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Fundamentals of Human Resource Management

FIFTH EDITION

Gary Dessler



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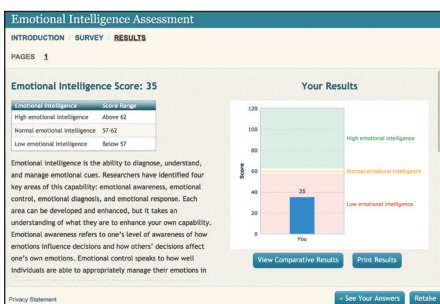
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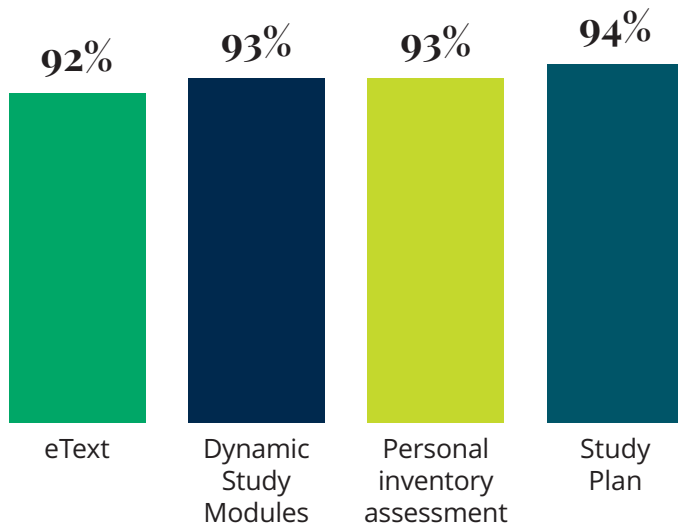
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HR Strategy Model



The HR Strategy Model in the Part opens illustrates the basic idea behind strategic human resource management, which is that *in formulating human resource management policies and practices, the aim must be to produce the employee competencies and behaviors that the company needs to achieve its strategic goals.*

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Gary Dessler

Florida International University



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PREFACE

New to This Edition

Today managers—not just HR managers—need a strong foundation in HR concepts and techniques like interviewing and appraising to do their jobs. You'll therefore find an emphasis here on practical material you need to perform your day-to-day management responsibilities, even if you never spend one day as a human resource manager.

At the heart of the book is the practical skills-oriented material woven into almost every paragraph—into the book's DNA—plus special “how-to” features.

HR management is changing fast. For example, Accenture Consultants estimates that social media tools like LinkedIn will soon produce up to 80% of new recruits.

New **Trends Shaping HR** features highlight how managers today accomplish their HR tasks.



TRENDS SHAPING HR: Digital and Social Media

USING LINKEDIN Sometimes the easiest way to unearth job titles and duties is just to use social media like LinkedIn. For example, to paraphrase what someone who recruits for open positions in his company posted on LinkedIn: I hope some of you IT recruiters out there can help me to better understand what I need to put into the job descriptions that I'm writing for the developers and development managers I'm recruiting for. The first of many replies listed 12 tasks including: (1) Do technical skills match the desired job? (2) What technical problems were solved by the job seeker? and (3) Did job seeker know about Cloud Deployment?³¹



TRENDS SHAPING HR: Digital and Social Media

SOME SOCIAL MEDIA HR PROS AND CONS Widespread use of social media presents challenges to employers. Some employees use Facebook-type accounts to bully coworkers. Here, employers must distinguish between illegal online harassment (applying to race, religion, national origin, age, sex/gender, genetic information, and disability discrimination) and common personality conflicts. Employers at least need a zero-tolerance policy on bullying.³⁹

Of course, social media has been great for staffing. It's easy for employers to find applicants on LinkedIn, for instance. However, viewing an applicant's social media profile may reveal information on things like religion, race, and sexual orientation.⁹⁰ Some states therefore forbid employers from requesting employees' or applicants' passwords. At a minimum, implement policies restricting who can check out candidates online. Supervisors should generally not do such checking themselves.

About 25% of today’s workers don’t have “regular” jobs. Instead, they’re independent or “gig” workers—that’s about 60 million gig workers in the USA alone.

New **HR and the Gig Economy** features show how companies manage gig workers’ HR needs, for example how to recruit, train, and manage the safety of gig workers.

HR and the Gig Economy

Do Gig Workers Need Job Specifications?

