or groups on Twitter. This has the added benefit of serving as continuous learning for the organization. For example, to identify Human Resource thought leaders, use that as a search phrase and you'll see articles like HRDive's "10 Must-Follow HR Twitter Accounts (and Chats)."[3] Using the search engine of your choice, you can also find tutorials on how to use Twitter for sourcing, including Workable's "Sourcing on Twitter: Advanced Search Strategies for Recruiting."[4] Developing relationships with educators is another way to identify high-potential candidates; internships provide both the student and organization an opportunity to test fit.

A final opportunity is to identify niche sites that specialize in a specific industry, area of expertise or speak to a specific demographic group. For a variation on that approach, consider TripAdvisor: the travel site pitched an SEO job from a source code page on their website that would only be viewed by SEO practitioners. To quote Google Hire's write-up on the campaign: "Hidden amid the strings of code was an invitation to 'run—don't crawl' (a play on automated website crawling—a common SEO technique) to join the company's SEO team, complete with contact email address and a link to a job posting. For more creative sourcing ideas, read the article: 10 creative candidate sourcing strategies from IKEA, Spotify, Deloitte and more.[5]

? PRactice Question

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6.16: Technology and Recruiting

Learning Outcomes

- Discuss the use of technology in recruiting

In a recruiting best practices document, database management systems provider Oracle states that implementation of recruiting best practices and supporting technology "can potentially reduce your time to hire by up to 50 percent and reduce cost per hire by up to 70 percent."[1]



Oracle's best practice recommendations include the following:

- **Automate job board processes.** Leveraging automation—for example, typical capabilities such as predictive ranking—can improve candidate sourcing and screening effectiveness and efficiency
- **Build a talent pool.** Developing an internal database of qualified candidates allows the company to reduce its dependence on third-party recruiters and external résumé databases. It also allows human resource personnel to cultivate relationships and tap into a pre-qualified talent pool when an opportunity opens.
- **Socialize the search.** Go beyond job boards and use social networking sites to connect with and engage candidates. And, as mentioned in the employer branding and candidate sourcing sections, invite current employees to participate in getting the word out.

Given the dollars in play—the recruiting industry is estimated to be more than $400 billion[2]—there's certainly no lack of options for automating the recruiting process. Business software solutions peer review site Capterra lists recruiting software products (487 as of August 2019!) and provides a buyers guide to assist with the evaluation and selection process. Capterra explains that "recruiting software is designed to help recruiters and hiring managers to manage recruitment drives and the overall hiring process. The recruiting system collects applicant information and allows recruiters to filter, grade, and match candidate skills against job requirements. Often, recruiting software can help recruiters post openings on multiple online job boards, connect with candidates, schedule interviews, and track their progress."[3]

The key benefits of recruiting automation include an integrated dashboard view and a consistent standard of candidate screening. Recruiting dashboards not only integrate data from multiple job boards, social networks, career and employee referral pages, they allow recruiters to disseminate information such as job opportunities across all channels with a single post.



Recruiting tools also help to eliminate the typical manual screening bottleneck, dramatically reducing the time it takes to arrive at a short-list of qualified applicants. This is a point emphasized in the Oracle report as well. The sorting and ranking process generally

requires the most time in the hiring process and, given the relative ease of applying for jobs online, recruiters and HR staff can easily be overwhelmed. Oracle recommends incorporating smart screening technologies—for example, using targeted questions and assessments to pre-screen candidates—to not only help identify the most promising candidates but also build a pool of prequalified and ranked candidates for future positions. As Oracle summarizes, "using smart sourcing technologies allows businesses to "recruit faster from a wider network of qualified candidates, build stronger relationships with active and passive job seekers, and earn a higher return on your sourcing investments."[4]

The next technology trend impacting recruiting—incorporating robotics, AI and cognitive computing—is already here, with 38% of companies surveyed in a Deloitte Human Capital Trends study expecting that robotics and automation will be "fully implemented" in their company within 5 years.[5]

For perspective, consider the following statistics, complied by HR solutions provider Ideal:[6]

- 96% of recruiters believe that AI can greatly enhance talent acquisition and retention
- Recruiters believe that 100% of sourcing, screening & matching can be automated
- 65% of recruiters don't view AI as a threat
- 33% of recruiters expect to do "more human jobs" as a result of AI

Human Resource managers also report that a lack of automation has had a negative impact on productivity (41%), increased operational costs (35%) and resulted in a poor candidate experience (17%).

? Practice Question

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The adoption trend is also being accelerated by sourcing platforms such as LinkedIn and Google Hire that incorporate AI. To illustrate, when a recruiter using LinkedIn's Recruiter service types in the title "UX designer", the system will generate related search recommendations such as interaction design and wireframing. As LinkedIn explains it: "AI looks for patterns in the answers that have led to success for similar searches before. With every successful match, we are learning how we can take what you've done in the past and replicate it to make your job easier."[7] Their closing pitch: AI allows you to help train the machines so you can spend more time focused on candidates instead of keywords. For an overview of LinkedIn's recruiting offerings, read CIO senior writer Sharon Florentine's overview: LinkedIn Talent Solutions: 10 Tips for Hiring Your Perfect Match.[8]

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6.17: Introduction to Avoiding Discrimination

What you'll learn to do: Discuss how to avoid discrimination in the recruiting process

Avoiding discrimination in the recruiting process isn't only a matter of refraining from intentional discrimination or what the EEOC refers to as "disparate treatment." Companies are also prohibited from using screening or testing practices that have an adverse impact on a protected group or groups, referred to as "implicit discrimination." In this section, we will discuss these two aspects of discrimination and how to evaluate the use of employee screening and testing practices to avoid discrimination under Title VII, the ADA and ADEA.

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CHAPTER OVERVIEW

7: Onboarding, Training, and Developing Employees

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7.1: Introduction to Developing Employees

What you'll learn to do: Explain how to develop employees

Employee training and development and career management are all aspects of what will need to be a continuous process of learning. In this section, we'll differentiate between the terms training and development, evaluate various employee development methods and discuss current approaches to career management.

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7.2: Employee Development

Learning Objectives

- Differentiate between employee training and employee development
- Evaluate various employee development methods

As described in *Foundations of Human Resource Management*, "employee training is a learning experience that teaches new skills, knowledge, attitudes and behaviors necessary for successful job completion."[1] That is, the objective of training is to develop or enhance the knowledge, skills and abilities (KSA) relative to an employee's current position. For example, a person may be trained on departmental processes or how to use task- or department-specific applications or equipment.

In contrast, employee development is learning that benefits the organization broadly. Development involves cultivation of core—generally soft—skills such as critical thinking, communication and leadership. For perspective, compensation research site Payscale's Compensation Best Practices Report (CBPR) survey indicated that the area HR professionals plan to invest in most heavily in 2019 is employee training and development. Specifically, 23% of respondents identified training and development as their largest investment, followed by recruiting and compensation changes—a tie at 15%.[2]

Practice Question

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Employee Development Methods



A majority of the training methods mentioned earlier in this module are also applicable to employee development. For example, case studies—used extensively in management and legal training—are a highly effective means of teaching critical thinking and problem-solving skills. To quote Texas Women's University professor Dr. Laura Trukillo-Jenks, "One of the best practices in teaching and learning is the use of a three-part case study, or a scenario-based story, to help students deepen their understanding of a concept. The three parts of a case study are a scenario-based story that focuses on a specific, hypothetical problem, supporting literature that aligns with the main themes of the story, and guiding questions that help the learner gain the most from understanding the concepts and objectives of the case study by applying critical and higher order thinking skills."[3] Role-playing, also mentioned previously, is common in crisis management, emergency response and the military.[4] Both case studies and role play can also be used to explore complex issues such as ethics and unconscious bias since they provide a safe environment to work through scenarios and build confidence and effective decision-making skills.

Additional employee development methods include the following:

- Committee or special project assignments—Committee or special project assignments promote development of analytical and communication skills and organizational/industry knowledge and provide exposure or opportunities to work with senior leaders
- Classes, conferences and seminars/webinars—Participation in (as an attendee, panelist or presenter) structured learning—in person or online—can build knowledge/expertise, communication and critical thinking skills, industry or functional knowledge and relevant professional networks

? Practice Question

https://assessments.lumenlearning.co...essments/18169

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7.3: Career Management

Learning Outcomes

- Discuss various approaches to career management



Although business' support of employee's career management is a best practice back by performance data, each individual is ultimately responsible for his or her own career management. As Deloitte vice chairman and author Cathy Benko phrases it, each of us is the CEO of our own careers. What that means is that each of us is responsible for "ensuring the relevance of our skills and the continued cultivation of our careers."[1] To ensure continued skills relevance, Benko recommends "marking skills to market;" specifically, scanning job posting sites on a periodic basis to determine what skills are in demand and to identify emerging skills. To the career cultivation point, she recommends thinking in terms of "career option value"—that is, continuously adding to your portfolio of transferable skills and experiences to increase your market value and expand your career options. In an interview with Harvard Business Review, Benko, explains that "The corporate ladder approach to career development has given way to a digital-age corporate "lattice," a concept she and her co-author develop in *The Corporate Lattice: Achieving High Performance In the Changing World of Work*. In summary, in a lattice world, continual professional reinvention needs to be a core competency.



For perspective on a lattice career, consider Zainab Ghadiyali's path, described in a First Round Review interview titled "The Secrets to Designing a Curiosity-Driven Career."[2] The interview opens with the observation that "While her recent resume is impressive — spanning a rise up the engineering ranks at Facebook, her current role as a Product Lead at Airbnb, and a side hustle as the co-founder of Wogrammer — the inclines and contours of her unlikely path to Silicon Valley are far more remarkable, delineating the cartography of an extraordinary career." Ghadiyali's journey took her from her hometown of Mumbai to South Carolina, Berlin, Peru, Nicaragua and, ultimately, Silicon Valley. Ghadiyali reflects that "Across all of my life experiences, I was just hungry to learn." The interviewer notes that while many people are inspired by learning, it can be hard to protect that spirit of curiosity as career pressures intensify. Here are a few of the strategies Ghadiyali used to sustain her creative spark:

- **Leverage a creative—not reactive—mindset to overcome uncertainty.** Ghadiyali explains that "The reactive mindset is driven by fear," [which] "leads you down a spiral of anxiety, in which you focus on all the reasons why you can't do something. By contrast, the creative mindset is driven by possibility. The creative mindset inspires curiosity and passion, which leads to action."

- **Picture your career as a painting, not a ladder.** To quote Ghadiyali: “When we visualize a career ladder, we start putting ourselves in a box. Step back and see the painting — every experience adds a brushstroke to a bigger picture.”
- **To unlock omnidirectional growth, focus on learning.** “At every career crossroads, I ask myself the same two high-level questions: ‘What am I excited to learn next? What’s the next level of learning I want to reach?’”
- **Leap before you’re ready—but be prepared to catch up.** Ghadiyali observes that “A risk won’t actually move you forward unless it’s followed by a dedication to progress.”

Her final recommendation, now that she’s doing the hiring: “Hire for hunger, not a checklist of qualifications.”

? PRactice Question

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7.4: Putting It Together- Onboarding, Training, and Developing Employees



Of course, building talent is not a new idea. As Zig Ziglar famously noted: “You don’t build a business. You build people, and people build the business.” To be clear, people building—including reskilling, upskilling and developing soft skills—will be a shared responsibility going forward.

AT&T’s talent overhaul—a program titled Workforce 2020 (WF2020)—serves as an example of how the building process can be accomplished at scale—specifically, with a workforce of almost 300,000 employees, roughly half of which are union members. This following overview is drawn from a Harvard Business Review article written by and interviews with AT&T’s chief strategy officer John Donovan and Deloitte vice chairman Cathy Benko[1].

In launching WF2020, AT&T set expectations up front, giving “every employee who wants it the chance to change with the organization” and making it clear that “employees interested in new roles would be required to use their own time—and in some cases, invest their own money in—their reeducation.”[2] With the understanding that this was a matter of survival, training and development program details were included in union contracts with union support. Buy-in from both union members and non-union employees allowed for the “continuity of the institutional knowledge and informal networks” critical to an organization’s functioning.

AT&T’s gambit reflects the reality that many of the technologies shaping business are advancing so rapidly that traditional methods of training and development can’t keep pace. Three years into the initiative, AT&T estimated that 140,000 employees were actively engaged in reskilling for newly created roles. This is, in fact, our new operating reality; the expectation is that roles and required skills will change every four years.



In the first phase of WF2020, managers identified required skills and current gaps, created “future role profiles” and developed a blueprint for sourcing skills internally. To increase job mobility and promote the development of transferable skills, 250 roles were consolidated to 80. To support the transition, human resources launched an online self-service platform that provided access to a range of tools and training including a career profile tool and career intelligence tool, with links to related skills training. Once skills gaps have been identified—either through the self-service platform or in conversations with management, employees can address the gaps by taking online courses, pursuing nanodegrees or certification or degree programs developed in partnership with Udacity and Georgia Tech. For perspective, in a five month period in early 2016, retrained employees filled half of the company’s technology management jobs and earned 47% of promotions.

The final—critical—step in the initiative is effecting a change in mindset. In order to build a culture of continuous learning, employees need to embrace a more dynamic approach to career development. Instead of a corporate ladder, employees need to adapt a multidirectional or “lattice” approach that supports lateral, diagonal and both ascending and descending career moves. Final

perspective point: “Essential to lattice thinking is the principle that individuals actively own their development, which fundamentally changes the social contract between employer and employee.”[3]

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1. Donovan, John and Cathy Benko. "Inside AT&T's Talent Overhaul." Harvard Business Review. October 2016. Accessed July 18, 2019. ↵
2. Ibid. ↵
3. Ibid. ↵

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7.5: Discussion- Onboarding, Training, and Developing Employees

In our professional experiences, most of us have been frustrated with coworkers that didn't know everything they needed to know and cost their employer money(or their coworkers time) needlessly. A good plan for onboarding and training can engage employees and save money.

Discussion Prompt

Think about a time when you wished your coworkers had received more training in their positions. Then, use the ADDIE method to develop a training program for those coworkers, using your own knowledge as the basis for that training program. If you haven't been employed before, or if you don't remember an instance where coworkers needed training, create a fictional scenario.

Once you've created your own training program, review two training programs created by your classroom peers. Did they complete all the steps of ADDIE? Did they give you any ideas about your own training program?

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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7.6: Assignment- Effective Onboarding Presentation

Scenario

Onboarding or the process of integrating a new employee into a company is not a social nicety—something to be disregarded as a distraction from “real” or billable work. Given the financial cost of recruiting and the brand and morale impact of firing, onboarding should be considered an essential component of the talent management process. As cited in this module, effective onboarding is associated with higher levels of employee job satisfaction, lower turnover, better performance, and lowered stress. This is particularly important given that 90% of new employees make the decision to stay or go within the first six months.

Your Task

In your fifth rotation, you are reporting to the firm’s Employee Engagement lead. This practice is focused on ensuring the client’s ongoing return on investment in their talent. You have been assigned to develop an Onboarding presentation that the firm’s consultants will use to pitch Employee Engagement services and client HR management can use to support onboarding project (funding) proposals and to communicate the importance of onboarding to management.

For perspective, read SHRM’s New Employee Onboarding Guide and/or search onboarding best practices. Searching onboarding best practices and then images will provide ideas for visualization. Again, the expectation is that your deliverable will be original work.

Develop a 10 slide presentation (Google Slides, Microsoft PowerPoint, etc.) that provides a blueprint for an effective onboarding program and why it matters, incorporating supporting examples, quotes and statistics in the slides or the notes section. Your presentation should adhere to (attributed to) Guy Kawasaki’s 10-20-30 rule—10 slides, 20 minutes, 30 points—and Seth Godin’s advice regarding avoiding bad slides (no templates, no clip art, no transitions).

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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7.7: Why It Matters- Onboarding, Training, and Developing Employees

Why learn about onboarding, employee training, and development and career management strategies?



World Economic Forum (WEF) Founder and Executive Chairman Klaus Schwab sets the stage for this module in the Preface to WEF's Future of Jobs 2018 Report, observing that "the emerging contours of the new world of work in the Fourth Industrial Revolution are rapidly becoming a lived reality for millions of workers and companies around the world."[1]

The skills gap has been headline news in the U.S. for years, with stakeholders blaming the educational system for students' lack of basic skills and automation, globalization, and environmental factors accelerating job and skills obsolescence. In a Harvard Business Review interview, Deloitte vice chairman Cathy Benko noted that "We're in the middle of a skills shift. A mere 20% of today's workforce has the skills needed for 60% of the jobs that will be coming online within the next five to ten years."[2]

According to PwC's 2019 Talent Update, 79% of CEOs indicated that they viewed the current availability of skills as a threat to their business, up 23 percentage points from when the survey was first conducted in 2011.[3] The primary business impacts cited were:

1. an inability to innovate effectively
2. an unexpected increase in people costs
3. quality standard and/or customer experience affects
4. an inability to pursue a market opportunity
5. missed growth targets

Business leaders have also begun to realize that their stop-gap attempts—for example, recruiting talent from industries that are further along the technology adoption curve or tapping gig economy workers with specific skills—don't represent a viable long-term workforce strategy.

Given labor trends and the relentless acceleration of technology, CEOs are increasingly deciding to take matters in their own hands and build, rather than try to buy or lease, the skills they need for the future. This change is reflected in PwC survey data, with 46% of CEOs rating significant retraining/upskilling as the most important strategy to close their organization's skills gap. For comparison, the remaining options—hiring from outside the industry, developing a pipeline from education, hiring from competitors and relying on contingent workers—were all below 20%.



The current trend toward building talent started with AT&T's CEO Randall Stephenson, who implemented an 'evolve, or else' policy in 2013. Stephenson's position was that employees need to be willing to retool to remain relevant—and employed. Interestingly, data indicates that Millenials view continuous learning not as a threat, but a benefit. Research conducted by online learning provider Udemy indicates that 73% of Millennials consider further education or training a given or requirement for career advancement.[4] Note, however, that Millennials also have a training expectation of employers: 42% rate learning and development as the most important job decision criteria after salary. And this is not only a Millennial characteristic. Workers broadly recognize the skills gap and the potential impact automation and AI will have on their jobs. Udemy's research found that 84% of U.S. workers believe there is a skills gap, with 39% reporting that they are personally affected by it.[5] That perception also drives employment decisions: 51% indicated they would quit a job that didn't provide necessary training.

Given market and resource realities, the critical challenge is how to build the workforce of the future. In this section, we'll address that challenge, discussing onboarding, training and development and the associated impacts on engagement, retention and performance.

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3. "Talent Trends 2019: Upskilling for a Digital World." PwC. Accessed July 17, 2019. ↵
4. "Udemy in Depth: 2018 Millennials at Work Report." 2018. Accessed July 17, 2019. ↵
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7.8: Introduction to Onboarding Employees

What you'll learn to do: Explain the value of onboarding

Onboarding isn't standard operating procedure—but it should be. Indeed, effective onboarding provides continuity in engagement from selection through assimilation. In this section, we will define, discuss and quantify the benefits of onboarding and discuss the elements of an effective onboarding process.



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7.9: Benefits of Onboarding

Learning Objectives

- Identify the benefits of onboarding



Onboarding is the process of integrating a new employee into a company. Also referred to as organizational socialization, onboarding processes should be designed to familiarize new employees with the organization's culture, values and behavioral expectations. Onboarding should help new employees adapt to the operating environment and, specifically, provide new employees with the connections, information and tools to be successful.To quote a SHRM effective practice guidelines publication, "After effective recruitment and selection, one of the most important ways that organizations can improve the effectiveness of their talent management systems is through the strategic use of onboarding."[1]

As stated in Fundamentals of Human Resource Management, effective onboarding is associated with higher levels of employee job satisfaction, lower turnover, better performance and lowered stress. This is particularly important given that 90% of new employees make the decision to stay or go within the first six months.[2] For hourly workers, the decision timeframe is shorter: 50% leave new jobs within 120 days. The statistic for management: 50% of external senior management hires fail within 18 months.[3] Critical disconnect: less than 25% of organizations have a formal onboarding process. Worst case: new employees are greeting with some variation on "Oh, you're here…we better find you a workspace."

Amber Hyatt, director of product marketing at talent management solutions company Silk Road observes that "organizations that don't focus on acclimating new employees to their corporate culture are at a significant disadvantage. Employees who know what to expect from their company's culture and work environment make better decisions that are more aligned with the accepted practices of the company."[4] Peterson said., CEO of human resources SaS provider BambooHR, Ben Peterson seconds that, warning employers that "If you aren't communicating what new hires are supposed to be doing and arming them with the tools to do it properly, you're setting them up to fail."[5]

Practice Question

https://assessments.lumenlearning.co...essments/18162

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7.10: Methods of Onboarding

Learning Outcomes

- Evaluate various methods of onboarding



Onboarding approaches range from formal, structured programs to a hands-off policy, where employees are left to figure out cultural norms, organization dynamics and performance expectations on their own. As would be expected, research shows that organizations that engage in a formal onboarding process are more effective than those that don't. Research shows that effectiveness translates to both employee productivity and retention. In a SHRM article titled "Don't Underestimate the Importance of Good Onboarding," author and career counselor Arlene Hirsch cited the following statistics[1]:

- Organizations with a standard onboarding process experienced 50% greater new-hire productivity
- New employees who went through a structured onboarding program were 58% more likely to be with the organization after three years
- New employees who experienced a great onboarding process were 69% more likely to stay with a company for three years

Onboarding at L'Oreal

For perspective on best practices, consider L'Oreal: The global beauty company's onboarding process consists of a two-year, six-part integration program called "L'Oreal Fit." The stated aim: "to develop successful, committed and mutually beneficial relationships with each of our employees."[2]

The L'Oreal Fit program includes:

- Training and roundtable discussions
- Meetings with key insiders
- On-the-job learning supported by line management
- Individual mentoring and HR support
- Field and product experiences such as site visits and shadowing programs.

Author, speaker and marketing instructor Stan Phelps refers to onboarding as the first step in employee engagement, noting that "there is no better place to start applying G.L.U.E. (giving little unexpected extras). His premise: "employees are the key drivers of customer experience and that 'Happy Employees Create Happy Customers.'"[3] In a draft version of his book on employee engagement, Phelps highlights examples of companies who are getting onboarding right.



One of the companies that Phelps mentions briefly is W.L. Gore & Associates, who assigns every new associate a sponsor who is responsible for coaching and mentoring the new employee and it committed to his or her success.

For perspective on the mentoring point (also an aspect of L'Oreal's onboarding program), SHRM's online editor/manager Roy Maurer cited research by the Aberdeen Group that found that "high-performing organizations are nearly two-and-a-half times more likely than lower-performing employers to assign a mentor or coach during the onboarding process."[4]

✔ OnBoarding at CustomInk

Another company profiled is custom t-shirt company CustomInk, who uses the onboarding process to both demonstrate and reinforce culture. On arrival, new employees are given a blank journal to record their onboarding experiences, observations and any questions. They are also asked to record instances that illustrate Customlink's values in action. After 30 days, the new employees gather to share their findings. As Phelps notes: "making new hires accountable for noticing how their colleagues and managers live those values every day helps bring those behavior to life." [5]

✔ Onboarding at Veson Nautical

A final example is commercial maritime software provider Veson Nautical, who uses online tools to facilitate the assimilation process. The company's "FastStart" program uses an online tool that allows managers and new employees to rank or score relevant job-related skills and guides the manager and employee through a discussion of differences. As Sarah Taffee, the company's director of human resources and organization effectiveness explains: "The actual score doesn't matter. It's purely a way of getting up to speed quickly and building the relationship quickly."[6] For additional perspective on onboarding and employee engagement, view Phelp's SlideShare presentation titled "Green Goldfish—Beyond Dollars: 15 Ways to Drive Employee Engagement." [3]

BambooHR's Peterson recommends that human resource management check-in with new employees on regular intervals—specifically, one-month and 3-6 months—to ensure that the new employee is thriving. This is also an opportunity to provide feedback. A second check-in is advised prior to the end of six months—a significant stay or leave decision point. Peterson observes that HR can have a significant impact on that choice, commenting that "sometimes you just have to show that you sincerely care."[7] Although different companies have different timetables, employees are expected to be fully up to speed by the end of their first year and the training emphasis is likely to shift to continuous learning and development and career management.

? Practice Question

https://assessments.lumenlearning.co...essments/18163

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7.11: Introduction to Training Employees

What you'll learn to do: Explain how to design, conduct and evaluate employee training

Given the impact current and projected skills gaps are expected to have on business, the ability to develop effective training programs is mission-critical. In this section, we will discuss what's involved in that process, including how to identify training gaps, instructional design principles, training methods and how to evaluate training effectiveness.

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7.12: Identifying Training Gaps

Learning Objectives

- Discuss how to identify training gaps



A training gap exists when there is a variance between desired/required behavior or performance and actual behavior or performance. This gap can occur on an individual, team or organizational level. This gap can reflect a lack of hard or soft skills, a lack of understanding of job expectations, industry knowledge, cultural norms or other issues. Hard skills are job-specific or functional skills—for example, cloud-based computing skills or knowledge of human resource-related laws and practices. Soft skills are bigger-picture capabilities that range from adaptability, curiosity and empathy to communication and critical thinking.

The training needs assessment process can be broken down into the following 6 steps:[1]

1. **Establish clear expectations.** In order to accurately evaluate performance—and, therefore, accurately identify any training needs—job expectations must be clearly established and understood. Given this, job descriptions should be reviewed periodically to ensure performance requirements are current and include the desired/required performance.
2. **Measure performance.** Measuring performance not only establishes an objective point of reference, it creates an opportunity to discuss the instances of unsatisfactory performance and identify and document any issues and associated training or other actions. what training or other action is warranted. Identification of training needs and an associated training plan should also be incorporated in periodic reviews.
3. **Solicit input on training needs.** The individuals who are doing the work have a particularly relevant perspective on training needs are perhaps the best source of information on short-term training needs. Surveying employees individually or conducting focus groups are a couple of ways of obtaining input. In order to get a complete picture, managers should also be asked for input on individual and team training requirements. Use of 360 degree reviews, where employees—including management—are reviewed by their staff, peers and their manager—may also highlight training gaps. Soliciting input also encourages conversations about and progress on training and development broadly—an expectation of both employers and employees.
4. **Support career development.** Ask employees to rate their satisfaction with training and development opportunities and how existing policies and programs might be improved. Provide resources and support to help employees create self-directed development plans, in addition to the plans incorporated in their reviews. Identifying career interests and goals is valuable input into the overall organizational development plan.
5. **Conduct an organizational resource analysis.** Conduct an overall analysis of human resources roles and requirements relative to the organization's strategies and objectives to identify broad (for example, industry-specific) and position or job category-specific (including reskilling/upskilling) training needs and any resource requirements or redundancies. It may also be useful to convene a round-table group(s) to discuss the results of the organizational analysis, validate training needs and identify any additional issues or opportunities.
6. **Establish a coaching and mentoring program.** As discussed in the onboarding section, coaching and mentoring is an organizational best practice that is associated with high-performance. Mentors can support employee personal and career development and be another point of perspective on training gaps.

? Practice Question

https://assessments.lumenlearning.co...essments/18164

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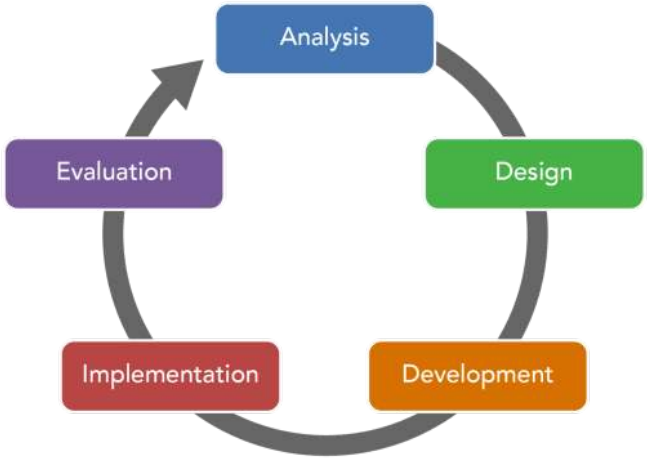
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7.13: The ADDIE Model

Learning Outcomes

- Describe the ADDIE Model of instructional design

ADDIE is the classic model of instructional design that is used for developing educational and training programs and instructional materials. ADDIE stands for Analysis, Design, Development, Implementation and Evaluation, the five steps in the design process, detailed below:[1]



Analysis: Identify the performance gap

The analysis phase involves identifying and clarifying the instructional problem or, from a training standpoint, identifying the performance gap and desired outcomes. This phase includes identifying participant characteristics (for example, current knowledge and skills, level of experience, language proficiency and motivation), learning resources and budget and time constraints, defining the learning environment and establishing instructional goals and objectives.

Design: Identify the learning objectives

The design phase involves subject matter design broadly, including defining specific learning objectives and instructional strategies, structuring content and assessments. The design should reflect a logical flow. Assessments should provide feedback on the learner's progress in achieving the learning objectives.

Development: Develop a performance solution

As the title indicates, the development phase involves creating/curating and assembling the content specified in the design phase. This phase also involves stakeholder review and validation and any required revisions. This phase may involve integration of technology and related testing.

Implementation: Deliver the performance solution

Implementation involves development of the training framework, including course curriculum, learning outcomes and the learning space. The process should also include confirming the availability of required materials and associated applications or websites and preparing learners to use any required tools or technology. The final step, of course, is participant engagement.

Evaluation: Evaluate the results relative to the performance objectives.

Although evaluation is listed last, in practice it is included in every aspect of the process. That is, the overall design process is meant to be iterative, with elements fine-tuned along the way. Interim evaluations, referred to as formative evaluations, are those that are conducted prior to implementation to confirm that the learning resources meet the specifications established in the design

phase. A summative evaluation would be conducted after implementation to determine training effectiveness on three bases: participant satisfaction, participant learning and participant performance.

? PRactice Question

https://assessments.lumenlearning.co...essments/18165

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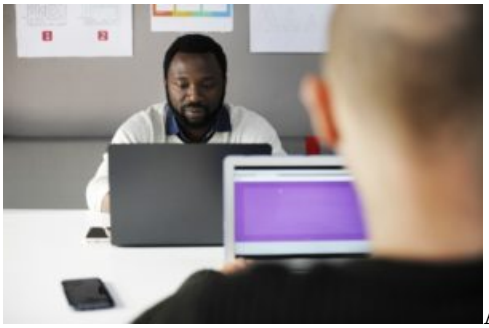
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7.14: Employee Training Methods

Learning Outcomes

- Describe employee training methods

 As is true with almost every other aspect of human resources (indeed, business), employee training methods are on the verge of transformation. However, new methods have not yet been documented, so articles on the topic are dated and, in some cases, underlying learning concepts are disputed. For example, one of the articles recommended in a recent article titled "The Most Effective Training Methods"[1] is a review and analysis of training methods published in February 2013[2]. The article reviews 13 training methods based on seven criteria: learning modality, learning environment, trainer presence, proximity, interaction level, cost considerations, and time demands.

Learn More

If those criteria are driving your choice of training, here's the link: Training Methods: A Review & Analysis.

What is perhaps more valuable than the analysis is the prompt to look beyond the usual employee training method "suspects," which generally include apprenticeships, internships, on-the-job training, lectures, job rotation, simulations and e-learning. To those, author Tony Lam adds: case study, games-based training, job shadowing, mentoring, programmed instruction, role-modeling, role play, stimulus-based training, and team training. The methods are defined, as in Lam's review, briefly below:

- **Case Study:** Provides the participants an opportunity to develop skills by presenting a problem, without a solution, for them to solve, or with a solution, as an example of how to solve it.
- **Games-Based Training:** Trainees compete in a series of decision-making tasks which allows them to explore a variety of strategic alternatives and experience the consequences which affect the other players, but with without risk to the individuals or the organization.
- **Internship:** Involves supervised, practical training while on the job where the trainee is permitted to work in the position for which they are training, but with some restrictions and with substantially less pay or no pay.
- **Job Rotation:** Involves training for a job by working in the job for a limited duration, while still maintaining the original job.
- **Job Shadowing:** Involves a trainee closely observing someone perform a specific job in the natural job environment for the purpose of witnessing first-hand the details of the job.
- **Lecture:** Involves the dissemination of training material by a trainer to a group of trainees, by means of verbal instruction.
- **Mentoring & Apprenticeship:** Involves a one-on-one partnership between a novice employee with a senior employee. Mentorship aims to provide support and guidance to less experienced employees whereas apprenticeship is for the development of job skills.
- **Programmed Instruction:** Involves the delivery of training through instruction that is delivered by a program via some electronic device without the presence of an instructor (think: language training).
- **Role-Modeling:** Involves the live presentation of skill(s) to an audience of trainees.
- **Role Play:** Requires trainees to assume a character and act out the role in a make-believe scenario or series of scenarios; learning comes by way of reflection on the play.
- **Simulation:** Involves the use of a simulator where specific skills are developed through repeated practice with a multisensory experience of imitated conditions. A special form of simulation training is Virtual Reality Training which entails total sensory

immersion.

- **Stimulus-Based Training:** Using some type of stimulus (i.e., music, works of art, narratives, etc.) to motivate the learner to learn. The training induces a state of being (e.g., relaxation or awareness) in the participants to achieve learning.
- **Team Training:** Intended exclusively for groups of individuals that behave interactively, to either improve mutual knowledge within a team or to train the team on a team-specific skill.

? Should You Use The Learning Pyramid?

To the disputed learning theory point: one of the frameworks that is often cited and, in fact, used as the basis for training method/program design or selection is referred to as the Learning Pyramid or "cone of learning," which purports to reflect the rate of learning retention after a 24-hour period based on 7 different types of learning ranging in effectiveness from lecture (5%) at the top of the pyramid to teaching others (90%) at the base. Specifically, the model states that "We do better as teachers and trainers if we let learners see, hear, experience, try and teach it to others."[3]

In a WorkSMART blog post titled The Myth and Mystique of the Learning Pyramid, the author notes that "the model could never be substantiated by research findings" and cites research commissioned by Cisco that concluded " the optimum design depends on the content, context, and the learner [and that] most effective designs for learning adapt to include a variety of media, combinations of modalities, levels of interactivity, learner characteristics, and pedagogy."[4] Further research published in Education concluded that "for successful learning experiences, students need to experience a variety of instructional methods and that direct instruction needs to be accompanied by methods that further student understanding and recognize why what they are learning is useful."[5]

Key takeaway: check your assumptions—and evaluate learning results—to arrive at your own conclusions about what works for different learners, learning retention and, ultimately, employee performance.

Training with Technology



Technology and AI is not only changing the way we live and experience the world, it will change the way we learn, including employee training. In a HRTechologist article[6], staff writer Chiradeep BasuMalick observes that

AI will have three powerful impacts on learning and development:

1. Personalizing the learning experience—AI allows organizations to leverage employee data for insights and develop customized learning experiences. These insights and user data can also be used to develop predictive capabilities and create content that "adaptive, intuitive, and responsive to a learner's personal journey."
2. Virtual mentoring—Intelligent mentors utilize AI techniques to evaluate and track learner progress, estimating subject matter understanding and retooling the program as necessary. These systems can offer feedback and guidance to support learning and recommend targeted training to continue the learning process. In addition, virtual tutors can be used in conjunction with face-to-face mentoring, allowing for greater personal and strategic impact at a lower cost.
3. Advanced analytics—Providing human resource management with insights into learner progress, retention and related metrics, and allowing for effective evaluation, identification or any gaps and redesign is/as needed.

Coming full circle, BasuMalick invites the reader to "imagine a future where AI instructional designers are taking charge of virtual classrooms, powered by real-time case studies and simulations."

? PRactice Question

https://assessments.lumenlearning.co...essments/18166

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7.15: Evaluating Training Effectiveness

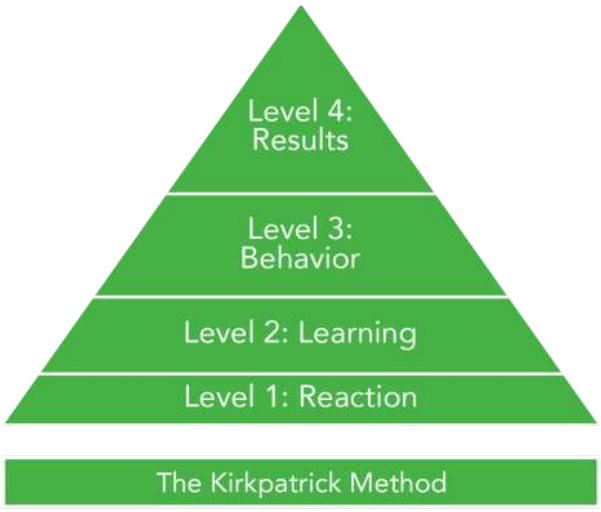
Learning Objectives

- Discuss how to evaluate training effectiveness

The most common model for analyzing and evaluating the results of education training and development programs is the Kirkpatrick Model, developed by Donald Kirkpatrick in 1995 for his Ph.D. dissertation.[1] The model consists of four levels, including the following:

- Level 1: Reaction—Measures how participants react to the training. A common method of determining this is a post-training survey.
- Level 2: Learning—Assess what the employee learned from the training. Learning can be evaluated by post-tests or demonstration of the knowledge, skill or ability.
- Level 3: Behavior—Are participants using what they learned? This might be assessed by observation or management evaluations.
- Level 4: Results—What is the organizational impact? For example, was there an increase in productivity, in project management or management effectiveness?

The way to use this model is not moving from Level 1–Level 4 as it is often taught, but in the reverse order. As LinkedIn Learning Instructor Jeff Toister advises: "Start at level four and identify the results you want to achieve, then work backward to level three to think about what participants need to do on the job to achieve those results, and so on. This will make it easier to connect the training to organizational goals."[2] Toister's recommendation is echoed in an image that notes that by moving from Level 1–Level 4, ROI is an afterthought; flipping the sequence puts the emphasis on the business results; that is ROI is designed in at the start.[3]



In his "The Best Way to Use the Kirkpatrick Model" blog post on the LinkedIn Learning Blog, Paul Petrone notes that there are other models—all with their strengths and weaknesses—but that "it's not so much what model you choose, but instead how well you execute it."[4]

Practice Question

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2. Ibid. ↵
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CHAPTER OVERVIEW

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8.2: Introduction to Benefits and Benefit Trends
8.3: Benefits
8.4: Benefit Trends
8.5: Putting It Together- Compensation and Benefits
8.6: Discussion- Compensation and Benefits
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8.11: Pay Equity Issues
8.12: Introduction to Types of Compensation
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8.14: Intrinsic vs Extrinsic Rewards
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8.1: Developing a Pay Structure

Learning Objectives

- Describe various methods of developing a pay structure

Developing a pay structure involves evaluating jobs and establishing associated salary ranges and grades based on market data and the company's compensation policy. The relative value of different roles is based on factors including responsibility, experience and education, key skills, effort/impact, and working conditions. A well-designed and transparent pay structure should help an organization attract and retain talent be perceived as fair and equitable.



Figure 8.1.1: (Pixabay License; via pixabay)

The steps involved in developing a pay structure are outlined below:

1. **Conduct a job analysis.** As discussed in Module 5: Workforce Planning, a job analysis involves identifying the essential tasks and responsibilities of a job, including knowledge skills and abilities.
2. **Conduct a job evaluation.** Determine the relevance and value of the job to the organization. This involves comparing or evaluating roles based on criteria such as the required education and experience, skills, effort, level of responsibility or authority and potential revenue impact. In order to avoid introducing bias, the role should be evaluated based on the job criteria, not a specific employee in that role.
3. **Determine the basis for your pay structure.** Use one or both of the following methods to do so:
    - **Market Pricing (or benchmarking).** Setting a salary range based on market data. Note that job titles and descriptions aren't necessarily consistent across companies and industries. When conducting research, consider job details or descriptions to select appropriate salary benchmarks.
    - **Pay grades.** Establishing salary ranges for job groups. Pay grades are salary ranges established for groups of jobs with a similar value to the organization. For example, multiple sales roles may be included in the same grade if they require the same education, experience, skills and responsibility. In practice, then, the salaries of every sales person in the same grade would fall between the minimum and maximum of the range.

It's common to use benchmarking to establish pay grades and then fine-tune from there. Websites such as Glassdoor, Salary.com and PayScale provide minimum, midpoint, and maximum salaries that can form the basis for a pay range. Additional sources of market salary data include the following:

- The Bureau of Labor Statistics (BLS), which reports data by area and occupation
- O*NET OnLine, which provides occupational search and forecasting combined with BLS data

HR firms, career websites and industry and trade associations also conduct and publish salary surveys and provide related services. For example, CareerBuilder has a Supply & Demand Portal that provides compensation rates for specific positions.



Figure 8.1.2: (Pixabay License; via pixabay)

Pay grades can be based on market prices, as mentioned above, or actual salaries or a combination of the two methods. For example, you could use market data to establish the salary range for a specific pay grade and use actual salaries to determine the midpoint in the range. To establish pay grades based solely on actual salaries, create groups based on levels in the organizational hierarchy. For example, managers and vice presidents would be two separate pay grades. Multiple roles with similar organizational value, requirements and salaries can be included in the same group. The midpoint of the average of the salaries in a group can form the midpoint of the range. The minimum and maximum of a range can be calculated from the midpoint or relative to a lower and higher grade to form a logical progression.

? Practice Question

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8.2: Introduction to Benefits and Benefit Trends

What you'll learn to do: Discuss benefits and benefit trends

Compensation—and employee expectations—doesn't end with a paycheck. And the technology, generational and competitive market trends that are impacting other aspects of human resource management are evident in the benefits area as well. In fact, HR compliance firm XpertHR identifies "offering the right employee benefits" as one of the "Top 10 HR challenges of 2019."[1] In this section, we'll discuss employee benefits and future benefit trends.

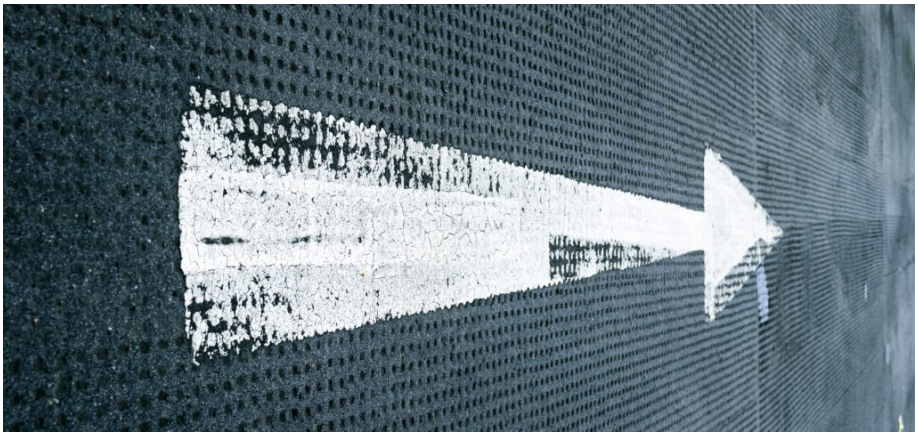


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8.3: Benefits

Learning Outcomes

- Discuss various benefits

Legally Required Benefits



35th U.S. President Franklin D. Roosevelt signing the Social Security Act in 1935.

Benefits are the elements of an employee's compensation package other than salary or wage. Some benefits are legally mandated; for example, Social Security, Medicare, unemployment insurance, and workers compensation insurance (which we'll discuss briefly below). Discretionary benefits include paid leave (for example, vacation, holidays, sick or personal days), health, dental and vision coverage, retirement plan, life and disability insurance, wellness benefits. Clarification: "large employers" are subject to the Affordable Care Act Employer Mandate that requires a minimum level of health care coverage. For details, refer to legal publisher Nolo's article on employer's healthcare requirements under the Affordable Care Act.

- **Social Security.** Established in 1935 by the Social Security Act, social security is a social insurance program that provides retirement, disability and survivors' benefits for workers, who contribute to the system by paying Federal Insurance Contributions Act (FICA) taxes withheld from most paychecks.
- **Medicare.** Medicare is the U.S federal health insurance program for people who are 65 or older, among others.[1]
- **Unemployment Insurance.** Unemployment Insurance is a joint state-federal program that provides cash benefits to eligible workers who are unemployed through no fault of their own. All states follow the guidelines established by federal law, but each state sets its own additional requirements for eligibility, benefit amounts, and length of time benefits can be paid. In general, benefits are based on a percentage of your earnings over a recent 52-week period.[2]
- **Workers Compensation Insurance.** Workers' compensation insurance is insurance that covers medical expenses and a portion of lost wages for employees who become injured or ill on the job.[3] Each state has its own unique set of workers' compensation laws that employers must follow. Workers compensation insurance is paid by employers; premiums are calculated back on employee classification (type of work) and the rate associated with that classification.

A budgeting rule of thumb is to estimate that employee benefits will cost 30% of an employee's salary. Although that's clearly a significant cost, benefits can also be a critical differentiator in a competitive labor market. Employer research and salary site Glassdoor reports that 57% of job seekers consider benefits among their top criteria in evaluating a new job.[4]

Additional Benefits



As companies raise their game, perks such as unlimited vacation and work-from-home Fridays are no longer differentiators. Based on Benefits Reviews posted on the site, Glassdoor identified 20 benefits that transcended the basics and put the offering company in “legendary” status. A few highlights:[5]

1. **Paid parental leave.** Ikea offers up to four months of paid parental leave to both part-time and full-time employees with at least one year of experience at the company
2. **On-site fitness.** Reebok encourages employees to reach their personal fitness goals by providing an on-site gym with Crossfit classes.
3. **Gender reassignment surgery.** Goldman Sachs offers coverage for gender reassignment surgery.
4. **Pet health care.** Scripps Health offers its employees’ health insurance for cats and dogs.
5. **Flexible schedules.** Insurance company Swiss Re’s “Own the Way You Work” program encourages employees to embrace flexibility with their schedules and work remotely.

? Learn More

You can check out the complete list here: Top 20 Employee Benefits & Perks for 2017

? Practice Question

https://assessments.lumenlearning.co...essments/18180

? Perspective Point

Glassdoor notes that “while benefits and perks are a great way to get employees in the door, they’re not among the leading factors that keep employees satisfied on the job and with a company long-term.” We’ll discuss this idea more in Module 10: Building Positive Employee Relations.

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8.4: Benefit Trends

Learning Outcomes

- Discuss benefit trends



In an article for SHRM, Compensation & Benefits Manager/Editor Stephen Miller notes the following benefit trends:[1]

- **Employers will get increasingly family-friendly.** Human resource consulting firm Mercer's national practice leader Simon Camaj notes that "state and local laws, the war for talent and changing social expectations will lead more employers to implement or enhance paid-parental-leave programs and consider adding paid caregiver leave for family-related absences."
- **Voluntary benefits will become more personal.** Mercer's voluntary benefits leader Tim Weber sees benefit offerings becoming more personal, with employers using "data-driven approaches to tailor [benefit] information and guidance, all wrapped in an engaging employee experience."
- **Emotional health will move to the forefront.** Benefits specialists expect increased access to behavioral health services. President and CEO of the nonprofit National Business Group on Health (NBGH) Brian Marcotte anticipates employers improving access to services to address a range of emotional, behavioral and mental health issues, including stress and anxiety, addiction, depression and other mental disorders.
- **Benefits technology will simplify employees' decision-making.** Business technology provider Businessolver's CEO Jon Shanahan expects benefit automation to help employees "learn, understand, and navigate the benefits process based on their specific needs." He also anticipates process improvements, noting that "HR managers say they lose 14 hours a week due to lack of automation."

In an article titled "Is Your Benefits Package Ready for the Future?" HR Morning writer Rachel Mucha cites research from Aon's Benefits and Trends Survey 2019 that found 37% of employers are changing or plan to change their benefits package in 2020 to better accommodate a multi-generational workplace.[2]

Perspective point

The concept of a basic one size fits all benefits package is obsolete. Companies are not only asking employees what perks or benefits they want, they're listening.

Mucha identifies the following 3 trends:

1. Millennials are disrupting the benefits game—health savings account (HSA), student debt repayment family benefits and flexible schedules all rate high with millennials.
2. Employers get innovative to rein in high healthcare costs—Employers are providing a range of wellness benefits, disease management programs and health screenings to combat chronic conditions and keep employees healthy.
3. Voluntary benefits are driving retention—According to SHRM's The Evolution of Benefits report, 72% of organizations increased their benefits offerings to retain employees in the last 12 months.

As Businessolver CEO Shanahan notes, ""In 2019 [and beyond], employees will demand more from their benefits packages, and employers will need to deliver and meet multigenerational employees' needs to stay competitive in the job recruitment market."[3]

? Practice Question

https://assessments.lumenlearning.co...essments/18181

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8.5: Putting It Together- Compensation and Benefits

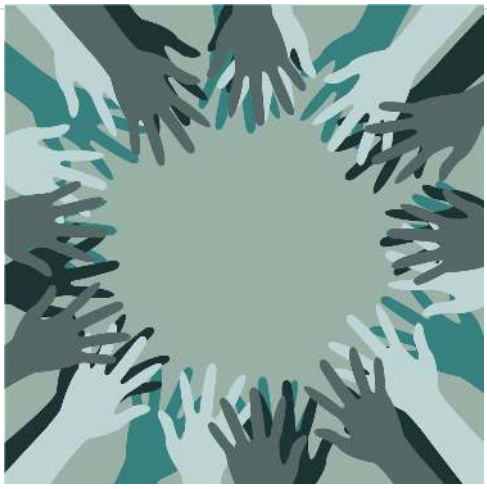


Figure 8.5.1: Copy and Paste Caption here. (CC0, Harish Sharma, Pixabay)

It's vital for HR management to ensure that the compensation and benefits offered to employees match employees' needs and desires and keeps in step with a changing workforce. In addition to a changing workforce, many other factors affect the types of compensation and benefits companies offer, including changing legislation, rising cost of living, the presence of labor unions, and what an industry is able to pay.

