

CONTENTS



1 Human Resource Management: Gaining a Competitive Advantage 2

>> Enter the World of Business: The Evolution of HRM Practices at IBM 3

Introduction 4

What Responsibilities and Roles Do HR Departments Perform? 5

Strategic Role of the HRM Function 7

Demonstrating the Strategic Value of HRM: HR Analytics and Evidence-Based HR 11

The HRM Profession: Positions and Jobs 12

Education and Experience 13

Competencies and Behaviors 13

Competitive Challenges Influencing Human Resource Management 16

Competing through Environmental, Social, and Governance (ESG) Practices 16

Competing through Environmental, Social, and Governance Practices

Socially Responsible Programs Boost the Returns to All Stakeholders 30

EVIDENCE-BASED HR 41

Integrity in Action

Under Armour Strives to Avoid a #MeToo Moment 46

Competing through Globalization 46

Competing through Technology 48

Competing through Globalization

Cisco Provides Jobs for Persons with Disabilities around the World 49

Competing through Technology

Humans and Robots Can Make a Great Team 52

Meeting Competitive Challenges through HRM Practices 55

Managing the Human Resource Environment 57

Acquiring and Preparing Human Resources 57

Assessment and Development of Human Resources 57

Compensating Human Resources 57

Special Issues 57

Organization of This Book 58

>> A Look Back 58

Summary 59

Key Terms 59

Discussion Questions 60

Self-Assessment Exercise 60

Exercising Strategy 61

Managing People: Zappos Faces Competitive Challenges 62

HR in Small Business 63

Notes 64

PART 1 The Human Resource Environment 72

2 Strategic Human Resource Management 72

>> Enter The World of Business: GE: The Fall of an Iconic Company 73

Introduction 73

What Is a Business Model? 74

Gm's Attempt to Survive 75

What Is Strategic Management? 76

Components of the Strategic Management Process 77

Linkage between HRM and the Strategic Management Process 77

Role of HRM in Strategy Formulation 79

Strategy Formulation 81

Competing through Globalization

The Potential for Corporate/Government Espionage? 83

Integrity in Action

Coming Clean on the Hype Regarding the "Gig" Economy 85

Strategy Implementation 86

Organizational Culture 87

Talent 88

Competing through Technology*Technology Forces Honda to “Buy” Capabilities* 89

HRM Practices 91

Strategic Types 95

HRM Needs in Strategic Types 95

EVIDENCE-BASED HR*Commitment versus Control or Commitment Plus Control?* 96

Directional Strategies 97

Competing through Environmental, Social, and Governance Practices*CEOs Focus on Culture and Talent* 100

Strategy Evaluation and Control 102

The Role of Human Resources in Providing Strategic Competitive Advantage 102

Emergent Strategies 102

Enhancing Firm Competitiveness 103

>> **A Look Back** 103

Summary 104

Key Terms 104

Discussion Questions 105

Self-Assessment Exercise 105

Exercising Strategy 105

Managing People: How Should Dell Respond to the HP Challenge? 106

HR in Small Business 106

Notes 107

3 The Legal Environment: Equal Employment Opportunity and Safety 110>> **Enter the World of Business: Does Harvard Discriminate in Undergraduate Admissions?** 111

Introduction 111

The Legal System in the United States 112

Legislative Branch 112

Executive Branch 112

Judicial Branch 113

Equal Employment Opportunity 114

Constitutional Amendments 114

Congressional Legislation 114

Competing through Environmental, Social, and Governance Practices*A Cultural Challenge at Nike* 117

Executive Orders 121

Enforcement of Equal Employment Opportunity 121

Equal Employment Opportunity Commission (EEOC) 122

Office of Federal Contract Compliance Programs (OFCCP) 123

Types of Discrimination 124

Disparate Treatment 124

EVIDENCE-BASED HR*A Large Discrimination Problem* 128

Disparate Impact 128

Pattern and Practice 132

Reasonable Accommodation 132

EVIDENCE-BASED HR 135**Retaliation for Participation and Opposition** 136**Integrity in Action***Retaliation as an Indicator of Culture* 137**Current Issues Regarding Diversity and Equal Employment Opportunity** 137

