CENGAGE

VALENTINE MEGLICH MATHIS JACKSON

HUMAN RESOURCE MANAGEMENT

SIXTEENTH EDITION

HUMAN RESOURCE
MANAGEMENT

SIXTEENTH EDITION

Sean R. Valentine
University of North Dakota

Patricia A. Meglich
University of Nebraska at Omaha

Robert L. Mathis
University of Nebraska at Omaha

John H. Jackson
University of Wyoming

CENGAGE

Australia • Brazil • Mexico • Singapore • United Kingdom • United States

This is an electronic version of the print textbook. Due to electronic rights restrictions, some third party content may be suppressed. Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. The publisher reserves the right to remove content from this title at any time if subsequent rights restrictions require it. For valuable information on pricing, previous editions, changes to current editions, and alternate formats, please visit www.cengage.com/highered to search by ISBN#, author, title, or keyword for materials in your areas of interest.

Important Notice: Media content referenced within the product description or the product text may not be available in the eBook version.

CENGAGE

Human Resource Management, Sixteenth Edition

Sean R. Valentine, Patricia A. Meglich, Robert L. Mathis, John H. Jackson

Senior Vice President, Higher Ed Product, Content, and Market Development: Erin Joyner
Product Director: Bryan Gambrel
Product Manager: Michael Giffen
Manager, Content Delivery: John Rich
Senior Content Manager: Kim Kusnerak
Product Assistant: Nicholas Perez
Marketing Manager: Jake Miller
Production Service: Lumina Datamatics, Inc.
Senior Designer: Bethany Bourgeois
Text/CoverDesigner: Chris Miller/ cmiller design
Cover/Design Image: Opas Chotiphantawanon/ Shutterstock.com
Intellectual Property
  Analyst: Diane Garrity
  Project Manager: Nick Barrows

© 2020, 2017 Cengage Learning, Inc.

Unless otherwise noted, all content is © Cengage.

ALL RIGHTS RESERVED. No part of this work covered by the copyright herein may be reproduced or distributed in any form or by any means, except as permitted by U.S. copyright law, without the prior written permission of the copyright owner.

For product information and technology assistance, contact us at **Cengage Customer & Sales Support, 1-800-354-9706** or **support.cengage.com.**

For permission to use material from this text or product, submit all requests online at **www.cengage.com/permissions.**

Library of Congress Control Number: 2018953869

Soft-cover Edition ISBN: 978-0-357-03385-2

Loose-leaf Edition ISBN: 978-1-337-91664-6

Cengage
20 Channel Center Street
Boston, MA 02210
USA

Cengage is a leading provider of customized learning solutions with employees residing in nearly 40 different countries and sales in more than 125 countries around the world. Find your local representative at **www.cengage.com.**

Cengage products are represented in Canada by Nelson Education, Ltd.

To learn more about Cengage platforms and services, register or access your online learning solution, or purchase materials for your course, visit **www.cengage.com.**

Printed in the United States of America
Print Number: 01 Print Year: 2019

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

DEDICATIONS

TO

Page and Will,
for their love and support, as well as my parents, Bill and Sherry Valentine,
family, and friends who have helped me through the years.

Thank you to my parents,
Robert and Margaret Meglich, and to family, friends, and colleagues
who have encouraged me along life's journey.

Jo Ann Mathis,
for managing efforts on this book, and Julie Foster and Lee Skoda as key supporters.

R. D. and M. M. Jackson,
who were successful managers of people for many years.

BRIEF CONTENTS

Preface xxi

SECTION 1 The Environment of Human Resource Management 1
- CHAPTER 1 Human Resource Management in Organizations 2
- CHAPTER 2 Human Resource Strategy and Planning 34
- CHAPTER 3 Equal Employment Opportunity 70

SECTION 2 Jobs and Labor 109
- CHAPTER 4 Workforce, Jobs, and Job Analysis 110
- CHAPTER 5 Individual/Organization Relations and Retention 148
- CHAPTER 6 Recruiting High-Quality Talent 182
- CHAPTER 7 Selecting Human Resources 220

SECTION 3 Talent Development 259
- CHAPTER 8 Training Human Resources 260
- CHAPTER 9 Talent, Careers, and Development 298
- CHAPTER 10 Performance Management and Appraisal 338

SECTION 4 Compensation 371
- CHAPTER 11 Total Rewards and Compensation 372
- CHAPTER 12 Managing Employee Benefits 412

SECTION 5 Employee Relations and Global Human Resource Management 451
- CHAPTER 13 Risk Management and Worker Protection 452
- CHAPTER 14 Employee Rights and Responsibilities 492
- CHAPTER 15 Union–Management Relations 530
- CHAPTER 16 Global Human Resource Management 568

- APPENDIX A Sample HR-Related Job Descriptions and Job Specifications 599
- APPENDIX B PHR® and SPHR® Exam Eligibility Requirements 601
- APPENDIX C Human Resource Management Resources 607
- APPENDIX D Major Federal Equal Employment Opportunity Laws and Regulations 611
- APPENDIX E Uniform Guidelines on Employee Selection 613
- APPENDIX F Pre-Employment Inquiries 617
- APPENDIX G Equal Employment Opportunity Enforcement 619

Glossary 623
Author Index 632
Subject Index 639

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

TABLE OF CONTENTS

Preface xxi

The Environment of Human Resource Management 1

CHAPTER 1

Human Resource Management in Organizations 2

HR HEADLINE: Cool Commitment at Igloo 3

1-1 What Is Human Resource Management? 4

- 1-1a Why Organizations Need HR Management 4

HR PERSPECTIVE: Transforming HR at Popeyes Louisiana Kitchen 6

1-2 Managing Human Resources in Organizations 7

- 1-2a Human Resource Management as a Core Competency 7
- 1-2b Employees as a Core Competency 7

1-3 HR Management Functions 11

HR COMPETENCIES & APPLICATIONS: Building Healthy Organizations 12

1-4 Roles for Human Resource Departments 14

- 1-4a Administrative Role for Human Resources 15
- 1-4b Operational and Employee Advocate Role for Human Resources 15
- 1-4c Strategic Role for Human Resources 15

1-5 Human Resources Management Challenges 16

- 1-5a Competition, Cost Pressures, and Restructuring 16
- 1-5b Globalization 18
- 1-5c A Changing Workforce 19
- 1-5d Human Resources and Technology 20

1-6 Organizational Ethics and Human Resource Management 22

- 1-6a Ethical Culture and Practices 22

HR ETHICS: HR Keeps Organization on Straight and Narrow 23

- 1-6b Ethics and Global Differences 24
- 1-6c Role of Human Resources in Organizational Ethics 24

1-7 Human Resources Management Competencies and Careers 25

- 1-7a Human Resources Competencies 25
- 1-7b Human Resource Management as a Career Field 27
- 1-7c Human Resource Professionalism and Certification 27

Summary 28

Critical Thinking Challenges 29

Case: Organizational Culture Gone Wrong 29

Supplemental Cases: Water Quality Association: Building Competencies with Technology; Rio Tinto: Redesigning HR; Phillips Furniture; Sysco; HR, Culture, and Success at Google, Scripps, and UPS 30

End Notes 31

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

CHAPTER 2

Human Resource Strategy and Planning 34

HR HEADLINE: HR Planning in the "Air Capital of the World" 35

2-1 Organizational Strategic Planning 36
- 2-1a Strategy Formulation 36
- 2-1b Managing in Turbulent Conditions 37
- 2-1c Triple Bottom Line 37

2-2 Human Resources and Strategy 38

HR PERSPECTIVE: Genentech Maps Its Human Resources Possibilities 39
- 2-2a Human Resource Contributions to Strategy 41
- 2-2b Human Resources Strategies for Global Competitiveness 41

HR COMPETENCIES & APPLICATIONS: Latin American Firms Face Staffing Problems 43

2-3 Human Resource Planning 44
- 2-3a Human Resources Planning Process 44
- 2-3b Environmental Analysis 45

2-4 Planning for External Workforce Availability 46
- 2-4a Economic and Governmental Factors 46
- 2-4b Geographic and Competitive Evaluations 46
- 2-4c Changing Workforce Considerations 47

2-5 Planning for Internal Workforce Availability 47
- 2-5a Current and Future Jobs Audit 47

HR HIGHLIGHT: Barriers to Workforce Planning 48
- 2-5b Employee and Organizational Capabilities Inventory 48

2-6 Forecasting HR Supply and Demand 49
- 2-6a Forecasting Methods and Periods 49
- 2-6b Forecasting the Demand (Need) for Human Resources 49
- 2-6c Forecasting the Supply (Availability) of Human Resources 51

2-7 Workforce Imbalances 51
- 2-7a Managing a Talent Surplus 52
- 2-7b Legal Considerations for Workforce Reductions 55
- 2-7c Managing a Talent Shortage 55

2-8 Human Resources Planning in Mergers and Acquisitions 56
- 2-8a Before the Deal 56
- 2-8b During Integration 57
- 2-8c Post-Integration 58

2-9 Measuring the Effectiveness of Human Resources and Human Capital 58
- 2-9a HR Metrics and Analytics 58

HR COMPETENCIES & APPLICATIONS: Talking Numbers with Organization Leaders 60
- 2-9b Human Resources and Benchmarking 61
- 2-9c Human Resources and the Balanced Scorecard 61
- 2-9d Human Capital Effectiveness Measures 62
- 2-9e Human Resources Audit 63

Summary 64

Critical Thinking Challenges 64

Case: Happy and Healthy Talent Transformation at Walgreens 65

Supplemental Cases: HR's Performance Consulting at Ingersoll Rand; Analytics at PricewaterhouseCoopers; Where Do You Find the Bodies?; Xerox; Pioneers in HR Analytics 66

End Notes 66

CHAPTER 3

Equal Employment Opportunity 70

HR HEADLINE: Dupont Helps Employees Challenged by Mental Illnesses 71

3-1 The Nature of Equal Employment Opportunity 72
- 3-1a Sources of Regulation and Enforcement 73

3-2 Theories of Unlawful Discrimination 75
- 3-2a Equal Employment Opportunity Concepts 75

HR COMPETENCIES & APPLICATIONS: What to Do When the EEOC Comes Knocking 77

3-3 Broad-Based Discrimination Laws 78

- 3-3a Civil Rights Act of 1964, Title VII 78
- 3-3b Civil Rights Act of 1991 79
- 3-3c Executive Orders 11246, 11375, and 11478 79
- 3-3d Managing Affirmative Action Requirements 80
- 3-3e Managing Racial and Ethnic Discrimination Issues 80

