

**Personnel Management:
A Handbook for Employers
and Line Managers**

Personnel Management: A Handbook for Employers and Line Managers

Michael Armstrong



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Introduction

This book is primarily for the employer or manager who has to do his own personnel management without the help and advice of a professional personnel manager. Even when there is a personnel department, however, the book should still be a valuable guide to employers or managers in dealing with people and making the best use of personnel specialists.

The book aims to describe personnel management in a practical manner and without recourse to the jargon that afflicts too many management texts. It begins with a general review of what personnel management is about and then deals with the organizational framework within which people have to work.

Chapters 3 and 4 deal with the first things that concern managers: deciding how many and what sort of people they need and recruiting them. Chapters 5 to 8 go on to discuss ways of getting the best out of people once you have recruited them. These chapters consider: first, motivating them to work effectively; second, paying them appropriately; third, appraising their performance; and, fourth, improving their performance by training.

However well you manage people, you will encounter problems such as discipline, grievances and redundancy. How to handle these within the context of the law of employment is dealt with in Chapter 9.

Again, whether you like it or not, you will probably be concerned with trade unions or staff associations, and Chapter 10 reviews the questions of recognition, procedure agreements and provides guidance on how to negotiate with employee representatives and improve communications with your workforce.

The importance of health and safety is still not recognized sufficiently in many firms. This subject is therefore reviewed separately in Chapter 11.

Appendix A discusses and illustrates the basic personnel records required. Appendix B reproduces various standard

letters used in recruitment and disciplinary matters. Appendix C is a specimen contract of employment, which may be a useful model for firms in the process of drawing up employment contracts.

Note: To avoid the awkward device of writing 'he or she' the masculine pronoun is used throughout the book to denote both male and female persons.

1

The Manager's Responsibility for Personnel Management

All managers are personnel managers. This is perhaps a truism, but one that needs to be restated at the outset. This book is about what employers and managers need to know and do about managing people, a job they have to do all the time.

What you do about personnel management as a manager depends on your position. If you are running a business you will be concerned with policies on how people in the firm should be treated, as well as personnel procedures and practices. The sort of policies you want and the degree to which you need to formalize them will vary with the size and type of concern you are running. If you are a divisional or departmental manager you may be less involved in creating policies, but you will have to implement those that exist and you will continually be dealing with personnel matters, whether or not there are standardized procedures.

The presence or absence of a personnel department will also affect what you do. If there is one, certain services will be provided, advice will be available and there are likely to be some procedures you will be expected to follow. But these do not absolve you from any responsibility for the people under your control. A personnel department should be there only to help and sometimes to guide. You may have to put into practice what it thinks you ought to do, but only you carry the can.

Against this background, this introductory chapter seeks to do three things. First, to analyse the personnel activities that chief executives and line managers carry out. This analysis will provide the framework for the rest of the book. Second, to discuss the need, if any, for a personnel department, and the role that professional personnel managers have in relation to line managers. Third, to consider personnel policies: to what extent they are necessary, what areas they should cover and how they should be formulated and applied.

Personnel activities

The personnel activities managers carry out to a greater or lesser degree, depending on their jobs, are:

1. *Organizing*: deciding who does what and how activities should be structured and grouped together, and ensuring that the organization functions effectively.
2. *Planning and budgeting*: deciding how many people are required, preparing manpower cost budgets and making plans to ensure that the use of manpower is cost-effective.
3. *Recruiting people*: obtaining the numbers and quality of people required.
4. *Motivating*: getting the best results from people.
5. *Paying*: deciding what and how people should be paid; this includes considering other forms of remuneration besides wages and salaries.
6. *Appraising*: assessing performance and potential.
7. *Training and developing*: ensuring that people have the skills and knowledge to do their present jobs well and to do more demanding jobs in the future.
8. *Problem-solving*: dealing with the day-to-day problems affecting people: discipline, grievances, redundancy, interpreting and applying employment legislation.
9. *Industrial relations*: dealing with trade unions, staff associations, shop stewards, joint consultation and communications.
10. *Health and safety*: looking after health, safety and welfare.
11. *Personnel administration*: keeping up-to-date personnel records, etc.
12. *Controlling*: monitoring performance in any of the areas listed above and taking corrective action where necessary.

The personnel function

Is a personnel department necessary?

