Managing Human Resources Today

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

1. *Answer the question "What is human resource management?"*

2. *Explain with at least five examples why "knowing HR management concepts and techniques is important to any supervisor or manager."*

3. *Explain with examples what we mean by "the changing environment of human resource management."*

4. *Give examples of how the HR manager's duties today are different from 30 years ago.*

5. *List, with examples, four important issues influencing HR management today.*

Introduction

When it comes to keeping good employees, the restaurant business is usually a tough sell. Hourly employee turnover typically ranges from about 110% to 135%, meaning that the average restaurant replaces just about all its employees every year or so.[1] That's particularly dangerous in a service business, where an unkind word from a hapless employee can prompt a customer to leave. Yet some restaurant managers seem to know the secret not just of keeping good employees but of keeping them happy. Bob Gamboa, general manager of a Stanford's Restaurant in Lake Oswego, Oregon, is one of them. He estimates his yearly turnover is only about 28%, several times better than the industry average. His secret? Simple yet effective human resource management practices. For example, "You have to be really picky . . . I'm selective on who I hire. I'm looking for people who want to stay."[2] He looks for people who smile easily and are friendly, and he tells them during the interview, that "if you're not the friendliest employee in the restaurant, you're not going to make it."[3] His success shows how even simple improvements in human resource management can generate disproportionately large returns for employers. ∎

WHAT IS HUMAN RESOURCE MANAGEMENT?

❶ Answer the question "What is human resource management?"

Stanford's Restaurant is an *organization*. An **organization** consists of people (in this case, people like chefs, managers, and wait-staff) 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:

organization
A group consisting 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.

- ∎ *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 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 are going to 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:

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.

- ∎ *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 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?

Why are these concepts and techniques 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 performing at peak capacity

To hire the wrong person for the job

To experience high turnover

To find employees not doing their best

To have your company taken to court because of your discriminatory actions

To have your company cited under federal occupational safety laws for unsafe practices

To allow a lack of training to undermine your department's effectiveness

To commit any unfair labor practices

② Explain with at least five examples why "knowing HR management concepts and techniques is important to any supervisor or manager."

WHY STUDY THIS BOOK? Carefully studying this book can help you avoid mistakes like these. More important, it can help ensure that you get results—through people. 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 presidents to generals 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 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.[4]

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.

Line Versus Staff Authority

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

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

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.

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.

In popular usage, managers associate line managers with managing functions (like sales or production) that the company must have to operate. Staff managers generally run departments that are advisory or supportive, like purchasing, human resource management, and quality control. This "must-have" vs. "supportive" distinction makes sense as long as the "staff" department is, in fact, advisory. However, strictly speaking, it is not the type of department the person is in charge of or its name that determines if the manager in charge is line or staff. It is the nature of the manager's authority. The line manager can issue orders. The staff manager can advise.

Human resource managers are staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation. (However, we'll see that line managers also have human resource duties.)

FROM LINE TO STAFF Managers may move from line to staff positions (and back) over the course of their careers. For example, line managers in areas like production and sales may well make career stopovers as staff human resource managers (one good reason for all managers to know something about human resources). A survey by the Center for Effective Organizations at the University of Southern California found that about one fourth of large U.S. businesses appointed managers with no human resources experience as their top human resource executives. Employers assumed that these people may find it easier to link the firm's human resource management efforts to the firm's strategic goals, and might sometimes be better equipped to integrate the firm's human resources efforts with other functions like sales and finance.[5]

LINE–STAFF HR COOPERATION 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.[6] (Thus, the supervisor might describe what training she thinks the new employee needs, HR might design the training, and the supervisor might then ensure that the training is having the desired effect.)

Line Managers' Human Resource Management Responsibilities

In any case, all supervisors spend much of their time on HR/personnel-type tasks. Indeed, 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.

Organizing the Human Resource Department's Responsibilities

The *human resource department* provides this specialized assistance. Figure 1.1 shows the human resource management jobs you might find in a large company. Typical positions

