

# Human Resource Management

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Education

Eleventh Edition

# Human Resource Management

Eleventh Edition

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To Dr. Lloyd L. Byars (1941–2010),  
a dedicated coauthor of this textbook for  
ten editions spanning more than 30 years.



# Preface

The most effective organizations in today's global environment find ways to motivate, train, compensate, and challenge their employees. This is true for all organizations, whether they are manufacturing or service companies, large or small, domestic or international, profit or nonprofit, government or nongovernment.

Since the publication of the tenth edition of *Human Resource Management*, the world has continued its rapid rate of change. The human resource components of most organizations have continued to become even more diverse and more sophisticated. In addition, other significant changes have occurred that affect human resource managers. The worldwide recession has been slow to recover. Downsizing, changing government and legal requirements, increased awareness for security issues, new information systems, demands for a more skilled workforce, and intensifying global competition are just a few of the factors that have continued to contribute to the complexity of HRM issues for today's organizations.

## FEATURES OF THE BOOK

As in previous editions, the eleventh 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 HRM terminology through these concise definitions placed in the margins. They also 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.

- There are detailed learning objectives for each chapter.
- 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. The overwhelming majority of these examples are new to this edition. Almost all the remaining examples have been updated.
- A key feature entitled “On the Job” appears after several chapters and offers numerous other practical examples.
- The URLs for companies referenced in the text have been updated and expanded.
- End-of-chapter materials include the following features:
  - The “Summary of Learning Objectives” is a synopsis and review of the key learning objectives within each chapter.
  - A list of key terms is provided for each chapter. These lists are new to this edition.
  - “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” give students an opportunity 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.
  - Experiential “Exercises” placed at the end of each chapter can be done in class or as homework and are designed to illustrate major points emphasized in the chapter.
  - “Notes and Additional Readings” provide references and more in-depth information on covered topics.

## SUMMARY OF MAJOR CHANGES

### Chapter 1

- Added “Human Resource Certification” section, including a new Table 1.2 “HR Certifications”
- Updated Table 1.4: Civilian Labor Force, 2010, and Projected 2020; Entrants and Leavers, Projected 2010–20

- Updated HRM in Action 1.1: Encouraging Diversity at Scotiabank
- New HRM in Action 1.2: E-HRMs Used by the National Institutes of Health (NIH)
- Updated HRM in Action 1.3: HR Taking a More Strategic Role at Cardinal Health
- Updated statistics throughout chapter

## **Chapter 2**

- New HRM in Action 2.1: Gender and Racial Discrimination
- New HRM in Action 2.2: Age Discrimination
- New HRM in Action 2.3: Pregnancy Discrimination
- New HRM in Action 2.4: Accommodating Persons with Disabilities
- Added a description of the Americans with Disabilities Act Amendment Act of 2008
- Added a description of the Lily Ledbetter Act of 2009
- Added Table 2.2: The ADAAA: Questions and Answers
- Updated Table 2.3: Summary of Equal Employment Opportunity Laws and Executive Orders
- Added Incident 2.1: Debate over Retirement Age
- Added Exercise 2.2: Discrimination because of Age, Religion, National Origin, or Disability
- Added Exercise 2.3: Sex Role Stereotypes
- Updated EOC questions, Key Terms, and Review Questions

## **Chapter 3**

- New HRM in Action 3.1: Age Discrimination
- New HRM in Action 3.2: Sexual Harassment
- New HRM in Action 3.3: Religious Discrimination
- New HRM in Action 3.4: Pregnancy Discrimination
- New Exercise 3.3: Sexual Harassment

## **Chapter 4**

- Revised “Job Analysis Methods” subsection, updating discussion of questionnaires
- New Table 4.4: Scales Used in FJA to Describe What Employees Do
- New HRM in Action 4.1: My Next Move
- New HRM in Action 4.5: Telework at Aetna
- Added discussion on alternative employment arrangements
- Added “Results Only Work Environment” section
- Updated statistics throughout chapter

## **Chapter 5**

- New HRM in Action 5.1: The Need for a Skills Inventory
- Updated HRM in Action 5.2: CEO Succession at McDonalds
- New HRM in Action 5.4: Using Web 2.0 Technology to Sell a Product
- Updated discussion on succession planning
- Added new subsection on “Cloud Computing”
- Added discussion of platform as a service and infrastructure as a service
- Updated statistics throughout chapter

## **Chapter 6**

- New HRM in Action 6.1: A New Platform to Recruit Applicants
- New HRM in Action 6.2: Unemployment for Veterans