Hiring gig workers doesn’t mean the employer doesn’t need job descriptions and job specifications. With respect to job descriptions, the prudent employer will still want to list at least the main duties it expects the worker to do. And job specifications are surely required, because the employer must ensure that the people doing its work at least fit certain minimum requirements.

For example, both Lyft and Uber list “driver requirements,” which are essentially job specifications.⁴⁶ Although driver requirements vary somewhat by location, both Uber and Lyft require drivers to be at least 21, have a Social Security number and in-state driver’s license (at least one year old), have in-state insurance, and undergo both DMV and national and county-wide background checks. For Uber, the background check also means for the past 7 years no DUI or drug-related offenses, or incidents of driving without insurance or license, or fatal accidents, or history of reckless driving, and no criminal history. And there are other requirements, including that your car pass muster. As a partial list, it must be a four-door sedan, seat four or more (excluding driver), be 2001 or newer, have in-state plates and be currently registered, and pass Uber’s vehicle inspection.

Talk About It— 2

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to discuss the following questions. Based on your experience, what other human requirements would you say there are to be a good Uber or Lyft driver? Should the companies add these as requirements? Why?

HR and the Gig Economy¹⁰⁸

An Example: On-Demand Microlearning at Uber

If you think that all those Uber drivers simply get hired and go on the road with no formal training, you’re wrong. There are hundreds of things those drivers must know about driving for Uber—from how to use the Uber app and driving systems, to how to greet and deal with customers—and Uber needs to train over 30,000 new drivers every week. How do they do it?

Uber’s training challenge is actually similar to that of most firms that rely on gig workers. The main problems are (1) the trainees aren’t permanent employees but largely just “passing through,” so what you invest in their training must be carefully controlled; and (2) the workers are all working on their own schedules, so training must be available when each worker wants it, on demand.

So, the short answer to “how does Uber do it” is that driver training is online, on-demand, and delivered in microparcel. Uber uses a learning management system called MindFlash, which offers its clients around the globe thousands of courses, often focused on training gig workers like Uber’s.¹⁰⁹ Among other benefits, the MindFlash system provides real-time reporting of trainees’ results, so Uber knows if a driver is ready to go to work.

Building gig-friendly training programs like Uber’s has several characteristics. The first and perhaps most crucial is that everyone involved—management, HR, and especially the gig workers themselves—submit detailed “blueprints” of the workers’ daily activities, from which workers’ (in this case drivers’) duties, skills and knowledge, and required training can be ascertained. Then, the courses are split into short digestible microcourses, stored on the vendor’s cloud, and delivered on demand to each worker’s mobile device when he or she wants it.



SHRM—the Society for Human Resource Management administers a certification program for HR professionals. This 5th edition addresses SHRM’s functional knowledge areas, with Knowledge Base icons call-outs and a SHRM knowledge overview and group activity questions in the accompanying MyLab Management.

PART 1 INTRODUCTION

1

1

Managing Human Resources Today

OVERVIEW:
IN THIS CHAPTER, WE WILL COVER . . .

- What Is Human Resource Management?
- The Trends Shaping Human Resource Management
- The New Human Resource Management
- The New Human Resource Manager
- The Plan of This Book

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 Improve Your Grade!
 When you see this icon, visit www.pearson.com/mylab/management for activities that are adaptive, personalized, and offer immediate feedback.

LEARNING OBJECTIVES
 When you finish studying this chapter, you should be able to:

1. Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”
2. Describe with examples what trends are influencing human resource management.
3. Discuss at least five consequences such trends have for human resource management today.
4. Explain what sets of competencies, knowledge, and skills characterize today’s new human resource manager.
5. Outline the plan of this book.

Learn It
 If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 1 Warm-Up.

25

3

Human Resource Strategy and Performance

OVERVIEW:
In this chapter, we will cover . . .

- The Strategic Management Process
- Strategic Human Resource Management
- HR Metrics and Benchmarking
- Building High-Performance Work Systems
- Employee Engagement and Performance
- Employee Engagement Guide For Managers: How Kia Motors (Kia) Improved Performance with an HR Strategy Aimed at Boosting Employee Engagement

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LEARNING OBJECTIVES
 When you finish studying this chapter, you should be able to:

1. Explain, with examples, each of the steps in the strategic management process.
2. Define strategic human resource management, and give an example of strategic human resource management in practice.
3. Explain, with examples, why metrics are important for managing human resources.
4. Answer the question, “What are high-performance work systems?” and give examples of how they differ from non-high-performance ones.
5. Answer the question (with examples) “Why is employee engagement important?”
6. Describe how you would execute a program to improve employee engagement.

