



fundamentals of **Human Resource MANAGEMENT**

2024 Release

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FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT, 2024 RELEASE

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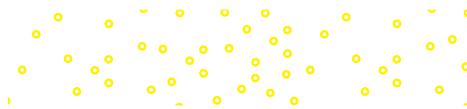
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To my wife Caroline, my kids Ray, Tim, and Melissa, my new daughters-in-law Mary and Brittany, my grandbabies Callie Rae and Riley Jean, and my feline buddies, Lucky, Chester, and Milo.

—R.A.N.

To my beloved Plus-ones, Jonathan, Kelsey, Mariano, and Sabrina.

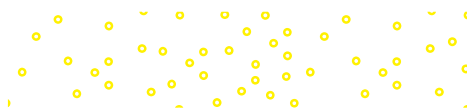
—J.R.H.

To my wife, Heather and our children, Chris and Annie (Danielle and Cole too).

—B.G.

To my wife Mary and son Matthew, looking forward to the days ahead, and to my son Michael, who is “...beginning Chapter One of the Great Story which no one on earth has read; which goes on forever; in which every chapter is better than the one before.”

—P.M.W.



About the Authors

Raymond A. Noe is the Robert and Anne Hoyt Designated Professor of Management at The Ohio State University. Before joining the faculty at Ohio State, he was a professor in the Department of Management at Michigan State University and the Industrial Relations Center of the Carlson School of Management, University of Minnesota. He received his BS in psychology from The Ohio State University and his MA and PhD in psychology from Michigan State University. Professor Noe conducts research and teaches all levels of students—from undergraduates to executives—in human resource management, training and development, performance management, and talent management. He has published 60 research articles in journals and 19 chapters in books and edited volumes. According to the Web of Science, his work has received more than 8,500 citations. Professor Noe is currently on the editorial boards of several journals including *Academy of Management Learning & Education*, *Personnel Psychology*, *Journal of Applied Psychology*, *Journal of Management*, and *Human Resources Management Review*. Professor Noe has received awards for his teaching and research excellence including the Heneman Career Achievement Award given by the HR Division of the Academy of Management and the Ernest J. McCormick Award for Distinguished Early Career Contribution from the Society for Industrial and Organizational Psychology. He is also a fellow of the Society of Industrial and Organizational Psychology.

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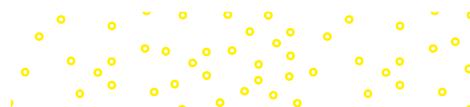
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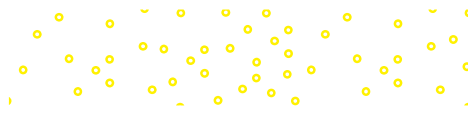
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member on the board of directors for the National Academy of Human Resources (NAHR) Foundation. He is a former board member of HRPS, SHRM Foundation, and World at Work (formerly American Compensation Association). From 2011 to 2019 he was named by *HRM Magazine* as one of the 20 “Most Influential Thought Leaders in HR.”



Preface



Managing human resources is a critical component of any company's overall mission to provide value to customers, shareholders, employees, and the community in which it does business. Value includes profits as well as employee growth and satisfaction, creation of new jobs, contributions to community programs, protection of the environment, and innovative use of new technologies.

The 2024 Release of *Fundamentals of Human Resource Management* focuses on evolving business-world changes that occurred during and since the global COVID-19 pandemic. Several key themes are discussed throughout the chapters that continue to impact organizations and highlight the importance of the HR function in companies large and small:

- More than 50 million people changed jobs in the United States in 2020–2023, an event known as the Great Resignation, as workers sought higher wages, improved benefits, and better working conditions, including a flexible work environment and a more inclusive organizational culture. We discuss how organizations that pivoted quickly to address employees' concerns have retained top performers and attracted other key talent.
- The rapidly recovering U.S. economy, in combination with an historically low unemployment rate, forced companies to rethink their long-held objections to remote and hybrid work models. High-performing organizations recognize they need to be flexible and offer employees options when it comes to how and where work gets done.
- Artificial intelligence and other technologies have become commonplace in the work environment, replacing some humans and changing the scope of various jobs. As a result, organizations are upskilling and reskilling their workers—not only to expand business opportunities but also to motivate employees to hone their skill sets and take ownership of their career trajectories.
- The increasing use of people analytics by HR professionals helps fine-tune corporate decision making when it comes to optimal staffing levels and the flexibility afforded by hiring contingent workers to assist with periods of intense productivity.
- In successful organizations, performance management is no longer the dreaded annual review session between manager and employee. Ongoing discussions and feedback are crucial to identifying areas for improvement and offering critical guidance for a satisfying career path.
- New opening vignettes and HR small business cases in each chapter highlight how HR professionals have adapted their approach not only to managing talent but also to ensuring success for organizations as the world continues to recover from the global pandemic.

Our Approach: Engage, Focus, and Apply

Following graduation, most students will find themselves working in businesses or not-for-profit organizations. Regardless of position or career aspirations, their role in directly managing other employees or understanding human resource management (HRM) practices is critical for ensuring both company and personal success. Therefore, the 2024 Release of *Fundamentals* focuses on human resource issues and how HR is a key component of any company's overall corporate strategy. *Fundamentals* is applicable to both HR majors and students from other majors or colleges who are taking an HR course as an elective or a requirement.

