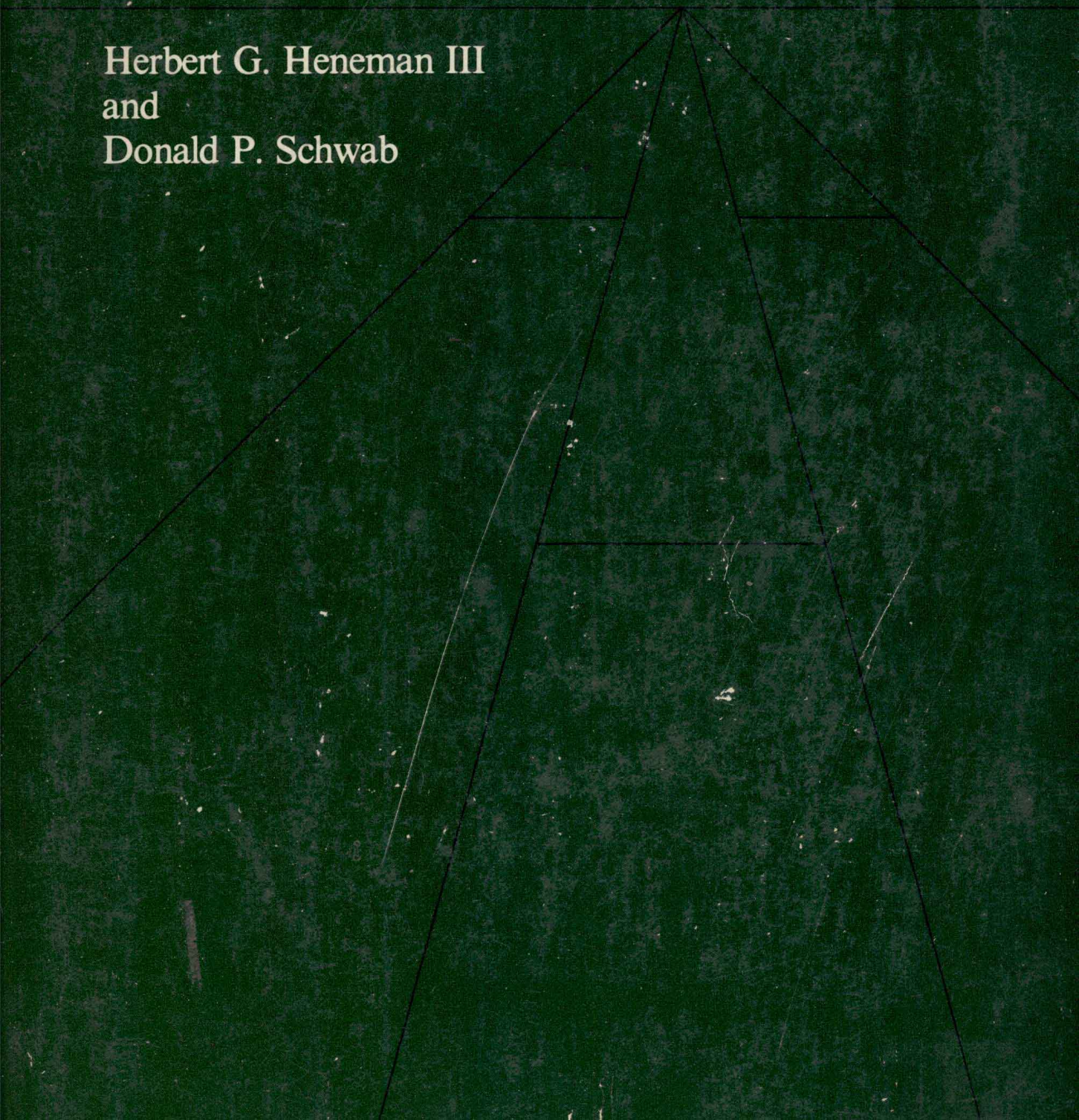


PERSPECTIVES ON PERSONNEL/HUMAN RESOURCE MANAGEMENT

Revised Edition

Herbert G. Heneman III
and
Donald P. Schwab



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Both of The University of Wisconsin—Madison

