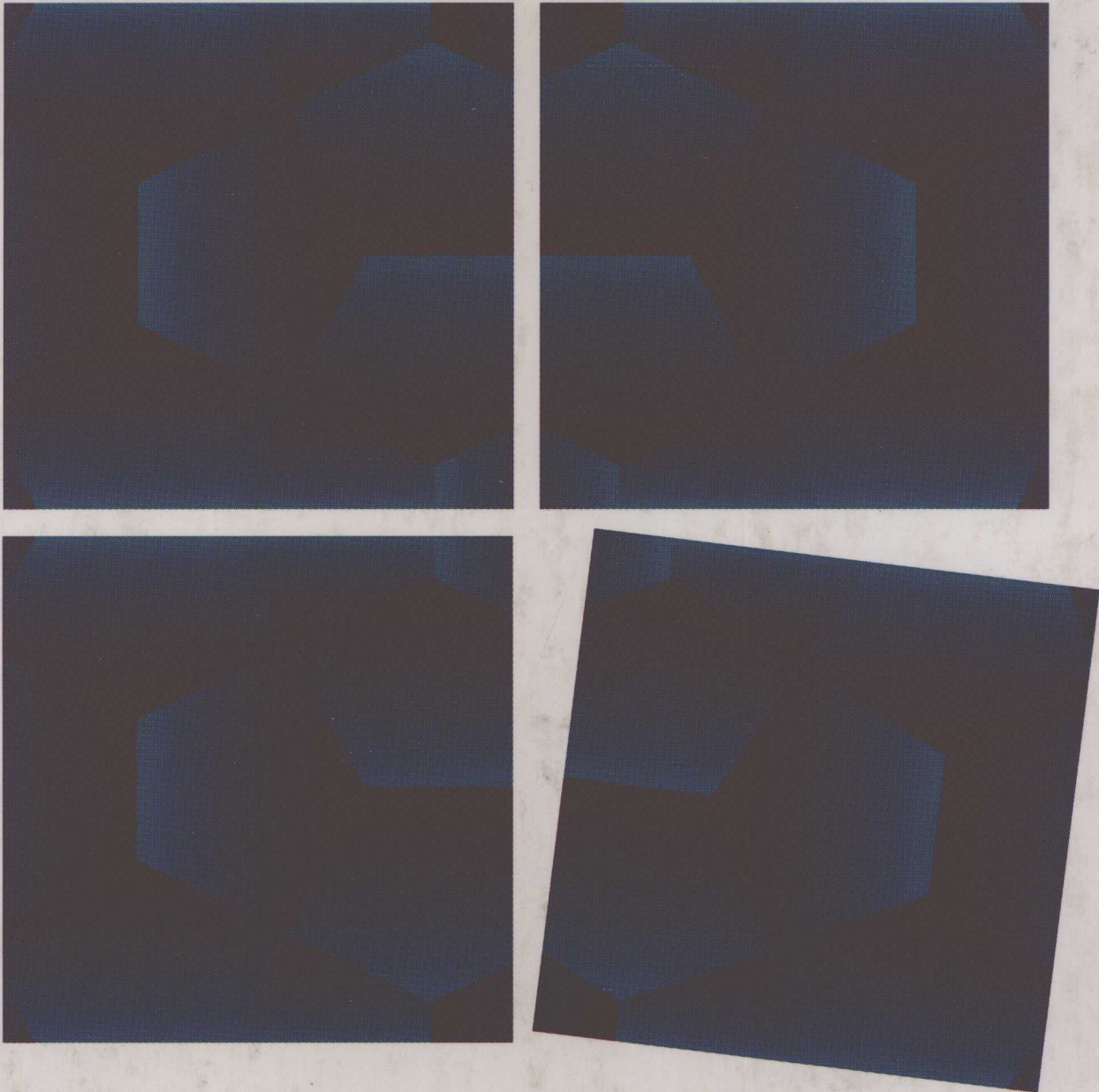


Human Resource Management

POSITIONING FOR THE 21ST CENTURY

SIXTH EDITION



RANDALL S. SCHULER

SUSAN E. JACKSON

SIXTH EDITION

Human Resource Management:

Positioning for the 21st Century

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West Publishing Company

MINNEAPOLIS/ST. PAUL

NEW YORK

LOS ANGELES

SAN FRANCISCO

PRODUCTION CREDITS:

Copyeditor Cheryl Drivdahl

Text Design Diane Beasley

Composition Carlisle Communications, Inc.

