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"I have always seen a synergy between project management and managing human resources."

Terra Vanzant-Stern has the unique background of being both a PMP and an SPHR. Ms. Stern also holds a M.S. in HR Management. She has enjoyed over fifteen years as an executive-level human resources generalist and educator. With a strong international background, her experience also includes working in Alaska and Puerto Rico. In 1995, she was named Educator of the Year for the State of Colorado.

In the new economy project managers have assumed many of the tasks traditionally held by human resources professionals. "HR Concepts for Project Managers" addresses three areas crucial to a project manager's success.

Foundation: Leadership, Ethics, Change Management, and HR Due Diligence/Cultural Issues.

Fundamentals: Recruiting, Employee Relations, Compensation/Benefits, Training, Organizational Development and Performance Management, and Outsourcing.

Foreign Affairs: This section covers countries project managers are most likely to encounter. This book includes Australia, Canada, China, EU, India, and South Africa.

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HR Concepts for Project Managers

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by

Terra Vanzant-Stern, PMP, SPHR

International Education Partners, Inc.



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Preface

People management is the most time consuming function of any project. Today's project manager must be able to manage this important resource successfully.

In the past, project managers have been able to depend more heavily on the Human Resources Department (HRD).

Now, with smaller staffs, the HRD often is only visible at the beginning and at the end of the project. Human resources issues that arise during the course of a given project are handled on a first come first serve basis or put on hold. HRD functions have become more comprehensive and complex.

When a decision must be made immediately the project manager is required to switch roles and become the human resources representative.

Globalization has made management involvement more necessary and less transparent to the employee. It is no longer uncommon for a staff member to go directly to the project manager when seeking human resources advice.

The science of human resource management covers a wide range. To suggest that project managers must learn everything there is to know is unreasonable. However, project managers who are familiar with human resources issues will save themselves a great deal of time.

One area that presents the most obvious business benefit to project managers is finding and retaining the best employees. Even when a company has a full-time recruiter assigned to project, project managers who understand and use the recruiting process will benefit.

There is certainly the aspect of managing paperwork related to taxes and benefits. Finally, there is also the aspect of protecting business. If an employee does not receive the proper compensation or is having trouble with their benefits the project manager's office may be the employee's first stop.

Project managers must now understand daily business normally handled by the HRD. For example:

- differences between exempt and non-exempt personnel
- employer obligations in the areas of employee rights, at-will employment, and provisions such as the Family Medical Leave Act.

There are also broader areas such as policy, politics, culture, and performance management that will impact the project.

Project managers may need to decide such issues as the accommodation of a disabled worker or if a certain part of the project work should be outsourced.

Project managers who are assigned to international projects must be aware of how business is done in different countries.

Project managers need to be able to interpret special nuances in the company's personnel policy. A company may electively revise policies to protect areas such as sexual orientation and religious rights without realizing the two policies clash. In theory, the policy seemed correct but it is the project manager that is able to observe the real-life consequences.

A project manager may find himself in the middle of an employer-sponsored drive to involve employees in the political process.

Although federal election law draws clear lines regarding election-related communications project managers need to be able to recognize the subtlety of this environment.

In the past, most employee relations issues were handled by the company's HRD. In today's work place, project managers are expected to be engaged in many of these areas. Targeted communication skills is one of these areas. Examples of these skills include:

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- coaching
- mentoring
- mediation/arbitration
- dispute resolution

Additionally, managers are required to deal with certain aspects of employee development that once were handled by the company's training department or by a member of the human resource team. Managers are now expected to help their subordinates identify learning opportunities as well as formulate plans designed to realize and document expectations.

Cultural management and diversity issues are quickly becoming topics that managers cannot ignore. The workforce has become older causing generational differences. The workforce has become more international creating the need to understand diversity. There is an increased emphasis on safety and security due to the impact of September 11th.

Performance Management is a science that takes the emphasis in organizations away from command-and-control toward a facilitation model of leadership. It examines not only the compensation of the individual but items such as the availability of tools necessary to be successful, (reporting and tracking structures), and in some cases even environmental issues such as lighting, temperature, and location of the facility.

Work in this century has become very individualized. Project managers must consider the challenge of managing virtual teams and individuals who telecommute.

Project managers must often rely on their personal influence to gain buy-in and productivity rather than relying on human resources policies.

Employers who include disability issues in corporate diversity policies enrich and enhance workplace benefits in the new economy. However, project managers now are charged with the responsibility of committing and implementing these policies. It is up to managers to design disability friendly strategies for the workplace which often includes education of the staff.

Being a compliance officer, employee coach, and performance manager has added new stress to job of the project manager while there still management duties such as resource leveling, finance and marketing. The information provided in the following chapters is designed to create a balance and to provide resource information.

