

# Human Resources Management

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*an  
information  
systems  
approach*

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*Integrates theory with the latest information  
systems tools in one easy-to-follow guide  
to effective human resources management.*

**Wayne F. Cascio / Elias M. Awad**

# **HUMAN RESOURCES MANAGEMENT:**

## **An Information Systems Approach**

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**RESTON PUBLISHING COMPANY, INC.**

*A Prentice-Hall Company  
Reston, Virginia*

*To Our Wives  
Dorothy and Sandy*

Editorial/production supervision and  
interior design by Camelia Townsend

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*Library of Congress Cataloging in Publication Data*

Cascio, Wayne F.  
Human resources management.

Includes bibliographical references and index.

1. Personnel management. 2. Personnel management

—Information services. I. Awad, Elias M. II. Title.

HF5549.C2973 658.3 81-1790

ISBN 0-8359-3008-4 AACR2

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A Prentice-Hall Company  
Reston, Virginia 22090

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10 9 8 7 6 5 4 3 2 1

Printed in the United States of America

# Preface

The age of the computer is here. The computer revolution is the most advertised revolution in world history. More subtly, a revolution is also taking place in the complexity of human resource management, in the amount of personnel-related information that organizations must deal with, and in the level of competence required to administer human resources effectively.

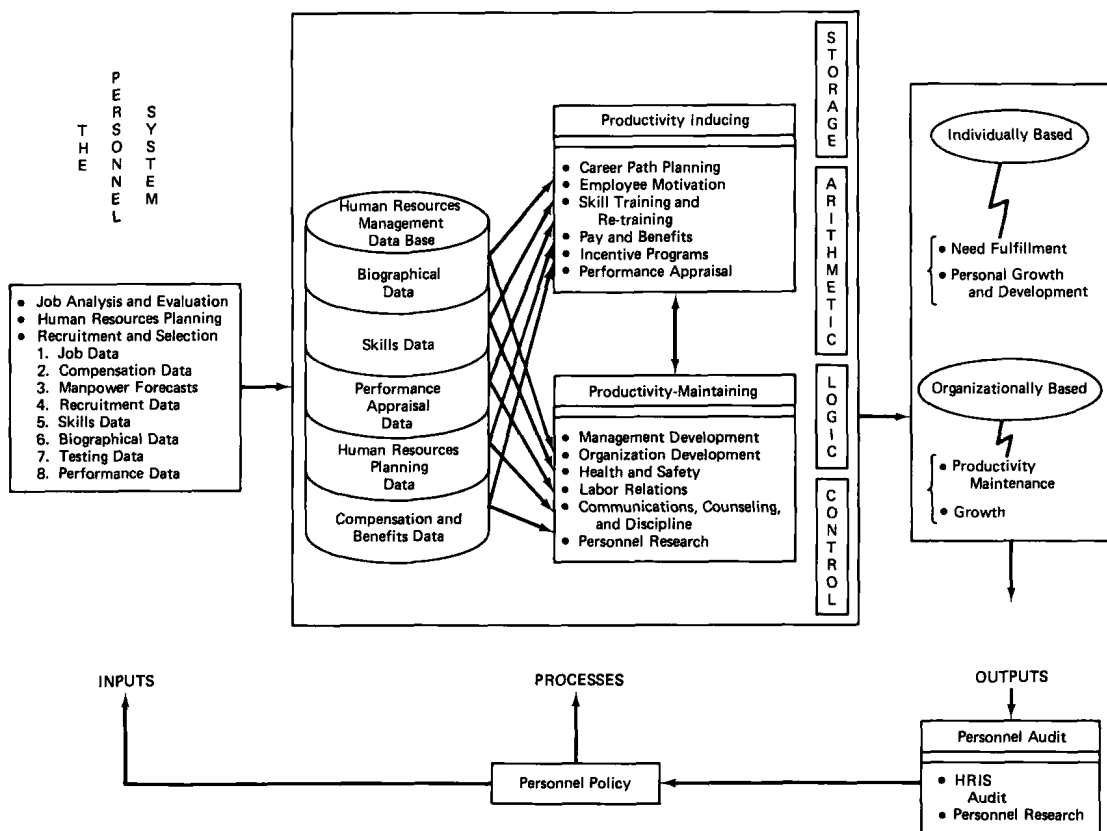
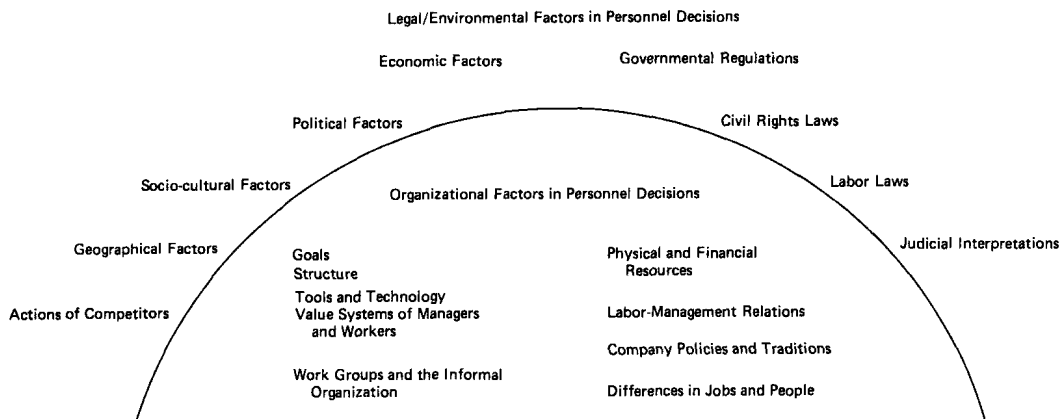
Both of these themes underlie the master model on which this book is based—a model that underwent seemingly endless revisions and refinements. The overall objectives of the model are to integrate the major human resource management processes into a meaningful framework, and to enhance understanding of the interrelationships among the processes. The model also emphasizes the growing

