

# HUMAN RESOURCE

# MANAGEMENT

14<sup>TH</sup>  
EDITION



GARY  
DESSLER



# Human Resource Management

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# Human Resource Management

Fourteenth Edition

**GARY DESSLER**

Florida International University

**PEARSON**

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*Human Resource Management, 14th edition*, provides students in human resource management courses and practicing managers with a full and practical introduction to human resource management concepts and techniques, with a focus on how to use those techniques to improve performance, productivity, and profitability at work. As this new edition goes to press, I feel even more strongly than I did when I wrote the first that all managers—not just HR managers—need a strong foundation in HR/personnel management concepts and techniques to do their jobs effectively. You will therefore find an emphasis here on practical material you need to perform your day-to-day management responsibilities, even if you never spend a day as a human resource manager.

I focused this edition on performance, productivity, and profitability for two reasons. First, companies must be competitive, and at the end of the day, competitiveness requires improved performance, productivity, and profitability.

Second, as I write this preface, the remnants of 2008's global recession continue to impede economic growth. For example, America's gross domestic product rose only about 1% on average from 2008 to 2013, well below the roughly 3% average for similar earlier periods. To boost performance, productivity, and profitability in the face of such weak demand, employers turned in part to human resource management. Many first instituted headcount cost controls. That helps explain why America's 59% employment-to-population ratio is down to where it was in the early 1980s, the 7+% unemployment rate is at least 2% too high, and the ratio of wages to gross domestic product (about 44%) is well below average. But headcount cost controls did help employers keep both after-tax profit margins (9.3%) and profits as a share of gross domestic product (about 11%) higher than in the past 50 years.

And as we'll see in this book, those headcount controls were just one of hundreds of HR techniques employers used to reduce costs and improve performance, productivity, and profitability, often while maintaining or improving employee relations, morale and engagement. A skill-based pay program at JLG Industries led to lower overall staffing levels, higher minimum hiring qualifications, increased productivity, and expanded plant capacity. One forest products company saved over \$1 million over 5 years by investing about \$50,000 in safety improvements and employee safety training. GE Medical used recruiting metrics such as "percentage interviews that lead to offers" to lower recruiting costs by 17%. In staffing its call centers, Xerox Corp. long hired applicants with call center experience. But after using special *HR data analytics* tools to analyze call center performance, it discovered that operator personality, not experience was the key. It now keeps hiring costs down and performance up by using special software to screen for its almost 40,000 call center jobs.

## CHANGES AND NEW FEATURES

In addition to thoroughly updating all chapters, and streamlining the book, I used the following features and changes to help implement this edition's new focus on performance, productivity, and profitability.

First, **Improving Performance** features demonstrate real-world human resource management tools and practices that managers actually use to improve performance. The discussion questions within each of the three boxed Improving Performance features are also in the accompanying MyManagementLab®.

**IMPROVING PERFORMANCE: HR as a Profit Center**

**Controlling Sick Leave**

Sick leave often gets out of control because employers don't measure it. In one survey, only 57% of employers formally tracked sick days for their exempt employees.<sup>22</sup> Three-fourths of the employers couldn't provide an estimate of what sick pay was costing them. Therefore, the employer should first have a system in place for monitoring sick leaves and for measuring their financial impact.<sup>23</sup>

**Improving Performance: HR as a Profit Center** contains actual examples of how human resource management practices add value by reducing costs or boosting revenues.

**Improving Performance: HR Tools for Line Managers and Entrepreneurs** explains that many line managers and entrepreneurs are “on their own” when it comes to human resource management, and describes work sampling tests and other straightforward HR tools that line managers and entrepreneurs can create and safely use to improve performance.

**IMPROVING PERFORMANCE: HR Tools for Line Managers and Entrepreneurs**

**How to Conduct an Effective Interview**

You may not have the time or inclination to create a structured situational interview. However, there is still much you can do to make your interviews systematic and productive.

- Step 1:** First, make sure you know the job. Do not start the interview unless you understand the job's duties and what human skills you're looking for. Study the job description.
- Step 2:** Structure the interview. Any structuring is better than none. If pressed for time, you can still do several things to ask more consistent and job-relevant questions, without developing a full-blown structured interview.<sup>75</sup> They include:<sup>76</sup>
  - Base questions on actual job duties. This will minimize irrelevant questions.
  - Use job knowledge, situational, or behavioral questions, and know enough about the job to be able to evaluate the interviewee's answers. Questions that simply ask for opinions and attitudes, goals and aspirations, and self-descriptions and self-evaluations.

