



CHAPTER ONE

INTRODUCTION TO HUMAN RESOURCES MANAGEMENT IN THE PUBLIC AND NONPROFIT SECTORS

After reading this chapter, you should be able to

- Understand the responsibilities and roles of human resources management
- Understand what constitutes public organizations
- Explain why civil service systems or merit systems exist in the public sector
- Understand what constitutes nonprofit organizations
- Identify the challenges facing human resources management today

Human resources management (HRM) is the design of formal systems in an organization to ensure the effective use of employees' knowledge, skills, abilities, and other characteristics (KSAOCs) to accomplish organizational goals. HRM concerns the recruitment, selection, training and development, compensation and benefits, retention, evaluation, and promotion of employees, and labor-management relations within an organization. In public and nonprofit agencies, the greatest expenses and the greatest assets are employees. Unlike many for-profit organizations that can

use technology to automate the production of their products and reduce staff, public and nonprofit organizations typically provide some type of service. Thus, they rely on the professionalism and competence of their employees.

Machines cannot be substituted for most public and nonprofit employees. As a result, public and nonprofit agencies are labor intensive; employee costs are typically between 50 and 80 percent of their budgets (Cascio & Boudreau, 2008; Fitz-enz, 2000, 2009, 2010). Employees are also public and nonprofits' greatest assets. Whether referring to top leadership, department directors or managers, or first-level employees, the quality and competencies of the workforce differentiate successful agencies or departments from others. Why is one police department more effective than another when dealing with similar problems and situated in local governments with similar incomes and demographics and with similar responsibilities? Why is one substance abuse treatment center more effective than another if they are using similar clinical protocols and techniques and have clients with similar problems? The answer is likely to be related to the professionalism and competencies of their employees. The study of HRM has existed for a long time, despite having different names. Scientific management addressed the principle of breaking job positions down into their simplest tasks. It was concerned with production efficiencies through making the best employee and job match and also addressed employee motivation by developing incentive pay systems.

Additional psychological aspects of HRM were developed to select individuals for military positions. Intelligence, aptitude, and psychological tests were developed to screen and place employees in various positions. The field of industrial/organizational psychology has played, and continues to play, a critical role in the development of HRM activities. Human resources management has evolved to encompass systems for the effective recruitment, selection, evaluation, and training and development of employees. Compensation studies to pay employees fair salaries and provide them with benefits that are important to them are also important components of HRM systems. Fair compensation serves to retain and motivate employees.

Human resources management responsibilities change as society changes. Today, public and nonprofit organizations are facing serious economic challenges, changes in the legal environment, and social, cultural, generational, technological, and educational changes. A strategic HRM system identifies these changes and challenges and develops effective strategies to address them.

The Public Sector

The public sector is composed of a variety of government organizations. Government agencies are owned and controlled by the people. Government is used to maintain a system of law, justice, and social organization. It protects individual rights and freedoms, provides security and stability, and provides direction for the nation. It also provides public goods, regulates certain industries and activities, and corrects problems that the markets create or are unable to address (Rainey, 2003).

In the United States, we have a variety of federal, state, and local government agencies. Federal employees work directly for federal agencies and receive their compensation and benefits from the federal government. Federal Bureau of Investigation agents are federal employees, as are doctors working for the National Institutes of Health and the Centers for Disease Control. Other federal employees may work for the Federal Aviation Authority, the Securities and Exchange Commission, and the Food and Drug Administration. (To see the scope of federal departments and agencies, go to <http://www.whitehouse.gov/government/independent-agencies.html>.) In 2010, more than 3 million civilian employees were employed directly by the federal government (US Census Bureau, 2012h).

State employees work directly for state agencies and receive their compensation and benefits from state governments. Each state has a different number of agencies. The compensation and benefits given to state employees vary across the states. In 2010, 5.3 million employees were employed directly by state governments (US Census Bureau, 2012g).

There are more than eighty-eight thousand units of local government: counties, cities, villages and townships, and special districts such as school districts, fire districts, park districts, hospital districts, museum and zoo districts, and parks and recreation districts. Local government employees work directly for local units and receive their compensation and benefits from the local governments and taxing districts. The number of local units varies across the states, as do compensation and benefits given to local government employees. Even within the same county, county employees may be paid different salaries from employees working for city governments located in the county. Also, special district employees receive different salaries and benefits. There is often little consistency across local government units. In 2010, the number of local government employees was 14.2 million. Most public employees work for local units (US Census Bureau, 2012f).

Individuals working directly for federal, state, or local units are considered to be government employees. In a democracy, government is owned by all of its citizens, and most of the revenues that support government agencies typically come from taxes. Government's objectives are political in nature. Public agencies are influenced by certain values found in the private sector such as efficiency, effectiveness, timeliness, and reliability. But they are also influenced by values not necessarily found in the private sector and often are in conflict with one another, such as accountability to the public at large and to elected officials, being responsive to the rule of law and governmental authorities, being responsive to public demands, being open to external scrutiny and criticism, adhering to strict ethical standards, and conducting public affairs with the goals of fairness, equal treatment, social equity, and impartiality (Rainey, 2003).

Civil Service and Merit Systems

Many public agencies are required to comply with civil service or merit systems to facilitate these values and objective employment practices in public agencies:

- *Federal government.* The Pendleton Act, passed in 1883, set up an independent, bipartisan civil service commission to make objective, merit-based selections for federal jobs. Those individuals best qualified would receive a job or promotion based on their KSAOCs. The terms *civil service system* and *merit system* are often used interchangeably. This is because merit provides the foundation for civil service systems. The ability to perform tasks is dependent not on political affiliation but on individual skills and abilities (i.e., merit considerations). The intent of the merit system was to remove the negative effects of patronage (granting jobs to political supporters) in appointing individuals to federal positions. Public employees were expected to perform their work in a politically neutral manner. In 1978, the Civil Service Reform Act made changes to federal personnel policies. The Civil Service Commission was eliminated, and the Office of Personnel Management and the Merit Systems Protection Board took its place. However, being politically neutral, along with experience, education, and expertise, are still important criteria for selecting federal employees.

- *State governments.* The federal government encouraged state and local governments to develop civil service or merit systems as a condition of receiving federal grants (Aronson, 1974). The federal government has a vested interest in seeing that state and local programs supported by its funds are administered in an efficient and professional manner. The

recipients of federal monies were to ensure the proper administration of grant programs. Standards were initially issued in the 1930s and continued through the 1970s when the Intergovernmental Personnel Act of 1970 was passed, which gave grants to state and local governments to improve their personnel practices. The authority for state merit systems is typically outlined in state statutes, which direct a specified agency to issue the necessary rules and regulations that have the effect of law and the necessary administrative procedures to carry out its provisions. Most civil service systems have independent civil service commissions that are patterned after the first Civil Service Commission. They are bipartisan in composition and usually have three to five members who serve staggered terms and are typically appointed by the governor. They are usually responsible for overseeing hiring and promotions, but they may also be involved in adjudicating grievance or discharge hearing and developing or approving job classification schedules.

