TERRY L. LEAP MICHAEL D. CRINO

PERSONNEL/ HUMAN RESOURCE MANAGEMENT



SECOND EDITION

PERSONNEL/HUMAN RESOURCE MANAGEMENT

Second Edition

Terry L. Leap

Clemson University

Michael D. Crino

Clemson University

Macmillian Publishing Company New York

Maxwell Macmillan Canada Toronto

Maxwell Macmillan International New York Oxford Singapore Sydney

To our parents Henry W. and Barbara L. Leap Samuel J. and Louise M. Crino

Editor: Charles E. Stewart/Denise Abbott Production Supervisor: Helen Wallace Production Manager: Roger Vergnes Cover Designer: Cathleen Norz Cover photograph: Comstock, Inc.

This book was set in Caledonia by Carlisle Communications, printed and bound by R. R. Donnelley & Sons, Crawfordsville. The cover was printed by Phoenix Color.

Copyright © 1993 by Macmillan Publishing Company, a division of Macmillan, Inc.

Printed in the United States of America

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any information storage and retrieval system, without permission in writing from the publisher.

Earlier edition copyright © 1989 by Macmillan Publishing Company

Macmillan Publishing Company 866 Third Avenue, New York, New York 10022

Macmillan Publishing Company is part of the Maxwell Communication Group of Companies.

Maxwell Macmillan Canada, Inc. 1200 Eglinton Avenue East Suite 200 Don Mills, Ontario M3C 3N1

Library of Congress Cataloging in Publication Data

Leap, Terry L., 1948-

Personnel/human resource management / Terry L. Leap, Michael D. Crino. — 2nd ed.

Includes bibliographical references and index. ISBN 0-02-368521-2

1. Personnel management. I. Crino, Michael D. II. Title.

HF5549.L375 1993

92-20064

658.3 – dc20

CIP

Printing: 1 2 3 4 5 6 7 8 Year: 3 4 5 6 7 8 9 0 1 2

PERSONNEL/HUMAN RESOURCE MANAGEMENT

Preface

Employees are our Number One priority at this stage. They will continue to be. If you look after employees, they look after customers. And that's good for shareholders.

-Hugh McColl, Jr., Chairman and CEO, Nations Bank

Personnel/human resource management (PHRM) is an exciting and dynamic field. PHRM encompasses such a wide range of topics that an introductory course instructor has considerable leeway as to what he or she may elect to cover during one semester or quarter. The selection and emphasis of specific PHRM topics depend upon the individual instructor's background, research interests, and personal tastes. We have attempted to blend various orientations and interests into a balanced and comprehensive textbook suitable for the many approaches to teaching PHRM.

We have based the structure and content of Personnel/Human Resource Management, second edition, on our research and teaching experience in PHRM (more than 30 years between us), our familiarity with current PHRM literature and textbooks, and numerous discussions we have had with colleagues across the country. As the plan for the book evolved, it was decided that a successful addition to the PHRM market must contain several important elements. First, the content should thoroughly cover traditional as well as currently emerging topics. We have included chapters on such traditional topics as job analysis and design, recruitment, selection, and performance evaluation, as well as multiple chapter coverage of compensation and labor relations. Additionally we have included extensive coverage of important emerging topics, such as PHRM in multinational firms, employment at-will, the decline in the power and influence of American labor unions, drug testing, and AIDS, which are likely to impact the workplace significantly in the future. Second, the text should emphasize the need for integration of PHRM into the strategic planning and daily operations of the firm. The importance of the link between corporate strategy, daily operations, and PHRM is emphasized in the introductory and concluding chapters and repeatedly discussed throughout the text. Third, the book must be written in a style that appeals to students without sacrificing the depth necessary to understand major PHRM issues. We believe that some college-level texts have tried to increase student appeal and readability at the expense of important details and relationships. This approach underestimates both the importance of the information and the ability of our students. We have tried to strike a balance between a smooth, easy-tovi Preface