**IMPROVING PERFORMANCE: HR Practices Around the Globe**

**Safety at Saudi Petrol Chemical**

The industrial safety and security manager for the Saudi Petrol Chemical Co., in Jubail City, Saudi Arabia, says that his company's excellent safety record results from the fact that “our employees are champions of safety.” Employees are involved in every part of the safety process. They serve on safety committees, develop and lead daily and monthly safety meetings, and conduct job safety analyses, for instance.

**Improving Performance: HR Practices Around the Globe** shows how actual companies around the globe use HR practices to improve their teams' and companies' performance, while illustrating the challenges managers face in managing internationally.



**Improving Performance Through HRIS** are embedded features that demonstrate how managers use human resource technology to improve performance.

**KNOW YOUR EMPLOYMENT LAW**

**Employee Incentives and the Law**

Various laws affect incentive pay. Under the Fair Labor Standards Act, if the incentive the worker receives is in the form of a prize or cash award, the employer generally must include the value of that award when calculating the worker's overtime pay for that pay period.<sup>19</sup> So, unless you structure the incentive bonuses properly, the bonus itself becomes part of the week's wages. For

**Know Your Employment Law** boxed features within each chapter discuss the practical implications of the employment laws that apply to that chapter's topics, such as the laws relating to recruitment (Chapter 5), selection (Chapter 6), training (Chapter 8), and safety (Chapter 16).



**Diversity Counts** features provide practical insights for managing a diverse work force, for instance regarding gender bias in selection decisions, bias in performance appraisal, and “hidden” gender bias in some bonus plans (Chapter 12).



**Fully Integrated Strategy Case and Strategy Maps** provide the most comprehensive treatment of strategic human resource management in any HR survey text.

- Chapter 1 introduces and Chapter 3 presents the concepts and techniques of human resource strategy.
- Each chapter starting with Chapter 3 contains a continuing “Hotel Paris” case, written to help make strategic human resource management come alive for readers. The continuing case shows how this hotel company’s HR director uses that chapter’s human resource management concepts and techniques to create HR policies and practices that produce the employee skills and behaviors that the Hotel Paris needs to improve its service and thereby achieve its strategic goals.
- An overall strategy map for the Hotel Paris on the book’s inside back cover, as well as chapter-specific Hotel Paris strategy maps in the accompanying MyManagementLab, help readers understand and follow the strategic implications of the hotel’s HR decisions.
- “Eiffel Tower” callouts in each chapter draw students’ attention to the Hotel Paris case.



**Social Media and HR** features in each chapter demonstrate how employers use social media to improve their human resource processes.



**Knowledge Base icons** in each chapter highlight coverage of the HR Certification Institute’s (HRCI) Knowledge Base topics for which the HRCI certification exams test mastery. This book explicitly addresses the HR Certification Institute’s Knowledge Base topics including topics other textbooks often neglect, such as ethics, employee rights, and employee relations. Chapter opening Learning Objectives align to the HRCI Knowledge Base as well. The HR Certification Institute is an independent certifying organization for human resource professionals (see [www.hrci.org/](http://www.hrci.org/)). The HRCI “PHR and SPHR Knowledge Base” is in Appendix A of this book (see pp. 580–588) and lists about 91 specific “Knowledge of” subject areas within its main topic area groups.

**A revised Chapter 14, now titled Ethics, Employee Relations, and Fair Treatment at Work,** includes—unique to this book—detailed coverage of employee relations, including what it means, why it is important, and how to measure and influence it. HRCI’s knowledge base includes the topic of employee relations.

