

# HUMAN RESOURCE MANAGEMENT

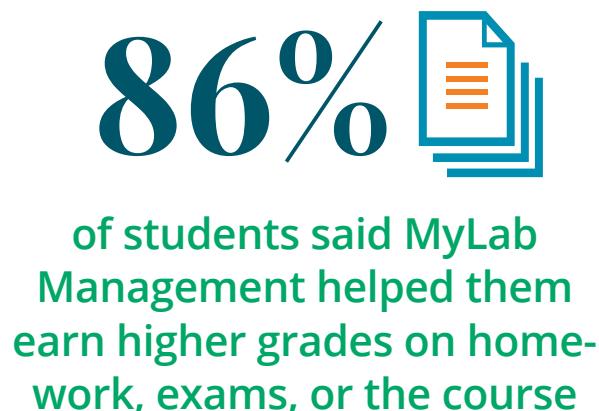
GARY DESSLER

16th  
edition



# Develop Employability Skills, Engage, Assess, and Apply with MyLab Management

**MyLab™ Management** is an online homework, tutorial, and assessment program constructed to work with this text to engage students and improve results. It was designed to help students develop and assess the skills and applicable knowledge that they will need to succeed in their courses and their future careers.



\*Source: 2017 Student Survey, n 2559

**Mini Sims** put students in professional roles and give them the opportunity to apply course concepts and develop **decision-making skills** through real-world business challenges.

See what more than 25,000 students had to say about MyLab Management:

*"What I liked most about MyLab Management was that it helped with understanding real world applications to the information that we were learning in class."*

— Student, Penn State University  
– Brandywine

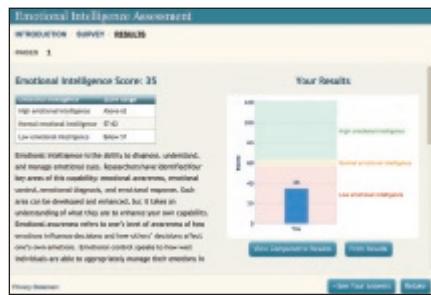


*"MyLab Management's primary benefit was that it helped me better understand my weaknesses and strengths. Allowing me to work on bettering my weaknesses to boost my overall grade in the class."*

— Crystal Miranda, Student, New Mexico State University



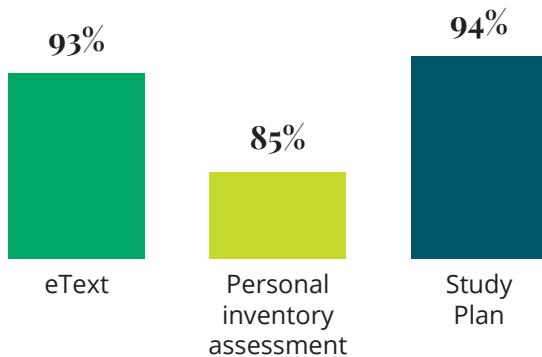
**Engaging Videos** explore a variety of business topics related to the theory students are learning in class. **Exercise Quizzes** assess students' comprehension of the concepts in each video.



**Personal Inventory Assessments** is a collection of online exercises designed to promote **self-reflection** and engagement in students, enhancing their ability to connect with management concepts.

*"I most liked the Personal Inventory Assessments because they gave me a deeper understanding of the chapters. I would read about personalities and then find out which category I fit into using the assessment."*

— Student, Kean University



## % of students who found learning aid helpful

**Pearson eText** enhances student learning with engaging and interactive lecture and example videos that bring learning to life.

The **Gradebook** offers an easy way for you and your students to see their performance in your course.

**86%**   
of students would tell their instructor to keep using **MyLab Management**

For additional details visit: [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management)



## **WHERE WE ARE NOW**

The framework above introduces each chapter and makes the following point: That the firm's HR policies and practices should produce the employee skills and behaviors the company needs to achieve its strategic aims.

*This page intentionally left blank*

# Human Resource Management

Sixteenth Edition

**GARY DESSLER**

Florida International University



Pearson

## FOR CLAUDIA

**Vice President, Business, Economics, and UK Courseware:**  
Donna Battista  
**Director of Portfolio Management:** Stephanie Wall  
**Director, Courseware Portfolio Management:** Ashley Dodge  
**Senior Sponsoring Editor:** Neeraj Bhalla  
**Development Editor:** Kerri Tomasso  
**Editorial Assistant:** Linda Albelli  
**Vice President, Product Marketing:** Roxanne McCarley  
**Senior Product Marketer:** Carlie Marvel  
**Product Marketing Assistant:** Marianela Silvestri  
**Manager of Field Marketing, Business Publishing:** Adam Goldstein  
**Field Marketing Manager:** Nicole Price  
**Vice President, Production and Digital Studio, Arts and Business:** Etain O'Dea  
**Director, Production and Digital Studio, Business and Economics:** Ashley Santora

**Managing Producer, Business:** Melissa Feimer  
**Content Producer:** Yasmita Hota  
**Operations Specialist:** Carol Melville  
**Design Lead:** Kathryn Foot  
**Manager, Learning Tools:** Brian Surette  
**Learning Tools Strategist:** Michael Trinchetto  
**Managing Producer, Digital Studio and GLP:** James Bateman  
**Managing Producer, Digital Studio:** Diane Lombardo  
**Digital Studio Producer:** Regina Dasilva  
**Digital Studio Producer:** Alana Coles  
**Full Service Project Management:** Pearson CSC,  
Ann Pulido and Roberta Sherman  
**Interior Design:** Pearson CSC  
**Cover Design:** Pearson CSC  
**Cover Art:** Katty2016/Shutterstock  
**Printer/Binder:** LSC Communications, Inc/Owensville  
**Cover Printer:** Phoenix Color/Hagerstown

Microsoft and/or its respective suppliers make no representations about the suitability of the information contained in the documents and related graphics published as part of the services for any purpose. All such documents and related graphics are provided "as is" without warranty of any kind. Microsoft and/or its respective suppliers hereby disclaim all warranties and conditions with regard to this information, including all warranties and conditions of merchantability, whether express, implied or statutory, fitness for a particular purpose, title and non-infringement. In no event shall Microsoft and/or its respective suppliers be liable for any special, indirect or consequential damages or any damages whatsoever resulting from loss of use, data or profits, whether in an action of contract, negligence or other tortious action, arising out of or in connection with the use or performance of information available from the services.

The documents and related graphics contained herein could include technical inaccuracies or typographical errors. Changes are periodically added to the information herein. Microsoft and/or its respective suppliers may make improvements and/or changes in the product(s) and/or the program(s) described herein at any time. Partial screen shots may be viewed in full within the software version specified.

Microsoft® and Windows® are registered trademarks of the Microsoft Corporation in the U.S.A. and other countries. This book is not sponsored or endorsed by or affiliated with the Microsoft Corporation.

---

**Copyright © 2020, 2017, 2015 by Pearson Education, Inc. or its affiliates. All Rights Reserved.** Manufactured in the United States of America. This publication is protected by copyright, and permission should be obtained from the publisher prior to any prohibited reproduction, storage in a retrieval system, or transmission in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise. For information regarding permissions, request forms, and the appropriate contacts within the Pearson Education Global Rights and Permissions department, please visit [www.pearsoned.com/permissions/](http://www.pearsoned.com/permissions/).

Acknowledgments of third-party content appear on the appropriate page within the text, which constitutes an extension of this copyright page.

PEARSON, ALWAYS LEARNING, and MYLAB are exclusive trademarks owned by Pearson Education, Inc. or its affiliates in the U.S. and/or other countries.

Unless otherwise indicated herein, any third-party trademarks, logos, or icons that may appear in this work are the property of their respective owners, and any references to third-party trademarks, logos, icons, or other trade dress are for demonstrative or descriptive purposes only. Such references are not intended to imply any sponsorship, endorsement, authorization, or promotion of Pearson's products by the owners of such marks, or any relationship between the owner and Pearson Education, Inc., or its affiliates, authors, licensees, or distributors.

### Library of Congress Cataloging-in-Publication Data

Names: Dessler, Gary, author.

Title: Human resource management / Gary Dessler, Florida International University.

Description: Sixteenth Edition. | New York : Pearson, [2018] | Revised edition of the author's Human resource management, [2017]

Identifiers: LCCN 2018036314 | ISBN 9780135172780 (casebound)

Subjects: LCSH: Personnel management.

Classification: LCC HF5549 .D4379 2018 | DDC 658.3--dc23

LC record available at <https://lccn.loc.gov/2018036314>



Pearson

ISBN 10: 0-13-517278-0  
ISBN 13: 978-0-13-517278-0

# BRIEF CONTENTS

Preface xxvii

Acknowledgments xxxv

## PART ONE **INTRODUCTION** 1

- 1** Introduction to Human Resource Management 1
- 2** Equal Opportunity and the Law 31
- 3** Human Resource Management Strategy and Performance 69

## PART TWO **RECRUITMENT, PLACEMENT, AND TALENT MANAGEMENT** 97

- 4** Job Analysis and the Talent Management Process 97
- 5** Personnel Planning and Recruiting 130
- 6** Employee Testing and Selection 169
- 7** Interviewing Candidates 205

## PART THREE **TRAINING AND DEVELOPMENT** 236

- 8** Training and Developing Employees 236
- 9** Performance Management and Appraisal 277
- 10** Managing Careers and Retention 311

## PART FOUR **COMPENSATION** 348

- 11** Establishing Strategic Pay Plans 348
- 12** Pay for Performance and Financial Incentives 389
- 13** Benefits and Services 419

## PART FIVE **ENRICHMENT TOPICS IN HUMAN RESOURCE MANAGEMENT** 453

- 14** Building Positive Employee Relations 453
- 15** Labor Relations and Collective Bargaining 483
- 16** Safety, Health, and Risk Management 517
- 17** Managing Global Human Resources 562
- 18** Managing Human Resources in Small and Entrepreneurial Firms 590

## APPENDICES

### **APPENDIX A HRCI's PHR® and SPHR® Certification Body of Knowledge** 614

*Continued*

<b>APPENDIX B</b>	<b>About the Society for Human Resource Management (SHRM) Body of Competency &amp; Knowledge® Model and Certification Exams</b>	620
<b>APPENDIX C</b>	<b>Comprehensive Cases</b>	635
	<b>Glossary</b>	651
	<b>Name/Organization Index</b>	660
	<b>Subject Index</b>	670

# CONTENTS

<b>Preface</b>	xxvii
<b>Acknowledgments</b>	xxxv
<b>PART ONE</b>	
<b>1</b>	
<b>INTRODUCTION 1</b>	
<b>Introduction to Human Resource Management 1</b>	
<b>WHAT IS HUMAN RESOURCE MANAGEMENT? 3</b>	
Why Is Human Resource Management Important to All Managers? 3	
Line and Staff Aspects of Human Resource Management 5	
Line Managers' Human Resource Management Responsibilities 5	
The Human Resource Department 6	
<b>THE TRENDS SHAPING HUMAN RESOURCE MANAGEMENT 7</b>	
Workforce Demographics and Diversity Trends 7	
Trends in Jobs People Do 8	
<b>■ HR AND THE GIG ECONOMY: ON-DEMAND WORKERS 8</b>	
<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER: Boosting Customer Service 9</b>	
Globalization Trends 10	
Economic Trends 10	
Technology Trends 12	
<b>IMPORTANT COMPONENTS OF TODAY'S NEW HUMAN RESOURCE MANAGEMENT 13</b>	
A Brief History of Personnel/Human Resource Management 13	
Distributed HR and the New Human Resource Management 14	
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA: Digital and Social Media Tools and the New Human Resource Management 14</b>	
A Quick Overview 14	
Strategic Human Resource Management 16	
<b>■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT: Building L.L.Bean 16</b>	
Performance and Human Resource Management 16	
Sustainability and Human Resource Management 17	
Employee Engagement and Human Resource Management 18	
Ethics and Human Resource Management 18	
<b>THE NEW HUMAN RESOURCE MANAGER 18</b>	
HR Manager Certification 19	
HR and the Manager's Human Resource Philosophy 20	
<b>THE PLAN OF THIS BOOK 21</b>	
The Basic Themes and Features 21	
Practical Tools for Every Manager 21	
Chapter Contents Overview 22	
The Topics Are Interrelated 23	
<b>CHAPTER SECTION SUMMARIES 23</b>	
<b>DISCUSSION QUESTIONS 24</b>	
<b>INDIVIDUAL AND GROUP ACTIVITIES 24</b>	
<b>EXPERIENTIAL EXERCISE 25</b>	
<b>APPLICATION CASE: JACK NELSON'S PROBLEM 25</b>	
<b>CONTINUING CASE: CARTER CLEANING COMPANY 26</b>	
<b>KEY TERMS 27</b>	
<b>ENDNOTES 27</b>	

**2****Equal Opportunity and the Law 31****EQUAL OPPORTUNITY LAWS ENACTED FROM 1964 TO 1991 33**

Title VII of the 1964 Civil Rights Act 33

**■ HR AND THE GIG ECONOMY: DISCRIMINATION IN THE GIG ECONOMY? 33**

Executive Orders 34

Equal Pay Act of 1963 34

Age Discrimination in Employment Act of 1967 34

Vocational Rehabilitation Act of 1973 34

Pregnancy Discrimination Act of 1978 34

Federal Agency Guidelines 35

Early Court Decisions Regarding Equal Employment Opportunity 35

**THE LAWS ENACTED FROM 1991 TO THE PRESENT 36**

The Civil Rights Act of 1991 36

The Americans with Disabilities Act 37

Uniformed Services Employment and Reemployment Rights Act 38

Genetic Information Nondiscrimination Act of 2008 (GINA) 38

State and Local Equal Employment Opportunity Laws 39

Religious Discrimination 39

Trends in Discrimination Law 39

Sexual Harassment 40

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: How to Address Sexual Harassment 42****■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 44****DEFENSES AGAINST DISCRIMINATION ALLEGATIONS 44**

The Central Role of Adverse Impact 44

Bona Fide Occupational Qualification 47

Business Necessity 48

**■ KNOW YOUR EMPLOYMENT LAW: Examples of What You Can**

and Cannot Do 48

**THE EEOC ENFORCEMENT PROCESS 51**

Voluntary Mediation 53

Mandatory Arbitration of Discrimination Claims 53

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES 54****DIVERSITY MANAGEMENT 55**

Potential Threats to Diversity 55

**■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER 56**

Managing Diversity 56

Implementing the Affirmative Action Program 57

Reverse Discrimination 58

**CHAPTER SECTION SUMMARIES 59****DISCUSSION QUESTIONS 60****INDIVIDUAL AND GROUP ACTIVITIES 60****EXPERIENTIAL EXERCISE 61****APPLICATION CASE: SEEKING GENDER EQUITY AT STARBUCKS 62****CONTINUING CASE: CARTER CLEANING COMPANY 62****KEY TERMS 63****ENDNOTES 63****3****Human Resource Management Strategy and Performance 69****THE STRATEGIC MANAGEMENT PROCESS 71**

The Management Planning Process 71

What Is Strategic Planning? 72

The Strategic Management Process 72

<b>TYPES OF STRATEGIES</b>	74
Corporate Strategy	74
Competitive Strategy	75
Functional Strategy	76
Managers' Roles in Strategic Planning	76
<b>STRATEGIC HUMAN RESOURCE MANAGEMENT</b>	76
What Is Strategic Human Resource Management?	76
<b>■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:</b>	The Shanghai Ritz-Carlton Portman Hotel 77
<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:</b>	The Zappos "WOW" Way 78
Sustainability and Strategic Human Resource Management	78
Strategic Human Resource Management Tools	78
<b>HR METRICS, BENCHMARKING, AND DATA ANALYTICS</b>	81
Benchmarking	81
Strategy-Based Metrics	82
What Are HR Audits?	82
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA</b>	83
<b>■ TRENDS SHAPING HR: SCIENCE IN TALENT MANAGEMENT</b>	84
<b>HIGH-PERFORMANCE WORK SYSTEMS</b>	85
<b>EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS: EMPLOYEE ENGAGEMENT AND PERFORMANCE</b>	87
The Employee Engagement Problem	87
What Can Managers Do to Improve Employee Engagement?	87
How to Measure Employee Engagement	87
How Kia Motors (UK) Improved Performance with an HR Strategy Aimed at Boosting Employee Engagement	88
<b>CHAPTER SECTION SUMMARIES</b>	90
<b>DISCUSSION QUESTIONS</b>	90
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	90
<b>EXPERIENTIAL EXERCISE</b>	91
<b>APPLICATION CASE: TESLA'S STRATEGY</b>	91
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	92
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	92
<b>KEY TERMS</b>	94
<b>ENDNOTES</b>	94

**PART TWO**

4

**RECRUITMENT, PLACEMENT, AND TALENT MANAGEMENT** 97**Job Analysis and the Talent Management Process** 97**TALENT MANAGEMENT PROCESS** 99

Talent Management Software 99

**THE BASICS OF JOB ANALYSIS** 100

What Is Job Analysis? 100

Uses of Job Analysis Information 101

Conducting a Job Analysis 101

**■ IMPROVING PEFORMANCE: HR AS A PROFIT CENTER:** Boosting Productivity Through Work Redesign 102**METHODS FOR COLLECTING JOB ANALYSIS INFORMATION** 104

The Interview 104

Questionnaires 105

Observation 108

Participant Diary/Logs 108

Quantitative Job Analysis Techniques 108

Online Job Analysis Methods 109

<b>WRITING JOB DESCRIPTIONS</b>	111
Diversity Counts	111
Job Identification	112
Job Summary	112
Relationships	113
Responsibilities and Duties	115
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA</b>	116
<b>■ KNOW YOUR EMPLOYMENT LAW:</b>	Writing Job Descriptions That Comply with the ADA 116
Standards of Performance and Working Conditions	117
<b>■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES</b>	117
<b>WRITING JOB SPECIFICATIONS</b>	120
Specifications for Trained versus Untrained Personnel	120
Specifications Based on Judgment	120
<b>■ HR AND THE GIG ECONOMY: DO GIG WORKERS NEED JOB SPECIFICATIONS?</b>	121
Job Specifications Based on Statistical Analysis	121
The Job-Requirements Matrix	121
Employee Engagement Guide for Managers	122
<b>USING COMPETENCIES MODELS</b>	122
<b>■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:</b>	Daimler Alabama 123
How to Write Competencies Statements	123
<b>CHAPTER SECTION SUMMARIES</b>	124
<b>DISCUSSION QUESTIONS</b>	125
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	125
<b>EXPERIENTIAL EXERCISE</b>	126
<b>APPLICATION CASE: THE FLOOD</b>	126
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	127
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	127
<b>KEY TERMS</b>	128
<b>ENDNOTES</b>	128
<b>5</b>	
<b>Personnel Planning and Recruiting</b>	130
<b>INTRODUCTION</b>	132
<b>WORKFORCE PLANNING AND FORECASTING</b>	132
Strategy and Workforce Planning	133
<b>■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:</b>	Four Seasons 133
Forecasting Personnel Needs (Labor Demand)	134
Forecasting the Supply of Inside Candidates	136
Forecasting the Supply of Outside Candidates	137
Predictive Workforce Monitoring	138
Matching Projected Labor Supply and Demand with a Plan	138
Succession Planning	138
<b>WHY EFFECTIVE RECRUITING IS IMPORTANT</b>	139
Improving Recruitment Effectiveness: Recruiters, Sources, and Branding	139
The Recruiting Yield Pyramid	140
<b>■ KNOW YOUR EMPLOYMENT LAW:</b>	Recruiting Employees 140
<b>INTERNAL SOURCES OF CANDIDATES</b>	141
Finding Internal Candidates	141
<b>EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS</b>	141
Promotion from Within	141
<b>OUTSIDE SOURCES OF CANDIDATES</b>	142
Informal Recruiting and the Hidden Job Market	142

Recruiting via the Internet	142
Using Recruitment Software and Artificial Intelligence	143
<b>■ TRENDS SHAPING HR: SCIENCE IN TALENT MANAGEMENT</b>	144
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	LinkedIn
and Beyond	145
Advertising	146
Employment Agencies	147
Recruitment Process Outsourcers	148
On-Demand Recruiting Services	148
<b>■ HR AND THE GIG ECONOMY: TEMPORARY WORKERS AND ALTERNATIVE STAFFING</b>	148
<b>■ KNOW YOUR EMPLOYMENT LAW:</b>	Contract Employees
Offshoring and Outsourcing Jobs	150
Executive Recruiters	151
<b>■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:</b>	Recruiting
101	152
Referrals and Walk-Ins	153
College Recruiting	153
Military Personnel	154
<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:</b>	Cutting Recruitment Costs
154	
<b>RECRUITING A MORE DIVERSE WORKFORCE</b>	155
Recruiting Women	155
Recruiting Single Parents	155
Older Workers	156
<b>Diversity Counts:</b> Older Workers	157
Recruiting Minorities	157
The Disabled	157
<b>DEVELOPING AND USING APPLICATION FORMS</b>	158
Purpose of Application Forms	158
Application Guidelines	158
<b>■ KNOW YOUR EMPLOYMENT LAW:</b>	Application Forms and EEO Law
158	
Using Application Forms to Predict Job Performance	160
Mandatory Arbitration	160
Building Your Management Skills: The Human Side of Recruiting	160
<b>CHAPTER SECTION SUMMARIES</b>	161
<b>DISCUSSION QUESTIONS</b>	161
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	162
<b>EXPERIENTIAL EXERCISE</b>	162
<b>APPLICATION CASE: TECHTONIC GROUP</b>	162
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	163
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	163
<b>KEY TERMS</b>	164
<b>ENDNOTES</b>	164
<b>Employee Testing and Selection</b>	169
<b>WHY EMPLOYEE SELECTION IS IMPORTANT</b>	171
<b>THE BASICS OF TESTING AND SELECTING EMPLOYEES</b>	171
Reliability	171
Validity	172
Evidence-Based HR: How to Validate a Test	173
Bias	175
Utility Analysis	175

■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER: Using Tests to Cut Costs and Boost Profits	176
Validity Generalization	176
■ KNOW YOUR EMPLOYMENT LAW: Testing and Equal Employment Opportunity	176
Test Takers' Individual Rights and Test Security	177
Diversity Counts: Gender Issues in Testing	177
How Do Employers Use Tests at Work?	178
<b>TYPES OF TESTS</b>	178
Tests of Cognitive Abilities	178
Tests of Motor and Physical Abilities	179
Measuring Personality and Interests	179
■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE: Testing for Assignments Abroad	180
Achievement Tests	181
<b>Improving Performance Through HRIS:</b> Computerization and Online Testing	181
■ TRENDS SHAPING HR: USING ANALYTICS, MACHINE LEARNING, AND ARTIFICIAL INTELLIGENCE IN EMPLOYEE SELECTION	181
<b>WORK SAMPLES AND SIMULATIONS</b>	182
Using Work Sampling for Employee Selection	182
Situational Judgment Tests	183
■ HR AND THE GIG ECONOMY: FREELANCE WORKERS	183
Management Assessment Centers	184
Situational Testing and Video-Based Situational Testing	184
The Miniature Job Training and Evaluation Approach	185
Realistic Job Previews	185
■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT: "Speed Dating"	
Employee Selection at Zulily	185
Choosing a Selection Method	186
■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Employee Testing and Selection	186
<b>BACKGROUND INVESTIGATIONS AND OTHER SELECTION METHODS</b>	187
Why Perform Background Investigations and Reference Checks?	187
■ KNOW YOUR EMPLOYMENT LAW: Giving References	188
■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA	189
Using Preemployment Information Services	191
Steps for Making the Background Check More Valuable	191
The Polygraph and Honesty Testing	192
Physical Exams	194
Substance Abuse Screening	194
Drug Testing Legal Issues	194
Complying with Immigration Law	195
<b>CHAPTER SECTION SUMMARIES</b>	196
<b>DISCUSSION QUESTIONS</b>	196
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	197
<b>EXPERIENTIAL EXERCISE</b>	197
<b>APPLICATION CASE: THE INSIDER</b>	198
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	198
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	199
<b>KEY TERMS</b>	200
<b>ENDNOTES</b>	200