Sexual Harassment 137

Affirmative Action and Reverse Discrimination 140

Competing through Globalization*#MeToo Goes Global* 141

Outcomes of the Americans with Disabilities Act 142

Gender Equity 142

LGBT Issues 144

Employee Safety 145

The Occupational Safety and Health Act (OSHA) 145

Competing through Technology*Iron Man in the Workplace* 147

Safety Awareness Programs 148

>> **A Look Back** 151

Summary 151

Key Terms 151

Discussion Questions 151

Self-Assessment Exercise 152

Exercising Strategy 152

Managing People: Uber Life after Kalanick? 153

HR in Small Business 153

Notes 154

4 The Analysis and Design of Work 156>> **Enter the World of Business: The Workerless Economy: The Future That Never Arrives** 157

Introduction 158

Competing through Environmental, Social, and Governance Practices

Creating Jobs and Injuries in the American South 160

Work-Flow Analysis and Organization Structure 161

Work-Flow Analysis 161

Competing through Globalization

Made in China 2025 166

Organization Structure 168

Job Analysis 175

The Importance of Job Analysis for HR Specialists 175

The Importance of Job Analysis to Line Managers 176

Job Analysis Information 177

Competing through Technology

Not Wanted: Lone Genius Nerd 179

Job Analysis Methods 181

Dynamic Elements of Job Analysis 183

Job Design 184

Mechanistic Approach 185

Integrity in Action

Toxic Killer Comes Back from the Dead 186

Motivational Approach 187

Biological Approach 187

EVIDENCE-BASED HR 188

Perceptual–Motor Approach 189

>> A Look Back 190

Summary 191

Key Terms 191

Discussion Questions 191

Self-Assessment Exercise 191

Exercising Strategy 192

Managing People: New Organizational Structures: Teaming with Teams 192

HR in Small Business 193

Notes 194

PART 2 Acquisition and Preparation of Human Resources 196

5 Human Resource Planning and Recruitment 196

>> Enter the World of Business: Labor Force Drop Outs: Not Employed and Yet—Not Unemployed 197

Introduction 198

The Human Resource Planning Process 199

Forecasting 199

Goal Setting and Strategic Planning 203

Competing through Technology

Automation: Effects on the Quantity and Quality of Jobs 206

Competing through Globalization

Picking Winners and Losers in the Trade War 211

Integrity in Action

Local Authorities Defy Federal Changes in Enforcement 214

EVIDENCE-BASED HR 216

Program Implementation and Evaluation 217

The Special Case of Affirmative Action Planning 218

The Human Resource Recruitment Process 219

Personnel Policies 219

Recruitment Sources 222

Competing through Environmental, Social, and Governance Practices

Economic Development: Tales of Regret, Renegotiation, and Rejection 225

Recruiters 227

>> A Look Back 228

Summary 229

Key Terms 229

Discussion Questions 229

Self-Assessment Exercise 229

Exercising Strategy 230

Managing People: Biting the Hand That Feeds You? 230

HR in Small Business 231

Notes 232

6 Selection and Placement 234

>> Enter the World of Business: When Strangers Meet in a World with No Background Checks 235

Introduction 236

Selection Method Standards 237

Reliability 237

Validity 241

Competing through Technology

One Part Personality plus One Part AI: The Formula for Team Chemistry 245

Generalizability 246

Utility 246

Legality 248

Competing through Environmental, Social, and Governance Practices*According to Harvard: "Asian-Americans Have Bad Personalities" 252***Types of Selection Methods 254**

Interviews 254

References, Application Blanks, and Background Checks 257

Physical Ability Tests 258

Cognitive Ability Tests 259

Personality Inventories 260

Competing through Globalization*Phantom Hires Haunt Saudi Change Efforts 261*

Work Samples 263

EVIDENCE-BASED HR 264

Honesty Tests and Drug Tests 265

Integrity in Action*Serving Up Soup, Rehabilitation, and Compassion 266*>> **A Look Back 267**

