**SHRM-CP - Structure of the HR Function**

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| 1. | **1st Audit Step - Determine the scope and type of audit.** |  | Identification of exactly what areas should be targeted for review (e.g., comprehensive review of all practice areas or a limited review of the adequacy of a specific process or policy) |
| 2. | **2nd Audit Step - Develop the audit questionnaire.** |  | Development of a comprehensive document that elicits information during the inquiry (e.g., a list of specific questions) |
| 3. | **3rd Audit Step - Collect the data.** |  | Use of the audit questionnaire as a "road map" to collect information |
| 4. | **4th Audit Step - Benchmark the findings.** |  | Comparison of the audit findings with HR benchmarks (e.g., results for other similarly sized employers, national standards, or internal organizational data) |
| 5. | **5th Audit Step - Provide feedback about the results.** |  | Review of data and presentation of summarized findings and recommendations (e.g., a written report and discussions) for the organization's HR professionals and senior management teamPrioritization of recommendations based on the risk level (e.g., high, medium, and low) |
| 6. | **6th Audit Step - Create action plans.** |  | Development of action plans for implementing the changes suggested by the audit, with the findings separated by order of importance: high, medium, and low |
| 7. | **7th Audit Step - Foster a climate of continuous improvement.** |  | Constant observation and continuous improvement of the organization's policies, procedures, and practices (e.g., continuous monitoring of HR systems to ensure that they are up-to-date and have follow-up mechanisms) |
| 8. | **Absence Rate** |  | Ratio of lost days to number of employees |
| 9. | **Absence Rate - Purpose** |  | To reflect benefits of a change in workplace conditions |
| 10. | **Accounting - Core Business Functions** |  | Accounting (support's finance in its strategic planning) - focuses on tracking financial transactions and reporting financial information to finance (to support its strategic planning and management decisions) and to external stakeholders (to support compliance and demonstrate governance). |
| 11. | **Accruals** |  | Comparison of budget to actual assignee costs |
| 12. | **Accruals - Purpose** |  | To monitor expense accruals and make sure that assignment budget and financial goals are met |
| 13. | **Applicant yield ratio** |  | Percentage of applicants who proceed to the next step of the selection process |
| 14. | **Applicant yield ratio - Purpose** |  | To demonstrate effectiveness of recruiting methods |
| 15. | **Balanced Scorecard for HR:** |  | demonstrates HR's strategic value by defining and measuring HR's contribution in concrete, clearly understood terms.serve as a way of focusing human resource staff on activities that will support the company's goals. |
| 16. | **Balanced Scorecard help:** |  | support a clear line of sight from strategic goals to strategic performance. |
| 17. | **Balanced Scorecard show:** |  | a concise yet overall picture of an organization's performance. |
| 18. | **Best practices Audit** |  | Helps the organization maintain or improve a competitive advantage by comparing its practices to those of employers identified as having exceptional HR practices |
| 19. | **Center of Excellence Model** |  | Same as Shared Services |
| 20. | **Centralized HR** |  | All HR personnel located within the HR HQ department and from there delivering services to all parts of the organization.Goal of the centralized structure is to ensure standardized HR policies and processes throughout the organization.Pro: provides more control and consistency across the organization,Con: inhibits flexibility and responsiveness and can decrease effective communication |
| 21. | **Centralized HR Advantages (condensed)** |  | Provides more control and consistency across organization. |
| 22. | **Centralized HR Disadvantages (condensed)** |  | Can inhibit flexibility and responsiveness; can decrease effective communication. |
| 23. | **Centralized HR Overview (condensed)** |  | All HR personnel located within HR department; delivers services to entire organization. |
| 24. | **Compliance Audit** |  | Focuses on how well the organization is complying with current employment laws and regulations |
| 25. | **Cosourcing** |  | third party provides dedicated services to HR, often locating contractors within HR's organizationPro: more managerial control over the contractor.Con: Cosourcing can be more expensive than outsourcing |
| 26. | **Cost per hire** |  | Total costs of hiring divided by number hired |
| 27. | **Cost per hire - Purpose** |  | To demonstrate increased efficiencies in recruitment and hiring process |
| 28. | **cross-functional collaboration:** |  | most effective strategies are not driven by a single function, such as marketing/sales or operations, but are produced by cross-functional collaboration |
| 29. | **Cross-Functional Relationships with HR - Executive management and board of directors** |  | Recruiting executive candidates in highly competitive markets.Negotiating attractive compensation packages |
| 30. | **Cross-Functional Relationships with HR - Finance and accounting** |  | Collaborating on ways to manage costs of benefits programs and reduce tax burdens for global assignees.Selecting an external auditor |
