

YOU MANAGE IT!

Discussion Case 1.3

Managers and HR Professionals at Sands Corporation: Friends or Foes?

Sands Corporation is a medium-sized company located in the Midwest. It manufactures specialized computer equipment used in cars, serving as a subcontractor to several automobile manufacturers as well as to the military. Federal contracts are an important part of Sands' total sales. In 1965, the firm had 130 employees. At that time, the personnel department had a full-time director (who was a high school graduate) and a part-time clerk. The department was responsible for maintaining files, placing recruitment ads in the newspaper at management's request, processing employment applications and payroll, answering phones, and handling other routine administrative tasks. Managers and supervisors were responsible for most personnel matters, including whom to hire, whom to promote, whom to fire, and whom to train.

Today Sands employs 700 people. Personnel, now called the human resources department, has a full-time director with a master's degree in industrial relations, three specialists (with appropriate college degrees and certifications: one in compensation, one in staffing, and one in training and development), and four personnel assistants. Sands' top management believes that a strong HR department with a highly qualified staff can do a better job of handling most personnel matters than line supervisors can. It is also convinced that a good HR department can keep line managers from inadvertently creating costly legal problems. One of Sands' competitors recently lost a \$5 million sex discrimination suit, which has only strengthened Sands' resolve to maintain a strong HR department.

Some of the key responsibilities the company assigns to its HR department are:

- **Hiring** The HR department approves all ads, screens all applicants, tests and interviews candidates, and so forth. Line supervisors are given a limited list of candidates (usually no more than three) per position from which to choose.
- **Workforce diversity** The HR department ensures that the composition of Sands' workforce meets the government's diversity guidelines for federal contractors.
- **Compensation** The HR department sets the pay range for each job based on its own compensation studies and survey data of salaries at similar companies. The department must approve all pay decisions.
- **Employee appraisal** The HR department requires all supervisors to complete annual appraisal forms on their subordinates. The department scrutinizes these appraisals of employees' performance closely; it is not uncommon for supervisors to be called on the carpet to justify performance ratings that are unusually high or low.
- **Training** The HR department conducts several training programs for employees, including programs in improving human relations, quality management, and the use of computer packages.
- **Attitude surveys** The HR department conducts an in-depth

how they feel about various facets of their job, such as satisfaction with supervisor and working conditions.

Over the past few weeks several supervisors have complained to top executives that the HR department has taken away many of their management rights. Some of their gripes are:

- The HR department ranks applicants based on test scores or other formal criteria (for example, years of experience). Often the people they pick do not fit well in the department and/or do not get along with the supervisor and coworkers.
- Excellent performers are leaving because the HR department will not approve pay raises exceeding a fixed limit for the job title held, even when a person is able to perform duties beyond those specified in the job description.
- It takes so long to process the paperwork to hire new employees that the unit loses good candidates to competitors.
- Much of the training required of employees is not focused on the job itself. These "canned" programs waste valuable employee time and provide few benefits to the company.
- Supervisors are afraid to be truthful in their performance ratings for fear of being investigated by the HR department.
- Attitude survey data are broken down by department. The HR department then scrutinizes departments with low scores. Some supervisors feel that the attitude survey has become a popularity contest that penalizes managers who are willing to make necessary (but unpopular) decisions.

The HR department director rejects all of these accusations, arguing that supervisors "just want to do things their way, not taking into account what is best for the company."

Critical Thinking Questions

1. What seems to be the main source of conflict between supervisors and the HR department at Sands Corporation? Explain.
2. Do you believe that managers should be given more autonomy to make personnel decisions such as hiring, appraising, and compensating subordinates? If so, what are some potential drawbacks to granting them this authority? Explain.
3. How should Sands' top executives deal with the complaints expressed by supervisors? How should the director of the HR department deal with the situation? Explain.

Team Exercise

The CEO of Sands Corporation has called a meeting of four managers, all of whom have lodged some of the complaints noted in the case, and four members of the HR department (the director and three specialists). The instructor or a student acts as the CEO in that meeting. The exercise is carried out as follows: (a) Each side presents its case, with the CEO acting as

moderator. (b) The two groups then try to agree on how Sands' HR department and managers can develop a closer working relationship in the future. The two groups and the CEO may conduct this exercise in separate groups or in front of the classroom.

Experiential Exercise: Team

One student will role-play the HR department director and three students will fill the roles of disgruntled supervisors. The role-play will take place in front of the entire class for approximately

10 to 15 minutes. At the end, the instructor will moderate class discussion, focusing on key issues that were raised by students during the role-play.