need of managers to interact with computer-based personnel information systems.

Where appropriate, each chapter addresses issues related to such person-computer interface.

We are fully aware, however, that there are certain topics, such as counseling and development, that never have been and probably never will be computerized. Genuine success in these areas depends on a manager's ability to be a good listener and on his or her skillful handling of sometimes delicate human issues. As we move through the 1980s we are optimistic about the future of the field, and we hope that our book captures its richness and diversity.

*Wayne Cascio and Elias Awad*  
January, 1981



**Master Model** Information Systems Model of the Human Resources Management Process

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# **PART ONE**

## **THE HUMAN RESOURCES INFORMATION SYSTEMS CONCEPT**

# **CHAPTER 1**

## **Human Resources Management: the Challenge of Change**

### **AT A GLANCE**

Although it may seem that people are difficult to manage today, the problems of attracting, selecting, retaining, developing, and utilizing human resources are thousands of years old. These activities are part of every manager's job, for people are the basic ingredients of all organizations. The problems are more complex today because they must be addressed within the context of government legislation, shrinking supplies of energy and natural resources, heightened concern over ecological systems, rapid changes in technology, growing international competition, and increasing collective action by previously nonunionized groups. These are environmental factors. Organizational factors, such as decreasing productivity, soaring personnel costs, the increasing heterogeneity of the work force, and the higher educational level of today's workers, have thrust personnel practices to center stage. The challenge is to discard older, ineffective practices, and to develop imaginative new ones that will attract and retain the high-caliber employees and managers that organizations need to remain competitive.

**T**he effective management of people is one of the greatest challenges facing organizations today, as it has been in the past.

The pharaoh building a pyramid faced problems fundamentally similar to those faced by the corporation executive or university president of today. Each must figure out

1. how to organize work and allocate it to workers;
2. how to recruit, train, and effectively manage the people available to do the work;
3. how to create work conditions and reward and punishment systems which will enable the workers to maintain high effectiveness and sufficient morale to remain effective over long periods of time;
4. how to adjust their organization to changing environmental conditions and technological innovations; and
5. how to cope with competition or harassment from other organizations or from groups within their own organization.

These and many other questions, which lie at the heart of any “organization,” have had to be faced and resolved by politicians, managers, and bureaucrats throughout history.<sup>1</sup>

