

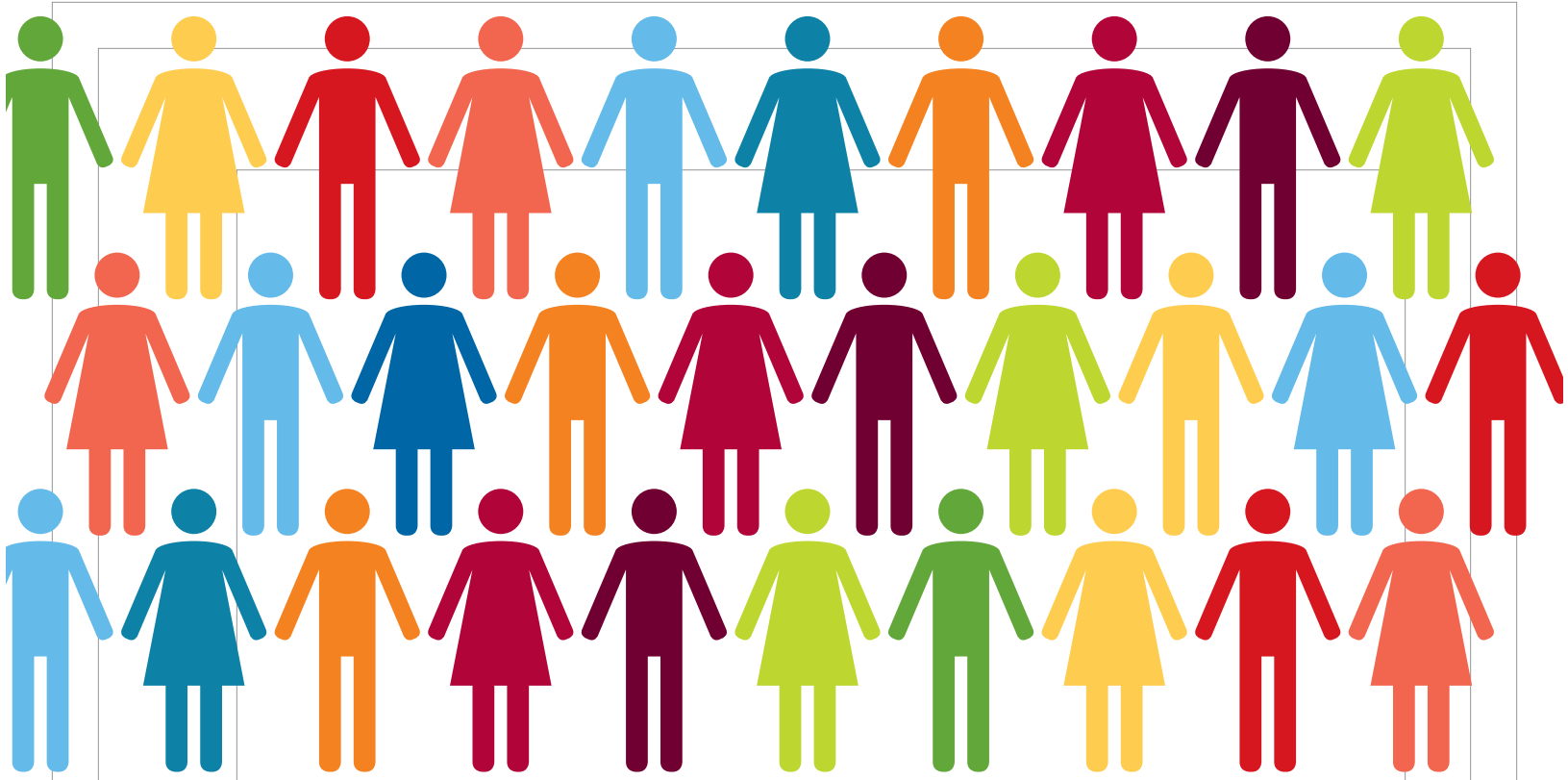


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**HUMAN RESOURCE
MANAGEMENT** 9e