Compensation practices are further complicated by growing income inequality in the United States, the gender pay gap, and rising health care costs. The United States—the second wealthiest nation in the world—has the highest level of income inequality of major developed nations. Income inequality and rising cost of living has led to a growing number of Americans living paycheck to paycheck, with a 2017 CareerBuilder survey finding that 78% of U.S. workers live paycheck to paycheck.[1] The quality of a compensation and benefits package can make the difference between falling into hundreds of thousands of dollars of medical debt, or being able to save for an emergency or retirement. If companies want to create an environment where their employees can focus on more than just meeting their basic needs and avoiding financial ruin, they should pay close attention to the compensation needs of their employees and the changing financial landscape.

Causes of the gender pay gap are multifaceted and pervasive.[2] HR personnel should be familiar with the ways that bias insinuates itself in compensation practices and work towards developing systems and procedures for eradicating biases in compensation and benefits.



Figure 8.5.1: (CC0, rawpixel, Pixabay)

While financial compensation is important, it is not the only factor that motivates and retains employees. Other motivation factors include work-life balance, personal well-being, job security, and company or brand reputation.[3] As the workforce changes, companies can expect to experience more demand for flexible schedules, student debt repayment benefits, wellness benefits, and more.[4]

For the modern company and HR management department, it's worth thinking about ways that we can change the way we do business to promote income equality and reduce the impact of business on the earth's environment. With issues including poverty, climate change, and an aging population[5], companies have a lot to consider when making decisions about how to best keep the workforce motivated and provide adequate support in a changing financial environment. It may be a good idea for companies to stay on the cutting edge of the compensation and benefits environment instead of remaining satisfied by the status quo.

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8.6: Discussion- Compensation and Benefits

Pay equity issues run rampant in the United States. Women, on average, only earn a portion of what a man does, and a minority woman could earn even less yet. Organizations need only look in their own backyards to see the pay gap rearing its ugly head—almost every organization has one.

Discussion Prompt

You're an HR professional at an organization that thinks it's paying its women fairly. Still, you want to make sure. Bias and pay discrepancies come in all shapes and sizes, and symptoms of the pay gap could be lurking in the shadows. So, you start doing some research.

Where do you look? What are your plans? Online searches can provide you with a variety of places to look and steps to take to uncover pay gaps at your organization. List two or three different steps that you, as an HR professional, would take to ensure that the company is doing everything it can to ensure pay equity. Provide a quick explanation of each of those plans, if necessary, and share your sources. Once you've put together your list and explanation, review the lists of at least two other classmates, and provide them with suggestions.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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8.7: Why It Matters- Compensation and Benefits

Why learn about various compensation and benefits plans and their effectiveness?



Personnel costs (including compensation, benefits, and taxes) represent a business' largest expense. According to Paycor, "labor costs account for as much as 70% of total business costs." However, despite this, Paycor found that HR professionals invest only 15% of their time managing these costs.[1] Given the significance of personnel as a human capital and cost, it's critical for HR management to ensure that these resources are being allocated in a way that supports organizational strategies and values. That is, that the types of compensation and benefits offered are what employees value—and, therefore, are effective in motivating them—and that they are distributed intentionally and equitably.

The reality is, this generally doesn't happen. As we will discuss in Module 9: Performance Management and Appraisal, evaluations are often corrupted by bias and traditional appraisal methods aren't relevant in what is (and is expected to remain) a dynamic, disruptive operating environment. For perspective, a People IQ survey determined that 87% of both managers and employees considered annual reviews ineffective.[2] Lack of buy-in or an inability to have difficult conversations can also undermine motivational and development goals. In some business cultures and, indeed, entire industries, expectations of self-sacrifice are endemic, and equity is a term that is interpreted in a manner that evokes George Orwell's Animal Farm; that is, "all animals are equal, but some animals are more equal than others." Although different roles clearly have different values to an organization, equity and ethics require that compensation be based on performance, not bias or politics.

Meeting Employee Needs



The challenge in evaluating compensation and benefits is understanding employees' needs and where they are in terms of their development—especially in a workforce populated by five generations that include a broad range of cultures. Although some small percent of working Americans don't need a paycheck, the majority do.

A 2017 study conducted by employment website CareerBuilder found that the majority of working Americans live paycheck to paycheck.[3] Additionally, 25% of workers are unable to contribute to savings monthly, and 61% don't have a six-month emergency fund, as is recommended.

This vulnerability became obvious during the 2018–2019 government shutdown. The shutdown jeopardized the security of almost 5 million workers. After over 3 weeks of "financial limbo," the President signed a bill guaranteeing that the 800,000 furloughed

government employees would receive back pay.[4] However, there was no provision made for the over 4 million contractors who were simply collateral damage.[5]

This sense of vulnerability is something that organizations—and society—will need to address. And it's a vulnerability that makes Simon Sinek's quote "When people are financially invested, they want a return. When people are emotionally invested, they want to contribute" sound elitist. Yes, most of us aspire to the top of the pyramid—to self-actualization and contribution. But first, let's address worker's basic needs and perceptions of fairness. Consider how motivating (or not) it is when the CEO makes 200 or 20,000 times the median employee salary[6] or when you have to work an additional three month's to match your peer's salary. Workers have a right to a fair financial return as well as safety and health (discussed in Module 14: Safety, Health, and Risk Management). HR management has an ethical and fiduciary obligation to ensure that that happens.

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8.8: Introduction to The Law and Compensation

What you'll learn to do: Discuss the laws regulating compensation

Compensation legislation is intended to address chronic issues of worker exploitation and pay inequity during (and since) the Industrial Revolution. In this section, we'll discuss two pieces of landmark compensation legislation: the Fair Labor Standards Act of 1938 and the Equal Pay Act of 1963.



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8.9: Fair Labor Standards Act

Learning Outcomes

- Discuss the Fair Labor Standards Act (FLSA)



Signed into law in 1938, then-President Franklin D Roosevelt referred to the Fair Labor Standards Act as "the most far-reaching, far-sighted program for the benefit of workers ever adopted in this or any other country."[1] As History.com reports, "the FLSA was designed to 'put a ceiling over hours and a floor under wages.'" More broadly, the intent was to eliminate "labor conditions detrimental to the maintenance of the minimum standards of living necessary for health, efficiency and well being of workers."[2]

Minimum Wage

To that end, FLSA establishes minimum wages, overtime pay, recordkeeping, and youth employment standards for all American workers.

The initial minimum wage was $0.25/hour, rising, over the period of 71 years, to the current federal rate of $7.25 per hour (since July 24, 2009). On July 18, 2019, the House passed a bill raising the federal minimum wage to $15.00 per hour and extending the $15.00 per hour minimum to tipped workers, who are currently paid a minimum of $2.13.[3] However, ABC News reports that "the bill has almost no chance [of passing] in the Republican-controlled Senate."

States, cities and counties can set their own minimum wage laws. When an employer is subject to multiple minimum wage laws, the higher minimum wage prevails.

California Minimum Wage

For perspective, as of January 1, 2019, the minimum wage in California is $12.00 per hour, or $11.00 per hour for employers with 25 or fewer employees.[4] The state minimum wage is scheduled to increase annually to $15.00 per hour in 2022 or 2023, if the employer has less than 26 employees.

On July 1, 2019, the minimum wage increased in seven Bay Area cities, with new minimums ranging from $13.50 per hour in Alameda and Fremont to $16.30 per hour in Emeryville. San Francisco and Berkeley increased the minimum wage from $15.00 to $15.59 an hour.[5]

Note that the minimum wage is law; employee and employer or cannot negotiate a lower wage and the minimum applies to adults as well as minors—there is no distinction made between adults and minors when it comes to payment of the minimum wage. As stated on the California Department of Industrial Relations website, "The minimum wage is an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements."[6]



Employees covered by the Act must receive overtime pay at a rate of at least 1.5 times their regular rate of pay for any hours worked over 40 in a workweek. The Act does not require overtime pay for work on weekends or holidays unless the overtime hours are worked on those days. An employee's workweek does not need to coincide with the calendar week. It is, however, a fixed and regularly recurring period of 168 hours.[7] The Act defines hours worked as "all the time during which an employee is required to be on the employer's premises, on duty, or at a prescribed workplace."[8]

Exempt vs Non-Exempt

FLSA regulations with regards to hours and overtime pay apply to non-exempt employees only. In some cases, the distinction between exempt and non-exempt is based on job classification. In other cases, the distinction is based on three factors, as outlined below:[9]

- **Compensation test.** If employees are paid less than $23,600 per year, they are considered non-exempt.
- **Salary test.** Generally, if employees are paid on a salary basis—that is, they have a "guaranteed minimum" amount of money they can count on receiving for any work week in which they perform "any" work—they are exempt.
- **Work performed.** Employees who meet the compensation and salary tests are exempt only if they also perform exempt job duties. Exempt job duties fall into three categories: "executive," "professional," and "administrative." For additional details and interpretation, refer to attorneys Chamberlain, Kaufman & Jones' discussion of FLSA coverage.

Most employees must meet all three "tests" to be exempt.

Record Keeping

FLSA's recordkeeping requirements including the following:

- Employers must post an official poster outlining the provisions of the Act
- Employers must keep records for each non-exempt worker that include specific identifying information, hours worked and wages earned. For details, refer to the U.S. Department of Labor Wage & Hour Division's FLSA Recordkeeping Fact Sheet.
- Payroll and related records (e.g., collective bargaining agreements) must be retained onsite or in a central records office for 3 years
- Supporting documentation (i.e., work and time schedules and records of any adjustments to wages) should be retained for two years

Records must be open for inspection by Wage & Hour Division representatives, who may ask the employer to make extensions, computations, or transcriptions.

Workers under 18

As stated by the U.S. Department of Labor, "The youth employment provisions of the FLSA were enacted to ensure that when young people work, the work does not jeopardize their health, well-being or educational opportunities." FLSA provisions applicable to nonagricultural occupations are summarized below; for Child Labor Requirements in Agricultural Occupations refer to the associated DOL compliance page.

Both Federal and State laws govern the employment of young workers; when both are applicable, the stricter standard applies.

Minimum Age Standards For Employment[10]

Under 14—May not be employed in non-agricultural occupations covered by the FLSA. Permissible employment includes acting, delivering newspapers, minor chores around private homes, or casual baby-sitting.

14–15—May be employed outside school hours in a variety of non-manufacturing and non-hazardous jobs for limited periods of time and under specified conditions.

16–17—The basic minimum age for employment. May be employed for unlimited hours in any occupation other than those declared hazardous by the Secretary of Labor.

18—No longer subject to youth employment provisions.

Children of any age are generally permitted to work for businesses entirely owned by their parents; however, children under 16 may not be employed in mining or manufacturing, and no one under 18 may be employed in any occupation the Secretary of Labor has declared to be hazardous.

? PRactice Question

https://assessments.lumenlearning.co...essments/18171

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8.10: Equal Pay Act of 1963

Learning Outcomes

- Discuss the Equal Pay Act of 1963

In the early 1900s, women comprised less than a quarter of the workforce. However, when men joined the military to fight in World War II, women were recruited to take their place and by 1945, 37% of the civilian workforce was female. Since women had traditionally earned less for doing similar work, unions and male workers feared that this growing source of cheap labor would lower their wages. In order to avoid future wage cuts, unions started to advocate for equal pay.

In 1942, the National War Labor Board also endorsed the idea of equal pay for equal work, issuing a "General Order supporting equal pay for men and women for work that was of 'comparable quality and quantity.'"[1] Over two decades later, the Equal Pay Act of 1963 (EPA) was enacted as an amendment to the Fair Labor Standards Act of 1938.[2]

Learn More

For perspective on the intervening years, see the Equal Pay Act write-up on the National Park Service's website.



To quote from the U.S. Equal Employment Opportunity Commission site: "The Equal Pay Act requires that men and women be given equal pay for equal work in the same establishment. The jobs need not be identical, but they must be substantially equal. It is job content, not job titles, that determines whether jobs are substantially equal."

Specifically, the EPA requires that employers cannot compensation men and women differently when they "perform jobs that require substantially an equal level of skill, effort and responsibility and when those jobs are performed under similar working conditions within the same establishment." Permitted pay differentials include those based on seniority, merit, quantity or quality of production, or other non-gender based factors. These factors are referred to as "affirmative defenses"; the employer has the burden of proving that their stated rationale applies. Finally, pay differentials can only be corrected with an increase; no employee's pay may be reduced.

PRactice Question

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EPA Violations

In EPA cases, the burden of proof is on the plaintiff. In Gordon v. U.S., the court held that "To state a claim of an EPA violation, an employee must show the employer:[3]

- Paid employees of opposite sexes different wages;
- For substantially equal work;
- In jobs that require substantially equal skill, effort, and responsibility; and
- That are performed under similar working conditions.

Once those elements have been established, "the burden shifts to the employer to prove the pay disparity is justified under one of four affirmative defenses: (1) a seniority system; (2) a merit system; (3) a pay system based on quantity or quality of output; or (4)

any factor other than sex.”

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8.11: Pay Equity Issues

Learning Outcomes

- Discuss current pay equity issues
- Discuss compensation best practices in regards to pay equity



One of the most discussed and divisive pay equity issues is the gender pay gap, or the difference between what men and women performing comparable work are paid. Fifty-six years after passage of the Equal Pay Act, women still earn approximately 80% of what a male peer makes.[1] The National Women's Law Center calculates that this gap costs women who work full-time $10,169 annually; over the course of a 40-year career, that translates to $403,440 lost due to the pay gap.[2]

Drilling down into US census data, the statistics are even more stark. Here's the amount women earn, by race, for every dollar their white male counterpart earns:[3]

- Asian women: 85 cents
- White women: 77 cents
- Black women: 61 cents
- Pacific Islander women: 62 cents
- Native American women: 58 cents
- Hispanic women: 53 cents.

The National Committee on Pay Equity (NCPE), a coalition of women's and civil rights organizations, established Equal Pay Day in 1996 in an effort to raise awareness of this gap. Specifically, the organization declares a day in March to symbolize how much longer a woman would have to work to earn what a man made in the prior year. Or, how far women are "in the red" with their pay. Although the gender gap has narrowed since 1963, progress has been negligible since 2005.

Is there A Reason for the Pay Gap?

Pew Research states that "Much of the gap has been explained by measurable factors such as educational attainment, occupational segregation and work experience,"[4] and attributes narrowing primarily to "gains women have made in each of these dimensions." The New York Times gender editor and author Jessica Bennett counters that narrative:[5]

- Educational attainment (read: women are paid less because they have less education)
  - More women than men have earned bachelor's and masters (since the 1980s) and doctoral degrees (for the last 10 years)
- Occupational segregation (read: women are paid less because they choose low-paying fields)
  - While women are more likely to work in lower-paying professions such as education and health care, the pay gap is also evident in these fields.
- Work experience (read: women are paid less because they take time off to have children)
  - Women do experience a baby penalty, but the gap is also experienced straight out of college, where women with a similar GPA and working in the same field earns 93% of what their male peers earn.

> As Maya Salam mused in the introduction to her "Womensplaining the Pay Gap" article in The New York Times: "If I had a nickel for every time someone told me, 'The gender pay gap is a myth,' I may have made back the income I've lost over the years for being a woman."[6]

The Pay Gap across the United States

As Figure 1[7] illustrates, a gender pay gap exists in every state.

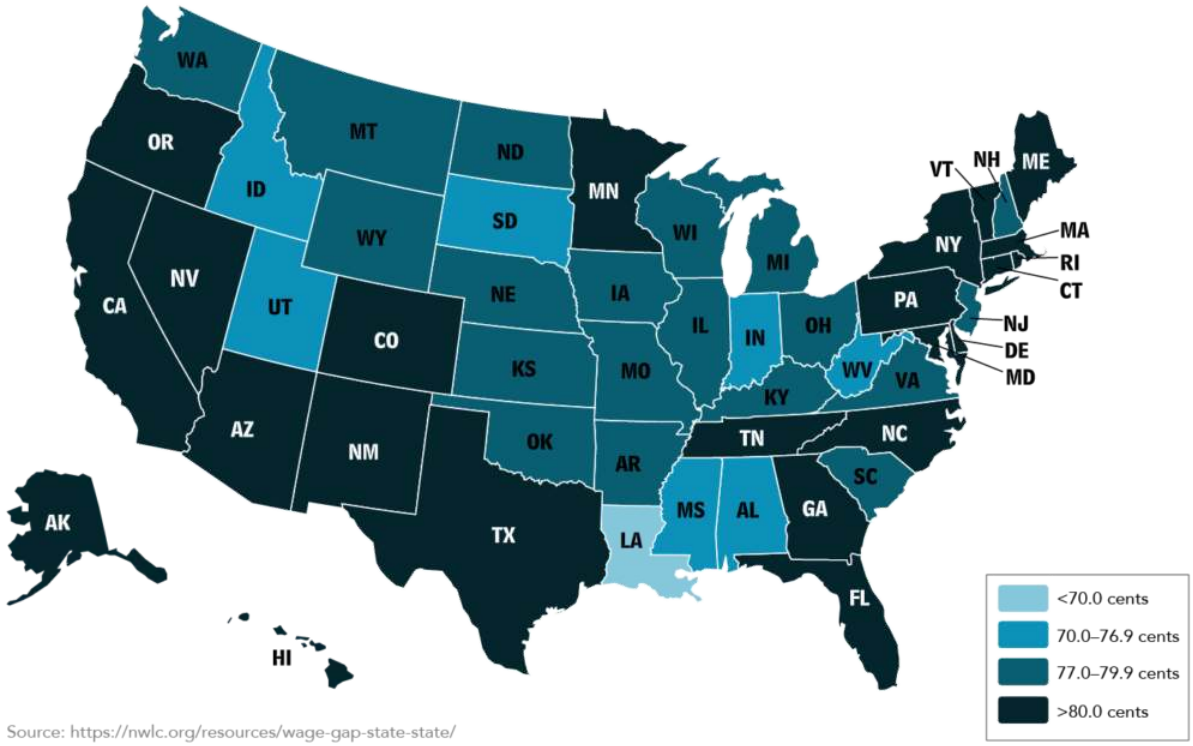


Figure 1. What Women Make for Every Dollar Men Make. Alternative text for "What Women Make for Every Dollar Men Make" can be found here.

The National Women's Law Center notes that "women fare best in California [also D.C., New York, and Florida], where women working full time, year round typically make 89 cents for every dollar their male counterparts make. Women fare worst relative to men in Louisiana and Utah, where women's earnings represented only 69 and 71 percent of men's earnings, respectively." Of the 25 major cities profiled by the AAUW, Los Angeles had the highest overall gender pay ratio at 91%, outperforming New York (85%), San Francisco (83%), Portland (79%) and Chicago and Seattle, both posting a ratio of 78%.[8] For perspective, the gender pay ratio is calculated as women's median earnings divided by men's median earnings.

The American Association of University Women (AAUW) notes that "Employer practices—such as using prior salary history in setting current pay and prohibiting employees from discussing their wages—compound the problem."[9] To the first point, a number of states and localities have passed laws banning employers from asking candidates for salary history. HR Dive notes that some "also prohibit an employer from relying on an applicant's pay history to set compensation if discovered or volunteered; others prohibit an employer from taking disciplinary action against employees who discuss pay with coworkers."[10]

California law, applicable to both private and public employers, prohibits requests for a candidate's pay history and, further, prohibits employers from using information if volunteered or otherwise known to determine a new hire's pay. Finally, the law requires employers to provide applicants with pay scale information if requested. Absent a state law regarding discussion of wages, an employer may be restrained by either the National Labor Relations Act (NLRA) or Executive Order 13665, both of which support wage transparency.

? LEarn More

For more on this point, read Nancy Owen's article "Is It Illegal to Prohibit Employees from Talking Salary?"

Economics of the Pay Gap



The pay gap isn't just a women's problem, it's a societal and economic issue. The Institute for Women's Policy Research (IWPR) notes that women represent almost 50% of the workforce and are the sole or co-provider in half of American families with children.[11] Despite being paid less, women's earnings are critically important to the stability of individuals, families and the extended family networks that women support. IWPR's analysis found that equal pay would:[12]

- Reduce the rate of poverty for working women by over half, from 8% to 3.8%
- Reduce the rate of poverty for working single mothers by almost half, from 28.9% to 14.5%
- Reduce the rate of poverty for working single women from 10.8% to 4.4%
- Reduce the number of children with working mothers living in poverty from 5.6 million to 3.1 million
- Increase GDP 2.8%

? Practice Question

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Best Practices



Until changes are made to federal or state laws, progress on closing the pay gap will require business leadership and advocacy. And, based on their values or in response to employee expectations or both, a number of businesses are taking the challenge. In its 2019 Compensation Best Practices Report, PayScale notes that "It will prove increasingly difficult to attract and keep the right people without ensuring your compensation philosophy, strategy and practices are in close alignment with your values as an organization."[13] As PayScale SVP of Marketing Tim Low notes "employees have become fed up when their organizations behave in ways that don't align with their personal values,"[14] referencing demonstrations and court cases based on perceived pay discrimination at Google, Nike and Oracle in 2018.

? Perspective Point

For perspective on what's at stake, a PaySale study found that "employees who rate their employers poorly on pay transparency are 80 percent more likely to say they want to leave in the next six months than those who give higher marks."[15]

What does success look like? Companies taking the lead, for example, Adobe, Starbucks and Salesforce, have achieved full pay parity for women and underrepresented minorities and are "taking steps toward creating a better workplace for women and minorities to thrive, advance their careers and move into more leadership roles."[16] As Adobe's Executive Vice President of Customer and Employee Experience Donna Morris puts it: "If you fundamentally believe that people are the most important asset to your company, why wouldn't you seek to establish practices and programs, and have a principal that you should compensate fairly based on their contribution?"[17]



Barbara Frankel picks up on the next steps point, stating that "pay equity is about more than just leveling salaries . . . [it] means creating equal opportunities for high-paying positions, evaluating areas of bias that may prohibit hiring and promotions, and factoring in work accommodations that could slow pay progress, such as flexible work arrangements and time off for family leave."[18]

The following are best practice highlights based on Frankel interviews with executives:[19]

1. **Senior Leadership Commitment.** L'Oreal's global leadership committed to equity and, specifically, not only equal pay but also a succession planning initiative to recruit and develop women leaders.
2. **Conduct Regular, Objective Pay Audits.** Companies recommend regular audits—including audits to reflect acquisitions—and use of experts or certification providers such as EDGE for validity and credibility.
3. **Communicate Results.** Clearly communicate results to make transparency a part of the culture.
4. **Define Performance Metrics.** Frankel relays L'Oreal USA's head of Diversity & Inclusion Angela Guy recommendation to have "clear metrics on what defines good performance and [ensure], through unconscious bias training, that prejudices don't influence what defines good performance." The company also factors in the impact of maternity leave on performance and pay.
5. **Review Offer Process.** Salary history questions should be banned, regardless of whether a company is subject to state or local laws.
6. **Collaborate & Share Learning.** This was a requirement of the original White House Equal Pay Pledge, and it's critical to accelerating progress.

? Practice Question

https://assessments.lumenlearning.co...essments/18174

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8.12: Introduction to Types of Compensation

What you'll learn to do: Discuss various types of compensation

Prior to developing a compensation policy, human resource professionals should develop an understanding of the nature of rewards. In this section, we'll discuss the connection between compensation and motivation, differentiate between intrinsic and extrinsic rewards, and discuss types of compensation, factors affecting compensation, and methods of developing a pay structure.



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8.13: Compensation and Motivation

Learning Outcomes

- Discuss the connection between compensation and motivation

Although some dispute the link between compensation and motivation, it repeatedly shows up in surveys as one of the primary determinants of human behavior.

Before we take a look at the current research on the topic, answer the following question.

Practice Question

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In their 2019 Compensation Best Practices Report, PayScale notes that "some survey results show that money is the biggest motivator driving employees to seek other jobs, while others show career growth to be the primary incentive. Secondary reasons overall include issues related to benefits, fit with the organization or the job, and relationship problems with direct supervisor or managers."[1]

Gallup found that when employees are evaluating opportunities outside their current organization, they consider the following five factors most important:[2]

1. the ability to do what they do best
2. greater work-life balance and better personal well-being
3. greater stability and job security
4. a significant increase in income
5. the opportunity to work for a company with a great brand or reputation

In a national survey, 54% of employees rated direct financial compensation as "very important" or "extremely important" to motivation. When stratified by age group there was statistically insignificant difference between Baby Boomer, Gen X and Gen Y on this point.[3]

In an article titled "Compensation Doesn't Drive Motivation," author Kevin Howell titles one of the sections "Compensation Isn't Enough."[4] And that's a key point. Equitable compensation isn't enough to drive high levels of motivation, it's a minimum expectation. Forbes writer Ken Sundheim puts the compensation question in perspective, noting that research has shown that for employees to be motivated, basic minimums need to be met, including pay, working conditions and job security. Sundheim notes that "low compensation can not only hinder motivation and performance, but can actually create vengeful employees. When human beings feel they are being inadequately paid, they will tend to shift the majority of their focus on the unfairness of the situation."[5]

 The reality is that our desire to reduce complex questions to simple answers—for example, to identify the one factor or most important determinant of behavior—belies the complexity of human experience. For example, Maslow's Hierarchy of Needs illustrates that we are motivated by different things at different stages of our development. Given that there are five generations in the workforce, it's likely that employees will be at different levels of development. Economic and health factors can also determine where a person is in their development and what they value and therefore what motivates them. Finally, changes in the employee-employer relationship and the nature of work may affect employee expectations and what significance the work has to an employee. For example, if a business is engaging in transactional relationships with its alternate workforce, it is likely to find those relationships (motivation) is driven more by compensation than other factors. Finally, generational changes in attitudes toward work may also impact what one wants from an employer. For some, "work" is not their life's work, but a side hustle, so non-financial rewards may have less value. Finally, a reductionist view fails to account for income inequality. There are many people who don't need to work. Someone like Alphabet CEO Larry Page, who was paid a dollar in 2018 (but is worth over 54 billion)—and, indeed, many Google employees—are not going to be motivated by compensation. However, the common refrain that compensation doesn't drive motivation is simply not consistent with the financial realities of many Americans. In a specialized economy where we must purchase rather than provide for our own basic needs, we are all motivated by money to meet those basic needs.

A more accurate answer is that what motivates a person depends on their specific situation. As is true of benefits, understanding a compensation requires what drives human motivation requires an understanding of where each person is in terms of their financial well-being and professional career development. Just as employees expect a personalized approach to benefits, employers who recognize that employees have different preferences for different types of rewards—from cash to recognition to autonomy—will have a better chance of not only getting an employee's initial commitment but keeping that person onboard and motivated. Keeping employees "Hungry" should refer to a person's drive for achievement, curiosity, not a physical state of need. If Employers want to tap higher-level capabilities, they should ensure that employees aren't distracted by lower-level needs. Pay is an important general motivator, but it is not the end of the story.

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8.14: Intrinsic vs Extrinsic Rewards

Learning Outcomes

- Differentiate between intrinsic and extrinsic rewards

To understand the nature of rewards, we need to distinguish between those that are intrinsic and those that are extrinsic. Intrinsic rewards are internal and reflect an individual's interests, values and aspirations. An intrinsic reward is intangible; it might be the sense of satisfaction you get from mastering a new skill or the successful completion of a complex project or from working on a project that has personal significance or meaning.



In contrast, extrinsic reward is something that comes from an external source—for example, your instructor at school or your manager at work. Extrinsic rewards can be financial (a bonus, incentive, or commission) or non-financial (praise, a training badge, a development opportunity, or a coveted project assignment). There can also be elements of both; for example, a promotion would likely entail both a raise and a new title. Extrinsic rewards can also include intangibles such as the ability to work remotely or an invitation to participate in a mentoring program.

Dennis Coon and John Mitterer explain that "intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials."[1] Intrinsic motivation is personal; for example, you may be intrinsically motivated to learn about or create a whole new world (think: Harry Potter), to improve the world or our experience of it, or to participate in a game or other activity. When individuals are intrinsically motivated, they typically perform at relatively high levels.[2] In contrast, when a person is extrinsically motivated, his or her activity or behavior is a means to an end rather than an end in itself.[3]

The ideal is when what you find intrinsically motivating is also what you do for a living. This is the idea that Steve Jobs communicated in his legendary commencement address at Stanford: "You've got to find what you love. And that is as true for your work as it is for your lovers. Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do."

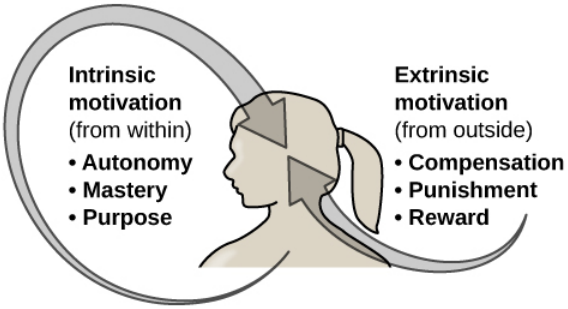


Figure 1. Intrinsic motivation comes from within the individual, while extrinsic motivation comes from outside the individual. Alternative text for "Figure 1. Intrinsic Motivation Extrinsic Motivation" can be accessed here.

? Practice Question

https://assessments.lumenlearning.co...essments/18176

Although intrinsic motivation is personal, its characteristics are universal and include:[4]

1. **Autonomy:** the person has control over how they activity is accomplished
2. **Mastery:** there is an element of progress and increasing competence or growth
3. **Relatedness:** there is a sense of community with others who are engaged in the activity
4. **Purpose:** the activity is perceived as meaningful

A manager can't prompt intrinsic motivation or provide an intrinsic reward, since the motivation flows from the employee's interest in and value for a particular type of work. A manager does, however, have control of situational factors. Management consulting firm Hay Group (acquired by Korn Ferry) reports business results can vary by up to 30% based on differences in the work climate created by a manager.[5] Jobs can also be designed to better support employees, as discussed in Module 5: Workforce Planning.

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8.15: Types of Compensation

Learning Outcomes

- Discuss types of compensation
- Discuss factors affecting compensation

Compensation is generally broken down into two primary types: direct and indirect. Direct compensation consists of monetary payments based on time worked or results achieved, including both base and incentive pay. Indirect compensation includes costs incurred for benefits, including vacations, health insurance, retirement plans, federally required protections (e.g., disability and unemployment insurance), and other employee benefits.

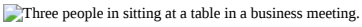
A third type of compensation is intangible. Intangible compensation includes non-financial rewards such as mentoring, awards or badging, recognition, and factors that impact quality of work or work/life balance such as greater autonomy, a flexible work schedule, or the ability to work remotely.

Common Examples of the Types of Compensation[1]

Direct Compensation	Indirect Compensation	Intangible Compensation
Base salary/ hourly wage	Retirement Plan	Quality of work/life balance
Cash bonuses	Health Insurance	Company values/inspiration
Annual incentives	Cars	Future growth opportunity

Practice Question

https://assessments.lumenlearning.co...essments/18177


Three people in sitting at a table in a business meeting.

Compensation is determined by the interplay of internal and external market and regulatory factors, as summarized below.

Worker Productivity

Theoretically, wages should increase when worker productivity increases. This is an economic calculation based on the market structure, costs of production, and market price and quantity.

Supply and Demand for Labor

Theoretically, wages should increase when the demand for labor exceeds supply or, as is the case currently, unemployment is at a historical low. There may also be geographic variances in wages based on the local/regional availability of and competition for labor.

Legislation

As discussed in Fair Labor Standards Act, laws such as the FSLA—including state and local variations—set a minimum standard for compensation.

Labor Unions

Wages are one of a union's mandatory collective bargaining issues. As we'll discuss in Module 13: Union–Management Relations, employers who are subject to collective bargaining agreements tend to have higher wage and benefit costs than similar employers without union representation.

Cost of Living

An increase in inflation results in a corresponding loss of purchasing power. Theoretically, wages should increase when the cost of living increases so workers are able to maintain their standard of living. There is also a geographic element to this factor. We see this in the variation in minimum wages set in cities and localities where the cost of living is relatively high.

Industry Ability to Pay

There is a significant gap in what a technology company like Facebook can pay and what a non-profit, small business or start-up can afford to pay. The compensation differential may be offset by the sense of purpose or the opportunity to build a small business.

Compensation Policy

An employer's position relative to the competition or market will affect the wages it offers. Generally, employers will take one of three positions: lead, lag or match. If an employer's policy is to lead the market, they will pay relatively higher wages than the competition. The rationale is that they will be able to attract a higher caliber of employees and see an offset in increased productivity and reduced training and turnover costs. Similarly, the face value employee cost savings of a "lag" practice may be offset by higher recruiting, training and turnover costs. A match policy is simply to set compensation at the market rate.

? PRactice Question

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CHAPTER OVERVIEW

9: Performance Management and Appraisal

9.1: Improving Appraisal Effectiveness
9.2: Putting It Together- Performance Management and Appraisal
9.3: Discussion- Performance Management and Appraisal
9.4: Why It Matters- Performance Management and Appraisal
9.5: Introduction to Performance Management
9.6: Performance Management
9.7: Introduction to the Appraisal Process
9.8: Steps in the Appraisal Process
9.9: Appraisal Methods
9.10: Presenting an Appraisal
9.11: Introduction to Appraisal Effectiveness
9.12: Performance Management Errors

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9.1: Improving Appraisal Effectiveness

Learning Outcomes

- Identify techniques for improving appraisal effectiveness

Kim Scott's Radical Candor

Technology industry veteran and advisor Kim Scott learned how to improve appraisal effectiveness the way that industry (and, perhaps, humans) evolves in general: by failing.

Scott had an employee working for her whom she really liked. In relating the story in a First Round article, she calls him "Bob." The problem was the employee was absolutely terrible at his job. Whenever Bob would express worries about his performance, Scott would try to reassure him. But after nearly a year, she realized that Bob's weak performance was impacting her whole team—and she was in danger of losing several top performers as a result. Trying to be "nice" to Bob, she'd been unfair to the people who were doing great work. And after not criticizing Bob for 10 months because she was trying to spare his feelings, she had to fire him. As she remarks: "Not so nice after all. When I told him, Bob pushed his chair back, looked at me, and said, 'Why didn't you tell me? Why didn't anyone tell me?'" That experience taught Scott that "criticizing your employees when they screw up is not just your job, it's actually your moral obligation."[1]

Scott went on to develop a framework that she calls "radical candor." Her operating premise: The single most important thing a boss can do is provide guidance.

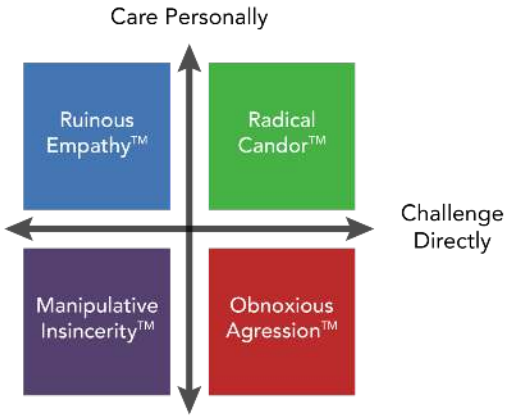


Figure 1. Scott's Radical Cantor Model.

To help teach radical candor, Scott developed a model divided into four quadrants; refer to Figure 1. The vertical axis is caring personally; the horizontal axis is challenging directly. As a manager, you should strive to provide feedback that falls in the upper right-hand quadrant: radical candor.

Scott refers to the vertical axis as the "give a damn" axis, explaining that "caring personally makes it much easier to do the next thing you have to do as a good boss, which is being willing to piss people off" [translation: provide constructive feedback], which is also her characterization of the horizontal axis. While, as discussed in the prior section, challenging or confronting others is difficult for many (most?) people, Scott's position is that once you become a boss, it's your job to be clear about not only what's going well, but what's going wrong.

Radical candor, then, is a combination of caring personally and challenging directly. To help put it in practice, Scott created the acronym HHIPP: "Radical candor is humble, it's helpful, it's immediate, it's in person—in private if it's criticism and in public if it's praise—and it doesn't personalize."

? Learn More

For more on this concept, watch Scott's Radical Candor video or read the First Round article Radical Candor—The Surprising Secret to Being a Good Boss."

Lenny Rachitsky's Performance Management System

In his "The Power of Performance Reviews: Use This System to Become a Better Manager" article for First Round Review, former Airbnb product lead Lenny Rachitsky echoes Scott's essential "give a damn" point. A formative review, which identified a number of number of development areas was not demotivating, as one might expect. Instead, he came out of the review "feeling more clear, motivated, and excited than I had ever been." What worked? Rachitsky credits "the clarity of his [manager's] feedback, the care in his delivery, and the simple organization of his framework." Rachitsky has since elaborated on this framework, developing a performance management system and associated template. The most important aspect: preparation. As Rachitsky puts it: "If you can't find a dozen hours to focus on your report's career throughout the year, that generally means you have too many reports — or that you shouldn't be a manager."[2] Not surprisingly, inadequate preparation is one of the six most common mistakes he identifies. A related point: failing to provide substantive feedback. In his template, Rachitsky includes a section for accomplishments and peer feedback. He breaks development documentation into 3 areas: summary; concrete examples and peer feedback; concrete suggestions; what killing it looks like. For perspective on his mindset, this is the script he sends out asking for feedback[3]

In an effort to help Jane level up in her career, I'm gathering peer feedback from people she works most closely with. I would really love your input. If you can find 5-10 minutes in the next few days to answer these questions, I would truly appreciate it (and so will Jane):

1. What are 2–3 things Jane should start doing? Why?
2. What are 2–3 things Jane should continue doing? Why?
3. What are 2–3 things Jane should stop doing? Why?

I will keep your answers anonymous, unless you tell me otherwise. Please be honest and candid, as that's what'll help me give Jane the best support in her career. And, if there's anything else you'd like to share, good or bad, I'd love to hear it.

To avoid overloading on development, Rachitsky also highlights what he sees as the employee's superpower and how she or he can leverage that unique capability further. Final point: let your report know where they are relative to what's next, whether it's a promotion, a title change or some other career development opportunity. As he notes: "people want context, clarity, and most of all, next steps."[4]

? PRactice Question

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9.2: Putting It Together- Performance Management and Appraisal

In a Harvard Business Review article titled “The Future of Performance Reviews,” authors Peter Cappelli and Anna Tavis cite estimates that “more than one-third of U.S. companies are . . . abandoning the traditional appraisal process—and all that followed from it.”[1] Instead, organizations across industries and geographies have embraced the practice of “frequent, informal check-ins between managers and employees.” The list of converts includes technology companies, professional services firms and even GE, developers of the notorious 20/70/10 “rank and yank” appraisal system. For the future view, researcher and people analytics expert Josh Bersin estimates that 70% of multinational companies are “moving toward this model.”



What’s driving this change is a recognition that traditional appraisal systems are a significant expense that doesn’t add value. The HBR article quotes a Deloitte manager who “referred to the review process as ‘an investment of 1.8 million hours across the firm that didn’t fit our business needs anymore.’” A Washington Post business writer provided a more dramatic explanation, referring to the process as a “‘rite of corporate kabuki’” [translation: a form of traditional Japanese drama with highly stylized song, mime, and dance[2]] that restricts creativity, generates mountains of paperwork, and serves no real purpose.” Dollars and drama aside, the primary factor driving this shift is a realization that traditional end-of-year performance appraisal processes tend to be focused on rewarding or punishing past performance and miss the opportunity for improving performance—and developing talent—in real time. In contrast to a rearview mirror view, “regular conversations about performance and development change the focus to building the workforce your organization needs to be competitive both today and years from now.”

Conceptualization of the “Agile Manifesto” in 2001 was a pivotal moment in software—and, subsequently, human resource management—history.[3] For perspective, the authors noted that while they value planning, they value responding to change more. Although their intent was to improve software development and not employee performance, the values and principles the “agilites” identified reframed the definition of performance and were adopted by companies like Adobe who were already using agile concepts for software development. To illustrate, Adobe was already “breaking down complex projects into ‘sprints,’ that were immediately followed by debriefing sessions.” Cappelli and Travis note that “Adobe explicitly brought this notion of constant assessment and feedback into performance management, with frequent check-ins replacing annual appraisals.”[4]



To summarize, Cappelli and Tavis identify three business imperatives driving decisions to abandon traditional appraisal processes:

- The return of people development
  - Given the competitive labor market, retention is “once again critical” and companies are attempting to eliminate employee ‘dissatisfiers,’ which include annual reviews
  - A focus on numerical ratings is believed to interfere with essential learning

- Switching to a project or event debrief model “helps managers do a better job of coaching and allows subordinates to process and apply the advice more effectively”

- The need for agility
  - With innovation increasingly seen as a source of competitive advantage, organizations need agility and employee adaptability—something that traditional backwards-facing appraisal approaches don’t support.
- The centrality of teamwork.
  - Fostering teamwork is easier to do when an organization doesn’t use forced ranking or focus on individual accountability

The way we work has changed; in order to remain relevant, performance management systems needs to change as well.

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1. Cappelli, Peter and Anna Travis. "The Performance Management Revolution." Harvard Business Review. October 2016. Accessed August 20, 2019. ↵
2. "Kabuki." Lexico. Accessed August 20, 2019. ↵
3. "Manifesto for Agile Software." Agile Manifesto. Accessed August 20, 2019. ↵
4. Cappelli, Peter and Anna Travis. "The Performance Management Revolution." ↵

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9.3: Discussion- Performance Management and Appraisal

A recent article in *Kellogg Insight* (an online publication of Northwestern University's Kellogg School of Management) uncovered a gender bias in performance management that you will consider today.

In the article "Numeric Performance Reviews Can Be Biased Against Women," authors Lauren Rivera and Andras Tilcsik claimed that ten-point rating systems in performance appraisals are biased against women, who score lower on the scale than their male counterparts, particularly in male-dominated fields. However, when that ten-point rating system is converted to a six-point rating system, women are scored much more fairly.

Discussion Prompt

Is this really the case, that some performance management scoring systems are gender biased? Why would a six-point scale work more in a woman's favor than a ten-point system? Write at least a paragraph describing why this shift in rating scale would be more favorable to women. Then, in your next paragraph, provide some solutions as to how you, as a human resources professional, would put changes in place to level the playing field for your female employees.

When you've completed and submitted your response, peer review and provide comments for at least two of your classmates.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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9.4: Why It Matters- Performance Management and Appraisal

Why learn about performance management and employee appraisal?



Performance appraisals have the power to change career trajectories and motivate a level of engagement and discretionary effort that transcends job expectations. So why is it that, as one manager phrased it, “performance reviews typically suck?”

The unfortunate fact is the perception of performance reviews as ineffective is shared by organizations, management and employees. Consulting firm Deloitte found that 82% of companies responding to their 2015 Global Human Capital Trends survey stated that “performance evaluations were not worth the time.”[1] Deloitte also cited a study published in Personnel Psychology that reported that 41% of companies found evidence of extensive manager bias and 45% percent didn’t believe performance evaluations motivated employees. Statistics not only support that opinion, they indicate that ineffective performance appraisal processes are a critical business and human resource management issue.

? Key Statistics

Consider the following statistics:[2]

- 45% of HR leaders do not think annual performance reviews are an accurate appraisal for employee’s work.
- 69% of employees say they would work harder if they felt their efforts were better recognized.
- Recognition is the number one thing employees say their manager could give them to inspire them to produce great work.
- 22% of employees that don’t feel recognized when they do great work have interviewed for a job in the last three months, compared to just 12% that do feel recognized.
- Only 8% of companies believe their performance management process is highly effective in driving business value, while 58% say it’s not an effective use of time.

Gallup’s State of the Global Workplace research demonstrates that “engaged employees produce better business outcomes than do other employees across industry, across company size and nationality, and in good economic times and bad.”[3] For perspective, refer to the following list, which indicates business improvements realized by business units in the top quartile of engagement:[4]

- 10% higher customer metrics
- 17% higher productivity
- 20% higher sales
- 21% higher profitablity
- 41% lower absenteeism
- 24% lower turnover (in high-turnover organizations)
- 59% lower turnover (in low-turnover organizations)
- 28% less shrinkage
- 70% fewer employee safety incidents
- 58% fewer patient safety incidents
- 40% fewer quality incidents (defects)

The challenge: Gallup’s global employee surveys find that just 15% of employees are engaged—“psychologically invested in their job and motivated to be highly productive”—at work. The majority of employees (67%) are not engaged—effectively “at risk.” The

final 18% are actively disengaged. Key opportunity: Gallup reports that “managers are responsible for at least 70% of the variance in their employees’ engagement.”[5] Given the business and human resource management implications, the ability to provide effective feedback—recognition and developmental—is an essential management competence and responsibility. In this module, we’ll discuss the concept and process of performance management and how to improve appraisal effectiveness.

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1. Sloan, Nathan, Dimple Agarwal, Stacia Garr, and Karen Pastkia. "Performance Management: Playing a Winning Hand." Deloitte Insights: 2017 Global Human Capital Trends. Accessed August 15, 2019. ↵
2. Wholley, Meredith. "17 Mind-blowing Statistics on Performance Reviews and Employee Engagement." ClearCompany. March 25, 2019. Accessed August 15, 2019. ↵
3. "State of the Global Workplace." Gallup. Accessed August 15, 2019. ↵
4. Ibid. ↵
5. Ibid. ↵

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9.5: Introduction to Performance Management

What you'll learn to do: Discuss the purpose of performance management

Just as human resource management uses HR systems and practices to align the organization's culture and employee behavior with organizational strategy and objectives, organizations use performance management systems and actions to align employee behavior accordingly. In this section, we'll discuss the primary purposes of performance management.

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9.6: Performance Management

Learning Outcomes

- Discuss the purpose of performance management



The primary purpose of performance management is to manage employee alignment, motivation, and development. From a process perspective, the objective is to establish employee goals that are aligned with departmental and overall organizational goals and objectives and to develop, recognize, and incentivize desired behavior and performance.

Performance appraisal is the assessment aspect of performance management. And, critically, that assessment involves not only evaluation but specific feedback—both positive and constructive. Although performance appraisals are often thought of as an annual process that serves as the basis for a performance action (for example, a raise or—at the other extreme—being put on a "PIP" or performance improvement plan) observation and feedback can and should be an ongoing process. As HR software provider ClearCompany notes "'Players and underperformers alike need timely, specific, and helpful feedback to reach their full potential. Positive feedback helps build confidence, while constructive criticism clarifies expectations and allows people to learn from their mistakes."[1] Author Daniel Pink captures the developmental reality in his observation that "There's no way to get better at something you only hear about once a year."[2]

Perspective Point

Feedback doesn't need to be a major production; daily check-ins, weekly planning meetings and monthly 1-on-1s are all ways to incorporate feedback in the usual flow of work. This is not only a management best practice, it's what most employees want. OfficeVibe's State of Employee Engagement survey found that 96% of employees said that receiving feedback regularly is a good thing.[3] Even more significantly, the survey found 82% of employees appreciate receiving feedback, regardless of whether it's positive or negative.

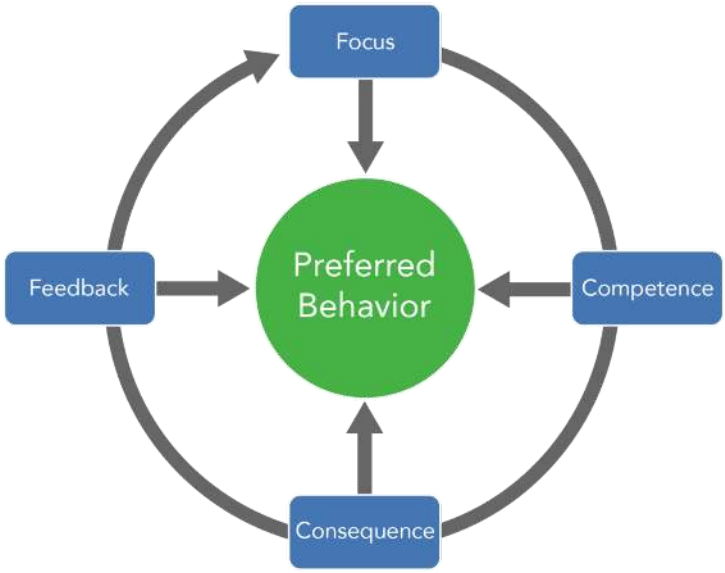
Formal performance appraisals also serve an administrative function; specifically, documenting employee performance relative to established standards. Although documentation is particularly critical to support employee disciplinary action—for example, to avoid or defend against a charge of discrimination or retaliation—it is also essential for development. To be effective, feedback needs to be actionable. Praise or constructive feedback that is non-specific doesn't reinforce or clarify desired behavior. Specific, timely feedback is a habit that yields both performance and motivation benefits. Perspective point: recognition doesn't need to be tied to a financial or other reward to be effective. OfficeVibe's survey indicated that 82% of employees prefer praise to a gift.[4]

? Practice Question

https://assessments.lumenlearning.co...essments/18182

There are four elements that come together to result in a preferred behavior (see Figure 1 for an illustration):

- Focus—knowing what to do
- Competence—knowing how to do it
- Consequence—knowing why you're doing it
- Feedback—knowing how well you're doing it



1. Wholley, Meredith. "17 Mind-Blowing Statistics on Performance Reviews and Employee Engagement." ClearCompany. ClearCompany, March 25, 2019. ↵
2. Ibid. ↵
3. "The Global State of Employee Engagement." OfficeVibe. Accessed August 15, 2019. ↵
4. Ibid. ↵

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9.7: Introduction to the Appraisal Process

What you'll learn to do: Discuss the appraisal process

Given the stakes—that is, the upside potential of an engaged workforce—performance management is a critical organizational competency. As former Airbnb product lead Lenny Rachitsky phrases it, "done well, performance reviews improve performance, align expectations and accelerate your report's career. Done poorly, they accelerate their departure."[1] In this section, we'll discuss how to do it well, including the steps in the appraisal process, appraisal methods and how to present the appraisal.