- *Local governments.* The administrative structure and the authority granted to local governments are typically found in their charters. This provision for chartering local governments is found in state constitutions and state statutes. For example, the Illinois state statute permits seven varieties of local government structure: aldermanic-city, trustee-village, commission, manager, special charter, strong mayor, and administrator. Each form has its own rules for the selection and type of officers, their powers and responsibilities, and their general operations. Any municipality may adopt the civil service provisions of the Illinois Municipal Code, but they are not required to do so. Should they adopt civil service provisions, they must adhere to them. All relevant officers and employees must be appointed, promoted, and removed according to civil service rules.

In jurisdictions with civil service systems in place, applicants are typically appointed after they have passed a standardized selection procedure. The selection procedure could consist of written examinations, a combination of prior experience and education, or oral interviews. Where competition exists for positions, candidates are ranked by their scores from high to low, with the agency appointing one of the top-ranking candidates.

Different rules apply to different civil service systems. Some systems allow managers to select one of the top three ranked candidates to be selected, others allow one of the top five ranked candidates to be selected, and others allow a larger range of acceptable candidates. Some public employees are exempt from civil service requirements. The exemptions permit chief executives to select people who are in agreement with their

priorities for policymaking and politically sensitive posts. In most state and local governments, department directors are appointed by the chief executive. Many public sector HRM regulations and responsibilities are codified in statutes, which means that any changes need the respective legislative body to make the change. Chief executives and managers often have limited administrative and managerial discretion, and increases in compensation and benefits are often dependent on legislative approval.

Public agencies often grant hiring preference to veterans of the US armed services. Additional points may be added to the scores of eligible veterans applying for public sector positions.

Economic Challenges

More than 46 million people in the United States are living poverty, and at least 16 million of them are children younger than sixteen. The poverty rate for blacks is 27.6 percent, Hispanics 25.3 percent, non-Hispanic whites 9.9 percent, and Asians 12.3 percent. For children under eighteen years old, the poverty rate is 21.9 percent (DeNavas-Walt, Proctor, & Smith, 2012). When times are tough, the demand for public services grows. Low-income residents are dependent on a variety of services, such as housing assistance, assistance for medical care, food, unemployment benefits, transportation, and utility bills.

Middle-income Americans are increasingly concerned about jobs, health insurance, pensions, housing, and income security. Wage and salary increases have not kept up with increases in the cost of housing, gasoline, food, education, and insurance. Residents concerned about their living expenses tend to keep a close eye on government spending and want tax relief. At the same time, state and local governments are facing budget deficits and have to make budget cuts. Problems with the housing markets and foreclosures, leading to reduced property taxes, reductions in sales taxes due to declines in consumer spending, and increasing unemployment rates have led to reductions in spending, so state and local revenues are falling. As a result of difficult economic times, public agencies are looking to reduce expenses. Strategies to save money include not hiring employees with benefits and instead hiring supplemental direct-hire employees who work irregular hours; they receive a paycheck from the agency for time worked but do not receive health insurance, retirement pensions, vacation or sick leave, and other benefits. In some organizations, they are referred to as *other personnel services workers*.

Governments are also using more contract workers. These workers work for public agencies, but they are procured through a staffing agency or other third party. These arrangements, as well as seasonal, part-time, on-call, and

temporary agency work, are referred to as *nonstandard work arrangements*. Many previously employed full-time workers are now filling short-term openings as contractors, consultants, freelancers, and temporary workers (Grossman, 2012; Thompson & Mastracci, 2005; “Surge in Temp Jobs,” 2012). A survey conducted by the Society for Human Resource Management (SocHRM) found the primary reasons that agencies hire temporary workers include to complete specific projects (27 percent); as additional resources during busy times or cycles (25 percent); as a gap filler until they can hire full-time employees (17 percent); as a way to try out workers for full-time jobs (13 percent); to reduce benefits and other labor costs (95 percent); and because they have difficulty filling key skill positions (4 percent); and other reasons (6 percent) (SocHRM, 2011, cited in Grossman, 2012).

Alternative Service Delivery

Privatization and contracting out occur when public sector agencies contract with private nonprofit, private for-profit, or other public agencies to provide specific services. A typical privatization agreement specifies that a private or nonprofit entity is responsible for producing particular services. The public employer chooses the service level and pays the amount specified in the contract, but leaves decisions about production methods to the contracted firm. From an administrative perspective, privatization is often viewed as a way to save tax dollars, reduce the public payrolls, minimize government spending, and boost productivity.

Supporters claim that contracting out government programs will lead to greater efficiency and more effective operations. They maintain that competition and fewer restrictions allow the contractors to be more cost-efficient and responsive and that cost savings can be achieved through the economies of scale used by one vendor to provide services to many communities and organizations. It is believed that nonprofit and private firms, not hampered by bureaucratic rules and regulations, can be more innovative than public sector ones (Savas, 2000, 2002). However, research on the cost savings of privatization is inconclusive. There are examples of sweetheart deals with contractors, cost overruns, inefficiencies, and less-qualified staff providing important services. Furthermore, transparency, accountability, and concern for the public interest are often lacking (Feeney & Kingsley, 2008; Greenblatt, 2004; Moe, 1987; Sclar, 2001; Starr, 1987).

Technological Innovations

Innovations in technology are changing the way organizations are structured and how work is organized and managed. More agencies are

embracing telework. The General Services Administration's Office of Strategy Management implemented a thirty-day "telework wave" where employees were supposed to report to their offices and instead work from home or other GSA buildings. The purpose was for them to learn different patterns of behavior, different patterns of communication, different cultures, and different ways of operating (Rausnitz, 2012).

Approximately one in five workers worldwide telecommute according to a poll conducted by Ipsos/Reuters. Telecommuting is most popular in India, where more than 50 percent of workers were working from home, followed by 34 percent in Indonesia, 30 percent in Mexico, and smaller percentages in Argentina, South Africa, and Turkey. Less than 10 percent of people work from home in Hungary, Germany, Sweden, France, Italy, and Canada. The treasurer of Cuyahoga County, Ohio, has replaced five workers with an automated tax processing system. Instead of opening envelopes and scanning and encoding checks, an automated processing system provides those functions (Johnston, 2011).

Police departments are turning to an online talking animated virtual officer to assist residents in filing an online crime report for nonemergency crimes on the police department's website (Powers, 2012), and a mobile application is helping US Fish & Wildlife Service refuge officers identify potentially dangerous suspects and stay connected to colleagues while conducting investigations in remote locations. Using an application called PocketCop, an officer can connect to the FBI National Crime Information Center database and run background checks.

Key SHRM challenges facing organizations will be the ability to attract and hire qualified applicants and provide training for incumbent employees so that the benefits of technology can be realized.