Peter Drucker, writing in *The Practice of Management** 25 years ago, asked the question: 'Is personnel management bankrupt?' In answering this question, Drucker starts by quoting a cynic's

* Drucker, Peter (1955) *The Practice of Management* Heinemann: London. This is one of the three best books ever written about management, the others being Douglas McGregor's *The Human Side of Enterprise* (1960) McGraw-Hill: New York and Robert Townsend's *Up the Organization* (1970) Michael Joseph: London.

description of personnel administration: 'It puts together and calls personnel management all those things that do not deal with the work of people and are not management.' He then goes on to describe a typical personnel manager's job as being 'partly a file-clerk's job, partly a social worker's job, and partly fire-fighting to head off trouble or to settle it.'

Personnel managers, of course, say there is more to it than that. They will stress the strategic, forward-looking elements of their role, with particular emphasis on organization development, management development, manpower planning and performance appraisal. They may also stress the importance of expertise in understanding the relevance of the behavioural sciences or in applying training, selection, job evaluation and other specialized techniques. But if they protest too much they are in danger of falling into the same elephant trap set by Drucker (ie relying on gimmicks to prop up themselves and others). As Drucker said: 'The constant worry of all personnel administrators is their inability to prove that they are making a contribution to the enterprise.'

Robert Townsend in *Up the Organization** headed his section on personnel with the slogan 'fire the whole personnel department'. He went on to suggest that:

Unless your company is too large (in which case break it up into autonomous parts), have a one-girl people department (not a personnel department). Records can be kept in the payroll section of the accounting department and your one-girl people department (she answers her own phone and does her own typing) acts as a personnel (sorry — people) assistant to anybody who is recruiting.

A trifle drastic perhaps, and maybe it should be a one-man/woman department rather than a one-girl department, but the approach is right. Given that every manager is his own personnel manager, the starting point in looking at the role of the personnel function must be to ask the question: 'What are those services related to people that can most economically and conveniently be carried out by a central function?'

What personnel services are needed?

The answer to this question will depend on the size and type of the organization. A smallish company — say one with less than 100 employees — could probably do without a personnel

* Townsend, Robert op cit.

specialist. The board could look after personnel policies with the chief executive himself (preferably) or one of the directors given the specific task of ensuring that the personnel needs of the company are catered for.

A bigger organization — one with say up to 300 employees — might usefully employ one personnel officer. Above that size a larger department may be needed, especially if the recruitment load is heavy. An experienced personnel specialist could manage these services and provide help and advice on such matters as recruitment, training, pay systems, union negotiations, disciplinary and grievance problems and the implications of employment legislation.

What should personnel departments do?

If they exist at all, personnel departments are there, as suggested above, to provide certain services that can more economically and conveniently be centralized. The obvious services in this category are recruitment and off-the-job training, when it can be shown that this is the best way of doing it. The department can also maintain personnel records, although care would have to be taken not to duplicate those held by the payroll department.

Beyond these basic services, the personnel function exists to *help* management to do its personnel job more effectively, where help is needed. This may mean advising on policies and procedures in the fields of organization development, manpower planning, performance appraisal, pay structures, training, industrial relations and safety. Help will be given in dealing with grievances and with discipline and redundancy problems. The department may coordinate pay reviews, performance appraisals and trade union negotiations on behalf of management. But it should not attempt to take control: guidance, perhaps, on the interpretation of policies, the handling of problems and the implication of employment legislation; warnings, sometimes, if a manager is clearly going off the rails; commands, never.

Personnel policies

Whether or not you have a personnel department, you will have to have personnel policies. These should not, however, be in the form of policy manuals. As Townsend said: 'Don't bother. If they're general, they're useless. If they're specific, they're how-to manuals — expensive to prepare and revise.'

Written personnel policies tend to be full of 'hurrah' words which strung together, produce phrases like this:

The company recognizes that it has a responsibility towards its staff to provide high standards of employment and working conditions, to treat them fairly and to provide them with opportunities to develop and obtain a sense of satisfaction from their work.

Fine words but such rhetoric will be of no value when you are faced with practical problems.

So, do you need to have any personnel policies? Well, one of Molière's characters found to his surprise that he had been talking prose all his life. Similarly, if you are in charge of a business, you have personnel policies, whether you recognize them or not. Every time you make a general statement on how staff should be treated — and you cannot avoid doing that — you are expressing a personnel policy. For example, the simple statement that 'I want our rates of pay to match market rates' is a policy.

