

# Fundamentals of Human Resource Management

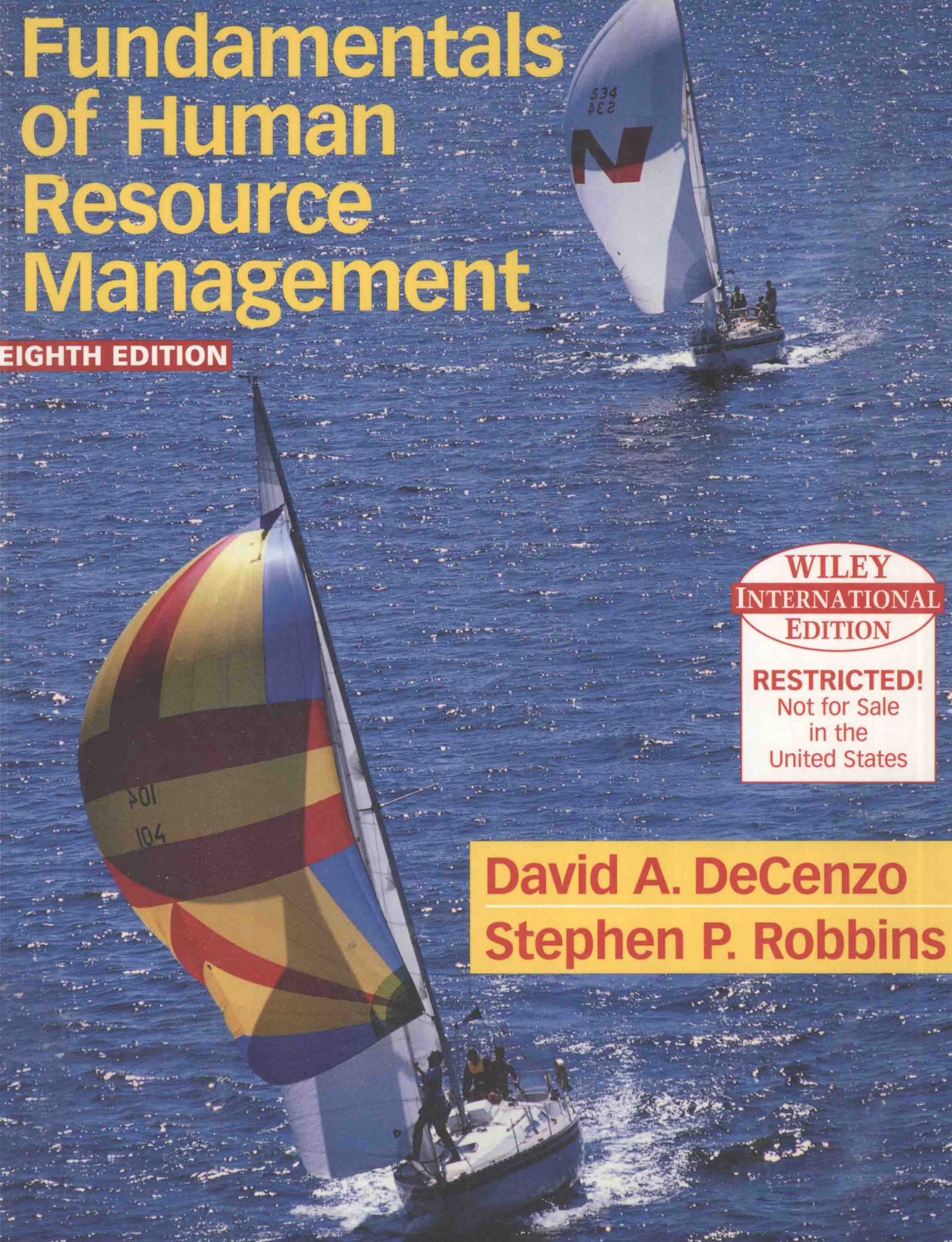
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**David A. DeCenzo**  
**Stephen P. Robbins**







# **FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT**

**Eighth Edition**

**David A. DeCenzo**

*Coastal Carolina University*


**Stephen P. Robbins**

*San Diego State University*



**WILEY**

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# PREFACE

Welcome to the eighth edition of our human resource management text. We appreciate you taking the time to read this preface to gain a better understanding of what's in the book. This preface addresses three important aspects about the book: (1) what this book is about, (2) its important in-text learning aids, and (3) who, besides the authors, was instrumental in the book's development.