Our approach to teaching human resource management involves *engaging* students in learning through the use of real-world examples and best practices; *focusing* them on important HR issues and concepts; and *applying* what they have learned through chapter features and end-of-chapter exercises and cases. Students not only learn about best practices but are actively engaged through the use of cases and decision making. As a result, students will be able to take what they have learned in the course and apply it to solving HRM problems they will encounter on the job.

Each chapter includes several different pedagogical features. “Best Practices” provides examples of companies whose HR activities work well. “HR Oops!” highlights HRM issues that have been handled poorly. “Did You Know?” offers interesting statistics about chapter topics and how they play out in real-world companies. “HRM Social” demonstrates

how social media and the Internet can be useful in managing HR activities in any organization. “HR Analytics & Decision Making” provides students with an opportunity to use their skills to understand the importance of data analytics. “Thinking Ethically” confronts students with issues that occur in managing human resources. Each feature includes questions to encourage critical thinking and to spark class discussions. In addition, Video Conversations with Chief HR Officers (CHROs), created by the Center for Executive Succession at the Darla Moore School of Business, University of South Carolina, are included in pertinent chapters. These videos are featured in Connect, along with questions related to chapter content.

Fundamentals also assists students with learning “How To” perform HR activities, such as supporting HR strategies, handling HR implications of artificial intelligence, making employee development more inclusive, and enabling high-performance remote work. These are all work situations students are likely to encounter as part of their professional careers. The end-of-chapter cases focus on conducting business that creates value by pursuing responsible environmental, social, and economic (governance) strategies (“Taking Responsibility”); managing the workforce (“Managing Talent”); and HR activities in small organizations (“HR in Small Business”).

Organization of the Chapters

Part 1 (Chapters 1–4) discusses the environmental forces that companies face in trying to manage human resources effectively. These forces include economic, technological, and social trends; employment laws; and work design. Employers typically have more control over work design than over trends and equal employment laws, but all of these factors influence how companies attract, retain, and motivate human resources. **Chapter 1** discusses why HRM is a critical component to an organization’s overall success. The chapter introduces HRM practices and the roles and responsibilities of HR professionals and other managers in managing human resources. **Chapter 2** looks at current trends that impact human resources in the workplace, including automation, robots, artificial intelligence, alternative work arrangements, and diversity and inclusion. **Chapter 3** provides an overview of the major laws affecting employees and the ways organizations can develop HR practices that comply with the laws. **Chapter 4** highlights how jobs and work systems determine the knowledge, skills, and abilities employees need to perform their jobs and influence workers’ motivation, satisfaction, and safety at work.

Part 2 (Chapters 5–8) deals with acquiring, training, and developing human resources. **Chapter 5** discusses how to develop an HR plan. It emphasizes the strengths and weaknesses of different options for dealing with shortages and excesses of human resources. **Chapter 6** emphasizes that employee selection is a process that starts with screening applications and résumés and concludes with a job offer. **Chapter 7** covers the features of effective training systems. **Chapter 8** demonstrates how assessment, job experiences, formal courses, and mentoring relationships can be used to develop employees for future success.

Part 3 (Chapters 9–11) focuses on assessing and improving performance. **Chapter 9** sets the tone for this section by discussing the important role of HRM in creating and maintaining an organization that achieves a high level of performance for employees, managers, customers, shareholders, and the community. **Chapter 10** examines the strengths and weaknesses of different performance management systems. **Chapter 11** discusses how to maximize employee engagement and productivity and retain valuable employees as well as how to fairly and humanely separate employees when the need arises.

Part 4 (Chapters 12–14) covers rewarding and compensating human resources, including how to design pay structures, recognize good performers, and provide benefits. **Chapter 12** discusses how managers weigh the importance and costs of pay to develop a compensation structure and levels of pay for each job given the worth of the jobs, legal requirements, and employee judgments about the fairness of pay levels. **Chapter 13** covers the advantages and disadvantages of different types of incentive pay, including merit pay, gainsharing, and stock ownership. **Chapter 14** highlights the contents of employee benefits packages, the ways organizations administer benefits, and what companies can do to help employees understand the value of benefits and control benefits costs.

Part 5 (Chapters 15–16) covers other HR topics including collective bargaining and labor relations and managing human resources in a global organization. **Chapter 15** explores HR activities as they pertain to employees who belong

to unions or who are seeking to join unions. Concluding **Part 5, Chapter 16** focuses on HR activities in international settings, including planning, selecting, training, and compensating employees who work overseas. The chapter also explores how cultural differences among countries and workers affect decisions about human resources.

Content Changes

In addition to new or updated chapter pedagogy and real-world examples, the text contains the following content changes to help students and instructors keep current on important HR trends and topics.

