

# **BUSINESS INFORMATION BULLETIN**

**NO. 2**

## **MANAGEMENT ORGANIZATION FOR A SOUND PERSONNEL RELATIONS PROGRAM**

**BY**

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## **WHY YOU SHOULD HAVE A SOUND PERSONNEL RELATIONS PROGRAM**

Good personnel relations do not just happen. They come from a carefully planned and organized program. Management is more concerned over good personnel relations today than ever before. Never has management devoted so much time and effort in achieving worker productivity and harmonious relations as is presently necessary.

Every member of management and supervision is daily involved in some phase of personnel relations. A sound personnel relations program provides everyone with an operating basis for efficient cooperation and productivity of human actions. The purpose of the following brief presentation is to explain how such a program may be logically and effectively organized.\*

**\*An address given before the Indianapolis Chapter of the Society for the Advancement of Management as part of their 1947-48 School of Management.**

## **I. OBJECTIVES OF A PERSONNEL PROGRAM**

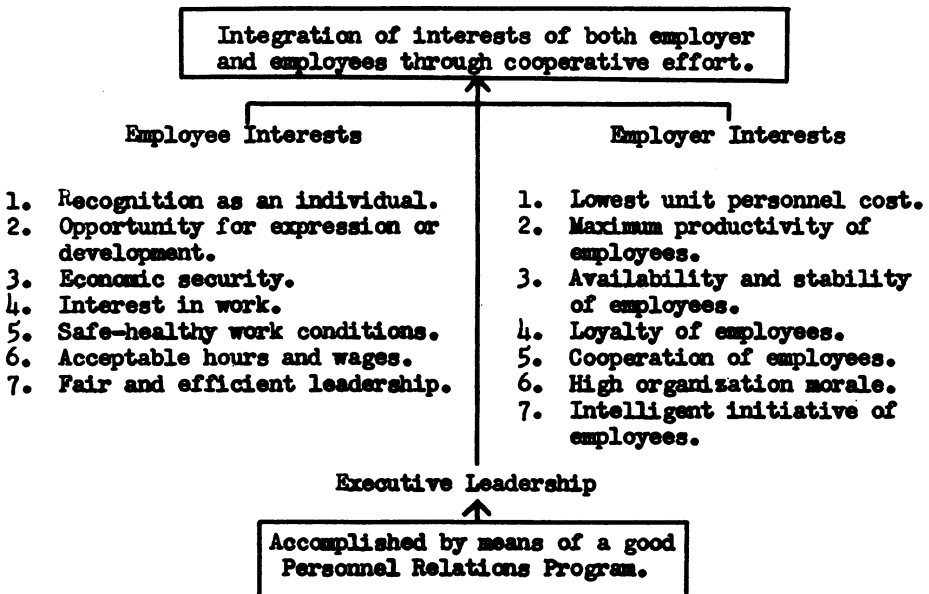
A program is a course of planned action to accomplish certain desired objectives. Before Management can design an organization for a personnel relations program, there must first be a determination of the objectives that are desired from the program. Although specific objectives may vary with each individual business firm, typical personnel objectives would be:

1. To provide top management with necessary information for the proper point of view concerning good personnel management.
2. To place personnel relations on a business basis that is just and fair to employer, employees, and the public.
3. To develop human relationships that consider the dignity of employees and recognize them as individuals.
4. To provide, maintain, and utilize adequate manpower for the organization at least unit personnel cost.
5. To provide opportunity for growth and development of employees so that they may obtain satisfaction and social approval.
6. To provide proper health and safety measures for employees.
7. To assist employees in realizing economic security.
8. To provide means for employees to attain maximum productivity and morale.
9. To provide information and service to the line organization on personnel matters.
10. To contribute to the Public Relations Program of the business firm.

## II. IMPORTANCE OF EXECUTIVE LEADERSHIP

The objectives of even the best planned and organized personnel relations program are dependent upon the availability and capacity of the executive leadership in the organization. Executive leadership of a positive nature in both the personnel staff and line organization must provide the dynamic force necessary to obtain the support, confidence, and cooperation of both top management and operative employees. One basis of attack upon this problem is to use the objectives of the personnel relations program to integrate the interests and desires of both employer and employees in the following manner.

