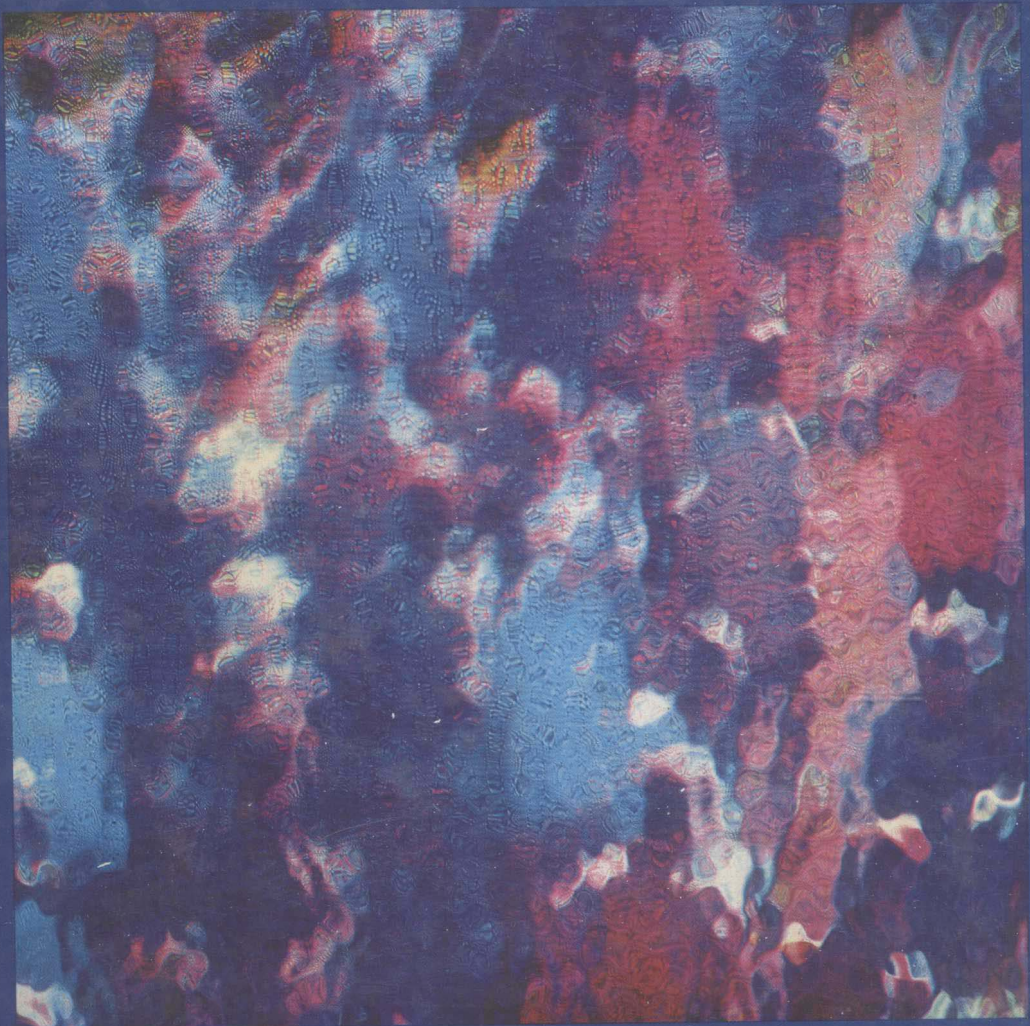


Arthur A. Sloane

PERSONNEL

Managing Human Resources





Personnel **Managing** **Human** **Resources**

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Prentice-Hall, Inc.

Englewood Cliffs, New Jersey 07632

SLOANE, ARTHUR A.

Personnel: managing human resources.

Bibliography: p.

Includes indexes.