The Nonprofit Sector

Nonprofit sector is the collective name used to describe organizations that are not government or private for-profit organizations. They have also been called the *voluntary sector*, the *third sector*, and the *philanthropic sector*. Nonprofit organizations are chartered by each state and are conferred special tax-exempt status by the states and the Internal Revenue Service (IRS). The IRS exempts nonprofits from paying federal corporate income taxes, and state and local governments may grant nonprofits exemptions from property and sales taxes.

To be recognized as a nonprofit, an organization must possess the following general characteristics: (1) it is specifically designated as a nonprofit

when organized; (2) profits or assets may not be divided among corporate members, officers, or directors in the manner of corporate dividends; and (3) it may lawfully pursue only such purposes as are permitted for such organizations by statute (Oleck, 1988). Internal Revenue Code section 501(c) lists the types of associations, corporations, and trusts that can qualify for federal tax exemption (table 1.1).

The largest nonprofit classification is 501(c)(3) nonprofits, referred to as *public charities* (table 1.2). The IRS defines a public charity as an organization that normally receives a substantial portion of its total income directly or indirectly from the general public or government. This is different from 501(c)(5) (labor and agricultural organizations) and 501(c)(6) (business leagues) classifications, which derive most of their money from members and are organized to primarily serve the interests of their members (Urban Institute, 2012).

The National Taxonomy of Exempt Entities, developed by the National Center for Charitable Statistics, provides this classification system for public charity nonprofit organizations:

- A. Arts, Culture, and Humanities
- B. Education
- C. Environmental Quality, Protection, and Beautification
- D. Animal-Related
- E. Health
- F. Mental Health, Crisis Intervention
- G. Diseases, Disorders, Medical Disciplines
- H. Medical Research
- I. Crime, Legal-Related
- J. Employment, Job-Related
- K. Food, Agriculture, and Nutrition
- L. Housing and Shelter
- M. Public Safety, Disaster Preparedness, and Relief
- N. Recreation and Sports
- O. Youth Development
- P. Human Services
- Q. International, Foreign Affairs, and National Security
- R. Civil Rights, Social Action, and Advocacy
- S. Community Improvement and Capacity Building
- T. Philanthropy, Voluntarism, and Grantmaking Foundations

Table 1.1. IRS Organization Reference Chart

Section of 1986 Code	Description of Organization	General Nature of Activities	Application Form Number	Annual Return Required to Be Filed	Contributions Allowable
501(c)(1)	Corporations organized under act of Congress (including Federal Credit Unions)	Instrumentalities of the United States	No form	None	Yes, if made for exclusively public purposes
501(c)(2)	Title holding corporation for exempt organization	Holding title to property of an exempt organization	1024	990 ^a or 990EZ ^h	No ^b
501(c)(3)	Religious, educational, charitable, scientific, literary, testing for public safety, to foster national or international amateur sports competition, or prevention of cruelty to children or animals organizations	Activities of nature implied by description of class of organization	1023	990 ^a or 990EZ ^r , or 990-PF	Yes, generally
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare; charitable, educational or recreational	1024	990 ^a or 990EZ ^h	No, generally ^{b,c}
501(c)(5)	Labor, agricultural, and horticultural organizations	Educational or instructive, the purpose being to improve conditions of work and improve products of efficiency	1024	990 ^a or 990EZ ^h	No ^b
501(c)(6)	Business leagues, chambers of commerce, real estate boards, and others	Improvement of business conditions of one or more lines of business	1024	990 ^a or 990EZ ^h	No ^b
501(c)(7)	Social and recreational clubs	Pleasure, recreation, social activities	1024	990 ^a or 990EZ ^h	No ^b
501(c)(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members	1024	990 ^a or 990EZ ^h	Yes, if for certain section 501(c)(3) purposes

501(c)(9)	Voluntary employees beneficiary associations	Providing for payment of life, sickness, accident, or other benefits to members	1024	990 ^a or 990EZ ^h	No ^b
501(c)(10)	Domestic fraternal societies and associations	Lodge devoting its net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accident benefits to members	1024	990 ^a or 990EZ ^h	Yes, if for certain section 501(c)(3) purposes
501(c)(11)	Teachers' retirement fund associations	Teachers' association for payment of retirement benefits	No form ^f	990 ^a or 990EZ ^h	No ^b
501(c)(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and others	Activities of a mutually beneficial nature similar to those implied by the description of class of organization	1024	990 ^a or 990EZ ^h	No ^b
501(c)(13)	Cemetery companies	Burials and incidental activities	1024	990 ^a or 990EZ ^h	Yes, generally
501(c)(14)	State chartered credit unions, mutual reserve funds	Loans to members	No Form ^f	990 ^a or 990EZ ^h	No ^b
501(c)(15)	Mutual insurance companies or associations	Providing insurance to members substantially at cost	1024	990 ^a or 990EZ ^h	No ^b
501(c)(16)	Cooperative organizations to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association	No form ^f	990 ^a or 990EZ ^h	No ^b
501(c)(17)	Supplemental unemployment benefit trusts	Provides for payment of supplemental unemployment compensation benefits	1024	990 ^a or 990EZ ^h	No ^b
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)	Payment of benefits under a pension plan funded by employees	No form ^f	990 ^a or 990EZ ^h	No ^b
501(c)(19)	Post or organization of past or present members of the armed forces	Activities implied by nature of organization	1024	990 ^a or 990EZ ^h	No, generally ^g

(Continued)

Table 1.1. (Continued)

Section of 1986 Code	Description of Organization	General Nature of Activities	Application Form Number	Annual Return Required to Be Filed	Contributions Allowable
501(c)(21)	Black lung benefit trusts	Funded by coal mine operators to satisfy their liability for disability or death due to black lung diseases	No form ⁱ	990-BL	No ^d
501(c)(22)	Withdrawal liability payment fund	To provide funds to meet the liability of employers withdrawing from a multiemployer pension fund	No form ⁱ	990 ^a or 990EZ ⁸	No ^e
501(c)(23)	Veterans organization (created before 1880)	To provide insurance and other benefits to veterans	No Form ⁱ	990 ^a or 990EZ ^h	No, generally ^g
501(c)(25)	Title holding corporations or trusts with multiple parents	Holding title and paying over income from property to 35 or fewer parents or beneficiaries	1024	990 ^a or 990EZ ^h	No
501(c)(26)	State-sponsored organization providing health coverage for high-risk individuals	Provides health care coverage to high-risk individuals	No form ⁱ	990 ^a or 990EZ ^h	No
501(c)(27)	State-sponsored workers' compensation reinsurance organization	Reimburses members for losses under workers' compensation acts	No form ⁱ	990 ^a or 990EZ ^h	No
501(c)(28)	National Railroad Retirement Investment Trust	Manages and invests the assets of the Railroad Retirement Account	No form ^k	Not yet determined	No ^k
501(d)	Religious and apostolic associations	Regular business activities; communal religious community	No form	1065 ⁱ	No ^b
501(e)	Cooperative hospital service organizations	Performs cooperative services for hospitals	1023	9901 or 990EZ ^h	Yes

501(f)	Cooperative service organizations of operating educational organizations	Performs collective investment services for educational organizations	1023	9901 or 990EZ ^h	Yes
501(k)	Child care organizations	Provides cares for children	1023	990 or 990EZ ^h	Yes
501(n)	Charitable risk pools	Pools certain insurance risks of 501(c)(3)	1023	990 ^a or 990EZ ^h	Yes
521(a)	Farmers' cooperative associations	Cooperative marketing and purchasing for agricultural procedures	1028	990-C	No
527	Political organizations	A party, committee, fund, association, or similar organization that directly or indirectly accepts contributions or makes expenditures for political campaigns	8871	1120-POL ⁱ 990 ^a or 990EZ ^h	No

^aFor exceptions to the filing requirement, see chapter 2 and the form instructions.

