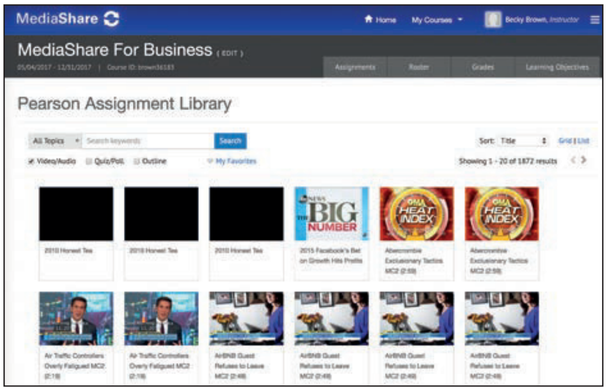
Fundamentals of HUMAN RESOURCE MANAGEMENT

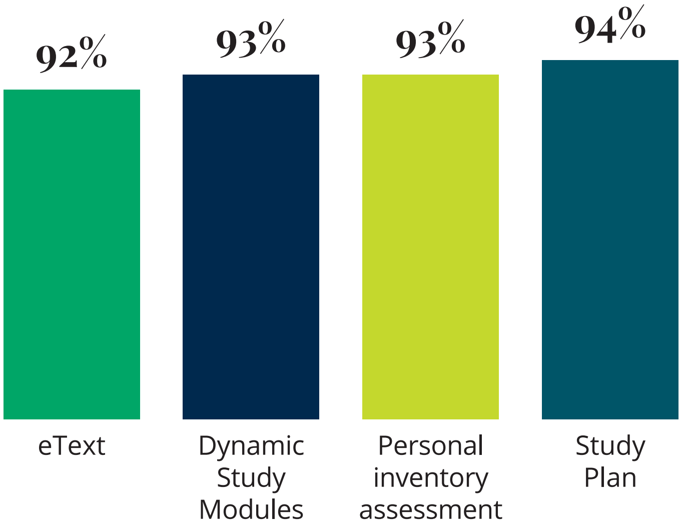
FIFTH EDITION

Gary Dessler

Pearson

MediaShare for Business offers a curated collection of business videos that provide customizable, auto-scored assignments. MediaShare for Business helps students understand why they are learning key concepts and how they will **apply** those in their careers.


MediaShare
Home
My Courses
Becky Brown, Instructor
MediaShare For Business (EDIT)
Assignments
Roster
Grades
Learning Objectives
Pearson Assignment Library
All Topics
Search keywords
Search
Sort: Title
Grid | List
Video/Audio
Quiz/Poll
Outline
My Favorites
Showing 1 - 20 of 1872 results



% of students who found learning tool helpful

Pearson eText enhances student learning—both in and outside the classroom. Take notes, highlight, and bookmark important content, or engage with interactive lecture and example videos that bring learning to life (available with select titles). Accessible anytime, anywhere via MyLab or the app.

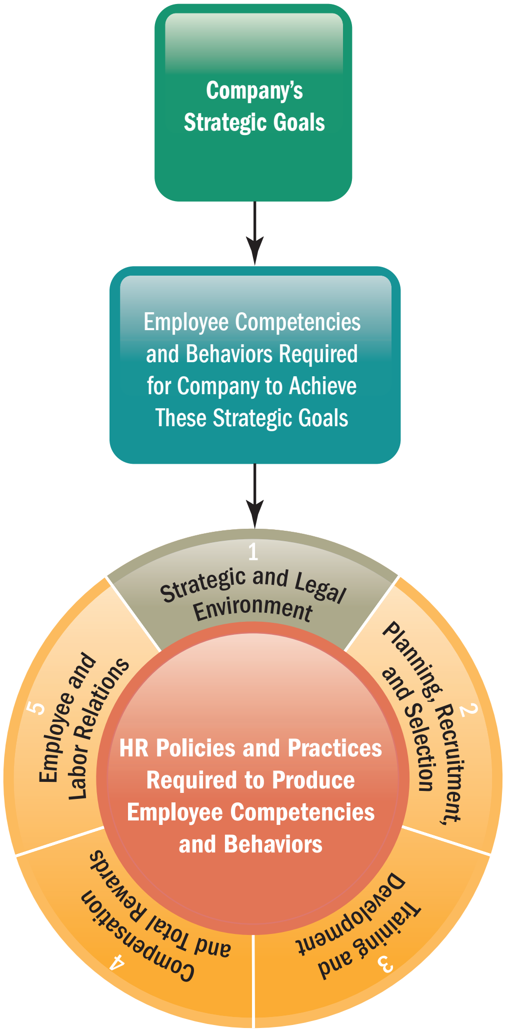
86% of students would tell their instructor to keep using MyLab Management

The **MyLab Gradebook** offers an easy way for students and instructors to view course performance. Item Analysis allows instructors to quickly see trends by analyzing details like the number of students who answered correctly/incorrectly, time on task, and median time spend on a question by question basis. And because it's correlated with the AACSB Standards, instructors can track students' progress toward outcomes that the organization has deemed important in preparing students to be **leaders.**

> *"I was able to find myself actually learning at home rather than memorizing things for a class."*
>
> — Katherine Vicente, Student at County College of Morris

For additional details visit: www.pearson.com/mylab/management

HR Strategy Model


Company's Strategic Goals
Employee Competencies and Behaviors Required for Company to Achieve These Strategic Goals
1 Strategic and Legal Environment
2 Planning, Recruitment, and Selection
3 Training and Development
4 Compensation and Total Rewards
5 Employee and Labor Relations
HR Policies and Practices Required to Produce Employee Competencies and Behaviors

The HR Strategy Model in the Part openers illustrates the basic idea behind strategic human resource management, which is that *in formulating human resource management policies and practices, the aim must be to produce the employee competencies and behaviors that the company needs to achieve its strategic goals*.

FIFTH EDITION

Fundamentals of Human Resource Management

Gary Dessler

Florida International University

Pearson

New York, NY

This book is dedicated to Taylor

Vice President, Business, Economics, and UK Courseware: Donna Battista
Director of Portfolio Management: Stephanie Wall
Development Editor: Kerri Tomasso
Editorial Assistant: Linda Siebert Albelli
Vice President, Product Marketing: Roxanne McCarley
Product Marketer: Kaylee Carlson
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 of Production, Business: Jeff Holcomb
Managing Producer, Business: Melissa Feimer
Content Producer: Yasmita Hota
Operations Specialist: Carol Melville
Design Lead: Kathryn Foot
Manager, Learning Tools: Brian Surette
Content Developer, Learning Tools: Lindsey Sloan
Managing Producer, Digital Studio and GLP, Media Production and Development: Ashley Santora
Managing Producer, Digital Studio: Diane Lombardo
Digital Studio Producer: Monique Lawrence
Digital Studio Producer: Alana Coles
Project Manager: Ann Pulido, SPi Global
Interior Design: Laurie Entringer, SPi Global
Cover Design: Laurie Entringer, SPi Global
Cover Image: David Trood/Getty Images
Printer/Binder: LSC Communications, Inc./Kendallville
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 © 2019, 2016, 2014 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/.

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.

Cataloging-in-Publishing Data is on file with the Library of Congress

ISBN 10: 0-13-474021-1
ISBN 13: 978-0-13-474021-8

Pearson

BRIEF CONTENTS

PART 1 INTRODUCTION 1
Chapter 1 Managing Human Resources Today 1
Chapter 2 Managing Equal Opportunity and Diversity 27
Chapter 3 Human Resource Strategy and Performance 58

PART 2 STAFFING: WORKFORCE PLANNING AND EMPLOYMENT 86
Chapter 4 Job Analysis and Talent Management 87
Chapter 5 Personnel Planning and Recruiting 119
Chapter 6 Selecting Employees 154

PART 3 TRAINING AND HUMAN RESOURCE DEVELOPMENT 195
Chapter 7 Training and Developing Employees 196
Chapter 8 Performance Management and Appraisal Today 231
Chapter 9 Managing Careers 260

PART 4 COMPENSATION AND TOTAL REWARDS 297
Chapter 10 Developing Compensation Plans 298
Chapter 11 Pay for Performance and Employee Benefits 335

PART 5 Employee and Labor Relations 372
Chapter 12 Maintaining Positive Employee Relations 373
Chapter 13 Labor Relations and Collective Bargaining 402
Chapter 14 Improving Occupational Safety, Health, and Risk Management 433

PART 6 SPECIAL TOPICS IN HUMAN RESOURCE MANAGEMENT 468
Module A Managing HR Globally 468
Module B Managing Human Resources in Small and Entrepreneurial Firms 485

Appendix 502
Glossary 514
References 523
Name Index 564
Subject Index 567

CONTENTS

Preface *xvi*
Acknowledgments *xxii*
About the Author *xxiii*

PART 1 INTRODUCTION 1

Chapter 1 Managing Human Resources Today 1
- **What Is Human Resource Management? 2**
  - Why is Human Resource Management Important to All Managers? 3
  - Line and Staff Aspects of HRM 5
  - Line versus Staff Authority 5
  - Line Managers' Human Resource Management Responsibilities 5
  - The Human Resource Department 5
- **The Trends Shaping Human Resource Management 7**
  - Workforce Demographics and Diversity Trends 7
  - Trends in How People Work 8
  - ■ HR AND THE GIG ECONOMY: On-Demand Workers 8
  - Globalization Trends 9
  - Economic Trends 10
  - Technology Trends 11
  - ■ HR AS A PROFIT CENTER: Boosting Customer Service 13
- **The New Human Resource Management 13**
  - Distributed HR and the New Human Resource Management 13
  - ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 14
  - HR and Performance 14
  - ■ HR IN PRACTICE: Does Performance Trump Equity? 15
  - HR and Employee Engagement 16
  - HR and Strategy 16
  - HR and Sustainability 17
  - HR and Ethics 18
- **The New Human Resource Manager 18**
  - HR and the Manager's Skills 19
  - HR Manager Certification 19
  - HR and the Manager's Human Resource Philosophy 19
- **The Plan of This Book 21**
  - The Chapters 21
- **Review 22**
  - Summary 22 • Key Terms 23 • Discussion Questions 23 • Individual and Group Activities 23
- **APPLICATION EXERCISES 24**
  - HR IN ACTION CASE INCIDENT 1: Jack Nelson's Problem 24
  - HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 25
- Experiential Exercise: HR and "The Profit" 26

Chapter 2 Managing Equal Opportunity and Diversity 27
- **Equal Employment Opportunity Laws 28**
  - Background 28
  - Equal Pay Act of 1963 28
  - Title VII of the 1964 Civil Rights Act 29
  - Executive Orders 29
  - Age Discrimination in Employment Act of 1967 29
  - Vocational Rehabilitation Act of 1973 30
  - Pregnancy Discrimination Act of 1978 30
  - Federal Agency Uniform Guidelines on Employee Selection Procedures 30
  - Selected Court Decisions regarding Equal Employment Opportunity (EEO) 30
  - The Civil Rights Act of 1991 31
  - The Americans with Disabilities Act 32
  - Uniformed Services Employment and Reemployment Rights Act 33
  - Genetic Information Nondiscrimination Act of 2008 33
  - State and Local Equal Employment Opportunity Laws 34
  - Religious and Other Types of Discrimination 34
  - Trends in Discrimination Law 34
  - ■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES 35
  - Sexual Harassment 36
  - Diversity Counts 38
  - ■ HR PRACTICES AROUND THE GLOBE: Applying Equal Employment Law Abroad 40
  - ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 40
- **Defenses Against Discrimination Allegations 41**
  - The Central Role of Adverse Impact 41
  - ■ HR IN PRACTICE: How to Use the Standard Deviation Rule in Practice 42
  - Bona Fide Occupational Qualification 44
  - Business Necessity 45
- **Building Your Management Skills: Illustrative Discriminatory Employment Practices 45**
  - Recruitment 46
  - Selection Standards 46
  - Sample Discriminatory Promotion, Transfer, and Layoff Procedures 47

The EEOC Enforcement Process 48
- Processing a Discrimination Charge 48
- Voluntary Mediation 48
- Mandatory Arbitration of Discrimination Claims 48

Diversity Management and Affirmative Action 50
- Diversity's Barriers and Benefits 50
- Managing Diversity 51
- Equal Employment Opportunity versus Affirmative Action 52
- Reverse Discrimination 52

Review 53

SUMMARY 53 • Key Terms 54 • Discussion Questions 54 • Individual and Group Activities 54

APPLICATION EXERCISES 55
- HR IN ACTION CASE INCIDENT 1: An Accusation of Sexual Harassment in Pro Sports 55
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 56

Experiential Exercise: The Interplay of Ethics and Equal Employment 56

Chapter 3 Human Resource Strategy and Performance 58

The Strategic Management Process 59
- 🟧 HR PRACTICES AROUND THE GLOBE: The Shanghai Portman's New Human Resource Management Strategy 59
- The Basic Management Planning Process 60
- What Is Strategic Planning? 61
- The Strategic Management Process 62
- Types of Strategies 64
- Managers' Roles in Strategic Planning 66

Strategic Human Resource Management 66
- What Is Strategic Human Resource Management? 67
- 🟥 HR IN PRACTICE: The Zappos "WOW" Way 68
- 🟪 HR AND THE GIG ECONOMY: Integrating HR into the Employer's Gig Worker Strategy 68
- Sustainability and Strategic Human Resource Management 69
- Strategic Human Resource Management Tools 69

HR Metrics and Benchmarking 71
- Types of Metrics 71
- Benchmarking 71
- Strategy and Strategy-Based Metrics 72
- Workforce/Talent Analytics and Data Mining 73
- 🟩 HR AS A PROFIT CENTER: Using Workforce/Talent Analytics 73
- Using HR Audits 75
- Evidence-Based HR and the Scientific Way of Doing Things 75
- 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: 76

Building High-Performance Work Systems 77
- High-Performance Human Resource Policies and Practices 77

Employee Engagement and Performance 78
- Why Is Employee Engagement Important? 78
- The Employee Engagement Problem 79
- What Can Managers Do to Improve Employee Engagement? 79
- How to Measure Employee Engagement 79

Employee Engagement Guide For Managers 80
- How Kia Motors (UK) Improved Performance with an HR Strategy Aimed at Boosting Employee Engagement 80
- The Challenges 80
- The New Human Resource Management Strategy 80
- The Results 81

Review 82

Summary 82 • Key Terms 83 • Discussion Questions 83 • Individual and Group Activities 83

APPLICATION EXERCISES 84
- HR IN ACTION CASE INCIDENT 1: Siemens Builds a Strategy-Oriented HR System 84
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 85

Experiential Exercise: Developing an HR Strategy for Starbucks 85

PART 2 STAFFING: WORKFORCE PLANNING AND EMPLOYMENT 86

Chapter 4 Job Analysis and Talent Management 87

The Talent Management Process 88
- Improving Performance through HRIS 89

The Basics of Job Analysis 89
- What Is Job Analysis? 89
- Uses of Job Analysis Information 90
- Steps in Job Analysis 91
- 🟩 HR AS A PROFIT CENTER: Boosting Productivity through Work Redesign 92

Methods for Collecting Job Analysis Information 94
- The Interview 94
- Questionnaires 95
- Observation 98
- Participant Diary/Logs 98
- Quantitative Job Analysis Techniques: The Position Analysis Questionnaire (PAQ) 98
- Electronic Job Analysis Methods 99

Writing Job Descriptions 99
- Job Identification 99
- Job Summary 102
- Relationships 102
- Responsibilities and Duties 102
- 🟪 TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 103
- Standards of Performance and Working Conditions 105
- 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Using O*NET 106

Writing Job Specifications 108
  Specifications for Trained versus Untrained Personnel 109
  Specifications Based on Judgment 109
  ■ HR AND THE GIG ECONOMY: Do Gig Workers Need Job Specifications? 109
  Job Specifications Based on Statistical Analysis 110
  The Job-Requirements Matrix 110
Employee Engagement Guide for Managers 110
  Job Specifications and Employee Engagement 110
  The Employee Engagement Manager's Job Description 111
Using Competencies Models 112
  ■ HR PRACTICES AROUND THE GLOBE: Daimler Alabama Example 114
  How to Write Competencies Statements 114
Review 115
Summary 115 • Key Terms 116 • Discussion Questions 116 • Individual and Group Activities 117
APPLICATION EXERCISES 117
  HR IN ACTION CASE INCIDENT 1: Optima Air Filter Company: The Flood 117
  HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 117
Experiential Exercise: The Instructor's Job Description 118