3-4 Sex and Gender Discrimination Laws and Regulations 81

- 3-4a Pregnancy Discrimination 81
- 3-4b Equal Pay and Pay Equity 81

HR COMPETENCIES & APPLICATIONS: Practices That Help Reduce the Gender Pay Gap 82

- 3-4c Managing Sex and Gender Issues 83

HR HIGHLIGHT: Gender Bias Negatively Impacts Men Too 85

- 3-4d Sexual Orientation 86
- 3-4e Nepotism 86
- 3-4f Consensual Relationships and Romance at Work 86

3-5 Sexual Harassment 86

- 3-5a Types of Sexual Harassment 87
- 3-5b Sexual Harassment Causes and Issues 88
- 3-5c Preventing Sexual Harassment 88

3-6 Disability Discrimination 88

- 3-6a Rehabilitation Act 88

HR COMPETENCIES & APPLICATIONS: Develop Effective Harassment Training for Your Employees 89

- 3-6b Americans with Disabilities Act 90
- 3-6c ADA Amendments Act 90
- 3-6d ADA and Job Requirements 91
- 3-6e Claims of Discrimination 93
- 3-6f Genetic Bias Regulations 94

3-7 Age Discrimination Laws 94

- 3-7a Age Discrimination in Employment Act 95
- 3-7b Older Workers Benefit Protection Act 95
- 3-7c Managing Age Discrimination 95

3-8 Religion and Spirituality in the Workplace 96

- 3-8a Managing Religious Diversity 97

3-9 Managing Other Discrimination Issues 97

- 3-9a National Origin 97
- 3-9b Immigration Reform and Control Act 98
- 3-9c Language Issues 98
- 3-9d Military Status Protections 99
- 3-9e Appearance and Weight Discrimination 99

3-10 Diversity Training 100

- 3-10a Components of Traditional Diversity Training 100
- 3-10b Mixed Results for Diversity Training 100
- 3-10c Improving Diversity Training Efforts 100

Summary 101

Critical Thinking Challenges 101

Case: Hilton Turns to Veterans to Staff the Ranks 101

Supplemental Cases: Conflict over an Employee's Pregnancy at UPS; Worker Exploitation at Foxconn/Hon Hai; Keep on Trucking; Mitsubishi Believes in EEO—Now; Religious Accommodation? 102

End Notes 103

SECTION 2

Jobs and Labor 109

CHAPTER 4

Workforce, Jobs, and Job Analysis 110

HR HEADLINE: Preparing for Industry 4.0 111

4-1 The Workforce Profile 112

4-1a Important Elements of the Workforce Profile 113

HR COMPETENCIES & APPLICATIONS: Capitalizing on the Graying Workforce 116

HR PERSPECTIVE: Women Dig Mining Careers 118

4-2 The Nature of Work and Jobs 119

4-2a Technology Transformation 119
4-2b Workflow Analysis 120
4-2c Job Design/Job Redesign 121
4-2d Using Contingent Workers as Job Design 121
4-2e Common Approaches to Job Design 122
4-2f Characteristics of Jobs to Consider in Design 123
4-2g Using Teams in Job Design 124

HR COMPETENCIES & APPLICATIONS: Telecommuting in the Global Business Environment 125

4-3 Designing Flexible Jobs 126

4-3a Place Flexibility: Telework 127
4-3b Time Flexibility: Work Scheduling 128

HR PERSPECTIVE: Flexing on the Front Line 129

4-3c Managing Flexible Work 130
4-3d Flexibility and Work–Life Integration 130

4-4 Understanding Job Analysis 131

4-4a Purposes of Job Analysis 131
4-4b Job Analysis Responsibilities 132
4-4c Task-Based Job Analysis 132
4-4d Competency-Based Job Analysis 133

4-5 Implementing Job Analysis 133

4-5a Plan the Job Analysis 134
4-5b Prepare for and Introduce the Job Analysis 134
4-5c Conduct the Job Analysis 134
4-5d Develop Job Descriptions and Job Specifications 134
4-5e Maintain and Update Job Descriptions and Job Specifications 134

4-6 Job Analysis Methods and Sources 135

4-6a Observation 135
4-6b Interviewing 136
4-6c Questionnaires 136
4-6d O*Net 136
4-6e Sources of Information for Job Analysis 137

4-7 Behavioral and Legal Aspects of Job Analysis 138

4-7a Current Incumbent Emphasis 138
4-7b “Inflation” of Jobs and Job Titles 138
4-7c Employee and Managerial Concerns 138
4-7d Legal Aspects of Job Analysis 139

HR COMPETENCIES & APPLICATIONS: Writing Appropriate Job Descriptions 140

4-8 Job Descriptions and Job Specifications 141

4-8a Job Descriptions 141
4-8b Job Specifications 141
4-8c Performance Standards 141
4-8d Job Description Components 141

Summary 143

Critical Thinking Challenges 143

Case: Chatting with the HR Chatbot 144

Supplemental Cases: Unilever Jumps on the Flexible Work Bandwagon; Bon Secours Health Care; The Reluctant Receptionist; Jobs and Work at R. R. Donnelley; Flexible Work and Success at Best Buy 145

End Notes 145

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

CHAPTER 5

Individual/Organization Relations and Retention 148

HR HEADLINE: Starwood Hotels' Employees Create Guest Experience 149

5-1 Individuals at Work 150
- 5-1a Individual Performance Factors 151
- 5-1b Individual Motivation 152

HR ETHICS: Working with Slackers Hurts Motivation 155
- 5-1c Management Implications for Motivating Individual Performance 155

5-2 Individual Workers and Organizational Relationships 156
- 5-2a Psychological Contract 157
- 5-2b Job Satisfaction and Commitment 158

HR PERSPECTIVE: Getting Engaged at PwC 160
- 5-2c Employee Engagement, Loyalty, and Organizational Citizenship 161
- 5-2d Organizational Trust 162

HR ETHICS: The Formula for Building Trust 163

5-3 Employee Absenteeism 163
- 5-3a Types of Absenteeism 164
- 5-3b Controlling Absenteeism 164
- 5-3c Measuring Absenteeism 165

5-4 Employee Turnover 166
- 5-4a Types of Employee Turnover 167
- 5-4b Measuring Employee Turnover 168

HR PERSPECTIVE: All Aboard the Retention Bus 169

5-5 HR Metrics: Determining Turnover Costs 169
- 5-5a Detailing Turnover Cost 170
- 5-5b Optimal Turnover 170

5-6 Retaining Talent 171
- 5-6a Myths and Realities about Retention 171
- 5-6b Drivers of Retention 171
- 5-6c Retaining Top Performers 173

5-7 Managing Retention 174
- 5-7a Retention Assessment and Metrics 174

HR COMPETENCIES & APPLICATIONS: Conducting Exit Interviews 176
- 5-7b Retention Evaluation and Follow-Up 176

Summary 177

Critical Thinking Challenges 177

Case: Giving Time to Get Employees Engaged 178

Supplemental Cases: Carolina Biological Uses Survey to Assess Worker Engagement; The Clothing Store; Accenture: Retaining for Itself; Alegent Health 178

End Notes 179

CHAPTER 6

Recruiting High-Quality Talent 182

HR HEADLINE: Artificial Intelligence Makes Recruiting Smart 183

6-1 Recruiting 184
- 6-1a Strategic Recruiting and Human Resources Planning 185

6-2 Strategic Recruiting Decisions 185
- 6-2a Assigning Responsibility for Recruiting 186
- 6-2b Employment Branding and Employer of Choice 187

HR COMPETENCIES & APPLICATIONS: Manage Your Employment Brand 188
- 6-2c Core versus Flexible Staffing 188
- 6-2d Recruiting and EEO: Diversity Considerations 190

HR PERSPECTIVE: Companies Recruit Millennials to Secure Age-Diverse Talent 192

6-3 Understanding Labor Markets 193
- 6-3a Elements of the Labor Market 193
- 6-3b Recordkeeping of Applications 194
- 6-3c Different Labor Markets and Recruiting 195

HR COMPETENCIES & APPLICATIONS: Decoding Military Résumés 196
- 6-3d Recruiting Source Choices: Internal versus External 197

6-4 Technology for Recruiting 197

- 6-4a Social Media and Networking 197
- 6-4b Web-Based Recruiting Options 198
- 6-4c E-Video and Recruiting 199
- 6-4d Gamification 199
- 6-4e Legal Issues in Internet Recruiting 200
- 6-4f Advantages of Using Technology in Recruiting 200
- 6-4g Disadvantages of Using Technology in Recruiting 201

6-5 Internal Recruiting Methods 201

- 6-5a Organizational Databases 202
- 6-5b Job Posting 202
- 6-5c Employee-Focused Recruiting 203

HR PERSPECTIVE: Employee Referrals Go "Social" 204

6-6 External Recruiting Sources 205

- 6-6a Media Sources 205
- 6-6b Competitive Recruiting Sources 206
- 6-6c Employment Agencies 206
- 6-6d Labor Unions 206
- 6-6e Job Fairs and Creative Recruiting 206
- 6-6f Educational Institutions and Recruiting 207

6-7 Recruiting Evaluation and Metrics 208

- 6-7a Evaluating Recruiting Quantity and Quality 208
- 6-7b Evaluating Recruiting Satisfaction 209
- 6-7c Evaluating the Time Required to Fill Openings 209
- 6-7d Evaluating the Cost of Recruiting 210
- 6-7e General Recruiting Process Metrics 210
- 6-7f Improving Recruiting Effectiveness 212

Summary 213

Critical Thinking Challenges 213

Case: General Electric Hires Marketing Expert to Build Employment Brand 214

Supplemental Cases: Finding Employees in the Customer Database; FedEx's Independent Contractors: Is the Company Really Recruiting Employees?; Recruiting at Kia; Northwest State College; Enterprise Recruiting 214

End Notes 215

CHAPTER 7

Selecting Human Resources 220

HR HEADLINE: Lights . . . Camera . . . Action! Firms Use Tryouts and Auditions to Hire Employees 221

7-1 Selection and Placement 222

- 7-1a Placement 222
- 7-1b Selection Responsibilities 223

HR PERSPECTIVE: A Focus on Competencies for Strategic Hiring 224

- 7-1c Selection, Criteria, Predictors, and Job Performance 225
- 7-1d Reliability and Validity 225

HR COMPETENCIES & APPLICATIONS: Understanding Errors in Selection Decision Making 227

