



lloyd l. byars  
leslie w. rue

# humanresource management

8th edition

# Human Resource Management

Eighth Edition

**Lloyd L. Byars, Ph.D.**

*Professor of Management  
College of Management  
Georgia Institute of Technology*

**Leslie W. Rue, Ph.D.**

*Professor Emeritus of Management  
Robinson College of Business  
Georgia State University*



Boston Burr Ridge, IL Dubuque, IA Madison, WI New York  
San Francisco St. Louis Bangkok Bogotá Caracas Kuala Lumpur  
Lisbon London Madrid Mexico City Milan Montreal New Delhi  
Santiago Seoul Singapore Sydney Taipei Toronto

The McGraw-Hill Companies



## HUMAN RESOURCE MANAGEMENT

Published by McGraw-Hill/Irwin, a business unit of The McGraw-Hill Companies, Inc., 1221 Avenue of the Americas, New York, NY, 10020. Copyright © 2006, 2004, 2000, 1997, 1994, 1991, 1987, 1984 by The McGraw-Hill Companies, Inc. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of The McGraw-Hill Companies, Inc., including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOW/DOW 0 9 8 7 6 5 4

ISBN 0-07-298728-6

**Editorial director:** John E. Biernat

**Executive editor:** John Weimeister

**Editorial assistant:** Amy Luck

**Associate marketing manager:** Margaret A. Beamer

**Producer, Media technology:** Mark Molsky

**Project manager:** Kristin Puscas

**Production supervisor:** Debra R. Sylvester

**Senior designer:** Adam Rooke

**Supplement producer:** Betty Hadala

**Senior digital content specialist:** Brian Nacik

**Typeface:** 10/12 Times New Roman

**Compositor:** Carlisle Communications, Ltd.

**Printer:** R. R. Donnelley

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

Byars, Loyd L.

Human resource management/Lloyd L. Byars, Leslie W. Rue--8th ed.

p. cm.

Includes index.

Various multi-media instructional materials are available to supplement the text.

ISBN 0-07-298729-6 (alk. paper)

1. Personnel management. I. Rue, Leslie W. II. Title.

HF5549.B937 2006

658.3--dc22

2004056940

# Preface

---

The slowing economy that accompanied the new century has emphasized the importance for organizations to operate efficiently. Even more today than in the past, an organization's efficiency is impacted by the effectiveness of its human resource management. The most effective and successful companies today find ways to motivate, train, compensate, and challenge their employees. This is true for all companies, whether they are manufacturing or service companies, large or small, domestic or international.

Since the publication of the seventh edition of *Human Resource Management*, the world has continued to change. The human resource components of most organizations have become more diverse and more sophisticated. In addition, other significant changes continue to occur in the HRM area. Changing government and legal requirements, increased awareness for security issues, new information systems, downsizing, demands for a more skilled workforce, and intensifying global competition are just a few of the factors that have contributed to the complexity of HRM issues for today's companies.

## Features of the Book

---

- The eighth edition of *Human Resource Management* continues to present both the *theoretical* and *practical* aspects of HRM. The theoretical material is presented throughout the text and highlighted via a marginal glossary. Students are assisted in learning complex HRM terminology through these concise definitions placed in the margins. They provide a valuable study tool for students. The practical aspects of HRM are presented through lively and pedagogically effective examples woven throughout the text and end-of-chapter materials.
- There are detailed learning objectives for each chapter.
- Multiple "HRM in Action" boxes are included in each chapter and provide current examples that illustrate how actual organizations apply concepts presented in the chapters.
- A key feature entitled "On the Job" appears after several chapters and offers practical examples in areas such as résumés and job descriptions.
- The URLs for companies referenced in the text have been updated and expanded.
- Video cases are available online at \_\_\_\_\_. These video cases focus on real companies and real situations.
- End-of-chapter materials include these features:
  - The "Summary of Learning Objectives" is a synopsis and review of the key learning objectives within each chapter.
  - "Review Questions" provide an opportunity to review chapter concepts through questions developed to test students' memory of key issues and concepts within the chapter.
  - "Discussion Questions" give students an opportunity to apply critical thinking skills to in-depth questions.
  - Two "Incidents" per chapter act as minicases students can use to analyze and dissect chapter concepts and applications via real-life scenarios.
  - "Exercises" placed at the end of each chapter can be done in class or as homework and are designed to illustrate major points illustrated in the chapter.
  - "Notes and Additional Readings" provide references and more in-depth information on covered topics.

## The Teaching Package

---

Each component of the teaching package has been carefully developed to assist both faculty and students in learning the important concepts and applications of HRM:

- The *Instructor's Manual* offers opportunities for classroom instruction, student participation, and assignments or research. Each chapter includes a chapter outline, presentation suggestions, "HRM in Action" questions, and answers for the "Discussion Questions" and "Incident Solutions" that are included within the text.

