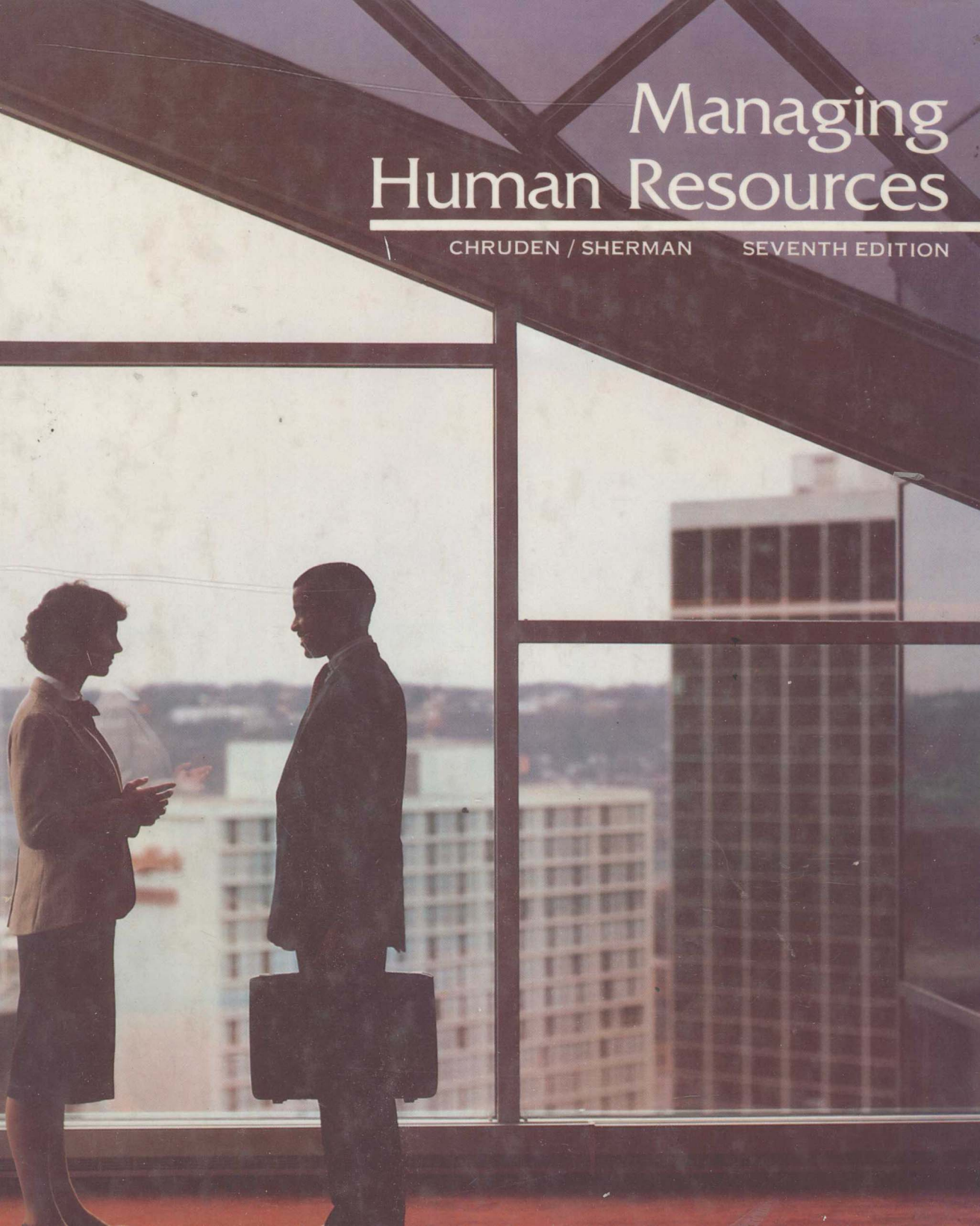


Managing Human Resources

CHRUDEN / SHERMAN

SEVENTH EDITION



Managing Human Resources

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PREFACE

For this 7th Edition we have adopted a new title: *Managing Human Resources*. The title is in keeping with the growing recognition that one of an organization's most valuable resources is its personnel. This title also acknowledges the growing participation of human resources managers in strategic planning and decision making and the importance of their contributions to the achievement of organizational objectives. Moreover, it is consistent with the more recent systems orientation of human resources management which recognizes the interrelationships of the personnel functions that are performed. In our discussion of the personnel functions, the focus is upon these interrelationships throughout the book. Furthermore, in the appropriate chapters pertaining to a particular function, models are presented to provide examples of some of the interrelationships existing between each function and the other functions.

As in the previous edition, we have attempted to define more precisely the impact of the internal and external environments upon the activities of human resources managers. We emphasize that the management of human resources occurs in a culture that is highly dynamic. You are, therefore, advised at many points to be alert for changing conditions that will present new problems which require new solutions.

We have attempted to show wherever possible the contributions that human resources management can make to productivity. Discussions of ethics, career development, professionalization of human resources practitioners, and the rights and responsibilities of employers and employees are among the topics which have received special emphasis.

We are continuing the orientation that we have had since the first edition in 1959 of having a balanced approach to human resources management that melds the principles of behavioral science with traditional personnel and labor relations philosophies and practices. In the process of bringing the material up to date, we have recognized the growing body of laws and regulations that influence the daily activities of human resources managers and their staffs. Obviously, in the limited space available, it is possible to cite only the federal laws and some of the decisions of the Supreme Court of the United States. We have endeavored, however, to remind

you of the role of state and local laws. In this edition we have expanded the discussions of affirmative action and equal employment opportunity requirements. Rather than devoting a single chapter to these important topics, we have chosen to include them wherever they apply to the personnel function being described in a particular chapter.

