

# Unit 1

## HR

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# People power



## Keynotes

The primary role of the Human Resources (**HR**) department is to ensure that an organisation gains maximum strategic benefit from its staff and from its personnel management systems. HR managers supervise the administration of the employees of an organisation and also plan and manage its **manpower** requirements in order to ensure that it has the right number of employees with the appropriate **skills**. To do this successfully, HR managers are also in charge of setting up **performance evaluation schemes** which provide **appraisals** of employee efficiency and potential. Other critical responsibilities of an HR department include **payroll management, recruitment, training and development, career management** and **conflict resolution**. In many businesses today, HR also plays a key role in ensuring **workforce diversity** and the **well-being** of all members of staff.

## Preview

## Choosing who to work for

Which of the following criteria do you think are the most important when deciding what sort of organisation to work for? Rank them in order of importance.

- \_\_\_\_\_ Career opportunities: chances of mobility, promotion and development
- \_\_\_\_\_ Career breaks: the possibility to take extended leave
- \_\_\_\_\_ Ethics: a socially responsible business culture
- \_\_\_\_\_ Alumni programme: the company keeps in touch with ex-employees
- \_\_\_\_\_ Perks and privileges: workplace sports facilities, child care, free canteen, health care, etc.
- \_\_\_\_\_ Performance related pay: bonuses and pay rises based on results
- \_\_\_\_\_ International assignments: opportunities to work abroad
- \_\_\_\_\_ Training and development: the chance to acquire new skills

## Listening 1

Listen to three recently recruited graduates talking about what attracted them to the companies they work for and say which of the above they refer to.



**1 Brad Johnson**

Finance Solutions

**2 Jane Ford Hadden**

Martin, Peters and Jackson

**3 Klaus Beckhaus**

Farnham Global Business Solutions

## Speaking

How do you think HR managers decide which employees have the most potential?

## Reading 1

## Talent management

Read the text on the opposite page and use the information in the text to give short explanations of the following statements.

- 1 Finding and keeping the most talented people is more important for the Big Four than it is for most other companies.
- 2 Employees should not be rewarded only for their financial performance.
- 3 Recent legislation has made it harder for the Big Four to find and keep talented employees.
- 4 The Big Four have introduced changes in the way that they recruit staff.
- 5 The relationship that the Big Four have with ex-employees is evolving.
- 6 Fewer women than men reach the top positions in the Big Four companies.
- 7 Today's recruits have different expectations from their predecessors.





## Talent management

# Winning the war for talent

**Surprising as it might seem, the Big Four accountancy firms have lots to teach other companies about managing talented people**

<sup>1</sup> It is not just that they collectively employ some 500,000 people around the world. Many companies are as big. Unlike most, however, the Big Four titans of accountancy – Deloitte Touche Tohmatsu, Ernst & Young, KPMG and PricewaterhouseCoopers (PwC) – really mean it when they say that people are their biggest assets. Their product is their employees' knowledge and their distribution channels are the relationships between their staff and clients. More than most they must worry about how to attract and retain the brightest workers.

<sup>2</sup> Time is regularly set aside at the highest levels to decide how best to do this. Detailed goals are set: Deloitte's business plan includes targets for staff turnover, the scores it seeks in its annual staff survey and the proportion of female partners it would like to have. Partners are increasingly measured and rewarded as managers of people, not just for the amount of money they bring in. People-related items account for one-third of the scorecard used to evaluate partners at PwC. KPMG's British firm has introduced time codes so that employees can account for how long they spend dealing with staff matters. The idea is that those

who devote lots of time to people-related matters are not disadvantaged as a result in pay rises and promotion.

<sup>3</sup> Job cuts earlier in the decade created a shortfall of people now. Regulatory changes, such as America's Sarbanes-Oxley Act, have boosted demand from clients not just for accountants' services but also for their staff. There were never enough skilled people and now as competition to get the best is increasing, the pool of available talent is changing and in the US baby boomers are flooding into retirement. To add to their difficulties the Big Four are now aggressively re-entering the field of advisory services, necessitating a new burst of hiring.

<sup>4</sup> Much of this recruitment is aimed at hard-to-find experienced professionals, especially important in the advisory businesses where corporate knowledge is highly valued. Robust selection procedures are used to ensure that they fit in. Programmes that help keep the firm in touch with former employees are also being strengthened so that people who leave can more easily find their way back (these "boomerangs" account for up to a quarter of those hired by the Big Four in America).

