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A Contemporary Model for Human Resources

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Abstract
The human-resources model used by many hospitality firms centralizes HR functions in the human-resources department. One consequence of such centralization is that inefficiencies arise because HR decisions are being made by distant third parties who may not be familiar with the specifics of each situation. Rather than centralize HR-related decisions, the most effective model of a human-resources function is to support line managers in their own execution of personnel functions. The model of HR department-asconsultant puts decision making in its most effective location-with the manager on the job. The HR function then becomes one of supporting the managers by providing training and information. The following are examples of how this model works in various HR functions.

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A Contemporary Model for Human Resources:

Combining HR Strategy and Operations

by J. Bruce Tracey, Ph.D., and Arthur E. Nathan

The human-resources model used by many hospitality firms centralizes HR functions in the human-resources department. One consequence of such centralization is that inefficiencies arise because HR decisions are being made by distant third parties who may not be familiar with the specifics of each situation. Rather than centralize HR-related decisions, the most effective model of a human-resources function is to support line managers in their own execution of personnel functions.

The model of HR department-as-consultant puts decision making in its most effective location—with the manager on the job. The HR function then becomes one of supporting the managers by providing training and information. The following are examples of how this model works in various HR functions.

- ¨ *Recruitment*: Departments should be responsible for determining and justifying staffing levels, while HR suggests sources for obtaining applicants and assists in developing appropriate interviewing methods, as well as pay attention to legal requirements.
- ¨ *Compensation* Salary administration can be managed by line departments by using technology that provides managers with the data and analytical tools that they need. HR facilitates the gathering of competitive data.
- ¨ *Training*: Specific training should come from the line department, which also evaluates the new employee's performance. HR's role is to help create the training materials, train the trainers, and implementing a monitoring system.
- *Company policies*: In place of hard-and-fast rules, involve line managers in the process of determining flexible operating concepts based on company values and principles.
- *Organizational structure*: Flattening the organizational structures to give line managers the flexibility and authority to make decisions. Self-managed work teams may supplant supervisory interventions and allow so that employees set the tone and monitor the behavior of their teams.

A Contemporary Model of Human Resources:

Combining HR Strategy and Operations

Managing human resources is an important function for businesses that desire to create and maintain a competitive advantage. Indeed, human-capital considerations topped a recent list of managerial concerns in the hospitality industry.[1] Unfortunately, we do not see that kind of rhetoric translating consistently into good policy and practice. We see this disconnect as being evident on two levels. First, many business leaders do not consistently apply fundamental planning requirements when developing strategic objectives. While business leaders do consider HR strengths and weaknesses during their strategy-formulation processes, to them HR managers are primarily viewed as being responsible for implementing the plan (rather than helping to create it) and thus they are largely ignored during the initial planning stages. Second, many HR departments fail to execute even the most basic functions effectively. Many policies and practices are archaic and inflexible, and they do not directly benefit employees. Based on those concerns, we advocate the need for a different model of HR—one that should be used as a guide for developing vision, values, and goals, and one that is more effective and efficient at attracting, developing, and retaining quality employees.

Balance: Strategic Value and a Decentralized Structure

The underlying premise of our model is that the HR function, must play a more strategically central role in business-level decision making, and that measurable contributions can be made under a more decentralize structure. That is, to maximize the contributions of HR, the function must be transformed such that more decision-making authority, responsibility, and accountability is vested in the

[1] C.A. Enz, "What Keeps You Up at Night? Key Issues of Concern for Lodging Managers," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 42, No. 2 (April 2001), pp. 38–45.

person who supervises the employee or the position affected by that decision. Thus, decisions related to hiring, promotion or demotion, training, work actions,[2] pay, and scheduling can and should be made by the immediate supervisor of the affected employee. In many cases those actions will require additional approvals. The farther away from the source that such decisions are discussed and approved, however, the less likely it is that real-time and relevant information about the decision and its effect can be monitored. Note, too, that the time it takes to complete the decision-making process is increased in direct proportion to the distance it has to travel through an organization's bureaucracy.

To begin, we will discuss the manner in which HR can contribute to the strategic-planning process. Next, we present data that demonstrate the link between HR practices and systems on important business objectives. Finally, we return to our proposed model to offer our thoughts about how to change the prevailing role of HR professionals in hospitality organizations.