*I recently completed a short course in HR Management, preparatory to taking the SHRM certification exam. [Your] text was used in the course. I found it to be a comprehensive review of the broad subject matter included in HR Management. I passed the certification exam and believe the course and text contributed to my success.*

NINA PAULA MARCHIONI, PHR  
Nuclear Fuel Services, Inc.

## ABOUT THE BOOK

Recent HRM books have taken three basic approaches. Some profess to be strategic in nature, focusing heavily on the senior executive's role in HRM. Others present a tactical perspective—HRM how-tos from a strong practitioner approach. Still others attempt a little of both.

We have focused on a broad-based market approach to HRM. Reality tells us that most students take an HRM class as an elective course. Others take HRM as the first course in their HRM major. Both of these student groups need a strong foundation book that provides the essential elements of the HRM field. Students not majoring in HRM do not need a 700-page, heavily theoretical textbook. They need exposure to HRM as it most likely will later matter to them, as individuals who sporadically encounter HRM matters on their jobs. We don't believe a fundamentals book can or should try to create experts in a field. Instead, for those who wish to be HRM experts, this book will provide that strong foundation upon which they can build additional course work in HRM.

When we revised the book several editions ago, we made some major changes. We downsized the book, eliminated material that at the time we felt was courageous, applied a healthy dose of pedagogy to make the book more "student-friendly." We also marketed the book in paperback. We bucked the "market" to some extent, and we believe we made the correct decisions, as many have followed suit in this competitive HRM market. For this eighth edition, we continued this trend. We streamlined the book, providing a sound foundation for understanding the key issues and a strong practical focus, with a lean, focused writing style that produces a book both useful and interesting to the reader. In keeping book to about 400 pages, we have designed it to be completed in a one-term course.

In the eighth edition we continue our intention to produce a text that addresses the most critical issues in human resource management (HRM). We also continue our tradition of achieving a delicate balance between basic HRM functions and the new world of HRM. In a dynamic field such as HRM, a completely updated research base is a must for knowing the current state of the field. We have undertaken an extensive literature review to include hundreds of current citations from business periodicals and academic journals in this text. A brief review of the endnotes will reveal that most references are dated 2000 or later. When we include a citation two decades old for research or a published court case ruling, we used the original source and its original date of publication. Other than that, the currency of endnotes should give you a clear indication of the currency of this eighth edition.

This book has been developed based upon the human resources body of knowledge as defined by the Human Resource Certification Institute (HRCI), an affiliate of the Society for Human Resource Management.



## **NEW AND EXPANDED CONTENT TOPICS**

We have included numerous relevant HR topics making news today. The more prominent of these include the following:

- Authentic organization cases. In addition to the continuing case “Team Fun,” a favorite with reviewers, we have included in each chapter a second case that presents an HRM situation from an actual organization.
- Globe framework (Chapter 1)
- Work-life balance (Chapter 1)
- Shortage of skilled labor (Chapter 1)
- Employee v. independent contractor (Chapter 1)
- Enhanced ethics coverage (Chapter 1) and Ethical Decisions in HRM boxed vignettes throughout the remaining chapters
- Enhanced employee communications coverage (Chapter 2)
- Human capital index study (Chapter 2)
- Sarbanes-Oxley Act (Chapter 2)
- Enhanced coverage of the Family and Medical Leave Act (Chapter 3)
- Enhanced employee monitoring coverage (Chapter 4)
- Weingarten rights (Chapter 4)
- Enhanced competitive intelligence (Chapter 5)
- Behavioral interviewing (Chapter 7)
- Entrepreneurship (Chapter 9)
- Expanded coverage of CEO pay (Chapter 11)
- Enhanced workplace violence coverage (Chapter 13)
- Union summer (Chapter 14)
- The certified bargaining unit (Chapter 14)

## **LEARNING AIDS TO ENCOURAGE LEARNING**

Our experience has led us to conclude that a highly readable text has straightforward and conversational writing. The topics flow logically, and the authors make extensive use of examples to illustrate concepts. These factors guided us in developing this text as a highly effective learning tool. Our classroom experience reinforces the fact tells us that students remember and understand concepts and practices most clearly when they are illustrated through examples. So, we’ve used a wealth of examples to clarify ideas. Some of the learning aids that we include to help students internalize the material are as follows:

### **Learning Outcomes**

Learning Outcomes identify specifically what knowledge the reader should gain in reading the chapter. These outcomes are designed to focus student’s attention on major topics within each chapter. Each outcome is a key learning component for readers.