- 7-1e Combining Predictors 229

7-2 The Selection Process 230

- 7-2a Legal Considerations in Selection 231
- 7-2b Applicant Job Interest 231
- 7-2c Pre-Employment Screening 231
- 7-2d Applications and Résumés 232

HR PERSPECTIVE: The Good Housekeeping Seal of Approval? 235

- 7-2e Security Concerns and Immigration Verification 235

7-3 Selection Testing 236

- 7-3a Ability Tests 236
- 7-3b Personality Tests 237
- 7-3c Emotional Intelligence Tests 238
- 7-3d Honesty and Integrity Tests 239

HR PERSPECTIVE: Behavioral Assessments 240

7-4 Selection Interviews 241

- 7-4a Interview Quality 241
- 7-4b Structured Interviews 242
- 7-4c Less-Structured Interviews 242

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

HR COMPETENCIES & APPLICATIONS: Catching Star Employees 243

- 7-4d Who Conducts Interviews? 244
- 7-4e Effective Interviewing 244
- 7-4f Problems in the Interview 246

7-5 Background Investigations 247

- 7-5a Negligent Hiring and Retention 247
- 7-5b Legal Constraints on Background Investigations 247
- 7-5c Medical Examinations and Inquiries 248

HR HIGHLIGHT: Ban-the-Box Legislation Affects Hiring 249

- 7-5d Previous Employment Checks and Personal References 249
- 7-5e Additional Selection Criteria 250
- 7-5f Making the Job Offer 251

7-6 Emerging Challenges and Best Practices 252

- 7-6a Time to Hire and Related Concerns 252
- 7-6b Best Practices for Employee Selection 252

Summary 252

Critical Thinking Challenges 253

Case: "To Test, or Not to Test, That Is the Question" for Amtrak, Integra LifeSciences 253

Supplemental Cases: It's All in the Family; Using Data to Enhance Hiring Decisions; Full Disclosure on Sex Offenders?; Strategic Selection: A Review of Two Companies; Selecting a Programmer 254

End Notes 254

SECTION 3

Talent Development 259

CHAPTER 8

Training Human Resources 260

HR HEADLINE: Patagonia's Multifaceted Training Program 261

8-1 Organizational Strategy and Training 262

- 8-1a Strategic Training 263
- 8-1b Investments in Training 263
- 8-1c Organizational Competitiveness and Training 264

HR PERSPECTIVE: "3 . . . 2 . . . 1 . . . Lift Off!" NASA's Knowledge Management Approach Aims for the Stars 266

8-2 Training and Human Resources 267

- 8-2a Legal Issues and Training 267
- 8-2b Training Categories 268
- 8-2c New Employee Orientation/Onboarding 269
- 8-2d Orientation: Evaluation and Metrics 270

8-3 Instructional Systems Design 271

8-4 Training Needs Assessment 272

- 8-4a Analysis of Training Needs 272
- 8-4b Establishing Training Objectives and Priorities 273

8-5 Training Design 274

- 8-5a Learner Characteristics 275
- 8-5b Instructional Strategies 276

HR COMPETENCIES & APPLICATIONS: Training a Multigenerational Workforce 277

- 8-5c Training Transfer 278

8-6 Training Delivery 279

- 8-6a Internal Training 281
- 8-6b External Training 282
- 8-6c Combination Training Approaches 283

HR PERSPECTIVE: Building Talent 284

8-7 Technology in Training Delivery 284

- 8-7a E-Learning: Online Training 284
- 8-7b Simulations and Games 285

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

8-7c Mobile Learning 286
8-7d Pros and Cons of Technology-Supported E-Learning 287

8-8 Training Evaluation 287

8-8a Levels of Evaluation 287
8-8b Training Evaluation Metrics 288
8-8c Training Evaluation Designs 289

Summary 290

Critical Thinking Challenges 290

Case: Bloomingdale's Uses Interactive Platform to Improve Safety Knowledge 291

Supplemental Cases: Saving Lives through Effective Training; Using Performance Support to Improve Learning; Training Crucial for Hotels; New Payroll Clerk; Onboarding in the Twenty-First Century 291

End Notes 292

CHAPTER 9

Talent, Careers, and Development 298

HR HEADLINE: Talent Development Leads to Success at Hilton Worldwide 299

9-1 Talent Management as Strategy 300

9-2 Talent Management in Perspective 301

HR COMPETENCIES & APPLICATIONS: Managing Talent for Success 302

9-2a Talent Management Information Systems and Technology 303
9-2b Scope of Talent Management 303
9-2c High-Potential Individuals 305

HR ETHICS: HiPo or Non-HiPo? 306

9-3 Succession Planning 307

9-3a Succession Planning Process 308
9-3b Succession Planning Decisions 309
9-3c Benefits of Succession Planning 310

HR COMPETENCIES & APPLICATIONS: Do's and Don'ts of Succession Planning 311

9-4 Careers and Career Planning 312

9-4a Changing Nature of Careers 312
9-4b Organization-Centered Career Planning 312
9-4c Individual-Centered Career Planning 314
9-4d Career Progression Considerations 316
9-4e Career Transitions 318

9-5 Common Individual Career Challenges 318

9-5a Technical and Professional Workers 318
9-5b Women and Careers 319

HR HIGHLIGHT: Talent Management Strategies That Support Women's Careers 320

9-5c Dual-Career Couples 320

9-6 Developing Human Resources 321

9-6a Possible Development Focuses 321
9-6b Development Needs Analyses 322

HR COMPETENCIES & APPLICATIONS: Leveling Development Focus 323

9-7 Talent Development Approaches 324

9-7a Job-Site Development Approaches 324
9-7b Off-Site Development Approaches 325

9-8 Management and Leader Development 326

9-8a Problems with Management Development Efforts 326
9-8b Supervisor Development 327
9-8c Leadership Development 328

HR PERSPECTIVE: Playing the Leadership Game 328

Summary 330

Critical Thinking Challenges 331

Case: Western Union Program Guides Team Development 331

Supplemental Cases: Walmart's Boot Camp for Top Leaders; Leadership Leverage; Equipping for the Future; Developed Today, Gone Tomorrow 332

End Notes 332

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

CHAPTER 10

Performance Management and Appraisal 338

HR HEADLINE: Improving the Health of Performance Management at JBS United 339

10-1 The Nature of Performance Management 340
- 10-1a Global Cultural Differences in Performance Management 341
- 10-1b Performance-Focused Organizational Cultures 341

HR COMPETENCIES & APPLICATIONS: SHRM Develops Recommended Performance Management Standard 342

10-2 Identifying and Measuring Employee Performance 343

HR PERSPECTIVE: Exposing Dead Wood 344

- 10-2a Types of Performance Information 345
- 10-2b Performance Standards 346

10-3 Performance Appraisals 347
- 10-3a Uses of Performance Appraisals 348
- 10-3b Performance Appraisals and Ethics 350
- 10-3c Decisions about the Performance Appraisal Process 350
- 10-3d Legal Concerns and Performance Appraisals 351

HR COMPETENCIES & APPLICATIONS: Elements of a Legal Performance Appraisal System 351

10-4 Who Conducts Appraisals? 352
- 10-4a Supervisory Ratings of Subordinates 352
- 10-4b Employee Ratings of Managers 352
- 10-4c Team/Peer Ratings 353
- 10-4d Self-Ratings 353
- 10-4e Outsider/Customer Ratings 353
- 10-4f Multisource/360-Degree Rating 354

HR ETHICS: Building Ethics with Multisource Appraisals and Coaching 355

10-5 Methods for Appraising Performance 356
- 10-5a Graphic Rating Scales 356
- 10-5b Comparative Methods 358
- 10-5c Narrative Methods 360
- 10-5d Goal Setting and Management by Objectives 360

HR COMPETENCIES & APPLICATIONS: Mentorships Require Dynamic Goal Setting 361

- 10-5e Combinations of Methods 362

10-6 Training Managers and Employees in Performance Appraisal 362
- 10-6a Rater Errors 363

10-7 Appraisal Feedback 364
- 10-7a The Appraisal Discussion 364
- 10-7b Reactions of Managers and Employees 364
- 10-7c Effective Performance Management 365
- 10-7d Performance Management 2.0 365

Summary 366

Critical Thinking Challenges 366

Case: Deloitte Revolutionizes Performance Management 367

Supplemental Cases: Microsoft Jettisons Stack Rankings; Performance Management at Netflix; Performance Management Improvements for Bristol-Myers Squibb; Building Performance through Employee Participation; Unequal/Equal Supervisors 368

End Notes 368

SECTION 4

Compensation 371

CHAPTER 11

Total Rewards and Compensation 372

HR HEADLINE: GoDaddy Go! 373

11-1 Nature of Total Rewards and Compensation 374

- 11-1a Components of Compensation 375

11-2 Laws Governing Compensation 376

- 11-2a Fair Labor Standards Act 376
- 11-2b Pay Equity Laws 379
- 11-2c Independent Contractor Regulations 379
- 11-2d Pay for Internships 380

HR ETHICS: To Pay or Not to Pay? 380

- 11-2e Additional Laws Affecting Compensation 381

11-3 Strategic Compensation Decisions 381

- 11-3a Organizational Climate and Compensation Philosophies 381
- 11-3b Communicating Pay Philosophy 382
- 11-3c Administrative Responsibilities 382

11-4 Compensation System Design Issues 383

- 11-4a Motivation Theories and Compensation Philosophies 383
- 11-4b Compensation Fairness and Equity 384
- 11-4c Market Competitive Compensation 385

HR COMPETENCIES & APPLICATIONS: Is It Better to Know? 386

- 11-4d Competency-Based Pay 388
- 11-4e Global Compensation Issues 388

11-5 Developing a Base Pay System 388

- 11-5a Job Evaluation Methods 389
- 11-5b Market Pricing 390

HR COMPETENCIES & APPLICATIONS: Point Factor Example 390

- 11-5c Pay Surveys 391

11-6 Pay Structures 392

- 11-6a Pay Grades 392
- 11-6b Pay Ranges 393
- 11-6c Individual Pay 394

11-7 Determining Pay Increases 395

- 11-7a Performance-Based Increases 395
- 11-7b Standardized Pay Adjustments 396
- 11-7c Compensation Challenges 397

11-8 Variable Pay 397

- 11-8a Effective Variable Pay 399
- 11-8b Three Levels of Variable Pay 400
- 11-8c Individual Incentives 400