- **Chapter 1** opens with the profile of an HR professional and her career journey, from recruiting employees at a software company to becoming chief people officer at a global logistics firm, with several different stops along the way to gain additional experience and insights. The chapter also includes updated information on the top qualities employers are looking for when recruiting recent graduates (**Table 1.2**) and new data to reflect current median salaries for various HRM positions (**Figure 1.6**).
- **Chapter 2** provides recent workforce statistics, as well as a discussion about various age, gender, and ethnic groups within the U.S. labor force. Illustrations have been updated to reflect current labor force data. Other recent trends discussed include the continuing effects of COVID-19 on business operations; the restrictive immigration policies that have caused a shortage of workers to perform critical, low-paying jobs; the increased prevalence of gig workers and other alternative work arrangements; the importance of upskilling and reskilling employees in a tight labor market; and the push to address the importance of diversity, equity, and inclusion (DEI) for all in today's work environment.
- **Chapter 3** covers updates and features on the topic of sexual harassment; the effects of neurodiversity in the workforce; and how to identify and use credible social media influencers to create a diverse talent pool and avoid disability-related discrimination when using algorithms to hire employees. In addition, illustrations have been updated to reflect current statistics on age discrimination, types of charges filed with the EEOC, and the rates of occupational injuries and illnesses.
- **Chapter 4** includes new discussions on the increased frequency of remote work and flexible work schedules; recent research on employees' views of remote work arrangements; and how the use of robots and other types of automation can free up workers to perform tasks that require new and higher-level skills.
- **Chapter 5** covers the process of HR planning and addresses how some companies are getting creative when it comes to adding employees in a tight labor market by giving high school students the opportunity to work part-time while going to school and by dropping college education requirements for certain jobs. In addition, the chapter discusses "ghost jobs"; underscores how companies need to increase transparency when it comes to posting job openings; and describes how companies are seeking out refugees to fill open positions.
- **Chapter 6** discusses how some organizations are rewriting job specifications to attract individuals with broader job experiences. The chapter also discusses "hidden workers"—those unable to find jobs or move to full-time employment because they have been out of the workforce for several years—and an increased frequency of skills-based hiring.
- **Chapter 7** looks at helping employees develop social skills and emotional intelligence; increasing the use of virtual reality and other tools in the employee training process; expanding apprenticeship opportunities in a wide variety of jobs; and understanding the ethics of requiring employees to pay for job-specific training.
- **Chapter 8** discusses strategies to make employee development more inclusive for workers of color, persons with disabilities, and LGBTQ employees; defines the concept of reverse mentoring; explains how sports-betting company FanDuel emphasizes leadership development and employee recognition; and describes how some hotel operators are offering low-level workers opportunities for a career path to higher-level jobs. In addition, tips are provided on how to choose the right approach to employee coaching.

- **Chapter 9** opens with a feature on how Intel uses advanced technology to improve the quality of its HR decisions and to analyze data from employee surveys to achieve high performance. In addition, the chapter looks at how the role of empathy has taken a hit in organizations since the start of the pandemic and why assessing HR's use of AI can help companies improve their hiring practices.
- **Chapter 10** discusses recent trends in managing employees' performance and how such reviews are becoming more frequent and less formal. The chapter also looks at how some companies are setting higher standards for employee performance reviews to weed out underperformers and curb rising labor costs. In addition, the chapter describes how organizations use data analytics to gauge the level of employee engagement.
- **Chapter 11** opens with the story of how IBM is reevaluating its HR practices to help with talent retention. The chapter also discusses how some companies stay in touch with employees who have left the organization as a possible resource for recruiting and referrals. In addition, the concept of "quiet quitting" is explored.
- **Chapter 12** provides updated pay data for women, men, and underrepresented groups and describes strategies companies are using to close the earnings gap. In addition, recent research suggests that companies are increasing pay raises based on individual performance, inflationary pressure, and a tight labor market. The topic of pay transparency is discussed, as some states now require salary information to be included in job postings.
- **Chapter 13** focuses on recognizing employee contributions with pay, including new examples of how businesses are changing their approach to employee bonuses in an effort to retain and motivate their workforce. In addition, recent research points out that a majority of companies and other organizations use variable pay as part of their total compensation to employees, including school districts around the country. The chapter also describes how companies continue to take a hard look at CEO compensation, especially when the company's performance is underwhelming.
- **Chapter 14** updates information on employee benefits, Social Security, and taxes paid by both employers and employees. The chapter also explores the upside of offering flexible work schedules (including remote and part-time work) as an employee benefit.
- **Chapter 15** provides information on current trends and statistics in union membership. In addition, the chapter points out that long hours, low wages, and unsafe working conditions during the pandemic gave rise to more workers looking to join unions at major companies, including Amazon, Starbucks, and Trader Joe's.
- **Chapter 16** includes a new discussion about companies sending jobs overseas as a result of the current U.S. labor shortage and rising wages. New material has also been added to update the discussion on Brexit and the UK's points-based immigration plan that has adversely affected several industries including construction and hospitality. In addition, the chapter provides strategies to use when bargaining with unions in other countries.

The author team believes that the focused, engaging, and applied approach of *Fundamentals* distinguishes it from other books that have similar coverage of HR topics. The 2024 Release has timely coverage of important HR issues, is easy to read, has many features that grab the students' attention, and gets students actively involved in learning.

We would like to thank those of you who have adopted previous editions of *Fundamentals*, and we hope that you will continue to use upcoming releases. For those of you considering *Fundamentals* for adoption, we believe that our approach makes *Fundamentals* your text of choice for human resource management.

Acknowledgments

The 2024 Release of *Fundamentals of Human Resource Management* would not have been possible without the staff of McGraw-Hill Education. Mike Ablassmeir deserves kudos for ensuring that we continue to improve the book based on the ideas of both adopters and students. John Weimeister, our former editor, helped us develop the vision for the book and gave us the resources we needed to develop a top-of-the-line HRM teaching package. We would also like to

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We would like to extend our sincere appreciation to all of the reviewers whose thoughtful input helped make this text one of the market’s leading textbooks.