^bAn organization exempt under a subsection of code section 501 other than 501(c)(3) may establish a charitable fund, contributions to which are deductible. Such a fund must itself meet the requirements of section 501(c)(3) and the related notice requirements of section 508(a).

^cContributions to volunteer fire companies and similar organizations are deductible, but only if made for exclusively public purposes.

^dDeductible as a business expense to the extent allowed by code section 192.

^eDeductible as a business expense to the extent allowed by code section 194A.

^fApplication is by letter to the address shown on form 8718. A copy of the organizing document should be attached and the letter signed by an officer.

^gContributions to these organizations are deductible only if 90 percent or more of the organization's members are war veterans. For limits on the use of Form 990EZ, see chapter 2 and the general instructions for Form 990EZ (or Form 990).

^hFor limits on the use of Form 990-EZ, see the general instructions for Form 990-EZ (or Form 990).

ⁱAlthough the organization files a partnership return, all distributions are deemed dividends. The members are not entitled to pass-through treatment of the organization's income or expenses.

^jForm 1120-POL is required only if the organization has taxable income as defined in IRC 527(c).

^kApplication procedures not yet determined.

Source: IRS Publication 557 www.irs.gov/pub/irs-pdf/p.557.pdf (pp. 60-61).

Table 1.2. Number of Nonprofit Organizations in the United States, 1999–2009

	1999		2009		Percentage Change
	Number of Organizations	Percentage of All Organizations	Number of Organizations	Percentage of All Organizations	
All nonprofit organizations	1,202,573	100.0%	1,581,111	100.0%	31.5%
501(c)(3) public charities	631,902	52.5	1,006,670	63.7	59.3
501(c)(3) private foundations	77,978	6.5	120,617	7.6	54.7
Other 501(c) nonprofit organizations	492,693	41.0	453,824	28.7	-7.9
Small community groups and partnerships	Unknown	NA	Unknown	NA	NA
501(c)(3) public charities	631,902	52.5	1,006,670	63.7	59.3
501(c)(3) public charities registered with the IRS (including registered congregations)	631,902	52.5	1,006,670	63.7	59.3
Reporting public charities	246,733	20.5	315,662	20.0	27.9
Operating public charities	214,344	17.8	275,984	17.5	28.8
Supporting public charities	32,389	2.7	39,678	2.5	22.5
Nonreporting, or with less than \$25,000 in gross receipts	385,169	32.0	691,008	43.7	79.4
Congregations (about half are registered with IRS) ^a	—	0.0	385,874	24.4	NA
501(c)(3) private foundations	77,978	6.5	120,617	7.6	54.7
Private grant making (nonoperating) foundations	74,891	6.2	115,249	7.3	53.9
Private operating foundations	3,087	0.3	5,368	0.3	73.9
Other 501(c) nonprofit organizations	492,693	41.0	453,824	28.7	-7.9

Civic leagues, social welfare organizations, and others	124,774	10.4	111,849	7.1	-10.4
Fraternal beneficiary societies	103,725	8.6	77,811	4.9	-25.0
Business leagues, chambers of commerce, and others	70,718	5.9	72,801	4.6	2.9
Labor, agricultural, horticultural organizations	60,530	5.0	56,292	3.6	-7.0
Social and recreational clubs	56,429	4.7	57,255	3.6	1.5
Post or organization of war veterans	34,608	2.9	34,593	2.2	-0.0
All other nonprofit organizations	41,909	3.5	43,223	2.7	3.1

Note: Excludes out-of-scope organizations.

^aThe number of congregations is from the website of American Church Lists (<http://list.infousa.com/acl.htm>), 2004. These numbers are excluded from the totals for the state since approximately half of the congregations are included under registered public charities.

Sources: IRS Business Master File 04/2010 (with modifications by the National Center for Charitable Statistics at the Urban Institute to exclude foreign and governmental organizations). Retrieved from <http://hccsdataweb.urban.org/PubApps/profile1.php?state=us>. Used with permission of the Urban Institute.

- U. Science and Technology
- V. Social Science
- W. Public and Societal Benefit
- X. Religion-Related
- Y. Mutual and Membership Benefit
- Z. Unknown

There are nine major groups, twenty-six categories, and over four hundred subcategories (table 1.3).

501(c)(3) Nonprofits

Charitable nonprofits are private organizations that serve a public purpose. They operate under a nondistribution component, which prohibits the distribution of profits or residual earnings to individuals who control the entity. As such, it is believed that they possess a greater moral authority and concern for the public interest than private for-profit organizations. Nonprofits often perform public tasks that have been delegated to them by the state or for which there is a demand that neither government nor for-profit organizations offer. They provide myriad services, such as helping the disadvantaged, providing medical services, supporting museums and cultural activities, preserving the environment, and funding medical research. Because of their public-serving nature, individual and corporate

Table 1.3. National Taxonomy of Exempt Entities: Broad Categories

Major Group	
Arts, culture, and humanities	A
Education	B
Environment and animals	C, D
Health	E, F, G, H
Human services	I, J, K, L, M, N, O, P
International, foreign affairs	Q
Public, societal benefit	R, S, T, U, V, W
Religion-related	X
Mutual/membership Benefit	Y
Unknown, unclassified	Z

donations to 501(c)(3) public charity nonprofits can deduct the value of the gift from their taxable income.

Nonprofits are thought to be more flexible than government agencies. They can experiment with new programs, responding quickly to new social needs. Instead of getting involved in new or controversial programs, government often gives money to nonprofit agencies to do this work instead. Nonprofits thus get financial support, and clients receive services. Government, through the conditions it places on agencies that receive public funds, still has some influence but can quickly disassociate itself from programs when things go wrong. There are often certain societal needs that may be too expensive to be provided on a private for-profit basis. Therefore, in the United States, both government and the nonprofit sector provide certain services whose costs exceed their market value (Douglas, 1983; O'Neill, 1989; Salamon, 2012; Weisbrod, 1997).