**Video Case**

**Video Title: Motivation (TWZ Role-Play)**

**SYNOPSIS**

During a rough economy, companies struggle with rewarding employees when they can’t afford to give raises. This video examines some incentives that employees may accept in lieu of money, at least temporarily. In this video, David is meeting with his supervisor, Linda, to discuss a potential raise. Their company could not afford to give raises the previous year and David understood that since it was a bad economy, as a company, they needed to pull together. Since the company has seemed to be doing better, David feels the time is right to ask for a raise. While Linda agrees that David is a valuable employee and she appreciates everything he has done for the company, she is not able to increase his salary. Linda does suggest some other options to David other than a raise, such as a flexible sched-

**Video Title: Motivating Employees Through Company Culture (Zappos)**

**SYNOPSIS**

Zappos is an online store that sells shoes, clothing, accessories, housewares, and beauty products. They are known throughout the industry for excellent customer service. Zappos CEO Tony Hsieh is also committed to making Zappos a fun loving and energetic place to work. Hsieh’s passion is to create a culture where he would be excited about going to work every day. He aims to motivate and inspire his employees with a commitment to 10 Core Values, including create fun and a little weirdness; be adventurous, creative, and open-minded; and build positive and family spirit.

**Video Cases** selected by the author with accompanying discussion questions are now integrated into the end of each chapter and can be found online for students to watch at any time on MyManagementLab.

**Assisted-Graded Writing Questions** found in the boxed feature at the end of each chapter are also available in the Writing Space in MyManagementLab. Also available in MyManagementLab are Auto-Graded Writing Questions. Writing Space includes plagiarism detection powered by TurnItIn.com and greatly simplifies the submission and grading process.

**Don't usually cover all 18 chapters?** Available for enrollments of 25 or more, **Pearson Custom Library** allows you to easily create your own custom book. Include only the chapters you want to cover, in the order you want to cover them, or just change chapter order to match how you cover the topics. Minimized cross-referencing between chapters facilitates customization. *To begin building your custom text, visit [www.pearsoncustomlibrary.com](http://www.pearsoncustomlibrary.com) or contact your Pearson representative.*

## **INSTRUCTOR SUPPLEMENTS**

At [www.pearsonhighered.com/irc](http://www.pearsonhighered.com/irc), instructors can download a variety of digital resources available with this text.

- Instructor's Manual
- Test Item File—Questions are tagged to reflect AACSB Learning Standards
- TestGen
- PowerPoint Presentation

Registration is easy; contact your Pearson sales representative, who will provide your login and password information. If you need assistance, our dedicated technical support team is ready to help with the media supplements that accompany this text. **Visit [247pearsoned.custhelp.com](http://247pearsoned.custhelp.com)** for answers to frequently asked questions and toll-free user support phone numbers.

## **VIDEO LIBRARY**

Videos illustrating the most important subject topics are available in two formats:

- DVD—available for in classroom use by instructors, includes videos mapped to Pearson textbooks.
- MyLab—available for instructors and students, provides round the clock instant access to videos and corresponding assessment and simulations for Pearson textbooks.

Contact your local Pearson representative to request access to either format.



# ACKNOWLEDGMENTS



Everyone involved in creating this book is proud of what we've achieved. *Human Resource Management* is one of the top-selling books in this market, and, as you read this, students and managers around the world are using versions translated into about a dozen languages, including Thai, French, Spanish, Indonesian, Russian, and Chinese.

Although I am responsible for *Human Resource Management*, I want to thank several people for their assistance. They include, first, the faculty who carefully reviewed the 13th edition, and who made many useful and insightful suggestions:

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At Pearson, thank you for the support and dedicated assistance of all involved. This 14th edition had the benefit of a new editorial team, and I particularly appreciate the insights, suggestions, and personal involvement of Editor in Chief Stephanie Wall and Senior Acquisitions Editor Kris Ellis-Levy. Thank you again to my outstanding production team, with whom I've worked for many years, Judy Leale, Project Manager Team Lead, and Kelly Warsak, Project Manager. Thanks to Erin Gardner, Senior Marketing Manager, and the Pearson sales staff, without whose efforts this book would languish on the shelf, and to Sarah Holle, Program Manager, and Bernie Ollila IV, Editorial Assistant. I want to thank everyone at Pearson International for successfully managing *Human Resource Management's* internationalization. Development editor Kerri Tomasso was extraordinarily helpful, and thank you to Lori Bradshaw at S4Carlisle.

At home, I want to acknowledge and thank my wife, Claudia, for her support during the many hours I spent working on this edition. My son, Derek, always a source of enormous pride, was very helpful. Lisa, Samantha, and Taylor are always in my thoughts. My parents were always a great source of support and encouragement and would have been very proud to see this book.

