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US Human Resources: Theory and Practice

Stanley Bissell

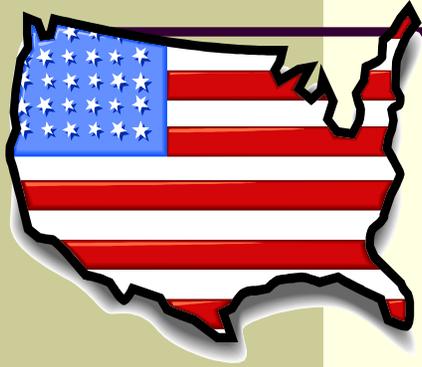
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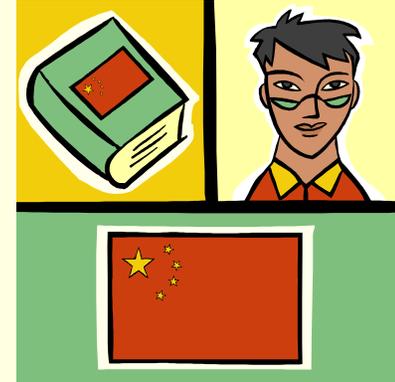
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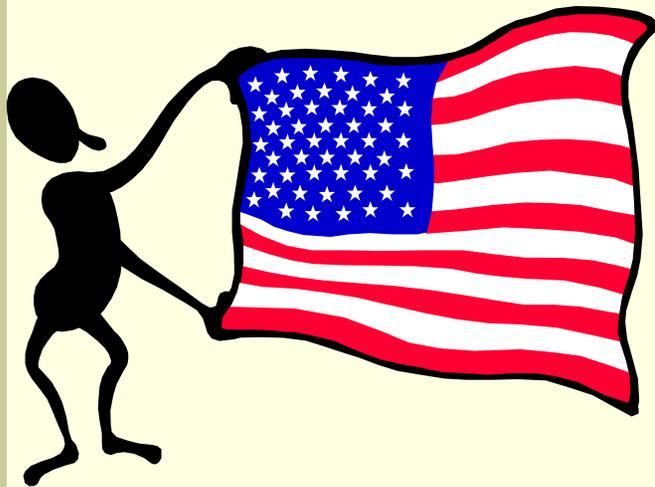
US Human Resources: Theory and Practice



1. Distinguishing features of US Human Resources
2. US labor laws which shape HR practice
3. Manager's role (select, set expectations, motivate, develop employees)
4. Tactics to increase employee productivity
5. Useful resources for US HR (free Internet resources)

Presented June 2004 at Tianjin Enterprise Management Institute and Tianjin University of Technology
Professor Stan Bissell, Rochester Institute of Technology

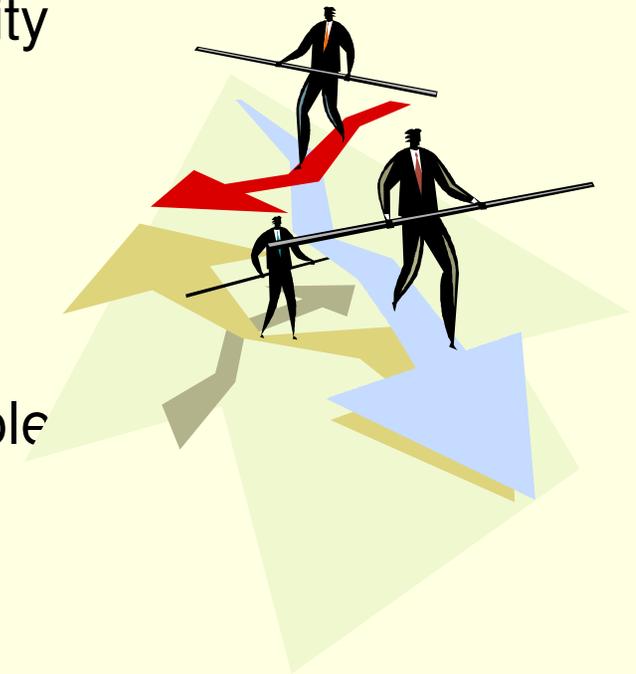
Characteristic American traits with consequences for Human Resources