HR COMPETENCIES & APPLICATIONS: Tracking Time and Motion 401

- 11-8d Team Incentives 402

HR COMPETENCIES & APPLICATIONS: Getting Free Riders off the Train 403

- 11-8e Organizational Incentives 404

11-9 Special Pay Situations 404

- 11-9a Sales Compensation 405
- 11-9b Executive Compensation 405

11-10 Human Resource Metrics and Compensation 405

Summary 406

Critical Thinking Challenges 407

Case: Should Private-Sector Employees Get Compensatory Time? 407

Supplemental Cases: Establishing Pay at United Grinding Technologies Incorporated; Want to Earn a Bonus? Work for Uncle Sam; Is the FLSA a Dinosaur?; Pay for Performance Enhances Employee Management at Scripps Health; Best Buy Pays Big Bucks for CEO; Sodexo Incentives 408

End Notes 408

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

CHAPTER 12

Managing Employee Benefits 412

HR HEADLINE: Thinking Outside of the Box 413

12-1 Benefits and HR Strategy 415

12-1a Benefits as a Competitive Advantage 415
12-1b Tax-Favored Status of Benefits 416

HR COMPETENCIES & APPLICATIONS: Gross-Up Pay Calculation 416

12-1c Global Benefits 417
12-1d Public-Sector Benefits 417
12-1e Types of Benefits 417

12-2 Managing Benefits 418

12-2a Benefits Design 418

12-3 Benefits Administration, Technology, and Communication 420

12-3a Benefits Measurement 421
12-3b Benefit Cost Control 422
12-3c Benefit Communication 422

12-4 Legally Required Benefits 423

12-4a Social Security and Medicare 423
12-4b Workers' Compensation 423

HR COMPETENCIES & APPLICATIONS: "One Toke over the Line"—No Coverage for Medical Marijuana 424

12-4c Unemployment Compensation 425
12-4d Additional Legally Required Benefits 425

12-5 Retirement Benefits 425

12-5a Retirement Plan Concepts 426
12-5b Retirement Plans 427

12-6 Legal Regulation of Retirement Benefits 429

12-6a Employee Retirement Income Security Act 429
12-6b Retirement Benefits and Age Discrimination 429

12-7 Health Care Benefits 430

12-7a Increases in Health Benefit Costs 430
12-7b Health Care Reform Legislation 430
12-7c Employer-Sponsored Plans 431
12-7d Controlling Health Care Benefit Costs 432
12-7e Wellness Initiatives and Other Innovative Health Care Programs 433
12-7f Health Care Legislation 434

HR COMPETENCIES & APPLICATIONS: Well-Being Leads to Higher Productivity 435

12-7g Dental and Vision Coverage 436

12-8 Financial Benefits 436

12-8a Insurance Benefits 436
12-8b Financial Services 437
12-8c Education Assistance 437

HR PERSPECTIVE: Cooking Up Financial Health 438

12-8d Severance Pay 439

12-9 Family-Oriented Benefits 439

12-9a Family and Medical Leave Act 439
12-9b Family-Care Benefits 440

12-10 Paid-Time-Off Benefits 441

12-10a Vacation Pay 441

HR PERSPECTIVE: Banking on Maternity Assistance 442

12-10b Holiday Pay 442
12-10c Leaves of Absence 443
12-10d Paid-Time-Off Plans 443
12-10e Employee-Paid Group Benefits 443

Summary 444

Critical Thinking Challenges 444

Case: The City in Red 445

Supplemental Cases: Limited Caps Technology to Communicate Benefits; Creative Benefits Tie Employees to the Company; Delivering Benefits; Benefiting Connie; Strategic Benefits at KPMG Canada 445

End Notes 446

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

SECTION 5

Employee Relations and Global Human Resource Management 451

CHAPTER 13

Risk Management and Worker Protection 452

HR HEADLINE: Industries Pushed Around by Workplace Bullying 453

13-1 Safety and Health Regulations 455

- 13-1a Workers' Compensation 455
- 13-1b Americans with Disabilities Act and Safety Issues 457
- 13-1c Child Labor Laws 457
- 13-1d Legal Issues Related to Work Assignments 457

HR ETHICS: What Is the Real Cost of Your iPhone? 459

13-2 Occupational Safety and Health Act 460

- 13-2a OSHA Enforcement Actions and Results 460
- 13-2b Workplace Safety Standards 462
- 13-2c OSHA Recordkeeping Requirements 463
- 13-2d OSHA Inspections 465

13-3 Safety Management 466

- 13-3a Organizational Commitment to Safety 467
- 13-3b Safety Policies, Discipline, and Recordkeeping 467
- 13-3c Safety Training and Communication 467
- 13-3d Effective Safety Committees 467
- 13-3e Inspection, Investigation, and Evaluation 468
- 13-3f Accident Reduction Using Ergonomics 468
- 13-3g Approaches for Effective Safety Management 469
- 13-3h Measuring Safety Efforts 470

13-4 Employee Health and Wellness 470

- 13-4a Substance Abuse 470

HR COMPETENCIES & APPLICATIONS: Calculating Incidence Rates 471

- 13-4b Emotional/Mental Health 473
- 13-4c Stress and Burnout 474
- 13-4d Smoking at Work 474
- 13-4e Health Promotion 475

13-5 Workplace Security Concerns 476

- 13-5a Security Management 477
- 13-5b Employee Screening and Selection 477

HR COMPETENCIES & APPLICATIONS: Dangers of BYOD 478

- 13-5c Security Personnel 478
- 13-5d Workplace Violence 479

13-6 Disaster Preparation and Recovery Planning 481

- 13-6a Disaster Planning 482

Summary 483

Critical Thinking Challenges 484

Case: Companies Partner to Promote Active Work Cultures 484

Supplemental Cases: Building a Culture of Safety; Wellness Programs Help the Bottom Line; Data Security; What's Happened to Bob?; Communicating Safety and Health Success 485

End Notes 485

CHAPTER 14

Employee Rights and Responsibilities 492

HR HEADLINE: Google Fires Employee over Diversity Memo 493

14-1 Employer and Employee Rights and Responsibilities 494

- 14-1a Contractual Rights 495

HR PERSPECTIVE: Building Cars by Building Workers 496

14-1b Implied Contracts 497

14-2 Rights Affecting the Employment Relationship 498

14-2a Employment at Will 498
14-2b Just Cause 499
14-2c Due Process 500
14-2d Organizational Justice 500
14-2e Alternative Dispute Resolution 502

HR COMPETENCIES & APPLICATIONS: Setting Up an Alternative Dispute Resolution Process 503

14-3 Managing Individual Employee and Employer Rights Issues 504

14-3a Privacy Rights and Employee Records 504
14-3b Employees' Free Speech Rights 505
14-3c Technology and Employer–Employee Issues 506
14-3d Employee Rights and Personal Behavior Issues 508

14-4 Balancing Employer Security and Employee Rights 509

14-4a Workplace Monitoring 509

HR COMPETENCIES & APPLICATIONS: Caught in the Crosshairs 510

14-4b Employer Investigations 511

HR ETHICS: Is Somebody Out There Watching Me? 511

14-5 Human Resource Policies, Procedures, and Rules 514

14-5a Employee Handbooks 515
14-5b Communicating Human Resource Information 516

HR COMPETENCIES & APPLICATIONS: Taking Your Handbook Online 517

14-6 Employee Discipline 518

14-6a Effective Discipline 518
14-6b Approaches to Discipline 519
14-6c Challenges in Employee Discipline 520
14-6d Termination: The Final Disciplinary Step 521

Summary 523

Critical Thinking Challenges 523

Case: Fidelity Deals with Workplace Bullying and Harassment 524

Supplemental Cases: How Special Is That Sandwich?; Dealing with Workplace Bullying; George Faces Challenges; Employer Liable for "Appearance Actions" 524

End Notes 525

CHAPTER 15

Union–Management Relations 530

HR HEADLINE: Whole Foods Must Ditch Its No-Recording at Work Policy 531

15-1 Perspectives on Unionization 532

15-1a Why Employees Unionize 532
15-1b Why Employers Resist Unions 533

15-2 Union Membership in the United States 534

15-2a Reasons for U.S. Union Membership Long-Term Decline 535
15-2b Public-Sector Unionism 538
15-2c Unions Fighting for Survival 538

15-3 U.S. Labor Laws 539

15-3a Early Labor Legislation 540
15-3b Wagner Act (National Labor Relations Act) 540
15-3c Taft-Hartley Act (Labor Management Relations Act) 541

HR COMPETENCIES & APPLICATIONS: Unfair Labor Practices 542

15-3d Landrum-Griffin Act (Labor Management Reporting and Disclosure Act) 544
15-3e Significant NLRB Activities and Rulings 544

15-4 The Union Organizing Process 546

15-4a Organizing Campaign 546
15-4b Authorization Cards 548
15-4c Representation Election 548

HR COMPETENCIES & APPLICATIONS: Unionization Do's and Don'ts 550

15-4d Certification and Decertification 550
15-4e Contract Negotiation (Collective Bargaining) 551

15-5 Collective Bargaining Issues 551
- 15-5a Management Rights 551
- 15-5b Union Security 552
- 15-5c Classification of Bargaining Issues 552

15-6 Collective Bargaining Process 553
- 15-6a Preparation and Initial Demands 553
- 15-6b Continuing Negotiations 554
- 15-6c Settlement and Contract Agreement 554
- 15-6d Bargaining Impasse 555
- 15-6e Strikes and Lockouts 555

HR PERSPECTIVE: Labor Agreement Takes Flight 556
- 15-6f Trends in Union–Management Negotiations 557

15-7 Union–Management Cooperation 557
- 15-7a Employee-Involvement Programs 557
- 15-7b Unions and Employee Ownership 558

15-8 Resolving Disputes 558
- 15-8a Grievance Procedures 558
- 15-8b Steps in a Grievance Procedure 559

Summary 560

Critical Thinking Challenges 560

Case: Interest in Student Unionization on the Rise 561

Supplemental Cases: Driving Away the UAW; Teamsters and the Fraternal Order of Police (FOP); The Wilson County Hospital; Walmart and Union Prevention 562

End Notes 562

CHAPTER 16
Global Human Resource Management 568

HR HEADLINE: Big, Bigger, Biggest 569

16-1 Managing in a Global Context 570
- 16-1a Economic Interdependence 570
- 16-1b Global and Regional Alliances 571
- 16-1c Population & Demographic Trends 572

16-2 Becoming a Global Company 573
- 16-2a Reasons for Global Expansion 573

HR HIGHLIGHT: Driving a Revolution 574
- 16-2b International Orientations 574
- 16-2c Global Business Approaches 575
- 16-2d Managing Across Cultures 577

