



A GUIDE TO THE
**HUMAN RESOURCE
BODY OF KNOWLEDGE™**
(HRBoK™)

Foreword

By Amy Dufrane, EdD, SPHR, CAE – HRCI CEO

As the HR Certification Institute quickly approaches its milestone 40th birthday in 2016, we will have embarked on a number of exciting projects not just since our inception but also in the past year. Of those, I am very honored to share HRCI's first ever "A Guide to the Human Resource Body of Knowledge."

A BoK (Body of Knowledge) is defined as a document that encompasses the concepts, knowledge and tasks that are highly regarded by persons of a specific profession. HRCI's Guide to the Human Resource Body of Knowledge is divided into six sections: Business Management and Strategy, Workforce Planning and Employment, Human Resource Development, Compensation and Benefits, Employee and Labor Relations, and Risk Management. The information in the Guide is invaluable; it can be used as a resource for human resource professionals and for those pursuing certification with HRCI.

Thank you to HRCI's extraordinary subject matter experts from around the world, who gave countless hours of their time to pioneer the way to our inaugural Guide to the Human Resource BoK.

HRCI certifications are the human resource profession's most recognized and respected certifications – setting the bar of human resource excellence and mastery in the U.S. and around the globe. Our certifications are trusted, sought-after, and respected by human resource professionals, hiring managers, and organizations alike.

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Introduction

By John D. Varlaro, PhD, MBA, SPHR, GPHR – Working Group Chair

A Body of Knowledge (BoK) is a unified description of the tasks and processes within a profession, as determined by practitioners. Practitioners from a variety of backgrounds with diverse expertise shared their understanding of the practice of Human Resource Management (HRM) to develop this publication. The HR Certification Institute’s Body of Knowledge is a powerful practitioner-driven document, outlining the scope and the requisite knowledge of HRM.

The BoK describes the accepted practices and general knowledge within each of the content areas defined and validated through a human resource job analysis process. Individuals using this document may benefit by being able to assess their own knowledge and understanding of HRM practices. Organizations may benefit from contextualizing their current HRM practices and capabilities when compared to this BoK. This document, however, does not specify all information, details, or the “how to” regarding the practices and areas of knowledge. Individuals and organizations wishing to learn more about areas or desiring information specific to a content area should reference the appropriate resources.

This BoK represents an important contribution to the profession by providing practitioners the support needed to be leaders in the practice of HRM. This is a First Edition. Subsequent editions will be developed to ensure currency with practices and knowledge, and as such demonstrates the HR Certification Institute’s continued support of the practice and profession of HRM.

Scope

This body of knowledge provides guidance for the practice of human resource management (HRM). As such, the scope encompasses essential HRM tasks, processes, and strategies performed to guide and enhance organizational performance.

The body of knowledge is intended for use by organizations and practitioners in the United States, regardless of organizational maturity, size, structure, or industry. It is intended to provide a framework that practitioners and organizations may adapt to their specific needs.

The body of knowledge also serves as a reference for the Professional in Human Resource (PHR®) and Senior Professional in Human Resource (SPHR®) credentials. This reference is intended for the development of the certifying examinations and may guide the preparation of qualifying individuals.

While there may be areas of similarity between HRM and other disciplines, the intention of this body of knowledge is to focus on those areas of knowledge and practices specific and necessary to HRM.

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Terms and Definitions

For the purposes of this document, the following terms and definitions apply.

2.1 Assessment

A singular test or system of tests, observations, or interviews that evaluates a variety of personal or performance dimensions to help guide organizational decisions.

2.2 At-Will Employment

An employment status in which the employer or the employee may end the employment relationship at any time for no reason or any reason that does not violate applicable law.

2.3 Benchmark (noun)

A standard for comparing or determining value.

2.4 Benchmark (verb)

To compare metrics, practices, or processes against an identified standard.

2.5 Benefits

Rewards, either monetary or non-monetary, that an employee receives in addition to a base salary.

2.6 Branding

Promoting an organization by identifying its culture, vision, and values through its trademarks, name, and design that distinguish it from other organizations.

2.7 Change Management

The process of transitioning an organization from a current state to a future state to achieve desired outcomes.

2.8 Coaching

A method of affecting the learning, development, and performance of an individual by providing information and asking focused questions to achieve desired outcomes.

2.9 Compensation

Any type of monetary payment that an employee receives for work performed.

**2.10
Competency**

The knowledge, skills, abilities, and behaviors needed to perform a specific job.

**2.11
Compliance**

Conforming to established laws, guidelines, or regulations.

**2.12
Corporate Social Responsibility**

A strategy in which an organization seeks to positively influence social and environmental issues.

**2.13
Disparate Impact**

The unintended result of an organization taking an employment action that has a disproportionately negative effect on members of a protected class.

**2.14
Engagement**

The degree in which employees are committed to an organization's mission and goals and actively contribute to achieve them.

**2.15
Environmental Scan**

The collection and use of information about the external environment that may influence an organization's strategy.

**2.16
Evaluation**

A systematic determination of a program's merit, worth, and significance or an individual's capability and performance, using a set of consistent and objective standards.

**2.17
Expatriate**

An employee transferred from their home country to live and work in another country for a specified period.

**2.18
Forecasting**

A planning process that helps an organization prepare for the future by relying primarily on analysis of trends from past and present data.

**2.19
HR Audit**

A review of the human resource function against compliance requirements, professional standards, and organizational needs.

2.20 Human Capital

The sum total of knowledge, skills, and talent possessed by a workforce and used to perform labor and produce economic value for an organization.

2.21 Human Resource Management

Developing and implementing strategies, tools, policies, and processes to achieve results through human resource programs that contribute to an organization's business objectives.

2.22 Job Analysis

A detailed examination of job tasks, conditions, aptitude, knowledge, and skills required for satisfactory performance.

2.23 Job Evaluation

A systematic process of determining the value or worth of a job in relation to other jobs in an organization and to the external market to establish a pay structure.

2.24 KSAO

The Knowledge, Skills, Abilities, and Other personal characteristics needed for satisfactory job performance as determined by job analysis.

2.25 Mentoring

An advisory relationship between two individuals with a goal of increasing the career success of one individual by learning new perspectives, new skills, and new knowledge from a more experienced individual.

2.26 Metrics

A set of comparable measurements that quantify results.

2.27 Needs Analysis

A systematic approach to assessing a program or situation to determine the solution and steps necessary to reach a desired future goal.

2.28 Organizational Culture

The spoken and unspoken organizational values that affect how employees identify with the organization and how they are expected to behave on the job.

**2.29
Outsourcing**

The contracting by an organization with a third party vendor for the supply of necessary products or services.

**2.30
Plan (noun)**

A written account of an intended course of action that includes who should take action, when and how actions should be completed, and the expected goals to be achieved.

**2.31
Plan (verb)**

To develop a written course of action or program to achieve specific goals or objectives that should include timelines, responsibilities, and deliverables by individuals or groups.

**2.32
Policy**

A defined system of principles to guide decisions or behaviors and achieve outcomes; a statement of intent implemented as a procedure that is adopted by an organization.

**2.33
Regulation**

A rule or law created and enforced by an administrative agency.

**2.34
Reliability**

The statistical consistency of a measure.

**2.35
Repatriation**

The return of an employee to his or her home country after living and working in another country.

**2.36
Return on Investment (ROI)**

A measurement that determines the cost-benefit or financial effectiveness of resources used to produce an asset or outcome.

**2.37
Stakeholder**

A person or group that has a vested interest in an organization.

**2.38
Strategic Planning**

The process of defining an organization's direction for the future in four steps: analysis, development, implementation, and evaluation.

**2.39
Talent**

A person or group with natural and learned knowledge, aptitudes, and skills required by an organization.

**2.40
Total Rewards**

Compensation, benefits, and other programs used to attract, motivate, develop, retain, and engage employees.

**2.41
Validity**

The extent in which a concept, conclusion, or statistical measurement actually measures what it intends to measure.

**2.42
Workforce**

The people working within an organization.

**2.43
Workforce Diversity**

Differences in characteristics, experiences, or behaviors of individuals in an organization, which may refer to internal or acquired dimensions.

3

HR Body of Knowledge

The HR Body of Knowledge is divided into six functional areas. Each functional area outlines the responsibilities and knowledge needed to work as an HR professional in the area of practice.

HR FUNCTIONAL AREAS

Business Management and Strategy

Developing, contributing to, and supporting the organization's mission, vision, values, strategic goals, and objectives; formulating policies; guiding and leading the change process; and evaluating organizational effectiveness as an organizational leader.

Workforce Planning and Employment

Developing, implementing, and evaluating sourcing, recruitment, hiring, orientation, succession planning, retention, and organizational exit programs necessary to ensure the workforce's ability to achieve the organization's goals and objectives.

Human Resource Development

Developing, implementing, and evaluating activities and programs that address employee training and development, performance appraisal, and talent and performance management to ensure that the knowledge, skills, abilities, and performance of the workforce meet current and future organizational and individual needs.

Compensation and Benefits

Developing/selecting, implementing/administering, and evaluating compensation and benefits programs for all employee groups in order to support the organization's goals, objectives, and values.

Employee and Labor Relations

Developing, implementing/administering, and evaluating the workplace in order to maintain relationships and working conditions that balance employer/employee needs and rights in support of the organization's goals and objectives.

Risk Management

Developing, implementing/administering, and evaluating programs, procedures, and policies in order to provide a safe, secure working environment and to protect the organization from potential liability.

3.1 BUSINESS MANAGEMENT AND STRATEGY

Business management and strategy serves as the foundation for all human resource initiatives and includes key activities related to developing and implementing comprehensive policies and plans to support and achieve the organization's business objectives. The goals of business management and strategy activities are to:

- establish an organization's vision, mission, and values;
- guide the organization's culture;
- determine an organization's strategic objectives and goals;
- develop organizational and strategic action plans;
- implement management and measurement systems;
- implement programs and rewards that encourage behaviors in support of the organization's strategy; and
- verify that human resource programs are aligned with and support organizational values and goals.

Business management and strategy involves setting goals, identifying opportunities or threats, and analyzing human resource metrics. The information obtained from this process enables human resource management to demonstrate business acumen as well as design and implement policies and plans that confirm activities align with the organization's strategic objectives. These activities may include:

- working with managers to translate the organizational strategy into actionable group and individual goals and tying employee performance indicators to these goals;
- implementing talent management initiatives for workforce planning, development programs, succession planning, employment branding, and recruiting strategies to achieve the organization's mission and goals;

- maintaining knowledge of current employment laws and regulations and aligning internal policies, procedures, and training resources to achieve compliance;
- identifying metrics and return on investment goals to support positive outcomes of human resource initiatives;
- reviewing and analyzing internal and external factors such as business, competitor, industry, legal, and economic trends to meet the needs of the organization; and
- allocating an organization's resources to implement plans.

3.1.1 Interpret and apply information related to the organization's operations from internal sources, including finance, accounting, business development, marketing, sales, operations, and information technology, in order to contribute to the development of the organization's strategic plan

Interpreting and applying information from internal sources related to the organization's operations is an important step in the development of an organization's strategic plan. Human resource management should regularly scan the organization's internal environment to gather, assess, and synthesize business information. This process enables leaders to maximize the organization's strengths and minimize its weaknesses. The resulting information helps leaders formulate the organization's strategy to develop and maintain a competitive advantage.

An internal organizational scan may be accomplished by:

- establishing relationships with leaders and understanding their goals and needs;
- identifying and analyzing relevant information about business processes including finance, accounting, marketing, sales, operations, and information technology;
- evaluating the organization's capabilities, opportunities, and constraints;

- defining the organization's value proposition for stakeholders; and
- identifying and analyzing metrics to identify internal trends and positive or negative changes affecting internal operations.

3.1.2 Interpret information from external sources related to the general business environment, industry practices and developments, technological advances, economic environment, labor force, and the legal and regulatory environment, in order to contribute to the development of the organization's strategic plan

Interpreting information from external sources allows human resource management to understand the broader business climate in order to align human resource activities and operations to the organization's strategy. The process begins with gathering, assessing, and synthesizing information regarding external factors, that the organization has little or no control over, which may impact operations. The information guides the organization's strategic decisions to improve its competitive advantage.

An external scan may be accomplished by reviewing information such as:

- environmental data including social trends, competitor behavior, and market share;
- barriers organizations must overcome to enter an industry or market;
- technological trends including the availability of software to increase sales or protect intellectual property;
- economic conditions including consumer needs, trends, and financial conditions;
- labor market trends including the availability of talent; and
- political, legal, and regulatory issues including fair trade programs and tax incentives.

3.1.3 Participate as a contributing partner in the organization's strategic planning process

Human resource management plays an important role in the development of an organization's strategic plan. The strategic plan is achieved through the efforts of an organization's workforce. HRM's contributions to this process may include proposing strategies or ideas to address present and future organizational human capital needs. This may involve an organizational analysis of the current and projected staffing levels as well as skill and competency gaps. The results of the analysis guide decisions and actions that the human resource function should undertake to support the achievement of the organization's strategic objectives.

The strategic planning process may include:

- assessing the organization's current position in the marketplace and lifecycle phase;
- understanding strategic priorities such as growth, diversification, and corporate social responsibility;
- visualizing where the organization desires to be in the future and developing appropriate human resource strategies to align with future objectives;
- securing sufficient budget, information technology, and human capital resources;
- providing the human resource perspective regarding issues that may inhibit the achievement of organizational goals; and
- monitoring and evaluating plan execution and results.

Human resource management can forecast workforce size and required competencies by conducting an organizational analysis to review staffing levels and mix, job design, and organizational resources. The results of the analysis may guide decisions and actions that will align human capital with the organization's strategic objectives.

3.1.4 Establish strategic relationships with key individuals in the organization to influence organizational decision-making

It is necessary to establish strategic relationships with key individuals in the organization to maximize the effectiveness of human resource management activities. Human resource related factors and the social nature of work are integral to business strategy and making well-informed organizational decisions.

Every function relies on employees to achieve results, so it is important for human resource management to be approachable, ethical, helpful, and transparent to all stakeholders. However, some business functions affect human resource operations more directly than others.

Human resource professionals should foster relationships with:

- leadership to obtain buy-in and support,
- marketing to help establish the employment brand and value proposition;
- information technology to implement and support organizational systems including the human resource information system (HRIS);
- operations to execute actions associated with the organization's objectives;
- legal to understand compliance; and
- finance and accounting to secure necessary budget resources for human resource initiatives and to develop human capital projections and metrics.

Building relationships with key individuals allows human resource management to participate in the strategic decision-making process. Relationship-building efforts are most likely to influence organizational decision-making when human resource management:

- demonstrates the impact of human resource on the business;
- creates solutions while mitigating risks and avoiding unintended consequences; and
- understands economic factors such as return on investment (ROI), key performance indicators (KPIs), and capital investment.

3.1.5 Establish relationships/alliances with key individuals and outside organizations to assist in achieving the organization's strategic goals and objectives

Human resource management must focus on more than internal relationships in order to help an organization achieve its strategic goals and objectives. Shared goals are the primary reason for creating relationships or alliances. When developing relationships with third parties, the organization obtains support and resources that may not be readily available within the organization. Building and sustaining relationships outside of the organization can influence the direction and outcomes of the organizational strategy.

Human resource professionals may consider building relationships with:

- vendors;
- professional organizations;
- industry associations;
- labor unions;
- consumer groups;
- special interest groups; and
- employment agencies.

Establishing relationships and alliances may include:

- investing in and committing to each other's success, or in the case of an alliance, the parties are motivated to achieve a specific aligned interest;
- recognizing that combining efforts significantly improves the chance of positive outcomes; and
- believing that the risk of joining forces has been managed sufficiently to promote the exchange of necessary plans, goals, and objectives.

3.1.6 Develop and utilize business metrics to measure the achievement of the organization's strategic goals and objectives

Metrics are a foundational element of business management and strategy because they help transform data into actionable goals. Metrics track performance, measure progress and achievement, and help identify opportunities for improvement.

Metrics are identified, analyzed, and measured at multiple levels and may include:

- organizational metrics such as employee engagement, turnover, and cost per hire;
- division and department metrics such as key performance indicators (KPIs) and safety record comparisons;
- project team metrics such as new system implementation results and quality metrics; and
- individual metrics such as performance evaluations or ranking and goal achievement.

The process of developing metrics may include:

- establishing parameters for success;
- identifying measures that align with organizational goals such as productivity, efficiency, safety, and quality;
- identifying the business impact of achieving or not achieving goals;
- identifying appropriate industry benchmarks to measure against performance;
- obtaining and communicating baseline information about what is being measured; and
- identifying parameters for each goal to measure achievement.

The process of using metrics may include:

- identifying gaps between the current state, baseline metrics, and desired goals;

- interpreting results and recommending actions;
- benchmarking against industry standards to determine whether the organization is above, at, or below a standard;
- updating business goals when new information is provided as appropriate;
- communicating business needs such as additional resources; and
- evaluating goal progress and achievement.

3.1.7 Develop, influence, and execute strategies for managing organizational change that balance the expectations and needs of the organization, its employees, and other stakeholders

Change management is the process of transitioning an organization from its current state to a desired future state while considering factors such as human capital, culture, and stakeholders. The goal of a change management strategy is to improve the organization's performance and competitive advantage, while minimizing the stress that naturally comes with change. Human resource management guides this process by developing and implementing change management strategies with leadership, establishing communication plans to include all stakeholders, providing management with tools to manage the change process, and measuring the impact that the change has on the organization's human capital.