Chapter 5 Personnel Planning and Recruiting 119
Workforce Planning and Forecasting 120
  Strategy and Workforce Planning 121
  Towers Watson Example 121
  Forecasting Workforce Needs (Labor Demand) 122
  Improving Performance through HRIS 124
  Forecasting the Supply of Inside Candidates 124
  Forecasting the Supply of Outside Candidates 126
  Predictive Workforce Monitoring 126
  ■ HR AS A PROFIT CENTER: Predicting Labor Needs 127
Why Effective Recruiting is Important 128
  The Recruiting Yield Pyramid 128
  Improving Recruitment Effectiveness: Recruiters, Sources, and Branding 128
Internal Sources of Candidates 130
  Identifying Internal Candidates 130
Employee Engagement Guide for Managers 130
  Internal Recruitment and Promotion-from-Within 130
Outside Sources of Candidates 131
  Informal Recruiting and the Hidden Job Market 131
  Recruiting via the Internet 131
  Improving Performance through HRIS 132
  ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 133
  ■ TRENDS SHAPING HR: SCIENCE IN TALENT MANAGEMENT 134
  Advertising 134
  Employment Agencies 135
  ■ HR AND THE GIG ECONOMY: 137
  Poaching 138
  Offshoring and Outsourcing Jobs and the H-1B Visa 138
  Executive Recruiters 139
  ■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Recruiting 101 140
  Referrals and Walk-Ins 141
  Recruitment Process Outsourcers and On-Demand Recruiting Services 141
  College Recruiting 142
  Telecommuters 143
  Military Personnel 143
Recruiting a More Diverse Workforce 144
  Recruiting Women 144
  Recruiting Single Parents 144
  Older Workers 145
  Diversity Counts 145
  Recruiting Minorities 145
  The Disabled 146
Developing and Using Application Forms 146
  Purpose of Application Forms 146
Review 150
Summary 150 • Key Terms 150 • Discussion Questions 151 • Individual and Group Activities 151
APPLICATION EXERCISES 152
  HR IN ACTION CASE INCIDENT 1: Finding People Who Are Passionate about What They Do 152
  HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 153
Experiential Exercise: The Nursing Shortage 153

Chapter 6 Selecting Employees 154
The Basics of Testing and Selecting Employees 155
  Why Careful Selection Is Important 155
  Reliability 156
  Validity 157
  How to Validate a Test 158
  ■ HR AS A PROFIT CENTER: Reducing Turnover at KeyBank 159
Types of Tests 160
  Tests of Cognitive Abilities 160
  Tests of Motor and Physical Abilities 161
  Measuring Personality 161
  Achievement Tests 163
  ■ HR PRACTICES AROUND THE GLOBE: Testing for Assignments Abroad 163
  Computerized and Online Testing 163
  Improving Performance Through HRIS 164
  ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 164

- Work Samples and Simulations 165
- Situational Judgment Tests 165
- ■ HR AND THE GIG ECONOMY: Selecting Freelance Workers 165
- Management Assessment Centers 165
- Video-Based Situational Testing 166
- The Miniature Job Training and Evaluation Approach 166
- ■ HR IN PRACTICE: Selecting Employees at Honda’s New Car Plant 166
- Computerized Multimedia Candidate Assessment Tools 167
- ■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Employee Testing and Selection 167

Interviewing Candidates 168

- Types of Selection Interviews 168
- Diversity Counts 169
- How Useful Are Interviews? 170
- ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 170
- How to Avoid Common Interviewing Mistakes 171
- Using Competencies Models and Profiles in Employee Interviews 174
- ■ TRENDS SHAPING HR: SCIENCE IN TALENT MANAGEMENT 175

Using Other Selection Techniques 176

- Background Investigations and Reference Checks 176
- ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 177
- Honesty Testing 180
- Graphology 181
- ■ HR AS A PROFIT CENTER: Using Integrity Tests 181
- Medical Exams 182
- Drug Screening 182
- Realistic Job Previews 182
- Tapping Friends and Acquaintances 182
- Making the Selection Decision 182
- Complying with Immigration Law 183
- Improving Performance Through HRIS 184
- Developing and Extending the Job Offer 184

Employee Engagement Guide for Managers 184

- Building Engagement: A Total Selection Program 185
- The Toyota Way 185

Review 187

Summary 187 • Key Terms 187 • Discussion Questions 188 • Individual and Group Activities 188

APPLICATION EXERCISES 189

- HR IN ACTION CASE INCIDENT 1: Ethics and the Out-of-Control Interview 189
- HR IN ACTION CASE INCIDENT 2: Honesty Testing at Carter Cleaning Company 190

Experiential Exercise: The Most Important Person You’ll Ever Hire 190

Appendix: The Structured Situational Interview 191

PART 3 TRAINING AND HUMAN RESOURCE DEVELOPMENT 195

Chapter 7 Training and Developing Employees 196

Orienting/Onboarding New Employees 197

- The Purposes of Employee Orientation/Onboarding 198
- The Orientation Process 198

Employee Engagement Guide for Managers: Onboarding at Toyota 200

Overview of the Training Process 201

- Aligning Strategy and Training 201
- The ADDIE Five-Step Training Process 201
- Conducting the Training Needs Analysis 202
- Designing the Training Program 204
- Developing the Program 206
- ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA: TRAINING ON THE CLOUD 207

Implementing the Training Program 207

- On-the-Job Training 207
- Apprenticeship Training 208
- Informal Learning 208
- Job Instruction Training 209
- Lectures 209
- Programmed Learning 209
- Behavior Modeling 210
- Audiovisual-Based Training and Videoconferencing 210
- Vestibule Training 210
- Electronic Performance Support Systems (EPSS) 210
- Computer-Based Training (CBT) 211
- Simulated Learning and Gaming 211
- Online/Internet-Based Training 212
- ■ HR AND THE GIG ECONOMY: An Example: On-Demand Microlearning at Uber 214
- Lifelong and Literacy Training Techniques 214
- Diversity Training 215
- ■ HR IN PRACTICE: Diversity Training at ABC Virtual Communications, Inc. 215
- Team Training 215

Implementing Management Development Programs 217

- Strategy’s Role in Management Development 217
- Succession Planning 218
- Improving Performance Through HRIS 218
- Managerial On-the-Job Training 219
- ■ HR PRACTICES AROUND THE GLOBE: Global Job Rotation 219
- Off-the-Job Management Training and Development Techniques 220
- Leadership Development at GE 222

Managing Organizational Change Programs 223

- Using Organizational Development 223

Evaluating the Training Effort 224
- Designing the Study 224
- Training Effects to Measure 225

Review 226

Summary 226 • Key Terms 227 • Discussion Questions 227 • Individual and Group Activities 227

APPLICATION EXERCISES 228
- HR IN ACTION CASE INCIDENT 1: Reinventing the Wheel at Apex Door Company 228
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company: The New Training Program 229

Experiential Exercise: Flying the Friendlier Skies 230

Chapter 8 Performance Management and Appraisal Today 231

Basic Concepts in Performance Appraisal 232
- Why Appraise Performance? 233
- Steps in Performance Appraisal 233
- Defining the Employee's Performance Standards 233
  - 🟩 HR AS A PROFIT CENTER: Setting Performance Goals at Ball Corporation 234
  - 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: How to Set Effective Goals 234
- Who Should Do the Appraising? 235
  - ⬛ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 237

Traditional Appraisal Methods 237
- Graphic Rating Scale Method 237
- Alternation Ranking Method 237
- Paired Comparison Method 239
- Forced Distribution Method 239
- Critical Incident Method 239
- Behaviorally Anchored Rating Scales 241
- Appraisal Forms in Practice 242
- The Management by Objectives Method 243
- Computerized and Online Performance Appraisals 243
- Virtual Appraisal Games 243
- Electronic Performance Monitoring 244
- Talent Management and Differential Employee Appraisal 244
- Conversation Days 245

How to Deal With Rater Error Problems and the Appraisal Interview 245
- Clarify Standards 245
- Avoid Halo Effect Ratings 245
- Avoid the Middle 246
- Don't Be Lenient or Strict 246
- Diversity Counts 247

Employee Engagement Guide for Managers: Use the Appraisal Interview to Build Engagement 250

Performance Management Today 251
- Total Quality Management and Performance Appraisal 251
- Performance Management Examples 252
- What Is Performance Management? 252
  - 🟪 TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 253
- The Manager's Role in Performance Management 254
- Making Performance Management Practical 254
  - 🟥 HR IN PRACTICE: Performance Management in Action: Deloitte's New Performance Management Process 254
  - 🟪 HR AND THE GIG ECONOMY: Rating Uber Drivers 255

Review 256

Summary 256 • Key Terms 257 • Discussion Questions 257 • Individual and Group Activities 257

APPLICATION EXERCISES 258
- HR IN ACTION CASE INCIDENT 1: Appraising the Secretaries at Sweetwater U 258
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 259

Experiential Exercise: Setting Goals for and Appraising an Instructor 259

Chapter 9 Managing Careers 260

Career Management 261
- Careers Today 261
- Psychological Contract 261
- The Employee's Role in Career Management 262
  - 🟪 HR AND THE GIG ECONOMY: The Portfolio Career 263
- The Employer's Role in Career Management 264
  - 🟥 HR IN PRACTICE: Intuit's Job Rotation Program 264
- Employer Career Management Methods 264
  - 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: The Manager's Role in Employee Career Development 266
- Diversity Counts 267

Improving Mentoring and Coaching Skills 267
- Being a Better Mentor 269
- Improving Performance Through HRIS 269

Employee Engagement Guide for Managers 270
- Career Management 270
- The New Psychological Contract 270
- Commitment-Oriented Career Development Efforts 270
- Career-Oriented Appraisals 271
  - 🟥 HR IN PRACTICE: Career Development at Medtronic 272

Managing Employee Retention and Turnover 272
  - 🟩 HR as a Profit Center: Costs of Turnover 272
- Managing Voluntary Turnover 273
- Retention Strategies for Reducing Voluntary Turnover 274
- A Comprehensive Approach to Retaining Employees 274
  - 🟪 TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 275
- Job Withdrawal 275

Managing Promotions and Transfers 276
- Decision 1: Is Seniority or Competence the Rule? 277
- Decision 2: How Should We Measure Competence? 277

- Decision 3: Is the Process Formal or Informal? 278
- Decision 4: Vertical, Horizontal, or Other? 278
- Diversity Counts 278
- Managing Transfers 279
- Managing Retirements 279

Managing Dismissals 280

- Grounds for Dismissal 281
- Avoiding Wrongful Discharge Suits 283
- Supervisor Liability 284
- Layoffs and the Plant Closing Law 286
- Adjusting to Downsizings and Mergers 286

Review 287

Summary 287 • Key Terms 287 • Discussion Questions 288 • Individual and Group Activities 288

APPLICATION EXERCISES 289

- HR IN ACTION CASE INCIDENT 1: Google Reacts 289
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 289

Experiential Exercise: Where Am I Going . . . and Why? 290

Appendix: Managing Your Career and Finding a Job 290

PART 4 COMPENSATION AND TOTAL REWARDS 297

Chapter 10 Developing Compensation Plans 298

The Basic Factors in Determining Pay Rates 299

- Aligning Total Rewards with Strategy 299
- Equity and Its Impact on Pay Rates 300
- Legal Considerations in Compensation 301
- ■ HR AND THE GIG ECONOMY: Are Gig Workers Employees or Independent Contractors? 305
- Union Influences on Compensation Decisions 306
- Pay Policies 306
- ■ HR AS A PROFIT CENTER: Wegmans Foods 307
- ■ HR PRACTICES AROUND THE GLOBE: Compensating Expatriate Employees 308

Job Evaluation Methods 308

- What Is Job Evaluation? 308
- Salary Surveys 309
- Compensable Factors 310
- Preparing for the Job Evaluation 310
- Job Evaluation Methods: Ranking 311
- Job Evaluation Methods: Job Classification 313
- Job Evaluation Methods: Point Method 314
- Computerized Job Evaluations 314
- Wage Curves 314
- Pay Grades 315
- Rate Ranges and the Wage Structure 315
- ■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Developing a Workable Pay Plan 317

Pricing Managerial and Professional Jobs 317

- Compensating Executives and Managers 318
- What Determines Executive Pay? 318
- Compensating Professional Employees 319
- Improving Performance Through HRIS 319

Contemporary Topics in Compensation 320

- Competency-Based Pay 320
- ■ HR IN PRACTICE: JLG's Skill-Based Pay Program 320
- Broadbanding 321
- Comparable Worth 322
- Diversity Counts 323
- Board Oversight of Executive Pay 323

Employee Engagement Guide For Managers 324

- Total Rewards Programs 324
- Total Rewards and Employee Engagement 324

Review 325

Summary 325 • Key Terms 325 • Discussion Questions 326 • Individual and Group Activities 326

APPLICATION EXERCISES 327

- HR IN ACTION CASE INCIDENT 1: Salary Inequities at AstraZeneca 327
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 328

Experiential Exercise: Ranking the College's Administrators 328

Appendix: How to Create a Market-Competitive Pay Plan Using the Point Plan Job Evaluation Method 329

Chapter 11 Pay for Performance and Employee Benefits 335

Individual Employee Incentive Plans 336

- Individual Incentive Plans: Piecework Plans 336
- Incentives and the Law 336
- Merit Pay as an Incentive 337
- Incentives for Professional Employees 337
- Nonfinancial and Recognition-Based Awards 338
- ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 338
- ■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Goals and Recognition 338
- Goals and Recognition 338
- Job Design 339
- ■ HR IN PRACTICE: Using Financial and Nonfinancial Incentives in a Fast-Food Chain 339
- Incentives for Salespeople 340
- ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 342
- Incentives for Managers and Executives 342
- Short-Term Managerial Incentives and the Annual Bonus 342
- Executives' Strategic Long-Term Incentives 343

Team and Organizationwide Incentive Plans 344

- How to Design Team Incentives 344
- Profit-Sharing Plans 345
- Gainsharing Plans 345

At-Risk Pay Plans 345
Employee Stock Ownership Plans 346

Benefits and Services: The Benefits Picture Today 346

Pay for Time Not Worked and Insurance Benefits 347

Unemployment Insurance 347
Vacations and Holidays 348
Sick Leave 349
■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 349
■ HR AS A PROFIT CENTER: Cutting Absences at the Driver and Vehicle Licensing Agency 349
Parental Leaves and the Family and Medical Leave Act 350
Severance Pay 351
Supplemental Unemployment Benefits 351
Insurance Benefits 351
Workers' Compensation 351
Hospitalization, Health, and Disability Insurance 352
Tools for Employer Health Care Cost Control 356
■ HR AS A PROFIT CENTER: The Doctor Is on the Phone 356
Long-Term Care 357
Life Insurance 357
Benefits for Part-Time and Contingent Workers 358
■ HR AND THE GIG ECONOMY: Gig Worker Benefits 358
■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Benefits and Employee Leasing 358

Retirement and Other Benefits 359

Social Security 359
Pension Plans 359
Pensions and Early Retirement 361
■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 361

Personal Services and Family-Friendly Benefits 361

Personal Services 361
Other Job-Related Benefits 362
Diversity Counts 362
Family-Friendly/Work–Life Benefits 362
Executive Perquisites 363
Flexible/Customized Benefits Programs 363
■ HR AS A PROFIT CENTER: NES Rentals Holdings, Inc. 364
■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: "Costless" Small-Business–Friendly Benefits 365

Employee Engagement Guide For Managers 366

Costco's Compensation Plan 366

Review 367

Summary 367 • Key Terms 368 • Discussion Questions 369 • Individual and Group Activities 369