1. Personnel management. I. Title.

HF5549.S8318-1983 658.3 82-10189

ISBN 0-13-658278-8

Editorial/production supervision by Linda C. Mason
Interior design by Caliber Design Planning
Cover design by Jayne Conte
Manufacturing Buyer: Ed O'Dougherty

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Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

ISBN 0-13-658278-8

Prentice-Hall International, Inc., *London*
Prentice-Hall of Australia Pty. Limited, *Sydney*
Prentice-Hall of Canada Inc., *Toronto*
Prentice-Hall of India Private Limited, *New Delhi*
Prentice-Hall of Japan, Inc., *Tokyo*
Prentice-Hall of Southeast Asia Pte. Ltd., *Singapore*
Whitehall Books Limited, *Wellington, New Zealand*



Preface

Few fields of endeavor have come so far in status and responsibility in recent years as has the practice of personnel management. Those who ply this craft in the 1980s are typically asked to deal with a host of challenging issues—from manpower planning to equal employment opportunity and from performance evaluation to occupational safety and health—which were almost entirely foreign to their predecessors of not long ago. Personnel's more traditional areas of concern—recruitment, selection, compensation and discipline, for example—have in this same time period become both far more complex and much more important to organizational success. In short, the profession has come of age.

Amid these changes, this book has been designed for two types of readership. It recognizes a need to provide the increasing numbers of students who are interested in actually specializing in this growth area with a comprehensive, timely and readable treatment of the subject matter. But it has also been written with *all* managers and potential managers in mind: as it notes in its introductory chapter, the ultimate responsibility for achieving effective results through people cannot be abdicated by any administrator ("Management is personnel administration," in Lawrence A. Appley's famous dictum of long ago), and, while this has always been true, the penalties for ignoring this fact of life today are far more onerous than ever.

A substantial debt of gratitude is owed so many people—colleagues, stu-

dents, personnel administrators, labor union officials and others—that individual acknowledgment would be futile. But exceptions must be made for three academics—Professors David A. Tansik of the University of Arizona, Karl O. Mann of Rider College, and Floyd A. Patrick of Eastern Michigan University—whose comments and suggestions were particularly helpful. Administrators James L. Budd of Alco Standard, Robert M. Sloane of Orthopaedic Hospital and Charles W. Uhlinger of Columbia Gas also deserve special mention for their aid.

At Prentice-Hall, editor Barbara Piercecchi not only constantly inspired this project but is solely responsible for having talked the author into undertaking it in the first place. Her successor Jayne L. Maerker conscientiously and competently has seen it through to fruition. Linda S. Albelli, assistant in turn to both of them, provided both continuity and help in a variety of ways. And Ed Glynn of the Book Project Division conducted the original and highly ambitious market research for the book in a way that guaranteed that the latter's thrust would be fully consistent with what several hundred current college instructors in personnel management have wanted. Thanks are also extended to the publisher for permission to draw freely on *Labor Relations*, 4th Edition, by the author and Fred Witney, in the approximately 14 percent of this volume that deals with labor-management relations: Chapters 16 through 18 here provide proof that this permission has been fully utilized.

Acknowledgment is also made to *Personnel Journal* for permission to publish a September 1974 article by the author appearing there—"Creative Personnel Management."

Rita Beasley, a known quantity from prior manuscripts, did her usual eminently superior typing job.

Finally, deep thanks are extended to the three other members of the Sloane household—my daughters Amy and Laura, and especially my wife Louise—for their constant encouragement and interest. This entire book was written in such an atmosphere and the project was made significantly easier because of this fact.