Experiential Exercise: Individual

Go online and visit the Web sites of the Society of Human Resource Management (shrm.com) and WorldatWork (worldatwork.com). Identify a set of resources that may be helpful for the HR director in dealing with this situation. Explain why you think this information might be helpful.

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Ethics Case 6.2

Employment-at-Will: Fair Policy?

As an employee, you have the right to quit your job, right? The policy of employment-at-will (see Chapter 14) gives a similar right to employers to end the employment relationship. The rationale behind employment-at-will is that if an employee can quit at any time and for any reason, so, too, should an employer be free to end the employment relationship at any time and for any reason. A practical implication of this common-law doctrine is that employees can't be sued by employers for leaving, even if their departure disrupts the workplace. Likewise, the employer cannot be held responsible for terminating the employee.

However, there are exceptions to the employment-at-will policy. For example, an employer cannot terminate an employee for refusing to engage in an illegal act or because of the employee's race or gender. Another limitation is that employment-at-will applies only when there is not some sort of agreement, understanding, or contract between the employer and employee about the duration or permanence of employment. For example, an employee who has an employment contract can sue the employer for breach of contract if termination violates the terms of the contract. Likewise, a terminated employee may be able to convince the court that he or she wasn't an at-will employee because of an implied contract formed by statements in the employee handbook. For example, a handbook might offer the positive and supportive statement that as long as you perform, you have a job with the organization. This sort of statement could be viewed as implying permanence of the employment relationship, at least as long as performance is satisfactory.

Critical Thinking Questions

1. Do you agree with the concept of employment-at-will? Why or why not?

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Emerging Trends Case 6.3

From Turnover to Retention: Managing to Keep Your Workers

Turnover is costly for organizations. In addition to the direct costs of recruiting, hiring, and training new talent, turnover can have negative effects that can be difficult to quantify. The loss of front-line employees, for example, can have a negative effect on customer service and can reduce the morale of remaining employees. In addition, employee turnover can result in a loss of expertise and knowledge that is critical to the operation.

One way to reduce turnover is to approach the issue from the perspective of what can be done to get employees to stay. The employee-equity model provides a framework for addressing strategies for increasing employee retention.

As shown in the graphic on the next page, the employee-equity model indicates that employee retention is a function of three equity levels: value, brand, and retention. Value equity is

2. If you had a choice, would you rather be employed as an at-will employee or have some employment protection? Why?
3. Most workers are not covered by explicit or implicit contracts and are at-will employees. Thus, an employer should be able to terminate these workers at any time and for any reason. A practical reality, however, is that a charge of discrimination as a basis for a termination needs to be defended against. How can an employer defend against a charge that a termination decision was based on discrimination? Does this limit an employer's right to fire-at-will? Explain.

Team Exercise

Exceptions to employment-at-will vary by state. As a team, choose a state and use the Internet to research the exceptions to employment-at-will there. Report your findings to the class. As a class, identify which states seem most and least employer-friendly with regard to these exceptions.

Experiential Exercise: Team

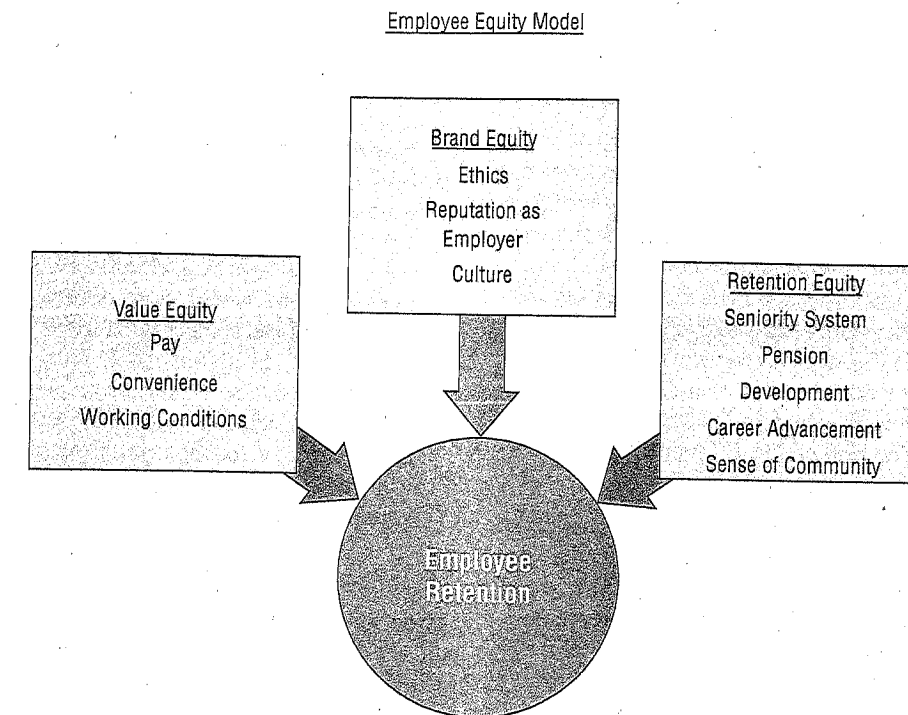
Two small groups will be formed to represent pro and con employment-at-will positions. The two groups should debate the merits of the employment-at-will policy. Each team has five minutes to make its major statement in support of or against the policy. Issues that might be considered include ethical treatment, balance of power between employer and employee, and cost of litigation. Each team has an opportunity to rebut and rejoin. The instructor mediates the debate. The major issues and positions will be summarized in the class following the debate.