- The “Test Bank” includes over 600 questions and consists of true/false, multiple choice, and short-answer questions.
- Brownstone Testing Software, available for Windows or Mac users, provides instructors with simple ways to write tests that can be administered on paper, over a campus network, or over the Internet.
- Videos are available for each section and provide an appropriate overview of the learned material.
- PP Presentation Software contains tables and figures from the text plus additional graphic material.

## Organization of the Eighth Edition

---

The book's content is arranged with six major sections. Part 1, “Introduction and Background of Human Resources,” is designed to provide the student with the foundation necessary to embark on a study of the work of human resource management. This section also explores how the legal environment and the implementation of equal employment opportunity influence all areas of human resource management. The final chapter in this section discusses job analysis and job design. Part 2, “Acquiring Human Resources,” discusses the topics of human resource planning, recruitment, and selection. Part 3, “Training and Developing Employees,” describes orientation and employee training, management and organizational development, career planning, and performance management systems. Part 4, “Compensating Human Resources,” presents an introductory chapter on organizational reward systems and has separate chapters describing base wage and salary systems, and incentive pay systems. Part 5, “Employee Well-Being,” explores employee benefits, employee safety & health and employee relations. Part 6, “Labor Relations” deals with the legal environment and structure of labor unions, as well as union organizing campaigns, and collective bargaining. The previous several editions of this book contained a separate chapter on information technology for human resources. This and related new material have been spread throughout the text in this edition.

### *Reviewers for this edition:*

**Elizabeth Evans**  
Concordia University  
**Dr. David G. Hennessy**  
Mount Mercy College  
**Jerry A. Carbo II**  
Fairmont State College  
**Philip E. Varca**  
University of Wyoming–Laramie  
**William Carden**  
North Carolina A&T University

### *Previous Reviewers:*

**Denise H. Barton**  
Wake Technical Community College  
**William Recker**  
Northern Kentucky University  
**Gary Hensel**  
McHenry College  
**Carla L. Dando**  
Idaho State University  
**R. K. Davis III**  
University of Akron  
**Michael P. Bochenek**  
Elmhurst College  
**Frederick J. Slack**  
Indiana University

As with all previous editions, we solicit any ideas and inputs that readers may have concerning the book.

Lloyd L. Byars

Leslie W. Rue

# Brief Contents

---

## **PART ONE**

### **Introduction and Background of Human Resources 1**

- 1 Human Resource Management: A Strategic Function 3
- 2 Equal Employment Opportunity: The Legal Environment 21
- 3 Implementing Equal Employment Opportunity 43
- 4 Job Analysis and Design 63

## **PART TWO**

### **Acquiring Human Resources 85**

- 5 Human Resource Planning 87
- 6 Recruiting Employees 111
- 7 Selecting Employees 135

## **PART THREE**

### **Training and Developing Employees 157**

- 8 Orientation and Employee Training 159
- 9 Management and Organizational Development 177

- 10 Career Development 199

- 11 Performance Management Systems 221

## **PART FOUR**

### **Compensating Human Resources 241**

- 12 The Organizational Reward System 243
- 13 Base Wage and Salary Systems 261
- 14 Incentive Pay Systems 283

## **PART FIVE**

### **Employee Well-Being 301**

- 15 Employee Benefits 303
- 16 Employee Safety and Health 329
- 17 Employee Relations 353

## **PART SIX**

### **Labor Relations 369**

- 18 The Legal Environment and Structure of Labor Unions 371
- 19 Union Organizing Campaigns and Collective Bargaining 385

# Table of Contents

---

## PART ONE

### INTRODUCTION AND BACKGROUND OF HUMAN RESOURCES 1

#### Chapter 1

#### Human Resource Management: A Strategic Function 3

- Human Resource Functions 4
- Who Performs the Human Resource Functions? 4
  - The Human Resource Department* 5
- Challenges for Human Resource Managers 6
  - Diversity in the Workforce* 7
  - Regulatory Changes* 8
  - Structural Changes to Organizations* 8
  - Technological and Managerial Changes within Organizations* 8
- Human Resource Management Tomorrow 9
- Organizational Performance and the Human Resource Manager 10
- Communicating Human Resource Programs 11
  - Guidelines for Communicating Human Resource Programs* 12
- Summary of Learning Objectives 13
- Review Questions 14
- Discussion Questions 15
  - Incident 1–1 Human Resource Management and Professionals* 15
  - Incident 1–2 Choosing a Major* 15
- Exercise 1.1: Justifying the Human Resource Department 16
- Exercise 1.2: Test Your Knowledge of HR History 16
- Exercise 1.3: Are You Poised for Success? 17
- Notes and Additional Readings 19

