PERSONNEL MANAGEMENT IN CANADA

THOMAS H. STONE
NOAH M. MELIZ

F272.9 S2

Personnel Management in Canada

8464317

Thomas H. Stone University of Iowa and Noah M. Meltz University of Toronto



Holt, Rinehart and Winston of Canada, Limited Toronto

Copyright © 1983 Holt, Rinehart and Winston of Canada, Limited All rights reserved.

It is illegal to reproduce any portion of this book except by special arrangement with the publishers. Reproduction of this material without authorization by any duplication process whatsoever is a violation of copyright.

Canadian Cataloguing in Publication Data

Stone, Thomas H.
Personnel management in Canada

Includes bibliographical references and index. ISBN 0-03-921591-1

Personnel management.
 Personnel management —
 Canada. I. Meltz, Noah M. II. Title.

HF5549.S872 658.3 C83-094185-1

Managing Editor: Dennis Bockus
Copy Editor: Lenore d'Anjou
Production Manager: Anna Kress
Cover Designer: Fortunato Aglialoro

F272.9

Personnel Management in Canada

The Canadian Edition Is Dedicated to

Jack H. and Lena Meltz

who taught their son the quintessence of personnel management: to recognize the dignity of every person and to persevere in a task

Preface

The economic conditions of the 1980s challenge all Canadians in business and industry. For those working in the field of personnel and industrial relations, the coming years will present increasing demands for demonstrable contributions to the productivity and profitability of their organizations. PAIR professionals cannot meet this challenge armed only with knowledge of various personnel methods and techniques. They must also understand how to contribute to organizational effectiveness. This understanding requires a solid grasp of the economic, social, and legal environments and of the way in which various personnel functions affect organizational effectiveness. *Personnel Management in Canada* was written to help students of personnel and industrial relations achieve this goal.

Personnel Management in Canada is a Canadianization of Thomas Stone's American textbook Understanding Personnel Management. Why a Canadianization? The purpose of the Canadian edition is to present the theories and principles of personnel management in the Canadian context. The original textbook set out these theories and principles to provide an explication of the functions and functioning of the personnel process in the United States. Although the overall process transcends national boundaries, its application is influenced to an important extent by the laws, regulations, institutions, attitudes, and history of the particular country in which it occurs. Laws, regulations, institutions, attitudes, history — these are, of course, the very areas in which this country differs from our neighbours to the south. As a result, we have combined in this book a general explanation of the theories and principles of personnel management with a description of their application in the Canadian context.

Personnel Management in Canada provides sophisticated but readable coverage of the essential areas of personnel and human resources. The text has a number of distinguishing features:

- 1 It presents personnel and human resources management within the context of its contributions to organizational effectiveness. The material was structured in this way to enable students to understand the field vis-à-vis the organization, including economic, legal, and social factors.
- 2 Discussions of the various personnel functions are integrated throughout so that students can understand exactly how each function relates to all the others.
- 3 Terms, concepts, and theories are clearly and completely explained with real-world examples and without excessive jargon.
- 4 The material is developed in a "lean" style, omitting needless models and pedagogical devices.

Plan of the Book

Personnel Management in Canada has five parts organized by a functional approach to the material. Part 1 introduces personnel management: the PAIR field itself and the human and legal environments within which it exists. The next three parts correspond to the major areas of personnel management responsibility. Part 2 describes the planning and staffing functions (human resource planning, job analysis, recruiting, and selection). Part 3 focusses on functions related to employee development (orientation, training and development, performance appraisal, and career planning). Part 4 includes chapters on functions of importance to employee maintenance (compensation, benefits, health and safety, and labour relations). Part 5 addresses issues and challenges in personnel administration.

Throughout, the text emphasizes the fact that personnel management is a dynamic field whose various functions are highly interrelated and interdependent. For the sake of clarity, the chapters are arranged in an order analogous to the flow of human resources into and through an organization. (For example, the chapter on recruiting precedes the chapter on selection, which is followed by a chapter on orientation.) The book makes it clear, however, that variations in these arrangements occur in the real world, partly because certain personnel tasks occur simultaneously and partly because organizations have a wide range of operating procedures.