Now, as in the past, we have tried to use the language of the human resources practitioner and to emphasize current issues and problems of the "real world" with which managements must be concerned. To do this we must depend upon reported experiences and the published works of many authors. We have tried to cite those articles and books that we believe are both timely and authoritative. To make these references readily available to you and to provide the recognition to the authors whose works are cited, we have presented them as footnotes on the pages containing the information which is cited.

The material in this book is divided into seven parts. In Part 1 we endeavor to show why and how the various personnel functions have evolved. The various environments that must be considered in managing human resources and organizational considerations are examined. In Part 2 we emphasize the importance of meeting human resources requirements by establishing job requirements, planning for and recruiting personnel to staff the organization, analyzing the qualifications of job candidates, and making valid selection decisions. In Part 3 we are concerned with developing human resources through training programs, career development programs, and evaluating and improving performance.

Part 4, "Creating a Productive Work Environment," emphasizes employee motivation, communication, group behavior, and supervision. For some students Part 4 will serve as a valuable review of organizational behavior principles from the standpoint of human resources management. Part 5 contains three chapters devoted to various aspects of labor relations, including union recognition, collective bargaining, and disciplinary actions and appeal procedures. Part 6, "Compensation and Security," covers compensation programs, employee benefits, and safety and health. The concluding part, Part 7, is concerned with auditing the human resources management program and with the career opportunities in human resources management.

Additional opportunities to apply the theories and principles presented in this textbook may be found in *Practical Study Experiences in Managing Human Resources*, 7th Edition. This is a project book designed to give students a variety of experiences similar to those they are likely to find on the job. It also contains review questions that can be used to check the student's understanding of each chapter in this textbook. Finally, our *Readings in Managing Human Resources*, 6th Edition, contains a selection of journal articles that elaborate on the theories and principles discussed in the text. Both the project book and the readings book have been designed to correlate closely with the material in the textbook.