FIGURE 1.1 HR Organization Chart for a Large Organization
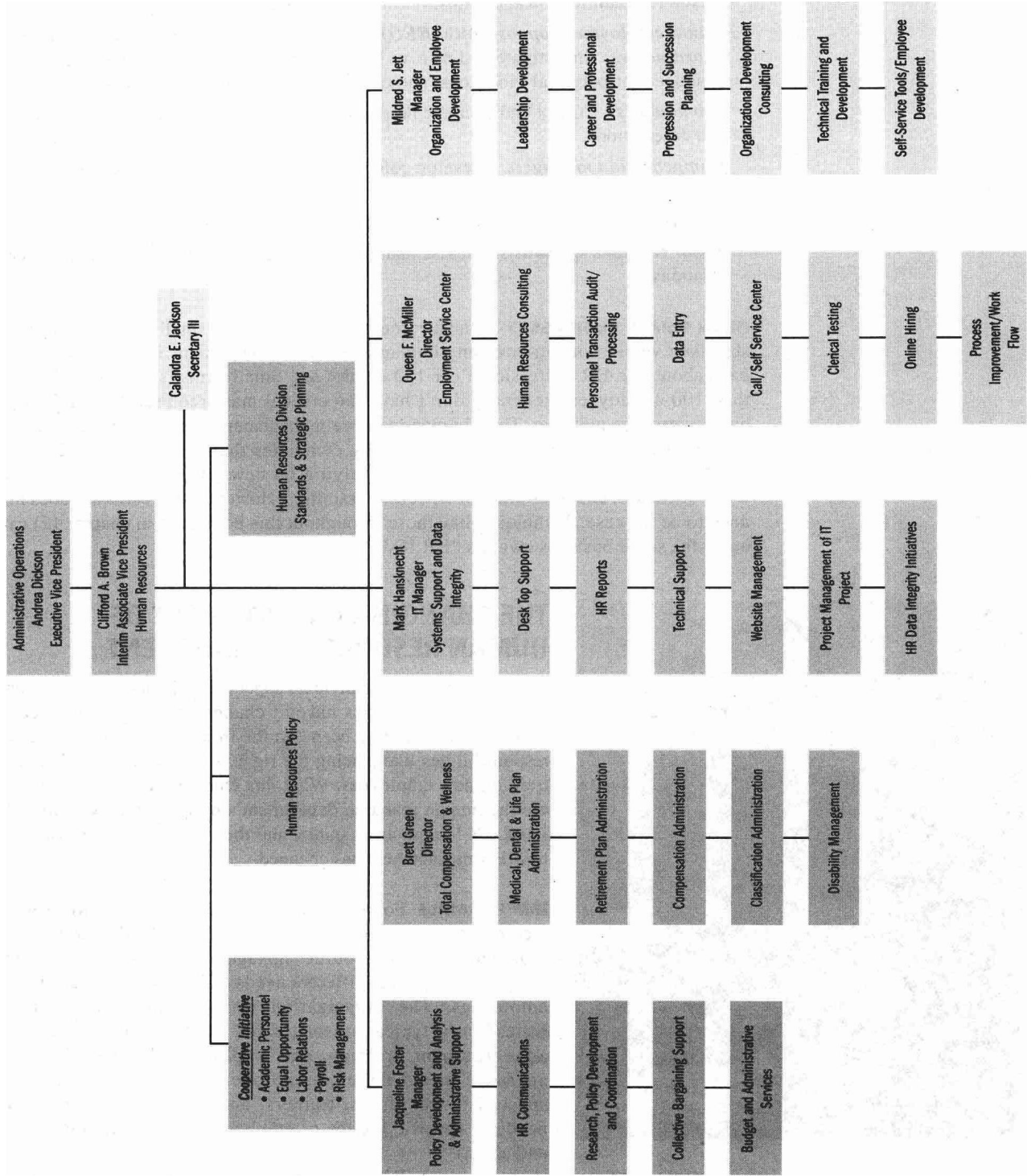
Source: www.hr.wayne.edu/orgcharts.php/hrdorgchart.pdf, accessed May 6, 2007.

include compensation and benefits manager, employment and recruiting supervisor, training specialist, and employee relations executive. Examples of job duties include:

Recruiters: Maintain contact 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.

HR IN SMALL BUSINESSES Human resource management in small firms is not just a shrunken version of big-company human resource management. Employers usually have about one HR professional per 100 employees. Small firms (say, those with less than 100 employees) generally don't have the critical mass required for a full-time human resource manager. Their human resource management therefore tends to be "ad hoc and informal." For example, one survey concludes that small firms tend to use "unimaginative" recruiting practices like relying on newspaper ads, walk-ins, and word-of-mouth, and to do little or no formal training.[7] However, that certainly does not need to be the case. Techniques like those throughout this book (and in chapter 12) can boost the small business owner's "HR IQ."

Randy McDonald and IBM reorganized its human resource management group to focus on the needs of specific groups of IBM employees.

THE CHANGING ENVIRONMENT OF HUMAN RESOURCE MANAGEMENT

In most respects, the individual supervisor's human resource management–related duties haven't changed much in many years. Managers have always been "on the front line" when it comes to responsibilities like placing the right person in the right job, and training new employees. What *has* changed rather dramatically are the human resource department's duties and how it does its job. Let's look at an example, and then more closely at why and how HR management has changed.

IBM EXAMPLE For example, Randy MacDonald, IBM's senior vice president of human resources, felt that IBM's traditionally organized human resource management department did not adequately serve the different needs of IBM's various groups of employees. The organization was not employee-focused. Instead, as is typical, it isolated HR functions into "silos" such as recruitment, training, and employee relations. This silo approach meant there was no one team of human resource specialists (recruiters, trainers, and so on) focusing on the needs of specific groups of employees (engineers, managers, and so on).

