

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

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,

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 attitude survey of all employees each year, asking them

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