Third Edition

HUMAN RESOURCES MANAGEMENT

*Perspectives,
Context,
Functions,
and
Outcomes*

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HUMAN RESOURCES — MANAGEMENT —

Perspectives, Context, Functions, and Outcomes

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Preface

About 10 years ago we determined a need for a book of current readings in the field of personnel management with an applied orientation. At that time only a few books of such readings existed, and most of those were aimed at a reasonably high level, focusing on articles from scholarly journals. This was also a time when the field of personnel management was undergoing change. People were beginning to look upon the personnel function within organizations as one that made a difference. So, with a couple of colleagues, we published the first edition of *Current Issues in Personnel Management* in 1980.

In 1983 we published the second edition of *Current Issues,* continuing the focus on applied articles and reporting additional evidence concerning the transition of personnel management. The third edition was published in 1986, with a focus similar to that of the previous editions but also with some notable changes. Besides restructured content, the third edition of *Current Issues* incorporated the rapidly emerging new theme of strategic human resources management. This concept was and continues to be met with some skepticism concerning both its value and its viability. Our position has been more sympathetic and supportive. Rather than simply dismissing it as a passing fad, we prefer to regard strategic human resources management as a concept that is at an early stage in its evolution, with much need for development but also with much opportunity and potential for contribution.

In 1988, as a result of an evolution in our own thinking over the years about the issues our book addressed, we published an edition that reflected some changes in terminology and carried a more contemporary title—*Human Resources Management: Perspectives and Issues;* that volume, along with its second edition, continued the tradition and pursued the objectives we established initially.

In many respects, our mission and our objectives have not changed as we present the third edition of *Human Resources Management.* We continue to address the needs of undergraduate-, professional-, and graduate-level courses on personnel and human resources management. We have attempted to conceptualize, identify, and articulate what we consider the important con-

temporary perspectives and issues in the field and then to assemble a set of current readings that address these perspectives and issues with a decidedly applied, rather than scholarly, orientation. However, this edition has been modified somewhat in both organization and content to reflect the new and different issues that have been brought to bear on human resources management in recent years.

The third edition of *Human Resources Management* contains fifty-two articles. Of the fifty-two, 80 percent are new and different from the readings used in the last edition. Furthermore, twenty of the readings (38 percent) were prepared especially for this volume. One of the goals we have had since the preparation of our book's very first edition has been to increase the number of original papers included. The twenty papers in this volume represent a 33 percent increase, since the previous edition, in the number of specially prepared papers.

Instead of perpetuating the eight-chapter structure of the second edition, the third edition expands and updates the coverage of material and organizes the articles into six major parts and sixteen chapters. Users of the earlier editions will find the functional issues and activities still covered in at least as much depth as before. Moreover, this edition addresses a number of new issues concerning perspectives on the field, internal and external environmental influences, and outcomes of human resources management. Following is an overview of the book's structure and contents.

Part 1, "The Field of Human Resources Management," offers an introduction to and overview of the field; the material is organized into two chapters. The first, "Overview of Human Resources Management," provides a historical view of the field and its evolution, as well as a discussion of the meaning of this evolution for the development of future human resources professionals. Chapter 2, "Perspectives on Human Resources Management," treats three important perspectives on the field (i.e., strategic, political, and international) and demonstrates both the opportunities and challenges that these perspectives pose for human resources management.

Part 2, "The External Context of Human Resources Management," identifies certain features of the external environment or context that have impact on human resources activities. Chapter 3, "The Legal Environment," representatively reflects the strong influence of federal legislation and case law on human resources issues in organizations. Chapter 4, "The Labor Market and the Changing Work Force," deals with some key labor market characteristics and challenges and examines what diversity in the work force means for organizations. Chapter 5, "Organizational Restructuring," reveals how organizational responses to environmental events (in the form of downsizing, redesign, and restructuring) have significant implications for human resources management.

Part 3, "Functions of Human Resources Management," provides thorough coverage of the various activities and functions of human resources management, although reorganized a bit since the previous edition of this book. Chapter 6, "Human Resources Planning and Staffing," includes all of the ma-

terial that is traditionally found in separate chapters devoted to human resources planning, recruitment and selection, career planning and development, and promotion and succession processes. The grouping of these various issues in a single chapter is intended to reflect their natural relatedness and the need to view them in an integrated way in organizations. Chapter 7, "Performance Appraisal," addresses the performance appraisal process, outlining some of the problems encountered and suggesting possible solutions. The articles in Chapter 8, "Compensation and Reward Systems," are concerned with the importance of the compensation function in organizations; they include examinations of compensation strategy, performance-based pay, and comparable worth. Chapter 9, "Training and Development," addresses a number of issues related to the building of work force skills at various levels and the need to link training and development efforts with business strategy.