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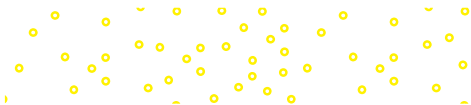
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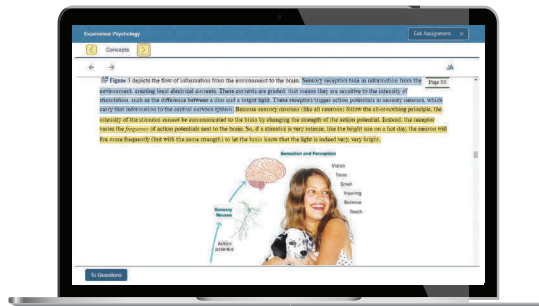
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Brief Contents

Preface viii

PART 1

The Human Resource Environment 1

- 1 Managing Human Resources 2
- 2 Trends in Human Resource Management 30
- 3 Providing Equal Employment Opportunity and a Safe Workplace 63
- 4 Analyzing Work and Designing Jobs 101

PART 2

Acquiring, Training, and Developing Human Resources 131

- 5 Planning for and Recruiting Human Resources 132
- 6 Selecting Employees and Placing Them in Jobs 166
- 7 Training Employees 199
- 8 Developing Employees for Future Success 234

PART 3

Assessing and Improving Performance 267

- 9 Creating and Maintaining High-Performance Organizations 268
- 10 Managing Employees' Performance 296
- 11 Separating and Retaining Employees 331

PART 4

Compensating Human Resources 365

- 12 Establishing a Pay Structure 366
- 13 Recognizing Employee Contributions with Pay 396
- 14 Providing Employee Benefits 424

PART 5

Meeting Other HR Goals 459

- 15 Collective Bargaining and Labor Relations 460
- 16 Managing Human Resources Globally 495

Glossary 531

Name and Company Index 541

Subject Index 559

Contents

Preface viii

PART 1

The Human Resource Environment 1

1 Managing Human Resources 2

Introduction 2

Human Resources and Company Performance 3

HR Oops! Business Execs Doubt HR's Message on Employee Experience 5

Responsibilities of Human Resource Departments 6

Analyzing and Designing Jobs 7

Recruiting and Hiring Employees 8

Training and Developing Employees 9

Managing Performance 9

Planning and Administering Pay and Benefits 9

Maintaining Positive Employee Relations 10

Establishing and Administering Personnel Policies 10

Managing and Using Human Resource Data 10

HRM Social: How HR Professionals Use Social Media 11

Ensuring Compliance with Labor Laws 12

Supporting the Organization's Strategy 12

HR How To: Being a Strategic Partner 12

HR Analytics & Decision Making 14

Skills of HRM Professionals 15

Best Practices: At Merck, Analytic Skills Have a Measurable Impact 16

HR Responsibilities of Supervisors 17

Ethics in Human Resource Management 18

Did You Know? HR Is Focused on Making Organizations Relatable 18

Employee Rights 19

Standards for Ethical Behavior 20

Careers in Human Resource Management 21

Organization of This Book 22

Thinking Ethically: Whose Side Are You On? 23

Summary 24

Key Terms 25

Review and Discussion Questions 25

Self-Assessment Exercise 25

Taking Responsibility: PwC's Anti-Racism Strategy Starts at the Top 26

Managing Talent: Frito-Lay to Employees: You're "Going Places" 27

HR in Small Business: Managing the Fall and Rise of Levin Furniture 28

Notes 29

2 Trends in Human Resource Management 30

Introduction 30

Change in the Labor Force 31

An Aging Workforce 31

HR Oops! Employers Overlook the Potential of Older Workers 33

A Diverse Workforce 33

Skill Deficiencies of the Workforce 35

High-Performance Work Systems 36

HR Analytics & Decision Making 36

Knowledge Workers 37

HRM Social: Employee Reviews Foster Better Communication 38

Employee Empowerment 39

Teamwork 40

Focus on Strategy 41

Did You Know? Many Fast-Growing Jobs Are in HRM 41

Mergers and Acquisitions 42

High-Quality Standards 42

Cost Control 43

Expanding into Global Markets 46

Technological Change in HRM 47

HR How To: Getting Employees Ready for HR Technology 48

HR Information Systems 48

People Analytics 49

Sharing of Human Resource Information 50

Change in the Employment Relationship 50

A Psychological Contract 51

Declining Union Membership 51

Flexibility 52

Best Practices: Google Tests Hybrid Work 53

Thinking Ethically: How Solid Is Your Digital Footprint? 54

Summary 55

Key Terms 57

Review and Discussion Questions 57

Self-Assessment Exercise 57

Taking Responsibility: New on Restaurant Menus: Predictive Scheduling 58

Managing Talent: Adidas Races to Address Racial Injustice 58

HR in Small Business: How SnapNurse Fills a Critical Talent Gap 59

Notes 60

3 Providing Equal Employment Opportunity and a Safe Workplace 63

Introduction 63

HR Oops! Be Careful What You Promise 64

Regulation of Human Resource Management 65

Equal Employment Opportunity 66

Constitutional Amendments 66

Legislation 66

Executive Orders 73

The Government's Role in Providing for Equal Employment Opportunity 73

Equal Employment Opportunity Commission (EEOC) 73

Office of Federal Contract Compliance Programs (OFCCP) 75

Businesses' Role in Providing for Equal Employment Opportunity 75

HRM Social: A Little Help from My Influencers 76

Avoiding Discrimination 76

HR Analytics & Decision Making 78

Providing Reasonable Accommodation 81

Preventing Sexual Harassment 82

Valuing Diversity 83

Best Practices: Accenture's Inclusion and Diversity Policies Welcome All Workers 84