MacDonald therefore reorganized IBM's human resources function. He segmented its 330,000 employees into three sets of "customers," executive and technical employees, managers, and rank and file. Separate human resource management teams (consisting of recruitment, training, and compensation specialists, for instance) now focus on serving the needs of each employee segment. These cross-functional HR teams, working together,

ensure that the employees in each segment get the skills, learning, and compensation they require to support IBM's strategy.[8]

The bottom line is that extraordinary changes have taken place in what employers expect from their human resource management departments, and in how these departments do their jobs. Let's look first at some of the trends that prompted these changes, and then more closely at the changes themselves.

Competitive Trends

Managing today is not what it was just a few years ago. Competitive, demographic, and workforce trends are driving businesses to change how they do things.

GLOBALIZATION & COMPETITION Globalization is a prime example. *Globalization* refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad. Examples are all around us. Toyota produces the Camry in Kentucky, while Dell produces and sells PCs in China. Free trade areas—agreements that reduce tariffs and barriers among trading partners—further encourage international trade. NAFTA (the North American Free Trade Agreement) and the EU (European Union) are examples.

More globalization means more competition, and more competition means more pressure to be "world class"—to lower costs, to make employees more productive, and to do things better and less expensively. As when the Spanish retailer Zara opens a new store in Manhattan, globalization pressures local employers and their HR teams to institute practices that get the best from their employees.

OUTSOURCING The search for greater efficiencies is prompting employers to outsource (export) more jobs to lower-cost locations abroad. For example, Merrill Lynch says it is having some of its security analysis work done in India. Figure 1.2 summarizes the situation. It shows that between 2005 and 2015, about 3 million U.S. jobs, ranging from office support and computer jobs to management, sales, and even legal jobs, will likely move offshore.[9]

Employers are even outsourcing human resource work. For example, several years ago BP Oil outsourced to Hewitt Associates (although in this case not abroad) its payroll, relocation, severance, and benefits administration functions.[10]

TECHNOLOGICAL ADVANCES Technology is changing almost everything businesses do. For example, technology (in the form of Internet-based communications) made it feasible for Merrill Lynch to outsource its security analysis jobs to India. Zara doesn't need the expensive inventories that burden competitors like The Gap. Zara operates its own Internet-based worldwide distribution network, linked to the checkout registers at its stores around the world. Suppose its headquarters in Spain sees a garment "flying" out of a store? Zara's computerized manufacturing system dyes the required fabric, cuts and manufactures the item, and speeds new garments to that store within days.

THE NATURE OF WORK Technology is also changing the nature of work, even factory work. In plants throughout the world, knowledge-intensive high-tech manufacturing jobs are

FIGURE 1.2

Employment Exodus: Projected Loss of U.S. Jobs and Wages

Source: Michael Shroeder, "States Fight Exodus of Jobs," *Wall Street Journal* (June 3, 2003): 84. Copyright © 2003 Dow Jones & Co., Inc. Reproduced with permission of Dow Jones & Co., Inc. in the format Textbook via Copyright Clearance Center.
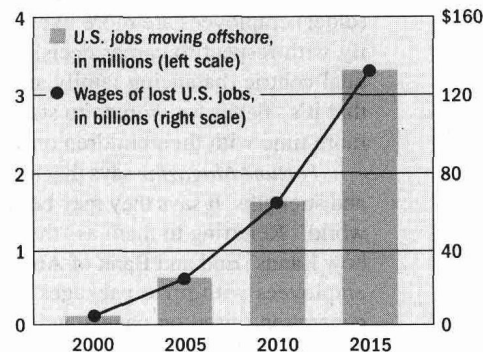
replacing traditional factory jobs. Skilled machinist Chad Toulouse illustrates the modern blue-collar worker. After an 18-week training course, this former college student now works as a team leader in a plant where about 40% of the machines are automated. In older plants, machinists would manually control machines that cut chunks of metal into things like engine parts. Today, Chad and his team spend much of their time typing commands into computerized machines that create precision parts for products, including water pumps.[11] Technology-based employees like these need new skills and training to excel at these more complex jobs.

SERVICE JOBS Technology is not the only trend driving this change from "brawn to brains." Today over two thirds of the U.S. workforce is employed in producing and delivering services, not products. Between 2004 and 2014, almost all the 19 million new jobs added in the United States will be in services, not in goods-producing industries.[12]

HUMAN CAPITAL For employers, this all means a growing need for "knowledge workers" and human capital. *Human capital* refers to the knowledge, education, training, skills, and expertise of a firm's workers.[13] Today, "the center of gravity in employment is moving fast from manual and clerical workers to knowledge workers, who resist the command-and-control model that business took from the military 100 years ago."[14] Managers need new world-class human resource management systems and skills to select, train, and motivate these employees and to get them to work more like committed partners.