Key steps of a change management process may include:

- articulating the need for change;
- identifying key stakeholders who will be affected by the change;
- evaluating cultural readiness for change;
- assessing the capacity and capability for change;
- determining the resources required for implementing change;
- identifying internal and external factors that could reinforce or impact the change;

- conducting a needs assessment to identify required future skills and behaviors;
- identifying communication channels and content;
- implementing the change; and
- measuring progress and evaluating the outcome.

Considerations when implementing organizational change may include:

- developing a solid business case to justify the need for change,
- communicating with employees;
- helping individuals determine how changes will impact them;
- providing opportunities for employee involvement;
- providing support and training;
- establishing a means for individuals to provide feedback; and
- creating a reward system to recognize employees for successfully adapting to changes.

The outcomes of a successfully executed change management strategy may include:

- reduced disruption to productivity and efficiency;
- increased employee engagement and morale;
- increased ability to adapt to future needs; and
- achievement of desired performance and competitive advantage.

3.1.8 Develop and align the human resource strategic plan with the organization's strategic plan

Developing and aligning the human resource strategic plan with the organization's overall strategic plan reinforces shared goals. The human resource strategic plan translates the organization's strategic plan into actionable human resource goals and activities.

The human resource strategic plan is the outcome of the human resource strategic planning process, where the following may be assessed:

- external trends including changes to workforce demographics or legislation;
- internal capabilities of the organization's talent including staff knowledge and skills, productivity, motivation, turnover and grievance rates; and
- human resource requirements for meeting the organization's strategic goals.

Tactical goals and action plans designed to meet different aspects of human resource management are derived from the human resource strategic plan. These functions may include workforce planning and employment, training and development, compensation and benefits, employee and labor relations, and risk management.

3.1.9 Facilitate the development and communication of the organization's core values, vision, mission, and ethical behaviors

An organization's core values, vision, mission, and ethical behaviors build and reinforce the organization's culture. Aligning the culture with the organization's strategy is also important to accomplish goals.

Steps to develop the organization's core values, vision, mission, and ethical behaviors may include:

- describing the organization's principles and beliefs, which are its core values;
- delineating the organization's key objectives, which comprise its vision statement;
- defining why the organization exists and its target market, which is its mission statement; and
- outlining expected behaviors, which represent its ethics policy.

The purpose of communicating the organization's core values, vision, mission, and ethical behaviors is to:

- convey the organization's culture;

- encourage a high level of employee engagement;
- provide clear expectations for all employees;
- encourage an inclusive environment;
- assist in recruiting talent; and
- provide support when organizational changes take place.

Both internal and external channels should be considered when developing the communication plan. The internal channels reinforce the organizational culture with the current workforce while external channels attract potential candidates and reinforce the organization's place in the community. Considerations when developing a communication plan may include:

- consistent communication across multiple channels such as email, social media, corporate intranet, mailings, and group meetings;
- diversity and geographic distribution of the employee population; and
- tools to help managers respond to employee questions and concerns.

3.1.10 Reinforce the organization's core values and behavioral expectations through modeling, communication, and coaching

Core values are the organization's fundamental beliefs and principles. Reinforcing the organization's core values and behavioral expectations through modeling, communicating, and coaching helps employees understand and exhibit the desired organizational attributes.

Leaders shape employee beliefs and behaviors by taking specific actions that demonstrate organizational values. Leaders can embed these values and behaviors into the organizational culture by:

- modeling desired behaviors in the workplace;
- promoting accountability;
- communicating the purpose and benefits of following the core values; and
- coaching employees to apply core values in challenging circumstances.

Organizational leaders provide incentives for employees to act in accordance with core values and acceptable standards of behavior by using rewards, progressive corrective action, leadership development, promotions, and performance management systems.

3.1.11 Provide data such as human capital projections and costs that support the organization's overall budget

Labor costs are often one of the largest expenditures for an organization. Human resource management plays a critical role in helping to manage the organization's overall budget. Human resource management is responsible for developing and adhering to a departmental budget as well as assisting other organizational leaders with their budgets by providing the resources needed to hire, retain, and develop employees across the organization.

Identifying and monitoring key metrics helps to control human resource allocations within the budget. This helps the organization meet its human capital needs within proposed budgetary constraints.

Data for key projections and costs may include:

- workforce planning and employment such as recruiting;
- training and development such as on-boarding, skills, and leadership training;
- labor costs such as compensation and benefits;
- employee and labor relations such as turnover and legal costs;
- technology costs such as human resource information system (HRIS); and
- risk management such as accidents, safety training and equipment, and business continuity needs.

3.1.12 Develop and execute business plans that correlate with the organization's strategic plan's performance expectations to include growth targets, new programs/services, and net income expectations

Business plans that correlate with performance expectations align employee, team, and organizational efforts with the strategic plan. Planning processes that are not in alignment with the organization's strategy or that compete for limited organizational resources may impede the successful execution of plans.

Business plans should be monitored to evaluate success and maintain alignment with organizational strategy. Success should be measured using quantifiable metrics or key performance indicators (KPIs).

For example, an organization may want to manage fixed and variable costs in order to achieve a higher operating income for its investors. The organization might implement financial incentives to motivate key employees to support the business growth plan, rather than providing a fixed bonus plan.

Human resource management should monitor employee morale over time and measure any negative impact on organizational performance. If employee satisfaction begins to undermine productivity, the changes should be reevaluated.

3.1.13 Perform cost/benefit analyses on proposed projects

A cost/benefit analysis on proposed projects allows management to determine whether the expected benefits of a project outweigh the estimated cost.

When performing a cost/benefit analysis, short- and long-term components and impacts are identified, including consequences of allocating resources or not implementing the project. Subsequently, the value of each component is calculated and expressed in terms of a common unit such as time, volume, or, most often, money.

Costs and benefits that are realized over time are valued differently due to inflation and interest. Future costs and benefit values should be converted

to their present value for the analysis. The net benefit of each project can be calculated with the present value of the costs and benefits. The net benefit of the project is the difference between the present value of the benefits and the present value of the costs.

Net benefit may be expressed as a number or ratio. Organizations generally determine that a project is worthwhile if the net benefit is positive but may also develop their own internal metrics. Alternatively, the ratio of the present value of the benefits to the present value of the costs must be greater than one. A project with the highest net benefit is the one that will bring the most benefit.

Cost/benefit analysis can guide decisions in several aspects of human resource management, which may include:

- workforce planning and employment such as whether an organization should use internal recruiting resources or an agency;
- training and development such as whether an organization should develop or purchase training materials;
- compensation and benefits such as implementing a new compensation or benefit program;
- employee and labor relations such as whether the organization can justify the use of outplacement services; and
- risk management such as outsourcing workers' compensation administration.

3.1.14 Develop and manage an HR budget that supports the organization's strategic goals, objectives, and values

A human resource budget outlines the financial resources needed to support the organization's strategic goals, objectives, and values. Funds are allocated according to the tactical goals and action plans that support different aspects of human resource management.

Budgeting may be administered through a top-down or bottom-up approach. In a top-down approach, a total amount is defined by organizational leadership and

then divided into the different aspects of human resource management. Once finalized, the budget is proposed to management. Conversely, a budget that is created by the sum of the individual parts is a bottom-up approach.

Other methods to develop a budget are incremental budgeting and zero-based budgeting. The incremental method uses historical information. New budget amounts are based on the prior year's budget and actual expenses. The zero-based budgeting method requires that every item and amount be justified for inclusion in the new budget. The strongest justifications are those that link the proposed budget to the strategic plan.

Human resource management budgets cover many categories, which may include:

- workforce planning and employment such as job postings, background checks, and referral programs;
- training and development such as certifications, training programs, and training materials;
- compensation and benefits such as salaries, bonuses, pensions, and health insurance;
- employee and labor relations such as service awards and retention programs;
- technology such as human resource information system (HRIS); and
- risk management such as safety training and workers' compensation administration.

3.1.15 Monitor the legislative and regulatory environment for proposed changes and their potential impact to the organization, taking appropriate proactive steps to support, modify, or oppose the proposed changes

Organizations should remain current on legal and regulatory issues by monitoring the legislative and regulatory environment. If changes in the legislative and regulatory environment occur, the organization must determine whether changes need to be made to its strategy, standards, policies,

practices, or procedures. Human resource management leads the effort to implement actions to comply with the changes and to communicate changes to employees.

When a proposed legislative or regulatory change conflicts with an organization's needs, the organization may lobby to oppose the change or suggest modifications. This may be done alone or in conjunction with other affected parties and may involve communicating with and educating stakeholders.

Steps to comply with legal or regulatory changes may include:

- monitoring sources for updates pertaining to employment and business law;
- determining the impact on the entire organization, or to specific departments, geographic regions, or employees in the organization;
- identifying and recommending strategies and actions;
- updating policies and procedures to align with new laws or regulations;
- communicating with and training employees; and
- protecting the interests of the organization by taking action to address instances of non-compliance.

Failure to remain current on legal and regulatory changes could result in significant risk for the organization.

3.1.16 Develop policies and procedures to support corporate governance initiatives

Corporate governance refers to the oversight mechanisms by which an organization is directed, administered, and controlled. These may include rules and regulations; processes, policies, and procedures; systems; and ethical conduct. Sound corporate governance creates responsible and accountable organizations and increases stakeholder confidence.

Corporate governance may include:

- compliance with all applicable legislation including the Sarbanes-Oxley Act of 2002 (SOX);
- oversight of organizational controls;
- proper business conduct and ethical behavior;
- board of directors rights, responsibilities, and fiduciary duties;
- board member selection and compensation; and
- decision-making authority and the rights or limitations of different management levels in the organization.

Human resource management has a critical role in corporate governance. It is the responsibility of human resource management to design and implement policies, systems, and practices that shape organizational culture and reward results and desired behaviors. Similarly, human resource management must play an active role in deterring unwanted behaviors or practices that violate laws, professional standards, or ethics policies.

Corporate governance themes formalized in one or more policies may include:

- code of conduct and ethical behavior;
- non-discrimination and fair treatment;
- whistleblower protection;
- privacy and confidentiality;
- conflict of interest;
- talent selection practices and procedures;
- rewards plans and programs; and
- performance management criteria and monitoring.

3.1.17 Participate in enterprise risk management by ensuring that policies contribute to protecting the organization from potential risks

Enterprise risk management provides a framework to identify and mitigate all risks to an organization. Information derived from the enterprise risk management process reveals potential risks to human resource management as well as opportunities for mitigation.

Human resource management contributes information, resources, and ideas to the organization's risk management strategy and procedures. Some of these contributions may include:

- participating in the development of an organization's disaster recovery plan or business continuity plan;
- providing human resource data and metrics to financial professionals to develop the organization's financial risk management plan;
- developing and implementing policies and procedures to reduce litigation risks;
- working with other organizational leaders to understand business goals and risk management procedures;
- reviewing employee training programs and resources such as safety, labor relations, and new employee orientation;
- educating managers about employment laws and regulations;
- working with leaders to understand talent needs and identifying vacancy risks;
- identifying human capital risk mitigation strategies such as developing successors, capturing employee knowledge, and documenting procedures;
- reviewing organizational policies and procedures to identify and achieve compliance with legislative and regulatory changes; and
- communicating risk management information or policy and procedure changes to employees.

3.1.18 Identify and evaluate alternatives and recommend strategies for vendor selection and/or outsourcing

Outsourcing allows organizations to focus operations and resources on core business activities. Organizations use outsourcing to allocate specific internal business processes to external providers and it often serves as a cost reduction strategy. Examples include background checks, 401(k) administration, payroll administration, and temporary staffing.

Organizations may also choose to outsource functions where the services and products provided are being delivered within the organization. Examples may include administrative purchasing of office supplies, printing machines, building maintenance, and cleaning services. Whether essential or not, the products and services provided by these vendors are generally more readily available, of higher quality, or lower cost than if they were to be handled by employees or departments within the organization.

The steps to decide whether to outsource services or products may include:

- assessing the business need;
- determining whether a remedy for the need can best be achieved by an external vendor;
- assessing risk and return on investment (ROI);
- establishing a budget; and
- developing selection criteria.

Vendor selection may use the same process as outsourcing or could occur independently. In both cases, criteria for vendor selection may include:

- alignment of the request for proposal (RFP), product, and service offerings with the company's needs;
- years in business;
- reputation and credentials in the industry;

- financial stability;
- references and feedback from other organizations;
- price when compared to competitors;
- terms of the contract; and
- customization of services.

After selecting a vendor, the organization needs to establish an agreement with specific deliverables and metrics for success, monitor vendor performance, and periodically reevaluate the relationship and scope of services.

3.1.19 Oversee or lead the transition and/or implementation of new systems, service centers, and outsourcing

Human resource management may lead or participate in the transition or implementation of new systems, service centers, and outsourcing. A critical aspect is verifying that initiatives meet business goals, are cost effective, and comply with applicable laws and regulations.

Systems may include software that automates a business process or function. Service centers organize employees according to functional areas of the business and provide a narrow scope of services. For example, an organization may consolidate benefit administration into a single work group to service the entire workforce. Outsourcing is an arrangement in which a task or functional area is transitioned to a third party. For example, an institution of higher education may outsource grounds maintenance to focus on its core academic competencies and mission.

Human resource management generally participates in:

- selecting and implementing systems used to manage employee data;
- determining reporting requirements, metrics, and benchmarks;
- assisting stakeholders in the documentation of workflows;
- determining whether a service center strategy is appropriate;

- implementing a process for routing internal or external customers to the appropriate service center;
- verifying outsourcing strategies and procedures comply with applicable employment laws and regulations; and
- providing training and communication to support the effective use of new systems, service centers, and outsourcing initiatives.

Efforts to implement or transition to new systems, service centers, or outsourcing initiatives may include:

- establishing and communicating a project plan to stakeholders;
- creating a change management plan to help employees adapt to changes;
- establishing and monitoring metrics; and
- evaluating the initiative's success.

3.1.20 Participate in strategic decision-making and due diligence activities related to organizational structure and design

Participating in strategic decision-making and due diligence activities involves the analysis of potential benefits and risks related to organizational structure and design when an organization undergoes restructuring, mergers, acquisitions, or divestitures.

The focus of organizational design is the integration of people, core business processes, organizational culture, systems, and technology to support the strategy. Adequate integration of people and culture is critical to the success of a merger.

When participating in due diligence to design a new organizational structure, considerations for each organization or functional group may include the assessment of:

- strategies of each component involved in the merger, acquisition, or restructure;

- cultures for compatibility including values, leadership and management style, level of engagement, and motivation;
- workforce characteristics including the number and locations of current employees, officers, and directors, as well as job analysis information, job descriptions, organizational charts, management structure, and performance reviews;
- training and development programs and resources;
- compensation and benefits alignment including salary structures, incentive targets, pay ranges, stock options, retirement or pension plans, and paid time off (PTO) policies;
- employee and labor relations programs such as employment contracts, employee handbooks, global mobility, termination policies, severance practices, and litigation; and
- risk management policies and risk factors including accident rates, potential claims, financial impact, employee retention, and client-loss.

Insider trading laws and non-disclosure agreements may prevent due diligence participants from being able to disclose certain information; therefore, communication needs to be carefully planned.

3.1.21 Determine strategic application of integrated technical tools and systems

The integration of technical tools and systems into the human resource and organizational strategy enables organizations to provide effective and efficient delivery of human resource services. Examples may include:

- learning management system (LMS);
- talent management system (TMS);
- manager self-service (MSS);
- employee self-service (ESS); and
- applicant tracking system (ATS).

Understanding what the organization needs to meet its strategic goals can be achieved by asking questions such as:

- What data is required to understand organizational performance and leadership capabilities?
- What are the inputs and outputs of critical processes?
- Would efficiency and productivity increase if specific tools were implemented?
- What is the priority to address any gaps discovered?
- What processes could or should be automated?
- Do employees have the technical competencies to use the system?

An important factor to consider when implementing tools and systems is data security. Examples of security questions to ask may include:

- Who is responsible for data security?
- Will the data be stored internally or externally?
- What protocols should be established for managing the data?
- How will data access be defined and managed?
- What processes will be followed in the event of breach or loss?
- Which laws and regulations affect data management, storage, and security?

Budgetary needs, work process efficiencies, and return on investment (ROI) analysis should factor into selecting which tools or technologies to use. The steps to determine the systems and tools to use may include:

- understanding the associated business process;
- reviewing system and tool options or working with procurement to initiate a request for proposal (RFP) process; and
- implementing activities that focus on organization development, change management, and employee development to prepare for the new tool or system.

When making the decision to integrate technical tools, human resource management must also consider the impact technology may present to candidates and employees. For example, employees with less access to tools or low technical aptitude could require the organization to provide extra training or alternative solutions.

3.2 WORKFORCE PLANNING AND EMPLOYMENT

Workforce planning and employment involves key activities related to developing, implementing, and evaluating processes and programs needed to recruit, select, and retain the organization's talent. It is essential for the organization to have the right talent to accomplish its mission and vision.

The goals of workforce planning and employment activities are to:

- understand workforce trends and their impact on the viability and effectiveness of the organization;
- align talent management activities with the goals and strategies of the organization;
- maximize productivity through staffing decisions within the organization; and
- assess the financial impact of employment to the organization.

Workforce planning involves the strategic analysis of talent requirements affecting the organization. The analysis may include the examination of external factors such as the availability and location of potential candidates. The analysis may also include internal factors such as gaps in essential skills and the seniority or retirement plans of current employees, especially those who occupy key roles or difficult-to-fill positions. The information obtained from this process enables the organization to determine what combination of experience, knowledge, and skills are required and when they will be needed. This information is used to design and implement activities that help the organization attract, hire, develop, retain, and reassign employees with the skills necessary to meet organizational goals.

