• Why is Human Resource important to business success?
• What are key human resources issues in today’s economy?
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• What is key federal legislation that impacts human resources?
| Human Resource Management – maximizing the effectiveness of the workforce | • Recruiting world-class talent  
• Promoting career development  
• Boosting organizational effectiveness |
Human Resource Management Challenges: Major Hurdles

- Layoffs and Outsourcing
- Wage Gap
- Older Workers
- Younger Workers
- Women Workers
- Work-Life Balance
- Lawsuits
Human Resource Management

EXHIBIT 15.2 Human resource management

HUMAN RESOURCE MANAGEMENT

STRAategic PLANNING

Recruitment

Selection

Training

Evaluation

Compensation/Benefits

Separation
Problem:

- HR is often unprepared to make strategic decisions
- Daunting perception problems

Solution:

- HR must gain respect and recognition for their role
- Focus on raising value of firm’s human capital
- Senior management must recognize role of HR
**Job Analysis**

- What skills does the workforce already have?
- What skills do they need?

<table>
<thead>
<tr>
<th><strong>Job Description</strong></th>
<th><strong>Job Specifications</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Teach 5 business classes</td>
<td>A master’s degree in business</td>
</tr>
<tr>
<td>Consult with students for 5 hours</td>
<td>A minimum of three years business teaching experience</td>
</tr>
<tr>
<td>Participate in college governance</td>
<td>Excellent interpersonal and communication skills</td>
</tr>
</tbody>
</table>
Internal Recruiting – transferring or promoting employees within the company

• Boosts Morale
• Proven Track Record
• Lower Recruiting Costs
External Recruiting – looking for employees outside the firm

Recruiting Resources:
- Employment Websites
- Newspaper Ads
- Trade Associations
- Employment Centers
- Colleges/Universities
Selection: Making the Right Choice

1. Application
2. Interviews
3. Testing
4. References and Background Checks
Structured Interviews

• Develop a list of questions prior to interview
• Focus questions on behaviors and experiences

Describe a time when you...
What would you do if...
If you realized that a co-worker...
“What five or six adjectives best describe you?”
   “Really, really, really, really, really cool!”

“Were you late because you got lost?”
   “No. It was such a nice day that I didn’t mind driving slowly.”

“Why should I hire you?”
   “Because they say you should always hire people better than yourself.”

“What do you find interesting about this job?”
   “The money. I don’t really care what your company does.”

“How would you define a ‘problem person’?”
   “Anyone who disagrees with me.”
Contingent Workers

Companies with fluctuating employment needs may opt to hire contingent workers

✓ Temporary Full-Time
✓ Independent Contractors
✓ On-call Workers

Contingent workers comprise 4% of total U.S. employment

*Employers like contingent workers because there is a cost savings but contingent workers may be less committed*
Training and Development: Honing the Competitive Edge

- Increase innovation
- Increase technology adoption
- Increase productivity
- Increase motivation
- Decrease liability
Training and Development: Orientation

• Effective orientations are the first step in the development process

• Introduce employees to the company culture

• Strong orientation programs reduce employee turnover
On-the-Job Training – popular and low cost - employees simply begin working under the guidance of experienced employees

Apprenticeships – training programs where beginners serve as an assistant prior to working
### Training and Development: Other Training

<table>
<thead>
<tr>
<th>Off-the-Job Training</th>
<th>Computer-Based Training</th>
<th>Management Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>training that takes place away from the job setting</td>
<td>standardized presentations using video, audio and broadband technology</td>
<td>programs to assist current and potential executives develop leadership skills</td>
</tr>
</tbody>
</table>

Companies employ a variety of training strategies:

- Vestibule Training
- Classroom
- Job Simulations
• Criminal convictions for CEOs have been splashed across the headlines

• Companies are spending more time and money on background checks

• Investigations are finding 10-20% of the searches expose *issues ranging from fake degrees to criminal findings*
Performance Appraisals

- Formal feedback
- Compare actual to expected results
- May impact compensations, incentives, promotions, transfers and terminations

HR should create an evaluation tool that ties into the company’s objectives

Evaluation should be a feedback PROCESS

- Managers should be trained
- Employees should be informed of the process
Performance Appraisal GOOFS

Gotcha!

The Once-a-Year-Wonder

Straight from the Gut

What Have You Done for Me Lately?

