

HUMAN RESOURCE MANAGEMENT

7TH EDITION

LLOYD L. BYARS / LESLIE W. RUE

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Human Resource Management

Seventh Edition

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HUMAN RESOURCE MANAGEMENT

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Preface

The slowing economy of recent times 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 sixth edition of *Human Resource Management*, the world has changed. 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 work force, 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 seventh 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 appear at the end of each section and 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" can be done in class or as homework and are designed to illustrate major points made 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 SEVENTH EDITION

The book’s content is arranged very similarly to that of the sixth edition with five major sections. Part 1, “Introduction and Equal Employment Opportunity,” 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 information technology for human resources and how the legal environment and the implementation of equal employment opportunity influence all areas of human resource management. Part 2, “Staffing the Organization,” discusses the topics of job analysis and design, human resource planning, recruitment, and selection. Part 3, “Training and Developing Employees,” describes orientation and employee training, management and organizational development, performance appraisal systems, and career planning. Part 4, “Compensating Employees,” presents an introductory chapter on organizational reward systems and has separate chapters describing base wage and salary systems, incentive pay systems, and employee benefits. Part 5, “Understanding Unions,” explores the legal environment and structure of unions, the collective bargaining process, employee relations, and employee health and safety.

Elm Street Publishing Services, Inc., provided invaluable research assistance and organizational inputs for this edition. The following individuals provided valuable assistance through their detailed reviews.

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

Lloyd L. Byars

Leslie W. Rue

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Introduction and Equal Employment Opportunity

Part 1

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- 1 Human Resource Management: Present and Future
 - 2 Information Technology for Human Resources
 - 3 Equal Employment Opportunity: The Legal Environment
 - 4 Implementing Equal Employment Opportunity

Chapter 1

Human Resource Management: Present and Future

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 provided by the human resource department.
4. Explain the desired relationship between human resource managers and operating managers.
5. Identify several challenges currently facing today's human resource managers.
6. Outline several potential challenges and contributions presented by an increasingly diverse work force.
7. Discuss the role of human resource managers in the future.
8. Summarize several guidelines to follow when communicating human resource programs.
9. Explain, in general terms, how human resource managers can affect organizational performance.

Chapter outline

Human Resource Functions

Who Performs the Human Resource Functions?

The Human Resource Department

Challenges for Human Resource Managers

Diversity in the Work Force

Regulatory Changes

Structural Changes to Organizations

Technological and Managerial Changes within Organizations

Human Resource Management Tomorrow

Company Profits and the Human Resource Manager

Communicating Human Resource Programs

Guidelines for Communicating Human Resource Programs

Human Resource Management and Organizational Performance

Summary of Learning Objectives

Review Questions

Discussion Questions

Incident 1-1 Human Resource Management and Professionals

Incident 1-2 Choosing a Major

Exercise: Justifying the Human Resource Department

Exercise: Test Your Knowledge of HR History

Exercise: 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 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 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 72 percent of national income is used to compensate employees.¹ 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 has traditionally been 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 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.

Figure 1.1 presents a slightly different breakdown of the human resource functions. This breakdown, called the Human Resource Wheel, was developed by the American Society for Training and Development as part of an effort to define the field of human resource management.

In an attempt to cover each of the major areas of human resource management, this book contains five major sections. Section 1 serves as an introduction and presents material that applies to all major human resource functions. It contains an introductory chapter, two chapters on equal employment opportunity, and one chapter on information technology for human resources. Section 2 explores those human resource functions specifically concerned with staffing the organization: job analysis and design and human resource planning, recruiting,

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 organization 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.