### **Chapter Summaries**

Just as outcomes tell the readers where they are going, chapter summaries remind readers where they have been. Each chapter concludes with a concise summary directly linked to the learning outcomes identified at the chapter beginning.

## Visual Summaries

We know that every individual understands material somewhat differently. Some can read and simply grasp the content, while others respond better to visual cues. Therefore, this edition includes a feature we call Visual Summaries, which review the key elements of chapter material in a visual format.

## Key Terms

Throughout the chapter, we highlight key terms where they first appear in the text and define them in the margin, as well as in the glossary in the back of the book. We've added a key term section at the end of each chapter as a reminder of the major terms defined in the material just read.

## Review and Discussion Questions

Every chapter in this book contains a set of review and discussion questions. Students who have read the chapter and understood its concepts should be able to answer the review questions. All reading-for-comprehension questions are drawn directly from the chapter material. The discussion questions go beyond comprehension and are designed to foster higher-order thinking skills. That is, they require readers to apply, integrate, synthesize, or evaluate an HRM concept. The Linking Concepts to Practice discussion questions allow students to demonstrate that they not only know the chapter facts but can use those facts to deal with more complex issues.

## HRM Workshop

It's not enough to just know about human resource management. Because today's students—especially those entering the HRM field—want the skills to succeed in their organizations, we continue our emphasis on skill components in this edition. You'll see this in the HRM Workshop sections at the end of each chapter. These workshops are designed to help students build analytical, diagnostic, team-building, investigative, and writing skills. We address these skill areas in several ways. For example, we include experiential exercises to develop team-building skills; two cases to build diagnostic, analytical, and decision-making skills. One of these cases represents an issue within a real organization—giving students an understanding of seeing how HRM concepts actually apply in practice. The second case continues the TEAM FUN! case from the seventh edition. This continuing case deals with relevant chapter material and builds on previous concepts. We end the HRM Workshop with suggested topical writing assignments to enhance writing skills, some of which require Internet search exercises to develop on-line research skills.

## HRM Experiences

These on-line, interactive scenarios were designed to provide real-world applications for text concepts in an informative and relaxed interactive environment. Each scenario presents a progression in which students must answer questions before moving on to the next step. They receive feedback for both correct and incorrect answers. As they interact with each scenario, students make a series of decisions that simulate managerial decision making.

## Web Site

<http://www.wiley.com/college/decenzo>—The student web site contains interactive web quizzes for each chapter and PowerPoint presentations to review key chapter concepts, along with the HRM Experiences.

## SUPPLEMENTAL MATERIAL

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This book is supported by a comprehensive learning package that helps instructors create a motivating environment and provides students with additional instruments for understanding and reviewing major concepts.

**Instructor's Resource Guide** This includes, for each chapter, a chapter overview, a description of additional features within the chapter, a chapter outline, additional lecture and activity suggestions, answers to class exercises, answers to case applications, additional review and discussion questions.

**Test Bank** This resource contains approximately 80 questions per chapter, including 50 multiple choice, 10 true/false, 10 matching, and 10 completion questions for each chapter.

**Computerized Test Bank** This test bank, powered by Diploma, allows instructors to customize quizzes and exams for each chapter.

**Video Package** Contains a selection of news segments from “Nightly Business Report,” the longest-running, most-watched daily business, financial, and economic news program on television. The segments in this package relate to various topics throughout the text.

**Web Site** <http://www.wiley.com/college/decenzo>—the instructor's web site includes electronics files for all the instructor resources.



Do you use readings or cases in your *Human Resource Management* class?

Have you created your own course materials?