1. Rachitsky, Lenny. "The Power of Performance Reviews: Use This System to Become a Better Manager." First Round Review. Accessed August 15, 2019. ↵

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9.8: Steps in the Appraisal Process

Learning Outcomes

- Describe the steps in the appraisal process

The appraisal process consists of six steps (see Figure 1). We'll dive into each step below.

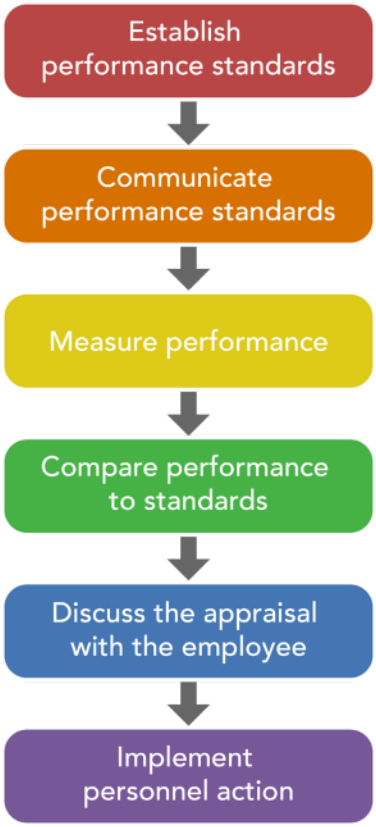


Figure 1. Steps in the Appraisal Process

Step 1: Establish performance standards

Performance standards are set to ensure achievement of departmental goals and objectives and the organization's overall strategy and objectives. Standards are based on the position, rather than an individual. In order to be clearly understood and perceived as objective, standards should adhere to the same rules that apply to goal-setting; that is, they should be "SMART:" specific, measurable, achievable, relevant and timebound.

Indiana University's Human Resource department explains that "while a list of major job duties tells the employee what is to be done, performance standards provide the employee with specific performance expectations for each major duty."[1] Performance standards include both observable behaviors—the how—and the expected results that comprise satisfactory job performance.

Learn More

For perspective on a range of position performance standards, see Indiana University's Performance Standard Examples.

Step 2: Communicate performance standards

In order to be effective, performance standards must be clearly communicated and understood to be expectations. Performance standards assume that an individual is competent, so initial and corrective training should be factored into the performance

management process. If there is a specific training period after which an employee is assumed to be competent and performing to standards, that should be communicated as well.

Step 3: Measure performance

Performance that is expressed in numeric terms—for example, cost, quantity, quality, timeliness—is relatively easy to measure. Performance in the area of soft skills—for example, communication, customer service and leadership—is more difficult to evaluate. DeCenzo, Robbins and Verhulst recommend using a variety of sources of information including personal observation, oral reports and written reports. They note, however, that what is measured is probably more critical than how an aspect is measured.[2] The focus should be on measuring what matters rather than measuring what's easy to measure.

? Key Takeaways

Focus measurement—and, thus, employee effort—on activities that make a significant contribution to organizational goals and objectives.

Step 4: Compare actual performance to performance standards

In this step of the appraisal process, actual performance is compared to the performance standards. Documentation should highlight actions and results. For example, "Amir left confidential documents on the printer even after he had been warned to maintain control of confidential information." Or "Amir's process improvement recommendations saved the department $3,500."

Indiana University's Human Resource department identifies the following characteristics of effective documentation:[3]

- Accurate
- Specific
- Consistent (covering the entire review period)
- Factual (not based on conjecture)
- Balanced, including instances of both positive and unsatisfactory performance
- In writing

Step 5: Discuss the appraisal with the employee

This is generally the step in the process that is the most difficult for managers and employees alike and it can be a challenge to manage emotions and expectations. Even when performance is strong, there can be differences of opinion on the next action. A significant difference of opinion regarding performance can create an emotionally-charged situation. If the manager is providing feedback and coaching on a regular basis, this shouldn't be the case. Related point: If an employee has consistently poor performance, the issue should be addressed—corrective action taken—in a timely manner and not deferred to an annual review. To identify and prepare for differences of opinion, management can ask employees to complete and submit a self-evaluation prior to the appraisal meeting. A key point to keep in mind is that the manager's ability to remain calm and civil will have a significant impact on the employee's confidence, motivation and future performance.

Step 6: Implement personnel action

The final step in the appraisal process is the discussion and/or implementation of any next steps: a reward of some sort—a raise, promotion or coveted development opportunity—or corrective action—a performance plan or termination. Note, however, that corrective action that might help an employee achieve expectations shouldn't be tabled until the next formal appraisal. As performance gaps are identified, supervisors and managers should take the time to identify why performance is not meeting expectations and determine whether the employee can meet expectations with additional training and/or coaching. As mentioned above, if performance is such that termination is warranted, that action should be taken in a timely manner as well.

? Practice Question

https://assessments.lumenlearning.co...essments/18183

1. "Define Performance Standards for Each Duty." Indiana University Human Resources. Accessed August 15, 2019. ↵
2. DeCenzo, David A., Stephen P. Robbins, and Susan L Verhulst. 2016. *Fundamentals of Human Resource Management.* New York, NY: John Wiley & Sons. ↵
3. "Document Job Performance." Indiana University Human Resources. Accessed August 15, 2019. ↵

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9.9: Appraisal Methods

Learning Outcomes

- Evaluate absolute appraisal methods
- Evaluate relative appraisal methods
- Discuss management by objectives



There are two primary methods for conducting performance appraisals: based on absolute or relative standards.

Absolute Appraisal Methods

Common methods of conducting an absolute appraisal are critical incident, BARS (Behaviorally Anchored Rating Scale), and a graphic rating scale.

Critical Incident

A critical incident appraisal focuses on the essential behaviors that determine whether a task is done well or poorly. Documentation in this case involves briefly summarizing situations (incidents) that demonstrate either successful or unsuccessful behavior and outcomes. The critical incident appraisal method is more intensive for the appraiser since it involves more attention to detail. This is especially the case since incidents should be recorded as they occur and be representative of the appraisal period rather than based on memory and written when preparing for the appraisal. However, this level of details if more valuable to an employee and may better support development. A variation on this is asking or tasking employees with recording their critical incidents, similar to a self-assessment.

Graphic Rating Scale



One of the simplest and most common appraisal methods is the graphic rating scale. A graphic rating performance appraisal form lists job behaviors, competencies, skills and results and provides five (more or less) rating options ranging from unsatisfactory to exceeds expectations. The appraiser selects a performance rating for each criteria and totals the values. The positive is rating scales are relatively easy to develop and complete and yield quantitative data that can be used to compare performance relative to prior appraisals or other employees. The downside is the method doesn't provide a level of detail that supports specific corrective action. Another drawback: performance factors tend to be vague and open to interpretation—for example, quantity of work, quality of work, initiative—and performance ratings can be subjective.

BARS

The Behaviorally Anchored Rating Scale or BARS appraisal method combines aspects of the critical incident and graphic rating methods. Like the critical incident method, BARS focused on behaviors that constitute significant performance dimensions of a job. It differs from the typical graphic rating scale in that it focuses on job specifics rather than vague work statements. For example, instead of a rating that might be open to interpretation—for example, "Answers phone promptly and courteously"—a BARS approach would break it down into two component actions: "Answers phone within 3 rings." and "Greets caller with "Hello. This is [name]. How may I help you?"[1]

Implementing BARS involves identifying the primary job behaviors and developing a 3–7 (or more) point rating scale that anchors the rating to specific descriptions of effective and ineffective behavior. The benefit of BARS is that it yields both qualitative and quantitative data. The quantitative data makes it possible to compare and rank relative employee performance. The level of detail in behavior descriptions also helps to avoid differences in interpretation across raters and employees. The downside of BARS is the complexity of development and maintenance, with each position requiring a set of evaluation criteria and rating descriptions.

Table 1. BARS for Army Nurses

1	2	3	4	5
Sometimes fails to follow doctors' orders	Always follows doctors' orders	Always follows doctors' orders	Always follows doctors' orders	Always follows doctors' orders; available to meet with doctors whenever needed;
Often impatient with difficult patients	Occasionally impatient with difficult patients	Never impatient with difficult patients	Never impatient with difficult patients; helps other nurses with difficult patients	Never impatient with difficult patients; helps other nurses with difficult patients; ; eases patients' fears
Doesn't always follow hospital procedures	Rarely doesn't follow hospital procedures	Always follows hospital procedures	Always follows hospital procedures	Always follows hospital procedures

Relative Appraisal Methods

A second category of appraisal methods uses relative or comparative standards. Common methods in use include ranking and paired comparison and forced distribution.

Ranking

Ranking methods include individual ranking and group order ranking. These methods involve placing employees in relative performance (or perceived value) order from top to bottom or ranking them on a "curve" (bell curve). Group ranking—also referred to as stack ranking or forced distribution—involves placing employees in categories—for example, top 10% and bottom 10%. This practice was championed by former General Electric CEO Jack Welch, who imposed a 20/70/10 discipline where managers were forced to identify their top 10%, middle 70% and bottom 10% of employees annually. GE focused rewards and retention efforts on the top 10% and fired the bottom 10%.

According to Welch, "'sprinkling' financial rewards over a much larger group is a mistake." Instead, the middle 70% should be coached and trained to move into the top 10%.[2] This technique was and remains controversial. A survey of human resource professionals surveyed "reported that forced ranking resulted in lower productivity, inequity and skepticism, negative effects on employee engagement, reduced collaboration, and damage to morale and mistrust in leadership."[3] Human resource management perceptions are supported by field research. Wharton School of Management Associate Professor of Management Iwan Barankay's research demonstrated that when people are rated relative to others, performance declined. Further, rating accuracy was questionable, with ratings having "as much to do with who the rater was (people gave higher ratings to those who were like them) as they did with performance."[4]

Paired Comparison

The paired comparison method bases evaluations on an employee's performance relative to his or her peers in selected job skill categories. For example, if you have five employees, you would compare their performance in each category individually, assigning a plus or a minus to indicate relative strength or weakness, as illustrated in Table 2. An employee's evaluation would be the sum of their pluses and would be the basis of a relative ranking. This method is unwieldy for large numbers of employees and suffers from the vagueness and subjectivity of a graphic ranking system.

Table 2. Performance Appraisal

	Employees Rated				
Compared with	Employee HC	Employee SH	Employee AL	Employee DN	Employee ET
Employee HC	N/A	–	+	–	–
Employee SH	+	N/A	+	–	+
Employee AL	–	–	N/A	–	–
Employee DN	+	+	+	N/A	+
Employee ET	+	–	+	–	N/A

? Practice questions

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Management by Objectives

An additional appraisal technique that represents a significant departure from the manager-centric approaches discussed above is a hybrid appraisal/management technique referred to as management by objectives (MBO). The MBO concept was introduced in management consultant, educator, and author Peter Drucker's 1954 book *The Practice of Management*. What's particularly powerful about using MBO is the clear connection between individual goals and organizational goals. The development of MBO is a process in which objectives "cascade down through the organization." That is, "the organization's overall objectives are translated into specific objectives for each succeeding level in the organization-divisional, departmental and individual."[5]

A second key differentiating factor is the participative management aspect of MBO. Specifically, performance objectives (evaluation criteria) are discussed and agreed to by management and the employees. In theory, this approach results in employees who not only have a clearer understanding of expectations but greater buy-in. The greatest potential of MBO is developing goals and objectives that are aligned with not only the organization's objectives but the employee's personal goals and objectives.

Although MBO is a complex and time-consuming method that must be undertaken as an organizational initiative, it has the potential to address some of the relevance and motivation issues of other appraisal methods. DeCenzo, et. al. report that "studies of actual MBO programs confirm that MBO effectively increases employee performance and organizational productivity."[6]

? Learn More

For more on MBO, see Communication Theory's overview: Management By Objectives.

? Practice Question

https://assessments.lumenlearning.co...essments/18186

1. "What is BARS (Behaviorally Anchored Rating Scale)." The Performance Management and Appraisal Resource Center. Accessed August 20, 2019. ↵

2. Murray, Alan. "Should I Rank My Employees?" The Wall Street Journal. Accessed August 20, 2019. ↵
3. Ibid. ↵
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9.10: Presenting an Appraisal

Learning Outcomes

- Discuss how to present an appraisal

 One of the best ways to ensure an effective—and legally defensible—appraisal is to prepare in advance. For a traditional annual appraisal, well in advance. In her Muse article “A First-Time Manager’s Guide to Performance Reviews,” Pepperdine University Career Center Director Amy Adams lays out a one year preparation plan. As Adams notes “Planning will help you deliver more comprehensive [read: effective] feedback.”[1] An employee should never be blindsided by a review. If you’ve been providing feedback on a regular basis, the appraisal will be constructive or, on the downside, end in closure. Ongoing dialog also builds trust and a willingness to hear feedback as developmental coaching rather than a personal attack.

Here’s a step-by-step guide to presenting an appraisal:

1. Schedule an appraisal meeting in advance. An appraisal should be presented—ideally, in person or at least via videoconference—and discussed, not handed off for signature.
2. Optional, but recommended: Ask the employee to complete and submit a self-evaluation prior to the appraisal meeting. This will allow your employee time to reflect and will give you a heads up on any significant differences in opinion.
3. Decide on the desired outcome and plan accordingly. Assuming you’ve been provided feedback on an ongoing basis, the substance of the meeting won’t be a surprise. Have the information or resources you need on hand or on call.
4. Develop your talking points.
    - Focus on the most significant success factors and, based on the data you’ve collected, identify specifics that warrant recognition as well as development opportunities.
    - Relate your findings to organizational or departmental goals.
    - Based on the above, identify next steps, including future SMART goals and associated action items. The objective is for the employee to come out of the meeting with a clear sense of where they stand, a renewed sense of purpose and a clear sense of direction.
5. Conduct the appraisal meeting
    - Provide your employee with a written copy of his or her appraisal. Discuss your observations and expectations. Invite comments. Keep feedback focused on performance, rather than the person and emphasize opportunities for improvement.
    - At a minimum, the meeting should include the employee’s acknowledgement of the appraisal. Ideally, the meeting will be a springboard to the next review or appraisal period.

Practice question

https://assessments.lumenlearning.co...essments/18187

1. Adams, Amy. "A First-Time Manager's Guide to Performance Reviews." The Muse. Accessed August 20, 2019. ↵

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9.11: Introduction to Appraisal Effectiveness

What you'll learn to do: Discuss ways to improve appraisal effectiveness



Although performance management is a fundamental organizational and human need, appraisals are generally loathed by both managers and employees. A Harvard Business Review article cited a study that found 45% of managers "don't see value in the systems they used."[1] In this section, we'll discuss how to improve appraisal effectiveness, covering common errors and techniques for improving appraisal effectiveness.

1. Cappelli, Peter and Anna Travis. "The Performance Management Revolution." Harvard Business Review. October 2016. Accessed August 20, 2019. ↵

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9.12: Performance Management Errors

Learning Outcomes

- Discuss common performance management errors

As alluded to in our discussion of appraisal methods, there are a number of factors that can distort appraisal results. In this section, we'll discuss perception errors and how to avoid them.

Indiana University's Human Resources identifies the following eleven perceptual errors:[1]

- **The Leniency Error.** Giving everyone high ratings regardless of actual performance, in an attempt to avoid conflict or to make yourself look good.
- **The Central Tendency Error.** Clumping or clustering all employees in the middle performance categories in an attempt to avoid extremes.
- **The Recency Error.** Failing to take into account the entire evaluation period and focusing on a recent performance episode, positively or negatively.
- **The Halo Effect Error.** Letting one favored trait or work factor influence all other areas of performance, resulting in an unduly high overall performance rating.
- **The Horns Effect Error.** Allowing one disfavored trait or work factor to overwhelm other, more positive performance elements, resulting in an unfairly low overall performance rating.
- **Contrast Error.** Evaluating an employee in relation to another employee rather than relative to his/her duties, goals and stated performance standards.
- **Past Performance Error.** Rating on past performance rather than present performance.
- **Biased Rating Error.** Allowing personal feelings toward employee to influence rating.
- **High Potential Error.** Confusing potential with performance.
- **Similar to Me Error.** Similar to me and therefore feeling of comfort and compatibility
- **Guilt by Association Error.** Evaluation influenced by employee's associations rather than performance.

Practice Question

https://assessments.lumenlearning.co...essments/18188

Avoiding Errors

Three tips to avoid these errors:

- Cultivate awareness or potential errors
- Rely on the data and documentation you've compiled, rather than your perceptions. That is, focus on the performance, rather than the person.

Note that there is a tendency to avoid accurate ratings—particularly on the downside—when there's a significant amount at stake—for example, a promotion/demotion, raise or PIP. Let the person's performance make the decision.



Developing and practicing techniques—for example, participating in appraisal and feedback simulations—for having difficult conversations will help you develop skills that will pay off in a variety of work and life situations. On her website, author, speaker, and trainer Judy Ringer provides a step-by-step checklist for having difficult conversations, including how to prepare yourself, 4 steps for a successful outcome and practice tips. For perspective, the four steps are highlighted below:[2]

- **Step #1: Inquiry.** Cultivate an attitude of discovery and curiosity.
- **Step #2: Acknowledgment.** Show that you've heard and understood what the person is saying.
- **Step #3: Advocacy.** Clarify your position without minimizing the other person's position.
- **Step #4: Problem-Solving.** Begin building solutions.

? Learn More

Check out Dana Caspersen's "Conflict is a place of possibility" TED Talk to learn more about this subject.

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1. "Evaluate Job Performance." Indiana University Human Resources. August 2018. Accessed August 20, 2019. ↵
2. Ringer, Judy. "↵

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CHAPTER OVERVIEW

10: Building Positive Employee Relations

10.1: Emotional Intelligence
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10.5: Why It Matters- Building Positive Employee Relations
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10.12: The Impact of Conflict
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10.1: Emotional Intelligence

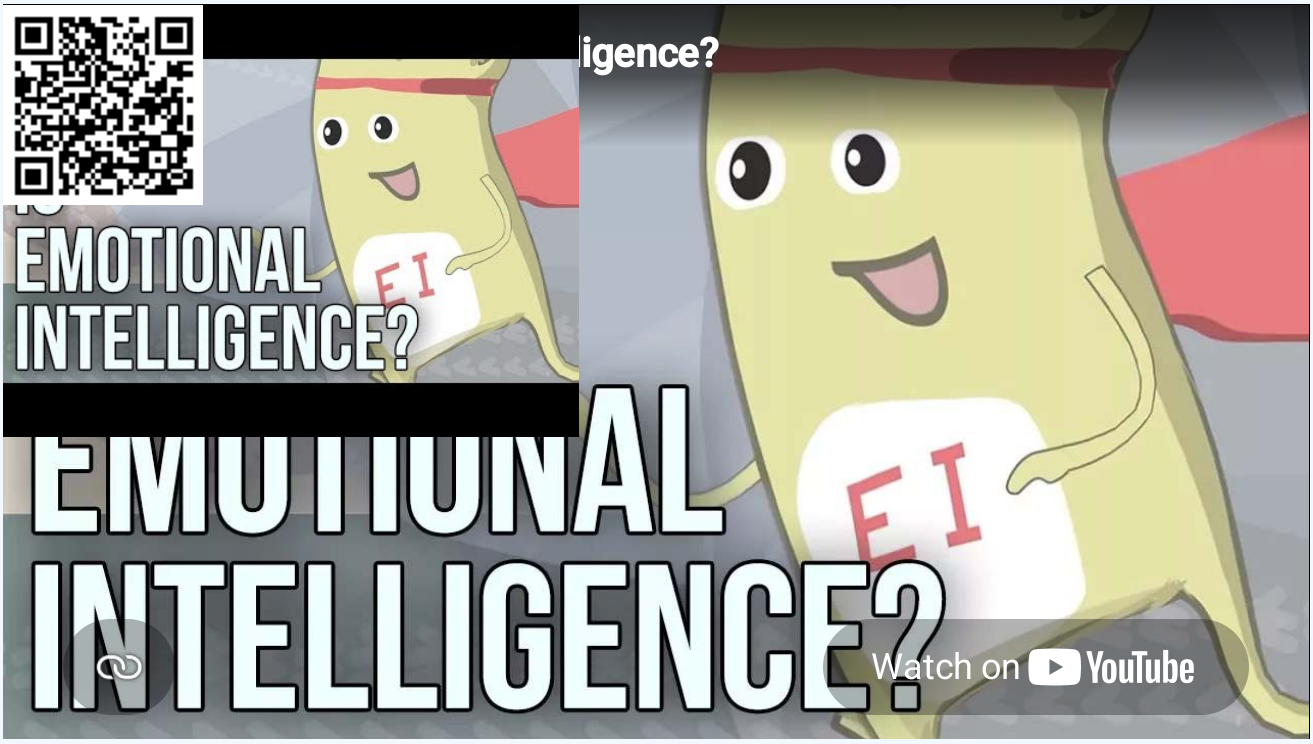
Learning Objectives

- Describe emotional intelligence in the workplace

Emotional intelligence is a person's awareness of their emotions and the emotions of others, and how well they are able to control, express, and read them. People who are emotionally intelligent are able to control their interpersonal relationships with thoughtful consideration and rational insights.

Watch This

Check out the video below to learn more about emotional intelligence.



You can also download the transcript for "What is Emotional Intelligence" here. After viewing the video on emotional intelligence, do you think it has a role in the workplace?

Emotional intelligence is not simply whether or not someone is emotional, but rather how well they handle their interpersonal skills and the emotions of others. Emotional intelligence is extremely important in the workplace to reduce conflict and create a more stable and effective workplace environment.



According to psychologists Peter Salovey and John D. Mayer, there are four levels included in emotional intelligence. These four levels are perceiving emotions, reasoning with emotions, understanding emotions, and managing emotions.[1] Perception, reason, understanding, and management are all important skills that need to be considered when determining emotional intelligence. Being able to navigate these four levels is indicative of a person with high emotional intelligence. Oftentimes people think of intelligence and emotion as mutually exclusive skills; however, emotional intelligence is an extremely important form of intelligence that determines a person's interpersonal skills, ability to work well with others, problem solve, and build relationships. Each of these skills are extremely effective and valuable in the workplace and help to foster a productive and engaged work environment.

The workday requires a large number of decisions that need to be made. Many of these decisions are emotionally charged in some way, with passion and opinions behind them. Employees with strong emotional intelligence are more likely to make rational and well-thought-out decisions. Emotional intelligence is an extremely desirable trait for new and tenured employees alike. Many companies ask behavioral based interview questions in order to assess emotional intelligence and make better informed hiring decisions. These companies understand the value of emotionally intelligent individuals and the positive impact they can have on a workforce. With international expansion and globalization becoming more and more relevant, emotional intelligence is more valuable than ever, allowing companies to better breech cultural differences and the complex ways in which other cultures express their emotions.

? Practice Question

https://assessments.lumenlearning.co...essments/18197

Although emotional intelligence can be explained and presented through training events, at the end of the day, it is up to each individual to grow and develop their own emotional intelligence. Emotional intelligence cannot be taught in a classroom, but is instead developed through everyday life and interactions with others. Since each individual is responsible for their own emotional intelligence, making smart hiring choices and considering how an individual will affect team dynamics is essential to building a strong, emotionally intelligent team.

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1. Cherry, Kendra. "Utilizing emotional Intelligence in the Workplace." VeryWellMind. August 27, 2019. Accessed October 29, 2019. ↵

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10.2: Putting It Together- Building Positive Employee Relations

Let's revisit Michael at ABC Accounting Firm. If ABC Accounting decided to focus on employee engagement, how would they be able to change Michael's experience and the effectiveness of their workforce?



As we have discussed in this module, an engaged workplace yields more effective and satisfied employees, which directly correlates to higher productivity and profitability. If ABC Accounting Firm took more time to get to know their employees and create a more engaging and cooperative working environment, employees like Michael would be less likely to begin job hunting for other employment opportunities. In addition, if their employees enjoyed coming to work every day, they would be less likely to monitor the clock and leave as early as possible. Employees who enjoy what they do, or who enjoy the people they work with, are more likely to put in extra time and effort at work. So, in addition to higher productivity and profitability, a more engaged team will also reduce turnover and develop a more consistent workplace.

Although engagement is not something that can be established overnight, it is clear that companies, or ABC Accounting Firm in this scenario, can benefit from promoting employee engagement. It is obvious that higher engagement is beneficial to companies and employees alike. The challenge is to determine the best way to effectively promote it. Thankfully, there are multiple members in each organization that are capable of implementing changes to promote engagement as a steady part of the organization's culture.

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10.3: Discussion- Building Positive Employee Relations

When a survey measures an organization's employee engagement, it measures "retention elements" and "engagement elements." What's the difference?

Retention elements include pay, benefits, or an entire compensation package. These are items that keep an employee working, but they don't create engagement. Employees will stay with a company that compensates them well. But this doesn't mean that they go above or beyond to achieve their goals or the goals of the organization.

Engagement elements, on the other hand, are those elements that push an employee from a working drone to an active, engaged member of a work team who furthers the goals of the organization. Rewards and recognition is an example of an engagement element. When an employee is recognized for her contributions in front of her peers, for instance, her engagement level goes up. Other engagement elements include employee accountability/ownership, leadership, culture, company vision, and corporate responsibility.

Discussion Prompt

Select one engagement element from the following list:

- rewards/recognition
- employee accountability/ownership
- leadership
- culture
- company vision
- corporate responsibility

Find a company that's exercising your chosen engagement element well. Do a quick write up of that company and how they're keeping their employees engaged with that element. Once you've done your write up, review the write-ups of two of your classmates and make comments.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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10.4: Assignment- Performance Appraisal Training

Scenario

If you've ever had a performance appraisal where the person conducting it really cared about the process, you know first hand the motivational impact. Unfortunately, that's rarely the case. Appraisals are generally poorly researched and written, leaving the employee feeling unappreciated and demotivated. Given the business and human resource management implications, the ability to provide effective feedback—recognition and developmental—is an essential management competence and a critical HR and organizational priority.

Your Task

The firm's Employee Engagement principal was particularly impressed with your Onboarding presentation and has requested your assignment to a second project with significant engagement implications: reimagining the Performance Appraisal process. Specifically, the principal has asked you to review the appraisal best practices and techniques discussed in Module 9 and conduct additional research as necessary to develop a 2–3 page outline for a performance appraisal training program that incorporates that learning and addresses issues—i.e., cognitive bias.

Your outline should reflect an understanding of Kim Scott's Radical Candor, Lenny Rachitsky's Performance Management System, and the agile methodology Peter Cappelli and Anna Tavis discuss in The Harvard Business Review article "The Performance Management Revolution." Since you will be synthesizing existing material, be sure to give credit where credit is due and cite sources appropriately.

Additional Information: For a point of reference, see SHRM's Train Managers, Maximize Appraisals article.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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10.5: Why It Matters- Building Positive Employee Relations

Why learn to build and maintain positive employees relations?



Michael was hired by a large accounting firm four years ago, after becoming a licensed CPA. There were very few companies hiring when Michael began his job search, so when he received a job offer from ABC Accounting Firm, he quickly accepted it. ABC Accounting provides cubicles for everyone and requires employees to work a minimum of 50 hours a week with a 30-minute paid lunch each day. Meetings are not a common occurrence, as job assignments and changes are usually communicated via email. Michael is paid well for his work but does not look forward to spending all day, every day, in his cubicle. The lack of interaction with his coworkers and supervisors quickly puts him in a bad mood, and he is anxious to leave the office at the end of each work day. Recently, Michael went to after-work drinks with some co-workers and found that a majority of them shared his dissatisfaction with their working environment. Individual morale is low, and the firm as a whole is struggling to increase productivity and reduce turnover.

While each individual will react to different work environments in different way (some people thrive working alone, after all), it seems that ABC Accounting Firm does not have the buy-in of their employees and are doing very little, if anything, to improve employee engagement. If the accounting firm does not act and make improvements, they will see a number of negative consequences including higher turnover, decreased productivity, and overall poor employee attitudes and work ethic.

Employee engagement is essential to running a highly functioning team and should be a key component in every company's business plan. Companies can help improve engagement and morale in a number of ways, which will have a direct impact on their employees' attitudes and work ethic.

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10.6: Introduction to Employee Engagement

What you'll learn do to: Describe employee engagement

While the term "employee engagement" may seem pretty straightforward, it is actually much more complex than it sounds. Employee engagement is extremely important in building a motivated and effective team—engaged employees look forward to going to work and have a sense of their personal job performance and their role on the team. They work hard to meet goals and objectives, and also seek feedback to explore more efficient ways to perform their job tasks. These descriptors of employee engagement should sound really appealing to every employer. Who wouldn't want employees who are self motivated and driven? Every organization that wants an engaged team needs to work with their employees to achieve their buy-in and support.

This module will explore the ins and outs of employee engagement, including responsible parties for promoting employee engagement, how to motivate and measure engagement, and how both employee engagement and disengagement can impact an organization.



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10.7: Results and Employee Engagement

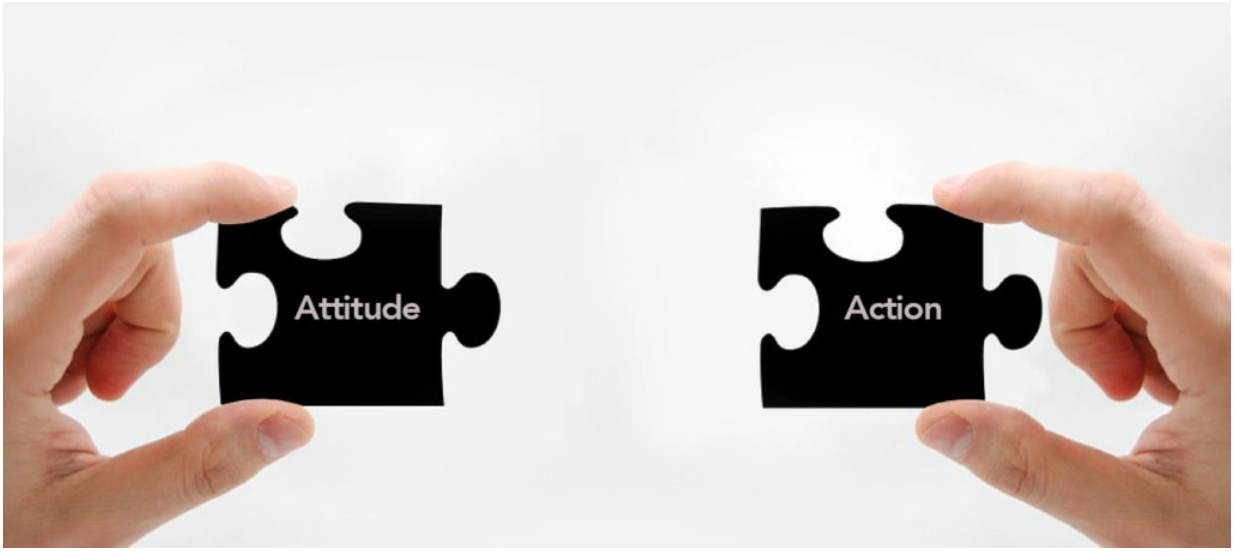
Learning Objectives

- Discuss the benefits of employee engagement

Employee Engagement

What is employee engagement? At its surface, employee engagement is a workplace methodology focused on fostering an inclusive and nurturing environment that motivates each employee to put forth their best effort every day. Employee engagement needs to be a team effort between the employee and the employer in order to be effective. Employees are responsible for their personal actions and attitudes; however, employers play a huge role in cultivating a pleasant and welcoming environment in the workplace. Employee engagement is not something that can be built overnight. Engagement is a continuous process that needs to be a conscious part of a company's daily operations in order to yield effective results.

There are many components and nuances in employee engagement. From an employee standpoint, engagement can be broken down into two main factors: attitudes and actions.



Attitudes

The attitudes of employees include both their thoughts and their feelings. What does an employee think about their job? Do they understand their job functions and feel supported in their role? Do employees feel valued as a member of the team, or do they feel secluded and unsupported? It is impossible to precisely gauge employee attitudes; however, the way employees think and feel has a significant impact on the workplace and employee engagement. Employees who feel trusted and supported, and believe their job performance is valued, will perform better and exert more energy to go above and beyond.

Actions

An employee's attitude directly correlates to their actions. If an employee has a poor attitude towards their company, their team, or their job, they are less likely to perform at expected levels. Disengaged employees are unmotivated and dissatisfied with their current job or job functions. They are more likely to show up late, leave work early, or put forth lackluster effort when completing their job functions. On the other hand, engaged employees are more likely to not only complete their job, but take extra steps to perform the job at the highest possible level. Employee actions directly impact their company's profitability and reputation. Therefore, employee engagement also directly impacts a company's bottom line and public perception.

Benefits of Employee Engagement



The benefits of employee engagement can manifest in a number of ways. One of the most obvious benefits of employee engagement is employee job satisfaction. If employees are more engaged, they are more satisfied with what they are doing and vice versa. Directly correlated to employee job satisfaction, is reduced turnover. People who are satisfied with their jobs are significantly less likely to search for another job than those that are unhappy. Reduced turnover helps companies save time and money by not having to spend as many resources on hiring and onboarding new employees.

Productivity is another large benefit of employee engagement. People who are engaged and satisfied with their jobs are more likely to show up to work each and every day. Disengaged employees on the other hand, are more likely to call out from work as they do not feel a strong sense of loyalty to their company. Employees with high attendance perform their job functions with higher productivity, since they spend more time at work. And, you guessed it, higher productivity leads to higher profitability for the company. Engaged employees are also more likely to have positive relationships with clients and customers. Positive relationships help to retain customers and can lead to an increase in customer referrals, all of which help to improve profitability.

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "What Great Employee Engagement Looks Like."

Now that you have a better understanding of employee engagement, let's move on to the next section to discuss ways in which employers and employees alike can drive engagement.

? PRactice Question

https://assessments.lumenlearning.co...essments/18190

https://assessments.lumenlearning.co...essments/18191

Sources

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10.8: Who is Responsible for Engagement?

Learning Objectives

- Identify who is responsible for driving employee engagement

It is evident that employee engagement is a vital component to increasing company profitability. *Human Resources Today* even goes as far as to classify the ideas of employee engagement as a financial strategy.[1] The *HR Today* article also discusses the research of Jacob Morgan, author of Employee Experience Advantage, which found that, "companies that invest in employee experience are four times as profitable as those that don't and have more than two times the average revenue."[2] So, who is responsible for driving employee engagement? Pause and think about it for a few minutes. Is the Human Resources team responsible for engagement? Should upper or lower management take the lead on engagement? Or is it something that needs to start as a grassroots movement from the bottom up?

There is a common misconception that employee engagement is the sole responsibility of the management team. However, in actuality, employee engagement is determined by managers and employees alike. An article posted in Gallup's Business Journal stated that, "Unless employees assume some measure of responsibility for their own engagement, the efforts of their organizations, leaders, managers and teams may have a limited effect on improving engagement."[3] While it may not be an equal 50/50 responsibility between managers and employees to drive engagement, employees most definitely play a role in the engagement equation.

How do different members of an organization drive employee engagement? Managers, Human Resources, and individual employees each play an important role in promoting engagement. Review the information below to learn how each group can foster a more engaged environment.

Managers



Managers set the tone for an organization. In order to successfully drive engagement, managers need to lead by example and work with their teams to set realistic and measurable goals. Engagement initiatives start from the top and work their way down. An exemplary management team is one that is passionate about their company's mission and abides by all company policies and procedures.

Consistency is essential to promoting engagement. Successful managers value honesty, show commitment to company policies and procedures, and refrain from biased behavior. Relationship building is another critical component of promoting engagement. The more a manager knows and respects their team, the more likely they are to gain the buy-in of their team members. Managers, especially at a direct level, have the greatest impact on employee engagement. Whether they have a positive or negative effect on engagement, depends on the environment they create.

Human Resources

The Human Resources team plays an important role in helping to develop company culture, which includes employee engagement. HR can drive engagement initiatives, promote engagement through training opportunities, and utilize feedback from employees to initiate and drive change. Even more importantly, HR is the first line of defense against employee disengagement. The recruitment and hiring process plays a significant role in employee engagement. Hiring the right person for the right job is essential in

establishing an engaged culture. A poor hiring choice can negatively impact an entire team. On the other hand, a great hiring decision can play a positive role in spreading engagement.

Individual Employees

As we discussed earlier, employees also play a role in their engagement. While engagement is influenced by management and HR, at the end of the day, it is up to each employee to determine how they think and behave. Employees are responsible for their attitudes and how they approach situations. It is naive to think a "perfect job" exists. Ideally, people enjoy their jobs and are invested in their careers; however, even a dream job still has days that are more challenging than others. Engaged employees are able to take the good days with the bad, and make conscious efforts to stay invested in their work and their organization.

? Watch This

Check out the video below to learn more about how to drive employee engagement.

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "Who's responsible for employee engagement?"

? Practice Question

https://assessments.lumenlearning.co...essments/18192

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10.9: Measuring Employee Engagement

Learning Objectives

- Describe ways to measure employee engagement

Engagement is a challenge to measure. Unlike sales numbers, which are clear and straightforward, employee engagement has a number of factors that contribute to it making it a challenge to accurately gauge. For example, if an employer asked you to rate your job on a scale of 1–10 and you rate your job a 6, what exactly does that mean? Does that mean you enjoy going to work 60% of the time? Or are there four main things you dislike about your job, leading you to remove four points off the ten total? A general scale question like this incorporates too many emotional aspects to be an effective measurement of how someone feels about their job. However, there are certain indicators of employee engagement that are more measurable. It is important to track engagement in more empirical ways in order to paint a clear picture of a company's employee engagement.

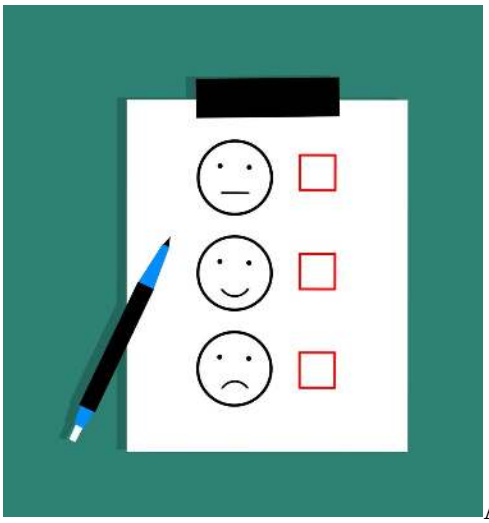
Components of Employee Engagement

Prior to measuring employee engagement, it is important to understand the components that work together to determine it. In the last section, we discussed the key players in engagement. There are measurable attributes each of these players can use to determine engagement.

Relationships

Relationships, for example, are a key component of engagement. This includes relationships between managers and employees as well as relationships between coworkers. The amount of feedback and recognition given at work is another measurable indicator of employee engagement. Feedback and recognition are both strong forms of communication. Feedback provides valuable information to an employee so they know what they should continue doing and what they need to improve upon. Recognition is a great way to praise an employee for doing their job well and motivate them to continue to perform at a high level. When an employee feels valued, they are more likely to be actively engaged at work.

Happiness



A person's happiness also plays an important role in their overall engagement. When a person is happy at work, they are more productive[1] and bring a positive attitude to the work environment, making it more enjoyable for everyone.

Health and Wellbeing

Employee health and wellbeing, both physical and mental, also influences their engagement at work. Employees who feel challenged and supported to advance in their career field are more likely to perform well and embody the company brand in all they do.

All of these things influence an employee's engagement as well as their overall job satisfaction. Employees who are highly engaged and satisfied with their jobs are less likely to seek out new employment opportunities, even for greater pay. They say you can't buy happiness, and employees who are truly happy with their careers understand this and choose to stay because of it.

Measuring Employee Engagement

Interviews



A common way to measure attributes of employee engagement is through one-on-ones and interviews. For example, exit interviews are a great way to gain honest insight into employee engagement and job satisfaction, or lack thereof. Exit interviews are commonly used by companies to determine how to improve employee engagement. While exit interviews can provide useful information, they are conducted after an employee decides to leave an organization. Other ways to gain information, prior to an employee deciding to leave the organization, is through one-on-ones or walking chats. These types of employee interactions are essentially miniature interviews where managers, or the human resource team, conduct a short and sweet conversation with an employee with the intention of building relationships and providing and gaining feedback.[2] These in-person conversations help build rapport, and when they occur regularly, can help measure engagement and address any issues or concerns before they become a larger problem.

Pulse Surveys

Pulse surveys are another quick and easy way to gather data on employee engagement. Pulse surveys are designed to take a quick pulse of the organization by asking a small number of questions to measure engagement and job satisfaction. These surveys should be quick and easy to complete and widely distributed throughout the organization. Pulse surveys can be effective but impersonal at times. Collecting data and feedback is most effective when multiple forms of data collection are utilized (for example, using pulse surveys and walking chats). An employee Net Promoter Score (eNPS) is another survey that some companies use to determine engagement. To determine the eNPS, employers need to ask a simple question: would you recommend working for your company or using the product/services they provide? Some companies argue that the answer to this question is the biggest indicator as to whether or not their employees are engaged. Other companies believe that the information is good to have, but do not believe it is a strong indicator of true engagement.

? PRactice Question

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Using Engagement Data

Measuring engagement does not stop here. Collecting the data is important, but equally as important is actually doing something with the information collected. First and foremost, a company should review the data, analyze the information, and look for patterns and trends. After exploring all the information, the company needs to determine how they want to use the information to make improvements. One strategy is to hone in on a few key themes and create an action plan to effectively change and improve any large areas of opportunities identified during the data review process. Taking the time to collect the data, but not taking the time to do something with the data, is a waste of time and resources.

? Building Engagement in a Dissatisfied Workforce

Let's take a look at SewCool, which is suffering from high turnover and see what they can do to

A link to an interactive elements can be found at the bottom of this page.

While direct actions will vary based on company needs, your goal will be to improve the three components of employee engagement: relationships, happiness, and health and well being. Engagement efforts will be continuous; as your workforce and business environment change so will your employee needs.

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10.10: Why Do Engagement Efforts Fail?

Learning Objectives

- Describe the reasons most engagement efforts fail

It is important to understand that employee engagement is a long game, not a short game. Engagement cannot be established overnight and cannot be developed as a quick and easy company initiative. As we have discussed in this module, there are a large number of components that contribute to engagement and it is important to carefully foster each one in order to see desirable results.



Most companies understand the importance of employee engagement, however, many have been unsuccessful in their efforts to improve engagement. So where is the disconnect? According to Bill Fotsch and John Case, *Forbes* contributors, there is one big missed opportunity: "There is no connection between engagement and results."[1] Fotsch and Case compare engagement to a sports scenario, explaining that if a team practices every day, knowing they will never play a game, they are less likely to be engaged. A team sport is appealing because each player competitively works together towards the same goal. If companies could harness this competitive spirit, instill it in the workplace, and work with their teams towards greater profitability, they would inevitably improve employee engagement. Most companies fail to focus on "winning" as a team and instead fall back on the idea that engagement is solely determined by employees' perceptions of how they are treated.

In addition, Fotsch and Case argue that many companies place too much pressure on managers, holding them solely responsible for engagement. While it is accurate to say that managers directly impact employee engagement, it is not practical to put the weight of engagement all on their shoulders. Instead, it is important to consider policies and procedures in place that may need to be altered in order to more efficiently run daily tasks and processes. Many managers fail to paint a bigger picture for their team, which can scramble overall team goals and objectives, creating a confusing working environment, and having a negative impact on



engagement.

Incentive programs are also common practice at many companies. While incentive programs and competitions are great ways to spark interest and motivation, they oftentimes fizzle out. More times than not, incentive programs are short lived and lose their gusto sooner rather than later. Incentive programs are great for reaching short term goals but fail to improve long-term objectives, like engagement. Finally, engagement initiatives may fail because they are not properly vetted or supported. Having a pulse on the company and understanding the shortcomings of current company operations is essential to implementing an effective engagement plan.

? Practice Question

https://assessments.lumenlearning.co...essments/18194

So, if engagement initiatives fail, what impact does that have on a company? Although some employees may appreciate the effort of implementing new initiatives, it can also lead to frustration when initiative after initiative fails. What happens when engagement is absent in the workplace? For starters, it can create a negative and pessimistic working environment. This leads to unhappy employees with low job satisfaction and lackluster productivity. A lack of employee engagement may result in higher turnover, lower profitability, and a poor organizational culture.

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1. Fotsch, Bill and John Case. "Why Engagement Fails and What to Do About It." Forbes. November 14, 2017. Accessed October 29, 2019. ↵

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10.11: Introduction to Conflict at Work

What you'll learn to do: Identify conflicts that affect work relationships

Unfortunately, conflict occurs wherever people interact, both at home and at work. If employees don't get along with one another or their employers, there's very little motivation to do good work. Learning how to identify and navigate conflict is an important life skill that will prove to be extremely helpful, especially in the workplace. Professionally managing conflict will help to foster healthy working environments and create strong working relationships amongst coworkers and managers alike.

This section will discuss the impact of workplace conflict and explore healthy ways to implement conflict resolution strategies and techniques. It will also explore the concept of emotional intelligence and the role it can play in the workplace.

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10.12: The Impact of Conflict

Learning Objectives

- Describe the impact of conflict in the workplace

Before we can discuss the impact of workplace conflict, we need to better define it. Any time individuals interact, there is potential for conflict. Conflict occurs when differing interests and ideas collide, creating tension. Conflict is a natural part of everyday life, especially in the workplace. With compensation, deadlines, clients, etc. on the line, it is normal for the workplace to add additional stress and pressure to the challenges of everyday life. Therefore, it is more likely people will encounter conflict at work.

So if conflict is so common, how can we avoid its impact in the workplace? In reality, we can't. Conflict will always be around, oftentimes in varying levels. Some conflicts may have simple solutions, where others may be accompanied with drama and complex situations. To best understand how conflict impacts the workplace, it is important to explore sources of conflict. Each source will have a different impact on the workplace environment and require their own solution. Check out the information below to learn more about a variety of sources that create conflict.

Communication

Everyone has different communication styles and they may not always mix well. Someone with a direct communication style may come off as rude or abrasive to someone with a more indirect communication style. Even if the direct individual had no intentions of being rude, their communication style may present them in that way. Additionally, the direct individual may feel like the more indirect communicator is wasting time with unnecessary details. However, each communicator understands the other's communication style, and makes allowances for personal differences, there is less likely to be conflict. Understanding how your coworkers and supervisors communicate is extremely helpful in navigating your workplace.

Poor communication can also create conflict in the workplace. If important tasks and information are not communicated properly, it can create confusion, extra work, and frustration. If someone gets only part of the message, or gets varying versions of the same message, they are more likely to get frustrated and involved in workplace conflict. Poor communication can have a detrimental impact on an organization if it is not addressed.

Employee Differences

Even if you work in the same field as your coworkers, chances are each of you are very different from one another. Everyone views their world through a different lens which influences their values and outlook. Your values may not align with your coworkers, and while that is expected, it can also lead to workplace conflict. If there is a lack of understanding or a lack of acceptance for your coworkers' differing views and values, conflict is likely to arise and create tension among coworkers.

Employees are also likely to have differing interests. If an employee is more focused on their personal interests as opposed to the interests of the team, conflict is inevitable. While it is important to foster your own goals, it should not be at the detriment of the team.

Personality differences may also create conflict. People approach problem-solving and the workplace differently, which can create conflict if coworkers do not understand one another. Even if a person acts with good intentions, it may not be perceived that way by others they work with. Communication is the best way to avoid conflict from personality differences, but can create other challenges when incorporating multiple communication styles.

Lack of Resources and Poor Performance

When resources are scarce, people are more likely to get confrontational and competitive about the limited resources available. Fighting for time and resources will most likely always lead to some sort of workplace conflict. A company can help in this scenario to avoid creating conflict by ensuring their employees have the resources they need to be successful and complete their job functions.

If there is an underperformer on the team, it can be frustrating for everyone. Poor performers do not contribute to the success of the team and, equally as concerning, they can even create additional work for their coworkers. Underperformers who take advantage of

their team members and their work efforts, are going to draw negative attention and conflict.