Suggestions for Studying the Book

To gain maximum value from studying this textbook, we recommend that you first review the table of contents in order to acquire a perspective of the material that will be covered. Before reading each chapter, study the objectives, then scan through its pages to familiarize yourself with how the information is presented. Look at the

headings as you go. Return to the beginning of the chapter and begin your reading. Look for the main ideas. Also give special attention to words that are printed in *boldface* type. These are important concepts. Make brief notes or mark the printed page as you prefer. When you have finished reading the chapter, look at the list of terms to identify. Check your understanding of them. Also refer back to the objectives at the beginning of the chapter to determine your comprehension of what you have read. Then answer the discussion questions at the end of the chapter. Finally, study the problem or problems at the end of the chapter to determine if you can apply what you have learned to a practical problem in human resources management. Review each chapter frequently in order to make what you have learned more permanent. From time to time your instructor will probably assign cases at the end of this textbook. These cases cover situations that a particular organization has encountered in managing its human resources. Generally they are broader in scope than the problems at the end of the chapter.

Acknowledgments

In preparing the manuscript for this 7th Edition, we have drawn not only upon the current literature but also upon the current practices of organizations that have furnished information and illustrations relating to their human resources programs. We are indebted to the leaders in the field who have developed the available heritage of information and practices of human resources management and who have influenced us through their writings and personal associations. We have also been aided by students in our classes, by former students of ours, by the participants in the management development programs with whom we have been associated, by human resources managers, and by our colleagues. In particular, we would like to express our appreciation to the following individuals for their various contributions:

| | |
|----------------------|---------------------|
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| Cynthia Gorton | Francis G. Stoffels |
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Our greatest indebtedness is to our wives—Marie Chruden and Leneve Sherman—who have contributed in so many ways to the development of this book over the past 30 years. Through their active participation in the preparation of the manuscript for this edition, as in the past, they have been a source of invaluable guidance and assistance. Furthermore, by their continued enthusiasm and support, they have made the process a more pleasant and rewarding experience. We are most grateful to them for their many contributions to this publication, to our lives, and to our families.

Herbert J. Chruden

January, 1984

Arthur W. Sherman, Jr.

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- 3 Organizational Considerations in
Managing Human Resources

Human Resources Management in Perspective

part

1

1

Chapter Objectives:

- To describe the concept and approach underlying human resources management.
- To trace the early development of the field of human resources management.
- To cite the leaders and movements that contributed significantly to the field, as well as the nature of their contributions.
- To describe the principal functions performed in human resources management and how these functions evolved.
- To cite the origin and characteristics of behavioral science and its contribution to human resources management.
- To identify the organizations, publications, and the code of ethics that are contributing to the professional status of human resources management.

The Development of Human Resources Management

Employees and the public at large increasingly are demanding that employers demonstrate greater social responsibility in managing their human resources. Complaints that many jobs are debilitating the lives and injuring the health of employees are not uncommon. Charges of discrimination against women, minorities, the physically handicapped, and the aged with respect to hiring, training, advancement, and compensation also are being leveled against some employers. Other demands that employers are being forced to face include those involving comparable pay for comparable work, equal employment access to all jobs, and more compensation for less work. Where employees are organized, employers can encounter costly collective bargaining proposals, strike threats, and charges of unfair labor practices. Court litigation, demands for corrective action by governmental agencies, and sizable damage awards in response to employee complaints are still other hazards that contemporary employers must try to avoid.

It is estimated that "human resources executives—whether they carry the title or not—now hold key manpower planning responsibilities in almost all of the nation's 500 largest industrial companies, compared with only a handful of companies five years ago."¹ Top managers increasingly are depending upon the contributions of their human resources managers to organizational planning and strategy formulation.² Human resources managers, Meehan concludes, are being accorded a role comparable to that of the chief financial planning officer.³ The function of human resources management, therefore, is being recognized for the contributions it can render to profit achievement on the "bottom line." As the president of Horn/Ferry International has stated, "Today corporations recognize that the right executive in human resources can add to profits."⁴ Having thus outgrown their previous office manager roles, human resources managers are gaining vice-presidential rank and are being accepted as a part of the top management team. Here they can have a definite impact upon operating policy.