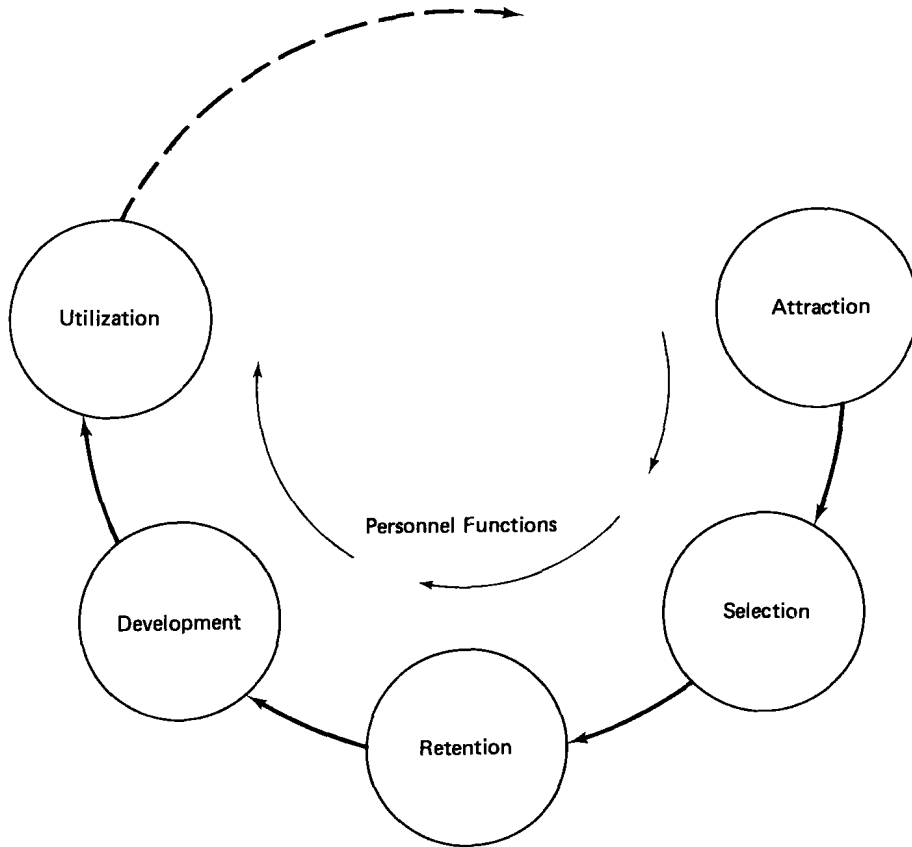
To be sure, human resources have been managed more effectively over the centuries, although many of the age-old problems still face us today. In addition, new and different problems have appeared, and many of the old problems have taken on new features that require new solutions. Finally, many of the assumptions underlying traditional personnel practices are being examined

closely for their continued workability in the complex world of today’s organizations. This is true whether the organization is large or small, public, private, or third sector (nonprofit), unionized or nonunionized. Reasons are not hard to find: the ever-tightening web of governmental legislation and regulation, decreasing productivity, increasing demands by employees for more pay, more challenging work, and better working conditions, the increasing cultural heterogeneity of the work force—the list goes on and on. But first, let us define our terms. What is human resources management, and who is responsible for it?

**Definition:**

Human resources management is the attraction, selection, retention, development, and utilization of human resources in order to achieve both individual and organizational objectives (see Figure 1-1).

Our definition emphasizes the fact that we are managing *human*, not material or financial, resources. *Managing*, in turn, includes *planning* (establishing what is to be done), *staffing* (recruiting, selecting, developing, compensating, and appraising), *directing* (leading, motivating, and securing efforts), *coordinating* (integrating efforts to prevent conflicts and misunderstandings), *controlling* (investigating, evaluating), and *representing* (dealing with the world external to the organization, attempting to influence resource availability, attitudes of potential customers or clients, etc.). These managerial functions appear consistently in the research (not theoretical) literature on management,<sup>2</sup> and they characterize managerial jobs in general. However,



**Figure 1-1** The human resources management process

since managerial jobs differ considerably by level (e.g., top managers versus first-line supervisors), by function (e.g., marketing managers versus production managers), and by type of organization (e.g., hospital administrators versus executives in manufacturing), both the mix and the relative importance of the elements of managing can be expected to vary from one managerial job to the next. For example, a public relations manager would tend to emphasize *representing*, while a marketing vice-president would tend to be more concerned with *planning*.

What about personnel managers? Do they do the same things that production, marketing, sales, and public relations managers do? Yes and No. Yes, because *all managers who supervise others are personnel managers*. People are the basic ingredients of all organizations, and social relationships are the cement that holds organizations together. Consequently, *all* managers have to be concerned with attracting, selecting, retaining, developing, and utilizing human resources in order to achieve their own as well as the organization's objectives. However, personnel, like production,

sales, marketing, and finance and accounting, is also a separate functional area within organizations.