Each chapter ends with project ideas to stimulate student interest in personnel-related issues in a "real-world" context.

Personnel Management in Canada is accompanied by an instructor's manual, which includes a test bank of objective and essay questions, an annotated bibliography, transparency masters, and other teaching aids.

Thomas H. Stone University of Iowa

Noah M. Meltz University of Toronto

Acknowledgements

This book is an adaptation of an American edition by Thomas H. Stone, published by The Dryden Press in 1982 as: *Understanding Personnel Management*. For this Canadian edition, Chapters 3, 13, 14, and 15 were completely rewritten to reflect current Canadian legislation, while Chapters 2, 4, 12 and 16 were extensively revised to reflect Canadian practice. The remaining chapters have retained the original's theoretical framework, but Canadian material has been incorporated.

Important contributions to *Personnel Management in Canada* came both directly and through the American edition. The latter received valuable comments, ideas, and critiques from: Kristina Banks, University of Texas; Cynthia Fischer, Texas A & M University; Charles Maxey, University of Southern California; Ken Rowland, University of Illinois; Richard Ward, Bowling Green State University; John Nolan, Western Carolina University; Randall Schuler, University of Maryland; Edwin Miller, University of Michigan; and Michael L. Murray of the University of Iowa. Helpful input to the original also came from many members of the Eastern Iowa chapters of the American Society for Personnel Administration (ASPA), who shared their "real-world" experiences with Professor Stone.

Other people who assisted in the American edition were the staff members of The Dryden Press, including, Anne Boynton-Trigg, Paul Psilos, Jane Perkins, and Kathryn Tandeska; the late William F. Glueck who inspired the original book; and Professor Stone's wife, who contributed editorial skills, typing, and dedication to its completion.

Personnel Management in Canada owes a debt of gratitude to all of these people, plus a number of others who provided assistance in Canada. First, we would like to thank the following who reviewed the Canadian manuscript and made very helpful comments and suggestions: Arjun Aggarwal, Confederation College; Dave Bicknell, University of Saskatchewan; Gene Deszca, Wilfrid Laurier University; Harish Jain, McMaster University; Robert Jamieson, Mohawk College; Rick MacDowell, Ontario Labour Relations Board; Dan Ondrack, University of Toronto; John Wood, Dawson College; Phil Wright, Humber College.

In addition, valuable advice and support material was provided by George Brown, Metro Toronto District, Canadian Employment and Immigration Commission; David Foot, University of Toronto; Rivi Frankle, Career Counselling and Placement Centre, University of Toronto; Isaac Levine, Ontario Manpower Commission; Robert Redford, Personnel Association of Ontario; Geraldine Sperling, Ontario Region, Canada Employment and Immigration Commission; and Pat Werner, University and College Placement Association.

Also to be acknowledged is the absolutely essential assistance of the staff of the Jean and Dorothy Newman Industrial Relations Library, Centre for Industrial Relations, University of Toronto, in particular, Elizabeth Perry, Bruce Pearce, and Thora Clarkson (now with the Legislative Library, Government of Ontario). This group patiently and expertly answered innumerable questions and provided excellent references from the Centre's superb resource materials. Cam Christie, Wanda Filiszewski, Monica Hypher, and Marian Stanley provided back-up support from the library.

While Noah Meltz was working on this book, his able assistant, Deborah Campbell, and his secretary, Carmela Moltisanti, were helping to tend the shop. Thanks also go to his colleagues at the Centre for Industrial Relations, and the Faculty of Management Studies and the Department of Economics, University of Toronto. Many of those who did not contribute directly to the textbook provided important exchanges of ideas on subjects relating to personnel management. In addition, the Faculty of Administrative Studies, York University, first brought the two authors together when Professor Stone was in residence as a visiting professor and Professor Meltz was welcomed for a term of his sabbatical.