understand writing style and adequate depth of coverage. Fourth, a book needs realistic and timely examples, vignettes, and case exercises. Many of our examples and illustrations are based on recent PHRM incidents and controversies that have arisen in private and public organizations and were reported in The Wall Street Journal and other business periodicals. Fifth, a book needs to be well documented and to reflect the most current literature and major developments in the field. We feel that Personnel/Human Resource Management, second edition, is especially strong in this respect. We have incorporated the most recent professional and academic literature (much of it from 1990 and 1991), as well as what might be considered the classics in the PHRM literature. Sixth, a book needs a framework to integrate all of the topics, concepts, and ideas in a meaningful fashion. We have developed a PHRM framework, placed it at the beginning of each major section of the text, and highlighted the appropriate portion for reference. The framework emphasizes the importance of corporate strategy and organizational goals to PHRM and the relationships among the major PHRM functions. We have also given greater attention to the role of supervisors and managers who administer PHRM policies. Finally, a book needs to be visually attractive. We have employed tables and figures throughout the chapters. However, in order to maintain a pleasing and readable presentation, we have resisted the temptation to clutter the margins with notes. Further, we have not overloaded the appendices with an excessive amount of material, preferring to include additional lecture material in the instructor's manual.

To assist the student in comprehending, studying, and retaining the material presented in the text, we have integrated a consistent pedagogical structure throughout. Each part begins with an overview of the topics it covers. Each chapter features a chapter outline, learning objectives, a summary, discussion questions, and brief case exercises.

We recognize that a textbook cannot be all things to all people. For example, some instructors may wish to emphasize topics such as job analysis, recruitment and selection, training and development, performance appraisal, and the motivational aspects of compensation. These same instructors may give less emphasis to employee benefits, health and safety, labor relations, and the legal issues surrounding employee rights and responsibilities. We also recognize that instructors develop a style of teaching that suits their personal preferences, level of student preparedness, and institutional norms. Some instructors emphasize the traditional lecture method in an introductory PHRM course, while others employ case studies, simulations, seminar discussions on current topics, and other methods. We have written a book which we believe can support these alternative teaching methods. There is sufficient detail in the text to allow students to acquire a basic understanding of the various topics. Instructors can choose to expand on selected topics with lectures, confident that the student will have a basic understanding of the remaining topics. It is our belief that this book gives the instructor the latitude to use whatever pedagogical methods he or she desires to improve the students' mastery of PHRM topics, and sharpen their decision-making skills. Several ancillaries are available for the instructor:

- The *Instructor's Manual* contains supplemental lecture material, overhead transparency masters, additional cases, and exercises that may be completed on personal computers using the accompanying software.
- An extensive *Test Bank* of multiple-choice and true/false questions and answers has been prepared by the authors. It is also available as Microtest, a computerized test generator.

Terry L. Leap Michael D. Crino

Acknowledgments

A number of people assisted us with the writing and publishing of *Personnel/Human Resource Management*, second edition: Charles Stewart, Denise Abbott, and Helen Wallace of the Macmillan Publishing Company were always available to guide us through the myriad decisions necessary in a project of this type. We also are indebted to a number of colleagues who reviewed all or parts of the manuscript: Charles R. Milton, University of South Carolina; David A. Gray, The University of Texas at Arlington; Gary L. Gordon, The State University of New York—Oswego; and Alan Cabelly, Portland State University.

Karen Stine, Ashland College, made her toxicological expertise available to us as we researched and wrote the material on occupational health and safety. We would also like to recognize two of our graduate assistants at Clemson University who helped us with various parts of the book: Rebecca Ballard and Monica Milasnovich. We would like to thank Acting Dean, Jim Sheriff, of the College of Commerce and Industry, and William H. Hendrix, head of the Department of Management, Clemson University, for providing the work environment and support which enabled us to write this textbook.

T.L.L. M.D.C.

