

# Contemporary Personnel Practices in Canadian Firms. An Empirical Evaluation

## Le rôle du service du personnel dans les entreprises canadiennes

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Résumé de l'article

Les conclusions suivantes découlent du rôle que jouent d'une façon générale les services du personnel dans les entreprises canadiennes.

1. Bien que l'autorité et l'influence des services du personnel au Canada puissent sembler considérables, il faut noter que cette autorité et cette influence varient d'un secteur de décisions à l'autre. En fait, on peut conclure qu'elles s'étendent d'un degré élevé de participation à une participation minimale ou nulle suivant le secteur de décisions que l'on considère.
  2. Il est important d'observer que des différences notables existent entre les divers types de décisions au sein des cinq domaines majeurs de décisions. Ici encore, l'influence des services du personnel s'étendent d'une participation considérable à une participation minimale ou nulle dans chaque domaine de décisions, à l'exception de celui de la formation et du développement.
  3. Les services du personnel, qu'on retrouve dans les grandes entreprises, exercent plus d'influence et d'autorité que ceux des sociétés plus petites. Cette observation est conforme à la thèse selon laquelle plus les entreprises deviennent grandes et complexes, plus il y a tendance à utiliser le personnel de cadre. Aussi faut-il noter que dans les grandes entreprises, on retrouvera généralement au sein du service du personnel un directeur ou un vice-président assigné au personnel qui occupe un rang élevé à l'intérieur de la structure administrative. Au contraire, dans les sociétés de moindre importance, le service du personnel se trouvera à un échelon plus bas dans la structure administrative et il ne sera pas dirigé par un cadre supérieur de l'organisation. Résultat: dans ces petites entreprises, les fonctions dévolues à la direction du personnel peuvent être déléguées à des cadres ou gérants de rang moins élevé parce que le service du personnel n'est que peu identifié ou occupe un rang peu important au sein de l'organisation. De pareilles caractéristiques permettent d'expliquer les résultats d'ensemble qui ressortent de la présente étude.
  4. Lorsqu'on considère les différences relatives à la possession et au contrôle de l'entreprise, on constate que les services du personnel qui relèvent de sociétés américaines ont plus d'autorité et d'influence que ceux des entreprises canadiennes. Il est possible que la délégation de pouvoir de l'entreprise-mère américaine à sa filiale canadienne puisse expliquer les différences dans les politiques concrètes touchant le personnel.
  5. Les services du personnel ont tendance à être moins engagés dans les décisions d'importance même dans les cas où ces décisions relèvent de la compétence du service du personnel. Les décisions principales sont celles qui touchent aux politiques de base et aux changements en profondeur dans le fonctionnement de l'organisation ou qui peuvent avoir des conséquences graves sur les individus ou sur les unités administratives. Par exemple, si les services du personnel fonctionnant au sein de grandes sociétés peuvent participer activement à la détermination des stratégies de négociations, ils participent rarement à la fixation des concessions majeures au cours de ces négociations. De même, si les services du personnel participent activement aux décisions relatives au regroupement des emplois en vue de l'établissement des classes de salaires, ils ne participeront que rarement aux décisions qui déterminent les types de salaire au rendement qu'on veut implanter, à l'étendue de ces systèmes ou aux écarts en matière de politiques de salaires.
- Finalement, l'étude conclut que le rôle des services du personnel dans les entreprises canadiennes est un de nature complexe. En outre, un rôle d'une pareille complexité semble convenir, compte tenu du dynamisme et de la complication du milieu dans lequel les entreprises canadiennes fonctionnent. Par conséquent, la clef de la réussite consiste à reconnaître cette complexité et à l'accepter là où elle est appropriée. Toutefois, il faut aussi reconnaître que cette étude n'a pas tenté d'établir exactement la complexité des services du personnel au Canada, non plus que l'utilisation qui en est faite. C'est cependant ce qu'il faudrait entreprendre si l'on veut tirer le maximum d'efficacité d'un organe qui devient de plus en plus important au sein des entreprises.

# Contemporary Personnel Practices in Canadian Firms

## An Empirical Evaluation

**Laird W. Mealiea**  
**and**  
**Dennis Lee**

*This study empirically evaluates current personnel practices in 216 Canadian firms. Specifically, 33 decision areas are considered in an attempt to determine the role of Canadian personnel departments in the organization's decision making process. Also evaluated is the possible impact of size, ownership and geographic differences on the level of involvement by personnel departments.*

When attempting to understand and explain the role of personnel departments within Canadian firms it is essential that one have a clear and accurate knowledge of the level of influence-authority afforded personnel departments within the organization's decision making process. Specifically, what impact, or role, do personnel departments have when critical decisions are made in the areas of wage and salary administration, collective bargaining, promotions, hiring-firing, training, organization development, etc.