Occupational Safety and Health Act 84

General and Specific Duties 85

Enforcement of the Occupational Safety and Health Act 87

Employee Rights and Responsibilities 87

HR How To: Providing a Workplace Safe from Gun Violence 88

Impact of the Occupational Safety and Health Act 88

Employer-Sponsored Safety and Health Programs 89

Identifying and Communicating Job Hazards 89

Reinforcing Safe Practices 90

Did You Know? Top 10 OSHA Violations in 2022 91

Promoting Safety Internationally 92

Thinking Ethically: What Are Employers' Ethical Obligations in a Pandemic? 92

Summary 93

Key Terms 95

Review and Discussion Questions 95

Self-Assessment Exercise 96

Taking Responsibility: Neurodiversity at Work: SAS Takes the Lead 96

Managing Talent: Papa John's Adds Diversity to Its Recipe for Success 97

HR in Small Business: Worker Safety at TC Transcontinental Packaging 98

Notes 99

4 Analyzing Work and Designing Jobs 101

Introduction 101

Work Flow in Organizations 102

Work Flow Analysis 102

Work Flow Design and an Organization's Structure 103

Job Analysis 104

Job Descriptions 104

Job Specifications 105

Sources of Job Information 106

Position Analysis Questionnaire 107

Fleishman Job Analysis System 108

Analyzing Teamwork 108

Importance of Job Analysis 108

HRM Social: Required Skills for a Social-Media Specialist 109

Competency Models 110

Trends in Job Analysis 111

Did You Know? That Voice in the Drive-Thru Might Be a Robot 111

Job Design 112

Designing Efficient Jobs 113

Best Practices: Hospital System Gets Lean for the Sake of Its Patients 113

Designing Jobs That Motivate 114

HR Oops! HR Employees Are Burning Out 116

HR How To: Planning for Workplace Flexibility 119

Designing Ergonomic Jobs 120

HR Analytics & Decision Making 121

Designing Jobs That Meet Mental Capabilities and Limitations 121

Thinking Ethically: Are Employers Responsible for Ergonomics in Workers' Homes? 122

Summary 123

Key Terms 125

Review and Discussion Questions 125

Self-Assessment Exercise 126

Taking Responsibility: Mayo Clinic Redesigns Work to Improve Care 126

Managing Talent: Tech Plus Talent at Walmart 127

HR in Small Business: Four-Day Weeks Fail at Alter Agents 128

Notes 129

PART 2

Acquiring, Training, and Developing Human Resources 131

5 Planning for and Recruiting Human Resources 132

Introduction 132

The Process of Human Resource Planning 133

Forecasting 134

Best Practices: Adding Employees in a Tight Labor Market 136

Goal Setting and Strategic Planning 137

HR How To: Building a Bigger Talent Pool 138

Did You Know? Contracting Is Not Most Workers' Normal Work 142

Implementing and Evaluating the HR Plan 144

HR Analytics & Decision Making 144

Applying HR Planning to Affirmative Action 145

Recruiting Human Resources 145

Personnel Policies 146

Recruitment Sources 147

Internal Sources 147

HR Oops! Employees Are Unaware of Internal Opportunities 148

External Sources 148

HRM Social: Recruiting Success via Social Networks 151

Evaluating the Quality of a Source 153

Recruiter Traits and Behaviors 155

Characteristics of the Recruiter 155

Behavior of the Recruiter 155

Enhancing the Recruiter's Impact 156

Thinking Ethically: How Fair Is Temp and Contract Work to Workers? 157

Summary 157

Key Terms 159

Review and Discussion Questions 159

Self-Assessment Exercise 160

Taking Responsibility: Some Recruiters Seek Out Refugees 160

Managing Talent: Techtonic Group Builds Its Own Labor Supply 161

HR in Small Business: Talent Gaps Are Part of the Picture for Mosaic 162

Notes 162

6 Selecting Employees and Placing Them in Jobs 166

Introduction 166

Selection Process 167

HR Analytics & Decision Making 168

Reliability 169

Validity 170

Best Practices: Skills-Based Hiring 170

HR How To: Measuring Cultural Fit 172

Ability to Generalize 173

Practical Value 173

Legal Standards for Selection 174

HRM Social: Screening with Social Media Invites Problems 174

Did You Know? Careful Hiring Is Costly 177

Job Applications and Résumés 177

Application Forms 178

Résumés 179

References 179

Background Checks 180

Employment Tests and Work Samples 180

Physical Ability Tests 181

Cognitive Ability Tests 181

Job Performance Tests and Work Samples 182

Personality Inventories 182

Honesty Tests and Drug Tests 183

Medical Examinations 184

Interviews 184

Interviewing Techniques 184

Advantages and Disadvantages of Interviewing 186

Preparing to Interview 187

HR Oops! Interview Failures—and How to Avoid Them 187

Selection Decisions 188

How Organizations Select Employees 188

Communicating the Decision 189

Thinking Ethically: How Fair Is AI in Hiring? 189

Summary 190

Key Terms 192

Review and Discussion Questions 192

Self-Assessment Exercise 193

Taking Responsibility: At PepsiCo, Workers with Disabilities Are Encouraged, Not Disqualified 193