**7****Interviewing Candidates 205****BASIC TYPES OF INTERVIEWS 207**

- Structured versus Unstructured Interviews 207
- Interview Content (What Types of Questions to Ask) 207
- How Should We Conduct the Interview? 210

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Asynchronous Interviews at Urban Outfitters 211**AVOIDING ERRORS THAT CAN UNDERMINE AN INTERVIEW'S USEFULNESS 212**

- First Impressions (Snap Judgments) 212
- Not Clarifying What the Job Requires 213
- Candidate-Order (Contrast) Error and Pressure to Hire 213
- Nonverbal Behavior and Impression Management 213
- Effect of Personal Characteristics: Attractiveness, Gender, Race 214
- Diversity Counts:** Applicant Disability and the Employment Interview 214

**■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:**

- Selection Practices Abroad 215
- Interviewer Behavior 215

**HOW TO DESIGN AND CONDUCT AN EFFECTIVE INTERVIEW 216**

- Designing a Structured Situational Interview 216

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:** In Summary: How to Conduct an Effective Interview 217

- Competency Profiles and Employee Interviews 220

**EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS 220**

- Building Engagement: A Total Selection Program 220
- The Toyota Way 221

**■ TRENDS SHAPING HR: SCIENCE IN TALENT MANAGEMENT 222****DEVELOPING AND EXTENDING THE JOB OFFER 222****CHAPTER SECTION SUMMARIES 223****DISCUSSION QUESTIONS 224****INDIVIDUAL AND GROUP ACTIVITIES 224****EXPERIENTIAL EXERCISE 224****APPLICATION CASE: THE OUT-OF-CONTROL INTERVIEW 225****CONTINUING CASE: CARTER CLEANING COMPANY 226****TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 226****KEY TERMS 227****ENDNOTES 227****APPENDIX 1 FOR CHAPTER 7 STRUCTURED INTERVIEW GUIDE 231****APPENDIX 2 FOR CHAPTER 7 INTERVIEW GUIDE FOR INTERVIEWEES 234****PART THREE****8****TRAINING AND DEVELOPMENT 236****Training and Developing Employees 236****ORIENTING AND ONBOARDING NEW EMPLOYEES 238**

- The Purposes of Employee Orientation/Onboarding 238
- The Orientation Process 238

**EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS: ONBOARDING AT TOYOTA 239****OVERVIEW OF THE TRAINING PROCESS 240****■ KNOW YOUR EMPLOYMENT LAW:** Training and the Law 240

- Aligning Strategy and Training 240

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Supporting AT&T's Strategy for a Digital Future 241

- The ADDIE Five-Step Training Process 241

Analyzing the Training Needs	242	
Designing the Training Program	244	
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA</b>	247	
Developing the Program	247	
<b>IMPLEMENTING THE TRAINING PROGRAM</b>	247	
On-the-Job Training	248	
Apprenticeship Training	248	
Informal Learning	249	
Job Instruction Training	250	
Lectures	250	
Programmed Learning	251	
Behavior Modeling	251	
Audiovisual-Based Training	251	
Vestibule Training	251	
Electronic Performance Support Systems (EPSS)	252	
Videoconferencing	252	
Computer-Based Training	252	
Online/Internet-Based Training	253	
<b>Diversity Counts:</b> Online Accessibility	255	
<b>■ HR AND THE GIG ECONOMY: ON-DEMAND MICRO LEARNING AT UBER</b>	255	
Lifelong and Literacy Training Techniques	255	
Team Training	256	
<b>■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:</b>	Creating Your Own Training Program	256
<b>IMPLEMENTING MANAGEMENT DEVELOPMENT PROGRAMS</b>	257	
Strategy's Role in Management Development	258	
Candidate Assessment and the 9-Box Grid	258	
Managerial On-the-Job Training and Rotation	258	
<b>■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:</b>	Global Job Rotation	259
Off-the-Job Management Training and Development Techniques	260	
Leadership Development at Cigna	261	
<b>■ TRENDS SHAPING HR: CUSTOMIZED TALENT MANAGEMENT-DIFFERENTIAL DEVELOPMENT ASSIGNMENTS</b>	262	
Characteristics of Effective Leadership Development Programs	262	
<b>MANAGING ORGANIZATIONAL CHANGE PROGRAMS</b>	262	
Lewin's Change Process	263	
Using Organizational Development	264	
<b>EVALUATING THE TRAINING EFFORT</b>	265	
Designing the Study	265	
Training Effects to Measure	266	
<b>CHAPTER SECTION SUMMARIES</b>	268	
<b>DISCUSSION QUESTIONS</b>	269	
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	269	
<b>EXPERIENTIAL EXERCISE</b>	269	
<b>APPLICATION CASE: REINVENTING THE WHEEL AT APEX DOOR COMPANY</b>	270	
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	270	
<b>TRANSLATING STRATEGY INTO INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	271	
<b>KEY TERMS</b>	272	
<b>ENDNOTES</b>	272	

## Performance Management and Appraisal 277

### **BASICS OF PERFORMANCE APPRAISAL 279**

The Performance Appraisal Process 279

Why Appraise Performance? 279

Defining the Employee's Goals and Performance Standards 280

### **■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER** Setting Performance

Goals at Ball Corporation 280

### **■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:** How to Set Effective Goals 280

Who Should Do the Appraising? 281

### **TRADITIONAL TOOLS FOR APPRAISING PERFORMANCE 283**

Graphic Rating Scale Method 283

Alternation Ranking Method 283

Paired Comparison Method 285

Forced Distribution Method 285

Critical Incident Method 285

Narrative Forms 287

Behaviorally Anchored Rating Scales 288

Management by Objectives 290

Appraisal in Practice: Using Forms, Installed Software, or Cloud-Based Systems 290

Electronic Performance Monitoring 291

Conversation Days 291

Using Multiple Methods 291

### **■ TRENDS SHAPING HR: CUSTOMIZED TALENT MANAGEMENT 292**

### **■ HR AND THE GIG ECONOMY: RATING UBER DRIVERS 292**

### **DEALING WITH RATER ERROR APPRAISAL PROBLEMS 293**

Potential Rating Problems 293

**Diversity Counts:** The Problem of Bias 294

The Need for Fairness 295

### **■ KNOW YOUR EMPLOYMENT LAW: Appraising Performance 295**

### **MANAGING THE APPRAISAL INTERVIEW 296**

How to Conduct the Appraisal Interview 297

How to Handle a Defensive Subordinate 298

How to Criticize a Subordinate 298

How to Handle a Written Warning 298

### **EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS 300**

Use the Appraisal Interview to Build Engagement 300

### **PERFORMANCE MANAGEMENT 300**

Total Quality Management and Performance Appraisal 300

What Is Performance Management? 301

### **■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 301**

Performance Management in Action 302

### **■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT** Deloitte's New Performance Management Process 302

The Manager's Role in Performance Management 303

### **CHAPTER SECTION SUMMARIES 304**

### **DISCUSSION QUESTIONS 304**

### **INDIVIDUAL AND GROUP ACTIVITIES 304**

### **EXPERIENTIAL EXERCISE 305**

### **APPLICATION CASE: APPRAISING THE SECRETARIES AT SWEETWATER U 305**

### **CONTINUING CASE: CARTER CLEANING COMPANY 306**

**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 306**  
**KEY TERMS 307**  
**ENDNOTES 307**

# 10

## Managing Careers and Retention 311

### CAREER MANAGEMENT 313

- Careers Today 313
- The Psychological Contract 313
- The Employee's Role in Career Management 314

### ■ HR AND THE GIG ECONOMY: THE PORTFOLIO CAREER 314

- The Employer's Role in Career Management 315
- Employer Career Management Methods 315

**Improving Performance: Through HRIS:** Integrating Talent Management and Career and Succession Planning 316

- Diversity Counts:** Toward Career Success 316
- The Manager as Mentor and Coach 316

### EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS 319

- Career Management 319
- Commitment-Oriented Career Development Efforts 319

### ■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:

Career Development at Medtronic 319

### MANAGING EMPLOYEE TURNOVER AND RETENTION 320

**■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:** Turnover and Performance 320

- Managing Voluntary Turnover 321
- A Comprehensive Approach to Retaining Employees 321

### ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 322

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Fresh Thyme Farmers Market 322

- Job Withdrawal 323

### EMPLOYEE LIFE-CYCLE CAREER MANAGEMENT 324

- Making Promotion Decisions 324

**■ KNOW YOUR EMPLOYMENT LAW:** Establish Clear Guidelines for Managing Promotions 324

- Diversity Counts:** The Gender Gap 326
- Managing Transfers 326
- Managing Retirements 327

### MANAGING DISMISSALS 328

- Grounds for Dismissal 328

**■ KNOW YOUR EMPLOYMENT LAW:** Termination at Will 329

- Avoiding Wrongful Discharge Suits 330
- Supervisor Liability 331
- Security Measures 331
- The Termination Interview and Exit Process 331
- Layoffs and the Plant Closing Law 332
- Adjusting to Downsizings and Mergers 333

### CHAPTER SECTION SUMMARIES 334

### DISCUSSION QUESTIONS 334

### INDIVIDUAL AND GROUP ACTIVITIES 334

### EXPERIENTIAL EXERCISE 335

### APPLICATION CASE: UBER TECHNOLOGIES INC. 336

### CONTINUING CASE: CARTER CLEANING COMPANY 336

**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 336**

<b>KEY TERMS</b>	<b>337</b>
<b>ENDNOTES</b>	<b>338</b>
<b>APPENDIX FOR CHAPTER 10 MANAGING YOUR CAREER AND FINDING A JOB</b> <b>341</b>	

## PART FOUR

11

## COMPENSATION **348**

### Establishing Strategic Pay Plans **348**

#### BASIC FACTORS IN DETERMINING PAY RATES **350**

- Aligning Total Rewards with Strategy **350**
- Equity and Its Impact on Pay Rates **350**
- Legal Considerations in Compensation **351**

#### ■ KNOW YOUR EMPLOYMENT LAW: The Workday **352**

#### ■ KNOW YOUR EMPLOYMENT LAW: The Independent Contractor **354**

#### ■ HR AND THE GIG ECONOMY: ARE GIG WORKERS EMPLOYEES OR INDEPENDENT CONTRACTORS? **356**

- Union Influences on Compensation Decisions **357**
- Pay Policies **357**

#### ■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT: Wegmans Food Markets **358**

#### ■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE: Compensating Expatriate Employees **358**

#### JOB EVALUATION METHODS **359**

- Compensable Factors **359**
- Preparing for the Job Evaluation **360**
- Job Evaluation Methods: Ranking **361**
- Job Evaluation Methods: Job Classification **362**
- Job Evaluation Methods: Point Method **363**
- Computerized Job Evaluations **363**

#### HOW TO CREATE A MARKET-COMPETITIVE PAY PLAN **363**

1. Choose Benchmark Jobs **364**
2. Select Compensable Factors **364**
3. Assign Weights to Compensable Factors **365**
4. Convert Percentages to Points for Each Factor **365**
5. Define Each Factor's Degrees **365**
6. Determine for Each Factor Its Factor Degrees' Points **366**
7. Review Job Descriptions and Job Specifications **366**
8. Evaluate the Jobs **366**
9. Draw the Current (Internal) Wage Curve **367**
10. Conduct a Market Analysis: Salary Surveys **368**
11. Draw the Market (External) Wage Curve **369**
12. Compare and Adjust Current and Market Wage Rates for Jobs **370**
13. Develop Pay Grades **370**
14. Establish Rate Ranges **371**
15. Address Remaining Jobs **372**
16. Correct Out-of-Line Rates **373**

#### ■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Developing a Workable Pay Plan **373**

#### PRICING MANAGERIAL AND PROFESSIONAL JOBS **374**

- What Determines Executive Pay? **374**
- Compensating Executives **375**
- Compensating Professional Employees **375**

#### Improving Performance: Through HRIS: Payroll Administration **376**

#### CONTEMPORARY TOPICS IN COMPENSATION **376**

- Competency-Based Pay **376**
- Broadbanding **377**
- Comparable Worth **378**

**Diversity Counts:** The Pay Gap 379  
 Board Oversight of Executive Pay 379

#### **EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS** 380

Total Rewards Programs 380

#### **■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA** 380

Total Rewards and Employee Engagement 380

#### **CHAPTER SECTION SUMMARIES** 381

#### **DISCUSSION QUESTIONS** 381

#### **INDIVIDUAL AND GROUP ACTIVITIES** 382

#### **EXPERIENTIAL EXERCISE** 382

#### **APPLICATION CASE: SALARY INEQUITIES AT ASTRazeneca** 383

#### **CONTINUING CASE: CARTER CLEANING COMPANY** 383

#### **TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING**

#### **PERFORMANCE AT THE HOTEL PARIS** 384

#### **KEY TERMS** 385

#### **ENDNOTES** 385

12

## **Pay for Performance and Financial Incentives** 389

#### **MONEY'S ROLE IN MOTIVATION** 391

Incentive Pay Terminology 391

Linking Strategy, Performance, and Incentive Pay 391

Motivation and Incentives 391

#### **■ KNOW YOUR EMPLOYMENT LAW:** Employee Incentives and the Law 393

#### **INDIVIDUAL EMPLOYEE INCENTIVE AND RECOGNITION PROGRAMS** 393

Piecework 393

Merit Pay as an Incentive 394

Incentives for Professional Employees 395

Nonfinancial and Recognition-Based Awards 396

#### **■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA** 396

#### **■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES** 396

#### **■ HR AND THE GIG ECONOMY: RECOGNITION, NONFINANCIAL REWARDS, AND GIG WORKERS** 397

Job Design 397

#### **■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT** 398

#### **INCENTIVES FOR SALESPEOPLE** 399

Salary Plan 399

Commission Plan 399

Combination Plan 399

Maximizing Sales Results 400

Sales Incentives in Action 401

#### **INCENTIVES FOR MANAGERS AND EXECUTIVES** 401

Strategy and the Executive's Long-Term and Total Rewards Package 401

Short-Term Incentives and the Annual Bonus 402

#### **■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE** 404

Some Other Executive Incentives 406

#### **TEAM AND ORGANIZATION-WIDE INCENTIVE PLANS** 406

How to Design Team Incentives 406

Evidence-Based HR: Inequities That Undercut Team Incentives 408

Profit-Sharing Plans 408

Scanlon Plans 408

Other Gainsharing Plans 409

At-Risk Pay Plans 409

Employee Stock Ownership Plans 409  
 Incentive Plans in Practice: Nucor 410

## **EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS 410**

Incentives and Engagement 410

### **CHAPTER SECTION SUMMARIES 411**

#### **DISCUSSION QUESTIONS 412**

#### **INDIVIDUAL AND GROUP ACTIVITIES 412**

#### **EXPERIENTIAL EXERCISE 412**

#### **APPLICATION CASE: THE HUBSPOT.COM SALES INCENTIVE PLAN 413**

#### **CONTINUING CASE: CARTER CLEANING COMPANY 414**

#### **TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 414**

#### **KEY TERMS 415**

#### **ENDNOTES 415**

**13**

## **Benefits and Services 419**

### **INTRODUCTION: THE BENEFITS PICTURE TODAY 421**

Policy Issues 421

### **PAY FOR TIME NOT WORKED 422**

Unemployment Insurance 422

Vacations and Holidays 423

### **■ KNOW YOUR EMPLOYMENT LAW:** Some Legal Aspects of Vacations and Holidays 424

Sick Leave 424

### **■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:** Controlling Sick Leave 425

### **■ KNOW YOUR EMPLOYMENT LAW:** Leaves and the Family and Medical Leave Act and Other Laws 425

Severance Pay 427

### **■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:** Severance Pay in France 427

Supplemental Unemployment Benefits 427

### **INSURANCE BENEFITS 428**

Workers' Compensation 428

Hospitalization, Health, and Disability Insurance 428

### **■ KNOW YOUR EMPLOYMENT LAW:** Patient Protection and Affordable Care Act of 2010 and Other Laws 430

Trends in Employer Health-Care Cost Control 432

### **■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:** The Doctor Is on the Phone 433

Long-Term Care 434

Life Insurance 434

Benefits for Part-Time and Contingent Workers 434

### **■ HR AND THE GIG ECONOMY: GIG WORKER BENEFITS 434**

### **RETIREMENT BENEFITS 434**

Social Security 434

Pension Plans 435

### **■ KNOW YOUR EMPLOYMENT LAW:** Pension Planning and the Law 436

Pensions and Early Retirement 437

### **Improving Performance: Through HRIS:** Online Benefits Management Systems 438

### **■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 438**

### **PERSONAL SERVICES AND FAMILY-FRIENDLY BENEFITS 438**

Personal Services 438

Family-Friendly Benefits 439

Other Personal Services Benefits 440

**Diversity Counts:** Domestic Partner Benefits 441

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT** 441

Executive Perquisites 441

**FLEXIBLE BENEFITS PROGRAMS** 442

The Cafeteria Approach 442

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL**

**BUSINESSES:** Benefits and Employee Leasing 443

Flexible Work Schedules 443

**EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS** 444

Costco's Compensation Plan 444

**CHAPTER SECTION SUMMARIES** 445

**DISCUSSION QUESTIONS** 445

**INDIVIDUAL AND GROUP ACTIVITIES** 445

**EXPERIENTIAL EXERCISE** 446

**APPLICATION CASE: STRIKING FOR BENEFITS** 446

**CONTINUING CASE: CARTER CLEANING COMPANY** 447

**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS** 447

**KEY TERMS** 448

**ENDNOTES** 448

**PART FIVE**

**14**

**ENRICHMENT TOPICS IN HUMAN RESOURCE MANAGEMENT** 453

**Building Positive Employee Relations** 453

**WHAT IS EMPLOYEE RELATIONS?** 455

**EMPLOYEE RELATIONS PROGRAMS FOR BUILDING AND MAINTAINING POSITIVE EMPLOYEE RELATIONS** 455

Ensuring Fair Treatment 455

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** A New HR Strategy at the Foxconn Plant in Shenzhen, China 456

Bullying and Victimization 457

Improving Employee Relations through Communications Programs 458

Develop Employee Recognition/Relations Programs 458

Use Employee Involvement Programs 459

**■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:** The Cost-Effective Suggestion System 459

**■ HR AND THE GIG ECONOMY: EMPLOYEE RELATIONS AND GIG WORKERS** 460

**THE ETHICAL ORGANIZATION** 460

Ethics and Employee Rights 461

What Shapes Ethical Behavior at Work? 462

How Any Manager Can Create an Ethical Environment 462

How Human Resource Managers Can Create More Ethical Environments 463

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:** Small Business Ethics 465

**■ KNOW YOUR EMPLOYMENT LAW:** Electronic Monitoring 466

**MANAGING EMPLOYEE DISCIPLINE** 468

The Three Pillars of Fair Discipline 468

**Diversity Counts:** Comparing Males and Females in a Discipline Situation 469

How to Discipline an Employee 469

Discipline without Punishment 470

**EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS** 471

How Companies Become "Best Companies to Work For" 471

The "Best Companies to Work For" 471

SAS: Great Benefits, Trust, and Work–Life Balance 471

Google: Happiness and People Analytics 472

FedEx: Guaranteed Fair Treatment 472

A “Best Company” Human Resource Philosophy? 473

**CHAPTER SECTION SUMMARIES 474**

**DISCUSSION QUESTIONS 475**

**INDIVIDUAL AND GROUP ACTIVITIES 475**

**EXPERIENTIAL EXERCISE 476**

**APPLICATION CASE: ENRON, ETHICS, AND ORGANIZATIONAL CULTURE 476**

**CONTINUING CASE: CARTER CLEANING COMPANY 477**

**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 477**

**KEY TERMS 478**

**ETHICS QUIZ ANSWERS 479**

**ENDNOTES 479**

**15**

**Labor Relations and Collective Bargaining 483**

**THE LABOR MOVEMENT 485**

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Walmart’s

New HR Strategy 485

Why Do Workers Organize? 485

**■ HR AND THE GIG ECONOMY: WILL UBER DRIVERS ORGANIZE? 486**

Employee Engagement and Unionization 486

What Do Unions Want? 487

The AFL–CIO and the SEIU 487

**UNIONS AND THE LAW 488**

Period of Strong Encouragement: The Norris–LaGuardia (1932)

and National Labor Relations (or Wagner) Acts (1935) 488

Period of Modified Encouragement Coupled with Regulation:

The Taft–Hartley Act (1947) 490

Unfair Union Labor Practices 490

**THE UNION DRIVE AND ELECTION 491**

Step 1. Initial Contact 491

Step 2. Obtaining Authorization Cards 492

Step 3. Hold a Hearing 494

Step 4. The Campaign 494

Step 5. The Election 495

How to Lose an NLRB Election 495

Evidence-Based HR: What to Expect the Union to Do to Win the Election 496

The Supervisor’s Role 496

**■ KNOW YOUR EMPLOYMENT LAW:** Rules Regarding Literature and

Solicitation 497

Decertification Elections: Ousting the Union 497

**■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:** France Comes to the Workers’ Aid 498

**THE COLLECTIVE BARGAINING PROCESS 498**

What Is Collective Bargaining? 498

What Is Good Faith? 498

The Negotiating Team 499

Costing the Contract 499

Bargaining Items 499

Building Negotiating Skills 500

Bargaining Guidelines 500

Impasses, Mediation, and Strikes 501

<b>■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:</b>	Strike Guidelines	503
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	Unions Go Digital	504
The Contract Agreement 504		
<b>DEALING WITH DISPUTES AND GRIEVANCES</b>	505	
Sources of Grievances 505		
The Grievance Procedure 505		
Guidelines for Handling Grievances 506		
<b>■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:</b>	How to Handle a Grievance Situation	507
<b>THE UNION MOVEMENT TODAY AND TOMORROW</b>	507	
What Are Unions Doing About It? 508		
Cooperative Labor–Management Relations 509		
<b>CHAPTER SECTION SUMMARIES</b>	509	
<b>DISCUSSION QUESTIONS</b>	510	
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	510	
<b>EXPERIENTIAL EXERCISE</b>	511	
<b>APPLICATION CASE: ORGANIZING NEW MEDIA EMPLOYEES AT VICE MEDIA</b>	511	
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	512	
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	512	
<b>KEY TERMS</b>	513	
<b>ENDNOTES</b>	514	

## 16

### Safety, Health, and Risk Management 517

#### INTRODUCTION: SAFETY AND THE MANAGER 519

Why Safety Is Important 519

<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:</b>	Improving Safety Boosts Profits	519
--	---------------------------------	-----

Top Management’s Role in Safety 519

<b>■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:</b>	Deepwater Horizon	520
--	-------------------	-----

The Supervisor’s Role in Accident Prevention 520

#### MANAGER’S BRIEFING ON OCCUPATIONAL SAFETY LAW 520

OSHA Standards and Record Keeping 521

Inspections and Citations 522

Responsibilities and Rights of Employers and Employees 525

<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	Sitedocs Digital
---	------------------

Workplace Safety 526

#### WHAT CAUSES ACCIDENTS? 526

What Causes Unsafe Conditions? 526

What Causes Unsafe Acts? 527

#### HOW TO PREVENT ACCIDENTS 528

Reducing Unsafe Conditions 528

<b>■ TRENDS SHAPING HR: ROBOTS</b>	528
------------------------------------	-----

#### ■ TRENDS SHAPING HR: LOCATION BEACONS 532

**Diversity Counts:** Protecting Vulnerable Workers 532

Reducing Unsafe Acts 533

Reducing Unsafe Acts through Screening 533

Reducing Unsafe Acts through Training 533

Reducing Unsafe Acts through Posters, Incentives, and Positive Reinforcement 534

<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:</b>	Using Positive Reinforcement	534
--	------------------------------	-----