HR ETHICS: Worked to Death 578
- 16-2e Global Human Resource Management 578

16-3 Global Staffing Strategies 579
- 16-3a Types of Global Employees 579
- 16-3b Global Labor Markets 580

16-4 Compensation in a Global Organization 581

HR COMPETENCIES & APPLICATIONS: Latin American Firms Face Staffing Problems 582
- 16-4a Pay around the World 582
- 16-4b Global Variable Pay 584
- 16-4c Compensation for International Assignments 584

HR COMPETENCIES & APPLICATIONS: Variable Pay around the World 585
- 16-4d Employee Benefits around the World 585

16-5 Global Employee and Labor Relations 587
- 16-5a Unions in the Global Arena 587
- 16-5b International Union Issues 587
- 16-5c Global Labor Organizations 588
- 16-5d The United States and Global Differences 589

16-6 Global Talent Development 589
- 16-6a Global Assignment Training 589
- 16-6b Global Leadership Development 590

HR COMPETENCIES & APPLICATIONS: Assessing Cultural Competence 591
- 16-6c Global Career Concerns 592

Summary 593

Critical Thinking Challenges 593

Case: Winning at Carlsberg 594

End Notes 595

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

APPENDIX A
Sample HR-Related Job Descriptions and Job Specifications 599

APPENDIX B
PHR® and SPHR® Exam Eligibility Requirements 601

APPENDIX C
Human Resource Management Resources 607

APPENDIX D
Major Federal Equal Employment Opportunity Laws and Regulations 611

APPENDIX E
Uniform Guidelines on Employee Selection 613

APPENDIX F
Pre-Employment Inquiries 617

APPENDIX G
Equal Employment Opportunity Enforcement 619

Glossary 623

Author Index 632

Subject Index 639

PREFACE

In comparing the sixteenth edition of *Human Resource Management* with the first edition, the evolution that has occurred in the HR field is very apparent. Because we have carefully researched and recorded the changes in this book, we are told it has become the leader in both the academic and professional segments of the market. The book is a longtime standard in HR classes, and the authors are very gratified that their efforts are appreciated by so many.

While developing this text, we paid close attention to presenting information at an appropriate reading level and length, using many practical examples, and offering other learning devices to make the book more "student friendly." It is also worth noting that the authors have all received teaching and/or research awards, which illustrates knowledge of what it takes to effectively communicate the latest HR information both orally and in written form.

Casual comments from colleagues reveal a lack of clarity about how one successfully revises a textbook in a field that changes as rapidly as Human Resources. There are many hundreds of articles in the academic and professional literatures that have appeared in the three years since our last book was researched. When business examples from the *Wall Street Journal*, *Bloomberg Businessweek*, *HR Magazine*, and other trade publications are added, the number is staggering. These articles, as well as the themes that appear in them, represent the changing nature of the subject matter in HR and supplement the overall knowledge of the field. Consequently, this information must be added to a university text that effectively summarizes key HR issues. This book has provided a comprehensive overview of the HR profession for many editions, and it has successfully done that again in this current edition. You can be confident it contains the most current content that reflects the current HR practices used in organizations.

The field of HR management is different from some other areas of business. There is a definite academic/research side that explores new theories and knowledge, but HR has a more professional/applied side as well. Just ask leaders who deal with HR issues on a daily basis. This text focuses on both sides of the HR field, which has resulted in the book being used by many individuals to prepare for certification in the HR profession. Our approach has always been that both perspectives are very important in understanding the field, and this strategy is continued in the sixteenth edition.

The Sixteenth Edition

HR takes place in an environment that changes rapidly and impacts practice, resulting in necessary changes to the book being recognized between editions. The sixteenth edition identifies these changes and explains how they are being managed in the field. A few of the most significant characteristics of the sixteenth edition are detailed next. This new edition also contains a number of other positive content attributes that have been carried forward from previous editions, and you will find them throughout the text.

Global Human Resource Management

Business is global in scope and practice, a reality that has dramatically changed the HR profession over the years. Offshoring, global mergers and acquisitions, and cultural differences represent some of the issues that HR departments face. The sixteenth edition includes a chapter dedicated exclusively to the global opportunities and challenges that exist within the field of HR. In addition, various global topics are investigated to provide additional coverage of international HR concerns in this textbook. Global material is highlighted with a "global" icon.

Compensation Chapter Consolidation

To more efficiently present topics related to essential compensation issues, we combined two previous chapters on pay into one more succinct chapter on compensation. This streamlined approach to compensation focuses on the issues that are most likely relevant to the new HR practitioner or line manager.

“What’s Trending” Chapter sections

Human resource management is a complex field, so highlighting all the current trends can be difficult. However, there are a number of issues that are currently affecting organizations, particularly with regard to how they manage people at work. Employees are expected to have the proper knowledge, skills, and abilities to perform in a workplace that has many challenges and new expectations, which requires organizations to implement practices that help employees get better at what they do and perform well. Each chapter provides an overview of the current trends pertaining to the particular topics explored.

HR Highlight Feature

A new HR Highlight feature appears in the sixteenth edition that explores topical HR issues in the profession. This feature focuses on generalized subject matter not specifically tied to companies, making the content different from the HR Perspective and HR Competencies & Applications features that have been mainstays in this textbook over many editions. The HR Highlight feature instead introduces specific topics that require concerted intervention on the part of HR professionals, as well as the development of sound organizational practices by HR departments.

HR Ethics

The study of ethics is emphasized in the academic business community, and HR is a fertile area for the practical application of ethics material. The potential for unethical dealings in compensation, staffing, Equal Employment Opportunity (EEO), and other areas is significant and problematic. At a minimum, investigation of these issues can provide a basis for discussion of HR ethics in the classroom, hopefully leading to greater consideration of ethical challenges in the HR profession. There is an HR “ethics” icon where HR ethics issues are covered.

Measuring HR Effectiveness, Strategy, and Leadership

The trend toward holding HR groups accountable for corporate performance has expanded, giving HR professionals a “seat at the strategic table.” The days when HR managers could be successful because “they just love working with people” are long gone. HR leaders must be effective leaders who effectively shape the strategic direction of organizations. Benchmarking, metrics, and now analytics are a part of the analysis of how well HR is doing its job. The sixteenth edition uses a “metrics” icon to indicate where material on measuring HR is covered throughout the book. In addition, new “strategy” and “leadership” icons are included in various chapters to highlight where these topical areas are covered. Such attention to measurement, strategy, and leadership is welcome, as it documents how HR shapes and contributes to organizational goals in tangible ways.

Organization of the book

- Each chapter opens with a new “HR Headline” designed to introduce chapter material with a real company dilemma or problem. Learning objectives are provided at the beginning of each chapter.
- The latest trends and cutting-edge practices are highlighted at the beginning of each chapter in the “What’s Trending” feature.
- Chapters contain a mix of four boxed features designed to convey different types of content: *HR Perspective* sections provide real examples of how companies deal with the issue covered. *HR Competencies &Applications* provide a “how to do it” view of the material based on key competencies identified in many professional models of HR. *HR Ethics* features highlight

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

some of the ethical issues encountered in the profession. Finally, *HR Highlight* features navigate current issues in the field of HR.
- Each chapter ends with a point-by-point "Summary."
- The "Critical Thinking Challenges" at the end of each chapter provide questions and exercises that allow readers to apply what has been learned in each chapter.
- New in-depth end-of-chapter cases showcase HR innovations in current organizations and present readers with a chance to critically assess the effectiveness of innovative people practices.

Material is organized around five sections:

- The Environment of Human Resource Management
- Jobs and Labor
- Talent Development
- Compensation
- Employee Relations and Global Human Resource Management

This edition presents both the continuity and changes occurring within human resource management. The chapters in each section will be highlighted next, along with some of the topics explored in each chapter.

Section One: The Environment of Human Resource Management

Section One contains chapters emphasizing the changing environment in which HR operates, as well as how HR can effectively adapt. *Chapter 1* explains why HR is needed and how employees can function as key assets for an organization. Basic HR functions and current HR challenges are covered, and ethics and HR as a career field are discussed. Different HR competencies that are important in the profession are also explored in this edition. *Chapter 2* discusses two primary ways of dealing with the changing environment—strategy and HR planning. The strategic planning process and HR's role in it are covered. A process for conducting HR planning is identified, including environmental analysis, assessing internal and external labor markets, and managing imbalances. The chapter also covers HR metrics and analytics and presents benchmarking and balanced scorecard processes. Good and bad strategy distinctions, HR analytics, and the HR audit are among topics investigated. *Chapter 3* deals with the EEO environment, including legal requirements and concepts. This comprehensive chapter also investigates the challenges presented by EEO issues. Gender inequity in compensation, discrimination based on sexual orientation, and religious discrimination/accommodation are discussed.

Section Two: Jobs and Labor

Section Two looks at people, the jobs they do, and how to bring these two factors together for the purposes of accomplishing work requirements. *Chapter 4* profiles the U.S. workforce participation rates and skills gaps, before turning to the nature of jobs, including job design and redesign, flexibility, telework, and work–life balance. The chapter then presents the most comprehensive coverage of job analysis available in a basic HR text. Treatment of the workforce is also covered, as is presentation of jobs and flexible work opportunities. *Chapter 5* investigates the individual–organizational relationship and retention. Individual performance factors, including a very brief summary of the leading work motivation ideas and the psychological contract, are identified. Absenteeism and turnover, including measurement issues, are covered. The discussion then turns to retaining employees and the available management options for improving retention. The focus on individual performance factors is emphasized, as is employee engagement, loyalty, and drivers of retention for high-performing employees. *Chapter 6* considers labor markets and recruiting. Online recruiting and the other common recruiting methods are examined, and this information is followed by a comprehensive look at measuring the success of recruiting. Recruiting and employer ethics and the use of technology and social media in recruiting are expanded. *Chapter 7* looks at placement, selection testing, interviewing, and background investigations, among other topics. The concept of person/environment fit as part of the selection and placement processes is also presented.

Section Three: Talent Development

Section Three considers bringing people along in their careers in organizations through training, talent management, and career and performance management. *Chapter 8* explores different potential strategies for training in the organization. A comprehensive model of the training process leads ultimately to training delivery and evaluation. Issues associated with sales training, the expansion of e-learning (online training) and m-learning (using mobile devices) based on new research, and the increased use of simulation and games in training are also covered. *Chapter 9* looks at talent management, leadership development, succession planning, and career issues, topics that have been very much in the literature since the last edition. This is reflected through the entire chapter, with special emphasis on integrating talent management into the organization's strategy and ideas for keeping high performers invested in their jobs. *Chapter 10* considers identifying and measuring employee performance. Performance appraisal with all its pros and cons is covered, as well as hints for the appraisal interview. In this edition, various issues surrounding performance appraisal are reviewed, and the voluminous new literature in performance has been reviewed and integrated.

