

CHAPTER 11 POM

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EXPLORING MANAGERIAL CAREERS

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11.1 An Introduction to Human Resource Management

1. What has been the evolution of human resource management (HRM) over the years, and what is the current value it provides to an organization? Human resource management over the years has served many purposes within an organization. From its earliest inception as a primarily compliance-type function, it has further expanded and evolved into its current state as a key driver of human capital development. In the book *HR From the Outside In* (Ulrich, Younger, Brockbank, Younger, 2012), the authors describe the evolution of HR work in “waves”. Wave 1 focused on the administrative work of HR personnel, such as the terms and conditions of work, delivery of HR services, and regulatory compliance. This administrative side still exists in HR today, but it is often accomplished differently via technology and outsourcing solutions. The quality of HR services and HR’s credibility came from the ability to run administrative processes and solve administrative issues effectively. Wave 2 focused on the design of innovative HR practice areas such as compensation, learning, communication, and sourcing. The HR professionals in these practice areas began to interact and share with each other to build a consistent approach to human resource management. The HR credibility in Wave 2 came from the delivery of bestpractice HR solutions

Human Resources Outsourcing—Entrepreneurial Ventures Human resources is a key function within any company, but not all companies are able to afford or justify full-time HR staff. Over the last decade, HR outsourcing has become a good business decision for many small companies whose current staff doesn’t have the bandwidth or expertise to take on the risks of employee relations issues, benefits and payroll, or HR compliance responsibilities. This has led many HR practitioners to try out their entrepreneurial skills in the areas of HR outsourcing and “fractional HR.” Human resources outsourcing is very commonly used by smaller companies (and often large companies too) to cover such tasks as benefits and payroll management. This is an area that has been outsourced to third parties for many years. More recent is the trend to have “fractional HR” resources to help with the daily/weekly/monthly HR compliance, employee relations, and talent management issues that companies need to address. Fractional HR is a growing industry, and it has become the service offering of many entrepreneurial HR ventures. Fractional HR is essentially as it sounds—it is the offering of HR services to a company on a part-time or intermittent basis when the company may not be able to justify the cost of a full-time HR resource. An HR professional can be available onsite for a specified number of hours or days weekly or monthly, depending on the company’s needs and budget. The HR professional

handles everything from HR compliance issues and training to employee issues support. Also, for companies that are keen on development of employees, the HR resource can drive the talent management processes—such as performance management, succession planning, training, and development—for companies who require more than just basic HR compliance services

11.2 Human Resource Management and Compliance

2. How does the human resources compliance role of HR add value to an organization? Human resources compliance is an area that traces back to the very origin of the human resources function—to administrative and regulatory functions. Compliance continues to be a very important area that HR manages, and there are numerous regulations and laws that govern the employment relationship. HR professionals must be able to understand and navigate these laws to help their organizations remain compliant and avoid having to pay fines or penalties. The additional threat of reputational harm to the organization is another reason that HR needs to be aware and alert to any potential gaps in compliance. Some of the most common examples of laws and regulations that govern the employer-employee relationship include the following (SHRM.org):

- Age Discrimination in Employment Act (ADEA)
- Americans with Disabilities Act (ADA)
- Fair Labor Standards Act (FLSA)
- Family and Medical Leave Act (FMLA)
- National Labor Relations Act (NLRA)
- Worker Adjustment and Retraining Notification Act (WARN)

11.3 Performance Management

3. How do performance management practices impact company performance? Performance management practices and processes are among the most important that human resources manages, yet they are also among the most contentious processes in an organization. Many people view performance management as a human resources role and believe that it is in some parallel path with the business. On the contrary, for the process to be successful, it should not only be human resources that is responsible for driving performance. For the (typically) annual performance management process, human resources and line management should partner on the implementation and ongoing communication of the process. Although HR is responsible for creating and facilitating the performance management processes, it is the organizational managers that need to strongly support the process and communicate the linkage of performance management to overall organizational goals and performance. In my experience, it was helpful when business leadership emphasized that performance management isn't a human resources process—it is a mission-critical business process. If a business manager can't track and drive performance at the individual level, then the overall organization won't know how it's tracking on overall organizational goals. Performance Management Before discussing the state of performance management in the workplace today, it is important to understand the origin of performance management. Performance management began as a simple tool to drive accountability (as it still does) but has evolved more recently into a tool used for employee development.

11.4 Influencing Employee Performance and Motivation

4. How do companies use rewards strategies to influence employee performance and motivation? Both performance management and rewards systems are key levers that can be used to motivate and drive individual and group performance ... which leads to overall organizational performance, productivity, and growth. Performance and rewards systems are also “cultural” in that they provide a glimpse into the way a company manages the performance (or nonperformance) of its employees, and to what extent they are willing to differentiate and reward for that performance. There has been a great deal of discussion over the years to identify best practices in the ways we differentiate and reward employees, which will also drive employee performance and motivation. Before we can talk about best practices and findings in rewards and motivation systems, we must first define the terms. Rewards systems are the framework that an organization (generally via human resources) creates and manages to ensure that employee performance is reciprocated with some sort of reward (e.g., monetary

or other extrinsic) that will drive and motivate the employee to continue to perform for the organization. Rewards programs consist primarily of compensation programs and policies, but can also include employee benefits and other extrinsic rewards that fulfill employee needs. Within human resource management, the primary focus of a rewards program in an organization is to successfully implement a compensation system. Most organizations strive to implement a pay-for-performance compensation program that offers competitive pay in the marketplace and allows differentiation of compensation based on employee performance. Pay for performance begins with a philosophy that an organization adopts that states that they seek to reward the best-performing employees to enhance business performance and take care of those who can have the greatest impact.