Summary 268

Key Terms 268

Discussion Questions 268

Self-Assessment Exercise 268

Exercising Strategy 270

Managing People: Policing Hiring Practices in the Field of Law Enforcement 270

HR in Small Business 271

Notes 272

7 Training 276>> **Enter the World of Business: AT&T: Staying Competitive by Helping Employees Update Their Skills and Careers 277**

Introduction 278

Training: Its Role in Continuous Learning and Competitive Advantage 279

Designing Effective Formal Training Activities 281

Needs Assessment 283

Integrity in Action*At Tyson Foods Learning Goes beyond Job Responsibilities 286*

Ensuring Employees' Readiness for Training 289

Creating a Learning Environment 289

Ensuring Transfer of Training 292

Selecting Training Methods 295

Competing through Globalization*Campari Group's Spirited Language Training 296***Competing through Environmental, Social, and Governance Practices***Community and Company Partnerships Develop Skills and Provide Jobs 300***Competing through Technology***Artificial Intelligence Helps Customize Training to the Learner 306*

Advice for Selecting a Training Method 309

Evaluating Training Programs 310**EVIDENCE-BASED HR 312****Special Training Issues 313**

Cross-Cultural Preparation 314

Managing Workforce Diversity and Inclusion 316

Onboarding or Socialization 319

>> **A Look Back 322**

Summary 323

Key Terms 323

Discussion Questions 323

Self-Assessment Exercise 324

Exercising Strategy 325

Managing People: Learning through Gaming at GameStop 325

HR in Small Business 326

Notes 327

PART 3**Assessment and Development of Human Resources 332****8 Performance Management 332**>> **Enter the World of Business: Moving Toward Continuous Performance Management at Patagonia 333**

Introduction 334

The Performance Management Process 335

Purposes of Performance Management 340

Performance Measures Criteria 341

Strategic Congruence 341

Validity 343

Reliability 343

Acceptability 344

Specificity 345

Approaches to Measuring Performance 346

The Comparative Approach 346

The Attribute Approach 350

The Behavioral Approach 353

The Results Approach 357

Competing through Environmental, Social, and Governance Practices

Wells Fargo: Boosting Sales Damages Stakeholders 360

The Quality Approach 362

Choosing a Source for Performance Information 367

Managers 367

Peers 368

Direct Reports 368

EVIDENCE-BASED HR 369

Self 369

Customers 370

Competing through Globalization

Global Work Teams Require Going beyond Managerial Appraisals 371

Use of Technology in Performance Management 371

Competing through Technology

Want to Give Feedback? There's an App for That 372

Reducing Rater Errors, Politics, and Increasing Reliability and Validity of Ratings 374

Performance Feedback 376

The Manager's Role in an Effective Performance Feedback Process 376

Integrity in Action

At Penn Station East Coast Subs, STEAKS Are Not Just for Eating 379

What Managers Can Do to Diagnose Performance Problems and Manage Employees' Performance 380

Diagnosing the Causes of Poor Performance 380

Actions for Managing Employees' Performance 380

Developing and Implementing a System That Follows Legal Guidelines 383

>> A Look Back 384

Summary 385

Key Terms 385

Discussion Questions 385

Self-Assessment Exercise 386

Exercising Strategy 386

Managing People: Helping to Encourage Frequent and Productive Performance Conversations 387

HR in Small Business 388

Notes 389

9 Employee Development 394

>> Enter the World of Business: Development at Vi Inspires Retention and Services to Seniors 395