Reducing Unsafe Acts by Fostering a Culture of Safety 535

Reducing Unsafe Acts by Creating a Supportive Environment 536

Reducing Unsafe Acts by Establishing a Safety Policy	536
Reducing Unsafe Acts by Setting Specific Loss Control Goals	536
Reducing Unsafe Acts through Behavior-Based Safety and Safety Awareness Programs	536
Reducing Unsafe Acts through Employee Participation	536
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	Conducting Safety and Health Audits and Inspections
<b>EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS</b>	537
Milliken & Company—World-Class Safety through Employee Engagement	537
Involvement-Based Employee Engagement	537
<b>WORKPLACE HEALTH HAZARDS: PROBLEMS AND REMEDIES</b>	538
Chemicals and Industrial Hygiene	538
<b>■ KNOW YOUR EMPLOYMENT LAW:</b>	Hazard Communication
<b>■ HR AND THE GIG ECONOMY: TEMP EMPLOYEE SAFETY</b>	539
Asbestos Exposure at Work and Air Quality	539
Alcoholism and Substance Abuse	540
Stress, Burnout, and Depression	541
Solving Computer-Related Ergonomic Problems	543
Repetitive Motion Disorders	543
Sitting	543
Infectious Diseases	544
Workplace Smoking	544
<b>OCCUPATIONAL SECURITY AND RISK MANAGEMENT</b>	544
Enterprise Risk Management	544
Preventing and Dealing with Violence at Work	545
Securing the Facility	547
Terrorism	548
Cybersecurity	548
Business Continuity and Emergency Plans	548
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	Twitter Notifications
<b>CHAPTER SECTION SUMMARIES</b>	549
<b>DISCUSSION QUESTIONS</b>	550
<b>INDIVIDUAL AND GROUP ACTIVITIES</b>	550
<b>EXPERIENTIAL EXERCISE</b>	550
<b>APPLICATION CASE: THE DANGEROUS THIRD SHIFT</b>	554
<b>CONTINUING CASE: CARTER CLEANING COMPANY</b>	554
<b>TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS</b>	555
<b>KEY TERMS</b>	556
<b>ENDNOTES</b>	556
<b>17 Managing Global Human Resources</b>	562
<b>THE MANAGER'S GLOBAL CHALLENGE</b>	564
What Is International Human Resource Management?	564
<b>ADAPTING HUMAN RESOURCE ACTIVITIES TO INTERCOUNTRY DIFFERENCES</b>	564
Cultural Factors	565
Legal Factors	566
Economic Systems	566
HR Abroad Example: The European Union	567
HR Abroad Example: China	567
<b>STAFFING THE GLOBAL ORGANIZATION</b>	568
International Staffing: Home or Local?	568
Internationalization Stage, Values, and Staffing Policy	568
<b>■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:</b>	Job Boards Abroad
<b>■ IMPROVING PERFORMANCE: HR AS A PROFIT CENTER:</b>	Reducing Expatriate Costs

**■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:** Using Global Virtual Teams 570

Selecting International Managers 571

**Diversity Counts:** Sending Women Managers Abroad 571

Avoiding Early Expatriate Returns 572

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:** Some Practical Solutions to the Expatriate Challenge 573

**TRAINING AND MAINTAINING EMPLOYEES ABROAD 573**

Orienting and Training Employees on International Assignment 573

Ethics and Codes of Conduct 574

Performance Appraisal of International Managers 574

Compensating Managers Abroad 575

Union Relations Abroad 577

Safety Abroad 577

**■ IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE:**

Business Travel 577

Repatriation: Problems and Solutions 578

**EMPLOYEE ENGAGEMENT GUIDE FOR MANAGERS 579**

Engagement around the Globe 579

**MANAGING HR LOCALLY: HOW TO PUT INTO PRACTICE A GLOBAL HR SYSTEM 579**

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Hyundai Capital 580

Developing a More Effective Global HR System 580

Making the Global HR System More Acceptable 581

Implementing the Global HR System 582

**CHAPTER SECTION SUMMARIES 582**

**DISCUSSION QUESTIONS 583**

**INDIVIDUAL AND GROUP ACTIVITIES 583**

**EXPERIENTIAL EXERCISE 584**

**APPLICATION CASE: "BOSS, I THINK WE HAVE A PROBLEM" 584**

**CONTINUING CASE: CARTER CLEANING COMPANY 584**

**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS 585**

**KEY TERMS 586**

**ENDNOTES 586**

18

**Managing Human Resources in Small and Entrepreneurial Firms 590**

**THE SMALL BUSINESS CHALLENGE 592**

How Small Business Human Resource Management Is Different 592

**Diversity Counts:** Necessity and the Entrepreneur 593

Why HRM Is Important to Small Businesses 593

**USING INTERNET, GOVERNMENT, AND OTHER TOOLS TO SUPPORT THE HR EFFORT 593**

Government Tools for Complying with Employment Laws 594

Online Employment Planning and Recruiting Tools 596

**■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 596**

Small Business Employee Selection Tools 597

**■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT:** Everlane 598

Small Business Training Tools 598

Employment Appraisal and Compensation Online Tools 599

Employment Safety and Health Tools 599

**LEVERAGING SMALL SIZE WITH FAMILIARITY, FLEXIBILITY, FAIRNESS, AND INFORMALITY 599**

Simple, Informal Employee Selection Procedures 599

**■ IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES:** A Streamlined Interviewing Process 599

- Flexibility in Training 600
- Flexibility in Benefits and Rewards 601
- Fairness and the Family Business 603

**USING PROFESSIONAL EMPLOYER ORGANIZATIONS** 603

- How Do PEOs Work? 603
- Why Use a PEO? 604
- What Is the Alternative? 605

**MANAGING HR SYSTEMS, PROCEDURES, AND PAPERWORK** 605

- Introduction 605
- Basic Components of Manual HR Systems 605
- Automating Individual HR Tasks 606
- Human Resource Information Systems (HRIS) 607
- Improved Transaction Processing 607
- Online Self-Processing 607
- Improved Reporting Capability 607
- HR System Integration 607
- HRIS Vendors 607

**■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA:** HR on the Cloud 608**CHAPTER SECTION SUMMARIES** 608**DISCUSSION QUESTIONS** 609**INDIVIDUAL AND GROUP ACTIVITIES** 609**EXPERIENTIAL EXERCISE** 609**APPLICATION CASE: NETFLIX BREAKS THE RULES** 610**CONTINUING CASE: CARTER CLEANING COMPANY** 610**TRANSLATING STRATEGY INTO HR POLICIES AND PRACTICES CASE: IMPROVING PERFORMANCE AT THE HOTEL PARIS** 611**ENDNOTES** 612**APPENDICES****APPENDIX A** **HRCI's PHR® and SPHR® Certification Body of Knowledge** 614**APPENDIX B** **About the Society for Human Resource Management (SHRM) Body of Competency & Knowledge® Model and Certification Exams** 620**APPENDIX C** **Comprehensive Cases** 635**Glossary** 651**Name/Organization Index** 660**Subject Index** 670

*This page intentionally left blank*

# PREFACE

## NEW TO THIS EDITION

Adopters will find three main changes that are new to this edition:

### Updated Chapters

To ensure a smooth transition for adopters from the 15th to this 16th edition, this edition's 18 chapter table of contents and the outline of all 18 chapters are basically as they were in the 15th edition, so in terms of teaching, the topic flow is about the same as the 15th edition. However, embedded in each chapter's paragraphs are dozens of new topics, practical examples, and research insights, all accompanied by hundreds of new endnotes from 2015–2018.

We've made sure to integrate the new text material into the book's accompanying PowerPoint slides, test banks, and other instructional supplements.

### HR and the Gig Economy Features

It's not easy getting a handle on how many people are working in the gig economy, but the number is huge.<sup>i</sup> By some estimates, over 40% of all workers in America may soon be freelancers, and by another estimate about a third of

all workers now do gig work on the side, such as teachers driving for Uber.<sup>ii</sup>

Whatever the exact number, the growth of the so-called gig economy has big implications for those who have to manage gig workers. New **HR and the Gig Economy** features show how companies manage gig workers' HR needs, for example how to recruit, screen, train, appraise, and manage the safety of gig workers.

#### HR AND THE GIG ECONOMY: DISCRIMINATION IN THE GIG ECONOMY

Most companies use recruiters, supervisors, and/or HR professionals to do their hiring, so if an applicant suffers discrimination it's usually pretty clear who did it.<sup>8</sup> But what do you do when you're a gig worker, doing work through a gig economy company like Uber, Task Rabbit, or Fiverr? Here the people doing the "hiring" are usually Task Rabbit, Uber, or Fiverr users, and they're hiring based on reviews compiled from previous users, or from photos in your profile. What stops customers from illegally discriminating?

Unfortunately, the answer may be, "not much." For example, in one study of labor markets like Task Rabbit and Fiverr, black service providers got more negative reviews than did white ones. Because the rating algorithms are then based partly on prior customers' reviews, the black service providers were usually less likely to get new gigs. It's therefore a problem that gig companies (and customers) need to address.

### New Cases

#### Application Case

##### Techtonic Group

Written and copyrighted by Gary Dessler, PhD.

It's been estimated that there are more than 600,000 unfilled technical jobs (systems engineers, programmers, and so on) in the United

States.<sup>182</sup> Therefore, IT companies like Techtonic Group are continually battling for good applicants.

For many years, Techtonic outsourced app software development to Armenia; CEO Heather Terenzio flew twice a year to work with the people there. However, programmers' salaries in Eastern Europe were

Seven new end-of-chapter cases (for Chapters 2, 3, 5, 10, 12, 15, and 16) on Starbucks, Tesla, Techtonic, Uber, HubSpot, Vice Media, and a meatpacking firm have been added to the text. They replace older cases in these chapters. All other application cases have also been updated, as necessary, and I wrote a new Experiential Exercise ("Pearson Urgent Care") for chapter 12.

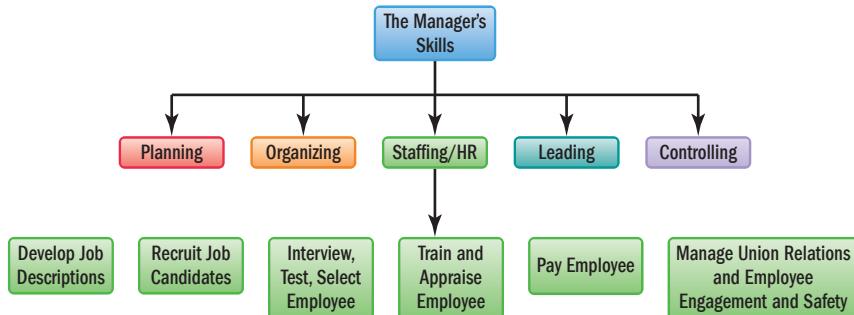
## SOLVING TEACHING AND LEARNING CHALLENGES

*Human Resource Management*, 16th edition, provides students in human resource management courses and practicing managers with a complete and practical introduction to modern human resource management concepts and techniques in a highly readable form. This book has always emphasized giving all managers the

<sup>i</sup> <https://www.bls.gov/careeroutlook/2016/article/what-is-the-gig-economy.htm>, accessed June 29, 2018.

<sup>ii</sup> <https://www.forbes.com/sites/karstenstrauss/2017/02/21/what-is-driving-the-gig-economy/#11e46e81653c>; [www.shrm.org/certification/pages/default.aspx#sthash.JRZQeAWR.dpuf](http://www.shrm.org/certification/pages/default.aspx#sthash.JRZQeAWR.dpuf), both accessed June 29, 2018.

skills they need to do their jobs. And today, with employers transferring more HR tasks to line managers, it's more important than ever that all managers—not just HR managers—be skilled in human resource management concepts and techniques. As the following figure sums up, you'll therefore find an emphasis here on the practical material you need to perform your day-to-day management responsibilities, even if you never spend one day as an HR manager.



The following tools especially help address teaching and learning challenges.



For example, tied to the chapter-opening scenarios, the **Strategic Context** features in Chapters 3–18 show how actual managers' HR actions produced the employee behaviors that were required to achieve the company's strategic aims.

## The Strategic HR Features

This book's Strategic HR features give students a bird's-eye view of how all the topics in each chapter fit together, and a tool instructors can use to illustrate these interrelationships.

As more employers transfer HR tasks to line managers, those managers need a “line of sight” that shows them how their HR actions impact the company's goals. This 16th edition therefore continues the book's emphasis on strategic human resource management and on improving performance, productivity, and profitability at work. This 16th edition also provides a comprehensive fully integrated treatment of strategic human resource management.

### IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT

#### Wegmans Food Markets

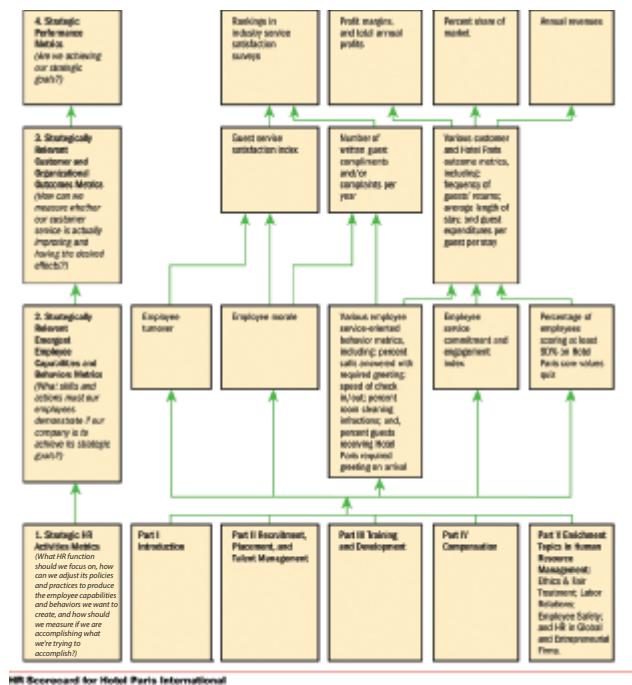
*Strategic compensation management* means formulating a total rewards package that produces the employee skills and behaviors that the company needs to achieve its strategic goals.

Wegmans exemplifies this. It competes in the retail food sector, where profit margins are thin and where online competitors and giants like Walmart drive costs and prices down. The usual competitor's reaction is to cut employee benefits and costs.<sup>55</sup> Wegmans takes a different approach. Number 2 on Fortune's 100 Best Companies to Work For,<sup>56</sup> Wegmans views its workforce as an integral part of achieving Wegman's strategic aims of *optimizing service while controlling costs by improving systems and productivity*. For example, one dairy department employee designed a new way to organize the cooler, thus improving ordering and inventory control.<sup>57</sup> The firm offers above-market pay rates, affordable health insurance, and a full range of employee benefits.<sup>58</sup> Wegmans's pay policies thus aim to produce exactly the sorts of high-productivity employee behaviors the company needs to achieve its strategic aims.

It's likely that its pay policies are one reason for Wegmans's exceptional profitability. For example, its employee turnover (about 6% for full-timers) is well below the industry's overall average of about 47%.<sup>59</sup> Its stores (which at about 120,000 square feet are much larger than competitors') average about \$950,000 a week in sales (compared to a national average of \$361,564), or about \$49 million in sales annually, compared with a typical Walmart store's grocery sales of \$23.5 million in sales.<sup>60</sup> As Wegmans's human resource head has said, good employees assure higher productivity, and that translates into better bottom-line results.<sup>61</sup>

#### MyLab Management Talk About It 2

If your professor has assigned this, go to the Assignments section of [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete this discussion question. If Wegmans does so well with a high-pay policy, why don't more employers do this as well?



## Building Employee Engagement

Each chapter's Building Employee Engagement features help to further integrate the chapter's topics and to make the book a more coherent whole. *Employee engagement* refers to being psychologically involved in, connected to, and committed to getting one's jobs done. You'll find practical examples and advice on how managers build engaged employee work teams and companies. *Employee Engagement Guide for Managers* sections in Chapters 1–14 show how managers use human resource activities to improve employee engagement.

To improve student results, we recommend pairing the text content with **MyLab Management**, which is the teaching and learning platform that empowers you to reach every student. By combining trusted author content with digital tools and a flexible learning platform, MyLab personalizes the learning experience to help your students learn and retain key course concepts while developing skills that future employers are seeking in potential employees. From **Mini Sims** to **Personal Inventory Assessments**, **MyLab Management** helps you teach your course your way. Learn more at [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management).

The **Chapter Warm-up** assessment helps you hold your students accountable for **READING** and demonstrating their knowledge on key concepts in each chapter before coming to class.

In addition, a **Fully Integrated Strategy Case and Strategy Maps** help to provide the most comprehensive treatment of strategic human resource management in a HR survey text:

- Chapter 1 introduces and Chapter 3 presents the concepts and techniques of human resource strategy.
- Chapter 3 onward, every chapter contains a **continuing “Hotel Paris” case** (identified by an “Eiffel Tower” icon), written to help make strategic human resource management come alive for readers. The continuing case shows how this hotel’s HR director uses that chapter’s human resource management concepts and techniques to create HR policies and practices that produce the employee skills and behaviors the Hotel Paris needs to improve its service and thereby achieve its strategic goals.
- An overall **strategy map** for the Hotel Paris on the book’s inside back cover, and chapter-specific Hotel Paris strategy maps in the accompanying MyLab Management, help readers understand and follow the strategic implications of the hotel’s HR decisions.

**HOW TO EXECUTE AN EMPLOYEE ENGAGEMENT STRATEGY** Actually executing Kia UK's employee engagement HR strategy involved six steps (and these provide a roadmap for any such endeavor). First, Kia UK set *measurable objectives* for the program. These objectives included improving by at least 10% survey feedback scores for line managers' behaviors in terms of communication, the quality of appraisal feedback they gave their direct reports, the recognition of work done, and the respect between manager and employee.<sup>79</sup> Other objectives included reducing employee turnover employment costs (e.g., recruitment costs) by at least 10% per year.

Second, Kia UK held an extensive *leadership development* program. For example, it sent all managers for training to improve their management skills. Kia then tested the new skills with “360-degree” assessment tools (having managers’ bosses, peers, and subordinates rate the managers’ new leadership skills).

Third, Kia UK instituted new *employee recognition programs*. These included, for instance, giving “Outstanding Awards” to selected employees quarterly, and “Kia thank you” cards for jobs well done.<sup>80</sup>

**Homework: Chapter 5: Warm Up**

Show completed problem Save

Score: 0 of 1 pt HW Score: 0%, 0 of 12 pts

Warm-up 5.1.1

The process of deciding what positions the company needs to fill and how to beat them is known as \_\_\_\_\_

A. need analysis  
 B. alternative staffing  
 C. workforce planning  
 D. succession planning  
 E. recruiting

Click to select your answer and then click Check Answer.

All parts showing Clear All Check Answer (7)

**Engaging Videos** explore a variety of business topics related to the theory students are learning in class. **Exercise Quizzes** assess students' comprehension of the concepts in each video.

Multiple opportunities to apply course concepts are found throughout the text and in **MyLab Management**. Each chapter references MyLab Management exercises such as branching, scenario-based **Try It Mini Sims**, and **Apply It Videos** about real companies.

**Mini Sims** put students in professional roles and give them the opportunity to apply course concepts and develop decision-making skills through real-world business challenges.

These **branching** Mini Sims strengthen a student's ability to think critically, help students understand the impact of their decisions, engage students in active learning, and provide students with immediate feedback on their decisions.

The author has recommended a **Personal Inventory Assessment** for most chapters, which is assignable in MyLab Management. These assessments help develop professionalism and awareness of oneself and others, skills necessary for future career success.

**Personal Inventory Assessments** is a collection of online exercises designed to promote self-reflection and engagement in students. It enhances their ability to connect with concepts taught in principles of management, organizational behavior, and human resource management classes.

## DEVELOPING EMPLOYABILITY SKILLS

As noted earlier, every edition of this book has had the same aim: to provide all managers—not just HR managers—with the practical skills and knowledge they need to perform their day-to-day management responsibilities. A few examples of such skills you’ll find here include:

### ***Chapter 2: How to deal with a charge of discrimination***

... You turn down a member of a protected group for a job. This person believes he or she was discriminated against due to being in a protected class, and decides to sue . . . What should you do?

### ***Chapter 7: How to interview job candidates***

... First make sure you understand the job and its human requirements. Then compose questions based on actual job duties from the job description . . . Examples include (1) situational questions like “Suppose you were giving a sales presentation and a difficult technical question arose . . .

### ***Chapter 4: How to write a job description***

... A job description is a written statement of what the worker actually does, how he or she does it, and what the job’s working conditions are. This information is in turn . . .

### ***Chapter 14: How to discipline an employee***

... Make sure the evidence supports the charge of employee wrongdoing. (Arbitrators often cite “the employer’s evidence did not support the charge.”) . . . Make sure to protect the employees’ due process rights . . .



**Know Your Employment Law** sections within each chapter discuss the practical implications of the employment laws that apply to that chapter’s topics, such as the laws relating to recruitment (Chapter 5), selection (Chapter 6), training (Chapter 8), and safety (Chapter 16) that all managers should know.



**Diversity Counts** features provide practical insights for managing a diverse workforce, for instance, regarding gender bias in selection decisions, bias in performance appraisal, and “hidden” gender bias in some bonus plans (Chapter 12).

**Various Improving Performance** features demonstrate real-world human resource management tools and practices that managers can use to improve performance. The discussion questions within each of these features are also in the accompanying MyLab Management. The *performance* features include:



#### **IMPROVING PERFORMANCE: HR AS A PROFIT CENTER**

Diversity can actually drive higher profits. In one study, researchers examined the diversity climate in 654 stores of a large U.S. retail chain. They defined *diversity climate* as the extent to which employees in the stores said the firm promotes equal opportunity and inclusion. They found the highest sales growth in stores with the highest pro-diversity climate, and the lowest in stores where subordinates and managers reported less hospitable diversity climates.<sup>153</sup> Another study found racial discrimination to be related negatively to employee commitment, while organizational efforts to support diversity reduced such negative effects.<sup>154</sup> When Merck needed halal certification for one of its medicines, it turned to its Muslim employees. They helped Merck bring the product to market faster and helped ensure its acceptance among Muslims.<sup>155</sup>

More than 50 of the largest U.S. companies, including GE, Microsoft, and Walmart, filed briefs with the U.S. Supreme Court arguing that affirmative action produces increased sales and profits. ■

**Improving Performance: HR as a Profit Center** contains actual examples of how human resource management practices add value by reducing costs or boosting revenues.

**IMPROVING PERFORMANCE: HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES**

Chances are the EEOC won't file a suit, but getting a notice saying it's investigating is still scary. Whether you are managing one team or your own small business, every manager should know in advance what the EEOC will be looking for and what to do. A checklist follows.<sup>141</sup>

**During the EEOC Investigation:**

- ✓ *Conduct your own investigation* to get the facts.
- ✓ Ensure that there is information in the EEOC's file *demonstrating lack of merit* of the charge.

**Improving Performance: HR Tools for Line Managers and Small Businesses** explains that many line managers and entrepreneurs are “on their own” when it comes to human resource management, and describes straightforward HR tools such as work sampling tests that line managers and entrepreneurs can create and safely use to improve performance.

**Improving Performance: HR Practices Around the Globe** shows how actual companies around the globe use HR practices to improve their teams’ and companies’ performance, while illustrating the challenges managers face in managing internationally.

**IMPROVING PERFORMANCE: HR PRACTICES AROUND THE GLOBE****Career Development at Medtronic<sup>29</sup>**

Medtronic is a global medical technology company with more than 85,000 employees around the world. The company offers a wide range of career planning and development support tools aimed at helping employees understand their occupational strengths and weaknesses and reach their potential. These tools include customized development plans, self-assessment and feedback tools, mentoring programs, comprehensive on-site classes covering business, engineering, and science topics, tuition reimbursement scholarships, and online job listings so the employee can seek out new career opportunities within the company.

**Trends Shaping HR Features**

Just about every chapter again has one or more **Trends Shaping HR** features, each focusing on topics like Digital and Social Media, and other trends that affect HR practices.

**TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA****Sitedocs Digital Workplace Safety**

Safety compliance usually has been managed centrally, by human resource managers or by a specialized safety unit. However, new digital mobile device-based safety systems now give managers and even employees more influence over safety. For example, the SiteDocs digital safety management system lets the employer digitize, move, store, work with, and access safety documents via mobile devices (iPad) and the Web.<sup>35</sup> Employees can login via the mobile device and view and complete their safety documentation (such as OSHA reports). These become available immediately to management. This enables management to monitor in real time whether employees are completing their documentation and to identify almost at once workplace hazards and incidents. ■

**TRENDS SHAPING HR: ROBOTS**

With more employees working alongside robots, safety standards are evolving. For example, industrial robots have speed and separation monitoring and safety stops so humans can “hand” them parts without the robot arm hitting them.<sup>75</sup> Many of the new so-called cobots have digital screen faces with human characteristics. For example, one cobot “glances” in the direction when it’s about to pick something up, to forewarn its human “colleagues.”<sup>76</sup> ■

**TRENDS SHAPING HR: LOCATION BEACONS**

Beacons—tiny devices that continuously transmit radio signals identifying themselves—are becoming valuable occupational safety tools. Employers use beacons to keep track of employees, particularly if they’re in distress. Others use them to warn employees, such as when they’re too close to a danger zone.<sup>69</sup> ■

## INSTRUCTOR TEACHING RESOURCES

This program comes with the following teaching resources.

Supplements available to instructors at <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a>	Features of the Supplement
<b>Instructor's Manual</b> authored by Susan Leshnower from Midland College	<ul style="list-style-type: none"><li>• Lecture Outlines</li><li>• Chapter-by-chapter summaries—Where are we now</li><li>• Examples and activities not in the main book</li><li>• Annotated Outline</li><li>• Teaching tips</li><li>• Solutions to all questions, problems, and case problems in the book</li><li>• Case Notes</li><li>• Key Terms</li></ul>
<b>Test Bank</b> authored by Carol Heeter from Ivy Tech Community College	2,000 multiple-choice, true/false, short-answer questions with these annotations: <ul style="list-style-type: none"><li>• Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)</li><li>• Type (Multiple-choice, true/false, short-answer, essay)</li><li>• Topic/Explanation (The term or concept the question supports)</li><li>• Learning outcome</li><li>• AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)</li></ul>
<b>Computerized TestGen</b>	TestGen allows instructors to: <ul style="list-style-type: none"><li>• Customize, save, and generate classroom tests</li><li>• Edit, add, or delete questions from the Test Item Files</li><li>• Analyze test results</li><li>• Organize a database of tests and student results.</li></ul>
<b>PowerPoints</b> authored by Patricia Buhler from Goldey-Beacom College	Slides include all the graphs, tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to: <ul style="list-style-type: none"><li>• Keyboard and Screen Reader access</li><li>• Alternative text for images</li><li>• High color contrast between background and foreground colors</li></ul>

*This page intentionally left blank*

# ACKNOWLEDGMENTS

Everyone involved in creating this book is proud of what we've achieved. *Human Resource Management* is one of the top-selling books in this market, and, as you read this, students and managers around the world are using versions translated into about a dozen languages, including Thai, French, Spanish, Greek, Indonesian, Russian, Chinese, and the Arab World edition.

Although I am responsible for *Human Resource Management*, I want to single out some people for their assistance. They include, first, faculty members who carefully reviewed the past few editions, and who made many useful and insightful suggestions:

Kimberly Pierre, *Houston Baptist University*  
Oscar D. Munoz, *Miami Dade College*  
Christopher McGraht, *Delaware County Community College*  
Johnny Peppers, *Nashville State Community College*  
Shamira Malekar, *CUNY – BMCC*  
Robert Micera, *Stony Brook University and Seton Hall University*  
Marcia Johnson, *Delaware County Community College*  
Roger Liska, *Clemson University*  
Michael Wayland, *Methodist University*  
Melissa Bankroff, *Michigan State University*  
David Gerth, *Nashville State Community College*  
Evie Maxey, *Anderson University*  
Paulette Holmes, *Coppin State University*  
John Durboraw, *Columbia College*  
Lisa Nieman, *Wesleyan University*  
Brooke Sorrells, *Virginia College*  
Craig Tunwell, *Troy University*  
Kyle Stone, *Fort Hayes State University*  
George Wynn, *University of Tampa*  
Edward Ward, *Saint Cloud State University*  
Daniel Grundmann, *Indiana University*  
Clare Francis, *University of North Dakota*  
John Durboraw, *Columbia College*  
Mary Kern, *Baruch College*  
Lucy Ford, *St. Joseph's University*  
Leonard Bierman, *Texas A&M University*  
Thomas J. Zagenczyk, *Clemson University*  
Itoe Valentine, *Albany Technical College*  
Pravin Kamdar, *College of Business and Management, Cardinal Stritch University*  
Craig J. Russell, *Professor, Price College of Business, University of Oklahoma*  
Matthew S. Rodgers, *The Ohio State University*  
Carol Heeter, *Ivy Tech Community College*  
Magdalem Upshaw, *Richland College Dallas*  
C. Darren Brooks, *Florida State University*  
Brian D. Lyons, *Wright State University*

I am very grateful to Susan Leshnower, Carol Heeter, and Patricia Buhler for their hard work on updating and improving the supplements for the 16th edition, and to the MyLabs team of Project Manager Kerri Tomasso, Gordon Schmidt (Indiana University/Purdue University Fort Wayne), Susan C. Schanne (Eastern Michigan University), Angela Boston (University of Texas), and Leslie Carnes, SPHR (Ivy Tech Community College).

At Pearson, thank you for the support and dedicated assistance of all involved. I particularly appreciate the insights, suggestions, and personal involvement of Editor-in-Chief, Stephanie Wall. Thank you again to my outstanding production team, with whom I've worked for many years: Ashley Santora, Director, Production & Digital Studio, and Yasmita Hota, my Content Producer. Thanks to Nicole Price, Field Marketing Manager, and the Pearson sales staff, without whose efforts this book would languish on the shelf, and to Neeraj Bhalla, Portfolio Manager, and Linda Albelli, Editorial Assistant. I want to thank everyone at Pearson Education, Inc. for successfully managing *Human Resource Management*'s internationalization. Development Editor Kerri Tomasso was extraordinarily helpful, and thank you to Roberta Sherman at SPi-Global. Separately, thanks very much to Billy Hunter for reviewing the book and for his suggestions about gig workers, and to Dr. James Scheiner for his many suggestions for possible new examples and updates.

At home, I want to thank my wife, Claudia, for her support during the many hours I spent working on this edition. My son, Derek, always a source of enormous pride, was very helpful. Samantha and Taylor are always in my thoughts. My parents were always a great source of support and encouragement and would have been very proud to see this book.



Antonio Guillem/Shutterstock

# 1

## Introduction to Human Resource Management

## LEARNING OBJECTIVES

When you finish studying this chapter, you should be able to:

- 1-1** Explain what human resource management is and how it relates to the management process.
- 1-2** Briefly discuss and illustrate the important trends influencing human resource management.
- 1-3** Briefly describe six important components or pillars of human resource management today.
- 1-4** List at least four important human resource manager competencies.
- 1-5** Outline the plan of this book.

For many people today, Upwork ([www.upwork.com/](http://www.upwork.com/)) symbolizes much of what's new in human resource management. Millions of freelancers, from graphic designers to translators, accountants, writers, and customer service agents register on the site. Employers then use it to find, screen, hire, and pay the talent they need online in more than 180 countries.<sup>1</sup>



## WHERE ARE WE NOW . . .

The purpose of this chapter is to explain what human resource management is, and why it's important to all managers. We'll see that human resource management activities such as hiring, training, appraising, compensating, and developing employees are part of every manager's job. And we'll see that human resource management is also a separate function, usually with its own human resource, or "HR," manager. The main topics we'll cover here include **What Is Human Resource Management?**, **The Trends Shaping Human Resource Management**, **The Components of Human Resource Management**, **The New Human Resource Manager**, and **The Plan of This Book**. The framework above (which introduces each chapter) makes this point: That the firm's HR policies and practices should produce the employee skills and behaviors the company needs to achieve its strategic aims.

**LEARNING OBJECTIVE 1-1**

**Explain** what human resource management is and how it relates to the management process.

**organization**

A group consisting of people with formally assigned roles who work together to achieve the organization's goals.

**manager**

Someone who is responsible for accomplishing the organization's goals, and who does so by managing the efforts of the organization's people.

**managing**

To perform five basic functions: planning, organizing, staffing, leading, and controlling.

**management process**

The five basic functions of planning, organizing, staffing, leading, and controlling.

**human resource management (HRM)**

The process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

## What Is Human Resource Management?

To understand what human resource management is, it's useful to start with what managers do. Upwork is an *organization*. An **organization** consists of people (in this case, people like Upwork's own in-house Web designers and managers) with formally assigned roles who work together to achieve the organization's goals. A **manager** is someone who is responsible for accomplishing the organization's goals, and who does so by managing the efforts of the organization's people.

Most writers agree that **managing** involves performing five basic functions: planning, organizing, staffing, leading, and controlling. In total, these functions represent the **management process**. Some of the specific activities involved in each function include

- **Planning.** Establishing goals and standards; developing rules and procedures; developing plans and forecasts
- **Organizing.** Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates
- **Staffing.** Determining what type of people should be hired; recruiting prospective employees; selecting employees; setting performance standards; compensating employees; evaluating performance; counseling employees; training and developing employees
- **Leading.** Getting others to get the job done; maintaining morale; motivating subordinates
- **Controlling.** Setting standards such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action as needed

In this book, we will focus on one of these functions—the staffing, personnel management, or *human resource management* function. **Human resource management (HRM)** is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The topics we'll discuss should therefore provide you with the concepts and techniques every manager needs to perform the “people,” or personnel, aspects of management. These include

- *Conducting job analyses* (determining the nature of each employee's job).
- *Planning labor needs and recruiting* job candidates.
- *Selecting* job candidates.
- *Orienting and training* new employees.
- *Managing wages and salaries* (compensating employees).
- *Providing incentives and benefits*.
- *Appraising performance*.
- *Communicating* (interviewing, counseling, disciplining).
- *Training employees and developing managers*.
- *Building employee relations and engagement*.

And what every manager should know about:

- Equal opportunity and affirmative action.
- Employee health and safety.
- Handling grievances and labor relations.

## Why Is Human Resource Management Important to All Managers?

The concepts and techniques in this book are important to all managers for several reasons.

**AVOID PERSONNEL MISTAKES** First, having this knowledge will help you avoid the *personnel mistakes you don't want to make* while managing. For example, you don't want

- To have your employees not doing their best.
- To hire the wrong person for the job.

- To experience high turnover.
- To have your company in court due to your discriminatory actions.
- To have an employee hurt due to unsafe practices.
- To let a lack of training undermine your department's effectiveness.
- To commit any unfair labor practices.

Carefully studying this book can help you avoid mistakes like these.

**IMPROVING PROFITS AND PERFORMANCE** More important, it can *help ensure that you get results—through people.*<sup>2</sup> Remember that you could do everything else right as a manager—lay brilliant plans, draw clear organization charts, set up modern assembly lines, and use sophisticated accounting controls—but still fail, for instance, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers—from generals to presidents to supervisors—have been successful even without adequate plans, organizations, or controls. They were successful because they had the knack for hiring the right people for the right jobs and then motivating, appraising, and developing them. Remember as you read this book that *getting results* is the bottom line of managing and that, as a manager, you will have to get these results through people. This fact hasn't changed from the dawn of management. As one company president summed it up:

For many years it has been said that capital is the bottleneck for a developing industry. I don't think this any longer holds true. I think it's the workforce and the company's inability to recruit and maintain a good workforce that does constitute the bottleneck for production. I don't know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped or hampered because they can't maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.<sup>3</sup>

With global competition and economic pressures, that statement has never been truer than it is today. Human resource management methods like those in this book can help any line manager/supervisor (or HR manager) boost his or her team's and company's levels of engagement, profits, and performance. Here are two examples we'll meet in this book:

*At one Ball Corp. packaging plant, managers trained supervisors to set and communicate daily performance goals. Management tracked daily goal attainment with team scorecards. Employees received special training to improve their skills. Within 12 months production was up 84 million cans, customer complaints dropped by 50%, and the plant's return on investment rose by \$3,090,000.*

*A call center averaged 18.6 vacancies per year (about a 60% turnover rate). The researchers estimated the cost of a call-center operator leaving at about \$21,500. They estimated the total annual cost of agent turnover for the call center at \$400,853. Cutting that rate in half would save this firm about \$200,000 per year.*

**YOU MAY SPEND SOME TIME AS AN HR MANAGER** Here is another reason to study this book: *you might spend time as a human resource manager.* For example, about a third of large U.S. businesses surveyed appointed non-HR managers to be their top human resource executives. Thus, Pearson Corporation (which publishes this book) promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. Why? Some think these people may be better equipped to integrate the firm's human resource activities (such as pay policies) with the company's strategic needs (such as by tying executives' incentives to corporate goals).<sup>4</sup> Appointing non-HR people can also be good for the manager. For example, one CEO served a three-year stint as chief human resource officer on the way to becoming CEO. He said the experience he got was invaluable in learning how to develop leaders, and in understanding the human side of transforming a company.<sup>5</sup>

However most top human resource executives do have prior human resource experience. About 80% of those in one survey worked their way up within HR. The Society for Human Resource Management (SHRM) offers information on topics such as alternative career paths within human resource management.<sup>6</sup> Find it at [www.shrm.org](http://www.shrm.org).<sup>7</sup>

**HR FOR SMALL BUSINESSES** And here is one other reason to study this book: you *may well end up as your own human resource manager*. More than half the people working in the United States work for small firms.<sup>8</sup> Small businesses as a group also account for most of the 600,000 or so new businesses created every year. Statistically speaking, therefore, most people graduating from college in the next few years either will work for small businesses or will create new small businesses of their own.<sup>9</sup> Small firms generally don't have the critical mass required for a full-time human resource manager (let alone an HR department).<sup>10</sup> The owner and his or her other managers (and perhaps assistant) handle tasks like signing employees on. So studying the techniques in this book should help you to manage a small firm's human resources more effectively. We'll address human resource management for small businesses in later chapters.

### Line and Staff Aspects of Human Resource Management

All managers have always been, in a sense, human resource managers, because they all get involved in recruiting, interviewing, selecting, and training their employees. Yet most firms also have a human resource department with its own top manager. How do the duties of this human resource manager and department relate to the human resource duties of sales and production and other managers? Answering this requires a short definition of line versus staff authority. **Authority** is the right to make decisions, to direct the work of others, and to give orders. Managers usually distinguish between line authority and staff authority.

In organizations, **line authority** traditionally gives managers the right to *issue orders* to other managers or employees. Line authority therefore creates a superior (order giver)–subordinate (order receiver) relationship. When the vice president of sales tells her sales director to “get the sales presentation ready by Tuesday,” she is exercising her line authority. **Staff authority** gives a manager the right to *advise* other managers or employees. It creates an advisory relationship. When the human resource manager suggests that the plant manager use a particular selection test, he or she is exercising staff authority.

On the organization chart, managers with line authority are **line managers**. Those with staff (advisory) authority are **staff managers**. In popular usage, people tend to associate line managers with managing departments (like sales or production) that are crucial for the company’s survival. Staff managers generally run departments that are advisory or supportive, like purchasing and human resource management. Human resource managers are usually staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

### Line Managers’ Human Resource Management Responsibilities

However, line managers do have many human resource duties. This is because the direct handling of people has always been part of every line manager’s duties, from president down to first-line supervisors. One major company outlines its line supervisors’ responsibilities for effective human resource management under these general headings:

1. Placing the right person in the right job
2. Starting new employees in the organization (orientation)
3. Training employees for jobs that are new to them
4. Improving the job performance of each person
5. Gaining creative cooperation and developing smooth working relationships
6. Interpreting the company’s policies and procedures
7. Controlling labor costs
8. Developing the abilities of each person

#### authority

The right to make decisions, direct others' work, and give orders.

#### line authority

Traditionally gives managers the right to issue orders to other managers or employees.

#### staff authority

Gives a manager the right to advise other managers or employees.

#### line manager

A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization’s tasks.

#### staff manager

A manager who assists and advises line managers.

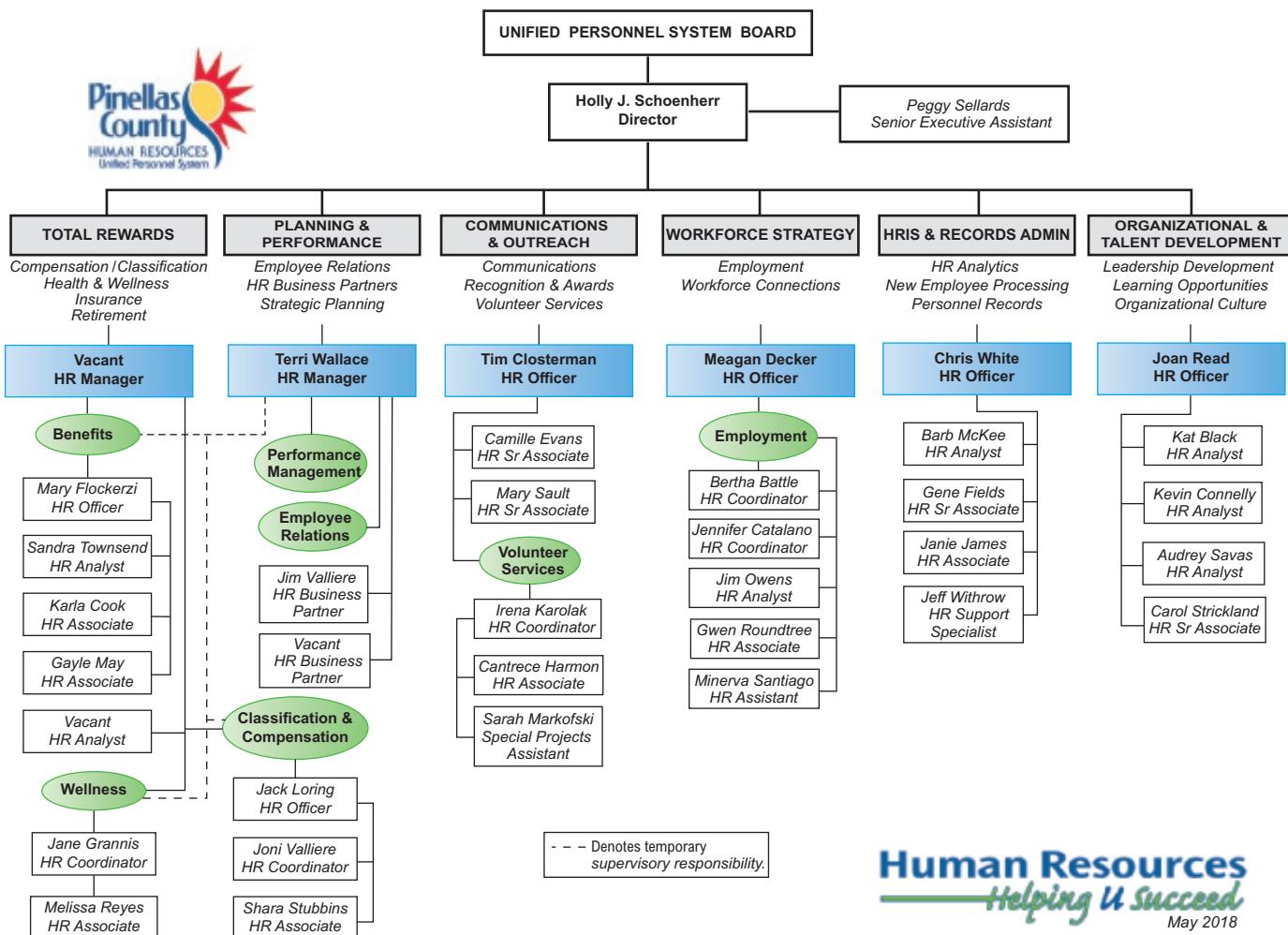
9. Creating and maintaining departmental morale
10. Protecting employees' health and physical conditions

And we'll see that, if anything, social media tools like *LinkedIn hiring* are expanding many line managers' HR responsibilities. That's why in a recent survey, 49% of the employers were taking steps to "Improve line managers' people management skills."<sup>11</sup>

### The Human Resource Department

In small organizations, line managers may carry out all these personnel duties unassisted. But as the organization grows, line managers usually need the assistance, specialized knowledge, and advice of a separate human resource staff.<sup>12</sup> In larger firms, the *human resource department* provides such specialized assistance. Figure 1-1 shows human resource management jobs in one organization.<sup>13</sup> Typical positions include compensation and benefits manager, employment and recruiting supervisor, training specialist, and employee relations executive. Examples of job duties include

- **Recruiters:** Use various methods including contacts within the community and print and online media to search for qualified job applicants.
- **Equal employment opportunity (EEO) representatives or affirmative action coordinators:** Investigate and resolve EEO grievances, examine organizational practices for potential violations, and compile and submit EEO reports.



**FIGURE 1-1** Human Resource Department Organization Chart Showing Typical HR Job Titles

Source: "Human Resource Development Organization Chart Showing Typical HR Job Titles," [www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf](http://www.co.pinellas.fl.us/persnl/pdf/orgchart.pdf). Courtesy of Pinellas County Human Resources. Reprinted with permission.

- **Job analysts:** Collect and examine detailed information about job duties to prepare job descriptions.
- **Compensation managers:** Develop compensation plans and handle the employee benefits program.
- **Training specialists:** Plan, organize, and direct training activities.
- **Labor relations specialists:** Advise management on all aspects of union-management relations.

In practice, HR and line managers share responsibility for most human resource activities. For example, human resource and line managers typically share responsibility for skills training. Thus the supervisor might describe what training she thinks the new employee needs, HR might design the training, and the supervisor might then provide on-the-job training.

**NEW APPROACHES TO ORGANIZING HR** However, what HR departments do and how they do it are changing. Because of this, many employers are taking a new look at how they organize their human resource functions.<sup>14</sup>

For one thing, employers are changing how they organize and deliver HR services. For example, one survey found that 55% of firms surveyed were actively “reengineering” their human resource management processes, (for example, by moving recruiting from in-house recruiters to online and social media platforms).<sup>15</sup> Most are “actively seeking to transform” how they deliver human resource services, largely by adopting new HR technology tools (such as online training portals).<sup>16</sup> Many are using technology to institute more “*shared services*” arrangements.<sup>17</sup> These create centralized HR units whose employees are shared by all the companies’ departments to assist the departments’ line managers in human resource matters. These shared services HR teams generally offer their services through intranets or centralized call centers; they aim to provide managers and employees with specialized support in day-to-day HR activities (such as discipline problems).

You may also find specialized *corporate HR teams* within a company. These assist top management in top-level issues such as developing the personnel aspects of the company’s long-term strategic plan. *Embedded HR teams* have HR generalists (also known as “relationship managers” or “HR business partners”) assigned to functional departments like sales and production. They provide the employee selection and other assistance the departments need. *Centers of expertise* are basically specialized HR consulting firms within the company. For example, one might provide specialized advice in areas such as organizational change to all the company’s various units.<sup>18</sup>

#### LEARNING OBJECTIVE 1-2

Briefly discuss and illustrate the important trends influencing human resource management.

## The Trends Shaping Human Resource Management

Working cooperatively with line managers, human resource managers have long helped employers hire and fire employees, administer benefits, and conduct appraisals. However, trends are occurring that are changing how employers get their human resource management tasks done. The trends include *workforce demographic trends*, *trends in jobs people do*, *technological trends*, and *globalization and economic trends*.

### Workforce Demographics and Diversity Trends

The composition of the workforce will continue to become more diverse with more women, minority group members, and older workers in the workforce.<sup>19</sup> Table 1-1 offers a bird’s-eye view. Between 1992 and 2024, the percent of the workforce that the U.S. Department of Labor classifies as “white” will drop from 85% to 77.7%. At the same time, the percent of the workforce that it classifies as “Asian” will rise from 4% to 6.6%, and those of Hispanic origin will rise from 8.9% to 19.8%. The percentages of younger workers will fall, while those over 55 will about double from 11.8% of the workforce in 1992 to 24.8% in 2024. Many employers call “the aging workforce” a big problem. The problem is that there aren’t enough younger workers to replace the projected number of baby boom-era older workers (born roughly 1946–1964)

**TABLE 1-1 Demographic Groups as a Percent of the Workforce, 1992–2024**

Age, Race, and Ethnicity	1992	2002	2012	2024
Age: 16–24	16.9%	15.4%	13.7%	11.3%
25–54	71.4	70.2	65.3	63.9
55+	11.8	14.3	20.9	24.8
White	85.0	82.8	79.8	77.7
Black	11.1	11.4	11.9	12.7
Asian	4.0	4.6	5.3	6.6
Hispanic origin	8.9	12.4	15.7	19.8

Source: U.S. Bureau of Labor Statistics Economic News Release, [www.bls.gov/news.release/ecopro.t01.htm](http://www.bls.gov/news.release/ecopro.t01.htm), December 19, 2013, and <https://www.bls.gov/news.release/ecopro.t01.htm>, accessed April 16, 2017.

retiring.<sup>20</sup> Many employers are bringing retirees back (or just trying to keep them from leaving).