#### Chapter 2

#### Equal Employment Opportunity: The Legal Environment 21

- Equal Employment Opportunity Laws 22
  - Equal Pay Act (1963)* 22
  - Title VII, Civil Rights Act (1964)* 23
  - Age Discrimination in Employment Act (1967)* 24
  - Rehabilitation Act (1973)* 25
  - Vietnam-Era Veterans Readjustment Assistance Act (1974)* 26
  - Pregnancy Discrimination Act (1978)* 26
  - Immigration Reform and Control Act (1986)* 26
  - Americans with Disabilities Act (1990)* 27
  - Older Workers Benefit Protection Act (1990)* 27
  - Civil Rights Act (1991)* 28
  - Family and Medical Leave Act (1993)* 28

- Executive Orders 11246, 11375, and 11478* 28
- State and Local Government Equal Employment Laws* 29

#### Landmark Court Cases 31

- Griggs v. Duke Power Company* 31
- McDonnell Douglas v. Green* 31
- Albemarle Paper v. Moody* 32
- University of California Regents v. Bakke* 32
- United Steelworkers of America v. Weber* 33
- Connecticut v. Teal* 33
- Memphis Firefighters, Local 1784 v. Stotts* 33
- City of Richmond v. J.A. Croson Company* 34
- Wards Cove v. Atonio* 34
- Martin v. Wilks* 35
- Adarand Contractors v. Peña* 35
- State of Texas v. Hopwood* 35
- University of Michigan's Admission Procedures* 35

#### Enforcement Agencies 36

- Equal Employment Opportunity Commission* 36
- Office of Federal Contract Compliance Programs* 36

#### Summary of Learning Objectives 36

#### Review Questions 38

#### Discussion Questions 39

- Incident 2–1 Accept Things as They Are* 39
- Incident 2–2 Microsoft Helps—and Hires—Workers with Disabilities* 40

#### Exercise 2.1: Legal Issues in Equal Employment Opportunity 40

#### Notes and Additional Readings 41

#### Chapter 3

#### Implementing Equal Employment Opportunity 43

#### EEOC Compliance 44

- Legal Powers of the EEOC* 44
- EEOC Posting Requirements* 44
- Records and Reports* 44
- Compliance Process* 44
- Preemployment Inquiry Guide* 48

#### Affirmative Action Plans 49

#### Bona Fide Occupational Qualification (BFOQ) 49

#### Business Necessity 50

#### Sexual Harassment 51

#### Comparable Worth and Equal Pay Issues 52

#### Other Areas of Employment Discrimination 53

##### *Religion* 53

##### *Native Americans* 54

##### *HIV-Positive* 55

##### *Sexual Orientation* 55

#### Summary of Learning Objectives 55

#### Review Questions 56

Discussion Questions	56
<i>Incident 3–1 Promotions for Lovers</i>	56
<i>Incident 3–2 Religion and Real Estate</i>	56
Exercise 3.1 Affirmative Action Debate	57
Exercise 3.2 The Layoff	57
Exercise 3.3 How Much Do You Know about Sexual Harassment?	58
Notes and Additional Readings	59
On the Job: Preemployment Inquiry Guide	59

## Chapter 4

### Job Analysis and Job Design 63

Basic Terminology	64
Job Analysis	64
<i>Products of Job Analysis</i>	66
<i>Job Analysis Methods</i>	67
<i>The ADA and Job Analysis</i>	71
<i>Potential Problems with Job Analysis</i>	72
Job Design	73
<i>Job Scope and Job Depth</i>	73
<i>Sociotechnical Approach to Job Design</i>	74
<i>The Physical Work Environment</i>	74
<i>Alternative Work Schedules</i>	75
Summary of Learning Objectives	77
Review Questions	79
Discussion Questions	79
<i>Incident 4–1 The Tax Assessor's Office</i>	79
<i>Incident 4–2 Turnover Problems</i>	80
Exercise 4.1: Performing a Job Analysis	80
Exercise 4.2: Introduction to O*NET	80
Notes and Additional Readings	81

## PART TWO

### ACQUIRING HUMAN RESOURCES 8

## Chapter 5

### Human Resource Planning 87

How HRP Relates to Organizational Planning	88
<i>Strategy-Linked HRP</i>	89
Steps in the HRP Process	89
<i>Determining Organizational Objectives</i>	90
<i>Determining the Skills and Expertise Required (Demand)</i>	91
<i>Determining Additional (Net) Human Resource Requirements</i>	93
<i>Developing Action Plans</i>	95
<i>Synthesizing the HRP Process</i>	96
Tools and Techniques of HRP	96
<i>Commitment Manpower Planning</i>	98
<i>Ratio Analysis</i>	99
Time Frame of HRP	99
HRP: An Evolving Process	99
Human Resource Information Systems (HRIS)	100

### Necessary Capabilities of HRIS 102

<i>Input Function</i>	102
<i>Data Maintenance Function</i>	102
<i>Output Function</i>	102
Implementing an HRIS	102
Evaluating an HRIS	104
<i>Intranets</i>	104
Summary of Learning Objectives	105
Review Questions	106
Discussion Questions	106
<i>Incident 5–1 Human Resource Planning—What Is That?</i>	107
<i>Incident 5–2 New Boss</i>	107
Exercise 5.1: Avoiding Layoffs	108
Notes and Additional Readings	108