PERSONNEL/HUMAN RESOURCE MANAGEMENT

Brief Contents

CHAPTER 1	
AN INTRODUCTION TO PERSONNEL/HUMAN RESOURCE MANAGEMENT	1

■ PART ONE Labor Force Issues: Composition, Trends, and Equal Employment Opportunity 29

CHAPTER 2

THE U.S. LABOR FORCE IN A DYNAMIC SOCIAL AND ECONOMIC ENVIRONMENT 31

CHAPTER 3

EQUAL EMPLOYMENT OPPORTUNITY LAWS AND APPLICATIONS 72

■ PART TWO Personnel/Human Resource Planning and Staffing 131

CHAPTER 4

JOB ANALYSIS AND DESIGN 133

CHAPTER 5

HUMAN RESOURCE PLANNING 169

CHAPTER 6

RECRUITMENT 197

CHAPTER 7

EMPLOYEE SELECTION 234

■ PART THREE Developing and Compensating
Employees 287

CHAPTER 8

EMPLOYEE TRAINING AND DEVELOPMENT 289

CHAPTER 9

PERFORMANCE APPRAISAL 329

CHAPTER 10

THE FOUNDATIONS OF COMPENSATION MANAGEMENT 365

CHAPTER 11

ESTABLISHING AND ADMINISTERING THE COMPENSATION PROGRAM 392

CHAPTER 12

EMPLOYEE BENEFIT PROGRAMS 444

■ PART FOUR Employee Well-Being and Job Security 487

CHAPTER 13

DEFINING EMPLOYEE AND ORGANIZATIONAL RIGHTS 488

CHAPTER 14

EMPLOYEE HEALTH, SAFETY, AND WELL-BEING 522

■ PART FIVE Collective Bargaining 571

CHAPTER 15

LABOR UNIONS AND PUBLIC POLICY 572

CHAPTER 16

NEGOTIATION AND ADMINISTRATION OF THE COLLECTIVE BARGAINING AGREEMENT 621

CHAPTER 17

PERSONNEL/HUMAN RESOURCE MANAGEMENT: ORGANIZATIONAL STRATEGY, ETHICAL CONCERNS, AND FUTURE DEVELOPMENTS 679

AN INTRODUCTION TO PERSONNEL/HUMAN RESOURCE MANAGEMENT 1
Learning Objectives 2
Introductory Vignette: Quality Personnel Programs at Mars, Inc. 2
Introduction 4
Why Study Personnel/Human Resource Management? 7
External Factors Affecting Personnel/Human Resource
Management 7
The Labor Force and Cultural Diversity 7
Federal and State Legislation 8
International Personnel/Human Resource Management 9
Labor Unions 10
The Major Personnel/Human Resource Management Functions 11
Job Analysis and Design 11
Personnel/Human Resource Planning 12
Recruitment and Selection of Employees 13
Employee Training and Development 13
Performance Appraisal systems 14
Compensation Management 14
Employee Discipline and Control 15
Occupational Safety, Health, and Well-Being 16
Labor-Management Relations and Collective Bargaining 16
Major Personnel/Human Resource Management Objectives and
Priorities 17
The Rising Prominence of the Personnel/Human Resource Management
Profession 19
The Personnel/Human Resource Management Department 21
The Plan of the Book 22
Questions 25

CHAPTER 1

xii Contents

Applications and Case Exercises 25 Professional Organizations and Information Sources 26

Labor Force Issues: Composition, Trends, PART ONE and Equal Employment Opportunity