Learn It
 If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 3 Warm-Up.

82

Solving Teaching and Learning Challenges

A Focus on Building Your Management Skills

One of the best ways to get and keep a job is to show that you can do the job and do it well.

That's why every single edition of this book has had the same aim: to provide all managers—not just HR managers—with the practical skills and knowledge you need to perform your day-to-day management responsibilities. For example, you'll learn about:

Ch2: How to deal with a charge of discrimination

... You turn down a member of a protected group for a job. This person believes he or she was discriminated against due to being in a protected class, and decides to sue ... What should you do?

Ch 6: How to interview job candidates

... First make sure you understand the job and its human requirements. Then compose questions based on actual job duties from the job description ... Examples include (1) situational questions like "Suppose you were giving a sales presentation and a difficult technical question arose ...

Ch 4: How to write a job description

... A job description is a written statement of what the worker actually does, how he or she does it, and what the job's working conditions are. This information is in turn ...

Ch 12: How to discipline an employee

... Make sure the evidence supports the charge of employee wrongdoing. (Arbitrators often cite "the employer's evidence did not support the charge.") ... Make sure to protect the employees' due process rights ...

Learn How to Build Employee Engagement

Employee engagement refers to being psychologically involved in, connected to, and committed to getting one's jobs done.

You'll find specific practical examples and advice on how managers build engaged employee work teams and companies.

Employee Engagement Guide for Managers sections in Chapters 1–14 show how managers use human resource activities to improve employee engagement.

For example, Chapter 3's show how Kia Motors (UK) improved Employee Engagement.

BUILDING YOUR MANAGEMENT SKILLS How to Execute an Employee Engagement Strategy



Actually executing Kia UK's employee engagement HR strategy involved six steps (and these provide a roadmap for any such endeavor). First, Kia UK set measurable objectives for the program. These objectives included improving by at least 10% survey feedback scores for line managers' behaviors, in terms of communication, the quality of appraisal feedback they gave their direct reports, the recognition of work done, and the respect between manager and employee.⁷⁶ Other objectives included reducing employee turnover employment costs (e.g., recruitment costs) by at least 10% per year.

Second, Kia UK held an extensive leadership development program. For example, they sent all managers for training to improve their management skills. They then tested the new skills with "360-degree" assessment tools (these basically meant having managers' bosses, peers, and subordinates rate the managers' new leadership skills).

Third, Kia UK instituted new employee recognition programs. These included, for instance, giving "Outstanding Awards" to selected employees quarterly, and "Kia thank you" cards for jobs well done.⁷⁷

Fourth, Kia UK improved internal communications. For example, they instituted quarterly employee briefings, more extensive use of performance appraisals, and launched a new corporate intranet called Kia Vision (this provided key business information and other useful communications to all employees). Based on employee feedback, Kia UK also decided, as part of the enhanced communications, to institute an employee forum. This consisted of one representative from each department; the forum in effect empowered and involved employees by enabling them to express opinions, suggestions, and concerns about their jobs.

Fifth, they instituted a new employee development program. This involved using the company's appraisal process to identify employees' training needs. Kia then created training plans for each employee. They based these plans on Kia's needs and on the employee's stated career aspirations.

Sixth, Kia UK made a number of changes to its compensation and other policies. For instance, they eliminated bonuses and substituted fixed-rate percentage-based salary increases. They also rewrote the entire employee handbook and all HR policies and procedures "to ensure they were aligned with [Kia UK's new] cultural values."⁷⁸

Unique to this book: New **HR and the Gig Economy** features show how to recruit, train, and manage the safety of gig workers.

And our unique **Strategy Model** helps provide you with a “big picture” view:

Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

Our model illustrates this idea and follows this three-step sequence:

- *Set* the firm’s strategic aims,
- *Pinpoint* the employee behaviors and skills we need to achieve these strategic aims, and then
- *Decide* what HR policies and practices will enable us to produce these necessary employee behaviors and skills.



MyLab Management suggested activities

Learn It

Students can be assigned the Chapter Warm-Up before coming to class. Assigning these questions ahead of time will hopefully help ensure that students come to class prepared.