It would appear that given the increased acceptance of organizational behavior concepts, the increased number of affirmative action type programs, as well as the availability of more sophisticated selection and training techniques, that the potential influence-authority of personnel departments would be considerable. However, the management literature appears to be void of empirical assessments of the actual level of influence-authority possessed by Canadian personnel departments.

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**METHODOLOGY**

To partially overcome the failure of past research to accurately assess the level of influence-authority possessed by Canadian personnel departments, the present study empirically evaluates current levels of involvement by personnel departments in key decision areas within Canadian firms. The actual decision areas evaluated fall into five major divisions: a) hiring, promotions and discharges; b) wage and salary administration; c) training and development; d) collective bargaining; and e) miscellaneous. These are similar to the divisions investigated by French and Henning<sup>1</sup> in their study of personnel departments located in the United States.

To evaluate the actual level of influence-authority afforded personnel departments in each of these decision areas a questionnaire was mailed to 535 Canadian firms randomly selected from the 1978 Canadian Trade Index<sup>2</sup>. The questionnaire requested a knowledgeable individual within the organization (in a majority of cases this individual was the person in charge of the personnel function) to indicate the level at which the authority to make certain personnel related decisions rests within their organization. Each decision area (33 in all) was followed by a seven point scale depicting potential levels at which authority to make such decisions might rest. The following example represents one decision area and the accompanying seven points scale:

The final authority on decisions relating to the activity of approving employee discharge procedures rests with:

1 <sup>1</sup>	2	3	4	5	6	7	8
Line Alone	Line alone with ad-vice from Personnel	Joint Line-Pers. Dept.	Pers. Dept. Alone	Joint Pers. Dept.-Senior Mgt. <sup>2</sup>	Senior Mgt. Alone with Advice from Pers. Dept.	Senior Mgt. Alone	Non Applicable

1. In this case, the decision is made by the unit or department head of the area in which the decision applies. This individual has sole authority to make the decision.
2. Senior Mgt. refers to those individuals functioning within a top management position but who do not have personnel functions as part of their major duties.

1 FRENCH, W. & HENNING, D., "The Authority-Influence Role of the Functional Specialist in Management", In M.G. Miner & J. Miner Eds., *Policy Issues in Contemporary Personnel and Industrial Relations*, New York, New York, MacMillan Publishing Co., 1977.

2 1978 *Canadian Trade Index*, Toronto, Ontario, The Canadian Manufacturers' Association, 1978.

Respondents were also requested to indicate a) the number of employees within their organization; b) whether their organization was wholly Canadian owned, had an American parent company, or had some other foreign parent company; and c) the province in which their home office was located. Of the initial 535 questionnaires mailed, 222 were returned with 216 actually completed.

## FINDINGS

The measure which best answers the question of how directly involved (in terms of influence-authority) are personnel departments in making personnel related decisions is the percentage of respondents answering 3, Joint Line-Personnel, 4, Personnel Department Alone, or 5, Joint Personnel-Senior Management. The higher the percentage of all respondents selecting scale items 3, 4, or 5 for a particular decision area the greater will be the existing level of direct influence-authority of personnel departments for that decision area. Although the percentage of respondents selecting items 3, 4, or 5 will be used for analysis purposes, one additional piece of information will be presented. Specifically, the percentage of respondents selecting item 4, Personnel Department Alone, will be indicated for all decision areas. This percentage represents what French and Henning refer to as unilateral decision making by personnel departments. For example, a figure of 25% for a particular decision area indicates that within 25% of the responding firms, personnel departments independently made decisions pertaining to that decision area. Again, the higher the percentage, the greater the unilateral influence-authority of personnel departments.

To facilitate the discussion of results the involvement (influence-authority) of personnel departments will be classified as "strong-participative" for those decision areas for which the percentage response is  $\geq 50\%$ . For example, the 70.1% response for decision area 4, column 1, Table 1, indicates that in approximately 70% of the responding firms, personnel departments are directly involved in decisions relating to the use of psychological tests, i.e. respondents selected scale items 3, 4, or 5. It should be noted that for this decision area, the unilateral percentage is 47.6%. Therefore, in approximately 47% of the responding firms personnel departments acted unilaterally on decisions pertaining to psychological tests and their use within the firm. For those decision areas for which the percentage response falls between 40-49%, involvement by personnel departments in the decision making process will be classified as "marginal-participative". Finally, for those decision areas for which the percentage response falls below 40% the involvement by personnel departments in the decision making process will be classified as "weak-participative".