? PRactice Question

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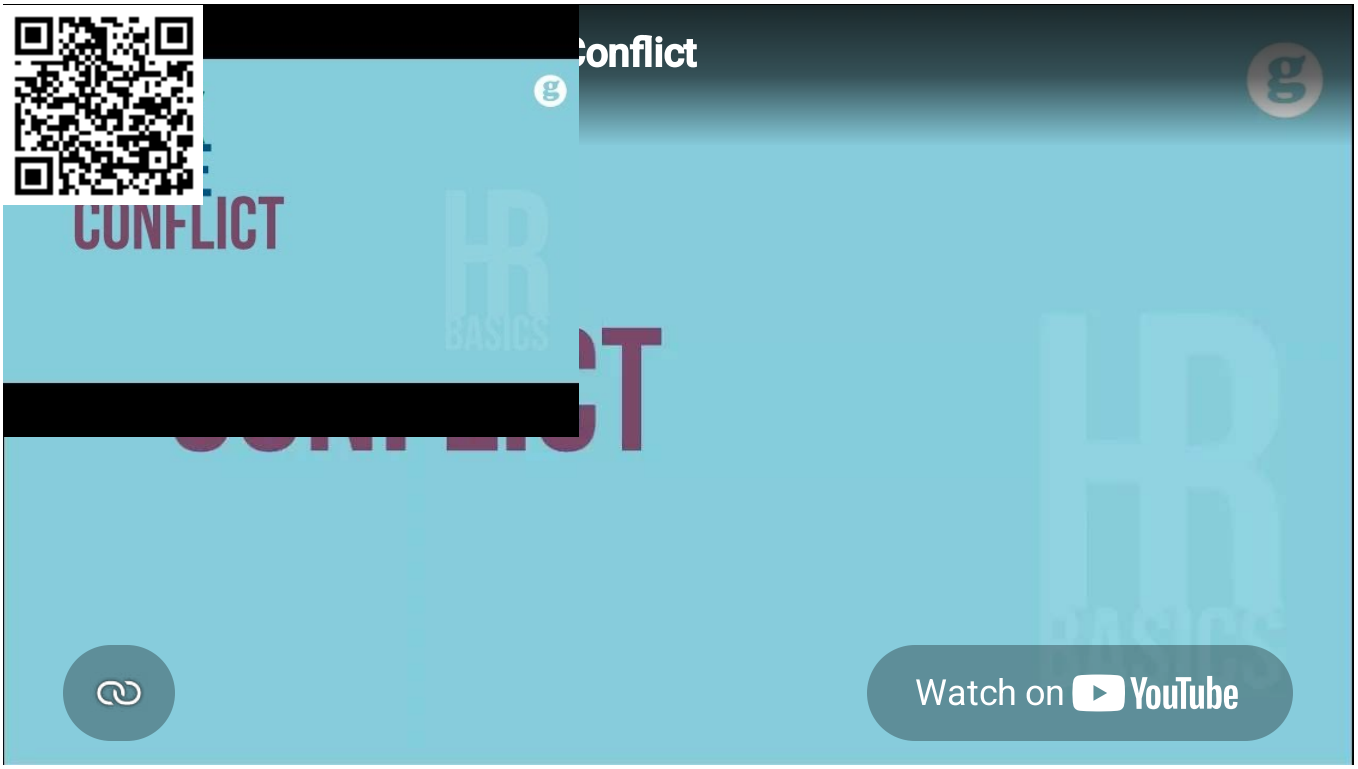
10.13: Conflict Resolution at Work

Learning Objectives

- Describe workplace conflict resolution strategies

While you may not be able to avoid conflict, there are certain strategies you can use to navigate through it with ease. Before we dive into conflict resolution techniques, check out the video below to review sources of conflict and learn about the Thomas-Kilmann conflict mode Instrument (better known as the TKI Model).

A link to an interactive elements can be found at the bottom of this page.



You can also download a transcript for the video "HR Basics: Workplace Conflict."

The TKI Model (repeated in Figure 10.13.1) is a great tool because it helps to promote one-on-one and group conversations around conflict and conflict resolution. It aids organizations in understanding how conflict resolution impacts both interpersonal dynamics as well as team dynamics. Understanding how conflict resolution impacts both the individual and the group will help people determine the best resolution strategy for the betterment of the team.

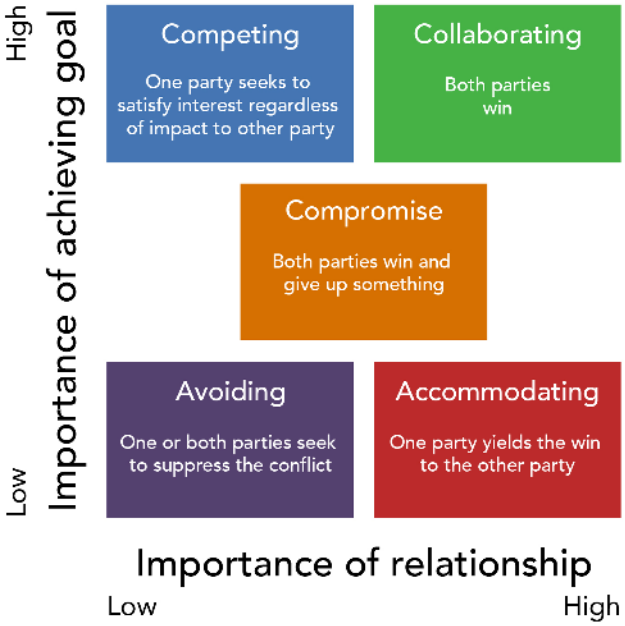


Figure 10.13.1: The TKI Model of Conflict Resolution. Alternative text for the TKI Model of Conflict Resolution can be found here.

iduals alike can use to navigate through conflict resolution. Check out the strategies below to learn more!

Find the Cause of the Conflict

When dealing with conflict, it is more important to understand the root of the problem than to focus on who is in the right. Instead of looking for a person to blame for the conflict, focus on the central cause of the disagreement. Addressing the root cause of the issue will not only help fix the current conflict but can also help to prevent future problems.

It is important to focus on the behavior, not the individual's personality. Blaming a person's personality can create additional conflict. Focusing on behaviors and actions is a more constructive way to approach a conflict and is something an individual is capable of changing. It is not realistic or helpful to focus on personality traits and emotions that cannot be changed.

Take a Step Back

Conflict is oftentimes accompanied by emotions. This is a normal reaction in many situations, however, it can create additional conflict when people let their emotions take control. Before addressing the conflict, take a moment to address any emotional reactions you are experiencing. Addressing your emotions in private before addressing the conflict with others is an effective way to approach the issue from a more objective standpoint. It also allows you time to address any anger or frustration before meeting with your coworkers or supervisors, which will help you to maintain a professional demeanor.

Focus on Effective Communication



The way in which you communicate through a conflict will greatly influence the outcome. Communicating face-to-face is important to ensure clear communication. Trying to address conflict via email, or even through a phone conversation, leaves room for misinterpretation. Tone and inflection are extremely hard to decipher through text, and can be misconstrued as rude or snarky. Meeting face-to-face allows everyone involved in the conflict to clearly communicate their viewpoints and frustrations.

It may also be a good idea to get the opinion of a third party before addressing the issue (with the exception of conflict with sensitive or personal information that should not be shared). This will provide fresh perspective and help you see the conflict from a different angle.

Take Ownership

Realistically, an individual will not be in the right in every conflict. Taking ownership for misunderstandings and shortcomings and using conflict resolution as an opportunity to learn from mistakes is an important tool. Being able to acknowledge how an individual could have handled things differently is important to strengthening relationships and personal growth.

Finally, it is important to take active steps to learn from the conflict. Determine what could have been done differently to avoid the conflict and find teachable moments that can be used to avoid future conflicts.

? PRactice Question

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CHAPTER OVERVIEW

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11.1: Navigating Employee Termination

Learning Outcomes

- Discuss the impact of downsizing on the organization and employees
- Identify the legal and social effects of terminating an employee

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11.2: Putting It Together- Employee Termination



Let's take a look back at XYZ Automotive. In 2012, they learned the hard way that short-term cost cutting can lead to long-term effects on a company's reputation and profitability. After learning from their downsizing shortcomings in 2012, XYZ Automotive was better equipped to handle future restructuring situations. In 2018, when faced with the need to layoff employees to reduce costs, XYZ Automotive decided to take a different approach than they took in 2012. This time, they decided to clearly explain their reasonings behind the layoffs. In 2012, profits were up, which made it all the more confusing when the layoffs began. If XYZ Automotive had clearly explained the reasonings behind the layoffs (increased plant costs and lowered sales prices to stay competitive), they may have been met with less outrage. In addition, instead of completely eliminating an entire plant, in 2018, XYZ Automotive decided to spread out the layoffs over their entire company.

While there is never an easy way to downsize, there are ways organizations can provide better understanding and compensation to help lessen the blow. It is most important to consider long-term strategic decisions instead of focusing on short-term solutions. If rash decisions are made during the downsizing process, potential consequences are more likely to be overlooked and can cost the company a lot more money in the long run.

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11.3: Discussion- Employee Termination

If you have ever worked for a company that had to perform a major layoff, sending large groups of employees home and to the unemployment line, you know that it makes for a very somber and stressful day: Saying goodbye to valued coworkers, sharing with them their new financial worries, reviewing the workload they left behind and realizing you're among those left that need to pick up the slack. And if you're not anxious enough about that, you're also wondering—am I going to be next?

On top of being a blow to company morale, when an organization chooses to downsize it risks the result of less revenue and less productivity. So, is downsizing the only alternative?

Discussion Prompt

HR professionals can assist in proactively and creatively producing alternatives to downsizing by using the tools in their arsenal. In this exercise you're charged with exploring alternatives to downsizing that will save employee jobs and still accomplish the organization's goals of cutting costs.

Use everything you know about downsizing and everything else you've learned so far as a Human Resources manager to come up with one or two ideas to prevent or find alternatives for corporate downsizing. Don't forget to put a small explanation next to each bullet point, and when you're done, check out the ideas two of your classmates have come up with.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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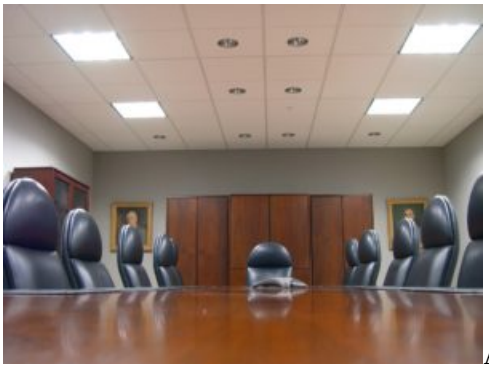
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11.4: Why It Matters- Employee Termination

Why learn about the legal and social ramifications of employee termination?

XYZ Automotive is an international organization specializing in affordable, energy efficient cars. In 2012, the company celebrated a 59% increase in profits. Although numbers looked great, when a competitor entered the market in 2010, XYZ Automotive was forced to lower their prices by 25% in order to stay competitive. In addition, labor costs and taxes at their car plant in Europe had increased by 15%. The executive board at XYZ Automotive decided their best way to cut costs was to eliminate their European plant. This move required the company to layoff 1,500 employees. When upper management traveled to the plant to make the announcement to the employees, they were met with outrage and anger. Within the week, thousands were protesting in the streets, forcing local law enforcement to get involved. People were encouraging the public to boycott the company, and its stock prices fell drastically after the announcement.



Although XYZ Automotive was able to cut costs initially, their decision to shut down the European plant cost them millions of dollars in employee compensation and severance packages and millions more in lost sales and profits. While the company's motives were to reduce costs, it ended up spending much more than they saved. XYZ Automotive was so focused on a short-term solution that they overlooked the long-term impact their downsizing decision would have on the organization's profitability and reputation.

So how might XYZ Automotive have handled the situation differently? This module will explore the inner workings of downsizing and the most effective and legal ways to handle employee terminations and layoffs.

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11.5: Introduction to Downsizing

What you'll learn to do: Discuss the impact of downsizing on the organization and employees

Companies downsize for a number of reasons. Poor economic times, decreasing profitability, or a merger with another company—these are just a few examples of why a company may decide to downsize. Downsizing oftentimes has a negative connotation as it is associated with large-scale layoffs.

However, there are obvious benefits to downsizing—first and foremost is the ability to cut costs. It is probably safe to say that no one enjoys terminating employees. Nevertheless, when a company has to cut costs to keep itself afloat, downsizing often becomes more of a necessity than an option. This section will explore downsizing and the positive and negative impact it can have on an organization.

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11.6: Downsizing

Learning Outcomes

- Describe the effects of downsizing

Downsizing

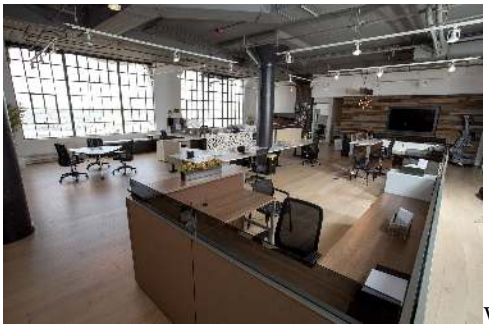


Downsizing is when a company terminates a number of employees at the same time. Downsizing occurs for a number of reasons, most often to save money. Termination as a result of downsizing is unique in the sense that the employee is not responsible for their termination. Traditionally, employees are terminated for their conduct, behavior, or breach of contract. However, in a downsizing situation, termination is not prompted by employee behavior but instead is a business decision made to cut costs.

Reasons to Downsize

Before we can understand the effects of downsizing, we need to first better understand the reasons behind downsizing. Companies downsize for a variety of reasons including less than stellar economic conditions, a company merger or acquisition, or when a product or service is cut. Let's learn more about each reason.

Tough Economic Conditions



When economic conditions are poor, sales and profitability can suffer. When sales and profitability are down, some companies may need to make drastic cuts in order to stay in the green. In some situations, downsizing is a good option for cutting costs.

Merger or Acquisition

When two companies merge together, the companies need to restructure in order to meet their new needs. Restructuring may include eliminating certain roles altogether or reducing the workforce in certain departments. Companies that acquire another company may also downsize in order to meet the new needs of the company.

The End of a Product or Service

If a company is well staffed for a particular product or service that is then discontinued, they may need to downsize since there is no longer a need for such a large staff.

? PRactice Question

https://assessments.lumenlearning.co...essments/18198

? What Is Rightsizing?

Another term associated with downsizing is streamlining or rightsizing. While downsizing and rightsizing essentially mean the same thing, there are a few nuances used to differentiate between the two. First, rightsizing is considered a restructuring of an organization which may include layoffs, whereas downsizing is specifically intended to reduce the size of an organization. In addition, the term "rightsizing" sounds more appealing than "downsizing." Therefore, companies may use the term rightsizing to sugarcoat impending layoffs. Regardless of whether or not a company refers to it as downsizing or rightsizing, each term effects organizations in similar ways.

Is Downsizing Effective?



Do you believe downsizing is effective? Do you think the short-term benefits of downsizing are worth the long-lasting impact it can have on an organization? While the financial benefits of cutting costs is clear, the impact large layoffs have on the workforce is sometimes less than desirable. Some argue that downsizing has more negative consequences than positive ones. In fact, researchers from Auburn University, Baylor University, and the University of Tennessee, Chattanooga conducted research to determine if there was a correlation between companies that downsized and companies that filed for bankruptcy. Their research found that downsizing firms were twice as likely to declare bankruptcy than those who did not downsize[1]. This study confirms how important it is to weigh all of the options before making a decision. It is vital for companies to compare possible short-term consequence with possible long-term consequences before deciding whether or not to downsize. Unfortunately, there is no easy answer or black and white solution. Each organization is unique and needs to consider downsizing within the perimeters of their current situation.

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11.7: Effects of Organizational Downsizing

Learning Outcomes

- Describe the effects of terminating employees during organizational downsizing

Terminating employees is never a fun task. Even the word “termination” sounds doomful, final, and permanent. People work to support their families and their lifestyles. Without a job, providing for yourself and those that depend on you is extremely challenging. Therefore, layoffs put former employees in a tough position and should never be taken lightly. Although downsizing may be deemed necessary, deciding to make large cuts in the company’s workforce is going to impact a large number of people, including those getting terminated and those who are being retained.

It is expected for employees getting laid off to be upset and surprised. Upon announcing company layoffs, employers may experience backlash from employees. Although these are normal short-term reactions and consequences of downsizing, there are a wide variety of long-term effects companies can expect to experience. Read the information below to learn more.

Loss of Knowledge and Experience

Companies invest a lot of time and resources into hiring and training employees. In theory, every employee should have the essential skills and knowledge base required to complete their job functions. Also, the longer an employee is with a company, the more information and skills they can acquire. Therefore, when employees are laid off during the downsizing process, the company loses more than just a warm body; they lose the employee’s knowledge, experience, and expertise. In addition, downsizing companies typically do not hire new employees, which means there will be a void instead of a replacement.



Increased Workloads and Pressure on Remaining Employees

When companies downsize, gaps within the workload are created. This adds pressure to the remaining employees to not only complete their current job functions, but also to pick up additional work to compensate for the terminated employees. The additional responsibilities, on top of their current ones, can create stress and pressure on remaining employees and negatively affect the morale and motivation of the team. In addition, when employees are bogged down in the day-to-day work tasks, there is little time left to learn a new skill or expand their current knowledge base. This can create a stagnant work environment and stunt current employees’ growth potential.

Loss of Trust and Security

Layoffs tend to put people on edge. For obvious reasons, terminated employees are feeling a sense of insecurity as they are being forced to leave the company and find other work. The remaining employees may also struggle with downsizing. Even if their job has not been cut, knowing that their company is willing to lay off employees to cut costs can be an unsettling realization. Although the remaining employees may be relieved to be spared from termination, there is oftentimes a loss of trust with management and a loss of comfort in job security.



Legal Issues

Although downsizing is legal in the United States, companies that choose to downsize may experience legal backlash, specifically from terminated employees. If employees that were laid off feel as though they were laid off due to discriminatory reasons, they may have grounds for a lawsuit. Legal consequences are not guaranteed in all downsizing situations; however, they are a definite possibility.

Client Relations

When a large number of employees are laid off, it may impact client relationships. If there are fewer people employed to handle clients and their accounts, the customer experience will suffer. Also, if clients had a great working relationship with an employee that was then terminated, they may be frustrated to have a new person assigned to their account. These frustrations may lead to a loss in profitability and customer satisfaction.

? PRactice Question

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As you can see, terminations during the downsizing process have a wide variety of consequences for an organization. Terminating employees is never easy and understanding how to handle downsizing with care is essential for maintaining a strong and effective work environment. Let's move on to the next section to discuss how to downsize without downsizing morale.

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11.8: Downsizing and Morale

Learning Outcomes

- Describe how to downsize without downsizing morale

As we discussed in the last section, downsizing often leads to frustration and insecurities. So if a company finds downsizing to be the most logical next step for their organization, how can the company minimize the damage layoffs can have on company morale? Unfortunately, there is no one-size-fits-all answer to this question. However, there are certain strategies and techniques companies can use to reduce backlash and salvage morale. The Human Resources Department is an essential part of a well-managed downsizing process. From start to finish, the HR team can help to properly communicate key messages, help former employees navigate the termination process, retrain and reallocate the remaining workforce, and fill many other important support roles. Check out the strategies below to learn more about ways to effectively handle downsizing and layoffs.



Communication is Key

Professional, informative, and clear communication is essential for ensuring a smooth downsizing process. Communication is extremely important in day-to-day interactions at work and it is especially important during confusing and trying times, like when a company is downsizing. Downsizing is a big challenge, for employers and employees alike. How a message is communicated and delivered can have either a positive or negative effect on the organization's morale.

For example, if a company announces layoffs the day they begin terminations, they are going to get more backlash. Catching employees off guard with something that will greatly impact their livelihood will result in anger, fear, confusion, frustration, and other intense emotions and thoughts. Even employees who get to keep their jobs may feel caught off guard and lose any sense of security they have in their job. Too little communication can make it appear as though management is trying to hide something or that the plan is not well thought out and executed.

When there is clear communication around the downsizing plan and the reasons for downsizing, employees are more likely to be receptive to the message. There is no real way to sugarcoat a downsize or a termination; however, clear communication throughout the process is a respectful way for organizations to handle the situation.

A focus on communication should continue after layoffs occur. It is important to keep open lines of communication with the remaining employees and share the company's vision for the future. It is also a good idea to address the elephant in the room, the layoffs. While it is important to move past the layoffs, it is equally as important to address them and not pretend as if they did not happen. Acknowledging change is necessary to move past the downsize and forward into the next chapter for the company. When management acts like nothing happened, it can create additional distrust and uneasiness among the remaining employees.



Provide Support

When companies layoff a large number of employees, it creates a gap between the workload and the workforce. Therefore, the remaining employees are needed to step up to fill the void and oftentimes are expected to take on greater responsibilities in addition to their current workload. This can be overwhelming for many employees. Providing support through resources, assistance, training, etc. can help to alleviate some of the frustrations and ensure that work is completed in a timely and high-quality manner.

Create a Fun and Engaged Work Environment

When employees see their coworkers getting laid off, it can spark insecurity and loneliness. People that employees were used to seeing on a daily basis will no longer be there, and some employees may be wondering if they will be the next to go. Hosting team building activities and events is a great way to promote teamwork and introduce employees to other coworkers they may not have worked with previously. When employees have a support team among their coworkers, they are more likely to be engaged and motivated. Creating fun events to foster mingling and team building, is a great way to help build healthy work relationships. A fun work environment can also help to show employee appreciation and demonstrate that the company is invested in their remaining employees.

It is important, however, that fun events are genuine, and not contrived. The motivation should be to build a strong team with the remaining employees, not simply a distraction from recent layoffs. Ensure there is a purpose behind fun activities and events (team building, networking, employee appreciation, etc.). Employees will be able to identify a work environment that is genuine versus one that is overcompensating to distract from recent events.

Respect and Understanding

Change impacts everyone differently. It is important to be understanding of the way individuals will handle the impacts of downsizing. Being respectful of the feelings of others, while still maintaining behavioral expectations, is important to rebuilding company morale. Managers should try to understand the root of employee frustrations and provide support and guidance when needed.

? Practice Question

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Once again, there is no “correct” way to handle downsizing and terminations. However, managers who use the strategies discussed in this section will be better equipped to maintain company morale during a difficult and trying time.

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11.9: Introduction to Effects of Termination

What you'll learn to do: Identify the legal and social effects of terminating an employee

As we discussed in the last section, there are a number of ways terminating employees impacts an organization. It is also important to remember that the terminated employee is heavily impacted. While we have discussed the side effects of terminations on the morale, productivity, and engagement in the workplace, there are a few other important ways that terminations can impact an organization. Legal ramifications from a poorly executed termination can have serious consequences. Understanding the legal and social impact of terminations will help companies to properly execute and plan for terminations.

This section will identify legal and ethical ways to terminate employees and the laws surrounding terminations. We will also discuss the advantages and disadvantages of laying off employees. Let's get started!



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11.10: Legal and Ethical Termination

Learning Outcomes

- Identify ways to legally terminate an employee
- Identify ways to ethically terminate an employee

There should always be justification for terminating an employee. Any company that fires an employee "just because" can face serious consequences. To protect themselves from lawsuits, a damaged reputation, and a hostile work environment, companies need to ensure they have policies in place surrounding termination procedures. These policies should address ways to legally and ethically fire an employee.

Legal Considerations

Let's start by exploring legal ways to terminate employees. Since the next section will address laws surrounding termination, let's discuss strategies companies can use to protect themselves from legal repercussions surrounding employee terminations. First, consider layoffs from downsizing. This type of termination is unique because the employees are not fired for wrongdoing or breach of contract. Instead, the company has made a decision to cut costs and therefore has made a business decision to cut their workforce. When laying off employees it is important to consider the following:

- Can the company justify and explain their business decision to make layoffs?
- Are there written company policies that outline downsizing procedures? If so, they need to be followed.
- Is there anything in an employee's contract that protects them from layoffs or requires some sort of severance pay in the event of a layoff?
- How will the company determine who they layoff? It is important to predetermine the departments and positions that need to be cut. In addition, there should be clear, objective criteria in place to determine who will be laid off (seniority, sales, etc.). These criteria should be used universally throughout a company when downsizing.

"Fired" employees are different than employees who are laid off. When companies fire someone, it can be for a number of reasons. For example, poor work performance, unethical conduct, or breach of contract. Even if employees have behaved in a way that justifies terminating their employment, there are still a number of things to consider before firing them. Check out the information below to learn more.



Document, Document, Document

Consistent and clear documentation is key to avoiding legal problems after firing an employee. If an employee is spoken to about their poor performance, the conversation should be documented every time. This way, employers are able to show habitual behaviors or poor performance and have evidence that the company tried to help rectify the employee's shortcomings. When repeat behaviors are well documented, companies can justify firing an employee for a negative behavior or performance pattern.

Do Not Discriminate



While this may seem like common sense, it is extremely important to remain fair and consistent across the board, regardless of a person's background or demographics. If an employee is terminated based on discrimination and not their performance, major lawsuits are possible. In addition to legal and financial problems, companies that are found to be guilty of discrimination may experience a blow to their reputation and company morale.

Stay Consistent

It is extremely important for companies to consistently follow any policies and procedures they have in place around documenting poor performance and bad behavior. The way in which employees are terminated should also look similar. Employees should be fired in face-to-face, professional settings. Consistency is key to conducting legal and ethical terminations.

? Practice Question

https://assessments.lumenlearning.co...essments/18201

Ethical Considerations

Now let's review some ethical factors to consider when terminating someone's employment. It is important to note that just because something is legal, does not necessarily mean it is ethical. Here are some ways to ensure employees are fired in an ethical way:

- Be sure to hold conversations prior to firing an employee. If they are underperforming or not meeting expectations, having a conversation with them gives them a chance to course correct. The termination conversation should not be the first time the employee is hearing about their shortcomings!
- Stay consistent across the entire organization. We discussed consistency in relation to legality, but it is also extremely relevant to ethics. Consistency can help to avoid discrimination and ensure unbiased and fair treatment for all.
- Be transparent. Employees should be notified in person that they are being terminated. Finding out about getting fired through a letter or from a third party is completely unprofessional. Although most people do not enjoy firing someone, it is important to show the employee enough respect to sit down and have the conversation face-to-face.

? Practice Question

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Now that we have reviewed ethical and legal strategies for terminating employees, check out the video below to learn about additional strategies managers can use to streamline the termination process.

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "3 things managers should know before laying someone off."

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11.11: Termination Laws

Learning Outcomes

- Discuss laws surrounding termination



At-will employment is recognized by every state. At-will employment is the idea that an employee or an employer has the right to end employment at any time and for any legal reason. While this may sound as though it lets companies off the hook, in actuality, “any legal reason” still sets parameters for companies to follow. Therefore, it is still important for employers to follow legal and ethical precautions when conducting their termination process.

There are some exceptions to at-will employment. For example, a signed contract regarding an employment relationship may outline additional parameters employers need to operate within. A contracted employee may complicate things for employers trying to fire them. Unions can also complicate terminations by enforcing additional guidelines. If employers consider all of these exceptions and can legally justify their termination decisions, they are less likely to face a lawsuit.

There are also a handful of laws in place to protect employees. Check out the information below to learn more!

- **The Civil Rights Act of 1964:** The Civil Right Act of 1964 made it illegal for companies to discriminate based on “race, color, religion, sex, or national origin (source:Equal Employment Opportunity Commission).” This was a huge step forward for social justice in the United States and laid the groundwork for future antidiscrimination legislation. There are now laws in place to protect women and minorities against wage discrimination, to protect workers over the age of 40 from ageist discrimination, and to protect people with disabilities from discrimination in the workplace.
- **Equal Employment Opportunity (EEO):** EEOs are laws put in place to protect people from discrimination in the workplace. They enforce laws like the Civil Rights Act of 1964 and use the Equal Employment Opportunity Council (EEOC), a federal agency, to promote and enforce antidiscrimination laws.
- **Family and Medical Leave Act (FMLA):** FMLA allows employees to take up to 12 weeks of unpaid leave per year to care for their family. This time can be used to care for a sick family member, for maternity/paternity leave, or for personal health issues. This protects employees from getting terminated for missing work to care for themselves or a family member.
- **OSHA Whistleblower Protection Program:** There are a number of federal statutes in place to help protect whistleblowers from facing repercussions for coming forward with information about a company’s unlawful behavior.

In addition to the laws discussed above, there are certain rights granted to individuals who have been terminated from their job and are now unemployed. For example, when terminated, some individuals may lose their only source of health insurance. To help ensure they still have access to healthcare, terminated employees have the right to choose to continue their health coverage for a limited period of time. Unemployment benefits are another option for individuals who have been fired. If a person can prove they were terminated by no fault of their own, and meet the other requirements, they may be eligible for unemployment benefits and compensation.

? Practice Question

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11.12: Layoffs vs. Firing

Learning Outcomes

- Discuss the reasoning behind laying off an employee or firing them

As we discussed earlier in this module, there is a difference between laying off and firing an employee. Each of these is a form of termination, but with differing intent. When an employee is laid off, it is usually through no fault of their own, but rather a business decision made by the company to cut costs. When an employee is fired, however, it is a repercussion for their poor decisions or performance. Let's first discuss the advantages and disadvantages for terminating an employee by laying them off.

Laying Off an Employee



Advantages

Cutting costs is the primary advantage of laying off employees. When mass layoffs occur, companies are able to drastically reduce the amount of money spent on employee compensation, benefits packages, etc. Layoffs can help a company regain a better economic standing and gain better control of their finances.

Disadvantages

As we discussed in the previous sections, there are a number of disadvantages associated with downsizing and layoffs. For example, mass layoffs can create an unstable work environment with uneasy and overworked employees. When layoffs occur, the remaining employees are often expected to fill in the gaps created when former coworkers were terminated. Layoffs can negatively affect company morale and motivation. In addition, client relationships and sales may suffer, as changes to job assignments are made and the number of employees to complete the workload has decreased.

Firing an Employee



Advantages

The main benefit of firing an employee is that the undesirable behavior or performance has been eliminated from the company. Firing an underperformer opens up a position which can then be filled with an employee better suited to meet the job requirements and expectations. In some cases, when a toxic employee is fired, it can shift the workplace environment from a negative one to a positive one. Although firing someone is never a fun task, when done for the right reasons, it can have a positive impact on morale and profitability.

Disadvantages

One possible disadvantage to firing an employee is possible legal consequences. However, if a company follows legal guidelines and their predetermined termination policies and procedures, lawsuits are less likely. Another disadvantage of firing an employee is the need to fill their position. Any form of termination or turnover creates a staffing gap. In order to fill this gap, the company needs to spend a lot of time and resources to interview, hire, onboard, and train the new employee. It will also take time to get the new employee up to speed and performing at the levels required of the position.

? Practice Question

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CHAPTER OVERVIEW

12: Employee Rights and Responsibilities

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12.5: Introduction to Laws and Employee Rights
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12.11: The Purpose of Discipline
12.12: Progressive Discipline

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12.1: Formalizing Behavior Standards, Consequences, and Procedures

Learning Objectives

- Discuss laws relating to employee rights
- Discuss disciplinary factors and guidelines

A link to an interactive elements can be found at the bottom of this page.

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12.2: Putting It Together- Employee Rights and Responsibilities

In the workplace, as in society, employees and employers have both rights and responsibilities. Federal, state and local laws afford employees a number of rights, including the right to control their financial (credit) information, the right to access their personnel information, a right to engage in "concerted" and political activity and to engage in lawful behavior outside the workplace. Legislation and business requirements also impose responsibilities, including the responsibility to conduct oneself in a professional manner—for example, abiding by business policy, standards of professional conduct and safety and health requirements—and to meet performance expectations.

One of the areas that is a danger zone for both employees and employers is social media. The National Labor Relations Act (discussed further in Module 13: Union–Management Relations) protects the rights of employees to "act with co-workers to address work-related issues," including discussing pay, benefits or other working conditions with one or more co-workers on social media.[1] However, there's a limit to that protection. Public social media comments that are offensive, maliciously false or that are unrelated to working conditions (for example, disparaging an employer's products or services) do not constitute protected activity. Also a single employee's social media rant that is not part of a broader discussion of labor issues is not protected activity.

As discussed in Avoiding Bias in Selection and this module, employers use of social media for identifying or evaluating candidates or employees behavior can pose a risk of discrimination based on a protected category such as age, gender, and race. As the legal information website Justia.com notes: "The EEOC has taken the position that personal information from these sites may not be used to make employment decisions on prohibited bases."[2]

Conversations on these sites is also likely to reveal protected information such as a criminal record or health information. That said, employers do have a responsibility to police social media—especially if employers are accessing social media on work computers. For example, Justia notes that "if your coworker posts sexually harassing or derogatory information about you away from the workplace, your mutual employer can be liable for a hostile work environment if it knew of the posts or if the harassing party used work equipment, such as a work laptop, to do the harassing."[3] Justia also cites litigation that used an employee's Facebook postings as evidence to substantiate a co-worker's claim of workplace racial harassment.

Enforcement—in this case, discipline—is essential to maintaining a high-functioning organization. What's at stake is not only company culture, it's employee productivity and well-being, the business' brand and, ultimately, business sustainability. Discipline protects not only your employees and clients, but your business assets and interests. For example, a "toxic" employee—defined as "a worker [who] engages in behavior that is harmful to an organization, including either its property or people"[4]—increases turnover and associated costs and decreases productivity. Researchers also concluded based on client customer surveys that toxic workers "absolutely" damage a company's customer service reputation.[5] Perhaps more disturbing, researchers have found that toxic behavior is contagious; specifically, "that when a toxic person joins a team, others are more likely to behave in a toxic fashion." As Inc. magazine's Leadership Mindset columnist Marissa Levin notes "Leaders who wait to contain toxic damage risk losing everything."[6]

1. "Concerted Activity." NLRB. Accessed September 20, 2019. ↵
2. "Social Media Policies." Justia, September 2018. ↵
3. Ibid. ↵
4. Bookbinder, Dave. "Toxic Workers Are More Productive, But the Price Is High." TLNT, April 20, 2018. ↵
5. Ibid. ↵
6. Levin, Marissa. "Harvard Research Proves Toxic Employees Destroy Your Culture and Your Bottom Line." Inc. Accessed September 12, 2019. ↵

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12.3: Discussion- Employee Rights and Responsibilities

The day she started her new job at a daycare center, Kaitlin Wells posted on social media, “I just really hate being around kids all day.” Twenty-seven hours later, she was unemployed again.

Laws protect an employee from being fired for voicing their political beliefs, assembling with other employees to protest or strike, volunteering at civic organizations or smoking and drinking outside of working hours. But social media adds a whole new dimension to employee rights and responsibilities. What, exactly, is okay to post on social media about work, and what will get you fired?

Discussion Prompt

While an employer is prohibited from firing an employee for the above-mentioned activities, social media is different. As we discussed in the text, making statements that are “egregiously offensive or knowingly and maliciously false,” or “publicly disparaging your employer’s products or services without relating your complaints to any labor controversy” is not protected concerted activity.

Your assignment is to write one or two social media posts about your “job” that could get you fired. **Don’t post them on your real social media account!** Just share them in this discussion thread. The posts should get you “fired” for different reasons. They should all be safe for classroom discussion (no obscenities, lewd remarks, etc.). Then, create one social media post that covers work related subjects but will not get you fired.

Grading

Share your opinions below and respond to two of your classmates’ thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers’ presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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12.4: Why It Matters- Employee Rights and Responsibilities



Why learn about rights and responsibilities of employees and their employers?

In business it is often difficult to determine where one's rights end and another's responsibility begins. However, with increasing transparency, empowered workers, and the ability to organize rapidly online, it's important for businesses to not only identify the line but enforce it. Harassment. Hate speech. Threats of violence. Our workplaces are a microcosm of society. The socio-political divisions and economic pressures that are raising tensions nationally and internationally are also a risk for businesses.

Leadership Mindset columnist for *Inc. Magazine* Marissa Levin reports that a Harvard Business School study proved that "toxic employees destroy your culture and your bottom line."[1] The research found that the cost of incivility to be in the millions. Specific human resource impacts cited:

- Employees subjected to incivility in the workplace experience 'markedly loosened bonds with their work life.'
- Nearly half of employees 'decreased [their] work effort' and intentionally spent less time at work.
- 38 percent 'intentionally decreased' the quality of their work.
- 25 percent of employees who had been treated with incivility admitted to taking their frustrations out on customers.
- 12 percent left their jobs due to uncivil treatment."

Human resource managers have a responsibility to both employees and the business. In this section we'll discuss the laws that govern employee information and behavior and what laws and guidelines apply to employers.

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1. Levin, Marissa. "Harvard Research Proves Toxic Employees Destroy Your Culture and Your Bottom Line." Inc. Accessed September 12, 2019. ↵

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12.5: Introduction to Laws and Employee Rights

What you'll learn to do: Discuss laws relating to employee rights

Legislation and associated court cases regarding employee rights should be monitored on an ongoing basis to remain abreast of (in compliance with) changes in employee rights and behavior responsibilities. In this section, we will discuss key federal and state legislation related to employee information, laws related to employee use of social media and laws related to employee behavior.

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12.6: Employee Information

Learning Objectives

- Discuss laws related to employee information

Employee information is an area that is governed by federal, state and local laws. Key legislation includes the following:

- The Fair Credit Reporting Act (FCRA)
- The Drug-Free Workplace Act (1988)
- The Privacy Act (1974)
- The Worker Adjustment & Retraining Notification (WARN) Act
- Employee Polygraph Protection Act (EPPA)

Let's take a closer look at each of these.

The Fair Credit Reporting Act (FCRA)



FCRA is a federal law that regulates the collection of consumers' credit information and access to their credit reports.[1] Specific provisions related to employers:

- An employer must obtain a candidate's written consent to request his or her credit report.
- An employer must notify a candidate is the information in his or her credit report was the basis of a negative decision. For additional notice details, refer to the Federal Trade Commission's publication A Summary of Your Rights Under the Fair Credit Reporting Act.

The Drug-Free Workplace Act (1988)

This Act requires federal contractors and all federal grantees to agree that they will provide drug-free workplaces as a condition of receiving a contract or grant of $100,00 or more.[2] The Act does not apply to those that do not have, nor intend to apply for, contracts/grants from the federal government. The Act also does not apply to subcontractors or subgrantees.

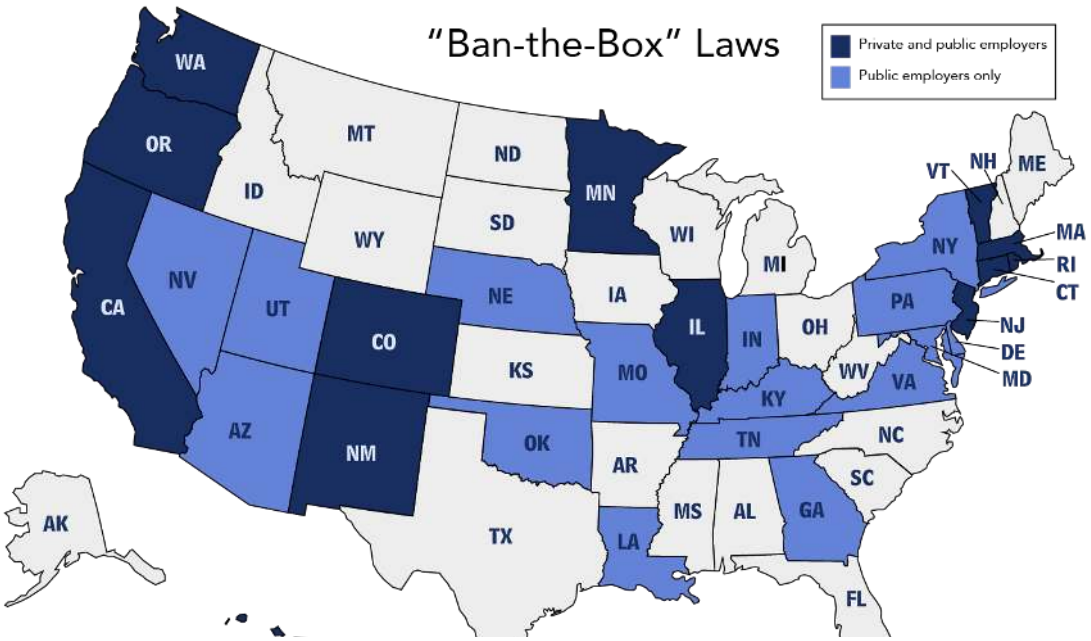
The Privacy Act (1974)

This act, which applies only to federal government agencies, requires employers to provide employees with access to their personnel file.

State law may provide private sector and state and local government employees rights similar to The Privacy Act. For example, attorney Lisa Guerin notes that California law gives both employees and former employees the right to inspect their personnel and payroll records, with some exceptions detailed in her "Accessing Your Personnel FIle and Payroll Records in California" article on legal publisher Nolo's website. One notable exception: Employers need not provide personnel records to a former or current employee who has filed a lawsuit against the employer based on an employment matter.[3]

A number of states and localities (currently 17 states and 19 localities) prohibit employers from requesting a job applicant's salary history.[4] Some states—California, for example—also prohibit an employer from using an applicant's pay history as a basis for compensation if volunteered.

Thirteen states have "ban the box" laws that prohibit private employers from asking about an applicant's criminal history on a job application and 30 states have laws that apply this ban to government employers.[5] California's Assembly Bill (AB) 1008 which prohibits salary history inquiries also prohibits public and private employers with at least five employees from "inquiring into or considering" an applicant's criminal conviction history until after a conditional offer of employment has been made. Since a background check would reveal this information, that would also have to be deferred until a conditional offer is made. If an employer wants to revoke the offer based on the individual's criminal history, it must engage in a procedure referred to as a "fair chance" process, detailed in California employer law firm Fisher Phillips' article "California Just Banned the Box!"[6] Perspective point: Approximately 1 in 3 California adults has an arrest or conviction record.



Alternative text for Ban-the-Box Laws by State can be accessed here.



The Worker Adjustment & Retraining Notification (WARN) Act

This act doesn't protect employee information but rather creates a duty for employers to inform employees of a plant closure or significant layoff. Specifically, the Act requires employers to give employees 60 days notice of a planned closure or layoff affecting 50 or more workers.

Employee Polygraph Protection Act (EPPA)

The Act "prohibits most private employers from using lie detector tests, either for pre-employment screening or during the course of employment. Employers generally may not require or request any employee or job applicant to take a lie detector test, or discharge, discipline, or discriminate against an employee or job applicant for refusing to take a test or for exercising other rights under the Act."[7] For additional details, including permitted use and guidance, refer to the U.S. Department of Labor's Employee Polygraph Protection Act page.

? Practice Question

https://assessments.lumenlearning.co...essments/18205

1. Kagan, Julia. "Fair Credit Reporting Act." Investopedia. May 14, 2019. Accessed September 12, 2019. ↵
2. "Drug Free Workplace Act of 1988." Guidelines & Principles for Nonprofit Excellence. Accessed September 12, 2019. ↵
3. Guerin, Lisa. "Accessing Your Personnel File and Payroll Records in California." NOLO. Accessed September 12, 2019. ↵
4. "Salary History Bans." HR Drive. August 13, 2019. Accessed September 12, 2019. ↵
5. Barreiro, Sachi. "What is a Ban-the-Box Law?" NOLO. Accessed September 12, 2019. ↵
6. Ebbink, Benjamin. "California Just Banned the Box!" Fisher Phillips. October 16, 2017. Accessed September 12, 2019. ↵
7. "Employee Polygraph Protection Act (EPPA) Overview." U.S. Department of Labor. Accessed September 12, 2019. ↵

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12.7: Employee Behavior Outside of Work

Learning Objectives

- Discuss laws related to employee behavior outside of the workplace
- Discuss laws related to employee social media use

Federal laws related to employee behavior include the National Labor Relations Act (discussed below) and the Occupational Safety and Health (OSH) Act (discussed in Module 14: Safety, Health, and Risk Management), as well as the laws that apply to human conduct in general. However, an employer's ability to control or discipline an employee's behavior outside the workplace is typically regulated by state law. Thus, it is essential to know the laws of your state.

In general, state laws variously protect employee's right to participate in political activities, to volunteer for civic organizations and to smoke or drink outside working hours. The laws also detail the circumstances under which an employer can restrict or modify policies based on lawful off-duty behavior.

California State LAw

For example, California law, which applies to all employers, protects an employee's right to engage in political activity and specifies that employers are prohibited from controlling or influencing political activities or affiliations or restricting employees participation in political activities. Illinois protects an employee's right to off-duty use of lawful products but also allows employers to "offer, impose or implement a health, disability or life insurance policy that makes distinctions between employees for the type of coverage or price of coverage based on the employee's use of lawful products, under certain circumstances."

Practice Question

https://assessments.lumenlearning.co...essments/18206

Learn More

Consider developing and working through relevant scenarios using SimplicityHR's "Can you fire an employee for their off-duty behavior?" article as a prompt.

Employee Social Media Use

Employee use of social media may or may not be protected as "concerted activity" by the National Labor Relations Act. The National Labor Relations Board (NLRB) notes that an employee has "the right to act with co-workers to address work-related issues. Examples include: talking with one or more co-workers about your wages and benefits or other working conditions, circulating a petition asking for better hours, participating in a concerted refusal to work in unsafe conditions, openly talking about your pay and benefits, and joining with co-workers to talk directly to your employer, to a government agency, or to the media about problems in your workplace."[1]

An employer "cannot discharge, discipline, or threaten [an employee] for, or coercively question you about," this type of activity. However, making statements that are "egregiously offensive or knowingly and maliciously false," or "publicly disparaging your employer's products or services without relating your complaints to any labor controversy" is not protected concerted activity.

Learn More

For perspective on what is protected and not protected activity, refer to the NLRB's interactive map and summaries of recent cases: Protected Concerted Activity.

SimplicityHR reports that claims of wrongful termination (retaliation) due to online remarks is “the leading type of claim filed with the Equal Employment Opportunity Commission.”[2]

? Legislation to watch

House Rule 537—Social Networking Online Protection Act (SNOPA), introduced in the House on 02/06/2013 but parked at the Subcommittee on Workforce Protections since 4/23/2013.

The California Peculiarities Employment Law Blog notes that using social media in hiring decisions can expose an employer to liability.[3] California’s AB 1844 prohibits employers from requesting an applicant’s log-in information, asking applicants to “friend” other employees, or asking an applicant’s “friends” to disclose what the applicant has posted on social media. Although employers are not specifically prohibited from accessing publicly available information, the author’s advise against it, noting it could be a “discrimination trap,” since social media reveals personal information that would be illegal to ask during the hiring process.

? Practice Question

https://assessments.lumenlearning.co...essments/18207

1. "Concerted Activity." National Labor Relations Board. Accessed September 12, 2019. ↵
2. "Can You Fire and Employee for Their Off-Duty Behavior?" Simplicity HR. Accessed September 12, 2019. ↵
3. Lubeley, Aaron R. and Candace Bertoldi "She Posted What? Employers Face Increased Legal Scrutiny for Using Social Media in Hiring Decisions." Seyfarth Shaw. April 17, 2013. Accessed September 12, 2019. ↵

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12.8: Introduction to Employee-Employer Contracts

What you'll learn to do: Discuss the employee-employer contractual relationship

In the United States, the general rule is that employment is "at will." In this section, we'll discuss what that means for employers and employees, what the exceptions are and how to avoid creating an implied contract of employment.



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12.9: Employment at Will Doctrine

Learning Objectives

- Explain the Employment at Will Doctrine
- Identify exceptions to the Employment at Will Doctrine

The at will employment doctrine states that employment is for an indefinite period of time and may be terminated by either the employer or employee. The National Conference of State Legislatures (NCSL) notes that the presumption that employment relationships are "at-will" is in effect in all U.S. states except Montana. "At will" employment is a uniquely U.S. construct. In most countries, employees can only be terminated for cause. In the EU and many other countries, a written employment contract is required by law and the contract can't be changed except by mutual agreement.[1]



Practically speaking, "at will" means that an employer can terminate an employee at any time for any reason (except an illegal one) or for no reason without incurring legal liability. This freedom also applies to employees, who can leave a job at any time for any or no reason with no adverse legal consequences. Critically, "at-will also means that an employer can change the terms of the employment relationship with no notice and no consequences."[2] For example, an employer can change salary or commission structure and modify or eliminate benefits. While this type of change may not be illegal, it's not advisable, since employees are free to reject the revised terms and leave. However, the rule does "[leave] employees vulnerable to arbitrary and sudden dismissal, a limited or on-call work schedule depending on the employer's needs, and unannounced cuts in pay and benefits."[3]

Although at-will is the employment default, that can be modified by contract. For example, employees who are represented by unions will generally be protected by a collective bargaining agreement that requires "just cause" for termination. Senior executives may also have written contracts requiring "good cause" for termination. Factors that would constitute cause include unsatisfactory performance, misconduct and economic necessity; these factors may be details in the bargaining agreement or employment contract.

PRactice Question

https://assessments.lumenlearning.co...essments/18208

Exceptions to Employment at Will

Courts have established three basic exceptions to the at will doctrine: public policy, implied contract, and implied covenant of good faith.

Public Policy Exception

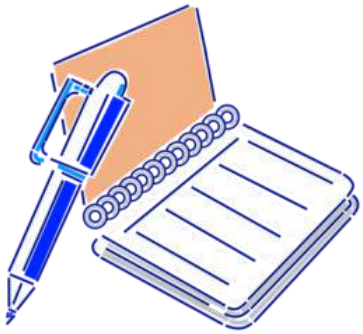
The public policy exception protects employees from adverse employment actions that violate a public interest. Although this exception is interpreted differently across states, there are four categories generally recognized in employment law:[4]

Public Policy Exceptions

Category	Example
Refusing to perform an act that state law prohibits.	Refusing an employer's request to commit perjury at a trial.
Reporting a violation of the law.	Reporting an employer's fraudulent accounting practices or use of child labor.
Engaging in acts that are in the public interest.	Joining the National Guard or performing jury duty.
Exercising a statutory right.	Filing a claim under the state workers' compensation law.

Implied Contract Exception

An employer can create an implied contract of employment through language included in an employee handbook, policies, practices or written or verbal assurances. For example, a supervisor's comment that commits the employer to a term of employment —for example, "your career is with us!"—or a specific developmental process—"we have a defined development and discipline process"—may constitute an implied contract. That is, even if there is no written contract, the employee may have a valid expectation of continued employment or only for cause termination based on the supervisor's statements, an established practice or description of termination processes and procedures in the employee handbook. Although courts generally disregard overly broad language—i.e., promises of lifetime employment—as aspirational, it's best to avoid such statements and, further, to incorporate an unambiguous disclaimer on employee materials stating that comments, policies, and procedures do not create contractual rights.



Implied Covenant of Good Faith

In some states, courts have applied an implied covenant of good faith and fair dealing to employment relationships. "Implied covenant of good faith" is "a general assumption of the law of contracts that people will act in good faith and deal fairly without breaking their word, using shifty means to avoid obligations or denying what the other party obviously understood."[5] Based on this, courts have variously required just cause for termination and prohibited terminations made in bad faith or motivated by malice. An example of a bad faith termination is firing a salesperson who booked a record sale to avoid paying the commission.