## Glossary

**partner** a member of an audit or legal firm who has a capital investment in the business

**boomerangs** people who leave a company but return later

**drum up** gather, solicit

<sup>5</sup> Former employees can also act as useful recruiting agents and help to drum up new business. For these alumni programmes to work "a massive cultural switch" is needed, says Keith Dugdale, who looks after global recruitment for KPMG. Few employers are used to helping people leave on good terms. But in an era of job-hopping and a scarcity of skills, loyalty increasingly means having a sense of emotional allegiance to an employer, whether or not that person is still physically on the payroll.

<sup>6</sup> A similar change in attitude is needed to manage the careers of female employees. Each of the Big Four wants to promote more women, who account for about half of their recruits but around a quarter, at best, of their partners. Many women drop off the career ladder at some point, usually to have children or to care for an elderly relative and find it difficult to get back on again. Options such as career breaks and part-time working are part of the accountants' response.

<sup>7</sup> Retaining good people is the biggest challenge. Mobility is seen as a useful way to retain and help employees develop. International assignments can also be critical in attracting new graduates. According to Pierre Hurstel, Ernst & Young's global managing partner for people, new entrants want to work abroad. High-minded young people also want to work for companies with a decent ethical reputation. As well as tying reward schemes to the better management of people, Deloitte's British firm asks partners to spend a minute with their staff immediately after client meetings to provide feedback so that they fulfill more of a training role.

<sup>8</sup> As the "war for talent" is joined across industries and countries, it could be worth keeping an eye on how the Big Four are quietly leading the charge. ■

### Speaking

Which foreign country would you most like to work in if you had to work abroad? Why?

### Vocabulary

**1** Find the words or expressions in the text that correspond to the following definitions.

- 1 The rate at which employees leave a company or organisation (para 2)  
\_\_\_\_\_
- 2 A sheet or table that shows quantitative results (para 2) \_\_\_\_\_
- 3 A result or outcome that is lower than expected (para 3) \_\_\_\_\_
- 4 The different methods used to recruit employees (para 4) \_\_\_\_\_
- 5 Moving frequently between positions in different companies (para 5)  
\_\_\_\_\_
- 6 A list of all the employees who are paid by the company (para 5)  
\_\_\_\_\_
- 7 Programmes to remunerate employees (para 7) \_\_\_\_\_

**2** All of the statements below illustrate vocabulary items that appear in the text. Write the words in the spaces.

- 1 Every year we conduct a full review of all our employees. (para 2)  
\_\_\_\_\_
- 2 Well, of course, knowing that you will earn more if you reach your performance goals is very motivating for all employees. (para 2)  
\_\_\_\_\_
- 3 It's more or less inevitable that when turnover is down, companies will reduce their headcount. (para 3)  
\_\_\_\_\_
- 4 The government is planning to introduce new legislation which will directly affect the way that we do our business. (para 3)  
\_\_\_\_\_
- 5 When our staff reach the age of sixty-five most of them decide to give up work. (para 3)  
\_\_\_\_\_
- 6 Without doubt one of the most important assets that we have in our organisation is our shared expertise and experience. (para 4)  
\_\_\_\_\_
- 7 Being able to keep in touch with many of my former colleagues really gives me the feeling of belonging to a community. (para 5)  
\_\_\_\_\_
- 8 How far people move up the company hierarchy depends on both their aptitudes and their motivation. (para 6)  
\_\_\_\_\_
- 9 I think that taking a year off after the birth of my daughter was exactly the right thing to do. (para 6)  
\_\_\_\_\_
- 10 For the next twelve months I will be managing a project for one of our foreign subsidiaries. (para 7)  
\_\_\_\_\_

## Collocations with set

The article includes the verb–noun collocation ‘Detailed *goals* are *set*’.