TABLE I

Percentage of Respondents Selecting Scale Items 3 - 4 - 5 Under Varying Size and Ownership Conditions

Decision areas	1	2	3	4	5	6	7	8
	% for ALL FIRMS (n = 216)	% for firms with ≤ 499 employees (n = 87)	% for firms with ≥ 1,000 employees (n = 96)	% for Canadian Owned Firms (n = 108)	% for Canadian Firms with US Parent Company (n = 89)	% for All Canadian Firms with Non Canadian Parent (n = 108)	% for Canadian with US Parent (n = 43)	% for Canadian Firms ≥ 1,000 with US Parent Co. (n = 32)
1. Approving the creation of a new position	23.5 ( .5) <sup>1</sup>	24.1 ( 1.2)	23.7 ( 0.0) <sup>2</sup>	22.4 ( 0.0)	23.9 ( 1.1) <sup>3</sup>	24.5 ( .9)	25.5 ( 0.0)	25.8 ( 0.0) <sup>4</sup>
2. Final approval in hiring	36.6 ( 6.6)	41.2 ( 9.4)	34.4 ( 5.4)	37.7 ( 9.4)	37.2 ( 4.7)	33.3 ( 3.8)	46.5 (11.6)	46.5 ( 3.2)
3. Approving individual job descriptions	64.4 (14.6)	57.1 (10.7)	71.1 (17.8)*	59.2 (18.5)	73.5 (10.8)**	69.1 (10.8)	51.2 (17.1)	79.3 (17.2)**
4. Approving the use of psychological tests	70.1 (47.6)	55.8 (30.8)	79.1 (62.3)***	68.1 (53.6)	72.7 (43.9)	71.8 (42.3)	55.0 (35.0)	90.9 (59.1)***
5. Approving promotions within a department	33.2 ( 2.9)	39.0 ( 4.9)	29.0 ( 2.2)	35.9 ( 3.8)	32.5 ( 1.2)	30.4 ( 2.0)	43.9 ( 7.3)	27.6 ( 0.0)
6. Approving promotions between departments	43.3 ( 1.4)	42.4 ( 2.4)	44.6 ( 1.1)	43.0 ( 1.9)	45.2 ( 1.2)	43.7 ( 1.0)	39.5 ( 2.3)	48.3 ( 0.0)
7. Approving transfers between departments	50.5 ( 3.9)	54.4 ( 3.6)	47.3 ( 4.3)	51.9 ( 5.7)	51.2 ( 1.2)	49.0 ( 2.0)	51.2 ( 4.7)	46.7 ( 0.0)
8. Approving pay/rank cuts	43.9 ( 3.2)	40.3 ( 1.4)	40.2 ( 4.6)	39.8 ( 4.3)	48.7 ( 1.3)	47.9 ( 2.1)	38.2 ( 2.9)	46.4 ( 0.0)
9. Approving employee discharges	46.1 ( 7.3)	48.2 ( 9.9)	44.1 ( 6.5)	37.9 ( 6.8)	60.7 ( 9.5)***	54.4 ( 7.8)	37.5 ( 7.5)	60.0 ( 6.7)**
10. Approving employee discharge procedures	62.4 (25.2)	52.9 (22.4)	72.0 (25.8)***	57.0 (18.7)	69.4 (32.9)*	68.0 (32.0)	45.2 (16.7)	80.0 (33.3)***
11. Approving wage level policy	35.9 ( 6.2)	28.9 ( 4.8)	38.7 ( 6.5)	30.2 ( 4.7)	44.1 ( 8.3)**	41.6 ( 3.3)	23.8 ( 4.8)	46.7 (13.3)**
12. Approving jobs to be covered by wage evaluation program	61.1 (22.2)	50.7 (14.5)	69.1 (29.6)**	58.6 (20.7)	63.4 (23.4)	63.4 (23.7)	51.5 (12.1)	77.8 (37.0)**
13. Approving methods of wage evaluation	58.3 (23.5)	46.0 (13.5)	66.7 (33.3)***	51.7 (19.1)	64.2 (25.9)*	64.3 (27.6)	44.1 (11.8)	75.5 (41.4)***
14. Appointing job evaluation committee	59.9 (26.1)	50.5 (17.2)	67.1 (30.1)*	57.9 (26.3)	62.9 (24.3)	61.7 (25.9)	48.2 (18.5)	73.8 (26.9)**
15. Approving job evaluation recommendations	55.1 (15.1)	45.8 (11.1)	63.1 (19.1)**	51.7 (14.9)	60.5 (16.1)	58.2 (15.3)	45.5 (15.2)	74.2 (22.6)**