- New HRM in Action 6.3: How Can Small Business Managers Improve their Recruitment Strategy?
- New Table 6.1: Advantages and Disadvantages of Internet Recruitment
- New HRM in Action 6.4: Nike’s E-Recruitment Solution
- Revised the section on Internet Recruiting
- Updated EOC questions, Key Terms, Review Questions, and Additional Readings
- Exercise 6.2: A Realistic Job Preview
- Exercise 6.3: Career Planning
- New Exercise 6.4: Why Would You Look for Another Job?
- New Exercise 6.5: Using the Internet

### Chapter 7

- New HRM in Action 7.1: Arrest and Conviction Records
- Revised the subsection on Types of Interviews
- New HRM in Action 7.3: How to Avoid Common Interviewing Mistakes
- New HRM in Action 7.4: The Impact of Race and Appearance
- New HRM in Action 7.5: Background Checks at Penn State
- New Exercise 7.2: Interviewing Restaurant Servers
- New Exercise 7.3: Your Job Interview
- New Exercise 7.4: Are these Advertisements Legal?
- New Exercise 7.5: Interviewing Electronics Store Job Applicants
- New Exercise 7.6: Why Do Some Managers Prefer Unstructured Job Interviews?
- New Exercise 7.7: Are You a “Good Fit”?
- New Exercise 7.8: Discrimination because of Age, Religion, National Origin, or Disability
- Updated Additional Readings

### Chapter 8

- Revised the Orientation subsection
- New HRM in Action 8.1: Adapting to University Life for Students
- New HRM in Action 8.2: e-Learning at Cisco’s Networking Academy
- New HRM in Action 8.3: Cross-Training at the University of California Davis
- New HRM in Action 8.4: Orientation and Training at Starbucks
- New Exercise 8.3: On-the-Job Training
- New Exercise 8.4: New Employee Orientation
- New Exercise 8.5: *Your* New Employee Orientation
- New Exercise 8.6: Your Ideal Mentor
- Updated Additional Readings

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- New HRM in Action 9.1: How IBM Develops Its Managers
- New HRM in Action 9.2: Management Development for Public Sector Managers
- New HRM in Action 9.3: Management Development at ExxonMobil
- New HRM in Action 9.4: Psychological Biases in Training Evaluation
- New Exercise 9.1: Job Rotation
- Updated Additional Readings

### Chapter 10

- New HRM in Action 10.1: The Millennial Generation
- New HRM in Action 10.2: Career Planning at Massmutual



- Updated HRM in Action 10.3: Career Pathing at Molson
- New HRM in Action 10.4: Ohio Offers Online Career Counseling
- Revised “The Impact of Dual-Employed and Single-Parent Employees” section
- Added new “Life Preparedness” subsection
- New Exercise 10.4: Online Career Counseling
- Added The O\*NET Interest Profiler to “On the Job” section
- Updated statistics throughout chapter

### **Chapter 11**

- New HRM in Action 11.1: The Worst CEOs of 2013
- New HRM in Action 11.2: The Best CEOs of 2013
- New HRM in Action 11.3: The Importance of Frequent Feedback
- New HRM in Action 11.4: Performance Review Tips for Employees
- New Exercise 11.2: Employee Defensiveness
- New Exercise 11.3: Evaluating Employee Performance
- Updated Additional Readings

### **Chapter 12**

- Updated HRM in Action 12.1: Linking Pay to Performance at Lincoln Electric
- Updated HRM in Action 12.2: Unimpressive Job Satisfaction in the United States
- New HRM in Action 12.3: Glassdoor
- Revised and updated HRM in Action 12.4: Gender Pay Inequalities
- Updated HRM in Action 12.5: Communicating the Total Compensation Package
- Added new Table 12.2: Top Five Aspects of Job Satisfaction Most Important to Employees: 2002 to 2012
- Updated Figure 12.1: Determinants of Employee Satisfaction and Dissatisfaction
- Updated Table 12.3: Components of Employee Compensation
- Revised and expanded “Pay Secrecy vs. Pay Transparency” subsection
- Added new Exercise 12.1: Pay Secrecy?
- Updated statistics throughout chapter

### **Chapter 13**

- Updated HRM in Action 13.1: Benefits of a Job Evaluation in a Small Organization
- New HRM in Action 13.3: Webinar on Job Evaluation
- New HRM in Action 13.4: Economic Research Institute
- New HRM in Action 13.5: Market-Based Pay at Crosstex Energy
- Added “Job Slotting Method” subsection
- Updated Table 13.5: Sample Allocation Pay for Key Banking Jobs
- Updated Table 13.6: Monetary Scale for Responsibility Requirements in Banking Jobs
- Revised Table 13.7: Advantages and Disadvantages of Different Job Evaluation Methods
- Revised Figure 13.6: Wage Curve Using the Point Method
- Updated statistics throughout chapter