An employer has certain self interests that he expects to realize through his employees. Employees have definite self interests that they expect to receive from their employer. A personnel program establishes the basis to provide for and integrate the interests of both, providing there is qualified and capable executive leadership present to effect the program. This concept is shown in the following illustration.



Employees will follow the leadership that promises and provides them the means of realizing their interests and desires. A good personnel relations program is the best possible tool for executive leadership to secure the cooperation and support of all employees. If one does not exist, then employees may and often do follow an outside union leadership to accomplish their purposes.

In the planning, organizing, and operation of a program for personnel relations, executive leadership must constantly keep in mind the fundamental human urges that motivate all employees which are: 1. Hunger, 2. Sex, 3. Mastery. These fundamental urges which are the bases of employee interests cannot be overlooked or ignored. Otherwise, focal points of friction will develop to impair or defeat the program.

### III. MAJOR PERSONNEL FUNCTIONS AND THEIR LOGICAL RELATIONSHIP

In order for executive leadership to achieve the objectives of an approved and accepted personnel relations program, several important functions or areas of work must be established and proper authority and responsibility delegated to an executive for their accomplishment. This person is usually the Director of Industrial Relations or Personnel Director. (There may be several names for this position as there is little standardization of titles for it.) These functions or areas of work are definite and follow each other in a very logical sequence. When examined from an analytical point of view, the organization of a personnel relations program has almost the exactness of a true science.

It should be noted that in establishing the logical sequence for the organization of the personnel relations program, the personnel functions are established in the order of their occurrence. Before personnel can be employed intelligently, it is necessary to know the jobs to be filled, the correct qualifications for the jobs, and the wage and salary rates. Therefore, the employment function is dependent upon information obtained by personnel research such as job analysis, job specifications, job evaluation, and suitable tests or rating devices.

After employees are correctly selected and employed, the training function becomes necessary and important to enable them to reach maximum productivity for the mutual benefit of themselves and the company. Without proper training, employees represent potential capacity only and are not capable of efficient performance.

Once employees are employed and trained, they represent a sizeable investment to the organization. It becomes good business to protect that investment by means of a safety and health function and an employee service function. The former is directed toward physical protection whereas the latter aims at developing a favorable mental attitude of employees toward the company.

The personnel research, employment, training, safety-health, and employee services functions provide for the scientific selection and utilization of manpower in accomplishing the work of the business or industrial firm concerned. The performance of these functions involves individual contacts and relationships with all employees. The remaining function, that of personnel relations, deals with operative employees as a group in a collective manner.

The personnel relations function in many firms is handled by collective bargaining techniques between representatives of the employer and the employees in order to arrive at a formal agreement or contract concerning wages, hours, and conditions of employment. Regardless of whether or not the employees are joined in a formal union, there still remains a collective or group relationship between the employer and the employees which necessitates an employee relations function. This function cuts across all of the other personnel functions and is dependent upon them for successful results. The better those preceding functions are performed, the more harmonious will be the employee and employer relationship which in turn develops and maintains high organization morale and high employee productivity.

The sequence of functions necessary for a sound personnel relations program unfolds in detail as follows:

#### 1. The Personnel Research or Standards Function.

The objective of this function is to obtain facts and information concerning all matters pertaining to personnel and to develop the best techniques for doing all phases of personnel work. It includes such areas as:

- |                        |                                       |
|------------------------|---------------------------------------|
| a. Job analysis        | f. Design of tests and forms          |
| b. Job description     | g. Preparation of manuals             |
| c. Job specification   | h. Preparation of statistical reports |
| d. Job classification  | i. Personnel requirements             |
| e. Job evaluation      | j. Wage and salary analysis           |
| k. The Personnel Audit |                                       |

## 2. The Employment Function.

The objective of this function is to employ and place suitable and adequate employees for the organisation. It involves:

- |                             |                                |
|-----------------------------|--------------------------------|
| a. Recruiting               | f. Leave of absence and layoff |
| b. Interviewing             | g. Terminal interviews         |
| c. Reference checks         | h. Vocational guidance         |
| d. Testing program          | i. Induction and follow-up     |
| e. Promotions and transfers | j. Personnel records           |
|                             | k. Public relations            |