With the resulting projected workforce shortfalls (not enough younger workers to replace retirees), employers are taking several steps. Many are hiring foreign workers for U.S. jobs. The H-1B visa program lets U.S. employers recruit skilled foreign professionals to work in the United States when they can't find qualified American workers. U.S. employers bring in about 181,000 foreign workers per year under these programs, although such programs face increasing opposition today.<sup>21</sup> Under the Trump administration the Department of Justice and the immigration service is enforcing H-1B rules more forcefully.<sup>22</sup>

### Trends in Jobs People Do

There are three big trends in the jobs people do. First, work has shifted from manufacturing to service. Today over two-thirds of the U.S. workforce is employed in producing and delivering services, not products. By 2024, service-providing industries are expected to account for 129 million out of 160 million (81%) of wage and salary jobs overall.<sup>23</sup> So in the next few years, almost all the new jobs added in the United States will be in services, not in goods-producing industries.

**ON-DEMAND WORKERS** Second, today in companies like Uber and Upwork, most workers aren't employees at all: They're freelancers and independent contractor—gig workers, who work when they can, on what they want to work on, when they're needed.<sup>24</sup> The head of one such firm said employers view those workers as "mobile, independent bundles of skills."<sup>25</sup> Uber signs up thousands and thousands of new independent contractor drivers per month.<sup>26</sup> And people don't just do gigs full-time. About one-third of *all* workers do gig work on the side, such as teachers who drive for Uber.<sup>27</sup> The accompanying HR and the Gig Economy feature elaborates.

### HR AND THE GIG ECONOMY ON-DEMAND WORKERS

Upwork ([www.upwork.com](http://www.upwork.com))<sup>28</sup> symbolizes on-demand work. Millions of freelancers from graphic designers to translators, accountants, and lawyers register on its site. Employers use it to find, screen, hire, and pay the talent they need, in more than 180 countries.<sup>29</sup> These workers are part of a vast workforce comprised of contract, temp, freelance, independent contractor, "on-demand," or simply "gig" workers. Other on-demand sites include Amazon's Mechanical Turk, IKEA's TaskRabbit, and Handy (which lets users tap Handy's thousands of freelance cleaners and furniture assemblers when they need jobs done), and, of course, Uber.<sup>30</sup> Such workers may comprise half the workforce in the next 10 years.<sup>31</sup>

But freelance work goes beyond sites like Handy and Uber. For example employers are using more temp workers and contractors. Before it combined with Alaska Air group, Virgin America used contractors rather than employees for jobs including baggage delivery, reservations, and heavy maintenance.

Anyone using Uber already knows about on-demand workers. It is signing up tens of thousands of new independent contractor drivers per week, a rate that is doubling fast.



REB Images/Blend Images/Getty Images

A trucking company supplies contract workers who unload shipping containers at Walmart warehouses. And (somewhat amazingly) even Google's parent, Alphabet Inc., has about the same number of outsourced jobs as full-time employees.<sup>32</sup> We'll see in gig economy features like these that companies that rely on freelancers and other such nontraditional employees need special HR policies and practices to deal with them.

Gig economy work has detractors.<sup>33</sup> Some people who do these jobs say they can feel somewhat disrespected. One critic says the work is unpredictable and insecure. An article in the *New York Times* said this: "The larger worry about on-demand jobs is not about benefits, but about a lack of agency—a future in which computers, rather than humans, determine what you do, when and for how much."<sup>34</sup> Some gig workers are taking action. For example, some Uber drivers sued to unionize.

**HUMAN CAPITAL** Finally, more jobs are becoming "high tech." Jobs like engineer always emphasized knowledge and education. The big change now is that even traditional manufacturing jobs like assembler are increasingly high tech. Similarly bank tellers, retail clerks, bill collectors, mortgage processors, and package deliverers today need a level of technological sophistication they didn't need a few years ago. So in our increasingly knowledge-based economy, ". . . the acquisition and development of superior human capital appears essential to firms' profitability and success."<sup>35</sup>

For managers, the challenge here is that they have to manage such workers differently. For example, letting workers make more decisions presumes you've selected, trained, and rewarded them to make more decisions themselves. This means adjusting how you select, train, and engage these employees.<sup>36</sup> To paraphrase one recent headline, technology is useless without skilled workers.<sup>37</sup> The accompanying HR as a Profit Center discussion illustrates how one employer capitalized on its human capital.



## IMPROVING PERFORMANCE: HR AS A PROFIT CENTER

### Boosting Customer Service

A bank installed special software that made it easier for its customer service representatives to handle customers' inquiries. However, the bank did not otherwise change the service reps' jobs in any way. Here, the new software system did help the service reps handle more calls. But otherwise, this bank saw no big performance gains.<sup>38</sup>

A second bank installed the same software. But, seeking to capitalize on how the new software freed up customer reps' time, this bank also had its human resource team upgrade the customer service representatives' jobs. This bank taught them how to sell more of the bank's services, gave them more authority to make decisions, and raised their wages. Here, the new computer system dramatically improved product sales and profitability, thanks to the newly trained and empowered customer service reps. Value-added human resource practices like these improve employee performance and company profitability.<sup>39</sup> ■

### MyLab Management Talk About It 1

If your professor has assigned this, go to the Assignments section of [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete this discussion. Discuss three more specific examples of what you believe this second bank's HR department could have done to improve the reps' performance.

### Globalization Trends

Globalization refers to companies extending their sales, ownership, and/or manufacturing to new markets abroad. Thus, Toyota builds Camrys in Kentucky, while Apple assembles iPhones in China. Free trade areas—agreements that reduce tariffs and barriers among trading partners—further encourage international trade. The North American Free Trade Agreement (NAFTA) and the European Union (EU) are examples.

Globalization has boomed for the past 50 or so years. For example, the total of U.S. imports plus exports rose from \$562 billion in 1980, to about \$5.2 trillion recently.<sup>40</sup> Evolving economic and political philosophies drove this boom. Governments dropped cross-border taxes or tariffs, formed economic free trade areas, and took other steps to encourage the free flow of trade among countries. The economic rationale was that by doing so, all countries would gain, and indeed, economies around the world did grow.

At the same time, globalization vastly increased international competition. More globalization meant more competition, and more competition meant more pressure to be “world class”—to lower costs, to make employees more productive, and to do things better and less expensively. Today a loss of jobs and growing income inequities are prompting some to rethink the wisdom of globalization.<sup>41</sup>

So globalization hasn't been without significant cost. As multinational companies jockey for position, many transfer operations abroad, not just to seek cheaper labor but also to tap into new markets. For example, Toyota has thousands of sales employees based in America, while GE has over 10,000 employees in France. The search for greater efficiencies prompts some employers to *offshore* (export jobs to lower-cost locations abroad, as when Dell offshore some call-center jobs to India). Some employers offshore even highly skilled jobs such as lawyer.<sup>42</sup> Managing the “people” aspects of globalization is a big task for companies that expand abroad—and for their HR managers.<sup>43</sup>

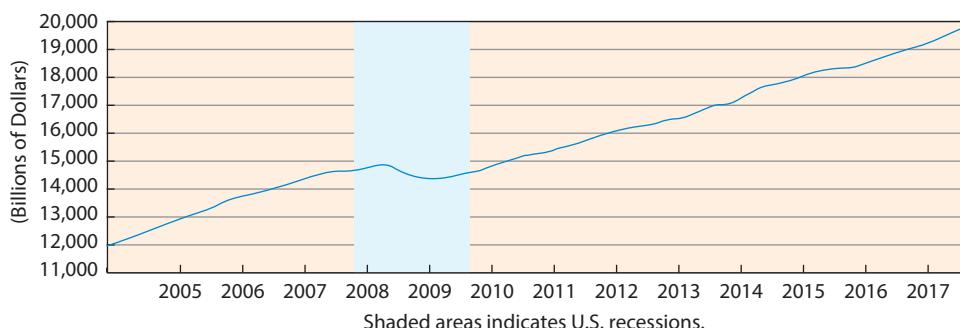
### Economic Trends

Although globalization supported a growing global economy, the period from roughly 2007–2015 was difficult economically. As you can see in Figure 1-2, gross domestic product (GDP)—a measure of the United States of America's total output—boomed between 2001 and 2007. During this period, home prices (see Figure 1-3) leaped as much as 20% per year. Unemployment remained docile at about 4.7%.<sup>44</sup> Then, around 2007–2008, all these measures fell off a cliff. GDP fell. Home prices dropped by 10% or more (depending on city). Unemployment nationwide soon rose to more than 10%.

Why did all this happen? It's complicated. Many governments stripped away rules and regulations. For example, in America and Europe, the rules that prevented commercial banks from expanding into new businesses such as investment banking were relaxed. Giant, multinational “financial supermarkets” such as Citibank emerged. With

**FIGURE 1-2** Gross Domestic Product, 2005–2017

Source: St. Louis Federal Reserve Bank, <https://fred.stlouisfed.org/series/GDP>, accessed March 9, 2018.



fewer regulations, more businesses and consumers were soon deeply in debt. Homebuyers bought homes with little money down. Banks freely lent money to developers to build more homes. For almost 20 years, U.S. consumers spent more than they earned. The United States became a debtor nation. Its balance of payments (exports minus imports) went from a healthy *positive* \$3.5 billion in 1960, to a huge *minus* (imports exceeded exports) \$497 billion deficit more recently.<sup>45</sup> The only way the country could keep buying more from abroad than it sold was by borrowing money. So, much of the boom was built on debt.

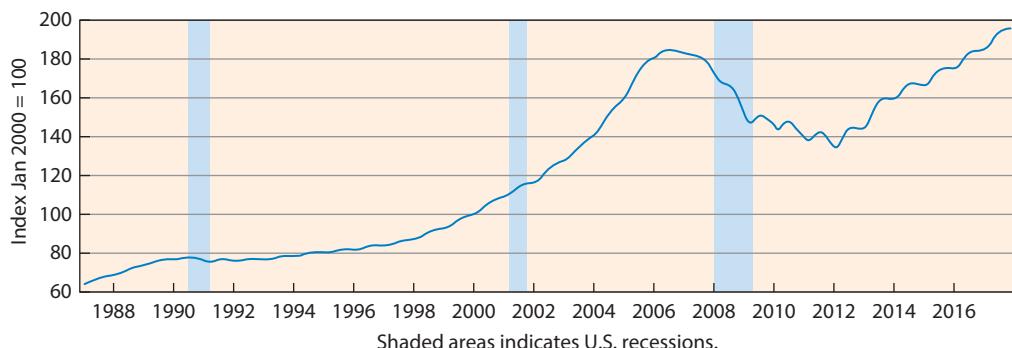
Around 2007, all those years of accumulating debt ran their course. Banks and other financial institutions found themselves owning trillions of dollars of worthless loans. Governments stepped in to try to prevent their collapse. Lending dried up. Many businesses and consumers stopped buying. The economy tanked.

Economic trends have moved up today, and hopefully they will continue to do so. For example, the unemployment rate had fallen from a high of more than 10% a few years ago to around 5% in 2015, and to about 4% in 2018, and GDP was growing at about 4.0% in 2018.<sup>46</sup>

However, that doesn't necessarily mean clear sailing for the economy. For one thing, the Federal Reserve Board, which supported economic expansion after the Great Recession, began raising interest rates as a guard against inflationary pressures. For another, productivity is rising more slowly than in the past, which may further retard economic growth.<sup>47</sup> (Automation may change that. In Asia robots are replacing human labor in clothing factories, and many experts predict automation will soon replace jobs ranging from bookkeepers and telemarketers to cashiers, retail salespeople, and, alas, human resources assistants.)<sup>48</sup> And after the experience of 2007–2009, it's doubtful that the leveraging and globalization that helped drive economic growth for the previous 50 years will continue unabated. Add it all up, and the bottom line could possibly be slowing economic growth ahead. Overall, the Bureau of Labor Statistics and the Congressional Budget Office project that gross domestic product (GDP) will increase by about 2.0% annually from 2020 to 2026, slower than the 3% or higher that more or less prevailed from the mid-1990s through the mid-2000s.<sup>49</sup>

**FIGURE 1-3** Case-Shiller U.S. National Home Price Index, 1988–2016

Source: St. Louis Federal Reserve Bank, <https://fred.stlouisfed.org/series/CSUSHPINSA>, accessed March 9, 2018.



**LABOR FORCE TRENDS** Complicating all this is the fact that the labor force in America is growing more slowly (which is not good, because if employers can't get enough workers, they can't expand).<sup>50</sup> To be precise, the Bureau of Labor Statistics projects the labor force to grow at 0.6% per year from 2016 to 2026. That's up from an annual growth rate of 0.5% during the 2002–2012 decade, but is much slower than in previous decades.<sup>51</sup> Why the slower labor force growth? Mostly because with baby boomers aging, the “labor force participation rate” is falling—in other words, the *percent* of the population (particularly 25- to 54-year-olds) that wants to work is way down.<sup>52</sup> One study of 35 large global companies’ senior human resource officers said “talent management”—the acquisition, development, and retention of talent to fill the companies’ employment needs—ranked as their top concern.<sup>53</sup>

**THE UNBALANCED LABOR FORCE** Furthermore, demand for workers is unbalanced; for example, the unemployment rate for, say, recent college graduates in general was higher than that of software engineering graduates.<sup>54</sup> In fact, almost half of employed U.S. college graduates are in jobs that generally require less than a four-year college education.<sup>55</sup> Why did this happen? In brief, because most of the jobs that the economy added in the past few years don’t require college educations, and the Bureau of Labor Statistics says that will probably continue. Occupations that *do not* typically require postsecondary education employed nearly two-thirds of workers recently.<sup>56</sup> Similarly, about two-thirds of the occupations with the largest projected employment growth from 2014 to 2024 typically do not require postsecondary education for entry.<sup>57</sup> Such imbalances are complicated by a skills gap. For example, the manager of a PPG paint and coatings plant in Wisconsin, says they’re “always short people” because they can’t find enough skilled workers.<sup>58</sup>

The result is an unbalanced labor force: in some occupations (such as engineering) unemployment rates are low, while in others unemployment rates are still relatively high; recruiters in many companies can’t find candidates, while in others there’s a wealth of candidates;<sup>59</sup> and many people working today are in jobs “below” their expertise (which may or may not help to explain why about 70% of employees report being psychologically disengaged at work). In any case, the bottom line is more pressure on employers (and their human resource managers and line managers) to get the best efforts from their employees.

### Technology Trends

Technology is changing human resource management in two main ways. First (as we saw), technological change is affecting *the nature of jobs*.<sup>60</sup> When someone thinks of “tech jobs,” jobs at Google come to mind, but technology affects all sorts of jobs. At an Alcoa plant in Iowa, a computer at each workstation helps employees control their machines or communicate data. Employees type their commands into computerized machines that create precision parts.<sup>61</sup>

Second, technology is changing *how employers get human resource management tasks done*. In one survey 41% of companies were designing mobile apps to deliver human resource management services, and about a third were using artificial intelligence.<sup>62</sup> Several technologies are important here:

- Employers use *social media* tools such as Twitter, Facebook, and LinkedIn (rather than, say, employment agencies) to recruit new employees. Accenture estimates that social media tools like LinkedIn will soon produce up to 80% of new recruits—often letting line managers bypass HR and do their own recruiting.<sup>63</sup> Sites such as Glassdoor and JobBite let their members share insights into employers, including commentaries, salary reports, and CEO approval ratings. According to one report, 48% of job seekers surveyed said they’ve used Glassdoor during their job search.<sup>64</sup> This transparency prompts sensible human resource managers to redouble their efforts to ensure that their internal processes (such as performance appraisals) are civil.
- Employers use *mobile applications*, for instance, to monitor employee location and to provide digital photos at the facility clock-in location to identify workers.

- Web sites such as Knack, Gild, and True Office enable employers to inject *gaming* features into training, performance appraisal, and recruiting.
- *Cloud computing*-based tools enable employers to monitor things like a team's goal attainment and to provide real-time direct evaluative feedback. Others use cloud-based systems to track employee engagement in real time via quick surveys. SAP and Kronos offer cloud-based systems for in-taking, tracking, and scheduling freelance gig workers.<sup>65</sup>
- *Data analytics* basically means using statistical techniques, algorithms, and problem solving to identify relationships among data for the purpose of solving particular problems (such as how can I tell in advance which of my best employees is likely to quit?). When applied to human resource management, data analytics is called *talent analytics*.

As one example, an employer operated for many years on the assumption that what mattered in hiring was the school the candidate attended, the grades they had, and their references. A retrospective talent analytics study showed that these traits didn't matter at all. What mattered were things like: their résumés were grammatically correct, they didn't quit school until obtaining some degree, and they were able to succeed with vague instructions.<sup>66</sup> At GE, an analytics tool helps management identify when key employees are likely to leave GE.<sup>67</sup> When executives at Shell needed employees with expertise in car maintenance, it used its analytics-based talent search algorithm to scan current Shell employees to find those with the right skills.<sup>68</sup>

- *Artificial intelligence* (AI) basically means using computers to do tasks in human-like ways. For example, companies use AI for: scanning and transferring customer address changes from e-mails to the company's data records ("automation"); and to "learn" and predict which job applicants will succeed, and which are most likely to leave ("analysis"). And, when you call an airline and find yourself answering questions from an automated system, they're using AI to "engage" with customers.<sup>69</sup> At one insurance firm in Japan, IBM's Watson artificial intelligence system enables inexperienced employees to analyze claims like experts.<sup>70</sup>
- *Augmented reality* (AR) transforms huge amounts of data and superimposes digital summaries and images on the physical world. For example, if your car shows the car's speed and direction directly on the windshield, you're experiencing AR. Employers use AR for human resource management too. For example, Boeing uses AR to help trainees learn the 50 steps required to assemble an aircraft wing section.<sup>71</sup>

#### LEARNING OBJECTIVE 1-3

Briefly describe six important components or pillars of human resource management today.

## Important Components of Today's New Human Resource Management

### A Brief History of Personnel/Human Resource Management

"Personnel management" is not new.<sup>72</sup> Ancient armies and organized efforts always required attracting, selecting, training, and motivating workers. But personnel tasks like these were mostly just part of every manager's job, something that lasted in most countries until the late 1800s. At that time, labor problems (having to hire and assimilate large numbers of workers, for instance) began arising in many of the post-Industrial Revolution's new factories. Soon employers were setting up "welfare offices" and "welfare secretaries" to manage activities like factory washrooms, and "safety bureaus" to oversee plant safety. By 1900, employers set up the first "hiring offices," training programs, and factory schools. Personnel management had begun.

In these early firms, personnel managers took over hiring and firing from supervisors, ran the payroll departments, and administered benefits plans. As expertise in testing emerged, personnel departments played a greater role in employee selection and training.<sup>73</sup> New union laws in the 1930s added "Helping the employer deal with unions" to personnel's tasks. New equal employment laws in the 1960s made employers

more reliant on personnel management to avoid discrimination claims.<sup>74</sup> By the 1970s globalization made gaining a competitive edge through engaged employees—and therefore personnel management—increasingly important.

Today economic and demographic trends (recall the aging population, for instance) make finding, hiring, and motivating employees more challenging, while at the same time more high-tech jobs means employers must excel at managing employees' knowledge, skills, and expertise (human capital). Furthermore, as we've seen, technological trends including mobile and social media are changing how employers recruit, select, train, appraise, and motivate employees.<sup>75</sup> In a sense, a new human resource management is emerging, one built on six main components or pillars.

### Distributed HR and the New Human Resource Management

First, thanks to technologies like social media and cloud computing, more human resource management tasks are being *redistributed* from a central HR department *to* the company's employees and line managers.<sup>76</sup> For example, employees at Washington-based LivingSocial use a digital tool called Rypple to comment on each other's work. LivingSocial then uses these comments as an input to its formal employee appraisals.

Some experts say that if current trends continue, many aspects of HR and talent management may become “fully embedded in how work gets done throughout an organization [distributed], thereby becoming an everyday part of doing business.”<sup>77</sup> So, somewhat ironically, we seem to be shifting in some respects back toward the time before the first personnel departments when line managers did more of the personnel tasks. As an example, Hilton Worldwide is placing more HR activities in the hands of employees, while redirecting the savings thus attained to building up the more strategic aspects of what its human resource managers do.<sup>78</sup> In the following chapters, we'll use Trends Shaping HR discussions like the accompanying one to present more examples.



### TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA

#### Digital and Social Media Tools and the New Human Resource Management

Digital and social media tools are changing how people look for jobs, and how companies recruit, retain, pay, and train employees. In doing so, they've created, in a sense, a new human resource management.

For example, career sites such as Glassdoor, CareerBliss, CareerLeak, and JobBite let their members share insights into thousands of employers, including company commentaries, salary reports, and CEO approval ratings.<sup>79</sup> According to one report, 48% of job seekers surveyed said they've used Glassdoor during their job search, including checking before applying for employment at a company.<sup>80</sup> Among other things, this prompts sensible human resource managers to make sure their internal processes (such as promotion decisions, pay allocations, and performance appraisals) are fair, and that their recruitment processes are civil—for instance, by getting back to rejected job candidates.

Recruitment is another familiar way social media revolutionized human resource management. For example, managers use LinkedIn to find passive employment candidates (those not actively looking for jobs), and to check out active candidates. Another site, Gild, lets managers find skilled software engineers by searching the Web for open source code; they then evaluate the code's programmers by scanning technology forums to assess the programmers' reputations. ■

#### A Quick Overview

We can summarize a quick overview of our discussion to this point as follows:

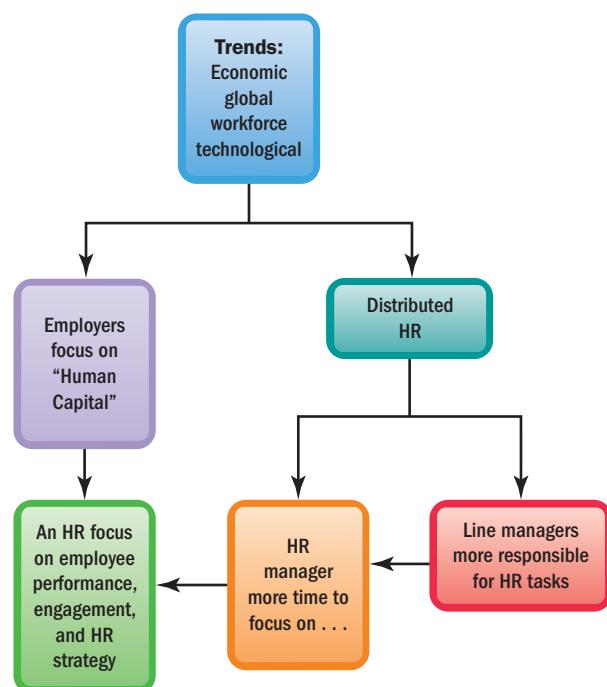
- One big consequence of globalized competition, economic and demographic trends, and the shift to high-tech and service jobs is the growing need for employers to get the best from their “human capital,” in other words, from their workers’ knowledge, education, training, skills, and expertise.

Like many employers, Hilton Worldwide is “distributing HR”—placing more HR activities in the hands of employees.



- This requires, among other things, using human resource methods to improve employee performance and engagement.
- Thanks to digital devices and social media, employers are shifting (distributing) more HR tasks from central human resource departments to employees and line managers.
- This gives many line managers more human resource management responsibilities.
- And this means that many human resource managers can refocus their efforts *from* day-to-day activities like interviewing candidates *to* broader efforts, such as formulating strategies for boosting employee performance and engagement. Figure 1-4 illustrates this.