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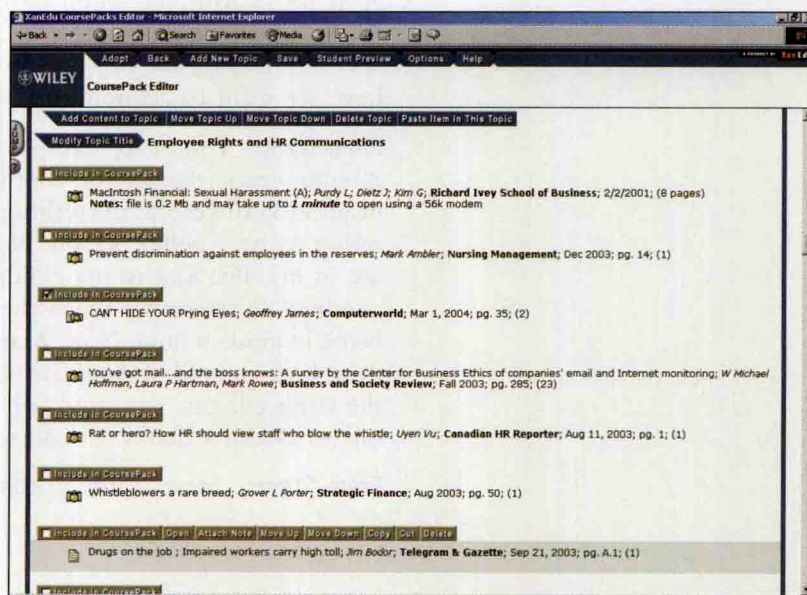


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You can create your own custom CoursePack, combining these resources with content from DeCenzo and Robbins' *Fundamentals of Human Resource Management, Eighth Edition*, your own content (such as lecture notes), and any other third-party content. Or you can use a ready-made CoursePack for DeCenzo and Robbins' *Fundamentals of Human Resource Management, Eighth Edition*, which includes articles and cases from sources such as:

- HRMagazine
- Chief Executive
- The Wall Street Journal
- Workspan
- HR Focus
- Canadian HR Reporter
- Business and Society Review
- Employee Relations Law Journal
- SuperVision
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## ACKNOWLEDGMENTS

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Placing a finished text book into a reader's hands requires the work of many people. The authors do their part by efficiently developing an outline, thoroughly researching topics, and accurately keyboarding sentences into their computers. We would like to recognize just a few of the people who contributed to this text.

First of all are our reviewers. Authors cannot survive without good feedback. Our reviewers were outstanding, and we appreciate the feedback they gave us. The book before you benefited greatly from the insight they provided. We'd like to recognize reviewers for this eighth edition: Jerry A. Carbo, Fairmont State College; Frederick Collett, Mercy College; Jannifer David, University of Minnesota—Duluth; K. Shannon Davis, North Carolina State University; Anne Fiedler, Barry University; Linda Hartenian, University of Wisconsin-Oshkosh; Charles Lomax, University of South Carolina; Daniel Lybrook, Purdue University; Frederick Morgeson, Michigan State University; John Remington, University of Minnesota-Twin Cities; Gail Sammons, University of Nevada Las Vegas.

The combined efforts of many people put this book together. We thank the outstanding publishing team at John Wiley & Sons, consisting of Judy Joseph, our associate publisher; David Kear, project editor; David Woodbury, marketing manager; Kevin Murphy, senior designer; Sandra Rigby, illustrations editor; and Sara Wight, photo editor.

Last, we want to acknowledge a few people individually.

**From Dave:** I want to thank some very special people in my life. To my wife of 20-plus years, thanks for continuing to be so supportive. You've given me the inspiration to keep at the writing. But more importantly, you've given me the inspiration to be a better person. No doubt I am that better person just because you are in my life. And to my children, Mark, Meredith, Gabriella, and Natalie. My goodness, I remember when the first book was written I was excited about you being in grade school. Now, Mark and Meredith, you're both in college. My goodness, how time flies! And Gabriella and Natalie, high school won't be far off. By the tenth edition, you, too, will be collegebound—and who knows, maybe using one of Daddy's books (of course, a new, not used one!).

**From Steve:** Steve wants to thank his wife Laura for her patience and support.

# ABOUT THE AUTHORS

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**DAVID A. DECENZO** received his Ph.D. from West Virginia University. He is the dean of the Wall College of Business at Coastal Carolina University. His major teaching and research interests focus on the general areas of human resource management, management, and organizational behavior. He has published articles in journals such as *Harvard Business Review*, *Business Horizons*, *Risk Management*, *Hospital Topics*, and *Performance and Instruction*.

Dr. DeCenzo has been writing textbooks for two decades. His books include this eighth edition of *Human Resource Management* with Steve Robbins, published by John Wiley & Sons; *Fundamentals of Management*, fourth edition (2004) with Stephen Robbins; *Supervision Today*, fourth edition (2004); *Human Relations*, second edition (2002) with Beth Silhanek; *Essentials of Labor Relations* (1992) with Molly Bowers; and *Employee Benefits* (1990) with Stephen Holoviak. These books are used widely at U.S. colleges and universities as well as in schools throughout the world.