Part 4, "Management of the Employment Relationship," is, we believe, a contemporary title that reflects the encompassing nature of the work force governance issues facing organizations today and in the future. Chapter 10, "Union-Management Relations," presents some traditional material regarding unions but, more important, discusses new and different ways in which unions and management might interact in the future. An increasingly important topic in work force governance is represented in the title of Chapter 11, "Employee Participation and Empowerment." Involving workers in organizational decisions can be useful and effective for a number of reasons, but it needs to be part of an overall strategy, not simply an ad hoc action.

Part 5, "The Internal Context of Human Resources Management," examines features of the internal organizational environment or context that have impact on human resources management. Chapter 12, "Accountability in Human Resources Systems," discusses the importance of making people in organizations answerable for their decisions and actions and highlights the problems that can result from a lack of accountability. In Chapter 13, a number of issues are examined under the title "Work Environment Stressors, Support, and Health." The authors investigate job stress, sexual harassment, and invasion of privacy as sources of stress, and they examine employee assistance programs and health issues.

The book concludes with Part 6, "Outcomes of Human Resources Management," which comprises three chapters. Chapter 14, "Employee Attitudes," emphasizes the importance of the way employees view their work, management, and the organization; it stresses the potential dysfunctional consequences of negative attitudes. "Organizational Exit," the title of Chapter 15, reflects the broad range of processes through which employees can depart from an organization. The legitimacy and effectiveness of decisions about which employees to terminate under specific conditions are examined, as are the topics of turnover, absenteeism, and outplacement. Finally, Chapter 16, "Performance and Effectiveness," treats what may be the ultimate criteria for human resources management. Topics examined include the influence and ef-

fectiveness of the human resources department as well as performance improvement, cost containment, and competitiveness as resulting from effective human resources practices.

Thus, the third edition of *Human Resources Management: Perspectives, Context, Functions, and Outcomes* reflects some reorganization, updating, and considerable coverage of the multitude of issues confronting human resources management today and in the future. With its organization and comprehensive coverage, this edition can serve as a stand-alone text for a course in human resources management or as an effective supplement to a conventional textbook that will allow the student to transcend the boundaries established by traditional treatment of the subject matter and explore some new issues.

Acknowledgments

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Second, we would like to thank our colleagues who gave unselfishly of their time to contribute original papers for this book: Jim Austin (Ohio State), Dharm Bhawuk (Hawaii), Terry Beehr (Central Michigan), Philip Benson (New Mexico State), Don Fedor (Georgia Tech), Kristofer Fenlason (Central Michigan), Jeffrey Hornsby (Ball State), Tom Kolenko (Kennesaw State), Toni Locklear (Boeing), Nancy Napier (Boise State), Ron Sims (William and Mary), Becky Thacker (Ohio), John Veres (Auburn–Montgomery), Pete Villanova (Appalachian State), Pat Wright (Texas A&M), Tom Reed (Wayne State), Joe Martocchio (Illinois), Denise Chachere (Illinois), Dwight Frink (Mississippi), Carmen Galang (Victoria), Matt Stollak (Ohio), Jack Howard (Western Illinois), Greg Bergin (Compaq), Tom Urban (ARCO), and Jeff Bender (ARCO), Brian Peach (West Florida), Harry Triandis (Illinois), John Keiser (Massachusetts), Amelia Prewett (Auburn–Montgomery), and David Gudanowski (Central Michigan).

Contents

PART 1

The Field of Human Resources Management

Our intention in Part 1 is to provide an introduction and overview of human resources management. This field is a dynamic discipline. Many of the truisms that were helpful in the past are no longer useful in facilitating the effective use of the human resources component of organizations. As all managers are managers of human resources, it is crucial that all managers have an accurate view of the human resources component. This overview will put the history and future of our field in proper perspective.

To accomplish this, we have chosen, for Chapter 1, a pair of articles that provide a historical overview of the field. These articles also treat the evolution of the field and the implications of this evolution for current practitioners. Further, these articles raise important implications for the development of future professionals in the field of human resources management.

The articles in Chapter 2 present a number of different perspectives (strategic, political, international) on human resources management. Significantly, these articles outline the challenges that face human resources professionals and, at the same time, demonstrate the opportunities that exist for those who see the importance of the human resources function. By reading the articles in this part, you will gain an appreciation of the complexity of the field of human resources, along with an optimism concerning the challenges and opportunities awaiting those who have as their goal the effective use of human resources in organizations.