Although human resources managers have the responsibility for coordinating and enforcing policies relating to personnel functions, all supervisors and managers within an enterprise are responsible for performing these functions in their relations with subordinates. It is in such positions of authority that the majority of students using this book eventually will be employed. The material in this book, therefore, is intended to help them in managing subordinates more effectively. References in the book concerning the role of the human resources department, however, can serve to provide them with a better understanding and perception of the functions performed by this department. These references, furthermore, should be of particular interest to students planning a career in this department. However, for those who will be managing other employees, a familiarity with the role of the human resources department should help them to cooperate more closely with the department's staff and to utilize more fully the assistance and services that are available from this source.

1. "Personnel Widens Its Franchise," *Business Week* (February 26, 1979), p. 116.

2. Lena B. Prewitt, "The Emerging Field of Human Resources Management," *Personnel Administrator*, Vol. 27, No. 5 (May, 1982), pp. 81-87.

3. Robert H. Meehan, "The Future Personnel Executive," *Personnel Administrator*, Vol. 26, No. 1 (January, 1981), p. 25.

4. "Personnel Widens Its Franchise," *loc. cit.*

THE CONCEPT OF HUMAN RESOURCES MANAGEMENT

Traditionally personnel management was viewed largely as involving the performance of certain basic personnel functions such as selection, training, and compensation. These functions often were performed without much regard for their interrelationships or intended contributions to organizational objectives. In contrast, human resources management as it is currently perceived represents the extension rather than the rejection of the traditional requirements for managing personnel effectively. Required still is an understanding of human behavior and the skill to utilize it. Also required is a knowledge and understanding of the various personnel functions performed in managing human resources, as well as the ability to perform them in accordance with organizational objectives. An awareness of existing economic, social, and legal constraints upon the performance of these functions is most essential.

(P.1) Human resources management as it is practiced today represents a systems approach. This approach recognizes the dynamic interaction of personnel functions with each other and with the objectives of the organization. Most important, it recognizes that human resources planning must be coordinated closely with the organization's strategic and related planning functions.⁵ As a result, efforts in human resources management are being directed toward providing more support for the achievement of the organization's operating goals.⁶

The present status of the field of human resources management has been achieved only after years of progress involving an evolutionary development. We hope this chapter will help readers not only to better understand the forces that have contributed to this progress, but also to become more aware of the forces that may have an effect upon it today and in the future. This chapter also will provide a frame of reference upon which to better understand the role of the various personnel functions that human resources management currently entails. In addition, it will alert readers to the governmental regulations and other elements of an organization's environment that can affect the management of this most important resource.

EARLY STAGES OF DEVELOPMENT

Personnel management, at least in a primitive form, has existed since the dawn of group effort. Certain personnel functions, even though informal in nature, have been performed whenever people came together for a common purpose. During the course of this century, however, the processes of managing people have become more formalized and specialized. As a result, a growing body of knowledge concerning these processes has been accumulated by practitioners and scholars. An understanding of the events (see Figure 1-1) contributing to this growth of the personnel field,

5. Joyce D. Ross, "A Definition of Human Resources Management," *Personnel Journal*, Vol. 60, No. 10 (October, 1981), p. 781.

6. Deborah J. Cornwall, "Human Resource Programs: Blue Sky or Operating Priority?" *Business Horizons*, Vol. 23, No. 1 (April, 1980), p. 49.

