

An organization consists of people with formally assigned roles who work together to achieve the organization's goals. Economic trends will undoubtedly turn positive again, perhaps even as you read these pages. These include:

- \* Conducting job analyses (determining the nature of each employee's job)
- \* Planning labor needs and recruiting job candidates
- \* Selecting job candidates
- \* Orienting and training new employees
- \* Managing wages and salaries (compensating employees)
- \* Providing incentives and benefits
- \* Appraising performance
- \* Communicating (interviewing, counseling, disciplining)
- \* Training and developing managers
- \* Building employee commitment

And what a manager should know about:

- \* Equal opportunity and affirmative action
- \* Employee health and safety
- \* Handling grievances and labor relations

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

Seeking the collaboration that is often missing when one works alone, co-working sites are springing up. These offer freelance workers and consultants office space and access to office equipment (and of course an opportunity to interact with other independent workers) for fees of perhaps \$200 or \$300 per month.<sup>43</sup>

## WORKERS FROM ABROAD

### 20 With retirements triggering projected workforce shortfalls, many employers are hiring foreign workers for U.S. jobs.

As the U.S. government's Occupational Outlook Quarterly put it, knowledge-intensive high-tech manufacturing in such industries as aerospace, computers, telecommunications, home electronics, pharmaceuticals, and medical instruments is replacing factory jobs in steel, auto, rubber, and textiles. One survey found that 41% of surveyed employers are bringing retirees back into the workforce, 34% are conducting studies to determine projected retirement rates in the organization, and 31% are offering employment options designed to attract and retain semiretired workers. For example, no manager wants to:

- \* Hire the wrong person for the job
- \* Experience high turnover
- \* Have your people not doing their best
- \* Waste time with useless interviews
- \* Have your company taken to court because of your discriminatory actions
- \* Have your company cited under federal occupational safety laws for unsafe practices
- \* Have some employees think their salaries are unfair relative to others in the organization
- \* Allow a lack of training to undermine your departments effectiveness
- \* Commit any unfair labor practices

Carefully studying this book will help you avoid mistakes like these. Reasons range from rising shipping and labor costs abroad to occasional poor quality goods and intellectual property theft abroad.)<sup>18</sup>

For business owners, globalization means (potentially) millions of new consumers, but also new and powerful global competitors at home. About 80% of those in one survey worked their way up within HR.<sup>6</sup>

About 17% of these HR executives had earned the Human Resource Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professionals in Human Resources (PHR). For example, in the next few years, many employers plan to offshore even highly skilled jobs such as sales managers, general managers and HR managers.<sup>17</sup>

(On the other hand, what USA Today calls A small but growing band of U.S. manufacturers including giants such as General Electric, NCR, and Caterpillar are actually reshoring jobs bringing them back to the United States. After General Motors emerged from bankruptcy a few years ago, it replaced its human resource director with Mary Barra, GM's vice president for global manufacturing engineering, an executive with no human resource management experience. Investigate and resolve EEO grievances; examine organizational practices for potential violations; and compile and submit EEO reports.\* The transactional HR group uses centralized call centers and outsourcing

arrangements (such as with benefits advisors) to provide support for day-to-day transactional activities (such as changing benefits plans and employee assistance and counseling). When IBM sold its PC division to the Chinese firm Lenovo, it did so partly to cement firmer ties with the booming China market. In the United States, 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.<sup>36</sup> One study of 35 large global companies senior human resource officers said talent management in particular, the acquisition, development, and retention of talent to fill the companies employment needs ranked as their top concern. Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating subordinates work.\*

The centers of expertise are like specialized HR consulting firms within the company for instance, they provide specialized assistance in areas such as organizational change. Globalization and Competition Trends Globalization refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad. Examples surround us. Toyota produces the Camry in Kentucky, while Dell produces PCs in China. Governments dropped cross-border taxes or tariffs, formed economic free trade areas such as NAFTA, and took other steps to encourage the free flow of trade among countries. The accompanying HR as a Profit Center feature illustrates how human resource management methods can boost profitability by building and capitalizing on such employee skills.

### 19 RETIREES

Many human resource professionals call the aging workforce the biggest demographic trend affecting employers. Determining what type of people you should hire; recruiting prospective employees; selecting employees; training and developing employees; setting performance standards; evaluating performance; counseling employees; compensating employees. Remember that you can do everything else right as a manager lay brilliant plans, draw clear organization charts, set up world-class assembly lines, and use sophisticated accounting controls but still fail, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers presidents, generals, governors, supervisors have been successful even with inadequate plans, organizations, or controls. For example, Pearson Corporation (which publishes this book) recently promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. Reasons given include the fact that these people may give the firms HR efforts a more strategic emphasis, and the possibility that they are sometimes better equipped to integrate the firm's human resource efforts with the rest of the business.