APPLICATION EXERCISES 370

HR IN ACTION CASE INCIDENT 1: Striking for Benefits 370
HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 371
Experiential Exercise: Revising the Benefits Package 371

PART 5 Employee and Labor Relations 372

Chapter 12 Maintaining Positive Employee Relations 373

Employee Relations 374

Employee Relations Programs For Building and Maintaining Positive Employee Relations 375

Ensuring Fair Treatment 375
■ HR PRACTICES AROUND THE GLOBE: The Foxconn Plant in Shenzhen, China 376
Improving Employee Relations Through Communications Programs 378
Develop Employee Recognition/Relations Programs 379
Use Employee Involvement Programs 379
■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 379
■ HR IN PRACTICE: The Cost-Effective Suggestion System 380
■ HR AND THE GIG ECONOMY: Getting Gig Workers Involved 381

The Ethical Organization 382

Ethics and Employee Rights 383
What Shapes Ethical Behavior at Work? 383
The Person (What Makes Bad Apples?) 383
Which Ethical Situations Make for Ethically Dangerous (Bad Cases) Situations? 384
What Are the "Bad Barrels"?—The Outside Factors That Mold Ethical Choices 384
Steps Managers Take to Create More Ethical Environments 384
■ HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Small Business Ethics 386
Institute Employee Privacy Policies 387
■ HR AS A PROFIT CENTER: Monitoring and Profits 389

Managing Employee Discipline 389

■ The Three Pillars of Fair Discipline 390
Diversity Counts 390
Discipline Without Punishment 392

Employee Engagement Guide For Managers 392

How Companies Become "Best Companies to Work For" 392
The "Best Companies to Work For" 392
SAS: Great Benefits, Trust, and Work–Life Balance 393
Google: Happiness and People Analytics 393
FedEx: Guaranteed Fair Treatment 394
A "Best Company" Human Resource Philosophy 396

Review 397

Summary 397 • Key Terms 398 • Discussion Questions 398 • Individual and Group Activities 398

APPLICATION EXERCISES 399

HR IN ACTION CASE INCIDENT 1: Enron, Ethics, and Organizational Culture 399

HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 400

Experiential Exercise: The Discipline Dilemma 400

Ethics Quiz Answers 401

Chapter 13 Labor Relations and Collective Bargaining 402

The Labor Movement 403

- Why Do Workers Organize? 404
- 🟪 HR AND THE GIG ECONOMY: Will Uber Drivers Organize? 404

Employee Engagement Guide for Managers: Employee Engagement And Unionization 404

- What Do Unions Want? 405
- The AFL-CIO and the SEIU 406

Unions and The Law 406

- Period of Strong Encouragement: The Norris-LaGuardia Act (1932) and the National Labor Relations Act (1935) 407
- Period of Modified Encouragement Coupled with Regulation: The Taft-Hartley Act (1947) 408
- Period of Detailed Regulation of Internal Union Affairs: The Landrum-Griffin Act (1959) 409

The Union Drive and Election 409

- Step 1: Initial Contact 409
- 🟪 TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 411
- Step 2: Authorization Cards 411
- Step 3: The Hearing 412
- Step 4: The Campaign 413
- 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: What to Do when the Union Comes Calling 414
- Step 5: The Election 416
- How to Lose an NLRB Election 416
- 🟧 HR PRACTICES AROUND THE GLOBE: France Comes to the Workers' Aid 417

The Collective Bargaining Process 417

- What Is Collective Bargaining? 417
- What Is Good-Faith Bargaining? 418
- The Negotiating Team 418
- 🟩 HR AS A PROFIT CENTER: Costing the Contract 419
- Bargaining Items 419
- Bargaining Stages 419
- Impasses, Mediation, and Strikes 421
- The Contract Agreement 424
- Contract Administration: Dealing with Grievances 424

What's Next for Unions? 425

- Why the Union Decline? 426
- What Are Unions Doing About It? 426
- Cooperative Labor–Management Relations 427
- 🟥 HR IN PRACTICE: Labor–Management Cooperation and Works Councils in America 427

Review 428

Summary 428 • Key Terms 449 • Discussion Questions 449 • Individual and Group Activities 449

APPLICATION EXERCISES 430

HR IN ACTION CASE INCIDENT 1: Negotiating with the Writers Guild of America 430

HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 431

Experiential Exercise: The Organizing Campaign at Sam's Cupcake Shop 439

Chapter 14 Improving Occupational Safety, Health, and Risk Management 433

Employee Safety and Health: An Introduction 434

- Why Safety Is Important 434
- 🟩 HR AS A PROFIT CENTER: Improving Safety Boosts Profits 434
- Management's Role in Safety 435
- 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: The Supervisor's Role in Accident Prevention 435
- A Manager's Briefing on Occupational Law 436
- OSHA Inspections and Citations 437
- OSHA Responsibilities and Rights of Employers and Employees 438
- 🟩 HR TOOLS FOR LINE MANAGERS AND SMALL BUSINESSES: Free On-Site Safety and Health Services 439

What Causes Accidents? 439

- Unsafe Working Conditions 439
- Unsafe Acts 443
- What Traits Characterize "Accident-Prone" People? 444

How to Prevent Accidents 444

- Reduce Unsafe Conditions 444
- Provide Personal Protective Equipment 445
- 🟪 TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 446
- Diversity Counts 446
- Reduce Unsafe Acts 446
- Screen to Reduce Unsafe Acts 446
- Provide Safety Training 447
- Use Posters, Incentives, and Positive Reinforcement 447
- 🟥 HR IN PRACTICE: Using Positive Reinforcement 447
- Foster a Culture of Safety 448

- Establish a Safety Policy and Set Specific Loss Control Goals 448
  - ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 449
- Conduct Regular Safety and Health Inspections 449
- Organize a Safety Committee 449
  - ■ HR IN PRACTICE: Safety at Saudi Petrol Chemical 450

Employee Engagement Guide for Managers 451

- Milliken & Company—World-Class Safety through Employee Engagement 451
- Involvement-Based Employee Engagement 451

Workplace Health: Problems and Remedies 452

- Chemicals, Air Quality, and Industrial Hygiene 452
  - ■ HR AND THE GIG ECONOMY: Temp Employee Safety 453
- Alcoholism and Substance Abuse 454
- Job Stress and Burnout 455
- Computer Monitor and Ergonomic Health Problems and How to Avoid Them 457
- Infectious Diseases 458
- Workplace Smoking 458

Occupational Security and Risk Management 459

- Enterprise Risk Management 459
- Preventing and Dealing with Violence at Work 459
- Setting Up a Basic Security Program 461
- Terrorism 462
  - ■ HR PRACTICES AROUND THE GLOBE: Dealing with Terrorism Abroad 463
- Emergency Plans and Business Continuity 463

Review 464

Summary 464 • Key Terms 464 • Discussion Questions 465 • Individual and Group Activities 465

APPLICATION EXERCISES 466

- HR IN ACTION CASE INCIDENT 1: The Office Safety and Health Program 466
- HR IN ACTION CASE INCIDENT 2: Carter Cleaning Company 467

Experiential Exercise: How Safe Is My University? 467

PART 6 SPECIAL TOPICS IN HUMAN RESOURCE MANAGEMENT 468

Module A Managing HR Globally 468

HR and the Internationalization of Business 469

- The Human Resource Challenges of International Business 469
  - ■ HR IN PRACTICE: Unionizing Walmart Stores in China 469
- What Is International Human Resource Management? 470
- How Intercountry Differences Affect Human Resource Management 470

International Employee Selection Issues 472

- International Staffing: Home or Local? 472
  - ■ HR AS A PROFIT CENTER: Reducing Expatriate Costs 473
- Values and International Staffing Policy 474
- Special Tools for Selecting International Managers 474
- Diversity Counts: Sending Women Managers Abroad 475
  - ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA: JOB BOARDS ABROAD 476
- How to Avoid Failed International Assignments 476

Training and Maintaining International Employees 477

- Orienting and Training Employees on International Assignment 477
- Performance Appraisal of International Managers 477
- International Compensation 478
  - ■ HR IN PRACTICE: Expat Pay at CEMEX 479
- Safety and Fair Treatment Abroad 479
  - ■ HR PRACTICES AROUND THE GLOBE: Business Travel 479
- Repatriation: Problems and Solutions 480

Managing HR Locally: How to Put a Global HR System into Practice 481

- Developing a More Effective Global HR System 481
- Making the Global HR System More Acceptable 482
- Implementing the Global HR System 482

Review 483

Summary 483 • Key Terms 483 • Discussion Questions 483

APPLICATION EXERCISES 484

- HR IN ACTION CASE INCIDENT 1: "Boss, I Think We Have a Problem" 484

Module B Managing Human Resources in Small and Entrepreneurial Firms 485

The Small Business Challenge 486

- How Small Business Human Resource Management Is Different 486
- Why HRM Is Important to Small Businesses 487
  - ■ HR AS A PROFIT CENTER: The Dealership 487

Using Internet and Government Tools to Support the HR Effort 488

- Complying with Employment Laws 488
- Employment Planning, Recruiting, and Selection 490
  - ■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 491
- Employment Selection 491
- Employment Training 492
- Employment Appraisal and Compensation 493
- Employment Safety and Health 493

Leveraging Small Size: Familiarity, Flexibility, Fairness, Informality, and HRM 493

- Simple, Informal Employee Selection Procedures 493
- Flexibility in Training 493
- Flexibility in Benefits and Rewards 495

Fairness and the Family Business 495

Using Professional Employer Organizations 496

Managing HR Systems, Procedures, and Paperwork 497

Introduction 497

Basic Components of Manual HR Systems 497

Automating Individual HR Tasks 498

Human Resource Information Systems (HRIS) 498

HRIS Vendors 499

HR and Intranets 499

■ TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA 499

Review 500

Summary 500 • Discussion Questions 501

APPLICATION EXERCISES 501

HR IN ACTION CASE INCIDENT 1: Carter Cleaning Company: The New Pay Plan 501

Appendix 502

Glossary 514

References 523

Name Index 564

Subject Index 567

PREFACE

New To This Edition

Today managers—not just HR managers—need a strong foundation in HR concepts and techniques like interviewing and appraising to do their jobs. You'll therefore find an emphasis here on practical material you need to perform your day-to-day management responsibilities, even if you never spend one day as a human resource manager.

At the heart of the book is the practical skills-oriented material woven into almost every paragraph—into the book's DNA—plus special "how-to" features.

Special "how-to" Features for Building Your Work Skills and Employability

***Building Your Management Skills* features** show how to apply what you've learned, such as how to conduct effective employment interviews.

Know Your Employment Law features show the practical implications of the employment laws that apply to each chapter's topics, such as recruitment.

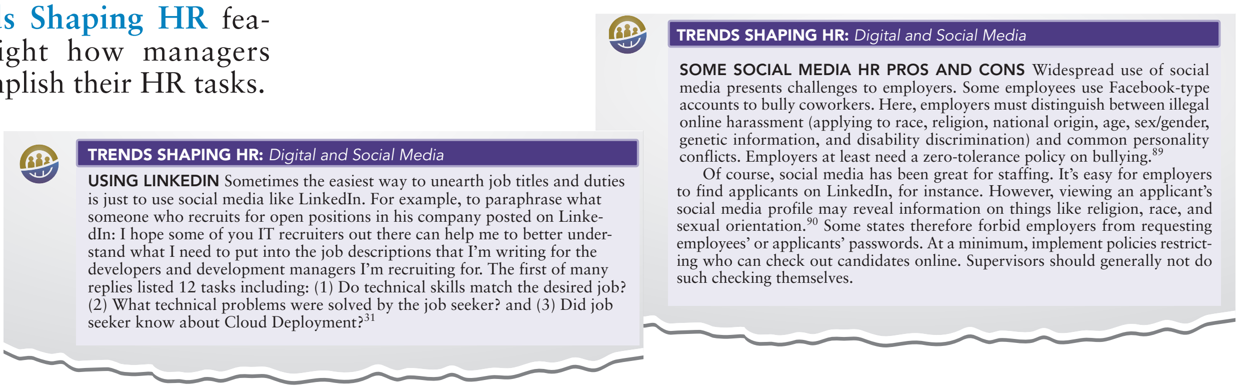
***HR Tools for Line Managers and Small Businesses* show** how managers, supervisors, and small businesses use practical HR tools such as work sampling tests to improve performance.

HR in Practice features show how managers and companies such as **Zappos** actually implement their HR practices.

HR as a Profit Center features show how to use HR methods to cut costs and improve performance.

HR management is changing fast. For example, Accenture Consultants estimates that social media tools like LinkedIn will soon produce up to 80% of new recruits.

New Trends Shaping HR features highlight how managers today accomplish their HR tasks.



TRENDS SHAPING HR: *Digital and Social Media*

SOME SOCIAL MEDIA HR PROS AND CONS Widespread use of social media presents challenges to employers. Some employees use Facebook-type accounts to bully coworkers. Here, employers must distinguish between illegal online harassment (applying to race, religion, national origin, age, sex/gender, genetic information, and disability discrimination) and common personality conflicts. Employers at least need a zero-tolerance policy on bullying.[89]

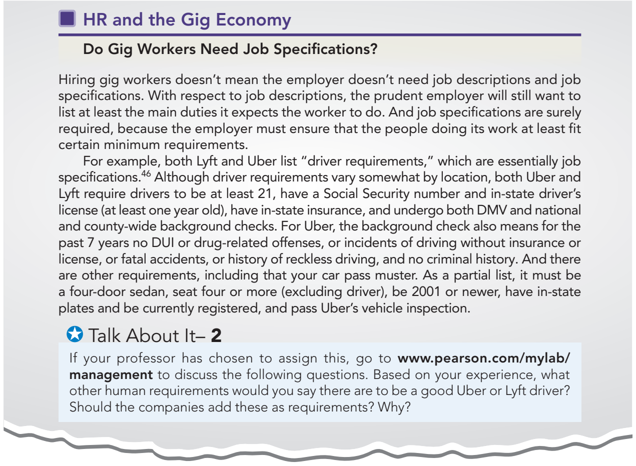
Of course, social media has been great for staffing. It's easy for employers to find applicants on LinkedIn, for instance. However, viewing an applicant's social media profile may reveal information on things like religion, race, and sexual orientation.[90] Some states therefore forbid employers from requesting employees' or applicants' passwords. At a minimum, implement policies restricting who can check out candidates online. Supervisors should generally not do such checking themselves.

TRENDS SHAPING HR: *Digital and Social Media*

USING LINKEDIN Sometimes the easiest way to unearth job titles and duties is just to use social media like LinkedIn. For example, to paraphrase what someone who recruits for open positions in his company posted on LinkedIn: I hope some of you IT recruiters out there can help me to better understand what I need to put into the job descriptions that I'm writing for the developers and development managers I'm recruiting for. The first of many replies listed 12 tasks including: (1) Do technical skills match the desired job? (2) What technical problems were solved by the job seeker? and (3) Did job seeker know about Cloud Deployment?[31]

About 25% of today's workers don't have "regular" jobs. Instead, they're independent or "gig" workers—that's about 60 million gig workers in the USA alone.

New **HR and the Gig Economy** features show how companies manage gig workers' HR needs, for example how to recruit, train, and manage the safety of gig workers.



HR and the Gig Economy

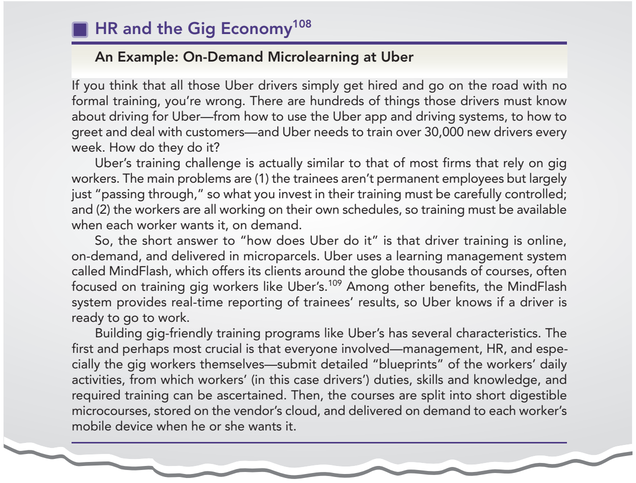
Do Gig Workers Need Job Specifications?