Figure 1-1 Important Events in the Development of Human Resources Management

| | |
|------|---|
| 1786 | Earliest authenticated strike in America by Philadelphia printers to gain minimum weekly wage of \$6.00 |
| 1794 | First profit-sharing plan in the United States established by Albert Gallatin at his glass works in Pennsylvania |
| 1842 | <i>Commonwealth v. Hunt</i> decision in which the conspiracy doctrine restricting collective bargaining was overturned by the Massachusetts Supreme Court |
| 1848 | Passage of a law in Philadelphia setting a minimum wage for workers in commercial occupations |
| 1868 | Passage by Congress of the first federal 8-hour day covering laborers, workers, and mechanics employed by or in behalf of the government |
| 1875 | Initiation by the American Express Company of the first employer-sponsored pension plan |
| 1881 | Beginning of Frederick W. Taylor's work in scientific management at the Midvale Steel Plant |
| 1883 | Establishment of the United States Civil Service Commission |
| 1886 | Founding of the American Federation of Labor (AFL) |
| 1888 | Passage of the Arbitration Act of 1888 to help resolve disputes in the railway industry, thus constituting the first federal labor law |
| 1912 | Passage in Massachusetts of the first minimum wage law |
| 1913 | Establishment of the United States Department of Labor |
| 1913 | Publication of Hugo Münsterberg's book, <i>Psychology and Industrial Efficiency</i> |
| 1914 | Congressional hearings on interstate commerce helped Taylor to publicize scientific management |
| 1915 | First course in personnel management offered at Dartmouth College for employment managers |
| 1917 | First large-scale use of group intelligence tests—the Army <i>Alpha</i> and <i>Beta</i> tests |
| 1920 | First text in personnel administration published by Tead, Ordway, & Metcalf |
| 1924 | Point-method of job evaluation first developed by the National Electric Manufacturers' Association and the National Metal Trades Association |
| 1927 | Hawthorne Studies begun by Mayo, Roethlisberger, and Dickson |
| 1935 | Establishment of Congress of Industrial Organizations (CIO) by several unions previously affiliated with the AFL |
| 1939 | Publication of the first <i>Dictionary of Occupational Titles</i> |
| 1941 | Beginning of World War II which created sudden needs to train large numbers of supervisors and workers |
| 1955 | Merger of the AFL and CIO unions |
| 1976 | Beginning of professional accreditation program by the Personnel Accreditation Institute of the American Society for Personnel Administration (ASPA) |
| 1978 | Passage of the Civil Service Reform Act which established the Office of Personnel Management (OPM), the Merit Systems Protection Board (MSPB), and the Federal Labor Relations Authority (FLRA) |

therefore, can help to improve the reader's perception of practices in contemporary human resources management.

The Guild System

The guild system of the Middle Ages provides the beginning of efforts to regulate the apprentice training and employment of workers who had certain craft skills. Craftsmen who were also entrepreneurs were able to organize and exercise some degree of control over their respective trades through their guilds. These guilds were the forerunners of contemporary employer associations. In turn, the journeymen who worked for these craftsmen-entrepreneurs organized into yeomanry guilds, which were the counterpart of today's craft unions.

The Factory System

During the 19th century, the development of mechanical power made possible a factory system of production. Power-driven equipment and improved production techniques enabled products to be manufactured more cheaply than had been possible previously in small shops and in homes. However, this process also created many jobs that were monotonous, unchallenging, and often unhealthy and hazardous. Moreover, factory workers lacked salable skills with which to bargain for improved working conditions or for economic security. This meant that they could be replaced by other individuals who could be trained quickly to perform their jobs. (Even today the quality of work life and employment security are issues of concern for many factory workers).

The concentration of workers in factories served to focus public attention upon their conditions of employment. It also enabled workers to act collectively to achieve better conditions. Therefore, during the late 1880s, laws were passed in some states to regulate hours of work for women and children, to establish minimum wages for male labor, and to regulate working conditions that affect employee health and safety. It was also at this time that laws began to be initiated to provide indemnity payments for injuries suffered through industrial accidents. Eventually, as the result of state legislation and collective bargaining, employment conditions began to improve. Even today, however, labor organizations believe there still is room for further improvement.

The Mass Production System

Mass production was made possible by designing parts that were standardized and interchangeable for assembly-line production. With it came improvements in production techniques and the use of laborsaving machinery and equipment. The accompanying increases in overhead costs and wage rates, however, forced companies to seek ways of using production facilities and labor more efficiently.

Contributions of Scientific Management. The use of scientific management involved a more objective and systematic approach to improving worker efficiency