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British Library Cataloguing-in-Publication Data. A catalogue record for this book is available from the British Library.

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610 Opperman Drive

P.O. Box 64526

St. Paul, MN 55164-0526

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Printed in the United States of America

03 02 01 00 99 98 97

8 7 6 5 4 3 2

Library of Congress Cataloging in Publication Data

Schuler, Randall S.

Human resource management : positioning for the 21st century /

Randall S. Schuler, Susan E. Jackson.—6th ed.

p. cm.

Includes bibliographical references and index.

ISBN 0-314-06123-1 (alk. paper)

1. Personnel management. 2. Personnel management—Case studies.

I. Jackson, Susan E. II. Schuler, Randall S. Managing human
resources. III. Title.

HF5549.S24895 1996

658.3—dc20

95-24154

CIP

Human Resource Management:

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Sixth Edition

Preface



Increasingly, chief executive officers (CEOs) of companies, from the very largest multinational firms to the smallest domestic firms, claim that the management of people is vital to their success today and will continue to become more vital as we enter the 21st century. Thus, it is not surprising to hear CEO Bill Gates of Microsoft say, “The most important thing I do is hire bright people.” Howard Schultz, CEO of Starbucks, says it this way: “Hire people smarter than you and get out of their way.” General Electric’s CEO Jack Welch expands on this a bit: “Without the right people in place, strategies can’t get implemented.” All three are suggesting that managing human resources is not only possible but no longer a choice: to be successful in today’s highly competitive marketplace, they must have the best people available everywhere in their organizations.

Expanding this imperative is the reality that the global marketplace is now of concern and a challenge to American business. It is also becoming more and more strategic for American business. Just fifteen years ago, exports accounted for only 15 percent of the U.S. gross domestic product (GDP). Today, exports account for 30 percent. Some U.S. firms, such as General Motors, Ford, Quaker Oats, Coca-Cola, and Dow Chemical, generate substantial earnings in the global marketplace. Of the top ten pharmaceutical companies in the world, a majority are based in America. Of the top twenty-five industrial sectors in the world, the largest firms in half of them are American. In the service sector alone, U.S. firms dominate the top five hundred. This is particularly important given that the worldwide service economy accounts for more than 60 percent of the world’s GDP and for most of the newly created jobs in industrial economies. Managing human resources effectively is also a challenge facing businesses worldwide. According to Floris Maljers, CEO of the British-Dutch company Unilever, a top-ten company in *Fortune’s* Global 500, “Limited human resources, not unreliable capital, are the biggest constraint when companies globalize.” Clearly, then, the global environment can only become more important as we enter the 21st century.

The world around us is changing. No longer can we Americans consider our share of the “good life” a given. If we are to maintain some semblance of that life, we as individuals, as organizations, and as a society will have to fight actively for it in an increasingly competitive global economy. So the new world economy offers challenges and opportunities for everyone!



PURPOSES OF THIS BOOK

Human Resource Management: Positioning for the 21st Century, Sixth Edition, attempts to provide a detailed understanding of just how important human resource management is to firms today as they enter the 21st century. A careful reading of this book will also give a comprehensive understanding of what effective firms in competitive environments are doing to manage their human resources as successfully as possible. Because firms are different from each other in many respects—such as size, location, technology, products

or services, and corporate culture—this text uses many different companies as examples, including Wal-Mart, AT&T, Microsoft, Southwest Airlines, General Electric, Eaton, Avon, Saturn, Levi Strauss, Swiss Bank Corporation, Chrysler, Coca-Cola, Dow Chemical, Disney, Lincoln Electric, Aetna, Weyerhaeuser, Federal Express, UPS, PepsiCo, and Aid Association to Lutherans. These firms are effective year after year and are considered to be innovators in the management of their human resources.