Revised Edition • 1982

RICHARD D. IRWIN, INC. Homewood, Illinois 60430

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ISBN 0-256-02631-9

Library of Congress Catalog Card No. 81-82371

Printed in the United States of America

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**PERSPECTIVES ON PERSONNEL/HUMAN
RESOURCE MANAGEMENT**

**THE IRWIN SERIES IN
MANAGEMENT AND THE BEHAVIORAL SCIENCES
L. L. Cummings and E. Kirby Warren—Consulting Editors
John F. Mee—Advisory Editor**

To our parents and our families

Preface

When we began thinking and talking about the first edition of this book, we wanted to improve on previous books of readings in the personnel/human resources area. Foremost in our minds was a feeling that the normal book of this type is more of a burden to instructors (and students as well) than a positive instructional device. We thus set as an objective the development of a book that could stand on its own, one that would not require excessive instructional time at the expense of other course activities.

Two moderately unique features were used to achieve this objective. First, through careful selection and editing, we put together a set of readings that students would find readily understandable and interesting. Second, we wrote an extensive commentary at the beginning of each chapter. These commentaries were designed to offer a background for the student that many instructors would otherwise feel obligated to provide. We began each commentary by introducing students to the basic principles, concepts, and issues in the area. In the second portion of the commentary we summarized each article, indicated major points and highlights, clarified any confusing or complex statements, and sometimes suggested debatable issues or potential limitations of a reading. The commentary was thus aimed at preparing students for the readings and enhancing their understanding and appreciation of them.

The response to these two features has been very favorable, and thus they are retained in this revised edition. There are a total of 38 readings in this edition, 22 of them new selections. All but one chapter has at least one new reading. Moreover, three chapters (Chapter 11, Occupational Safety and Health, Chapter 12, Hours of Work, and Chapter 13, Equal Employment Opportunity) contain all new readings in response to the rapid changes that have occurred in these areas.

As before, we chose articles not only for their coverage of important topics, but also for the interest they might hold for students. In this context we included a paper showing a real-world application of the functional activities in most chapters.

Another feature of this edition is an emphasis on job analysis in personnel/human resource management, including an excellent overview article by Ghorpade and Atchison. In addition, several other readings contain illustrations of the applications of job analysis in such areas as performance appraisal, external and internal staffing,

and equal employment opportunity. All told, these articles highlight the significance of a familiar personnel technique that has become increasingly important.

The order of the chapters reflects our preferences about the organization of material and our view of the personnel/human resource management field. It is possible, however, to use the chapters in virtually any order. Regardless of ordering preferences, however, we strongly recommend that students read Chapter 1 first. In it we outline our view of the personnel/human resource management field and set the tone for the remainder of the book. The readings in the introductory chapter present an overview of the personnel/human resource function in the organization by describing its excitement, complexity, and ever-increasing importance.

Acknowledgments

Many instructors, colleagues, and students have contributed to our thinking about the field of personnel/human resource management. Much of that contribution is reflected in this book. We thank them for their contributions. Special thanks go to Lee Dyer, Becky Ellis, John Fossum, Dan Gallagher, and Tom Mahoney for their inputs on this revision.

Herbert G. Heneman III
Donald P. Schwab

Contents

PART I INTRODUCTION

- 1. Overview of the Personnel/Human Resource Function 3**
 - 1. Personnel managers look to the 80s, *Harold L. Schneider*, 11
 - 2. Organizing and staffing the personnel function, *Fred K. Foulkes and Henry M. Morgan*, 22

PART II JOBS AND INDIVIDUALS

- 2. Jobs and Individuals 37**
 - 3. The concept of job analysis: A review and some suggestions, *Jai Ghorpade and Thomas J. Atchison*, 40
 - 4. Evaluating physical abilities required by jobs, *Edwin A. Fleishman*, 49
 - 5. Motivation in organizations, *Donald P. Schwab*, 56

PART III ASSESSING PERSONNEL/HUMAN RESOURCE MANAGEMENT OUTCOMES

- 3. Assessing Outcomes 65**
 - 6. Behaviorally anchored rating scales, *Donald P. Schwab and Herbert G. Heneman III*, 73
 - 7. Applying MBO research to practice, *Robert W. Hollmann*, 75
 - 8. Organizational surveys: The purposes, *Randall B. Dunham and Frank J. Smith*, 85