## Chapter 6

### Recruiting Employees 111

Job Analysis, Human Resource Planning, and Recruitment	112
Personnel Requisition Form	113
Sources of Qualified Personnel	114
<i>Internal Sources</i>	114
<i>External Sources</i>	115
Effectiveness of Recruitment Methods	117
Realistic Job Previews	118
Who Does the Recruiting, and How?	118
Organizational Inducements in Recruitment	119
Equal Employment Opportunity and Recruitment	120
Summary of Learning Objectives	120
Review Questions	121
Discussion Questions	121
<i>Incident 6–1 Inside or Outside Recruiting?</i>	121
<i>Incident 6–2 A Malpractice Suit against a Hospital</i>	122
Exercise 6.1: Writing a Résumé	122
Notes and Additional Readings	123
On the Job: Writing a Résumé	123

## Chapter 7

### Selecting Employees 135

The Selection Process	136
<i>Employment Application Form</i>	136
<i>Preliminary Interview</i>	138
<i>Formal Testing</i>	138
<i>Second or Follow-Up Interview</i>	141
<i>Reference Checking</i>	142
<i>Physical Examination</i>	143
<i>Making the Final Selection Decision</i>	143
Validation of Selection Procedures	144
<i>Criterion-Related Validity</i>	144
<i>Content and Construct Validity</i>	147
Reliability	147



Uniform Guidelines on Employee Selection Procedures	148
<i>Adverse (or Disparate) Impact</i>	148
<i>Where Adverse Impact Exists: The Basic Options</i>	149
Summary of Learning Objectives	150
Review Questions	151
Discussion Questions	151
<i>Incident 7-1 Promotions at OMG</i>	151
<i>Incident 7-2 The Pole Climbers</i>	152
Exercise 7.1: Developing a Test	153
Notes and Additional Readings	153
On the Job: Sample Online Application for Employment	154

## **PART THREE**

### **TRAINING AND DEVELOPING EMPLOYEES 157**

#### **Chapter 8**

#### **Orientation and Employee Training 159**

Orientation	161
<i>Shared Responsibility</i>	161
<i>Organizational Orientation</i>	161
<i>Departmental and Job Orientation</i>	161
<i>Orientation Kit</i>	161
<i>Orientation Length and Timing</i>	164
<i>Follow-Up and Evaluation</i>	164
Training Employees	164
<i>Needs Assessment</i>	165
<i>Establishing Training Objectives</i>	166
Methods of Training	167
<i>On-the-Job Training and Job Rotation</i>	167
<i>Apprenticeship Training</i>	168
<i>Classroom Training</i>	169
<i>Virtual Classroom</i>	169
Evaluating Training	169
<i>Reaction</i>	170
<i>Learning</i>	171
<i>Behavior</i>	171
<i>Results</i>	171
Principles of Learning	171
<i>Motivation to Achieve Personal Goals</i>	171
<i>Knowledge of Results</i>	172
<i>Reinforcement</i>	172
<i>Flow of the Training Program</i>	172
<i>Practice and Repetition</i>	172
<i>Spacing of Sessions</i>	172
<i>Whole or Part Training</i>	173
Summary of Learning Objectives	173
Review Questions	174
Discussion Questions	174
<i>Incident 8-1 Starting a New Job</i>	174
<i>Incident 8-2 Implementing On-the-Job Training</i>	175
Exercise 8.1: McDonald's Training Program	175
Notes and Additional Readings	176

#### **Chapter 9**

#### **Management and Organizational Development 177**

The Management Development Process	178
Determining the Net Management Requirements	178
<i>Organizational Objectives</i>	178
<i>Management Inventory and Succession Plan</i>	179
<i>Changes in the Management Team</i>	179
Needs Assessment	180
Establishing Management Development Objectives	183
Methods Used in Management Development	184
<i>Understudy Assignments</i>	184
<i>Coaching</i>	185
<i>Experience</i>	185
<i>Job Rotation</i>	185
<i>Special Projects and Committee Assignments</i>	186
<i>Classroom Training</i>	186
<i>In-Basket Technique</i>	187
<i>Web-Based Training</i>	187
<i>Business Simulations</i>	187
<i>Adventure Learning</i>	187
<i>University and Professional Association Seminars</i>	188
Evaluation of Management Development Activities	188
Assessment Centers	188
Organizational Development	190
<i>Diagnosis</i>	190
<i>Strategy Planning</i>	191
<i>Education</i>	191
<i>Evaluation</i>	191
Summary of Learning Objectives	192
Review Questions	192
Discussion Questions	193
<i>Incident 9-1 The 40-Year Employee</i>	193
<i>Incident 9-2 Consolidating Three Organizations</i>	194
Exercise 9.1: Training Methods	195
Notes and Additional Readings	195
On the Job: Comparison of Training Methods	195