**FIGURE 1-4** What Trends Mean for Human Resource Management



### strategic human resource management

Formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

### Strategic Human Resource Management

A second pillar of HR today is that today's human resource management is more involved in longer-term, strategic "big picture" issues. We'll see in Chapter 3 (Strategy) that **strategic human resource management** means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims. We illustrate this throughout this book with Strategic Context features such as the accompanying one.

## ■ IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT

### Building L.L.Bean

*Strategic human resource management* means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

L.L.Bean illustrates how companies do this. The heart of L.L.Bean's strategy has always been offering great outdoor equipment with outstanding service and expert advice. As its company history said, "L.L.Bean, Inc., quickly established itself as a trusted source for reliable outdoor equipment and expert advice. The small company grew. Customers spread the word of L.L.Bean's quality and service."<sup>81</sup>

To provide such service, L.L.Bean needs special people as employees, ones whose love of the outdoors helps them deal knowledgeably and supportively with the company's customers. To paraphrase its Web site, L.L.Bean is looking for special employees, "innovative professionals with a love for the outdoors, a commitment to service and a shared excitement for the future."<sup>82</sup>

L.L.Bean's HR policies and practices attract and develop just such employees. For one thing, the company knows just who to recruit. It wants passionate, sociable, friendly, outdoors-oriented applicants and employees.<sup>83</sup> To attract and cultivate these sorts of employee competencies and behaviors, the company uses multiple interviews to screen out applicants who might not fit in.<sup>84</sup> And L.L.Bean offers an outdoors-oriented work environment and competitive pay, and benefits that include outdoor clubs, sporting equipment to borrow, and outdoor courses and tours.<sup>85</sup>

To help encourage great employee service, L.L.Bean also provides a supportive environment. For example, when its Web sales for the first time exceeded phone sales several years ago, L.L.Bean closed four local call centers, but arranged for the 220 employees to work from their homes. And instead of sending jobs abroad, the company keeps its jobs close to the town where Leon Leonwood Bean started his company almost 100 years ago.<sup>86</sup> L.L.Bean's managers built the firm's strategy and success around courteous, expert service. They know that having the right employees is the key to its success, and that it takes the right blend of human resource practices to attract and support such employees.

### MyLab Management Talk About It 2

If your professor has assigned this, go to the Assignments section of [www.pearson.com/mylab/management](http://www.pearson.com/mylab/) to complete these discussion questions. What would you say are (1) L.L.Bean's strategic aims, (2) its required employee behaviors and skills to achieve these aims, and (3) HR policies and practices it needs to produce these necessary employee behaviors and skills?

As in the Strategic Context feature, today's employers want their HR managers to put in place practices that will produce the employee behaviors that help the company achieve its strategic aims. We use a model opening in each chapter to illustrate this idea, but in brief the model follows this three-step sequence: Set the firm's strategic aims → Pinpoint the employee behaviors and skills we need to achieve these strategic aims → Decide what HR policies and practices will enable us to produce these necessary employee behaviors and skills.

### Performance and Human Resource Management

Third, employers also expect human resource management to spearhead *employee performance-improvement* efforts.<sup>87</sup> Here HR can apply three levers. The first is the *HR department lever*. The HR manager ensures that the human resource management function is delivering services efficiently. For example, this might include outsourcing certain activities such as benefits management, and using technology to deliver its services more cost-effectively.

The second is the *employee costs lever*. For example, the human resource manager takes a prominent role in advising top management about the company's staffing levels, and in setting and controlling the firm's compensation, incentives, and benefits policies.

The third is the *strategic results lever*. Here the HR manager puts in place the policies and practices that produce the employee competencies and skills the company needs to achieve its strategic goals. That's what was done at L.L.Bean, for instance.

**HR AND PERFORMANCE MEASUREMENT** Improving performance requires measuring what you are doing. For example, when IBM's former chief HR officer needed \$100 million to reorganize its HR operations several years ago, he told top management, "I'm going to deliver talent to you that's skilled and on time and ready to be deployed. I will be able to measure the skills, tell you what skills we have, what [skills] we don't have [and] then show you how to fill the gaps or enhance our training."<sup>88</sup>

Human resource managers use performance measures (or "metrics") to validate claims like these. For example, the average number of HR employees per 100 total employees is 2.57.<sup>89</sup> We'll address this in Chapter 3.

**HR AND EVIDENCE-BASED MANAGEMENT** Basing decisions on such evidence is the heart of *evidence-based human resource management*. This is the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions.<sup>90</sup> Put simply, evidence-based human resource management means using the best-available evidence in making decisions about the human resource management practices you are focusing on.<sup>91</sup> The evidence may come from *actual measurements* (such as, how did the trainees like this program?). It may come from *existing data* (such as, what happened to company profits after we installed this training program?). Or, it may come from published *research studies* (such as, what does the research literature conclude about the best way to ensure that trainees remember what they learn?).

**HR AND ADDING VALUE** The bottom line is that today's employers want their human resource managers to *add value* by boosting profits and performance. Professors Dave Ulrich and Wayne Brockbank coined the phrase "HR Value Proposition."<sup>92</sup> They say human resource management's aim is to add value. *Adding value* means helping the firm and its employees improve in a measurable way as a result of the human resource manager's actions. Particularly today, adding value does not just mean cutting costs. It also entails improving the company's processes, aligning HR's activities with the company's strategy, and fostering employee engagement.<sup>93</sup> We'll see in this book how human resource practices do this.<sup>94</sup> For example, we'll use, in each chapter, HR as a Profit Center discussions (as on pages 9–10), as well as special employee engagement, and human resource strategy discussions and cases to illustrate this.

### Sustainability and Human Resource Management

Fourth, in a world where sea levels are rising, glaciers are crumbling, and people increasingly view financial inequity as offensive, more and more people say that businesses (and their HR teams) can't just measure "performance" in terms of maximizing profits. They argue that companies' efforts should be "*sustainable*," by which they mean judged not just on profits, but also on their environmental and social performance as well.<sup>95</sup> As one example, PepsiCo has a goal to deliver "Performance with Purpose"—in other words, to deliver financial performance while also achieving human sustainability, environmental sustainability, and talent sustainability. PepsiCo wants to achieve business and financial success while leaving a positive imprint on society (click [www.pepsico.com](http://www.pepsico.com), then click *Sustainability*, and then *Performance with Purpose*). As another example, the giant French materials company Saint-Gobain recently opened new offices in Pennsylvania. Its human resource management department took a lead in creating sustainable offices, for instance, in terms of indoor air purity monitors.<sup>96</sup> In one survey, about 80% of large surveyed companies report their sustainability performance.<sup>97</sup>

**employment engagement**

The extent to which an organization's employees are psychologically involved in, connected to, and committed to getting their jobs done.

**Employee Engagement and Human Resource Management**

Fifth, **employee engagement** refers to being psychologically involved in, connected to, and committed to getting one's jobs done. Engaged employees "experience a high level of connectivity with their work tasks," and therefore work hard to accomplish their task-related goals.<sup>98</sup> Employers expect HR to help achieve employee engagement today.

Employee engagement is vital to employers today because it drives performance. For example (as we will discuss in Chapter 3), based on one Gallup survey, business units with the highest levels of employee engagement have an 83% chance of performing above the company median; those with the lowest employee engagement have only a 17% chance.<sup>99</sup> A survey by consultants Watson Wyatt Worldwide concluded that companies with highly engaged employees have 26% higher revenue per employee.<sup>100</sup>

The problem for employers is that only about 21–30% of today's employees nationally are engaged.<sup>101</sup> In one survey, about 30% were engaged, 50% were not engaged, and 20% were actively disengaged (antimanagement).<sup>102</sup>

We will see in this book that managers improve employee engagement by taking concrete steps to do so. For example, a few years ago, Kia Motors (UK) turned its performance around, in part by boosting employee engagement.<sup>103</sup> As we will discuss more fully in Chapter 3, it did this with new HR programs. These included new *leadership development* programs, new *employee recognition* programs, improved *internal communications* programs, a new *employee development* program, and by modifying its *compensation and other policies*. We use special Employee Engagement Guide for Managers sections in most chapters to show how managers use human resource activities such as recruiting and selection to improve employee engagement.

**Ethics and Human Resource Management****ethics**

The principles of conduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be.

Finally, **ethics** means the standards someone uses to decide what his or her conduct should be. Regrettably, news reports are filled with stories of otherwise competent managers who have run amok. For example, prosecutors filed criminal charges against several Iowa meatpacking plant human resource managers who allegedly violated employment law by hiring children younger than 16.<sup>104</sup> Behaviors like these risk torpedoing even otherwise competent managers and employers. We will see that many ethical issues—such as workplace safety—are HR-related, and that HR plays a big role in cultivating organizational ethics today.<sup>105</sup>

**LEARNING OBJECTIVE 1-4**

**List** at least four important human resource manager competencies.

**The New Human Resource Manager**

All this means that it's more complicated being a human resource manager today.<sup>106</sup> Tasks like formulating strategies and making data-based decisions require new competencies and skills. HR managers can't just be good at traditional personnel tasks like hiring and training. Instead, they must "speak the CFO's language" by defending human resource plans in measurable terms (such as return on investment).<sup>107</sup> To create strategic plans, the human resource manager must understand strategic planning, marketing, production, and finance. As companies merge and expand abroad, HR managers must formulate and implement large-scale organizational changes, drive employee engagement, and redesign organizational structures and work processes. None of this is easy.

When asked, "Why do you want to be an HR manager?" many people basically say, "Because I'm a people person." Being sociable is certainly important, but it takes much more.

What does it take to be a human resource manager today? The Society for Human Resource Management (SHRM) introduced a "competency model" (called the SHRM Body of Competency and Knowledge™); it itemizes the competencies, skills, and knowledge and expertise human resource managers need. Here are the *behaviors or competencies* (with definitions) SHRM says today's HR manager should exhibit

- **Leadership and Navigation** The ability to direct and contribute to initiatives and processes within the organization

- **Ethical Practice** The ability to integrate core values, integrity, and accountability throughout all organizational and business practices
- **Business Acumen** The ability to understand and apply information with which to contribute to the organization's strategic plan
- **Relationship Management** The ability to manage interactions to provide service and to support the organization
- **Consultation** The ability to provide guidance to organizational stakeholders
- **Critical Evaluation** The ability to interpret information with which to make business decisions and recommendations
- **Global and Cultural Effectiveness** The ability to value and consider the perspectives and backgrounds of all parties
- **Communication** The ability to effectively exchange information with stakeholders

SHRM also says human resource managers must have command of *the basic knowledge in the functional areas of HR*, such as talent acquisition. The basic knowledge of each function's principles and practices they need here include, according to SHRM

- Functional Area #1: HR Strategic Planning
- Functional Area #2: Talent Acquisition
- Functional Area #3: Employee Engagement & Retention
- Functional Area #4: Learning & Development
- Functional Area #5: Total Rewards
- Functional Area #6: Structure of the HR Function
- Functional Area #7: Organizational Effectiveness & Development
- Functional Area #8: Workforce Management
- Functional Area #9: Employee & Labor Relations
- Functional Area #10: Technology Management
- Functional Area #11: HR in the Global Context
- Functional Area #12: Diversity & Inclusion
- Functional Area #13: Risk Management
- Functional Area #14: Corporate Social Responsibility
- Functional Area #15: U.S. Employment Law & Regulations

### HR Manager Certification

Many human resource managers use certification to demonstrate their mastery of contemporary human resource management knowledge and competencies. Managers have, at this writing, at least two testing processes to achieve certification.

HR managers can't just be good at traditional personnel tasks like hiring and training, but must "speak the CFO's language" by defending human resource plans in measurable terms.



The oldest is administered by the HR Certification Institute (HRCI), an independent certifying organization for human resource professionals (see [www.hrci.org](http://www.hrci.org)). Through testing, HRCI awards several credentials, including Professional in Human Resources (PHR), and Senior Professional in Human Resources (SPHR). Managers can review HRCI's Knowledge Base and take an online HRCI practice quiz by going to [www.hrci.org](http://www.hrci.org) and clicking on How to Get Certified and then on HRCI Practice Exams.<sup>108</sup>

SHRM offers its own competency and knowledge-based testing and certifications, for SHRM Certified Professionals, and SHRM Senior Certified Professionals, based on its own certification exams.<sup>109</sup> The exam is built around the SHRM Body of Competency and Knowledge™ model's functional knowledge, skills, and competencies.

We've summarized separately the SHRM and the HRCI knowledge bases in Appendices A and B of this book (pages 614–634). One covers SHRM's functional knowledge areas (such as Employee Relations). The other covers HRCI's seven main knowledge areas (such as Strategic Business Management and Workforce Planning and Employment. It includes about 91 specific HRCI "Knowledge of" subject areas within these seven main topic areas with which those taking the test should be familiar.

You'll find throughout this book special Knowledge Base icons starting in Chapter 2 to denote coverage of SHRM and/or HRCI knowledge topics.

### **HR and the Manager's Human Resource Philosophy**

Technical expertise is important, but at the end of the day, people's actions are always based in part on the basic assumptions they make, and this is especially true in regard to human resource management. The basic assumptions you make about people—Can they be trusted? Do they dislike work? Why do they act as they do? How should they be treated?—together comprise your philosophy of human resource management. And every personnel decision you make—the people you hire, the training you provide, your leadership style, and the like—reflects (for better or worse) this basic philosophy.

How do you go about developing such a philosophy? To some extent, it's preordained. There's no doubt that you will bring to your job an initial philosophy based on your experiences, education, values, assumptions, and background. But your philosophy doesn't have to be set in stone. It should evolve as you accumulate knowledge and experiences. For example, after a worker uprising in China at the Hon Hai-owned Foxconn plant that assembles Apple iPhones, the personnel philosophy at the plant softened in response to the workers' (and Apple's) discontent.<sup>110</sup> In any case, no manager should manage others without first understanding the personnel philosophy that is driving his or her actions.

One of the things molding your own philosophy is that of your organization's top management. While it may or may not be stated, it is usually communicated by the managers' actions and permeates every level and department in the organization. For example, here is part of the personnel philosophy of the founder of the Polaroid Corp., stated many years ago:

To give everyone working for the company a personal opportunity within the company for full exercise of his talents—to express his opinions, to share in the progress of the company as far as his capacity permits, and to earn enough money so that the need for earning more will not always be the first thing on his mind. The opportunity, in short, to make his work here a fully rewarding and important part of his or her life.<sup>111</sup>

Current "best companies to work for" lists include many organizations with similar philosophies. For example, the CEO of software giant SAS has said,

We've worked hard to create a corporate culture that is based on trust between our employees and the company . . . a culture that rewards innovation, encourages employees to try new things and yet doesn't penalize them for taking chances, and a culture that cares about employees' personal and professional growth.<sup>112</sup>

Similarly, when Google founders Larry Page and Sergey Brin began building Google, they set out to make it a great place to work. Google doesn't just offer abundant benefits and stock options.<sup>113</sup> Google's team of social scientists run experiments, for instance, to determine successful middle managers' skills.<sup>114</sup> The aim is to keep "Googlers" happy (and Google successful and growing). We'll look closer at how managers maintain positive employee relations in Chapters 3 and 13.

### MyLab Management Apply It!

How does a company actually go about putting its human resource philosophy into action? If your professor has assigned this activity, go to the Assignments section of [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete the video exercise.

#### LEARNING OBJECTIVE 1-5

**Outline** the plan of this book.

## The Plan of This Book

### The Basic Themes and Features

In this book, we'll use four themes and features to highlight particularly important issues, and to provide continuity from chapter to chapter.

### Practical Tools for Every Manager

*First*, human resource management is the *responsibility of every manager*—not just those in human resources. Throughout every page in this book, you'll therefore find an emphasis on practical material that you as a manager will need to perform your day-to-day management responsibilities, even if you never spend one day as an HR manager. Special *HR Tools for Line Managers and Small Businesses* discussions provide small business owners/managers in particular with techniques to better manage their small businesses. *Know Your Employment Law* discussions highlight the practical information all managers need to make better HR-related decisions at work. *Employee Engagement Guide for Managers* discussions show how managers improve employee engagement.

*Second*, managers use human resource management techniques to *improve performance, productivity, and profitability*. To highlight this, you will find special discussions titled:

#### **Improving Performance: HR Tools for Line Managers and Small Businesses.**

These discussions highlight actual tools and practices any manager can use to improve performance at work.

**Improving Performance: HR as a Profit Center.** We've seen that employers want human resource management practices that add value. To illustrate this throughout the book, most chapters contain an illustrative Improving Performance: HR as a Profit Center discussion. These show actual examples of how human resource management practices add measurable value—by reducing costs or boosting revenues.

**Improving Performance: HR Practices Around the Globe.** These features highlight how actual companies around the globe use effective HR practices to improve their teams' and companies' performance.

**Improving Performance Through HRIS.** These discussions highlight how managers use human resource technology to improve performance.

**Diversity Counts.** These features provide insights and guidelines for managing a diverse workforce.

*Third*, the book emphasizes how digital and high-tech trends are shaping human resource management. You'll therefore find *Trends* discussions such as *Trends Shaping HR: Digital and Social Media* in most chapters.

*Fourth*, particularly with today's "distributed HR," every line and staff manager should understand how the employer's human resource management policies and practices produce the employee skills and performance the company needs to achieve

its strategic aims. Special chapter-opener scenarios and *Improving Performance: The Strategic Context* features illustrate this in most chapters. And we'll use the Hotel Paris continuing case starting in Chapter 3 to apply that idea.

## Chapter Contents Overview

Following is a brief overview of the chapters and their content.

### PART 1: INTRODUCTION

Chapter 1: Introduction to Human Resource Management. The manager's human resource management jobs; crucial global and competitive trends; how managers use technology and modern HR measurement systems to improve HR management.

Chapter 2: Equal Opportunity and the Law. What you should know about equal opportunity laws; how these laws affect activities such as interviewing, selecting employees, and evaluating performance; *Know Your Employment Law* features highlight important laws in each chapter.

Chapter 3: Human Resource Management Strategy and Analysis. What is strategic planning; strategic human resource management; building high-performance HR practices; tools for evidence-based HR; employee engagement at Kia Motors.

### PART 2: RECRUITMENT, PLACEMENT, AND TALENT MANAGEMENT

Chapter 4: Job Analysis and the Talent Management Process. How to analyze a job; how to determine the human resource requirements of the job, as well as its specific duties; and what is talent management.

Chapter 5: Personnel Planning and Recruiting. Human resource planning; determining what sorts of people need to be hired; recruiting them.

Chapter 6: Employee Testing and Selection. Techniques you can use to ensure that you're hiring the right people.

Chapter 7: Interviewing Candidates. How to interview candidates effectively.

### PART 3: TRAINING AND DEVELOPMENT

Chapter 8: Training and Developing Employees. Providing the training and development to ensure that your employees have the knowledge and skills needed to accomplish their tasks.

Chapter 9: Performance Management and Appraisal. Techniques you can use for appraising employee performance.

Chapter 10: Managing Careers and Retention. Causes of and solutions for employee turnover, and how to help employees manage their careers.

### PART 4: COMPENSATION

Chapter 11: Establishing Strategic Pay Plans. How to develop equitable pay plans for your employees.

Chapter 12: Pay for Performance and Financial Incentives. Pay-for-performance plans such as financial incentives, merit pay, and incentives that help tie performance to pay.

Chapter 13: Benefits and Services. Providing benefits that make it clear the firm views its employees as long-term investments and is concerned with their welfare.

**PART 5: ENRICHMENT TOPICS IN HUMAN RESOURCE MANAGEMENT**

Chapter 14: Building Positive Employee Relations. Developing employee relations programs and employee involvement strategies; ensuring ethical and fair treatment through discipline and grievance processes.

Chapter 15: Labor Relations and Collective Bargaining. How to deal with unions, including the union organizing campaign; negotiating and agreeing upon a collective bargaining agreement between unions and management; and managing the agreement via the grievance process.

Chapter 16: Safety, Health, and Risk Management. How to make the workplace safe, including the causes of accidents; laws governing your responsibilities for employee safety and health; risk management methods.

Chapter 17: Managing Global Human Resources. Special topics in managing the HR side of multinational operations.

Chapter 18: Managing Human Resources in Small and Entrepreneurial Firms. Special topics for managing human resources in smaller firms.

**The Topics Are Interrelated**

In practice, do not think of each of this book’s topics as being unrelated to the others. Each topic interacts with and affects the others, and all should align with the employer’s strategic plan. For example, hiring people who don’t have the potential to learn the job will doom their performance, regardless of how much training they get. Similarly, we will see throughout this book that each human resource management function, from job analysis to recruiting, selecting, training, and rewarding employees, should aim to produce the employee behaviors and competencies that the company needs to achieve its strategic goals.

## Chapter Review

### Chapter Section Summaries

**1-1.** All managers should be able to answer, **What is human resource management, and why is it important?** Doing so helps managers avoid problems like hiring the wrong person for the job. And more important, it can help ensure that managers get results through people. Line managers’ human resource duties include placing the right person on the job, and orienting and training new employees.

**1-2.** The trends shaping human resource management are influencing what human resource managers do and how they do it. Globalization means more competition, and more competition means more pressure to lower costs and to make employees more productive and quality conscious. Technology is requiring more employees to be technologically well informed and pressuring employers to improve their human resource processes by applying new distributive technological tools. There is more emphasis on “knowledge work” and therefore

on building “human capital,” the knowledge, education, training, skills, and expertise of a firm’s employees. Workforce and demographic changes mean that the workforce is becoming older and more diverse.

**1-3.** In terms of the **components or pillars of human resource management today**, employers expect their human resource management teams to focus more on big-picture issues, including instituting human resource policies and practices that support the companies’ strategic objectives, and to foster high performance through engaged employees.

**1-4.** To do so, the **human resource managers** need **new competencies**. They should be able to apply evidence-based human resource management, which means the use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions.

**1-5.** In understanding the overall **plan of this book**, keep several important themes in mind: that human resource management is the responsibility of every manager, that the workforce is increasingly diverse, that employers and their human resource managers

face the need to manage in challenging economic times, and that human resource managers must be able to defend their plans and contributions in measurable terms—to use evidence-based management—to show they've added value.

## Discussion Questions

- 1-1.** Explain what HR management is and how it relates to the management process.
- 1-2.** Give examples of how HR management concepts and techniques can be of use to all managers.

- 1-3.** Illustrate the HR management responsibilities of line and staff managers.
- 1-4.** Compare the authority of line and staff managers. Give examples of each.

## Individual and Group Activities

- 1-5.** Working individually or in groups, develop outlines showing how trends like workforce diversity, technological innovation, globalization, and changes in the nature of work have affected the college or university you are attending now. Present in class.
- 1-6.** Working individually or in groups, contact the HR manager of a local bank. Ask the HR manager how he or she is working as a strategic partner to manage human resources, given the bank's strategic goals and objectives. Back in class, discuss the responses of the different HR managers.
- 1-7.** Working individually or in groups, interview an HR manager. Based on that interview, write a short presentation regarding HR's role today in building competitive organizations.
- 1-8.** Working individually or in groups, bring several business publications such as *Bloomberg Businessweek* and *The Wall Street Journal* to class, or access them in class via the Web. Based on their contents, compile a list titled "What HR Managers and Departments Do Today."
- 1-9.** Based on your personal experiences, list 10 examples showing how you used (or could have used) human resource management techniques at work or school.
- 1-10.** Laurie Siegel, former senior vice president of human resources for Tyco International, took over her job just after numerous charges forced the company's previous board of directors and top executives to leave the firm. Hired by new CEO Edward Breen, Siegel had to tackle numerous difficult problems starting the moment she assumed office. For example, she had to help hire a new management team. She had to do something about what the outside world viewed as a culture of questionable ethics at her company.

And she had to do something about the company's top-management compensation plan, which many felt contributed to the allegations by some that some former company officers had used the company as a sort of private ATM.

