

Michael R. Carrell / Frank E. Kuzmits

# *Personnel*



*Human Resource Management*

*Second Edition*

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# **PERSONNEL**

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## **HUMAN RESOURCE MANAGEMENT**

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### **SECOND EDITION**

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To my greatest success—  
Shari, and my loving  
sisters, Mary Anne and  
Susan.

To the memory of my greatest  
source of inspiration and  
motivation, my father,  
Frank M. Kuzmits.



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# PREFACE

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**R**egardless of the size or type of business, any organization's most important asset is its human resources. Human resource management strives to achieve organizational goals and the goals of employees through effective personnel programs, policies, and procedures. Successful performance of the personnel function can greatly enhance the "bottom line" of any organization. Personnel practitioners, however, are challenged more today than at any time in our history by a changing and more demanding labor force that has high expectations about the work place. At the same time, rapidly advancing technologies and outside influences are changing the nature of our jobs. It is thus more critical—and more difficult—to create and maintain a work environment that motivates and satisfies human resources.

Our book focuses on the policies, programs, methods, and techniques that professional personnel and human resource managers create and implement to achieve successful human resource programs. We stress, however, that *all* managers are managers of personnel; therefore, we have written our book for all business students, not just those who intend to pursue a career in the personnel field. Much of the material—about employee selection, job design, performance appraisal, training and development, career management, safety and health, labor relations, and personnel problem solving—is

as important to the operating manager as it is to the personnel manager. For this reason, we not only describe effective human resource programs, but show how to apply and manage them. Throughout the text, we include many practical illustrations and examples to help students understand the personnel manager's roles, responsibilities, and relationships with other managers and administrators.

To help you learn about the field of personnel and human resource management, this text uses these features:

## *Personnel in the News*

Each chapter contains brief articles about current personnel/human resource activities. The purpose of these Personnel in the News is to report personnel activities that affect the day-to-day working lives of many supervisors and managers.

## *Conclusions and Applications*

Each chapter concludes with several brief summary statements emphasizing the important points of the chapter and how they relate to the job of managing human resources.

## *Key Terms and Concepts*

This section lists the important terms and concepts discussed in the chapter, includ-

ing much of the jargon of the personnel management field. You should recognize and be able to define and discuss the terms after you have finished the chapter. If not, review the terms you have difficulty with.

### ***Review Questions***

After reading the chapter, you should be able to answer these straightforward questions, which focus on the major areas covered. If you have difficulty with any of the review questions, reread the appropriate material.

### ***Discussion Questions***

The discussion questions are designed to enhance classroom discussion of the chapter material and can also be effective in homework assignments.

### ***Case Studies***

There is a short case study at the end of each chapter relating to the material in the chapter. The case studies may be used in a variety of ways: for classroom or small-group discussion, for individual verbal or written presentation, or as homework assignments.

A comprehensive Instructor's Manual to accompany this text is available from the publisher. The manual includes a test bank of more than 1,000 multiple-choice and true/false items, answers to discussion questions, and discussion of the chapter-ending case studies. In addition, for instructors who prefer to reinforce the concepts and theories of personnel/human resources with student experiential exercises, a useful supplement to this text is Frank Kuzmits's *Experiential Exercises in Personnel/Human Resource Management*, second edition, also published by Merrill. The experiential exercises are de-

signed to help students apply their knowledge to "real life" situations, problems, and materials. Each exercise corresponds to material in this textbook; a cross-reference index appears on page 565.

We welcome your ideas and suggestions for making the next edition of this book as enjoyable, interesting, and informative as possible. To share your comments, please write to us at the School of Business, University of Louisville, Louisville, Kentucky, 40292.

### **Acknowledgments**

Many people have directly or indirectly contributed to this project. First, we sincerely wish to thank those who have influenced our careers: Dean William H. Peters, American University; Dean Lynn Spruill, Oregon State University; Marc J. Wallace, Jr., and James L. Gibson, University of Kentucky; Robert Myers, Jerald Smith, Joe Grant, John Paul Nelson, John Mead, Jay Vahaly, Lyle Sussman, and Richard Herden, University of Louisville; John E. Dittrich, University of Colorado; Andrew Hailey, University of Southern Mississippi; and Warren S. Blumenfeld, Georgia State University. We also wish to thank the office staff who helped prepare the manuscript, especially Kathy Ostermiller, as well as Janice Pollard, Karen Barnett, and Laura Ahrens. Particular thanks also to Robert L. Taylor, Dean of the School of Business, University of Louisville, whose cooperation and positive reinforcement were critical to this project. Several reviewers made very helpful suggestions for improving the manuscript.

Michael R. Carrell  
Frank E. Kuzmits

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# CHAPTER ONE

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## INTRODUCTION

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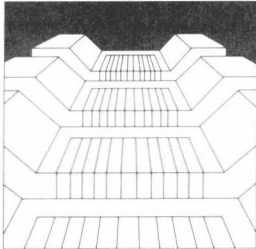
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## PERSONNEL IN THE NEWS

### Human Resources



What makes an organization effective? Is it the land, buildings, capital, patents and technology it owns? To be sure, an organization's tangible assets are important factors in its success. But more and more, managers today recognize that an organization's *people*—its *human resources*—are its most critical assets.

Consider the fast-food industry. Scores of companies have entered, and left the industry in bankruptcy. Any fast-food firm with enough capital can buy bricks and mortar, ovens, tables and chairs, buns and hamburgers, and advertising space in the local newspaper and on television. But success demands much more than the kinds of assets that show up on balance sheets. It takes a competent, dedicated, motivated group of human resources to make the organization work, and work effectively.