Information from the workforce planning process can also be used to determine when to right-size the organization through natural attrition or through activities such as a reduction in force (RIF). The activities involved in workforce planning may include:

- evaluating the composition of the workforce needed to manage and accomplish the organization's future business goals and objectives;
- identifying gaps between future organizational needs and the existing workforce, including any special skills required for future growth and sustainability;
- developing recruitment, training, and succession planning strategies and resources to effectively address identified skill gaps;
- examining key roles to determine whether the outsourcing of functions and processes is a practical solution to acquire needed skills; and
- identifying roles that are no longer relevant and determining whether it is necessary to eliminate a position or reassign individuals to new roles.

3.2.1 Ensure that workforce planning and employment activities are compliant with applicable federal laws and regulations

Workforce planning and employment activities must comply with applicable laws and regulations. This promotes a positive culture that is free from discriminatory practices. These compliance activities may also help protect the organization from costly legal actions.

Key laws governing workforce planning and employment activities may include those that:

- address discrimination and equal employment such as the Americans with Disabilities Act (ADA) and the ADA Amendments Act (ADAAA), the Age Discrimination in Employment Act (ADEA), and Title VII of the Civil Rights Act of 1964, as amended;

- govern affirmative action such as various executive orders, consent decrees, or Office of Federal Contract Compliance Programs (OFCCP) requirements;
- protect those who served in the armed forces such as the Vietnam Era Veterans Readjustment Assistance Act (VEVRAA) and the Uniformed Services Employment and Reemployment Rights Act (USERRA);
- govern notification in advance of layoffs such as the Worker Adjustment and Retraining Notification Act (WARN); and
- govern employee privacy such as the Privacy Act of 1974.

In order to verify compliance, human resource management must know the requirements of relevant laws and regulations, especially those that require:

- annual reporting of workforce demographics;
- regulated hiring because of federal contracts; and
- reporting employment information to specific agencies based on industry, size, or function.

In addition, human resource management must monitor updates or revisions to existing legislation as well as new laws or regulations affecting the organization. Actions to verify compliance may include:

- maintaining required documentation of employment actions;
- meeting legal reporting and posting requirements and responding to inquiries from governing agencies such as the Equal Employment Opportunity Commission (EEOC) or Office of Federal Contract Compliance Programs (OFCCP) in a timely manner;
- developing employment policies and practices that are compliant with applicable laws and regulations;
- conducting periodic human resource audits of programs related to selection processes, employee development activities, or restructuring/downsizing plans and adjusting those activities to address any violation based on audit findings;

- educating employees and managers involved in the implementation of employment activities about applicable laws and regulations regarding interviewing, selecting, and reviewing employee performance; and
- verifying that employment agreements, handbooks, manuals, or other documents are free from language that can be interpreted in a way that violates employment laws.

3.2.2 Identify workforce requirements to achieve the organization's short- and long-term goals and objectives

A systematic review of the organization's strategy and business plans allows human resource management to determine the human capital requirements necessary for organizational success. The review outlines the required workforce competencies and assesses current workforce capabilities, specific goals and objectives, and financial forecasts. The required knowledge, skills, abilities, and other characteristics (KSAOs) for job performance are compared with the internal and external labor market to discover competency gaps and form a plan to bridge them. Workforce planning may include downsizing or expanding the number of employees based on organizational needs.

Workforce strategies must support an organization's objectives. Implementation should be guided and continually evaluated using aligned project plans, quantitative and qualitative data, defined metrics, and supporting technology. Plans should be adjusted as needed to align with organizational goals.

Quantitative and qualitative information is needed to assess the current workforce. Qualitative information comes from the work environment such as interviews with organizational leaders to define which positions are required. Quantitative information comes from sources such as headcount, historical turnover rates, and demographics. With this data, it is possible to determine the jobs that are critical to sustain the organization's long-term competitive advantage.

Workforce planning is a cyclical process. The analyses involved to create the plan may include:

- supply analysis, which involves the review of the organization's current talent pool;
- demand analysis, which includes the review of the organization's strategic plans, future objectives, and the necessary workforce to meet those plans;
- gap analysis, which compares staffing supply and demand leading to the identification of surpluses and deficits in skills and labor; and
- problem and solution analysis, which focuses on how to address future needs through internal and external methods that may include recruiting, retraining, succession planning, temporary placement and internal transfers, or outsourcing certain functions to address deficits identified in the gap analysis.

The resulting data provides useful metrics that can be evaluated and monitored. Adjustments can then be made to achieve desired organizational outcomes.

3.2.3 Conduct job analyses to create and/or update job descriptions and identify job competencies

The purpose of a job analysis is to gain a better understanding of specifications and required qualifications for positions, improving both selection and performance. A job analysis is conducted to define the knowledge, skills, abilities, and other characteristics (KSAOs) needed for job success. It provides information for creating or updating job descriptions and identifies essential competencies required to demonstrate performance.

A job analysis may also be used as a systematic process to identify the job's relationship to other jobs in a functional area, and organizational goals and objectives. A job analysis identifies differences in similar jobs and the core requirements necessary to perform essential functions with or without a reasonable accommodation.

To create the most accurate job descriptions, it is best to use several methods of job analysis. Methods used to assess required job competencies, the amount of time spent on critical tasks, the level or complexity of required decision-making, and the amount of internal and external contact required by a job may include:

- interviews;
- observations of job incumbents;
- focus groups;
- critical incident techniques;
- job diaries; and
- questionnaires.

Data gathered from the job analysis may provide strategic direction for:

- recruitment, selection, and training;
- performance management;
- organizational development;
- employee classification and compensation; and
- compliance with applicable laws and regulations.

3.2.4 Identify, review, document, and update essential job functions for positions

Identifying, reviewing, and updating essential job functions for positions validates that organizations are hiring and retaining the most qualified individuals for the right jobs. Essential job functions are the basic job duties that an employee must be able to perform with or without a reasonable accommodation. Other factors for managers to consider when determining an essential job function include:

- whether the reason the job exists is to perform that function;
- the number of other employees available to perform the function or among whom the performance of the function can be distributed; and

- the degree of expertise or skill required to perform the function.

As business needs change, essential job functions and competencies for the positions within the organization may also change. Therefore, ongoing reviews and updates are important. During the review, critical competencies are identified. If new essential job functions are identified, management may need to make a determination whether the job still fits the incumbent. Tasks not linked to current competencies can be reviewed to determine relevancy.

A successful review of a position's essential job functions requires the active participation of experts possessing knowledge about the job under review. These experts may include the current job holder, the immediate supervisor, a human resource professional, and the hiring manager.

Documentation of the job analysis processes provides evidence that the organization has up-to-date job descriptions. Documentation also supports the necessity of all critical competencies for job success and improves legal defensibility in the event of a challenge to the necessity of functions defined in the job description.

3.2.5 Influence and establish criteria for hiring, retaining, and promoting based on job descriptions and required competencies

Criteria for hiring, retaining, and promoting employees provides a legally defensible and equitable internal and external talent selection and management process that is based on merit and competencies of each job applicant. Human resource management influences and establishes these criteria by conducting job analyses, defining essential job functions, and outlining job competencies. The purpose of developing and maintaining job criteria is to increase the accuracy of job fit and talent selection for both internal and external job candidates.

The job descriptions developed through job analysis should include the job requirements, essential job functions, job qualifications, and job competencies necessary for the organization to achieve its goals and for the employee to

be successful in the position. Developing accurate job criteria leads to more consistent and effective talent selection decisions, ultimately translating into higher employee performance, productivity, and engagement.

Job criteria for external talent acquisition may include:

- creating a sourcing plan to attract the most qualified applicants;
- helping potential applicants determine whether they should apply for the job;
- increasing the likelihood that only qualified applicants will apply for the position; and
- screening résumés and applications to determine those who are qualified to interview for the position.

Job criteria for internal talent management may include:

- identifying successor candidates who are already qualified for and interested in the position;
- identifying development actions to address qualification and competency gaps for future successor applicants;
- helping employees determine potential career paths in the organization;
- reviewing the competencies employees may need for future roles;
- identifying individual performance goals for current employees; and
- posting jobs for employees to consider as a new career path.

3.2.6 Analyze labor market for trends that impact the ability to meet workforce requirements

Labor market trends are analyzed to gain a comprehensive understanding of external workforce capabilities over time in a particular geographic area, industry, or occupation. An organization should compare labor market data with its strategic plan and make necessary adjustments as needed to attract and retain talent. Sources for labor market data may include:

- Bureau of Labor Statistics (BLS);
- state- or city-specific labor statistics;
- information published by local colleges and technical schools;
- academic literature;
- public and private industry market surveys; and
- Census Bureau information.

The labor market should be analyzed by reviewing the organization's current workforce and comparing current and future needs against market data in order to plan strategies to meet organizational goals and objectives. Once the analysis is completed, decisions regarding compensation, training and development, recruiting, and even the location for future worksites can be made. Labor market trend analysis is used to understand future talent deficits and overages as well as how to address such fluctuations.

3.2.7 Assess skill sets of internal workforce and external labor market to determine the availability of qualified candidates, utilizing third party vendors or agencies as appropriate

Internal workforce skill sets and the external labor market are used to predict future workforce needs, to identify gaps in human capital and to develop an action plan to eliminate gaps. Organizational competitiveness and sustainability are directly related to the process of assessing future workforce needs and identifying skill gaps in the current workforce. Human resource management increases the availability of employees with the required skills needed in the future by identifying and developing internal and external labor pools with the required future skill sets.

Human resource management should evaluate both external and internal factors when assessing the skill sets of the workforce. External factors may include the impact of changes in demographics, technology, economic forecasts, legal requirements, and workforce trends. Internal factors may include the

organizational impact of recruitment and retention strategies, planned changes in the organization's structure or business lines, skills inventories for succession planning, and requirements of labor contracts.

The workforce analysis reveals potential challenges when accessing the competencies and skills necessary for long-term sustainability. The talent needed may not be available locally and may require the use of third party sources or independent contractors to fill the organization's short- and long-term needs. When qualifying or acquiring specialized talent through third party sources, organizations must verify that both the skill sets and culture of these resources are a good fit. The decision to use a third party source requires a cost/benefit analysis.

3.2.8 Identify internal and external recruitment sources and implement selected recruitment methods

The identification of internal and external recruitment sources is critical to the consistent delivery of the highest quality pool of candidates. An organization may actively develop internal candidates for job roles to reduce its dependency on the external market. Identifying top external candidates may be necessary where there is low availability of qualified internal candidates. Sourcing candidates both internally and externally provides the largest pool of available candidates for each job function.

Each organization should define its recruiting strategy based on its goals and objectives, while being aware of the possibility of disparate impact depending on the diversity of candidates obtained through the source. A balanced strategy draws from both internal and external talent sources to identify a strong pool of qualified and motivated candidates for each position. Informational inputs may include:

- feedback from the hiring manager or other position incumbents;
- skills and capabilities inventories;

- employee development plans;
- past performance of sources such as yield ratios, which identify the source of prior hires, performance ratings, cost of hire, and time to fill;
- work performance of hires from particular sources; and
- market analysis to understand and identify the characteristics and traits of the targeted population and how to reach them.

Recruiting sources can be grouped by whether they draw from the organization's internal talent or from external sources. Examples of recruiting sources may include:

INTERNAL

- Succession plans
- Skills inventories
- Internal postings
- Previous applicant pools

EXTERNAL

- Talent search firms
 - Advertising (online, print, TV, radio)
 - Social media
 - Job fairs
 - Industry events / conferences
 - Employee referrals
 - Previous employees
-

3.2.9 Establish metrics for workforce planning

An organization's metrics for workforce planning will benchmark against other organizations, manage and control staffing activities, and predict effectiveness both internally and externally. Metrics may be used to understand and explain performance historically, correlate different variables, and ultimately predict future performance based on current and historical data. Additionally, metrics guide human capital decision making and measure the effectiveness of human capital initiatives.

Workforce metrics may include:

- turnover, which is the rate at which employees leave the organization;
- time to fill, which describes how long it takes to fill open positions;
- cost of hire, which measures how much it costs to hire a position; and
- market compensation ratio, which compares how an organization's salaries compare to the market.

Metrics can be presented and delivered in a variety of forms. The target audience affects how data is presented. Scorecards and dashboards are often used to present data visually to allow quick identification of positive or negative trends.

Metrics are used by the organization to verify that initiatives are aligned with the overall strategy. Results from metrics analysis aid in resource allocation decisions.

3.2.10 Brand and market the organization to potential qualified applicants

Organizations brand and market themselves to attract potential employees and retain current employees. Branding and marketing increases visibility and creates a reputation that an organization is a desirable place to work. The goals of a successful branding campaign are to drive recruitment by marketing to a specific target population, define the characteristics and behaviors of the organization's current employees, and outline the characteristics of the organization's culture as

a whole. Through a successful branding campaign, an organization increases the likelihood of attracting and retaining top talent. The branding campaign should be aligned with the organization's external branding image, look, and feel.

It is important that an organization define its employer value proposition, which is a unique set of offerings, associations, and values, to positively influence target candidates and employees. The employer value proposition provides current employees and candidates a reason to work for a particular employer and should represent the organization's unique cultural attributes. Employers that effectively manage their employer value proposition may see an increase in their candidate pool as well as in employee engagement.

By analyzing factors that influence the organization's brand and by defining its employer value proposition, the employer will be able to deliver a consistent message when marketing the brand, both internally and externally. Externally, the organization may analyze the market to determine:

- Who are the potential employees the organization wishes to attract?
- What is unique about the organization that would attract potential employees?
- How can the organization be branded and marketed to potential employees?
- What is the organization known for?
- Who is the organization's competition for talent?

Internally, questions for the organization to consider may include:

- What are the strengths of the organization?
- How are the vision, mission, values, and culture of the organization currently communicated and marketed to employees?
- What is meaningful to employees?
- What attracted employees to the organization and what are keys to retention?
- What is the organization's strategic direction?

An organization should continually analyze its branding strategy and campaigns to determine whether it is achieving the desired results. Organizations may measure effectiveness by analyzing hires per source (yield ratios); analyzing turnover and retention rates, especially for employees identified as high potential; and examining exit interview data and employee engagement surveys. Organizations may also design and conduct focus groups with current employees to determine if the organization has met employees' needs. Goals should be assessed periodically to determine whether adjustments in branding activities are needed to address changes in organizational strategy.

3.2.11 Develop and implement selection procedures

The ultimate goal of developing and implementing selection procedures should be to create a fair and unbiased hiring process, increase the number of successful hires, and reduce turnover-related expenses. An effective selection process is based on a clear understanding of cultural fit, skill set requirements, job market supply and demand trends, and type and number of vacant positions. Effective selection procedures increase the probability that individuals selected for positions are successful.

The selection process may include:

- conducting an initial meeting between a recruiter and a hiring manager to clarify the ideal candidate profile such as competencies and cultural fit, how the position fits within the organizational design, salary range, and target market to identify the best fit candidates;
- sourcing applicants using suitable methods such as advertising, social media, staffing agencies, schools, print media, broadcast media, or job boards;
- gathering initial information from candidates such as applications or résumés to perform initial screening and make decisions about the best qualified candidates;

- conducting employment assessments to determine whether candidates have the required skills;
- identifying best qualified candidates for an interview;
- interviewing candidates using a structured and consistent interview process; and
- having hiring managers and other interview participants make final hiring decisions.

Interviews may be conducted by an individual or by a panel. The type and number of positions to be filled and the size of the organization are factors to consider when determining the type of interview to conduct. Interviews should be structured so that the same questions are asked of every candidate in the same format for an unbiased comparison of candidates. Structured interviews have higher validity and reliability than unstructured interviews. Interviewers should be trained in proper interviewing techniques, prohibited questions, and interview bias.

When using employment assessments, consideration must be given to the validity and reliability of the assessments. Organizations should also be aware of the potential for disparate impact or treatment when using the results from selection instruments. The EEOC's *Uniform Guidelines on Employee Selection Procedures* and Society for Industrial and Organizational Psychology's (SIOP) *Principles for the Validation and Use of Personnel Selection Procedures* provide guidance on employment assessment development.

Other commonly used selection procedures, aside from employment interviews, include work sample tests, job knowledge tests, and assessment centers. These selection tools can be very effective when assessing the necessary knowledge, skills, abilities, and other characteristics (KSAOs) required for the position. Additional selection methods include reference checks and résumés. While certain hiring managers might be inclined to make decisions based on reference checks and résumés, these have the lowest validities when predicting performance and other work-related criteria.

The choice of selection procedure should be determined based on the results of a job analysis or competency job model, which is an effective way to verify competencies are being measured. Regardless of the selection method chosen, hiring managers should confirm that all selection procedures are legally defensible.

3.2.12 Develop and extend employment offers and conduct negotiations as necessary

Developing and extending employment offers is a critical component of the employee recruitment process. An employment offer must contain information that is required by law and necessary for the employer. The manner in which an offer is extended could be one of the deciding factors of a candidate accepting a position. An offer may be contingent on signing other documents such as a restrictive covenant.

In some cases, candidates will respond to an offer with a counter offer, which may require the organization to negotiate with the candidate. Negotiations without proper planning can result in an organization overpaying for its talent. Underpaying talent may have the consequence of losing the candidate to a competitor. After successful negotiations, a written employment offer stating the conditions of employment including job title, compensation information, and any special agreed to arrangements creates a positive start to the employer-employee relationship. One of the most important advantages of an offer letter is that it offers legal protection by stating at-will employment and may be used to resolve disputes arising from employment terms.

Before preparing to extend the job offer and participate in salary negotiations, it is important to understand the organization's pay practices and policy. Other factors to consider include the candidate's:

- values and preferences;
- reason for applying for the position;

- current base pay, bonus potential, and benefits;
- opportunities for career development and advancement;
- willingness to commute or relocate; and
- availability to begin work.