Siegel came to Tyco after a very impressive career. For example, she had been head of executive compensation at Allied Signal, and was a graduate of the Harvard Business School. But, as strong as her background was, she obviously had her work cut out for her when she took the senior vice president of HR position at Tyco.

Working individually or in groups, conduct an Internet search and/or library research to answer the following questions: What human resource management-related steps did Siegel take to help get Tyco back on the right track? Do you think she took the appropriate steps? Why or why not? What, if anything, do you suggest she do now?

- 1-11.** Appendices A and B at the end of this book (pages 614–634) list the knowledge someone studying for the HRCI (Appendix A) or SHRM (Appendix B) certification exam needs to have in each area of human resource management (such as in Strategic Management and Workforce Planning). In groups of several students, do four things: (1) review Appendix A and/or Appendix B; (2) identify the material in this chapter that relates to the Appendix A and/or Appendix B required knowledge lists; (3) write four multiple-choice exam questions on this material that you believe would be suitable for inclusion in the HRCI exam and/or the SHRM exam; and (4) if time permits, have someone from your team post your team's questions in front of the class, so that students in all teams can answer the exam questions created by the other teams.



## Experiential Exercise

### HR and “The Profit”

Written and copyrighted by Gary Dessler, PhD.

**Purpose:** The purpose of this exercise is to provide practice in identifying and applying the basic concepts of human resource management by illustrating how managers use these techniques in their day-to-day jobs.

**Required Understanding:** Be thoroughly familiar with the material in this chapter, and with at least one or two episodes of CNBC’s *The Profit* with Marcus Lemonis, [www.tv.com/shows/the-profit/watch/](http://www.tv.com/shows/the-profit/watch/). (Access a library of past episodes at URLs such as [www.cnbc.com/live-tv/the-profit](http://www.cnbc.com/live-tv/the-profit))

#### How to Set Up the Exercise/Instructions:

- Divide the class into teams of several students.
- Read this: As you may know by watching billionaire Marcus Lemonis as he works with actual small businesses in which he’s taken an ownership share, human resource management often plays an important role in what he and the business owners and managers need to do to be successful. For example, at Grafton Furniture, a lack of clarity

about who does what (a lack of up-to-date job descriptions) leads to inadequate supervision of some ongoing orders and to lower profit margins. Questions also arise at Grafton about, for instance, the effectiveness of the training that some managers (including the owner’s son) have received.

- Watch several of these shows (or reruns of the shows), and then meet with your team and answer the following questions:
  - 1-12. What specific HR functions (recruiting, interviewing, training, and so on) can you identify Mr. Lemonis addressing on this show? Make sure to give specific examples based on the show.
  - 1-13. What specific HR functions can you identify as being problematical in this company? Again, please give specific answers.
  - 1-14. In terms of HR functions (such as recruiting, selection, interviewing, compensating, appraising, and so on) what exactly would you recommend doing to improve this company’s performance?
  - 1-15. Present your team’s conclusions to the class.

## Application Case

### Jack Nelson’s Problem<sup>115</sup>

Written and copyrighted by Gary Dessler, PhD.

As a new member of the board of directors for a local bank, Jack Nelson was being introduced to all the employees in the home office. When he was introduced to Ruth Johnson, he was curious about her work and asked her what the machine she was using did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had only been working there for 2 months. However, she did know precisely how to operate the machine. According to her supervisor, she was an excellent employee.

At one of the branch offices, the supervisor in charge spoke to Nelson confidentially, telling him that “something was wrong,” but she didn’t know what. For one thing, she explained, employee turnover was too high, and no sooner had one employee been put on the job than another one resigned. With customers to see and loans to be made, she continued, she had little time to work with the new employees as they came and went.

All branch supervisors hired their own employees without communication with the home office or other branches. When an opening

developed, the supervisor tried to find a suitable employee to replace the worker who had quit.

After touring the 22 branches and finding similar problems in many of them, Nelson wondered what the home office should do or what action he should take. The banking firm generally was regarded as being a well-run institution that had grown from 27 to 191 employees during the past 8 years. The more he thought about the matter, the more puzzled Nelson became. He couldn’t quite put his finger on the problem, and he didn’t know whether to report his findings to the president.

#### Questions

- 1-16. What do you think is causing some of the problems in the bank’s home office and branches?
- 1-17. Do you think setting up an HR unit in the main office would help?
- 1-18. What specific functions should an HR unit carry out? What HR functions would then be carried out by supervisors and other line managers? What role should the Internet play in the new HR organization?

## Continuing Case

### Carter Cleaning Company

Written and copyrighted by Gary Dessler, PhD.

#### Introduction

A main theme of this book is that human resource management activities like recruiting, selecting, training, and rewarding employees are not just the job of a central HR group but rather a job in which every manager must engage. Perhaps nowhere is this more apparent than in the typical small service business. Here the owner/manager usually has no HR staff to rely on. However, the success of his or her enterprise (not to mention his or her family's peace of mind) often depends largely on the effectiveness through which workers are recruited, hired, trained, evaluated, and rewarded. Therefore, to help illustrate and emphasize the front-line manager's HR role, throughout this book we will use a continuing case based on an actual small business in the southeastern United States. Each chapter's segment of the case will illustrate how the case's main player—owner/manager Jennifer Carter—confronts and solves personnel problems each day at work by applying the concepts and techniques of that particular chapter. Here is background information that you will need to answer questions that arise in subsequent chapters. (We also present a second, unrelated "application case" case incident in each chapter.)

#### Carter Cleaning Centers

Jennifer Carter graduated from State University in June 2011 and, after considering several job offers, decided to do what she always planned to do—go into business with her father, Jack Carter.

Jack Carter opened his first laundromat in 1991 and his second in 2001. The main attraction of these coin laundry businesses for him was that they were capital—rather than labor—intensive. Thus, once the

investment in machinery was made, the stores could be run with just one unskilled attendant and none of the labor problems one normally expects from being in the retail service business.

The attractiveness of operating with virtually no skilled labor notwithstanding, Jack had decided by 2007 to expand the services in each of his stores to include the dry cleaning and pressing of clothes. He embarked, in other words, on a strategy of "related diversification" by adding new services that were related to and consistent with his existing coin laundry activities. He added these for several reasons. He wanted to better utilize the unused space in the rather large stores he currently had under lease. Furthermore, he was, as he put it, "tired of sending out the dry cleaning and pressing work that came in from our coin laundry clients to a dry cleaner 5 miles away, who then took most of what should have been our profits." To reflect the new, expanded line of services, he renamed each of his two stores Carter Cleaning Centers and was sufficiently satisfied with their performance to open four more of the same type of stores over the next 5 years. Each store had its own on-site manager and, on average, about seven employees and annual revenues of about \$550,000. It was this six-store chain that Jennifer joined after graduating.

Her understanding with her father was that she would serve as a troubleshooter/consultant to the elder Carter with the aim of both learning the business and bringing to it modern management concepts and techniques for solving the business's problems and facilitating its growth.

#### Questions

- 1-19. Make a list of five specific HR problems you think Carter Cleaning will have to grapple with.
- 1-20. What would you do first if you were Jennifer?

## MyLab Management

Go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) for Auto-graded writing questions as well as the following Assisted-graded writing questions:

- 1-21. From a practical point of view, why is it important for all managers and future managers to have a good command of human resource management concepts and techniques?
- 1-22. Think of some companies that you are familiar with or that you've read about where you think the human resource managers have been successful in "adding value." What do the HR managers do to lead you to your conclusion?
- 1-23. MyLab Management only—comprehensive writing assignment for this chapter.

### MyLab Management Try It!

How would you apply the concepts and skills you learned in this chapter? If your professor has assigned this activity, go to the Assignments section of [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete the simulation.

## PERSONAL INVENTORY ASSESSMENTS



Go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete the Personal Inventory Assessment related to this chapter.

## Key Terms

organization, 3  
manager, 3  
managing, 3  
management process, 3

human resource management (HRM), 3  
authority, 5  
line authority, 5

staff authority, 5  
line manager, 5  
staff manager, 5

strategic human resource management, 16  
employment engagement, 18  
ethics, 18

## Endnotes

1. <https://www.upwork.com/>, accessed March 9, 2018.
2. See, as just one example, Seongmin Ryu and Sunghoon Kim, "First-Line Managers' Involvement and HR Effectiveness: The Case of South Korea," *Human Resource Management* 52, no. 6 (November–December 2013), pp. 947–966.
3. Fred K. Foulkes, "The Expanding Role of the Personnel Function," *Harvard Business Review*, March–April 1975. See also [www.bls.gov/oco/ocos021.htm](http://www.bls.gov/oco/ocos021.htm), accessed October 3, 2011.
4. Steve Bates, "No Experience Necessary? Many Companies Are Putting Non-HR Executives in Charge of HR with Mixed Results," *HR Magazine* 46, no. 11 (November 2001), pp. 34–941. See also Adrienne Fox, "Do Assignments Outside HR Pay Off?" *HR Magazine*, November 2011, p. 32. One study concluded that the best path to the CEO's office involves getting experience in as many of the business's functions as possible. Neil Irwin, "A Winding Path to the Top," *The New York Times*, September 11, 2016, pp. B1, 4.
5. "Why Chief Human Resources Officers Make Great CEOs," *Harvard Business Review*, December 2014, p. 31. In general, CEOs of the largest companies tend to work their way up within the same industry and company, and to gain experience in a variety of business functions while building their general management skills. See Michael Koch et al., "The New Way to the Top: Career Patterns of *Fortune* 100 CEOs," *Human Relations* 67, no. 1 (January 2014), pp. 1–22.
6. "A Profile of Human Resource Executives," *BNA Bulletin to Management*, June 21, 2001, p. S5; "Today's HR Executives: How Career Paths Have Changed—and Stayed the Same," <http://knowledge.wharton.upenn.edu/article/todays-hr-executives-how-career-paths-have-changed-and-stayed-the-same>, accessed July 25, 2014; <https://www.shrm.org/learningandcareer/career/pages/accelerate-your-career.aspx>, accessed March 9, 2018.
7. <https://www.shrm.org/learningandcareer/career/pages/accelerate-your-career.aspx>, accessed March 9, 2018.
8. Historically, most U.S. employees worked for employers with fewer than 100 workers. However around 2005 that changed. Today more employees work for larger employers (2,500 or more) than for small ones. Theo Francis, "Why You Probably Work for a Giant Company," *The Wall Street Journal*, April 7, 2017, p. A-10.
9. See "Small Business: A Report of the President" (1998), [www.sba.gov/ADV/stats](http://www.sba.gov/ADV/stats), accessed March 9, 2006; and [www.census.gov/econ/smallbus.html](http://www.census.gov/econ/smallbus.html), accessed May 13, 2015.
10. See, for example, Susan Mayson and Rowena Barrett, "The 'Science' and 'Practice' of HR in Small Firms," *Human Resource Management Review* 16 (2006), pp. 447–455; and "How Organizational Staff Size Influences HR Metrics," Society for Human Resource Management, 2015, p. 2.
11. "2014 HR Service Delivery and Technology Survey," [www.towerswatson.com](http://www.towerswatson.com), accessed March 31, 2018.
12. For another perspective on this see, for example, Chris Brewster, Michael Brooks, and Paul Gollan, "The Institutional Antecedents of the Assignment of HRM Responsibilities to Line Managers," *Human Resource Management*, July–August 2015, 54, no. 4, pp. 57–597.
13. Some human resource management departments suffer from a dubious image. Employees often view them as somewhere to turn to for problems like sexual harassment, but many (or most) such departments view their first responsibility as protecting the employer. Erika Fry and Claire Zillman, "HR Is Not Your Friend," *Fortune*, March 1, 2018, pp. 99–106.
14. Some firms have worked on eliminating their traditional human resource departments, with generally mixed results. See, for example, Todd Henneman, "Is HR at Its Breaking Point?" *Workforce Management*, March 22, 2013, pp. 29–33.
15. See "2014 HR Service Delivery and Technology Survey," Towers Watson, [www.towerswatson.com](http://www.towerswatson.com), accessed March 31, 2018.
16. "2016 Industry Trends in Human Resources Technology and Services Delivery Survey," <http://www.isg-one.com/docs/default-source/default-document-library/hr-tech-report.pdf?sfvrsn=0>, accessed March 31, 2018.
17. "Technology to Play Role in Updating HR Delivery Services, Report Finds," *Bloomberg*
18. "BNA Bulletin to Management," September 4, 2012, p. 281. See also Meg McSherry Breslin, "Strategic Move? Report Examines Future of HR," *Workforce Management*, November 2012, p. 14.
19. [www.bls.gov/news.release/ecopro.t01.htm](http://www.bls.gov/news.release/ecopro.t01.htm), accessed July 29, 2012.
20. "Talent Management Leads in Top HR Concerns," *Compensation & Benefits Review*, May/June 2007, p. 12; [www.bls.gov/news.release/ecopro.t01.htm](http://www.bls.gov/news.release/ecopro.t01.htm), accessed May 12, 2015.
21. <https://insight.kellogg.northwestern.edu/article/how-to-revamp-the-visa-program-for-highly-skilled-workers>, accessed April 16, 2017.
22. <http://www.latimes.com/business/technology/la-fi-tn-silicon-valley-h1b-changes-20170404-story.html> accessed April 16, 2017.
23. [https://www.bls.gov/emp/ep\\_table\\_201.htm](https://www.bls.gov/emp/ep_table_201.htm), accessed April 16, 2017.
24. Accenture, "Top Trends That Will Reshape the Future of HR: The Future of HR," [www.accenture.com/us-en/Pages/insight-future-of-HR.aspx](http://www.accenture.com/us-en/Pages/insight-future-of-HR.aspx), accessed March 6, 2015.

25. Erika Fry, "Start Up: You," *Fortune* 171, no. 1 (January 1, 2015), pp. 84–87.
26. Farhad Manjoo, "Uber's Business Model Could Change Your Work," *The New York Times*, January 29, 2015, pp. B1, B8.
27. Genevieve Douglas, "What Gigs Offer Workers That You Don't: Entrepreneurship Maybe," *Bloomberg BNA Bulletin to Management*, August 29, 2017.
28. <https://www.upwork.com/>, accessed March 9, 2018.
29. <https://www.upwork.com/>, accessed March 9, 2018.
30. Lauren Weber and Rachel Silverman, "On-Demand Workers: 'We Are Not Robots,'" *The Wall Street Journal*, January 28, 2015, pp. B1, B7.
31. Genevieve Douglas, "HR Must Focus on Building Organizations for the Future," *Bloomberg BNA Bulletin to Management*, March 21, 2017.
32. Lauren Weber, "The End of Employees," *The Wall Street Journal*, February 3, 2017, pp. A1, A10.
33. See, for example, Genevieve Douglas, "Freelancers Can Solve Hiring Obstacles but Bring Risks," *Bloomberg BNA Bulletin to Management*, March 14, 2017.
34. Manjoo, "Uber's Business Model Could Change Your Work," p. B8.
35. Russell Crook et al., "Does Human Capital Matter? A Meta-Analysis of the Relationship between Human Capital and Firm Performance," *Journal of Applied Psychology* 96, no. 3 (2011), pp. 443–456.
36. This idea was probably first expounded years ago by Professor Peter Drucker; see Peter Drucker, "The Coming of the New Organization," *Harvard Business Review*, January–February 1988, p. 47.
37. Genevieve Douglas, "New Technology Is Worthless When Workers Lack the Skills to Use It," *Bloomberg BNA Bulletin to Management*, February 6, 2018.
38. "Human Resources Wharton," [www.knowledge.wharton.upenn.edu](http://www.knowledge.wharton.upenn.edu), accessed January 8, 2006.
39. See, for example, Anthea Zacharatos et al., "High-Performance Work Systems and Occupational Safety," *Journal of Applied Psychology* 90, no. 1 (2005), pp. 77–93. See also Jennifer Schramm, "Effective HR Practices Drive Profit," *HR Magazine*, November 2012, p. 88.
40. [www.census.gov/foreign-trade/statistics/historical/gands.pdf](https://www.census.gov/foreign-trade/statistics/historical/gands.pdf), accessed March 9, 2018.
41. Rich Miller et al., "Backlash to World Economic Order Clouds Outlook and IMF Talks," <https://www.technocracy.news/backlash-world-economic-order-clouds-outlook-imf-talks/>, accessed August 15, 2018.
42. "Study Predicts 4.1 Million Service Jobs Offshore by 2008," *BNA Bulletin to Management*, August 2, 2005, p. 247; and Patrick Thibodeau, "Offshoring Shrinks Number of IT Jobs, Study Says," *Computerworld*, March 21, 2012, [www.computerworld.com/article/9225376/offshoring\\_shrinks\\_number\\_of\\_IT\\_jobs\\_study\\_says\\_](http://www.computerworld.com/article/9225376/offshoring_shrinks_number_of_IT_jobs_study_says_), accessed October 5, 2012.
43. Due to rising costs abroad and customer pushback, many firms today are bringing jobs back. See, for example, "Here, There and Everywhere," *The Economist*, January 19, 2013, pp. 1–20.
44. For a snapshot of the economy at that time, see [www.bls.gov/opub/ted/2006/may/wk2/art01.htm](https://www.bls.gov/opub/ted/2006/may/wk2/art01.htm), accessed April 18, 2009.
45. [www.census.gov/foreign-trade/statistics/historical/gands.pdf](https://www.census.gov/foreign-trade/statistics/historical/gands.pdf), accessed September 9, 2018.
46. Heather Long, "U.S. Economy to Grow 2.7 Percent in 2018, Boosted by Trump Tax Overhaul," *The Washington Post*, January 22, 2018, [https://www.washingtonpost.com/news/wonk/wp/2018/01/22/u-s-economy-to-grow-nearly-3-percent-in-2018-because-of-trump-tax-cuts-imf-says/?utm\\_term=.b1fe2283f9fd](https://www.washingtonpost.com/news/wonk/wp/2018/01/22/u-s-economy-to-grow-nearly-3-percent-in-2018-because-of-trump-tax-cuts-imf-says/?utm_term=.b1fe2283f9fd), accessed March 9, 2018.
47. Peter Coy, "This Economist Foresees 15 Years of Labor Shortages," *Bloomberg Businessweek*, March 21, 2014, [www.businessweek.com/print/article/191219-this-economist-foresees-15-years-of-labor-shortages](http://www.businessweek.com/print/article/191219-this-economist-foresees-15-years-of-labor-shortages), accessed April 30, 2014.
48. See, for example, Kevin Hamlin and Dexter Roberts, "The Asian Jobs Ladder Is Broken," *Bloomberg Businessweek*, June 26, 2017, pp. 58–59; Max Chafkin and Josh Eidelson, "Changing Lanes," *Bloomberg BusinessWeek*, June 28, 2017, pp. 60–69; and Mark Whitehouse and Dorothy Gambrell, "How Screwed Is Your Job?," *Bloomberg Businessweek*, June 26, 2017, pp. 50–53.
49. Bureau of Labor Statistics, Employment Projections: 2016–26 Summary, <https://www.bls.gov/news.release/ecopro.nr0.htm>, accessed March 9, 2018; [www.cbo.gov/publication/54318](http://www.cbo.gov/publication/54318), accessed September 9, 2018.
50. See, for example, "The Weight of Expectations," *The Economist*, December 16, 2017, pp. 63–65.
51. Bureau of Labor Statistics, Employment Projections: 2016–26 Summary, <https://www.bls.gov/news.release/ecopro.nr0.htm>, accessed March 9, 2018.
52. Shelly Hagan, "Prime-Age Men May Never Return to U.S. Workforce, Fed Paper Says," *Bloomberg BNA Bulletin to Management*, February 27, 2018; Henry Curr, "Wanted: Jobs for the Boys," *The Economist*, [www.theworldin.com/article/14413/edition2018wanted-jobs--boys](http://www.theworldin.com/article/14413/edition2018wanted-jobs--boys), accessed March 8, 2018.
53. "Talent Management Leads in Top HR Concerns," *Compensation & Benefits Review*, May/June 2007, p. 12; "Talent Management, ACA among Top Issues Facing HR in 2013," *Bloomberg BNA Bulletin to Management*, January 15, 2013, p. 22. See also Douglas Ready, Linda Hill, and Robert Thomas, "Building a Game-Changing Talent Strategy," *Harvard Business Review*, January–February 2014, pp. 63–68.
54. Darrell West, "The Paradox of Worker Shortages at a Time of High National Unemployment," *Brookings*, April 10, 2013, [www.brookings.edu/research/papers/2013/04/11-worker-shortage-immigration-west](http://www.brookings.edu/research/papers/2013/04/11-worker-shortage-immigration-west), accessed April 30, 2014.
55. Richard Vedder, Christopher Denhart, and Jonathan Robe, "Why Are Recent College Graduates Underemployed?" *The Center for College Affordability*, <http://centerforcollegeaffordability.org/uploads/Underemployed%20Report%202.pdf>, accessed April 30, 2014; and <https://www.bls.gov/opub/ted/2017/37-percent-of-may-2016-employment-in-occupations-typically-requiring-postsecondary-education.htm>, accessed March 31, 2018.
56. Bureau of Labor Statistics, <https://www.bls.gov/opub/ted/2017/37-percent-of-may-2016-employment-in-occupations-typically-requiring-postsecondary-education.htm>, accessed March 31, 2018.
57. Ibid.
58. "Making It in America," *The Economist*, October 14, 2017, pp. 57–58.
59. See, for example, David Ferris, "X-Factor for Factories Is Factoring-In Recruiting," *Workforce Management*, December 2012, p. 8.
60. See "A Third Industrial Revolution," *The Economist*, April 21, 2012, pp. 1–20; and Jeffrey Immelt, "The CEO of General Electric on Sparking an American Manufacturing Renewal," *Harvard Business Review*, March 2012, pp. 43–46.
61. Timothy Appel, "Better Off a Blue-Collar," *The Wall Street Journal*, July 1, 2003, p. B1; Adrienne Fox, "At Work in 2020," *HR Magazine*, January 2010, pp. 18–23; Matthew Patane, "Alcoa Investing \$190 Million into Davenport Plant," <https://www.desmoinesregister.com/story/money/business/development/2014/11/03/alcoa-davenport-works-expansion/18409019/>, accessed March 31, 2018.
62. Martin Berman-Govine, "HR Not Immune from Changes Automation Will Bring," *Bloomberg BNA Bulletin to Management*, March 14, 2017.
63. Accenture, "Top Trends That Will Reshape the Future of HR."
64. Ibid; Roy Maurer, "Looking through the Glassdoor," *HR Magazine* 62, no. 1 (February 2017), pp. 24–25.
65. Josh Bersin, "Transformative Tech: A Disruptive Year Ahead," *HR Magazine*, pp. 29–37, February 2017.
66. Josh Bersin, "Big Data in Human Resources: Talent Analytics (People Analytics) Comes of Age," [www.forbes.com/sites/joshbersin/2013/02/17/bigdata-in-human-resources-talent-analytics-comes-of-age](http://www.forbes.com/sites/joshbersin/2013/02/17/bigdata-in-human-resources-talent-analytics-comes-of-age), accessed March 29, 2015.
67. Steven Prokesch, "Reinventing Talent management: How GE Uses Analytics to Guide a More Digital, Far-Flung Workforce," *Harvard Business Review*, September–October 2017, pp. 54–55.
68. Sam Schechner, "Algorithms Move into Management," *The Wall Street Journal*, December 11, 2017, pp. B1, B4.
69. Thomas Davenport and Rajiv Ronanki, "Artificial Intelligence for the Real World," *Harvard Business Review*, January–February 2018, pp. 108–116.
70. Ibid.
71. Michael Porter and James Heppelmann, "Why Every Organization Needs an Augmented Reality Strategy," *Harvard Business Review*, November–December 2017, pp. 46–57.
72. This is based on Bruce Kaufman, "The Historical Development of American HRM Broadly Viewed," *Human Resource Management Review* 24 (2014), pp. 196–218. See also D. Ulrich and J. H. Dulebohn,