| 31. | **Cross-Functional Relationships with HR - Information technology** |  | Selecting the HR information system and implementing itUsing database analysis to support decision making and strategic initiatives.Using Internet and extranet to foster better communication, knowledge sharing, and coordination among internal and external stakeholders |
| 32. | **Cross-Functional Relationships with HR - Marketing and sales** |  | Aligning incentive/compensation programs with strategies and local cultures and practicesCoordinating knowledge management in different marketsensuring that product training is available in different languages |
| 33. | **Cross-Functional Relationships with HR - Operations** |  | Developing staffing plans.Managing labor relations in different marketsDealing with intellectual property rights.Ensuring physical security of operationsCoordinating with local legal, regulatory, and cultural requirements |

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| 34. | **Cross-Functional Relationships with HR - Research and development** |  | Developing talent pool with requisite expertise.Identifying employees with needed skills throughout the organization.Selecting members for global teams and building highly functioning teams.Promoting processes that allow R&D personnel to devote more time to the task of innovation. |
| 35. | **Decentralized HR** |  | Each part of the organization controls its own HR issues.Headquarters has HR staff but also dedicated HR functions at each location within each function, business unit, or location carrying out the required activitiesPro: allows for more direct contact between HR and other functions and facilitates communication and responsiveness.Con: lack of consistency among HR policies and standards |
| 36. | **Decentralized HR Advantages (condensed)** |  | Allows for more direct contact between HR and other functions and facilitates communication and responsiveness. |
| 37. | **Decentralized HR Disadvantages (condensed)** |  | Lack of consistency among HR policies and standards. |
| 38. | **Decentralized HR Overview (condensed)** |  | HR staff within each function, business unit, or location carrying out required activities. |
| 39. | **Dedicated HR Advantages (condensed)** |  | Promotes strategic alignment between headquarters and units. |
| 40. | **Dedicated HR Disadvantages (condensed)** |  | Risks isolation of dedicated HR units and loss of shared knowledge and experience; may lead to duplications and inefficiencies. |
| 41. | **Dedicated HR Overview (condensed)** |  | Allows organizations with different strategies in multiple units to apply HR expertise to each unit's specific strategic needs. |
| 42. | **Dedicated HR structure** |  | Allows organizations with different strategies in multiple units to apply HR expertise to each unit's specific strategic needs. This is in some ways a "corporatized" HR, with an HR function at headquarters and separate HR functions located (or "embedded") in separate business units.Corporate HR articulates basic HR values, develops tools to be used by the organizational-level HR functions, and creates programs aimed at enhancing global literacy and leadership skills. The business unit HR staff develops local policies and practices. |
| 43. | **"double-hatted"** |  | Positions held by someone in the organization in addition to that person's primary responsibilities. |
| 44. | **Enterprise resource planning (ERP) system** |  | supports integration of data from different organizational processes through an enterprise resource planningcan include different modules according to an organization's needs: |
| 45. | **Evaluating HR Performance begins with:** |  | 1. Establishing key performance indicators.HR KPIs are established by applying a balanced scorecard to the mission2. Collecting data to compare performance with these KPIs and other metrics.3. Assessment can include variance analysis of outcomes or resultse.g., variances of recruiting costs from budget.It can also include assessment of processes—how HR performs its work; whether that performance meets the function's mission, values, and goals; and, if needed, how those processes can be improved. |
| 46. | **Finance - Core Business Functions** |  | Finance - focuses on how the organization uses its financial assets to operate in the short and long term. |
| 47. | **For an HR balanced scorecard to be truly effective, it must:** |  | Contain accountability and measurable results.Be valid. The measurement system must contain understandable measures, metrics, and targets that are aligned to the objective and can be supported with solid data.Contain only those measures that are most important to the objective and the organization's strategic plan; that is, the measures must result in actionable items.Focus on results. Simply measuring turnover or time to fill is ineffective if no action is taken as a result. More meaningful measures that are aligned clearly with the organization's strategic plan include productivity and retention.Be carefully planned and executed. |
| 48. | **Four (4) Perspectives of a Balanced Scorecard** |  | Financial: Develop alternative staffing strategies to provide more flexibility to meet shifts in production demands.Customers (other functions and employees): Provide easier access to HR services, including consultation with functional leaders.Internal business processes: Apply technology to increase efficiency and capture data.Learning and growth: Make sure that future leaders will be available across functions, throughout the organization. |
| 49. | **Functional HR Advantages (condensed)** |  | Facilitates consistency between headquarters policy and practices and implementation in business units. |