Salary offers below the candidate's expectation may cause confusion and disappointment. Through proper job evaluation and valuation, aligned compensation and recruitment strategy, and clear communication, organizations increase the chance of obtaining accepted offers. Part of the organization's planning involves understanding a candidate's market value and competencies for that particular job.

3.2.13 Administer post-offer employment activities

Post-offer employment activities are designed to create a consistent and legal process for completing due diligence requirements, core human resource functions, and other administrative tasks such as completing I-9 verifications, obtaining visas, or conducting drug screens. Local, state, or federal employment laws and regulations govern post-offer employment activities.

An employment offer may be extended to the final candidate contingent upon a successful screening. The level of screening is dependent upon the type of position, industry, or organization and may include a background check, drug screening, and employment eligibility. Certain screening activities may be conducted as part of the selection process or the post-offer activities.

Background checks are performed to minimize the risk of negligent hiring, workplace violence, and theft. High-risk organizations are industries that hire security or trust positions such as public service, security, government, financial institutions, transportation, or medical occupations.

Background checks may include criminal history, verification of employment, education, professional license or certifications, and references. Depending on the position, other information to be verified may include credit history,

sex offender status, or terrorist list inclusion. Background checks require employee consent and must be done in compliance with the Equal Employment Opportunity Commission (EEOC), the Fair Credit Reporting Act (FCRA), and state and local laws and regulations to confirm the screening is job-related and not used for any discriminatory purpose. Withdrawal of an employment offer based on results from a background check must be directly related to the functions of the particular job.

Safety regulations within certain industries require drug screening as a condition of employment. According to some state laws, an organization may reduce its workers' compensation costs by opting to become a Certified Drug Free Workplace. Drug free workplace policies require that all new hires pass a drug screen. Employees may also be subject to drug and alcohol testing after an accident, upon reasonable suspicion, for any job related circumstance, or randomly, if permitted.

United States Citizenship and Immigration Services (USCIS), a component of the Department of Homeland Security, requires all employers to verify employment eligibility and to complete an I-9 form for every employee hired. By law, the employer has three working days from the date of hire to obtain proof of the employee's identity and eligibility to work in the United States.

Under U.S. immigration law, a limited number of immigrant work visas are made available to qualified candidates every year. In specific circumstances, spouses and children may be permitted to accompany the employee. Organizations should define a policy to specify whether the organization or candidate/employee pays the associated visa processing fees.

Under the Americans with Disabilities Act (ADA) and the ADA Amendments Act (ADAAA), organizations are prohibited from asking or making any disability related inquiries prior to the employment offer. This prohibition applies even if the disability is job related. Disability-related inquiries, including medical examinations, are permitted after an offer has been extended. At this stage,

inquiries or medical examinations do not have to be job related as long as all similarly situated employees are treated the same. Medical inquiries or examinations conducted after the employee has actually begun working are required to be related to the essential functions of the job. Any medical information obtained must be kept confidential and separate from an employee's personnel file. Employers are also restricted in what information may be shared with the employee's supervisors.

For candidates in key positions, some organizations may consider entering into an employment agreement that clearly defines the rights and responsibilities of both parties and minimizes the risk of misunderstandings and disputes. Negotiations can be complex, especially at the executive level. Organizations should consider seeking the advice of legal counsel.

Employment agreements may address provisions including:

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- Position title and reporting structure
 - Non-disclosure agreement (NDA)
 - Non-solicitation
 - Social media ownership
 - Bonus eligibility
 - Educational assistance
 - Signing or relocation bonus
 - Wages and benefits
 - Non-compete requirements
 - Mediation or arbitration agreement
 - Intellectual property
 - Equity or profit sharing
 - Relocation assistance
 - Other terms of employment
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Organizations may elect to facilitate and pay for an employee's relocation, or to use the services of a vendor, when employees are moving into a new geographic region for their position. When an organization pays for the employee's relocation, a repayment provision may be included in the agreement in the event that the employee leaves for any reason within a certain pre-established timeframe.

3.2.14 Develop, implement, and evaluate orientation and on-boarding processes for new hires, rehires, and transfers

The development, implementation, and evaluation of orientation and on-boarding processes assists with the successful integration of newly hired, transferred, or re-hired employees into the culture of an organization. On-boarding serves a critical role in that it sets the stage for an employee's successful tenure. Effective on-boarding processes enhance each employee's understanding of the vision, mission, values, culture, and how their job relates to the strategic direction of the organization.

The on-boarding process begins during the recruitment and interview phase. During that time, leading candidates become familiar with the mission and vision of the organization, as well as the knowledge, skills, abilities, and other characteristics (KSAOs) necessary for success in the position. It is important to provide clarity regarding the expectations of the individual that will eventually be selected for the position. This can be achieved through a realistic job preview, which allows candidates to gain a greater understanding of what the job entails. An effective realistic job preview provides potential candidates with clear and objective information regarding both the positive and negative aspects of the job.

On-boarding programs vary greatly depending on the organization. All levels of employees, management, and leadership should have a role in orienting the new hire. Individual on-boarding programs should be designed to meet the needs for each specific category of employees such as non-exempt, exempt, management, or executive. Welcoming new hires into the organization may involve a combination of formal and informal exchanges including training workshops, face-to-face discussions, self-service online activities, videos, or written materials. Human resource management may implement pre-established review meetings to verify that new hires are acclimating to the organization.

Orientation generally takes place during the first few weeks of employment and can take up to six months depending on the position. Some organizations start the on-boarding process before a new hire's first day of employment. Activities conducted prior to on-boarding may include reading company materials, completing forms or surveys, or online training. Efforts should be made to verify the orientation reflects the culture, norms, and values of the organization.

The areas covered by an orientation may include:

- the organization's history, mission, vision, and values;
- the organizational structure and key contacts;
- policies and expectations regarding work hours including flexible schedules, telecommuting policies, and holidays;
- information regarding employee benefits such as health and life insurance, employee assistance programs, and other benefit programs;
- information on compensation including pay schedules;
- workplace safety policies;
- employee conduct and behavior expectations; and
- policies regarding equal opportunity, diversity, and inclusion.

After the orientation, periodic follow up is critical to evaluate whether employees understand the material that was covered in the orientation. In addition, a point of contact within human resource management and the new employee's immediate supervisor should be available and prepared to address questions and concerns.

Feedback may be collected to determine whether the on-boarding process was effective in preparing employees for their positions in the organization; this may be accomplished by surveying employees or asking questions during the exit interview process. Metrics should be developed and reviewed to evaluate the on-boarding process. Adjustments can be made to address issues in the process.

3.2.15 Develop, implement, and evaluate employee retention strategies and practices

The development, implementation, and evaluation of employee retention strategies promote a high level of engagement for employees. Retention strategies should start as early as the recruiting process and continue throughout the employment cycle. Leadership plays a critical role in employee retention.

Contributing factors influencing employee retention and engagement may include:

- the quality of the relationship between the employee and supervisor;
- an effective total rewards program;
- opportunities to show competence and earn recognition;
- autonomy of employees to perform their work;
- opportunities for employees to expand their knowledge;
- a culture of diversity and inclusion;
- career progression opportunities; and
- work-life balance.

Metrics to evaluate retention may include turnover or retention rates. A high turnover rate may be a symptom of deeper issues related to retention. Information from sources such as exit interviews and employee engagement surveys should be examined to determine the causes of turnover.

3.2.16 Develop, implement, and evaluate the succession planning process

Succession planning is a means for an organization to maintain effective performance through leadership continuity. It identifies and develops internal talent to fill leadership positions and other critical roles. Succession planning establishes the progressive mobility of talented employees, leading to reduced vacancy risks, increased retention, and ultimately the succession of leadership by internal employees.

Many organizations develop succession plans only for executive and top leadership positions. Successor candidates may be identified for the executive level, specific leadership levels, critical positions, or key technical expertise in the organization.

The succession planning process may include:

- determining critical roles to reduce vacancy risk in identified positions;
- identifying key skills and talent needs required for future success;
- facilitating talent review meetings to discuss potential talent vacancy risks, potential successor candidates, and developmental interventions to prepare successor candidates for new roles;
- identifying talent pools of internal candidates for positions with the same competencies in the organization;
- discussing career aspirations and goals with employees;
- creating development plans for successor candidates designed to develop competency or reduce qualification gaps to increase successor readiness;
- identifying successors who are ready and qualified for a position when it becomes vacant as well as successor candidates who are not currently qualified but who could be developed to be ready for the position in the future; and
- tracking succession metrics such as the performance of internal candidates, reduction of external recruiting costs, and attrition of top talent.

3.2.17 Develop and implement the organizational exit/off-boarding process for both voluntary and involuntary terminations, including planning for reductions in force (RIF)

Developing and implementing organizational exit/off-boarding programs provides a consistent process that offers the opportunity for a positive and proper close to the employee-employer relationship. Results can be used to rectify potential problems that contributed to voluntary turnover. The data obtained from the exit interview may lead to improvements in recruiting, on-boarding,

and talent management. Understanding why an employee leaves is important to organizational effectiveness.

Some voluntary terminations, such as retirement or when a spouse is transferred, are beyond an employer's control. However, resignations that employers influence may result from:

- inadequate or ineffective selection processes;
- inadequate or ineffective leadership or supervision;
- lack of career growth opportunities or skill development;
- lack of work-life balance; and
- non-competitive compensation or benefits.

In the case of voluntary terminations, employers may conduct exit interviews with departing employees or ask them to complete confidential surveys to gain valuable information about the departing employee's reason for leaving and perspective about the organization. Based on the information provided, an organization may evaluate its employment practices and make adjustments, especially to address issues that may have a direct impact on organizational effectiveness such as excessive turnover or consistent loss of talent with critical skill sets. This may include performing internal analyses to determine whether hiring criteria effectively address needed skills, or external analyses to determine how the organization's compensation and organizational culture compares to its competitors. A process that supports task and responsibility transition may also be developed to transfer work, projects, or knowledge. In addition, a checklist may be provided to verify employees return any equipment or other organizational assets prior to leaving.

Involuntary terminations may occur due to:

- performance issues;
- violation of rules or policies; and
- organizational restructuring.

The reason for involuntary termination will dictate the off-boarding procedures and processes for compliance with organizational policy and local, state, and federal laws and regulations. Prior to terminating an employee for performance or violation of rules or policies, organizations should confirm whether managers have implemented and documented effective performance management.

In the event of organizational restructuring that leads to a reduction in force (RIF), the organization should carefully plan and consider involving legal counsel early in the process. This can help to minimize organizational liability and protect the employer's reputation.

Planning for a RIF may include:

- articulating the business reason and developing a communication plan that includes affected employees, stakeholders, and media;
- training managers to support the pending RIF;
- identifying applicable state or local laws or federal laws, such as the Worker Adjustment and Retraining Notification Act (WARN);
- determining which positions can and cannot be eliminated;
- identifying the employees in the positions to be eliminated;
- performing a demographic analysis of the affected population to determine any disparate impact on protected groups;
- preparing severance agreements or releases that outline key terms such as final compensation, benefits continuation and termination, and outplacement services;
- planning the implementation phase, which considers how the communication to impacted employees will take place, evaluating the need for security of person and property, the handling of key documentation, retrieving equipment, and terminating electronic and building access;
- determining the content of internal communications to remaining employees and deciding whether public statements should be made; and

- administering post-RIF activities to establish business continuity and verify legal compliance.

As with voluntary terminations, a system for involuntary terminations (such as a checklist completed by human resource management) may be used to verify the return of organizational property and to protect the organization's assets, minimize risks, and establish continuity of operations. In cases involving terminations due to performance or conduct, the organization may continue to monitor and analyze data to identify trends. The analysis may indicate needs such as additional supervisory training on effective performance management to gauge whether employees are aware of and understand the rules and expectations of the organization.

3.2.18 Develop, implement, and evaluate an affirmative action plan (AAP) as required

An affirmative action plan (AAP) helps organizations track and monitor progress towards equal employment opportunity goals while increasing diversity within the organization. A federal contractor or subcontractor is mandated to have a written affirmative action plan by the Office of Federal Contract Compliance Programs (OFCCP) if it:

- has a federal contract or subcontract of \$50,000 or more;
- has government bills of lading which in any 12-month period total, or can reasonably be expected to total, \$50,000 or more;
- serves as a depository of federal funds in any amount; or
- is a financial institution that is an issuing and paying agent for U.S. savings bonds and savings notes in any amount.

Situations where private employers follow an AAP may include:

- state contractor and sub-contractor requirements;
- remediation for prior compliance issues; and
- the desire to increase workforce diversity.

An organization should first evaluate its workforce, processes, and policies to identify gaps or areas of improvement related to diversity. An environmental scan may also be conducted to understand and determine the demographics and occupational information of the job market. Based on the results and findings, leadership should prioritize and set goals and objectives to be accomplished for the next plan cycle to verify minority applicants are fairly represented and that all employees are treated equally regardless of their ethnic origin, race, or gender.

An AAP should be communicated to organizational supervisors for awareness and implementation. The implementation of the plan requires adjustments to the talent acquisition processes, policies, and procedures in order to make sure that the goals and objectives are accomplished.

Evaluation should be conducted in order to measure the results of the program. After assessing the effectiveness of the strategies and activities, corrective action can be taken if needed and the assessment results may be used as input for the following year's plan. Recruiting, selection, promotions, transfers, terminations, and work environment are some of the activities that could be impacted by an AAP.

3.2.19 Develop and implement a record retention process for handling documents and employee files

Organizations are required to track and retain various records related to employees and applicants. A record retention process verifies that necessary organizational documents and employee records are adequately protected and maintained. Additionally, a record retention process establishes that records no longer required are destroyed at the appropriate time. Proper precautions and limited access protocols apply to both paper and electronic records.

Information or types of files that require protection may include:

- Pre-employment
 - Benefits
 - Training
 - I-9s
 - Legal
 - Payroll
 - Medical
 - Education
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Files containing sensitive information such as Social Security numbers, medical, disciplinary, or legal information are required by law to have additional safeguards. There are also regulations protecting certain employee information from hiring managers both in the pre-employment stage and post hire. A process should be in place regarding how to proceed in the case of a data compromise, subpoena, or litigation against the organization, or a governmental investigation or audit.

All employee files are governed by different retention and access protocols. Refer to local, state, and federal laws to determine the number of years that of record retention is required for employee data, employment actions, benefits, and medical information. In addition, consult with legal counsel to determine record retention requirements for the specific industry, organization, or location.

3.3 HUMAN RESOURCE DEVELOPMENT

Human resource development involves key activities related to the design, implementation, and evaluation of initiatives to improve individual, group, and organizational performance. The goals of human resource development activities are to:

- identify, grow, and retain talent and organizational knowledge;
- select and implement programs such as performance management, diversity initiatives, international assignment management, individual development plans, and employee training and talent management;

- improve employee relations and engagement through the implementation of programs;
- make appropriate decisions and allocate resources based on strategic goals;
- monitor compliance of all activities and programs with local, state, and federal laws and regulations that include, but are not limited to, fair labor standards and practices, anti-discrimination laws, intellectual property, and health and safety standards; and
- provide performance evaluations to document individual performance, to provide feedback and recognition to employees, and to implement pay for performance strategies.

Human resource development enables an organization to evaluate performance, identify development actions, and design and implement activities to develop and retain employees with the skills necessary to meet organizational goals. These activities may include:

- conducting organizational and employee needs assessments;
- evaluating the effectiveness of talent management, performance management, or employee training programs and initiatives;
- implementing talent management programs such as career paths for employees or the placement of high potential employees;
- providing coaching and leadership development to managers;
- creating and implementing initiatives that identify and grow talent; and
- developing training programs to capitalize on employee strengths.

3.3.1 Ensure that human resource development activities are compliant with all applicable federal laws and regulations

Human resource development activities must comply with local, state, and federal laws and regulations to prevent an organization from experiencing legal issues that jeopardize its reputation or financial performance. Human resource

development activities must comply with different types of laws and regulations, which may include:

- anti-discrimination laws such as the Americans with Disabilities Act (ADA) and the ADA Amendments Act (ADAAA), the Age Discrimination in Employment Act (ADEA), Genetic Information Nondiscrimination Act (GINA), and Title VII of the Civil Rights Act of 1964, as amended, that require that no adverse or disparate impact exists based on age, disability, race, ethnicity, national origin, religion, gender, genetic characteristics, and in many local jurisdictions sexual orientation and gender expression;
- health and safety regulations such as Occupational Safety and Health Act (OSHA) regulations that state that employers are required to protect employees from illnesses and injuries and provide employees with training in the health and safety aspects of their jobs; and
- copyright laws where public domain, fair use doctrine, and work-for-hire issues are addressed and material may only be used with proper permissions from the copyright owner.

Legal compliance must be met during the assessment, design, development, implementation, and evaluation of human resource development activities.

Special consideration should be given to:

- written materials and media including presentations, workbooks, job aids, exercises, case studies, videos, and websites;
- identification of employees to be included in specific training and development activities; and
- assessments including content, delivery methods, and scoring.

While exempt employees may be required to participate in developmental activities in addition to regularly scheduled work hours without additional compensation, salaried non-exempt and hourly employees must be compensated for time spent in training, including overtime pay (with limited

exceptions) under the Fair Labor Standards Act (FLSA) defined as “time actually worked beyond a prescribed threshold.”

3.3.2 Conduct a needs assessment to identify and establish priorities regarding human resource development activities

A needs assessment identifies gaps between desired behavior or results and actual outcomes. A needs assessment is a structured approach that can be performed at the individual and organizational level and may be used to evaluate and analyze performance factors such as skill gaps, behavioral development, and learning needs.