Managing Talent: Office of Professional Management Upgrades U.S. Government Hiring 194

HR in Small Business: How Hot Chicken Takeover Selects a Loyal Crew 195

Notes 196

7 Training Employees 199

Introduction 199

Training Linked to Organizational Needs 200

Needs Assessment 201

Organization Analysis 202

Person Analysis 203

Task Analysis 203

Readiness for Training 204

Employee Readiness Characteristics 204

HRM Social: LinkedIn Learning: Today's Corporate Training Center 204

Work Environment 205

Planning the Training Program 206

Objectives of the Program 206

In-House or Contracted Out? 206

Choice of Training Methods 207

Training Methods 207

Classroom Instruction 208

Computer-Based Training 208

HR How To: Deepening Trainees' Involvement 209

On-the-Job Training 210

Did You Know? Apprenticeship Programs Have Been Expanding 211

Simulations 212

Best Practices: Virtual Reality at Verizon Generates Real Learning 213

Business Games and Case Studies 214

Behavior Modeling 215

Experiential Programs 215

Team Training 215

Action Learning 216

Implementing the Training Program 216

Principles of Learning 217

Transfer of Training 218

HR Oops! So Far, Anti-Harassment Training Has Not Ended Harassment 218

Measuring the Results of Training 220

Evaluation Methods 220

HR Analytics & Decision Making 221

Applying the Evaluation 222

Applications of Training 222

Orientation and Onboarding of New Employees 222

Managing Workforce Diversity, Equity, and Inclusion 223

Thinking Ethically: Who Should Pay for Training? 225

Summary 225

Key Terms 227

Review and Discussion Questions 228

Self-Assessment Exercises 229

Taking Responsibility: Dollar General Trains Employees to Serve Others 229

Managing Talent: Paychex Sees Training Paying Off 230

HR in Small Business: At WEX, Training Must Be Justified 230

Notes 231

8 Developing Employees for Future Success 234

Introduction 234

Training, Development, and Career Management 235

Development and Training 235

Development for Careers 236

Did You Know? Employees Say They Need to Leave to Learn 236

Approaches to Employee Development 237

Formal Education 237

Assessment 238

HR Oops! Simplistic Views of Leadership 238

Job Experiences 242

HR How To: Making Development More Inclusive 243

HR Analytics & Decision Making 247

Interpersonal Relationships 247

Best Practices: Choosing the Right Approach to Coaching 248

Systems for Career Management 249

Data Gathering 250

Feedback 251

Goal Setting 252

Action Planning and Follow-Up 252

HRM Social: Action Plan Ideas Using LinkedIn 252

Development-Related Challenges 253

The Glass Ceiling 253

Succession Planning 255

Dysfunctional Managers 256

Thinking Ethically: How Can Mentoring Promote Ethical Behavior? 257

Summary 257

Key Terms 259

Review and Discussion Questions 259

Self-Assessment Exercise 260

Taking Responsibility: Employee Ambitions Drive Development at West Monroe Partners 261

Managing Talent: Mondelēz Bakes Development into Its Talent Strategy 261

HR in Small Business: Red Lake Nation College Opts to “Grow Our Own” 262

Notes 263

PART 3

Assessing and Improving Performance 267

9 Creating and Maintaining High-Performance Organizations 268

Introduction 268

High-Performance Work Systems 269

Elements of a High-Performance Work System 269

Did You Know? Empathy Is Associated with High Performance 270

HR Analytics & Decision Making 271

Outcomes of a High-Performance Work System 272

Conditions That Contribute to High Performance 273

Teamwork and Empowerment 274

Knowledge Sharing 274

Job Satisfaction and Employee Engagement 275

Ethics 276

HRM’s Contribution to High Performance 277

HRM Practices 277

HR How To: Enabling High-Performance Remote Work 278

HRM Technology 280

HR Oops! Employees Unprepared for Using Technology 280

HRM Applications 281

Human Resource Information Systems 282

Human Resource Management Online: E-HRM 283

HRM Social: Companies Should Listen as Well as Talk on Social Media 284

Effectiveness of Human Resource Management 285

Human Resource Management Audits 285

Analyzing the Effect of HRM Programs 287

Best Practices: Assessing HR’s Use of AI 287

Thinking Ethically: Is Analyzing Employee Sentiment an Invasion of Privacy? 288

Summary 289

Key Terms 290

Review and Discussion Questions 291

Self-Assessment Exercise 291

Taking Responsibility: Empowered Employees Achieve Excellence at Johnson Controls 291