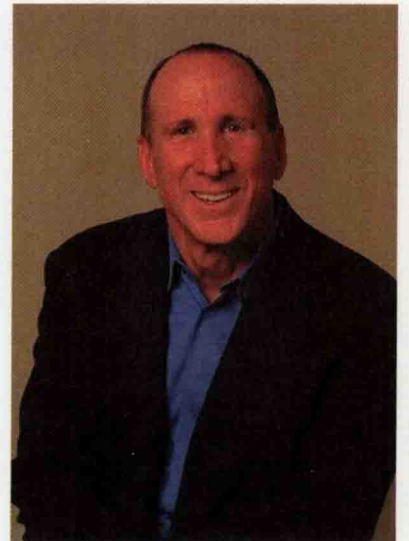
Dr. DeCenzo also has industry experience as a corporate trainer and has served as a consultant to companies that include G&K Services, Inc.; Fairpoint Communications; Moen, Inc.; HealthCare Strategies, Inc.; Allied Signal Technical Services Corporation; Citicorp; Teledyne/Landis Machine Company; Blue Cross & Blue Shield of Maryland; the Tnemec Company; the James River Corporation, packaging division; and the Managerial and Professional Society of Baltimore.

Dr. DeCenzo lives in Pawleys Island, South Carolina, with his wife and four children.




**STEPHEN P. ROBBINS** received his Ph.D. from the University of Arizona. He previously worked for Shell Oil and Reynolds Metals and has taught at the University of Nebraska at Omaha, Concordia University in Montreal, the University of Baltimore, Southern Illinois University at Edwardsville, and San Diego State University. Dr. Robbins' research interests have focused on conflict, power, and politics in organizations, behavioral decision making, and the development of effective interpersonal skills. His articles on these and other topics have appeared in such journals as *Business Horizons*, *California Management Review*, *Business and Economic Perspectives*, *International Management*, *Management Review*, *Canadian Personnel and Industrial Relations*, and the *Journal of Management Education*.

In recent years, Dr. Robbins has been spending most of his professional time writing textbooks. These include *Management* eighth edition (2005) with Mary Coulter; *Fundamentals of Management*, fourth edition (2004) with David DeCenzo; *Organizational Behavior*, tenth edition (2003); *Supervision Today!* fourth edition, (2003) with David DeCenzo; *Managing Today!* (2000); *Essentials of Organizational Behavior*, seventh edition (2003); *Training in Interpersonal Skills*, third edition, (2003) with Philip Hunsaker; and *Organization Theory*, third edition (1990), all published by Prentice Hall. These books are used by students at more than a thousand U.S. colleges and universities, as well as hundreds of schools throughout Canada, Latin America, Australia, New Zealand, Asia, Scandinavia, and Europe. Dr. Robbins is also the author of the global best-sellers *The Truth About Managing People . . . and Nothing But the Truth* (2002) and *Decide & Conquer: Make Winning Decisions and Take Control of Your Life* (2004), both published by Financial Times/Prentice Hall.







**To: Our Readers**

**From: Dave DeCenzo and Steve Robbins**

**Subject: How to Get the Most out of this Text**

Most textbook authors include a preface that describes why they wrote the book and what's unique about it, and then thank a lot of people for the role they played in completing the book. But two things have become crystal-clear to us about a book preface. First, it's usually written for the professor, who's considering selecting the book. Second, students usually don't read the preface. That's unfortunate because it often includes information that students would find useful.

As authors, we do listen to our customers, students, many of whom have told us that they'd enjoy some input from us. So, we've written this memo to give you our ideas about the book, how it was put together, and most importantly, how you can use it to better understand the field of HRM—and do better in your class!

This book was written to provide you with the basics of HRM. Whether you intend to work in HRM or not, most of these elements will affect you at some point in your career. Take, for example, the performance appraisal. As a student and/or a working person, you might not currently be someone who evaluates others' work performance, but you're quite likely to have your performance appraised. For example, each time you take an exam in a class, your performance is being evaluated. Consequently, it's important for you to understand how evaluations should work and their potential problems.