Other nouns can be used in collocations with *set*. Replace the underlined phrases in the following sentences with an appropriate collocation using *set* and a word from the box, with the article *a(n)* or *the* if necessary.

agenda	course	date	deadline	example	goal	limit	precedent
record	scene	standard	target	task	tone	trap	trend

- 1 We have to arrange a meeting during the next few weeks but we haven’t yet decided exactly when it will be held.
- 2 If supervisors don’t tell their staff exactly when they expect work to be completed by, the productivity of their departments will suffer.
- 3 The HR director has fixed the objective for this year: reduce recruitment costs by at least 10%.
- 4 It will be impossible to introduce all of the government’s new employment guidelines simultaneously, so what we need to do is to decide which ones we will introduce and in what order.
- 5 An Australian firm has recently banned the use of mobile phones outside break periods and it seems this could well mean that other companies will follow suit.
- 6 As a result of the new stress reduction initiative, we’ve put in our best ever performance with absenteeism at just 5%.
- 7 Candidates were put into teams that were given the job of designing a new training programme for manual workers.

### Language check

## Contrast and similarity

When we want to point to contrasts or similarities that exist between things, we can do so in a number of different ways. The words and expressions that we use will depend on whether they are included in a simple sentence or in a connected piece of written or spoken discourse.



For more information, see page 154.

## Single sentences

In single sentences we can use words and expressions like these.

### Contrast

*unlike* (prep)

*in contrast to* (noun)

*unlike* (adj)

*while, although, whereas* (conj)

*on the one hand ... on the other hand* (noun phrase)

### Similarity

*like/as* (prep)

*similar* (adj), *similarly* (adv)

*alike* (adj/adv)

*as ... as* (adv)

*Like the vast majority of companies, the Big Four accounting firms pay close attention to their recruitment procedures and policies.*

## Connected sentences

The following words and expressions are used when contrasts or similarities are presented in consecutive or connected sentences.

### Contrast

nevertheless (adv)  
however (adv)  
conversely (adv)  
on the contrary (noun phrase)

### Similarity

similarly (adv)  
likewise (adv)

Enhanced human resource practices tend to increase satisfaction and productivity. **Conversely**, poorly prepared policies lead to lower output and employee resentment.

### Practice

Complete the following passage using appropriate words or expressions. In some cases there may be more than one correct answer.

## Workforce diversity

The term 'workplace diversity' refers to the extent to which an organisation's employees are drawn from diverse socio-economic, cultural and educational backgrounds. Not all members of society are <sup>1</sup>\_\_\_\_\_, the argument goes, and workplaces should reflect such differences. <sup>2</sup>\_\_\_\_\_ not everyone agrees on the precise definition of the term itself, workplace diversity has already become an accepted practice in HR management in many countries. <sup>3</sup>\_\_\_\_\_, implementing a successful diversity programme still remains a major challenge. Take the whole question of gender, for example. If gender diversity is being achieved, then surely we should expect

to see more female managers appointed to senior management positions? <sup>4</sup>\_\_\_\_\_, we should also see an increase in female intake at all levels. Now <sup>5</sup>\_\_\_\_\_ it may be true that women are entering the workforce in greater numbers but <sup>6</sup>\_\_\_\_\_ it is also quite clear that they are still not reaching the upper levels of management. Some traditionalists suggest that diversity actually results in higher costs to employers. Needless to say, supporters of diversity strongly disagree. <sup>7</sup>\_\_\_\_\_, they claim that diversity not only enhances productivity but also provides a sense of shared values to employees and managers <sup>8</sup>\_\_\_\_\_.

### Listening 2

## High-potential staff

Sharon Fraser of Deloitte Touche Tohmatsu talks about how her company manages talented employees. Listen to the interview and answer the questions.

- 1 What is the official title of Sharon's position in the organisation?
- 2 What exactly is she in charge of?
- 3 Sharon lists several things that are involved in her job, including recruitment and resourcing. What are the others?
- 4 What is the strategic objective of the company and how does Sharon suggest that talent management could contribute to achieving this?
- 5 How successful has Deloitte been in its talent management policy?
- 6 Sharon refers to hiring as the first aspect of the company's 'talent agenda'. What is the second aspect that she mentions?
- 7 Summarise what Sharon has to say about each of the following things:
  - a high-performance culture
  - b complex transactions
  - c individuals



Sharon Fraser



## Face value

# Managing creative talent

## Hard work and work-life balance go hand in hand

<sup>1</sup> The ritual of handing out sweets to employees every Wednesday morning at SAS, probably the world's biggest software maker, has come to symbolise the famously employee-friendly culture that Jim Goodnight, the CEO, has cultivated at his firm. Every aspect of life on the large, leafy SAS campus in Cary, North Carolina, is designed to bring the best out of employees by treating them well. Most SAS employees have their own offices, for example, with the exception of one sales team which wanted to be open-plan.