Demographic and Workforce Trends

DEMOGRAPHIC TRENDS At the same time, workforce demographic trends are making finding and hiring good employees more challenging. Labor force growth is not expected to keep pace with job growth, with an estimated shortfall of about 14 million college educated workers by 2020.[15] One study of 35 large global companies' senior human resource managers said "talent management"—in particular, the acquisition, development, and retention of talent—ranked as their top concern.[16]

Overall, the U.S. workforce's demographics are becoming older and more multiethnic.[17] At current rates, the white labor force will grow by 7%, as compared with blacks (17%), Asians (32%), and other (30%) by 2014. The labor force participation rate of women, having increased from about 40% 50 years ago to about 60% today, will remain at about 60% through 2014. As the baby-boom generation ages, the number of people in the labor force age 55 to 64 will increase by about 7 million through 2014. The Hispanic and Latino labor force will increase by about 33%.[18]

There has also been a shift to nontraditional workers. Nontraditional workers include those who hold multiple jobs, or who are "contingent" or part-time workers, or people working in alternative work arrangements (such as a mother–daughter team sharing one flight attendant job at JetBlue airlines). Today, almost 10% of American workers—about 13 million people—fit this nontraditional workforce category. Of these, about 8 million are independent contractors who work on specific projects and move on once the projects are done.

"GENERATION Y" Some experts note that the incoming crop of younger workers may have different work-related values than did their predecessors. Based on one study, current (older) employees are more likely to be work-centric (to focus more on work than on family with respect to career decisions). Younger workers tend to be more family-centric or dual-centric (balancing family and work life). Younger workers also generally don't agree that it's "better for women to stay home" than to work, and younger fathers tend to spend more time with their children on workdays.[19]

Fortune Magazine says that today's new "Generation Y" employees will bring challenges and strengths. It says they may be "the most high maintenance workforce in the history of the world." Referring to them as "the most praised generation," the *Wall Street Journal* explains how Lands' End and Bank of America are teaching their managers to compliment these new employees with prize packages and public appreciation.[20] On the other hand, as the first generation raised on pagers and e-mail, their information technology skills will also make them the most high performing.

RETIREES One survey of human resource professionals calls "the aging workforce" the biggest demographic trend impacting employers. For example, how will employers replace these retiring employees in the face of a diminishing supply of younger workers?

Employers are dealing with this in various ways. One survey found that 41% of surveyed employers are bringing retirees back into the workforce, 34% are conducting studies to determine their own projected retirement rates, and 31% are offering employment options designed to attract and retain semi-retired workers.[21] This retiree issue helps explain why "talent management"—getting and keeping good employees—ranks as HR managers' top concern.[22]

HUMAN RESOURCE MANAGEMENT'S CHANGING ROLE

Competitive, demographic, and workforce trends like these force businesses to change how they do things. For example, more competition means more pressure to lower costs, and to make employees more productive. Most employers are therefore cutting staff, outsourcing tasks, and installing new productivity-boosting technologies. And as part of these efforts, they also expect their HR managers to "add value", in other words, to improve organizational performance in measurable ways.

Example of HR Management's Changing Role

Human resource management's role has therefore shifted to improving organizational performance by tapping the potential of the firms' human capital. Here's an example. A bank installed a new software system that made it easier for customer service representatives to handle customers' inquiries. Seeking to capitalize on the new software, the bank upgraded the customer service representatives' jobs. The bank's human resource management team gave the reps new training, taught them how to sell more of the bank's services, gave them more authority to make decisions, and raised their wages. Here, the new computer system dramatically improved revenues and profitability.

A second bank installed a similar system, but did not upgrade the workers' jobs. The employees received only enough training to use the new software. Here, the new system helped the service reps handle a few more calls. But this bank saw none of the big performance gains the first bank had gotten by expanding its reps into highly trained salespeople.[23]

There are two points to this example.

- *First*, today's employers expect their human resource managers to measurably improve organizational performance, by instituting new and improved human resource practices.[24]

- *Second*, human resource management therefore has new duties and priorities. Human resource management used to focus mostly on day-to-day administrative duties, like signing up employees for benefits. Today, it focuses less on administration, and more on strategic activities like helping the bank's employees better capitalize on their new customer service software. In other words, human resource management has evolved. Let's look at how.