| 50. | **Functional HR Disadvantages (condensed)** |  | Can isolate headquarters HR from business realities perceived by all staff and employees. |
| 51. | **Functional HR Overview (condensed)** |  | Headquarters HR is staffed with specialists who craft policies. HR generalists, who may be located within divisions or other locales, implement these policies, adapt them as needed, and interact with employees. |
| 52. | **Functional HR Structure** |  | Headquarters HR is staffed with specialists who craft policies.HR generalists, who may be located within divisions or other locales, implement these policies, adapt them as needed, and interact with employees.This type of organization is often found in the least diversified |
| 53. | **Function-specific Audit** |  | Focuses on a specific area in the HR function (e.g., payroll, performance management, records retention, etc.) |
| 54. | **Generalists** |  | These HR practitioners are familiar with all of HR's varied services. |
| 55. | **HR also demonstrates its value to its stakeholders by:** |  | identifying ways in which HR processes and abilities can be used to help other functions achieve their strategic objectives |
| 56. | **HR as a Profession - 5 Characteristics** |  | A **national organization**A **code of ethics****Research****Established knowledge and competencies**A **credentialing organization** |

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| 57. | **HR audit** |  | An organization's HR policies, practices, procedures, and strategies undergo a systematic and comprehensive evaluation to establish whether specific HR practices are adequate to achieve the function's goals |
| 58. | **HR Audit Goal** |  | Identify gaps in HR practices |
| 59. | **HR business partners** |  | are more experienced generalists who are assigned to represent HR services directly to other business functions. |
| 60. | **HR practitioners include in their focus in order to be a strategic partner** |  | Deepen their understanding of the organization's business and the businesses of their internal partners and the external factors that may affect them.understand what lies behind an organization's strategyDiscern the implications of the organization's strategy on talent management and of its structure and culture on helping the organization attain its strategic goals.Learn the importance of measurement and the value of data analysis |
| 61. | **HR's Administrative Role - Focusing on core capabilities** |  | **Focus on value add activities.**Third-party vendors can provide benefits plan administration, payroll administration, background checks, and other less strategic tasks. |
| 62. | **HR's Administrative Role - Using technology to capture and analyze data** |  | **(HRIS)**, facilitates the integration of HR in strategic management by providing information that can drive HR's role as a consultant to the organization's leaders. |
| 63. | **HR's Administrative Role - Using technology to reduce transactional time** |  | HRIS manage HR data (e.g., employee records) and create compliance reports. In many organizations, employees can keep their own records current by accessing internal or web-based applications. |
| 64. | **HR's Operational Role -Employee engagement programs** |  | target increased productivity and retention—perhaps by improving supervisory skills or promoting a change in leadership model from directing to leading an empowered team. |
| 65. | **HR's Operational Role - Incentive systems** |  | can be designed to promote rather than discourage desired behavior—e.g., rewarding increased customer satisfaction rather than decreased call time; rewarding the size of single sales rather than the number of smaller sales. |
| 66. | **HR's Operational Role - Knowledge management** |  | help the organization capture and share the wisdom and experience of all its members. |
| 67. | **HR's Operational Role overview** |  | HR to develop performance assessment and improvement processes and design effective reward systems.HR is called upon to interact with line managers, consulting on specific issues and providing advice on improving performance, productivity, and job satisfaction. This often requires |
| 68. | **HR's Operational Role - Targeted talent acquisition and development** |  | identify potential disconnects between current job descriptions and actual job competencies. |
| 69. | **HR's Strategic Role - Aligning the HR strategy with the organization's strategy.** |  | Preparing the organization for change.Forecasting human capital needs and the skills and knowledge required to achieve strategic goals.Increasing organizational effectiveness through appropriate strategies, such as organizational restructuring and cultural alignment.Developing talent through, for example, performance management, career development, and succession planning. |
| 70. | **HR's Strategic Role - Participation in creating the organization's strategy** |  | Requires HR practitioners to broaden their focus to include global, long-term, and forward-thinking considerations. As an organization seeks new opportunities, HR provides a valuable perspective on the human factors inherent in any strategic decision. Its contributions may include activities such as:Providing current information about the organization's human capital.Identifying the implications of the strategy across functions.Applying knowledge of external forces that can affect the strategy.Communicating information about workforce planning and management that will be necessary to implement the strategy. |