CHAPTER 2 THE U.S. LABOR FORCE IN A DYNAMIC SOCIAL AND ECONOMIC ENVIRONMENT

Learning Objectives 32

Introductory Vignette: Inland Steel Industries' Commitment to Valuing

31

Workforce Diversity 32

Introduction 34

The Aggregate Labor Force 35

Age Composition 36 37 Sex Composition

Racial or Ethnic Composition 40

Occupational Outlook 42

Additional Labor Force Issues 46

Dual-Career Families 46 Labor Force Quality 48

Intraoccupational Mobility 53 54

Interoccupational Visbility

Labor Force Flows Unemployment Absenteeism

Turnover 57

Implications of Labor Force Trends for Personnel/Human Resource

Management Functions 58 Recruitment and Selection 58 Training and Development 58

Compensations and Employee Benefits 58

Labor-Management Relations 59

The Individual Employee 59	
Individual Differences 60	
Job Satisfaction and Employee Work Performance 61 Performance Motivation and the Individual 63 The Individual and the Work Group 68	
Summary and Conclusions 69	
Questions 70 Applications and Case Exercises 70	
CHAPTER 3	
EQUAL EMPLOYMENT OPPORTUNITY LAWS AND APPLICATIONS 72	
Learning Objectives 73	
Introductory Vignette: Breaking the Glass Ceiling in Major U.S	•
Corporations 73	
Introduction 75	
The Concept of Employment Discrimination 76	
Discrimination Defined 76	
Equal Employment Opportunity versus Affirmative Action Obligations 77	
An Overview of Equal Employment Opportunity Legislation	79
Title VII of the 1964 Civil Rights Act, as Amended 79	
The Equal Employment Opportunity Commission 81	
The Immigration Reform and Control Act of 1986 83	
The Age Discrimination in Employment Act of 1967, as Amended	85
The Rehabilitation Act of 1973 85 The Americans with Disabilities Act of 1990 86	
The Civil Rights Act of 1991 87	
The Vietnam Era Veterans Readjustment Assistance Act of 1974	88
Federal Executive Orders 88	00
The Equal Pay Act of 1963 89	
Equal Employment Opportunity in Multinational Corporations	90
State Equal Employment Opportunity Laws and Other Legal Avenues 90	
Role of the Courts in the Enforcement of Equal Employment	
Opportunity Laws 91	

Contents xiv

Major Areas of Equal Employment Opportunity Litigation 94 94 Recruitment and Selection of Employees Age Discrimination 101 Employment of the Handicapped 105 Reverse Discrimination 110 Sexual Harassment 114 Pregnancy and Sex Discrimination Retirement Programs and Sex Discrimination 117 The Concept of Reasonable Accommodation and Religious Discrimination 119 121 Summary and Conclusions 123 **Ouestions** Applications and Case Exercises 123 Part One Integrative Cases 126

Personnel/Human Resource Planning and PART TWO Staffing 131

CHAPTER 4 JOB ANALYSIS AND DESIGN 133

> Learning Objectives 134 Introductory Vignette: Aid Association for Lutherans—Designing Work Around Self-managed Work Teams 134 Introduction 135 Job Analysis 137 Job Analysis Information and Its Relation to Other Personnel 141 **Functions** Selection of Jobs for Job Analysis 142*Job Analysis Data Collection* 143 Processing the Information into Job Descriptions and Specifications 151 Establishing Job Specifications 154

Job Design 155 Traditional Job Design

155

Maximum Efficiency and Job Design 156
Psychological Issues and Job Design 157
Other Changes That Also Affect the Content or Context of Jobs 161

Summary and Conclusions 166

Questions 167

Applications and Case Exercises 167

CHAPTER 5
HUMAN RESOURCE PLANNING 169

Learning Objectives 170 Introductory Vignette: Corporate Downsizing and the Changing Economic and Political Environment 170 Introduction 172 Factors Affecting Personnel Planning 173 Strategic Organizational Decisions 173Environmental Uncertainties 174 Planning Horizons 174 Type and Quality of Forecasting Information 175 176 Nature of Jobs Being Filled

The Human Resource Planning Process 177

Forecasting Human Resource Needs (Demand) 177

Forecasting Human Resource Supply 184

Reconciliation of Supply and Demand 191

Summary and Conclusions 195 Questions 195 Applications and Case Exercises 196

CHAPTER 6
RECRUITMENT 197

Learning Objectives 198
Introductory Vignette: Apple Computer, Inc. 198
Introduction 199

External Recruitment 202

Determination of External Labor Markets and Recruiting Yield 202

Methods of External Recruitment 203

Enhancements 216

Evaluation of External Recruitment Methods 217

Internal Recruitment 218

Methods of Internal Recruitment 218 Evaluation of Internal Recruitment 220

External and Internal Recruitment 220

Summary and Conclusions 221

Questions 221

Applications and Case Exercises 222

Appendix—Recruitment: The Applicant's View 223

CHAPTER 7 EMPLOYEE SELECTION 234

Learning Objectives 235

Introductory Vignette: Japanese Auto Companies and the Selection of

American Workers 235

Introduction 236

The Selection Process 237

Assumptions 239

Accuracy of Applicant Information 239

Applicant Information and Job Performance 240

Usefulness of Applicant Information 246

The Equal Employment Opportunity Environment 252

The Uniform Guidelines 253

Data-gathering Methods 255

Application Blanks 255

References 259 Interviews 261