Personnel has two major functions, and the first is related to the second: (1) to collaborate in the development and administration of the policies that affect the people who make up the organization, and (2) to help managers manage.<sup>3</sup> In Chapter 2 we will consider the role and scope of activities performed by the personnel function, but first let us consider why the management of human resources is of such great concern in all types of organizations today. We will examine the problem from two different perspectives, environmental and organizational.

## **Environmental Factors in Personnel Decisions**

### **Government Legislation**

Government legislation prohibiting unfair discrimination in any aspect of employment on the basis of race, sex, religion, national origin, or age, and government legislation mandating safe working conditions and responsible administration of pension plans, together with vigorous enforcement of the laws by the courts and government compliance agencies, has produced perhaps the most extensive changes in human resources management practices ever experienced in the United States. EEOC, AAP, OFCC, OSHA, ERISA\* are acronyms well known by almost all managers today. Those in the personnel field are expected to be especially knowledgeable about their requirements. Although we make only

passing reference to this body of legislation here, the whole range will be examined more closely in later chapters. Such legislation reflects society's sincere commitment to provide equitable treatment for all workers and to improve the quality of work life. It should be noted, however, that compliance (as well as noncompliance) can be quite expensive and increase considerably the cost of doing business. For example, a study by the Hospital Association of New York State showed that 25 percent of the operating expenses of hospitals in the state in 1976 were spent to comply with government regulations.<sup>4</sup>

A second set of environmental factors relates to managers' concerns about the cost and quality of goods and services and, relatedly, the ability of their organizations to survive and to compete domestically and internationally. These factors are discussed next.

### **Shrinking Supplies of Energy and Natural Resources**

Shrinking supplies, coupled with steady or increasing demand, boost energy costs. Organizationally, we are seeing heightened pressure for conservation and efficiency, the implementation of energy, and therefore money-saving, practices and technology (e.g., computer-controlled heating systems that use the excess heat generated by humans and machines to help heat entire buildings), and intense searches for alternate forms of energy.

### **Concern over Ecology**

Heightened concern for ecological systems, especially the relationship be-

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\*Equal Employment Opportunity Commission; Affirmative Action Plan; Office of Federal Contract Compliance, Occupational Safety, and Health Act; Employee Retirement Income Security Act.

tween people and their surroundings, has developed in recent years. Although there are direct links between this issue and that of employee health and safety, broader concerns relate to easing traffic congestion (perhaps by staggering working hours), reducing air, earth, and water pollution (by paying closer attention to the effects of technology on the environment), and balancing the increased costs incurred against the organization's ability to survive and compete. Thus, when it was determined that spray cans that emit fluorocarbons may harm the ozone layer of the earth's atmosphere, companies were allowed almost 5 years' lead time to develop nonpolluting propellants before protective legislation took effect.

### **Changes in Technology**

Rapid changes in technology are occurring. Although some are in response to governmental legislation (e.g., the engine efficiency requirements placed on the auto industry), much is due to known limits of energy and natural resources and to heightened competition for scarce resources. Technological innovation frequently leads to obsolescence of job skills and organizational structures, thereby challenging the abilities of human resources managers to adapt and innovate.

### **International Competition**

There is widespread recognition today that our economy is globally interdependent, as a result of growing competition for scarce resources, widespread sharing of technology, availability of instant communications (via communications satellites), and supersonic transportation systems (e.g., the Concorde). If organizations are to remain competitive,

the continued motivation and productivity of the work force, together with sound, responsible labor-management relations, are essential.

### **Increase of Collective Action by Previously Nonunionized Groups**

High inflation, which boosts the cost of goods and services, along with deep concerns over equitable treatment and working conditions, has contributed to strikes, labor unrest, and in some cases the unionization of groups such as teachers, government workers, farmers, nurses, physicians, professional athletes, and even first-line supervisors. In this type of environment, competent personnel practices can do much to ensure organizational harmony and growth.

### **Organizational Factors in Personnel Decisions**

Two major organizational issues are decreases in productivity (a key indicator of an organization's economic health) and increases in personnel costs (not only salaries and fringe benefits, but also the costs incurred from accidents, workers' compensation claims, and employee turnover, both voluntary and involuntary).

### **Slumping Productivity**

Figures released by the U.S. Department of Labor in June 1978 showed that 25 of 66 major industrial groups studied actually produced *less* in 1977 than in 1976. As a whole, the rate of rise of productivity in the manufacturing sector slowed to only 2.2 percent in 1977 compared to 6.8 percent in 1976. This economic trend is not limited to the United States, but