The purpose of a needs assessment is to identify and define:

- obstacles, gaps, and root causes preventing the achievement of desired results;
- target audiences for employee development initiatives;
- types of interventions that will be most effective;
- resources and organizational support needed;
- metrics for evaluating training programs; and
- workforce competencies to meet current and future organizational goals.

Conducting a needs assessment consists of gathering and analyzing information. The reliability of a needs assessment improves when information is gathered from multiple sources and perspectives. Data gathering tools may include interviews, focus groups, observations, documentation, and questionnaires.

3.3.3 Develop/select and implement employee training programs to increase individual and organizational effectiveness

Training programs are used to increase individual, group, and organizational effectiveness. After determining that training is the appropriate intervention based upon the results of a needs assessment, a decision must be made about

whether to select an off-the-shelf product, develop a customized training program, or use a hybrid approach.

Instructional design models are used as a framework for developing new training initiatives. Instructional System Design (ISD) models are some of the most commonly used frameworks. They divide the instructional design process into five phases:

- **assessment**, which includes comprehensive baseline data and needs analyses;
- **design**, where the framework and strategy of the training program is determined and documented to include important elements such as learning objectives, learning theory, level of interaction, and delivery method;
- **development**, where material such as visuals, handouts, and other training materials are created;
- **implementation**, which defines where, when, and how the training takes place according to the plan created during the design phase; and
- **evaluation**, where metrics are used to determine the ongoing effectiveness of the training initiative.

When selecting an off-the-shelf training program, considerations may include the:

- ability of the training program to provide the content that will fulfill the required learning objectives;
- compatibility with the organization's goals and culture;
- degree in which the program can be customized to meet the organization's needs;
- the delivery method's ability to meet individual learning styles for the target audience, such as self-paced, facilitator-led, e-learning or blended learning;
- cost effectiveness and return on investment (ROI) of off-the-shelf versus customized learning resources;
- compatibility with the organization's learning management system (LMS);
- time commitment needed to prepare and deliver training; and

- metrics available for determining the effectiveness of the training program.

During implementation, care should be taken to execute the program within the defined timeline and budget.

3.3.4 Evaluate effectiveness of employee training programs through the use of metrics

Organizations use metrics to determine the effectiveness of training initiatives. Selecting the appropriate metrics to measure training outcomes provides information about the effectiveness of employee training initiatives and confirms that human resource development initiatives yield the expected results. The needs assessment can be a valuable tool in this process because it generally consists of measured performance levels and gaps that can serve as baseline measurements for the final evaluation. Interviews with key stakeholders, along with a review of historical data, are common approaches for defining success measures and capturing baseline metrics.

Evaluations may include participant satisfaction and learning, on-the-job application, and organizational impact. Evaluation tools and measurements may include:

- pre- and post-testing;
- participant survey results;
- control groups;
- on-the-job observations; and
- other performance indicators impact such as customer satisfaction, increased sales, or change in performance review ratings.

3.3.5 Develop, implement, and evaluate talent management programs that include assessing talent, developing career paths, and managing the placement of high-potential employees

Talent management is a comprehensive and collaborative strategy that may include organizational assessment, workforce analysis, talent review meetings, and development planning. It is designed to assess, develop, and retain internal high performing and high potential employees to achieve current organizational goals and to prepare for the future talent needs of the organization.

Talent management refers to proactively discussing, planning, and acting on internal talent growth and development decisions to achieve ongoing business success, to retain top talent in the organization, and to reduce the business risks associated with talent loss. An effective internal talent management strategy also works to reduce dependence on the external talent market and to reduce external talent acquisition costs.

Talent management involves the identification and development of successor candidates and high potential employees to prepare for future leadership roles. Some organizations also focus on the retention and recognition of key professionals and on the creation of technical tracks for talented individual contributors. For talent management efforts to be effective, they should align with both the organization's strategy and with the employee's career goals and interests.

Talent management and career development resources may include:

- Skills training
 - Career centers
 - Professional development courses or degree programs
 - On-the-job training
 - Coaching initiatives
 - Leadership development programs
 - Knowledge management programs
 - Mentoring programs
 - Stretch assignments and special projects
 - Job rotation
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The means of identifying high potential employees should be specified through assessment, selection criteria, recommendations, and the employee's career

aspirations. It is important to establish legally defensible, consistent, and equitable processes and criteria for internal talent management strategies.

Evaluation of talent management programs should be based on the unique business and talent needs of the organization. The outcome of talent management programs may include: increasing retention rates for top talent such as high potential and key professionals;

- increasing employee engagement by providing potential career path options;
- decreasing time-to-fill for open leadership positions;
- reducing costs associated with external job marketing, interview time, onboarding new employees, hiring bonuses, and job search firm fees;
- reducing vacant leadership positions; and
- increasing performance and productivity of high performers and high potentials.

3.3.6 Develop, select, and evaluate performance appraisal processes

Performance appraisals provide a systematic approach to rate and evaluate employee performance. An employee's performance is evaluated based on goals achieved and the behaviors the employee demonstrated. Performance appraisal methods may include:

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|--|--|
| ■ Manager-employee review meetings | ■ Ranking of people or competencies |
| ■ Paired comparison | ■ Forced distribution of ratings |
| ■ Critical incident | ■ Competency-based evaluation |
| ■ Management by objectives (MBO) | ■ 360-degree or multi-rater feedback assessments |
| ■ Graphic rating scales | ■ Behavioral observation scale (BOS) |
| ■ Behaviorally anchored rating scales (BARS) | |
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Performance appraisal methods and tools should be selected based on the organization's goals and objectives.

When evaluating the effectiveness of a performance appraisal method, managers should consider individual, team, and organizational goals for the length of the appraisal cycle. The users' perceptions regarding the usefulness of the method also should be considered. In addition, managers should be careful to avoid rating errors. Rating errors may include:

- strictness or leniency, where raters tend to rate all employees consistently low or high;
- central tendency, where all employees are rated around the average;
- halo or horn effect, when a single positive or negative incident or characteristic influences overall rating performance; and
- recency of events, where supervisors are likely to consider recent performance more strongly than performance behaviors that occurred over an entire evaluation period.

The timing and frequency of the performance appraisal process and the relationship to merit increases also should be considered when designing the program.

3.3.7 Develop, implement, and evaluate performance management programs and procedures (includes training for evaluators)

A performance management program is designed to improve individual, team, and organizational performance. The performance management program should take a holistic view of the results delivered, contributions made, and behaviors demonstrated by employees. The performance management program should include training and preparation for managers and employees regarding the appraisal process and tools.

When developing performance management programs, consideration needs to be given to legal requirements and the organization's culture, mission, vision, core values, objectives, and stakeholders' interests. With technology

advancements, more organizations are using Performance Management Systems, which are software tools that provide flexibility of real-time reporting and feedback.

Factors influencing the implementation of performance management programs may include:

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- Employee classification
 - Frequency of performance conversations
 - Process for dealing with poor performance such as timeframes and performance improvement plans
 - Performance appraisal methods such as forced distribution or behaviorally anchored rating scale
 - Appraisal input sources which may be the direct supervisor, a peer, or customers
 - Length of appraisal cycle
 - Organizational readiness
 - Process and training for activities such as setting objectives and providing feedback
 - Change management strategy such as identifying stakeholders and channels of communication
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To evaluate the effectiveness of performance management programs, organizations may choose to run pilot tests that provide feedback on the process before resources are committed. Effectiveness may also be measured by evaluating whether employees demonstrate performance improvement, whether there is alignment with organizational core values, and whether goals are met. A performance management strategy may include a collaborative goal setting process, regular feedback checkpoints, and calibration of ratings across groups or functions. Finally, data from surveys, focus groups, or informal interviews examining the process may also provide insight for improvements.

3.3.8 Develop/select, implement, and evaluate programs to meet the changing needs of employees and the organization

Program development, implementation, and evaluation are designed to improve individual, group, and organizational performance by identifying and closing performance gaps to create or maintain a competitive advantage. Well-designed programs increase employee engagement and retention and act as a motivator for employees to perform well.

The development or selection of programs includes verifying that they are directly aligned to organizational strategies and are designed to improve the knowledge, skills, abilities, and other characteristics (KSAOs) of the employee population. Key areas may include:

- promoting work-life balance in an effort to help employees maximize productivity by better managing professional and personal priorities;
- implementing diversity initiatives to capitalize on the improved performance possible when more perspectives and experiences are present in the workforce;
- creating wellness programs because they are beneficial for both employees and employers by decreasing health care costs for the organization, increasing performance, and improving employee morale;
- managing international assignments, or repatriation; and
- increasing global awareness.

The implementation of programs requires direct alignment with organizational goals. Implementation plans should include setting milestones within a specific time frame and within the approved budget.

Human resource management programs must contribute to and align with the organization's vision, mission, and strategic objectives. Evaluation is a necessary and ongoing process of assessing the effectiveness of an organization's programs, activities, or events in order to determine the measurable impact

and benefit to the organization. Results of the evaluation can be used to inform decision-makers about the impact of programs to guide decisions regarding whether to continue, change, or remove existing programs.

There are many methods and models used to evaluate programs. Programs should be evaluated to verify alignment with:

- strategic goals;
- profitability, increased market share, and other specified metrics;
- knowledge, skills, abilities, and other characteristics (KSAOs) of employees; and
- performance expectations.

3.3.9 Provide coaching to managers and executives regarding effectively managing organizational talent

Providing coaching to managers and executives is critical to manage organizational talent and maximize individual performance for talent within their span of control. Coaching should emphasize the importance of motivating, engaging, and empowering employees to succeed.

When assessing employees, managers and executives need to consider how employees can improve their behaviors, technical skills, and business knowledge to increase performance and productivity. Managers also need to provide guidance and support to employees already in leadership positions.

Effectively assessing talent may include the use of a structured performance management system, multi-rater assessments, or cognitive ability and personality type assessments. These assessments provide managers and executives with valuable information to provide feedback regarding the strengths and weaknesses of employees.

To manage organizational talent, managers need to develop strong relationships with staff, adopt appropriate management styles to meet the demands of the job and the traits of their employees, and be sensitive to employees' aspirations and needs.

3.4 COMPENSATION AND BENEFITS

Compensation and benefits programs establish the priorities and framework for the design and administration of the organization's total rewards strategy. Total rewards are comprised of both financial and non-financial remunerations that employees see as valuable and that are meant to enhance overall levels of employee satisfaction, productivity, and engagement. Together with performance management and employee development, compensation and benefits programs are essential in assisting organizations with recruiting, motivating, and retaining employees.

The goals of compensation and benefits programs are to:

- attract and retain employees;
- reward individual or team performance;
- compensate employees equitably;
- improve employee performance and engagement;
- support productivity; and
- create workforce and market competitiveness.

Compensation and benefits programs involve the establishment of plans that align with the organization's mission, vision, culture, and employment branding. Compensation and benefit programs enable the organization to hire, develop, and retain employees with the skills necessary to meet the organization's strategic objectives. These activities may include:

- designing and implementing a broad range of compensation features, such as base and variable pay, short- and long-term incentives, recognition awards, stock options, and other types of equity;
- implementing benefits such as health care, retirement, work-life balance, educational and financial assistance, and paid or unpaid time off; and
- monitoring and evaluating compensation and benefits programs to verify that they align with and support organizational performance.

3.4.1 Ensure that compensation and benefits programs are compliant with applicable federal laws and regulations

Organizations must verify that compensation and benefits programs are compliant with all relevant local, state, and federal laws and regulations. Compensation and benefits program compliance protects the organization from legal risk. Federal and state laws require organizations to treat employees in a fair and equitable manner in all terms and conditions of employment including compensation and benefits.

Most financial consequences for failing to comply with legal requirements are levied at the organizational level and may include fines, penalties, or legal settlement fees. Noncompliance puts the organization at risk for audits, investigations, and inquiries from regulatory agencies that may require significant organizational resources to resolve. Noncompliance also puts the organization at risk for negative public relations and negative employment branding. Individuals with fiduciary responsibility for certain types of benefit plans may also be held personally liable for noncompliance.

When assessing compliance needs, an organization must first determine which laws, if any, apply. When determining if and how to comply with laws governing compensation and benefits, organizations should consider the:

- definition of a covered employer including size and type;
- definition of an eligible employee;
- requirements to give employees notice of their rights; and
- key exceptions or safe harbors.

As regulations change frequently, it is critical to review compensation and benefits programs on a regular basis.

State or local statutes supersede or augment federal law in instances where the state or local law provides employees with a higher level of workplace rights or protection.

Federal laws that apply to the design and administration of compensation and benefits programs may include, but are not limited to:

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- Fair Labor Standards Act (FLSA)*
 - Family and Medical Leave Act (FMLA)*
 - Patient Protection and Affordable Care Act (PPACA, ACA)
 - Older Workers Benefit Protection Act (OWBPA)
 - IRS tax code*
 - Davis-Bacon Act*
 - Walsh-Healy Public Contracts Act*
 - Title VII of the Civil Rights Act of 1964, as amended*
 - Americans with Disabilities Act (ADA) and ADA Amendments Act (ADAAA)*
 - Employee Retirement Income Security Act (ERISA) Uniformed Services Employment and Reemployment Rights Act (USERRA)*
 - Consolidated Omnibus Budget Reconciliation Act (COBRA)*
 - Health Insurance Portability and Accountability Act (HIPAA)
 - Equal Pay Act
 - McNamara-O'Hara Service Contract Act*
 - The Age Discrimination in Employment Act (ADEA)*
 - Pension Protection Act of 2006

**An asterisk denotes regulations where state and local laws may overlap with federal statutes.*

Whenever an organization contemplates changes to benefits or compensation programs, modifications must be reviewed carefully to verify compliance with relevant laws. A compliance review should be incorporated into a needs assessment or change management process, and human resource management should consult with legal counsel regarding changes to existing compensation and benefits programs.

3.4.2 Develop, implement, and evaluate compensation policies/programs

Compensation policies and programs are used to attract and retain talent by using the tools available in a total rewards strategy. Compensation is the amount of monetary and non-monetary pay provided to an employee by an employer in return for the work performed. A well-designed compensation program rewards behaviors that align with an organization's business goals, strategy, and budget.

During the compensation program development phase, organizations should consider the balance between internal equity and market competitiveness. Salary surveys provide comparisons of an organization's salaries. Organizations may use a variety of internal or external data sources that include local market, industry, or job type. Salary surveys are typically used to evaluate the organization's position in the market and develop a compensation philosophy, which establishes whether the organization wants to lead, match, or lag behind the market pay rates.

Compensation programs typically rely on job evaluation methods to determine the worth of a particular job within the organization's pay structure. Job evaluation methods compare existing jobs within the organization against one another to establish an appropriate rate of pay for each job. A variety of quantitative or qualitative evaluation methods may be used to provide an overall score based on pre-set criteria to determine career level placement. Job evaluation methods include point factor, factor comparison, job ranking, and job classification.

Once all jobs have been assigned a level, salary surveys are used to create salary ranges or bands. Salary ranges show the minimum and maximum acceptable salary for a particular job level. Along with internal equity tables, these ranges or bands help recruiters and hiring managers determine the appropriate salary to offer a new hire. Internal equity tables are used to document the organization's average salaries by job level to determine any outliers, such as green-circled or red-circled employees. Red-circled employees are above the salary maximum range while green-circled employees are below the minimum.

A flexible compensation program may use base pay and variable pay to reward employees. Total rewards for an employee may include tangible and intangible compensation. Tangible compensation may include rewards such as merit increases, whereas intangible compensation may include rewards such as flexible working hours.

Base pay is a fixed dollar amount given to an employee at regular intervals such as hourly, weekly, bi-weekly, or monthly. A base pay amount is established at the time of hire. An employer should regularly review base pay against factors such as merit, performance, seniority, market factors, and the organization's financial performance.

Variable pay is generally a percentage of base pay and may include bonuses or other incentive compensation. It can vary from year to year and even from pay period to pay period, in the case of overtime or piece rate pay. When based on performance, the calculation for variable pay is usually determined by evaluating an employee's individual performance against pre-established goals, such as an organization or business unit's performance, or a combination of both.

The design and administration of a compensation program is guided by an organization's total rewards strategy. It is important for managers and employees to understand the compensation program and its relationship to organizational goals and objectives. Developing a communication plan for managers and employees is essential to the implementation. To increase the success of the implementation, human resource management needs to consider training and reports for senior leadership.

Performance evaluations are usually a primary component of compensation programs because many organizations directly link compensation to performance. Salary increases, or lack thereof, can be correlated to the evaluation points. This practice helps promote internal compensation equity and consistency.

Organizations should monitor and evaluate the return on investment of its compensation and total rewards programs. Based upon the organizational strategy, criteria for measurement may include qualitative and quantitative factors such as profit/loss, productivity results, employee engagement and retention.

3.4.3 Manage payroll-related information

Organizations must manage payroll-related information effectively to support the business strategy and comply with local, state, and federal laws. This is accomplished by recording, tracking, updating, and securing employee information such as Social Security numbers, hours worked, related taxes, and deductions.

When managing payroll-related information, employers must:

- secure data to maintain the confidentiality, integrity, and availability of employee data;
- provide employees with required wage statements and pay day notices;
- perform recordkeeping for compliance such as tax reporting;
- verify accuracy of employee pay information at time of hire, when pay is adjusted, and at termination;
- submit new hire reports to agencies such as child support enforcement;
- record and track employee data for historical and trend analysis purposes; and
- provide data for accounting and financial reporting.

Record retention requirements vary based on the type of information. Access to data should be limited to those that need specific data. It should be secured against intrusion and protected against identity theft or other malicious use or access. Payroll-related information may be kept in an online or electronic payroll system or recorded in a manual system such as a spreadsheet.