Arthur A. Sloane



CONTENTS

Preface xv

PART ONE Introduction 1

1 The Field of Personnel 3

Factors Behind the Transformation 4

Historical Overview: The Genesis of Personnel in the United States 8

*Formalized Personnel: Early Developments, 1900–1930 The
Depression and World War II Years Relative Stagnation: 1945–The
Late 1960s Personnel Today*

The Field Defined 19

The Book's General Outline 21

2 People at Work: Job Satisfaction and Motivation 26

Maslow and His Need Hierarchy 29

Herzberg's Maintenance–Motivation Theory 31

McGregor's Theories X and Y: The Integration of Individual and

Organizational Goals	33
McClelland's Achievement Theory	36
Other Theories	38
Job Satisfaction and Output	40
Motivation and Output	42

PART TWO Procurement 51

3 Manpower Planning 53

Organizational Objectives and Manpower Planning	56
Manpower Demand Forecasting	57
<i>Subjective Methods</i>	<i>Quantitative Methods</i>
Determining the Labor Supply	62
<i>Skills Inventories</i>	<i>Estimates of Personnel Changes</i>
<i>Inventories</i>	<i>Executive</i>
Job Descriptions and Specifications	68

4 Equal Employment Opportunity 75

Title VII of the Civil Rights Act	76
<i>The Equal Employment Opportunity Commission</i>	<i>Judicial Remedies</i>
Key Court Cases	80
<i>Disparate Impact Discrimination</i>	<i>"Reverse Discrimination"</i>
Other Governmental Equal Employment Opportunity Efforts	85
<i>Executive Order 11246 (As Amended)</i>	<i>The Rehabilitation Act of 1973 (As Amended)</i>
<i>Further Governmental Activity</i>	
The Balance Sheet to Date	89
Case 4.1: Westinghouse Electric Corporation	
Case 4.2: The Angry President	

5 Recruitment 99

Recruiting from Within	101
External Source Recruitment	103
<i>Advertising</i>	<i>Private Employment Agencies</i>
<i>Agencies</i>	<i>Executive Search Firms</i>
<i>Institutions</i>	<i>Public Employment Educational</i>
<i>Miscellaneous External Sources of Recruitment</i>	
Attracting People into the Organization	117
Recruitment and the Minority Employee	120
Case 5.1: The Christmas Present	
Case 5.2: A Need for Speed	
Case 5.3: Executive Loyalty	

6 Selection 127

Preliminary Screening 128

The Application Blank 130

Selection Testing 137

Performance Tests Aptitude Tests Intelligence Tests Interest Tests Personality Tests

The Employment Interview 144

Principles of Employment Interviewing

The Reference Check 150

The Physical Examination 152

Assessment Centers 153

A Few Final Thoughts 155

Case 6.1: A Disinterested Reference Checker

Case 6.2: A Disappointment at the Airport

Case 6.3: The Job Interview

PART THREE Training and Development 163

7 Employee Training 165

Orientation 167

Types of Training 172

On-the-job Training Vestibule Training Apprenticeship Training Programmed Instruction Retraining

Key Principles of Learning 180

Some Further Considerations 183

Case 7.1: Doyle Hose

Case 7.2: Corrective Action

8 Management Development 189

Reasons for the Growth of the Field 191

Management Development Techniques 194

*On-the-job Experiences**Off-the-job Experiences*

The Content and Methodology of Development Programs 202

Case 8.1: A Matter of Life or Death

Case 8.2: Executive Sabbaticals

9 Performance Evaluation 210

A Short History of Performance Evaluation 211

Performance Evaluation Techniques 213

Essay Appraisal Graphic Rating Scales Critical Incident

<i>Technique</i>	<i>Behaviorally Anchored Rating Scales</i>	
<i>Checklists</i>	<i>Forced Choice</i>	<i>Interemployee</i>
<i>Comparisons</i>	<i>Management by Objectives (MBO)</i>	
Problems in Administering the Evaluation Program		229
Nonsupervisory Evaluations		232
Performance Evaluation and the Law		236
Case 9.1: Grade Inflation at Van Buren College		
Case 9.2: Destruction of the Evidence		

PART FOUR Compensation 243

10 Wage and Salary Administration 245

General Wage and Salary Level Criteria	248
<i>The Comparative Norm</i>	<i>Ability to Pay</i>
<i>Union Considerations</i>	<i>Cost of Living</i>
<i>Miscellaneous Other Standards</i>	<i>Governmental Requirements</i>
Job Evaluation and the Internal Wage Structure	266
<i>Ranking</i>	<i>Job Classification</i>
<i>Comparison</i>	<i>The Point System</i>
The Wage Structure	273
Case 10.1: The Lump Sum Option	
Case 10.2: A Salary Offer Dilemma	