### **Chapter 14**

- New HRM in Action 14.1: Savannah River Nuclear Solution Ideas Program
- Updated HRM in Action 14.2: Alienating Shareholders at Home Depot
- Updated HRM in Action 14.3: Aflac Is Ahead in the Executive Compensation Game
- Updated HRM in Action 14.4: Coke Ties Director’s Compensation Directly to Company Performance

- Revised Table 14.1: Top-Paid Chief Executives
- Revised “Stock Grants and Options for Managerial Personnel” subsection
- Revised “The Status of Executive Compensation” subsection
- Revised “Stock Options for Nonmanagerial Personnel” section
- Replaced EOC Exercise 14.3: Executive Compensation and the Dodd-Frank Act
- Updated statistics throughout chapter

### **Chapter 15**

- Revised introduction
- Revised and updated Table 15.3: Benefits Expenditures from the Payroll Dollar, by Major Categories
- Revised and updated Table 15.4: Changes in Social Security Costs, 1984–2014
- Updated HRM in Action 15.1: Domestic Partner Benefits
- Updated HRM in Action 15.2: Coca-Cola Moves to Cash-Balance Plan
- New HRM in Action 15.3: Boeing Moves to 401(K) Plan for Nonunion Workers
- New HRM in Action 15.4: HSAs Misunderstood by Most Americans
- Revised “Company-Sponsored Retirement Plans” subsection
- Added “Trends in Retirement Planning” subsection
- Substantially revised “Insurance-Related Benefits” section
- New Table 15.9: Essential Coverage under the ACA
- Added “Point-of-Service Plans” subsection
- Added “Health Reimbursement Arrangements” subsection
- Added “Flexible Spending Accounts” subsection
- Added “Consumer-Driven Health Plans” subsection
- Updated statistics throughout chapter, EOC questions, and additional readings

### **Chapter 16**

- New HRM in Action 16.2: Owens Corning Safety Medal
- Updated HRM in Action 16.3: Wegmans’ Employee Assistance Program
- Revised HRM in Action 16.4: Wellness Programs Pushed by Premera
- Revised/updated “Stress in the Workplace” subsection
- Revised “Violence in the Workplace” section
- Updated statistics throughout chapter, EOC questions, and additional readings

### **Chapter 17**

- New HRM in Action 17.1: Conduct away from the Job
- New HRM in Action 17.2: Employee Termination
- New HRM in Action 17.3: Termination for Just Cause
- New HRM in Action 17.5: Disciplinary Issues: Will an Arbitrator Support Management’s Actions?
- New Exercise 17.2: Discipline Problems?
- Updated Additional Readings

### **Chapter 18**

- Revised the Injunction subsection
- New HRM in Action 18.2: Supreme Court Injunction on Enforcement of a Government Mandate
- Revised the National Labor Relations (Wagner) Act subsection
- New HRM in Action 18.3: What Is an “Employee”?

- New HRM in Action 18.4: Boeing and Right-to-Work States
- New Exercise 18.2: Should These Employees Unionize?
- Updated Additional Readings

### Chapter 19

- New HRM in Action 19.1: A One-Day Strike by Fast-Food Workers.
- New HRM in Action 19.2: Mediation When Negotiation Reached an Impasse
- New HRM in Action 19.3: Arbitration of a Dispute
- New HRM in Action 19.4: Decertification and Lockout
- Updated Additional Readings

## THE TEACHING PACKAGE



### Less Managing. More Teaching. Greater Learning

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### Instructor Library

The Connect Management Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture. The Connect Management Instructor Library includes:

- *The Instructor’s Manual* offers opportunities for classroom instruction, student participation, and assignments or research. Each chapter includes a chapter outline, presentation

suggestions, 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.
- *PowerPoint* presentations contain tables and figures from the text plus additional graphic material.
- *Human Resource Management Videos* are for instructors who want to incorporate more real world examples into the classroom. This compilation of video clips features interesting and timely issues, companies, and people related to human resource management.
- *Manager's Hot Seat* allows instructors to put students in the hot seat with access to an interactive program. Students watch real managers apply their years of experience when confronting unscripted issues. As the scenario unfolds, questions about how the manager is handling the situation pop up, forcing the student to make decisions along with the manager. At the end of the scenario, students watch a post-interview with the manager and view how their responses matched up to the manager's decisions. The Manager's Hot Seat videos are now available as assignments in Connect.