16. Determining coverage of wage incentive plans	37.6 ( 3.5)	43.6 ( 0.0)	33.3 ( 6.4)	35.3 ( 4.4)	40.6 ( 3.1)	39.7 ( 2.7)	33.3 ( 0.0)	34.7 ( 8.7)
17. Determining the type of wage incentive plan	32.6 ( 4.3)	30.9 ( 0.0)	30.7 ( 3.2)	26.5 ( 4.4)	35.9 ( 3.1)	38.4 ( 4.1)	12.5 ( 0.0)	31.8 ( 4.5)
18. Approving the grouping of jobs for pay grades	62.6 (23.7)	46.8 (15.2)	75.9 (31.0)****	61.5 (21.9)	63.5 (25.9)	63.7 (25.5)	43.2 (13.5)	76.7 (33.3)***
19. Determining the number of pay grades	60.6 (29.3)	46.2 (14.1)	73.0 (40.5)****	61.2 (26.5)	62.2 (34.2)	60.0 (32.0)	43.2 (10.8)	75.9 (48.3)***
20. Determining the dollar range of job grades	55.1 (29.6)	38.7 (10.7)	65.6 (41.1)****	51.0 (22.9)	59.0 (36.1)	59.0 (36.0)	34.3 ( 5.7)	73.3 (53.3)****
21. Determining individual salary levels	40.9 ( 4.4)	35.4 ( 1.3)	44.6 ( 7.6)	41.8 ( 5.1)	40.7 ( 3.5)	40.0 ( 3.8)	32.4 ( 2.7)	41.9 ( 9.7)
22. Granting extra time off	28.1 ( 3.9)	31.3 ( 3.6)	25.3 ( 3.3)	29.6 ( 6.1)	27.3 ( 2.3)	26.7 ( 1.9)	38.9 ( 5.6)	29.0 ( 0.0)
23. Granting fringe benefits exceeding policy	27.5 ( 7.0)	25.4 ( 6.0)	29.1 ( 7.6)	29.2 (10.1)	28.8 ( 3.0)	25.6 ( 3.7)	23.5 (11.8)	26.9 ( 7.7)
24. Determining maximum bargaining concessions	25.8 ( 4.8)	18.3 ( 2.8)	27.3 ( 4.6)	23.2 ( 6.3)	29.3 ( 4.0)	28.6 ( 3.3)	16.2 ( 2.7)	31.0 ( 3.5)
25. Determining negotiating goals	36.9 ( 8.6)	19.7 ( 4.2)	44.9 ( 7.9)***	31.3 ( 7.3)	41.3 ( 8.0)	42.9 ( 9.9)	16.2 ( 2.7)	51.7 ( 6.9)***
26. Determining bargaining strategies	48.4 (22.6)	32.7 (10.0)	57.3 (30.3)****	45.3 (20.0)	50.7 (22.7)	51.7 (25.3)	30.6 ( 5.6)	58.6 (27.6)**
27. Approving the adoption of training programs	54.2 ( 9.5)	46.2 ( 7.7)	58.1 (10.8)	52.4 ( 7.8)	59.0 ( 9.6)	56.1 (11.2)	43.6 ( 7.7)	64.5 ( 9.7)**
28. Determining training objectives	59.1 ( 9.6)	48.8 ( 8.6)	68.1 ( 9.9)***	56.1 (10.2)	64.7 ( 9.4)	62.0 ( 9.0)	46.2 ( 7.7)	74.2 ( 6.5)**
29. Selecting employees for training programs	52.0 ( 4.5)	49.4 ( 7.8)	57.1 ( 3.3)	53.5 ( 7.9)	51.8 ( 1.2)	50.5 ( 1.0)	53.9 (12.8)	59.4 ( 0.0)
30. Approving safety standards	53.4 (10.3)	51.2 ( 8.5)	57.6 (13.0)	53.5 ( 9.9)	59.5 (13.1)	53.4 (10.7)	46.2 (10.3)	66.7 (20.0)*
31. Determining areas or equipment unsafe	50.0 (11.7)	51.2 (11.0)	53.3 (10.9)	46.5 ( 9.9)	58.1 (16.3)	53.4 (13.6)	46.2 ( 6.7)*	66.6 ( 6.7)**
32. Establishing output standards	14.3 ( .6)	18.7 ( 0.0)	12.8 ( 1.3)	18.5 ( 1.1)	10.8 ( 0.0)	10.0 ( 0.0)	29.7 ( 0.0)	11.5 ( 0.0)*
33. Approving job design changes	30.0 ( 2.1)	20.3 ( 1.4)	36.5 ( 2.4)**	22.9 ( 0.0)	34.2 ( 3.8)	35.1 ( 4.3)	18.0 ( 0.0)	38.7 ( 3.2)*