Learn It

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 1 Warm Up.

Watch It

How does a company actually go about putting its human resource philosophy into action? If your professor has chosen to assign this, go to www.pearson.com/mylab/management to watch the video Patagonia Human Resource Management and then answer the questions to show what you would do in this situation.

Watch It

Recommends a video clip that can be assigned to students for outside classroom viewing or for in-classroom use.

Talk About It – 3

If your professor has chosen to assign this, go to www.pearson.com/mylab/management to discuss the following questions: Go to one or more sites like these. If you were a programming manager for a company, could you use the site to find and hire a new employee directly? If not, what else might you need?

Talk About It

These are discussion-type questions that can be assigned as an activity within the classroom.

Assisted-Graded Writing Questions

These are short essay questions that the students can complete as an assignment and submit to you, the professor, for grading.

MyLab Management

If your instructor is using MyLab Management, go to www.pearson.com/mylab/management for the following assisted-graded writing questions:

- 1-16. How do today's HR managers deal with the trends and challenges shaping contemporary HR management?
- 1-17. Discuss some competencies HR managers need to deal with today's trends and challenges.

MyLab Management

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Improve student results When you teach with MyLab, student performance improves. That's why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students.

Developing Employability Skills

Trends Shaping HR: Digital and Social Media Career sites make the inner workings of employers more transparent. Sites such as Glassdoor, CareerBliss, CareerLeak, and JobBite let members share insights into hundreds of thousands of specific employers, including specific company-by-company commentaries, salary reports, and CEO approval ratings

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

HR and the Gig Economy features show how companies manage gig workers' HR needs, for example, how to recruit, train, and manage the safety of gig workers

HR Tools for Line Managers and Small Businesses 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.



Know Your Employment Law 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), and safety (Chapter 14).



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



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

■ HR Practices Around the Globe

Applying Equal Employment Law Abroad

The Civil Rights Act of 1991 marked a big change in the geographic applicability of equal rights legislation. Congressional legislation generally only applies within U.S. territory unless specifically stated otherwise.⁸⁵ However, CRA 1991 specifically expanded coverage by amending the definition of “employee” in Title VII to mean a U.S. citizen employed in a foreign country by a U.S.-owned or controlled company.⁸⁶ At least theoretically, therefore, U.S. citizens now working overseas for U.S. companies enjoy the same equal employment opportunity protection as those working within U.S. borders. (Title VII does not apply to foreign operations not owned or controlled by a U.S. employer, however.)

However, two factors limit the widespread application of CRA 1991 abroad. First, there are numerous exclusions. For example, an employer need not comply with Title VII if compliance would cause the employer to violate the law of the host country (for instance, some foreign countries have statutes prohibiting women in management positions).⁸⁷

Another problem is the practical difficulty of enforcing CRA 1991 abroad. For example, the EEOC investigator’s first duty in such a case is to analyze the finances and organizational structure of the respondent (employer). But in practice few investigators are trained for this duty, and no precise standards exist for such investigations.⁸⁸

HR Practices Around the Globe

Applying Equal Employment Law Abroad Expanding abroad complicates complying with equal employment laws. For example, Dell announced big additions to its workforce in India. Are U.S. citizens working for Dell abroad covered by U.S. equal opportunity laws? In practice, the answer depends on U.S. laws, international treaties, and the laws of the host country.

Instructor Teaching Resources

This program comes with the following teaching resources.

Supplements available to instructors at www.pearsonglobaleditions.com	Features of the Supplement
Instructor’s Manual authored by Carol Heeter, Ivy Tech Community College	<ul style="list-style-type: none"> • Chapter-by-chapter summaries and interesting issues on related topics • Additional assignments and activities not in the main book • Teaching outlines • Teaching tips • Solutions to all questions and problems in the book
Test Bank authored by Susan Leshnowe, Midland College	More than 1,500 multiple-choice, true/false, short-answer, and graphing questions with these annotations: <ul style="list-style-type: none"> • Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis) • Type (Multiple-choice, true/false, short-answer, essay) • Skill (Application or concept) that is needed to answer the question • Learning outcome • AACSB learning standard, where applicable (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)
Computerized TestGen	TestGen allows instructors to: <ul style="list-style-type: none"> • Customize, save, and generate classroom tests • Edit, add, or delete questions from the Test Item Files • Analyze test results • Organize a database of tests and student results.
PowerPoints authored by Dan Morrell, Middle Tennessee State University	Slides include applicable graphs, tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to: <ul style="list-style-type: none"> • Keyboard and Screen Reader access • Alternative text for images • High color contrast between background and foreground colors



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PART

1

INTRODUCTION

1

Managing Human Resources Today

Source: Mitar Vidakovic/Shutterstock

OVERVIEW: IN THIS CHAPTER, WE WILL COVER . . .