11 Incentive Pay 281

Individual Incentive Plans	284
<i>Piecework Pay</i>	<i>Sharing Plans</i>
Group Incentive Plans	286
Organizational Incentive Plans	288
<i>The Scanlon Plan</i>	<i>Profit Sharing Plans</i>
<i>Ownership Plans (ESOP's)</i>	<i>Employee Stock</i>
Executive Incentives	293
<i>Executive Bonuses</i>	<i>Sales Incentives</i>
Some Final Thoughts	304
Case 11.1: Executive Incentive Disclosure	
Case 11.2: Professorial Incentives	

12 Employee Benefits 312

Reasons for the Growth of Benefits	314
Payment for Time Not Worked	318
Employee Security and Health Benefits	321
<i>Life Insurance</i>	<i>Health Insurance</i>

Legally Required Employee Benefits	323
Premium Pay for Time Worked	325
Special Benefits	326
Some Possible Problems	327
Case 12.1: The Tuition Aid Program at Exodus	
Case 12.2: The Case of Henry Jennings	

PART FIVE Security 335

13 Pensions and Retirement 337

Governmentally-Provided Retirement Benefits	342
<i>Social Security Benefits</i>	<i>Other Public Pension Plans</i>
Privately-Furnished Pensions	346
<i>Noncontributory Versus Contributory Plans</i>	<i>Funding and Vesting</i>
Governmental Regulation of Pension Plans: The Employee Retirement Income Security Act	349
Mandatory as Opposed to Voluntary Retirement	352
Retirement Preparation Programs	355
Postretirement Activities	358
Some Closing Thoughts	360
Case 13.1: David J. Fitzmaurice	
Case 13.2: Mullin Markets	

14 Safety and Health 367

The Occupational Safety and Health Act	369
<i>Background</i>	<i>Basic Provisions</i>
<i>Enforcement</i>	<i>OSHA Standards</i>
<i>the States</i>	<i>OSHA Recordkeeping Requirements</i>
<i>OSHA Evaluated</i>	<i>OSHA</i>
Organizational Safety and Health Activities	380
<i>Safety Programs</i>	<i>Health Programs</i>
<i>Abuse</i>	<i>Alcoholism</i>
<i>Mental Health</i>	<i>Drug</i>
Case 14.1: A Proposed Change for OSHA	
Case 14.2: A Legal Catch-22?	
Case 14.3: Employee Refusal to Work	

15 Discipline 396

The Latitude for Managerial Disciplinary Action	400
Elements of a Sound Disciplinary Policy	402
Off-the-Job Behavior	409
The Reluctance to Discharge	410
Some Concluding Words	412
Case 15.1: The Negligent Electrician	
Case 15.2: The Loaded Firearm	

PART SIX Labor Relations 419

16 Labor Relations I: An Overview 421

- The State of the Unions Today 423
- White-Collar Employees 426
- Some Probable Explanations 427
- Some Grounds for Union Optimism 431
- Labor's Present Strategic Power 435
- The AFL-CIO 436
 - Relationship to National Unions* *Enforcement of Federation*
 - Rules* *Advantages of Affiliation*
- National Unions 439
 - Other Functions of the National Union* *National Union Officers*
- The Local Union 445
 - Local Union Officers* *Functions of the Local Union*
- Union Finances 448
- A Concluding Word 449
- Case 16.1: The White-Collar Union Organizer
- Case 16.2: The Independent International