Gary Dessler



# Human Resource Management

# 1



## Introduction to Human Resource Management

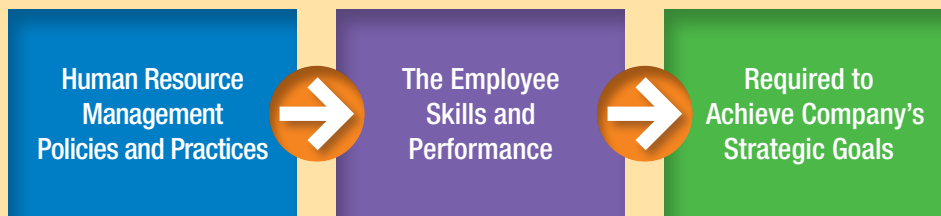


Source: Ryan McVay/Getty Images

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For a bird's eye view of how managers formulate human resource management policies and practices that produce the employee skills and performance the company needs to achieve its strategic goals, we will use the Hotel Paris continuing case starting in Chapter 3 as an applied example.

## WHERE ARE WE NOW . . .

This chapter's purpose is to explain what human resource management is, and why it is important to all managers. We'll see that human resource management responsibilities such as hiring, training, appraising, compensating, and developing employees are part of every manager's job. We will also see that human resource management is often a separate function, usually with its own human resource or "HR" manager, and what that manager's duties and challenges are. The main topics we'll cover include what is human resource management, and why is it important?; the trends shaping human resource management; the new human resource manager; the human resource manager's competencies; and the plan of this book. The three-box model above introduces each chapter and makes this point: That the firm's HR policies and practices should produce the employee skills and behaviors the company needs to achieve its strategic aims.

## LEARNING OBJECTIVES

- 1 Explain what human resource management is and how it relates to the management process.
- 2 Briefly discuss and illustrate each of the important trends influencing human resource management.
- 3 List and briefly describe important traits of today's human resource managers.
- 4 Describe four important human resource manager competencies.
- 5 Outline the plan of this book.

The bank's president was excited as they threw the switch activating the new productivity software; she had told her board of directors that it would dramatically improve the customer service representatives' performance and boost bank profitability. And then she waited. And waited some more. But it was soon apparent that the service reps were no more productive than they'd been before. We'll see why.

# What Is Human Resource Management, and Why Is it Important?

**1** Explain what human resource management is and how it relates to the management process.

## organization

People with formally assigned roles who work together to achieve the organization's goals.

## manager

The person responsible for accomplishing the organization's goals, and who does so by managing (planning, organizing, staffing, leading, and controlling) the efforts of the organization's people.

## management process

The five basic functions of planning, organizing, staffing, leading, and controlling.

## human resource management (HRM)

The process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

## What Is Human Resource Management?

This bank is an organization. An **organization** consists of people with formally assigned roles who work together to achieve the organization's goals. A **manager** is the person responsible for accomplishing the organization's goals, and who does so by managing the efforts of the organization's people.

Most experts agree that *managing* involves five functions: planning, organizing, staffing, leading, and controlling. In total, these functions represent the **management process**. Specific activities involved in each function include:

- **Planning.** Establishing goals and standards; developing rules and procedures; developing plans and forecasting.
- **Organizing.** Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating subordinates' work.
- **Staffing.** Determining what type of people you should hire; recruiting prospective employees; selecting employees; training and developing employees; setting performance standards; evaluating performance; counseling employees; compensating employees.
- **Leading.** Getting others to get the job done; maintaining morale; motivating subordinates.
- **Controlling.** Setting standards such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action, as needed.

In this book, we are going to focus on one of these functions—the staffing, personnel management, or *human resource management (HRM) function*. **Human resource management (HRM)** is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The topics we'll discuss should therefore provide you with the concepts and techniques you need to perform the “people” or personnel aspects of your management job. These include:

*Conducting job analyses* (determining the nature of each employee's job)

*Planning labor needs and recruiting job candidates*

*Selecting job candidates*

*Orienting and training new employees*

*Managing wages and salaries* (compensating employees)

*Providing incentives and benefits*

*Appraising performance*

*Communicating* (interviewing, counseling, disciplining)

*Training and developing managers*

*Building employee commitment*

And what a manager should know about:

Equal opportunity and affirmative action

Employee health and safety

Handling grievances and labor relations

## Why Is Human Resource Management Important to All Managers?

Perhaps it's easier to answer this by listing some personnel mistakes you *don't* want to make while managing. For example, no manager wants to:

Hire the wrong person for the job

Experience high turnover

Have your people not doing their best

- Waste time with useless interviews
- Have your company taken to court because of your discriminatory actions
- Have your company cited under federal occupational safety laws for unsafe practices
- Have some employees think their salaries are unfair relative to others in the organization
- Allow a lack of training to undermine your department's effectiveness
- Commit any unfair labor practices

Carefully studying this book will help you avoid mistakes like these.

**IMPROVING PERFORMANCE: HR AS A PROFIT CENTER** More importantly, the human resource management concepts and techniques you'll learn in this book can help ensure that you get results—through people. Remember that you can do everything else right as a manager—lay brilliant plans, draw clear organization charts, set up world-class assembly lines, and use sophisticated accounting controls—but still fail, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers—presidents, generals, governors, supervisors—have been successful even with inadequate plans, organization, or controls. They were successful because they had the knack of hiring the right people for the right jobs and motivating, appraising, and developing them. Remember as you read this book that *getting results* is the bottom line of managing, and that, as a manager, you will have to get those results through people. As one company president summed up:

For many years, it has been said that capital is the bottleneck for a developing industry. I don't think this any longer holds true. I think it's the workforce and the company's inability to recruit and maintain a good work force that does constitute the bottleneck for production. I don't know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped or hampered because they can't maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.<sup>1</sup>

Because of global competition, technological advances, and the changing nature of work, that president's statement has never been truer than it is today. Human resource management methods like those in this book can help any line manager/supervisor (or HR manager) boost his or her team's and company's profits and performance. Here are a few of the actual examples we'll meet in this book:

*At one Ball Corp.* packaging plant, managers trained supervisors to set and communicate daily performance goals. Management tracked daily goal attainment with team scorecards. Employees received special training to ensure they had the skills. Within 12 months production was up 84 million cans, customer complaints dropped by 50%, and the plant's return on investment rose by \$3,090,000.

To reduce recruiting costs, *GE Medical* managers met with 20 recruiters and said they would henceforth use only the 10 best. To implement this, managers developed measures—such as “% résumés lead to interviews,” and “% interviews lead to offers.” Because of what it learned from these measures, GE also boosted its intern program and its referrals program. Recruiting costs dropped 17%.

*Department store Bon-Ton Stores Inc.* had high turnover among its cosmetics sales associates. It used special statistical tools to identify high-performing cosmetics associates. The best associates, they discovered, were problem solvers who could figure out what the customer wants and needs, and solve the problem.

*The call center.* This center averaged 18.6 vacancies per year (about a 60% turnover rate). The researchers estimated the cost of a call-center operator leaving at about \$21,500. They estimated total annual cost of agent turnover for the call center at \$400,853. Cutting that rate in half would save this firm about \$200,000 per year.

**YOU MAY SPEND SOME TIME AS AN HR MANAGER** Here is another reason to study this book's contents: You may make an unplanned stopover as a human resource manager. For example, Pearson Corporation (which publishes this book) promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. About one-third of the top HR managers in Fortune 100 companies moved there from other functional areas.<sup>2</sup> Reasons

given include the fact that such people may give the firm's HR efforts a more strategic emphasis, and the possibility that they're sometimes better equipped to integrate the firm's human resource efforts with the rest of the business.<sup>3</sup>

However, most top human resource executives do have prior human resource experience. About 80% of those in one survey worked their way up within HR.<sup>4</sup> About 17% of these HR executives had earned the Human Resource Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professionals in Human Resources (PHR). The Society for Human Resource Management (SHRM) offers a brochure describing alternative career paths within human resource management. Find it at [www.shrm.org/Communities/StudentPrograms/Documents/07-0971%20Careers%20HR%20Book\\_final.pdf](http://www.shrm.org/Communities/StudentPrograms/Documents/07-0971%20Careers%20HR%20Book_final.pdf).