Public administration practitioners and scholars have increased their attention to nonprofit organizations as governments have more frequently used such agencies to provide health and human services. Among the examples are organizations established to prevent child abuse, domestic violence, or homelessness; assist the disabled, the elderly, or the mentally ill; or provide day care, counseling, vocational training and rehabilitation, or community and neighborhood centers (Kramer & Grossman, 1987; Lipsky & Smith 1989–1990; Salamon, 2012).

Public assistance reaches nonprofit organizations indirectly through federal, state, and local governments that contract with nonprofit agencies to provide public services. Many people do not realize that “rather than depending mostly on private charity and volunteers, most nonprofit service organizations depend on government for over half of their revenues; for many small agencies, government support comprises their entire budget in contrast to the traditional relationship of two independent sectors; the new relationship between government and nonprofits amounts to one of mutual dependencies that is financial as well as technical. The lines between public and private are blurred” (Lipsky & Smith, 1989–1990, p. 625).

This blurring is especially vivid in health and human services. Government, nonprofit, and for-profit organizations are subject to similar regulations, dependent on the same revenue sources, hire the same types of professional staff, and perform similar functions. However, public organizations and nonprofits are similar in that they define themselves around their missions or the services they offer. These services are often intangible and difficult to measure. Both sectors are accountable to multiple constituencies. Nonprofits must be responsive to supporters, sponsors, clients,

and government sources who provide funding and impose regulations. Public agencies must be responsive to their respective legislative and judicial branches, taxpayers, cognate agencies, political appointees, clients, the media, and other levels of government.

501(c)(4) Nonprofits

Social welfare organizations are often referred to as *advocacy organizations*. The American Civil Liberties Union, the National Rifle Association, and the Sierra Club are examples. They cannot receive tax-deductible gifts, they engage in lobbying activities, and they can advocate for specific issues. They, along with 501(c)(3) nonprofits, constitute what is referred to as the *independent sector* and are public serving. Many 501(c)(4) nonprofits have affiliated 501(c)(3) nonprofits to assist with fundraising, and they often establish foundations since donations to them are not tax deductible. And many 501(c)(3) nonprofits have affiliated 501(c)(4) organizations to engage in lobbying and advocacy activities. This is because 501(c)(3) nonprofits have more restrictive limits on their lobbying and political advocacy activities than 501(c)(4) nonprofits do.

Public charity 501(c)(3) and social welfare 501(c)(4) nonprofits share a common purpose of serving the public. They also share community-oriented values of public administration, such as being responsive, being open to external scrutiny and criticism, conducting public affairs with the goals of fairness and social equity, addressing what they perceive to be community or societal problems, and defending individual rights, commitment to democratic ideals, and citizen and community participation and involvement. They are mission driven, and although operating in the black is a goal, profit is not the reason for their existence. Public and nonprofit administrators must behave responsively and ethically at all times, acting in the public interest.

The Alliance for Justice provides live as well as online workshops and publishes booklets and fact sheets on the permissible advocacy activities for 501(c)(3) and 501(c)(4) organizations. Nonprofits organized under section 527 are permitted to be active in political campaigns, although they cannot communicate with candidates or members of their staffs and advocacy activities.

Nonprofit Administrative Structures

A nonprofit's administrative structure is governed by its bylaws, internal documents that typically define most operational and management policies. Bylaws regulate the organization's procedures and internal practices, as well as define the duties, powers, and limitations of the directors, officers,

and other agents. Like all other important documents, bylaws should be reviewed periodically and updated.

Nonprofit organizations possess legal power. Directors are elected or appointed to the board and are authorized to manage and direct the affairs of the organization. They act on behalf of the organization but do not have ownership powers within it; their control is managerial and proprietary. They are free only to change policies and short-range purposes unless the charter or bylaws permit the directors to change the fundamental purpose or policies. Many states permit the delegation of direct authority to committees to study and make recommendations about some matter or to manage routine affairs.

The human resources committee, responsible for developing personnel policies, may recommend employee and executive director salary ranges and benefit packages to the board, as well as evaluate the executive director. It may also handle employee grievances. Although the board may delegate its authority to committees, it has not delegated its responsibility; it must still supervise and hold accountable the activities of the committees.

The nonprofit sector is often referred to as the *voluntary sector* because nonprofit agencies are often dependent on the use of volunteers to assist in executing their missions. Additional information on volunteers and governing boards is provided in later chapters.

501(c)(3) Nonprofits

Nonprofits are facing severe economic challenges. Declines in public revenues mean less support for many of these organizations. Uncertain financial times place additional stresses on them. Increased unemployment often requires the expansion of food assistance, medical aid, job training, rent assistance, or retraining services. These services are typically provided by nonprofit agencies, which must absorb an increase in demand for services without increasing their staffs and possibly facing layoffs themselves. An additional problem is that the reimbursement rates provided by governments are often below the true costs of providing services. Due to the decreased funding, some states have also been late in reimbursing nonprofits for the services already rendered.

Nonprofit agencies are affected by economic uncertainty in other ways. Individuals who have been or might be laid off are less inclined to spend money on cultural activities than more securely employed people. Nonprofits that rely on government aid are facing hard times. Lower revenue from property taxes, income taxes, user fees, and sales taxes are forcing state and local governments to reduce their budgets.

There is a greater emphasis on social enterprise activities as well. Nonprofits are expected to diversify their revenue streams and eliminate their reliance on public monies or foundation grants. The leadership of nonprofit organizations must understand, supervise, and implement finance strategies and social marketing. Tough financial times also provoke a greater scrutiny of performance outcomes and indicators of effectiveness.

There are also new corporate forms that recognize social businesses whose primary business is service and not profits. Low-profit limited liability corporations (L3Cs) and B corporations are recognized by some states and local government. They are run like a business and are profitable, but their primary aim is to provide a social benefit, often referred to as a double bottom-line. Social benefit is its primary mission. An L3C can accept foundation funds in the form of program-related investments (PRIs), mission-related investments, loans, and guarantees (Hrywna, 2009). A B corporation is a designation that a for-profit corporation can seek to signal it uses the power of business to create public benefit (Certified B Corporation, 2010; Environmental Leader, 2009). The intent of the new for-profit designation is to make it easier for socially oriented businesses to attract program-related investments from foundations and additional money from private investors (Loten, 2012; Pynes, 2011; Westaway, 2011).

The New Public Service

Graduates of schools of public policy and administration are likely to take their first jobs in the nonprofit sector and have shown an interest in working for the private sector as well. The nonprofit sector is attractive to graduates because they are motivated and believe they will find more challenging work and a greater opportunity to acquire new skills than in government service. More recently, increasing numbers of business students are seeking social purpose or responsibility positions at Fortune 500 companies or working at for-profit organizations that address economic development or energy issues. Sometimes they first go to work for for-profits to gain experience and then move to nonprofits (Glazer, 2012; Korn, 2011).