? Practice Question

https://assessments.lumenlearning.co...essments/18209

1. "What Countries in the World Don't Have At Will Employment?" Quora. Accessed September 12, 2019. ↵
2. "At-Will Employment Overview." National Conference of State Legislatures. April 15, 2008. Accessed September 12, 2019. ↵
3. Ibid. ↵
4. Ibid. ↵
5. "Implied Covenant of Good Faith and Fair Dealing." Law.com. Accessed September 12, 2019. ↵

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12.10: Introduction to Disciplinary Factors and Guidelines

What you'll learn to do: Discuss disciplinary factors and guidelines

We often think of discipline as a negative—a judgement. But discipline also has a positive connotation—for example, developing a positive practice or honing our abilities. And that is the potential of discipline: to improve behavior and performance. In this section, we'll explore the concept and process of enforcing discipline.



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12.11: The Purpose of Discipline

Learning Objectives

- Discuss the purpose of discipline



Every effective organization needs to establish, communicate and enforce standards of behavior and performance. Some employees will learn and adopt the organization's standards as a matter of course—by observation, in conversation with management and peers, by referring to a code of conduct or employee handbook and other means. However, some individuals will disregard, fail to meet or otherwise refuse to adhere to established codes of conduct or performance standards. In these instances, it's essential to enforce desired behavior to avoid contaminating the culture and a domino effect where one dysfunctional employee derails a work group or department or, worse, prompts the departure of high-performance employees.

In it's active or verb form, discipline is defined as "[training] (someone) to obey rules or a code of behavior, using punishment to correct disobedience."[1] Merriam-Webster puts the emphasis on "training that corrects," and that is a key point; the purpose of discipline is not to punish, but to instruct and correct. As DeCenzo, Robbins, and Verhulst note: "The object of disciplinary action is not to punish employees, but to provide a consequence for an employee's undesirable behavior."[2] That is, it is a necessary means to the desired end.

? PRactice Question

https://assessments.lumenlearning.co...essments/18210

The point of discipline is to change behavior. Specifically, to change ineffective or negative behavior into effective, positive behavior. For example, if an employee routinely submits deliverables late, the goal of employer action is to get the employee to submit work deliverables on time. Similarly, if an employee's work product consistently fails to meet expectations, the goal of disciplinary action is to get the employee to improve work quality and perform to expectations. These are difficult—but critical—conversations. As discussed in Module 9: Performance Management and Appraisal, a failure to take action, that is, to have a disciplinary conversation, is a management failure that increases the likelihood that the employee will flounder and fail (be fired) and has ripple effects on team and business performance and morale.

1. "Discipline." Lexico. Accessed September 12, 2019. ↵
2. DeCenzo, David A., Stephen P. Robbins, and Susan L Verhulst. 2016. *Fundamentals of Human Resource Management.* New York, NY: John Wiley & Sons. ↵

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12.12: Progressive Discipline

Learning Objectives

- Discuss the progressive discipline process

In order to avoid perceptions of arbitrary or discriminatory discipline, HR management should establish a progressive discipline policy and process. A critical implementation step: training supervisors and managers to overcome the human tendency to avoid difficult conversations. An analogy that may help managers understand what's required is the "hot stove rule,"[1] that suggests viewing administration of discipline as similar to touching a hot stove. Specifically, an employee being disciplined should:

- Experience an immediate and painful response; there should be no question regarding cause and effect
- Have advance warning; that is, he knows what will happen when he touches a hot stove
- Experience the result consistently; every time he touches a hot stove, he gets burned
- Experience the result as impersonal; the burn is related to his action, not his personality.

With this analogy in mind, let's discuss the progressive discipline process. As illustrated in Figure 1, progressive discipline generally begins with a verbal warning and progresses to termination.



Figure 1. The progressive discipline process

Step 1: Verbal Warning

The first step in the disciplinary process is for the employee's immediate supervisor to issue an unofficial verbal warning or what is sometimes referred to as a written verbal warning. Although the warning is verbal, the conversation should be documented. If behavior or performance improves, the documentation does not become part of the employee's permanent personnel file.

Documentation should include the date, purpose and outcome of the meeting.

- Meet with the employee and communicate clearly what rule was violated or what performance expectations wasn't met.
- Discuss the performance gap or behavioral concern. Give the employee an opportunity to propose a resolution.
- Restate the required behavior or performance expectations.
- Provide a timeline and resources for improvement.
- Report consequences of failure to improve.
- Document conversation.

Note

If an employee is represented by a union, he or she can exercise their "Weingarten Right" to union representation.[2]

Briefly, in NLRM v. Weingarten, the U.S. Supreme Court ruled that an employee who reasonably believes that an investigatory meeting may lead to a disciplinary or adverse action has the right to union representation and cannot be penalized for exercising this right. This right is not applicable to routine discussions of work instructions and procedures.

Learn More

For additional perspective on this decision and the implications, refer to The Effect of the Weingarten Karen Sutherland and Doug Albright's article The Effect of the Weingarten Decision on Employee Discipline.



Step 2: Official Written Warning

If, by the time frame specified in step 1, behavior or performance is still not to expectations, it's time to issue a written warning, which will be included in the employee's personnel file. It may be advisable to consult with Human Resources staff at this point. The supervisor should document the unsatisfactory behavior or performance, including previous informal efforts to correct, and the current problem. As in step 1, the supervisor should meet with the employee to discuss a plan for improvement. The employee should sign the written warning and copies of the warning should be submitted to HR and, if applicable, sent to the union.

Step 3: Suspension/Final Warning

If, by the time frame specified in step 2, behavior or performance is still not to expectations, an employee may be suspended from work for a time frame ranging from a day to weeks, depending on the employer's policy and the scenario. Note that if the infraction was serious, it might warrant suspension as a first step. Also, some organization's skip this step entirely or to instead issue a final warning. The immediate supervisor should conduct any necessary investigations and summarize previous progressive discipline. The supervisor should again discuss the situation with the employee, specify the time frame for suspension or providing the final warning in writing and indicating that, unless there is a course correction, the next step is termination. As in step 2, the employee should sign the suspension/final warning and copies should be submitted to HR and, if applicable, sent to the union.

Step 4: Termination

The final step is not one to be taken lightly; DeCenzo, et.al. state that almost 90% of discrimination charges are related to termination.[3] Prior to making this decision the employee's immediate supervisor should review the employee's work history and disciplinary documentation with Human Resource management or other authority. For more on the documentation point, see below. Some cases—for example, sexual harassment, violence or threats of violence, theft—warrant immediate dismissal. Once the decision is made, a letter of termination should be delivered to the employee in person or via certified mail.

? Practice Question

https://assessments.lumenlearning.co...essments/18211

One of the models used as a framework for documenting and implementing progressive discipline is the FRISK Model.[4] The acronym stands for:

F: Facts evidencing the employee's unsatisfactory conduct

R: Rule of authority violated by the employee's behavior

I: Impact of the employee's unsatisfactory conduct on the workplace

S: Suggestions to assist the employee in improving performance and directions

K: Knowledge of the employee's right to respond to corrective documentation placed in the personnel file

There are three key considerations in using this model:

- The process is positive, with the emphasis placed on the employee's potential to change/improve behavior/performance rather than on the punishment.
- This process is corrective; supervisors have a responsibility to support positive change.
- The process is progressive, with the intent of increases in severity of communications and disciplined designed to incentivize corrective action.

? Learn MOre

For a SlideShare presentation on the FRISK Model, see St. Vrain Valley School's Frisk Documentation Model Training.

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CHAPTER OVERVIEW

13: Union-Management Relations

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13.1: The Role of Unions

Learning Objectives

- Discuss the current relevance of unions

Although organized labor's membership and political power has decreased in recent years, it would be a mistake the call the fight. Unions still have significant numbers, public support and political clout, including a highly effective get-out-the-vote operation. Case in point: Illinois unions—both public and private—launched an all-out assault on former Governor Bruce Rauner, who initiated what became the Janus case and was running for re-election in 2018.

Learn More

Politico's back-story on the union's strategy—Organized labor readies scorched-earth assault on Rauner—is good perspective on this incident.

So what was the end result? Rauner was defeated by Democrat J.B. Pritzker, who won 55% of the vote to Rauner's 39%.[1] Former chairman of Mrs. Clinton's presidential campaign John Podesta observed that "The key to unions' importance is their ability to change outcomes through educational efforts of their own members. They do a very good job of communicating with their own members and getting them out to vote."[2]

Union Membership



Union membership was 14.7 million in 2018, as compared to 14.8 million in 2017.[3] The membership rate was off slightly, declining 0.2% to 10.5% in 2018. Interestingly, the number of workers represented by a union—both member and non-member—was unchanged year-over-year at 16.4 million. As discussed above, the membership rate is highest in the public sector, but membership numbers are substantial in both the public and private sectors, with 7.2 million and 7.6 million employees, respectively.

Public Support

According to an August 2018 Gallup report, union approval is holding steady at a 15-year high.[4]

Key outtakes: 62% of Americans approve of labor unions, up one percentage point from 2017 and up 6 percentage points from 2016. Drilling down into the data, Gallup notes that support for unions is relatively consistent across gender, age, education and geographic groups. The divergence, perhaps not unexpectedly, is in political affiliation: 80% of Democrats, 62% of Independents and 45% of Republicans approve of unions. A subtle but significant point: American's are more divided on the future of union influence. Specifically, approximately 40% of those surveyed supported greater union influence; 29% indicated a preference for less influence and 26% preferred the status quo or no change in influence. For context, the author, Gallup Senior Editor Lydia Saad observes that "Americans' preference for union power is nearly identical to what Gallup found a year ago and represents greater support for strengthening unions than was the case for most of the previous decade."[5]

Political Clout

Unions are among the largest donors to Democratic candidates and have the numbers and networks to turn out the vote. OpenSecret data indicates that labor sector campaign contributions, including groups and individuals, totaled $174 million in 2018, down from

a high of $217 during the 2016 election cycle. According to the site, “almost 90% of those contributions went to Democrats, consistent with at least two decades of labor contribution trends.”[6] What’s at stake? Research conducted by public policy non-profit The Brookings Institution’s Senior Fellow Vanessa Williamson and colleagues found that in presidential elections, state-level laws that banned agency fees for public and private unions (think Right to Work states) “cost Democratic candidates 2-5 percentage points”[7] and were associated with “a sharp drop in voter turnout and in the frequency with which people from blue-collar backgrounds get elected to office.”[8] The *New York Times* reporters Noam Scheiber and Kenneth Vogel highlight the critical importance of this finding, noting that the average 3.5 percentage point drop in Democrat’s share of the presidential vote due to “right to work” laws “is larger than Democrats’ margin of defeat in several states that could have reversed their last three presidential losses.”[9]

It’s no surprise, then, that within weeks of the Janus decision—in some cases in anticipation of it—roughly a third of the 22 affected states passed laws and/or executive orders to dilute its impact on unions. In California, the legislature passed a series of proactive bills in 2017, including AB 119, SB 112 and SB 285. For an overview of those bills, see law firm Kronik’s Legal Alert: The California Legislature’s Response to Janus v. AFSCME.[10] On the day the court ruled in Janus, New York Governor Andrew Cuomo issued an Executive Order prohibiting state entities from state employees’ personal contact information. In a state where roughly 70% of public employees are represented by unions, Cuomo’s stated intent was “to protect union members from harassment and intimidation.”[11]

Clearly, the intent was to block groups from informing public workers of their rights under Janus. In March 2019, Oregon House Democrats passed a bill, HB 2016, that “opponents referred to as a ‘union wishlist.’”[12] SEIU Local 503 president Steve Demarest commented that “HB 2016 helps us continue in the strong tradition of a cooperative relationship between government and its employees. Representative Greg Barreto’s (R) stated opinion: “this is just an obvious maneuver by the majority party to give the unions a power grab.” Oregon attorney and governor Katherine Brown (D) signed HB 2016 into law June 20, 2019[13]—approximately a year after the Janus ruling. The common goal of the new state laws is to help public-sector unions retain and recruit new members. Some of the new state laws also allow public unions to their offer different levels of services; for example, limiting the services provided to non-members and offering additional benefits or services exclusively to dues-paying members to increase the membership value proposition.

Unions and The Gig Economy



One of the sectors that is emerging as a labor-management and regulatory hotspot is the gig economy. Former Fast Company senior associate editor Sarah Kessler noted that “at first glance, the idea of a gig economy labor movement seems like a contradiction in terms.”[14] Task workers at companies such as Uber, Lyft and TaskRabbit aren’t legally employees. These and other gig economy workers are independent contractors, which means they don’t have the legal right to organize. Kessler observes that hasn’t stopped them from organizing, starting app-based drivers associations, tapping unions for advice and staging strikes. However, tactics that were successful in the past don’t necessarily translate. Organizing an ad hoc virtual group of people – the majority of whom you don’t know or don’t have contact information for – is a complex organizational challenge. Add to that the fact that gig economy workers aren’t protected from engaging in “concerted activity” and organization becomes a risky proposition – especially for those already living on the margins.

Taking the regulatory lead, California recently passed Assembly Bill 5 (AB 5) – referred to as the “gig economy rights bill” – will make it more difficult for companies to classify workers as independent contractors. Signed into law by Governor Gavin Newsom on 9/18, AB 5 is estimated to affect up to a million California workers. The bill was designed to extend wage (e.g., minimum wage) and benefit (e.g., workers compensation) protections to gig economy workers. However, this is likely to be a first step rather than a

fix, since federal legislation designed to prevent the exploitation of workers – The Fair Labor Act, the Occupational Safety and Health Act, and The National Labor Relations Act – don't apply to independent contractors of the gig economy. Although Uber and Lyft are planning to litigate and sponsor a 2020 ballot measure rather than comply, CBS reports that they "have offered to give employees a base hourly wage, access to benefits and a right to bargain across the industry."

The Future of Unions

When we consider the future of unions, one of the fundamental questions is relevance in a changing economy—in particular, given technological changes such as industrial-scale automation, robotics and artificial intelligence.

In an article for *Forbes*, contributing writer Kavi Guppta asks a series of questions with implications for not only business, but society.[15] Specifically:

- Can organized workers be as effective at a time when work is being handed over to machines?
- What rights do workers have when machine efficiency outworks humans?

And, perhaps most importantly—and reminiscent of the days of early industrialization:

- Do workers rights even matter when there's no more work left for people to do?

Ultimately, the challenges facing unions are the same challenges that are facing businesses and nations: globalization and international competition, climate change and associated impacts on migration and immigration, an aging workforce and technological and consumer preference trends ranging from the sharing economy to robotics and AI. Guppta writes that "there is consensus that unions will continue to remain relevant only by anticipating and adapting their organizing and collective bargaining strategies to the continuously changing economy, labor market, demography, work organization, and human resource management."[16] Ultimately, these changing dynamics will require unions to be agents of, rather than obstacles to, innovation and change. In order to fulfill this role, unions will have to remain abreast of emerging trends and technologies—and the associated economics—in order to engage in constructive negotiations. But union will also, as Gupta puts it, need to "successfully interpret and sustain the demands of their represented." Without a legal mandate—and the financial and political power of agency fees—unions will have to demonstrate their relevance in order to survive.

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13.2: Putting It Together- Union–Management Relations

The workplace changed radically—and for the better—since the early 1900s. Worker and union member rights seem to be entrenched in law and public opinion. But of course, nothing is permanent. Conservative interests have been pouring millions of dollars into disinformation and union member opt-out campaigns and court challenges. The Trump administration's policies and his appointment of conservative Neil Gorsuch to the Supreme Court has changed the political and legal landscape. The Supreme Court's Janus decision also impacted power dynamics, stripping the union of funding and influence.

Clearly, this is a difficult time for unions. Worker security clauses and minimum wage campaigns are controversial at best. If unions don't become agents of innovation and value creation, they may lose their public support majority. Another open issue is whether unions can adapt to changes in business technologies and the nature of work. As The Heritage Foundation research fellow James Sherk notes: "Today's workers want—and expect—employers to recognize their unique skills and abilities. But general representation ignores individual contributions."[1]

Recent Google protests (events we will discuss in Module 15: Corporate Social Responsibility) suggest that these workers are more likely to organize independently of unions—rapidly, and highly effectively. Unions have also been ineffective in advancing the cause of members in some traditionally union industries. For example, although roughly 70% of teachers participate in unions or employee associations[2], there has been a significant increase in employment insecurity and a lack of progress in achieving pay and benefit equity. A recent analysis by the American Association of University Professors (AAUP) published the following findings:

- "Contingent" faculty positions (including both full- and part-time positions) represent over 70% of all instructional staff appointments in American higher education.
- The excessive use of—and inadequate compensation and professional support for—faculty in contingent positions exploits these colleagues.
- The turn towards cheaper contingent labor is largely a matter of priorities rather than economic necessity.[3]

Given these findings, it's not surprising that the percentage of teachers who participate in unions has been declining for the last 20 years.

If unions are to survive conservative assaults and declining membership trends, they need to reinvent themselves and prove their value in the current operating environment. A failure to actively engage in improving business, member and societal outcomes is likely to cost unions the support they need to effectively counter the increasing concentration of wealth and power and serve as an agent of a more democratic economy and society.

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13.3: Discussion- Union–Management Relations

At the start of the industrial revolution, employers took advantage of desperate workers by demanding 12–16 hours a day, six days a week from them, providing poor working conditions and little in terms of compensation and benefits. Labor unions swung the balance back in the direction of the worker and continued their hold as a solid third-party participant between workers and employers in labor negotiations throughout the post-war era.

Some people think unions are a twentieth-century has-been, and that they're not as powerful as they need to be to protect workers' interests. In his 2014 article "The Employer Strikes Back" for prospect.org, Josh Eidelman talks about the worker lockout, and how it's used by employers as a weapon to force desperate workers to agree to worse contracts than those that have just expired.

On the other hand, in the October 2019, Economist article, "The GM Strike is an Anachronism," the author states that, over time, union victories made carmakers less competitive, and the recent Flint, Michigan, auto workers strike may be another case where demands will be met that will make employers buckle, this time under the weight of healthcare costs.

Looking at it from either the point of view of the locked-out worker, or the employer who is facing lost profitability and crushing overhead costs, it seems as though unions might not be making the same difference in labor negotiations that they used to.

Discussion Prompt

Technology aside, the future of unions is in debate in these two articles. As a future HR professional, read these articles and consider these differing opinions on the work of labor unions. Is there a way that labor unions can move away from a zero-sum-game approach to negotiations, where one party has to lose in order for another to gain? Consider government law and government contribution in your response (e.g. Affordable Health Care Act, etc.) Write your thoughts in 1–3 (short!) paragraphs. Then, review the thoughts of at least two of your classmates.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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13.4: Assignment- The Future of Unions

Scenario

In the 1900s, union organizers and union members played a critical role in establishing the basic rights of working people: negotiating better (if not equitable) wages, reasonable work hours and safer working conditions for laborers who had previously been considered expendable. However, we live in very different times. Although some industries and business models are still exploitative, our current labor markets and socio-political dynamics are significantly different than those of the 1900s. Are unions still relevant? What is the future of unions?

Your Task

In your next rotation, you have been assigned to the firm's Employee Relations practice. This practice provides research and advisory services, including benefit and wage benchmarking. One of the sub-specialties is tracking union organization efforts, public sentiment and legislation and—in a departure from the usual practice—advising both unions and management on how to develop employee value propositions and collaborative management practices.

Your task is to develop a 1 to 2-page draft position statement for the firm's Employee Relations principal, distilling what you've learned in this module. Your position statement must reflect current realities, including additional research as needed.

Additional Information: Read James Sherk's "Unions need to reinvent themselves" (cited in the module) commentary for perspective on what the principal is looking for in substance and tone.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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13.5: Why It Matters- Union–Management Relations

Why learn about unions and union–management relations?



Figure 1. Senator Robert Wagner

We are so accustomed to modern workplace conveniences and rights that it's difficult to conceive of it being any other way. However, as with all civil rights, these rights were fought for in the workplace, on the streets and in the courts and legislature.

A key battle for workers rights to collective action was won in 1935, with the passage of the National Labor Relations Act, more commonly known as the Wagner Act. This act, characterized by Encyclopedia Britannica as "the most important piece of labour legislation enacted in the United States in the 20th century,"[1] established the right of most private sector workers to organize, bargain collectively and strike.

When Senator Robert F. Wagner gave a speech introducing the Wagner Act he stated that it was "based on the long-cherished American belief that every worker should be a free man in fact as well as name, should be free to belong to any kind of union that he likes. My bill guarantees this economic freedom in the clearest terms."[2]

? Learn MOre

For perspective, check out the following resources:

- All Things Interesting's gallery of historical photos: America's Battle for Fair Working Conditions.
- History.com's summary of the Labor Movement from the colonial period through the 19th century.

Prior to the legalization of labor unions, workplaces were often unsafe environments, with low pay, long hours and child labor common. Health care and pensions were generally non-existent. The 1911 Triangle Shirtwaist Factory fire, where 146 garment workers died locked in a New York City sweatshop, was a galvanizing experience for then New York State Senator Robert Wagner who, it was remarked, "never recovered" from the investigations into the conditions of factory workers.[3] In an article for *The New Republic*, contributing editor and author Kevin Baker notes the Triangle Fire is a reminder of why unions are essential, stating that: "When we hear politicians today rail against the sins of organized labor, we should remember the Triangle factory fire. Perhaps no event in American history better illustrated the need for unions—public as well as private—and galvanized a generation of policymakers to protect laborers."[4]

It's worth noting that in some countries, abysmal workplace conditions still exist. According to the International Labour Organization (ILO), approximately 2.3 million men and women die due to work-related accidents or diseases annually. Do the math: that's over 6,000 deaths per day. The number of non-fatal incidents is also staggering, with ILO reporting 340 million occupational accidents and 160 million victims of work-related illnesses annually.[5]

Although organized labor and management are generally portrayed as opponents and dynamics between the two groups tend to reflect this mindset, a union can benefit not only members but the organization and society. As with any institution, there can also be negative impacts on stakeholder groups. In this module, we will explore the union promise and unionization process, laws that govern union-management relations, union trends and the implications of recent developments.

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5. "World Statistic." International Labour Organization. 2019. Accessed July 09, 2019. ↵

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13.6: Introduction to Workers and Unions

What you'll learn to do: Explain why and how workers join unions

History.com notes that "the labor movement in the United States grew out of the need to protect the common interest of workers."[1] In this section, we'll discuss the worker interests that unions serve and the unionization process, including organizing and contract negotiation.

1. History.com Editors. "Labor Movement." History. Accessed July 19, 2019. ↵

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13.7: Why Unions

Learning Objectives

- Identify the reasons workers join unions



There has been a labor movement in America since the late colonial period, with the emergence of a free market system and artisan workers—for example, tailors, shoemakers and machinists—organizing to establish wages, defend against cheap labor and demand a shorter workday. In addition to protecting job-specific interests, the early labor movement had a vision of a "just society," that "fostered social equality, celebrated honest labor and relied on an independent, virtuous citizenship."[1] Although there were periods of segregation and discrimination, the union more or less—sometimes due to social pressure or legislative action—retained this sense of democratic purpose through history. This positioning is still used in union websites—for example, one of the three points listed on the AFL-CIO's What Unions Do page is "Advocate for Economic Justice."[2] A second point listed: "Build Power for Working People." Unions also play a significant role in balancing power. In situations where an employer has market power, a labor union may be able to level the playing field and give employees a voice. That is, indeed, one of the core promises of a union. As the AFL-CIO puts it "All working people deserve good jobs and the power to determine their wages and working conditions."[3]

The modern labor movement emerged as a response to demand side (employer) market power, characterized by hazardous working conditions and exploitative employer practices. During the Industrial Revolution, a 6 day, 12–16 hour work week was common, payment was at a subsistence level—perhaps 10 shillings (cents) per hour for an unskilled man (a little more if skilled), 5 shillings for a woman and 1 shilling for a child. Working conditions were particularly dangerous due to the early stage of technology development, the lack of safety practices or regulation, and, perhaps most damning, workers were considered expendable.[4]

In this hostile environment, unions emerged as champions of the workers, helping to fight for fair wages, reasonable work hours and safer working conditions. And, indeed, the labor movement was instrumental to a number of workplace and worker improvements, including the elimination of child labor and provision of health and safety benefits.[5] To illustrate, the American Federation of State, County and Municipal Employees (AFSCME) includes the following on their list of labor accomplishments:

- The Social Security Act (1935)
- The National Labor Relations Act (1935)
- Fair Labor Standards Act (1938)
- Civil Rights Act/Title VII (1964)
- Occupational Safety & Health Act (1970)[6]



Workers join unions to increase their negotiating leverage and to obtain wages and benefits that they could not achieve on their own, including a degree of employment security. As the AFL-CIO puts it: “Joining together in unions enables workers to negotiate for higher wages and benefits and improve conditions in the workplace.”[7] Although wage and benefit impacts vary significantly by industry, geography and a range of economic, social and political factors, the following are broad benefits of unions:

- 92% of union members have health care coverage versus 68% of non-union employees
- Union members earn an average of 30% more than non-union workers in comparable jobs
- Union workers are more likely to have guaranteed pensions than non-union employees
- Union members may also be protected from firing without just cause, unlike most employees who can be terminated for any reason at any time (“at will” employment).

Interestingly, there are two areas where union membership doesn’t improve outcomes: employee engagement and satisfaction, both of which are correlated with performance. Data compiled by employee engagement survey provider Avatar Solutions suggests that unionized employees are less engaged than non-union employees.[8] Management professor and researcher Patrice Laroche conducted a meta-review of the data and confirmed the negative correlation between union membership and job satisfaction.[9] These are particularly important findings since union members tend to remain with an organization longer than non-union employees. To be clear, Laroche concluded that “unions don’t cause their employees to be dissatisfied; the dissatisfaction of union members is real, but it’s due to the working conditions and the types of workers that tend to be unionized.”[10]

? Practice Question

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13.8: Organizing a Union

Learning Objectives

- Describe the steps in the union organizing process
- Describe employer rights and restrictions during an organizing campaign

Unionization is the process of organizing employees into a labor union that will act as the exclusive bargaining representative for all eligible workers. There are five basic steps in the process, proceeding from preparation to certification. The union standpoint is detailed below; management considerations are addressed below that.



Step 1: Preparation

The first step in the process is discussing concerns with co-workers. In this phase, employees are evaluating and building support for action. This step includes identifying core issues and educating co-workers on unionization rights. As noted on multiple union websites, this step also involves developing an understanding of proper union policies and principles. The goal of this step is to assemble an organizing committee that is informed and fairly represents the workplace.

Step 2: Campaigning

The second step involves developing a list of demands—also referred to as an issues program—and soliciting employee support for the union. Some unions provide social media training and support—a situation described by "union proofing" communications firm Projections in their UnionProof article "How Unions are Organizing Your Employees on Social Media Right Now."[1]

Step 3: Petition for Election

In order to proceed with a union election, at least 30% of employees must sign union authorization cards, although some unions prefer to see a majority show of support. Once this threshold is met, the organizing committee can submit a petition to the NLRB for election. The majority percentage is also significant in that an employer may voluntarily recognize a union based on "evidence,"—typically signed authorization cards—that a majority of employees choose union representation.

Step 4: Election

NLRB agents will conduct an investigation to confirm there are no issues that would prevent an election and develop an election agreement between the parties to establish the balloting date, time and place, ballot language and a method to determine who is eligible to vote. Managers and supervisors are considered management and cannot join unions or be part of the bargaining unit. Determination of the bargaining unit—who is eligible to vote—can be a point of contention. Management generally attempts to classify as many employees as possible as supervisors to limit union membership. The NLRB has established that employees who have the authority to make work assignments or direct the work of other employees may be classified as supervisors if those tasks require some independent judgment and discretion, even if they serve in this capacity for only 10-15% of their time.

Step 5: Certification

If the union receives a majority of the votes cast, the NLRB certifies it as the employees' bargaining representative and is entitled to be recognized by the employer as the exclusive bargaining agent for eligible employees. Every member of the bargaining unit

(eligible employee) is covered by the negotiated contract, whether the individual voted for the union or not. Failure to bargain with the union at this point is an unfair labor practice. [2]

? Practice Question

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Employer Restrictions and Rights

Both the union and employer have rights and obligations during an organizing campaign. As stated on the NLRB website: "The National Labor Relations Act forbids employers from interfering with, restraining, or coercing employees in the exercise of rights relating to organizing, forming, joining or assisting a labor organization for collective bargaining purposes, or from working together to improve terms and conditions of employment, or refraining from any such activity. Similarly, labor organizations may not restrain or coerce employees in the exercise of these rights."[3] For a detailed list of rights and obligations, refer to NLRB's Employer/Union Rights and Obligations page.[4] In *Fundamentals of Human Resource Management*, the authors emphasize the need to train management and supervisors on what constitutes "unfair labor practices," using the acronym TIPS as a way to remember prohibited behavior. Specifically, management cannot Threaten, Interrogate, Promise or Spy on employees.[5]

If management wants to prevent unionization, they must first be aware of why employees join unions and be proactive in addressing those issues. Speaking at SHRM's 2018 Annual Conference, labor attorney Timothy Davis identified seven steps for employers to take to minimize the risk of unionization:

1. Review policies
2. Benchmark wages and benefits
3. Conduct employee management surveys
4. Train management on positive employee labor relations
5. Analyze an organization's weaknesses
6. Implement a risk/response protocol
7. Prepare a first round of union avoidance materials[6]

Davis' top tip: maintain good employee relations. Tactical point: craft responses to typical union issues as a brief statement of fact so managers can communicate them effectively. For example, to support a claim of fair pay compensation should be in the top 10% in the industry.

? Practice Question

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13.9: Collective Bargaining

Learning Objectives

- Describe the collective bargaining process

Once a union has been certified, both union representatives and management prepare for contract negotiations. The collective bargaining process is the process by which the parties arrive at a contract. The process involves five steps, from preparation through contract administration, as follows:

1. **Preparation.** This step includes a range of activities from electing a bargaining committee to conducting research, identifying and prioritizing issues and developing a negotiation strategy
2. **Contract negotiation.** Contract negotiations are conducted between the bargaining committee and management. Negotiations generally start with the union presenting management with an extensive list of demands to allow for negotiation and trade-offs.
3. **Proposed contract agreement.** Once a tentative agreement is reached, union members vote to accept or reject the proposed contract.
4. **Union ratification.** Voting on the proposed contract is conducted by secret ballot, with each union member having one vote. The collective agreement is considered "ratified" by the bargaining unit if a majority (50% +1) of the voting members accept the terms of the agreement. If the proposed contract isn't ratified, the parties return to the bargaining table.
5. **Contract administration.** Once the contract is ratified, it is legally binding and is finalized and implemented.

Practice Questions

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As is true in the union organization phase, collective bargaining is governed by the NLRB rules. Specifically, the parties are required to "bargain in good faith about wages, hours, vacation time, insurance, safety practices and other mandatory subjects."[1] Potential operational changes that may impact bargaining unit employees—for example, subcontracting or relocation—must be bargained, even though they aren't mandatory subjects.[2] See the United Auto Workers' (UAW) Collective Bargaining—The Basics page for additional perspective on the process from the member standpoint[3].

It's worth noting that NLRB rules don't require the parties to reach an agreement or make concessions. Also, it's important for the bargaining committee to be intentional in its presentation of an offer. If, despite good faith efforts, no agreement is reached, the employer may declare an impasse and move to implement the last offer the union presented. If the union disputes the impasse and claims the employer failed to bargain in good faith, the NLRB will make the determination, either confirming the impasse or asking the employer to return to the bargaining table. When a contract expires, the parties are obligated to bargain in good faith for either a succeeding contract or contract termination; the terms of the expired contract are in force during this negotiation period.[4]

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13.10: Introduction to Laws and Unions

What you'll learn to do: Describe the laws that impact union and management relations

Our laws shape not only business practices and employee rights but union and management relations and related rights and responsibilities. In this section, we will identify the primary laws that establish the structure for labor-management relations in both private and public sectors.

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13.11: Laws and Executive Orders

Learning Objectives

- Describe the impact of the Wagner Act on labor and management relations
- Describe the impact of the Taft-Hartley Act on labor and management relations
- Identify additional union-related laws & executive orders



President Franklin D Roosevelt signed the Wagner Act on July 5, 1935

The Wagner Act and the Taft-Hartley Act are the two foundational pieces of legislation governing labor-management relations. The Wagner Act, passed as The National Labor Relations Act (NLRA) of 1935, is essentially a union bill of rights that declares it the policy of the United States to encourage the practice and procedure of collective bargaining and protect workers rights of freedom of association and organization for the purpose of negotiating the terms and conditions of their employment.[1] The act established the National Labor Relations Board (NLRB) to protect workers rights under the act and "defined and prohibited five unfair labor practices by employers, including interfering with, restraining, or coercing employees against their rights; interfering with the formation of a labor organization; discriminating against employees to encourage or discourage forming a union; discriminating against employees who file charges or testify; and refusing to bargain collectively with the employees' representative."[2] Note that the Wagner Act does not apply to federal, state, or local governments or employers engaged in agriculture or the transportation industry (see Railway Labor Act in the next section).

The politicians who supported organized labor understood that it was not only a matter of civil rights, but of economic prosperity. Indeed, one of the rationale's mentioned for the passage of the NLRA was to avoid harm to the "general welfare of workers, businesses and the U.S. economy."[3] Although employers at the time claimed that the pro-union measures would ruin the economy, history proves otherwise, with union membership, wages and the U.S. economy growing robustly over the next decade. Roosevelt Institute Senior Fellow David Woolner argues that President Franklin D. Roosevelt's championing of labor unions and related labor legislation was instrumental not only to recovery from World War II, but also "helped form the basis of a long period of post-war prosperity that vastly expanded the size and wealth of the American middle class."[4] On a cautionary note, Woolner also notes recent conservative Republican challenges to the authority of the NLRB, and thus the ability of unions to fight against unfair labor practices, observing that FDR's assertion that the "fundamental…right of a worker to associate himself with other workers and to bargain collectively with his employer" was "now beyond partisan controversy" may no longer be true.[5]

In the 1946 midterm elections, the Republican Party won control of both houses. In June of 1947, Congress passed, over President Truman's veto, the Labor Management Relations Act of 1947, commonly referred to as the Taft-Hartley Act. The Act was a pro-management amendment to the Wagner Act, establishing unfair union labor practices that included a range of boycotts and prohibited the practice of closed shops, where unions control the source of labor and act as a clearinghouse.[6] The law also specified that union shop arrangements, where any employee hired is required to join the union, were only allowed if state law didn't forbid them—a provision that sparked movements for so-called "right-to-work" laws in several states.[7] Taft-Hartley also granted the president of the United States the right to intervene in labor-management disputes that affect national health or safety, following a procedure that could ultimately enforce an 80-day "cooling off" period during which a "national emergency strike" is prohibited. Taft-Hartley also created the Federal Mediation and Conciliation Service (FMCS), an independent government agency charged with "preventing or minimizing the impact of labor-management disputes on the free flow of commerce by providing mediation, conciliation and voluntary arbitration."[8]

Although Wagner and Taft-Hartley are the need to know acts in terms of labor-management relations, there are a few additional acts and executive orders that address issues or employee groups not addressed in those acts. In this section, we will highlight the key points of six of those laws, that either amend the Wagner Act or provide collective bargaining rights to sectors not covered by the Wagner Act.

? PRactice Questions

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Railway Labor Act (RLA) of 1926

According to the Sheet Metal, Air, Rail & Transportation (SMART) Union, the primary purpose of the Railway Labor Act is "to promote and maintain peace and order in those relations as a means of avoiding interruptions in interstate commerce."[9] The Act, which pre-dates the Wagner Act by 9 years, is based on a series of transportation-related acts dating back to 1888.

RLA was the first federal law guaranteeing workers the right to organize, join unions and engage in collective bargaining without employer coercion or interference.

The act has five basic purposes:

1. Prevent any interruption of commerce
2. Ensure employees an unhindered right to organize or join a labor union
3. Provide complete independence of organizations by both management and labor
4. Assist in prompt settlement of any disputes with regards to rates of pay, work rules or working conditions
5. Assist in prompt settlement of any disputes or grievances due to conflicting interpretations or application of existing agreements[10]

Landrum-Griffin Act

The Landrum-Griffin Act, officially the Labor Management Reporting and Disclosure Act (LMRDA),[11] was passed in 1959 to address issues of corruption, racketeering and other abuses within the union. To prevent abuses, the Act established a union member "Bill of Rights," implemented reporting and disclosure requirements, and held union officials and consultants accountable for union business, including funds and elections. To put the act in perspective, the Wagner Act protected employee rights from unfair practices by employers or unions and the

Landrum-Griffin Act protected employees' union membership rights from unfair practices by unions. For additional details on the Landrum-Griffin Act, see FindLaw's Landrum-Griffin Act Overview.[12]

Racketeer Influenced and Corrupt Organizations Act (RICO)

Congress pass The Racketeer Influenced and Corrupt Organization Act (RICO) in 1970, "with the declared purpose of seeking to eradicate organized crime in the United States."[13] In 1985, the President's Commission on Organized Crime charged with investigating the influence of organized crime in America concluded that Mafia had for decades controlled and corruptly influenced major labor unions, including "the big four": the International Brotherhood of Teamsters, the Laborers International Union, the Hotel and Restaurant Employees and Bartenders International Union and The International Longshoremen's Association. In presenting his staff's findings, Commissioner Thomas McBride observed "Members of the big four internationals are some of the poorest, hardest-working, most unprivileged members of our society. They need active and vigorous union protection. But in too many cases their unions have become part of the machinery of exploitation."[14] The Organized Crime & Gang Sections' Labor-Management Racketeering Unit pursues federal criminal prosecution and civil RICO litigation in cases involving labor-management relations, internal labor union affairs, and the operation of employee pension and health care plans in the private sector.

Executive Orders 10988 and 11491

Executive Orders 10988 and 11491 establish the rights of federal employees to unionize. Executive Order 10988: “Employee-Management Cooperation in the Federal Sector,” signed by President Kennedy in 1962, gave government employees the right to join, form, or assist labor organizations and established a tiered system of recognition, including exclusive representation, formal recognition, and informal recognition. Kennedy’s executive order was based on the findings of a task force investigation that concluded that “a government wide policy granting federal employees the right to organize and bargain collectively would contribute to the effective conduct of the public business.”[15]

In 1967, President Lyndon Johnson appointed a Presidential Review Committee on Employee-Management Relations in the Federal Service to evaluate the impacts of Executive Order 10988. The Review Committee reported that “the new policies have contributed to more democratic management of the workforce and marked improvement in communications between agencies and their employees” and that “ improved personnel policies and working conditions have been achieved in a number of areas.”[16] Based on the Committee’s findings and recommendations, President Nixon broadened federal employee rights, issuing Executive Order 11491,[17] which established a federal framework for governing labor-management relations, defined unfair labor practices and and authorized the use of binding arbitration in some disputes. The order also created two new entities: Federal Labor Relations Council (Council), charged with program oversight and Federal Service Impasses Panel, charged with assisting parties in resolving bargaining impasses.

The Civil Service Reform Act of 1978

The Civil Service Reform Act of 1978 was an overhaul of the civil service policy and practice that reflected the experience of prior Executive Orders. It is also significant in that it entrenched public employee rights in a statute[18] rather than an Executive Order, that could simply be revoked by a President.

To quote the statute:

The Congress finds that—

(1) experience in both private and public employment indicates that the statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them—

(A) safeguards the public interest;

(B) contributes to the effective conduct of public business; and

(C) facilitates and encourages the amicable settlements of disputes between employees and their employers involving conditions of employment; and

(2) the public interest demands the highest standards of employee performance and the continued development and implementation of modern and progressive work practices to facilitate and improve employee performance and the efficient accomplishment of the operations of the Government.

Therefore, labor organizations and collective bargaining in the civil service are in the public interest.

The act also established the Federal Labor Relations Authority (a successor to the Federal Labor Relations Council) as an independent agency with rulemaking authority and broad powers to remedy unfair labor practices, subject to judicial review.

? PRactice Questions

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13.12: Janus v. AFSCME

Learning Objectives

- Discuss the impact of the Supreme Court decision in Janus v. AFSCME

On June 27, 2018 the Supreme Court decided the case of Janus v. AFSCME (American Federation of State, County, and Municipal Employees), ruling that agency fees—the fees that unions charge non-members that are covered by collective bargaining agreements—violate those worker's First Amendment right to free speech. The case was settled in a 5–4 vote with Neil Gorsuch casting the deciding vote. The Trump Administration also filed a brief in support of Janus.

The plaintiff in the case was Mark Janus, a child support specialist at the Illinois Department of Healthcare and Family Services. He joined a lawsuit originally filed by then Illinois governor Bruce Rauner (Republican) in 2015. A federal judge ruled that Rauner had no standing; since he wasn't paying agency fees, he was insufficiently connected to or harmed by the law and couldn't proceed. The National Right to Work Legal Defense Foundation and the Liberty Justice Center (funded by Rauner) recruited Janus to carry the case forward.

Learn More

For perspective on the organizations and interests behind the litigation, read The New York Times article Behind a Key Anti-Labor Case, a Web of Conservative Donors.

A legal precedent for agency fees was established in the unanimous 1977 Supreme Court case Abood v. Detroit Board of Education, which distinguished between union membership dues, which must be voluntary and may contribute to political activity and agency or "fair share" fees—generally a percentage of union dues—that are required to cover the cost of union representation, including collective bargaining and arbitration. The Supreme Court heard related arguments in the 2016 Friedrichs v. California Teachers Association case that ended in a tie. Janus' position was that the activities "agency fees" pay for are inherently political and support union policies he doesn't agree with. Specifically, Janus claimed that the fees violate his First Amendment right of freedom of speech. The union countered that if employees didn't pay agency fees, they would gain an unfair benefit—essentially, a free ride.

The majority opinion rejected the *stare decisis* principles (precedent) set by Abood, stating the decision was "poorly reasoned" and that "the practice of states and public-sector unions collecting agency fees from nonconsenting employees was a violation of the First Amendment, and that no further agency fees or other forms of payment to a public-sector union could be collected, nor could attempts be made to collect such payments from employees without their consent."[1] In a dissenting opinion, Justice Kagan, joined by Justices Sotomayor, Ginsburg, and Breyer, "faulted the Majority for upsetting the balance that Abood brought to public-sector labor relations, and for disregarding stare decisis principles."[2] Justice Kagan argued that "The balance Abood struck between public employers' interests and public employees' expression is right at home in First Amendment doctrine."[3] Differences of opinion aside, the result is that public sector unions can no longer charge agency fees and workers must affirmatively opt into union membership, rather than the default being membership.

PRactice Question

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So what are the implications for the private sector? As a Washington Examiner headline summarizes, "Extending [the] Supreme Court's Janus decision to private-sector unions [would be an] uphill battle."[4] In the article, Harvard University labor professor Benjamin Sachs notes that Supreme Court precedent [interpretation of the Constitution] "is generally held to apply to things the government does, not things that private-sector employers do." However, the article also mentioned that the National Right to Work Legal Defense Foundation followed up the Janus ruling with a request for the Supreme Court to consider a case involving private-sector union fees and quoted Right to Work Foundation president Mark Mix stating the "While this [the Janus] victory represents a massive step forward in the fight to protect American workers from forced unionism, that fight is far from over. There remains

much work to do to both enforce and expand upon this historic victory over coercive unionism." That said, with the percentage of unionized workers in the private sector declining steadily, the primary battleground will likely remain the public sector. For perspective, Bureau of Labor Statistics data shows that the union membership rate of public-sector workers is approximately 34% —over five times the percent of private-sector workers.[5] Education news site The74 described the situation prior to the court's decision: "Janus is a threat to labor because government employees are most of what's left in the movement."[6]

The Janus decision not only affected unions, it will have a ripple effect on the politicians, institutions and other interests that unions traditionally support. As The New York Times noted, the Janus decision will also impact "a vast network of groups dedicated to advancing liberal policies and candidates."[7] Indeed, liberal activists claim that eliminating the financial support to groups working for civil and immigrant rights and supporting voter registration and Democratic campaigns was the primary goal of conservative groups behind the Janus case. And those groups don't dispute that fact.

Unions were engaged in contingency planning—internally and with their stakeholder groups—well in advance of the Supreme Court decision. For example, the Service Employees International Union (SEIU) reduced its 2018 budget by 30% and has been working with leaders of liberal groups for two years to develop plans to leverage people power (approximately 2 million members) and the union's fund-raising capacity to partially offset the loss of financial support. Although organizations will have to be more selective about the projects they pursue and some programs will have to be scaled back or eliminated, the consensus is that the loss of union contributions will be offset by wealthy liberal donors, individual contributions and the "people power" of union members and other voters.[8]

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13.13: Introduction to the Role of Unions

What you'll learn to do: Discuss the changing role and relevance of unions

Unions have been a part of our experience since the American Revolution, instrumental in establishing business practices and employee rights and protections that we now take for granted. But changing market realities, conservative challenges and large-scale automation seem to threaten their future. In this section, we'll consider the current and future role and relevance of unions.

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CHAPTER OVERVIEW

14: Safety, Health, and Risk Management

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14.1: Introduction to Improving Workplace Safety

What you'll learn to do: Explain how to improve workplace safety

If you are a manager, HR manager or business owner interested in improving workplace safety, you will find OSHA's website an excellent resource. In this section, we'll mine their site and cite SHRM research to identify key workplace safety factors and HR's role in improving workplace safety.

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14.2: Workplace Safety Factors

Learning Objectives

- Identify factors that contribute to workplace safety

 According to OSHA, most successful safety and health programs are based on a common set of key elements that include management leadership, worker participation, and a systematic approach to finding and fixing hazards. OSHA's Safe and Sound page provides resources to support the development of a Safe + Sound Program and promotes an annual Safe + Sound week (August 12–19 in 2019). Resources include a variety of why and how materials including videos/webinars, tip sheets, course offerings and recommended practices.

There are three core elements of effective safety and health programs:

1. Management Leadership
2. Worker Participation
3. Find & Fix

Let's take a closer look at each of these elements.

Management Leadership

Executive commitment to implementing a program and using it to drive continuous improvements in safety and health.

Associated action items:

- Developing and communicating a safety and health policy statement.
- Providing the resources needed to implement and operate the program.
- Factoring safety and health into operational planning and decisions.
- Recognizing or rewarding safety and health contributions and achievements.
- Leading by example, by practicing safe behaviors and making safety part of daily conversations.
- Additional perspective and specifics in OSHA's Be Safe + Sound at Work: Management Leadership Guide



Worker Participation

Effective safety and health programs tap into workers' collective experience, knowledge, and insight in order to find solutions to workplace safety and health challenges.

Opportunities for worker participation include:

- Developing the initial program design.

- Reporting incidents (including near misses) so they can be investigated.
- Analyzing hazards associated with routine and nonroutine jobs, tasks, and processes.
- Defining and documenting safe work practices.
- Conducting site inspections and incident investigations.
- Training current coworkers and new hires.
- Evaluating program performance and identifying ways to improve it.
- Additional perspective and specifics in OSHA's Be Safe + Sound at Work: Worker Participation

Find & Fix

Developing a systematic process for identifying and controlling (i.e., finding and fixing) workplace hazards is at the core of every effective safety and health program.

A systematic approach includes:

- Involving workers, who often have the best understanding of the conditions that create hazards and insights into how they can be controlled.
- Reviewing all available information about hazards that might be present.
- Conducting inspections to identify new or emerging hazards.
- Investigating incidents to identify root causes and potential solutions.
- Evaluating options using the "hierarchy of controls."
- Considering how to protect workers during emergencies and nonroutine activities.
- Checking that existing controls are intact and remain effective.
- Additional perspective and specifics in OSHA's Be Safe + Sound at Work: Find & Fix Hazards Resource Guide

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14.3: HR and Health and Safety

Learning Objectives

- Discuss human resource management's role in supporting workplace health and safety

Given their responsibility for people, culture, and associated policies and procedures, human resource management plays a critical role in supporting workplace health and safety. The points made in OSHA's Be Safe + Sound Management Leadership Guide are particularly relevant to HR management, and include:

- Making worker safety and health a core organizational value
- Eliminating hazards, protecting workers, and continuously improving workplace safety and health
- Providing sufficient resources to implement and maintain the safety and health program
- Visibly demonstrate and communicate their safety and health commitment to workers and others.

For example, HR management has a responsibility to ensure that the organization is in compliance with OSH Act requirements and that supervisors and managers understand that it is their duty to ensure that the workplace is free from recognized hazards that are causing or likely to cause death or serious physical harm. Management training and evaluation should ensure that managers understand employee rights, including, for example, the right to safety training in a language that the employee understands.

This duty of care also extends to workplace violence, which includes "any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site"[1] As discussed previously, workplace violence ranges from threats and verbal abuse to homicide. SHRM research indicates that approximately 33% of American employees and almost 20% of HR professionals either don't know are unsure of what to do if they witness or are involved in a workplace violence incident.[2] Research also found that while the majority of HR professionals reported having developed workplace violence training, one third didn't provide training to employees. Additionally, while almost all HR professionals reported having a process for identifying employees with a history of violence, over 50% were unsure of whether they have a workplace violence prevention program. As SHRM-SCP, SHRM president and CEO Johnny C. Taylor, Jr. stated: "Companies and HR should and must do more to make employees feel safe at work," adding that "If you make the investment in security and preparation, your employees will feel safer and respect you for valuing their safety."

? PRactice Question

https://assessments.lumenlearning.co...essments/18228

OSHA Resources

OSHA recognizes that its regulatory and enforcement efforts alone are inadequate to achieve the compliance of over 10 million employers. That's where outreach activities come in. Specifically, OSHA's consulting, training and outreach efforts are designed to shift the safety curve, prompting organizations to adopt Safety and Health Programs that build a culture of and commitment to safety, as illustrated in Figure 1.