Introduction 395

The Relationship among Development, Training, and Careers 396

Development and Training 396

Development and Careers 397

Development Planning Systems 399

Self-Assessment 399

Reality Check 399

Goal Setting 400

Action Planning 400

Examples of Development Planning and Career Management Systems 401

Approaches to Employee Development 402

Formal Education 403

Integrity in Action

Footing the Bill for Employee Development 406

Assessment 406

Job Experiences 411

Competing through Globalization

Developing Employees through Worldwide Job Experiences 414

EVIDENCE-BASED HR 418

Interpersonal Relationships 418

Competing through Technology

Can Formulas Ensure Effective Mentoring Relationships? 421

Special Issues in Employee Development 422

Melting the Glass Ceiling 422

Competing through Environmental, Social, and Governance Practices

Maximizing Stakeholder Value through Skill Development and an Inclusive and Diverse Culture 424

Succession Planning 425

>> A Look Back 430

Summary 430

Key Terms 430
 Discussion Questions 430
 Self-Assessment Exercise 431
 Exercising Strategy 431
 Managing People: Development at 3M 432
 HR in Small Business 433
 Notes 433

10 Employee Separation and Retention 438

- >> Enter the World of Business: Google Employees Protest “Pass the Trash” Sexual Harassment Practices 439
- Introduction 440
- Managing Involuntary Turnover 441
 - Competing through Globalization
 - Flexicurity: Translating the French Labor Code into Swedish* 444
 - Principles of Justice 445
 - Competing through Environmental, Social, and Governance Practices
 - Equity, Equality, and Executive Pay: What Ratio Is “Fair”?* 446
 - Integrity in Action
 - Culture Change at Uber: Changing Values (and Personnel)* 449
 - Progressive Discipline and Alternative Dispute Resolution 450
 - Employee Assistance and Wellness Programs 451
- EVIDENCE-BASED HR 453
 - Outplacement Counseling 454
- Managing Voluntary Turnover 455
 - Process of Job Withdrawal 456
 - Job Satisfaction and Job Withdrawal 459
 - Sources of Job Dissatisfaction 460
 - Competing through Technology
 - Technology Solves Predictable Problems with Predictive Scheduling* 464
 - Measuring and Monitoring Job Satisfaction 466
 - Survey Feedback Interventions 467
- >> A Look Back 471
- Summary 472
- Key Terms 472
- Discussion Questions 472
- Self-Assessment Exercise 472
- Exercising Strategy 473

Managing People: There Is Really No Good Answer to the Question: “Rogue Employees or Toxic Culture?” 474
HR in Small Business 474
Notes 475

PART 4 Compensation of Human Resources 478

11 Pay Structure Decisions 478

- >> Enter the World of Business: Unemployment Rates Down, Employee Compensation Up: Competing for Employees to Execute Strategy 479
- Introduction 480
- Equity Theory and Fairness 482
- Developing Pay Levels 484
 - Market Pressures 484
 - Competing through Technology
 - Automation, Technology, and the Demand for Employees* 486
 - Employees as a Resource 487
 - Competing through Environmental, Social, and Governance Practices
 - Reducing Employee Financial Precarity* 488
 - Deciding What to Pay 489
- EVIDENCE-BASED HR 489
 - Market Pay Surveys 490
 - Developing a Job Structure 491
 - Developing a Pay Structure 493
 - Conflicts between Market Pay Surveys and Job Evaluation 496
 - Monitoring Compensation Costs 497
 - Globalization, Geographic Region, and Pay Structures 498
- The Importance of Process: Participation and Communication 499
 - Participation 499
 - Communication 500
- Challenges 501
 - Problems with Job-Based Pay Structures 501
 - Responses to Problems with Job-Based Pay Structures 501

Can the U.S. Labor Force Compete? 503

Executive Pay 506

Competing through Globalization

Where to Manufacture? Labor Costs and the Automobile Industry (including Tesla) 507

Government Regulation of Employee Compensation 510

Equal Employment Opportunity 510

Minimum Wage, Overtime, and Prevailing Wage Laws 513

Integrity in Action

Making Questions about Salary History Off Limits 514

>> A Look Back 515

Summary 516

Key Terms 516

Discussion Questions 516

Self-Assessment Exercise 517

Exercising Strategy 517

Managing People: Reporting the Ratio of Executive Pay to Worker Pay: Is It Worth the Trouble? 518