Hiring gig workers doesn't mean the employer doesn't need job descriptions and job specifications. With respect to job descriptions, the prudent employer will still want to list at least the main duties it expects the worker to do. And job specifications are surely required, because the employer must ensure that the people doing its work at least fit certain minimum requirements.

For example, both Lyft and Uber list "driver requirements," which are essentially job specifications.[46] Although driver requirements vary somewhat by location, both Uber and Lyft require drivers to be at least 21, have a Social Security number and in-state driver's license (at least one year old), have in-state insurance, and undergo both DMV and national and county-wide background checks. For Uber, the background check also means for the past 7 years no DUI or drug-related offenses, or incidents of driving without insurance or license, or fatal accidents, or history of reckless driving, and no criminal history. And there are other requirements, including that your car pass muster. As a partial list, it must be a four-door sedan, seat four or more (excluding driver), be 2001 or newer, have in-state plates and be currently registered, and pass Uber's vehicle inspection.

✪ Talk About It– **2**

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to discuss the following questions. Based on your experience, what other human requirements would you say there are to be a good Uber or Lyft driver? Should the companies add these as requirements? Why?



HR and the Gig Economy[108]

An Example: On-Demand Microlearning at Uber

If you think that all those Uber drivers simply get hired and go on the road with no formal training, you're wrong. There are hundreds of things those drivers must know about driving for Uber—from how to use the Uber app and driving systems, to how to greet and deal with customers—and Uber needs to train over 30,000 new drivers every week. How do they do it?

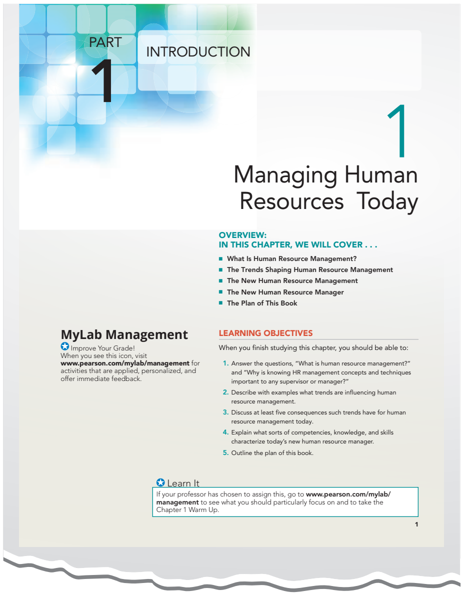
Uber's training challenge is actually similar to that of most firms that rely on gig workers. The main problems are (1) the trainees aren't permanent employees but largely just "passing through," so what you invest in their training must be carefully controlled; and (2) the workers are all working on their own schedules, so training must be available when each worker wants it, on demand.

So, the short answer to "how does Uber do it" is that driver training is online, on-demand, and delivered in microparcels. Uber uses a learning management system called MindFlash, which offers its clients around the globe thousands of courses, often focused on training gig workers like Uber's.[109] Among other benefits, the MindFlash system provides real-time reporting of trainees' results, so Uber knows if a driver is ready to go to work.

Building gig-friendly training programs like Uber's has several characteristics. The first and perhaps most crucial is that everyone involved—management, HR, and especially the gig workers themselves—submit detailed "blueprints" of the workers' daily activities, from which workers' (in this case drivers') duties, skills and knowledge, and required training can be ascertained. Then, the courses are split into short digestible microcourses, stored on the vendor's cloud, and delivered on demand to each worker's mobile device when he or she wants it.

KNOWLEDGE BASE

SHRM—the Society for Human Resource Management administers a certification program for HR professionals. This 5th edition addresses SHRM's functional knowledge areas, with Knowledge Base icons call-outs and a SHRM knowledge overview and group activity questions in the accompanying MyLab Management.



PART 1 INTRODUCTION

1

Managing Human Resources Today

OVERVIEW:
IN THIS CHAPTER, WE WILL COVER . . .

- What Is Human Resource Management?
- The Trends Shaping Human Resource Management
- The New Human Resource Management
- The New Human Resource Manager
- The Plan of This Book

MyLab Management

✪ Improve Your Grade!
When you see this icon, visit **www.pearson.com/mylab/management** for activities that are applied, personalized, and offer immediate feedback.

LEARNING OBJECTIVES

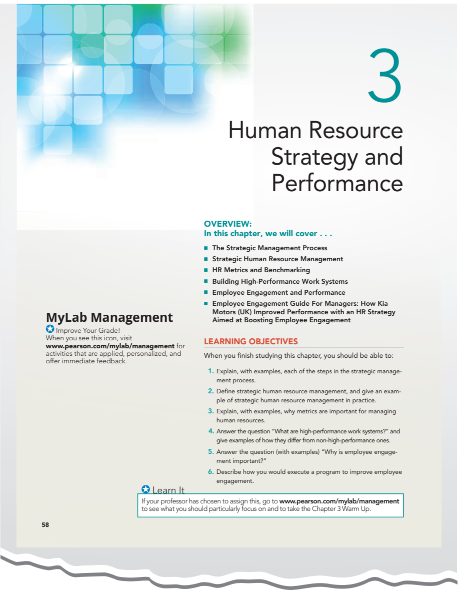
When you finish studying this chapter, you should be able to:

1. Answer the questions, "What is human resource management?" and "Why is knowing HR management concepts and techniques important to any supervisor or manager?"
2. Describe with examples what trends are influencing human resource management.
3. Discuss at least five consequences such trends have for human resource management today.
4. Explain what sorts of competencies, knowledge, and skills characterize today's new human resource manager.
5. Outline the plan of this book.

✪ Learn It

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to see what you should particularly focus on and to take the Chapter 1 Warm Up.

1



3

Human Resource Strategy and Performance

OVERVIEW:
In this chapter, we will cover . . .

- The Strategic Management Process
- Strategic Human Resource Management
- HR Metrics and Benchmarking
- Building High-Performance Work Systems
- Employee Engagement and Performance
- Employee Engagement Guide For Managers: How Kia Motors (UK) Improved Performance with an HR Strategy Aimed at Boosting Employee Engagement

MyLab Management

✪ Improve Your Grade!
When you see this icon, visit **www.pearson.com/mylab/management** for activities that are applied, personalized, and offer immediate feedback.

LEARNING OBJECTIVES

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

1. Explain, with examples, each of the steps in the strategic management process.
2. Define strategic human resource management, and give an example of strategic human resource management in practice.
3. Explain, with examples, why metrics are important for managing human resources.
4. Answer the question "What are high-performance work systems?" and give examples of how they differ from non-high-performance ones.
5. Answer the question (with examples) "Why is employee engagement important?"
6. Describe how you would execute a program to improve employee engagement.

✪ Learn It

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to see what you should particularly focus on and to take the Chapter 3 Warm Up.

58

Solving Teaching and Learning Challenges

A Focus on Building Your Management Skills

One of the best ways to get and keep a job is to show that you can do the job and do it well.

That's why every single edition of this book has had the same aim: to provide all managers—not just HR managers—with the practical skills and knowledge you need to perform your day-to-day management responsibilities. For example, you'll learn about:

Ch2: 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?

Ch 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 . . .

Ch 6: 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 . . .

Ch 12: 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 . . .

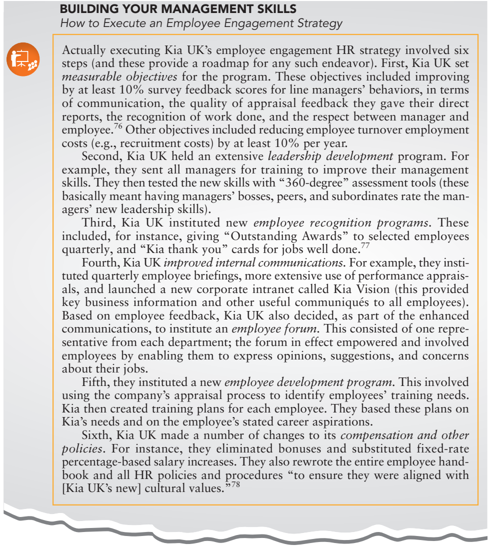
Learn How to Build Employee Engagement

Employee engagement refers to being psychologically involved in, connected to, and committed to getting one's jobs done.

You'll find specific 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.

For example, Chapter 3's show how Kia Motors (UK) improved Employee Engagement.



BUILDING YOUR MANAGEMENT SKILLS

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.[76] 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, they sent all managers for training to improve their management skills. They then tested the new skills with "360-degree" assessment tools (these basically meant 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.[77]

Fourth, Kia UK *improved internal communications*. For example, they instituted quarterly employee briefings, more extensive use of performance appraisals, and launched a new corporate intranet called Kia Vision (this provided key business information and other useful communiqués to all employees). Based on employee feedback, Kia UK also decided, as part of the enhanced communications, to institute an *employee forum*. This consisted of one representative from each department; the forum in effect empowered and involved employees by enabling them to express opinions, suggestions, and concerns about their jobs.

Fifth, they instituted a new *employee development program*. This involved using the company's appraisal process to identify employees' training needs. Kia then created training plans for each employee. They based these plans on Kia's needs and on the employee's stated career aspirations.

Sixth, Kia UK made a number of changes to its *compensation and other policies*. For instance, they eliminated bonuses and substituted fixed-rate percentage-based salary increases. They also rewrote the entire employee handbook and all HR policies and procedures "to ensure they were aligned with [Kia UK's new] cultural values."[78]

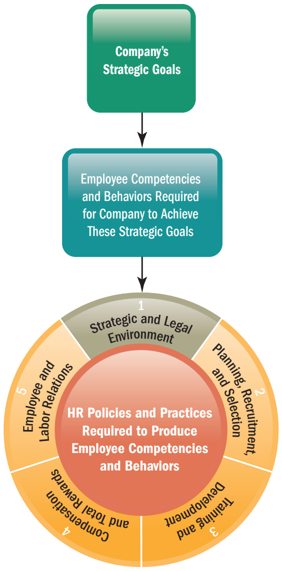
Unique to this book: New HR and the Gig Economy features show how to recruit, train, and manage the safety of gig workers.

And our unique Strategy Model helps provide you with a "big picture" view:

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.

Our model illustrates this idea and follows this three-step sequence:

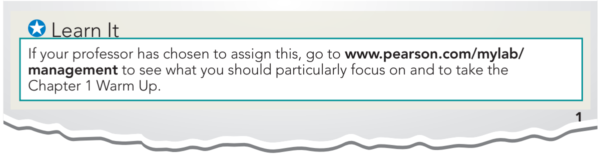
- *Set* the firm's strategic aims,
- *Pinpoint* the employee behaviors and skills we need to achieve these strategic aims, and then
- *Decide* what HR policies and practices will enable us to produce these necessary employee behaviors and skills.


Company's Strategic Goals
Employee Competencies and Behaviors Required for Company to Achieve These Strategic Goals
1 Strategic and Legal Environment
2 Planning, Recruitment, and Selection
3 Training and Development
4 Compensation and Total Rewards
5 Employee and Labor Relations
HR Policies and Practices Required to Produce Employee Competencies and Behaviors

MyLab Management suggested activities

Learn It

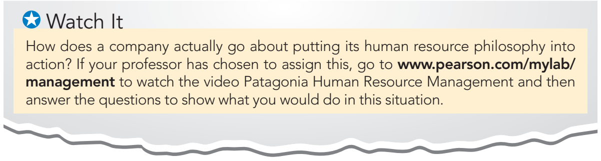
Students can be assigned the Chapter Warm-Up before coming to class. Assigning these questions ahead of time will hopefully help ensure that students come to class prepared.



Learn It

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to see what you should particularly focus on and to take the Chapter 1 Warm Up.

1



Watch It

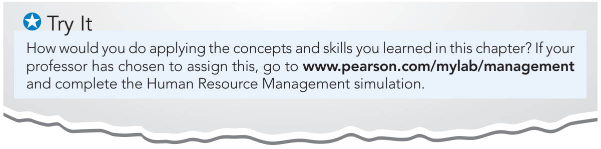
How does a company actually go about putting its human resource philosophy into action? If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to watch the video Patagonia Human Resource Management and then answer the questions to show what you would do in this situation.

Watch It

Recommends a video clip that can be assigned to students for outside classroom viewing or for in-classroom use.

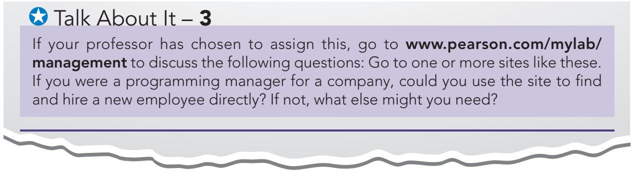
Try It

Recommends a mini-simulation that can be assigned to students as an outside classroom activity or that can be done in the classroom.



Try It

How would you do applying the concepts and skills you learned in this chapter? If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** and complete the Human Resource Management simulation.



Talk About It – **3**

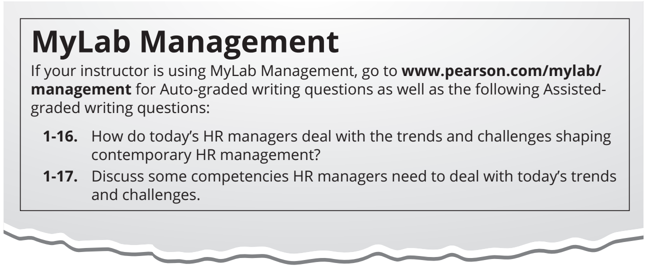
If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to discuss the following questions: Go to one or more sites like these. If you were a programming manager for a company, could you use the site to find and hire a new employee directly? If not, what else might you need?

Talk About It

These are discussion-type questions that can be assigned as an activity within the classroom.

Assisted-Graded Writing Questions

These are short essay questions that the students can complete as an assignment and submit to you, the professor, for grading.



MyLab Management

If your instructor is using MyLab Management, go to **www.pearson.com/mylab/management** for Auto-graded writing questions as well as the following Assisted-graded writing questions:

1-16. How do today's HR managers deal with the trends and challenges shaping contemporary HR management?

1-17. Discuss some competencies HR managers need to deal with today's trends and challenges.

MyLab Management

Reach every student by pairing this text with MyLab Management MyLab is the teaching and learning platform that empowers you to reach *every* student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and improves results for each student. Learn more about MyLab Management at www.pearson.com/mylab/management.

Deliver trusted content You deserve teaching materials that meet your own high standards for your course. That's why we partner with highly respected authors to develop interactive content and course-specific resources that you can trust—and that keep your students engaged.

Empower each learner Each student learns at a different pace. Personalized learning pinpoints the precise areas where each student needs practice, giving all students the support they need—when and where they need it— to be successful.

Teach your course your way Your course is unique. So whether you'd like to build your own assignments, teach multiple sections, or set prerequisites, MyLab gives you the flexibility to easily create *your* course to fit *your* needs.

Improve student results When you teach with MyLab, student performance improves. That's why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students.

Developing Employability Skills

Trends Shaping HR: Digital and Social Media Career sites make the inner workings of employers more transparent. Sites such as Glassdoor, CareerBliss, CareerLeak, and JobBite let members share insights into hundreds of thousands of specific employers, including specific company-by-company commentaries, salary reports, and CEO approval ratings . . . .