Sources: Grossenbacher, K. (2005, April 11). What happened to "at will"? *Podium*, 26, 26; Kight, D. (2005, April 8). Understanding employment-at-will. *Kansas City Daily Record*.

the employees' perception of the employment exchange. It is the fairly objective assessment of the costs and benefits of the job. For example, how does the pay measure up against the effort and difficulty of performing the job? Although working conditions are a central value-equity concern, convenience can also be a factor. For example, the worker's value-equity assessment might be affected negatively if the job is located in an area that is difficult to reach or the hours of the job are difficult to accommodate.

Brand equity is a more subjective emotional assessment of an organization's desirability. In making a brand-equity assessment, a worker might consider how the employer treats workers, the organization's culture, and how it approaches ethics. Brand equity reflects the extent to which a worker is happy, or even proud, to be working for the organization.

Retention equity is the worker's perceived benefit of staying with the organization. Key factors in retention-equity assessments are seniority and pension plans. Other factors that



can influence retention equity are the opportunities in the organization for development and for career advancement. In addition, the extent to which organizational members have a sense of community can influence retention equity levels.

Critical Thinking Questions

1. The employee equity model provides value, brand, and retention equity perceptions as important determinants of whether an employee stays with an organization. Do you think that the three components are independent, or do they influence each other? Is this a problem for managing retention with the employee equity model? Why or why not?
2. How would you measure value, brand, and retention equity in an organization? How often do you think the three characteristics should be measured?
3. Given your response to item 2, how would these measures be useful? What could they be used for?
4. Value, brand, and retention characteristics could be used as criteria, or standards, for assessing management programs and actions. For example, consider recruitment and/or performance appraisal. If you were trying to maximize employee retention, how might you go about recruitment or performance appraisal so that value, brand, or retention equity is influenced positively?

Team Exercise

The things that might lead a person to quit might not be the same things that lead a person to stay with an organization. For example, another job offer or the tendency to always be looking for new opportunities elsewhere can lead a person to quit.

Using the employee equity framework, identify the types of things that the organization could do to improve retention. Organize these actions or programs according to whether the primary focus is on improving value, brand, or retention equity.

What is the management advantage of focusing on these retention efforts? That is, instead of focusing on why someone quits, why focus on retention?

Experiential Exercise: Team

Divide the team into three groups. Each group will choose value, brand, or retention equity. Or, if team sizes are smaller, each team will select an equity component. For each equity component, generate survey items or interview questions that would measure that form of equity. For each item or question, identify organizational characteristics or management actions that would maximize the measure. Share your measures and proposed management actions with the rest of the class.

Experiential Exercise: Individual

Generate survey or interview items that would capture value, brand, or retention equity levels in workers. If possible, ask a sample of your friends and neighbors your items. Are value, brand, and retention equities high or low? For low levels, ask your survey respondents what they think their employers could do to improve these levels.

Are there differences among groups of employees in terms of the importance placed on value, brand, or retention equity? For example, might production, sales, and staff workers weigh the three equity components differently? If so, identify the component that you think would be most important for each group. How might differentiating among groups of employees in terms of the importance placed on the three equity components be useful to management? Share your findings and conclusions with the rest of the class.

Source: Based on Cardy, R. L., and Lengnick-Hall, M. L. (2008). Employee retention: An exploratory field investigation of the employee equity model. Paper presented at the annual meeting of the Southern Management Association, October, St. Petersburg, Florida.

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Customer-Driven HR Case 15.3

When Is a Team a Union?

Amalgamated Tool, a nonunion manufacturer of auto parts in Michigan, suffered such significant financial losses in 2006 that it froze the pay of all its employees to conserve cash. The company also asked its employees to pay a larger share of their health insurance costs. The employees were extremely upset by these actions, and both morale and productivity declined.