Payroll-related information may include:

- employee name, address, Social Security Number, date of birth, date of hire;

- employee tax information such as federal and state tax withholdings;
- employer tax information such as Social Security, Medicare, Federal Unemployment Tax Act (FUTA), and tax ID;
- earnings, including employee rates of hourly or salaried pay, overtime pay, incentive pay, bonus, piece rate, and time off earnings;
- deductions, including employee tax withholdings, employee contributions to benefits premiums, retirement plan contributions, or garnishments;
- time off tracking and payment of time off, including vacation, sick time, paid time off (PTO), holiday, bereavement, jury duty, military leave, and other paid and unpaid time off;
- dates of hire, promotion, demotion, transfer, termination and re-hire, and leaves of absence; and
- timing of payroll cycles, including regular work day, work week, payroll start and end dates, scheduled pay dates, and occasional or off-cycle pay dates.

3.4.4 Manage outsourced compensation and benefits components

Organizations may outsource certain compensation and benefit programs to reduce costs and to optimize efficiency and customer service. Commonly outsourced functions for compensation and benefits may include:

- payroll systems and services;
- Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) administration;
- benefit program administration including health and retirement programs;
- employee recognition;
- leave management and administration; and
- flexible spending account (FSA) administration.

Outsourced payroll systems may be integrated with an organization's accounting or human resource information system (HRIS), and may allow employees to access and update their personal information through a self-service portal.

Outsourcing COBRA and FSA administration may help to verify compliance with detailed and time sensitive legal and reporting requirements. The use of benefits brokers or consultants may allow for cost effective benefit plan selection, employee education, and customer service for benefits administration. Employee recognition vendors can provide tools for managing both the recognition program and awards.

The decision to outsource compensation and benefits to vendors may result from a cost/benefit analysis. Organizations may choose to retain some activities in-house and outsource others. Budget, staff, and business needs factor into decisions regarding outsourcing of compensation and benefits programs.

Even though services are outsourced, organizations still have an obligation to monitor the vendor controls that are in place, as the organization is still liable in the event of noncompliance. As an example, the Sarbanes-Oxley Act of 2002 (SOX) requires publicly traded companies to perform a Service Organization Control (SOC) audit annually. SOC audits can be related to internal control over financial reporting and operational controls related to security, availability, processing integrity, confidentiality, or privacy.

3.4.5 Conduct compensation and benefits programs needs assessments

Organizations perform needs assessments for compensation and benefits programs to identify whether there are gaps between current programs and the perceived future needs. An organization may conduct a needs assessment to correct a perceived deficiency, improve existing programs, or add program offerings. A needs assessment may be conducted to increase recruitment and retention, minimize turnover, or address budgetary concerns.

A needs assessment should occur prior to making changes in an organization's compensation or benefits strategy. This allows the organization to consider the importance of factors such as:

- increased competition for talent;

- changes in business strategy or market conditions;
- turnover;
- alignment with the organization's mission and vision;
- compliance requirements such as the Patient Protection and Affordable Care Act (PPACA); and
- budgetary impact.

Inputs for compensation plan and benefit programs needs assessments may include:

- benchmarking surveys;
- salary or wage surveys;
- employee surveys;
- exit interviews;
- comparative data from benefits brokers or consultants
- industry specific surveys, recruiter feedback or networking groups, and
- trend analyses.

The results of a needs assessment may influence business and operational strategies as well as investment choices. Needs assessments may focus on improving one or more staffing or retention metrics such as low employment offer acceptance rates, high turnover, or total compensation costs.

3.4.6 Develop/select, implement/administer, update and evaluate benefit programs

Benefit programs help organizations attract, retain, and engage employees through differentiated and competitive benefits offerings. Benefit programs are also meant to help support employee health and productivity.

Benefits can be categorized in two ways: mandatory and discretionary. Mandatory benefits include Social Security and Medicare, which are funded via required payroll deductions. Under the Patient Protection and Affordable Care

Act (PPACA), organizations of a certain size are required to offer health insurance coverage or pay a penalty. Most other benefits are offered at the discretion of the organization. Employers may choose to pay for all, some, or none of the cost of these benefits.

Organizations should consider the following when developing, selecting, and administering its benefit programs:

- regulatory compliance requirements;
- administrative burden;
- cost sharing strategies between employer and employee;
- plan funding mechanism such as fully funded, level funded, or self-insured;
- vendor, network, or plan features;
- coverage or availability of coverage for spouses, domestic partners, and dependents;
- affordability;
- availability and adequacy of benefit options and coverage;
- participation goals versus utilization rates;
- competitor benchmarking and industry standards; and
- integration with business objectives such as short or long-term employee retention, talent acquisition, and health and productivity management.

Discretionary benefits may include:

- Health Care Insurance (Under PPACA, many large organizations are, or soon will be, required to offer health insurance coverage)
- Vision Insurance
- Accidental Death and Dismemberment Insurance
- Long Term Disability Insurance
- Pet Insurance
- Wellness Plans
- Equity Plans (Employee Stock Ownership Plan [ESOP], Restricted Stock Unit, Phantom Stock Plan, Stock Purchase Plan)
- Employee Assistance Programs
- Paid Time Off* (PTO)
- Dental Insurance
- Life Insurance
- Short Term Disability Insurance
- Long Term Care Insurance
- Pre-paid legal plans
- Retirement Plans (401(k), 403(b), Roth options, IRA, profit sharing plans)
- Supplemental Life or Retiree Health Insurance
- Educational Assistance
- Health Savings Account (HSA), Health Reimbursement Account (HRA), Flexible Spending Account (FSA)

**While paid time off is not federally regulated, many states and municipalities have passed laws to regulate forfeitures of unused vacation benefits or to require employers to award limited time off for the purpose of sickness or caregiving responsibilities.*

In addition to the discretionary benefits provided, there are many intangible benefits that organizations may offer to support business objectives. For example, flexible work arrangements or casual dress policies may be considered a benefit, depending on the employee population.

Paid time off (PTO) is a common benefit offered by employers and is generally highly valued by employees. Organizations must decide how much PTO to offer, whether it should increase with seniority, and whether they will allow

accrued time to be carried over from one year to another, in accordance with applicable laws and regulations.

Employers should regularly evaluate the benefits they provide to confirm plans meet employee needs, are affordable, and are compliant with changing regulations. Methods of evaluation may include employee surveys, focus groups, and internal compliance audits.

Organizations also should confirm that benefit plans are compatible with its overall total rewards strategy.

3.4.7 Communicate and train the workforce in the compensation and benefits programs, policies and processes

Compensation and benefits programs must be understood by and effectively communicated to employees at all levels of the organization to be effective employee recruitment, engagement, and retention tools. Communication and training regarding compensation and benefit plan design are critical as they allow an organization to:

- increase employee awareness of the organization's investment in compensation and benefits such as base pay and bonuses, health care, 401(k)/403(b) matches, and paid time off;
- increase employee engagement and satisfaction through transparency regarding programs, policies, processes, and alignment with the total rewards strategy;
- provide important information such as program structure, eligibility, timing, and measurement;
- attract applicants and help retain existing employees;
- show the relationship between total rewards programs, performance assessment, and employee contributions toward achieving desired business objectives;
- explain any changes to the programs and their impact on employees; and

- obtain feedback on the perceived value of the programs.

Training and communicating about compensation and benefits information may encourage the use of self-service tools to access and update employee compensation and benefit information. Successful adoption of self-service capabilities lessens the administrative burden on human resource management and provides employees with a secure and convenient way to review or manage their own compensation and benefits information.

Self-service capabilities may include:

- updating personal information such as address changes, dependent information, and emergency contact information;
- viewing health insurance options and plan documents, requesting changes, and completing benefits enrollment;
- accessing employee pay statements and reviewing or changing tax withholding; and
- requesting and tracking paid and unpaid leave.

3.4.8 Develop/select, implement/administer, update, and evaluate an ethically sound executive compensation program

Executive compensation programs are designed to attract, retain, and motivate skilled senior leaders who will directly affect an organization's long-term performance and overall value proposition. Executive pay packages may be designed so that a portion of an executive's compensation is contingent upon an organization achieving its strategic goals and financial objectives. Some organizations are regulated by laws that may impose limits on executive compensation and may require reporting and disclosure to certain agencies. If an organization has a board of directors, they may form a compensation committee to provide oversight of executive compensation plans.

Executive pay usually consists of a total rewards strategy including direct annual compensation, short- and long-term incentives, equity options, deferred

compensation, supplemental retirement plans, severance agreements, or other benefits and perquisites such as additional vacation time off. The majority of an executive's compensation may be in the form of equity that has a vesting schedule. The vesting of equity may be based on the executive's ability to meet performance goals as well as the terms of their employment contract.

Regulatory compliance for executive compensation and nonqualified deferred compensation plans is critical to minimize an organization's legal exposure, and avoid penalties or potential plan disqualification. For certain organization types, executive compensation and stock awards may be published publicly in an annual report and in internet stock market and company data sources. A privately held organization is not generally required to disclose its executives' compensation, though they may choose to do so to demonstrate transparency.

Executive compensation packages should be periodically evaluated against criteria that may include:

- individual or company performance;
- alignment with business objectives;
- regulations;
- short term and long term affordability; and
- public perception.

In general, individual performance and company performance are measured in quantifiable terms such as increased revenue, decreased costs, or increases in the stock price. Some organizations also measure performance using operational efficiency or client satisfaction to evaluate how executives should be compensated.

Executives have an ethical responsibility to the organization and its employees and, for publicly traded companies, to the shareholders and public. This responsibility extends beyond legal requirements and may include employee safety, labor practices, truth in advertising, and corporate social responsibilities

such as environmental and philanthropic endeavors. Ethical business practices can create a positive working environment, help the business grow, and gain the support and resources it requires to be successful.

3.4.9 Develop, implement/administer and evaluate expatriate and foreign national compensation and benefits programs

Expatriate and foreign national compensation and benefits programs are designed to encourage employees to accept international assignments in support of the organization's business objectives. Methods of administering compensation and benefit programs during expatriate assignment may include individual negotiation, lump sum payment, equalization, reduction and totalization agreements, cafeteria plans, and the balance sheet approach.

When developing expatriate compensation and benefits, organizations balance the need for flexibility at the local level with parity and consistency at the organizational level. Balancing competing priorities should be guided by the organization's strategic plan. Employers should be sure to comply with relevant host country laws and reduce corporate and employee tax liability when designing expatriate compensation and benefit programs. The organization's global strategy may influence the design of the expatriate compensation plan.

In addition to traditional benefits such as globally accessible health care plans, many organizations develop and implement comprehensive mobility services that may include:

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- Base pay
 - Relocation and repatriation assistance
 - Destination management services such as culture and language training
 - Location premiums
 - Dependent education
 - Paid time off in excess of standard organizational policy to accommodate legal requirements or cultural custom in the host country
 - Cost of living adjustments
 - Housing or living quarters allowances
 - Spousal relocation and employment assistance
 - Tax assistance
 - Home leave
-

The ultimate goal is to alleviate common sources of stress so expatriates can focus on job performance.

When evaluating corporate support given to expatriates, organizations may solicit employee feedback, benchmark practices by using external surveys, or hire vendors that specialize in mobility services. Organizations should evaluate the return on investment in expatriate compensation and benefits using standard metrics to validate that programs are affordable and effective.

3.5 EMPLOYEE AND LABOR RELATIONS

Employee and labor relations efforts influence all levels of the employer/employee relationship and are a fundamental part of all human resource areas of responsibility. The goals of employee and labor relations are to:

- promote a positive organizational culture through proactive efforts that encourage engagement, participation, and recognition of performance results;

- promote programs that offer resources for employees to share ideas and express concerns;
- retain organizational independence and flexibility by avoiding unionization, for those organizations where a union is not desired and does not currently exist; and
- establish positive and productive relationships with all key stakeholders in order to maintain beneficial working conditions for the workforce.

Employee and labor relations involve a wide range of practices and activities that result from the employer/employee and labor-management relationship. Employee and labor relations help guide decisions regarding recruiting, training, compensation, employee discipline and termination, as well as union organizing and elections and collective bargaining agreements. Employee and labor relations require the implementation of activities to verify that all related actions are compliant with applicable laws and regulations to minimize the risk of costly litigation. These activities may include:

- establishing, updating, and communicating employer expectations and actions that may be taken when they are not met;
- managing employee performance;
- coaching and counseling;
- disciplining and terminating employees;
- collective bargaining and contract negotiation and administration;
- evaluating requests for religious and disability accommodations;
- investigating and responding to internal employee complaints as well as those filed with local, state, or federal agencies;
- managing the process of collective bargaining and contract negotiation and administration; and
- implementing a structured grievance or dispute resolution, mediation, or arbitration process to address complaints and conflicts.

3.5.1 Ensure that employee and labor relations activities are compliant with applicable federal laws and regulations

Organizations must verify that employee and labor relations activities are compliant with all relevant local, state, and federal laws and regulations and at the same time balance between the rights of both the employees and the organization. Maintaining compliance protects the organization from legal risk.

Employee relations activities focus on maintaining positive employee-employer relationships, preventing employee issues from escalating, and resolving work-related issues to maintain high employee engagement and productivity. Employee relations activities include advising supervisors on methods to correct poor employee performance. It also includes providing a clear understanding of the organization's standards and policies to aid employees in correcting identified performance gaps. When an organization has unionized employees, many elements of labor relations are controlled by a collective bargaining agreement.

Elements of employee and labor relations may include:

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- Recruitment, selection, promotion, transfer, and training activities
 - Compensation and benefits
 - Work assignments
 - Grievance/dispute resolution procedures
 - Social media use policies
 - Protected and concerted activity as defined by The National Labor Relations Act (NLRA)
 - Workforce reductions and job eliminations
 - Layoff and recall of employees
 - Disciplinary actions
 - Performance management
 - Documentation practices
 - Meetings and communications with collective bargaining units or other employee representative groups
-

The laws and regulations that apply to employee and labor relations may include:

- The National Labor Relations Act (NLRA)
 - The Americans with Disabilities Act (ADA) and the ADA Amendments Act (ADAAA)
 - The Family Medical Leave Act (FMLA)
 - The Worker Adjustment and Retraining Notification Act (WARN)
 - The Older Workers Benefit Protection Act (OWBPA)
 - Fair Labor Standard Act (FLSA), and applicable state and local wage and hour laws
 - Applicable Executive Orders pertaining to federal contractors and sub-contractors
 - Fair Credit Reporting Act (FCRA)
 - Pregnancy Discrimination Act (PDA)
 - Vietnam Era Veterans Readjustment Assistance Act (VEVRAA)
 - Sarbanes-Oxley Act of 2002 (SOX)
 - Title VII of the Civil Rights Act of 1964, as amended
 - Occupational Safety and Health Administration (OSHA) regulations
 - The Health Insurance Portability and Accountability Act (HIPAA)
 - The Age Discrimination in Employment Act (ADEA)
 - Genetic Information Nondiscrimination Act (GINA)
 - The Uniformed Services Employment and Reemployment Rights Act (USERRA)
 - Immigration Reform and Control Act (IRCA)
 - Rehabilitation Act
 - Immigration and Nationality Act (INA)
 - Employee Polygraph Protection Act (EPPA)
 - Consumer Credit Protection Act (CCPA)
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An organization may verify compliance in a variety of ways, including:

- auditing employee and labor relations activities;
- training employees and managers on applicable laws and regulations; and
- designating a compliance officer.

Compliance with applicable laws and regulations promotes a strong employer image and brand, protects against potential legal risks, and contributes to a positive work environment.

3.5.2 Assess organizational climate by obtaining employee input

Organizations can evaluate its overall health by regularly assessing the organizational climate using a variety of formal, informal, qualitative, and quantitative tools including attitude surveys, opinion surveys, and engagement surveys.

Techniques to assess organizational climate may include:

- climate surveys in which employees respond to questions and results are tabulated and reported to management;
- one-on-one interviews in which employees are asked the same questions;
- focus groups in which employees are asked targeted questions in small groups, with feedback summarized for management evaluation;
- skip level meetings and open door policies;
- town hall meetings in which groups of employees meet with management to express concerns, ask questions, and make suggestions; and
- social media monitoring.

Considerations for organizational climate assessments may include:

- protecting employee anonymity, which may encourage higher rates of participation and potentially produce more reliable data;
- using third party vendors versus creating internal surveys and considering factors such as expertise, resources, cost, management preference, and the organization's ability to benchmark against normative values;
- selecting the most appropriate facilitator such as a content expert, a facilitation expert, a neutral party, or a combination to accomplish organizational objectives;

- evaluating the time available to review and respond to results; and
- determining the appropriate amount of feedback to share as well as what actions management may need to take in order to make necessary improvements based on results of the assessment.

3.5.3 Develop and implement employee relations programs that promote a positive organizational culture

Employee relations programs are designed to create a positive organizational culture that affects critical elements linked to organizational strategy such as employee engagement, morale, and commitment. Employee relations programs provide a fair and consistent system for addressing, reporting, and resolving problems that may arise during employment. An employee relations program may include:

- 'open door' policies that encourage employees to submit ideas and report concerns to management;
- equal employment opportunity (EEO), disability accommodation, and diversity elements;
- guidelines for workplace conduct;
- systems for effective communications between management and employees;
- procedures for documenting employment actions such as promotions, transfers, demotions, and disciplinary issues;
- procedures for conflict resolution or grievance;
- performance management systems;
- employee recognition and rewards; and
- employee satisfaction or engagement surveys.