The Evolution to the New Human Resource Management

Figure 1.3 helps illustrate how human resource management evolved in response to evolving trends and issues. As companies expanded in the early 1900s, employers needed more assistance with "personnel." The earliest personnel departments took over hiring and firing from supervisors, ran the payroll department, and administered benefits. As know-how in things like testing and interviewing emerged, the personnel department began playing a bigger role in employee selection, training, and promotion.[25] The appearance of union legislation in the 1930s added "protecting the firm in its interaction with unions" to the personnel department's responsibilities. Then, as new equal employment legislation created the potential for discrimination-related lawsuits, employers turned to personnel managers to provide the requisite advice.[26]

Today, competitive, technological, and workforce trends mean business is much more competitive than in the past. Human resource managers face new issues. As in the bank example, highly trained and committed employees, not machines, are often a firm's main

FIGURE 1.3 Issues Driving the Evolution of Human Resource Management

Decade	Major Business Issues	Common Titles for "HR"
Pre-1900s	Small businesses, and workers' guilds	No "HR" people
1900s	Growth of larger-scale enterprises due to effects of earlier industrial revolution, World War I	Labor Relations, Personnel
1920s	World-wide economic depression, Hawthorne "human relations" studies, first labor legislation	Industrial Relations, Personnel
1940s	World War II, growth of large diversified enterprises	Personnel Administration
1960s	Civil rights and compliance	Personnel
1980s	Growing impact of globalization and technology, and emergence of the knowledge/service economy, human capital	Personnel/Human Resources
2000s	Modern organizations, organization effectiveness, strategic HR planning	Human Resource Management

Source: Based on Richard Vosburgh, "The Evolution of HR: Developing HR as an Internal Consulting Organization," *Human Resource Planning,* September 2007, volume 30, issue 3.

competitive advantage. That means employers like IBM have had to rethink how their human resource management departments do things. We'll see in this book that the trend today is for the human resource team to spend less time on administrative, transactional services such as benefits administration, and more time doing two main things—

1. Supporting top management's *strategic planning* efforts, and
2. Acting as the firm's *"internal consultant"* for identifying and institutionalizing changes that will help the company's employees better contribute to the company's success.

Two writers put it this way: human resource management needs to shift its emphasis from providing services to providing people-related decisions that "inform and support."[27]

IMPORTANT HUMAN RESOURCE MANAGEMENT ISSUES TODAY

⑤ List, with examples, four important issues influencing HR management today.

This shift in emphasis means that successful human resource managers find themselves dealing with at least four issues today. We'll discuss these issues in more detail later in this book, but it's useful to get a birds eye view of them in this first, introductory chapter. The issues are the need for HR managers: *to cultivate new skills; to understand strategic planning; to understand how to utilize technology;* and *to institute policies and practices that ensure fair and ethical behavior at work.*

New Human Resource Management Skills[28]

First, the evolution of HR's duties *from* supplying mostly administrative services *to* supplying more strategic and people-related consulting support means human resource managers need to develop new kinds of skills. Here are three examples.

1. First, employers and their HR teams need to find *new ways to supply traditional transactional HR services* (such as benefits administration), so as to free up the human resource manager's time for strategic, internal consulting activities.
2. Second, human resource managers have to improve their *internal consulting skills.* (For example, the bank's human resource manager devised new screening, training, and pay practices that helped the bank better capitalize on its new customer service rep software.) And,

3. Third, moving from supplying administrative services to supplying consulting and strategic ones often means outsourcing administrative services like benefits administration to outside vendors. Human resource managers therefore need to be adept at dealing with outside vendors—they must *improve their HR outsourcing skills*.

Throughout this book we'll see how human resource managers develop these and other skills.

Strategic Human Resource Management

strategy
The company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage.

Every company needs a *strategy*. A **strategy** is the company's plan for how it will match its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage. Thus Microsoft's strategy was to boost its Internet search capacity by trying to buy Yahoo. Tiffany's strategy is to sell high-priced jewelry from its flagship store on New York's Fifth Avenue.

Whether it's the first-line supervisor or the company's HR manager, the person's main human resource-related responsibility is to use human resource management methods to produce the employee competencies and behaviors the company needs to achieve its strategic goals. This makes *strategic planning* another important HR issue. At the bank, this meant making sure the customer service reps had the pay and sales training they needed to capitalize on the new technology. At IBM it meant reorganizing human resource management around teams, each of which then focused on supporting one of three groups of employees.

Helping top management formulate and execute its strategy is one way human resource managers add value to the company. **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.

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

ALBERTSON'S EXAMPLE Albertson's Markets faced competitive pressures from firms like Wal-Mart. Albertson's top management therefore needed their human resource managers to be partners in helping the firm achieve its strategic goals. These goals included reducing costs and offering excellent service.

Albertson's HR team did this in several ways. For example, reducing personnel-related costs and improving performance meant hiring employees who had a customer-focused approach, as well as reducing turnover, improving retention, and eliminating time-consuming manual processes and procedures for store managers.

Working with its information technology department, Albertson's human resource management team also got a computer system from Unicru of Portland, Oregon (www.unicru.com). The system collects and analyzes the information entered by applicants

Albertson's HR team took steps to support the company's strategy.

online and at kiosks. It ranks applicants based on the extent to which they exhibit the customer-focused traits that predict success in retail jobs, helps track candidates throughout the screening process, and does other things, such as track reasons for departure once applicants are hired. HR managers were able to present a compelling business case to illustrate the new system's return on investment. Working as a partner with top management, its HR team thus contributed to achieving Albertson's strategic goals.[29] We'll address HR strategy in more detail in chapter 3.