- What Is Human Resource Management?
- The Trends Shaping Human Resource Management
- The New Human Resource Management
- The New Human Resource Manager
- The Plan of This Book

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LEARNING OBJECTIVES

When you finish studying this chapter, you should be able to:

1. Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”
2. Describe with examples what trends are influencing human resource management.
3. Discuss at least five consequences such trends have for human resource management today.
4. Explain what sorts of competencies, knowledge, and skills characterize today’s new human resource manager.
5. Outline the plan of this book.

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If your professor has chosen to assign this, go to www.pearson.com/mylab/management to see what you should particularly focus on and to take the Chapter 1 Warm Up.

INTRODUCTION

During her senior year at State University Mira was a merchandising intern for TJX, which owns TJ Maxx and Marshalls, and after graduating joined its Store Leadership Pathway program for intensive training; now she's one week into her first management job, as Assistant Store Manager for a TJ Maxx store on the East Coast. "How did your week go?" asked Gladys, her Store Manager and mentor, over coffee. "I love it!" Mira said. "I guess the only surprise is that I thought I'd spend almost all my time on merchandising tasks like setting up displays to give our customers that real 'treasure hunt' experience. But I've actually been spending over a third of my time on "HR" tasks like interviewing prospective associates, training them, and letting them know how they're doing." "Get used to that" said Gladys. "My experience was about the same, and now as Store Manager I find I spend almost half my time on such tasks—including mentoring!"¹



Source: stylephotographs/123RF

LEARNING OBJECTIVE 1

Answer the questions, "What is human resource management?" and "Why is knowing HR management concepts and techniques important to any supervisor or manager?"

organization

An organization consists of people with formally assigned roles who work together to achieve the organization's goals.

manager

Someone who is responsible for accomplishing the organization's goals, and who does so by managing the efforts of the organization's people.

managing

To perform five basic functions: planning, organizing, staffing, leading, and controlling.

management process

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

What Is Human Resource Management?

To understand what human resource management is, we should first review what managers do. The TJ Maxx store is an *organization*. An **organization** consists of people (in this case, people like sales and maintenance employees) with formally assigned roles who work together to achieve the organization's goals. A **manager** is someone who is responsible for accomplishing the organization's goals and who does so by managing the efforts of the organization's people.

Most writers agree that **managing** involves performing five basic functions: planning, organizing, staffing, leading, and controlling. In total, these functions represent the **management process**. Some of the specific activities involved in each function include the following:

- **Planning.** Establishing goals and standards; developing rules and procedures; developing plans and forecasts
- **Organizing.** Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates
- **Staffing.** Determining what type of people should be hired; recruiting prospective employees; selecting employees; setting performance

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.

standards; compensating employees; evaluating performance; counseling employees; training and developing 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 will focus on one of these functions—the staffing, personnel management, or *human resource management (HRM)* function. **Human resource management** 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’ll need to perform the “people,” or personnel, aspects of management. 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 employees, and developing managers*
- *Building employee relations and engagement*

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?

Why are the concepts and techniques in this book important to all managers? Perhaps it’s easier to answer this by listing some of the *personnel mistakes you don’t want to make* while managing. For example, you don’t want to

- Have your employees not doing their best
- Hire the wrong person for the job
- Experience high turnover
- Have your company in court due to your discriminatory actions
- Have your company cited for unsafe practices
- Let a lack of training undermine your department’s effectiveness
- Commit any unfair labor practices

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

Improving Profits and Performance More important, it can *help ensure that you get results—through people.*² Remember that you could do everything else right as a manager—lay brilliant plans, draw clear organization charts, set up modern assembly lines, and use sophisticated accounting controls—but still fail, for instance, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers—from generals to presidents to supervisors—have been successful even without adequate plans, organizations, or controls. They were successful because they had the knack for hiring the right people for the right jobs and then 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 these results through people. This fact hasn’t changed from the dawn of management. As one company president summed it 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 workforce 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.³

At no time in our history has that statement been truer than it is today. As we'll see in a moment, intensified global competition, technological advances, and economic upheaval have triggered competitive turmoil. In this environment, the future belongs to those managers who can improve performance while managing change; but doing so requires getting results through engaged and committed employees.