## ORGANIZATION OF THE ELEVENTH EDITION

The eleventh edition is presented in the same order as the tenth edition. Part 1, "Introduction and Background of Human Resources," 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 how the legal environment and the implementation of equal employment opportunity influence all areas of human resource management. Special emphasis in this edition includes new and/or updated legislation affecting human resources. The final chapter in this section discusses job analysis and job design. Part 2, "Acquiring Human Resources," discusses the topics of human resource planning, recruitment, and selection. Part 3, "Training and Developing Employees," describes orientation and employee training, management and organizational development, career planning, and performance appraisal systems. Part 4, "Compensating Human Resources," presents an introductory chapter on organizational reward systems and has separate chapters describing base wage and salary systems, incentive pay systems, and employee benefits. The chapter on employee benefits has been moved to this section in this edition. Part 5, "Employee Well-Being and Labor Relations" explores employee safety and health, employee relations, the legal environment and structure of labor unions, as well as union organizing campaigns, and collective bargaining.

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We have relied on the assistance of so many people throughout this book's history. As we come now to the eleventh edition, we wish to thank all those who have been involved with this project and to make special mention of those involved in the most recent reviewing and marketing research processes:

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We are indebted to our families, friends, colleagues, and students for the numerous comments, ideas, and support that they have provided. Dr. Rue would like to express his appreciation for the late Dr. Byars' 30 plus years of working on this book. He would also like to welcome Dr. Ibrahim to the team. Dr. Ibrahim is a talented teacher, researcher and writer, and Dr. Rue is confident that his contributions will be significant.

In our continuing efforts to improve this text, we earnestly solicit your feedback. You are the reason for this book's endurance!

*Leslie W. Rue*

*Nabil A. Ibrahim*

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## Introduction and Background of Human Resources

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1. Human Resource Management: A Strategic Function
2. Equal Employment Opportunity: The Legal Environment
3. Implementing Equal Employment Opportunity
4. Job Analysis and Job Design





# Chapter One

## Human Resource Management: A Strategic Function

### Chapter 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 the human resource department provides.
4. List the general requirements for human resource certification.
5. Explain the desired relationship between human resource managers and operating managers.
6. Identify several challenges today's human resource managers currently face.
7. Outline several potential challenges and contributions that an increasingly diverse workforce presents.
8. Discuss the role of human resource managers in the future.
9. Explain how human resource managers can affect organizational performance.
10. Summarize several guidelines to follow when communicating human resource programs.

### Chapter Outline

#### Human Resource Functions

*Who Performs the Human Resource Functions?*

*Human Resource Certification*

*The Human Resource Department*

#### Challenges for Today's Human Resource Managers

*Diversity in the Workforce*

*Regulatory Changes*

*Structural Changes to Organizations*

*Technological and Managerial Changes within Organizations*

#### Human Resource Management in the Future Organizational Performance and the Human Resource Manager

*Metrics and the HR Scorecard*

Communicating Human Resource Programs  
*Guidelines for Communicating Human Resource Programs*

Summary of Learning Objectives

Key Terms

Review Questions

Discussion Questions

*Incident 1.1: Human Resource Management and Professionals*

*Incident 1.2: Choosing a Major*

Exercise 1.1: Changes in Terminology

Exercise 1.2: Justifying the Human Resource Department

Exercise 1.3: Test Your Knowledge of HR History

Exercise 1.4: Are You Poised for Success?

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 61 percent of national income is used to compensate employees.<sup>1</sup> 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 was traditionally 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 only use 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 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).

**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:

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

**TABLE 1.1**  
Activities of the Major  
Human Resource Functions

<p><b>Human Resource Planning, Recruitment, and Selection</b></p> <ul style="list-style-type: none"> <li>• Conducting job analyses to establish the specific requirements of individual jobs within the organization.</li> <li>• Forecasting the human resource requirements the organization needs to achieve its objectives.</li> <li>• Developing and implementing a plan to meet these requirements.</li> <li>• Recruiting the human resources the organization requires to achieve its objectives.</li> <li>• Selecting and hiring human resources to fill specific jobs within the organization.</li> </ul> <p><b>Human Resource Development</b></p> <ul style="list-style-type: none"> <li>• Orienting and training employees.</li> <li>• Designing and implementing management and organizational development programs.</li> <li>• Building effective teams within the organizational structure.</li> <li>• Designing systems for appraising the performance of individual employees.</li> <li>• Assisting employees in developing career plans.</li> </ul> <p><b>Compensation and Benefits</b></p> <ul style="list-style-type: none"> <li>• Designing and implementing compensation and benefit systems for all employees.</li> <li>• Ensuring that compensation and benefits are fair and consistent.</li> </ul> <p><b>Safety and Health</b></p> <ul style="list-style-type: none"> <li>• Designing and implementing programs to ensure employee health and safety.</li> <li>• Providing assistance to employees with personal problems that influence their work performance.</li> </ul> <p><b>Employee and Labor Relations</b></p> <ul style="list-style-type: none"> <li>• Serving as an intermediary between the organization and its union(s).</li> <li>• Designing discipline and grievance handling systems.</li> </ul> <p><b>Human Resource Research</b></p> <ul style="list-style-type: none"> <li>• Providing a human resource information base.</li> <li>• Designing and implementing employee communication systems.</li> </ul>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**talent management**

The broad spectrum of HR activities involved in obtaining and managing the organization's human resources.