Part 1 of this book begins with an overview of the ever-changing world of work and its effect on HRM. With that as a foundation, we then proceed to introduce you to HRM, its approach, and its cast of characters. Part 2 turns our attention to the laws that affect HRM activities. HRM is largely guided by legislation and court decisions and their prohibitions against practices that adversely affect certain groups of people. A poor understanding of these laws jeopardizes an organization's performance and leaves it vulnerable to costly lawsuits. Part 2 ends with a discussion of several areas focusing on employee rights.

Parts 3 through 5 provide coverage of fundamental HRM activities. Part 3 explores the staffing function, with discussions on employment recruiting and selection. Part 4 addresses means for socializing, training, and developing employees. Part 5 looks at how organizations encourage high performance by evaluating, paying, and rewarding employees.

Much of the discussion in Parts 2 through 5 reflects typical activities in a nonunion organization. When a union is present, however, many of these practices might need modification to comply with another set of laws. We reserved the final chapter for dealing with labor-management relations.

Although we are confident that completing its 14 chapters will give you the fundamentals of HRM, this text has to offer more. It not only covers topics well, it also assists in the learning process. We believe it is written in such a way that you can understand it, it will keep your attention, and it will provide you an opportunity for feedback. Let's look at how we arrived at our conclusion.

We've made every attempt to make this text sound as if we were in front of your class speaking with you. Writing style is important to us. We use examples whenever possible—real companies, so you can see that what we talk about is happening in the “real world.” In the past, people using our books have indicated that our writing style does help hold their attention. But the communication connection, albeit critical, is only half of the equation. The ultimate tests are does the book help you do well on exams? Does it help prepare you for a job?

To ensure that this one does, we start every chapter with learning outcomes. We view these as the critical learning points. They present a logic flow from which the material will be presented. When you can explain what is proposed in each learning objective, you'll be on the right track to understanding the material. But memory sometimes fools us: we read the material, think we understand it, see how the summaries directly tie the learning outcomes together. Then we take the exam and receive a grade that does not reflect "what we knew we knew." After giving a lot of thought to that issue, we've come up with something that will help—a feedback test on the web site that supports our book!

Many textbooks end each chapter with a set of review questions. Sometimes, your tests look much like these types of questions. But sometimes exams emphasize multiple-choice exams. That's why we've included sample test questions on our web site to help you prepare for exams in this class. These are actual questions that we've used to test our students' understanding of the material. When you can correctly answer these questions, you're one step closer to enhancing your understanding of HRM. Recognize, of course, that these are only a learning aid. They help you to learn but don't replace careful reading or intensive studying. And don't assume that answering a question right means you fully understand the concept covered, because any set of multiple-choice questions can only test a limited range of information. Don't let correct answers lull you into a sense of false security. If you miss a question or don't fully understand why you got the right answer, go back to the chapter and reread the material.

Learning, however, goes beyond just passing a test. It also means preparing yourself to perform successfully in an organization. You'll find that organizations today require their employees to work more closely together than at any time in the past. Call them teams, horizontal organizational structures, matrix management, or the like, the fact remains that your success will depend on how well you work closely with others. To help you practice this group concept, we have included class exercises in this text. Each team experiential learning effort is designed to highlight a particular topic in the text and allow you to work in groups to solve the issue at hand.

One last thing before we close: What can you take out of this course and use in the future? Many business leaders have complained about how business schools train their graduates. Despite many positive accomplishments, one critical component appears lacking—practical skills. Today's business environment is making increasing demands on skills. You must be able to communicate (both orally and in writing), think creatively, make good and timely decisions, plan effectively, and deal with people. In HRM, we have many opportunities to build our skills bank. As you go through this text, you'll find a dozen or more practical skills that you can use on your job. We hope you give them special attention, practice them often, and add them to your repertoire. We've also included suggestions for writing assignments—two- to three-page reports that cover important aspects of chapter material. If you look at these as a learning tool, rather than a mere assignment, we think you'll find working on them will help prepare you for dealing with the kinds of writing requests you will encounter on the job.

Finally, if you'd like to tell us how we might improve the next edition of this book, we encourage you to write Dave DeCenzo at the Wall College of Business, Coastal Carolina University, P.O. Box 261943, Conway, SC 29528; or email him at [ddecenzo@coastal.edu](mailto:ddecenzo@coastal.edu). We appreciate those of you who have done so in the previous editions taking the time to write us. Thanks for helping us out.



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