A key to the quality of a book is the support group provided by the publisher. We were very fortunate to have two outstanding persons work on this textbook: Dennis Bockus of Holt, Rinehart & Winston, and Lenore d'Anjou. Mr. Bockus provided an excellent sense of direction and contributed valuable comments and advice, while Ms. d'Anjou once again was an outstanding copy editor whose ideas and suggestions were much appreciated. We also appreciate the efforts of other staff members of Holt, Rinehart and Winston: Michael Roche, Vivien Carter, Karen Young, and Hilda Gowans.

Final thanks go to the people behind the scenes on the Canadian side: Professor Meltz's wife, Rochelle, for her patience and support in this endeavour, and his children, David, Jonathan, Toba, and Hillel, for letting him complete it.

While we are indebted to the many people who assisted us, in the final analysis "the buck stops with us." We would appreciate any comments or suggestions on this book, especially from instructors using it in the classroom or practitioners using it in the field.

To the Student

As you begin the study of personnel management, bear in mind that the area is a rather eclectic, applied social science. That is, the field has very few "grand theories" or principles that provide practical and insightful ways of organizing its information. The few you will encounter are borrowed from psychology, sociology, economics, and statistics, and PAIR professionals usually take courses in all of these areas to prepare themselves for their work. This interdisciplinary approach to personnel management is necessary because people are its "materials" and its "products," and people are highly variable in their behaviour, abilities, and needs. Recognizing these characteristics of the field makes it easier to read and learn about personnel and industrial relations.

Contents

Preface xii
Acknowledgements xiv

PART 1 THE PERSONNEL MANAGEMENT CONTEXT

Chapter One Personnel Management — A Dynamic Field 2

The Role of Personnel Management 3
Assignment of PAIR Responsibilities 9
The PAIR Profession 10
Areas of Changes Affecting Personnel Management 16

Chapter Two The Human Asset 20

The Labour Force 21
Individual Behaviour and Job Performance 30
Summary 41
Project Ideas 42

Chapter Three The Legal Environment: Human Rights and Employment Standards 43

Law Relating to Human Rights 48 Law Relating to Employment Standards 53 Summary 57 Project Ideas 58



PART 2 E8464317 PLANNING AND STAFFING

Chapter Four Human Resource Planning 60

Case Study: An Organization That Failed to Plan 60
The Need for Human Resource Planning 62
Purposes of Human Resource Planning 63
Human Resource Planning: A Personnel Function 64
PAIR Responsibilities for Human Resource Planning 66
The Human Resource Planning Process 67
Forecasting Future Human Resource Needs 70
Projecting Human Resource Supply 76
Comparing Forecast Needs with Projections of Supply 78
Planning Policies and Programs 79
Evaluating Human Resource Planning Effectiveness 85
Summary 86
Project Ideas 87

Chapter Five Job Analysis 88

Job Analysis: A Definition 88
Job-Related Definitions 90
Organizational Uses of Job Analysis 91
PAIR Professionals' Responsibilities for Job Analysis 95
Methods of Job Analysis 97
Problems in Job Analysis 106
Summary 108
Project Ideas 108

Chapter Six The Recruiting Function 112

Recruiting: A Definition 112
Recruiting: A Personnel Function 113
PAIR Professionals' Responsibilities for Recruiting 115
Factors Affecting the Recruiting Function 116
Recruiting Methods 121
Evaluating the Recruiting Effort 132
Summary 134
Project Ideas 135

Chapter Seven Selection: Principles and Methods 136

The Role of Selection in Organizational Effectiveness 137
Factors Affecting the Importance of Selection 139
Selection: A Personnel Function 141
PAIR Professionals' Responsibilities for Selection 143
Validating Predictors 143
The Selection Process 151
Selection Methods 153
Selection of Managerial Personnel 165
The Utility of Selection 166
Summary 168
Project Ideas 169