### Human Resource Manager's Duties

#### 11

In providing this specialized assistance, the human resource manager carries out three distinct functions: 1. Here he or she ensures that line managers are implementing the firm's human resource policies and practices (for example, adhering to its sexual harassment policies). Other trends shaping human resource management include globalization, deregulation, changes in demographics and the nature of work, and economic challenges. Today, as management guru Peter Drucker predicted years ago, the center of gravity in employment is moving fast from manual and clerical workers to knowledge workers. Referring to them as the most praised generation, the Wall Street Journal explains how Lands End and Bank of America are teaching their supervisors to complement these new employees with prize packages and public appreciation.<sup>40</sup> But, as the first generation raised on cell phones and e-mail, their capacity for using information technology will

also make them the most high-performing. Most experts agree that managing involves five functions: planning, organizing, staffing, leading, and controlling. 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. HR assists in hiring, training, evaluating, rewarding, counseling, promoting, and firing employees. Although human resource managers generally can't wield line authority (outside their departments), they are likely to exert implied authority. For example, some organize their HR services around four groups: transactional, corporate, embedded, and centers of expertise. In one survey, about 75% of respondents said their firms were providing transactional, administrative human resource services through such arrangements. Free trade areas agreements that reduce tariffs and barriers among trading partners further encourage international trade. Thus, some apparel manufacturers design and cut fabrics in Miami, and then assemble the actual products in Central America, where labor costs are relatively low. As one expert puts it, The bottom line is that the growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition in a wide range of manufacturing and service industries.

### Technological Trends

Everyone knows that technology changed almost everything we do. We use smartphones and iPads to communicate with the office, and to plan trips, manage money, and look for local eateries. The percentages of younger workers will fall, while those over 55 of age will leap from 12.4% of the workforce in 1998 to 23.9% in 2018.<sup>35</sup> At the same time, demographic trends are making finding and hiring employees more challenging. For one thing, says one expert, they have been pampered, nurtured, and programmed with a slew of activities since they were toddlers, meaning they are both high-performance and high-maintenance. For example, professional online Web sites such as LinkedIn ([www.linkedin.com](http://www.linkedin.com)) enable free agent professionals to promote their services. The country's H-1B visa program allows U.S. employers to recruit skilled foreign professionals to work in the United States when they can't find qualified U.S. workers. After what the world went through starting in 2007–2008, it's doubtful that the deregulation, leveraging, and globalization that drove economic growth for the previous 50 years will continue unabated. 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. One survey found that about one-fourth of large U.S. businesses appointed managers with no human resource management experience as their top human resource executives. The Society for Human Resource Management (SHRM) offers a brochure describing alternative career paths within human resource management.

### Line and Staff Aspects of Human Resource Management

All managers are, in a sense, human resource managers, because they all get involved in recruiting, interviewing, selecting, and training their employees. Staff managers generally run departments that are advisory or supportive, like purchasing, and human resource management. They assist and advise line managers in areas like recruiting, hiring, and compensation. It helps line managers comply with equal employment and occupational safety laws, and plays an important role in handling grievances and labor relations. It carries out an innovator role, by providing up-to-date information on current trends and new methods for better utilizing the company's employees (or human resources). For a very large employer, an organization chart would be typical, containing a full complement of specialists for each HR function.<sup>13</sup> \*

The corporate HR group focuses on assisting top

management in top level big picture issues such as developing and explaining the personnel aspects of the company's long-term strategic plan.\* The embedded HR unit assigns HR generalists (also known as relationship managers or HR business partners ) directly to departments like sales and production. For example, the total sum of U.S. imports and exports rose from \$47 billion in 1960, to \$562 billion in 1980, to about \$4.1 trillion in 2010.<sup>19</sup> Economic and political philosophies drove this boom. Facebook recruiting is one example.<sup>21</sup> According to Facebook's Facebook recruiting site, employers start the process by installing the Careers Tab on their Facebook page. Once installed, companies have a seamless way to recruit and promote job listings from directly within Facebook. Then, after creating a job listing, the employer can advertise its job link using Facebook Advertisements. Today, Chad and his team spend much of their time

16 keying commands into computerized machines that create precision parts for products, including water pumps. Furthermore, higher productivity enables manufacturers to produce more with fewer workers. Just-in-time manufacturing techniques link daily manufacturing schedules more precisely to customer demand, squeezing waste out of the system and reducing inventory needs. As manufacturers integrate Internet-based customer ordering with just-in-time manufacturing, scheduling becomes more precise. For example, when a customer orders a Dell computer, the same Internet message that informs Dell's assembly line to produce the order also signals the screen and keyboard manufacturers to prepare for UPS to pick up their parts. The net effect is that manufacturers have been squeezing slack and inefficiencies out of production, enabling companies to produce more products with fewer employees.

**Economic Challenges and Trends** All these trends are occurring in a context of economic upheaval. The challenging times mean that for the foreseeable future and even well after things turn positive employers will have to

21 be more frugal and creative in managing their human resources than perhaps they've been in the past. Establishing goals and standards; developing rules and procedures; developing plans and forecasting. The topics we'll discuss should therefore provide you with the concepts and techniques you need to perform the people or personnel aspects of your management job.

**IMPROVE PROFITS AND PERFORMANCE** Similarly, effective human resource management can help ensure that you get results through people. They were successful because they had the knack of hiring the right people for the right jobs and motivating, appraising, and developing them. Indeed, we'll see that because of global competition, technological advances, and the changing nature of work, that president's statement has never been truer than it is today. In popular usage, people tend to associate line managers with managing departments (like sales or production) that are crucial for the company's survival. For example, one major company outlines its line supervisors responsibilities for effective human resource management under these general headings:

1. With global competition, more manufacturing jobs have shifted to low-wage countries.\*

Organizing.

2. 3. 4. 2. 3. 1. 2. 3. 5. 2. 3. 4. 5. 6.