Managing Talent: How Edward Jones Invests in High Performance 292

HR in Small Business: We Are Rosie’s Founder Puts Employees First 293

Notes 294

10 Managing Employees’ Performance 296

Introduction 296

The Process of Performance Management 297

Purposes of Performance Management 298

Best Practices: Real-Time Performance Management at Goldman Sachs 298

Criteria for Effective Performance Management 300

Did You Know? Performance Management Needs a Reset 301

Methods for Measuring Performance 302

Making Comparisons 303

Rating Individuals 304

Measuring Results 308

Total Quality Management 309

Sources of Performance Information 310

Managers 310

Peers 311

HRM Social: Using Apps for Real-Time Feedback 311

Subordinates 312

HR Analytics and Decision Making 312

Self 312

Customers 313

Errors in Performance Measurement 313

Types of Rating Errors 313

Ways to Reduce Errors 314

Political Behavior in Performance Appraisals 315

HR Oops! “Sugarcoating” Employee Feedback Doesn’t Help 315

Giving Performance Feedback 316

Scheduling Performance Feedback 316

HR How To: Making Feedback “Continuous” 316

Preparing for a Feedback Session 317

Conducting the Feedback Session 317

Finding Solutions to Performance Problems 318

Legal and Ethical Issues in Performance Management 320

Legal Requirements for Performance Management 320

Electronic Monitoring and Employee Privacy 320

Thinking Ethically: How Should Companies Treat “Productivity Paranoia”? 321

Summary 322

Key Terms 324

Review and Discussion Questions 324

Self-Assessment Exercise 325

Taking Responsibility: Exxon Mobil’s Pursuit of Excellence 326

Managing Talent: Performance Management Boosted Service at Genpact 327

HR in Small Business: Coinbase Tries Democratizing Performance Appraisal 327

Notes 328

11 Separating and Retaining Employees 331

Introduction 331

Managing Voluntary and Involuntary Turnover 332

HR How To: Staying Connected with Employees Who Leave 334

Employee Separation 334

Principles of Justice 335

HR Oops! Awkward, Impersonal Layoffs 336

Legal Requirements 336

HRM Social: Firing an Employee for Social-Media Use 337

Progressive Discipline 339

Alternative Dispute Resolution 341

Employee Assistance Programs 342

Did You Know? Opioid Abuse Is a Problem for Workers and Employers 342

Outplacement Counseling 343

Employee Engagement 344

Job Withdrawal 344

Job Dissatisfaction 345

Behavior Change 347

Physical Job Withdrawal 347

Psychological Withdrawal 348

Job Satisfaction 348

Personal Dispositions 349

Tasks and Roles 349

Supervisors and Co-Workers 351

Best Practices: Employees Are the Most Valuable Asset at Rocket Mortgage 352

Pay and Benefits 353

Monitoring Job Satisfaction 353

HR Analytics & Decision Making 353

Thinking Ethically: How Can Firing Be Done Ethically from a Distance? 355

Summary 356

Key Terms 357

Review and Discussion Questions 358

Self-Assessment Exercise 358

Taking Responsibility: When Making Lysol Became a Mission 359

Managing Talent: Ford’s Road to Leaner Operations 359

HR in Small Business: How Coursera Handled Cutbacks 360

Notes 361

PART 4

Compensating Human Resources 365

12 Establishing a Pay Structure 366

Introduction 366

Decisions about Pay 367

Legal Requirements for Pay 368

Equal Employment Opportunity 368

Minimum Wage 369

Overtime Pay 370

Child Labor 371

Prevailing Wages 371

Pay Ratio Reporting 371

Economic Influences on Pay 371

Product Markets 372

Labor Markets 372

Did You Know? Lower-Wage Employees Have Seen Earnings Rise 372

Pay Level: Deciding What to Pay 373

Gathering Information about Market Pay 374

HRM Social: Crowdsourcing Pay Data 374

Employee Judgments about Pay Fairness 375

Judging Fairness (Equity) 375

Communicating Fairness 376

HR Oops! Employees Doubt Their Pay Is Fair 377

Best Practices: Making Pay More Transparent 378

Job Structure: Relative Value of Jobs 379**Pay Structure: Putting It All Together 380***Pay Rates 380***HR Analytics & Decision Making 381***Pay Grades 382**Pay Ranges 382**Pay Differentials 383***HR How To: Managing Location-Based Differentials 383***Alternatives to Job-Based Pay 384***Pay Structure and Actual Pay 385****Current Issues Involving Pay Structure 386***Pay during Military Duty 386**Pay for Executives 386***Thinking Ethically: What Conditions Shape Perceptions of Pay Fairness? 387***Summary 388**Key Terms 390**Review and Discussion Questions 390**Self-Assessment Exercise 391***Taking Responsibility: IKEA Tries to Provide a Living Wage for Workers 391****Managing Talent: TSA Tries to Improve Its Pay Structure 392****HR in Small Business: Paying for Growth at BarbaraKares 393***Notes 393***13 Recognizing Employee Contributions with Pay 396****Introduction 396****Incentive Pay 397****HR Analytics & Decision Making 398****HR Oops! Incentivizing Stress 399****Pay for Individual Performance 400***Piecework Rates 400**Standard Hour Plans 401**Merit Pay 401**Performance Bonuses 403***Did You Know? Bonuses Typically Are Based on Multiple Metrics 403***Sales Commissions 404***HR How To: Planning Sales Commissions 405****Pay for Group Performance 406***Gainsharing 406**Group Bonuses and Team Awards 406***Pay for Organizational Performance 407***Profit Sharing 407**Stock Ownership 408***Balanced Scorecard 410****HRM Social: Social-Media Measures for a Balanced Scorecard 411****Processes That Make Incentives Work 412***Participation in Decisions 412**Communication 412***Incentive Pay for Executives 412****Best Practices: In Tough Times, Intel Took a Chip Out of CEO Pay 413***Performance Measures for Executives 414**Ethical Issues 414***Thinking Ethically: Does Executive Compensation Set a Good Example? 415***Summary 416**Key Terms 417**Review and Discussion Questions 417**Self-Assessment Exercise 418***Taking Responsibility: BNY Mellon Shares the Wealth with Employees 419****Managing Talent: Employees Are Getting a Bite of Apple's Stock 419****HR in Small Business: Bonuses and Stock Ownership at Astro Machine Works 420***Notes 421***14 Providing Employee Benefits 424****Introduction 424****The Role of Employee Benefits 425****Benefits Required by Law 426***Social Security 426**Unemployment Insurance 427***HR How To: Opting for Furloughs Instead of Layoffs 428***Workers' Compensation 429**Unpaid Family and Medical Leave 430**Health Care Benefits 430***Optional Benefits Programs 431***Paid Leave 432**Group Insurance 433***Did You Know? Employers Pay 80% of Health Care Premiums 434***Retirement Plans 437***HR Oops! Underused Retirement Benefits 439**