Section Four: Compensation

Section Four summarizes compensation, incentives, and benefits. *Chapter 11* introduces basic compensation, incentive pay programs, total rewards, and the development of a pay system. This edition covers strategic compensation decisions, linkage of pay to motivation theories, and current compensation challenges, including gender parity and variable pay options. *Chapter 12* explains the different types of benefits that organizations offer, as well as how to effectively administer and manage these benefits so that employees are satisfied. New or expanded content includes international benefits, the Patient Protection and Affordable Care Act, outsourcing benefit administration, and technology-driven, self-service benefits administration.

Section Five: Employee Relations and Global Human Resource Management

Section Five covers risk and safety, employee rights and responsibilities, unions, and global HR. *Chapter 13* looks at threats to the well-being of both organizations and employees. OSHA, legal requirements for well-being, safety management, and security concerns are specified. Expanded discussions of medical marijuana, counterproductive employee behaviors, and drug testing are provided. *Chapter 14* looks at rights existing in the employment agreement, including privacy rights, workplace monitoring, investigations, and discipline. This edition also covers alternative dispute-resolution techniques, as well as employee rights and ethical issues. *Chapter 15* evaluates the union-management relationship through labor laws, history, collective bargaining, and grievance management. Material on politics and unionization, changes in union membership, and union tactics is also presented. Finally, *Chapter 16* explores global issues in the HR profession. Particular emphasis is placed on the various opportunities and challenges that HR practitioners face when they manage others in international contexts.

Appendices

To keep the chapters sized appropriately, yet provide additional specific information, the book contains seven appendices. These provide HR job descriptions, details on the PHR® and SPHR® Bodies of Knowledge/competence for HR certification, HR literature, EEO laws, Uniform Guidelines, illegal preemployment inquires, and EEO enforcement.

Supplements

Instructor's Resource Website

The Instructor's Resource website puts all of the core resources in one place. The website contains the Instructor's Manual, Test Bank, and PowerPoint presentation slides.

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

- *Instructor's Manual*: The Instructor's Manual represents one of the most exciting and useful aids available. Comprehensive teaching materials are provided for each chapter—including overviews; outlines; instructor's notes; suggested answers to end-of-chapter Critical Thinking Challenges; suggested questions for the "HR Headline," "HR Perspective," "HR Ethics," "HR Competencies & Applications," and "HR Highlight" features; suggested answers to the end-of-chapter case questions; and suggested questions and comments on the supplemental cases for each chapter.
- *Cognero Test Bank*: The test bank contains more than 1,600 questions, including multiple-choice, true/false, and essay questions. Questions are additionally identified by type—definition, application, and analytical—and also include AACSB tags for general (NATIONAL) and topic-specific (LOCAL) designations.
- *PowerPoint Slide Presentation*: The PowerPoint presentation contains approximately 400 slides to aid in class lectures.

MindTap

MindTap is the digital learning solution that helps instructors engage students and relate HR management concepts to their lives. Through interactive assignments, students connect HR management concepts to real-world organizations and say how managers should perform in given situations. Finally, all activities are designed to teach students to problem-solve and think like management leaders. Through these activities, real-time course analytics, and an accessible reader, MindTap helps you turn cookie cutter into cutting edge, apathy into engagement, and memorizers into higher-level thinkers.

Acknowledgments

The success of each edition of *Human Resource Management* can largely be attributed to our reviewers, who have generously offered both suggestions for improvements and new ideas for the text. We sincerely thank the following reviewers:

Deloris Oliver	*LeMoyne-Owen College*
David F. Orf	*Webster University*
Vallari Chandna	*University of Wisconsin-Green Bay*
Clare A Francis	*University of North Dakota*
Kathleen Jones	*University of North Dakota*
Dr. Sheri Bias	*Saint Leo University*
Dr. Dave Calland	*Liberty University*
LCDR Thomas R. Kelley, USN, Ret.	*Averett University*
Robert W. Sopo	*Carnegie Mellon University*
A. Eads	*Texas A&M University-Central Texas*

The authors also wish to thank the publishing team at Cengage Learning: Bryan Gambrel, Product Director; Mike Giffen, Product Manager; Kim Kusnerak, Content Manager; Jennifer Ziegler, Project Manager, Production Vendor Management; and Anubhav Kaushal, Project Manager (at Lumina Datamatics).

As the authors, we are confident the sixteenth edition of *Human Resource Management* will continue to set the standard for the Human Resource field. As the users of the text, we certainly hope you agree.

Sean R. Valentine
Patricia A. Meglich, SPHR, SHRM-SCP
Robert L. Mathis, SPHR
John H. Jackson

ABOUT THE AUTHORS

Sean R. Valentine Dr. Sean R. Valentine is Professor of Management and the Robert Page Endowed Professor of Leadership and Ethics at the University of North Dakota. Originally from Texas, he received a BS in Management/Human Resources from Park University; a BS in Hotel, Restaurant, and Tourism Management from New Mexico State University; an MBA in Business Administration from Texas State University; and a DBA in Management from Louisiana Tech University. He was employed in the hospitality industry for many years and was an officer in the Army National Guard. During his academic career, Dr. Valentine published more than 75 articles in journals such as *Human Resource Management*, *Human Relations*, *Human Resource Development Quarterly, Employee Responsibilities and Rights Journal, Journal of Business Research*, *Journal of Business Ethics*, *Journal of Personal Selling & Sales Management*, *Contemporary Accounting Research*, and *Behavioral Research in Accounting*. His primary research and teaching interests include human resource management, business ethics, and organizational behavior, and he has received numerous awards and other recognition for his work. He also has consulted with a variety of organizations on different business matters, including workplace incivility, business ethics, and customer service.

Patricia A. Meglich Dr. Patricia A. Meglich is Associate Professor of Management at the University of Nebraska at Omaha. Born and raised in Ohio, she earned her BSBA from Bowling Green State University, MBA from Cleveland State University, and PhD from Kent State University. Prior to entering academia, she spent 20 years as the human resources director for an automotive supplier, where she designed and implemented talent management programs and participated in numerous acquisitions and business process reengineering initiatives. Dr. Meglich was active in professional activities with SHRM and was awarded the national SHRM Award for Professional Excellence. She is certified SPHR and SHRM-SCP. She has published numerous articles in scholarly journals such as *Employee Rights and Responsibilities*, *Journal of Leadership and Organizational Studies*, and the *Personnel Review*. She has developed several learning modules and course materials for SHRM and has received a number of teaching awards at UNO. She serves as a visiting professor at the University of Ljubljana (Slovenia) and the Management Center of Innsbruck (Austria). She is committed to bridging research to the practice of HR and ensuring that HR professionals have the timely, relevant information that is needed to successfully lead their organizations to success.

Robert L. Mathis Dr. Robert L. Mathis is Professor Emeritus of Management at the University of Nebraska at Omaha (UNO). He received his BBA and MBA from Texas Tech University and PhD in Management and Organization from the University of Colorado. At UNO, he received the Excellence in Teaching award. Dr. Mathis has coauthored several books and published numerous articles covering a variety of topics. He also held national offices in the Society for Human Resource Management (SHRM) and served as president of the Human Resource Certification Institute (HRCI). He is certified as a Senior Professional in Human Resources (SPHR) by HRCI.

John H. Jackson Dr. John H. Jackson is Professor Emeritus of Management at the University of Wyoming. Born in Alaska, he received his BBA and MBA from Texas Tech University. He worked in the telecommunications industry in human resources management for several years before completing his PhD in Management and Organization at the University of Colorado. During his academic career, Dr. Jackson authored six other college texts and more than 50 articles and papers, including those appearing in *Academy of Management Review*, *Journal of Management*, *Human Resource Management*, and *Human Resources Planning*. He has consulted with a variety of organizations on HR and management development matters and has served as an expert witness in a number of HR-related cases. At the University of Wyoming, he served four terms as department head in the Department of Management and Marketing. Dr. Jackson received the university's highest teaching award and has been recognized for his work with two-way interactive television for MBA students. Two Wyoming governors have appointed him to the Wyoming Business Council and the Workforce Development Council. Dr. Jackson serves as president of Silverwood Ranches, Inc.

SECTION 1

CHAPTER 1

Human Resource Management in Organizations

CHAPTER 2

Human Resource Strategy and Planning

CHAPTER 3

Equal Employment Opportunity

The Environment of Human Resource Management

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

SECTION 1 The Environment of Human Resource Management 1
SECTION 2 Jobs and Labor 109
SECTION 3 Talent Development 259
SECTION 4 Compensation 371
SECTION 5 Employee Relations and Global HRM 451

CHAPTER

1

Human Resource Management in Organizations

Learning Objectives

After you have read this chapter, you should be able to:

LO1 Understand human resource management and define human capital.

LO2 Identify how human resource management and employees can be core competencies for organizations.

LO3 Name the seven categories of HR functions.

LO4 Provide an overview of four challenges facing HR today.

LO5 Explain how ethical issues in organizations affect HR management.

LO6 Explain the key competencies needed by HR professionals and why certification is important.

WHAT'S TRENDING IN HUMAN RESOURCE MANAGEMENT

There are a number of current HR trends that affect how companies manage people at work. Employees are expected to have the proper knowledge, skills, and abilities (KSAs) to perform in an environment that presents constant changes and new expectations. This requires HR professionals to be at the top of their game when it comes to developing policies that help people get better at what they do. Here are some issues that are currently trending in HR:

1. The rapidly changing workplace focuses HR efforts on the development of human capital factors that address organizational needs (e.g., productivity, customer service, quality, and innovation). Once employees are developed, they need to be placed in the proper jobs with positive work cultures that enable them to effectively use their talents.
2. Globalization and workforce diversity present a number of ways for individual differences to help companies. However, challenges associated with the proper placement of employees and the development of positive HR policies in diverse environments are common.
3. Technology is viewed as a key means to an end when it comes to managing human resources. Increased social media, online interactions, and the use of software to manage traditional HR functions can enhance how individuals interact with their employers, supervisors, and coworkers.
4. The importance of ethics policies, social responsibility, and sustainable practices has never been greater. Misconduct in organizations has raised the profile of organizational culture and sound HR practices to ensure appropriate workplace behavior. Developing an ethical culture, providing ethics training, and encouraging employees to report offenses are all ways that HR leaders can help improve business ethics.