Figure 1. Shifting the Safety Curve

To that end, OSHA offers are range of consulting services, training and supporting resources, including the following:

- An OSHA Compliance Quick Start Tool
- On-Site Consultation—Free and confidential occupational safety and health services for small- and medium-sized businesses.
- A broad range of safety and health tools, publications and guides for specific OSHA standards, programs (e.g., SHP) and safety and health topics (e.g., Workplace Violence)
- OSHA's Safe and Sound page—everything you need to develop and implement a safety and health program
- Recognition ("Cooperative") programs
- A range of data and statistics and informational resources, including its QuickTakes bi-weekly e-newsletter

Note that the OSHA website is available in both English and Spanish.

? Practice Question

https://assessments.lumenlearning.co...essments/18229

1. "Workplace Violence." Occupation Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
2. "With Workplace Violence on the Rise, 1 out of 7 People Don't Feel Safe at Work." Society for Human Resource Management. March 19, 2019. Accessed August 20, 2019. ↵

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14.4: Introduction to Risk Management

What you'll learn to do: Discuss human resource management risk management

The International Organization for Standardization (ISO) defines risk as the "effect of uncertainty on objectives."[1] In the introduction to its risk management standard—ISO 31000—the organization notes that "risks affecting organizations can have consequences in terms of economic performance and professional reputation, as well as environmental, safety and societal outcomes. Therefore, managing risk effectively helps organizations to perform well in an environment full of uncertainty."[2] In this section, we'll identify risks associated with human resources activities and how to manage them.



1. "ISO 31000 2018 Plain English Definitions." Praxiom Research Group Limited. Accessed August 20, 2019. ↵
2. "ISO 31000 Risk Management." ISO.org. Accessed August 20, 2019. ↵

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14.5: Risks in Human Resources

Learning Objectives

- Identify the risks associated with human resource activities

Almost everything that can go wrong in a business has a human capital component.

—David Creelman, Creelman Research[1]



The Center for Safety and Health Sustainability notes the "An organization's human capital includes the skills, knowledge and abilities that workers bring to their work as well as how they use them. . . . Effective management of an organization's human capital underpins corporate performance and sustainability."[2] Human capital risks include dangers to personnel and risks arising from loss of or inappropriate use of those skills, knowledge and abilities, including unauthorized use or distribution of confidential or proprietary information.

Risk mitigation consulting firm Lowers & Associates identifies the five critical human capital risk areas:[3]

1. **Complacency.** For perspective, the Risk Management Society states that "complacency comes from a place where 'I don't know' and 'I don't care' run rampant."
2. **Turnover**
   - Companies pay between 25% to 250% of an employee's annual salary to replace that employee
   - Direct and indirect costs including temporary staffing, training, lost productivity, reduced morale and loss of clients and know-how
3. **Occupational fraud.** Costs businesses 5–7% of annual revenue, including management costs and damages to brand, employee morale, external business relationships, regulator relationships and stock value
4. **Catastrophic workplace events**
   - Injuries and illnesses, fatalities and homicides
   - Potentially significant damage to people, brands and profits
   - The annual cost of workplace violence for employers is estimated to be roughly $121 billion[4]
5. **Negligent hiring or retention.** Perspective point: employers lose 75–80% of negligent hiring claims

Practice Question

https://assessments.lumenlearning.co...essments/18230

To elaborate on the fourth point, with increased socio- and geo-political tension and instability, there has been an increase in business risk, including risk to people. According to OSHA, "acts of violence and other injuries [are] the third-leading cause of fatal occupational injuries in the United States."[5] Bureau of Labor Statistics data indicates that 458 of the fatal workplace injuries that occurred in the United States in 2017 were cases of intentional injury by another person. A March 2019 Society of Human Resource Management (SHRM) press release reported that one out of 7 people don't feel safe at work, "[demonstrating the] need for more workplace violence education, prevention and training."[6] Underscoring both the sentiment and recommendations, SHRM's 2019 study of workplace violence found that almost half of HR professionals indicated their organization had experienced a workplace violence incident and over half of those who reported workplace violence indicated their organization had experienced an incident in the last year.

1. Lower & Associates. "5 Critical Areas of Human Capital Risk." The Risk Management Blog. August 8, 2013. Accessed August 20, 2019. ↵
2. "The Human Capital Project." Center for Safety & Health Sustainability. Accessed August 20, 2019. ↵
3. Lower & Associates. "5 Critical Areas of Human Capital Risk." The Risk Management Blog. ↵
4. Johnson, Denise. "Risk Management: Employers Benefit from Mitigating Workplace Violence." Insurance Journal. April 17, 2017. Accessed August 20, 2019. ↵
5. "Workplace Violence." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
6. "With Workplace Violence on the Rise, 1 out of 7 People Don't Feel Safe at Work." Society for Human Resource Management. March 19, 2019. Accessed August 20, 2019. ↵

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14.6: Managing Risk in Human Resources

Learning Objectives

- Describe the process of managing Human Resources–related risks



Managing HR-related risks involves addressing the five critical areas mentioned above, including workplace violence and risk of international travel. The points that Lowers & Associates recommends for addressing turnover are applicable to all five risk areas and represent basic block-and-tackle elements of HR management, including:

- Use pre-employment screening
- Establish fair benefits and compensation and review relative to market annually
- Pay attention to employees' needs
- Increase employee engagement
- Create a positive work environment
- Create clear, challenging career paths

Specific recommendations to address:

- Occupational fraud
  - Establish and enforce a code of conduct
  - Develop a fraud prevention strategy
  - Implement prevention and detection processes, including risk assessment and internal audits; evaluate fraud controls on a regular basis
  - Conduct fraud awareness training and provide a means of reporting fraud online
  - Screen suppliers and third party providers
- Workplace violence
  - Understand risk factors and develop and implement training and prevention programs. OSHA states that "in most workplaces where risk factors can be identified, the risk of assault can be prevented or minimized if employers take appropriate precautions."[1]
  - OSHA also emphasizes that establishing a zero-tolerance policy toward workplace violence—applicable to all who come in contact with employees or alternative workers—is one of the best protections.
  - For related resources, including risk assessment, training and prevention, refer to OSHA's Workplace Violence page.

? Perspective Point

Lowers & Associates notes that although the probability of catastrophic workplace events is low, the potential damage to people, brands and profits justifies risk mitigation.

? Practice Question

https://assessments.lumenlearning.co...essments/18231



Meng Wanzhou at Russia Calling! Investment Forum.

Although geo-political risks have always been a part of conducting business internationally, trade tensions have recently escalated into economic warfare, increasing the stakes in both financial and human terms. The attempt in 2019 to extradite and prosecute Chinese technology firm Huawei's CFO Meng Wanzhou has resulted in retaliatory arrests and harassment of American business executives and Canadians in China.

In an article for Risk Management magazine associate editor Adam Jacobson notes that "companies have a legal obligation, known as a 'duty of care,' to prepare employees and address potential risks they may face while traveling."[2] Pre-trip preparation and planning is key, including evaluating the risks, setting up tracking systems, establishing communication processes and identifying sources of support in the event of crisis. Jacobsen notes that there are also a range of insurance options that can mitigate some of the risk of travel.

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1. "Workplace Violence." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
2. Jacobson, Adam. "Preparing Employees for Travel Risks." Risk Management. Accessed August 20, 2019. ↵

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14.7: Putting It Together- Safety, Health, and Risk Management

Although it's been proven that a good working environment yields the best business results, many industries and workplaces are still—some, chronically—failing to meet OSHA's general duty to protect clause. This clause requires that employees be protected from all hazards, including safety, health and workplace violence. These management—and, specifically, human capital management—failures have serious business, human and macroeconomic impacts.



George Washington University environmental and occupational health professor David Michaels and occupational health and safety consultant John Henshaw (both formerly assistant secretary of labor for OSHA) argue that "a stronger commitment to safety and health can benefit workers by decreasing the number of illnesses, injuries and fatalities; increasing their engagement and satisfaction; and enabling them to be productive participants in the organization and their communities. When emphasizing the safety, health and welfare of workers, businesses also see benefits in decreased costs associated with workers' compensation payments, training and recruitment; increased productivity and quality; and improved reputational and financial performance."[1]

Gallup's State of the Global Workplace research supports these assertions, finding that high engagement was associated with the following benefits:[2]

- Increased performance, including:
  - 21% higher profitability
  - 20% higher sales
  - 17% higher productivity and
  - 10% higher customer metrics
- Decreases in factors that undermine performance, including:
  - 70% fewer employee safety incidents
  - 41% lower absenteeism
  - 40% fewer defects
  - 28% less shrinkage (wastage or theft)
  - 24% or 59% lower turnover in low- and high-turnover organizations, respectively.

The National Safety Council reports that "every 7 seconds, a worker is injured on the job; that's 510 injuries per hour, 12,600 per day, 88,500 per month and 4,600,000 per year."[3] Grim statistics, made even more appalling since each one is preventable. The International Labor Organization reports that the cost of work-related injuries and deaths totals almost $3 trillion or approximately 4% of global GDP (gross domestic product).[4] For additional perspective, ILO Director-General Guy Ryder noted that "the economic impact of failing to invest in worker safety and health is nearly equal to the combined gross domestic product of the 130 poorest countries in the world." This is not only a constraint on business growth, it reduces national and global GDP and represents an unacceptable human and societal cost.

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1. Michaels, David and John Henshaw. "Here's Why Worker Safety is a Sustainability Essential." GreenBiz. January 26, 2017. Accessed August 20, 2019. ↵
2. "State of the Global Workplace." Gallup. Accessed August 20, 2019. ↵
3. "Workplace Injuries." National Safety Council. Accessed August 20, 2019. ↵
4. "ILO: Global Cost of Work-related Injuries and Deaths Totals Almost $3 Trillion." National Safety Council, Safety + Health. September 6, 2017. Accessed August 20, 2019. ↵

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14.8: Discussion- Safety, Health, and Risk Management

Even though the rate of worker deaths and reported injuries has decreased by more than 60% since the inception of the Occupational Safety and Health Act, there are still 3.6 million serious job-related injuries and more than 5,000 workers killed on the job each year.

As an HR manager at an ophthalmic medicine research lab at a major university, you provide safety guidance for about 400 faculty and staff. These 400 people are actively engaged in research that involves chemicals, sharp tools like scalpels and needles, easily-broken glassware, and machinery that cryogenically and deep-freezes biological and chemical materials.

Safety concerns for the lab would include fire and being able to safely extinguish it; proper use of chemicals that follow biohazard rules, use of them in properly vented areas, and careful procedures for use of radioactive materials; safely operating all machinery; and proper use and disposal of “sharps,” which include needles and syringes, scalpels and the like. Safety and risk management are a large part of your job as the HR manager.

Discussion Prompt

The director of the safety department just approached you to investigate OSHA’s resources. He’s looking for a recognition program for workplace safety that would work well for the lab. Particularly, the director is proud of the work his team has done to instill safety into the workplace and wants them to get some official recognition. Using the resources provided to you in this module, determine which of OSHA’s offerings might be best suited to what the director is looking for, and what next steps you’d recommend. Write a paragraph or two with your recommendation, and then review the recommendations of at least two other classmates.

Grading

Share your opinions below and respond to two of your classmates’ thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers’ presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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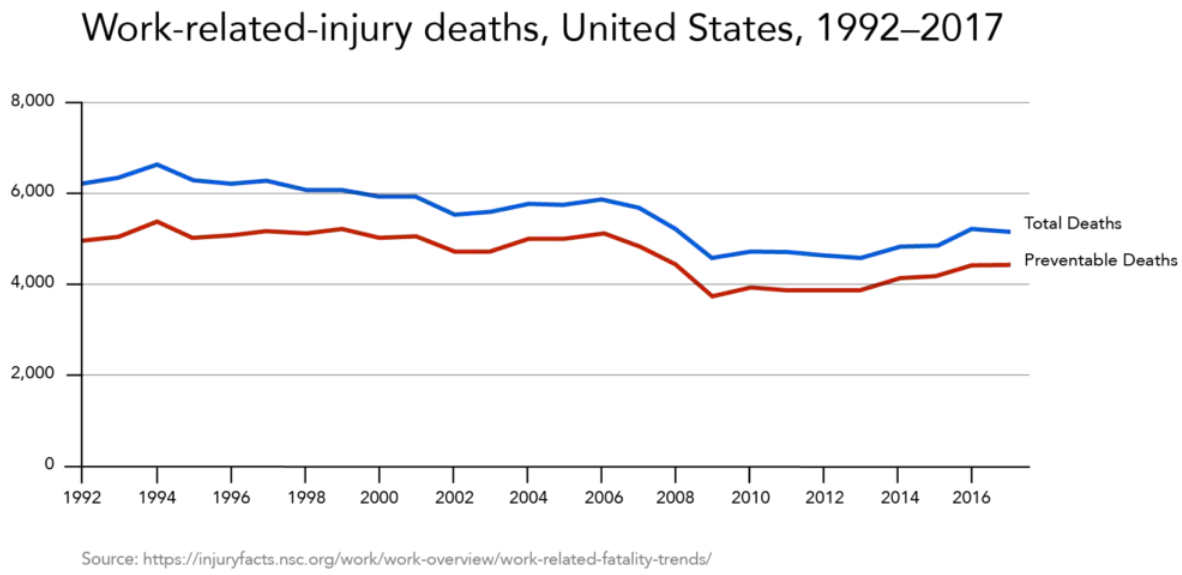
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14.9: Why It Matters- Safety, Health, and Risk Management

Why learn about safety, health and risk management?

Although serious and often fatal injuries were common in the early industrial age, many of us assume that the modern workplace is a kinder—or at least safer—place. We assume that the laws passed in response to atrocities such as the Triangle Shirtwaist fire (discussed in Module 13: Union–Management Relations) and horrific workplace conditions in the meatpacking and other industries have addressed these risks and created an environment free of—at the very least, preventable—work-related injuries. As Figure 1 illustrates, that assumption would be wrong. In 2017, over 5,000 people died due to work-related-injuries in the United States. What is particularly shocking is that 86% of those fatalities were preventable. That is, 4,414 of the 5,147 deaths could have been avoided. At a global level, the International Labor Organization estimates the number of deaths due to occupational injuries and illnesses is 2,780,000 annually.[1]



Work-related-injury deaths, United States, 1992–2017[2]

Year	Total deaths	Preventable Deaths
1992	6,217	4,965
1993	6,331	5,034
1994	6,632	5,338
1995	6,275	5,015
1996	6,202	5,069
1997	6,238	5,160
1998	6,055	5,117
1999	6,054	5,184
2000	5,920	5,022
2001	5,915	5,042
2002	5,534	4,726
2003	5,575	4,725
2004	5,764	4,995
2005	5,734	4,984
2006	5,840	5,088
2007	5,657	4,829
2008	5,214	4,423
2009	4,551	3,744
2010	4,690	3,896
2011	4,692	3,901
2012	4,628	3,903
2013	4,585	3,899
2014	4,821	4,132
2015	4,836	4,190
2016	5,190	4,398
2017	5,147	4,414

The total cost of work injuries in the United States was $161.5 billion in 2017 (see Figure 2 for the breakdown).[3] According to Liberty Mutual Workplace Safety Index, U.S. employers spent $58.5 billion—over $1 billion per week—on the most disabling nonfatal injuries and illnesses in 2018.[4]

Work Injury Costs[5]

Total Cost in 2017	$161.5 billion
Cost per worker	$1,100
Cost per death	$1,150,000
Cost per medically consulted injury	$39,000

Although significant, these costs are a fraction of the total cost of ineffective safety and health management. As occupational health and safety experts David Michaels and John Henshaw note in a GreenBiz article, “a strong commitment to safety and health can . . . decrease training and recruitment costs, increase worker engagement and satisfaction, increase productivity and quality and improve reputational and financial performance.”[6]

In this module, we’ll discuss a business’s legal obligations for workplace safety and health, the enforcement process, how to improve workplace safety and risk management.

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1. "ILO: Global Cost of Work-related Injuries and Deaths Totals Almost $3 Trillion." Safety + Health Magazine. September 6, 2017. Accessed August 20, 2019. ↵
2. National Safety Council. “Work-Related Fatality Trends.” Injury Facts. Accessed November 18, 2019. ↵
3. "ILO: Global Cost of Work-related Injuries and Deaths Totals Almost $3 Trillion." ↵
4. "Liberty Mutual Workplace Safety Index." Liberty Mutual Insurance. February 2018. Accessed August 20, 2019. ↵
5. “Workplace Safety Index.” Liberty Mutual Group. Accessed November 18, 2019. ↵
6. Michaels, David and John Henshaw. "Here's Why Worker Safety is a Sustainability Essential." Accessed August 20, 2019. ↵

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14.10: Introduction to Workplace Safety and Health

What you'll learn to do: Describe the legal obligations for workplace safety and health

Workplace safety isn't just a business best practice, it is, as OSHA posters declare, the law. Passed by Congress in 1970, the Occupational Safety and Health (OSH) Act created the Occupational Safety and Health Administration (OSHA), whose mission is "to assure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education and assistance."[1] In this section, we'll discuss employer requirements and employee rights under the OSH Act and associated state plans.



1. "Occupational Safety and Health Act." United States Department of Labor. Accessed August 20, 2019. ↵

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14.11: Employer Requirements

Learning Objectives

- Identify employer requirements under the Occupational Safety & Health Act (OSH Act)



Alberta Department of Public Health Work Safety Poster

An agency of the U.S. Department of Labor, OSHA has the primary responsibility for administering and enforcing the Occupational Safety and Health (OSH) Act, with covers a majority of employers and workers; the primary exceptions are (many) public sector employees and the self-employed. Youth worker safety and health is addressed in the Fair Labor Standards Act (FLSA). However, all OSHA rules also apply to young workers.

The OSH Act establishes an employer's responsibility to provide a safe workplace. In brief, the act requires employers to "provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSH Act."[1] On it's website, OSHA highlights the following supporting actions:

- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.
- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- Provide safety training in a language and vocabulary workers can understand.
- If hazardous chemicals are present, develop and implement a written hazard communication program and train employees on the hazards they are exposed to and proper precautions. A copy of safety data sheets must be readily available.
- Provide medical examinations and training when required by OSHA standards.
  - For more details on training, refer to the Training Requirements in OSHA Standards publication.
- Post the OSHA poster or the state-plan equivalent in a prominent location in the workplace.
  - OSHA regulations do not require employers to display the poster in a foreign language. However, However, OSHA encourages employers with Spanish-speaking workers to also display the Spanish version of the poster.
- Report all significant work-related injuries, including those requiring hospitalization, amputation, loss of an eye or death.
- Maintain records of work-related injuries and illnesses and provide access as appropriate.
- Provide to the OSHA compliance officer the names of authorized employee representatives who may be asked to accompany the compliance officer during an inspection.
- Do not discriminate or retaliate against employees who exercise their rights under the Act.

- Post OSHA citations at or near the work area involved. Each citation must remain posted until the violation has been corrected, or for three working days, whichever is longer. Post abatement verification documents or tags.
- Correct cited violations by the deadline set in the OSHA citation and submit required abatement verification documentation.

? PRactice Question

https://assessments.lumenlearning.co...essments/18221

1. "OSHA Worker Rights and Protections: Employer Responsibilities." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵

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14.12: Worker Rights

Learning Objectives

- Identify worker rights under the OSH Act

Worker rights under the OSH Act are summarized in the OSHA poster (see Figure 1), which employers are required to post in a prominent location in the workplace. The poster is available in 12 languages, including Spanish, Arabic, Chinese, Korean and Vietnamese. OSHA regulations do not specify or require employers to display the OSHA poster in a foreign language. However, posting a version or versions that reflect the employee language mix is a recommended practice.



Figure 1. Job Safety and Health: It's the Law (Click on this image to view the full PDF.)

In brief, the OSH Act establishes that workers have a fundamental right to a safe workplace. That right includes the right to voice a safety or health concern, to report a work-related injury or illness and view medical records. The Act also provides for protection from retaliation for expressing a concern or reporting an injury or illness. OSHA's Whistleblower Protection Program investigates claims of retaliation and enforces protections for employees for engaging in protected activities." OSHA investigators handle allegations of retaliation from private sector and U.S. Postal Service employees. Federal employees are covered by environmental statutes and each agency is required to establish procedures to protect employees from "retaliation for reporting unsafe or unhealthful working conditions, or for otherwise engaging in safety or health activities."[1] Similarly, public sector employees should report safety or health hazards to their respective agency's Designated Agency Safety and Health Officer (DASHO).

Note

Federal government agencies are required to post the Federal Agency poster, which is available as a Word doc to allow individuals agencies to customize it with their logos and other identifying information.

In addition to the rights listed on the OSHA poster, employees have the right to the following:[2]

- Be trained in a language you understand
- Work on machines that are safe
- Be provided required safety gear, such as gloves or a harness and lifeline for falls
- Be protected from toxic chemicals
- Request an OSHA inspection, and speak to the inspector
- See copies of the workplace injury and illness log
- Review records of work-related injuries and illnesses
- Receive copies of test results done to find hazards in the workplace

? Learn More

OSHA also has a Frequently Asked Questions on their Worker Rights and Protections page.

? Practice Question

https://assessments.lumenlearning.co...essments/18222

1. "Whistle Blower Protection." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
2. "OSHA Worker Rights and Protections." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵

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14.13: Record-Keeping Requirements

Learning Objectives

- Summarize OSH Act record-keeping requirements



In general, employers with more than 10 employees are required to keep a record of serious work-related injuries and illnesses. A recordable injury or illness includes the following:[1]

- Any work-related fatality.
- Any work-related injury or illness that results in loss of consciousness, days away from work, restricted work, or transfer to another job.
- Any work-related injury or illness requiring medical treatment beyond first aid.
- Any work-related diagnosed case of cancer, chronic irreversible diseases, fractured or cracked bones or teeth, and punctured eardrums.
- There are special recording criteria for work-related cases involving needlesticks and sharps injuries; medical removal; hearing loss; and tuberculosis; refer to the linked page for specific criteria.

Minor injuries—specifically, those requiring first aid only—do not need to be recorded. Employers in low-risk industries are exempted from the recording rule unless otherwise notified in writing. Industries that are designated as low risk are identified by North American Industry Classification System (NAICS) code and listed on the Partially Exempt page on OSHA's website. Examples of industries that are exempt from recording include Florists, Health and Personal Care Stores, Legal Services and Junior Colleges.



Note that "all employers, including those partially exempted by reason of company size or industry classification, must report to OSHA any workplace incident that results in a fatality, in-patient hospitalization, amputation, or loss of an eye."[2]

Employers must report any worker fatality within 8 hours and any amputation, loss of an eye, or hospitalization of a worker within 24 hours. Reports can be submitted online or by calling the nearest OSHA office or OSHA's 24-hour hotline.

Injury and illness records must be maintained on site for at least five years. Each February through April, employers are required to post a summary of the injuries and illnesses recorded the previous year. If requested, copies of the Log of Work-Related Injuries and Illnesses (OSHA Form 300) must be provided to current and former employees, or their representatives. Employers must also provide employees or their authorized representatives access to their medical records and exposure records.

? Practice Question

https://assessments.lumenlearning.co...essments/18223

1. "OSHA Injury and Illness Record-Keeping and Reporting Requirements." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
2. "Non-Mandatory Appendix A to Subpart B – Partially Exempt Industries." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵

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14.14: Safety and Health Standards

Learning Objectives

- Discuss state workplace safety and health standards

State plans are OSHA-approved workplace safety and health programs operated by individual states or U.S. territories. These plans are regulated by OSHA and must be at least as effective as OSHA in protecting workers and in preventing work-related injuries, illnesses and deaths. When there is an OSHA-approved state plan in operation, employers can post the state version of the OSHA poster instead of the federal version. In states where there is an OSHA-approved State plans vary in their applicability, with twenty-one plans covering both private sector and state and local government employees and five states covering only state and local government workers.

States with plans covering private sector and state and local government employees:

- Washington
- Oregon
- California
- Nevada
- Utah
- Arizona
- New Mexico
- Wyoming
- Minnisota
- Iowa
- Michigan
- Indiana
- Kentucky
- Tennessee
- South Carolina
- North Carolina
- Virginia
- Maryland
- Vermont
- Alaska
- Hawaii

States with plans covering only state and local government workers:

- Illinois
- New York
- New Jersey
- Connecticut
- Maine

Check out the coverage for your state below:

A link to an interactive elements can be found at the bottom of this page.

The California State Plan

For example, the California State Plan covers state and local government employers and a majority of private sector workplaces.[1] The plan does not apply to federal government employers or private sector employers operating within federal properties such as military installations, national parks and United States Postal Service mail operations or to maritime

employers or aircrafts. California's plan also does not apply to employers operating within the borders of Native American reservation and trust lands recognized by the federal government.

In addition to OSHA standards, Cal/OSHA has adopted state-specific standards addressing the following:

- Toxic Chemical Handling and Exposure
- Agriculture
- Repetitive Motion Injuries
- Child Labor
- Heat Exposure
- Noise Exposure
- Injury and Illness Prevention Program
- Aerosol Transmissible Diseases
- Petroleum Drilling and Production
- Petroleum Refining, Transport, and Handling
- Workplace Violence Prevention in Health Care

The state of California's Department of Industrial Relations (DIR) administers the California State Plan through Cal/OSHA and investigates private and state and local government workplace claims of retaliation; federal OSHA is responsible for enforcement of anti-retaliation protections. OSHA retains the right to exercise concurrent federal authority for safety and health-related actions broadly, including the right to inspect any establishment and take appropriate enforcement action when Cal/OSHA (or any State Plan) is unable to fully or effectively exercise its enforcement authority due to employer non-compliance, reduction of resources or staff, limitations on enforcement authority, disasters or emergencies or other factors.

? Practice Question

https://assessments.lumenlearning.co...essments/18224

1. "California State Plan." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵

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14.15: Introduction to Inspection and Enforcement

What you'll learn to do: Describe the Occupational Safety and Health Administration's (OSHA's) inspection & enforcement process

In its enforcement role, OSHA sets enforcement policy, conducts targeted inspections and responds to fatalities, catastrophes and complaints. The on-the-ground inspection and enforcement role is conducted by OSHA inspectors, industrial hygienists and safety professionals referred to as compliance safety and health officers. In this section, we'll discuss the OSHA enforcement process and how penalties are determined.

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14.16: OSHA Inspection

Learning Objectives

- Describe OSHA's inspection process



Alberta Department of Public Health Work Safety Poster

With jurisdiction for approximately 7 million worksites, OSHA prioritizes inspections based on hazard in the following order:[1]

1. **Imminent danger.** A situation where hazards could cause death or serious harm.
2. **Severe illness or injury.** Based on employer reporting of fatality, severe illness or injury.
3. **Worker complaints.** Investigating worker allegations of hazards or violations.
4. **Referrals.** Notice of hazards referred from other agencies, individuals, organizations or the media.
5. **Targeted inspections.** Inspections focused on high-hazard industries or workplaces.
6. **Follow-up inspections.** To ensure abatement (resolution) of prior violations

Lower priority hazards may be addressed without an on-site inspection, with compliance officers and employers discussing safety and health concerns, findings and corrective actions by phone and in writing.

OSHA's on-site inspections are a six-step process as detailed below.

1. **Preparation.** This includes researching inspection history, determining what standards are more likely to apply based on operations and collecting the appropriate safety gear and testing instruments.
2. **Presentation of credentials.** OSHA compliance officers generally do not provide advance notice of inspections. Employers have the right to require compliance officers to obtain an inspection warrant before entering the worksite.
3. **Opening conference.** The compliance officer will explain why the site was selected for inspection, describe the inspection scope and procedures. The employer selects a representative to accompany the compliance officer during the inspection. An authorized representative of the employees—for example, a union representative—also has the right to accompany an inspector.
4. **Walkaround.** The compliance officer and company representative(s) will walk through the areas of the workplace covered by the inspection, looking for hazards that could lead to employee injury or illness. The officer will also review worksite injury and illness records and note whether the OSHA poster is on display.
5. **Closing Conference.** The compliance officer will hold a closing conference with the employer and the employee representatives to discuss the findings and possible courses of action. The officer will also cover employer rights (e.g., right to content citations and proposed penalties), employee rights and discuss OSHA consultation services.
6. **Results.** If an inspector finds serious hazards or violations of OSHA standards, the agency must issue a citation and proposed penalty within six months. Citations describe OSHA requirements allegedly violated, list any proposed penalties, and give a deadline for correcting the alleged hazards.

7. **Settlement or Appeal.** When OSHA issues a citation, it also extends an offer to discuss the findings with the OSHA Area Director. The objective of this meeting is to arrive at a settlement agreement to eliminate the hazards and resolve the issue. Alternately, employers can contest the alleged violations and/or penalties. This appeal must be submitted in writing within 15 working days after receipt of results. Contests are forwarded to the Occupational Safety and Health Review Commission for independent review. Inspection results—citations, penalties, and abatement dates—that are not challenged or settled become a final order of the Occupational Safety and Health Review Commission.

? Practice Question

https://assessments.lumenlearning.co...essments/18225

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1. "OSHA Fact Sheet." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵

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14.17: OSHA Penalties

Learning Objectives

- Describe how OSHA penalties are determined

OSHA penalties are determined by the type of violation, as illustrated in Table 1. Violation types range in significant/penalty from minor (posting requirements) to willful or repeated. In settling a penalty, OSHA has a policy of reducing penalties for small employers and those acting in good faith. For serious violations, OSHA may also reduce the proposed penalty based on the gravity of the alleged violation. No good faith adjustment will be made for alleged willful (intentional) violations. States that operate their own Occupational Safety and Health Plans are required to adopt maximum penalty levels that are at least as effective as Federal OSHA's.

Table 1. Maximum OSHA Penalties[1]

Type of Violation	Penalty
Serious Other-Than-Serious Posting Requirements	$13,260 per violation
Failure to Abate	$13,260 per day beyond the abatement date
Willful or Repeated	$132,598 per violation

PRactice Question

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For perspective on actual penalties assessed, see OSHA's top penalties by state page, that provides a clickable map of enforcement cases with initial penalties of $40,000 or more. A repeat offender: the U.S. Postal Service (USPS); the most recent violation was 6/13/19 (San Francisco), with a $85,248 penalty. Also on the list: Tesla, Inc. with a $82,000 penalty on 2/28/2019, Skechers USA, Inc. with a $42,370 penalty on 12/14/2018 and

Southern California Edison, with a $95,435 penalty on 11/19/2018. Ironically, Aerotek, Inc.—"the leading recruitment and staffing agency…focused on bringing great people and great organizations together"[2] – was fined $55,010 on 4/23/19. So much for their "our people are everything" tagline.

1. "OSHA Penalties." Occupational Safety and Health Administration, United States Department of Labor. Accessed August 20, 2019. ↵
2. "Aerotek Recruiting and Staffing." Accessed August 20, 2019. ↵

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CHAPTER OVERVIEW

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15.2: Business and CSR
15.3: Embracing Corporate Social Responsibility
15.4: Putting It Together- Corporate Social Responsibility
15.5: Discussion- Corporate Social Responsibility
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15.14: Human Resources and Sustainability
15.15: Introduction to Corporate Social Responsibility

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15.1: What is Corporate Social Responsibility?

Learning Objectives

- Discuss corporate social responsibility



Corporate social responsibility, or CSR, is a corporation's obligation to its stakeholders, including employees, clients/customers, investors and the community or communities where it's based or operates. Although many businesses take that obligation to heart, CSR has also been used for damage control, as a smoke screen and simply to generate media mentions (PR). The framework for CSR as a practice was articulated by business management author and professor Dr. Archie Carroll in his 1991 article "The Pyramid of Corporate Social Responsibility" (available as a free download from researchgate.net).[1] In this article, Dr. Carroll summarizes the evolution of executive thinking on the responsibility of a corporation to society, from maximizing financial return to shareholders to an understanding of an organization's obligation to conform to applicable laws and, ultimately, due to the passage of social legislation and creation of related enforcement agencies, including the Environmental Protection Agency (EPA), Equal Employment Opportunity Commission (EEOC), Occupational Safety & Health Administration (OSHA) and Consumer Product Safety Commission (CPSC), a recognition that the environment, employees and consumers are "significant and legitimate stakeholders of business."



Carroll's CSR Pyramid

To put these obligations in perspective, Caroll proposed a pyramid of corporate social responsibility with four levels, from the base to the top: economic, legal, ethical and philanthropic. A business' first responsibility—economic, at the base—is to be profitable. This is generally interpreted broadly: to create useful products and services, to create jobs that pay a fair wage, to maintain a strong competitive position and a high level of operating efficiency and to provide a return on investment to owners and shareholders. The second level—legal—reflects a business' responsibility to obey the law. Specifically, a business is expected "to perform in a manner consistent with expectations of government and law," complying with relevant laws, fulfilling legal obligations and providing goods and services that at least meet minimal legal requirements. The third level is ethical responsibility, which Caroll describes as performing "in a manner consistent with expectations of societal and ethical norms," noting that "it is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations."[2] Ethics is

generally interpreted as “doing the right thing,” even if it’s not required by law. At the top of the pyramid is philanthropic responsibility. This is also referred to as discretionary responsibility and includes the range of actions associated with being a good global citizen from supporting arts and culture and education, participating in volunteer and charitable activities and other initiatives that contribute to a community’s quality of life.

? Practice Question

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The concept of CSR has enlarged in recent years, with CSR being defined more broadly to encompass the full range of responsibilities a business has to society. For example, you will find multiple descriptions of CSR as a commitment to managing the social, environmental and economic effects of a business which is, of course, the working definition of sustainability. Indeed, Business News Daily describes CSR as “an evolving business practice that incorporates sustainable development into a company’s business model.”[3]

Ultimately, it doesn’t matter whether you approach corporate responsibility from a sustainability perspective or as a CSR initiative that incorporates sustainability. What’s important is to understand the context and the business relevance of CSR. As with sustainability, CSR activities help businesses cultivate a positive perception (brand image) with employees, consumers, the community and NGO and regulatory organization. As Investopedia notes, “CSR activities can help forge a stronger bond between employee and corporation; they can boost morale and can help both employees and employers feel more connected with the world around them.”[4]

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1. Carroll, Archie B. "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organization Stakeholders." 1991. Accessed July 18, 2019. ↵
2. Ibid. ↵
3. Schooley, Skye. "What is Corporate Social Responsibility?" Business News Daily. April 22, 2019. Accessed July 18, 2019. ↵
4. Chen, James. "Corporate Social Responsibility (CSR)." Investopedia. February 11, 2019. Accessed July 18, 2019. ↵

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15.2: Business and CSR

Learning Objectives

- Summarize the business relevance of corporate social responsibility

As *Business News Daily* writer Skye Schooley notes "Consumers, employees and stakeholders are beginning to prioritize CSR when choosing a brand or company. They are holding corporations accountable for [affecting] social change with their business beliefs, practices and profits."[1] The results from public relations and marketing agency Cone Communications 2017 CSR survey illustrate how critical it is for businesses to get this right.[2] Key findings:

- 63% of Americans are hopeful businesses will take the lead to drive social and environmental change moving forward, in the absence of government regulation.
- 78% want companies to address important social justice issues.
- 87% will purchase a product because a company advocated for an issue they cared about.
- 76% will refuse to purchase a company's products or services upon learning it supported an issue contrary to their beliefs.

As PR agency InkHouse CEO Beth Monaghan advises in an article for Forbes, "Brands must stand for something because consumers demand it, but they must also live it." [3]

For specific examples of CSR in practice, scan the profiles on *Fortune* magazine's 2018 Change the World list, recognizing companies that have made making a positive social impact a core part of their business strategy.[4] *Fortune's* evaluation and ranking criteria also provide perspective reflect CSR best practices:

1. Measurable social impact: We consider the reach, nature, and durability of the company's impact on one or more specific societal problems.
2. Business results: We consider the benefit the socially impactful work brings to the company. Profitability and contribution to shareholder value outweigh benefits to the company's reputation.
3. Degree of innovation: We consider how innovative the company's effort is relative to that of others in its industry and whether other companies have followed its example.
4. Corporate Integration: We consider how integral the initiative is to a company's overall strategy, and how well that strategy is communicated through the ranks and elsewhere.



Although the majority of Change the World honorees have $1 billion in annual sales, CSR can be integrated into businesses at any scale. 1% for the Planet is a global movement that started by two businessmen who shared a love for the outdoors and committed to contributing 1% of their sales to the environment—regardless of profitability.[5] To quote Patagonia founder and 1% for the Planet co-founder Yvon Chouinard, "The intent of 1% for the Planet is to help fund these diverse environmental organizations so that collectively they can be a more powerful source in solving the world's problems."[6] If making an ongoing financial commitment

feels too risky or you want to take action personally, individual members can participate by donating to and volunteering with local environmental nonprofits. As they put it: “everyone has a 1%.”

To get started with CSR, start local and start small. As an entrepreneur or small business, contribute expertise to events that are consistent with your mission, vision and values. Symantec’s Head of global diversity, equity and inclusion recommends involving employees and consumers in the process of deciding what causes and organizations to support, noting that these efforts can increase brand preference and employee engagement and the transparency and value of CSR initiatives.[7]

? PRactice Question

https://assessments.lumenlearning.co...essments/17304

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2. "2017 Cone Communications CSR Study." Cone. 2017. Accessed July 19, 2019. ↵
3. Monaghan, Beth, "PR for a Purpose: Bringing Corporate Social Responsibility Back to Basics." Forbes. February 13, 2018. Accessed July 19, 2019. ↵
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5. "1% for the Planet." 1% for the Planet. Accessed July 19, 2019. ↵
6. Ibid. ↵
7. "Symantec 2018 Corporate Social Responsibility Report." Symantec. 2018. Accessed July 19, 2019. ↵

- 1% For the Planet Sticker. **Authored by**: Ross Tossberg. **Provided by**: Flickr. **Located at**: https://www.flickr.com/photos/20209466@N06/4709903391. **License**: *CC BY: Attribution*

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15.3: Embracing Corporate Social Responsibility

Learning Objectives

- Explain the concept and business relevance of ethics
- Explain the concept and business relevance of sustainability
- Explain the concept and business relevance of corporate social responsibility

A link to an interactive elements can be found at the bottom of this page.

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15.4: Putting It Together- Corporate Social Responsibility

Corporate responsibility—whether approached from a sustainability or CSR perspective—is the new normal; that is, the new expectation of stakeholders broadly. In “Reset: Business and Society in the New Social Landscape,” co-authors and University of Virginia Darden School of Business faculty James Rubin and Barie Carmichael note that what’s new is a “growing expectation of business’s role in society on a global basis.[1] People are shifting their attention from products and services to the companies behind those products and services.”[2] The authors state that how companies manage their impacts determines whether they will be perceived as pariahs or progressive, labels that are associated with either failure or success.

In his article “Social Accountability: The Business World’s New Role in Social Change,” writer Adam Uzialko summarized the key outtakes from Carmichael & Rubin’s research:

- 71% of people said their expectations for companies have increased.
- 68% said it’s more important to know how companies operate than what they sell.
- 94%of those surveyed said companies have the ability to shape a better society.
- 87% said most companies exist to create value for multiple interests in society, rather than just profit.[3]
- 75% said they converted their opinions of a company into action.[4]



These statistics matter because they not only influence purchasing and recommendation decisions, they influence employment decisions. The importance of building an employer brand—being an employer of choice—will become increasingly critical with demographic changes. For example: factor into our full-employment economy the statistic that Baby Boomers are leaving the workforce at a rate of approximately 10,000 per day—a pace that can’t be replaced with Gen-X, Millennial and post- Millennial workers. That will translate into increased competition for talent and, as the Cone and Millennial surveys reflect and Carmichael states, “workers are paying attention not just to professed core values, but to which companies put their money where their mouth is.”[5] What is exciting—and, perhaps, daunting—is the role that human resource professionals play in evolving culture, policies and practices to accommodate this new reality. To achieve this end, human resource professionals will need to embrace their role and not only as guardians and champions, but changemakers.

1. Rubin, James and Barie Carmichael. "Reset: Business and Society in the New Social Landscape." Columbia University Press. 2018. ↵
2. Uzialko, Adam C. "Social Accountability: The Business World's New Role in Social Change." Business News Daily. December 28, 2017. Accessed July 19, 2019. ↵
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15.5: Discussion- Corporate Social Responsibility

Examples of corporate social responsibility (CSR) are going on all around us. For instance, consider TOMS Shoes. Their slogan is "With every TOMS purchase, you stand with us on issues that matter." They have donated shoes, designer eyewear, and with the launch of their coffee branch, started contributing to programs that ensure safe water for the communities where they harvest their beans. Now, they've added "impact grants" to their list of efforts, targeting U.S. gun violence.

As they say on their website, "Since 2006, we've given shoes, sight, and safe water to more than 94 million people, and we have our customers to thank for turning our mission—using business to improve lives—into a movement. But the problems facing our world today are more complex than ever. So we are more committed than ever to finding new solutions: in addition to providing for basic human needs, we're taking a stand on today's most pressing human issues. And with every TOMS purchase, you're taking a stand too—for the issues of today, and for a better tomorrow."

People purchase TOMS shoes because they know that the company is socially conscious and that their money will not only buy fashionable footwear, but also be channeled to people in need.

TOMS is at the top of the CSR pyramid, extending their philanthropy to issues that matter.

Discussion Prompt

Find a company in the news today that's acting at one level of the CSR pyramid: economic, legal, ethical, and philanthropic. Explain what action qualifies the company to be at that level of the pyramid, and then talk about how the company is being socially responsible AND how that action will ultimately benefit their businesses.

Then, review the examples offered by two of your classroom peers and offer your comments and opinions

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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15.6: Assignment- HR’s Sustainability Role

Scenario

Sustainability initiatives have the potential to yield a number of benefits that build business competitiveness, employee engagement and satisfaction, and community quality of life. What role does HR play in advancing sustainability?

Your Task

In this rotation, you are reporting to the firm’s CSR & Sustainability lead. The team is developing a number of HR materials to serve as reference pieces for clients that are interested in increasing their sustainability. You have been assigned to develop an action plan to address this bullet point from The Business Guide to Sustainability:

- Align HR systems to embed sustainability in the culture: Incorporate sustainability into job descriptions, selection and evaluation criteria, employee orientation and training, evaluation and compensation.

Specifically, your task is to develop a 1-page list of specific, actionable recommendations for incorporating sustainability into these materials.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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15.7: Why It Matters- Corporate Social Responsibility

Why learn about the legal ramifications of ethics, social responsibility and sustainability in the modern business environment?



To some, “ethics” may appear a quaint or outdated concept—something that American author and artist Norman Rockwell might have evoked in his cover illustrations for The Saturday Evening Post in the 1960s. However, research suggests that ethics—indeed, corporate social responsibility broadly—may be more relevant now than ever. The stakes are also higher. As one HR executive put it: “If you look at the big picture, the livelihood of the company is at stake.”[1]

Calls for corporations to take responsibility for impacts on people and the planet and an expanded definition of profit are no longer limited to communities and groups that can be drowned out by PR or disregarded. Businesses are now learning what it means to be evaluated in a 360 degree manner: by customers, employees, investors, regulators, non-governmental agencies, the media and their communities—including prospective communities, as the scuttled plans for Amazon to build a second headquarters in New York City illustrated. To summarize, after a nationwide competition that lasted over a year, Amazon decided to build a campus in Queens but scrapped the plans when it met resistance from local politicians, union leaders and community organizers.[2] Of course, there are (at least!) two sides to every story, but Mayor Bill de Blasio’s tweet on the topic is good perspective:

You have to be tough to make it in New York City. We gave Amazon the opportunity to be a good neighbor and do business in the greatest city in the world. Instead of working with the community, Amazon threw away that opportunity.

— Mayor Bill de Blasio (@NYCMayor) February 14, 2019

On the flip side, embracing this new dynamic yields a number of performance and perception benefits. Multiple research studies have shown the correlation between social responsibility and/or sustainability and business performance. Indeed, sustainability initiatives alone have the potential to yield a number of benefits that build business competitiveness, employee engagement and satisfaction and community quality of life. And, given a competitive and full-employment economy, it’s critical for businesses to not only express but advocate for and embed a set of values that resonate with customers and (prospective) employees as well as (prospective) partners. In a letter to executives, BlackRock (the largest money-management firm in the world) founder and CEO Laurence Fink stated: “Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”[3] In this module, we’ll explore what it means to fulfill that ultimatum.

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3. Sorkin, Andrew Ross. "BlackRock's Message: Contribute to Society, or Risk Losing Our Support." The New York Times. January 15, 2018. Accessed June 17, 2019. ↵

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15.8: Introduction to Ethics



What you'll learn to do: Explain the concept and business relevance of ethics

Is the concept of ethics relevant in the twenty-first century? Scanning news or social media feeds—or simply observing human behavior—it may seem that ethics is neither relevant nor valued, much less practiced. Flagrant abuses of power and generally accepted practice aside, ethics are essential for the integrity of our social systems and business survival. In this section, we'll discuss ethics, trust and the why and the how of creating an ethical workplace.

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15.9: Ethics in the Workplace

Learning Objectives

- Discuss ethics in the workplace

Ethics is a system of moral principles that provide a framework for decision-making and conduct. Variously derived from culture, philosophy and religion, these principles define what is right and wrong in order to prompt conduct that is good for individuals and society. Practically speaking, ethics is experienced as trust or a belief that an individual or institution will "do the right thing." Although there are many ethical positions that are generally accepted, there are also a number of issues where there are polarized positions based on differences in perception and priorities, which may reflect socialization (including stereotypes), prejudice and religious doctrine. For example, differences in interpretation—and, therefore, protection—of civil rights is a point of ongoing debate in society, politics, the courts and workplaces, as our discussion of the interpretation of Title VII protection of "sex" in Module 4: Diversity in the Workplace illustrated. Perception and priority differences also impact individual, corporate and government policy positions and action on environmental and social issues such as climate change and pay equity.

What's important to note is that a person's perceptions aren't simply a personal matter; they influence workplace behavior and culture and may represent both a legal and brand liability.

James Damore



James Damore spoke with two other panelists at Portland State University in 2018.

In July 2017 Google engineer James Damore, a white male, posted a ten page critique of Google's diversity efforts titled "Google's Ideological Echo Chamber"[1] to an internal communications board. One of the most provocative points made was that "biological differences between men and women (for example, women's "agreeableness" and "neuroticism") might explain why we don't see equal representation of women in tech and leadership."

His post, which some conservatives termed a "manifesto," resulted in Damore being fired for violating Google's code of conduct by "advancing harmful gender stereotypes in our workplace." Damore sued, claiming Google discriminates against conservative white men.

Although the case has moved from court to arbitration, the claim of discrimination has since been taken up by President Trump, who drafted (but didn't finalize) an executive order calling for antitrust investigations of online platforms and Republican senators who claim that Facebook, Google and Twitter are using monopoly power to censor conservative speech.[2]

An area where there is general agreement on ethics is where there is an established code of conduct based on the standards set by a particular profession or professional association. For example, members of the National Association of REALTORS® take a pledge on their induction, agreeing "to abide by the REALTORS'® Code of Ethics and to strive to conform my conduct to its aspirational ideals."[3] NAR members are required to complete training every other year, and ethics complaints are handled by a system of administration that is, in effect, a private judicial system that may impose judgement in the form of training, fines, suspension or other action.[4] If proved, violation of professional ethics may impact an individual socially and financially, damaging their reputation and reducing their ability to attract clients or other business opportunities.

Note, however, that a code of conduct that isn't enforced or is enforced selectively can have a disruptive, if not destructive effect. In October 2018, *The New York Times* reported on Google's practice of protecting senior executives accused of sexual misconduct. The most inflammatory situation involved Android software creator Andy Rubin, who exited with then CEO Larry Page's kudos and a $90 million payoff despite a sexual misconduct charge the company investigated and deemed "credible."[5] Indeed, the hypocrisy revealed in the article prompted a series of walkouts in cities around the world.[6]—a scenario discussed further in the next section.



Financial sector misrepresentation of the risk of mortgage-back securities resulted in a mortgage crisis that contributed to the Great Recession

In our complex economy, the impacts of unethical behavior can have national—even global—repercussions. Financial sector misrepresentation of the risk of mortgage-back securities resulted in a mortgage crisis that contributed to the Great Recession[7] in the United States and an economic crisis globally. Of particular concern: an unethical culture, once established, can be hard to eradicate. In April 2019, five banks including Citigroup and JPMorgan agreed to pay European Union fines totaling $1.2 billion (1.07 billion euros) for foreign-exchange trading collusion. Royal Bank of Scotland Group, one of the five banks, stated that "Today's fine is a further reminder of how badly the bank lost its way in the past and we absolutely condemn the behavior of those responsible. This kind of behavior has no place at the bank we are today; our culture and controls have changed fundamentally during the past ten years."[8] There is obviously still work to do on implementing the culture change and associated controls. In many cases, fines are the least of the downside risks. An inability to establish and enforce an ethical culture can put the survival of a company—and the interests of stakeholders—at risk.

? Practice Question

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In a report titled "The Business Case for a High-Trust Culture," Great Place to Work noted there's a strong correlation between a high-trust culture and business success. Specifically, their research found that a high-trust culture is associated with the following business outcomes:

- Stock market returns two to three times greater than the market average.
- Turnover rates that are 50 percent lower than industry competitors.
- Increased levels of innovation, customer and patient satisfaction, employee engagement and organizational agility.