Personnel policies do not necessarily have to be written down or formalized. But because they tend to emerge unbidden from an ill-defined source, such as a series of pragmatic decisions, they can be misunderstood, or gaps can be left which means that guidelines are not available when action has to be taken (and a policy can be defined as a continuing guideline for action).

It is useful, therefore, to identify those areas where policies are required and to make sure that all concerned know what they are. It may be helpful to put them down on paper, but if they can be defined clearly by word of mouth, why not leave it that way? There is already too much paper around in most organizations.

The following is a checklist of areas in which personnel policies may have to be defined. Note that it does not attempt to define either what the policies should be or the extent to which they should be formalized — only you can do that.

Personnel policies checklist

1. *How people in the organization should be treated.* What importance is attached to treating people fairly, to considering individual needs and fears, to providing a good quality of working life, and to looking after their welfare?
2. *Employment.* What quality of people does the company want to employ? How much security and equal opportunity is

the company prepared to provide?

3. *Pay*. What is the level of wages or salaries the company is prepared to pay in relation to market rates? How far is the company prepared to sacrifice principles of internal equity in order to compete in the open market for staff? To what extent is the company prepared to disclose its pay structure to its employees?
4. *Career and promotion*. Is the company setting out to provide long-term career prospects? Does the company believe in promotion from within?
5. *Training*. What importance is attached to training as a means of improving performance?
6. *Industrial relations*. To what extent does the company wish to have recognized trade unions (if it has any choice)? What is the company's attitude to the closed shop? How far is the company prepared to promote or support a staff association in order to keep white collar unions out? How firm does the company want to be with trade unions and shop stewards? What is the company's view on multi-union situations?
7. *Participation*. How much information is the company prepared to disclose to employees? To what extent does it wish to involve employees in decision-making?
8. *Health and safety*. What is the company going to do about promoting the health and safety of its employees?

2 Organizing

The manager's task

Your job as a manager is to develop an organization which gets the work done as you want it to get done. Organizing is primarily about who does what. It means defining responsibilities, building structures and developing relationships. But the essential element is people: what they do and how they work together.

Organizations are not static. They are in a constant state of change arising from changes in the business itself, changes in the environment in which the business operates and changes in the people who work in the business.

These factors make it difficult if not impossible to achieve an ideal organization. You may have an ideal structure in mind — such an objective is a good thing to have — but you will have to modify it. And how you modify it depends on the circumstances, and these circumstances are as much related to people in all their variety as to any other factor. For example, whether you like it or not, you will probably be forced to accept the fact that at senior levels you are going to have to build your organization around the capacities, strengths and even weaknesses of the people you have — in the short term at least.

The task is therefore a difficult one and no easy solutions will be offered in this chapter. But the various considerations that you should take into account will be reviewed as follows:

1. Basic approaches to organization design.
2. The guidelines (not rules or principles) which should be looked at when developing organizations.
3. The use of organization charts.
4. The value of job or position descriptions.
5. Typical organizational problems and how to tackle them.

Basic approaches to organization design

When you are setting up a new organization structure or considering the effectiveness of an existing organization, it is advisable to:

1. Define what the organization or function is there to do.
2. Analyse the circumstances in which the activities are carried out – the technology, the rate of growth or change, the members of management and how they manage (ie the management style), and the environment in which the organization operates.
3. Identify the activities required to achieve the aims of the organization.
4. Group related activities logically together into organizational units and, within these units, into individual positions.
5. Establish the relationships that should exist in the organization – vertically within functions and horizontally between functions – paying particular attention to the need to integrate the work of related activities.
6. Ensure that everyone in the organization understands what they have to do (responsibilities), how far they can go in doing it (authority), the structure in which they operate, and the relationships they are expected to maintain.

The process of structuring a new organization or restructuring an existing organization is akin to building something with a box of bricks. The bricks are the key activities or groups of closely related activities that have to be carried out. So the first thing to do is to define what those bricks are. In other words, you carry out an activity analysis. You then need to fit them together to build your structure. There will be several ways in which the bricks (ie the discrete activities) can be grouped together. You may have to experiment with alternative arrangements to decide which, in your view, is the best pattern. This will be a matter of judgement. More often than not there will be two or three ways of building the structure which look equally good. The final choice – and here the brick analogy begins to falter – may well be influenced mainly by the quality of the people you employ or can recruit.

Organization guidelines

If you want your organization to function effectively, there are