HR Concepts for Project Managers is intended to address the needs of project managers who have assumed – electively or by necessity – the role typically assigned to the HRD.

It is divided into three parts: Foundation, Fundamentals and Foreign Affairs.

Part One, *Foundation*, gives managers information on key areas such as ethics, leadership and change management. Without solid foundation human resources related issues will not be given the proper attention or consideration.

Part Two, *Fundamentals*, provides an overview of typical functions handled by the HRD. This section addresses things such as recruiting, compensation, legal matters, employee relations, training and organizational development.

Section Three, *Foreign Affairs*, helps project managers consider issues that should be addressed in foreign countries. This comprehensive section focuses on the countries in which a U.S. manager is most likely to do business but is not intended to be a complete reference.

The countries covered in this section include Australia, Canada, China, the European Union (including a special chapter specifically on the United Kingdom), India, Singapore and South Africa.

This work exposes project managers to areas that should be explored and considered. It provides the most current available information. Topics included in *HR Concepts for Project Managers* are the most common subjects addressed by the HRD.

These topics include discussions on work policies, employment cycles, benefits, antidiscrimination laws, outsourcing, and managing expatriates, along with health and safety issues.

Other subjects included are developing training programs and understanding trade agreements and communications.

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There is significant research dedicated to employee communication. In every company, there are the political movers and shakers. But, for every mover and shaker there is an unsung hero.

Employees constantly surprise their managers by being more key and central to the operation than expected. These employees engage in problem-solving, provide personal support to their employees and put people in contact with others. Unfortunately managers often find out about these talents too late.

Before, the HRD could function as a buffer, might offer advice, point to past performance, or help design an action plan to maximize productivity. Now, project managers must be more astute in identifying these key players.

Part I.

Foundation

Chapter 1.

What Project Managers Should Know About Ethics and Values

Ethics is motivated by the ideas of right and wrong. It is the philosophical study of moral values and rules. Business ethics also involves a company's compliance with legal standards and adherence to internal rules and regulations.

Values are the beliefs of a person or social group in which they have an emotional investment (either for or against something). Values are the ideas we have about what is good and what is bad, and how things should be.

Business principles may be referred to using any combination of statements such as mission, vision, values or code of conduct. Without the proper moral and ethical framework in place, these statements are meaningless.

In fact, making these statements public can be more damaging than helpful to an organization that is not prepared to “walk the talk”.

What is the difference between values and ethics? According to Frank Navran, "Values are our fundamental beliefs or principles. They define what we think is right, good, fair, and just. Ethics are behaviors and tell people how to act in ways that meet the standard our values set for us."

Too often the subject of ethics and values is reduced to rules. Often rules are put in place that managers are allowed to by-pass or dismiss. It is almost too simplistic to say that if a corporation's words and deeds don't match their ethics or code of conduct policies a

values-based culture does not have chance to exist. In its simplest terms it is: “what you do, how you do it, and when and what you say,” that determines the foundation of the organization.

In the last decade, the term corporate social responsibility (CSR) has become popular. Generally, CSR is defined as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.” CSR means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders.

There are a vast number of councils, coalitions, international organizations and private enterprises dedicated to the CSR. CSR includes issues related to: business ethics, community investment, environment, governance, human rights, marketplace and workplace.

Ethics

Warren Buffet was asked what the three key attributes of corporate leaders were. He said, “integrity, intelligence, and energy – without the first, the other two will kill you.”

Ethics is the standard of conduct that guide decisions and actions, based on duties derived from core values. Ethics, integrity, trust all starts at the top. However, the initial discussion regarding these topics often originates in the Human Resources Department (HRD).

Both the NYSE and the NASDAQ require a “Code of Business Conduct and Ethics” covering all employees, officers and directors.

The Sarbanes-Oxley Act requires public companies to disclose whether it has an Ethics Code for senior financial managers that include the CEO. Having training in place that address these employee responsibilities would help minimize exposure.

Compliance with this act is very serious. Some larger companies claim that it costs an average of \$16 million each year to comply with regulations. Sarbanes-Oxley imposes criminal penalties for corporate governing and accounting lapses.

There are key questions that should be considered before embarking on any discussion in this area such as:

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- Do managers know and believe in the corporate mission?
- Are managers committed to the mission?
- How do managers demonstrate their commitment?

Usually the HR role in the discussion of ethics is that of facilitator. The HRD might also develop the message and/or be charged with deploying and delivering the message. Too often this is done by simply providing documents that must be read and signed by the employee. Ethics programs can be as simple as signing a document or as thorough as discussions, follow-up and evaluations via a focus groups.

Developing a set of principles that a company can live by (that honestly guides decision-making) is no simple task. It involves soul-searching. Many companies are not prepared to engage in this type of activity.