Employee relations programs also may be directly related to the organization's diversity initiatives. These initiatives serve multiple purposes including advocating a diverse and inclusive work environment, supporting different cultures and

traditions, encouraging understanding between employees, and demonstrating the organization's commitment to equal employment and inclusion.

Effective diversity programs may lead to enhanced employee engagement, increased opportunity for innovation, and improved organizational performance. Successful diversity initiatives encourage leveraging differences between employees and creating opportunities for diverse individuals to work together on project teams. Other examples include external initiatives such as forming partnerships with diverse professional societies or trade organizations, or internal programs such as fostering career development by creating diverse mentor/mentee relationships, supporting employee resource groups, or sponsoring events that celebrate the workforce's diversity.

A positive employee relations program may affect an organization by:

- reducing voluntary turnover;
- improving attendance;
- increasing employee engagement and productivity;
- improving an organization's brand;
- deterring unionization;
- recruiting higher quality candidates; and
- enhancing customer satisfaction.

3.5.4 Evaluate effectiveness of employee relations programs through the use of metrics

Metrics are used to evaluate the effectiveness of employee relations programs. Metrics help validate whether programs are supporting the organization's strategy and objectives in the manner intended. Evaluation of employee relations programs should also measure employee satisfaction and the effectiveness and ease-of-use of the programs. Once the metrics have been collected it is important to analyze the data and determine if there are required adjustments.

If adjustments are required, it is necessary to identify the root causes and develop an action plan.

Measures typically used to evaluate the effectiveness of employee relations programs can be either quantitative or qualitative. Examples may include:

- data from exit interviews and post-employment surveys;
- employee engagement and climate survey results;
- number and type of employee grievances;
- number of claims filed with federal or state regulatory agencies;
- penalties assessed by administrative or investigative agencies;
- turnover rates;
- employer sponsored benefits program participation rates;
- costs associated with lost productivity;
- absenteeism rates; and
- performance and engagement metrics.

3.5.5 Establish, update, and communicate workplace policies and procedures and monitor their application and enforcement to ensure consistency

Workplace policies and procedures define the guiding principles for the employment relationship by outlining expected standards of conduct and obligations of each employee and the organization. Workplace policies and procedures are developed and documented by the organization, for instance, within an employee handbook, or negotiated as part of a collective bargaining agreement.

When establishing or revising a workplace policy, it is important to consider whether it:

- is compliant with all applicable laws and regulations;

- is legally defensible;
- creates or alters conditions of employment;
- demonstrates the organization's commitment to diversity;
- aligns with the culture, environment, and strategies of the organization; and
- is reasonable and attainable without creating unintended consequences.

The leadership team and legal counsel should be consulted prior to the design and organization-wide dissemination of new or revised policies. Once finalized, the organization should develop a communication plan. The management team should be briefed first so they can respond to questions or concerns that may arise once policies are communicated.

Workplace policies should include an effective date and be communicated electronically or by paper. Depending on the nature or significance of the new or revised policy, a signed acknowledgement of receipt of the policy from each employee should be maintained in the employee's file.

A monitoring process is essential following the communication and implementation of a new workplace policy to assess the impact on the workforce. Factors to take into consideration when monitoring the impact of a newly implemented policy may include:

- the extent to which management is consistently applying the policies and procedures;
- increases or decreases in complaints in the areas covered by the policy or process;
- whether the change supports the organization's strategic goals;
- how the change has affected the organization's culture; and
- the level of acceptance and compliance with the policy.

Workplace policies and procedures should be reviewed and updated periodically. Regular reviews help confirm that the organization can adapt to changing legislative, cultural, and business climates.

3.5.6 Develop and implement a discipline policy based on organizational code of conduct/ethics, ensuring that no disparate impact or other legal issues arise

A discipline policy sets standard expectations for employee behavior and conduct and provides for corrective action when those standards are not met. The objectives of a discipline policy are to:

- minimize disruptions to daily work tasks;
- outline expected employee behaviors and conduct in accordance with organizational policies and procedures, codes of conduct, and ethics;
- provide managers with the necessary tools and training to consistently manage employee behavior or conduct that does not meet expectations;
- follow due process so employees have the opportunity to further review or address disciplinary actions, as well as develop plans for improvement;
- establish appropriate and consistent actions to deal with policy violations; and
- maintain compliance with applicable laws and regulations.

A discipline policy may include:

- a list of expected employee behaviors and conduct as found in the organization's code of conduct, work rules, or ethics policy such as following safety rules, using organizational resources appropriately, preventing incidents of workplace discrimination and harassment, violence or theft, and dishonesty;
- an overview of general corrective actions designed to notify employees of the need to improve performance such as counseling, verbal or written warnings, and suspensions;
- a formal written progressive discipline policy, which outlines specific occurrences of unacceptable employee behavior or conduct (caution should be taken so that written progressive discipline policies are not interpreted as

an implied contract, forcing an employer to follow all steps regardless of the employee behavior or conduct);

- an appeals process such as a grievance procedure or alternative dispute resolution program; and
- the period of time the terms of any disciplinary actions taken will remain in effect.

The Sarbanes-Oxley Act of 2002 (SOX), requires that publicly traded companies maintain and clearly communicate the organization's code of conduct and ethics policy statement to all employees. SOX compliance also requires organizations address matters relating to:

- conflicts of interest;
- financial accounting and improper payments;
- insider information and fair disclosure; and
- protection against retaliation for whistleblowers.

Documentation of observations and subsequent actions is a critical tool to help prevent potential litigation or arbitration arising from employee complaints filed with federal or state agencies.

3.5.7 Create and administer a termination process ensuring that no disparate impact or other legal issues arise

Termination processes and procedures are designed to manage an organization's voluntary and involuntary terminations. Considerations in the termination process may include:

- maintaining the at-will employment relationship or confirming employment agreements are not breached by either party;
- preventing violations of applicable laws and regulations;
- identifying circumstances that may give rise to disparate impact;
- reducing the risk of discrimination or retaliation;

- complying with the Worker Adjustment and Retraining Notification Act (WARN) (or state or local equivalents) in case of a significant reduction in workforce or facility closing;
- uncovering potential cases of constructive discharge, in which the employer has created an intolerable environment that causes an employee to exit the organization;
- extending Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rights and other applicable benefits to departing employees;
- recovering organizational property and equipment;
- removing access to systems and property; and
- minimizing litigation claims or complaints filed with local, state, or federal agencies.

Organizations with collective bargaining agreements must consider the just cause standard when terminating employees. To determine whether an employee covered by a collective bargaining agreement was terminated for just cause, an organization must consider the following seven factors:

- Was the employee adequately warned in advance about the possible consequences of the conduct?
- Was the organization's rule or order reasonably related to the safe, orderly, and efficient operations of its business?
- Did management conduct an investigation before administering disciplinary action?
- Was the investigation conducted in a fair and objective manner?
- Did the investigation produce substantial evidence or proof of guilt?
- Were the rules, orders, and penalties applied fairly and consistently to all employees?
- Was the disciplinary action taken reasonably related to the nature and seriousness of the offense?

A termination process may include:

- a review and documentation of all terminations, both voluntary and involuntary, by a third party to verify no disparate treatment or impact, public policy exceptions, or constructive discharge issues exist;
- the presence of a witness when the termination is involuntary;
- a review of the circumstances that led to the termination decision by a third party to confirm internal policies and procedures were applied correctly for cases of involuntary terminations;
- an exit interview conducted by an objective third party outside of the employee's normal reporting structure to uncover underlying reasons for voluntary resignation;
- a review of final compensation and benefit continuation owed to the employee within specific timelines on or after termination;
- a procedure for the terminated employee to return organizational property and leave the premises;
- a severance package that has a release against any legal claims by the employee against the employer including, but not limited to, special terms for employees over the age of 40 because of the Older Workers Benefit Protection Act (OWBPA) and Age Discrimination in Employment Act (ADEA) and to group terminations under the Worker Adjustment and Retraining Notification Act (WARN); and
- consultation for additional guidance as necessary with an employment or labor attorney.

Employers in a non-union environment should establish a clear at-will employment relationship so both parties understand that the employment relationship may be terminated at any time by either party. Even though all states recognize at-will employment, some states place limitations on it.

Organizations should avoid including a detailed, written termination process in employee handbooks, as this may be considered an implied contract between the organization and employee. However, in a union environment, a written termination process may be included in the collective bargaining agreement. Additionally, an individual employee could have a written employment agreement that contains a clause that addresses grounds for termination.

3.5.8 Develop, administer, and evaluate grievance/dispute resolution and performance improvement policies and procedures

A grievance or dispute resolution procedure is created to help formally resolve employment disputes between employees and management. Organizations may address grievance or dispute resolution in a variety of ways. Examples may include:

- enacting an 'open door' policy for employees to speak to supervisors or managers;
- creating a progressive grievance or conflict resolution process, whereby employees may raise concerns to supervisors or other designated staff, along with a defined escalation process if not resolved at each step in the process;
- offering an alternative dispute resolution process whereby both parties mutually agree upon a third party who may serve as a mediator or as an arbitrator with authority to issue a binding decision;
- developing internal investigation procedures;
- designating an ethics officer, a compliance officer, or an ombudsman; and
- establishing a confidential and secure reporting mechanism for employees to communicate issues anonymously.

Performance improvement policies and procedures should create a fair, consistent, legally compliant, and objective process to address employee concerns and performance related issues. Organizations should have clear and

consistent methods of addressing employee performance issues. These may include:

- job descriptions with defined expectations, responsibilities, and obligations;
- performance improvement plans (PIPs) that have clearly defined criteria, objectives, expectations, timelines, and consequences of non-improvement;
- written behavioral standards and grounds for immediate dismissal such as acts of violence or other significant misconduct; and
- policies that address job performance standards such as attendance, working hours, and proper attire.

Clear methods of addressing employee concerns demonstrate that an organization values its employees and is committed to treating them in a fair and consistent manner. Giving employee concerns proper respect contributes to an engaged workforce and positive organizational climate.

3.5.9 Investigate and resolve employee complaints filed with federal agencies involving employment practices or working conditions, utilizing professional resources as necessary

Having internal investigation procedures allows an organization to respond to charges filed with state or federal regulatory agencies by current and former employees, job applicants, and labor unions. In the event charges are found to have merit, human resource management should be familiar with the resolution methods and timelines used by regulatory agencies including the Equal Employment Opportunity Commission (EEOC), the U.S. Department of Labor (DOL), Office of Federal Contract Compliance Programs (OFCCP), Occupational Safety and Health Administration (OSHA), and the National Labor Relations Board (NLRB).

The purpose of an investigative procedure is to:

- understand prohibited employment practices which may be occurring at the worksite;

- respond to complaints filed with state and federal agencies;
- establish internal recordkeeping and documentation procedures to comply with state and federal agency requirements; and
- determine when to use professional resources such as investigators, legal counsel, and mediation or arbitration specialists.

Examples of investigations by federal agencies may include alleged violations of:

- employee rights to engage in protected and concerted activity whether or not a union is present or unfair labor practice charges on the part of an organization or a labor union by the National Labor Relations Board (NLRB);
- anti-discrimination laws filed by an employee or applicant claiming discrimination or harassment that may occur during the hiring, training, employment and discipline stages by the Equal Employment Opportunity Commission (EEOC);
- retaliation, which occurs when an adverse action is taken against an employee for engaging in a protected activity such as filing a complaint;
- safety standards where work is being performed in an unsafe or unhealthy work environment, or when the employer does not comply with safety standards by the Occupational Safety and Health Administration (OSHA);
- the Family Medical Leave Act (FMLA) and misclassification of exempt and non-exempt status by the Department of Labor (DOL); and
- anti-discrimination laws by employers doing business with the federal government by the Office of Federal Contract Compliance Programs (OFCCP), which also enforces and investigates violations of the Vietnam Era Veterans Readjustment Assistance Act (VEVRAA).

Federal or state agencies and employers may use different processes to reach agreement regarding a grievance or dispute such as:

- mediation, which occurs when a third party acts in the role of a non-binding neutral expert to aid the parties in resolving their dispute;

- arbitration, which occurs when the disputing parties are either voluntarily or mandatorily required to use a third party to make a binding decision regarding the related issues; and
- other alternative dispute resolution processes, such as a hearing with a grievance council or non-mediated negotiations.

Records of the investigation and outcome must be maintained as determined by applicable laws and regulations.

3.5.10 Develop and direct proactive employee relations strategies for remaining union-free in non-organized locations

Developing, directing, and implementing proactive employee relations strategies promotes a work environment in which employees feel that third party representation is unnecessary for the improvement of wages, hours, and working conditions. It aligns human resource policies with the organization's desire to remain union-free.

An effective union-free strategy will often incorporate a strong management training program that may include: promoting a positive work environment,

- developing effective leaders,
- knowledge of major employment laws,
- understanding of the advantages of a non-union workforce,
- interpersonal and communication skills and methods,
- employee rights under various state and federal labor laws as well as what constitutes unfair labor or management practices, and
- defined protocols for addressing employees' concerns or grievances.

Many union-free organizations develop policies and procedures that mirror the elements found in a collective bargaining agreement. However, rather than being contained in a collective bargaining agreement, they are communicated through an employee handbook or other means.

In a non-union environment, communication between the organization and employees tends to be more informal than in union environments. Policies covering wages, hours, and working conditions tend to be more flexible and can be changed without input from a labor union.

Caution is advised for non-union organizations that use employee committees, other than for safety. Depending upon the scope and purpose of the committee, the National Labor Relations Board (NLRB) may find that an employee committee represents the interest of the workforce and could be considered a “labor union” within the meaning of the National Labor Relations Act (NLRA). Additionally, an employer unintentionally may commit unfair management practices by exerting undue control over an employee committee.

3.5.11 Direct and/or participate in collective bargaining activities, including contract negotiation, costing, and administration

Collective bargaining is a process in which an employee union negotiates a labor contract with the employer on behalf of the employees. A collective bargaining agreement typically covers all employment terms and conditions including pay, hours, leave, health care, retirement benefits, and employment actions.

Under the National Labor Relations Act (NLRA), employees may bargain collectively with their employer through a representative of their choice such as a union for wages, hours, and other terms and conditions of employment. Both parties must bargain in good faith until an agreement is reached. If no agreement can be reached, the employer may declare an impasse. Generally, in the event of an impasse, the employer may unilaterally implement its last, best, and final offer.

Collective bargaining activities may include:

- Determining who will serve on the organization’s bargaining team, and in what capacity
- Negotiating a bargaining agreement
- Collecting data to support collective bargaining

- Implementing new collective bargaining agreements
- Communicating with collective bargaining units
- Communicating with employees who are not members of the union, but are covered by the terms and conditions of the labor agreement in right-to-work states
- Determining, with the bargaining unit, the times and dates to meet to negotiate
- Using the services of the Federal Mediation and Conciliation Service once bargaining has reached an impasse, but before the organization implements its last, best, and final offer
- Respecting employee rights under the NLRA, such as the right to engage in protected concerted activity
- Preparing key negotiating points and what the organization hopes to achieve
- Conducting bargaining in good faith
- Administering and monitoring collective bargaining agreements
- Training management on changes in the collective bargaining agreement
- Interpreting collective bargaining agreements
- Notifying the collective bargaining unit of the intent to bargain for terms and conditions of employment
- Costing and modeling of various bargaining proposals such as wages and benefits
- Avoiding unfair labor practices (ULPs) as defined by the NLRA

There are three categories of bargaining subjects:

- **Mandatory** subjects directly relate to the NLRA language requiring parties to bargain with respect to wages, hours, and other terms and conditions of employment.

- **Permissive**, or voluntary subjects, are those that an employer or bargaining unit may choose but are not required to discuss such as dress codes, the inclusion of supervisors in the collective bargaining unit, the use of union labels on products, and the recording of negotiating sessions.
- **Illegal** subjects are provisions that would violate the NLRA, federal, state or other labor laws such as limitations on concerted activity and closed-shop clauses, under which the organization agrees to hire only union members, or union shop clauses, under which employees are required to become and remain union members, in right-to-work states.

3.6 RISK MANAGEMENT

Risk management focuses on developing, implementing, and evaluating programs, policies, and procedures in order to provide a safe and secure working environment. Risk management is essential in protecting the organization from potential liability. The goals of risk management activities are to:

- promote employee health and well-being;
- avoid disruption to the organization and recover rapidly when disasters or emergencies occur;
- safeguard employee security and safety; and
- protect the organization's assets.

Risk management involves the development and implementation of workplace policies and procedures as well as hazard and security measures to eliminate or reduce the risks of injury or illness to employees and prevent internal or external security breaches of sensitive organization or employee data. These activities may include:

- assessing organizational risk by the administration of internal or external audits;
- implementing and communicating the organization's safety, theft or fraud prevention, and appropriate use of policies and procedures;

- implementing premise security measures such as access control systems, alarms, closed circuit cameras, and lighting to prevent incidents of workplace violence;
- setting safety standards, goals, and objectives;
- training employees, managers, and supervisors on workplace hazards and the proper use of an organization's equipment or personal protective devices;
- developing emergency preparedness, disaster recovery, and business continuity procedures;
- implementing data security measures to protect and maintain the confidentiality of organizational and individual information as well as a data breach response plan for dealing with data breaches should they occur; and
- requiring employees to sign non-compete and non-disclosure employment agreements to protect an organization's intellectual or proprietary information.

3.6.1 Ensure that workplace health, safety, security, and privacy activities are compliant with applicable federal laws and regulations

Organizations must verify that workplace health, safety, security, and privacy activities comply with applicable federal state and local laws and regulations to minimize the likelihood of liability and negative consequences.