Employee and Labor Relations

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

Safety and Health

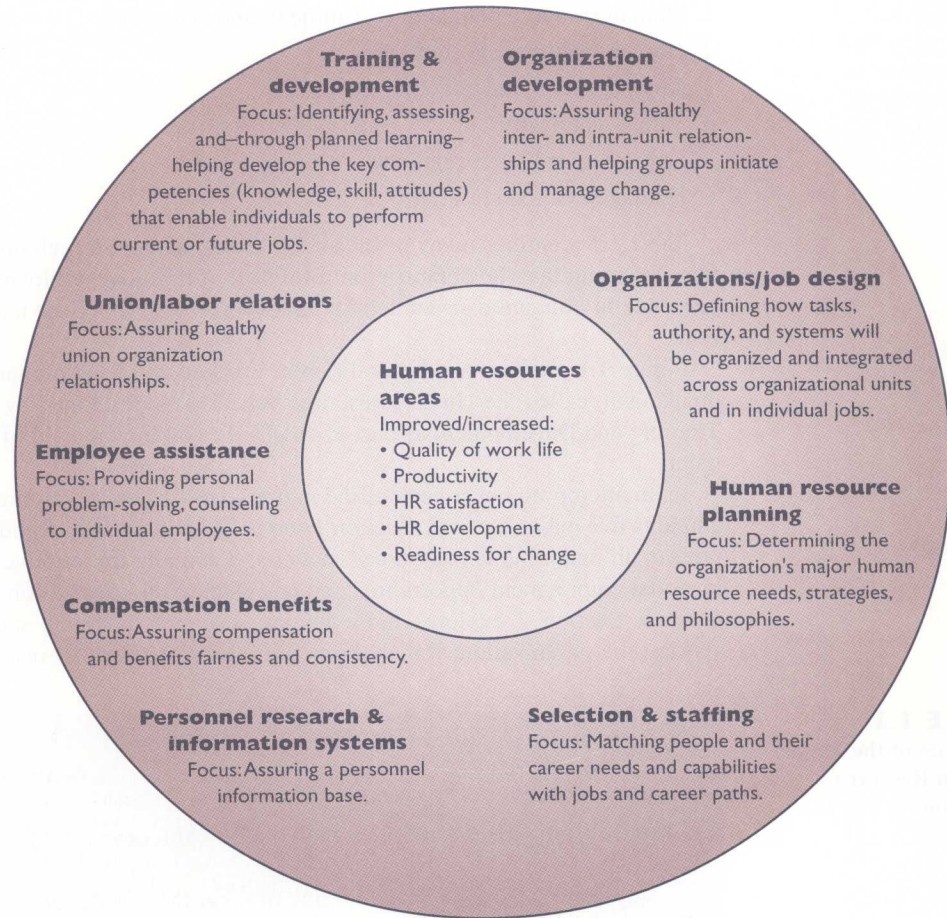
- Designing and implementing programs to ensure employee health and safety.
- Providing assistance to employees with personal problems that influence their work performance.

Human Resource Research

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

FIGURE 1.1
Human Resource Wheel

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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).

and selecting. Section 3 concentrates on those functions related to training and developing employees, such as 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 unions, the collective bargaining process, employee relations, and employee safety and health.

Who Performs the Human Resource Functions?

human resource generalist

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

human resource specialist

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

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 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

TABLE 1.2

Examples of the Types of Assistance Provided by a Human Resource Department

Specific Services	Advice	Coordination
Maintaining employee records Handling initial phases of employee orientation	Disciplinary matters Equal employment opportunity matters	Performance appraisals Compensation matters

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

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.

Precisely how all of the functions related to human resources are split between operating managers and the human resource department varies from organization to organization. For example, the human resource department in one company may do all of the hiring below a certain level. In another company, all the hiring decisions may be made by operating managers, with the human resource department acting only in an advisory capacity.

It is helpful to view the human resource department as providing three types of assistance: (1) specific services, (2) advice, and (3) coordination. Table 1.2 presents some typical examples of each of these types of assistance. Figure 1.2 illustrates the different roles a human resource department or a human resource generalist might fill.

As stated earlier, a human resource department normally acts in an advisory capacity and does not have authority over operating managers. As a result, conflict can occur when operating managers appear to ignore the suggestions and recommendations of the human resource department. If the human resource department is to be effective, it must continually cultivate

FIGURE 1.2
Three Types of Assistance Provided by a Human Resource Department