Cool Commitment at Igloo

Most people would easily recognize the red and white Playmate coolers as the signature product of Igloo brand. What is not so obvious is the commitment of the employees who design and produce the Igloo line of products. Competitors in the industry can purchase the same technology used at Igloo and might be able to duplicate its process. But, Igloo achieves its competitive advantage through the contribution of its employees. Engagement surveys show that 93 percent of the company's associates believe that they do their best every day and are happy to learn new tasks. This is a remarkable result in light of national statistics showing that only 15 percent of employees are actively engaged with their work.

The CEO, Mark Parrish, has been intentional about creating an organization where all associates feel committed to a larger purpose. He adopted a servant leadership approach that focuses on building trust, withholding judgment, creating a dialogue, empowering employees, and instituting a culture of collective success. The company measures that collective success in four areas (in this order): people, quality, service, and cost. All financial and human capital decisions are based on those four measures. Parrish's belief is that building shareholder value is best achieved by creating an organization that is worthy of every employee's full commitment. He sees that building value for shareholders should not be done at the expense of building value for associates.

Supporting employees rather than asking employees to support those higher up results in committed employees who are dedicated to create a great experience for the customer. Igloo's chief HR officer plays an instrumental role in ensuring that diversity, wages, and training at the company are all exemplary. The company pays well over minimum wage levels and provides the best employee benefits in the industry. More than that, however, is the company's commitment to training for each associate. Employees are trained, coached, and counseled to perform well in their current roles and to prepare for future job opportunities. Igloo commits to its employees, who return that commitment through their personal dedication to the company's success.[1]

HR HEADLINE
Cool Commitment at Igloo 3
HR PERSPECTIVE
Transforming HR at Popeyes Louisiana Kitchen 6
HR COMPETENCIES & APPLICATIONS
Building Healthy Organizations 12
HR ETHICS
HR Keeps Organization on Straight and Narrow 23

Jupiterimages/Getty Images

Employees are essential resources that organizations use to achieve important business objectives. Having talented individuals employed in a company is the cornerstone of developing a competitive advantage. Qualified and motivated employees are critical for an organization to compete on whatever distinctive core competencies are considered important in its industry (e.g., customer service, quality, and strategic planning).

By earning the reputation as good employers, companies can attract and retain productive, creative, and motivated people with competitive advantages to reach strategic goals. Finding knowledgeable and motivated employees, training them to perform critical jobs, rewarding them appropriately, giving them important work responsibilities, and providing them opportunities to succeed and earn recognition are but a few of the issues that an organization must address. But how does an employer create these policies and earn such a positive reputation? Most often, it is an HR department that develops and coordinates practices that enable people to make important contributions at work. However, these people management activities must also be carried out in small firms where an owner/founder may address these issues.

Utilizing sound HR practices can enhance an organization's reputation as a desirable place to work. A company must also look ahead and address emerging challenges and opportunities to ensure that employees are satisfied and perform their jobs at high levels. In particular, there is a need to understand the current trends that are occurring in the field of human resource management.

LO1 Understand human resource management and define human capital.

1-1 What Is Human Resource Management?

What is now called human resource management has evolved a great deal since its beginnings in the early twentieth century. What began as a primarily clerical function in larger companies concerned with payroll and employee records began to transform in response to social legislation of the 1960s and 1970s. *Personnel departments*, as they were then called, focused on the legal implications of policies and procedures affecting employees. In the 1990s, facing globalization and competition, human resource departments became more concerned with costs, planning, and the implications of various HR strategies for both organizations and their employees. More recently, human resource professionals in some companies have been involved with mergers and acquisitions, outsourcing, and managing technological advances in the workplace. Recent high-profile corporate scandals and unethical behavior are also requiring HR professionals to get more involved in programs that increase ethics, compliance, and social responsibility.[2]

Human resource management
Designing formal systems in an organization to manage human talent for accomplishing organizational goals

Human resource management is designing formal systems in an organization to manage human talent for accomplishing organizational goals. Whether you work in a large company with 10,000 employees or a small nonprofit organization with 10 employees, employees must be recruited, selected, trained, rewarded, managed, and retained. Each of these activities requires knowledge about what works well given current employee concerns and company conditions. Research into these issues and the knowledge gained from successful approaches form the basis of effective HR management.

1-1a Why Organizations Need HR Management

Not every organization has an HR department. In a company with an owner and 10 employees, for example, the owner usually addresses HR issues. However, despite the obvious differences between large and small organizations, the same HR activities must take place in every firm. Luckily, *every* leader in an organization is an HR manager, so there are usually many people who can help address HR issues. Sales managers, head nurses, drafting supervisors, food and beverage directors, college deans, and accounting department supervisors all manage human resources, and their effectiveness depends in part on how well they understand and implement the principles of HR management.

It is unrealistic, however, to expect line managers to understand all the details of equal employment regulations, how to design a complex compensation system, or when to conduct a job analysis.

Organizations that fail to properly manage employees are at greater risk of legal problems and employee relations issues.[3] Therefore, the presence of an HR department and leaders who understand important HR issues can be helpful. For that reason, larger organizations frequently have people who specialize in these activities, and these professionals are organized into an HR function or department. While some firms have never employed HR professionals or have eliminated their HR departments, the recent trend has been to increase HR staff.[4]

There are many benefits associated with having a dedicated HR department. Firms that implement effective HR practices tend to have better outcomes such as higher profits, increased stock price, and greater productivity, than those that do not use such practices.[5] HR professionals must respond appropriately to current business challenges and opportunities to help the organization succeed. Significant issues facing contemporary organizations include building the "organization of the future," delivering a superior employee experience, and capitalizing on diversity and inclusion. HR professionals can make a difference by implementing solutions to these challenges.[6] Additional trends include a globalized workforce, greater age diversity, a focus on sustainability, and an emphasis on social media. HR leaders can address these issues by adopting an interdisciplinary business approach (e.g., working with marketing, operations, and finance staff), connecting with outside constituencies, identifying critical organizational challenges, and facilitating organizational change.[7] HR professionals might also adapt HR processes to fit workplace changes, work more closely with IT personnel to manage technology, hire more high performers who have the right skills, and be innovation leaders.[8] The following "HR Perspective: Transforming HR at Popeyes Louisiana Kitchen" feature highlights some of these emerging trends, as well as others.

Cooperation between operating managers and the HR department is also needed for HR efforts to succeed. In many cases, the HR department designs processes and systems that operating managers must help implement. The exact division of labor between the two varies from firm to firm. However, in the end, managing employees is a shared responsibility between HR staff and line managers with each group playing a key role. HR professionals contribute to line managers' effectiveness when they frame HR practices in appealing ways, involve line managers in the development of HR practices, and seek CEO support.[9]

How Human Resource Management Is Sometimes Seen in Organizations

HR departments have been viewed both positively and negatively by managers and employees. HR management is necessary, especially when dealing with the many government regulations enacted over the past several decades. However, the need to protect corporate assets against the many legal issues often makes the HR function play a different role, which may be seen as negative, restrictive, and not focused on getting work done.

The legal compliance role can cause other people to have negative views of HR staff. The negative perception that some employees, managers, and executives have is that HR departments are too bureaucratic, detail oriented, and costly, and that they are comprised of naysayers. Some managers also believe that HR departments reduce innovation and negatively impact the ability to complete work because of poorly executed programs. The trend toward outsourcing many HR activities also fuels the belief that HR support is not really needed.[10] Further, HR staff are sometimes seen as lacking in business acumen by line managers. In some organizations, HR is seen as owning employee morale and fun, which leads to difficulties when employees have serious issues to report and need to deal with a professional in whom they can confide.[11] Despite such concerns, the HR function can benefit the workplace if it is managed well.

Human Resources in Smaller Organizations In the United States and worldwide, small businesses employ more than half of all private-sector employees and generate many new jobs each year. In surveys over several years by the U.S. Small Business Administration (SBA), the issues identified as significant concerns in small organizations were consistent: not having enough qualified workers, the rapidly increasing costs of employee benefits, payroll taxes, and compliance with government regulations. Notice that all these concerns have an HR focus, especially when compliance with wage/hour, safety, equal employment, and other regulations are considered. This is why some degree of HR support and expertise is always needed in smaller organizations. Recent studies have shown that small- and medium-sized enterprises that use formal HR practices tend to perform better than competitors.[12] Therefore, HR practices can be one determinant of company success in large and small firms.

When new employees are hired in a small business, line managers usually do the recruiting, selecting, and orienting. These HR activities, however, reduce the amount of time managers have available to focus on their regular jobs. As a result, when such activities occur frequently, hiring someone to do them allows managers to spend more time on their primary duties. With about 80 to 100 employees, smaller organizations often find that they would benefit from designating someone to specialize in HR practices. Other specialist HR positions are added (e.g., in compensation, training, or recruiting) as the company grows larger. The need for HR increases as an organization grows until it evolves into a distinct function with specialists assigned to specific duties. For HR to be most useful, it must remain closely connected to the operating management of the organization. Without that connection, HR functions cannot reach their potential.

HR PERSPECTIVE

Transforming HR at Popeyes Louisiana Kitchen

Evidence shows that HR departments have grown, with more money being dedicated to corporate HR efforts. However, changing work environments are challenging HR professionals to do more, even though their numbers and support have steadily risen. People employed in HR have much more responsibility in today's workplace, something that likely won't change as expectations have increased.

This is the case at the Atlanta-based fast-food firm Popeyes Louisiana Kitchen. While the organization's HR group grew from 7 to 10 individuals over several years, the work also increased. The group manages as many as three times the number of issues it did in the past. Some of these include creating leadership development opportunities, enhancing customer service, and building food outlets. Popeyes focuses on *servant leadership*, which requires leaders to believe that the needs of the company and employees outweigh their own concerns. Further, the HR team works to ensure that HR can address issues through a strategic lens. All of these responsibilities take time and energy.

Many HR functions at Popeye's are being altered as the workplace changes. Besides being more focused on strategy, HR staff at Popeyes work on cross-functional project teams, and the HR function is structured so that each business area has a dedicated HR professional who operates as an advisor on various personnel issues. This enables staff to be more strategic because they work directly with the business units. HR leaders also look to redesign HR processes to improve HR's efficiency so that more might be done with fewer people.[13]

Despite the growing need for HR personnel, the ability to manage the increasing number of HR responsibilities with current staff is a challenge. Expectations are higher, regardless of how many HR professionals are present. Consider the following questions:

1. Given the issues at Popeyes, how would you redesign an HR department in any organization to better tackle a company's needs?
2. How might HR processes be redesigned to become more efficient? What technologies might be used to improve HR processes and provide better service to managers and employees?