[2] These are defined as disciplines, commendations, granting of leaves, and the completion of related paperwork.

HR and Strategic Planning

HR suffers from a negative image in many hospitality organizations (deservedly so, in many cases). For instance, the following views may sound familiar:

- HR is basically an employee-advocate function and represents the "soft" side of the business.
- HR is a cost center, since it does not generate revenue.
- HR serves as an administrative-support office and organizes the company picnic.
- HR is responsible for implementing strategy, but not for developing strategy.

One of the reasons for such negative images may be business leaders' narrow application of the strategic-planning process, as illustrated by the following commentary. A successful hospitality executive and colleague of ours maintains that his primary function is to determine the vision and direction of the firm, and then it's up to the HR and other departments to "make it happen." As he put it:

> HR as a function does not *per se* have a dedicated role in the strategic-planning process. Corporate strategic planning begins with an external assessment of opportunities and threats and an internal assessment of

> firm strengths and weaknesses. This process is not driven by function or discipline formula, but rather an evaluation designed to determine the relative importance and veracity of assumptions management has made about the industry and the firm. Management combines its fact-based knowledge with its assumptions and beliefs about the business it is evaluating. Strategic planning, at its core, is the process by which the veracity of these assumptions and the relative importance each has to the overall outcome is revealed. Functional executives confound and corrupt the initial stages of the planning process by becoming caught up in interdisciplinary issues that should be subservient to the strategy process they aspire to influence. As such, the CEO is forced to pull the process of formulating strategy away from these executives and rely more heavily on his or her own judgment or that of a formal strategy group of executives without discipline responsibilities.[3]

In other words, in this leader's view HR plays a subservient and reactive role in the business-planning process. While this is only one individual's perspective, we've encountered many who share the same view. We contend that HR considerations must be taken into account not only during strategy implementation (i.e., making it happen), but also in the process of developing strategy. Indeed, the prevailing models of business planning support this contention, as explained next.

Strategic planning. Several approaches can be used to predict a firm's competitive position and develop strategic plans. The traditional SWOT model is based on a matching process such that a firm's strategic direction is based on the fit between internal capabilities (i.e., strengths and weaknesses) and external conditions (i.e., opportunities and threats). Based on an assessment of fit, leaders can then take actions to achieve a sustained level of competitiveness—for instance, by using internal strengths to exploit external opportunities and taking advantage of opportunities to motivate change and fix internal weaknesses.

Another popular framework, VRIO analysis, extends the SWOT model and maintains that competitive advantage is gained by identifying and exploiting the rare, distinctive competencies of the firm.[4] The VRIO explanation considers a firm's resources, understood in terms of "value," "rarity," "imitability,"

[3] Statement made by the CEO and chairman of a medium-size management company of mid-price hotels.

and "organization," as keys to long-term effectiveness. In simplified terms, "value" is characterized by the firm's internal resources that can be used to respond to external threats; "rarity" is associated with the scarcity of such resources in the external environment; "imitability" is based on the ability of competitors to acquire, duplicate, or substitute valued resources; and "organization" is associated with the firm's structure and systems that are used to extract the greatest degree of value from a given resource.

These and other models (e.g., portfolio assessments, competitor ranking) share at least one thing in common: the human element is central to an analysis of a firm's internal strengths, resources, and capabilities. While technology can be imitated (and thus should not be considered as a source of competitive advantage), human capabilities and the social context in which such capabilities are used are much more difficult to duplicate. While access to capital, market share, brand image, and service quality are important, such concerns would be largely irrelevant if the appropriate human resources were unavailable. As such, HR cannot be ignored when developing long-range plans.

Evidence for HR's Strategic Importance

Much has been written about the critical role of HR for achieving business goals and objectives, and research shows that HR policies, practices, and systems can influence financial and operational success. Indeed, there is compelling evidence that the proper alignment between HR systems and business strategy will enhance a firm's performance.[5] We complement those findings by presenting here three additional examples to support the strategic importance of HR not only for implementing long-range plans, but also for developing such plans.

[4] J.B. Barney, *Gaining and Sustaining Competitive Advantage* (Reading, MA: Addison-Wesley), 1997.