## 3. The Training Function.

The objective of the training function is to plan, prepare, and provide the necessary staff assistance for all employees to realise maximum productivity and effectiveness. It includes:

- |                            |                                 |
|----------------------------|---------------------------------|
| a. Job instruction         | f. Preparation of training aids |
| b. Vestibule schools       | g. Preparation of manuals       |
| c. Apprenticeship training | h. Company library              |
| d. Supervisory training    | i. Publications (House Organ)   |
| e. Executive training      | j. Suggestion system liaison    |
|                            | k. Records and information      |

## 4. The Safety and Health Function.

The objective of this function is to provide a health maintenance service and insure safe and healthful working conditions in order to protect the earning capacities of employees and protect the investment of the organization from unnecessary expense in employment, training and workman's compensation. It includes:

- |                           |                                 |
|---------------------------|---------------------------------|
| a. Safety standards       | g. Medical advice and treatment |
| b. Safety program         | h. First Aid                    |
| c. Safety inspections     | i. Nursing service              |
| d. Elimination of hazards | j. Sanitation standards         |
| e. Accident reports       | k. Records                      |
| f. Physical examinations  | l. Safety and health education  |
|                           | m. Workman's compensation       |

#### 5. The Employee Services Function.

The objective of this function is to provide employees with essential and useful services that they desire in order that they will consider their organization the best possible one in which to work and develop a positive attitude toward cooperation and productivity. The following services are typical:

- |                                    |  |
|------------------------------------|--|
| a. Group insurance                 | g. Retirement plans                      |
| b. Hospitalization plans           | h. Thrift and savings plans              |
| c. Mutual benefit associations     | i. Suggestions System                    |
| d. Credit unions                   | j. Social and athletic programs          |
| e. Legal aid                       | k. Unemployment Compensation             |
| f. Cafeteria and eating facilities | l. Miscellaneous services when requested |

#### 6. The Employee Relations Function.

The objective of this function is to create and develop the highest possible organization morale through integrating the interests of operative employees and the employer or management. It is related to all other personnel functions and specifically involves:

- a. Contractual relations and negotiations (collective bargaining)
- b. Grievance procedures and adjustments.
- c. Information services to employees as basis of mutual understanding. (Two-way communications)
- d. Facilitation of employer-employee contacts.
- e. Explanation and promotion of mutual objectives of employer and employees.
- f. Cooperation with public relations program.

### IV. ESSENTIALS OF PERSONNEL POLICIES

Personnel policies are essential to the operation of a successful personnel relations program. Policies are guiding rules of action which are applied to situations requiring decisions and action. In order to accomplish the objectives of the program, executive leadership must have sound personnel policies to guide them in the performance of the personnel functions just described. These personnel policies should be:

1. Based on the objectives desired.
2. Definite and written
3. Known and understood by all.
4. Honest and fair.



5. Stable and comprehensive.
6. Non-conflicting with other policies.

Personnel policies must be adopted and supported by top-management. However, they may be recommended from any level of the organization and once established are used by everyone as a basis for action, coordination, and cooperation.

## V. TOP MANAGEMENT SUPPORT OF THE PROGRAM

Management organization for a sound personnel relations program means the uniting of all interdependent parts of personnel activities into a systematized whole. This is actually the key to the entire problem and the most difficult task to accomplish because the following must be done:

1. Top management must be given proof of the values to be realized from such a program in order to obtain its:
  - a. Approval and support for the program.
  - b. Financial support to accomplish the program.
  - c. Assistance in organizational planning for the entire business organization.
  - d. Approval for a proper organization and operation of the personnel functions.
2. There must be a sound organization structure of the entire business before a sound personnel relations program or any other type of program can be effective and efficient.
3. The personnel relations program must be made known and merchandised to all members of the organization. The Personnel Department staff executives alone cannot operate the program. They must have the cooperation of all line and staff executives, supervisors, and employees. Therefore, the organization of a sound personnel relations program provides the basis and framework for the cooperation of everyone to accomplish its objectives in order to further the interests of the company as a whole. A personnel manual incorporating the program is a valuable aid in this respect.