HR in Small Business 519

Notes 520

12 Recognizing Employee Contributions with Pay 524

>> Enter the World of Business: Employers Raise Pay but Try to Keep an Eye on Fixed Costs—A Challenge in a Tight Labor Market 525

Introduction 526

How Does Pay Influence Individual Employees? 527

Reinforcement Theory 527

Expectancy Theory 527

Agency Theory 528

Competing through Environmental, Social, and Governance Practices

Carbon-Emissions Targets (and Incentives) at Royal Dutch Shell 530

How Do Pay Sorting Effects Influence Labor Force Composition? 530

Pay-for-Performance Programs 531

Differentiation in Performance and Pay 531

Differentiation Strength/Incentive Intensity: Promise and Peril 531

Competing through Technology

Financial Services Firms Turn to Social Media and Automation 532

Integrity in Action

Novartis Changes the Way It Pays: Now, Not Just Whether, but also How, You Achieve Your Objectives Matters 534

Types of Pay for Performance: An Overview 534

Managerial and Executive Pay 547

Process and Context Issues 551

Employee Participation in Decision Making 551

Communication 551

Pay and Process: Intertwined Effects 552

Organization Strategy and Compensation Strategy: A Question of Fit 552

Competing through Globalization

Japanese Companies Shift Emphasis from Seniority to Performance: Some Japanese Now Even Switch Companies 553

>> A Look Back 555

Summary 555

Key Terms 555

Discussion Questions 556

Self-Assessment Exercise 556

Exercising Strategy 556

Managing People: ESOPs: Who Benefits? 557

HR in Small Business 558

Notes 559

13 Employee Benefits 566

>> Enter the World of Business: Work (and Family?) in Tech, Finance, and Consulting: Millennials Speak Up 567