**HR FOR ENTREPRENEURS** Finally, study this book because you might end up as your own human resource manager. More than half the people working in the United States—about 68 million out of 118 million—work for small firms. Small businesses as a group also account for most of the 600,000 or so new businesses created every year. Statistically speaking, therefore, most people graduating from college in the next few years either will work for small businesses or will create new small businesses of their own. Especially if you are managing your own small firm with no human resource manager, you should know the nuts and bolts of human resource management.<sup>5</sup> We will address HR for entrepreneurs in later chapters.

## Line and Staff Aspects of Human Resource Management

All managers are, in a sense, human resource managers, because they all get involved in recruiting, interviewing, selecting, and training their employees. Yet most firms also have a human resource department with its own top manager. How do the duties of this human resource manager and department relate to the human resource duties of sales and production and other managers? Answering this requires a short definition of line versus staff authority. **Authority** is the right to make decisions, to direct the work of others, and to give orders. Managers usually distinguish between line authority and staff authority.

In organizations, having what managers call **line authority** traditionally gives managers the right to *issue orders* to other managers or employees. Line authority therefore creates a superior (order giver)—subordinate (order receiver) relationship. When the vice president of sales tells her sales director to “get the sales presentation ready by Tuesday,” she is exercising her line authority. **Staff authority** gives a manager the right to *advise* other managers or employees. It creates an advisory relationship. When the human resource manager suggests that the plant manager use a particular selection test, he or she is exercising staff authority.

On the organization chart, managers with line authority are **line managers**. Those with staff (advisory) authority are **staff managers**. In popular usage, people tend to associate line managers with managing departments (like sales or production) that are crucial for the company's survival. Staff managers generally run departments that are advisory or supportive, like purchasing and human resource management. Human resource managers are usually staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

## Line Managers' Human Resource Duties

However, line managers still have many human resource duties. This is because the direct handling of people has always been part of every line manager's duties, from president down to first-line supervisors. For example, one major company outlines its line supervisors' responsibilities for effective human resource management under these general headings:

1. Placing the right person in the right job
2. Starting new employees in the organization (orientation)
3. Training employees for jobs that are new to them
4. Improving the job performance of each person
5. Gaining cooperation and developing smooth working relationships
6. Interpreting the company's policies and procedures
7. Controlling labor costs
8. Developing the abilities of each person
9. Creating and maintaining department morale
10. Protecting employees' health and physical condition

### authority

The right to make decisions, direct others' work, and give orders.

### line authority

The authority exerted by an HR manager by directing the activities of the people in his or her own department and in service areas (like the plant cafeteria).

### staff authority

Staff authority gives the manager the right (authority) to advise other managers or employees.

### line manager

A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks.

### staff manager

A manager who assists and advises line managers.

Line authority gives the manager the right to issue orders.

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In small organizations, line managers may carry out all these personnel tasks unassisted. But as the organization grows, they need the assistance, specialized knowledge, and advice of a separate human resource staff. The human resource department provides this specialized assistance.

### Human Resource Manager's Duties

In providing this specialized assistance, the *human resource manager* carries out three distinct functions:

1. **A line function.** The human resource manager directs the activities of the people in his or her own department, and perhaps in related areas (like the plant cafeteria).
2. **A coordinative function.** The human resource manager also coordinates personnel activities, a duty often referred to as **functional authority** (or functional control). Here he or she ensures that line managers are implementing the firm's human resource policies and practices (for example, adhering to its sexual harassment policies).
3. **Staff (assist and advise) functions.** Assisting and advising line managers is the heart of the human resource manager's job. He or she *advises* the CEO so the CEO can better understand the personnel aspects of the company's strategic options. HR *assists* in hiring, training, evaluating, rewarding, counseling, promoting, and firing employees. It *administers* benefit programs (health and accident insurance, retirement, vacation, and so on). It helps line managers comply with equal employment and occupational safety laws, and plays an important role in handling grievances and labor relations. It carries out an *innovator* role, by providing up-to-date information on current trends and new methods for better utilizing the company's employees (or "human resources"). It plays an *employee advocacy* role, by representing the interests of employees within the framework of its primary obligation to senior management. Although human resource managers generally can't wield line authority (outside their departments), they are likely to exert *implied authority*. This is because line managers know the human resource manager has top management's ear in areas like testing and affirmative action.

#### functional authority

The authority exerted by an HR manager as coordinator of personnel activities.