[5] Youndt, Snell, Dean, and Lepak (1996) found that different types of organizational strategy moderated the relationship between two types of HR systems and firm performance. Specifically, those authors found that a "human-capital enhancing" HR system (e.g., selectivity in hiring) was most effective in organizations that incorporated a quality-based strategy (versus other strategies). They also found that an "administrative" HR system (e.g., policies and procedures training) was most effective in organizations that employed a cost-based strategy. Thus, their study provided evidence that organizational effectiveness is contingent on the proper alignment of HR systems and overall business strategy.

Exhibit 1

Select findings from the 2001 Saratoga Institute's Human Capital Benchmarking Report

Measure	All Industries[1]	Consumer Products, F&B, and Retail[2]
Organizational Effectiveness		
• Revenue per employee	$432,879	$287,064
• Income per employee	$124,676	$26,209
HR Structure		
• HR FTE toTotal FTE	1:103	1:140
HR Function		
• External costs per hire, non-exempt	$1,296	$110
• Total compensation expense percentage[3]	32.0%	20.8%
• Benefits-expense percentage[4]	8.6%	4.5%
• Training costs per employee	$573	$471
• Total separation rate	21.2%	26.4%

[1] *N* = 880 firms within 16 industry groups. The report provides a breakdown of the types of firms represented in each industry group.

[2] *N* = 144 firms within service-related industries.

[3] Percentage of total operating expense.

[4] Percentage of total operating expense.

Example 1: *Organizational Effectiveness*

For the past 16 years the Saratoga Institute has conducted an annual survey of HR expenditures, practices, and outcomes in a variety of U.S. firms. The 2001 report presents information on 288 measures of human capital from almost 900 companies in 16 industry groups. The data are cross-tabulated by industry, size, and geographic location. While direct comparisons to the hospitality industry cannot be made, many service-related firms are represented in the sample. We believe that these data provide a reasonable basis for demonstrating the importance of HR. Consider the material in Exhibit 1.

In our opinion, the data in Exhibit 1 are provocative. While inferences regarding causality are not possible, one can see that the mean number of employees to human-resources workers for all industries is much lower than for the consumer-products industries. Granting that manufacturing obtains efficiencies that do not pertain to all consumer-

New Ideas for Recruitment

EXISTING PRACTICE	NEW MODEL
HR departments have become gatekeepers for who and how many to hire.	As part of the strategic planning and budgeting process, departments should be responsible for determining and justifying staffing levels. Once identified, decisions on whether to fill positions, and with whom, should be left to the department. The role of HR should be to establish suggested sources for obtaining applicants (both internal and external), designing methods for communicating with applicants using those sources, and developing an applicant tracking system. HR should also assist line managers in the development of appropriate interviewing methods and materials, train the managers to use them, and monitor the process for legal and policy compliance. Information technology now exists to provide managers with self-service capabilities to locate and track applicants. At Bellagio, for example, HR designed a self-service system for applicants that eliminated the need for data input by HR staff and allowed applicants (both internal and external) to update and monitor their application information and status. Such systems are constantly available and can help reduce the workload of the HR staff.

products enterprises, one can see that industries as a whole spend more on benefits and training than do consumer-products firms, but hire less expensively and maintain a slightly lower turnover rate. We admit that our analysis here is clinical rather than empirical, but the raw data are proprietary and thus unavailable for inferential analysis. The following two examples, however, augment our case. One sample came from Realtime Hotel Reports; the other we collected directly from the sponsor of this research.

Example 2: *Compensation and Turnover*

The 2000 Hospitality Compensation and Benefits Survey, conducted by Realtime Hotel Reports (now part of Smith Travel Research) and sponsored by the American Hotel Foundation, provides evidence for the need to consider HR factors throughout the strategic-planning process. In addition to compensation levels and benefits offered by over 2,000 hotels, the survey gathered information regarding employee turnover. Turnover can be

Exhibit 2
Relationship between compensation levels and turnover

Position	r*
General manager (N = 363)	-0.24
Director of sales and marketing (N = 172)	-0.20
Sales manager (N = 145)	-0.19
Reservations manager (N = 94)	-0.19
Controller (N = 125)	-0.19
Front-office manager (N = 220)	-0.17
Restaurant manager (N = 109)	-0.17
Chief engineer (N = 252)	-0.11
Executive housekeeper (N = 311)	-0.10

* All significant at $p < .05$.

costly[6] and has been shown to be related to many important outcomes, including profitability.[7] Therefore, understanding HR policies and practices that contribute to turnover can lead to insightful strategic and operational decision-making.