PART 3 EMPLOYEE DEVELOPMENT

Chapter Eight The Orientation Function 172

Orientation: A Definition 173
Orientation: A Personnel Function 173
How Orientation Contributes Organizational Effectiveness 175
PAIR Professionals' Responsibilities for Orientation 176
Orientation: How It Works 177
Orientation and the Socialization Process 180
Summary 187
Project Ideas 187

Chapter Nine Training and Development 188

Training and Development: Growth 189

How Training and Development Contribute to Organizational Effectiveness 190

Training and Development: A Personnel Function 191

PAIR Professionals' Responsibilities for Training and Development 193

Determining Training and Development Needs 193

Specifying Training Objectives 196

Designing and Training Program 196

Training and Development Methods and Aids 206

Government Assistance for Training Programs 214

Implementing the Training Program 214
Evaluating the Training Program 215
Summary 217
Project Ideas 219

Chapter Ten Performance Appraisal 220

The Need for Performance Appraisal 220
Performance Appraisal: A Personnel Function 222
Appraisals and Job Performance 222
PAIR Professionals' Responsibilities for Performance Appraisal 222
Setting Up a Performance Appraisal System 223
Implementing an Appraisal System 243
Collecting and Storing Appraisal Data 247
Summary 248
Project Ideas 249

Chapter Eleven Career Planning 250

Reasons for Career Planning 250
Benefits of Career Planning 252
Career Planning: A Personnel Function 252
What People Want from Their Careers 254
Career Planning in Practice 257
Elements of Career Planning Programs 258
PAIR Professionals' Responsibilities for Career Planning 265
Career Planning Programs 265
Facilitating Career Planning and Development 267
Summary 272
Project Ideas 273

PART 4 EMPLOYEE MAINTENANCE

Chapter Twelve Compensation 276

Compensation: A Definition 276
How Compensation Contributes to Organizational Effectiveness 277
PAIR Professionals' Responsibilities for Compensation 277

Compensation: A Personnel Function 278
Major Laws Affecting Compensation 280
Pay Surveys 281
Job Evaluation Systems 287
Pricing the Pay Structure: Assigning Pay to Jobs 295
Using Pay to Motivate Employees 298
Controlling Compensation Costs 304
Compensation Issues and Problems 307
Summary 308
Project Ideas 309

Chapter Thirteen Employee Benefits 310

Growth of Employee Benefits 310
Employee Benefits: Functions 311
Benefits: A Personnel Function 313
Benefits and the PAIR Professional 315
Employee Benefits: Categories and Types 317
Universal Benefits 318
Mandatory Benefits 320
Discretionary Benefits for Employee Protection 324
Holiday and Vacation Pay 327
Employee Service Benefits 328
Cafeteria Benefits: An Individualized Approach 328
Controlling Benefit Costs 330
The Benefits Area: Issues 331
Summary 331
Project Ideas 332

Chapter Fourteen Employee Health and Safety 333

The Role of Health and Safety Measures 334
Health and Safety Concerns: A Personnel Function 335
PAIR Responsibilities for Health and Safety 340
The Ontario Occupational Health and Safety Act 341
Health and Safety Measures and Programs 347
Special Health Problems 353
Summary 356
Project Ideas 356

Chapter Fifteen Labour Relations 359

Unions: A Definition 360

Labour Relations and Public Policy 360

How Labour Relations Contribute to Organizational Effectiveness 364

Labour Relations: A Personnel Function 366
PAIR Responsibilities for Labour Relations 369

Labour Unions: Goals 370 Labour Unions: Structure 371

The Transition from Employee Relations to Labour Relations 374

Collective Bargaining 382
The Grievance Procedure 385
Dissatisfaction among Union Members 388
Summary 389
Project Ideas 390

PART 5 ISSUES AND CHALLENGES IN PERSONNEL MANAGEMENT

Chapter Sixteen The Future of Personnel Management 392

Economic Conditions 392
The Weak State of the American Economy 393
Societal Values 395
The Legal Environment 396
Technology 397
Personnel Management: What Lies Ahead 398
Summary 402
Project Ideas 403

Index 404

The Personnel Management Context