HR and Technology

Technology is another important HR issue, because (see Figure 1.4) technology plays such a central role in human resource management today. Employers want to reduce the time they put into providing administrative HR services like benefits sign-ups. Technology helps them do this. It improves HR functioning in four main ways: *self-service, call centers, productivity improvement,* and *outsourcing.*[30]

Dell provides good examples of several of these applications. For example, Dell employees use the firm's intranet-based HR applications to *self-service* many of their HR transactions, such as updating personal information and changing benefits allocations. Technology also enabled Dell to create a *centralized call center.* HR specialists answer questions from all Dell's far-flung employees, reducing the need for multiple HR centers at each Dell location.

More firms are installing Internet- and computer-based systems for improving human resource function *productivity.* For example, Dell installed a Web-based applicant tracking system. This system automated the process of recruiting employees and of managing their applications and progress through the hiring process. The vendor then worked with Dell to develop customized recruiting metrics. These included, for instance, hiring managers' evaluations of the candidates. Dell can now correlate candidate performance with sources of applicants. They can therefore focus their recruiting on the more productive recruitment sources.[31]

FIGURE 1.4 Some Ways HR Managers Use Technology

Technology	How Used by HR
Application Service Providers (ASPs)	ASPs host and manage services (such as for processing employment applications) for the employer from their own remote computers
Web portals	Employers use these, for instance, to enable employees to manage their own benefits and update their personal information
Streaming PC video	Used, for instance, to facilitate distance training
The mobile Web and wireless net access	Used to facilitate employees' access to the company's Web-based HR activities
Personal digital assistants	For example, some firms provide incoming managers with preloaded personal digital assistants. These contain information the new managers need to better adjust to their new jobs, such as key contact information and digital images of the manager's new employees
Monitoring software	Used to track employees' Internet and e-mail activities or performance
Integrated human resource information systems (HRIS)	Used to integrate the employer's separate HR systems, for instance by automatically updating employee's qualifications list when he or she completes a training program
Electronic signatures	Employers can use these legally valid e-signatures to expeditiously obtain applicant and employee signatures
The Web	Managers make extensive use of the Web, as for doing salary surveys

Sources: Adapted from Samuel Greengard, "10 HR Technology Trends for 2001," *HR Trends and Tools for Business Results* 80, no. 1 (January 2001): 20–22; Jim Meade, "Analytical Tools Give Meaning to Data," *HR Magazine* 46, no. 11 (November 2001): 97 ff. Connie Winkler, "Quality Check," *HR Magazine* (May 2007): 93–98.

Dell put much of its HR services online.
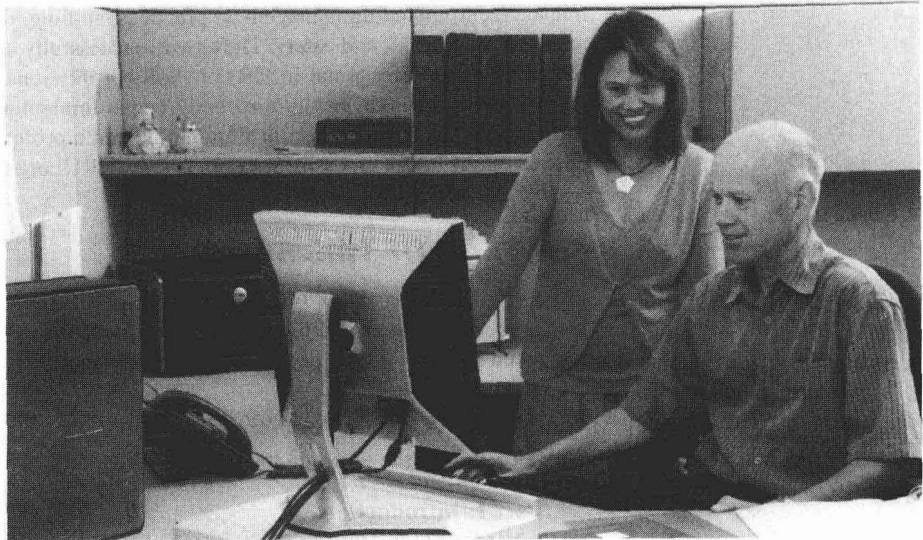
Finally, technology also makes it easier to *outsource* human resource activities to specialist service providers by enabling service providers to have real-time Internet-based access to the employer's HR database. For instance, several years ago, BP outsourced its benefits management activities to Hewitt Associates. We'll address HR technology in more detail throughout the book, and in chapter 12.

Managing Ethics

ethics
The principles of conduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be.