#### **Chapter 10**

#### **Career Development 199**

Why Is Career Development Necessary?	200
Who Is Responsible for Career Development?	201
<i>Organization's Responsibilities</i>	201
<i>Employee's Responsibilities</i>	201
<i>Manager's Responsibilities</i>	202
Implementing Career Development	202
<i>Individual Assessment</i>	203
<i>Assessment by the Organization</i>	203
<i>Communicating Career Options</i>	203
<i>Career Pathing</i>	203
<i>Career Self-Management</i>	205
<i>Career Counseling</i>	207
Reviewing Career Progress	207

Career-Related Myths	207
<i>Myths Held by Employees</i>	208
<i>Myths Held by Managers</i>	209
Dealing with Career Plateaus	209
<i>Rehabilitating Ineffective Plateauers</i>	210
The Impact of Dual-Employed Couples	211
Outplacement	212
Breaking the Glass Ceiling	212
<i>Career Development Online</i>	213
Summary of Learning Objectives	213
Review Questions	215
Discussion Questions	215
<i>Incident 10–1 The Unhappy Telephone Line Installer</i>	216
<i>Incident 10–2 Hire Me, Hire My Husband!</i>	216
Exercise 10.1: How Do You Rate as a Career Counselor?	218
Exercise 10.2: Becoming an Effective Career Planner	219
Notes and Additional Readings	219

## Chapter 11

### Performance Management Systems 221

Understanding Performance	222
<i>Determinants of Performance</i>	222
<i>Environmental Factors as Performance Obstacles</i>	222
<i>Responsibilities of the Human Resource Department in Performance Management</i>	223
Performance Appraisal: Definition and Uses	223
Performance Appraisal Methods	224
<i>Management by Objectives (MBO)</i>	224
<i>Multi-Rater Assessment (or 360-Degree Feedback)</i>	225
<i>Graphic Rating Scale</i>	226
<i>Behaviorally Anchored Rating Scale (BARS)</i>	226
<i>Critical-Incident Appraisal</i>	228
<i>Essay Appraisal</i>	228
<i>Checklist</i>	228
<i>Forced-Choice Rating</i>	228
<i>Ranking Methods</i>	229
<i>Work Standards</i>	230
Potential Errors in Performance Appraisals	231
Overcoming Errors in Performance Appraisals	231
Providing Feedback through the Appraisal Interview	232
Developing Performance Improvement Plans	233
Performance Appraisal and the Law	233
Summary of Learning Objectives	234
Review Questions	234
Discussion Questions	235
<i>Incident 11–1 The College Admissions Office</i>	235
<i>Incident 11–2 The Lackadaisical Plant Manager</i>	236
Exercise 11.1: Developing a Performance Appraisal System	237
Notes and Additional Readings	238

## PART FOUR

### COMPENSATING HUMAN RESOURCES 241

## Chapter 12

### The Organizational Reward System 243

Defining the System	244
Selection of Rewards	244
Relating Rewards to Performance	245
Job Satisfaction and Rewards	246
<i>The Satisfaction–Performance Controversy</i>	247
<i>Other Factors Affecting Job Satisfaction</i>	248
Employee Compensation	249
<i>Compensation Policies</i>	249
<i>Pay Secrecy</i>	249
<i>Government and Union Influence</i>	250
<i>Impact of Comparable Worth</i>	251
<i>The Importance of Fair Pay</i>	251
<i>Pay Equity</i>	252
<i>Pay Satisfaction Model</i>	253
The Role of the Human Resource Manager in the Reward System	254
Summary of Learning Objectives	255
Review Questions	256
Discussion Questions	256
<i>Incident 12–1 An Informative Coffee Break</i>	256
<i>Incident 12–2 Does Money Motivate?</i>	257
Exercise 12.1: Relating Rewards to Performance	258
Notes and Additional Readings	258

## Chapter 13

### Base Wage and Salary Systems 261

Objective of the Base Wage and Salary System	262
Conventional Job Evaluation	262
<i>Job Ranking Method</i>	263
<i>Job Classification Method</i>	263
<i>Point Method</i>	264
<i>Factor Comparison Method</i>	266
<i>Comparison of Job Evaluation Methods</i>	267
Pricing the Job	268
<i>Wage and Salary Surveys</i>	268
<i>Wage and Salary Curves</i>	271
Base Wage/Salary Structure	273
New Approaches to the Base Wage/Salary Structure	273
<i>Skill-Based Pay</i>	273
<i>Competency-Based Pay</i>	275
<i>Broadbanding</i>	276
Summary of Learning Objectives	277
Review Questions	278
Discussion Questions	278
<i>Incident 13–1 Fair Pay for Pecan Workers</i>	278
<i>Incident 13–2 A Dead-End Street?</i>	279