**operating manager**

Person who manages people directly involved with the production of an organization's products or services (e.g., production manager in a manufacturing plant, loan manager in a bank).

**human resource generalist**

Person who devotes a majority of working time to human resource issues, but does not specialize in any specific areas.

**human resource specialist**

Person specially trained in one or more areas of human resource management (e.g., labor relations specialist, wage and salary specialist).

**HR certification**

A career-long commitment that shows others in your organization that you have mastered the principles of human resources.

obligations is an activity that overlays all six of the major human resource functions. Using up-to-date technology and especially web-based technology also overlays all six of the major functions.

**Talent management** is a relatively new and all-encompassing term used in the human resources field. Talent management refers to the broad spectrum of HR activities involved in obtaining and managing the organization's human resources. This includes everything from crafting a job advertisement to tracking an employee's progress up the career ladder to separation of the employee from the organization.<sup>2</sup> The specific aspects of talent management are covered in the different chapters of this book.

In an attempt to cover each of the major areas of human resource management, this book contains six major sections. Part 1 serves as an introduction and presents material that applies to all major human resource functions. It contains an introductory chapter, two chapters on equal employment opportunity, and a chapter on job analysis and design. Part 2 explores those human resource functions specifically concerned with acquiring the organization's human resources: human resource planning, recruiting, and selecting. Part 3 concentrates on those functions related to the training and development of the organization's human resources. This section includes chapters on orientation and employee training, management and organization development, career planning, and performance appraisal. Part 4 covers the basic aspects of employee compensation: the organizational reward system, base wage and salary systems, and incentive pay systems, and employee benefits. Part 5 deals with employee well-being and labor relations. This part includes chapters on safety and health, employee relations, unions, and the collective bargaining process. Issues related to globalization of HR are dispersed throughout the relevant chapters of the book. Applicable web-based HR technology applications are also dispersed throughout the relevant chapters.

## Who Performs the Human Resource Functions?

Most managers are periodically involved to some extent in each of the major human resource functions. For example, at one time or another, almost all managers are involved in some aspect of employee recruiting, selecting, training, developing, compensation, team building, and evaluation. In small organizations, most human resource functions are performed by the owner or by **operating managers**. These managers perform the human resource functions in addition to their normal managerial activities. Many medium-size and even some large organizations use human resource generalists. A **human resource generalist** devotes a majority of his or her working time to human resource issues, but does not specialize in any specific areas of human resource management. Large organizations usually have a human resource department that is responsible for directing the human resource functions. In addition to one or more human resource generalists, such a department is normally staffed by one or more **human resource specialists**. These specialists are trained in one or more specific areas of human resource management. However, even in large organizations that have a human resource department with many human resource generalists and specialists, most operating managers must regularly perform and be involved with many of the human resource functions.

## Human Resource Certification

**HR certification** is a "career-long commitment that shows your peers, your employees, and your organization that you have mastered the principles of human resources and that you are dedicated to staying current in your profession."<sup>3</sup> Most certification programs require that you have specific experience and education, that you stay current through continuing education programs, and that you pass certain exams. Most certifications require recertification every three years. Table 1.2 describes three of the most used certifications for human resource professionals. One recent study concluded that holding a PHR or SPHR certification boosted salaries by more than \$20,000 across various metro markets in the United States.<sup>4</sup> This same study also reported that certified HR professionals tended to advance to senior roles more quickly.

The Society for Human Resource Managers (SHRM) currently offers a certificate for undergraduate- and graduate-level HR students. After passing an exam, students receive a Certificate of Learning stating that they have sufficient knowledge to enter the human resources profession based on formal education in an HR-related degree program.