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

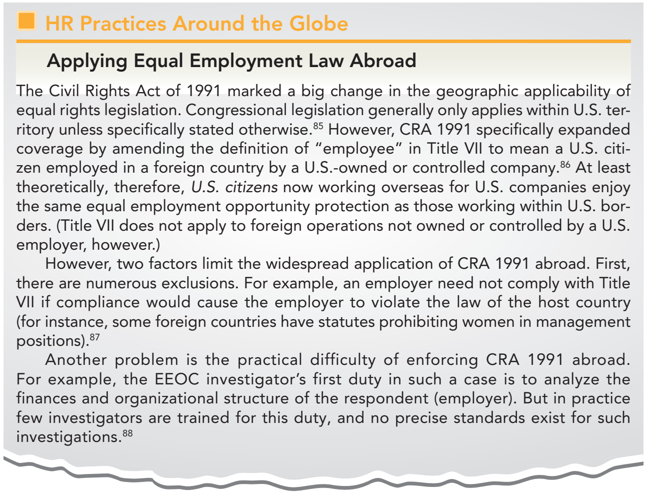
HR and the Gig Economy features show how companies manage gig workers' HR needs, for example, how to recruit, train, and manage the safety of gig workers

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 work sampling tests and other straightforward HR tools that line managers and entrepreneurs can create and safely use to improve performance.

Know Your Employment Law features 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), and safety (Chapter 14).

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.

Improving Performance Through HRIS are embedded features that demonstrate how managers use human resource technology to improve performance.



HR Practices Around the Globe

Applying Equal Employment Law Abroad

The Civil Rights Act of 1991 marked a big change in the geographic applicability of equal rights legislation. Congressional legislation generally only applies within U.S. territory unless specifically stated otherwise.[85] However, CRA 1991 specifically expanded coverage by amending the definition of "employee" in Title VII to mean a U.S. citizen employed in a foreign country by a U.S.-owned or controlled company.[86] At least theoretically, therefore, *U.S. citizens* now working overseas for U.S. companies enjoy the same equal employment opportunity protection as those working within U.S. borders. (Title VII does not apply to foreign operations not owned or controlled by a U.S. employer, however.)

However, two factors limit the widespread application of CRA 1991 abroad. First, there are numerous exclusions. For example, an employer need not comply with Title VII if compliance would cause the employer to violate the law of the host country (for instance, some foreign countries have statutes prohibiting women in management positions).[87]

Another problem is the practical difficulty of enforcing CRA 1991 abroad. For example, the EEOC investigator's first duty in such a case is to analyze the finances and organizational structure of the respondent (employer). But in practice few investigators are trained for this duty, and no precise standards exist for such investigations.[88]

HR Practices Around the Globe

Applying Equal Employment Law Abroad Expanding abroad complicates complying with equal employment laws. For example, Dell announced big additions to its workforce in India. Are U.S. citizens working for Dell abroad covered by U.S. equal opportunity laws? In practice, the answer depends on U.S. laws, international treaties, and the laws of the host country.

Instructor Teaching Resources

This program comes with the following teaching resources.

Supplements available to instructors at www.pearsonhighered.com	Features of the Supplement
Instructor's Manual authored by Carol Heeter, Ivy Tech Community College	• Chapter-by-chapter summaries and interesting issues on related topics • Additional assignments and activities not in the main book • Teaching outlines • Teaching tips • Solutions to all questions and problems in the book
Test Bank authored by Susan Leshnower, Midland College	More than 1,500 multiple-choice, true/false, short-answer, and graphing questions with these annotations: • Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis) • Type (Multiple-choice, true/false, short-answer, essay • Skill (Application or concept) that is needed to answer the question • Learning outcome • AACSB learning standard, where applicable (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)
Computerized TestGen	TestGen allows instructors to: • Customize, save, and generate classroom tests • Edit, add, or delete questions from the Test Item Files • Analyze test results • Organize a database of tests and student results.
PowerPoints authored by Dan Morrell, Middle Tennessee State University	Slides include applicable graphs, tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to: • Keyboard and Screen Reader access • Alternative text for images • High color contrast between background and foreground colors

ACKNOWLEDGMENTS

I am indebted to many people for their assistance in creating this book. I appreciate the conscientious and useful suggestions from the reviewers of the previous editions of *Fundamentals of Human Resource Management*.

Samuel Todd, Georgia Southern University/UMASS Amherst
Dale J. Dwyer, The University of Toledo
Melissa L. Gruys, Wright State University, Ohio
John H. Stern, Darla Moore School of Business, University of South Carolina
Dan Morrell, Middle Tennessee State University
Marie D. K. Halvorsen-Ganepola, University of Notre Dame
Howard J. Klein, The Ohio State University
Paul W. Mulvey, Poole College of Management, North Carolina State University
Gary Stroud, Franklin University, Ohio

I am very grateful to our supplements authors, Carol Heeter, Ivy Tech Community College and Dan Morrell.

At Pearson, I thank the *Fundamentals of Human Resource Management*, 5th edition team including Stephanie Wall, Editor in Chief; Daniel Tylman, Acquisitions Editor; Melissa Feimer, Managing Producer for Qualitative Disciplines; Yasmita Hota, Content Producer; Linda Siebert Albelli, Editorial Assistant; Ann Pulido, Project Manager; and Kerri Tomasso, Development Editor. Thanks to the world-wide Pearson sales team, without whose hard work this book might just languish on a shelf.

At home, I want to thank as always my wife Claudia for her support, my son Derek for his advice, and of course, Lisa, Samantha, and Taylor.

ABOUT THE AUTHOR

Readers worldwide use Gary Dessler's *Fundamentals of Human Resource Management, Human Resource Management,* and *Framework for Human Resource Management* in a total of more than 10 languages and international editions, including Russian, Spanish, French, Arabic, Thai, Greek, and Chinese. Dr. Dessler's other books include *Winning Commitment: How to Build and Keep a Competitive Workforce,* and *Management: Modern Principles and Practices for Tomorrow's Leaders*. He has published articles on employee commitment, leadership, supervision, human resource management practices in China, and quality improvement in journals including the *Academy of Management Executive*, *SAM Advanced Management Journal*, *Supervision*, *Personnel Journal*, and *International Journal of Service Management.*

Dr. Dessler served for many years as a Founding Professor in Florida International University's College of Business teaching courses in human resource management, strategic management, and management. For the past few years, he has focused on his textbook writing, research, and consulting and on giving lectures, seminars, and courses around the world on modern human resource management methods, maintaining positive employee relations and employee engagement, strategic management, leadership development, and talent management.

Dr. Dessler has degrees from New York University, Rensselaer Polytechnic Institute, and the Baruch School of Business of the City University of New York.

This page intentionally left blank

Source: Mitar Vidakovic/Shutterstock

PART 1 INTRODUCTION

1

Managing Human Resources Today

OVERVIEW: IN THIS CHAPTER, WE WILL COVER . . .

- What Is Human Resource Management?
- The Trends Shaping Human Resource Management
- The New Human Resource Management
- The New Human Resource Manager
- The Plan of This Book

LEARNING OBJECTIVES

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

1. Answer the questions, “What is human resource management?” and “Why is knowing HR management concepts and techniques important to any supervisor or manager?”
2. Describe with examples what trends are influencing human resource management.
3. Discuss at least five consequences such trends have for human resource management today.
4. Explain what sorts of competencies, knowledge, and skills characterize today’s new human resource manager.
5. Outline the plan of this book.

MyLab Management

Improve Your Grade!
When you see this icon, visit **www.pearson.com/mylab/management** for activities that are applied, personalized, and offer immediate feedback.

Learn It

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to see what you should particularly focus on and to take the Chapter 1 Warm Up.

INTRODUCTION

During her senior year at State University Mira was a merchandising intern for TJX, which owns TJ Maxx and Marshalls, and after graduating joined its Store Leadership Pathway program for intensive training; now she's one week into her first management job, as Assistant Store Manager for a TJ Maxx store on the East Coast. "How did your week go?" asked Gladys, her Store Manager and mentor, over coffee. "I love it!" Mira said. "I guess the only surprise is that I thought I'd spend almost all my time on merchandising tasks like setting up displays to give our customers that real 'treasure hunt' experience. But I've actually been spending over a third of my time on "HR" tasks like interviewing prospective associates, training them, and letting them know how they're doing." "Get used to that" said Gladys. "My experience was about the same, and now as Store Manager I find I spend almost half my time on such tasks—including mentoring!"[1]

Source: stylephotographs/123RF

LEARNING OBJECTIVE 1
Answer the questions, "What is human resource management?" and "Why is knowing HR management concepts and techniques important to any supervisor or manager?"

organization
An organization consists 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.

What Is Human Resource Management?

To understand what human resource management is, we should first review what managers do. The TJ Maxx store is an *organization*. An **organization** consists of people (in this case, people like sales and maintenance employees) 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 the following:

- **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

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.

In this book, we will focus on one of these functions—the staffing, personnel management, or *human resource management (HRM)* function. **Human resource management** 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 you'll need 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 a 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?

Why are the concepts and techniques in this book important to all managers? Perhaps it's easier to answer this by listing some of 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
- Hire the wrong person for the job
- Experience high turnover
- Have your company in court due to your discriminatory actions
- Have your company cited for unsafe practices
- Let a lack of training undermine your department's effectiveness
- 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.*[2] 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.[3]

At no time in our history has that statement been truer than it is today. As we'll see in a moment, intensified global competition, technological advances, and economic upheaval have triggered competitive turmoil. In this environment, the future belongs to those managers who can improve performance while managing change; but doing so requires getting results through engaged and committed employees.

Human resource management practices and policies play a big role in helping managers do this. For example, we'll see that one 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, making the estimated total annual cost of agent turnover about $400,000. Cutting that rate in half through improved recruiting and testing would save this firm about $200,000 per year.[4]

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).[5] Spending some time in HR can also be good for a manager. For example, one CEO served a three-year stint as chief human resource officer on the way to CEO. He said the experience was invaluable in learning how to develop leaders and in understanding the human side of transforming a company.[6]

However, most top human resource executives do have prior human resource experience. About 80% in one survey worked their way up within HR. About 17% had the HR Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professional in Human Resources (PHR). Many others carry the SHRM Certified Professional (SHRM-CP) or Senior Certified Professional (SHRM-SCP) designations from the Society for Human Resource Management (SHRM). SHRM offers a brochure describing alternative career paths within human resource management.[7] Find it at www.shrm.org.

HR for Small Businesses And here is one final reason to study this book: *you may well end up as your own human resource manager*. About half the people working in the United States today work for small firms.[8] Small businesses as a group also account for most of the 650,000 or so new businesses created every year.[9] 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. If you are managing your own small firm with no human resource manager, you'll probably have to handle HR on your own. To do that, you must be able to recruit, select, train, appraise, and reward employees. There are special HR Tools for Line Managers and Small Businesses features in most chapters. These show small business owners how to improve their human resource management practices.

Line and Staff Aspects of HRM

All managers are, in a sense, human resource managers because they all get involved in activities such as recruiting, interviewing, selecting, and training. Yet most firms also have a separate human resource department with its own human resource manager. How do the duties of this departmental HR manager and his or her staff relate to line managers' human resource duties? Let's answer this by starting with short definitions of line versus staff authority.

Line versus Staff Authority

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

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.

Authority is the right to make decisions, to direct the work of others, and to give orders. In management, we usually distinguish between line authority and staff authority. Line authority gives managers the right (or authority) to issue orders to other managers or employees. It creates a superior–subordinate relationship. Staff authority gives a manager the right (authority) to advise other managers or employees. It creates an advisory relationship. **Line managers** have line authority. They are authorized to give orders. **Staff managers** have staff authority. They are authorized to assist and advise line managers. Human resource managers are staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

In practice, HR and line managers share responsibility for most human resource activities. For example, human resource and line managers in about two-thirds of the firms in one survey shared responsibility for skills training.[10] (Thus, the supervisor might describe what training she thinks the new employee needs, HR might design the training, and the supervisors might then ensure that the training is having the desired effect.)

Line Managers' Human Resource Management Responsibilities

The direct handling of people always has been an integral part of every line manager's responsibility, from president down to the first-line supervisor. For example, one company outlines its line supervisors' responsibilities for effective human resource management under the following 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
9. Creating and maintaining departmental morale
10. Protecting employees' health and physical conditions

In small organizations, line managers may carry out all these personnel duties unassisted. But as the organization grows, line managers need the assistance, specialized knowledge, and advice of a separate human resource staff.[11]

The Human Resource Department

In larger firms, the *human resource department* provides such specialized assistance.[12] Figure 1.1 shows human resource management jobs in one organization. Typical positions include compensation and benefits manager, employment and recruiting supervisor, training specialist, and employee relations executive. Examples of job duties include the following:

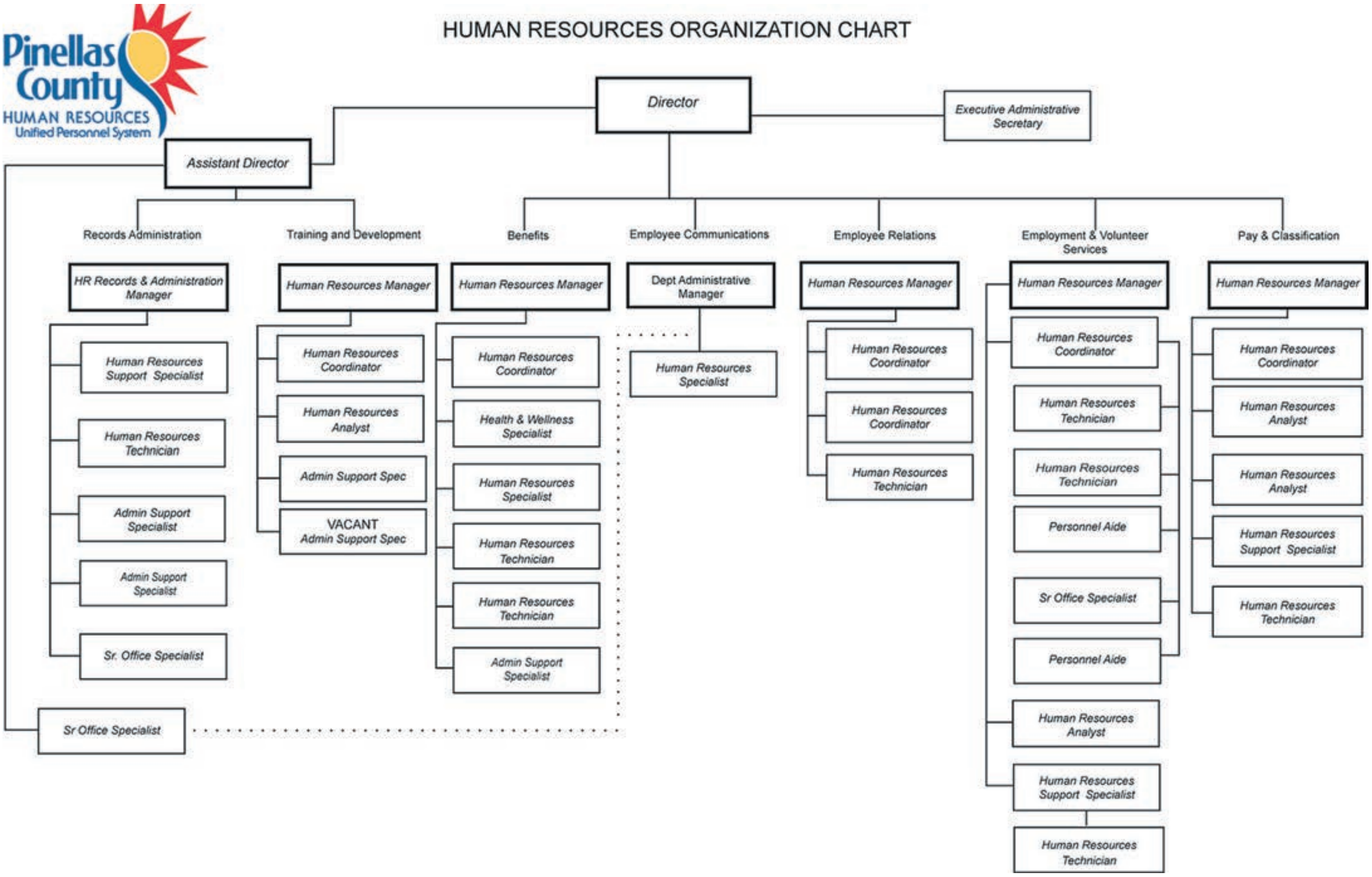

Pinellas County
HUMAN RESOURCES
Unified Personnel System
HUMAN RESOURCES ORGANIZATION CHART
Director
Executive Administrative Secretary
Assistant Director
Records Administration
Training and Development
Benefits
Employee Communications
Employee Relations
Employment & Volunteer Services
Pay & Classification
HR Records & Administration Manager
Human Resources Support Specialist
Human Resources Technician
Admin Support Specialist
Admin Support Specialist
Sr. Office Specialist
Human Resources Manager
Human Resources Coordinator
Human Resources Analyst
Admin Support Spec
VACANT Admin Support Spec
Human Resources Manager
Human Resources Coordinator
Health & Wellness Specialist
Human Resources Specialist
Human Resources Technician
Human Resources Technician
Admin Support Specialist
Dept Administrative Manager
Human Resources Specialist
Human Resources Manager
Human Resources Coordinator
Human Resources Coordinator
Human Resources Technician
Human Resources Manager
Human Resources Coordinator
Human Resources Technician
Human Resources Technician
Personnel Aide
Sr Office Specialist
Personnel Aide
Human Resources Analyst
Human Resources Support Specialist
Human Resources Technician
Human Resources Manager
Human Resources Coordinator
Human Resources Analyst
Human Resources Analyst
Human Resources Support Specialist
Human Resources Technician
Sr Office Specialist

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. Courtesy of Pinellas County Human Resources. Reprinted with permission.