Public charity 501(c)(3) and social welfare 501(c)(4) nonprofits share a common purpose of serving the public. They also share the community-oriented values of public administration, such as being responsive, being open to external scrutiny and criticism, conducting public affairs with the goals of fairness and social equity, addressing what they perceive to be community or societal problems, and defending individual rights, commitment

to democratic ideals, and citizen and community participation and involvement. Public and nonprofit administrators must behave responsively and ethically at all times, acting in the public interest.

Today's Context for Human Resources Management

Human resources management is critical if organizations are to be effective. Public and nonprofit organizations are labor-intensive enterprises depending on the KSAOCs of their employees. To be successful, they need to develop progressive HRM practices. Understanding the legal environment of HRMs, the social and cultural changes affecting society and organizations, the generational changes taking place in today's work environments, and changes in the educational opportunities available to incumbent employees and future employees is important.

The Legal Environment

Public and nonprofit agencies must comply with federal, state, and local laws; with executive orders and the rules and regulations promulgated by administrative agencies such as the Equal Employment Opportunity Commission and the Department of Labor; and federal and state court decisions. Equal employment opportunity, labor relations, and employer contributions to benefits such as retirement plans and pensions, workers' compensation, and unemployment are regulated by law. These topics and employment at will are discussed in greater detail in later chapters.

Social Media Innovations

Social media are increasingly being used in the public and nonprofit sectors. Social media tools are being used to improve the quality of internal and external services; improve internal and external communication; and enable greater citizen, client, and customer participation and engagement. The Center for Technology Innovation at Brookings Institution (Hrdinova & Helbig, 2011) identified three types of social media that organizations use and also outlined why it is important for those designing a social media policy to consider the types of social media uses:

- *Employee use for official agency interests:* Official agency use refers to employees' use of social media to communicate on behalf of the agency through an official account. Employees are not communicating

on behalf of themselves as individuals, but rather on behalf of the agency or his or her department.

- *Employee use for professional interests:* *Professional use* refers to an employee's use of social media for the purpose of furthering their specific job responsibilities or professional duties through an external site. While professional use is beneficial to the work of government by enhancing employees' capability to share knowledge and collaborate with their peers, the site that employees are using is not maintained or monitored by the agency itself.
- *Employee use for personal interests:* Using social media for *personal interests* refers to employees who are using social media tools to conduct personal activities that are not connected to their job duties.

The report acknowledges that often the uses of social media are blurred because the social media environment does not distinguish between what are personal versus professional postings. For example, the University of South Florida (USF) has a Public Administration Program Facebook page that disseminates information relevant to current students and alumni. The information may be programmatic or have to do with careers and job notices, professional development opportunities, and other information deemed relevant. Connected to the Facebook page are other USF Facebook pages. Students, alumni, and faculty often have their own Facebook pages and can friend the page. There could be times when a personal post to Facebook finds itself on the Public Administration Facebook page. Likewise, the post could also end up on the College of Arts and Sciences Facebook page and the main USF page.

Due to these interconnected relationships, consideration of the following elements for social media policy has been recommended when developing a social media policy (Hrdinova & Helbig, 2011, pp. 5–8):

- *Employee access:* What is the degree to which employees are allowed to access social media sites while at work and the procedures for gaining access?
- *Account management:* What are the procedures for the creation, maintenance, and destruction of social media accounts?
- *Acceptable use:* What should be the guidelines on how employees are expected to use social media tools while at work, including issues such as time of use, purposes of use, and types of equipment?

- *Employee conduct*: What are the expectations for employee conduct on social media sites and consequences should a violation occur?
- *Content*: What are the procedures for posting content on official agency social media pages, including creation and editorial requirements for such content?
- *Security*: What are the security procedures for safeguarding agency data infrastructure?
- *Legal issues*: What are the legal considerations and requirements for use of social media?
- *Stakeholder conduct*: What should be the policies in regard to the content posted on an agency social media site by individuals who are not affiliated with the agency?

Employee activity on social media sites like Facebook and Twitter may be covered under the National Labor Relations Act even in workplaces without unions. Criticisms about business activities and business practices may qualify as “protected concerted activity” under section 7 of the National Labor Relations Act, which confers on workers the right, among others, to engage in “concerted activities for the purpose of collective bargaining or other mutual aid and protection.” Statements about wages, hours, and working conditions are protected speech.

However, employers can take action against employees for social media posts concerning the agency and its management if the employee is making negative statements that do not concern work conditions, benefits, wages, and other terms and conditions of employment; the employee is discussing privileged and confidential client or stakeholder communications; and the employee is harassing, threatening, or making racist statements directed at a coworker.

Developing a social media policy for your organization is important, because not all departments and agencies want to or can engage in the same way. The goals of agencies are different, so the social media tools they use are likely to be different as well (Marks, 2012).

All of the Veterans Affairs Department’s medical centers are connected with veterans, their families, and the public on Facebook. It also has its own YouTube channel, sixty-four Twitter feeds, a Flickr page, and the veteran-run Vantage Point blog (Brewin, 2011). The National Association of Counties reported that a significant number of its member county

governments use Twitter and have a Facebook page, although their level of involvement with social media varies.

Once a social media policy is enacted, it should be reviewed on a regular basis to make sure that it covers any new information and communication technologies (ICT) that have been implemented and that the policy is still relevant.

Social and Cultural Changes

The demographic composition of American society is changing. Hispanics (who can be of any race) are now the largest minority in the United States, at approximately 50.5 million, 16.3 percent of the nation's population. As of 2010, the black or African American population, including those of more than one race, surpassed, 42 million (US Census Bureau, 2012a); Americans of Asian/Pacific descent was estimated at 17.3 million; and American Indian and Alaskan Natives was 5.2 million. The number of Americans who declared themselves as two or more races was 9 million. The population of non-Hispanic whites who indicated no other race totaled 223.6 million (Hixson, Hepler, & Kim, 2011; US Census Bureau, 2010a).

Nontraditional families are now prevalent. Divorce, death, domestic partners, and different generations of the same family living together have become commonplace. In 2009, 49 million (16 percent) of the US populations lived in a household that contained at least two adult generations or a grandparent and at least one generation.

One-generation household: Households that consist of only one generation, for example, a married or cohabitating couple, a single person, siblings, or roommates

Two-generation household: Households that include a parent or parents and their child or children under age twenty-five (including stepchildren)

Multigenerational family household: Two generations: parents (or in-laws) and adult children ages twenty-five and older (or children-in-law), with either generation as "head" of the household; three generations: parents (or in-laws), adult children (and spouse or children-in-law), grandchildren

"Skipped" generation: Grandparents and grandchildren, without parents (including step-generation)

Source: Pew Research Center (2010).