An analysis of the relationship between compensation level and total annual employee turnover yielded statistically significant results for the positions shown in Exhibit 2. The magnitude of the correlations demonstrates that a great deal of variance in the compensation-turnover relationship remains unexplained. However, the data suggest that compensation does have an effect on separations—a finding supported by related research.[8]

Example 3: *Training, Turnover, and Sales*

Our third and final example is based on an analysis of training, employee turnover, and sales data gathered from a privately held restaurant company that currently owns and operates approximately 115 restaurants

[6] See: T.R. Hinkin and R.B. Tracey, "The Cost of Turnover: Putting a Price on the Learning Curve," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41, No. 3 (June 2000), pp. 14–21.

[7] See: T. Simons and H.R. Hinkin, "The Effects of Employee Turnover on Hotel Profits," *Cornell Hotel and Restaurant Administration Quarterly,* Vol. 42, No. 4 (August 2001), pp. 65–69.

[8] T. Simons and C.A. Enz, "Motivating Hotel Employees: Beyond the Carrot and the Stick," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 36, No. 1 (February 1995), pp. 20–27.

and franchises an additional 70 in the United States. Complete data for 96 outlets were gathered over a 12-month period beginning in January 2001. The primary proposition was that investments in training and employee turnover would be significant predictors of net sales. The training variable was expressed as the number of hours per month dedicated to conveying job skills (e.g., new employee training) and offering interpersonal-skills programs for line-staff members. Employee turnover was also measured for each month (i.e., the number of new hires divided by the total number of employees at the end of the month), as was net sales.

After accounting for store-specific characteristics (e.g., location, size) and time effects, the regression-analysis results showed that both training and turnover accounted for significant variance in store sales (overall $F = 44.32$, $df1 = 123$, $df2 = 1085$; $R^2 = 0.82$, $p < .01$; standardized beta weight for training was 0.031 and for turnover 0.032, $p < .01$). Those results suggest that long-range plans for growth must consider the consequences of HR decisions regarding employee development and retention.

The HR effect. Collectively, the three examples presented above demonstrate the effect that HR can have on strategic and operational goals. Although researchers and practitioners have yet to fully understand the process by which various HR policies, practices, and systems might influence long-range effectiveness, the data presented here reinforce the need to consider HR throughout the planning process. It is not enough, however, simply to incorporate HR influences more broadly—the HR function must also be reconsidered. We contend that a holistic and collaborative approach to HR is required, one in which the HR function is integrated within the strategic and operational elements of the firm. That is, HR should play a critical role in designing structures, facilitating change, and evaluating progress.

A New Model

The traditional role of HR was appropriately termed “personnel.” In this role, personnel professionals are responsible for recruiting and hiring; compensation decisions and benefit-program design; negotiating and administering collective-bargaining agreements; policy development; record keeping; and (sometimes) serving as a conduit to the top executives for employees’ views and concerns. Over the years the personnel depart-

New Ideas for Compensation

Existing practice	New Model
HR departments control both the design and administration of the compensation program.	Salary administration can be managed by line departments by using technology that provides managers with the data and analytical tools that they need. This gives the responsibility and accountability for those decisions to the departments; HR's role is to provide advice and establish proper control mechanisms to prevent the inexpert (non-specialist) manager from making inappropriate decisions. In this role, HR facilitates the gathering of competitive data and then provides it directly to line managers so that they can do their own payroll modeling.

ment was renamed the human-resources office, and its role in the organization changed to become one of integrating people, policies, and cultures. To fulfill this "new" role, HR practitioners' responsibilities were expanded to include communications, training, safety, employee relations, and recognition and reward programs. That, however, was just the beginning: along with those additional responsibilities the HR departments also became responsible for their organization's legal compliance in the ever-expanding area of employment law (e.g., sexual-harassment policies and the ADA).