## VI. PLAN AND ORGANIZE TO SUCCESSFULLY OPERATE THE PROGRAM

Once the personnel relations program has been planned, organized, approved, and accepted, it is far easier to perform the personnel operations. There has been much more written and spoken about concerning the operating phases of personnel than the planning and organizing activities which must precede all of the various operating procedures concerning job evaluation, testing, employment, training, collective bargaining, etc. Attention should now be given

to uniting and relating all personnel activities into a logical program for action if effective results are expected.

Good management requires planning and organizing before starting to operate. Therefore, one should remember to plan and organize before starting a sound personnel relations program. This is one of the cardinal rules of scientific management.

#### VII. CONTROLLING THE PERSONNEL RELATIONS PROGRAM

After a personnel relations program is placed in operation, there must be controls to make certain that it is achieving the established objectives and for top management to evaluate its effectiveness. The Personnel Audit is a very useful method in this respect. It is just as reasonable to make a periodic audit of the manpower condition and resources of the company as it is to make an audit of the financial condition and resources. Other controls are obtained from standard operating procedures, suggestion systems, grievances submitted, accident frequency rates, personnel turnover records, exit interviews, and the like.

#### VIII. SUMMARY AND MANAGEMENT PRINCIPLES INVOLVED IN THE PROGRAM

Management organization for a sound personnel relations program involves the following steps and management principles:

1. There must first be established the objectives desired for the program to accomplish.

Principle of the objective: Prerequisite to the starting of a personnel relations program, a clear and complete statement must be made of the objectives in view.

2. There must be competent executive leadership available to plan, organize, and operate the personnel program successfully.

Principle of leadership: Intelligent and dynamic leadership is the most important single factor in any personnel situation.

Principle of planning: To successfully accomplish personnel objectives, there must be planning before doing.

Principle of decision: Executive decisions must be based upon correct personnel information.

3. There must be a determination of the work or personnel functions necessary to achieve the objectives of the program.

Principle of function: The personnel organization should be based upon the main functions to be performed and not upon individuals or personalities.

4. Personnel policies must be made to guide executive leadership in the performance of personnel functions toward the program objectives.

Principle of policies: Definite policies which are understood by all are essential to good personnel management.

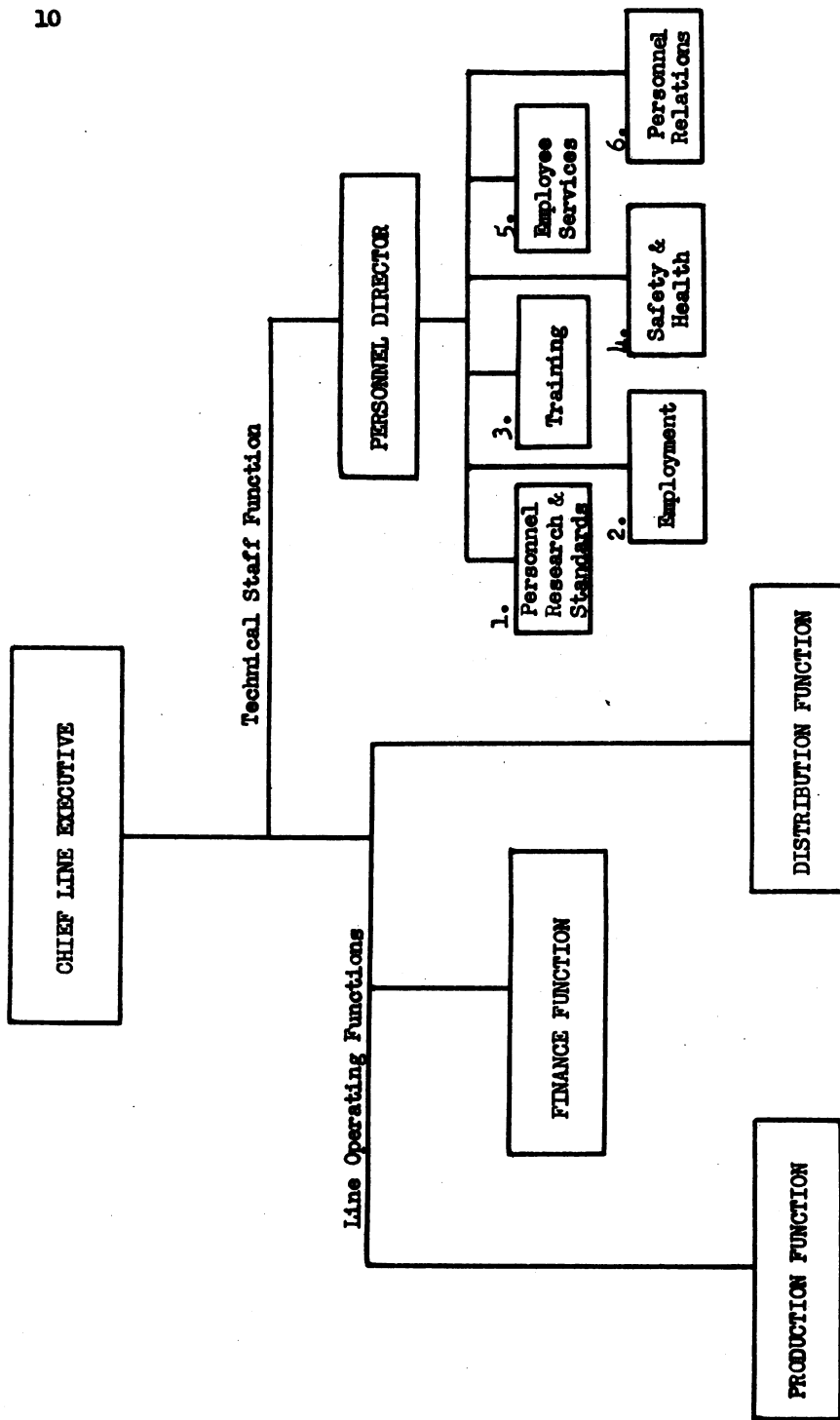
5. There must be a sound organization structure of the entire company prior to realizing a sound organization for the personnel relations program. This requires the support and backing of top management as well as its financial assistance. Both organization and functional charts should be made and distributed. A personnel manual outlining the program should be prepared. Cooperation of all personnel must be obtained through education and staff assistance.