To further describe the major issues facing human resource management today, this book returns again and again to several key themes: partnership, ethics, globalization, managing change, diversity, teamwork, and linking human resource management with the business. You will encounter these issues in one form or another throughout your working life, no matter what path your career takes. Even governments in the United States are challenged by these issues as they strive to improve their quality, to deal with the nation's ever-more-diverse workforce, and to help make and keep America competitive.

Line managers are often at the front of the operation, managing people, so much of an organization's success depends on how skillfully they do their jobs. This book considers human resource management issues from the perspectives of the line manager, the employee, and the human resource manager, all working in *partnership*. Managing human resources effectively is the responsibility of everyone in the organization. The 21st century will witness even greater cooperation among HR managers, line managers, and employees as teams strive to make their organizations more capable of success. Thus, this book is written for everyone who is working, or will one day work, in an organization.

The international arena is critical to business and human resource management today. This text explores various aspects of this issue, describing how other countries manage their human resources and discussing the human resource concerns of U.S. firms operating in other nations.

This edition also conveys the importance of managing human resources with an awareness of the needs of the business and of the environment, which includes legal and regulatory agencies, competitors, customers, and suppliers.



ORGANIZATION OF THIS BOOK

Our guiding principle in presenting this exciting material is that of a flow model. That is, we begin by describing the human resource activities that apply to individuals before they come to the organization and then as they move from newly hired job applicant to seasoned veteran. Before seeking job candidates, organizations should understand the environments in which they operate, including their economic, social, and demographic environments as well as their legal environment. They should also understand how their own characteristics influence their human resource needs. With these understandings, organizations can plan for the number and types of employees they need. This process includes comparing present and future needs in light of information about such concerns as labor market demand, competition, and the strategy of the organization. Information about job design and job requirements is necessary to further specify types of knowledge, skills, and abilities. Decisions are made about where and how to seek job applicants. The HR department in partnership with line managers and employees may need to develop tests to screen job applicants and select those most likely to succeed. After selection, employees become socialized and may receive training to ensure they can perform their jobs. Once ready to go, employees need performance standards. Their performance should be evaluated, and any performance deficiencies identified and corrected. A system

of direct and indirect pay for the employees must also be established. At the same time, issues of employee safety and health must be addressed. If employees belong to unions, organizations will need to engage in collective bargaining and contract negotiations. Human resource information systems can be useful in conducting all of these activities, which most often are coordinated by a company's Human Resource Department.

The chapters of this text reflect this flow model. The first three chapters explain what managing human resources is about and identify the characteristics of the environment influencing the effective management of human resources. Each of the remaining chapters discusses one of the other human resource activities, beginning with a brief description of its purpose and importance.



FEATURES OF THIS EDITION

Several features are incorporated into this edition:

- *“Managing Human Resources for the 21st Century”*: These features describe in some detail the human resource activities of companies familiar to most readers. They are used to convey how effective companies are managing their human resources.
- *“Positioning for the 21st Century”*: The purpose of these features is to suggest what firms should start working on today if they want to be ready for the events of the 21st century. To successfully implement many human resource practices requires time—time to analyze, plan, implement, and evaluate and revise.
- *“Using Data for the 21st Century”*: In preparing for the 21st century, firms can watch and learn from other firms, or decide on their own what is required. In either case, a data-based approach is called for. The “Using Data” features provide data for use in developing human resource practices that can be implemented by the 21st century.
- *Discussion Questions*: The discussion questions at the end of each chapter seek to determine your understanding of the material found in the chapter. They include material in the body of the chapter and in the “Managing,” “Positioning,” and “Using Data” features. Thus, by the time you finish reading and studying all the chapters, you should know a great deal about human resource management, about what particular companies are doing today to manage their human resources, and about what companies should be preparing to do as they enter the 21st century.
- *In-Class Projects*: The in-class projects at the end of the chapters ask you to discuss the human resource activities used by the two companies in the end-of-text integrative cases. For some chapters, these cases provide plenty of evidence. For others, they provide little and you will need to investigate further or make educated guesses based on the material in the chapter and on your own experience.
- *Field Projects*: The field projects at the end of each chapter direct you to investigate human resource practices in companies in your neighborhood or locale. They may ask you to contact companies directly or to gather information about companies from the library or from others who know the companies.
- *Case Studies*: The case studies at the ends of some chapters offer challenge and variety. It is up to you to analyze what is going on and suggest improvements. In some instances, discussion questions are presented to guide your thinking; in other instances, you are on your own to determine the issues most relevant to the material in the chapter. Except in the two end-of-textbook integrative case studies, the companies in these cases are disguised, although their problems and challenges are not.