“Family-Friendly” Benefits 442

HRM Social: Crowdfunding for College Savings Plans 443

Other Benefits 444

Selecting Employee Benefits 444

The Organization’s Objectives 444

Employees’ Expectations and Values 445

HR Analytics & Decision Making 446

Benefits’ Costs 447

Best Practices: Bell Canada’s Mental-Health Initiative 447

Legal Requirements for Employee Benefits 448

Tax Treatment of Benefits 448

Antidiscrimination Laws 449

Accounting Requirements 449

Communicating Benefits to Employees 450

Thinking Ethically: Is It Fair Part-Timers Rarely Get Benefits? 450

Summary 451

Key Terms 453

Review and Discussion Questions 454

Self-Assessment Exercise 454

Taking Responsibility: Kronos Trusts Employees Enough to Give Unlimited PTO 454

Managing Talent: Flexibility Enhances Benefits at Verizon 455

HR in Small Business: At Ouray Brewery, an Apartment Might Come with the Job 456

Notes 456

PART 5

Meeting Other HR Goals 459

15 Collective Bargaining and Labor Relations 460

Introduction 460

Role of Unions and Labor Relations 461

National and International Unions 462

Local Unions 463

Trends in Union Membership 463

Did You Know? Profile of a Typical Union Worker 465

Unions in Government 465

Impact of Unions on Company Performance 466

Goals of Management, Labor Unions, and Society 466

Management Goals 467

Best Practices: UAW Helps Spirit AeroSystems Reduce Benefits Costs 467

Labor Union Goals 468

Societal Goals 469

HR Analytics & Decision Making 469

Laws and Regulations Affecting Labor Relations 470

National Labor Relations Act (NLRA) 470

Laws Amending the NLRA 472

National Labor Relations Board (NLRB) 472

HR How To: Writing an Employee Handbook That Follows NLRB Guidance 474

HR Oops! When Offensive Speech Is Protected 475

Union Organizing 476

The Process of Organizing 476

Management Strategies 476

Union Strategies 477

HRM Social: Crowdfunding as a Union Strategy 478

Decertifying a Union 479

Collective Bargaining 479

Bargaining over New Contracts 480

When Bargaining Breaks Down 481

Work Stoppages 481

Contract Administration 483

New Approaches to Labor Relations 484

Labor–Management Cooperation 484

Nonunion Representation Systems 485

Thinking Ethically: Free Ride or Free Speech? 485

Summary 486

Key Terms 488

Review and Discussion Questions 488

Self-Assessment Exercise 489

Taking Responsibility: Teamsters and UPS Strike a Deal 489

Managing Talent: Baristas’ Choice: Starbucks or the SEIU? 490

HR in Small Business: At Patriot Rail, Labor Relations Starts with Listening 491

Notes 491

16 Managing Human Resources Globally 495

Introduction 495

HRM in a Global Environment 496

Best Practices: Chobani’s Global Outlook Was in Place Right from the Start 496

Employees in an International Workforce 498

Employers in the Global Marketplace 498

Factors Affecting HRM in International Markets 500

Culture 500

HR Analytics & Decision Making 502

Education and Skill Levels 503

Economic System 503

Did You Know? Returning to Offices Accelerated Fastest in Asia 503

Political-Legal System 505

Human Resource Planning in a Global Economy 506

Selecting Employees in a Global Labor Market 506

Training and Developing a Global Workforce 508

Training Programs for an International Workforce 508

Cross-Cultural Preparation 509

Global Employee Development 509

Performance Management across National Boundaries 509

Compensating an International Workforce 510

Pay Structure 510

Incentive Pay 511

Employee Benefits 511

International Labor Relations 512

HR How To: Bargaining with Unions in Other Countries 513

Managing Expatriates 513

Selecting Expatriate Managers 514

Preparing Expatriates 515

HRM Social: Social-Media Usage Keeps Expats in the Loop 517

Managing Expatriates' Performance 518

Compensating Expatriates 518

Helping Expatriates Return Home 519

HR Oops! Expats Often Become Ex-Employees 520

Thinking Ethically: What Do Employers Owe LGBTQ Employees in Expat Assignments? 522

Summary 522

Key Terms 524

Review and Discussion Questions 524

Self-Assessment Exercise 525

Taking Responsibility: How Tsofen Helps Employers Locate Tech Talent 525

Managing Talent: Geely Goes Global with Volvo (and Others) 526

HR in Small Business: Nextracker Rethinks Offshore Production 527

Notes 528

Glossary 531

Name and Company Index 541

Subject Index 562