Overview of Human Resources Management

Although the history of human resources management has been relatively short, it has included a number of important advances. The field has developed greatly since the early stages of the Army Alpha and Beta Classification tests and the Hawthorne studies. Personnel clerks have been replaced by personnel managers who have, in turn, been replaced by human resources professionals. Whereas personnel was once handled by clerical staff, human resources management is now handled by professionally educated and trained staff. We have realized that human resources are the spark that turns the organization engine. Because organizations have such a large investment in their human resources, it only makes sense that they exert a sincere effort to excel at human resources. Failure to do so can have a negative effect upon organizational profitability.

With respect to human resources management, three questions need to be raised: Where are we now? Where have we been? Where should we go from here? The answers to these questions are pivotal if we are to accept the challenge of international competition. Much research and practitioner thought go toward addressing these issues. Many questions concerning human resources have been satisfactorily resolved; many more remain. The challenge is to continue to develop novel approaches to the implementation of the science of human resources management.

The authors of the articles in this chapter confront a number of the aforementioned issues. Wright and Ferris outline the historical developments in the field of human resources management. They tell where the field has been and where they believe it is headed. They offer some scenarios that should be heeded by researchers, students, and practitioners of human resources management. The second article, by Bender, Urban, Galang, Frink, and Ferris, is

important because it outlines the plans of ARCO Oil and Gas Company in developing human resources professionals. ARCO has a novel approach that synthesizes a number of the important issues confronting front-line practitioners of human resources management. The authors provide a valuable template that can be used to develop human resources professionals in any organization. ARCO has a successful human resources program that can easily be emulated.

Suggestions for Further Reading

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Overman, S. (1993, September). Learning system serves many HR needs. *HR Magazine,* pp. 68–69.

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Human Resources Management: Past, Present, and Future

Patrick M. Wright and Gerald R. Ferris

In the new information society, human capital has re-placed dollar capital as the strategic resource. People and profits are inexorably linked.

Naisbitt and Aburdene,
Re-inventing the Corporation

Introduction

An increasing number of authors and managers are recognizing the critical role that human resources play in corporate success or failure. Books such as *The One-Minute Manager, In Search of Excellence, Passion for Excellence,* and *The Next American Frontier* emphasize that, without proper management of the organization's human resources, maximum productivity, profitability, and achievement in the competitive marketplace are impossible. The human resources management (HRM) function is concerned with effectively using the assets of human resources for the attainment of organizational goals and the continued viability and success of the organization.

Human resources management includes such activities as recruiting and selecting qualified individuals, training them and motivating them through performance appraisal and pay systems, negotiating union contracts, and ensuring that all of these activities are performed within the requirements of the applicable legal systems.

To provide an overview of the field, we examine the HRM function from several perspectives. First, a historical perspective on the evolution of the HRM function provides an understanding of the forces that have molded and defined present activities. Second, an environmental perspective sheds light on the external forces that continually pressure and constrain these activities. Third, a strategic perspective illuminates the role of the HRM function in the strategy of the organization. Fourth, a political perspective shows how both supervisors and subordinates may use human resources systems to maximize their own self-interests, which may not reflect the interests of the organization. Fifth, an international perspective highlights the problems and opportunities that face the HRM function in what is fast becoming a global marketplace. Finally, an evaluation perspective reveals the ways in which human resources activities can be evaluated as to their usefulness in attaining organizational goals.

A Historical Perspective on Human Resources Management

To understand the present HRM function in the United States, one first needs to understand its historical evolution. With each succeeding generation, other organizational functions have tended to view HRM as a weak stepsister, a necessary evil that must be dealt with. And during each generation, HRM professionals have sought to justify their existence in a variety of ways.

Early Developments

Industrial expansion and the emergence of labor unions, which characterized the early 1900s, necessitated an organizational function designed to deal with labor unions and the union environment. In response to these developments, personnel departments were created. These departments emphasized "welfare capitalism" as a means of convincing employees that unions were unnecessary. The

next few decades saw added responsibilities for the HRM function. Conditioned by the existence of a tight labor market during World War I and stimulated by the work of several industrial psychologists (Munsterberg, 1913), the function began to engage in such personnel activities as employment testing, training, and performance appraisal. Whereas past activities had focused only on keeping unions out of the workplace or negotiating with existing unions over wages, hours, and the terms and conditions of employment, human resources activities now reflected a more proactive orientation aimed at promoting greater productivity.

From this emphasis on using human resources activities to increase productivity, and based especially on the work of two Harvard University professors, Mayo and Roethlisberger (Roethlisberger & Dickson, 1939), came an awareness of the impact of social factors on employee satisfaction and productivity. In a sense, this awareness resulted in a revival of welfare capitalism, now resurfacing under a new name: the human relations movement. This movement's basic assumption was that a satisfied employee was a productive employee. The human relations movement, which saw an unprecedented amount of government-sponsored research in personnel-related areas such as groups, motivation, morale, and leadership, flourished from World War II until the 1960s.