More than 2.6 million grandparents whose grandchildren are younger than age eighteen live with them (US Census Bureau, 2010b). Thirty-eight percent of opposite-sex, unmarried-partner households are raising children (US Census Bureau, 2010c). In 2010 there were 349,377 same-sex married couple households and 552,620 same-sex unmarried partner households (US Census Bureau, 2011d). There are 10 million single mothers living with children younger than age eighteen in 2011 (US Census Bureau, 2012d), and in 2010 the number of single fathers was 1.8 million or 15 percent of single parents (US Census Bureau, 2011b).

Because of the increase in single-parent families, families in which both parents work, employees taking care of elderly parents and young children, and children living with caregivers other than their parents, organizations need to provide employees with more flexibility and options than in the past in choosing work schedules and benefits. Issues such as day care, elder care, assistance with family problems, and spousal involvement in career planning have become important workplace issues.

Employers face new issues arising from the diverse workforce. They must offer more flexible work schedules to accommodate training, education, and family demands. They must also provide greater opportunities for work-based learning to prepare future workers and upgrade the skills of current workers. The increased diversity of the workforce poses new challenges for the systems that educate and train workers. They must now accommodate ethnic and cultural differences, provide for the needs of working families and individuals with disabilities, and address gaps in literacy and job skills among some immigrant populations. This will require increased investments in adult literacy and English as a Second Language programs, more opportunities for continuous learning to stay competitive, and expanded access to work supports to sustain labor force participation. Employers need to manage a diverse workforce, including ensuring that agency rewards such as promotional opportunities and compensation are determined by job performance, initiative, or special skills, not by racism or sexism.

There has been a shift in the attitudes and values of employees, who are now seeking a balance between their personal and work lives and demanding more leisure time to spend with their families. Attitudes toward work have also changed: a greater number of employees want challenging jobs and the opportunity to exercise discretion in the performance of their tasks. Improving the quality of work life has become important. Empowerment, teamwork, quality improvement, job design, labor-management cooperation, and participative management are expected.

Organizational culture will need to be changed if organizations wish to attract, motivate, and retain a competent workforce.

Generational Challenges

Many workforces today are composed of four generations of workers: the traditionalists or matures, born between 1922 and 1945; the baby boomers, born between 1946 and 1964; Generation Xers, born between 1965 and 1980; and the millennials (also known as Gen Y, Net), born between 1981 and 2000. Baby boomers are the largest segment (at least for now) followed by Gen-Xers, millennials, and traditionalists.

Six trends have been identified as affecting the multigenerational workforce (Hannam & Yordi, 2011):

- Increased use of new technologies
- Increased expectation for work-life flexibility
- Increased expectation for continual development
- Increased need for new ways to reward and recognize employees
- Increased need to engage the entire workforce
- Increased emphasis on innovation

Each generation is characterized as having its own work-related behaviors. Many traditionalists and baby boomers have typically remained with one organization throughout their working lives. They accept organizational policies and procedures more readily than the other generations and have lower expectations of work and life balance. Some of the keys to motivate them include recognizing their experience and contributions and providing them with opportunities to share their knowledge with less-experienced employees. Gen Xers tend to be results oriented, they are less comfortable with established procedures that may no longer be effective, and they expect the employer to be supportive of a balance between work and life. Some of them may have expected to spend their career with the same organization. They may be motivated by working in a flexible environment and being provided with learning and development opportunities. Millennials tend to be comfortable with technology, which they have grown up with. As a result, their attention spans are believed to be shorter and more focused on visual and auditory prompts. They are socially minded and goal oriented; drawing the connection between their work and how it contributes to organization goals and public service is likely to motivate them. They are likely to prefer working in a collaborative, flexible environment and being provided with

learning and development opportunities. However, the learning and development opportunities need to be delivered in an experiential manner.

Agencies need to prepare for the impending retirements of traditionalists and baby boomers. They need to develop strategies for sharing knowledge and experience. Agencies and departments need to engage in workforce and succession planning and develop strategies for talent management. Lockwood, Capero, and Williams (2009) recommend using multiple ways of communication (oral, written, and e-mail), hosting collaborative decision-making and problem-solving discussion, and creating mentoring and coaching programs so that workers of different generations can work together and share experiences.

Many retired employees want to continue working, although in another capacity than in their former jobs. Many retirees from the private, for-profit sector are looking for new opportunities in public service. Public and nonprofit organizations should develop creative accommodations to provide them with flexible work schedules, flexible benefits, and flexible compensation plans.

Educational Challenges

At a time when workforces require greater skills, fewer low-income students are attending college, and those who have enrolled have acquired a greater amount of federal student loan debt. At the same time, the changing demographics of American society have called attention to inequities in postsecondary education. Black and Hispanic students earn bachelor's degrees at a substantially lower rate than white students.

Given the demographic changes in society, future college-age cohorts will look different from previous generations of college-age students.

Today's knowledge-based economy makes college more important than ever before. Nearly 60 percent of jobs today require at least some college. The new economy is making a baccalaureate degree the equivalent of a high school diploma in the old economy. It is estimated that shortages of workers with postsecondary-level skills could grow to 14 million by 2020. In order for the nation as a whole to maintain a competitive economic edge, the workforce must have education and training beyond high school. Six out of ten jobs now require at least some postsecondary education and training.

Violence in the Workplace

Workplace violence is any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site. It ranges from threats and verbal abuse to physical assaults and

even homicide. It can affect and involve employees, clients, customers and visitors. Homicide is currently the fourth-leading cause of fatal occupational injuries in the United States. According to the Bureau of Labor Statistics Census of Fatal Occupational Injuries (CFOI), of the 4,547 fatal workplace injuries that occurred in the United States in 2010, 506 were workplace homicides. Homicide is the leading cause of death for women in the workplace. (Occupational Safety and Health Administration, <http://www.osha.gov/SLTC/workplaceviolence/>)

Nearly two million individuals every year become victims of violent crime while working or on duty. Organizations that fail to take any precautions against potentially violent situations may find themselves facing a lawsuit over negligent security. Specific danger areas are negligent hiring, negligent supervision, and negligent retention. The US Merit Systems Protection Board, the US Department of Justice, the Federal Bureau of Investigations, and the Occupational Safety and Health Administration conduct research and track incidents of violence in the work place.

Because violence is often in part an uncontrolled expression of built-up stress, it has been suggested that organizations review which elements of their HRM system can be used to defuse stress. Even if no violent actions take place there has been a noted increase of workplace and cyberbullying.

Workplace Bullying and Cyberbullying

The Society for Human Resource Management (SocHRM) conducted a survey in 2012 and reported, “[Bullying is] defined as persistent, offensive, abusive, intimidating or insulting behavior or unfair actions directed at another individual, causing the recipient to feel threatened, abused, humiliated or vulnerable. Workplace bullies and targets may be employees, clients or vendors of the affected organization.”