| 71. | **HR's Strategic Role - Supporting other functions in their strategic roles.** |  | Assisting in identifying new skill requirements.Acquiring and retaining talent.Supporting succession planning and mentoring projects. |
| 72. | **Human capital return on investment** |  | Ratio of employment-related expenses to revenue minus nonemployment expenses |
| 73. | **Human capital return on investment - Purpose** |  | To demonstrate value of HR human capital programs |
| 74. | **Human capital value added** |  | Revenue minus nonemployment expenses divided by number of full-time employees |
| 75. | **Human capital value added - Purpose** |  | Used comparatively to indicate increase in employee productivity as the result of HR activities |
| 76. | **Human Resources - Core Business Functions** |  | mission as a core function is to deliver the talent and services required by the other functions |
| 77. | **Human Resources Mission as a core function:** |  | to deliver the talent and services required by the other functions |
| 78. | **Information Technology - Core Business Functions** |  | helps make an organization's data more visible to decision makersmajor task is to support integration of data from different organizational processes through an enterprise resource planning (ERP) systemmanages the storage, access, exchange, and analysis of information across the enterprise through hardware and software systems |
| 79. | **IT major challenges.** |  | 1. IT systems grow over time. This means that some modules may be proprietary while the rest come from an assortment of vendors. Achieving smooth integration is often difficult or impossible.2. must plan for disasters that could interrupt access to critical data. Failure to secure information can damage an organization's reputation and have legal and economic consequences.3. must manage the information systems for efficiency as well as security.System capacity and function must be weighed against the benefit of added storage and processing tasksSoftware as a service (SaaS) is a cost-effective way for IT to support some specialized applications. |
| 80. | **Key talent retention** |  | Percentage of key talent retained |
| 81. | **Key talent retention - Purpose** |  | To demonstrate effectiveness of employee development and reward strategies |

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| 82. | **Leaders** |  | have a strategic roledevelop and direct the strategy, priorities, and focus for their HR teambring information about strengths, weaknesses, opportunities, and threats to the organization's strategy to other leaders and participate in the development of overall strategy |
| 83. | **Managers** |  | responsible for units within a functionplan, direct, and coordinate the activities for their unit and provide input to the leader for HR strategy. |
| 84. | **Marketing - Core Business Functions** |  | part of the organization that brings in revenue.Manages the 4 Ps: price, product, promotion, and place. |
| 85. | **MKT "pull" strategy** |  | strategy attracts customers to the product. |
| 86. | **MKT "push" strategy** |  | focuses on getting products/services in front of customers. |
| 87. | **Operations - Core Business Functions** |  | source of the revenue for the enterprise.function is often challenged by having a workforce of the right size at the right time and equipped with the right skills.part of the organization develops, produces, and delivers products and services to customers.responsible for building the products and servicesOperations may need to satisfy standards from customers and regulating agencies as well as industry and professional standards.may be tasked with locating manufacturing in countries with lower cost structures than the headquarters country |
| 88. | **The optimal HR Function is designed to do three things:** |  | Assist in implementing and supporting the strategy.Facilitate the achievement of organizational and HR goals.Be consistent with the overall structural design of the organization. |
| 89. | **Outsourcing** |  | third-party vendor provides selected activitiesPro: Outsourcing can provide cost savings for an organizationCon: but there is a loss of managerial control. |
| 90. | **The Outsourcing Process** |  | 1. Analyze needs and define goals.2. Define the budget.3. Create a request for proposal (RFP).4. Send RFPs to the chosen contractors.5. Evaluate contractor proposals.6. Choose a contractor.7. Negotiate a contract.8. Implement the project and monitor the schedule.9. Evaluate the project. |
| 91. | **Primary responsibilities of executive management are to:** |  | Develop and communicate strategy to the organization's components.Monitor and control implementation of strategic and operational activities through control of financial resources.Be the primary interface with the organization's stakeholders, from investors and regulators to customers and communities.Lead the organization through a shared vision and the values they model in all interactions. |
| 92. | **Promotion pattern** |  | Percentage of internal promotions |
| 93. | **Promotion pattern - Purpose** |  | To demonstrate effectiveness of development programs and strong culture |
| 94. | **R & D Best Practice** |  | aligning their investments with their strategy—making sure they focus on highly impactful innovation (e.g., Tesla's electric car) but also on retaining the right people, understanding trends, and implementing lean product development. |