The additional responsibilities HR practitioners have been asked to accept result from changes in the way businesses are managed. One such change is the explosion of mergers and acquisitions. In the past 20 years mergers and acquisitions have tested HR practitioners' abilities to be flexible, detail oriented, and expeditious in both their support of other business functions and in the decisions they make related to HR issues. These increases in responsibility and business changes transformed HR professionals from generalists to specialists. Along the way, those changes fostered the perception—often promoted by HR professionals—that only "specialists" could handle the many complicated issues surrounding human resources. The HR model that emerged is one based on the centralization of knowledge, responsibility, authority, accountability, and control within the HR department. Yet, business practices were changing and, as a colleague of ours succinctly put it:

> As organizations began to realize that different businesses needed and could afford different types of HR programs and benefits, even within the same corporation, HR began to decentralize, [but still] replicating the centralized HR structure at division and even business-unit levels. This had the advantage of supporting differentiated HR for each business, but its redundancies cost a lot of money and the specialist jobs got smaller (i.e., they supported smaller groups of employees) and thus attracted less capable or experienced people."[9]

Added to the complexity of this decentralized approach is the fact that today's business leaders are under extreme pressure to reduce expenses, increase productivity and revenues, and realign their organizations to focus closely on core issues. In the last five years such changes have led to enormous pressures being placed on businesses to reevaluate the HR function and its role and responsibilities, and to analyze how these integrate with the rest of the organization.

[9]Andrew Geller, principal, organizational development, Unifi Network, a subsidiary of PricewaterhouseCoopers LLP, Teaneck, NJ, April 26, 2001.

A Consultancy

The main component of our proposed model is that HR practitioners (in contrast to employees' immediate supervisors) will no longer make operational decisions. Instead, they will act as consultants to other business functions by designing, developing, and delivering programs that give line managers the tools and training they need to perform effectively their responsibilities. The following scenarios represent common decisions made by HR practitioners (under the traditional model).

Scenario 1: An employee resigns, and the department manager needs to fill the vacancy (for instance, for a front-desk clerk). The process will include deciding whether the vacancy can and should be filled, finding and interviewing applicants, determining whom to hire and how much to pay the new hire, assigning a start date, conducting job-related training and orientation, and determining during a probationary period whether to retain the new employee. Without a doubt, the front-desk manager knows the most about everything relating to those issues and is in the best position to make appropriate and timely decisions. The need for direct HR-office intervention should be minimal.

New Ideas for Job Training

EXISTING PRACTICE	NEW MODEL
New hires attend an orientation conducted by HR, and then they are given some form of on-the-job training.	All new employees should attend a general company orientation that is designed by HR and presented by fellow employees. This will give the new hire a peer perspective and help them to develop relationships with other employees. Department and job training should be conducted by a trained individual from the new employee's department or one who fills the actual position. This trainer should have the responsibility of evaluating the new employee's performance and conducting any retraining that may be required. HR's role should be helping to create the training materials, training the trainers, and implementing a tracking system to allow managers to monitor course attendance and related performance. There are new online content, delivery, and administration systems that give organizations the capability to be more flexible and in better control of training programs relative to centralized models. On-demand programming, knowledge-management systems, and online tracking of both attendance and performance are available.

Scenario 2: An employee is not performing up to expectations in spite of effective training and supervision. The organization has documented polices and practices relating to progressive discipline and related notification to the employee. The supervisor should have full authority to determine the need, timing, wording, and level of notice to be given. While the seriousness of the employee's poor performance may require that additional approvals be given for specific disciplinary action, those individuals directly related to the incident are best suited to understand the issues and nuances involved.

In the types of situations just described, usually there are policies and processes that require the involvement of an HR practitioner. Yet in most organizations those decisions are best made by the individuals who know the most about the issues and in a time frame that best suits the employees and departments involved. HR specialists would be involved in this decision-making process but, in our opinion, the final decisions should ultimately be made by individuals not associated with the HR department.

The centralization of the HR function was established because there was a belief that the legal and organizational issues involved in making HR decisions were so complicated that it would not be prudent to trust nonspecialist or inexpert employee supervisors and managers to make HR-related decisions. In our HR model the power to make sensitive decisions is nevertheless entrusted to line managers. In this model it is the role of HR practitioners to train managers how to make and effect business decisions, and then trust them with the authority to do so. By not distributing this decision-making power to line managers the managers will remain less skilled than is required to be able effectively to perform their duties, which will ultimately effect the overall performance of the business.

The examples of different HR functions that appear on this and other pages illustrate how HR practitioners can use the constructs of our model.