<sup>1</sup> Figures in brackets represent the % of respondents selecting scale item 4 — Personnel Department Alone.  
<sup>2</sup> Significance levels appearing after column 3 items relate to observed differences between columns 2 and 3. Statistical comparisons were made using a normal approximation for a test of hypothesis comparing % differences.  
<sup>3</sup> Significance levels appearing after column 5 items relate to observed differences between columns 4 and 5.  
<sup>4</sup> Significance levels appearing after column 8 items relate to observed differences between columns 7 and 8.

\* p ≤ .1  
 \*\* p ≤ .05  
 \*\*\* p ≤ .01  
 \*\*\*\* p ≤ .001

Applying this evaluative schema to the percentages for all Canadian firms sampled (column 1, Table 1), it would appear that personnel departments within the 216 responding firms do play an important role in the decision making process. However, this role usually involves a shared decision rather than a unilateral one. Specifically, 16 decision areas have results which indicate that in a majority of cases when a decision must be made personnel departments are directly involved (items 3, 4, 7, 10, 12-15, 18-20, 27-31). For these 16 decision areas personnel departments have "strong-participative" involvement. Of the remaining 17 decision areas, items 6, 8, 9, 21, and 26 would be classified as decision areas for which personnel departments have "marginal-participative" involvement. For 13 decision areas the influence-authority of personnel departments is minimal or insignificant, i.e., "weak-participative".

However, to only evaluate the data in terms of all companies would ignore two important dimensions (size and ownership differences) which are likely to have an important impact on the actual role personnel departments are asked to play in the decision making process. Therefore, to test whether there are any differences associated with varying levels of size and ownership, company responses were compared on the basis of these two dimensions. Refer to columns 2 through 8, Table 1.

When considering the impact of size alone (columns 2 and 3, Table 1), significant differences appear in the levels of influence-authority afforded personnel departments functioning within small firms ( $\leq 499$  employees) as compared to large firms ( $\geq 1,000$  employees). These differences can be initially observed by comparing the number of decision areas in which the involvement of personnel departments reaches the "strong-participative" level. For firms with  $\leq 499$  employees, personnel departments only reach the "strong-participative" level for 8 decision areas. Whereas, for firms with  $\geq 1,000$  employees, percentages reach the "strong-participative" level for 16 decision areas. It should also be realized that of these 16 items all but two (items 7 and 26) are the same as those classified as "strong-participative" for all the firms listing.

This would appear to indicate that, on average, personnel departments functioning within large organizations have greater influence-authority than their counterparts in small organizations. To investigate this possibility further a paired comparison was made between the percentages obtained for the  $\leq 499$  and  $\geq 1,000$  categories. Of the 33 paired comparisons made, 14 were found to be significant (refer to column 3, Table 1). It should also be realized that all 14 of the significant differences are instances in which the percentages increased as one moves from the small firm category to the large firm category.

Directionality was also evaluated by considering the number of increases observed in decision area percentages (out of the 33 decision areas) when moving from the small firm to the large firm category. If there were no directional impact associated with size, one would expect an even split between increases and decreases. The probability of observing the 23 increases reported in decision area percentages is  $p = .007$ . Such a probability is too small to occur by chance and further indicates that, on average, personnel departments in large organizations have significantly more influence-authority than their counterparts in small organizations.

As indicated above, it would also be desirable to evaluate the possible impact of differences in ownership on the level of influence-authority possessed by personnel departments. The percentage scores for the 33 decision areas, broken down by ownership, are found in columns 4 through 6 in Table 1. The data was broken down in this manner due to the large proportion of firms with American parent companies found in the Non Canadian parent company category (89 firms of the 109 Non Canadian owned firms were American owned). If one only compares the absolute number of decision areas for which the level of influence-authority reaches the "strong-participative" level ( $\geq 50\%$ ) there appears to be little difference, i.e., percentages reach the "strong-participative" level for 14 decision areas for Canadian owned firms as compared to 17 decision areas for firms classified as having an American parent company or Non Canadian parent company.