Human resource management practices and policies play a big role in helping managers do this. For example, we'll see that one call 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, making the estimated total annual cost of agent turnover about \$400,000. Cutting that rate in half through improved recruiting and testing would save this firm about \$200,000 per year.⁴

You May Spend Some Time As An HR Manager Here is another reason to study this book: *you might spend time as a human resource manager*. For example, about a third of large U.S. businesses surveyed appointed non-HR managers to be their top human resource executives. Thus, Pearson Corporation (which publishes this book) promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. Why? Some think these people may be better equipped to integrate the firm's human resource activities (such as pay policies) with the company's strategic needs (such as by tying executives' incentives to corporate goals).⁵ Spending some time in HR can also be good for a manager. For example, one CEO served a three-year stint as chief human resource officer on the way to CEO. He said the experience was invaluable in learning how to develop leaders and in understanding the human side of transforming a company.⁶

However, most top human resource executives do have prior human resource experience. About 80% in one survey worked their way up within HR. About 17% had the HR Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professional in Human Resources (PHR). Many others carry the SHRM Certified Professional (SHRM-CP) or Senior Certified Professional (SHRM-SCP) designations from the Society for Human Resource Management (SHRM). SHRM offers a brochure describing alternative career paths within human resource management.⁷ Find it at www.shrm.org.

HR for Small Businesses And here is one final reason to study this book: *you may well end up as your own human resource manager*. About half the people working in the United States today work for small firms.⁸ Small businesses as a group also account for most of the 650,000 or so new businesses created every year.⁹ 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. If you are managing your own small firm with no human resource manager, you'll probably have to handle HR on your own. To do that, you must be able to recruit, select, train, appraise, and reward employees. There are special HR Tools for Line Managers and Small Businesses features in most chapters. These show small business owners how to improve their human resource management practices.

Line and Staff Aspects of HRM

All managers are, in a sense, human resource managers because they all get involved in activities such as recruiting, interviewing, selecting, and training. Yet most firms also have a separate human resource department with its own human resource manager. How do the duties of this departmental HR manager and his or her staff relate to line managers' human resource duties? Let's answer this by starting with short definitions of line versus staff authority.

authority

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

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 versus Staff Authority

Authority is the right to make decisions, to direct the work of others, and to give orders. In management, we usually distinguish between line authority and staff authority. Line authority gives managers the right (or authority) to issue orders to other managers or employees. It creates a superior–subordinate relationship. Staff authority gives a manager the right (authority) to advise other managers or employees. It creates an advisory relationship. **Line managers** have line authority. They are authorized to give orders. **Staff managers** have staff authority. They are authorized to assist and advise line managers. Human resource managers are staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

In practice, HR and line managers share responsibility for most human resource activities. For example, human resource and line managers in about two-thirds of the firms in one survey shared responsibility for skills training.¹⁰ (Thus, the supervisor might describe what training she thinks the new employee needs, HR might design the training, and the supervisors might then ensure that the training is having the desired effect.)

Line Managers' Human Resource Management Responsibilities

The direct handling of people always has been an integral part of every line manager's responsibility, from president down to the first-line supervisor. For example, one company outlines its line supervisors' responsibilities for effective human resource management under the following 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 creative 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 departmental morale
10. Protecting employees' health and physical conditions

In small organizations, line managers may carry out all these personnel duties unassisted. But as the organization grows, line managers need the assistance, specialized knowledge, and advice of a separate human resource staff.¹¹

The Human Resource Department

In larger firms, the *human resource department* provides such specialized assistance.¹² Figure 1.1 shows human resource management jobs in one organization. Typical positions include compensation and benefits manager, employment and recruiting supervisor, training specialist, and employee relations executive. Examples of job duties include the following:



HUMAN RESOURCES ORGANIZATION CHART

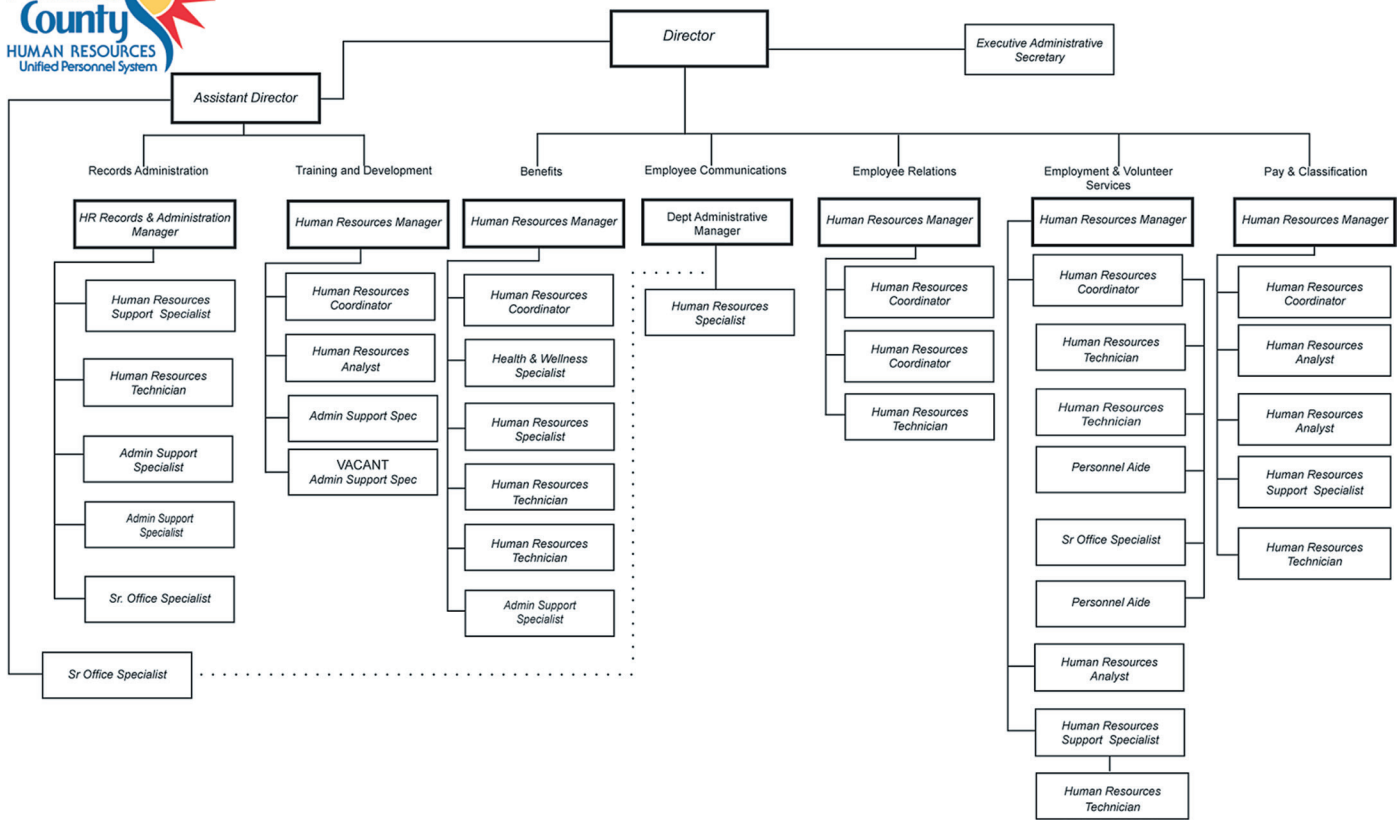


Figure 1.1
Human Resource Department Organization Chart Showing Typical HR Job Titles

Source: “Human resource development organization chart showing typical HR job titles,” www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf. Courtesy of Pinellas County Human Resources. Reprinted with permission.

Recruiters: Maintain contacts within the community and perhaps travel extensively to search for qualified job applicants.

Equal employment opportunity (EEO) representatives or affirmative action coordinators: Investigate and resolve EEO grievances, examine organizational practices for potential violations, and compile and submit EEO reports.

Job analysts: Collect and examine detailed information about job duties to prepare job descriptions.

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.

New Approaches to Organizing HR However, many employers are revamping how they organize their human resource functions.¹³ For example, most plan to use technology to institute more “shared services” arrangements.¹⁴ These create centralized HR units whose employees are shared by all the companies’ departments to obtain advice on matters such as discipline problems. The shared services HR teams use intranets or centralized call centers to provide managers and employees with specialized support in day-to-day HR activities (such as