- Individualistic
 - Americans define themselves as individuals (rather than members of a group)
 - May work in a team but still emphasize personal accomplishments
- Pragmatic
 - Won't spend a lot of time analyzing, planning
 - Instead "cut to the chase" and just do it
- Comfortable with informality
 - Relationships are quick to form, casual and quick to end
 - Call me Stan, not Professor or Director
- Flexibility
 - Change is the only constant; so adaptability is crucial
 - Employees need to move quickly and decisively

Characteristic American traits with consequences for Human Resources

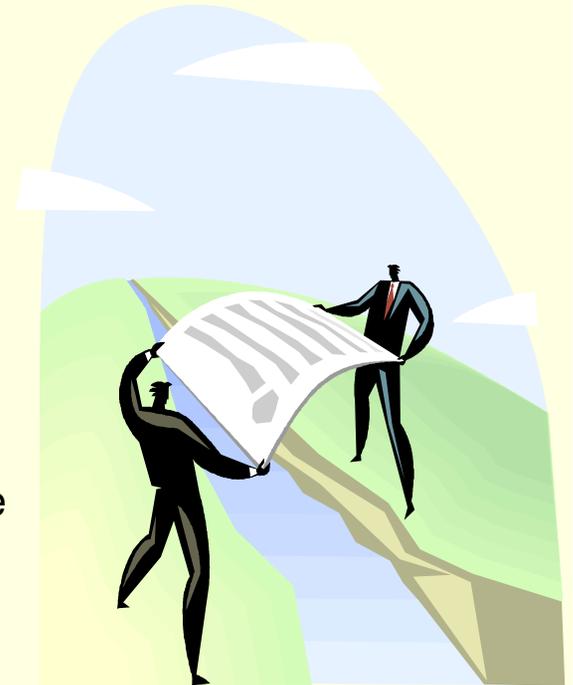
- Strong work orientation
 - “Live to work” rather than “work to live”
 - Cultural emphasis on task and activity (“just do it”)
- Comfortable with conflict
 - Free expression of opinions; open questioning; disagreement
- Belief in egalitarianism and equality
 - Low “power distance” between people in different hierarchical ranks (Geert Hofstede)
 - Commitment to equality of men and women
 - Commitment to equality of race, age, socio-economic status, national origin, handicapping condition



Characteristics of US HR practices

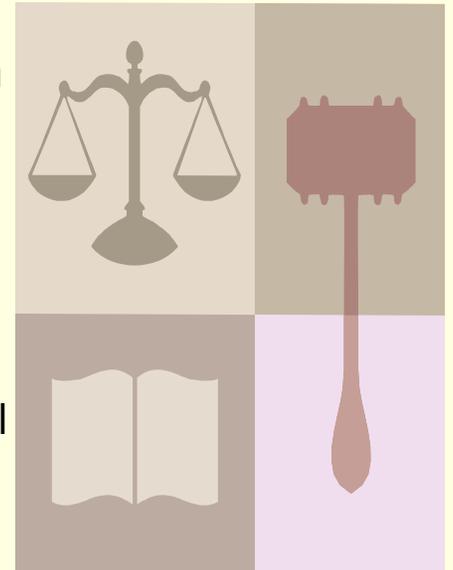
(as contrasted to many other countries)

- Highly legalistic
 - Many labor laws and formal company policies
 - Benefit to employees – provides protection of due process
 - An example - Strong stance against discrimination in employment
- Labor Flexibility
 - “Employment at will,” fairly easy to terminate, fire
 - Many types of employment (full-time, part-time, contract, out-sourced, staffing firm)
 - Speedy decision–making (An example - add and eliminate employees as quick response to business fluctuations)
 - Driven by capitalism – primary and unarguable goal is to maximize return (profit) to stakeholders (with secondary obligations to workers, society)
- Careful employee selection – broad recruiting, competitive selection for best talent, seeks to maximize productivity, reduce costs of turnover
- Explicit performance expectations
 - Embodied in job description, productivity standards, performance appraisals
- Employer-supplied benefits (e.g. health insurance, company pension or retirement investment plan, life insurance, vacations (generally 10 days for first 5 years) , sick days)