Why do firms like McDonald's and Kentucky Fried Chicken thrive in the face of mounting competition and fickle consumer tastes? Simply because they pay a great deal of attention to their *people*—they take very seriously the human resource functions of employee selection, training, and development, compensation, quality of work life, employee/management relations, and a great many other important personnel activities.

Testimony to the growing influence of the human resources role is not hard to find. In their bestseller *In Search of Excellence*, Thomas Peters and Robert Waterman state:

Although most top managements assert that their companies care for their people, the excellent companies are distinguished by the intensity and pervasiveness of this concern. . . . We are not talking about mollycoddling. We are talking about tough-minded respect for the individual and the willingness to train him, to set reasonable and clear expectations for him, and to grant him practical autonomy to step out and contribute directly to his job.\*

\*T. Peters and R. Waterman, Jr., *In Search of Excellence* (New York: Harper & Row, 1982), p. 239.

Not all top managers agree that personnel management is of primary importance, but the consensus among them is that the effectiveness of an organization's personnel and human resource program will have a direct bearing on its ability to prosper in a competitive environment.

What is a personnel management program? What does it include? Who is responsible for the management of personnel? What are "good" personnel management practices and how are they implemented? Questions such as these are the focus of this book.

*Personnel management* is a set of programs, functions, and activities designed to maximize both personal and organizational goals. That term is synonymous with another used throughout this book, *human resource management*.

## PERSONNEL: PAST AND PRESENT

Modern personnel management is radically different from personnel management of decades ago. Since the turn of the century, the managerial philosophy that has defined the personnel function has undergone significant changes. In the last eighty years, both the scientific management approach and the human relations approach have appeared and declined; today what has popularly become known as the *human resource* approach has emerged.

### Scientific Management

The creator of scientific management, Frederick Taylor, declared that "one of the very first requirements for a man who is fit to handle pig iron as a regular occupation is that he shall be so stupid and so phlegmatic that he more nearly resembles in his mental makeup the ox than any other type."<sup>1</sup> Taylor's oft-quoted comment underscores a

widespread managerial attitude of the early twentieth century: along with raw materials, capital, and machinery, the employee is simply another factor of production. As such, the scientific management approach resulted in work methods and techniques which showed great concern for employee output but little concern for employee satisfaction. So-called time and motion studies replaced "rule-of-thumb" work methods with the "one best way" to perform a task. Typically, the "one best way" to do the job was highly specialized and routine, involving little mental effort and few opportunities to make decisions or use judgment. Proponents of scientific management are quick to point out that the average turn-of-the-century worker had little formal education and few skills or abilities that could be applied to organizational problems.

The concept of the "economic man," embraced by many managers and administrators during the early part of the century, held that a worker is motivated primarily by economic gain and that a worker's output can be maximized only through financial incentives. With that concept in mind, Taylor created the *differential piece-rate system*, whereby workers would receive a higher rate of pay per piece produced after the daily output standard had been achieved. Through the differential piece-rate system (together with other techniques of scientific management), workers were expected to produce at a maximum level in order to satisfy what was believed to be their only work-related need, money.

The personnel departments of large manufacturing companies during the early years of the century had the traditional responsibilities of recruiting, selection, training, and health and safety. But the main focus of their activities was the implementation of scientific-management techniques. For example,

the personnel staff conducted time and motion studies and fatigue studies, performed job analyses, prepared job specifications, and created wage incentive programs.<sup>2</sup> During this period, many personnel departments also actively supported welfare programs that would enhance the well-being of their workers. Those programs, which addressed the physical, social, and educational needs of the worker, encompassed such matters as vacations, personal hygiene, job training, instruction in English for the purpose of naturalization (a great many factory workers were immigrants), lunchrooms, company housing, employee loans, insurance plans, and recreational programs. Many welfare programs were initially implemented to reduce the resentment caused by long hours, low wages, harsh working conditions and exploitative supervision. Such welfare programs generally reflected the paternalistic attitude of management common at the time: "We know what is best for you. Do as we say, and everything will be all right." But paternalistic practices often failed to bring about the unquestioned acceptance of authority that management expected. Primarily for that reason, the popularity of employee welfare programs declined during the 1920s and 1930s.

### Human Relations

During the 1930s and 1940s, with impetus provided by the classic Hawthorne studies, management's attention shifted from scientific management to human relations. The Hawthorne studies demonstrated that employee productivity was affected not only by the way the job was designed and the manner in which employees were rewarded economically but also by certain social and psychological factors.<sup>3</sup> Hawthorne researchers Elton Mayo and F. J. Roethlisberger discovered that employees' feelings, emotions, and

sentiments were strongly affected by such work conditions as group relationships, leadership styles, and support from management.<sup>4</sup> And those feelings could, in turn, have a significant impact on productivity. Thus, it was asserted, treating employees with dignity would both enhance employee satisfaction and enable the achievement of higher productivity. The Mayo-Roethlisberger research led to the widespread implementation of behavioral-science techniques in industry, including supervisory training programs that emphasized support and concern for workers, programs to strengthen lines of communication between labor and management, and counseling programs whereby employees were encouraged to discuss both work and personal problems with trained counselors. The personnel staff was primarily responsible for designing and implementing such programs.

The shift to human relations was also influenced by the growing strength of unions during the period. The rise of unionism was largely the result of passage of the so-called Wagner Act of 1935, which gave workers the legal right to organize and to bargain collectively with employers in disputes about wages, job security, benefits, and many other work conditions. Although the Wagner Act did not legislate "good human relations," it did compel many employers to improve their personnel programs (i.e., employee relations) in an effort to keep unions out. With unionization came formal grievance procedures, which provided employees with a measure of protection against arbitrary or despotic supervision. Although unionization led to an erosion of labor-management relations in some firms, in many other companies it resulted in greater acceptance of the principles of human relations.

The human relations approach was no doubt instrumental in improving the working