17 Labor Relations II: Antecedents 455

- The First Unions 456
- The Rise and Fall of the Knights of Labor 459
- The Formation of the AFL and Its Pragmatic Master Plan 460
- The Early Years of the AFL and Some Mixed Results 462
- Wartime Gains and Peacetime Losses 464
- The Great Depression and the AFL's Resurgence in Spite of Itself 466
- The CIO's Challenge to the AFL 469
- World War II 471
- Public Reaction and Private Merger 473
- Organized Labor Since the Merger 475
- An Analysis of Union History 476
- Case 17.1: The Frustrated Labor Historian
- Case 17.2: A Vote of No Confidence

18 Labor Relations III: Negotiating and Administering the Labor Agreement 484

- Bargaining 484
 - Preparation for Negotiations* *The Bargaining Process: Early Stages*
 - The Bargaining Process: Later Stages* *The Bargaining Process: Final Stages*
- Mediation 494

Boulwarism: A Different Way of Doing Things	496
Some Further Complexities	498
Administering the Agreement	502
Grievance Procedure	503
Arbitration	506
<i>Limitations to Arbitration</i>	<i>Characteristics of Arbitration</i>
<i>Hearings</i>	<i>Responsibilities of the Arbitrator</i>
Case 18.1: Dispensation	
Case 18.2: The Dangerous Knife	

PART SEVEN Present Challenges and Future Prospects 517

19 Personnel: Present Challenges and Future Prospects	519
Personnel Administration as a Career	522
<i>Entrance Requirements</i>	<i>Career Paths</i>
Measuring the Value of the Personnel Function	
New Issues in Personnel	
<i>Employee Privacy</i>	<i>"Just Cause" Statutory Job Protection</i>
<i>Harassment</i>	<i>"Job Burnout"</i>
<i>Flexitime</i>	<i>Sexual</i>
<i>The Development of Female and Minority Managers</i>	<i>Flexible Working Hours or</i>
<i>Future Prospects for Personnel</i>	

APPENDIX 547

Glossary	549
-----------------	------------

Articles	557
-----------------	------------

Creative Personnel Management	
A Teacher's Legacy: Cases in Personnel Management	

Cases	569
--------------	------------

A Discharge for Absenteeism	
The Black Cigarette Smoker	
The Below-Par Electrician	
An Early Quitting Time	
The Case of the Bleeding Nose	

Name Index	599
Subject Index	605

PART

Introduction

ONE



THE FIELD OF PERSONNEL

1

Not long ago, the field of personnel was often viewed as a dumping ground for managers who had somehow been found wanting. Its members suffered, as one observer of their profession has phrased it, from "the *sui generis* image of being good-old-Joe types—harmless chaps who spent their careers worshipping files, arranging company picnics, and generally accomplishing nothing whatsoever of any fundamental importance."¹ Rarely were they perceived as being much more than the implementers of the decisions of other, infinitely more influential executives. Often they were not perceived at all, being relatively invisible within the organizational hierarchy, not because of any particular desire on their part for anonymity but simply because their work warranted (and attracted) little attention. Disaster for individuals could strike if they mislaid their files or overlooked important errors in them, and clearly mass trauma could result if paychecks were delayed. But their realm was above all that of the clerical and the routine. Personnel specialists were, in short, to use Weber's apt description, "wallflowers."² They were no more critical to the success of the organization than, say, the groundskeeper is to the success of the baseball team.

In the past relatively few years, the personnel function has undergone a significant change. Salaries paid to administrators within it have, according to U.S. Department of Labor surveys, regularly placed such workers—in

terms of annual increases—at or near the top of the figures for all white-collar employees. Typically, personnel staffs in the 1980s are far larger than their predecessor versions of even the 1970s, often three and four times the size. Where “directors” reporting to vice-presidents most often headed the function until the past decade, vice-presidents and similarly highly-placed managers reporting directly to corporate chief executives most frequently now do so, with major responsibilities being assigned to these personnel (or, in some cases, “human resources”) officials. Top personnel managers are also now expected, as a constant part of their duties, to be heavily involved in developing organizational strategies and policies in general: Most major executives in the field, indeed, regularly serve on planning, operating and other policy-making committees.