11.5 Building an Organization for the Future

5. What is talent acquisition, and how can it create a competitive advantage for a company? We've discussed some of the key focus areas that human resource management professionals need to address to ensure that employees are performing their roles well and are being fairly rewarded for their contributions. We haven't yet addressed how we think about where these employees come from—Whom do we hire? What skills do we need now and in the future? Where will we even look for these employees? What are some best practices? Talent acquisition is the area within human resource management that defines the strategy for selection, recruiting, and hiring processes, and helps the organization fight the “war for talent” during good times and bad. Hiring strong talent is a key source of competitive advantage for a company, yet so many companies do it poorly. Often, the recruiting and hiring processes happen reactively—someone leaves the organization and then people scramble to fill the gap. Very few companies take a longer-term, proactive approach and work to create a strategic plan for talent acquisition. In the article “The Definitive Guide to Recruiting in Good Times and Bad” (Fernandez-Araoz, Groysberg, Nohria, HBR, 2009), the authors advocate for a rigorous and strategic recruiting process that includes the following critical actions:

- Anticipate your future leadership needs based on your strategic business plan.
- Identify the specific competencies required in each position you need to fill.
- Develop a sufficiently large candidate pool.

11.6 Talent Development and Succession Planning

6. What are the benefits of talent development and succession planning? Talent development and succession planning are, in my opinion, two of the most critical human resource management processes within an organization. You can work tirelessly to recruit and hire the right people, and you can spend a lot of time defining and redesigning your performance and rewards programs, but if you can't make decisions that effectively assess and develop the key talent that you have, then everything else feels like a wasted effort. Talent development describes all process and programs that an organization utilizes to assess and develop talent. Succession planning is the process for reviewing key roles and determining the readiness levels of potential internal (and external!) candidates to fill these roles. It is an important process that is a key link between talent development and talent acquisition/recruiting. The human resources function facilitates talent development activities and processes, but they are also heavily reliant on business inputs and support. Each of the talent development processes that will be discussed require heavy involvement and feedback from the business. Like performance management, talent development is a process that HR owns and facilitates, but it is a true business process that has a fundamental impact on an organization's performance. Talent is a competitive advantage, and in the age of the “war for talent,” an organization needs to have a plan for developing its key talent.



Key Terms

- 360 assessment** An evaluation tool that collects feedback from manager, peers, direct reports, and customers.
- 9-box** A matrix tool used to evaluate an organization's talent pool based on performance and potential factors.
- Competencies** A set of defined behaviors that an organization might utilize to define standards for success.
- Employee life cycle** The various stages of engagement of an employee—attraction, recruitment, onboarding, development, retention, separation.
- Employer-employee relationship** The employment relationship; the legal link between employers and employees that exists when a person performs work or services under specific conditions in return for payment.
- Human capital** The skills, knowledge, and experience of an individual or group, and that value to an organization.
- Human resource management** The management of people within organizations, focusing on the touchpoints of the employee life cycle.
- Human resources compliance** The HR role to ensure adherence to laws and regulations that govern the employment relationship.
- Merit matrix** A calculation table that provides a framework for merit increases based on performance levels.
- Pay-for-performance model** The process and structure for tying individual performance levels to rewards levels
- Performance management** The process by which an organization ensures that its overall goals are being met by evaluating the performance of individuals within that organization.
- Society for Human Resource Management** The world's largest HR professional society, with more than 285,000 members in more than 165 countries. It is a leading provider of resources serving the needs of HR professionals.
- Succession planning** The process of identifying and developing new leaders and high-potential employees to replace current employees at a future time.
- Talent acquisition** The process of finding and acquiring skilled candidates for employment within a company; it generally refers to a long-term view of building talent pipelines, rather than short-term recruitment.
- Talent development** Integrated HR processes that are created to attract, develop, motivate, and retain employees.
- Talent review calibration process** The meeting in which an organization's 9-box matrix is reviewed and discussed, with input and sharing from organizational leadership.
- Total rewards strategy** As coined by World at Work, includes compensation, benefits, work-life effectiveness, recognition, performance management, and talent development.
- Training, stretch assignments, individual assessments, individual development plans** These are tools that may be used in talent development:
- Training—a forum for learning in person or online
 - Stretch assignments—challenge roles for high-potential employees
 - Individual assessments—personality and work style inventories of employees
 - Individual development plans—documents that highlight an individual employee's opportunities for growth and path of action
- War for talent** Coined by McKinsey & Company in 1997, it refers to the increasing competition for recruiting