Recent Trends

As an increasing amount of research began to cast doubt on the idea that job satisfaction and productivity are strongly related, the role of the HRM function was again called into question. However, with the civil rights movement of the 1960s, it found a needed and critical place among organizational functions. The civil rights movement produced a good deal of legislation bearing on the employment relationship, such as the Equal Pay Act of 1963, which forbade pay discrimination based on sex, and the Civil Rights Act of 1964, which outlawed discrimination in any employment

decision on the basis of race, religion, color, sex, or national origin. The increase in discrimination-based litigation during the 1970s boosted the legitimacy of the HRM function in organizations.

Although all of the aforementioned developments enhanced the status of the HRM function in the United States, it is the rise of international competition in a global market that may finally liberate human resources management from second-class status. As American corporations continue to be bested in both foreign and domestic markets by international competitors such as Swedish, German, Japanese, and Korean firms, the critical need for using employees as a competitive resource has become increasingly evident. This international competition has led to four conceptual trends in the HRM function: (1) the need to link human resources to the strategic management process; (2) the need to select, train, and compensate individuals to function in an international marketplace; (3) the need to understand the political dynamics that undermine rational HRM decision-making processes; and (4) the need to provide quantitative estimates of the dollar value contributions made by the human resources department. Before discussing these issues, however, we must explore the environment in which the HRM function exists.

An Environmental Perspective on Human Resources Management

Reactions to major developments in the external environment are often transformed through the legal environment into federal laws. In a sense, the legal environment serves as the filter and as the ultimate mechanism for merging fact and value in society. The federal laws bearing on the employment relationship enacted before 1960 are quite different from those enacted during the 1960s and 1970s.

Legislation enacted during the human relations movement dealt extensively with wages and work hours and with union-management relations within the organization and

the policing of those relations—that is, the rights of employees to organize and bargain collectively vis-à-vis the rights of the employer and the union. Among these earlier laws are the Fair Labor Standards (Wages and Hours) Act of 1938, the National Labor Relations (Wagner) Act of 1935, the Labor-Management Relations (Taft-Hartley) Act of 1947, and the Labor-Management Reporting and Disclosure (Landrum-Griffin) Act of 1959. Although these laws are still in force, the federal laws enacted during the 1960s and 1970s dealt more directly with the rights of the individual (or of classes of individuals, such as minorities and women) in a wide range of issues concerning employer rights. The most basic and important federal laws bearing on the employment relationship enacted during the 1960s and 1970s are the Civil Rights Act of 1964 (Title VII), as noted earlier; the Occupational Safety and Health Act of 1970; and the Employee Retirement Income Security Act of 1974.

Most recently the personnel/HRM function has had to deal with the increase in regulatory action stemming from the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, and the Family and Medical Leave Act of 1993. The first two acts have resulted in a substantial increase in the number of discrimination complaints filed with the Equal Employment Opportunity Commission. In fact, in the first three quarters of 1993, the EEOC reported an increase of over 24 percent in the number of complaints filed.

Organizations as Open Systems

To indicate that the environment has a major impact on organizations implies the acceptance of a few related premises. One of these is that organizations, as proposed by Katz and Kahn (1978), are open systems—*open* in that they are responsive to external pressures and *systems* in that a response by one element in the organization/environment relationship usually leads to a variety of other responses by the same element or other elements in that relationship. Another premise is that, because of the flood of federal legislation during the past few decades concerning many broad organization-to-society issues, most organizations are more permeable to external pressures than ever before. Never, it seems, has the environment been closer to or more involved with the core technology of organizations (Thompson, 1967). What could be closer to the inner workings of organizations than legislation regarding the ways in which organizations should manage their human resources? Finally, not only is the organization more permeable to environmental pressures, but the environment itself also continues to change at a rapid pace.

Buffering Strategies as an Organizational Response

How can managers begin adequately to plan, organize, and control? Thompson (1967) offers a conceptual answer to this question at the organization/environment level: He suggests that organizations develop a number of strategies—including forecasting and buffering—to deal with the uncertainty created by the environment. Forecasting represents an attempt to anticipate change before it occurs. Buffering, on the other hand, is associated with the design of structural devices (such as larger or more specialized organizational units) and technological work-flow devices (such as new or more complex procedures). These buffering devices serve in both proactive and reactive ways to shield the organization from the pressures of the environment and to give managers a little time to try to make sense of them. Once the strength or potential impact of these pressures is reasonably understood and resources for coping with them are reallocated or secured, the nature of the buffering devices (especially the reactive ones) may change from one of initial defensiveness to one of compromise or confrontation. There is the subsequent danger, of course, that once these devices are designed and in place, they will become inflexible to further change and represent a nonproductive drain on resources.