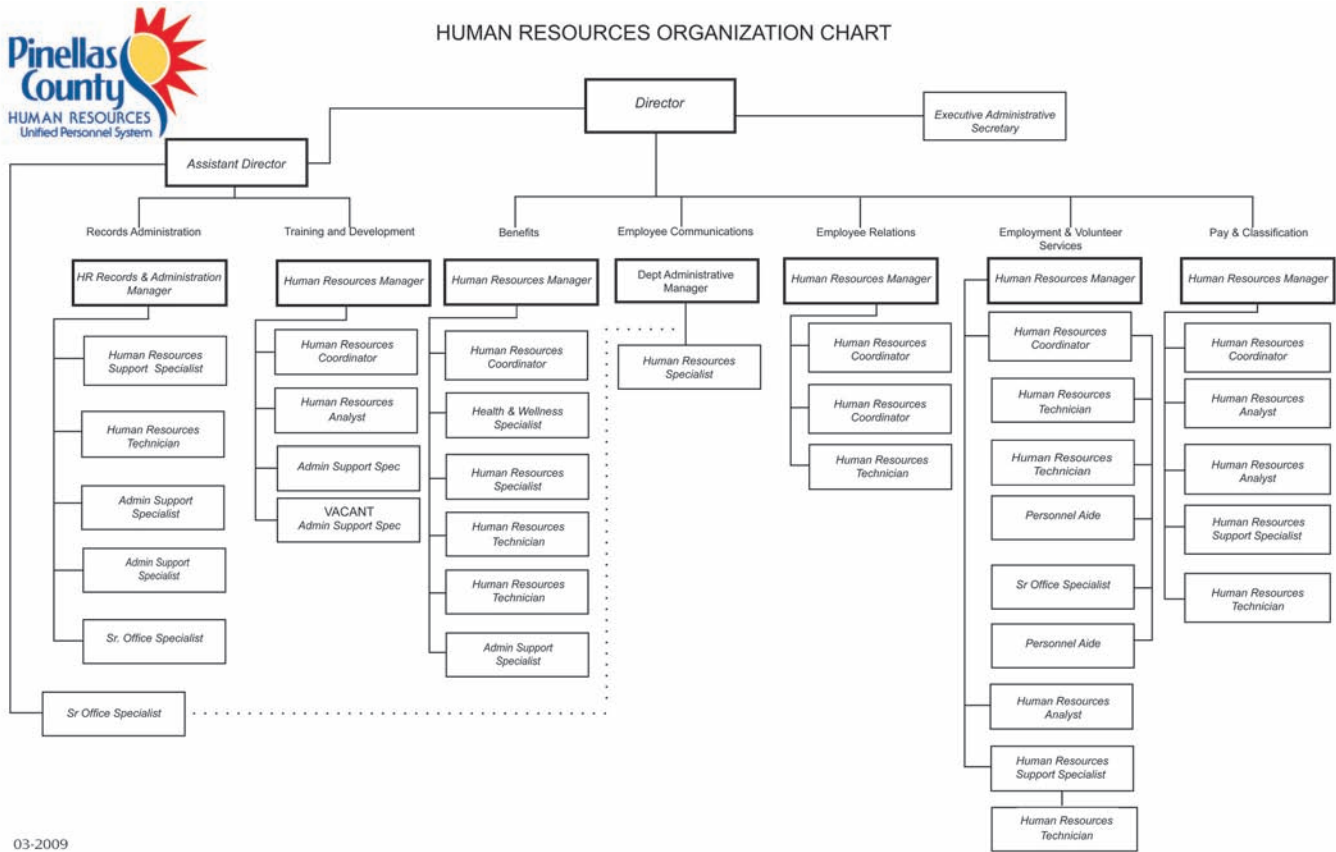
### Organizing the Human Resource Department's Responsibilities

The size of the human resource department reflects the company's size. For a very large employer, an organization chart like the one in Figure 1-1 would be typical, containing a full complement of specialists for each HR function.

Examples of human resource management specialties include:<sup>6</sup>

- **Recruiters.** Search for qualified job applicants.
- **Equal employment opportunity (EEO) coordinators.** Investigate and resolve EEO grievances, examine organizational practices for potential violations, and compile and submit EEO reports.
- **Job analysts.** Collect and examine information about jobs to prepare job descriptions.