PART IV PERSONNEL/HUMAN RESOURCE MANAGEMENT ACTIVITIES

- 4. Personnel Planning 103**
 - 9. Human resource planning: An evolution, *James W. Walker*, 107

10.	How one company manages its human resources, <i>William E. Bright</i> , 114	
5.	Personnel Recruitment	126
11.	Relationships between recruiting sources and employee performance, absenteeism, and work attitudes, <i>James A. Breough</i> , 129	
12.	Tell it like it is at realistic job previews, <i>John P. Wanous</i> , 133	
6.	External Staffing	140
13.	Validity of tests, <i>E. J. McCormick and J. Tiffin</i> , 147	
14.	The biographical item: Can it be improved? <i>James J. Asher</i> , 152	
15.	Performance testing: A rose among thorns? <i>Wayne F. Cascio and Niel F. Phillips</i> , 158	
16.	Structured interviewing: Avoiding selection problems, <i>Elliot D. Pursell, Michael A. Campion, and Sarah R. Gaylord</i> , 167	
7.	Internal Staffing	176
17.	The development of an integrated career planning program at Gulf Power Company, <i>Felix E. Lopez, B. Wayne Rockmore, and Gerald A. Kesselman</i> , 179	
18.	An assessment of assessment centers, <i>Ann Howard</i> , 188	
8.	Learning and Training	201
19.	A systematic approach to training, <i>I. L. Goldstein</i> , 205	
20.	Management development programs can pay off, <i>William J. Kearney</i> , 211	
21.	Interaction modeling: A new concept in supervisory training, <i>William Byham and James Robinson</i> , 216	
9.	Compensation	223
22.	Determining total compensation: Strategic issues, <i>Edward E. Lawler III</i> , 230	
23.	Employee benefits: Beyond the fringe? <i>Robert M. McCaffery</i> , 238	
24.	New approaches to pay: Innovations that work, <i>Edward E. Lawler III</i> , 245	
25.	Impacts of pay on employee behaviors and attitudes: An update, <i>Lee Dyer, Donald P. Schwab, and John A. Fossum</i> , 253	
10.	Labor-Management Relations	260
26.	Industrial relations in 1980 influenced by inflation and recession, <i>George Ruben</i> , 266	
27.	Why employees want unions, <i>Jeanne M. Brett</i> , 273	
28.	Professional employees turn to unions, <i>Dennis Chamot</i> , 284	
29.	Public employees: A survey of some critical problems on the frontier of collective bargaining, <i>Charles Redenius</i> , 293	

11. Occupational Safety and Health 303

30. A view of the costs and benefits of the job safety and health law,
Richard E. Ginnold, 307

31. Characteristics of successful safety programs, *Michael J. Smith,*
H. Harvey Cohen, Alexander Cohen, and Robert J. Cleveland, 310

32. New York City's approach to problem-employee counseling,
Hana Rostain, Peter Allan, and Stephen Rosenberg, 320

12. Hours of Work 328

33. Changing hours of work: A review and analysis of the research,
William F. Glueck, 331

34. Shiftwork—A complex of problems, *John Zalusky*, 343

13. Equal Employment Opportunity 351

35. Equal employment opportunity and its implications for personnel
practices in the 1980s, *Terry L. Leap, William H. Holley, Jr., and*
Hubert S. Feild, 357

36. An interpretive review of the federal *Uniform Guidelines on*
Employee Selection Procedures, *Charles F. Schanie and*
William L. Holley, 368

37. Comparable worth: The emerging debate,
George T. Milkovich, 374

38. Age discrimination in employment: A guide for employers,
Patricia Linenberger and Timothy J. Keaveny, 385

Part I

Introduction

1

Overview of the Personnel/Human Resource Function

This book is concerned with how organizations can obtain and retain a work force of effectively performing employees. These we view as the objectives of personnel/human resource management. To achieve them, organizations develop and implement personnel/human resource policies and procedures. Those policies and procedures, in turn, are shaped by the external environment that the organization confronts and by the ways in which people respond to managerial control systems.