Examples of such laws are:

- Occupational Safety and Health Act (OSHA);
- Drug-Free Workplace Act (DFWA);
- Americans with Disabilities Act (ADA) and ADA Amendments Act (ADAAA); and
- Health Insurance Portability and Accountability Act (HIPAA).

When monitoring whether activities are compliant with applicable laws and regulations, it is important to:

- understand laws and regulations and how they apply to workplace health, safety, security, and privacy activities;
- educate the workforce as well as each individual's role in compliance with policies, laws and regulations; and
- evaluate and revise workplace health, safety, security, and privacy activities as necessary to verify compliance with applicable laws and regulations.

3.6.2 Conduct a needs analysis to identify the organization's safety requirements

A needs analysis is performed to design and implement the most appropriate safety programs or activities. This helps to identify, develop and implement appropriate occupational health and safety (OHS) training programs, allocate resources accordingly, and to obtain organizational support. This helps to confirm that appropriate training is implemented, resources are properly allocated, and organizational support is obtained.

Organizations perform a safety needs analysis to:

- determine whether a problem or hazard exists;
- identify the root cause of a problem or hazard;
- verify whether a facility has required safety equipment and stations, such as fire extinguishers and eye wash stations;
- assess who, what, where, and when occupational health and safety (OHS) actions are needed to address the problem(s) or hazard(s) identified in the analysis results; and
- determine whether training or other actions such as developing protocols, updating safety equipment, or adding signage are necessary.

Organizations must identify the gaps in knowledge, skills, abilities, and other characteristics (KSAOs) to minimize the risk of injury or illness. Additionally, organizations must design appropriate training to comply with all regulatory requirements.

3.6.3 Develop/select and implement/administer occupational injury and illness prevention programs

Organizational occupational injury and illness prevention programs are designed to reduce the number and severity of injuries and illnesses. Programs must comply with applicable laws and regulations such as the Occupational Safety and Health Act (OSHA) and workers' compensation laws. There are several benefits to having an effective organizational injury and illness prevention program.

When an organization identifies hazards, develops plans for prevention and mitigation, and educates the workforce and visitors, it may reduce organizational and employee costs including pain and suffering, lost wages, workers' compensation payments, cost of replacement workers, and reduced productivity resulting from lost employment. There are several other benefits of having an effective organizational injury and illness prevention plan that may include:

- improved workplace safety and health,
- increased employee engagement and productivity levels, and
- reduced legal claims arising from illnesses or injuries.

Components of an occupational injury and illness prevention program may include the development of evacuation plans, hazard communication programs, ergonomic evaluations, and employee records management including electronic or paper records, retention schedules, and disposal requirements.

Most employee injuries and illnesses are caused by a variety of workplace hazards. Workplace hazards may include:

- physical hazards, such as noise, radiation, and heat or cold stress;
- chemical hazards, such as gases, vapors, and dust;
- biological hazards, such as blood borne pathogens; and
- ergonomic/safety hazards, such as improper lifting, awkward posture, and trips and falls.

Occupational injury and illness prevention programs may be developed by an organization or selected from a third party vendor who provides those services. Implementation of an occupational injury and illness prevention program may include:

- anticipation and recognition of hazards through knowledge of materials, operations, processes, and conditions;
- evaluation of the work environment through observation, measurement, and analysis of hazard exposure, as well as the determination of exposure frequency and duration;
- comparison of applicable laws and regulations to internal processes and characterization of risks;
- management of identified risk through hazard communication such as safety data sheets and risk communication and documentation such as receipt and understanding of policies and procedures; and
- control of exposures using risk management techniques through elimination or reduction of hazards.

Control of exposures occurs at the following levels:

- elimination controls, which removes the hazard;
- substitution controls, which replaces a hazard with something non-hazardous;
- engineering controls, which use physical changes such as machine guarding or ventilation systems;
- administrative controls, which use procedural changes such as job rotation and hazard communication training; and
- Personal Protective Equipment (PPE) such as gloves and respirators.

In addition, an organization should evaluate the workplace for physical conditions that may create opportunities for violence such as the presence of weapons and poorly lit parking areas as well as potential violent behavior such as intimidation,

bullying, harassment, and verbal threats from both within and outside of the organization.

The occupational injury and illness prevention program should be audited to determine whether improvements are needed and it is compliant with applicable regulations.

3.6.4 Establish and administer a return-to-work process after illness or injury to ensure a safe workplace

A return-to-work process prompts employees to return to work as soon as they are able following an illness or injury in compliance with applicable laws and regulations such as leave benefits under the Family and Medical Leave Act (FMLA) or reasonable accommodation under the Americans with Disabilities Act (ADA) and ADA Amendments Act (ADAAA).

Benefits of a return-to-work process may include:

- faster, more effective recoveries;
- safer work environments;
- cost reduction including lost wages, employee replacement, medical expenses, workers' compensation claims and premiums and lost productivity; and
- improved engagement and job satisfaction by providing employees alternate assignments during recuperation.

Prompt diagnosis and proper treatment are important for a timely recovery and return to work. Medical evaluations are conducted after an employee has been absent from work for a prolonged period of time due to an injury or illness in order to establish the worker's current condition, limitations, ability to return to work, and ability to perform the essential functions of the job.

Return-to-work processes may include a transitional duty program, also referred to as modified duty or light duty. Management involvement and support

are critical to the success of a transitional duty program. In transitional duty work, either the employee's regular job is modified to accommodate current disabilities or the employee is given a temporary alternate job assignment. Transitional work is not meant to be a permanent accommodation of a disability, but rather part of the process to move an employee toward the goal of regaining full working capacity in a timely manner. Effective case management, early assessment and treatment, and ongoing communications can assist in the productive return to work of employees.

3.6.5 Develop/select, implement, and evaluate plans and policies to protect employees and other individuals, and to minimize the organization's loss and liability

Risk management plans and policies protect employees and other individuals and minimize the organization's loss and liability by helping employees understand and prepare to respond to threats to an organization using a detailed action plan. An organization has a legal duty to protect its employees and other individuals such as clients, customers, visitors, and vendors and to protect the health, safety, and well-being of employees and other individuals who work for, conduct business with, or otherwise have the occasion to be on the organization's premises. Likewise, minimizing an organization's liability and potential loss, is important to protect the assets of the organization and its future viability.

Considerations for developing or selecting and implementing risk management plans and policies may include:

- legal and regulatory compliance requirements;
- covered individuals;
- types of events and incidents that may threaten safety and potentially result in loss or liability;
- appropriate steps individuals and organizations should take to respond to particular events or incidents; and

- resources required to implement the plans and policies.

Plans and policies intended to protect employees and other individuals and minimize an organization's loss and liability may include:

- emergency response plans that describe the detailed steps individuals should take to initially respond to an emergency event such as fire, flood, or power outage;
- workplace violence prevention plans that describe the detailed steps individuals should take to detect potential violence and prevent or respond to actual violent acts committed in the workplace such as threats, harassment, bullying, and physical attacks against employees within or outside the work environment;
- substance abuse plans that describe the detailed steps an organization should take in the event an employee or other individual has excessively or illegally used substances such as referral to an employee assistance program (EAP); and
- safety and security plans that describe the detailed actions individuals should take to prevent employee illness and injury and prevent harm, damage, or loss to individuals or property.

Organizations should evaluate its risk management plans and policies to determine whether they address current potential risks, effectively protect individuals and the organization, and minimize loss and liability.

3.6.6 Communicate and train the workforce on security plans and policies

Communicating and training the workforce on the organization's security plans and policies helps employees understand their specific roles and responsibilities in preventing harm, damage, or loss to the organization, individuals, or property. Examples of security plans and policies are those related to technology and the Internet, workplace violence, and theft.

An organization's ability to communicate security policies and standards plays an important role in the overall success of organizational security programs. Organizations should design and implement an effective communication strategy to keep employees informed regarding workplace security issues.

Available communication delivery tools may include:

- oral presentations and group meetings;
- employee memos and newsletters; and
- email, social media, intranet, or other technology-based delivery platforms.

For organizational security programs to be effective, it is critical to provide appropriate training for supervisors, managers, and employees.

An effective organizational security program must include training so that both managers and employees clearly understand and are able to identify various workplace hazards and their respective roles in preventing security breaches in the most effective manner possible.

Human resource management should identify who is responsible for the content and delivery of training. Training may be delivered by employees, external vendors, or a combination of the two and should be targeted based on each individual's specific role and responsibilities. Training should be conducted at several key intervals, including:

- when an individual first joins an organization or assumes a new role;
- on a regular basis to maintain individual competence and skill; and,
- in response to changes such as laws, regulations, policies, and processes.

3.6.7 Develop, monitor, and test business continuity and disaster recovery plans

Business continuity plans and disaster recovery plans provide guidance and instructions to designated individuals during and after an emergency event. By

creating a detailed action plan in advance of an emergency, an organization strengthens its resilience by creating a framework to:

- respond to emergency events;
- reestablish critical business functions;
- minimize financial risk and loss; and
- communicate with internal and external stakeholders.

A business continuity plan provides details about how to resume or redirect an organization's critical business functions and operations, even on a limited basis. A disaster recovery plan provides guidance about how to resume an organization's key functional activities. A disaster recovery plan provides more detail than a business continuity plan.

An emergency event may or may not be foreseeable but can result in significant negative impact to an organization's operations, functions, or systems. Business continuity plans and disaster recovery plans are critical tools to reduce any negative impact.

Emergency events may include:

- natural disasters such as floods, earthquakes, tornadoes, hurricanes, and snow or ice storms;
- financial crises such as a stock market crash or currency instability;
- organization specific disasters such as fire, workforce strikes, loss of power, and technology system failures; and
- malicious behavior such as incidents of violent behavior and cybercrimes.

To develop a business continuity plan or disaster recovery plan, an organization should select a team and team leader. The team should include key members of the workforce and may include representatives from facilities management and health and safety. Backup or ancillary team members should be identified to fill specific roles or duties if the primary member is unavailable.

The purpose of the team is to:

- define the type of emergency events that may negatively impact operational or functional activities;
- determine the potential negative impact an emergency event could have on business operations including duration and severity; and
- create the scope of the plan, which is developed for critical business locations and functions.

A plan may be created for all business locations and functions. The definition of what is critical may vary by organization. Factors may include organizational size, location, revenue generated, crucial or non-replicable business activities, fixed assets, and number of employees.

An effective organizational business continuity and disaster recovery plan should outline the steps to take:

- in the event of an emergency event including evaluating the site or function status, implementing the communication strategy, and providing contact information for all team members and critical services including utilities, fire, police, and hospital;
- in the event of specific emergency events such as evacuating a building and meeting at a specified location during a fire; and
- after the emergency event is over.

Questions to consider may include:

- What is the worst case scenario?
- Where will employees work if the facility is compromised or employees are unable to commute?
- Has data been properly stored and backed up and is it accessible?
- Is emergency contact information current for every employee?

- Will existing business functions be redistributed to other employees or locations?
- How frequently and in what manner will employees, clients, and vendors receive communications?

Business continuity and disaster recovery plans should be reviewed and updated as changes occur. Examples of changes may include:

- business unit or facility location;
- team members;
- vendors and their contact information;
- business activities; and
- the organization's critical assets.

Testing a plan provides the opportunity to determine how well it addresses the risks associated with emergency events. The scope of the test can be limited to a single component such as the failure of a key fixed asset, a single system affecting a business process, or be fully comprehensive such as the event affecting an entire business unit or physical location. Annual testing is usually recommended, however the frequency of testing activities can vary based on the organizational structure, function, and needs.

Testing a plan can be performed using various formats, which may include:

- desk audits;
- discussions or meetings;
- computer simulations; and
- live simulations.

Testing activities and findings should be evaluated, documented, and reviewed with organizational leadership. Any weaknesses or gaps discovered during testing should be identified and the plan updated to address these findings.

3.6.8 Communicate and train the workforce on the business continuity and disaster recovery plans

An organization's ability to communicate its business continuity and emergency response policies and procedures plays an important role in the overall success of organizational safety programs and minimizes the risk of harm to employees and physical facilities. The goal of training is to help the employees understand their specific roles and responsibilities in the event of an emergency.

Available organizational communication delivery tools may include:

- oral presentations and group meetings;
- employee memos and newsletters; and
- email, social media, intranet, or other technology-based delivery platforms.

It is important that employees have the ability to identify who to contact in the event of an emergency, how information will be communicated to them, and how they can communicate with an organization. Changes to business continuity and disaster recovery plans should be reviewed regularly to verify alignment with organizational needs and with changing external conditions.

An effective business continuity and disaster recovery program should also incorporate training so that both managers and employees clearly understand their respective roles in disaster recovery and emergency management procedures. Managers, supervisors, and employees should also be appropriately trained in the proper use of personal protective equipment (PPE), emergency response, and evacuation procedures. Training also may include general life and safety training activities such as evacuation (fire drill), shelter-in-place (tornado drill), and lockdown (security drill).

Training may be provided using a variety of methods including:

- informal training such as employee presentations or group meetings;
- formal classroom or web-based instruction;

- self-paced or independent study; and
- live simulations such as role-playing or working through a particular scenario.

Training may be delivered by internal resources, external vendors, or a combination of the two and should be targeted based on each individual's specific role and responsibilities. Training for plan team members should include the types of situations that trigger an emergency event, a clear definition of responsibilities, cross training for critical functions, and practice activities.

Training should be conducted at several key intervals:

- when an individual first joins an organization or assumes a new role;
- on a regular basis to maintain individual competence and skill; and
- in response to changes in laws, regulations, policies, and processes.

3.6.9 Develop policies and procedures to direct the appropriate use of electronic media and hardware

Organizations develop policies and procedures for the use of electronic media and hardware to set guidelines and expectations for safe, secure, and appropriate use of an organization's technology resources and to protect an organization's brand or intellectual property.

An organization is responsible for its technology resources and maintains overall liability for its use. Misuse of an organization's technology resources can lead to increased business risks including disclosure of confidential or proprietary information, compromise of business opportunities or services, and regulatory penalties or litigation.

When developing such policies, an organization should identify:

- individuals to be covered by the policy;
- technology resources owned by an organization;
- appropriate use of organizational technology resources; and

- parameters around the business use of an individual's own personal asset such as bring your own device (BYOD).

Individuals covered by these policies may include permanent and contingent employees, contractors, vendors, or others who use or have access to an organization's property, systems, accounts, or other resources. Organizational technology resources may include:

- tangible assets such as computers, tablets, phones, network servers, printers, photocopiers, fax machines, and storage media;
- electronic assets such as email, social media, voicemail, text messages, operating systems, software applications, and network and Internet or intranet use; and
- intangible assets such as brand, copyrights, patents, and trademarks.

Appropriate use policies should clearly state that an individual's use of organizational resources should not interfere with, distract from, or otherwise negatively impact the performance, productivity, or professional reputation of an individual, other employees, or the organization. Areas addressed may include:

- personal use, or the use of an organization's resources for purposes that benefit an individual and are neither work related nor beneficial to an organization;
- excessive or non-productive use, or the use of an organization's resources in a manner or frequency that is beyond normal acceptance such as excessive use of media streaming that enables individuals to listen to music but consumes data line capacity and may impact other systems by slowing response and processing times;
- inappropriate use, or the use of an organization's resources that has an adverse impact on an organization or is contrary to an organization's expectations or policies such as spending time on personal social media platform accounts or making comments that could be considered discriminatory or harassing.

Policies should not restrict the rights of employees according to the National Labor Relations Act (NLRA). Policies also should provide guidance about how individuals should raise concerns regarding misuse. An organization should monitor use of resources and branding, investigate potential misuse, and take appropriate corrective action if misuse is identified.

3.6.10 Develop and administer internal and external privacy policies

Internal and external privacy and security policies are designed to provide employees with direction, guidelines, and expectations regarding managing and protecting the privacy of information. Internal privacy policies govern activities and provide guidance for managing private information from sources within an organization. All policies should be reviewed for legal compliance. Sources of private information within an organization may include internal computer systems such as financial systems, human resource information (HRIS) and payroll systems, files, and hard-copy and electronic documents.

An organization's internal privacy policies may also address its practice of monitoring employee activities and information in the workplace including telephone conversations, Internet usage, and emails. External privacy policies govern activities and provide guidelines for managing the protection of private information from sources outside of an organization. External sources of private information may include information gathered from visitors to websites and submission of information by vendors or clients.

Internal and external privacy policies outline the steps necessary to help the organization protect the privacy of content, which may include:

- business information such as trade secrets, proprietary processes, financial reports, and client lists;
- client information such as services, pricing, and deliverables; and
- employee information such as Social Security numbers, dates of birth, medical information, and leave usage.

When developing privacy policies, an organization should identify:

- individuals to be covered by the policy;
- information requiring additional safeguards pursuant to regulations such as proprietary information, Protected Health Information (PHI), Protected Personal Information (PPI), and Personally Identifiable Information (PII) as well as the tools used to help protect data including logins, system access, passwords, firewalls, and methods of protecting them;
- appropriate and inappropriate access and use of private information and the process for reporting, investigating, implementing corrective actions for, and disclosing privacy breaches if identified; and
- employee information and activities that the organization will routinely monitor in the workplace.

Organizational monitoring policies must also comply with applicable federal and state regulations and laws relating to employee privacy rights. The Electronic Communications Privacy Act (ECPA) is the primary law regulating workplace monitoring of wire and electronic communications. Both federal and applicable state laws prohibit an organization from intentionally intercepting employee oral, wire, or electronic communications, unless such monitoring complies with the business purpose exception, which allows an organization to monitor employee communications for legitimate business reasons. The consent exception allows an organization to monitor employee communications if the employee has knowledge of such monitoring and has freely given consent. Failure to comply with applicable federal and state laws may result in civil and criminal penalties.

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