Because ethical misdeeds will torpedo even otherwise competent managers, *managing ethics* is an important human resource management issue. **Ethics** refers to the standards someone uses to decide what his or her conduct should be. Ethical decisions always involve *morality*, matters of serious consequence to society's well-being, such as murder, lying, and stealing. Newspaper headlines regarding ethical lapses (like questionably timed stock option grants at various firms) never seem to end. Given that some firms, such as the accounting firm Arthur Andersen, were literally put out of business by ethical lapses, one has to wonder what the managers were thinking.

Congress passed the Sarbanes-Oxley Act in 2003. To help ensure that managers take their ethics responsibilities seriously, Sarbanes-Oxley (SOX) is intended to curb erroneous corporate financial reporting. Among other things, Sarbanes-Oxley requires CEOs and CFOs to certify their companies' periodic financial reports. It also prohibits personal loans to executive officers and directors, and requires CEOs and CFOs to reimburse their firms for bonuses and stock option profits if corporate financial statements subsequently require restating.[32] SOX does not just involve the firm's CEO and CFO. For example, every publicly listed company now needs a code of ethics, more often than not promulgated by human resources.

The human resource manager's responsibilities for ethics don't end with Sarbanes-Oxley. One survey found that six of the ten most serious ethical issues—workplace safety, security of employee records, employee theft, affirmative action, "comparable work", and employee privacy rights—were human resource management related.[33] We'll address ethics in more detail in chapter 9.

HR Certification

As the human resource manager's tasks grow more complex, human resource management is becoming more professionalized. Over 60,000 HR professionals have already passed one or both of the Society for Human Resource Management's (SHRM™) HR professional certification exams. SHRM's Human Resource Certification Institute offers these exams. Two levels of exams test the professional's knowledge of all aspects of human resource

management, including management practices, staffing, development, compensation, labor relations, and health and safety. Those who successfully complete all requirements earn the SPHR (senior professional in HR) or PHR (professional in HR) certificate. The Human Resource Certification Institute recently began implementing state certifications, offering credential testing for California's human resource professionals in 2007.[34] Managers can take an online HRCI assessment exam at www.HRCI.org (or by calling 866-898-HRCI).

THE PLAN OF THIS BOOK

The basic aim of this book is to provide all current and future managers (including but not just limited to current and future *human resource managers*) with the concepts and skills they need to carry out the people or personnel aspects of their jobs.

The Chapters

We've organized the topics in the following chapters:

Part 1: Introduction
1. *Managing Human Resources Today*
2. *Managing Equal Opportunity and Diversity* What you'll need to know about equal opportunity laws as they relate to human resource management activities, such as interviewing, selecting employees, and evaluating performance appraisals.
3. *Mergers, Acquisitions, and Strategic Human Resource Management* What is strategic planning, and how human resource management contributes to mergers, acquisitions, and strategy formulation and execution.

Part 2: Staffing the Organization
4. *Personal Planning and Recruiting* How to analyze a job and how to determine the job's requirements, specific duties, and responsibilities, as well as what sorts of people need to be hired and how to recruit them.
5. *Selecting Employees* Techniques such as testing that you can use to ensure that you're hiring the right people.
6. *Training and Developing Employees* Providing the training and development necessary to ensure that your employees have the knowledge and skills required to accomplish their tasks.

Part 3: Appraising and Compensating Employees
7. *Performance Management and Appraisal* Techniques for managing and appraising performance.
8. *Compensating Employees* How to develop equitable pay plans, including incentives and benefits, for your employees.

Part 4: Employee and Labor Relations
9. *Ethics, Employee Rights, and Fair Treatment at Work* Ensuring ethical and fair treatment through discipline, grievance, and career management processes.
10. *Working with Unions and Resolving Disputes* Concepts and techniques concerning the relations between unions and management, including the union-organizing campaign, negotiating and agreeing on a collective bargaining agreement between unions and management, and managing the agreement.
11. *Improving Occupational Safety, Health, and Security* The causes of accidents, how to make the workplace safe, and laws governing your responsibilities in regard to employee safety and health.

Part 5: Special Issues in Human Resource Management
12. *Managing Human Resources in Entrepreneurial Firms* Special HRM methods small business managers can use to compete more successfully.
13. *Managing HR Globally* Applying human resource management policies and practices in a global environment.
14. *Measuring and Improving HR Management's Results* How managers can measure, assess, and improve the effectiveness of their human resource practices.

Two Special Chapter Features

SHRM, the Society for Human Resource Management, distributed its new *SHRM Human Resource Curriculum Guidebook* a few years ago. One point the *Guidebook* makes is that human resource managers need certain business and personal skills in order to best utilize their human resource management knowledge. Among other things, the *Guidebook* therefore suggests teaching human resource management in a way that blends the *HR content* with these business and personal skills. For example, in discussing equal employment law (an HR content area), tie in discussions of relevant *personal competencies* (such as "ethical decision making") and *business knowledge applications* (such as "corporate social responsibility").