Important US labor laws

- **Equal Pay Act (1963)**
 - Prohibits discrimination in pay for “equal work”
- **Title VII of Civil Rights Act (1964)**
 - Prohibits discrimination in hiring, promotion, training, pay on basis of race, religion, color, sex, or national origin
 - Prohibits sexual harassment – unwanted sexual behavior
 - Quid pro quo
 - Hostile environment
- **Age discrimination Act (1967)**
- **Americans with Disabilities Act (1990)**
 - Prohibits discrimination in employment of those with physical or mental impairment which limits major activities.
 - Requires “reasonable accommodation” of the disability
- **Immigration Reform Act (1986)**
 - Employer must verify that those hired are not illegal aliens by I-9 form



Such laws require hiring the individual best able to do the job; other factors (race, age, sex, etc) are irrelevant and illegal basis for hiring.



Questions and comments?



Question - What do American managers do?

Answer – Among other duties, many HR functions

- American managers perform many tasks associated with Human Resources, namely:
 - **Hiring** the right talent– manager plays primary role in hiring for department
 - Request, interview, make final selection; assisted by HR
 - Set **expectations**- manager establishes, communicates, enforces performance outcomes
 - Via new employee orientation (mission, values, goals), job description, performance standards
 - **Motivate** the person – manager rewards/reinforces desired performance
 - Via performance appraisals, discipline, selective advancement, bonuses, merit raises
 - **Train/Develop** the person – Manager cultivates “direct reports” for current and future demands
 - Via coaching, training, succession planning
- **Manager is primary LEVERAGE or multiplier of worker performance**





Questions and comments?



Productivity; especially labor productivity

■ Productivity = work produced per unit of time

■ For example, produce 1000 units per day with 20 workers, or process 26 transactions per hour

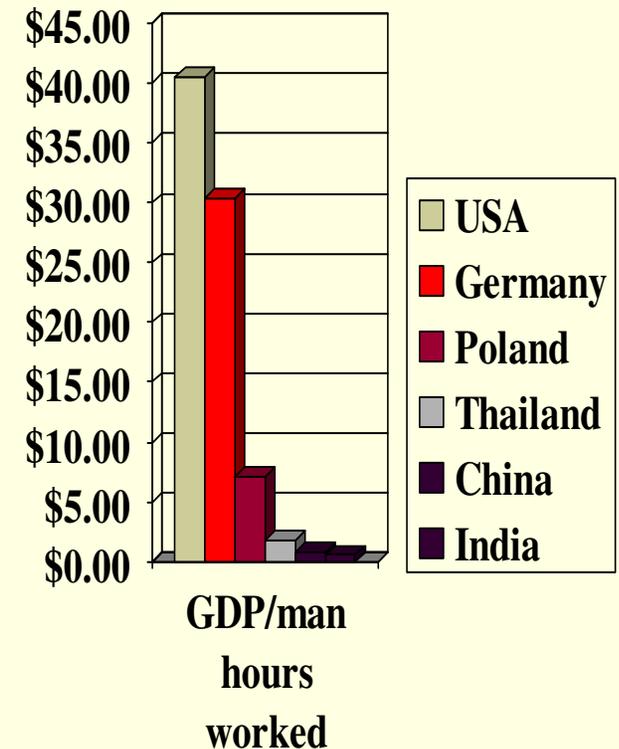
■ US productivity growth was 4.7% each year from 2001 thru 2003

■ 1995-2003, US labor productivity growth averaged almost 3% a year, twice the average rate over the previous two decades. (*The Economist*)

■ Enables US firms to increase production with same or reduced number of employees (“the jobless recovery”)

■ Unit labor cost equals total labor cost divided by units produced

- Often expressed as Productivity Standard (e.g. assembler completes 30 units per hour; Account Rep maintains 80 clients)
- Interacts with Quality or Performance Standard (e.g. server adheres to 7 keys of excellence and receives no more than two complaints per week)



Labor productivity combines worker's **ability + effort + support**

Increasing Productivity via Organizational Behavior Modification

- **Reinforcement** of desired behavior (positive and negative reinforcement)
 - “reinforced behavior is more likely to be repeated”
 - E.g. Emery Airfreight increased full containers from 45% to 90% using supervisor praise
- **Punishment** works but carries negative side-effects
- Shaping – reinforcing successive approximations



Tactics to increase productivity

- Production/Performance **Standards**
 - Increase production standards
 - Decrease quality standards
 - Monitor and reinforce standards
 - Pay extra for exceeding production standards
- Increase employee capability by **training**
 - Task training
 - Novice to expert shift