To improve morale, Amalgamated's management decided to form several problem-solving employee teams. After meeting to discuss the problems at Amalgamated, the teams presented management with suggestions on how to provide pay raises and health insurance to employees fairly and efficiently. Each problem-solving team had a leader elected by the other team members to present the team's suggestions, but only about 20 percent of Amalgamated's employees were asked to serve on a team. The teams' suggestions were largely adopted by management, and morale and efficiency went up the next year.

On behalf of some dissatisfied Amalgamated employees, a local union filed an unfair labor practice claim stating that management had illegally used the problem-solving teams to form a management-dominated union, in violation of a provision of the Wagner Act that states: "It is an unfair labor practice for an employer to dominate or interfere with the formation of any labor organization or contribute financial support to it."

The National Labor Relations Board sustained the union's position and ordered Amalgamated to cease and desist using its problem-solving teams.

Critical Thinking Questions

1. Why did the local union object to the way Amalgamated's management used problem-solving teams?

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Ethics Case 15.4

Recognizing and Avoiding Unfair Labor Practices

Managers who supervise employees need to be able to recognize situations that could be considered to be an unfair labor practice and avoid them. If an alleged unfair labor practice is committed, the Department of Labor may order an investigation to determine if a penalty or other sanction is warranted. The purpose of this exercise is to develop skills for recognizing and avoiding unfair labor practices and finding ways to manage the workplace without violating government labor policy. Before starting this exercise, review the five unfair management labor practices listed under the Wagner Act that we discussed in this chapter. Now read the next three scenarios and answer the questions that follow.

Scenario 1

You are finishing up some paperwork at the end of a hard day. As the HR manager, you have been involved in the company's

2. What is the difference between a team and a union?
3. To avoid the NLRB's cease-and-desist order, what should Amalgamated's management have done differently in using problem-solving teams?

Team Exercise

Students form into groups of four to six members and role-play National Labor Relations Board members. Each group discusses whether Amalgamated violated the Wagner Act's prohibition of a company "dominating a union or providing financial support to it." Compare conclusions and arguments across groups.

Experiential Exercise: Individual

In the United States, company-dominated unions, called *company unions*, are prohibited under federal labor law. Until the 1930s, companies organized these unions to let employees experience belonging to a union, with the expectation that the employees would then not have a need for an independent union to represent them and make demands that management did not want to fulfill. As indicated in this chapter, company unions are the major form of union representation within Japan, and they function effectively within the context of the Japanese economic system. Do you think a company union could represent your interests to management in the same way an independent union could? Would it make sense for employees to have a choice between a company union and an independent union? Be prepared to share your answers to these questions with the class.

Scenario 3

The negotiations between your company and the union representing the 110 production workers in your firm have reached a dead end. Union members have already voted to go on strike. At a meeting of the key managers involved in running the company, the production manager suggests using the remaining clerical, accounting, and managerial staff as replacements to keep the plant running. She also suggests contacting a temporary employment agency to help fill any remaining critical positions while the union members are on strike. As the HR manager, how would you respond to this suggestion?

Critical Thinking Questions

1. For each of the three scenarios, determine whether you think an unfair labor practice would be committed if you as a manager act on the request that is being given to you by management or employees. Which unfair labor practice(s) could be violated? In some situations, more than one unfair labor practice could occur.
2. Place yourself in the position of the manager in each of the scenarios and respond to each of the requests. If you decide to reject or accept the request, indicate the reason for your decision. Then develop a suggested plan of action that will deal with the issue that has been brought to your attention.

Team Exercise

With a group of four or five students, discuss and compare each of your responses to the three scenarios in the previous

questions. Try to arrive at a consensus on how to handle these three cases. Then develop a policy or procedure to guide other managers for each case so that the company has a consistent approach to dealing with the union if these circumstances ever arise in the future.

Experiential Exercise: Individual

You have just been redeployed away from your job as an accountant to work in the loading dock area where you are expected to load and unload heavy packages onto and off of trucks, a job that used to be done by unionized employees who are out on strike. As you drive to work each morning, you must drive by picketing employees who are protesting their dispute with management. You recognize some of these striking workers, some of whom are your friends. What will you be thinking as you drive by the picketing employees? How will you feel about doing their jobs while they are on strike and earning no income for their families? What will it be like when the strike is settled and you encounter these employees back at work in the company cafeteria? If the strike lasts a long time—some strikes can last for several months—do you think it will be difficult to catch up on your job as accountant after having been away from your job so long? How would you feel if your boss asks you to do your accounting job at night on an overtime basis after putting in a full eight-hour shift working at the loading dock? Be prepared to share your answers to these questions with the class.

Source: Based on Nkomo, S. M., Fottler, M. D., and McAfee, R. B. (2000). *Applications in human resource management* (4th ed.), 278–279. Cincinnati, OH: South-Western.