**TABLE 1.2 HR Certifications**Source: HR Certification Institute, <http://www.hrci.org/our-programs/our-hr-certifications>

<p><b>The Professional in Human Resources (PHR)</b></p> <p>ELIGIBILITY REQUIREMENTS</p> <ul style="list-style-type: none"> <li>• A minimum of 1 year of experience in an exempt-level (professional) HR position with a Master's degree or higher, OR</li> <li>• A minimum of 2 years of experience in an exempt-level (professional) HR position with a Bachelor's degree, OR</li> <li>• A minimum of 4 years of experience in an exempt-level (professional) HR position with a high school diploma</li> </ul> <p>EXAM FORMAT AND LENGTH</p> <p>Computer-Based Testing (CBT)</p> <p>175 multiple-choice questions (150 scored, 25 pretest)</p> <p>3 hours in length</p> <p>CERTIFICATION CYCLE</p> <p>All certifications are valid for 3 years. Recertification is required every 3 years through demonstrated professional development (preferred method) or retaking the exam.</p> <ul style="list-style-type: none"> <li>• Earn 60 recertification credits, OR</li> <li>• Retake exam</li> </ul> <p><b>The Senior Professional Human Resources (SPHR)</b></p> <p>ELIGIBILITY REQUIREMENTS</p> <ul style="list-style-type: none"> <li>• A minimum of 4 years of experience in an exempt-level (professional) HR position with a Master's degree or higher, OR</li> <li>• A minimum of 5 years of experience in an exempt-level (professional) HR position with a Bachelor's degree, OR</li> <li>• A minimum of 7 years of experience in an exempt-level (professional) HR position with a high school diploma</li> </ul> <p>EXAM FORMAT AND LENGTH</p> <p>Computer-Based Testing (CBT)</p> <p>175 multiple-choice questions (150 scored, 25 pretest)</p> <p>3 hours in length</p>	<p>CERTIFICATION CYCLE</p> <p>All certifications are valid for 3 years. Recertification is required every 3 years through demonstrated professional development (preferred method) or retaking the exam.</p> <ul style="list-style-type: none"> <li>• Earn 60 recertification credits, of which 15 credit hours are in Business Management and Strategy, OR</li> <li>• Retake exam</li> </ul> <p><b>The Global Professional in Human Resources (GSPHR)</b></p> <p>ELIGIBILITY REQUIREMENTS</p> <ul style="list-style-type: none"> <li>• A minimum of 2 years of global experience in an exempt-level (professional) HR position with a Master's degree or higher, OR</li> <li>• A minimum of 3 years of experience (with 2 of the 3 being global HR experience) in an exempt-level (professional) HR position with a Bachelor's degree, OR</li> <li>• A minimum of 4 years of experience (with 2 of the 4 being global HR experience) in an exempt-level (professional) HR position with less than a Bachelor's degree</li> </ul> <p>EXAM FORMAT AND LENGTH</p> <p>Computer-Based Testing (CBT)</p> <p>165 multiple-choice questions (140 scored, 25 pretest)</p> <p>3 hours in length</p> <p>CERTIFICATION CYCLE</p> <p>All certifications are valid for 3 years. Recertification is required every 3 years through demonstrated professional development (preferred method) or retaking the exam.</p> <ul style="list-style-type: none"> <li>• Earn 60 recertification credits, of which 15 credit hours are in International HR, OR</li> <li>• Retake exam</li> </ul>
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## The Human Resource Department

As mentioned previously, most medium-size and some large organizations use human resource generalists and do not have a human resource department. In these situations, the functions performed by human resource generalists are essentially the same as those that would be performed by a human resource department. Therefore, the following discussion also applies to the role of human resource generalists in organizations that do not have a human resource department.

The primary function of a human resource department is to provide support to operating managers on all human resource matters. Thus, most human resource departments fulfill a traditional staff role and act primarily in an advisory capacity. In addition to advising operating managers, a human resource department customarily organizes and coordinates hiring and training; maintains personnel records; acts as a liaison between management, labor, and government; and coordinates safety programs. Therefore, accomplishing the human resource goals of an organization requires close coordination between the human resource department and the operating managers.

Precisely how all of the functions related to human resources are split between operating managers and the human resource department varies from organization to organization. For example, the human resource department in one company may do all the hiring below a certain level. In another company, all the hiring decisions may be made by operating managers, with the human resource department acting only in an advisory capacity.

**TABLE 1.3**  
Examples of the Types  
of Assistance Provided  
by a Human Resource  
Department

Specific Services	Advice	Coordination
Maintaining employee records Handling initial phases of employee orientation	Disciplinary matters Equal employment opportunity matters	Performance appraisals Compensation matters

It is helpful to view the human resource department as providing three types of assistance: (1) specific services, (2) advice, and (3) coordination. Table 1.3 presents some typical examples of each of these types of assistance. Figure 1.1 illustrates the different roles a human resource department or a human resource generalist might fill.

As stated earlier, a human resource department normally acts in an advisory capacity and does not have authority over operating managers. As a result, conflict can occur when operating managers appear to ignore the suggestions and recommendations of the human resource department. If the human resource department is to be effective, it must continually cultivate good relations with operating managers. Likewise, operating managers must understand the human resource functions to effectively utilize the human resource department.