PERSONNEL/HUMAN RESOURCE OBJECTIVES

Organizations typically have two major objectives for personnel/human resources. One of these we refer to as the *participation* objective. This objective involves obtaining and retaining a work force. Obtaining a work force requires making the organization visible to prospective employees and encouraging them to join the organization. Once they are in the organization, their retention is desirable so that a stable and experienced work force can be maintained.

The second major objective pertains to the *effectiveness* of the work force—how successfully it performs the work to be accomplished in the organization. Effectiveness depends on the motivation and abilities of the work force.

The two objectives are clearly and closely intertwined. Organizations seek out prospective employees who are likely to perform their job effectively. Thus the effectiveness objective is a paramount consideration in obtaining a work force. Retention of a work force is also of concern largely because of its implications for effectiveness. Employees typically benefit from their experience and from the training they receive after joining an organization. Experienced employees are thus more likely to be effective performers. Effectiveness may also aid the participation objective. People are often more likely to stay on jobs which they believe they are performing successfully.

All in all, the two major personnel/human resource objectives tend to complement each other. Organizations that are successful in meeting the participation objective

are more likely to be successful in meeting the effectiveness objective, and vice versa. At the same time, however, one must recognize that the factors or activities influencing people to participate in organizations frequently are different from the factors influencing their effectiveness. Consequently, organizations must devote substantial effort to the successful accomplishment of each objective.

The above objectives are common to all organizations that employ a work force. They are as important to public and nonprofit organizations as they are to profit-seeking firms. Hospitals, voluntary organizations, and local governments have these objectives as surely as manufacturing firms. Therefore, the subject matter of this book is appropriate for any organization that hires people to engage in work.

Moreover, organizations have these objectives even though they may not have a personnel/human resource department as such. Indeed, most organizations employing less than 100 employees do not have a formal personnel/human resource department. Such organizations must still achieve the participation and effectiveness objectives, and they must still conduct the activities that such a department would perform.

IMPORTANCE OF PERSONNEL/HUMAN RESOURCES

The importance of personnel/human resource objectives to the organization should be obvious from the discussion so far. The quality of the organization's work force is critical to the organization's overall success. This observation is especially appropriate in several expanding areas of our economy such as the service sector. The success of governmental organizations, for example, is almost exclusively dependent on their ability to have effective employees. However, personnel/human resource activities are also critical in capital-intensive industries such as automobile manufacturing or petroleum production.

It would be a mistake to believe that the personnel/human resource objectives are of interest only to the organization. Society as a whole is also very concerned with both participation and effectiveness. Effectiveness in the aggregate is influential in determining our national wealth. It strongly influences such things as our ability to accomplish collective environmental objectives, compete in international affairs, and support those members of our society who cannot provide for themselves. Participation is also of concern at a societal level. Most personal income is obtained through wages and salaries, so that participation is the major determinant of income in our society. The quality of participation is also important. A reasonably stable work force performing psychologically acceptable jobs makes a necessary contribution to a stable and cohesive society.

Ultimately, however, personnel/human resources probably is most important to individual employees or prospective employees. The activities engaged in by organizations to achieve participation and effectiveness objectives have their greatest impact on individuals. The type of organization one is attracted to, the type of job one performs, the working and interpersonal conditions associated with the job, and the financial rewards connected with performing the job all result from personnel/human resource activities. When you recognize that these activities affect most men between the ages of 20 and 70 and a majority of women in this age group, you can see the tremendous impact of personnel/human resource objectives and activities on people.

EXTERNAL CONSTRAINTS

Given the importance of personnel/human resource objectives, it may come as no surprise to find that institutions outside the organization become involved with the establishment of appropriate policies and procedures.

One such institution, the union movement, reflects employees' own efforts to provide an effective counterforce to organizational decision making. Historically, American unions were primarily concerned with compensation issues and employee job security. Over the years, however, unions have broadened the scope of their concerns to include nearly every type of policy affecting employees.

Undoubtedly the most influential external institutional impact has come through public regulation. Two time periods in particular have provided regulation of nearly every facet of the personnel/human resource function. This regulation, for better or worse, has had a tremendous impact on the development and growth of personnel/human resources.