However, when the actual percentages for Canadian owned firms are compared with percentages for firms with American parent companies significant differences do appear. First, as can be seen by significance levels indicated in column 5, Table 1, significant differences occur in the positive direction for decision areas 3, 9-11, and 13. In these areas, departments with American parent companies demonstrate more participation in decision making. Stronger evidence is obtained by considering the number of increases observed in decision area percentages when moving from the Canadian owned category (column 4) to the American parent company category (column 5). Again, if there is no directional impact associated with firm ownership one would expect an even split between increases and decreases in percentages. The probability of observing 25 increases for the 33 decision areas is  $p = .001$ . Such a small probability indicates that such a result could not have occurred by chance. Consequently, the authors would argue that personnel departments in firms with American parent companies tend to possess higher levels of influence-authority than their counterparts in Canadian owned firms. However, it should be noted that the impact of size on the level of influence-authority afforded personnel departments appears to be stronger than the impact of ownership.

Given the results obtained to this point it is the authors' belief that the greatest differences would occur when comparing small Canadian owned firms with large Canadian firms having an American parent company. The relevant data for such a comparison is presented in columns 7 and 8, Table 1. It can be readily observed from the data listed that the differences are dramatic. First, when comparing the actual number of decision areas which can be classified as "strong-participative" only 4 decision areas reach this level in the Small-Canadian Owned category as compared to 18 decision areas reaching this level in the Large-American Parent Company category. Next, of the 33 paired comparisons made, a total of 20 were found to be significant (column 8, Table 1). In all but one of the 20 cases the larger percentage occurred for the Large-American Parent Company category. Finally, the calculated probability of observing 28 increases, out of the 33 paired comparisons made, is  $p \leq .0001$ . (Here again, the assumption was made that if there were no directional impact associated with ownership and size there would be an even split between increases and decreases when moving from the Small-Canadian category to the Large-American Parent Company category). Such a probability is too small to have occurred by chance and would further indicate that personnel departments functioning in large Canadian firms with American parent companies are afforded the highest levels of influence-authority in the organization's decision making process.

In an attempt to make as complete an assessment of current personnel practices in Canada as possible, an analysis of geographic differences was also carried out by the authors. Data collected was broken down into the following five regions: Maritimes, Quebec, Ontario, Saskatchewan/Manitoba, and Alberta/British Columbia. This analysis failed to produce any significant differences in a) absolute number of decision areas for which personnel departments were described as having "strong-participative" influence, b) actual differences in paired comparisons for each decision area, or c) directionality between geographic regions.

Before drawing any conclusions about geographic differences, it should be noted that when the data for the present study was collected, no attempt was made to insure an equal number of respondents from each region. As a result, firms located in Quebec and Ontario accounted for approximately 80% of all responding firms (171 out of 216). The number of responding firms from the other three regions is relatively small and therefore may not accurately represent the true population of firms for these regions.

Therefore, based upon results obtained from the present data, the authors believe that size and ownership differences remain the primary factors which affect the level of influence-authority afforded personnel departments.



At this point it would be desirable to rank the 33 decision areas to further identify important relationships relating to personnel practices in Canadian firms. To conserve space and prevent redundancy only one category will be ranked. To rank and analyze more than one category would be beyond the scope of the present paper. Therefore, the authors' have selected the  $\geq 1,000$ , all firms category (column 3, Table 1) as the basis for discussing the overall ranking of decision areas. The reasons for this choice are as follows. First, it would be of considerable benefit to identify those decision areas in which personnel departments are likely to strongly participate. As indicated above, size appears to be the major factor associated with varying levels of influence-authority afforded personnel departments, i.e., the larger the firm the greater the level of influence-authority. As a result, the evaluation of firms having  $\geq 1,000$  employees would be desirable.

Next, the overall ranking for the  $\geq 1,000$ , all firms, category and the overall ranking for the  $\geq 1,000$ , American Parent Company, category are highly correlated, i.e., a comparison of rankings produced a correlation coefficient of .97. As a result, to analyse both categories would result in considerable redundancy with minimal benefit.

Finally, the  $\geq 1,000$  American Parent Company category was not selected because by simultaneously considering the consequences of size and ownership the useable sample is reduced to 32 firms. This is significantly smaller than the useable sample associated with the  $\geq 1,000$ , all firms, category, i.e., 96 firms. The actual ranking of the decision areas in the  $\geq 1,000$ , all firms, category is presented in Table 2.