Recruiters: Maintain contacts within the community and perhaps travel extensively 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.

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.

New Approaches to Organizing HR However, many employers are revamping how they organize their human resource functions.[13] For example, most plan to use technology to institute more *"shared services"* arrangements.[14] These create centralized HR units whose employees are shared by all the companies' departments to obtain advice on matters such as discipline problems. The shared services HR teams use intranets or centralized call centers to provide managers and employees with specialized support in day-to-day HR activities (such as discipline problems). Others use technology to *"distribute" HR*, for instance, by enabling store managers to use online interviewing tools to recruit and select their own employees. 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 selection and other assistance the departments need. *Centers of expertise* are like specialized HR consulting firms within the company. For example, one center might provide specialized advice in organizational change to all the company's various units.

LEARNING OBJECTIVE 2
Describe with examples what trends are 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 in the environment of human resource management that are changing how employers get their human resource management tasks done. These trends include workforce trends, trends in how people work, technological trends, and globalization and economic trends.

Workforce Demographics and Diversity Trends

The composition of the workforce will continue to change over the next few years; specifically, it will continue to become more diverse, with more women, minority group members, and older workers in the workforce.[15] 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%. 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 years of age will leap from 11.8% of the workforce in 1992 to 24.8% in 2024.[16] 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 from 1946–1964) who are retiring.[17] Many employers are bringing retirees back (or just trying to keep them from leaving).

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	77.0
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, accessed December 19, 2013, and https://www.bls.gov/news.release/ecopro.t01.htm, accessed April 16, 2017.

With not enough younger workers to replace retirees, many employers 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 85,000 foreign workers per year under these programs, although such programs face opposition.[18] Under the Trump administration the Department of Justice and the immigration services began enforcing H-1B rules more forcefully.[19]

Some employers find millennial employees (those born roughly between 1980 and 1997) a challenge to deal with, and this isn't just an American phenomenon. For example, China's senior army officers are having problems getting millennial-aged volunteers and conscripts to shape up.[20] "Intergenerational consultants" help employers deal with what they say are millennials' unique needs. For example, they say millennials want meaningful work and frequent feedback.[21] And while many employees spend about an hour per workday on their social media, millennials spend more.[22] On the other hand, millennials grew up with smartphones and social media and are experts at collaborating online. "Generation Z" (born 1994–2010), having seen their millennial predecessors struggle to find jobs, are reportedly "not willing to settle" and "extremely self-motivated."[23]

Trends in How People Work

At the same time, work has shifted from manufacturing to service in North America and Western Europe. 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.[24] 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.[25]

HR and the Gig Economy

On-Demand Workers

For many people today Upwork (www.upwork.com)[26] symbolizes much of what's new in human resource management. Millions of freelancers from graphic designers to translators, accountants, and lawyers register on the site. Employers then use Upwork to find, screen, hire, and pay the talent they need, in more than 180 countries.[27] Workers like these are part of a vast workforce comprised of contract, temp, freelance, independent contractor, "on-demand," or simply **"gig" workers**. Such workers may comprise half the workforce in the next 10 years.[28]

gig workers
The large and growing workforce comprised of contract, temp, freelance, independent contractor, "on-demand," or simply "gig" workers.

Anyone using Uber already knows about on-demand workers.[29] At last count, Uber was signing up almost 30,000 new independent contractor drivers per week, a rate that was increasing fast.

Today, many workers aren't employees at all, but are freelancers and independent contractors who work when they can on what they want to work on, when the company needs them.[30] So, for example, Airbnb can run in essence a vast lodging company with only a fraction of the "regular" employees Hilton Worldwide would need (because the lodgings are owned and managed by the homeowners themselves). Other sites tapping on-demand workers include Amazon's Mechanical Turk, TaskRabbit, and Handy (which lets users tap Handy's thousands of freelance cleaners and furniture assemblers when they need jobs done).[31]

Similarly, more employers use contractors for their jobs. Before it combined with Alaska Air Group, Virgin America used contractors rather than employees for jobs including baggage delivery, reservations, and heavy maintenance. A trucking company supplies the contract workers who unload shipping containers at Walmart warehouses. And even Google's parent, Alphabet Inc., has about the same number of outsourced jobs as full-time employees.[32] We'll see in this text that companies that rely on freelancers, consultants, and other such nontraditional employees need special HR policies and practices to deal with them.

Gig economy work has detractors.[33] Some people who work in such jobs say they can feel somewhat disrespected. One critic says such 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."[34] Some Uber drivers sued for the right to unionize.

Globalization Trends

Globalization refers to companies extending their sales, ownership, and/or manufacturing to new markets abroad. Thus Toyota builds Camrys in Kentucky, and 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 sum of U.S. imports and exports rose from $47 billion in 1960, to $562 billion in 1980, to about $5.0 *trillion* recently.[35] Changing 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 fundamental economic rationale was that by doing so, all countries would gain, and indeed, economies around the world did grow quickly until recently.

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. As multinational companies jockeyed for position, many transferred operations abroad, not just to seek

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.

Source: Pressmaster/Shutterstock.

cheaper labor but to tap new markets. The search for greater efficiencies prompted some employers to *offshore* (export jobs to lower-cost locations abroad). Some offshore even highly skilled jobs such as radiologists.[36] We'll see that a loss of jobs and growing income inequities are prompting some to rethink the wisdom of globalization.[37]

Economic Trends

Although globalization supported a growing global economy, the past 15 or so years were difficult economically. As you can see in **Figure 1.2**, gross national product (GNP)—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%.[38] Then, around 2007–2008, all these measures fell off a cliff. GNP fell. Home prices dropped by 10% or more (depending on city). Unemployment nationwide soon rose to more than 10%. Some economists called it the "Great Recession."

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 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.[39] The only way the country could keep buying more than it sold from abroad was by borrowing money. So, much of the boom was built on debt.

Around 2008, all those years of accumulating debt ran their course. Banks and other financial institutions had trillions of dollars of worthless loans. Governments stepped in to prevent their collapse. Lending dried up. Businesses and consumers stopped buying. The economy tanked.

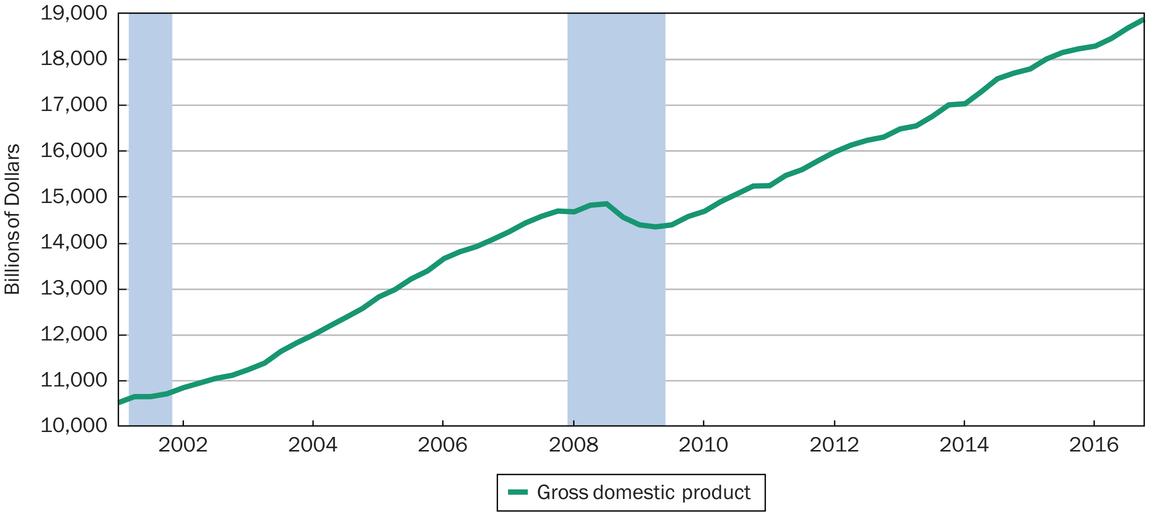


Figure 1.2

Gross National Product, 2000–2016

Source: St. Louis Federal Reserve Bank, https://fred.stlouisfed.org/ accessed April 16, 2017.

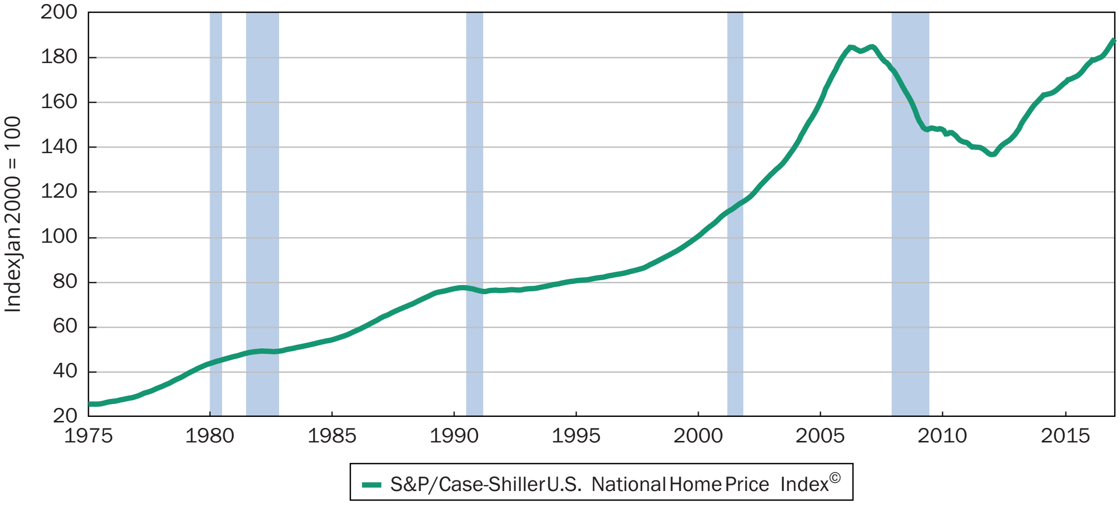


Figure 1.3

Case-Shiller Home Price Indexes 1975–2016

Source: St. Louis Federal Reserve Bank, https://fred.stlouisfed.org/ accessed April 17, 2017.

Today, economic trends are pointing up, and hopefully they will continue to do so. For example, by 2017, the unemployment rate had fallen from a high of more than 10% to around 4.5%.

However, that doesn't necessarily mean clear sailing for the economy. For one thing, after seeing the economy tank in 2007–2008, many companies became hesitant to expand factories and equipment. With their credit card and tuition loan debts still hanging over them, and many still without good jobs, consumers are understandably wary about pulling out all the stops on spending.[40] At the same time, productivity growth is slowing, which may further retard economic growth.[41] And after what the world went through in 2007–2009, it's doubtful that the deregulation, leveraging, and globalization that drove economic growth for the previous 50 years will continue unabated.

Labor Force Trends Complicating all this is the fact that the labor force in America is growing more slowly than expected (which is not good, because if employers can't get enough workers, they can't expand). To be precise, the Bureau of Labor Statistics projects the labor force to grow at 0.2% per year from 2015 to 2025, compared with an annual growth rate of 0.7% during the 2002–2012 decade.[42] Why? Mostly because with baby boomers aging, the "labor force participation rate" is declining—in other words, the *percent* of the population that wants to work is declining.

Add it all up, and the bottom line looks to be slower economic growth ahead. The Bureau of Labor Statistics projects that gross domestic product (GDP) will increase by 2.6% annually from 2012 to 2022, slower than the 3% or higher that more or less prevailed from the mid-1990s through the mid-2000s.[43]

Technology Trends

Technological change is also reshaping human resource management.[44] Just over half of companies in one survey were using digital and mobile devices to "redesign HR." For example 41% were designing mobile apps to deliver human resource management services, and about a third were using artificial intelligence.[45] For instance, Accenture estimates that social media tools like Facebook and LinkedIn will soon produce up to 80% of new recruits—often letting line managers bypass HR and do their own recruiting.[46] At a large insurance firm in Japan, IBM's Watson artificial intelligence system enables inexperienced employees to analyze claims like experts. Others use cloud-based performance management systems to monitor team performance in real-time, and to track employee engagement via quick weekly surveys. Companies like SAP and Kronos offer online systems for in-taking, tracking, and scheduling freelance gig workers.[47] Cold Stone Creamery Inc. uses a digital training game to show new employees how different flavors "scoop" differently. Many employers use "talent analytics" to sift through vast reams of employee data to identify the skills that excel on particular jobs, and to cut absences and accidents.

Talent analytics basically means using statistical techniques, algorithms, and problem solving to identify relationships among data for the purpose of solving problems such as what are the ideal candidate's traits, or how can I predict which of my best employees is likely to quit? For example, for many years one employer assumed that what mattered was the schools the job candidates attended, the grades they had, and their references. A retrospective talent analytics study revealed 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, they were successful in prior jobs, and they were able to succeed with vague instructions.[48]

Technology is also affecting the nature of work.[49] "Tech jobs," no longer just mean jobs at Apple and Google. For example at Alcoa's Davenport Works plant in Iowa, a computer at each workstation helps employees control their machines.

Human Capital One big consequence of globalization and of economic and technological trends is that employers are more dependent on their workers' knowledge, education, training, skills, and expertise—on their "human capital."

Jobs like consultant and lawyer always required education and knowledge. Today, even production assemblers as well as bank tellers, retail clerks, and package deliverers need a level of technological sophistication they wouldn't have needed a few years ago. The point is that in our knowledge-based economy, ". . . the acquisition and development of superior human capital appears essential to firms' profitability and success."[50]

The challenge for managers is that they have to manage such workers differently. For example, empowering them to make decisions presumes you've selected and trained them to make more decisions themselves.[51] The accompanying HR as a Profit Center feature illustrates how one employer took advantage of its human capital.

Technology changed the nature of work and therefore the skills that workers must bring to their jobs. For example, many factory jobs today require special technology skills and training.

Source: Suwin Puengsamrong/123RF.

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.[52]

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.[53]

Talk About It–**1**

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to discuss the following: Discuss three more specific examples of what you believe this second bank's HR department could have done to improve the reps' performance.

LEARNING OBJECTIVE 3
Discuss at least five consequences such trends have for human resource management today.

The New Human Resource Management

For much of the 20th century, "personnel" managers focused mostly on day-to-day activities. In the earliest firms, they took over hiring and firing from supervisors, ran the payroll department, and administered benefits plans. As expertise in testing emerged, the personnel department played a bigger role in employee selection and training.[54] New union laws in the 1930s added "Helping the employer deal with unions" to its duties. With new equal employment laws in the 1960s, employers began relying on HR for avoiding discrimination claims.[55]

We've seen that today's employers face new trends and challenges. Demographic trends make finding and hiring employees more difficult and managing diversity more important. Employers must also address the equal employment laws that diversity has engendered. Technology trends mean employers must manage their employees' knowledge, skills, and expertise, and also that they can use new digital and social media tools to do so.[56] A slower-growing economic pie means more pressure on employers to get the best efforts from their employees. Employers expect their "people experts"—their human resource managers—to deal with such challenges. This has prompted several changes in human resource management.

