The Complexities of Managing Human Capital

Introduction

Managing human capital is a complex and tricky business. What you want to do is hire talented people; you don't want to have to fire them; and you certainly do not want to find yourself discriminating against them.

Hiring discrimination has been around for decades in North America. Women and minorities have not had opportunities to join desirable institutions for decades. Although this still occurs, it is becoming less prevalent due to laws and regulations at the federal and state levels. Organizations owe it to themselves to hire the best and brightest, and more often than not, they do.

Hiring

Richard Florida, founder and director of the Software Industry Center at Pittsburgh's Carnegie Mellon University, is beginning to yield compelling theories about what draws talent to certain cities and how companies adapt to win these employees over. According to Florida, location, location, location is the key. Mapping out geography of talent, Florida discovered that the following is important to workers:

- Virtual communities just aren't enough - potential employees are seeking places with real assets.
- To become talent magnets, cities must have something for everyone.
- It's not just about stock options - people want job options.
- Diversity is the surest sign that communities and companies really get it.
- In a world where time is the only nonrenewable resource, people are seeking companies that conserve time - a place that has all the amenities.

Yes, location is important, but don't forget paying the appropriate salaries, outdoing the competition, and taking talented employees seriously.

Firing

Of all the actions that managers must undertake, firing can be the most difficult. One never knows how an employee will respond to his or her discharge, so it is very important to stay calm and get to the point quickly. Before firing an employee who has been with the company for a number of years, however, it is important to give the employee an opportunity to improve performance deficits. How long depends on company policy.

Can you fire an employee for any reason? No. Although the law gives a lot of leeway to employers, there is a limit. If an employee has an employment contract or if promises were made to the employee, then the contract controls when you may fire an
employee for "good cause." A few examples of good cause include the following:

- poor job performance
- low productivity
- refusal to follow instructions
- habitual tardiness
- excessive absences from work
- possession of a weapon at work
- threats of violence
- violating company rules

If there is not such contract, you may fire an employee for any reason as long as it is not illegal, such as discrimination, retaliation, alien status, and violations of public policy.

**Discrimination**

Discrimination falls into a number of categories: race, gender, sexual orientation, religion, and age. According to the U.S. Department of Justice Civil Rights Division, it recommends the following to avoid employment discrimination especially after September 11:

- Treat all people the same when announcing a job, taking applications, offering a job, verifying employment eligibility, hiring, and firing.
- Allow new hires, both citizens and non-citizens, the opportunity to present their choice of documents to complete the INS Employment Eligibility Verification Form I-9.
- Do not request new hires to present documents beyond what is required to complete the Form I-9. All job applicants can present any combination of acceptable documents.
- Avoid "citizen only" or "green card only" hiring policies. Unless required by federal, state or local law or by government contract, such policies are illegal.