Exercise 13.1: Ranking Jobs	280
Exercise 13.2: Wage/Salary Survey	281
Notes and Additional Readings	281

## Chapter 14

### Incentive Pay Systems 283

Requirements of Incentive Plans	284
Individual Incentives	284
<i>Piece Rate Plans</i>	284
<i>Plans Based on Time Saved</i>	285
<i>Plans Based on Commissions</i>	285
<i>Individual Bonuses</i>	286
<i>Suggestion Systems</i>	286
<i>Incentives for Managerial Personnel</i>	286
<i>Stock Options for Nonmanagerial Personnel</i>	290
Group Incentives	291
<i>Gain-Sharing or Profit-Sharing Plans</i>	292
<i>Scanlon-Type Plans</i>	292
<i>Employee Stock Ownership Plans (ESOPs)</i>	293
Variable Pay	294
Making Incentive Plans Work	295
Summary of Learning Objectives	295
Review Questions	296
Discussion Questions	297
<i>Incident 14-1 Rewarding Good Performance at a Bank</i>	297
<i>Incident 14-2 Part-Time Pool Personnel</i>	298
Exercise 14.1: Implementing Incentives	298
Notes and Additional Readings	299

## PART FIVE

### EMPLOYEE WELL-BEING 301

## Chapter 15

### Employee Benefits 303

What Are Employee Benefits?	304
Growth in Employee Benefits	305
Legally Required Benefits	306
<i>Social Security</i>	306
<i>Unemployment Compensation</i>	308
<i>Workers' Compensation</i>	308
Retirement-Related Benefits	310
<i>Pension Plans</i>	310
<i>ERISA and Related Acts</i>	312
<i>Employees Not Covered by Pension Plans</i>	314
<i>Preretirement Planning</i>	315
Insurance-Related Benefits	315
<i>Health Insurance</i>	315
<i>Dental Insurance</i>	316
<i>Life Insurance</i>	316
<i>Accident and Disability Insurance</i>	317
Payment for Time Not Worked	317
<i>Paid Holidays and Paid Vacations</i>	317
Other Benefits	317
The Benefit Package	317

Communicating the Benefit Package	318
Employee Preferences among Benefits	320
<i>Flexible-Benefit Plans</i>	320
Summary of Learning Objectives	322
Review Questions	323
Discussion Questions	324
<i>Incident 15-1 Who Is Eligible for Retirement Benefits</i>	324
<i>Incident 15-2 Benefits for Professionals</i>	325
Exercise 15.1: Taking a Raise	325
Notes and Additional Readings	326

## Chapter 16

### Employee Safety and Health 329

Occupational Safety and Health Act	330
<i>OSHA Standards</i>	331
<i>Penalties</i>	332
<i>Reporting/Record-Keeping Requirements</i>	332
The Causes of Accidents	334
<i>Personal Acts</i>	334
<i>Physical Environment</i>	334
<i>Accident Proneness</i>	334
How to Measure Safety	334
Organizational Safety Programs	335
<i>Promoting Safety</i>	335
<i>Establishing a Safety Training Program</i>	336
Employee Health	336
<i>Occupational Health Hazards</i>	336
<i>Stress in the Workplace</i>	337
<i>Alcoholism and Drug Abuse</i>	339
<i>AIDS</i>	341
<i>Employee Assistance Programs (EAPs)</i>	342
<i>Work/Life Programs</i>	343
<i>Wellness Programs</i>	344
Violence in the Workplace	344
Summary of Learning Objectives	345
Review Questions	347
Discussion Questions	347
<i>Incident 16-1 Safety Problems at Blakely</i>	347
<i>Incident 16-2 To Fire or Not to Fire?</i>	348
Exercise 16.1: Filing OSHA Reports	348
Notes and Additional Readings	349

## Chapter 17

### Employee Relations 353

Employment at Will	353
Causes of Disciplinary Actions	354
Administering Discipline	354
<i>Prediscipline Recommendations</i>	355
<i>Guidelines for Administering Discipline</i>	356
<i>Legal Restrictions</i>	357
Grievance Procedures	358
<i>Just Cause</i>	358
<i>Due Process</i>	360
<i>Duty of Fair Representation</i>	360
<i>Time Delays</i>	361

Grievance Arbitration	362
Summary of Learning Objectives	363
Review Questions	363
Discussion Questions	364
<i>Incident 17–1 Tardy Tom</i>	364
<i>Incident 17–2 Keys to the Drug Cabinet</i>	365
Exercise 17.1: Mock Arbitration	365
Notes and Additional Readings	367