<sup>2</sup> Since its foundation in 1976, the company has provided free snacks and subsidised cafés. The SAS campus also offers magnificent sports facilities, subsidised child-care and early schooling, and the jewel in the crown, its own health-care centre, free to staff. SAS estimates that this has reduced its health bills by around \$2.5m a year. It also has a long-term "wellness" programme, supported by two nutritionists and a "lifestyle education" scheme, which is expected to yield further cost savings. Already, the average SAS worker is off sick for only 2.5 days a year.

<sup>3</sup> The only popular employee benefit that SAS does not offer is a stock-option package, usually mandatory in the software industry. That is because it is a privately owned company. "We don't have

to deal with Sarbanes-Oxley or minority shareholders suing us every time we turn around, or 25-year-old Wall Street analysts telling us how to run our business," Mr. Goodnight says enthusiastically.

<sup>4</sup> Not surprisingly, employees tend to stick around, which means SAS has to be careful whom it recruits and severe in dealing with mistakes: a philosophy that Mr Goodnight calls "Hire hard, manage open, fire hard". The average rate

of staff turnover at SAS is around 4% a year, compared with around 20% in the software industry as a whole. A few years ago a business-school professor calculated that this alone saved SAS \$85m a year in recruitment and training costs.

<sup>5</sup> Mr Goodnight points out that it is not just the benefits that keep people at SAS – "it's the challenge of the work." SAS is a leader in the field of "business intelligence", which helps companies use data to understand their own businesses. As other software has become increasingly commoditised, business intelligence has become a hot field. His goal is to remain in the more interesting, higher value-added parts of the software business – not least, presumably, to prevent his employees from getting bored. ■



## Speaking

Do you agree with what Mr Goodnight says in the quotation below? Why/Why not? What problems might result from this policy?

'Creative people can be trusted to manage their own workloads. To support the creative process and meet the demands of family life, flexible work day guidelines encourage people to start each day at whatever time is best for them.'



An Internet search using the question 'How creative are you?' will list websites that include creativity tests. Select a site and take a test to see how creative you are.

# Career skills



## Managing appraisals

Most businesses evaluate the performance and potential of their staff by using appraisals. Appraisals are normally organised in different stages (see chart below). As part of the process, the *appraisee* (the person who is being evaluated) and *appraiser* (his/her supervisor) both agree on the specific objectives that the employee should achieve. The supervisor provides ongoing feedback before conducting a final evaluation during an appraisal interview.

The interview is a key moment of the appraisal process. A well-conducted interview should provide an employee with the motivation to improve his/her performance. The appraiser must set the right tone during the interview and ask the right questions in order to encourage exchange and dialogue. Asking the wrong questions may have the opposite effect.

Self-appraisal is a method that is often used before the appraisal interview takes place. Staff are given a questionnaire or asked to access one online which they complete. The document is then used to prepare for the interview.

1 Set Objectives → 2 Provide Feedback → 3 Evaluate performance →

Look at the following guidelines for formulating appraisal questions.

- a Use open questions to get the appraisee to talk about different aspects of his/her work experience: *What's your view of this?*
- b Try not to use too many closed questions: *Have you changed your opinion about that?*
- c Avoid leading questions: *You didn't manage that aspect of the project very well, did you?*

**1** Here is a selection of questions from appraisal interviews. Decide which question in each pair is the most appropriate to use in an appraisal interview.

- 1 Frankly your performance was quite disappointing, wasn't it?  
Shall we discuss how you could go about improving your performance?
- 2 Why have you sometimes found it difficult to meet your deadlines?  
How come you never manage to complete your work on time?
- 3 I have heard that you are not getting on very well with your new colleague.  
Can you confirm that?  
Is there anything that you'd like to mention about your working relationship with your colleagues?
- 4 How could we help you to manage your life outside work?  
You are planning to do something about your attendance record, aren't you?
- 5 Would you agree that you are clearly out of your depth when it comes to analysing accounts?  
Are there any areas where you could use some extra training or support?
- 6 It is true that you have been losing your temper quite a lot recently, isn't it?  
Would you like to receive some training to help you to manage your stress more effectively?

