

A three-masted sailing ship with large orange sails is shown on a dark blue sea. The ship is white with a dark hull. The sails are fully deployed and catch the light. The ship is reflected in the water below. The background is a clear, deep blue sky.

Lloyd L. Byars
Leslie W. Rue

Human Resource Management

Sixth Edition

Human Resource Management

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Sixth Edition



Boston Burr Ridge, IL Dubuque, IA Madison, WI New York San Francisco St. Louis
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HUMAN RESOURCE MANAGEMENT

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Preface

As companies begin to compete in the challenging business environment of the new millennium, an ever-increasing reason for success lies in the function of effective human resource management (HRM). A company's competitive advantage is often found in its most valuable resource—its people. 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.

Since the publication of the fifth edition of *Human Resource Management*, the role of management has changed. Organizations have fewer layers, and a broader set of skills is expected of all managers, including human resource management skills. This “general managers perspective” of HRM has become quite popular and quite essential, and the sixth edition emphasizes general management applications even more so than the fifth edition. In addition, other significant changes continue to occur in the HRM area. Changing government and legal requirements, new information systems, downsizing, demands for a more skilled work force, increasing attention to diversity in the 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 sixth 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.
- 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.
- New to this edition are the up-to-date URLs for companies and HRM concepts that are displayed along the margins within each chapter and also within the HRM in Action boxes.
- Video cases appear at the end of each section and focus on real companies such as Southwest Airlines, Saturn, and Budget Rent-A-Car.
- End of chapter materials include:
 - “**Summary of Learning Objectives**”—provides 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**”—provide an opportunity for students 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**” (**Experiential**) can be done in class or as homework and are designed to illustrate major points made in the chapter.

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 Sixth Edition

The book’s content is arranged in five major sections. Section 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. Section 2, “Staffing the Organization,” discusses the topics of job analysis and design, human resource planning, recruitment, and selection. Section 3, “Training and Developing Employees,” describes orientation and employee training, management and organizational development, performance appraisal systems, and career planning. Section 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. Section 5, “Understanding Unions,” explores the legal environment and structure of unions, the collective bargaining process, employee relations, and employee health and safety.

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Introduction and Equal Employment Opportunity



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

Human Resource Management: Present and Future

1

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: Are You Poised for Success?

Exercise: Test Your Knowledge of HR History

Notes and Additional Readings

Human Resource Management Activities designed to provide for and coordinate the human resources of an organization.

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 Tasks and duties human resource managers perform (e.g., determining the organization's human

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:

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).

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,

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.