The “Me” Filter (Bias)
Compensation: Show Me the Money

Compensation – the combination of pay and benefits

Wages – pay in exchange for the number of hours or days that an employee works

Salary – the pay that employees receive over a fixed period

Benefits – noncash compensation like health care and vacation
Performance Pay Options

- Commission
- Bonuses
- Profit Sharing
- Stock Options
- Pay for Knowledge
Compensation is based on the following factors:

- Competition
- Contribution
- Ability to Pay
- Cost of Living
- Legislation
Without a Map: The Brouhaha over Bonuses

AIG paid millions of dollars in bonuses after accepting a multi-billion dollar bailout from the U.S. Treasury

- Politicians and citizens were furious
- Congress considered a 90% tax against all bonus recipients

The outrage eclipsed some positive news:

- CEO Jack Windolf shared his $500,000 bonus with his workers
- Other firms cut executive bonuses to avoid layoffs

The 2009 drama raised some crucial concerns about compensation

*How much bonus is too much?*
### Benefits: From Birthday Cakes to Death Benefits

#### Legally Mandated Benefits
- Social Security
- Medicare Contributions
- Unemployment Payments
- Workers’ Compensation
- Federal Family and Medical Leave

#### Optional Benefits
- Paid Vacation & Holidays
- Paid Sick Days
- Health Insurance
- Retirement Programs
- Product Discounts
- Tuition Reimbursement
Benefits: Cafeteria-Style

• Providing employees a set dollar amount per person that they spend on company benefits

• Allows employees to tailor their benefits to their individual needs
Benefits: Flexible Scheduling

- Flextime
- Compressed Workweek
- Telecommuting
# An Analysis of Telecommuting

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization</strong></td>
<td>• Lower costs for office space</td>
</tr>
<tr>
<td></td>
<td>• Higher employee productivity</td>
</tr>
<tr>
<td></td>
<td>• Access to a broader talent pool</td>
</tr>
<tr>
<td></td>
<td>• Challenge maintaining company culture</td>
</tr>
<tr>
<td></td>
<td>• Greater challenges fostering teamwork</td>
</tr>
<tr>
<td></td>
<td>• Greater challenges monitoring and managing employees</td>
</tr>
<tr>
<td><strong>Employee</strong></td>
<td>• Much more flexibility</td>
</tr>
<tr>
<td></td>
<td>• Zero commute time</td>
</tr>
<tr>
<td></td>
<td>• Better work-family balance</td>
</tr>
<tr>
<td></td>
<td>• Everyday is casual Friday</td>
</tr>
<tr>
<td></td>
<td>• Fewer office politics</td>
</tr>
<tr>
<td></td>
<td>• Less career potential</td>
</tr>
<tr>
<td></td>
<td>• Less influence</td>
</tr>
<tr>
<td></td>
<td>• Weaker connection to company</td>
</tr>
<tr>
<td></td>
<td>• Isolation from the social structure</td>
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</tbody>
</table>

Commuting at Zero Gallons Per Mile

• Telecommuting can offer real benefits

• We could save 1.35 billion gallons of fuel per year if everyone able would telecommute just 1.6 days per week

• Employees use less energy at home than they do at the office

• Telecommuting can go a long way toward reducing the overall carbon footprint of many businesses
Some Weighty Issues

- **Can your boss put you on a diet?**
- Many U.S. businesses are offering wellness programs that include financial rewards for healthy behaviors
- Wellness programs can reduce medical and absenteeism costs by 30% in less than 4 years
- But these programs are controversial
- Only 12% of employees want their bosses involved in their health
- **What happens when voluntary doesn’t mean optional?**
Employees will leave for a variety of reasons

✓ Fired
✓ Laid Off
✓ Transfers
✓ Career Changes
✓ Personal Reasons

Employers should proceed carefully to avoid wrongful termination lawsuits
TITLE VII: CIVIL RIGHTS ACT OF 1964

• Prohibits discrimination in hiring, firing, compensation or privileges of employment based on race, color, religion, sex or national origin

  Supplemented with legislation to cover age, disability and pregnancy

• Created the Equal Employment Opportunity Commission (EEOC)
Legal Issues: HR and the Long Arm of the Law

- Fair Labor Standards Act of 1938
- Equal Pay Act of 1963
- Occupational Safety and Health Act of 1970
- Immigration Reform and Control Act of 1986
- Americans with Disabilities Act of 1990
- Family and Medical Leave Act of 1996
Affirmative Action: The Active Pursuit of Equal Opportunity

- Affirmative action seeks to make up for systematic discrimination of the past, creating more opportunities in the present.

- Affirmative action has become increasingly controversial:
  - Opponents have raised concerns about reverse discrimination.
  - Supporters believe that those who benefit have relevant and valid qualifications.

- Recent Supreme Court decisions have supported affirmative action but they rejected mechanistic programs.

- The long-term fate of affirmative action is unclear.
Sexual Harassment: Eliminating Hostility

• Discrimination based on gender (his or her)

  • *From requests for sexual favors to the presence of a hostile work environment*

• Unwelcome conduct by *anyone*

• The number of cases in the last decade have dropped but the number of charges filed by men rose from 12.9 to 15.9%

• Employers may share accountability if they did not take “reasonable care”
Looking Back

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