Traditionally, ethics policies have been inserted into employee handbooks or presented as a separate document to new employees on their first day of employment. Sometimes this is the extent of the training. However, in recent years, there has been a stronger emphasis placed on the subject of ethics. Project managers should take a proactive approach and re-examine these policies.

A new trend involves consultants and self-employed contractors writing their ethics policies and including these statements in the contract.

A good policy or procedure may enhance culture once it is deployed. A clearly stated and published policy of required and prohibited employee activity will create a stable working environment.

A confusing policy may have the opposite effect. Policies may also be abused, distorted and neglected. Most of the exposure in ethics policies results from policies that have been in place for a number of years that have never been reviewed or revised. Policies need to be updated periodically since state and federal laws continue to change.

The term “workplace ethics” has become popular. This catch-all term can cover anything from sexual harassment, to civil rights infractions, to privacy concerns. Workplace ethics are the standards

by which a company dictates how employees should treat each other and the business. Managers may also hear the term “business ethics” which refers to a company's attitude and conduct toward its employees, customers, community, and stockholders.

Workplace ethics topics may include discussion regarding race and gender. Involuntary stereotypes affect the way we deal with other people. Often attitudes such as ridicule, put-downs and accusations normally discussed in classes on harassment are finding their way into discussions regarding workplace ethics.

Global and international ethics policies are designed to speak for the company. There are specific industries such as healthcare that must consider the impact of their statements when working with different cultures and religions.

As a project manager, the role may be limited to having the employee sign a statement that they have read the ethics or code-of-conduct policy. However, it is important to understand and to be able to explain the company's program.

Many public companies have taken the opportunity to update their code of ethics partially in response to the Sarbanes-Oxley Act of 2002 - a law designed to improve corporate accountability. It is important as a project manager to stay abreast of and understand new developments.

Due to the many corporate scandals, recent graduates are inquiring about company ethics during the initial interviewing process. Increasingly even seasoned applicants are concerned about corporate ethics policies.

A company's base philosophy may also be a consideration for many candidates. In these cases, recruiters for publicly held companies can demonstrate how compliant the company is with regulations. Privately held companies can stress stability in the market and tie it to their ethical practices.

Ideally a company should talk about their ethics and company philosophy when presenting the history of the company to the applicant.

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As long ago as Aristotle's, Nichomacean Ethics, and Socrates', Meno, there has been two moral questions posed. One involved action and the other involved character:

- How should I act?
- What type of person should I be?

Can adult character be developed? This is a debate psychologists have never settled. Most psychologists will agree, however, that there are four major questions to be addressed when focusing on character development:

- What is good character?
- What causes or prevents it?
- How can it be measured so that efforts at improvement can have corrective feedback?
- How can it best be developed?

Psychologists generally agree that the factors influencing character development the most are:

- heredity
- early childhood experience
- modeling by important adults and older youth
- peer influence
- the general physical and social environment
- the communications media
- what is taught in the schools and other institutions
- specific situations and roles that elicit corresponding behavior

Individual character development education is the long-term process of helping individuals to be motivated to live by a set of ethical standards. These programs are often too complicated and time-consuming for businesses to adopt. Rehabilitation is certainly a type of character development education.

Corporate character development programs such as peer reviews, lunch discussions with managers, and participating in case studies do appear to be effective in refining behavior.

These programs also might include a formal Code of Ethics or Code of Conduct statement.

In addition to simply scaring applicants, corporate scandals in 2002 and 2003 provide a stark reminder of the catastrophic risks involved with business ethics failures. Critics of formal ethics training courses will say that ethics is not a program but rather a group of habits. There is a tendency to direct ethics and ethics training conversations toward the executive team, however, ethics impacts everyone.

Providing employees incentives that are solely linked to performance or financial success often leads to unethical behavior. The fear of not meeting the bottom line can cause even the most honorable employee to stray. Tangible rewards must exist for those who approach business from an ethically aware and ethically inspired focus. It is important to create a culture where ethical behavior is the only option.

Recognition in general is an important component of an organization's total rewards program. There is evidence that validates that rewards programs help in reducing turnover, increasing productivity and creating a positive work environment.

It is important to recognize that the scope of business ethics has expanded to encompass a company's actions with regard not only to how it treats its employees and obeys the law, but to the nature and quality of the relationships. Ethics policies must also consider:

- Shareholders
- Customers
- Business partners
- Suppliers
- Community
- Environment
- Future Generations

Online ways of doing business have created new ethical dilemmas. Some businesses use tools such as anti-money laundering auditing checklist or computerized complaint procedure for accounting or auditing issues. But the fact remains that instituting

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integrity and developing an ethical culture is the best risk management plan. In today's environment, business ethics and integrity are under a microscope. The stakes are high. Companies who stay committed to their values will prevail.