## PART SIX

### LABOR RELATIONS 369

#### Chapter 18

#### The Legal Environment and Structure of Labor Unions 371

The Legal Environment of Labor–Management Relations	372
<i>Sherman Anti-Trust Act (1890)</i>	374
<i>Clayton Act (1914)</i>	374
<i>Railway Labor Act (1926)</i>	374
<i>Norris–LaGuardia Act (1932)</i>	375
<i>National Labor Relations (Wagner) Act (1935)</i>	375
<i>Labor–Management Relations (Taft–Hartley) Act (1947)</i>	375
<i>Labor–Management Reporting and Disclosure (Landrum–Griffin) Act (1959)</i>	377
<i>Civil Service Reform Act (1978)</i>	378
Union Structures	379
<i>AFL–CIO</i>	379
<i>National and International Unions</i>	380
<i>City and State Federations</i>	380
<i>Local Unions</i>	380
Current and Future Developments in the Labor Movement	381
Summary of Learning Objectives	382
Review Questions	382
Discussion Questions	383
<i>Incident 18–1 Unions and Management</i>	383
<i>Incident 18–2 Voluntary Resignations during a Strike</i>	383

Exercise 18.1: Need for Unions	384
Notes and Additional Readings	384

#### Chapter 19

#### Union Organizing Campaigns and Collective Bargaining 385

Union Membership Decision	386
<i>Reasons for Joining</i>	386
<i>The Opposition View</i>	386
Union Organizing Campaign	387
<i>Determining the Bargaining Unit</i>	387
<i>Election Campaigns</i>	388
<i>Election, Certification, and Decertification</i>	388
Good-Faith Bargaining	389
Participants in Negotiations	391
<i>Employer's Role</i>	391
<i>Union's Role</i>	391
<i>Role of Third Parties</i>	391
Collective Bargaining Agreements	393
Specific Issues in Collective Bargaining Agreements	394
<i>Management Rights</i>	394
<i>Union Security</i>	394
<i>Wages and Employee Benefits</i>	394
<i>Individual Security (Seniority) Rights</i>	395
<i>Dispute Resolution</i>	396
Impasses in Collective Bargaining	396
Trends in Collective Bargaining	396
Summary of Learning Objectives	397
Review Questions	398
Discussion Questions	399
<i>Incident 19–1 Florida National Guard and NAGE</i>	399
<i>Incident 19–2 Retiree Benefits</i>	399
Exercise 19.1: Contract Negotiations	399
Notes and Additional Readings	401

#### Glossary 403

#### Index 413

# Introduction and Background of Human Resources

---

1. Human Resource Management: A Strategic Function
2. Equal Employment Opportunity: The Legal Environment
3. Implementing Equal Employment Opportunity
4. Job Analysis and Job Design



# Human Resource Management: A Strategic Function

## Chapter Learning Objectives

After studying this chapter, you should be able to:

1. Define human resource management.
2. Describe the functions of human resource management.
3. Summarize the types of assistance the human resource department provides.
4. Explain the desired relationship between human resource managers and operating managers.
5. Identify several challenges today's human resource managers currently face.
6. Outline several potential challenges and contributions that an increasingly diverse workforce presents.
7. Discuss the role of human resource managers in the future.
8. Explain how human resource managers can affect organizational performance.
9. Summarize several guidelines to follow when communicating human resource programs.

## Chapter Outline

Human Resource Functions

Who Performs the Human Resource Functions?

*The Human Resource Department*

Challenges for Human Resource Managers

*Diversity in the Workforce*

*Regulatory Changes*

*Structural Changes to Organizations*

*Technological and Managerial Changes within Organizations*

Human Resource Management Tomorrow

Organizational Performance and the Human Resource Manager

Communicating Human Resource Programs

*Guidelines for Communicating Human Resource Programs*

Summary of Learning Objectives

Review Questions

Discussion Questions

*Incident 1–1 Human Resource Management and Professionals*

*Incident 1–2 Choosing a Major*

Exercise 1.1: Justifying the Human Resource Department

Exercise 1.2: Test Your Knowledge of HR History

Exercise 1.3: Are You Poised for Success?

Notes and Additional Readings

**human resource management**

Activities designed to provide for and coordinate the human resources of an organization.

**Human resource management (HRM)** encompasses those activities designed to provide for and coordinate the human resources of an organization. The human resources (HR) of an organization represent one of its largest investments. In fact, government reports show that approximately 65 percent of national income is used to compensate employees.<sup>1</sup> The value of an organization's human resources frequently becomes evident when the organization is sold. Often the purchase price is greater than the total value of the physical and financial assets. This difference, sometimes called goodwill, partially reflects the value of an organization's human resources. In addition to wages and salaries, organizations often make other sizable investments in their human resources. Recruiting, hiring, and training represent some of the more obvious examples.

Human resource management is a modern term for what was traditionally referred to as *personnel administration* or *personnel management*. However, some experts believe human resource management differs somewhat from traditional personnel management. They see personnel management as being much narrower and more clerically oriented than human resource management. For the purposes of this book, we will use only the term *human resource management*.