Because doing so makes sense even for managers who have no intention of ever being human resource managers, we'll follow SHRM's suggestion in this book. We do this by including in each subsequent chapter from this point on two special features:

1. *Personal Competencies features* The boxed *Personal Competencies* features highlight relevant managerial personal competencies (skills). So, for the Managing Equal Opportunity and Diversity chapter we discuss *ethical decision-making* as a personal competency.
2. *Business in Action features* The boxed *Business in Action* features highlight relevant business/policy knowledge applications. Thus, for the Managing Equal Opportunity and Diversity chapter's *Business in Action* feature, you'll find a business law and public policy feature showing how California's Longo Toyota auto dealership supports its business policy goals by building a diverse workforce.

Review

SUMMARY

1. Staffing, personnel management, or human resource management includes activities such as recruiting, selecting, training, compensating, appraising, and developing.
2. HR management is a part of every line manager's responsibilities. These HR responsibilities include placing the right person in the right job and then orienting, training, and compensating the person to improve his or her job performance.
3. The HR manager and his or her department provide various staff services to line management; for example, the HR manager or department assists in the hiring, training, evaluating, rewarding, promoting, and disciplining of employees at all levels.

4. Changes in the environment of HR management are requiring HR to play a more strategic role in organizations. These changes include growing workforce diversity, rapid technological change, globalization, and changes in the nature of work, such as the movement toward a service society and a growing emphasis on education and human capital.
5. The consequence of changes in the work environment is that HR managers' jobs are increasingly strategic in nature, and these managers must also focus more on providing internal consulting expertise with respect to improving employee morale and performance.

KEY TERMS

organization   2
manager   2
managing   2
management process   2
human resource management   2
authority   3

line managers   4
staff managers   4
services   8
strategy   11
strategic human resource management   11
ethics   13

DISCUSSION QUESTIONS AND EXERCISES

1. Explain what HR management is and how it relates to line management.
2. Give several examples of how HR management concepts and techniques can be of use to all managers.
3. Compare the authority of line and staff managers. Give examples of each.
4. Working individually or in groups, develop a list showing how trends such as workforce diversity, technological trends, globalization, and changes in the nature of work have affected the college or university you are now attending or the organization for which you work.
5. Working individually or in groups, develop several examples showing how the new HR management

practices mentioned in this chapter have or have not been implemented to some extent in the college or university you are now attending or in the organization for which you work.
6. Working individually or in groups, interview an HR manager. Based on that interview, write a short presentation regarding HR's role today in improving employee and organizational productivity.
7. Why is it important for a company to make its human resources into a "competitive advantage"? How can HR contribute to doing so?
8. What is meant by strategic human resource management? Give an example of how HR managers can help support their firms' strategic goals.

Application Exercises

HR in Action
Case Incident 1   Jack Nelson's Problem

As a new member of the board of directors for a local bank, Jack Nelson was being introduced to all the employees in the home office. When he was introduced to Ruth Johnson, he was curious about her work and asked her what her machine did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had been working there for only two months. She did, however, know precisely how to operate the machine. According to her supervisor, she was an excellent employee.

At one of the branch offices, the supervisor in charge spoke to Nelson confidentially, telling him that "something was wrong," but she didn't know what. For one thing, she explained, employee turnover was too high, and no sooner had one employee been put on the job than another one resigned. With customers to see and loans to be made, she explained, she had little time to work with the new employees as they came and went.

All branch supervisors hired their own employees without communication with the home office or other branches. When an opening developed, the supervisor tried to find a suitable employee to replace the worker who had quit.

After touring the 22 branches and finding similar problems in many of them, Nelson wondered what the home office should do or what action he should take. The banking firm was generally regarded as a well-run institution that had grown from 27 to 191 employees during the past eight years. The more he thought about the matter, the more puzzled Nelson became. He couldn't quite put his finger on the problem, and he didn't know whether to report his findings to the president.

Questions

1. What do you think is causing some of the problems in the bank's home office and branches?
2. Do you think setting up an HR unit in the main office would help?
3. What specific functions should an HR unit carry out? What HR functions would then be carried out by the bank's supervisors and other line managers?

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HR in Action
Case Incident 2   Carter Cleaning Company

Introduction
A main theme of this book is that HR management—activities like recruiting, selecting, training, and rewarding employees—is not just the job of a central HR group but rather a job in which every manager must engage. Perhaps nowhere is this more apparent than in the typical small service business. Here

the owner/manager usually has no HR staff to rely on. However, the success of his or her enterprise (not to mention his or her family's peace of mind) often depends largely on the effectiveness through which workers are recruited, hired, trained, evaluated, and rewarded. Therefore, to help illustrate and emphasize the front-line manager's HR role, throughout