Distributed HR and the New Human Resource Management

Perhaps the most important change is that more human resource management tasks are being redistributed *from* a central HR department *to* the company's employees and line managers, thanks to digital tools like mobile phones and social media.[57] For example, at Google, when someone applies for a job, his or her information goes into a system that matches the recruit with current Google employees based on interests and experiences. In a process Google calls "crowdsourcing," Google employees then get a big say in whom Google hires.

Some experts say that many aspects of HR (such as recruiting, selecting and training) will become "fully embedded ["distributed"] in how work gets done throughout an organization, thereby becoming an everyday part of doing business."[58] So, somewhat ironically, we may be shifting in some respects back toward the time before the first personnel departments, when line managers did more of the personnel tasks themselves. As an example, Hilton Worldwide is placing more HR activities in the hands of employees, while redirecting the savings to building up the more strategic aspects of what its human resource managers do.[59] In the following chapters, we'll use Trends Shaping HR features 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 transformed human resource management and created, in a sense, a new human resource management.

For example, career sites like Glassdoor, CareerBliss, CareerLeak, and JobBite let members share insights into hundreds of thousands of employers, including commentaries, salary reports, and CEO approval ratings.[60] One report says 48% of job seekers surveyed report using Glassdoor during their job search, including checking before applying for employment at a company.[61] Such transparency prompts sensible human resource managers to redouble their efforts to ensure their internal processes (such as promotion decisions, pay allocations, and performance appraisals) are fair, and that their recruitment processes are civil by responding to rejected job candidates and giving them some closure.

As another example, talent analytics algorithms help employers improve employee retention. They do this, for example by identifying the factors (such as experience, career advancement, performance reviews, compensation, and even a surge in activity on social media sites) that flag high-potential employees who are more likely to leave.

HR and Performance

Employers expect their human resource managers to help lead their companies' performance-improvement efforts.[62] Today's human resource manager is in a powerful position to do this and uses three main levers to do so. One is the *HR department lever*. He or she ensures that the human resource management function is delivering its services efficiently. For example, this might include outsourcing certain HR activities such as benefits management to vendors, controlling HR function headcount, 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. For example (see the HR as a Profit Center feature on page 13) a bank's new software helped its customer service reps improve their performance, thanks to new human resource training and compensation practices.

HR and Performance Measurement Improving performance requires being able to measure what you are doing. For example, when IBM's former HR head 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."[63]

Human resource managers use performance measures (or "metrics") to validate claims like these. For example, median HR expenses as a percentage of companies' total operating costs average just under 1%. On average, there is about 1 human resource staff person per 100 employees.[64]

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.[65] 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.[66] 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?).

Sometimes, companies translate their findings into what management gurus call *high-performance work systems,* "sets of human resource management practices that together produce superior employee performance."[67] For example, at GE's assembly plant in Durham, North Carolina, highly trained self-directed teams produce high-precision aircraft parts.We'll discuss performance measurement and high-performance work systems in Chapter 3.

HR and Adding Value The bottom line is that today's employers want their HR managers to *add value* by boosting profits and performance. Professors Dave Ulrich and Wayne Brockbank describe this as the "HR Value Proposition."[68] They say human resource programs (such as screening tests) are just a means to an end. The human resource manager's ultimate aim must be 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. We'll see in this text how human resource practices do this, for instance with HR as a Profit Center features like the one on page 13.

The accompanying HR in Practice feature raises a related issue.

HR in Practice

Does Performance Trump Equity?

Can too much productivity and performance be bad? Many would say "yes." In brief, they would argue that what they'd consider an excessive drive for performance can cost workers their jobs and lead to growing inequities between a highly paid and skilled elite and ordinary workers.

For example, in an episode made famous by then-presidential candidate Donald J. Trump, a Carrier Corporation executive was videotaped telling workers in Indianapolis that Carrier was moving 1,400 of their jobs to Mexico, putting them out of work. On the tape he calls it "just a business decision." (Carrier's Midwest workers earn about $15–$26 per hour, while those in Mexico earn about $9.50–$19 *per day*).[69] Similarly, Toys "R" Us hired a staffing/outsourcing company from abroad. Toys "R" Us then brought in a number of the staffing company's employees using temporary worker visas. These employees spent four weeks sitting with selected Toys "R" Us employees learning every detail of their jobs. The staffing company employees then returned to their country, where they trained local employees to take over the Toys "R" Us workers' jobs.[70] Automation plays a role too. For example, "machine learning"—sophisticated algorithms that can learn, for instance, which types of employees are best for which jobs and can therefore gradually replace, say, human resource recruitment and selection employees—are replacing even higher-level jobs with automation.[71]

For whatever reason, a big gap has emerged between what *The Economist* newspaper calls a skilled elite and ordinary workers. Since the Great Recession of 2007–2009, incomes have risen, but almost only for those in the very highest income brackets. Good jobs, to paraphrase the *Harvard Business Review*, are disappearing, often replaced by relatively insecure and lower paid jobs.[72] Inequities are rising. Even some economists who once believed that globalization and technological advances could always be counted on to boost demand and hiring are now rethinking their theories.[73] This was the environment that prompted 2016 presidential candidate Hillary Clinton to call for a "fairer, more equal, just world,"[74] and candidate Donald Trump to demand that Carrier bring the jobs back to America.

Talk About It–**2**

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to discuss the following question: Do you think an employer can achieve high performance while preserving jobs and minimizing these sorts of inequities? Give examples of why or why not.

HR and Employee Engagement

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 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.[75]

Employee engagement is important 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.[76] A survey by consultants Watson Wyatt Worldwide concluded that companies with highly engaged employees have 26% higher revenue per employee.[77]

The problem for employers is that, depending on the study, only about 21–30% of today's employees nationally are engaged.[78] In one survey, about 30% were engaged, 50% were not engaged, and 20% were actively disengaged (anti-management).[79]

We will see in this text 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.[80] As we will discuss more fully in Chapter 3, it did this with new HR programs. These included *measurable objectives*, new *leadership development* programs, new *employee recognition* programs, improved *internal communications* programs, a new *employee development* program, and new *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.

HR and Strategy

Strengthening organizational performance and building engaged work teams puts a company's human resource managers in a more central role. This means they tend to be more involved today in the company's strategic planning.[81]

Most companies have a strategic plan, a plan for how it will balance its internal strengths and weaknesses with external opportunities and threats to maintain a competitive advantage. Traditionally, developing such a plan is a job primarily for the company's operating (line) managers. Thus, company X's president might decide to enter new markets, drop product lines, and embark on a five-year cost-cutting plan. Then the president would more or less leave the personnel implications of that plan (hiring or firing workers, and so on) to the human resource manager.

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.

Today, human resource managers often get much more involved in both developing and implementing strategic plans. Chapter 3 (Human Resource Management Strategy and Analysis) expands on this. In brief, we will see there 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*. The basic idea behind strategic human resource management is this: In formulating human resource management policies and practices, the manager's aim should be to produce the employee skills and behaviors that the company needs to achieve its strategic aims. So, for example, when Yahoo's CEO wanted to improve her company's innovation and productivity a few years ago, she turned to her new HR manager (a former investment banker). Yahoo then instituted many new HR policies. It eliminated telecommuting to bring workers back to the office where they could continuously interact, and adopted new benefits (such as 16 weeks' paid maternity leave) to lure new engineers and to make Yahoo a more attractive place in which to work.[82]

We will use a model starting with Chapter 3 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, and *Decide* what HR policies and practices will enable us to produce these necessary employee behaviors and skills.

HR and Sustainability

In a world where sea levels are rising, glaciers are crumbling, and increasing numbers of people view financial inequity as outrageous, more and more people say that businesses can't just measure "performance" in terms of maximizing profits. They argue instead that companies' efforts should be "sustainable," by which they mean judged not just on profits, but on their environmental and social performance as well.[83] We've just seen that *strategic human resource management* means putting in place the human resource policies and practices that produce the employee skills and behaviors that are necessary to achieve the company's strategic goals. When those strategic goals include sustainability issues, then it follows that human resource managers should have HR policies to support these goals.

For example, PepsiCo wants to deliver "Performance with Purpose," in other words financial performance while also achieving human sustainability, environmental sustainability, and talent sustainability. PepsiCo has goals to measure financial performance, for instance in terms of shareholder value and long-term financial performance. Its goals for human sustainability include providing clear nutrition information on products. Environmental sustainability goals include protecting and conserving global water supplies. Talent sustainability goals include respecting workplace human rights and creating a safe and healthy workplace.[84]

PepsiCo's human resource managers can help the company achieve these goals.[85] For example, it can use its *workforce planning* processes to help determine how many and what sorts of environmental sustainability ("green") jobs the company will need to recruit for. It can help top management institute *flexible work arrangements* that help sustain the environment by reducing commuting. It can change its employee *orientation* process to include socializing new employees into PepsiCo's sustainability goals. It can modify its *performance appraisal* systems to measure the extent to which managers and employees are achieving their individual sustainability goals. It can put in place *incentive systems* that motivate employees to achieve PepsiCo's sustainability goals. It can institute *safety and health* practices aimed at eliminating unsafe conditions and improving worker safety. It can make Talent Sustainability part of the company's *HR Philosophy*, for example, by fostering a respectful work environment.[86] And it can institute *employee relations* programs aimed at maintaining positive employee relations and ensuring that employees have a safe, fulfilling, and respectful tenure at the company. With such actions, HR can play a central role in supporting a company's sustainability efforts.

HR and Ethics

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.[87] Behaviors like these risk torpedoing even otherwise competent managers and employers. **Ethics** means *the standards someone uses to decide what his or her conduct should be*. We will see in Chapter 12 that many workplace ethical issues—workplace safety and employee privacy, for instance—are human resource management related.[88]

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

LEARNING OBJECTIVE 4
Explain what sorts of competencies, knowledge, and skills characterize today's new human resource manager.

The New Human Resource Manager

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 as we've seen in this chapter it takes much more. Tasks like formulating strategic plans and making data-based decisions require new competencies and skills.

What does it take to be a human resource manager today? The Society for Human Resource Management (SHRM) has a "competency model" (called the SHRM Body of Competency and Knowledge™); it itemizes the competencies, skills, knowledge, and expertise that human resource managers need. Here are the behaviors or competencies (with definitions) SHRM says today's HR manager should be able to 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 & 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 HR managers must have the basic knowledge of principles and practices of the basic functional areas of HR, which include the following:

- Functional Area #1: Talent Acquisition and Retention
- Functional Area #2: Employee Engagement
- Functional Area #3: Learning and Development
- Functional Area #4: Total Rewards
- Functional Area #5: Structure of the HR Function
- Functional Area #6: Organizational Effectiveness and Development
- Functional Area #7: Workforce Management
- Functional Area #8: Employee Relations
- Functional Area #9: Technology and Data
- Functional Area #10: HR in the Global Context
- Functional Area #11: Diversity and Inclusion

- Functional Area #12: Risk Management
- Functional Area #13: Corporate Social Responsibility
- Functional Area #14: U.S. Employment Law and Regulations
- Functional Area #15: Business and HR Strategy

HR and the Manager's Skills

This text aims to help all managers develop the skills they'll need to carry out the human resource management–related aspects of their jobs, such as recruiting, selecting, training, appraising, and incentivizing employees and providing them with a safe and fulfilling work environment. Building Your Management Skills features in each chapter cover matters such as how to interview job candidates and train new employees. HR Tools for Line Managers and Small Businesses features aim to provide small business owners and managers in particular with techniques they can use to better manage their small businesses. Know Your Employment Law features highlight the practical information all managers need to make better HR-related decisions at work. Employee Engagement Guide for Managers features show how managers improve employee engagement.

HR Manager Certification

Many human resource managers use certification to demonstrate their mastery of human resource management knowledge and competencies. Managers have, at this writing, at least two testing processes to achieve certification.[89]

The oldest is administered by the HR Certification Institute (HRCI), an independent certifying organization for human resource professionals (see 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 and clicking on Exam Preparation and then on Sample Questions.[90]

Starting in 2015, SHRM began offering its own competency and knowledge-based testing and certifications, for SHRM Certified Professionals, and SHRM Senior Certified Professionals, based on its own certification exams.[91] The exam is built around the SHRM Body of Competency and Knowledge™ model of functional knowledge, skills, and competencies.

A summary of the SHRM and the HRCI knowledge bases is available to your instructor as appendices titled "HRCI PHR® and SPHR® Certification Body of Knowledge" and "About the Society for Human Resource Management (SHRM) Body of Competency and Knowledge™ Model and Certification Exams." Your instructor can obtain these appendices from the Pearson Instructor Resource Center and pass them onto you. 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). This also lists about 91 specific HRCI "Knowledge of" subject areas within the 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

People's actions are always based in part on the basic assumptions they make; 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 Foxconn plant owned by Hon Hai that assembles Apple iPhones, the personnel philosophy at the plant softened in response to its employees' and Apple's discontent.[92] 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. Although it may or may not be stated, it is usually communicated by their 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.[93]

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."[94]

✪ Watch It

How does a company actually go about putting its human resource philosophy into action? If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to watch the video Patagonia Human Resource Management and then answer the questions to show what you would do in this situation.

After a worker uprising in China at the Foxconn plant owned by Hon Hai that assembles Apple iPhones, the personnel philosophy at the plant softened in response to its employees' and Apple's discontent.

Source: Dmitry Kalinovsky/123RF.

LEARNING OBJECTIVE **5**
Outline the plan of this book.

The Plan of This Book

This book has two main aims: to provide all future managers, not just HR managers, with the practical human resource skills (for instance how to interview, train, engage, and appraise employees) they need to produce an engaged and high-performing workforce, and to cover SHRM's and HRCI's bodies of knowledge in a relatively compact and economical 14-chapter soft cover format. Special main features—Employee Engagement Guide for Managers, Building Your Management Skills, HR Tools for Line Managers and Small Businesses, HR and the Gig Economy, HR as a Profit Center, and Know Your Employment Law—help illustrate important points.

The Chapters

We've organized the book as follows:

Part 1: Introduction (**Chapters 1, 2, 3**)

1. **Managing Human Resources Today**
2. **Managing Equal Opportunity and Diversity** What you need to know about equal opportunity laws as they relate to human resource management activities such as interviewing, selecting employees, and evaluating performance.
3. **Human Resource Strategy and Analysis** What is strategic planning, strategy formulation and execution, and evidence-based management?

Part 2: Staffing: Workforce Planning and Employment (**Chapters 4, 5, 6**)

4. **Job Analysis and Talent Management** What is talent management? How to analyze a job and how to determine the job's requirements, specific duties, and responsibilities, as well as what sorts of people need to be hired.
5. **Personnel Planning and Recruiting** Workforce planning and techniques for recruiting employees.
6. **Selecting Employees** What managers should know about testing, interviewing, and selecting employees.

Part 3: Training and Human Resource Development (**Chapters 7, 8, 9**)

7. **Training and Developing Employees** Providing the training and development necessary to ensure that your employees have the knowledge and skills required to accomplish their tasks.
8. **Performance Management and Appraisal Today** Techniques for managing and appraising performance.
9. **Managing Careers** Causes of and solutions for employee turnover, and how to help employees manage their careers.

Part 4: Compensation and Total Rewards (**Chapters 10, 11**)

10. **Developing Compensation Plans** How to develop market-competitive pay plans.
11. **Pay for Performance and Employee Benefits** Developing total reward programs, including incentives and benefits plans for employees.

Part 5: Employee and Labor Relations (**Chapters 12, 13, 14**)

12. **Maintaining Positive Employee Relations** Developing employee relations programs and employee involvement strategies; ensuring ethical and fair treatment through discipline and grievance processes.
13. **Labor Relations and Collective Bargaining** The relations between unions and management, including union-organizing campaigns, negotiating and agreeing on collective-bargaining agreements between unions and management, and managing the agreement.
14. **Improving Occupational Safety, Health, and Risk Management** The causes of accidents, how to make the workplace safe, and laws governing your responsibilities in regard to employee safety and health.