## Human Resource Functions

---

**human resource functions**

Tasks and duties human resource managers perform (e.g., determining the organization's human resource needs; recruiting, selecting, developing, counseling, and rewarding employees; acting as liaison with unions and government organizations; and handling other matters of employee well-being).

**Human resource functions** refer to those tasks and duties performed in both large and small organizations to provide for and coordinate human resources. Human resource functions encompass a variety of activities that significantly influence all areas of an organization. The Society for Human Resource Management (SHRM) has identified six major functions of human resource management:

1. Human resource planning, recruitment, and selection.
2. Human resource development.
3. Compensation and benefits.
4. Safety and health.
5. Employee and labor relations.
6. Human resource research.

Table 1.1 identifies many of the activities that comprise each major human resource function. Ensuring that the organization fulfills all of its equal employment opportunity and other government obligations is an activity that overlays all six of the major human resource functions.

In an attempt to cover each of the major areas of human resource management, this book contains six major sections. Section 1 serves as an introduction and presents material that applies to all major human resource functions. It contains an introductory chapter and two chapters on equal employment opportunity. Section 2 explores those human resource functions specifically concerned with staffing the organization: job analysis and design, human resource planning, and recruiting and selecting. Section 3 concentrates on those functions related to the development of the organization's human resources. This section includes chapters on orientation and employee training, management and organization development, performance appraisal, and career planning. Section 4 covers all aspects of employee compensation: the organizational reward system, base wage and salary systems, incentive pay systems, and employee benefits. Section 5 deals with employee relations, unions and the collective bargaining process. Section 6, organizational maintenance and information technology, contains a chapter on employee safety and health and a chapter on information technology for human resources.

## Who Performs the Human Resource Functions?

---

Most managers are periodically involved to some extent in each of the major human resource functions. For example, at one time or another, almost all managers are involved in some aspect of employee recruiting, selecting, training, developing, compensation, team building, and evaluation. In small organizations, most human resource functions are performed by the



**TABLE 1.1**  
**Activities of the Major**  
**Human Resource**  
**Functions**

### **Human Resource Planning, Recruitment, and Selection**

- Conducting job analyses to establish the specific requirements of individual jobs within the organization.
- Forecasting the human resource requirements the organization needs to achieve its objectives.
- Developing and implementing a plan to meet these requirements.
- Recruiting the human resources the organization requires to achieve its objectives.
- Selecting and hiring human resources to fill specific jobs within the organization.

### **Human Resource Development**

- Orienting and training employees.
- Designing and implementing management and organizational development programs.
- Building effective teams within the organizational structure.
- Designing systems for appraising the performance of individual employees.
- Assisting employees in developing career plans.

### **Compensation and Benefits**

- Designing and implementing compensation and benefit systems for all employees.
- Ensuring that compensation and benefits are fair and consistent.

### **Safety and Health**

- Designing and implementing programs to ensure employee health and safety.
- Providing assistance to employees with personal problems that influence their work performance.

### **Employee and Labor Relations**

- Serving as an intermediary between the organization and its union(s).
- Designing discipline and grievance handling systems.

### **Human Resource Research**

- Providing a human resource information base.
- Designing and implementing employee communication systems.

#### **operating manager**

Person who manages people directly involved with the production of an organization's products or services (e.g., production manager in a manufacturing plant, loan manager in a bank).

#### **human resource generalist**

Person who devotes a majority of working time to human resource issues, but does not specialize in any specific areas.

owner or by **operating managers**. These managers perform the human resource functions in addition to their normal managerial activities. Many medium-size and even some large organizations use human resource generalists. A **human resource generalist** devotes a majority of his or her working time to human resource issues, but does not specialize in any specific areas of human resource management. Large organizations usually have a human resource department that is responsible for directing the human resource functions. In addition to one or more human resource generalists, such a department is normally staffed by one or more **human resource specialists**. These specialists are trained in one or more specific areas of human resource management. However, even in large organizations that have a human resource department with many human resource generalists and specialists, most operating managers must regularly perform and be involved with many of the human resource functions.

### **The Human Resource Department**

#### **human resource specialist**

Person specially trained in one or more areas of human resource management (e.g., labor relations specialist, wage and salary specialist).

As mentioned previously, most medium-size and some large organizations use human resource generalists and do not have a human resource department. In these situations, the functions performed by human resource generalists are essentially the same as those that would be performed by a human resource department. Therefore, the following discussion also applies to the role of human resource generalists in organizations that do not have a human resource department.

The primary function of a human resource department is to provide support to operating managers on all human resource matters. Thus, most human resource departments fulfill a traditional staff role and act primarily in an advisory capacity. In addition to advising operating managers, a human resource department customarily organizes and coordinates hiring and training; maintains personnel records; acts as a liaison between management, labor, and government; and coordinates safety programs. Therefore, accomplishing the human resource goals of an organization requires close coordination between the human resource department and the operating managers.