- “Are We There Yet? What’s Next for HR?” *Human Resource Management Review* 25, no. 2 (June 2015), pp. 188–204; and D. J. Cohen, “HR Past, Present and Future: A Call for Consistent Practices and a Focus on Competencies,” *Human Resource Management Review* 25, no. 2 (June 2015), pp. 205–215.
73. For a book describing the history of human resource management, see, for example, SHRM, *A History of Human Resources*, [www.shrmstore.shrm.org/a-history-of-human-resources.html](http://www.shrmstore.shrm.org/a-history-of-human-resources.html), accessed October 4, 2012.
74. “Human Capital Critical to Success,” *Management Review*, November 1998, p. 9. See also “HR 2018: Top Predictions,” *Workforce Management* 87, no. 20 (December 15, 2008), pp. 20–21; and Edward Lawler III, “Celebrating 50 Years: HR: Time for a Reset?” *Human Resource Management* 50, no. 2 (March–April 2011), pp. 171–173.
75. See, for example, D. L. Stone, D. I. Deadrick, J. M. Lukaszewski, and R. Johnson, “The Influence of Technology on the Future of Human Resource Management,” *Human Resource Management Review* 25, no. 2 (June 2015), pp. 216–231.
76. Anthony Abbatiello, “The Digital Override,” *Workforce*, May 2014, pp. 36–39. See also Laime Vaitkus, “Technology Will Disrupt Jobs and Hiring but Reduce Bias,” *Bloomberg BNA Bulletin to Management*, January 31, 2017.
77. Tim Good, Catherine Farley, Himanshu Tambe, and Susan Cantrell, “Trends Reshaping the Future of HR: Digital Radically Disrupts HR,” Accenture 2015.
78. Ibid. Some companies today think they’re better off without an HR department, but the results are decidedly mixed. Lauren Weber and Rachel Feintzeig, “Is It a Dream or a Drag? Companies without HR,” *The Wall Street Journal*, April 9, 2014, pp. B1, B7.
79. This is based on “The Future of Business: Human Resources, How HR Leaders Are Reinventing Their Roles in Transforming Business,” *The Economist Intelligence Unit*, 2014.
80. Ibid; Roy Maurer, “Looking through the Glassdoor,” *HR Magazine* 62, no. 1 (February 2017), pp. 24–25.
81. Based on “Our Story,” L.L.Bean, pp. 1–19, from [www.llbean.com/](http://www.llbean.com/customerService/aboutLLBean/images/110408_About-LLB.pdf); Michael Arndt, “L.L.Bean Follows Its Shoppers to the Web,” *Business Week*, March 1, 2010; <http://www.llbean.com/lb/shop/515428>. [www.llbean.com/customerService/aboutLLBean/images/110408\\_About-LLB.pdf](http://www.llbean.com/customerService/aboutLLBean/images/110408_About-LLB.pdf), accessed June 1, 2011; [www.llbean.com/lb/shop/515428](http://www.llbean.com/lb/shop/515428), accessed May 14, 2015.
82. <http://llbeancareers.com/culture.htm>, accessed February 28, 2010; [www.llbean.com/lb/shop/515428](http://www.llbean.com/lb/shop/515428), accessed May 14, 2015; <https://llbeancareers.com/index.htm>, accessed March 9, 2018; <https://llbeancareers.com/culture.htm>, accessed March 9, 2018.
83. <http://llbeancareers.com/culture.htm>, accessed February 28, 2010; [www.llbean.com/lb/shop/515428](http://www.llbean.com/lb/shop/515428), accessed May 14, 2015.
84. [https://llbeancareers.com/hiring\\_process.htm](https://llbeancareers.com/hiring_process.htm), accessed March 9, 2018.
85. <https://www.llbean.com/lb/shop/515428?nav=ftlink>, accessed March 9, 2018.
86. Arndt, “L.L.Bean Follows Its Shoppers to the Web.”
87. See, for example, Rebecca Kehoe and Christopher Collins, “Human Resource Management and Unit Performance in Knowledge Intensive Work,” *Journal of Applied Psychology* 102, no. 8 (2017), pp. 1222–1236.
88. Robert Grossman, “IBM’s HR Takes a Risk,” *HR Magazine*, April 1, 2007.
89. <https://www.shrm.org/ResourcesAndTools/business-solutions/Documents/Organizational%20Staff%20Size.pdf>, accessed March 31, 2018.
90. See, for example, [www.personneltoday.com/blogs/hcglobal-human-capital-management/2009/02/theres-no-such-thing-as-eviden.html](http://www.personneltoday.com/blogs/hcglobal-human-capital-management/2009/02/theres-no-such-thing-as-eviden.html), accessed April 18, 2009.
91. The evidence-based movement began in medicine. In 1996, in an editorial published by the *British Medical Journal*, David Sackett, MD, defined *evidence-based medicine* as “use of the best-available evidence in making decisions about patient care” and urged his colleagues to adopt its tenets. “Evidence-Based Training™: Turning Research into Results for Pharmaceutical Sales Training,” an AXIOM White Paper © 2006 AXIOM Professional Health Learning LLC. All rights reserved.
92. Susan Wells, “From HR to the Top,” *HR Magazine*, June 2003, p. 49. See also “HR Will Have More Opportunities to Demonstrate Value in 2012,” *Bloomberg BNA Bulletin to Management*, January 17, 2012, p. 22.
93. “2016 Industry Trends in Human Resources Management Technology and Delivery,” <http://www.iisg-one.com/docs/default-source/default-document-library/hr-tech-report.pdf?sfvrsn=0>, accessed March 31, 2018.
94. As an example, see also Rebecca Kehoe and Christopher Collins, “Human Resource Management and Unit Performance in Knowledge Intensive Work,” *Journal of Applied Psychology* 102, no. 8 (August, 2017), pp. 1222–1236.
95. Sully Taylor, Joyce Osland, and Caroline Egri, “Guest Editors’ Introduction: Introduction to HRM’s Role in Sustainability: Systems, Strategies, and Practices,” *Human Resource Management* 51, no. 6 (November–December 2012), p. 789.
96. Melanie Powers, “In the Green,” *HR Magazine*, October 2017, pp. 26–34.
97. Cathy Dubois and David Dubois, “Strategic HRM as Social Design for Environmental Sustainability Organization,” *Human Resource Management* 51, no. 6 (November–December 2012), p. 799.
98. Michael Christian, Adela Garza, and Jerel Slaughter, “Work Engagement: A Quantitative Review and Test of Its Relations with Task and Contextual Performance,” *Personnel Psychology* 60, no. 4 (2011), pp. 89–136.
99. Adrienne Fox, “Raising Engagement,” *HR Magazine*, May 2010, pp. 35–40.
100. Except as noted, this is based on Kathryn Tyler, “Prepare for Impact,” *HR Magazine* 56, no. 3 (March 2011), pp. 53–56.
101. [www.gallup.com/strategicconsulting/163007/state-american-workplace.aspx](http://www.gallup.com/strategicconsulting/163007/state-american-workplace.aspx); Bruce Louis Rich et al., “Job Engagement: Antecedents and Effects on Job Performance,” *Academy of Management Journal* 53, no. 3 (2010), pp. 617–635; “Special Report: Employee Engagement—Losing Lifeblood,” *Workforce Management*, July 2011, pp. 24–27.
102. “Five Ways to Improve Employee Engagement Now,” *Gallup Business Journal*, Gallup.com, accessed April 7, 2014.
103. Ibid. Some say engagement can backfire. To get their jobs done, some overloaded employees, at the pain of getting penalized, work long days and weekends and stay tethered to their jobs round-the-clock through their smart phones. One study found that workers react to situations like these in one of three ways. Some employees are accepting and do what the employer demands of them. Some are “passing” and appeared to be doing what they’re supposed to do but are actually finding ways to reduce their loads by getting around the system. Other simply “reveal” that they have other commitments, and tell their employers that they’re unwilling to abandon those commitments by working around the clock. Erin Reid and Lakshmi Ramarajan, “Managing the High-Intensity Workplace,” *Harvard Business Review*, June 2016, pp. 85–90.
104. “Meatpacking Case Highlights HR’s Liability,” *Workforce Management*, September 20, 2008, p. 6.
105. Kevin Wooten, “Ethical Dilemmas in Human Resource Management,” *Human Resource Management Review* 11 (2001), p. 161. See also Ann Pomeroy, “The Ethics Squeeze,” *HR Magazine* 51, no. 3 (March 2006), pp. 48–55.
106. Richard Vosburgh, “The Evolution of HR: Developing HR as an Internal Consulting Organization,” *Human Resource Planning* 30, no. 3 (September 2007), pp. 11–24; and the RBL Group, “2012 Human Resource Competency Study,” [www.rbl.net/index.php/hrcs/index/overview](http://www.rbl.net/index.php/hrcs/index/overview), accessed October 4, 2012.
107. Dave Ulrich and Wayne Brockbank, *The HR Value Proposition* (Boston: Harvard Business School Publishing, 2005).
108. SHRM and HRCI provide sample practice questions. See, for example, <https://www.hrci.org/how-to-get-certified/preparation-overview/hrci-practice-exams>, accessed April 16, 2017.
109. <https://www.shrm.org/certification/about/aboutshrmcertification/pages/shrm-cp.aspx>, accessed April 16, 2017.
110. See, for example, “When the Jobs Inspector Calls,” *The Economist*,

- March 31, 2012, p. 73; and Paul Mozur, "Foxconn Workers: Keep Our Overtime," *The Wall Street Journal*, December 18, 2012, pp. B1–B2.
111. Fred Foulkes and Henry Morgan, "Organizing and Staffing the Personnel Function," *Harvard Business Review*, May–June 1977.
112. "Working at SAS: An Ideal Environment for New Ideas," SAS Web site, April 20, 2012. Copyright © 2011 by SAS Institute, Inc. Reprinted with permission. All rights reserved. For more on how SAS creates its outstanding work environment, see [https://www.sas.com/en\\_us/careers/life-at-sas.html](https://www.sas.com/en_us/careers/life-at-sas.html), accessed March 2018.
113. Farhad Manjoo, "The Happiness Machine," January 21, 2013, [www.slate.com](http://www.slate.com), accessed April 6, 2014.
114. Ibid.
115. From *Supervision in Action: The Art of Managing Others*, 4th edition, Pearson Education, Inc., Upper Saddle River, New Jersey.



Tony Tallec/Alamy Stock Photo

# 2

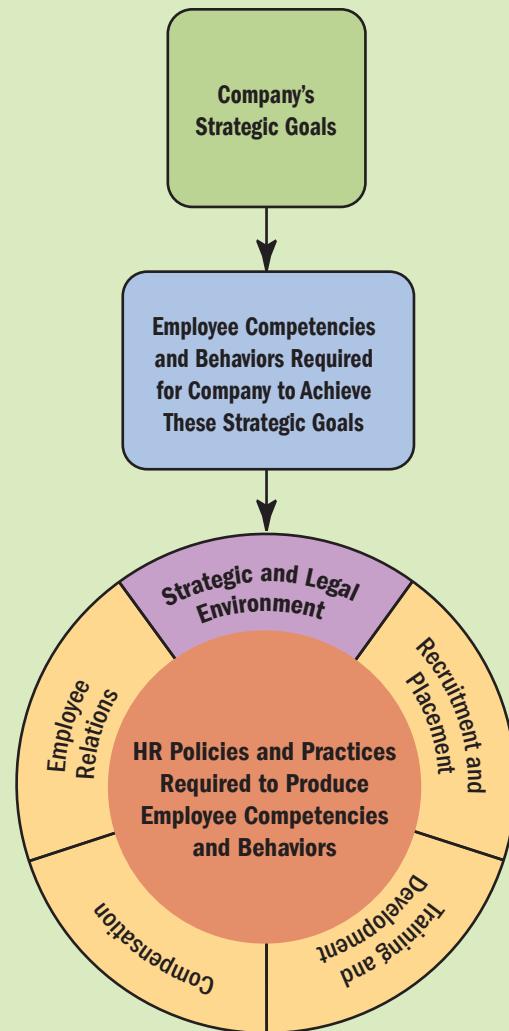
## Equal Opportunity and the Law

## LEARNING OBJECTIVES

When you finish studying this chapter, you should be able to:

- 2-1** **List** the basic features of Title VII of the 1964 Civil Rights Act and at least five other early equal employment laws.
- 2-2** **List** the basic features of at least five post-1990 employment laws, and explain with examples how to avoid accusations of sexual harassment at work.
- 2-3** **Illustrate** two defenses you can use in the event of discriminatory practice allegations, and list specific discriminatory personnel management practices in recruitment, selection, promotion, transfer, layoffs, and benefits.
- 2-4** **List** the steps in the EEOC enforcement process.
- 2-5** **Give examples** of attitudes that undermine diversity efforts, and explain how you would create a diversity management program.

A few years ago lawyers filed a federal lawsuit against Uber Technologies. They said Uber's questionable performance appraisal system produced performance ratings that led to male Uber employees getting better raises than women.<sup>1</sup> We will see how to avoid such problems.



## WHERE ARE WE NOW . . .

Every HR action you take as a manager, from interviewing applicants to training, appraising, and rewarding them, has equal employment implications. Therefore, the purpose of this chapter is to provide you with the knowledge to deal more effectively with equal employment questions on the job. The main topics we cover are equal opportunity **Laws Enacted from 1964 to 1991**, the **Laws Enacted from 1991 to the present**, **Defenses Against Discrimination Allegations and Discriminatory Employment Practices**, the **EEOC Enforcement** process, and **Diversity Management**.



### LEARNING OBJECTIVE 2-1

List the basic features of Title VII of the 1964 Civil Rights Act and at least five other early equal employment laws.

## Equal Opportunity Laws Enacted from 1964 to 1991

Hardly a day goes by without equal opportunity lawsuits at work.<sup>2</sup> One survey of corporate counsels found that such lawsuits were their biggest litigation fears.<sup>3</sup> Performing day-to-day supervisory tasks like hiring employees without understanding these laws is fraught with peril.

Actually, laws barring discrimination against minorities in the United States are nothing new. The Fifth Amendment to the U.S. Constitution (ratified in 1791) states that “no person shall be deprived of life, liberty, or property, without due process of the law.” The Thirteenth Amendment (1865) outlawed slavery, and courts have held that it bars racial discrimination. The Civil Rights Act of 1866 gives all persons the same right to make and enforce contracts and to benefit from U.S. laws.<sup>4</sup> But as a practical matter, Congress and presidents avoided dramatic action on implementing equal employment laws until the early 1960s. At that point, civil unrest among minorities and women and changing traditions prompted them to act. Congress passed a multitude of new civil rights laws.

### Title VII of the 1964 Civil Rights Act

**Title VII of the 1964 Civil Rights Act** was one of the first of these laws. As amended by the 1972 Equal Employment Opportunity Act, Title VII states that an employer cannot discriminate based on race, color, religion, sex, or national origin. Specifically, it states that it shall be an unlawful employment practice for an employer:

1. To fail or refuse to hire or to discharge an individual or otherwise to discriminate against any individual with respect to his or her compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin.
2. To limit, segregate, or classify employees or applicants for employment in any way that would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee, because of such individual's race, color, religion, sex, or national origin.

Title VII bars discrimination on the part of most employers, including all public or private employers of 15 or more persons and most labor unions. It also covers all private and public educational institutions, the federal government, and state and local governments. It bars public and private employment agencies from failing or refusing to refer for employment any individual because of race, color, religion, sex, or national origin.

Title VII established the **Equal Employment Opportunity Commission (EEOC)** to administer and enforce the Civil Rights Act at work. It consists of five members appointed by the president with the advice and consent of the Senate. Each member serves a 5-year term. In popular usage, the EEOC also includes the thousands of staff the EEOC has around the United States. They receive and investigate job discrimination complaints from aggrieved individuals. When the EEOC finds reasonable cause that the charges are justified, it attempts (through conciliation) to reach an agreement.<sup>5</sup> If this fails, it can go to court. The EEOC may file discrimination charges on behalf of aggrieved individuals, or the individuals may file on behalf of themselves.<sup>6</sup> We'll discuss the EEOC procedure later in this chapter.<sup>7</sup>

### HR AND THE GIG ECONOMY: DISCRIMINATION IN THE GIG ECONOMY?

Most companies use recruiters, supervisors, and/or HR professionals to do their hiring, so if an applicant suffers discrimination it's usually pretty clear who did it.<sup>8</sup> But what do you do when you're a gig worker, doing work through a gig economy company like Uber, Task Rabbit, or Fiverr? Here the people doing the “hiring” are usually Task Rabbit, Uber, or Fiverr users, and they're hiring based on reviews compiled from previous users, or from photos in your profile. What stops customers from illegally discriminating?

Unfortunately, the answer may be, “not much.” For example, in one study of labor markets like Task Rabbit and Fiverr, black service providers got more negative reviews than did white ones. Because the rating algorithms are then based partly on prior customers' reviews, the black service providers were usually less likely to get new gigs. It's therefore a problem that gig companies (and customers) need to address.

**affirmative action**

Steps that are taken for the purpose of eliminating the present effects of past discrimination.

**Office of Federal Contract Compliance Programs (OFCCP)**

This office is responsible for implementing the executive orders and ensuring compliance of federal contractors.

**Equal Pay Act of 1963**

The act requiring equal pay for equal work, regardless of sex.

**Age Discrimination in Employment Act of 1967 (ADEA)**

The act prohibiting arbitrary age discrimination and specifically protecting individuals over 40 years old.

**Vocational Rehabilitation Act of 1973**

The act requiring certain federal contractors to take affirmative action for disabled persons.

**Pregnancy Discrimination Act**

An amendment to Title VII of the Civil Rights Act that prohibits sex discrimination based on "pregnancy, childbirth, or related medical conditions."

**Executive Orders**

Various U.S. presidents signed executive orders expanding equal employment in federal agencies. For example, the Johnson administration (1963–1969) issued Executive Orders 11246 and 11375. These required that government contractors with contracts of more than \$50,000 and 50 or more employees take **affirmative action** to ensure employment opportunities for those who may have suffered past discrimination. They also established the **Office of Federal Contract Compliance Programs (OFCCP)**. It implements the orders and ensures compliance.<sup>9</sup>

**Equal Pay Act of 1963**

Under the **Equal Pay Act of 1963** (amended in 1972), it is unlawful to discriminate in pay on the basis of sex when jobs involve equal work; require equivalent skills, effort, and responsibility; and are performed under similar working conditions. Pay differences derived from seniority systems, merit systems, and systems that measure earnings by production quantity or quality or from any factor other than sex do not violate the act. Unfortunately, this act notwithstanding, women still earn only about 70% as much as men in similar jobs; we'll address this inequity and how to deal with it in our chapter on establishing strategic pay plans.

**Age Discrimination in Employment Act of 1967**

The **Age Discrimination in Employment Act of 1967 (ADEA)** made it unlawful to discriminate against employees or applicants who are between 40 and 65 years of age. Subsequent amendments effectively ended most mandatory retirement at age 65. Most states and local agencies, when acting as employers, must also adhere to the ADEA.<sup>10</sup>

You can't get around the ADEA by replacing employees who are, say, 60 with someone over 40. In one case the U.S. Supreme Court held that an employee who is over 40 years of age might sue for discrimination if a "significantly younger" employee replaces him or her, even if the replacement is also over 40. The Court didn't specify what "significantly younger" meant, but here the plaintiff was replaced by someone 16 years younger.<sup>11</sup>

Younger managers especially may have to guard against age prejudices. For example, Staples fired a 64-year-old man, saying he stole a bell pepper. He sued for age discrimination. It transpired that a Staples manager had told colleagues to "take a closer look at the older people" and "write them up and get rid of them." The fired employee won his case (for \$16 million) and an appeal.<sup>12</sup>

Similarly, recruitment ads often use phrases like "applicants should have received their degrees 2014–2018," or "should have 4–6 years' experience." While not always illegal, such phrases sometimes mean, "if you're over 40, don't apply."<sup>13</sup> Age discrimination at large tech firms may exceed that for gender or race.<sup>14</sup>

Lawyers like the ADEA. It allows jury trials and double damages to those proving "willful" discrimination.<sup>15</sup> It's advisable to have antiharassment policies addressing older employees. For example ban derogatory use of words like "grandpa" to refer to older people.<sup>16</sup>

**Vocational Rehabilitation Act of 1973**

The **Vocational Rehabilitation Act of 1973** requires employers with federal contracts of more than \$2,500 to take affirmative action in employing handicapped persons. It does not require hiring unqualified people. It does require an employer to take steps to accommodate a handicapped worker unless doing so imposes an undue hardship on the employer.

**Pregnancy Discrimination Act of 1978**

The **Pregnancy Discrimination Act of 1978** prohibits using pregnancy, childbirth, or related medical conditions to discriminate in hiring, promotion, suspension, or discharge, or in any term or condition of employment. Furthermore, under the act, if an employer offers its employees disability coverage, then it must treat pregnancy and childbirth like any other disability, and include it in the plan as a covered condition.<sup>17</sup>

More women are suing under this act, and it's easy to see why.<sup>18</sup> As one example, a Chipotle restaurant let go a pregnant employee. She told the jury that despite a history

of positive performance feedback, her manager allegedly began harassing her when she said she was pregnant. For example, she was made to announce bathroom breaks to coworkers and told she couldn't leave early for doctors' appointments.<sup>19</sup>

The jury awarded her actual losses plus \$500,000 in punitive damages.<sup>19</sup> The bottom line is that managers should base "any [such] decision on whether an employee can do the job and on medical documentation, not on a manager's interpretation."<sup>20</sup>

### Federal Agency Guidelines

The federal agencies charged with ensuring compliance with these laws and executive orders have their own implementing guidelines. These spell out recommended procedures for complying with the law.<sup>21</sup>

The EEOC, Civil Service Commission, Department of Labor, and Department of Justice together issued **Uniform Guidelines**.<sup>22</sup> These set forth "highly recommended" procedures for things like employee selection and record keeping. As an example, they specify that employers must *validate* any employment selection devices (like tests) that screen out disproportionate numbers of women or minorities, and they explain how to do so. (We explain this procedure in Chapter 6.) The EEOC and other agencies also periodically issue updated guidelines clarifying and revising their positions on matters such as sexual harassment. The American Psychological Association has its own (non-legally binding) Standards for Educational and Psychological Testing.

### Early Court Decisions Regarding Equal Employment Opportunity

Several court decisions between 1964 and 1991 helped clarify courts' interpretations of equal employment opportunity (EEO) laws such as Title VII.

**GRIGGS V. DUKE POWER COMPANY** Griggs was a landmark case because the Supreme Court used it to define unfair discrimination. Lawyers sued the Duke Power Company on behalf of Willie Griggs, an applicant for a job as a coal handler. The company required its coal handlers to be high school graduates. Griggs claimed this requirement was illegally discriminatory. He said it wasn't related to success on the job, and it resulted in more blacks than whites being rejected for these jobs. Griggs won the case. The Court's decision was unanimous. In his written opinion, Chief Justice Burger laid out three crucial guidelines affecting equal employment legislation.

- First, the Court ruled that the *discrimination does not have to be overt to be illegal*. The plaintiff does not have to show that the employer intentionally discriminated against the employee or applicant. Instead, the plaintiff just has to show that discrimination took place.
- Second, the Court held that an employment practice (in this case, requiring the high school degree) *must be job related* if it has an unequal impact on members of a **protected class**. (For example, if arithmetic is not required to perform the job, don't test for arithmetic.)
- Third, Chief Justice Burger's opinion placed the *burden of proof on the employer* to show that the hiring practice is job related. Thus, the employer must show that the employment practice (in this case, requiring a high school degree) is necessary for satisfactory job performance if the practice discriminates against members of a protected class. Said Justice Burger:

The act proscribes not only overt discrimination, but also practices that are fair in form, but discriminatory in operation. The touchstone is business necessity. If an employment practice which operates to exclude Negroes cannot be shown to be related to job performance, the practice is prohibited.<sup>23</sup>

For employers, Griggs established these five principles:

1. A test or other selection practice must be job related, and the burden of proof is on the employer.
2. An employer's intent not to discriminate is irrelevant.<sup>24</sup>

### Uniform Guidelines

Guidelines issued by federal agencies charged with ensuring compliance with equal employment federal legislation explaining recommended employer procedures in detail.

### protected class

Persons such as minorities and women protected by equal opportunity laws, including Title VII.