And if as recently as 1972 a Heidrick and Struggles survey of the 500 largest United States industrial organizations disclosed that not one company president had at that time reached the top through the personnel department,³ the situation had already changed by the end of the decade—at least for such companies (among others) as Eli Lilly, International Paper and Delta Airlines. And few sophisticated executives expected that this development would do anything but accelerate in the years ahead. Most such managers, presumably, would also agree with the sentiments of veteran executive recruiter L. Allan Gibbs, registered in the late 1970s, that “the next decade will be the people era, the social era. The new chief executive won’t necessarily be a personnel man, but he will be strong in human relations.”⁴

What accounts for this enormous transformation of the field from one of low status and minimal responsibility to the increasingly important one that it is today? In this introductory chapter, we must attempt to answer this question and also to outline more specifically the basic dimensions of personnel as it moves, with considerable optimism as to its future now, into Gibbs’ “people era.”

Factors Behind the Transformation

In all likelihood, three factors have been particularly responsible for giving the personnel function its significant recent impetus.

First, there is general agreement that the explosion until quite recently of federal governmental legislation affecting the relationship between employers and employees has been a major cause. Highly activist in the late twentieth century in enacting legislation of all kinds, the U.S. Congress had been especially ambitious in its activities regarding this employment relationship. Between 1960 and 1980, in fact, it enacted well over one hundred relevant laws running a wide gamut from anti-discriminatory endeavors such as the Equal Pay Act of 1963 to the Occupational Safety and Health Act of 1970 and the Employee Retirement Income Security Act of 1974.

Whatever the consequences of these laws—and each of the above, as well as other important ones, will receive considerable scrutiny in this volume—it quickly became obvious that failure to comply with them could result in major penalties for employers. Running afoul of the antidiscrimination statutes cost the American Telephone and Telegraph Company some \$52 million in back pay in 1973. Five years later, General Electric made a \$32 million settlement. And while these outcomes had been the two most extreme to date, the ever-present threat of suits alleging managerial discrimination had generated intense interest in ensuring not only the appearance but the actuality of equal employment opportunity, on the part of essentially all employers. They turned to personnel as the logical candidate to frame and implement policies in this arena. Similarly, the statutes dealing with safety and health and with pensions, involving as they do other matters directly affecting employee conditions, had understandably led to further major responsibilities for personnel; compliance often commanded costly new programs and these seemed best administered by specialists in the human resource function. Not long ago, fully 45 percent of all personnel executives interviewed in a major study conducted by the Opinion Research Corporation listed governmental regulation as the factor having the greatest potential impact for them in the years immediately ahead, just as for most of these executives it had been the most pressing topic in the recent past.⁵

A *second* reason for the emergence of an upgraded personnel function most likely lies in the dramatic recent increase in the cost of employee benefits. Equivalent to over 35 percent of payroll at the present time and steadily rising nowadays at the annual rate of over 1 percent, the benefit to payroll ratio is still not in a class with that prevailing throughout much of Western Europe: over half of payroll amounts there, most often, are in benefits and have been for some time. But the figure is impressive nonetheless and its existence—connoting a large investment in each employee—has made it all the more important that turnover be held to a justifiable minimum.

Personnel presumably would have gained some larger responsibility simply in administering this greatly expanded compensation package. The reduction-of-turnover challenge simultaneously given to the function—relating as it does to such further personnel considerations as promotion from within, executive development, and job evaluation—has significantly augmented this responsibility.

Nothing comes without cost, however, and ironically this reduction-of-turnover effort may create still another problem requiring the attention of personnel. Patten, for one, thinks so in arguing that “Freedom could be traded off for the security of a place on the payroll.” Contending that this would be a “costly security for the employer to bear” in terms of people (as well as dollars), he asks “Are we likely to engender cautions and overly job-conscious attitudes rather than energetic and risk-taking behavior in human resources?” And he claims, incontrovertibly, that the threat presented by such a situation would thoroughly challenge the personnel administrator in fending it off.⁶