Tactics to increase productivity

- **Tools and Technology**
 - Better use of technology has contributed to about 1/3 of the climb in productivity since 1993 (www.workforce.com)
- Environment -**ergonomics** and human factors
- Staffing and **Performance Management**
 - Hire for productivity
 - Eliminate low performers



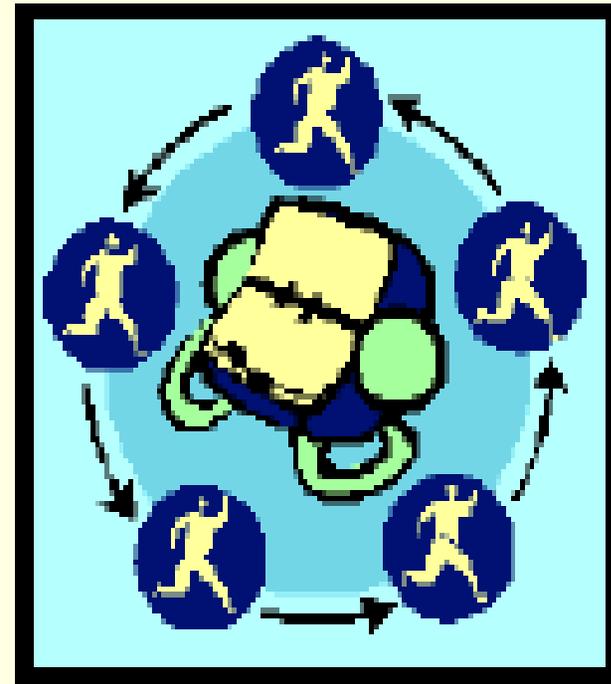
Six Sigma



- Analytical methods to achieve near perfect output
 - define → measure → analyze → improve → control
- Examples – W.R.Grace (chemicals)
 - Accounting Rapid Close – reduce reconciliation from 8 days to 3 days by reducing unnecessary reporting, sign-offs, and manual inputs
 - Invoice Accuracy – reduced error rates in invoices from 19% to 3%

Work Schedules

- Compressed workweeks, e.g. 4/40 with 8 day week
- Discretionary-time systems
 - Staggered start
 - Flexible hours (core hours and glide time)
 - Variable hours (contract for number of hours)



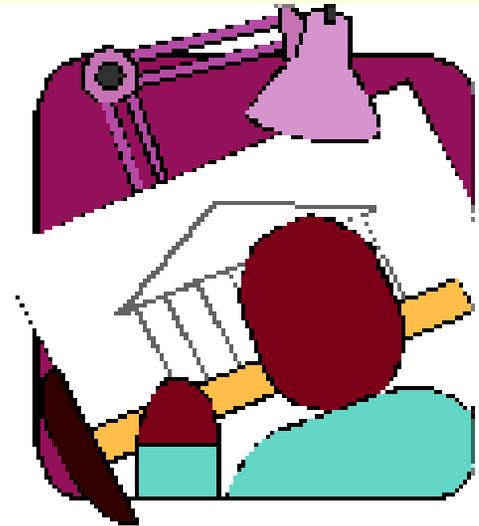
Job Design

Redesign job

- Based on conviction that jobs should provide:
 - Accountable - responsible for their own performance
 - Achievement – accomplish something worthwhile
 - Control – have control over how work is done
 - Feedback – receive information about effectiveness
 - Personal growth and development
 - Work pace – control the pace of one's pace
- Specialization (division of labor); danger = boredom
- Job enlargement (adding similar tasks)
- Job enrichment (adding different tasks)
- Empowerment – just do it without asking the boss

Self-managing teams

- Line workers interview, hire, train, evaluate, discipline, promote and fire co-workers
- Line workers deal directly with suppliers and customers



Useful Internet sites to research US HR practices



- www.shrm.org (largest American HR professional society) – best content in “HR Resources” – whitepapers, job descriptions, policy, FAQ
- www.workindex.com – large site coordinated by Cornell University librarians
- Good HR sites which require registration (free) for access to most content:
 - www.HR.com
 - <http://toolkit.cch.com/> - especially useful for small businesses and managing employees



Questions and comments?