Before the 1930s there was relatively little public regulation of organizations or how they carried out their personnel/human resource activities. The prevailing attitude was that organizations and individuals could work out any contractual arrangement that was acceptable to both parties. Thus, while there was little formal regulation, state and federal courts took a fairly dim view of unions, which were typically seen as an artificial constraint on the competitive process. Laws pertaining to the economic security of employees on or off the job were also viewed as essentially unnecessary. The one major exception to this philosophy had to do with *workers' compensation* laws passed by many states prior to the Great Depression. These laws established that loss of income and medical expenses, due to work-related injuries and illnesses, should be a public responsibility borne through employer-financed insurance programs.

The depression of the 1930s led to a substantial change in public thinking about individual responsibility for economic misfortune. With nearly 25 percent of the work force unemployed during much of this decade, people came to view the need for much greater participation in, and responsibility for, the welfare of workers or those who wished to work. Thus, during the 1930s laws were passed regulating (a) minimum wages employees could receive, (b) hours employees could work before the employer is required to pay overtime, (c) benefits to persons experiencing temporary unemployment, and (d) benefits to persons of retirement age, to name but a few. In most cases these benefits were financed at least partially through taxes on employers.

The 1930s also saw a remarkable change in public attitude toward unions. Before this decade unions were regulated primarily through *common law* (that is, judicial precedent). Often unions were viewed as illegal or nearly illegal institutions. In 1935, however, the *Wagner Act* was passed, which encouraged the development of unions. Employees were given the right to organize into unions without employer interference. Moreover, where a majority of workers desired a union, the employer was legally obligated to bargain with the union in good faith over wages and working conditions. While subsequently modified by several amendments that have attempted to shift some power back to employers and to individuals who are not interested in unionism, the Wagner Act provided a major impetus for the strength that unions enjoy today.

The laws of the 1930s were aimed primarily at economic security issues and at the legitimacy of unions. Over the years, however, it became apparent that certain groups of workers were not benefiting from these laws as much as certain other groups. Minorities, females, and older employees and job seekers, in particular, continued to experience employment difficulties not experienced by other employees and job seekers.

The 1960s and early 1970s saw much legislation and other federal regulation aimed at providing additional employment opportunities and protections for these special work force groups. Major laws or amendments to existing laws included the *Equal Pay Act*, passed in 1963 and designed to ensure that females received pay equal to males when they performed similar work. The major legislation passed during the decade was *Title VII of the Civil Rights Act* of 1964. It prohibited discrimination in employment based on race, sex, color, religion, or national origin. This is a highly significant act affecting virtually every aspect of personnel/human resources. Another important piece of legislation was the *Age Discrimination Act* of 1967, which extended the protection of Title VII to workers and job seekers aged 40 to 70. In 1970 the *Occupational Safety and Health Act* was passed. Title VII of the Civil Rights Act was amended in a number of important ways by the *Equal Employment Opportunity Act* of 1972. The most recent major piece of legislation was the *Pension Reform Law* of 1974.

Some of the most significant regulation occurred, not as a function of legislation, but through presidential orders. During the Kennedy and Johnson administrations, a number of *executive orders* were issued that apply to nearly all private and public organizations doing business with the federal government. These orders frequently require organizations to establish *affirmative action* programs aimed at increasing the employment representation of minorities and females.

All told, these regulations have had an extremely important impact on the development of personnel/human resources. Indeed, without such regulation it is likely that personnel/human resources as practiced in organizations would be very different today. Almost certainly, the function would not be as important as it has become in many organizations. The utilization of skilled specialists in labor relations is substantially the result of the Wagner Act and its amendments. Minimum wage laws, occasional maximum wage laws, pension laws, and the social security law have all had a profound effect on the complexity of the administration of compensation. Laws and executive orders designed to protect minorities and females have impacted on all personnel/human resource activities, but they have been especially important in the area of staffing. Recruiting and selection decisions are closely regulated for their potential adverse impact on the employment opportunities of minorities and females.

External influences on personnel/human resource policies are not limited to the influence of other institutions. Broader economic forces operate both directly and indirectly. We have already illustrated the indirect effects that economic forces have had on public regulatory activities, especially during the 1930s. Union activities are also influenced by economic forces, as illustrated by the recent attempts of unions to obtain cost-of-living adjustments because of inflation.

Economic forces also impact personnel/human resource practices directly, largely through competition among firms. For example, an organization may be in a labor market characterized by relative labor shortages. Other organizations will probably