Part 6: Special Issues in Human Resource Management (Modules A, B)

Module A: Managing HR Globally Applying human resource management policies and practices in a global environment.

Module B: Managing Human Resources in Small and Entrepreneurial Firms Special HRM methods small business managers can use to compete more successfully.

Review

Source: K4YUJATI/Shutterstock

MyLab Management

If your instructor is using MyLab Management, go to **www.pearson.com/mylab/management** to complete the problems marked with this icon ★.

Summary

1. Staffing, personnel management, or human resource management includes activities such as recruiting, selecting, training, compensating, appraising, and developing. Human resource management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The HR manager and his or her department provide various staff services to line management, including assisting in the hiring, training, evaluating, rewarding, promoting, disciplining, and safety of employees at all levels. HR management is a part of every line manager's responsibilities. These responsibilities include placing the right person in the right job and then orienting, training, and compensating the person to improve his or her job performance. Reasons every manager needs HR expertise include avoiding HR mistakes (such as high turnover); getting results; spending time as an HR manager; and being in a small business where the owner needs to do most HR tasks him or herself.
2. Trends are requiring HR to play a more central role in organizations. These trends include workforce diversity, technological change, the expanding use of social media and digital tools, globalization, and economic challenges.
3. These trends are helping to shape a new human resource management, one characterized by more emphasis on distributed HR, as well as on performance and evidence-based management, employee engagement, strategy, sustainability, and ethics.
4. As a result, any manager responsible for managing human resources today will need competencies, (such as in relationship management and in the ability to manage interactions), practical skills (for instance in using new tools for selecting employees), a consciously thought through "HR philosophy," and skills, knowledge, and competencies tested through certification.
5. This text aims to help managers develop the skills they'll need to carry out the human resource management-related aspects of their jobs, such as recruiting, selecting, training, appraising, and incentivizing employees, and providing them with a safe and fulfilling work environment. There is a special emphasis on building skills and in fostering employee engagement. Special Building Your Management Skills features in each chapter cover matters such as how to interview job candidates and train new employees.

Key Terms

organization	2
manager	2
managing	2
management process	2
human resource management (HRM)	3
authority	5
line manager	5
staff manager	5
gig workers	8
employment engagement	16
strategic human resource management	17
ethics	18

✪ Try It

How would you do applying the concepts and skills you learned in this chapter? If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** and complete the Human Resource Management simulation.

Discussion Questions

1-1. What is human resource management?

1-2. Explain with at least five examples why "a knowledge and proficiency in HR management concepts and techniques is important to all supervisors or managers."

1-3. Explain with examples what we mean by "the changing environment of human resource management."

1-4. Give examples of how the HR manager can support a company's sustainability goals.

✪ **1-5.** Discuss with examples four important issues influencing HR management today.

✪ **1-6.** Explain HR management's role in relation to the firm's line management.

1-7. Compare the authority of line and staff managers. Give examples of each.

Individual and Group Activities

1-8. 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.

1-9. 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.

1-10. Working individually or in groups, bring several business publications such as *Bloomberg Businessweek* and *The Wall Street Journal* to class. Based on their contents, compile a list entitled "What HR Managers and Departments Do Today."

1-11. Based on your personal experiences, list 10 examples showing how you used (or could have used) human resource management techniques at work or school.

1-12. Laurie Siegel served as senior vice president of human resources for Tyco International from 2003 to 2012. She 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 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 AlliedSignal, 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 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 Tyco's HR head do now?

1-13. Working individually or in groups, develop a list showing how trends such as workforce diversity, technological trends, globalization, and changes in the nature of work have affected the college or university you are now attending or the organization for which you work.

1-14. Working individually or in groups, develop several examples showing how the new HR management practices mentioned in this chapter (using technology, and supporting sustainability efforts, for instance) have or have not been implemented to some extent in the college or university you are now attending or in the organization for which you work.

1-15. For this activity, you will need the documents titled (1) "HRCI PHR® and SPHR® Certification Body of Knowledge, and (2) "About the Society for Human Resource Management (SHRM) Body of Competency & Knowledge® Model and Certification Exams." Your instructor can obtain these two documents from the Pearson Instructor Resource Center and pass them on to you. These two documents list the knowledge someone studying for the HRCI or SHRM 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 the HRCI and/or SHRM documents; (2) identify the material in this chapter that relates to HRCI's or SHRM's 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.

Writing Assignments

1-16. How do today's HR managers deal with the trends and challenges shaping contemporary HR management?

1-17. Discuss some competencies HR managers need to deal with today's trends and challenges.

APPLICATION EXERCISES

HR IN ACTION CASE INCIDENT 1

Jack Nelson's Problem

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 her machine did. Johnson replied that she really did not know what the machine was called or what it did. She explained that she had been working there for only two months. She did, however, 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 explained, 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 was generally regarded as a well-run institution that had grown from 27 to 191 employees during the past eight 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

1-18. What do you think is causing some of the problems in the bank's home office and branches?

1-19. Do you think setting up an HR unit in the main office would help?

1-20. What specific functions should an HR unit carry out? What HR functions would then be carried out by the bank's supervisors and other line managers?

Source: "Jack Nelson's Problem," by Claude S. George, from *Supervision in Action: The Art of Managing Others,* 4th ed., 1985. Copyright © 1985 by Pearson Education, Inc. Reprinted with permission.

HR IN ACTION CASE INCIDENT 2

Carter Cleaning Company

Introduction

A main theme of this text is that HR management—activities like recruiting, selecting, training, and rewarding employees—is 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 on which to rely. 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 you will need to answer questions that arise in subsequent chapters. (We also present a second, unrelated case incident in each chapter.)

Carter Cleaning Centers

Jennifer Carter graduated from State University in June 2013 and, after considering several job offers, decided to do what she really always planned to do—go into business with her father, Jack Carter.

Jack Carter opened his first laundromat in 2001 and his second in 2004. The main attraction of these coin laundry businesses for him was that they were capital intensive rather than labor intensive. Thus, once the investment in machinery was made, the stores could be run with just one unskilled attendant and have 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 2003 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 in part because he wanted to better utilize the unused space in the rather large stores he currently had under lease. But he also did so because 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 five years. Each store had its own on-site manager and, on average, about seven employees and annual revenues of about $700,000. It was this six-store cleaning centers chain that Jennifer joined upon graduating from State University.

Her understanding with her father was that she would serve as a troubleshooter and 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

1-21. Make a list of five specific HR problems you think Carter Cleaning will have to grapple with.

1-22. What would you do first if you were Jennifer?

Experiential Exercise

HR and "The Profit"

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/). (Access a library of past episodes at URLs such as 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:

1-23. 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.

1-24. What specific HR functions can you identify as being problematical in this company? Again, please give specific answers.

1-25. 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?

1-26. Present your team's conclusions to the class.

2

Managing Equal Opportunity and Diversity

OVERVIEW:
In this chapter, we will cover . . .

- Equal Employment Opportunity Laws
- Defenses Against Discrimination Allegations
- Building Your Management Skills: Illustrative Discriminatory Employment Practices
- The EEOC Enforcement Process
- Diversity Management and Affirmative Action

MyLab Management

Improve Your Grade!
When you see this icon, visit **www.pearson.com/mylab/management** for activities that are applied, personalized, and offer immediate feedback.

LEARNING OBJECTIVES

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

1. Summarize the basic equal employment opportunity laws and how each impacts HR functions such as recruitment and selection.
2. Explain the basic defenses against discrimination allegations.
3. Give examples of what employers can and cannot legally do with respect to recruitment, selection, and promotion and layoff practices.
4. Explain the Equal Employment Opportunity Commission enforcement process.
5. List five strategies for successfully increasing diversity of the workforce.

Learn It

If your professor has chosen to assign this, go to **www.pearson.com/mylab/management** to see what you should particularly focus on and to take the Chapter 2 Warm Up.

Source: Monkey Business Images/Shutterstock.

INTRODUCTION

HR AND THE GIG ECONOMY: A CASE OF DISCRIMINATION?

Earnest was sure his carpentry skills would get him plenty of gigs and help pay for college, but he didn't count on getting bad reviews. Now his gigs are few and far between, and he's wondering if being African American might be prompting the bad reviews.

He may be right. Most traditional-economy 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.[1]

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 making their decisions based on reviews compiled from previous users, or from photos in your profile. What stops them from illegally discriminating?

Unfortunately, as Earnest is finding, the answer may be, "not much." For example, in one study of labor markets like Task Rabbit and Fiverr, minority service providers got more negative reviews than white ones. Because most such services use algorithms to rate service providers partly based on prior customers' reviews, the minority service providers were then usually less likely to get new gigs. As you read this chapter, think about what you'd tell Earnest about dealing with this problem.

LEARNING OBJECTIVE 1
Summarize the basic equal opportunity laws and how each impacts HR functions such as recruitment and selection.

Equal Employment Opportunity Laws

Abercrombie & Fitch rescinded its "look policy" after a Muslim applicant won a judgment from the U.S. Supreme Court. The Court held that A&F should have accommodated her for religious reasons by letting her wear her headscarf.[2]

Hardly a day goes by without equal opportunity lawsuits like this.[3] One survey of corporate general counsels found that such lawsuits were their biggest litigation fears.[4] Performing supervisory tasks like hiring and appraising employees without understanding these laws is fraught with peril. We'll look at what managers should know about these laws in this chapter.

KNOWLEDGE BASE

Background

Legislation barring discrimination is 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."[5] Other laws as well as various court decisions made discrimination against minorities illegal by the early 1900s, at least in theory.[6]

But as a practical matter, Congress and presidents avoided dramatic action on implementing equal employment until the early 1960s. At that point, "they were finally prompted to act primarily as a result of civil unrest among the minorities and women" who eventually became protected by the new equal rights legislation and the agencies created to enforce it.[7]

Equal Pay Act of 1963

Equal Pay Act of 1963
The act requiring equal pay for equal work, regardless of sex.

The **Equal Pay Act of 1963** (amended in 1972) was one of the first new laws Congress passed. This made it unlawful to discriminate in pay based on sex when jobs involve equal work—equivalent skills, effort, and responsibility—and are performed under similar working conditions. (Differences in pay do not violate the act if the difference is based on a seniority system, a merit system, a system that measures earnings by quantity or quality of production, or a differential based on any factor other than sex.)

Title VII of the 1964 Civil Rights Act

Title VII of the 1964 Civil Rights Act
The section of the act that says an employer cannot discriminate on the basis of race, color, religion, sex, or national origin with respect to employment.

Title VII of the 1964 Civil Rights Act was another of the new laws. Title VII (amended by the 1972 Equal Employment Opportunity Act) says 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:[8]

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 his or her 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.

Equal Employment Opportunity Commission (EEOC)
The commission, created by Title VII, empowered to investigate job discrimination complaints and sue on behalf of complainants.

Title VII established the **Equal Employment Opportunity Commission** (**EEOC**). It consists of five members, appointed by the president with the advice and consent of the Senate. Each member serves a term of five years. The EEOC has a staff of thousands to assist it in administering the Civil Rights law in employment settings.

The EEOC receives and investigates job discrimination complaints. When it finds reasonable cause, it attempts (through conciliation) to reach an agreement. If this fails, the EEOC has the power to go to court. Under the Equal Employment Opportunity Act of 1972, discrimination charges may be filed by the EEOC on behalf of an aggrieved individual, as well as by the individuals themselves. We explain this procedure later in this chapter.

Executive Orders

Office of Federal Contract Compliance Programs (OFCCP)
The office responsible for implementing the executive orders and ensuring compliance of federal contractors.

Under executive orders that U.S. presidents issued over the years, most employers who do business with the U.S. government have an obligation beyond that imposed by Title VII to refrain from employment discrimination. Executive Orders 11246 and 11375 don't just ban discrimination; they require that contractors take *affirmative action* to ensure equal employment opportunity (we explain affirmative action later in this chapter). These orders also established the **Office of Federal Contract Compliance Programs** (**OFCCP**), which is responsible for ensuring the compliance of federal contracts.[9]

Age Discrimination in Employment Act of 1967

Age Discrimination in Employment Act (ADEA) of 1967
The act prohibiting arbitrary age discrimination and specifically protecting individuals over 40 years old.

The **Age Discrimination in Employment Act** (**ADEA**) **of 1967**, as amended, makes it unlawful to discriminate against employees or applicants for employment who are 40 years of age or older, effectively ending most mandatory retirement.[10] Plaintiffs' lawyers like the ADEA. It allows jury trials and double damages to those proving "willful" discrimination.[11] In a case called *O'Connor* v. *Consolidated Coin Caterers Corp*., the U.S. Supreme Court held that employers can't circumvent the ADEA by simply replacing employees over 40 years of age with those who are "significantly younger" but also over 40.[12]

Yet age discrimination still occurs. For example, Staples recently fired a 64-year-old man for allegedly stealing a bell pepper. He sued for age discrimination. It transpired that a Staples facility manager had told other managers there to "take a closer look at the older people" and "write them up and get rid of them." The terminated employee won his case (for $16 million), and an appeal.[13] As another example, recruitment ads routinely use phrases like "applicants should have received their degrees 2012–2016," or "applicants should have 4–6 years' experience;" "although not always illegal, these are sometimes just code words for if you're over 40, don't bother to apply."[14]

Vocational Rehabilitation Act of 1973

Vocational Rehabilitation Act of 1973
The act requiring certain federal contractors to take affirmative action for disabled persons.

The **Vocational Rehabilitation Act of 1973** requires employers with federal contracts over $2,500 to take affirmative action for the employment of disabled persons. The act does not require hiring an unqualified person. It does require that an employer take steps to accommodate a disabled worker unless doing so imposes an undue hardship on the employer.

Pregnancy Discrimination Act of 1978

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

Congress passed the **Pregnancy Discrimination Act (PDA)** in 1978 as an amendment to Title VII. The act prohibits using pregnancy, childbirth, and related medical conditions for discrimination in hiring, promotion, discharge, or any other term or condition of employment. Basically, the act says that if an employer offers its employees disability coverage, then pregnancy and childbirth must be treated like any other disability and must be included in the plan as a covered condition.

Court decisions and more working mothers are prompting more (and more successful) PDA claims.[15] For example, a Chipotle Mexican Grill 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. The jury agreed with her. It awarded her actual losses plus $500,000 in punitive damages.[16] The bottom line is that managers should base "any [such] decision on whether an employee can do the job on medical documentation, not on a manager's interpretation."[17]

Federal Agency Uniform Guidelines on Employee Selection Procedures

The federal agencies charged with ensuring compliance with the aforementioned laws and executive orders—the EEOC, Civil Service Commission, Department of Labor, and Department of Justice—have adopted uniform guidelines for employers.[18] These guidelines explain, for instance, how to validate a selection procedure.[19] The OFCCP has its own guidelines. The American Psychological Association published its own (nonlegally binding) *Standards for Educational and Psychological Testing*.[20]

Selected Court Decisions regarding Equal Employment Opportunity (EEO)

Several early court decisions helped to form courts' interpretive foundation for EEO laws.

Griggs v. Duke Power Company
Supreme Court case in which the plaintiff argued that his employer's requirement that coal handlers be high school graduates was unfairly discriminatory. In finding for the plaintiff, the Court ruled that discrimination need not be overt to be illegal, that employment practices must be related to job performance, and that the burden of proof is on the employer to show that hiring standards are job related.

Griggs v. Duke Power Company *Griggs v. Duke Power Company* (1971) was a landmark case because the Supreme Court used it to define unfair discrimination. In this case, a suit was brought against 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 that this requirement was illegally discriminatory because it wasn't related to success on the job and because it resulted in more blacks than whites being rejected for these jobs.

Griggs won the case. The decision of the Court was unanimous, and in his written opinion, Chief Justice Burger laid out three crucial guidelines affecting equal employment legislation. First, the court ruled that discrimination on the part of