Several important relationships become evident when considering the data in Table 2. First, all of the major divisions of decision areas are represented in the "strong-participative" group. This would indicate that the influence-authority of personnel departments is broadly based within large organizations. Next, of the "strong-participative" group, 8 of the first 11 decision areas are wage and salary administration decisions. Similarly, the "marginally-participative" group tends to be dominated by hiring, promotion and discharge decisions. Finally, there are significant differences within the major decision area divisions themselves. For example, wage and salary administration decisions can be found in all three levels of participation, i.e., "strongly-participative" for decision area 18, "marginally-participative" for decision area 21, and "weak-participative" for decision area 22. Such differences occur for all but one of the 5 major decision area divisions. Decision areas relating to training and development are only found within the "strong-participative" group.

**TABLE 2**  
**Ranking of Decision Areas for Canadian Owned Firms 1,000**

<i>Rank decision area</i>	<i>Decision number</i>	<i>Percentage</i>	<i>Major division<sup>1</sup></i>
(strong-participative)			
1. Approving the use of psychological tests	4	79.7	H-P-D
2. Approving the grouping of jobs for pay grades	18	75.9	W & S
3. Determining the number of pay grades	19	73.0	W & S
4. Approving employee discharge procedures	10	72.0	H-P-D
5. Approving individual job descriptions	3	71.1	W & S
6. Approving jobs to be covered by wage evaluation program	12	69.1	W & S
7. Determining training objectives	28	68.1	T-D
8. Appointing job evaluation committee	14	67.1	W & S
9. Approving methods of wage evaluation	13	66.7	W & S
10. Determining the dollar range of job grades	20	65.6	W & S
11. Approving job evaluation recommendations	15	63.1	W & S
12. Approving adoption of training programs	27	58.1	T-D
13. Approving safety standards	30	57.6	MIS
14. Determining bargaining strategies	26	57.3	C-B
15. Selecting employees for training programs	29	57.1	T-D
16. Determining areas or equipment unsafe	31	53.3	MIS
(marginal-participative)			
17. Approving transfers between department	7	47.3	H-P-D
18. Determining negotiating goals	25	44.9	C-B
19. Determining individual salary levels	21	44.6	W & S
20. Approving promotions between departments	6	44.6	H-P-D
21. Approving employee discharges	9	44.1	H-P-D
22. Approving pay/rank cuts	8	40.2	H-P-D
(weak-participative)			
23. Approving wage level policy	11	38.7	W & S
24. Approving job design changes	33	36.5	MIS
25. Final approval in hiring	2	34.4	H-P-D
26. Determining coverage of wage incentive plans	16	33.3	W & S
27. Determining the type of wage incentive plan	17	30.7	W & S
28. Granting fringe benefits exceeding policy	23	29.1	W & S
29. Approving promotions within a department	5	29.0	H-P-D
30. Determining maximum bargaining concessions	24	27.3	C-B
31. Granting extra time off	22	25.3	W & S
32. Approving the creation of a new position	1	23.7	MIS
33. Establishing output standards	32	12.8	MIS

<sup>1</sup> Major Divisions

H-P-D = Hiring - Promotion - Discharge

W & S = Wage and Salary Administration

C - B = Collective Bargaining

T - D = Training and Development

MIS = Miscellaneous

## CONCLUSIONS

The following represent general conclusions which emerge from study results:

1. Although the influence-authority of Canadian personnel departments appears to be considerable, it must also be realized that levels of influence-authority vary from decision area to decision area. In fact, one can conclude that the influence-authority of personnel departments range from a high degree of participation to little or no participation depending upon the decision area considered.

2. Important also is the finding that dramatic differences occur between decision items within the 5 major decision area divisions. Here again, the influence of personnel departments range from a high degree of participation to little or no participation in each decision area division except that of training and development.

3. Personnel departments functioning with large organizations were found to have higher levels of influence-authority than their counterparts in small organizations. This finding is consistent with the argument that as organizations become larger and more complex, there is a movement towards greater utilization of staff personnel.

It should be noted, however, that in large organizations one would likely find personnel departments a) headed by a Director or Vice-President of Personnel and b) located high within the organizational structure. Conversely, in small organizations the personnel department would likely be found, in relative terms, lower in the organizational structure and probably not headed by a member of senior management. As a result, in small organizations personnel functions may be delegated to line managers because the personnel department's role is poorly defined or has minimal status within the organization. Such structural characteristics would help to explain results found in this study.

4. Personnel departments tend to be less involved in primary decisions, even when the decision items are commonly believed to fall into personnel's area of control. Primary decisions are those which shape basic policy, initiate basic changes in the organization's behavior, or produce a critical consequence(s) for individuals or organizational units. For example, while personnel departments functioning within large organizations may actively participate in determining bargaining strategies they will rarely participate in determining maximum bargaining concessions. Similarly, while personnel departments may actively participate in decisions approving the grouping of jobs for pay grades, they will rarely participate in decisions determin-

ing the type of wage incentive plans to be implemented, the actual coverage of such plans, or deviations from pay policies.