| 95. | **Research and Development (R&D) - Core Business Functions** |  | responsible for future revenue.R&D spending is not directly related to levels of innovation and performance |
| 96. | **responsible for all of the core business functions:** |  | Executive management (often referred to as the C-suite) |
| 97. | **Sales - Core Business Functions** |  | strategy and sales workforce are influenced by industry's distribution practices and marketing strategy. |
| 98. | **Section 2: Internal Stakeholders Overview** |  | Seeks feedback from stakeholders to identify opportunities for HR function improvements.Creates long-term goals that address feedback from stakeholders identifying opportunities for HR function improvements. |
| 99. | **Section 3: Goal of HR function:** |  | designed and structured to serve the strategy of the overall organization as well as the HR strategy |
| 100. | **Section 4: Demonstrating the Value of the HR Function** |  | HR must measure and demonstrate its value to the entire organization |
| 101. | **Shared services HR Advantages (condensed)** |  | Offers expertise efficiently, reducing load of transactional activity in favor of value-creating activity. |
| 102. | **Shared services HR Disadvantages (condensed)** |  | Risks underuse of service centers when their existence is not widely known. |
| 103. | **Shared services HR Overview (condensed)** |  | Each business unit can supplement its resources by selecting what it needs from a menu of shared HR services (usually transactional) that the units agree to share. |

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| 104. | **Shared services model** |  | Rather than having to develop its own expertise in every area, each unit can supplement its resources by selecting what it needs from a menu of shared services (usually transactional) that the units agree to share.Centers with specific areas of expertise develop HR policies in those areas and then deliver this service to all units. In a globally integrated enterprise, the centers develop the services at an international or global level and can be located within the most appropriate unit or country. HR transactional work is thus shared by a network of centers, allowing HR professionals to spend more time working on strategic or transformational activities that help to generate value.Common processes folded into shared service centers include payroll, procurement, accounts payable/receivable, travel expenses, health benefits enrollment, and pension administration.This model is frequently used in organizations with multiple business units |
| 105. | **Shared services model Pros** |  | Reduced staff time spent on administrative tasks.Reduced administrative costs.Consolidation of redundant functions.Better tracking of employee data. |
| 106. | **Specialists** |  | These functional experts have expertise in specific areas |
| 107. | **Strategic Audit** |  | Focuses on the strengths and weaknesses of systems and processes to determine whether they align with the HR departmental and/or the organizational strategic plan |
| 108. | **Structure of the HR Function - Term** |  | the mission of HR and the way HR organizes its assets to provide services to internal business partners in a way that aligns with the organization's own structure and strategy. |
| 109. | **Success ratio** |  | Proportion of selected applicants who are later judged to be successful on the job |
| 110. | **Success ratio - Purpose** |  | To indicate effectiveness of recruiting, selection, and orientation methods |
| 111. | **Training return on investment** |  | Economic benefit of enhanced performance minus costs of developing, producing, and delivering training |
| 112. | **Training return on investment - Purpose** |  | To demonstrate value of strategic choice to invest in training |
| 113. | **Transfer** |  | Number or percentage of employees moving across divisions to new jobs |
| 114. | **Transfer - Purpose** |  | To track internal competency development and global talent management |
| 115. | **Turnover costs** |  | Costs associated with separation, vacancy, replacement, and training |
| 116. | **Turnover costs - Purpose** |  | When turnover rate is combined with costs of turnover, to demonstrate economic benefits of a change in pay or benefits |
| 117. | **Turnover rate** |  | Proportion of exiting employees to all employees |
| 118. | **Turnover rate - Purpose** |  | When turnover rate is combined with costs of turnover, to demonstrate economic benefits of a change in pay or benefits |
| 119. | **Types of Human Resource Outsourcing (HRO)** |  | -Payroll.-Employee benefits programs.-Employee self-service centers.-Learning and development systems, including training and knowledge management.-Employee data retention and analytics.-Recruitment programs. |
| 120. | **Understanding the..............of internal stakeholders is essential:** |  | perspectives, challenges, and objectives.This awareness allows HR professionals to identify ways in which HR processes and abilities can be used to help other functions achieve their strategic objectives and plans and, in that way, strengthen the organization's strategic posture. |
| 121. | **Using Third-Party Contractors** |  | both a structural alternative and a tool HR can use to deploy its own assets with a more strategic focus. |
| 122. | **Vacancy costs** |  | Costs of substitute labor (temporary workers, contractors, outsourcing partners) minus wages and benefits not paid because vacant |
| 123. | **Vacancy costs - Purpose** |  | To support decision to outsource function or area and decrease internal head count |