The responsibilities identified in the exhibits follow the functions that are traditionally found in HR departments. Organizations with centralized HR functions adopt such "traditional practices" on the theory that they are specialized and should be conducted only by those who are trained and skilled. That presupposes that being in HR is the only way to gain that expertise and, further, that this expertise is more important than understanding the nuances that exist at the line level. We suggest that HR expertise can be learned by those at the line level more easily than can the nuances of departmental activity be understood by those in HR. The key to transferring HR responsibilities to the line level is training supervisors in how best to perform these duties; providing them with the tools to effectively and efficiently carry out these responsibilities; supporting them with advice; and monitoring their performance. This means that the role of HR changes from gatekeeper and decision maker to trainer and supporter.

Too, the company should put in place strategies that reinforce the performance of managers who adopt and successfully handle these duties. Such reinforcement should be tied to their reviews and total compensation. This is consistent with the goals of **(a)** the organization to have better trained and performing managers and **(b)** most HR professionals to be more of an internal consultant and strategic partner. This new construct allows the line managers to achieve greater competencies and control, while giving HR professionals the chance to become more of what they want to be.

New Ideas for Recordkeeping

EXISTING PRACTICE	NEW MODEL
Managers fill out work-action documents (e.g., wage and job changes, disciplinary notices, and performance reviews) and submit them to HR. These are then checked for accuracy, keyed into a database, and the originals are placed in file folders. Employees also submit information that initiates actions such as vacation requests, address changes, and other general requestsæthese are routed through HR in a similar manner as the management documents.	Use self-service technology to enable managers and employees to fill out and submit transaction data directly to HR or to the database where it is ultimately stored. In addition, give all employees or managers access to view the data, thus freeing HR from the responsibility of facilitating access requests and reports. HR should learn about technology and actively participate in the development of these self-service tools, then train managers how to use them. Many organizations today are outsourcing payroll and benefits administration, and using internet connectivity to facilitate transactions and maintain access to their data. Many are adopting shared-service methodologies that are designed to bring more functionality and service capabilities to line managers and employees.

Using this new model the organization wins, as decisions are made more quickly and appropriately allowing the business to be more focused on its core responsibilities of production and service.

Helpful Technology

Public and private companies alike are driven to improve performance through expense control and revenue improvement. Over the past 20 years, tools have been developed to help organizations achieve that goal. This trend began when financial departments discovered on-line analytical processing (OLAP) tools that allowed them to collate and query information from all of the disparate files in their databases. This *ad hoc* interactive querying capability allowed them to conduct complex multi-dimensional analyses and more rapidly discern issues that needed to be addressed. This practice provided a means for organizations more effectively to control expenses and thus improve their bottom lines. The next challenge involved improving revenues beyond the normal realm of sales and marketing. These same OLAP tools, when applied to complex and disparate customer databases, allowed companies to target their efforts and dollars in ways that maximized revenue opportunities. Today customer-relationship management (CRM) systems are helping companies use their resources to satisfy their customers and increase revenues. Much has been written about these practices. For example:

> The new cross-departmental imperative for companies in virtually all industries is to empower decision makers to obtain quick answers to their business questions by immediately acquiring the information they need. The effective sharing, distillation, and analysis of information among such an array of departments—customer relationship, sales, product planning, marketing, and finance, for example—coalesces into an enterprise-wide intelligence that is greater than the sum of its informational parts.[10]

As these practices become perfected, organizations will look for additional ways to improve performance and we suggest that HR is the next area to which these might be applied.

Adding employee-activity data to the practice of interactive and multidimensional analyses will help organizations to get the most out of their human resources. To gain this capability, "human-resources functions in highly successful organizations will understand how to use systems and software to solve business problems and will exploit technologies to achieve their business goals."[11] The decision makers in this instance are the line managers, and the decisions are related to the management of their employees. Giving line managers use of such a system should increase their access to data and give them the ability to make better decisions. There is a drawback, however: it is expensive to store and maintain all of these data, and until they are "put in the hands of business users and brings real value to these business users, the value obtained from that information

[10] Bernard Liautaud, with Mark Hammond, *e-Business Intelligence, Turning Information into Knowledge into Profit* (New York: McGraw-Hill, 2001), p. 5.

[11] Joseph H. Boyett, Jimmie T. Boyett, Row Henson, and Heidi Spirgi-Hebert, *HR in the New Economy: Trends and Leading Practices in Human Resources Management* (Boston: PeopleSoft, 2001), p. 28.