Values

There is considerable confusion surrounding the definition of values. Kurt Baier, noted philosopher, stated that sociologists employ a bewildering profusion of terms, ranging from what a person wants, desires, needs, enjoys, prefers, through what he thinks desirable, preferable, rewarding, obligatory, to what the community enjoys, sanctions, or enforces.

For an individual, values may be faith or religious-based. But, typically when the word "value" is applied to business, it can be defined as the company's sense of character or integrity.

Since managers in the same workgroup may define this "sense" differently, it is not always easy to identify or capture in writing.

In *Building Your Company's Vision*, by James Collins and Jerry Porras, core values are described as the essential and enduring tenets of an organization - the very small set of guiding principles that have a profound impact on how everyone in the organization thinks and acts. In the authors' words, "... core ideology provides the glue that holds an organization together through time."

EBay, the popular on-line auction house has five basic values that they post on their web site:

- We believe people are basically good.
- We believe everyone has something to contribute.
- We believe that an honest, open environment can bring out the best in people.
- We recognize and respect everyone as a unique individual.
- We encourage managers to treat others the way that managers want to be treated.

Values should be universal in the company and govern relationships with employees, investors, customers and dealers. It is

not enough to determine values. The entity must be willing to invest in resources and tools necessary. They must be willing to reward behavior that supports these values.

Harley-Davidson, the highly respected motorcycle manufacturer, espouses five company-wide written values simply stated:

- Tell the truth
- Be fair
- Keep promises
- Respect the individual
- Encourage intellectual curiosity

But Harley-Davidson does not stop there. They list five behaviors that support an ethical decision-making process:

- Allocate resources to learning
- Encourage risk taking
- Challenge the status quo
- Benchmark performance against the best in class
- Be open to influence
- Accept responsibility for lifelong learning

Many companies list their values as something that ‘sets them apart’. Other companies print and post their values. Many business values center on customer focus and integrity. Whatever the corporate values are they should be recorded and distributed to employees. When possible, discussion around company values and activities that enforce these values should be enacted.

Project managers will be looked at as the go-to person if there is no official human resources representative.

Most companies make decisions according to a few core values. Some are written down while others are implied. A written values statement communicates what’s important. The statement makes it clear what managers believe. Values help people embrace positive change.

For managers assigned to the task of determining or validating values these simple points should be kept in mind:

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- In what do managers believe?
- What really matters to managers?
- What values would managers like to pass on to present and future employees?
- What values really govern behavior?

Leaders can not be successful if they don't support or believe in the values they promote. Without the respect for the company's values, a leader will fail even with the best training.

For managers to demonstrate a commitment to company values their professional profile must remain high. They should be aware of their own personal preferences and understand how these preferences may impact their decision making.

Often the improvement cycle starts with the organization's vision values, and purpose. We look at everything differently today that may result in a change in values and a re-examination of what is ethical.

Topics thirty years ago such as globalization, graying of the workforce and the impact of terrorism were not part of our physical make-up. Telecommuting, technology, unemployment and even the multitude of mergers and acquisitions has changed our core thinking.

A survey by the Society of Human Resource Management found that feeling safe in the workplace was one of employees' top five requirements for job satisfaction. According to the survey, participants checking the "very important" regarding work place safety rose from 38% in 2002 to 62% in 2004. The other factors such as salary, benefits, recognition, and workplace harmony have remained relatively constant over the past decade.

There is a great deal of attention placed on generational differences. But workers of all ages may have more commonalities than differences. Most workers would agree that honesty and integrity is vital to successful leadership. Both groups place a high premium on work place respect.

One generational difference that does cause tension between older and younger workers is the question of work/balance issues. As a general rule, younger workers and women value work/balance

opportunities more than older male workers who place more of a premium on job satisfaction.

Not long ago business ethics was dedicated to compliance-based, legally-driven codes. Training outlined, in detail, what employees could or could not do. Most information was focused on conflict of interest, expense reports or improper use of company assets.

In the new economy, companies are creating values-based, globally consistent programs. These programs help employees make sound decisions even when they are faced with new challenges

When thinking about the topic of this chapter, ethics and values are important to remember. The first step is becoming ethically aware. Evaluate the current ethical climate.

Next it is important to define values. Identifying, testing and ranking these values cannot be a one-person job. It requires time, employee participation and feedback.

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In 1995, Terra Vanzant-Stern, was awarded the Educator of the Year Award for the State of Colorado by Mayor Wellington Webb and Channel 9 News.

Ms. Vanzant-Stern is a systems engineer who is certified in a number of technical disciplines. She holds both a PMP and SPHR along with a Masters in Human Resources Management.

Other works by this author include, *Yellow Belt Training, an Accelerated Guide to Six Sigma*, and white papers on Business Ethics, Risk Management, Diversity and Employee Happiness. Ms. Vanzant-Stern is currently working on her next book, *HR Strategies for Healthcare Professionals*.