Principle of organization: There must be a logical and clearly defined breakdown of all the functions and subdivisions of the personnel program in order to integrate them into a cooperative and coordinative whole.

6. When the industrial relations program is placed in operation, proper controls must be established to assure accomplishment of the personnel objectives and evaluate the effectiveness of the program.

Principle of control: Planning and organizing must be followed by control measures for effective results of the personnel program.

7. This presentation is made as a basis for either a sound program of personnel relations or an effective operating philosophy of personnel management.



LOGICAL ORGANIZATION FOR A SOUND PERSONNEL RELATIONS PROGRAM

# CHECKING YOUR PERSONNEL PROGRAM

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Check your personnel program. 60 points denotes an excellent program, 45 to 60 points is a good program, 30 to 45 points is a fair program, and below 30 points needs some action taken.

| ITEM   | IN OPERATION<br>NOW<br>(5) | PLANNED FOR<br>FUTURE<br>(3) | NOT PROVIDED<br>FOR<br>(0) |
|--|----------------------------|------------------------------|----------------------------|
| 1. Definite objectives established for personnel program.  |                            |                              |                            |
| 2. Personnel policies are written, known, and understood by all.   |                            |                              |                            |
| 3. Cooperation of top management with personnel program.   |                            |                              |                            |
| 4. Definite assignment of personnel function to one executive.   |                            |                              |                            |
| 5. Provision for personnel research as a department or phase of personnel program.                           |                            |                              |                            |
| 6. Definite employment and placement program for employees.  |                            |                              |                            |
| 7. Training program adequately provided for.   |                            |                              |                            |
| 8. Accident records kept and accident prevention accomplished by safety program.                             |                            |                              |                            |
| 9. Physical welfare provided for by at least a part-time medical force.                                      |                            |                              |                            |
| 10. Definite program established for some employee services.   |                            |                              |                            |
| 11. Grievance procedure definite in writing and well understood.   |                            |                              |                            |
| 12. Provision has been made for better employer-employee contacts, and personnel audit is made periodically. |                            |                              |                            |
|  |                            |                              |                            |

TOTAL

## **BUSINESS INFORMATION BULLETINS**

1. WHAT YOU SHOULD KNOW ABOUT THE TAFT-HARTLEY ACT.
2. MANAGEMENT ORGANIZATION FOR A SOUND PERSONNEL RELATIONS PROGRAM.