---

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5. Wakabayashi, Daisuke and Katie Benner. "How Google Protected Andy Rubin, the 'Father of Andriod'." *The New York Times*. October 25, 2018. Accessed July 18, 2019. ↵
6. Wakabayashi, Daisuke, Erin Griffith , Amie Tsang, and Kate Conger. "Google Walkout: Employees Stage Protest Over Handling of Sexual Harassment." *The New York Times*. November 1, 2018. Accessed July 18, 2019. ↵
7. Cowley, Stacy. "Morgan Stanley to Pay California $150 Million Over Mortgage Crisis Claims." The New York Times. April 25, 2019. Accessed July 18, 2019. ↵

8. "Citigroup Hit Hardest as EU Fines Banks $1.2 Billion Over Foreign Exchange." *American Banker*. May 16, 2019. Accessed July 18, 2019. ↵

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15.10: Ethics in Human Resources

Learning Objectives

- Describe the human resource implications of ethics



In an increasingly volatile business environment, an organization's human resources may represent their most sustainable source of competitive advantage. Randy Conley, Ken Blanchard Companies' Trust Practice Leader, considers the ability to build and sustain high levels of trust and engagement a critical leadership competency. Conley states that with trust, "commitment, engagement, loyalty and excellence become more than empty words in a company mission statement, they become reality."[1]

Of course, trust doesn't just happen. According to Conley, trust is built and sustained by behavior that reflects four key elements: competence, integrity, care and dependability. Leaders who exhibit these behaviors cultivate a safe environment that prompts a high level of engagement and discretionary effort. Conley's summary of trust-positive and negative behaviors is a good point of reference for building healthy and productive relationships at any level in an organization.

Conley's Trust Building and Trust Eroding Behaviors

Behaviors That Build Trust	Behaviors That Erode Trust
Demonstrating role competence	Not having or developing role skills
Establishing a successful track record	Being disorganized or unresponsive
Acting honestly, ethically & legally	Treating people unfairly
Admitting mistakes	Not recognizing & rewarding others' contributions
Asking for & accepting feedback	Gossiping or not keeping confidences
Listening to learn (open to influence)	Hoarding information
"Walking the talk"	Avoiding conflict and accountability
Meeting commitments	Not following through on commitments

Trust is a particularly critical issue given changes in demographics and employee influence. The findings from global communications firm Edelman's 2019 Trust Barometer survey[2] reflect a significant shift from trust in authority and social networks—for example, a person like me—to trust in local relationships and sphere of control. Key development: "my employer" has emerged as the most trusted institution. This is especially relevant for human resource management since it represents not only an opportunity, but an expectation. Globally, 75% of respondents indicated that they trust their employer "to do what is right," versus a 57% vote of faith in NGOs, 56% in business in general and 47% in media. In presenting these results at the annual World Economic Forum in Davos in 2019, Edelman CEO Richard Edelman noted this sense of trust reflects a full-employment economy and the associated confidence that workers have the ability to influence corporate policy and procedures.[3]

? Practice Question

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For example, employees' activism—#GoogleWalkout and sit-in—forced Google to drop its policy of forced private arbitration of sexual harassment, sexual assault and discrimination disputes. Airbnb, Facebook and eBay followed suit in ending forced arbitration of sexual harassment claims.[4]



Google Walkout for Real Change informational flyer. Alternative text for the google walkout flyer can be found here.

Google subsequently abandoned the policy of forced arbitration for any employer-employee disputes. What's remarkable about these actions is the speed of organization and the effectiveness of the actions. For perspective, read the Cut article: "We're the Organizers of the Google Walkout. Here Are Our Demands."[5] In an article for CNBC.com, Technology Reporter Jillian D'Onfro observed that the "Google walkouts showed what the new tech resistance looks like, with lots of cues from union organizing."[6] Specifically, Google employees tapped into the power of collective bargaining, using unionizing techniques and theatrics—for example, staging a San Francisco rally in a plaza dedicated to union leader Harry Bridges—without incurring the delays, compromises or political distractions of unionization or union representation. Indeed, one Google employee remarked that the speed of the walkout orchestration felt like "lightning striking." D'Onfro also quoted Temple University professor Brishen Rogers, who specializes in the impact of technology on labor relations, saying "the numbers and level of coordination involved in the Google strike was unprecedented."[7] To put the ethics-unionization connection in perspective, a study reported in the *Journal of Financial Economics* found that a one standard deviation increase in employees' belief in their leaders integrity was associated with an increase in profitability and a decrease in the percentage of unionized workers.

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2. "2019 Edelman Trust Barometer" Edelman. January 20, 2019. Accessed July 18, 2019. ↵
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4. Martinez, Didi. "Facebook, Airbnb and Ebay Join Google in Ending Forced Arbitration for Sexual Harassment Claims." NBC News. November 12, 2018. Accessed July 18, 2019. ↵
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6. D'Onfro, Jillian. "Google Walkouts Showed What the New Tech Resistance Looks Like, With Lots of Cues From Union Organizing." CNBC. November 3, 2018. Accessed July 18, 2019. ↵
7. Ibid. ↵

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15.11: Creating an Ethical Workplace

Learning Objectives

- Discuss how to create an ethical workplace

In an article for SHRM, Dori Meinert notes that "HR professionals are in a unique position to help build an ethical workplace culture because their involvement in hiring, training and evaluating employees allows them to influence their organizations at many levels."[1] Steven Olson, author and Director of Georgia State University's Center for Ethics and Corporate Responsibility states that Human Resources personnel should be both guardians and champions of their organization's ethical culture. In their role as guardians, they have a duty to protect employees, clients/customers and other stakeholders from unethical conduct. As champions, they practice and promote ethical behavior in daily operations.[2]



In an article on her website, author and leadership development consultant Linda Fisher Thornton breaks the ethical culture-building task into the following 40 specific action items. [3] This list serves as both an ethical culture assessment and a to-do list. Items that are in effect or true to your organization can be checked off; those that remain are culture-building opportunities. You can also modify the checklist to reflect degrees of attainment; that is, instead of a simple yes (check) or no, indicating the state of development/implementation or a target date. Finally, to add intention and incentive, include action items in relevant management evaluations.

Ethical Culture Checklist

1. Avoid Harm To a Wide Variety of Constituents
2. Balance Ethics With Profitability and Results
3. Carefully Build and Protect Trust
4. Choose the Ethical Path, Even if Competitors Aren't
5. Clarify What "Ethical" Means in the Organization
6. Clear Code of Ethics
7. Clear Messages About Ethics and Values
8. Commitment to Protecting the Planet
9. Consistently Demonstrate Care and Respect for People
10. Decision-Making Carefully Incorporates Ethics
11. Develop Leaders in How To Implement Proactive Ethical Leadership
12. Do Business Sustainably
13. Enforce Ethical Expectations
14. Embrace Corporate Social Responsibility
15. Engaging and Relevant Ethics Training and Messages (Not The Same Old Boring Stuff)
16. Ethical Actions Match Ethical Marketing
17. Frequent Conversations About Ethics (That Honor Work Complexity)
18. Full Accountability for Ethics At Every Level Including the C-Suite
19. High Degree of Transparency
20. Leaders Aware of Increasing Ethical Expectations
21. Leaders Stay Competent as Times Change
22. Open Leadership Communication and Invitation to Participate in Decisions
23. Open, Supportive Leadership

24. Performance Guidelines and Boundaries For Behavior
25. Performance System Fully Integrated With Ethical Expectations
26. Positive Ethical Role Models
27. Recognize and Praise Ethical Actions
28. Recognize and Punish Unethical Actions
29. Safe Space to Discuss Ethical Grey Areas
30. Set Ethical Boundaries
31. Strong Commitment to Improving Leadership and Culture
32. Take Broad Responsibility For Actions
33. Think Long Term About Our Impact
34. Treat Ethics as an Ongoing Priority
35. Treat People With Care
36. Use the Precautionary Principle
37. Use Systems Thinking to See the Big Picture
38. Values Mindset (Not A Compliance Mindset)
39. Welcome and Act on Feedback From Constituents
40. Willing to Do What it Takes to Become an Ethical Organization

? PRactice Question

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In addition to cultivating a positive ethical culture, it's important to be aware of ethical "danger zones" or high risk behaviors and situations. Meinert summarizes the six "danger signs" Olson identified:[4]

- **Conflicting goals.** If goals or objectives are perceived as unrealistic, employees may feel they need to engage in unethical behavior to achieve them.
- **Fear of retaliation.** If reporting unethical behavior is punished, it's unlikely that employees will report violations.
- **Avoidance.** If unethical behavior isn't acknowledged and punished, it sends a message that ethics don't matter.
- **Rationalization.** The perception that "everybody's doing it" can may lead employees to think unethical behavior is "the way we do things."
- **Lowered thresholds (slippery slope).** Unethical decisions tend to erode one's sense of standards, making it easier to commit additional acts.
- **Euphemisms.** Rephrasing questionable behavior—for example, "creative accounting"—in neutral terms.

As Meinert cautions: "a culture where misconduct is tolerated—or, worse, encouraged—could result in higher turnover, lower productivity and, ultimately, a diminished reputation and profitability."[5]

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15.12: Introduction to Sustainability

What you'll learn to do: Explain the concept and business relevance of sustainability

Sustainability is a concept most of us understand and appreciate at a gut level. But what does it mean for business? And what does it mean for human resource managers? In this section, we'll define and introduce a framework for understanding sustainability, identify the benefits of sustainability, and discuss the role of human resource management in supporting sustainability.

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15.13: What is Sustainability?

Learning Objectives

- Define sustainability
- Describe the benefits of sustainability



The most commonly cited definition of sustainability is the one developed by the United Nations' World Commission on Environment and Development (WCED), which defines sustainability in development terms; specifically, sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition, included in a report titled "Our Common Future,"[1] is referred to as the Brundtland definition after the commission's chairwoman, Gro Harlem Brundtland. For a scientific description of sustainability, watch Alexandre Magnin's Sustainability Illustrated video (7:43); short version: "sustainability is the capacity of our human society to continue indefinitely within [these] natural cycles."[2]

Learn More

If you're a visual learner or have an appreciation for art, you may enjoy Lexicon of Sustainability's Information Artworks.

From a practical perspective, sustainability means managing toward a triple bottom line, including social, environmental and economic impacts. The triple bottom line (also referred to as TBL or 3BL) concept was introduced by author and SustainAbility consultancy founder John Elkington in his 1997 book *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*.[3] By factoring in environmental and social or human impacts, including positive and negative externalities such as building a local economy, the threat of litigation or the cost of environmental remediation, 3BL allows organizations to take into account the full cost of doing business—a perspective grounded in reality rather than accounting.

Sustainability, then, requires adopting a systems or integrative perspective rather than pursuing a linear—take-make-waste—approach—with a focus only on accounting profit or the bottom line, regardless of the social or environmental costs or externalities. This systems perspective is best illustrated in the concept of a circular economy that is "restorative and regenerative by design."[4] The Ellen Macarthur Foundation's Circular Economy concept integrates a number of sustainability schools of thought including chemist Michael Braungart and architect Bill McDonough's Cradle to Cradle framework[5] and *Biomimicry: Innovation Inspired by Nature* author Janine Benyus' ideas.[6]

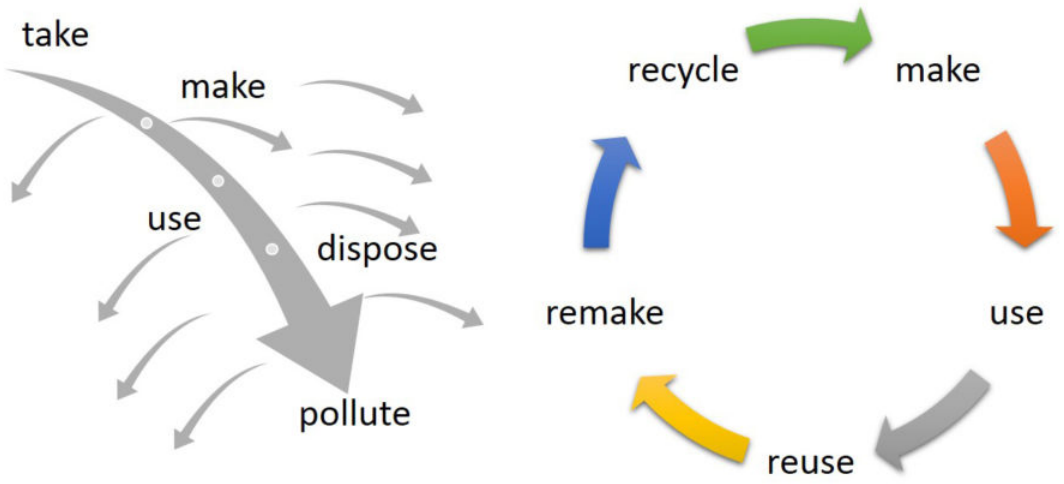


Figure 1. The linear economy (left) versus the circular economy (right). Alternative text for "Figure 1. The Linear Economy vs. The Circular Economy" can be found here.

? Practice Question

https://assessments.lumenlearning.co...essments/17300

Benefits of Sustainability

In the Executive Summary of The Millennium Poll on Corporate Social Responsibility, the authors describe a new world order where "business has emerged as the principal engine of growth and development."[7] With this broader role comes greater expectations. One of the highlights from the survey is "Two in three citizens want companies to go beyond their historical role of making a profit, paying taxes, employing people and obeying all laws; they want companies to contribute to broader societal goals as well."

What's compelling is that those corporations that are rising to the occasion are realizing a financial return on their investment. In an article for Triple Pundit, Jim Witkin reported that a Centre for Sustainability and Excellence (CSE) study[8] found a "strong correlation between financial performance and sustainability performance."[9] Specifically, 73% of the companies identified as having the highest environmental, social and governance (ESG) scores recorded a year-over-year increase in revenues. These results were consistent with the prior year's research, which showed, in addition, that a majority of the companies with the highest ESG rankings outperformed those with lower ESG ranking from 2014-2016.[10]



Bosco Verticale in Milan, Italy, (translated as *Vertical Forest*) contains over 900 trees across two towers.

The consistency of these findings—in surveys conducted by CSE and other organizations—debunks the argument that sustainability initiatives and related reporting impair business' competitiveness and profitability. On the contrary, CSE's founder

and president Nikos Avlonas notes that "Transparency and comprehensive sustainability goals are great business enablers and support the success of corporate strategies."[11] *The Sustainability Advantage* author Bob Willard also views sustainability as an enabling strategy and one that can provide for initiatives spanning design and manufacturing, personnel and waste.[12]

What's particularly interesting—and powerful—is that companies that are prioritizing environmental, governance and social issues tend to be better managed and outperform their competitors.

A sustainable approach to business also yields a number of operational and strategic benefits. The following list is based on a list of sustainability benefits identified by authors and sustainability consultants Darcy Hitchcock and Marsha Willard in *The Business Guide to Sustainability*:[13]

1. **Manage more strategically**—identifying and tracking metrics may make a business more aware of trends and opportunities.
2. **Reduce energy, waste & costs**—redesigning products and systems to eliminate waste and/or work with the community/suppliers and other partners to convert a "waste" stream into a residual product revenue stream
3. **Competitive differentiation**—Listing on the Dow Jones Sustainability Index or other ranking serves as independent validation of sustainability performance and may attract business opportunities and employee and investor interest
4. **Minimize the impact of future regulations**—Anticipating possible regulations and proactively re-engineering processes may allow a business to gain a competitive advantage or avoid negative impacts
5. **Create innovative new products and processes**—Becoming aware of present and future challenges may help an organization develop new products or processes that address those challenges.
6. **Open new markets**—Companies that think beyond industrialized nations may be able to modify their products and processes to tap demand in developing countries, representing 80% of the world population and 99% of global growth.[14]
7. **Attract and retain the best employees**—Employees want to feel like they're making a difference and sustainable practices can infuse a job with meaning and shared values.
8. **Improve your image with shareholders and the public**—Sustainability initiatives can build goodwill with customers, the community, NGOs and other stakeholders, and bring the type of positive recognition you can't buy with PR.
9. **Reduce legal risk and insurance costs**—Sustainability initiatives that address social and environmental practices can help organizations reduce their legal risk and associated cost of insurance.
10. **Provide a higher quality of life**—Applying "smart growth" principles—economically prosperous, socially equitable, and environmentally sustainable—can help cities, towns and neighborhoods maximize quality of life.[15]

? Practice Question

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15.14: Human Resources and Sustainability

Learning Objectives

- Discuss the role of human resource management in advancing sustainability



Given the business case for sustainability, what can a human resource management do to advance sustainability within their organization?Here are four key actions, derived from the Human Resources chapter of *The Business Guide to Sustainability*, to move the discussion forward:[1]

- Introduce the topic to senior executives: If senior management isn't thinking about sustainability, present the business case and related resources or arrange an executive briefing.
- Align HR systems to embed sustainability in the culture: Incorporate sustainability into job descriptions, selection and evaluation criteria, employee orientation and training, evaluation and compensation.
- Model sustainable practices: Assess HR impacts and make changes to practices and procedures—for example, recycling and leveraging technology to minimize paper use and waste—to set an example and get a sense for what's possible.
- Measure the impact: Incorporate sustainability initiatives in existing measurement systems in order to quantify the benefits and track progress.

Hitchcock and Willard also identify classic change management mistakes to avoid, including:

- Spray and pray training—Providing training without an associated plan and systems for implementation.
- The big black hole—Conducting training and soliciting implementation ideas that are never assessed, acknowledged or acted upon.
- Language hijack—Failure to recognize that terms such as "environmentalist" or "climate change" may evoke different responses, from engagement to resistance.

Practice Question

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As is true at an organizational performance level, Human Resource management stands to benefit from a successful implementation.Sustainability positively impacts employee recruitment, engagement and retention. To illustrate, here are 3 key takeaways from a 2016 Cone Communications Millennial Employee Engagement study:[2]

- 64% of Millennials consider a company's social and environmental commitments when deciding where to work
- 88% of Millennials say their job is more fulfilling when they are provided opportunities to make a positive impact on social and environmental issues and
- 83% of Millennials would be more loyal to a company that helps them contribute to social and environmental issues.

For perspective, millennials currently represent 50% of the workforce and are projected to constitute 75% by 2025.[3]

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15.15: Introduction to Corporate Social Responsibility

What you'll learn to do: Explain the concept and business relevance of corporate social responsibility

Corporate social responsibility is a concept that has evolved from a rudimentary focus on profitability to a PR practice and, ultimately, a strategy that encompasses all of a business's stakeholders and impacts. In this section, we'll discuss this evolution, introduce Dr. Archie Carroll's Pyramid of Corporate Social Responsibility framework and highlight trends and best practices in CSR.

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CHAPTER OVERVIEW

16: Global Human Resources

16.1: Global Communication
16.2: Putting It Together- Global Human Resources
16.3: Discussion- Global Human Resources
16.4: Assignment- Mastering Multiculturalism
16.5: Why It Matters- Global Human Resources
16.6: Introduction to the Global Environment
16.7: Global Human Resources Management
16.8: Global Leadership
16.9: International Diversity
16.10: Introduction to Global Employee Engagement
16.11: Cultural Differences
16.12: Social Distance
16.13: Trust across Cultures

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16.1: Global Communication

Learning Outcomes

- Describe how advances in technology have had an effect on virtual teams
- Identify methods of effective communication in global workforce



Communication can be a challenge in any work environment. Even if people speak the same language, personality and communication styles can differ greatly. Now consider the additional challenges that present themselves when communicating with people from other cultures. Not only are there bound to be language barriers, but there are also going to be cultural differences to navigate. Understanding cultural differences is the first step in effectively communicating with people and teams from around the world. In addition to navigating cultural differences, there are other strategies and techniques companies can use to effectively communicate across their global workforce.

Technology

Technology has drastically shrunk the world, providing instant accessibility to countries around the globe. Thanks to technological advances, companies have been able to expand their businesses on a global scale, while still being able to manage company operations remotely. Technology can also help to promote effective communication on international teams. While audio conference calls are still common in today's workforce, technology also allows companies to utilize video conference calls to help teams put names to faces and build strong relationships. Email, as well as collaborative work platforms like Google, allow global workforces to instantly send and receive messages and work alongside each other, even from thousands of miles away.

Watch It

Take a look at this video about optimizing virtual teams, and then keep on reading!

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "Optimizing virtual teams."

As the video explained, virtual teams are comprised of individuals who work together but operate from different geographical locations. Technological advances have allowed companies to expand their workforce across the country and the globe. The 2017 Employee Benefits Report published by the Society for Human Resource Management, reported that greater than 60% of companies offer telecommuting benefits.[1] Technology allows people to work remotely for organizations around the world. There are a number of technological tools companies use in today's virtual workplace to promote teamwork, effective communication, and collaboration.

Video Conferences

Conference calls have been around for decades. Conference calls allow companies to host conversations with their business partners, clients, and coworkers. While conference calls are a great way to host meetings with people in multiple locations, they do not allow for face-to-face interactions. Video conference calls are able to connect people on the next level, providing a face-to-face meeting platform. Video conference calls have also reduced the need for expensive work trips which cuts travel expenses and travel time.

The Cloud

The Cloud is not a physical object but rather a term used to describe data centers that allow multiple users to access them via the internet. Cloud platforms like Google Drive, iCloud, OneDrive, Dropbox, etc. allow users to access shared documents and files from anywhere with internet access. These types of platforms promote and foster collaboration and teamwork.

Webinars

Webinars are similar to video conference calls but usually centered around a presentation or training event. Webinars allow the presenter to display their presentation while also interacting real-time with those in attendance. Webinars are a great tool for Human Resources Teams to use to conduct training events across the world. Instead of traveling from one location to the next, webinars allow HR teams to conduct onboarding and training events remotely.

Project Management Software

Project management software is an effective tool that managers use to keep track of their employees and projects. Project management software platforms help track project tasks and the progress of the employees completing the tasks. This type of software is extremely helpful, especially when managing a large, international team.

Technology continues to improve communication and accessibility across the globe. Companies that capitalize on technological advancements are able to build strong, international teams and remain competitive in their industries.

? PRactice Question

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Translations

Language barriers can pose a big challenge when dealing with individuals from other countries. Providing translation services is a great way to ensure the message is being properly communicated. It is important to remember that certain slang terms and idioms may not translate well or make sense to other cultures. Working with a translator can help to bridge language barriers and form stronger working relationships. There are also text translating services that may be helpful when communicating via email or through similar messaging systems.

Efficient Communication

It is important to be respectful of other peoples' time. One should not call a meeting unless there is pertinent information to discuss. Any message should be geared towards the audience and relevant to their job or assignment. When a meeting is called, it should be accompanied by an agenda. Meeting agendas keep people on topic and help to ensure all important information is covered. Presenting information in smaller, bite-sized pieces is also more effective in helping the audience retain the information discussed. Infographics and visual tools are also helpful in presenting information to a large group. Even if people speak different languages, graphics and numbers are a universal form of communication.



Meeting Standards and Etiquette

Establishing meeting standards and etiquette is extremely helpful in maintaining a professional work environment. When working with people from across the globe, it is important to be mindful of time zones. Ideally, teams should work to find a time that is

reasonable for all those attending. However, if it is impossible to find a reasonable time for everyone, it is a good idea to establish a rotation so no single person or team is expected to regularly work outside of their normal business hours.

Establishing etiquette expectations is a great way to maintain respect and professionalism. For example, large group meetings should be held through email, audio conference calls, or video conference calls. Sensitive information around pay and job performance should be discussed through more private communication platforms like one-on-one phone calls or video conferences.

? PRactice Question

https://assessments.lumenlearning.co...essments/18249

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16.2: Putting It Together- Global Human Resources

Let's revisit LMN Hotels from the beginning of this module. After nine months of thoughtful recruiting, remodeling, and training, LMN Hotels has successfully opened the doors of their hotel chain expansion in Germany. Thanks to the innovative strategies implemented by LMN's HR Team, they were able to expand their company and create a new, dispersed, global business.



LMN's HR Team capitalized on the new talent pool and expanded their talent search into other European countries, looking for candidates who were bilingual in German and English. They were also able to conduct interviews through online platforms and utilize a combination of electronic training materials and on the job training to ensure the company's brand was relayed to and exemplified by employees. The HR Team carefully selected leadership candidates to oversee the remodel and grand openings of each hotel in Germany. These leaders were selected from the current LMN Hotels management team, to ensure each new hotel had someone with lots of experience and a true understanding of LMN's values and brand. LMN's HR Team will continue to focus on effective international communication strategies and fostering an inclusive international culture.

Expanding internationally is becoming the norm for a large number of companies. Human resource managers play a large role in day-to-day operations in domestic companies. From hiring, to training, to legal concerns, to employee morale and engagement, HR has a lot on their plates. Expanding internationally adds to their already full plate and provides additional challenges like language barriers, social distance, and cultural and legal differences. Understanding the opportunities and challenges the global business environment presents to the human resource team is the first step in successful implementation of international expansion.

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16.3: Discussion- Global Human Resources

With the advent of technology like email and video conferencing, the world has become very small. Global companies are not a new thing, but their employees' ability to converse and interact has increased a thousandfold. And that's a great thing! It also means that HR departments are getting more and more experience working within the labor laws and regulations of other countries and cultures.

Discussion Prompt

As an HR manager for a company that operates in global markets, you are being charged with arranging a contract employee in Italy. This person will perform landlord services for a couple of buildings your company owns. Review a few online sources and determine a list of things that you need to address when contracting with this employee. No need to dig deeply into Italian labor law (it's pretty extensive!). Then, review the lists and notes of two of your classmates.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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16.4: Assignment- Mastering Multiculturalism

Scenario

Expanding operations into an international market increases the complexity of HR management, introducing a range of legal and cultural and language issues. How can an organization evaluate and plan to overcome the HR challenges?

Your Task

In this rotation, you are reporting to the firm's Global HR lead. The team is developing a collateral piece that addresses the challenges and opportunities of doing business internationally. You have been assigned to contribute two points to that deliverable. In additional to reading this module, the lead has asked you to do some research on current international HR practices.

Your task is to prepare a 1–2 page paper that identifies two challenges to doing business internationally and how those challenges might be addressed. For each challenge, cite a Human Resource best practice—that is, an example of a practice that is particularly effective. The best practices you cite can be drawn from the readings or supplemental research.

Finding resources: You should find at least one article similar to Harvard Business Review's "L'Oreal Masters Multiculturalism" article.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

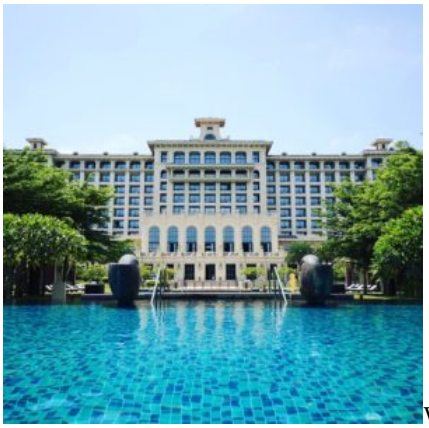
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16.5: Why It Matters- Global Human Resources

Why learn about opportunities and challenges of managing human resources in the global business environment?

A large American hotel company, LMN Hotels, recently decided to expand their hotel chain into Europe. They just completed an acquisition of a hotel chain in Germany. They now own twenty hotels in Germany which they plan to redesign to embody their company's brand. During the acquisition, 65% of the German hotel chain's staff left the company. Therefore, LMN Hotels needs to hire a new workforce to fill the hundreds of positions currently vacant. Since this international acquisition is foreign territory (both literally and physically) LMN's human resources team has a lot to plan and execute.



Working on a global scale can pose many challenges for a company. LMN's HR Team begins to compile a list of tasks they need to complete in order to successfully open up their new hotels in Germany. Here are a few of the things they need to consider and accomplish:

- How do we address the language barrier? Do we have employees that speak German? Are their translation services or employees from the acquired company that can speak English?
- Who will we send to oversee the renovations and redesign in the German hotels?
- How can we effectively hire new staff members to fill the current open positions?
- How do we train the new staff members and the acquired staff members to embody company brand and meet their job expectations?

These questions are just the tip of the iceberg. International Human Resource Managers have a challenging and demanding role. This module will discuss the opportunities and challenges of managing human resources in the global business environment.

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16.6: Introduction to the Global Environment

What you'll learn to do: Identify the benefits of a geographically dispersed workforce

Developing a strong, collaborative team requires a lot of time and energy. Since personality and cultural differences are more pronounced when working with people from other countries, it is important to foster a global mindset in the workplace. International diversity can be a great tool when celebrated and incorporated in the workplace. Diversity provides new and different perspectives and can greatly improve the innovation and collaboration of international companies.

This section will explore how global HR managers can nurture global leadership and international diversity in order to develop strong global teams.

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16.7: Global Human Resources Management

Learning Outcomes

- Describe the role of a global human resource manager

HR managers are responsible for the hiring, onboarding, training, termination, and legal compliance of company employees. Global HR managers are responsible for the same important tasks, but on an international scale. Anytime a company expands internationally, they are faced with a number of challenges. A strong global human resources team is a vital component of international expansion.

Watch It

Before we explore the important components of Global Human Resources further, check out the video below for a preview.

A link to an interactive elements can be found at the bottom of this page.

You can also download a transcript for the video "International Human Resources Management" here.

Some people have the misconception that HR is similar in every country. While there are similarities from one country to the next, there are a number of cultural differences that need to be considered. Deciphering cultural differences requires research and experience in international business ventures. global HR managers are well versed in cultural differences and play an important role in bridging the cultural gaps discovered through international expansion. Let's review some key components of HR and how they operate on a global scale.

Recruitment and Staffing

Whether a company is looking to hire domestically or internationally, the goal is always to find the most qualified candidate to fill the position. Understanding the job description and the desired skill set is essential to finding the right candidate for the job. It is important for HR to understand any unique or different job expectations for international positions. In addition, it is important to keep in mind that job experience and education may look very different from one culture to the next. It is beneficial for the human resources team to be well versed in cultural differences so they are able to fully understand the backgrounds and experiences of their candidates.

Training

Training is required for all employees to fully understand their job functions and company policies and procedures. While it is always important to maintain consistency with onboarding new employees, it is especially important when operating on a global scale. To ensure the same message is delivered to all employees, global HR managers should use the same onboarding process at every company location. Certain things may need to be considered, like whether or not a translator is needed. However, the more consistent the onboarding process is throughout the company, the more likely the company will be able to maintain and grow its brand. When inconsistent policies and procedures are presented throughout the company, their brand and reputation may suffer.

Legal Compliance



Legal compliance is a huge responsibility for human resources, both domestically and internationally. To avoid legal trouble, it is critical that HR understands, abides by, and helps the company to enforce all legal

requirements. Laws differ from one country to the next and therefore, an important role of global HR managers is to ensure all laws and regulations are followed in every country in which the company is operational.

Employee Development

Human resources aids in employee development by providing opportunities for employees to further their knowledge and education. Companies that operate on an international scale are able to use their international locations as great training and development opportunities for their employees from other countries. Training internationally can provide a unique experience for employees to learn about cultural differences, diversity, and differing perspectives.

Global HR managers are also responsible for ensuring employees who are working internationally have all the resources they need to successfully transition into a new country and culture. Since global HR managers understand cultural and legal differences, they are well equipped to help relocated employees settle into their new role.

Compensation

As we discussed earlier in this section, following laws and regulations is extremely important in order to avoid paying fines or facing legal trouble. Compensation, including salary, health benefits, vacation time, etc. may differ from one country to the next. It is vital that HR be aware of—and abide by—all work and compensation laws for each and every country (or state) their company operates in.

? PRactice Question

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Strategic Benefits



There are a number of strategic benefits to utilizing global HR managers. Consistency, structure, and control are three of these benefits. Having HR maintain consistency throughout the company helps to solidify a company's brand and operations. This also helps lay a strong foundation for the structure of the organization as a whole. If each location is created using a similar structure and alignment, it helps to ensure a company's goals and objectives are at the forefront of expansion. Global HR Managers are also able to maintain control of company operations. If every location's HR department acted independently, consistency and control would be a challenge to maintain. By having Global HR Managers to oversee the company in its entirety, the company is better able to maintain control of their international locations and overall company brand, policies, and procedures.

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16.8: Global Leadership

Learning Outcomes

- Describe the importance of nurturing global leadership



Strong leadership is a cornerstone of all successful companies. Strong global leadership begins with a global mind-set. A global mind-set is "characterized by (1) tolerating, accepting, and understanding diversity with an inclusive mind-set; (2) a broad and universal perspective of business; and (3) thinking openly, free from cognitive cobwebs."[1] People with a global mindset are able to keep an open mind around cultural nuances and make thoughtful decisions with these differences in mind. They are inclusive and understand the benefits of diversity. Global mindset is the foundation of all strong global leaders, as it lays the groundwork for cultural acceptance and understanding.

Mindfulness

Mindfulness is a key component to a global mindset and global leadership. Mindfulness is, "a state of mind characterized by heightened awareness of self and the surrounding environment, and to be non evaluative and nonjudgmental in experiencing the present."[2] Strong leaders need to be aware of their surroundings and understanding of those they interact with. Mindfulness is an invaluable skill for leaders to have in their toolkit. Mindfulness and a global mindset work together to help form a strong global leader. Global leaders interact with a large number of people across multiple cultures. Therefore, in order for global leaders to be successful, they need to be mindful of their surroundings and view the world through a global mindset.

Employee Development

In today's day and age, international expansion of many companies is becoming the norm. Employees who want to expand their horizons, and gain valuable experience and insight into other cultures may consider taking company assignments in foreign countries. So, how do these employees prepare to be strong global leaders? Training is the best way to nurture global leaders and ensure they have all the knowledge and tools necessary to be successful. International companies who are invested in training global leaders will rapidly reap the benefits.



A Shrinking World

Since technology continues to shrink the world around us, global leaders will continue to play a key role in international expansion. Strong global leaders are able to keep track of cultural differences, as well as compliance and legal concerns, that may differ from one country to the next. Equally as important, successful global leaders are able to seamlessly infuse differing cultures, languages, and personalities to form one strong and cohesive team. When an international company has a unified team, they are better able to quickly and effectively expand. A strong international team also contributes to productivity and profit. If a company has strong

global leaders, they are better able to grow and unify the company. Therefore, all international companies should strive to nurture global leadership on their teams.

? PRActice Question

https://assessments.lumenlearning.co...essments/18241

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16.9: International Diversity

Learning Outcomes

- Describe the benefits of international diversity
- Describe the challenges of international diversity

Diversity in the workplace is extremely helpful in presenting differing viewpoints and opinions. However, diversity can also be a challenge as differing personalities may clash and create conflict. International businesses are presented with additional challenges when navigating diversity, including language barriers and cultural differences. So, if diversity presents a number of challenges, how beneficial can it be? The answer is, it can be very beneficial—although diversity presents challenges, the benefits outweigh them. Let's dive into some of the benefits and challenges of international diversity.

Benefits



Each person's experiences and cultural backgrounds influence the way in which they see the world. When environments, such as the workplace, bring together a wide variety of individuals, a wide variety of viewpoints are introduced. When diverse groups of individuals work together, they challenge their peers and coworkers to view their world from differing perspectives. This can open people up to new ideas and ways of doing things. Diversity helps to spark innovation by combining a large range of experiences, cultures, and areas of expertise.

Companies that value and instill diversity in their organization are more attractive to job applicants. A survey conducted by GlassDoor found that two-thirds of people consider diversity important when deciding where to work.[1] Therefore, diverse companies have access to a larger talent pool since they appeal to a broader group of applicants. Especially in a global marketplace where recruiting efforts are more competitive, a diverse workplace can help to ensure companies are attracting and hiring the right candidates for the job. In addition to helping to hire quality employees, a diverse workplace also helps retain them. Employees who work in diverse work environments often feel a stronger sense of loyalty to their company because they feel valued and understood.

International companies can greatly benefit from their local employees in foreign countries. These international employees have valuable insight and knowledge about their home country's market and culture. The information international employees can provide to their companies can help make them more competitive in foreign markets and therefore more profitable.

Practice Question

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Challenges



Whenever differing personalities and cultures are working together, there are bound to be some challenges. Cultural differences especially can be difficult to understand and overcome.

Differences in business etiquette and nonverbal communication account for the majority of culturally related challenges. Let's take a look at a few primary areas of difference and potential miscommunication:[2]

1. **Clothing:** managing the first impression
2. **Conversation:** appropriate business and ice-breaker conversation
3. **Greeting:** how people greet each other differs from one culture to the next. Local customs and expectations, including greeting style—the distinctions that inspired the title of the best-selling guide to business etiquette and practices, *Kiss, Bow or Shake Hands*
4. **Forms of address:** level of formality and use of titles and degrees
5. **Time:** interpretations of "on time," may vary on the country you're in. Additionally, the length of average workdays may be different, or how long people take for lunch may differ.
6. **Space:** Personal space and eye contact are other examples of cultural nuances that need to be considered when engaging in international business.

Navigating these differences may pose a challenge, but is an important part of creating a strong and unified team.

Language barriers can also present challenges. When the workplace has employees who speak a variety of languages, clear and concise communication can be difficult to attain. Even in an international setting where everyone is capable of speaking the same language, certain language barriers may present themselves through differing cultural terminologies, idioms, and slang terms. The way in which employees present their message is also different from one culture to the next. Some may prefer sending emails, where others require face-to-face conversations in certain situations. Understanding these types of language and cultural differences can help employees to maintain a respectful and professional work environment.

? PRactice Question

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16.10: Introduction to Global Employee Engagement

What you'll learn to do: Describe ways to engage a global team

As we discussed in a previous module, employee engagement is extremely helpful in boosting company productivity and sales. However, what Americans perceive to be enticing and engaging may not be received the same way in other cultures. Global teams encompass a wide variety of cultural differences, and in order to engage employees throughout an entire international company, it is important to understand what motivates and excites them. Other key components like effective communication and a sense of trust are invaluable in building a highly engaged team. Teams that feel valued and trusted are more likely to perform at a higher level. Understanding how to bridge cultural differences and engage all team members is an important skill for global HR managers to possess.



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16.11: Cultural Differences

Learning Outcomes

- Discuss cultural differences on a global team



Some cultural differences are more obvious than others. For example, if someone speaks a different language, it is obvious there are going to be some communication challenges. However, there are a larger number of more subtle cultural differences that can be harder to identify and understand. According to Art Markman's article for *Harvard Business Review*, there are three main ways to identify cultural differences on a global team: learning, listening, and asking.[1]

Before we get started, take a moment to think about the following question. What do you think the three ways are?

? PRactice Question

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Learn

If you know ahead of time you will be traveling to a certain part of the world, it is important to do your research. It would be a challenge to memorize the cultural differences of every country, however, taking the time to learn and study cultures you plan to conduct business in, can help make your business ventures more lucrative.

Listen



When interacting with new people, especially from different cultures, it is important to read the room. If people seem upset or confused during your interaction with them, that is a good indicator that something may not have gone according to plan. If you get the sense that something during your interaction is off, work to understand what you may have done that was interpreted differently than you intended. You can also listen to changes in the other person's tone or message to determine if you need to readdress something.

Ask

If you don't know something, ask! In an international business setting, cultural differences may be hard to decipher. If you suspect something is off, it is okay to ask questions to understand the misstep and get back on track. Better yet, try to find an ally from the country you are visiting who can explain when and how you may have made a cultural faux pas.[2] If you are willing to ask

questions to improve the way you interact with others, you are more likely to earn their trust and respect. Putting forth effort to better understand others and their culture, is a great way to build healthy and long-lasting relationships.

Examples of Cultural Differences

Now that we have established ways to navigate cultural differences, let's explore some examples of cultural differences from around the world.

Body Language

Certain forms of body language and hand gestures mean different things in different cultures. For example, in Nigeria, a thumbs up is considered extremely offensive. In Bulgaria, people shake their heads to show their agreement as opposed to nodding their head to indicate agreement like they do in America.

Greetings

When meeting individuals from other countries, be prepared for cultural differences in the way they greet people. In some countries, bowing is the preferred greeting (e.g., Japan), whereas in other countries, a firm handshake is preferred (e.g., America). In Argentina, professionals greet people with a kiss on the right cheek. This welcoming kiss is intended to show respect.

Workweek

Workweeks may look extremely different from one country and culture to the next. For example, in Israel, the workweek goes from Sunday through Thursday to allow people to observe the Shabbat on Friday and Saturday. In Sweden, daily coffee breaks called "fika" are taken every day at 9am and 3pm to promote team building and to provide a chance for employees to recharge.

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16.12: Social Distance

Learning Outcomes

- Describe the causes of social distance



Tsedal Neeley, author of The Language of Global Success, defines social distance as, “the degree of emotional connection among team members.”[1] Teams that work in the same office space typically experience low social distance as they have daily opportunities to interact with, and work alongside, their coworkers. However, when operating on an international scale, social distance will naturally increase. High social distance can complicate relationships and create challenges for interactions amongst coworkers. Global Human Resources Managers can help to alleviate the complications caused by social distance by understanding and addressing the root of the problem. Neeley created a SPLIT framework which addresses the five root causes of social distance. These root causes include the following five items:[2]

1. Structure
2. Process
3. Language
4. Identity
5. Technology

? PRactice Question

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Structure

The structure of an organization can create social distance. If a majority of employees are stationed at one location, there may be a perceived power imbalance that the larger office has more authority. Smaller locations may feel as though their voices are not heard or that they are under appreciated. The larger office may feel as though they carry the weight of the team and that the smaller teams do not contribute their fair share.

To help alleviate social distance in regards to structure, managers need to relay a unified message that all team members are working towards the same goals and objectives. Managers also need to implement a zero-tolerance policy for cultural insensitivity. [3]

Process

Differences in processes can create tension and social distance. Creating a time to discuss processes and provide feedback, is important to address any tension points. There may be differences in cultural practices that impact company processes. For example, if one location only checks their emails once a day, they may be hindering the work of other locations that check their email frequently.

Language

Language is an obvious barrier to social distance. Even when a common language is spoken, the fluency in which team members can speak it may differ greatly. Providing enough time for everyone to speak and ensuring the fluent speakers do not dominate the conversation, is a way to alleviate some of the tension created through language barriers. Managers should also provide a time for everyone to contribute their ideas and ensure they are practicing active listening skills.

Identity

Understanding the identity and cultural differences of others, is important to building relationships with your coworkers. Strong relationships allow you to learn from your peers and effectively collaborate with them to complete important projects and job functions. Unstructured time to discuss informal topics such as family, hobbies, etc. is important in getting to know the team. Providing a time for employees to discuss these topics is a great way to foster team building and camaraderie.

Technology

Technology can both help and hinder social distance. Platforms like video conferencing, audio conference calls, and email are all great ways to promote teamwork and collaboration. However, certain communication tools like email may make tone and inflection hard to decipher. We will discuss technology further in the next section.

? Practice Question

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Although social distance can complicate a global working environment, it is a manageable challenge. It is important for teams to be aware of social distance and identify problem areas that need to be addressed. Being considerate of the cultures and preferences of others on the team is the first step in creating an inclusive team with low social distance.

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1. Neeley, Tsedal. "Global Teams That Work." Harvard Business Review, October 2015. ↵
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16.13: Trust across Cultures

Learning Outcomes

- Describe how leaders can build trust across cultures

Why Does Trust Matter?

Without trust we don't truly collaborate; we merely coordinate or, at best, cooperate. It is trust that transforms a group of people into a team.

—Stephen R. Covey from his book, *The Speed of Trust*

Trust is an essential part of a successful team. Without trust, it is impossible for a company to reach its maximum potential. Building trust requires time and patience but is definitely worth the effort. Many teams that work together every day can build trust organically. However, when working with countries and cultures from around the world, building trust may require more effort. Since many international companies operate remotely, and meet with their teams through virtual communication platforms, leaders may not have daily interactions with their team. Therefore, building trust may take a long time. Trust must be earned over time through genuine and supportive words and actions. Most importantly, once trust has been established, it is essential for leaders to continue to nurture and develop trust in their relationships with their team.

How to Build Trust across Cultures



First and foremost, to successfully earn trust, managers must believe in the importance of building trust. If managers do not value trust, they will never put forth enough effort to establish it. There are multiple ways to establish and earn trust. It is important to understand that trust building looks different from one relationship to the next and may require differing amounts of time and energy to establish it. Building trust requires patience and understanding and is not something that can be built overnight. Understanding your employees' and colleagues' cultures and backgrounds can help managers gain insight into how others build trust. A 2019 article from the Harvard Business Review suggests asking the following questions to gain insight into the trust cultures of other countries:[1]

1. How trusting is it?
2. How performance oriented is it?
3. How hierarchical and autocratic is it?
4. How do people in that culture build trust themselves?

Having an open dialogue around trust can help managers to better understand how to establish trust on their teams. However, it is important to know when and where to have these conversations. In some cultures, these types of conversations should be held in a private, one-on-one setting. In other cultures, employees are not comfortable discussing their supervisors, as they follow a hierarchical approach to business.

There are two key foundations to building trust across cultures: results and character. For example, when someone performs their job duties well and yields great results, people are more trusting of them. In other cultures, a person's character is valued above their performance. Understanding different cultures, and their definition and understanding of trust, is the first step in building it.

PRactice Question

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Additional Strategies

Recognition



It is important to give people credit for their work. Managers who recognize their team for their efforts are able to build rapport and trust with their teams. However, it is important to understand how other cultures receive recognition. For example, some people may not be comfortable getting recognized in a group setting. To avoid making people feel uncomfortable in these cases, managers can praise groups for their efforts in a public setting but provide individual recognition in private.

Respect

Respect is a key component to trust and should be highly valued. Managers can foster respect through transparency and strong expectations. To promote a respectful work environment, managers should prohibit disrespectful behavior and help to bridge the gap between cultural misunderstandings.

Consistency

Trust takes a long time to establish and only a moment to break. Consistency is key to maintaining and nurturing trust. Managers should handle similar situations in similar ways. Consistency helps to build trust and respect because it allows employees to predict the actions of their managers.

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CHAPTER OVERVIEW

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17.1: Policies and Procedures

Learning Objectives

- Discuss the importance of employee policies and procedures

 The employee handbook. It can be an employee's best friend: telling them how to dress, when they can take a break, or how many hours of paid time off they earn each month. The handbook contains all the policies and procedures an employee should be aware of in order to be successful in the workplace.

Why Create Formal Policies and Procedures

When a business owner is first starting out, they may not think about employee policies and procedures, and decisions are made about things like inappropriate behavior and long lunches on a case-by-case basis, as needed. But as a business grows, it becomes important that employee policies and procedures are documented. Yes, it takes time and resources, but these are good investments for a business that wants to run efficiently and profitably.

Let's take a look at some of the benefits to having clearly documented employee policies and procedures:

- **Employees are clear on behavioral and productivity expectations.** Documented policies and procedures help an employee understand how they are to interact with colleagues, customers and other stakeholders. It provides guidance when they face unusual circumstances. It also reduces the confusion around repercussions for not making choices that meet expectations, which allows HR to handle issues efficiently.
- **They provide consistent direction, so that all employees approach a task similarly.** Likeable Media's Director of Talent and Culture, Brian Murray, spoke about the need for consistency. "When four managers are hiring in different ways, you need a single approach," Murray said. "Standardization improves efficiency in a lot of areas, such as hiring and benefits administration."[1]
- **They can protect the business' brand.** Businesses are now developing sections in their handbooks that address items such as social media, and outline for employees the ramifications of making brand-damaging statements and exhibiting behaviors that reflect poorly on the business' brand. Businesses can't necessarily dictate what their employees do outside of work, but they can dictate specifics about how their brand should be mentioned online.
- **They allow for faster training and higher productivity.** When an employee is brought onboard, presenting him with a handbook that outlines policies and procedures can lessen confusion and allow for faster training. By outlining basic procedures and expectations as a reference, training can be built around those established guidelines
- **They protect a business legally.** Providing an employee with your small business' policies and procedures helps that employee understand what's expected of them, but it can also protect the business legally. In an interview with Genesis HR Solutions, Numana Medical Founder and CEO Airto Zamarano stated, "I've seen employee handbooks settle disputes with the Unemployment Department, and I've also had adjudicators ask, 'Does it specifically say in your handbook that employees are not allowed to do that?' Rules generally come about because of something that went wrong at some point, and employee handbooks allow employers to document all possibilities on an ongoing basis."[2]
- **They insure all employees are treated equitably.** If one employee is treated differently than another, there's bound to be some grumbling among the staff. An outline of policies and procedures allows the small business owner to provide the same benefits

—and the same corrective action—to every employee.

? PRactice Question

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Policies and Procedures to Include



Really, the reasons a small business needs to have documented policies and procedures are the same reason any business needs them. But Score, a volunteer organization that has provided business advice to entrepreneurs for 55 years, recommends that a small business cover at least these five essential items in their documented policies and procedures:[3]

- **At-will employment.** A small business owner should ensure non-contract employees understand that employment can be terminated at any time by the employer or employee
- **Payroll.** A good payroll policy will protect the small business owner from legal issues, as litigation regarding incorrect pay is on the rise. The policy should include definitions of exempt vs non-exempt, payroll period, overtime pay, and more.
- **Paid time off.** Small business owners who outline the procedures and policies around vacation and sick time, how it's accrued, and so on, will prevent issues down the line.
- **Code of conduct.** A small business owner will want his or her employees to represent the business' brand, as well as act kindly toward one another, and of course, be productive. Policies outlining these expectations are a good idea.
- **EEO/Harassment.** A small business owner with one employee is subject to Equal Employment Opportunity and harassment laws, so spelling out expectations to employees on this front is imperative.

Finally, it's a good idea to have each employee acknowledge, in writing, that they have received a copy of the employee handbook (or a document of the business' policies and procedures). A signed copy of that acknowledgement should be kept on file for reference.

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17.2: Small Business HR Resources

Learning Objectives

- Identify reference resources for various forms and publications



You, human resources professional, are not alone out there! Doing HR for small business is often a solo project. You can't necessarily look to the person in the next cube to know the right answer or offer some sound advice. However, that doesn't mean that there aren't some great resources out there to see you through some of those complex human resources issues you might face.