**2** Give some examples of other questions that you think could be used in an appraisal interview.



### Listening 3

Listen to two extracts from appraisal interviews and answer the questions.

- 1 How would you describe the atmosphere?
- 2 What sort of relationship do the two people have?
- 3 What have they achieved?

### Speaking

**1** Read the following short descriptions of situations at work. Form pairs; Student A is the appraiser and Student B is the appraisee. Choose one situation and conduct a short appraisal interview. Compare the outcome of your interview with another pair.

#### Appraisee 1

This employee has had a long history of absenteeism. The last time he/she was appraised it was agreed that he/she would make a special effort to improve in this area. Unfortunately the attendance record shows that only minor progress has been made.

#### Appraisee 2

This employee has always made a major contribution to the company and has consistently met performance targets. This is still the case. However, there have been a number of incidents with fellow employees where tempers have become frayed and the atmosphere in the department has deteriorated to a point where it is starting to affect performance.

#### Appraisee 3

This employee was originally tipped to become one of the young stars of the division and last year it was agreed that if he/she continued to produce above average results then he/she would be allowed to join the prestigious internal group of 'fast track' high-potential staff. However, his/her performance has been erratic of late and he/she can no longer be considered for the programme.

**2** Look at the four sample questions from a self-appraisal questionnaire and decide how you would answer them. Then compare your answers with a partner.

- How successful have you been in achieving your objectives over the last year?
- In what ways could you develop your existing skills or learn new ones?
- Are there any areas of your work where you would welcome guidance?
- What specific objectives would you like to fix for the coming period?

### Culture at work

#### Assessing colleagues

Attitudes to performance appraisal can depend on culture. In some cultures, for example, subordinates are encouraged to give constructive criticism of the hierarchy and managers adopt a 'hands on' approach which gives employees the confidence to discuss problems openly. In this 'egalitarian work culture', feedback is given freely across the hierarchical divides. In other cultures the appraisal procedure is perceived as a 'command and control' tool for management. Which is closest to your culture? How might this difference cause misunderstanding in multinational teams?

# Dilemma & Decision

## Dilemma: Getting back on track

### Brief

Computer Solutions Corporation (CSC) produces problem solving software for data intensive industries such as insurance and banking. When John Curry took over as CEO five years ago it was an expanding, profitable business with a strong focus on customer relations. Highly motivated teams of software engineers worked closely with clients to produce quality, tailor-made solutions. His vision was to double growth in ten years. His newly appointed team of finance experts set about introducing aggressive cost-cutting strategies. Pressure to produce products for new customers within tighter deadlines meant that staff worked longer hours. Curry closed the expensive on-site child care facilities which forced many of the female staff to go part-time, making team work complicated. In the short term, however, financial results did improve and Curry seemed well on the way to achieving his goal. He generously rewarded senior management with exclusive privileges, bonuses and promotions.

This isolated the staff and made them resentful. They saw it as unfair and felt that the boss arbitrarily rewarded his friends accusing him of 'cronyism'. Sales began to fall and the best software designers, looking for more flexible working hours, started to leave the company to work freelance. This caused several high-profile clients to take their business elsewhere. Curry was forced to resign. In a company where the product is dependent on staff creativity and knowledge he had failed to motivate and reward the right people. The new CEO Patricia Donohue hired an interim HR specialist to recruit, retain and nurture new talent. He advised the introduction of a fair and transparent performance appraisal system designed to improve employee motivation and commitment.

### Task 1

Divide into groups of three. You are members of CSC's HR department. You know that all appraisal systems are designed to avoid the problems CSC has experienced. Your job is to choose the best one for the company's present situation. Student A, turn to page 135, Student B to page 137 and Student C to page 138. Read the profiles of performance appraisals carefully and prepare to present your profile to the others.

### Task 2

Meet to discuss the benefits and drawbacks of each type of appraisal system.

### Task 3


Choose the appraisal scheme you like best and present your arguments to the class.

### Write it up

Write a memo to Patricia Donohue explaining which system you have chosen and why.

 For more information, see *Style guide*, page 18.

## Decision:

-  Listen to the HR expert giving his opinion on which system should have been chosen. Which other appraisal system does he refer to?