Introduction 568

Reasons for Benefits Growth 569

Benefits Programs 572

Social Insurance (Legally Required) 573

Private Group Insurance 576

Retirement 577

Pay for Time Not Worked 582

Family-Friendly Policies 583

EVIDENCE-BASED HR 584

Managing Benefits: Employer Objectives and Strategies 586

Surveys and Benchmarking 587

Cost Control 587

Competing through Environmental, Social, and Governance Practices

Employers Become Health Care Providers 588

Competing through Technology

Alliances, Technology, and Virtual Care (Telemedicine) 592

Integrity in Action

Being a Contractor versus an Employee 596

Competing through Globalization

Improving Expatriate Access to Health Care 597

Nature of the Workforce 597

Communicating with Employees and Maximizing Benefits Value 598

General Regulatory Issues 603

Affordable Care Act 603

Nondiscrimination Rules, Qualified Plans, and Tax Treatment 603

Sex, Age, and Disability 605

Monitoring Future Benefits Obligations 605

>> A Look Back 606

Summary 607

Key Terms 607

Discussion Questions 607

Self-Assessment Exercise 608

Exercising Strategy 608

Managing People: Some Companies Want Employees (Back) at the Office 609

HR in Small Business 610

Notes 611

**PART 5
Special Topics in Human Resource
Management 616**

14 Collective Bargaining and Labor Relations 616

>> Enter the World of Business: Collective Bargaining Comes to JetBlue 617

Introduction 618

The Labor Relations Framework 618

Goals and Strategies 620

Society 620

Management 621

Labor Unions 621

Integrity in Action

The Alliance for Bangladesh Worker Safety 623

Union Structure, Administration, and Membership 624

National And International Unions 624

Local Unions 625

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) 625

Union Security 625

Union Membership and Bargaining Power 627

Legal Framework 631

Concerted Activity 632

Unfair Labor Practices—Employers 633

Unfair Labor Practices—Labor Unions 634

Enforcement 634

**Union and Management Interactions:
Organizing 635**

Why Do Employees Join Unions? 635

The Process and Legal Framework of Organizing 635

Competing through Environmental, Social, and Governance Practices

Representing Nonunion Employees in the Gig Economy 642

Competing through Technology

Worker Organizing and Competing Apps at Walmart 643

**Union and Management Interactions:
Contract Negotiation 645**

The Negotiation Process 645

Management's Preparation for Negotiations 646

Negotiation Stages and Tactics 647

Bargaining Power, Impasses, and Impasse Resolution 648

Management's Willingness to Take a Strike 648

Impasse Resolution Procedures: Alternatives to Strikes 649

**Union and Management Interactions:
Contract Administration 650**

Grievance Procedure 650

Cooperative Labor–Management Strategies 652

Labor Relations Outcomes 655

EVIDENCE-BASED HR 656

Strikes 657

Wages and Benefits 657

Productivity 659

Profits and Stock Performance 660

The International Context 660**Competing through Globalization**

France and Labor Reforms: President Macron Says He Does Not Plan to End Up As Did Louis XVI and Marie-Antoinette 663

The Public Sector 664**Nonunion Representation Systems 665**>> **A Look Back 666**

Summary 666

Key Terms 666

Discussion Questions 667

Self-Assessment Exercise 667

Exercising Strategy 667

Managing People: Twinkies, HoHos, and Ding Dongs: No Treat for Labor Unions 668

HR in Small Business 669

Notes 670

15 Managing Human Resources Globally 674>> **Enter the World of Business: Changing the Offshoring Game 675**

Introduction 676

Current Global Changes 677

European Union and "Brexit" 677

United States–Mexico–Canada Trade Agreement 678

The Growth of Asia 678

General Agreement on Tariffs and Trade 678

Factors Affecting HRM in Global Markets 679

Culture 679

Competing through Globalization

Amazon Faces Integrity Issues in China 680

EVIDENCE-BASED HR

Is National Culture as Important as We Thought? 683

Education–Human Capital 684

Political–Legal System 684

Competing through Technology

The Need for Hybrid Skills 685

Integrity in Action

Scandal in South Korea 686

Economic System 686

Competing through Environmental, Social, and Governance Practices

Company Solutions to the Environmental Challenge 687

Managing Employees in a Global Context 689

Types of International Employees 689

Levels of Global Participation 689

Managing Expatriates in Global Markets 693

>> **A Look Back 704**

Summary 705

Key Terms 705

Discussion Questions 705

Self-Assessment Exercise 705

Exercising Strategy 706

Managing People: Huawei's Culture 706

HR in Small Business 707

Notes 707

16 Strategically Managing the HRM Function 710>> **Enter the World of Business: Rebuilding Wells Fargo 711**

Introduction 711

Activities of HRM 712

Strategic Management of the HRM Function 713

Building an HR Strategy 715

The Basic Process 715

Involving Line Executives 717

Characterizing HR Strategies 717

Measuring HRM Effectiveness 719

Audit Approach 719

The Analytic Approach 721

Improving HRM Effectiveness 724

Restructuring to Improve HRM Effectiveness 725

Outsourcing to Improve HRM Effectiveness 727

Improving HRM Effectiveness through Process Redesign 728

Competing through Technology

Robots Are Now in Charge of Hiring 732

Improving HRM Effectiveness through New Technologies—HRM Information Systems 735

EVIDENCE-BASED HR

The HR Crystal Ball: Predicting Who Might Leave 737

The Future for HR Professionals 738

Competing through Globalization

IKEA Enters India 739

The Role of the Chief Human Resource Officer 740

Integrity in Action

CBS's CEO Needed CHRO Help 742

Competing through Environmental, Social, and Governance Practices

The CHRO's Role in ESG 743



A Look Back 743

Summary 744

Key Terms 744

Discussion Questions 744

Self-Assessment Exercise 745

Exercising Strategy 745

Managing People: Wells Fargo's Recovery? 746

HR in Small Business 747

Notes 747

Glossary 750

Name and Company Index 761

Subject Index 770