03-2009

**FIGURE 1-1** Human Resources Organization Chart Showing Typical HR Job Titles

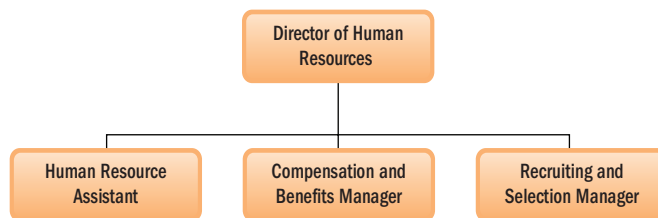
Source: “Human Resources Organization Chart Showing Typical HR Job Titles,” [www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf](http://www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf). Courtesy of Pinellas County Human Resources. Reprinted with permission.

- **Compensation managers.** Develop compensation plans and handle the employee benefits program.
- **Training specialists.** Plan, organize, and direct training activities.
- **Labor relations specialists.** Advise management on all aspects of union–management relations.

At the other extreme, the human resource team for a small manufacturer may contain just five or six (or fewer) staff, and have an organization similar to that in Figure 1-2. There is generally about one human resource employee per 100 company employees.

**REORGANIZING THE HUMAN RESOURCE MANAGEMENT FUNCTION** Many employers are changing how they organize their human resource functions. For one thing, the traditional human resource organization tends to divide HR activities into separate “silos” such as recruitment, training, and employee relations for the whole company. J. Randall MacDonald, IBM’s senior vice president of human resources, took a different approach. He split IBM’s 330,000 employees into three segments for HR purposes: executive and technical employees, managers, and rank and file. Now separate human resource management teams (consisting of recruitment, training, and pay specialists, for instance) focus on each employee segment. This helps to ensure that the employees in each segment get the specialized testing, training, and rewards they require.<sup>7</sup>

**FIGURE 1-2** HR Organization Chart (Small Company)



You may find other configurations.<sup>8</sup> For example, some employers create *transactional HR teams*. These teams provide specialized support in day-to-day HR activities (such as changing benefits plans), usually through centralized call centers and through outside vendors (such as benefits advisors). Specialized *corporate HR teams* assist top management in top-level issues such as developing the personnel aspects of the company’s long-term strategic plan. *Embedded HR teams* have HR generalists (also known as “relationship managers” or “HR business partners”) assigned to functional departments like sales and production. They provide the selection and other assistance the departments need. *Centers of expertise* are like specialized HR consulting firms within the company. For example, one might provide specialized advice in organizational change to the company’s department managers.

### Cooperative Line and Staff HR Management: An Example

Line managers and human resource managers share responsibility for most human resource management activities.<sup>9</sup> For example, in recruiting and hiring, the line manager describes the qualifications employees need to fill specific positions. Then the human resource team develops sources of qualified applicants and conducts initial screening interviews. They administer the appropriate tests. Then they refer the best applicants to the line manager, who interviews and selects the ones he or she wants. In training, the line manager again describes what he or she expects the employee to be able to do. Then the human resource team devises a training program, which the line manager may then administer.

Some activities are usually HR’s alone. For example, 60% of firms assign HR the exclusive responsibility for preemployment testing, 75% assign it college recruiting, and 80% assign it insurance benefits administration. But employers split most activities, such as employment interviews, performance appraisal, skills training, job descriptions, and disciplinary procedures, between HR and line managers.<sup>10</sup>

So in summary, human resource management is part of every manager’s job. Whether you are a first-line supervisor, middle manager, or president—or whether you’re a production manager or county manager (or HR manager)—*getting results through people* is the name of the game. And to do this, you will need a good working knowledge of the human resource management concepts and techniques in this book.

## The Trends Shaping Human Resource Management

What human resource managers do and how they do it is changing. Some of the reasons for these changes are obvious. One is technology. For example, employers now use their intranets to let employees change their own benefits plans, something they obviously couldn’t do years ago. Other trends shaping human resource management include globalization, deregulation, changes in demographics and the nature of work, and economic challenges (summarized in Figure 1-3). Let’s look at these trends next.<sup>11</sup>

2 Briefly discuss and illustrate each of the important trends influencing human resource management.

**FIGURE 1-3** Trends Shaping Human Resource Management