NEW FOR THIS EDITION

Every chapter in this edition has been extensively rewritten and reorganized to incorporate the most current ideas, research results, and real examples of human resource practices in action. The text provides more opportunities for you to build your human resource management skills, especially from the point of view of the line manager in partnership with the HR manager and the employees. Thus, an additional case study has been included in some chapters. Some chapters also have role-plays and exercises, and many have field projects. At the end of the book are two integrative case studies, one on Lincoln Electric (a for-profit, manufacturing company) and one on Aid Association for Lutherans (a non-profit, service firm). Each of these case studies has extensive descriptions of how the management of human resources is linked with the needs and objectives of the business. In each chapter, in-class projects ask you to describe in detail the nature of the human resource activities specific to that chapter and how they are related to the objectives of the companies.

To deepen your understanding of companies and their human resource management activities, each chapter opens with a “Managing” feature on a company that is then referred to throughout the chapter and in later chapters. Thus, by the time you have finished the book, you should be familiar with a large number of companies and the approaches they use to manage their human resources in a manner consistent with their needs and objectives.



SUPPLEMENTARY MATERIALS

Supplementary materials for *Human Resource Management: Positioning for the 21st Century*, Sixth Edition, prepared by Randall S. Schuler, include

- An Instructor’s Resource Manual, which contains
 - Chapter outlines
 - Lecture enhancements, including experiential and skill-building exercises and end-of-chapter case notes
- A Test Manual which includes multiple-choice, true-false, and short essay questions with answers referenced to pages in the text
- WesTest, a computerized version of the test bank
- Transparency masters
- Acetate transparencies of the key transparency masters
- Videos, including short segments on companies illustrating topics discussed in various chapters, and additional videos in West’s Human Resource Management Video Library (these are available to qualified adopters).

Additional materials include *Personal Computer Projects for Human Resource Management*, Second Edition, by Nicholas J. Beutell; and *Cases in Management, Organizational Behavior and Human Resource Management*, Fifth Edition, by Randall S. Schuler and Paul F. Buller. All these materials are available from West Publishing Company.



ACKNOWLEDGMENTS

As with the previous editions, many fine individuals were critical to the completion of the final product. They include Paul Buller at Gonzaga University; Peter Dowling at the