Actions that could be considered workplace bullying include:

- Verbal abuse, name-calling, or malicious sarcasm
- Malicious gossiping or spreading lies about coworkers
- Physical threats or intimidation
- Harsh or constant criticism
- Abuse of authority by providing evaluations that are not accurate; giving unreasonable assignments
- Unjustified interference with work performance such as withholding relevant information, hiding or destroying documents, sabotaging others' work

- Use of technology for bullying behaviors occurring through e-mail, text messages, Twitter, Facebook, or other social media
- Physical intimidation or assault (SocHRM, 2012; US Department of Labor–Occupational Safety and Health Administration, 2013; Harrell, 2011)

Threats of workplace violence or bullying have implications and affect the management of organizations in the following ways:

- Decreased morale
- Increased stress
- Decreased trust among coworkers
- Decreased productivity
- Increased turnover
- Decreased trust in management
- Increased absenteeism

To be proactive, human resource management departments should evaluate the following elements with an eye toward preventing or eliminating antisocial behaviors:

- *Job analysis.* A systematic job analysis should identify the KSAOCs required for the job. The job analysis should help agencies recruit individuals who possess those characteristics and are able to learn to perform or learn the tasks, which should minimize frustrated employees. Jobs with a high risk of violence should be identified, and precautions to minimize risk should be emphasized.
- *Selection process.* The use of particular selection instruments should be validated. They should screen out candidates who are unable to perform the required job duties adequately. Tests, applications, interviews, and reference checks can be used to discover nonapparent personality or work-related attitudes. When feasible, thorough background checks should be conducted.
- *Performance evaluation processes.* Supervisors need to be trained in providing timely, constructive feedback to their staff in a helpful and nonconfrontational manner. Any verbal or physical threats should be documented and reported to management.

- *Training and development.* Organizations need to provide training and development opportunities so that employees can upgrade their skills as the demands of their jobs change. All employees should receive training on how to recognize the signs of a potentially violent person. Warning signs of possible violent acts are being argumentative, not cooperating well with others, having problems with authority figures, frequently blaming others for one's problems, and being involved with alcohol and drugs.
- *Probationary period.* The probationary period should be used to closely monitor an employee's performance of job tasks and interactions with coworkers and management. Danger signals should not be ignored, and if warranted, the probationary period should be extended.
- *Grievance procedures.* To resolve disputes in nonunionized environments, organizations should have a system to resolve employee grievances, thereby reducing employees feelings of powerlessness.
- *Employee assistance programs.* These plans should be available to employees who need counseling and other types of assistance. Chronically poor work performance, conflicts with supervisors and other employees, unfounded grievances and complaints, and the abuse of sick leave are symptoms of stress. Providing stress management, employee wellness services, financial advice, and outplacement assistance may help to decrease incidents of workplace violence.
- *Disciplinary policies and procedures.* Due process protections and progressive discipline policies should be in place. The objective of the disciplinary process should be to improve performance, not punish or denigrate the employee.
- *Rewards and incentives systems.* Organizations must ensure that superior performance is recognized and that employees with unacceptable performance or those who display discrimination, partisan loyalty, or favoritism are held accountable.
- *Crisis management system.* There should be a comprehensive plan to address violence in the workplace. Issues such as the physical arrangement of offices, the distribution of keys, and access of visitors to employees, files, and computers should be reviewed. Should a violent incident occur, a crisis management team should be available to direct employees and handle emergency procedures.

Conclusion

Public and nonprofit agencies must change with the times. Nonprofits, dependent on government for a significant share of their revenue, now must compete with other nonprofits, government agencies, and for-profits for shrinking dollars. Faced with the same changes that are confronting public organizations, nonprofits must demonstrate they are capable of providing cost-effective professional services. The nature of work has changed, and like public agencies, nonprofit organizations require their employees to have up-to-date professional and technical skills. In both sectors, there is a greater reliance on technology. Advances in technology call for advanced education, continuous training, and the addition of new benefits, such as educational leave or tuition reimbursement.

The use of social media has become important in SHRM. Agencies are using it to recruit and screen applicants, post information about the workplace, and communicate with employees, clients, and constituents of the agency. Social media policies need to be developed that reflect issues affecting the contemporary work environment.

Jobs may have to be redesigned in order to take advantage of employee skills and boost job satisfaction. Job rotation, job enlargement, and job enrichment have become SHRM components.

Public and nonprofit administration must meet the challenge of changing social needs and priorities, new directions in public policy, demands for greater citizen involvement in the decision-making process, and pressures for increased accountability and productivity.

An uncertain external environment, coupled with changing needs for organizational skills, has facilitated a shift in the importance of HRM functions. Organizations need individuals with the right technical KSAOCs, but they also need people who are flexible and willing to deal with rapid and unstructured changes. Public and nonprofit jobs are increasingly more professional in nature, requiring higher levels of education. At the same time, the number of jobs requiring manual labor is decreasing. Employees in public and nonprofit agencies need to be able to deal with a variety of people, many with a stake in the agency. Taxpayers, clients, customers, elected officials, foundations, donors, contractors, board members, and special interest groups are just some of the stakeholders concerned about agency performance. Studies have indicated that relationships exist among an agency's strategy, its human resources planning and HRM practices, and its performance.

Exercise 1.1.

Art Museums Are Looking for Leaders

Museum directors today need both an advanced degree in art history and curatorial experience, as well as the financial acumen and managerial skills of a chief executive.

In this economic environment, most museum directors have to think about generating revenue streams and charitable donations, as well as tending to the permanent collection and acquisitions. Although they may have a chief financial officer and development team, directors generally serve as the museum's public face of fundraising. They are also ultimately responsible for covering the costs of acquisitions and operations.

Questions

1. Given the recession of 2007–2009, if you are a member of a search committee looking to recruit an executive director for a museum, what knowledge, skills, abilities, and other characteristics would you emphasize?
2. What about a different type of nonprofit organization? Do you believe that financial and management skills are as important as the knowledge an executive director has in the substantive area of the nonprofit—for example, an educator leading a school, a social worker leading a social service agency, or an athlete leading a sports and recreation program? Explain your reasoning.

Chapter Questions

1. Discuss examples of how the changing economic condition has called for qualified employees who are flexible and willing to deal with rapid and unstructured changes. Give examples of impacts of economic changes on employees' and employers' expectations.
2. Consider the four generations of workers now in the workplace. Identify a worker you know from each generation. How do they fit into their generational stereotype? How do they differ? Are there reasons other than age that accounts for the similarities and differences in workers?

Online Activities

1. Visit the US Department of Labor, Bureau of Labor Statistics web page and review "Occupation Outlooks and Demographics Data." What additional workforce changes do you believe might take place in the next five to ten years? What strategies will public and nonprofit agencies need to implement to be prepared for the future?
2. Visit the *Monthly Labor Review Online*. Review the two most recent editions, and select two articles from each edition. What topics are discussed, and why do the authors think they are important? Explain your answer.

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