## CHALLENGES FOR TODAY'S HUMAN RESOURCE MANAGERS

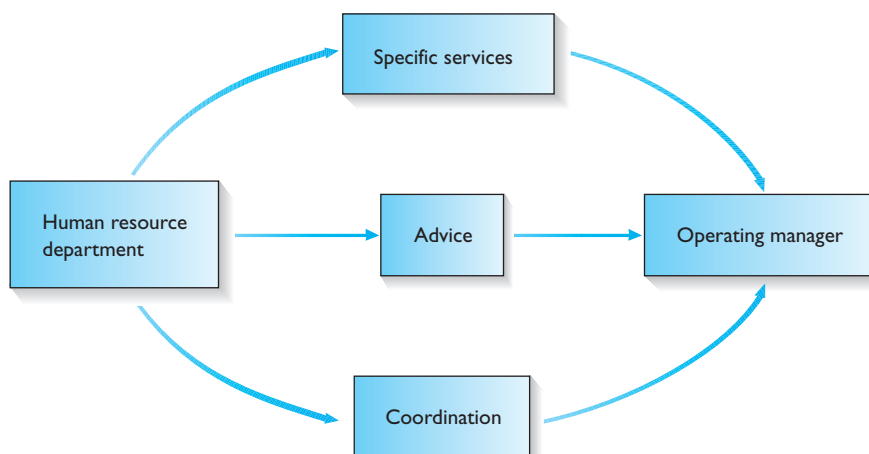
Human resource management has expanded and moved beyond mere administration of the traditional activities of employment, labor relations, compensation, and benefits. Today HRM is much more integrated into both the management and the strategic planning process of the organization.<sup>5</sup> HR professionals are also increasingly being asked to serve on corporate and nonprofit boards.<sup>6</sup>

One reason for this expanded role is that the organizational environment has become much more diverse and complex. Compared to a workforce historically dominated by white males, today's workforce is very diverse and projected to become more so. Diversity in the workforce encompasses many different dimensions, including sex, race, national origin, religion, age, sexual orientation, and disability. Diversity in the workplace presents new and different challenges for all managers. Other challenges are the result of changes in government requirements, organizational structures, technology, and management approaches. Each of these issues is discussed below.

### Diversity in the Workforce

Recent forecasts by the U.S. Bureau of Labor Statistics project that the total U.S. labor force will consist of less than 33 percent white, non-Hispanic males by the year 2020.<sup>7</sup> Table 1.4 shows the projected numbers of entrants and leavers in the total workforce of the groups shown for the years 2010–2020. As the table indicates, approximately 45 percent of the new

**FIGURE 1.1**  
Three Types of Assistance  
Provided by a Human  
Resource Department



**TABLE 1.4**  
**Civilian Labor Force, 2010,**  
**and Projected 2020;**  
**Entrants and Leavers,**  
**Projected 2010–20**

Source: Mitra Toossi, "Labor Force Projections to 2020: A More Slowly Growing Workforce," *Monthly Labor Review*, January 2012, p. 59.

Group*	2010-20				2020
	2010	Entrants	Leavers	Stayers	
<b>Number, 16 years and older</b>					
Total	153,889	35,800	25,329	128,560	164,360
Men	81,985	19,452	14,309	67,676	87,128
Women	71,904	16,348	11,020	60,884	77,232
White	125,084	30,081	24,553	100,351	130,516
Men	67,728	16,616	13,114	54,614	70,379
Women	57,356	13,465	11,439	45,917	60,137
Black	17,862	4,834	3,022	14,840	19,676
Men	8,415	2,468	1,491	6,924	9,393
Women	9,447	2,366	1,531	7,916	10,283
Asian	7,248	3,005	823	6,425	9,430
Men	3,893	1,521	446	3,447	4,968
Women	3,355	1,484	377	2,978	4,462
All other groups†	3,694	—	—	—	4,738
Men	1,949	—	—	—	2,388
Women	1,746	—	—	—	2,350
Hispanic origin	22,748	9,710	1,966	20,783	30,493
Men	13,511	5,553	1,205	12,306	17,859
Women	9,238	4,157	761	8,477	12,634
Other than Hispanic origin	131,141	26,090	23,363	107,778	133,867
Men	68,474	13,899	13,104	55,370	69,629
Women	62,666	12,191	10,259	52,407	64,598
White Non-Hispanic	103,947	18,099	19,676	84,271	102,371
Men	55,116	9,795	11,044	44,072	53,867
Women	48,831	8,304	8,632	40,199	48,504

\*Numbers in thousands.