Finally, the authors must conclude that the role of personnel departments within Canadian firms is a complex one. Furthermore, such a complex role would appear to be appropriate given the increased dynamics and complexity of the environment in which Canadian firms currently function. The key therefore would be to recognize this complexity and accept it where appropriate. However, it must also be realized that no attempt was made in this study to determine the correct level of complexity in, or use of, Canadian personnel departments. Nevertheless, such a question must be addressed if the maximum benefit it to be obtained from an increasingly important function.

## Le rôle du service du personnel dans les entreprises canadiennes

Les conclusions suivantes découlent du rôle que jouent d'une façon générale les services du personnel dans les entreprises canadiennes.

1. Bien que l'autorité et l'influence des services du personnel au Canada puissent sembler considérables, il faut noter que cette autorité et cette influence varient d'un secteur de décisions à l'autre. En fait, on peut conclure qu'elles s'étendent d'un degré élevé de participation à une participation minimale ou nulle suivant le secteur de décisions que l'on considère.

2. Il est important d'observer que des différences notables existent entre les divers types de décisions au sein des cinq domaines majeurs de décisions. Ici encore, l'influence des services du personnel s'étendent d'une participation considérable à une participation minimale ou nulle dans chaque domaine de décisions, à l'exception de celui de la formation et du développement.

3. Les services du personnel, qu'on retrouve dans les grandes entreprises, exercent plus d'influence et d'autorité que ceux des sociétés plus petites. Cette observation est conforme à la thèse selon laquelle plus les entreprises deviennent grandes et complexes, plus il y a tendance à utiliser le personnel de cadre. Aussi faut-il noter que dans les grandes entreprises, on retrouvera généralement au sein du service du personnel un directeur ou un vice-président assigné au personnel qui occupe un rang élevé à l'intérieur de la structure administrative. Au contraire, dans les sociétés de moindre importance, le service du personnel se trouvera à un échelon plus bas dans la structure administrative et il ne sera pas dirigé par un cadre supérieur de l'organisation. Résultat: dans ces petites entreprises, les fonctions dévolues à la direction du personnel peuvent être déléguées à des cadres ou gérants de rang moins élevé parce que le service du personnel n'est que peu identifié ou occupe un rang peu important au sein de l'organisation. De pareilles caractéristiques permettent d'expliquer les résultats d'ensemble qui ressortent de la présente étude.

4. Lorsqu'on considère les différences relatives à la possession et au contrôle de l'entreprise, on constate que les services du personnel qui relèvent de sociétés américaines ont plus d'autorité et d'influence que ceux des entreprises canadiennes. Il est possible que la délégation de pouvoir de l'entreprise-mère américaine à sa filiale canadienne puisse expliquer les différences dans les politiques concrètes touchant le personnel.

5. Les services du personnel ont tendance à être moins engagés dans les décisions d'importance même dans les cas où ces décisions relèvent de la compétence du service du personnel. Les décisions principales sont celles qui touchent aux politiques de base et aux changements en profondeur dans le fonctionnement de l'organisation ou qui peuvent avoir des conséquences graves sur les individus ou sur les unités administratives. Par exemple, si les services du personnel fonctionnant au sein de grandes sociétés peuvent participer activement à la détermination des stratégies de négociations, ils participent rarement à la fixation des concessions majeures au cours de ces négociations. De même, si les services du personnel participent activement aux décisions relatives au regroupement des emplois en vue de l'établissement des classes de salaires, ils ne participeront que rarement aux décisions qui déterminent les types de salaire au rendement qu'on veut implanter, à l'étendue de ces systèmes ou aux écarts en matière de politiques de salaires.

Finalement, l'étude conclut que le rôle des services du personnel dans les entreprises canadiennes en est un de nature complexe. En outre, un rôle d'une pareille complexité semble convenir, compte tenu du dynamisme et de la complication du milieu dans lequel les entreprises canadiennes fonctionnent. Par conséquent, la clef de la réussite consiste à reconnaître cette complexité et à l'accepter là où elle est appropriée. Toutefois, il faut aussi reconnaître que cette étude n'a pas tenté d'établir exactement la complexité des services du personnel au Canada, non plus que l'utilisation qui en est faite. C'est cependant ce qu'il faudrait entreprendre si l'on veut tirer le maximum d'efficacité d'un organe qui devient de plus en plus important au sein des entreprises.