New Ideas for Company Policies

Existing practice	New Model
Most companies have handbooks and policy manuals that strictly define legal concerns and consistent policies and processes. These materials are often distributed in hopes that employees will keep them in an accessible place and read them when needed. They seek specifically to cover every conceivable circumstance with carefully written rules, policies, and practices.	Replace company-wide rules with concepts that are consistent with local and departmental concerns. Involve line managers in the process of determining these concepts to ensure that they are applicable to the department's needs and concerns. Base the concepts on values and principles rather than rules. Policies and practices should focus on being fair rather than consistent. Workers expect to be treated as individuals, and when presented properly these practices have greater acceptance than those that treat everyone and every circumstance similarly. These practices will be easier for managers to understand, use, defend, and enforce. HR should monitor competitive practices and provide this information to managers. In some cases, this benchmarking information is also available online.

does not compensate for the cost of maintaining those data."[12]

Nevertheless the appropriate use of technology is critical to the successful transfer of responsibility from HR to line managers and departments. The use of business-intelligence technology and tools will enhance the line manager's skills and decision-making capabilities by giving them the same view that was once reserved for HR staff. Again, the key to this will be the training and support provided by the HR staff.

[12] Liautaud and Hammond, p. 38.

Final Thoughts

We would be remiss if we didn't reflect here on some of our thoughts related to the tragic events that occurred during the development of this report. The pressure on management to react to the events of September 11 and their effect on the hospitality industry have been intense. Although the diverse responses to the plunge in business are not germane to our discussion, as we see it, the fact that swift, intelligent, and decisive business decisions were especially necessary after 9–11 supports our position

New Ideas for Organizational Structure

Existing practice	New Model
Companies have a hierarchical design where decisions are made at the top and then implemented at the bottom of the supervisory structure. While empowerment as a practice has been widely discussed, most organizations still vest authority at the highest levels of this hierarchy.	Leading companies are flattening their organizational structures and giving line managers the flexibility and authority to make decisions. In some organizations, self-managed work teams are replacing the need for supervisory interventions and allowing trained employees to set the tone and monitor the behavior of their teams. Within both structures, decisions are made in context, with a focus on what is most relevant and important to those involved.

for the need to adopt new roles for HR and line managers. A company's ability to adapt successfully to changing conditions depends not only on its policies, but also on the tools that it provides to those responsible for deciding and implementing its strategies. HR departments worked with their management teams to define the strategies to address issues relevant to the attacks and then helped to implement them. Line managers needed accurate information about business and staffing levels, staff skills and abilities, and financial-modeling capabilities. Having HR and line managers in possession of and trained to use the most effective tools available will ensure an organization's capacity to meet its needs even under the worst conditions imaginable. This enlightened division of responsibilities will result in a more orderly and informed execution of each group's tasks, as well as promote teamwork.

The best part of a line manager's job is probably having the ability to make decisions that are most critical for a department's success. Conversely, the things that managers dislike have to do with HR always telling them what to do. In truth, there are probably times when it would be convenient to pass some of these responsibilities to HR so that line managers don't have to make the decisions, or at least to have someone to point to as the culprits. In the end, the role as a manager is about responsibility and accountability, along the lines of Harry Truman's adage that "the buck stops here." For line managers to feel most comfortable in this role requires the following:

(1) Line managers have some say in the development of the company's policies and practices;

(2) The company provides them with the tools and training to perform at this level;

(3) HR's and line-managers' responsibilities are clearly defined;

(4) Managers are recognized and rewarded for good performance relative to these issues; and

(5) there are programs in place to help when mistakes are made.

If it is true that future success both at the business level and as HR practitioners lies in the adoption of new ideas and technologies, and that leaner, more-focused organizations are the ones that succeed, then we believe that a transition to the new HR model is imperative. To ensure that the transition is smooth, we will need to learn from others as well as our own mistakes, and we will need the steadfast support of the organization in maintaining this new set of roles and responsibilities.

About the Researchers

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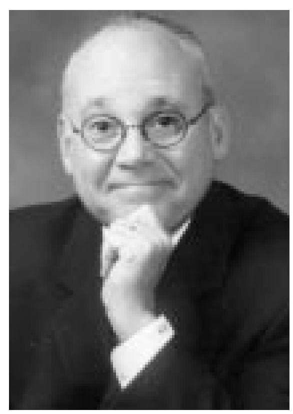

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