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

LO2 Identify how human resource management and employees can be core competencies for organizations.

1-2 Managing Human Resources in Organizations

Human resources (or more simply, people) who work in organizations may have valuable contributions they can make to a firm's mission based on their human capital. But this will occur only if they are motivated and given a reasonable opportunity to contribute. Employees must be placed into the right job, trained, rewarded, and given feedback if they are to perform at high levels. These key HR activities are often a joint effort between the organization's managers and HR staff members. Managing people ultimately reflects the decisions these leaders make from among the wide range of possible choices on the formal policies, practices, and methods for managing employees. Examples of such systems and policies are pay system design, performance measurement, training programs, and hiring processes. People-related costs are typically the single biggest controllable cost in an organization.[14] This means that managing HR activities is a major priority for all managers.

1-2a Human Resource Management as a Core Competency

Developing and implementing business strategies must be based on an organization's areas of strength. Referred to as *core competencies*, those strengths are the foundation for creating the organization's competitive advantage. A **core competency** is a unique capability that creates high value for a company.

Core competency
A unique capability that creates high value for a company

Certainly, many organizations have identified that their HR practices differentiate them from their competitors and that HR is a key determinant of competitive advantage. Recognizing this, organizations as diverse as Walt Disney Company, Apple, and Comcast have focused on people as having special strategic value for the organization.[15]

The same can be true with small companies as well. For example, small community banks have gained numerous small- and medium-sized commercial loan customers because the banks emphasize that their customers can deal with the same employees directly every time they need help rather than having to call an automated service center in another state as is sometimes the case with larger nationwide banks. The focus here is on using people (in this example, loan officers) to help build core competencies in companies.

1-2b Employees as a Core Competency

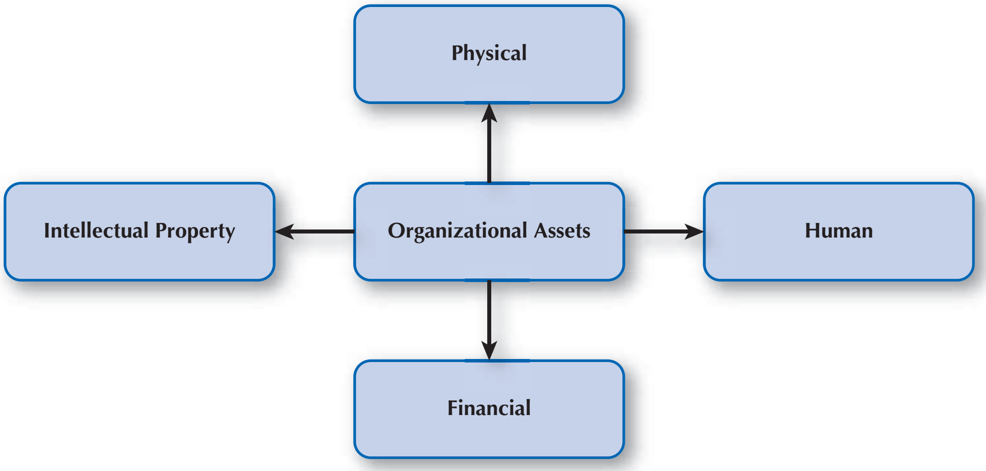
How might employees become a core competency for an organization? Employees, especially those in customer-facing positions, are the vital link to the organization's external customers. They can be a source of innovation and service that enhances the customer's experience and lead to greater customer loyalty.[16] This is particularly true in service organizations where the customer wants a personal experience and will return if treated well.

Human Capital Organizations must manage four types of assets to be successful (see Figure 1-1):

- *Physical assets*: Buildings, land, furniture, computers, vehicles, equipment, and so on
- *Financial assets*: Cash, financial resources, stocks, bonds or debt, and so on
- *Intellectual property assets*: Specialized research capabilities, patents, information systems, designs, operating processes, copyrights, and so on
- *Human assets*: Individuals with their talents, capabilities, experience, professional expertise, relationships, and so on

All of these assets are important to varying degrees in different firms. But the human assets are the "glue" that holds all the other parts together to achieve results. Certainly, the assembly line workers, quality inspectors, and design engineers in an automotive company or the admissions clerks, nurses, and dietary staff at a hospital enable all the other assets of their organizations to be used

FIGURE 1-1 Four Types of Organizational Assets


Physical
Intellectual Property
Organizational Assets
Human
Financial

to provide products and services to customers. Effective use of the firm's human capital can often explain a big part of the differences in company success.

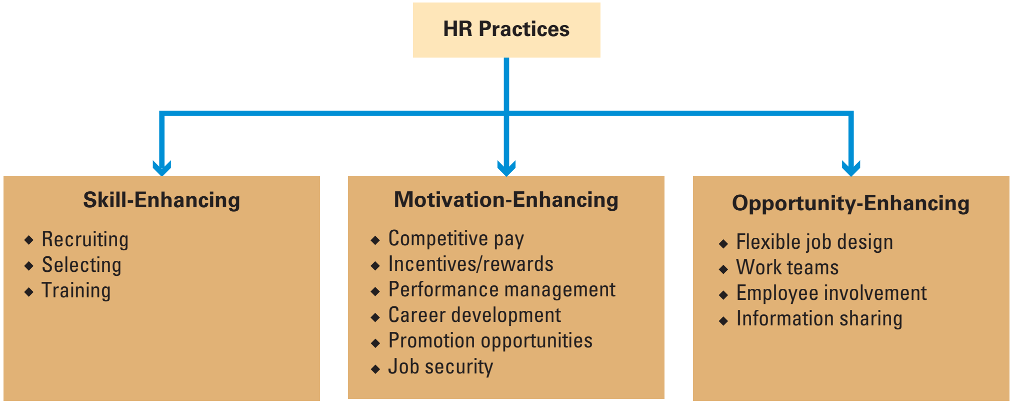
Human capital is not just the people in organizations—it also involves what individuals contribute to organizational achievements. Broadly defined, **human capital** is the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organization's workforce. It is important that workers have both the necessary competence plus the desire to perform effectively.

Human capital
The collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organization's workforce

A useful framework to understand how HR practices serve as the foundation for human capital is called the *ability-motivation-opportunity (AMO) model.*[17] The AMO model involves HR practices that lead to greater skill, greater motivation, and greater opportunity for workers to contribute to the organization. Figure 1-2 provides details on skill-enhancing practices (hiring and training), motivation-enhancing practices (pay and promotions), and opportunity-enhancing practices (sharing information and working in teams) that may be used to increase the level of human capital. HR practices in high-performing organizations often focus on these elements of the employee experience to enhance the employees' sense of competence and dedication to the organizational goals.[18]

Sometimes human capital is called *intellectual capital* to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute. For example, firms with high intellectual capital may have highly educated and trained managers who develop new ways of

FIGURE 1-2 Ability-Motivation-Opportunity Model


HR Practices
Skill-Enhancing
◆ Recruiting
◆ Selecting
◆ Training
Motivation-Enhancing
◆ Competitive pay
◆ Incentives/rewards
◆ Performance management
◆ Career development
◆ Promotion opportunities
◆ Job security
Opportunity-Enhancing
◆ Flexible job design
◆ Work teams
◆ Employee involvement
◆ Information sharing

Copyright 2020 Cengage Learning. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. Cengage Learning reserves the right to remove additional content at any time if subsequent rights restrictions require it.

supervising employees, new business processes that improve quality, or new software for specialized uses. All of these contributions illustrate the potential value of human capital to companies. There are many other possible areas in which employees can be core competencies for organizations. For example, productivity, customer service and quality, innovation, and organizational culture represent several of these areas.

Productivity Employee productivity can be a competitive advantage because when the costs to produce goods and services are lowered through increased individual production, lower prices can be charged to consumers. The result is often incremental increases in sales. However, increased productivity does not necessarily mean greater output. Perhaps fewer people (or less money and/or time) are used to produce the same amount. In its most basic sense, **productivity** is a measure of the quantity and quality of work done, considering the cost of the resources used.

A useful way to measure the productivity of human resources is to consider **unit labor cost**, which is computed by dividing the average cost of workers by their average levels of output. Using unit labor costs, one can see that relatively high wages will not affect competitiveness if high productivity levels are achieved. Low unit labor costs can be a basis for a strategy focusing on human resource competency. Productivity and unit labor costs can be evaluated at the global, country, organizational, departmental, or individual level.

MEASURE

Productivity
Measure of the quantity and quality of work done, considering the cost of the resources used

Unit labor cost
Computed by dividing the average cost of workers by their average levels of output

Improving Productivity Organizational-level productivity ultimately affects profitability and competitiveness in a for-profit organization and total costs in a not-for-profit organization. Perhaps of all the resources used in organizations, the ones most closely scrutinized are human resources. Despite the rapid increase in technology at work, U.S. worker productivity is not growing as it has historically.[19] The use of poor business approaches such as bureaucratic policies, poorly managed meetings, and low teamwork and collaboration can cause much of this decreased productivity (something called *coordination waste*). Focusing less on efficiency and perfection and more on making a difference for customers and finding creative solutions may lead to gains in organization productivity measures.[20]

Additional HR management efforts that can enhance productivity are detailed in Figure 1-3. Among the major ways to increase employee productivity are

- *Organizational restructuring*, which involves eliminating layers of management and changing reporting relationships as well as cutting staff through downsizing, layoffs, and early retirement buyout programs;
- *Redesigning work*, which often involves making changes to the way work gets done by focusing on the characteristics of jobs and altering how tasks are structured and coordinated;
- *Aligning HR activities*, which means ensuring that HR efforts and practices are consistent with organizational efforts to improve productivity and satisfy strategic goals; and
- *Outsourcing analyses*, which require the HR department to conduct cost–benefit assessments that indicate the overall positive or negative impact of outsourcing—HR then manages outsourcing efforts if they occur.

Customer Service and Quality In addition to productivity, both customer service and quality efforts can significantly affect organizational effectiveness, making them key areas that HR can emphasize when developing employees as core competencies. Having managers and employees focus on customers' needs contributes significantly to achieving organizational goals and maintaining a competitive advantage.

Customer satisfaction is still a challenge in the United States and other countries, and it must be managed. The availability of information that customers can obtain along with the ability to publicly report on a service experience via social media heighten the importance of managing customer service interactions. Customer-facing employees who work in organizations with ethical climates maintain higher proactive customer service performance levels.[21] This demonstrates one aspect of HR involvement that can link employee behavior with improved customer service.