University of Tasmania in Australia; Hugh Scullion at the University of Newcastle in England; Paul Sparrow at Manchester Business School in England; Shimon Dolan at the University of Montreal; Stuart Youngblood at Texas Christian University; Gary Florkowski at the University of Pittsburgh; Bill Todor at the Ohio State University; Nancy Napier at Idaho State University; Vandra Huber at the University of Washington; John Slocum at Southern Methodist University; Lynn Shore at Georgia State University; Mary Ahmed at Grand Forks; Ed Lawler at the Center for Effective Organizations, University of Southern California; Hrach Bedrosian at New York University; Lynda Gratton and Nigel Nicholson at the London Business School; Chris Brewster and Shaun Tyson at the Cranfield Management School; Michael Poole at the Cardiff Business School; Paul Stonham at the European School of Management, Oxford; Jan Krulis-Randa and Bruno Staffelbach at the University of Zurich; Albert Stahli and Cornel Wietlisbach at the GSBA in Zurich; Per Jenster and Jean Marie Hiltrop at IMD; Susan Schneider and Paul Evans at INSEAD; Jason Sedine at ISA/HEC; Stewart Black and David Ricks at Thunderbird; Mark Mendenhall at the University of Tennessee, Chattanooga; Helen De Cieri and Denise Welch of Monash University; Yoram Zeira of Tel-Aviv University; Dan Ondrack, the University of Toronto; Vladimir Pucik, Cornell University; Moshe Banai, Baruch College; Steve Kobrin, Wharton School; Steve Barnett, York University; Carol Somers, Lowell University; Christian Scholz, University of Saarlandes; Pat Joynt, Henley Management College; Reijo Luostarinen, Helsinki School of Economics and Business Administration; Mickey Kavanagh, SUNY, Albany; Wayne Cascio, University of Colorado, Denver; Ricky Griffin, Texas A&M University; Ed van Sluijs, University of Limberg; Joy Turnheim, New York University; and Mark Huselid, Rutgers University.

The following individuals provided many good ideas and suggestions for changes and alterations in their roles of reviewers and evaluators:

Janet C. Barnard <i>Rochester Institute of Technology</i>	Kenneth A. Kovach <i>University of Maryland at College Park</i>
Debra Cohen <i>George Washington University</i>	Oliver J. Mulford <i>Mankato State University</i>
Gary W. Florkowski <i>University of Pittsburgh</i>	Christina E. Shalley <i>University of Arizona</i>
Keith Hatstrup <i>New York University</i>	Ann C. Wendt <i>Wright State University</i>
Mark A. Huselid <i>Rutgers University</i>	Jon M. Werner <i>University of South Carolina</i>
Stella Kaplow <i>Columbia University</i>	Caroline Wiley <i>University of Tennessee at Chattanooga</i>
Marianne J. Koch <i>University of Oregon</i>	Stuart A. Youngblood <i>Texas Christian University</i>

Several human resource managers, practicing line managers, and publishers also contributed in many important ways to this edition, particularly with examples and insights from their work experiences. They include Mike Mitchell, Judith Springberg, Tom Kroeger, Patricia Ryan, Margaret Magnus, Betty Hartzell, Don Bohl, Bob Kenny, Jack Berry, Steve Marcus, Paul Beddia, Mark Saxer, John Fulkerson, Cal Reynolds, Jon Wendenhof, Joan Kelly, Michael Losey, Jo Mattern, Larry Alexander, Nick Blauweikel, Mike Loomans, Sandy Daemmrigh, Jeffery Maynard, Lyle Steele, Rowland Stichweh, Bill

Maki, Rick Sabo, Bruce Cable, Gil Fry, Bill Reffett, Jerry Laubenstein, Richard Hagan, Horace Parker, and Johan Julin.

The following individuals graciously provided case and exercise materials: George Cooley, Bruce Evans, Mitchell W. Fields, Hugh L. French, Jr., Peter Cappelli, Anne Crocker-Hefter, Stuart Youngblood, Ed Lawler, John Slocum, Jeff Lenn, Hrach Bedrosian, Kay Stratton, Bruce Kiene, Martin R. Moser, James W. Thacker, Arthur Sharplin, and Jerry Laubenstein.

The support, encouragement, and assistance of many individuals were vital to the production of this work. They include Lou DeCaro, who worked extensively and carefully in the preparation of the final chapter drafts; and Dave Rogers and George Daly, management department chair and dean, respectively, of the Stern School of Business. A special thanks to Vandra Huber for her contributions in the two previous editions. Also, several people at West Publishing deserve our special thanks for their help and support: Esther Craig, developmental editor, Sharon Adams Poore, acquisition editor, Cliff Kallemeyn and Paul O'Neill, production editors, and Carol Yonish, promotion manager. Without their professional dedication and competence, this book would not have been possible.

Randall S. Schuler and Susan E. Jackson
New York, New York

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