Whether it's a tax form or best practices in corrective action, the following associations, websites and publications are apt to have the information you're looking for.

Associations

Joining an association not only allows an HR professional access to written resources but allows for networking and access to other HR professionals who have experience and advice they're willing to share.

- Society for Human Resource Management. This association has more than 250,000 members in 140 countries. If your small business operates internationally, or even if it doesn't, being a member of the largest HR management association in the world is advantageous, as it offers access to their communities, their website and all its resources, and its regular publications, HR News, HR Magazine and All Things Work. SHRM also provides the opportunity to earn additional industry certifications, offers career planning information and hosts several events each year.
- Professionals in Human Resources Association. The PIHRA is another group that you can join if you're a Human Resources professional in the state of California. This association serves the needs of over 170,000 HR employees in the state and has a great set of resources for anyone who's faced with navigating California's complex laws.

Learn More: In-Person Associations

Other associations have great resources online but joining isn't as simple as signing up—often you're required to be a part of a local chapter in order to fully participate:

- North American Human Resources Management Association
- National Human Resources Association
- World Federation of People Management Associations,

Publications

HR publications are often the best way to stay up to date on changes in the human resources profession. These are some of the best ones out there:

- HR Magazine. This is a quarterly publication of the Society of Human Resource management and is a quality source of information for HR professionals at all levels. Readers can access articles online and browse past issues, no membership is required.
- Workforce Magazine. Workforce Magazine is a monthly publication dedicated to sharing innovative and successful HR trends and tools. The most current issue is available online and can be formatted for all devices.

- HR Executive Magazine. Strategic thinkers will be interested in this magazine, which talks at a bit higher level about strategic issues in HR. The magazine is only available online.
- Journal of Human Resources. Need something a bit more scholarly? The Journal of Human Resources, published by the Wisconsin University Press, features scholarly articles based on empirical study. There may be a cost associated with accessing this journal.

There are many HR publications out there, some specific to HR in a certain industry or state, others more general. A quick online search will offer even more of a selection to choose from if these don't suit your needs.

Blogs



We'd be remiss not to include a couple of blogs that are notably good. Conversational, anecdotal information is sometimes just the thing you need to solve an issue or even just commiserate. Check these out:

- Evil HR Lady. Who wouldn't want to read a blog with this title? The Evil HR Lady is the real deal – she's a former HR professional who offers up her thoughts on current HR issues. She also answers questions and provides advice to both HR professionals and people who are looking to have effective dealings with their HR department.
- Systematic HR. If you're a technologically challenged HR professional, then Systematic HR is the blog you need to be reading. Its tagline, "The intersection between HR strategy and HR technology," says it all. Systematic HR keeps its readers up to date on the technology that's available and best practices for its use.
- HR Bartender. Sharlyn Lauby is an HR consultant and the "HR Bartender," offering advice on how to create the culture needed to make your organization a success. She posts frequently and shares favorite recipes along the way, too. That's a bonus.

Other blogs worth checking out include the HR Ringleader, who talks about HR innovation, and No Excuses HR, which boasts "holding ourselves accountable" and helps HR professionals deal with those sensitive, not-so-fun issues. A quick online search will probably yield many more results. Take a look and see if there's anything out there that will be helpful to you!

Forms and Legal Information

When it comes to needing forms, legal information, and confirming processes, there is no better place to go than right to the source.

- **Internal Revenue Service.** The Internal Revenue Service provides Form I-9s, which confirm an employee's eligibility to work in the U.S., social security numbers, W2 and W4 forms for tax withholding and reporting. Their Small Business and Self-Employed section features a page called Hiring Employees, and that provides instruction and rules around these required documents.
- **Department of Labor.** The Department of Labor website provides information to small business owners on topics like hiring, leave benefits, retirement plans, unemployment insurance, wages, whistleblower protection and more. It's a great site and worth taking the time to familiarize yourself with it if you're an HR professional. This is also the place to order your employment law posters, which are a requirement if your small business exceeds a certain number of employees.

Other government websites, like OSHA and EEOC, can also provide helpful information to the HR professional looking to make sure there are no loose ends in the hiring process.

? PRactice Question

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The HR professional has a wide variety of resources that will help inform decisions and provide guidance to keep small businesses on the right side of the law, and the upside of productivity and profitability!

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17.3: Introduction to Hiring for the Start-up Environment

What you'll learn to do: Discuss how to hire for a start-up culture and environment

There are small businesses, and there are start-ups. Is there even a difference?

You hear the word "start-up" a lot in the technology field, and there's a reason for that. A "start-up" is a small company that's looking for a scalable and repeatable business model. Technology companies innovate a new product, and they're looking to take it from something that's been created in their garage to something that reach the far corners of the earth. They aren't necessarily sure how to do that, but part of their business model is to show off that new technology and look for something or someone (like an "angel investor") that can help them to that scalable, repeatable, next step.

A small business, on the other hand, is creating a business model that will work for the company from day one and continue to sustain them as they grow. There's less innovation involved, and in fact, business models are often copied from other successful businesses in the same industry.



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17.4: Start-up Culture

Learning Objectives

- Discuss how to hire for a start-up culture and environment



If you're an HR professional in a start-up company, you're already a unicorn: start-up companies like flexible cultures that can change directions quickly, without a whole lot of structure or too many rules. HR is all about structure and rules, so founders of a start-up aren't likely to stop and say, "Hey, wouldn't it be fun if we had an HR function to keep us from doing the things we want to do as quickly as we'd like to do them?"

HR often gets sidelined, and the good habits a start-up should be establishing around recruiting and hiring practices quickly go sideways. The same things happen to a start-up that would happen to any business that neglected to establish a sound hiring process—the wrong employees are chosen, a toxic work environment develops, good employees are lost to competing businesses. Maybe it's better to have some HR structure in a start-up after all, then, wouldn't you think?

As an HR professional in a start-up, you need to be as flexible and adaptable to change as the rest of the business. And when you're hiring employees that will thrive in the start-up culture and environment, here are some things to keep in mind over and above the standard to-do list.

Put together job descriptions that reflect the "wish list" of the start-up but be realistic about what you're looking for—the leaders of the start-up would love someone who has deep marketing experience and can code, too, but that person doesn't likely exist. Develop your job descriptions based on real-life examples, determine competitive pay, and establish standards across the board that will keep employees happy and feeling like they've been treated fairly.

Recruit Before the Money is There to Hire



Start-ups are quick to pull the trigger when they find an investor, and that often means hiring people they need. So, start building a network and candidate pool before you need it. Understanding the needs of the business and reaching out, with the help of start-up leaders, to start relationships with potential employees will help the hiring process move along at a speedy rate.

Know that you're looking for specific "start-up" qualities—Ben Yoskovitz, a start-up entrepreneur and blogger, cited some of the things he looked for in a prospective employee:[1]

- **Previous start-up experience.** Candidates who have a resume full of large corporation experience aren't likely to be as successful in a start-up culture.

- **Previous small business experience.** Even if the candidate doesn't have start-up experience, having some small business experience can show that she's interested in working in small teams and taking on more responsibilities.
- **Side projects.** Candidates whose resumes features open source projects or side projects that can be a sign that they like to try new things and work hard.
- **Experience in foreign markets.** A successful start-up employee needs to think outside the box, and spending time working in foreign markets adds a different dimension to a candidate's world view. This could be a handy thing.
- **Social media presence.** Particularly if the start-up is technology-based, a good deal can be learned about techie candidates from their Twitter or Instagram accounts. As a rule, they don't engage as frequently or with the same quality on LinkedIn.
- **Creativity.** Yoskovitz encourages hiring managers to ask for a demonstration of creativity when candidates apply for a position. "It's a great filtering tool. If you ask people to do something out of the ordinary and creative with their job application and they don't, you can scrap them immediately. And if you don't ask them and they do something interesting and creative, even better!"[2]

Consider Remote Employees

Start-ups often require people with unique skills, and you may not be able to source them locally. Put together a plan that will help you, as the HR professional, easily welcome remote employees into the culture of the company.

Consider an Employee Referral Program

Often, a start-up company's current employees have encountered others whose skills would be a good professional fit for the company. Encourage them to reach out and help with the recruiting process by offering a bonus for those that do.

Once you've established the kind of candidate you're looking for and generated some resources and a pool of candidates that you can work with, it's time to bring some of them in for interviews. What do you ask the candidate looking to come to work for your company? The Muse, a website that declares they are a "go-to destination for the next gen workforce to research companies and careers" (and have 75 million readers), interviewed 13 start-up founders who found a candidate was most successful when candidates:[3]

- could demonstrate accomplishments in previous positions
- had solutions to the company's problems in mind
- knew and researched the company's competitors, and
- admitted things s/he didn't know

They also indicated that they felt confident when a candidate was well-networked, asked smart questions, knew about the company upfront and used the product. This line of conversation, along with questions about the candidate's values and adaptability, should help an HR professional find the right fit.

? PRactice Question

https://assessments.lumenlearning.co...essments/18257

Hiring for a start-up's unique needs can be a challenge, but there are plenty of candidates out there that are looking for the fast pace and constant change that a start-up environment offers. It's just a matter of finding the right fit for your business.

And then it's a matter of keeping those newly found employees engaged and happy. We'll talk about that next.

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17.5: Employee Success and Retention

Learning Objectives

- Discuss the factors that contribute to new employee success and retention



When you're an HR professional at a start-up company, does employee retention, engagement and success really look any different than it does for any other small or large business?

Because many start-up companies are tech related, turnover is higher. That's because turnover in the tech world is generally higher than average, at more than 13% annually. Large tech companies aren't very good role models: Apple keeps their employees for an average of just two years, and Google for just over one.[1] When it costs upward of 125% of that employee's salary to hire and train a replacement, it makes sense to do what you can to ensure success and retention.

That and, let's face it, startups aren't exactly stable. Often, they can't afford to pay what a larger corporation pays for the same skills, and their business model is in flux. This lack of stability can be exciting but, as time wears on, it can be worrisome and nerve-wracking.

Your solid hiring practices have laid the foundation for employee success and retention. You're already interviewing to ensure a good cultural fit, you've confirmed that the candidate has solid past experience and a start-up mindset. You've established fair hiring processes to ensure that all candidates are treated the same as they take their steps toward becoming employees of the company. So you're well on your way to new employee success and retention!

What else can you do? In the midst of today's talent shortage, when employees are consistently seeing want ads and being wooed by competitors, here are some extra steps to take:

- **Establish a solid onboarding practice.** New employees are anxious to understand how they will become a part of the larger vision of the company. Onboarding is your first chance to engage them around the company's mission and how they fit into it. But don't let it stop there! Make sure that employees continue to understand how their contributions figure into the company's success via regular feedback sessions.
- **Establish employee policies and procedures.** As we discussed earlier, standard employee policies and procedures help employees understand exactly what is expected of them and ensure that all employees are treated equitably. Avoid a toxic work environment by making sure that expectations are clear and fair.
- **Provide training, for employees AND their managers.** At the same time you're encouraging your employees to grow, encourage your managers to be inspiring leaders by providing them with the training necessary to keep their teams engaged.
- **Recognize and reward.** Recognizing employees for a job well done is just the start of a good recognition program. Surprising employees with an unexpected lunch to celebrate a success, or giving away free concert or sporting event tickets are a great way to share company achievements.
- **Promote company bonding.** Google is famous for its on-campus bowling alleys and ping pong tables, but things like that can promote a great work atmosphere. If meetings and brainstorming takes place over a ping-pong table instead of a conference

room table, does it matter as long as the work gets done? Put together a softball team or institute a Friday bring-your-dog-to-work day each week.

- **Offer flexibility.** Just as some start-up employees may not be local, even the local ones might like the opportunity to work from home once a week, or even have a flexible schedule so they can attend their children's school events.
- **Strive to help employees with work-life balance.** Start-up employees are, like small business employees, asked to wear many hats. Often, that means working a lot of hours. Employees can often be overwhelmed in a start-up culture when things are moving in so many different directions.
- **Do thorough exit interviews to troubleshoot.** When employees do leave, make it a point to sit down with them and ask pointed questions to determine why they're exiting the company. This can point to issues that need to be corrected.

While a lot of these tactics may sound familiar (certainly larger corporations use many of them), start-ups have unique employee retention situations, and that requires some forethought on the part of the HR professional. Just like the recruiting process, think hard about how you feed the company culture and stay on top of the market to make sure you keep your employees engaged and in their seats.

? PRactice Question

https://assessments.lumenlearning.co...essments/18258

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17.6: Putting It Together- Human Resources in Small and Entrepreneurial Businesses

 As we discussed earlier, small businesses account for 99% of the businesses in the United States, and almost half of the country works for a small business. As an HR professional, you could find yourself happily employed for a small business. There are many reasons to work for a small business, such as:

- You are likely to have some autonomy to work independently
- It can be easier to put ideas into action
- There may be greater job satisfaction and opportunity for job growth
- You may have an increased sense of ownership
- The company is able to react quickly to change

…and so many more. The reasons why you might find yourself happy at a small business are the same reasons others are attracted to them. Leverage those great qualities to bring like-minded individuals into the company with you. You're armed with the information to make small business HR a success.

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17.7: Discussion- Human Resources in Small and Entrepreneurial Businesses

Start-ups have unique needs. They're fast paced and flexible, responding to change and very often operating without a lot of cash on hand. Their business model is either "flexible" or non-existent as they look for that "angel investor" that can help them take their product or service to the next scalable, repeatable level.

You've just been hired as the HR professional for Technico, a small technology company that makes apps for household use. The company prides itself on being results driven and service oriented. In fact, customers love the app and praise Technico for its outstanding customer service. You've been tasked with finding a marketing professional that can help establish Technico's brand personality and market it in inexpensive and creative ways.

Discussion Prompt

Put together a behavioral interview guide that features at least two questions you'll ask to ensure that your candidate has the right mindset for the job—both in terms of job tasks and company culture. Then, think about what kind of answer would make you want to hire this person. Write that down, too! Post those questions and coordinating answers, and then review the interview questions (and answers) of two classroom peers and make comments.

Grading

Share your opinions below and respond to two of your classmates' thoughts.

Discussion Grading Rubric

Criteria	Not Evident	Developing	Exemplary	Points
Submit your initial response	**0 pts** No post made	**5 pts** Post is either late or off-topic	**10 pts** Post is made on time and is focused on the prompt	10 pts
Respond to at least two peers' presentations	**0 pts** No response to peers	**2 pts** Responded to only one peer	**5 pts** Responded to two peers	5 pts
			Total:	**15 pts**

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17.8: Assignment- Skills for the Future

Scenario

Two themes that recur throughout this course are the importance of questioning our assumptions and updating our skill sets on an ongoing basis. Continuous learning is the reality of work—now and for the foreseeable future. What does this mean to you as CEO of your career? What does this mean to you as a future HR leader? As Deloitte vice chairman Cathy Benko noted "A mere 20% of today's workforce has the skills needed for 60% of the jobs that will be coming online within the next five to ten years."[1]

Your Task

In your final assignment, you will again report to the firm's Chief Human Resources Officer. Your task is to synthesize what you've learned and make a commitment to your future development.

Specifically, your assignment is to reflect on and translate your learning and intentions into a 1–2 page Personal Knowledge Mastery plan. You may want to review Career Management and conduct additional research to inform your efforts.

Finding resources: The following articles can serve as a good starting point for your research:

- Harvard Business Review's "The Best Leaders Are Constant Learners"
- Fast Company's "Five Skills You'll Need to Lead the Company of the Future"
- Natalie Fratto's Adaptability Quotient TED Talk: "3 ways to measure your adaptability – and how to improve it" (6:23)
- Helen Blunden's Create Your Own Personal Learning Plan article on Medium
- Harold Jarche's Putting people back in control of their learning – LT17 conference video (1:03:52)

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

1. Harrell, Eben. "The Solution to the Skills Gap Could Already Be Inside Your Company." Harvard Business Review, September 27, 2016. ↵

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17.9: Assignment- HR with Limited Resources

Scenario

Entrepreneurs and small businesses often don't have the resources to hire an HR professional but the costs of an HR mistake can destroy a start-up. If you're a business owner with a big idea and a small budget, how can you make human resources work with your limited resources?

Your Task

The firm's CSR & Sustainability lead was impressed with your work on her sustainability project and has requested your assignment to a second project developing resources for the firm's pro bono work in support of small businesses. The firm is developing a website for entrepreneurs and small businesses with links to a range of essential resources that owners don't have the budget or expertise to buy or develop.

Your task is to develop a 1–2 page document that includes resources such as HR forms (SHRM or other), legal reference, Small Business consulting and planning resources (OSHA, SBA), etcetera. The lead does not expect you to cover all bases, but to jump-start the project. Develop an outline to organize resources and include a brief introduction for each link.

Grading Rubric

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
Organization and format	**2 pts** Writing lacks logical organization. It may show some coherence but ideas lack unity. Serious errors and generally is an unorganized format and information.	**3 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Some points may be contextually misplaced and/or stray from the topic. Transitions may be evident but not used throughout the essay. Organization and format used may detract from understanding the material presented.	**4 pts** Writing is coherent and logically organized, using a format suitable for the material presented. Transitions between ideas and paragraphs create coherence. Overall unity of ideas is supported by the format and organization of the material presented.	**5 pts** Writing shows high degree of attention to details and presentation of points. Format used enhances understanding of material presented. Unity clearly leads the reader to the writer's conclusion and the format and information could be used independently.	**5 pts**
Content	**8 pts** Some but not all required questions are addressed. Content and/or terminology is not properly used or referenced. Little or no original thought is present in the writing. Concepts presented are merely restated from the source, or ideas presented do not follow the logic and reasoning presented throughout the writing.	**12 pts** All required questions are addressed but may not be addressed with thoughtful consideration and/or may not reflect proper use of content terminology or additional original thought. Additional concepts may not be present and/or may not be properly cited sources.	**16 pts** All required questions are addressed with thoughtful consideration reflecting both proper use of content terminology and additional original thought. Some additional concepts may be presented from other properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts** All required questions are addressed with thoughtful in-depth consideration reflecting both proper use of content terminology and additional original thought. Additional concepts are clearly presented from properly cited sources, or originated by the author following logic and reasoning they've clearly presented throughout the writing.	**20 pts**
Development—Critical Thinking	**8 pts** Shows some thinking and reasoning but most ideas are underdeveloped, unoriginal, and/or do not address the questions asked. Conclusions drawn may be unsupported, illogical or merely the author's opinion with no supporting evidence presented.	**12 pts** Content indicates thinking and reasoning applied with original thought on a few ideas, but may repeat information provided and/ or does not address all of the questions asked. The author presents no original ideas, or ideas do not follow clear logic and reasoning. The evidence presented may not	**16 pts** Content indicates original thinking, cohesive conclusions, and developed ideas with sufficient and firm evidence. Clearly addresses all of the questions or requirements asked. The evidence presented supports conclusions drawn.	**20 pts** Content indicates synthesis of ideas, in-depth analysis and evidence beyond the questions or requirements asked. Original thought supports the topic, and is clearly a well-constructed response to the questions asked. The evidence presented makes a compelling case for any conclusions drawn.	**20 pts**

Criteria	Inadequate (40%)	Minimal (60%)	Adequate (80%)	Exemplary (100%)	Total Points
		support conclusions drawn.			
Grammar, Mechanics, Style	**2 pts** Writing contains many spelling, punctuation, and grammatical errors, making it difficult for the reader to follow ideas clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices disrupts the content. Additional information may be presented but in an unsuitable style, detracting from its understanding.	**3 pts** Some spelling, punctuation, and grammatical errors are present, interrupting the reader from following the ideas presented clearly. There may be sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices may detract from the content. Additional information may be presented, but in a style of writing that does not support understanding of the content.	**4 pts** Writing is free of most spelling, punctuation, and grammatical errors, allowing the reader to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented in a cohesive style that supports understanding of the content.	**5 pts** Writing is free of all spelling, punctuation, and grammatical errors and written in a style that enhances the reader's ability to follow ideas clearly. There are no sentence fragments and run-ons. The style of writing, tone, and use of rhetorical devices enhance the content. Additional information is presented to encourage and enhance understanding of the content.	**5 pts**
				Total:	50 pts

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17.10: Why It Matters- Human Resources in Small and Entrepreneurial Businesses



Why learn about managing human resources in small and entrepreneurial businesses?

Small businesses are a big deal. In fact, 99.9% of all U.S. companies are classified as small businesses (that is, businesses with 250 to 1,500 employees). Around 58.9 million U.S. citizens, or 47.5% of the population, work for a small business. In 2015, small businesses created a net 1.9 million new jobs.[1] Employees in the job market are almost as likely to land a job with a small business as a large one.

Still, in the third quarter of 2016, while 240,000 new small businesses started up, another 215,000 exited, resulting in a loss of 749,000 jobs.[2] This is a good indicator that careful management—particularly careful HR management—is key to ensuring the success of a small business.

Human resources in large corporations often grow organically as the organization grows. Knowing when to add resources to support growth, establishing the means by which they are managed and retained, and understanding relevant small business employment laws can fuel an organization's growth and prosperity.

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1. U.S. Small Business Administration, Office of Advocacy, United States Small Business Profile, 2018 ↵
2. Ibid. ↵

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17.11: Introduction to Determining HR Needs

What you'll learn to do: Discuss how to determine resource requirements



A new business owner, a.k.a. a person starting his or her own small business, might check out Amazing Academy, LLC. Amazing Academy provides training, tools and an online community for new and aspiring business owners. But CEO and founder Matt Clark learned a couple of lessons at the "school of hard knocks" when he laid off 32 of his 62 employees in April of 2016 to "get the company down to its proper size."[1]

"I read countless books that gave me that advice, but when in the trenches of growth, I made the mistake of rushing hiring and forcing growth," Clark posted on social media. "It's easy to hire people. It's horrible to fire people."[2]

Clark was aiming to change the company's focus from marketing to product, and said, "Trying to make this change with the current team was next to impossible. The culture had deteriorated into a place where people had to walk on eggshells and couldn't get any work done at the office because of all the distractions and negativity."[3]

Careful management of human resources can be key in ensuring sustainability and growth. In this section we will learn how to determine resources, accountability and reporting structure, and when to bring on employees instead of using independent contractors.

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1. Calnan, Christopher. "Amazing.com CEO Says He Hired Too Many Workers Too Fast." bizjournals.com, May 31, 2016. ↵
2. Ibid. ↵
3. Ibid. ↵

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17.12: Evaluating HR Needs

Learning Objectives

- Describe how to evaluate the need for additional human resources



Many small business owners and CEOs of small businesses absorb the responsibilities of an HR department to save on costs. In that same vein, they also make the coffee and sweep up the office after everyone has left for the day. When that becomes too much for the CEO to absorb into his or her day, these duties get redelegated to other employees in the office. And then, those employees start to buckle under the weight of additional duties.

Do You Need New Employees?

If you're an HR manager at a small business, the first sign that additional human resources may be needed is a decline in productivity. Co-workers who are stressed, unable to address all the work coming their way, and requesting excessive time off are all things the HR manager should be watching closely. It's certainly normal for the employees in a small business to wear many hats, but when they're collapsing under their workloads or spending too much time on non-essential tasks, that can mean trouble.

A decline in customer service, or employees' inability to keep up with work, is another flag alerting an HR manager that additional human resources may be needed. Often, small businesses fail because they're unable to grow fast enough to keep up with the demand for their product or service, but it's not always due to their reluctance to add additional employees. If inefficient work processes are at fault for the issues, perhaps training or job redesign is needed.

Sometimes, the signs that a new employee is needed are not so clear. HR professionals in a five- or ten-person office may notice that workloads are exceeding employee capabilities, but in a company with a hundred or so employees, they might not see all the red flags. Luckily, there are some methods by which a human resource professional can conduct a needs analysis:

- **Questionnaire.** A questionnaire allows the employees in an organization to offer feedback about their position and department. Perhaps additional knowledge and skills would make their jobs easier, or maybe a new position in their department would better fill a need.
- **Industry benchmarks and guidelines.** Often, organizations like the Society of Human Resource Managers, or an association directly related to the industry in question, can provide benchmarks and guidelines for an industry. For instance, if an organization is earning $X gross with services offered, that organization is likely to have Y number of employees. These benchmarks can help an HR manager understand if his or her organization is adequately staffed.
- **Manager consultation.** An HR professional should always be in touch with the needs of organization managers and creating a "safe space" for managers to talk can often unearth problems that would not otherwise be revealed. Encouraging managers to talk about needs within their own areas, as well as deficiencies they see in areas managed by others, can help an HR manager determine if additional human resources or training is needed.

Practice Question

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Budgeting for a New Employee

Determining the need for additional human resources is only the beginning. Once it's determined that an extra person might come in handy, it's time to do some math to ensure the expense of an additional head will ultimately benefit the business. In other words, can you afford the new guy?

A few obvious things to think about when budgeting for a new employee:

- Will this employee be part time or full time?
- What is the industry average salary for this position?
- What are the other costs associated with the hiring of this new person (additional training, payroll tax, benefits and worker's compensation)?

Less obvious, but still considerations when determining the value of a new employee:

- Will customer service improve to the point that it leads to new customers?
- Will this new employee free up time to market the business to more prospective customers?

If the benefit of additional production, along with new business, covers the cost of this new employee, then it's time to increase those human resources!

Now, there's more that goes into adding additional human resources than just what's described above. There are laws to follow, lines of authority to determine, job descriptions to draft. Don't worry…just keep reading. We're going to cover that.

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17.13: Authority and Accountability

Learning Objectives

- Describe how to identify lines of authority and accountability

In a small business, everyone reports to the owner, right? Well, in a manner of speaking, yes. But as a business grows, there are certainly decisions to be made around who reports to whom, and how work best gets done.

Determining lines of authority and accountability for a small business clears up a lot of gray area that can slow down a well-meaning group of employees. As we discussed earlier, employees of a small business often wear many hats, and a clear reporting structure can be a casualty of that kind of arrangement. For example, if Sue tells Joe to perform “task A” and Sasha tells Joe to perform “task B,” Joe might have to decide between the two tasks. If he doesn’t consider Sue or Sasha his manager, Joe could have a hard time prioritizing the tasks and make a wrong decision around which one is more important.

Enter the organizational structure, aiding Joe in understanding who his manager is and what tasks he’s responsible to complete.

Just like larger companies, there are various organizational structures a small business can employ to help organize and manage people and their workloads. Some questions to ask when deciding how to arrange lines of authority:

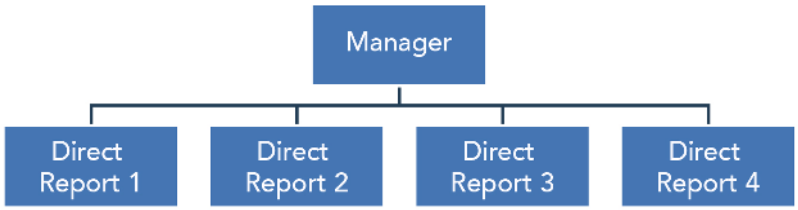
- Will the business benefit from a top down structure, where the owner/CEO makes all the decisions and others abide? Or would it be better to involve all the employees in making decisions, so the business can benefit from their expertise?
- Is the business better divided up by function? Or maybe geographic region?
- Would employees benefit from being grouped into teams to see a product or service through from inception to sale?

A wide variety of organizational structures exist to help define lines of authority and accountability, and every business uses one, whether it’s an informal or formal adoption. Here are a few that work well for small businesses:

- functional organizational structure
- matrix organizational structure
- divisional organizational structure
- virtual organizational structure

Functional Organizational Structure

New businesses and small businesses often have at least three major functions – the sales/marketing function, the financial function, and the operations function. A logical way to organize a business would be to place all of the financial function under the financial leader, all of the operations function under an operations leader, and so on. For larger small businesses, there might be “sub-functions.” HR, for instance, might have a leader over their HR generalists, a training department, and payroll. All of those would be sub-functions within the HR function.



The functional organizational structure provides focus for the employees and groups them into teams that focus on a specific business need.

Matrix Organizational Structure

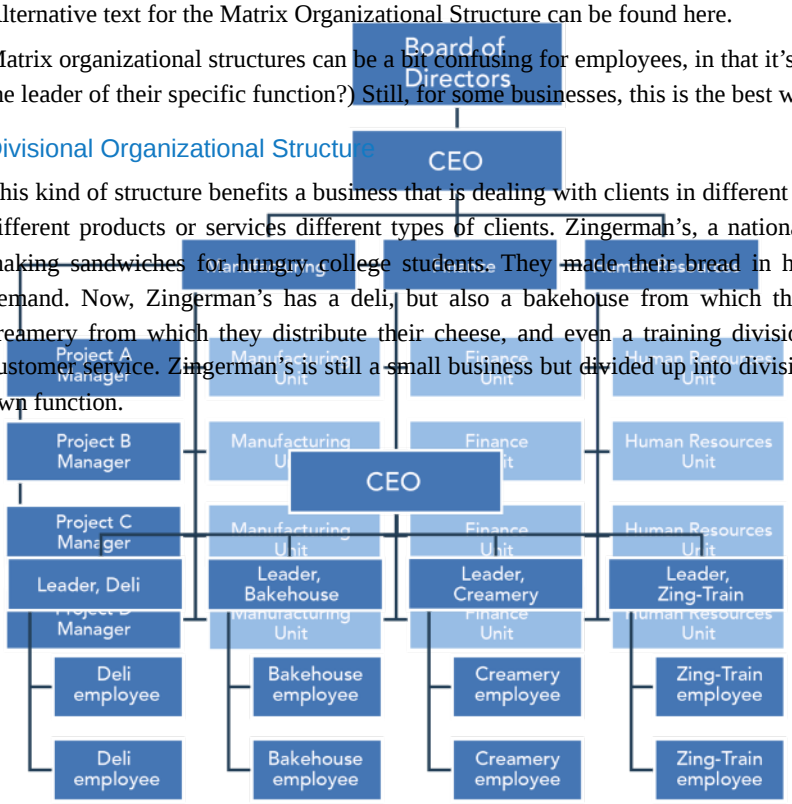
Practically the opposite of a functional structure, the matrix organizational structure groups employees into teams. For instance, there might be a sales and marketing person, and operations person, and a financial/accounting person on each team. The business might have teams set up to serve specific clients. This kind of structure might be found in a small advertising firm, where a team serves the needs of one specific client.

Alternative text for the Matrix Organizational Structure can be found here.

Matrix organizational structures can be a bit confusing for employees, in that it's not always clear to whom they report (a team leader? the leader of their specific function?) Still, for some businesses, this is the best way to manage client work.

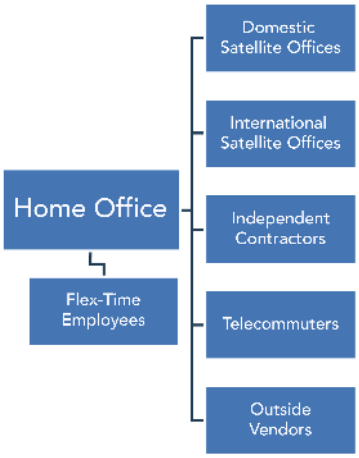
Divisional Organizational Structure

This kind of structure benefits a business that is dealing with clients in different geographic regions, or possibly a business that makes different products or services different types of clients. Zingerman's, a nationally known deli in Ann Arbor, Michigan, started out making sandwiches for hungry college students. They made their bread in house for their sandwiches, and soon it was in high demand. Now, Zingerman's has a deli, but also a bakehouse from which they distribute bread to local specialty food stores, a creamery from which they distribute their cheese, and even a training division, because the business is noted for their excellent customer service. Zingerman's is still a small business but divided up into divisions that each have their own leader and perform their own function.



Alternative text for the Divisional Organizational Structure can be found here.

Virtual Organizational Structure



Some small businesses outsource most or all of their functions. For instance, Paul Newman's "Newman's Own" brand is almost completely outsourced, with one company providing a product, another providing procurement, and so on. If you have a small core group of people in a central office, they would ultimately manage the virtual providers of these services.

Movie production companies also operate as virtual organizations, hiring teams of people to perform the different duties on location and afterwards, rather than keeping them all on the payroll.

Often, small businesses and their lines of authority and accountability grow organically, and as the business evolves their needs will change. An organizational structure that works for the business in year three might not be the same structure they're using in year seven. That's perfectly fine—an HR professional can help transition employees from one kind of structure to another as seamlessly as possible, without too much disruption to productivity.

? Practice Question

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17.14: Employees vs Contractors

Learning Objectives

- Evaluate the use of resources: employee vs. independent contractor

To employ or not to employ? That is the question of the small business owner much of the time. The answer lies in the answer to a couple of other questions—mainly how much responsibility does the owner want to have for that employee, and how much control does the owner want to have over the final product or service?

Independent contractor growth is outpacing small business hiring, which means that more small businesses are opting to contract over bringing on a new employee.[1] And even though an independent contractor works from her own office, bringing her own equipment to the job and paying her own benefits, she's not always the best choice for a small business.

Let's start by understanding the difference between an employee and an independent contractor.

Employees



An employee is someone whose quality and manner of work the employer has a right to control. They are, legally speaking, in a master/servant relationship, and often referred to as W-2 employees, a reference to the federal income tax form they are served at year end with their total wages for the year.

As an employer, the small business owner controls the behavior of the employee, including a method for doing the work, a schedule on which that work will be done, and so on. The small business owner, as employer, handles the pay rate and pay schedule of this individual, as well as associated payroll taxes and benefits costs. Often, this employee will develop relationships with other co-workers at the owner's place of business.

The cost of an employee goes beyond a normal salary or hourly rate. A payroll function goes along with that first employee, one that takes time and costs money. Checks must be written on a regular basis. Taxes, social security, and Medicare must be withheld, and payroll taxes paid. Other costs incurred with an employee would include the cost of a place to work, and the supplies with which to do that work, which can include a computer, office supplies, and more. Creating a positive, motivating work culture for that employee is also important, and that comes at a cost.

Independent Contractors

An independent contractor, on the other hand, is someone the small business owner engages to perform a certain task, but whose manner of work the owner does not have a right to control. This person is sometimes legally referred to as a 1099 employee, in reference to the tax form he or she receives at year-end outlining how much the business has paid to the contractor that year.

The contractor works either short term, or on a project-by-project basis. He or she pays all taxes on earnings, including any federal, state, local taxes, or social security. Sometimes, the quality of the contractor's work is governed by professional standards or codes, like that of an electrician or plumber. These are standards and codes the small business owner doesn't have to know or understand, and for that reason contractors can be attractive.

Another reason why contractors can be attractive to small business owners is because they get the work done without all the extra paperwork that comes along with having one's own employees. But there is danger in treating a contractor like an employee. While the IRS doesn't have any hard and fast definition of contractor vs. employee, they do provide a 20-item checklist that helps small businesses understand if they're crossing the line. There are some hefty penalties in store for those business owners that don't stay within those guidelines.

So what's the cost of a contractor? Basically, costs with a contractor are negotiated up front, before the work begins, and the final fee is paid when the work is complete. Because contractors are responsible for all their own taxes, social security and Medicaid payments, their fees are usually higher to cover such costs. An employer's only obligation to the contractor is to pay their invoices in a timely manner and issue a 1099 at the end of the year for their tax purposes.

The downside is that a contractor isn't as loyal to the small business as an employee would be, and he or she is legally limited to only 1,040 hours of work (which is six months at 40 hours a week). And, because that contractor is self-employed, his or her timing might not match that of the owner, and the owner doesn't really have any control over the quality of work or the time it takes to complete. While you can create contracts that stipulate acceptance criteria, there's additional cost of time or money to get work redone. These are all hidden costs to a small business owner.

? PRactice Question

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Employee or Contractor?



As an HR professional, it can be difficult to determine which way to go with this position that needs to be filled. Will the contractor be less expensive and more efficient, or is it time to bring a new employee on board?

A contractor is the best choice when

- The work requires a level of expertise no employee in the business has, and it would cost too much time and money to train someone to do it (e.g., IT specialty, an electrician, a physician)
- The work is seasonal, and extra hands are needed to fulfill orders
- The work is administrative, like bookkeeping or other tasks that can be done remotely and typically don't require a full-time employee

An employee works best when

- The work requires close supervision in order to be completed
- The work requires regular local knowledge and an employee can bring specialized local knowledge to the table
- The work requires extensive knowledge of what's going on within the walls of the small business

HR professionals can help small business owners determine the cost and relationship benefits of a contractor versus an employee and can assist in avoiding any misclassification of either.

Sources

Fleischer, Charles H. *HR for Small Business: An Essential Guide for Managers, Human Resources Professionals, and Small Business Owners*. Naperville, IL: Sphinx Pub., 2009.

1. Paychex, Inc. "New Paychex Data Shows Independent Contractor Growth Outpaces Employee Hiring in Small Businesses." PR Newswire, January 9, 2019. ↵

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17.15: Introduction to Employment Laws and Small Business

What you'll learn to do: Summarize employment laws relevant to small businesses

Small business owners often treat human resources management the way they do emergency preparedness: they just don't do it until it's too late, and when it's needed, they have to scramble. By not keeping good records, by not keeping current with employment laws on the state and federal level, they hurt themselves and their company's bottom line.

Federal and state requirements change, and businesses that want to avoid fines and penalties need to stay on top of them. HR professionals can step in and help small businesses stay compliant with state and federal laws.

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17.16: Federal Laws and Small Business

Learning Objectives

- Summarize the federal laws relevant to small business



There are very strict definitions of small businesses, usually based on number of employees or average annual receipts. For instance, in the United States an electronics computer manufacturing company can't have more than 1,250 employees and still be considered a small business. A used car dealer must have annual receipts totaling less than $27 million. A commercial bank, though, is measured by assets, and can't have more than $600 million, or the US government doesn't consider it a small business.[1]

The federal government has these restrictions in place to ensure that those who own small businesses can receive the protections and benefits that the government affords them. So it should come as no surprise that there are a few federal laws to abide by and a few federal forms to fill out in order to qualify as a small business.

Where employment is concerned, it is up to the HR professional to stay on top of these rules and regulations. When hiring and managing employees for a small business, here are some of the items you'll need to address.

Federal Employment Laws and Regulations

Federal employment laws protect employees, and these laws apply to businesses of all sizes – including small ones. Let's quickly review some of the more important federal labor laws related to bringing employees into a small business.

- **The Fair Labor Standards Act.** As we learned in an earlier module, the Fair Labor Standards Act (FLSA) sets minimum wage, overtime, and minimum age requirements for employees. It also defines an employee as "exempt" (salaried) or "non-exempt" (hourly). As a refresher, the small business owner will need to pay attention to some of these FLSA details:
- **Definition of a full-time employee.** By federal law, an employee is considered full-time when he or she works thirty hours or more a week, or 130 hours or more a month.
- **Meals and breaks.** Federal law does not require business owners to pay employees for their lunch hours, or any "break" over 20 minutes. The small business owner does need to pay his or her employees for a break that last 20 minutes or less.
- **Child labor laws.** Federal law prohibits children under the age of 14 from working with few exceptions, among them delivering newspapers, or working as actors or performers. Children aged 14 and 15 can work limited hours, and children aged 16 or 17 may work, but cannot be employed in industries considered "hazardous." The legal working age is 18.
- **Equal Employment Opportunity (EEO) laws.** Title VII of the Civil Rights Act of 1964 prevents an employer from discriminating against an employee or prospective employee because of their race/color, national origin, sex, or religion. Title VII was amended to include sexual discrimination and harassment. Other discrimination laws protect employees against age, pregnancy and disability discrimination.
- **The Family Medical Leave Act.** The Family Medical Leave Act allows employees to opt for extra time off from work to address medical issues. This can include one's own medical treatment, the assistance of a family member with a medical issue, or even the birth of a child. Small businesses with more than 50 employees must make FMLA available to their workers
- **Affordable Care Act.** The Affordable Care Act is a federal law that requires any business with more than 50 employees to either provide healthcare coverage for their workers or pay a penalty for not doing so. Small businesses with more than 250 employees need to file their ACA information electronically.

- **COBRA.** COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act, allows employees to continue benefits coverage their employers offered as an out-of-pocket expense, should they quit or lose their jobs. Small businesses must comply with COBRA if they offer health insurance, if they have 20 or more employees.
- **Occupational Safety and Health Act.** As we learned in an earlier module, workplaces are required to provide a safe, healthy environment for their employees to conduct business. These laws apply to businesses of all sizes, but organizations with more than 10 employees need to furnish safety and incident reports.
- Worker Adjustment and Retraining Notification Act. WARN requires an employer to give 60 days' notice to employees if the business is closing its doors. Small businesses with a hundred employees or more must comply with this regulation.

This is not an all-inclusive list of laws and regulations as they relate to small business employment, but it's certainly a great start.

? PRactice Question

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Employee Identification Number

Now, if you are employed by a small business as an HR professional, the small business owner might have already filed for an Employee Identification Number. Anyone who has filed a corporation, partnership or limited liability company is required to have one, and even if the small business owner is a sole proprietor, one may be needed. The IRS offers an EIN questionnaire for any small business owner who isn't sure whether one is needed.

EINs provide benefits beyond acting as the tax code for your business in all payroll dealings, etc. EINs provide identity safety for small business owners that are hesitant to use their social security numbers and make the path to business bank accounts, business loans, and business credit a little easier.

It should also be noted that sole proprietors who file as corporations need to file for a new EIN.

Employment Paperwork



I-9 Forms

Is the employee you're hiring legally able to work in the United States? The I-9 Form confirms that information for the U.S. government, by requiring employees to provide the necessary identification to prove citizenship or work eligibility. Employers must check documentation for every new employee they bring on board and complete the I-9 form within an employee's first three days with the company.

Employers who fail to provide the government with the I-9 verification can face civil liability, and courts have ruled that competing businesses can sue employers who employ illegal aliens. It's a good idea, when collecting this information, to keep copies of the identification the employee provides, and if work eligibility is temporary, plans to recheck eligibility should be made.

W4 Forms

If an employer is withholding taxes on behalf of the new employee, a W4 form will be required. The W4 form includes information about marital status, number of dependents, and any additional taxes the employee may want to have withheld. This information is then used to calculate withholding amounts for the employee.

Employees can make changes to these withholdings based on their changing preferences. It's important to understand that employers should not give advice on how the employee fills out the tax withholding form to avoid any liability.

W2 Forms

W2 forms are issued to employees at year end, completed with the amounts of money withheld on each employee. How much in federal, state, and city taxes have been withheld, a record of money contributed to a 401(k) program, Medicaid payments and more are included in this form. The employee will use this to file his or her year-end taxes.

Job Applications

Job applications should be on file for every employee a small business brings into its company. Job applications usually provide a statement asking the employee to verify that all information provided is true and correct, and another portion of the job application normally states that the employer has the right to conduct background checks on that employee.

Any small business that relies on the special skills of an employee to do their business – for instance, if the business provides plumbing services – the job application allows the employer to confirm that the employee is licensed to do his or her job.

Other Employment Tasks

The checklist doesn't stop at forms and filings when it comes to bringing employees into a small business. Some other items to keep in mind:

- **Register with state employment agencies.** We could spend a whole lot of time going state by state, talking about the requirements for bringing employees onboard in your small business. State hiring systems do everything from helping the employer withhold state income tax, to making sure that employees are up to date on their child support and alimony payments. Unemployment tax and workers compensation is also done through the state, and a small business may need to pay into these funds to cover their workers in case of an accident or layoff.
- **Required workplace posters.** The federal government requires that businesses post information in public areas that employees can reference about their rights as employees. Those federal laws we discussed above should be at the fingertips of your employees, and it's required that businesses hang posters for their employees' reference. Any small business with more than 50 employees is required to post a Family and Medical Leave Act poster (FMLA), and an Occupational Safety and Health Act poster and a Fair Labor Act poster is required for all employers. These and other required posters can be ordered from the U.S. Department of Labor.

? Learn More: California State Laws

The HR professional at a small business has a big job to do, keeping the small business compliant with state and federal laws. But some states, like the state of California, go a little bit further to protect the interest of employees. Let's take a look at what the state of California requires, over and above that which the federal government mandates.

Here are some of the additional protections and regulations California provides its workforce over and above the stipulations of federal labor laws:

- **Four-Hour Minimum Shift.** Federal law does not have any minimum requirements for work shifts, but California labor laws requires that employees who usually work an eight-hour shift be paid for a minimum of four hours if they're sent home early, or if they have to check in daily to see if they've been scheduled for work.
- **Overtime Law.** Federal law requires that employees be paid 1.5 times their hourly rate if more than 40 hours are worked in a single week, and that overtime can be accrued for a shift that lasts up to 24 hours. In California, non-exempt (hourly) employees are entitled to 1.5 times their hourly rate if they work over an eight-hour day, and twice their hourly rate if they work over a twelve-hour day.
- **Minimum Wage.** As of September 2019, California's minimum wage is $12 per hour, with some local areas exceeding this. Federal minimum wage is $7.25 per hour.
- **Meals and Rest Breaks.** Employers can be penalized for not giving their employees breaks at the appropriate times, while federal law has no specific requirements around meals and breaks.
- **Vacation Pay.** If an employer offers paid time off (PTO), California law dictates that the PTO for that employee never expires and can be cashed out when employment is terminated, either voluntarily or involuntarily.

- **Layoffs.** The California WARN Act states that if an employer lays off more than 50 workers in a one-month period, closes a business or relocates, they are required to give their employees 60 days' advance notice or two months of pay and benefits. Federal law requires small businesses to do this if they have a hundred or more employees.
- **Final Paycheck Law.** California requires that a worker be paid his final paycheck the same day if he is fired. If the employee quits, the final paycheck must be issued within 72 hours of the employee's departure.
- **Off-the-clock work.** In California, there is no such thing as "off-the-clock" work. If you are forced to work off the clock or if your employer knows you're doing work off the clock, you're entitled to be paid for that work.
- **Paystub law.** Workers in the state of California are to be given a paystub with their paycheck, and failure to do so could result in a $4,000 penalty under California labor code.

Remember that every state will have different laws and protections, so it's essential to know the laws of the state you live in.. California labor laws are generally more "pro-employee" than federal labor laws and are in fact some of the most pro-employee laws in the United States. This doesn't mean that other states don't put some specific laws in place to protect their workforce, and HR professionals should be aware of all the labor laws for every state in which the small business is hiring.

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17.17: Introduction to Essential HR Resources

What you'll learn to do: Identify essential HR-related forms and publications and related resources

There's a form for that! In the life of an HR professional, it can seem like there's a form for everything. Which ones are necessary? Which ones are the most helpful? Which ones, if not completed, are going to cost a small business a big fine?

HR professionals navigate a lot of paperwork, and that doesn't change even when they're employed at a small business. In fact, in a small business, many of the items that an HR professional relies on most—like job descriptions and employee handbooks—need to be created from scratch and updated regularly as the business grows.

If that sounds intimidating, worry not! There are publications and resources out there that help HR professionals stay on top of changing laws and remain strategic partners to small business leaders.

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17.18: Job Descriptions in Small Business

Learning Objectives

- Discuss the importance of job descriptions in small business



In a small business, the employees often wear a lot of hats. That's just how it is! Angela in marketing might hire a new part-time employee, and she might put on her HR hat and collect and file all the paperwork herself. Zane in operations might go out to install a product, then see an opportunity to temporarily be a salesperson and convince an onlooker that he, too, needs that product.

Employees often find it enjoyable to step out of their regular roles and try something new, but when small businesses don't draft job descriptions, when they don't think through the position and what will constitute their employee's eight-hour day, it can sometimes spell disaster. Let's talk about the ways that job descriptions provide a safety net for small business employers.

- **Hiring the right employee.** First and foremost, a small business wants to hire a new employee with skills that fit business needs. Job descriptions should include a thoughtful list of tasks that the small business owner expects to be completed. The list can be researched and cross-checked against similar job descriptions to ensure that the HR professional isn't out there looking for a "unicorn," and that employees fitting the description actually exist.
- **Set clear expectations for the new employee.** This may seem obvious, as it's the major purpose of a job description. Put an employee wearing many hats with a newbie who's eager to please, and pretty soon the new person is working 80 hours a week and isn't sure what they're really supposed to be doing. A job description that sets clear expectations for an employee can help them make choices about the many tasks that come their way.
- **Defend the business against discrimination charges.** The small business owner needs to keep the ADA and discrimination laws in mind when drafting a job description for new employees. The job description can be used to outline "essential functions" for the role, like how much time the employee will spend on her feet or how much weight she needs to be able to lift. Thinking about these qualifications up front can aid a small business employer in making sure a rejection letter isn't misinterpreted as discrimination, and the job description can provide reference in a court of law to prove that an employee didn't have skills to perform the job should a discrimination charge be leveled.
- **Classifying employees as exempt or non-exempt.** Job duties should be aligned with FLSA exemptions of the overtime rule. The job description and job title should match the reality of the job. If a high school degree is all that's necessary for a position, a master's shouldn't be required in the description. Putting the job description in writing and offering it up to public consumption allows for an additional level of honesty. This is another way that the HR professional can protect the small business from discrimination suits and overtime claims from employees that shouldn't be classified as exempt.
- **Protect the small business from overpayment.** Job descriptions allow an HR professional to do salary analysis, matching skills and job duties to their worth in the local job market. Compensation analysis not only saves the small business from overpaying to bring on an employee with the necessary skills, it ensures they don't undervalue those skills, either. A quality employee comes at market price.
- **Evaluate employees and help them improve.** A job description that sets clear expectations about the tasks to be performed is the basis for employee performance evaluation. When sitting down to talk with an employee about his or her performance, the job description is a reminder of the initial expectations and can be the foundation of that discussion.

Job descriptions are important for legal reasons as much as they are important for the happiness and overall success of the employee brought into the small business. They can be easily overlooked or dismissed as unnecessary work, but documenting the needs and requirements of a position can help save a small business owner time and money as much as it helps her find a great employee.

? PRactice Question

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