†The "All other groups" category includes those classed as of multiple racial origin, the race categories of American Indian and Alaska Native, or Native Hawaiian and Other Pacific Islanders. Dash indicates no data collected for category.

entrants during that time span will be women. This one dimension of diversity has many ramifications for organizations in the areas of child care, spouse relocation assistance programs, pregnancy leave programs, flexible hours, and stay-at-home jobs.

These same projections also predict that white, non-Hispanic males will comprise fewer than one-third of new labor force entrants for the years 2010–2020. In 2010, Hispanics represented almost 15 percent of the labor force, with over 22.7 million workers. This figure is expected to grow by more than 7.7 million by 2020 to a total of 30.5 million. The Asian labor force, which is the smallest group in the U.S. labor force, is expected to have the second highest (behind Hispanics) annual rate of growth from 4.7 percent of the total U.S. work force in 2010 to 5.7 percent by 2020. In addition to the possibility of having differing educational backgrounds, immigrant employees are likely to have language and cultural differences. Organizations must begin now to successfully integrate these people into their workforces.

Almost everyone has heard the phrase "the graying of America." By the year 2020, the average age of employees will climb to 42.8 from 41.7 in 2010 and from 34.6 in 1980.<sup>8</sup> With the aging of the overall U.S. population along with the emergence of the baby boomers, the percentage of older employees in the labor force is also expected to increase. The increase in the percentage of older employees will have a mixed effect. The older workforce will likely be more experienced, reliable, and stable, but possibly less adaptable to change and retraining and less into technology and computers. One result of this trend is that the retirement age has already begun to increase.

### **Globalization of HR**

Another dimension of diversity is related to the increasing globalization of many companies. As companies become more global, diversity must be defined in global and not just Western terms.<sup>6</sup> Defining diversity in global terms means looking at all people and everything that makes

them different from one another, as well as the things that make them similar. Differentiating factors often go beyond race and language and may include such things as values, habits, customs, time zone differences, and varying economic conditions.

Keeping diversity in mind, one key to a successful global HR program is to rely on local people to deal with local issues. This approach only makes sense when one considers the fact that locals almost always have a better understanding of local diversity-related issues.

### **Challenges and Contributions of Diversity**

What challenges and contributions does the increasingly diverse workforce present? From an overall viewpoint, organizations must get away from the tradition of fitting employees into a single corporate mold.<sup>9</sup> Everyone will not look and act the same. Organizations must create

new human resource policies to explicitly recognize and respond to the unique needs of individual employees.

Greater diversity will not only create certain specific challenges but also make some important contributions. Communication problems are certain to occur, including misunderstandings among employees and managers as well as the need to translate verbal and written materials into several languages. Solutions to these problems will necessitate additional training involving work in basic skills such as writing and problem solving. An increase in organizational factionalism will require dedicating increasing amounts of time to dealing with special interest and advocacy groups.



In addition to creating the above challenges, greater diversity presents new opportunities. Diversity contributes to creating an organizational culture that is more tolerant of different behavioral styles and wider views. This often leads to expanded creativity and better business decisions. Another potential payoff is a greater responsiveness to diverse groups of customers.

The increasing diversification of the workplace is fact. Learning to effectively manage a diverse workforce should be viewed as an investment in the future. HRM in Action 1.1 describes how and why Scotiabank of Canada encourages diversity among its workforce.

### **Regulatory Changes**

The deluge of government regulations and laws has placed a tremendous burden on human resource managers. Organizations face new regulations routinely issued in the areas of environment, safety and health, equal employment opportunity, pension reform, and quality of work life. Often new regulations require significant paperwork and changes in operating procedures. Implementing these changes frequently falls on human resource managers. In addition, every year thousands of cases relating to the interpretation of human resource issues are brought before the courts. Once a case has been decided, human resource managers must implement the findings. For examples, many of the new changes to health care and health insurance brought about by the Affordable Health Care Act are being implemented by human resource personnel.

### **Structural Changes to Organizations**

In recent times, organizations have undergone many structural changes that present challenges for human resource managers—and they continue to face such changes. Some of the structural changes are caused by downsizing, outsourcing, rightsizing, and reengineering. **Downsizing** is laying off large numbers of managerial and other employees. As a result of downsizing and/or attempts to reduce costs, many companies are outsourcing services that the human resource department previously provided. **Outsourcing** is subcontracting work to an outside company that specializes in that particular type of work. Some examples of human resource

**Organizations must successfully integrate different cultures and age groups.** Photodisc/PunchStock

#### **downsizing**

Laying off large numbers of managerial and other employees.

#### **outsourcing**

Subcontracting work to an outside company that specializes in that particular type of work.