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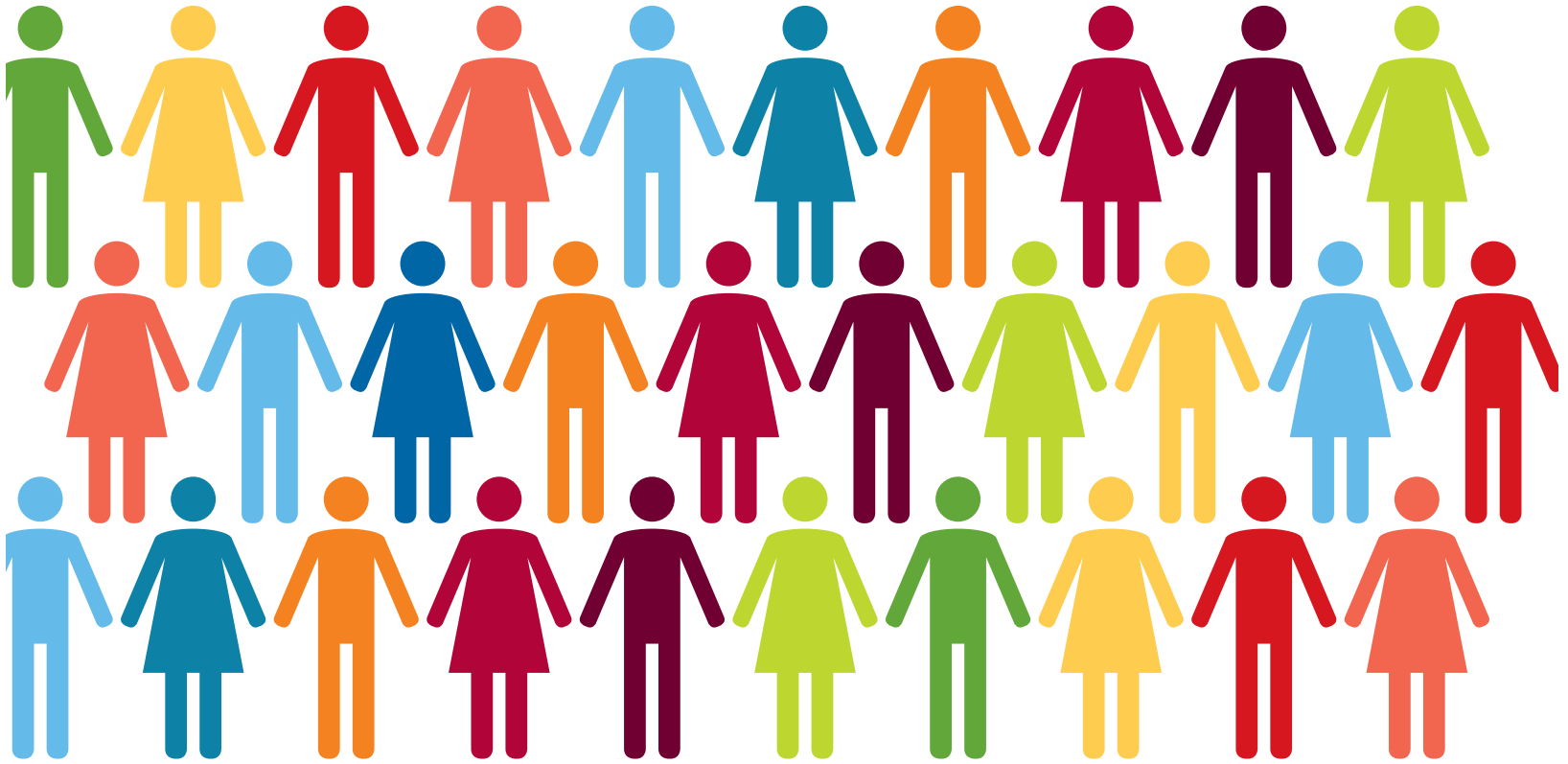


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**Human Resource
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fundamentals of
Human Resource Management

NINTH EDITION

Raymond A. Noe

The Ohio State University

John R. Hollenbeck

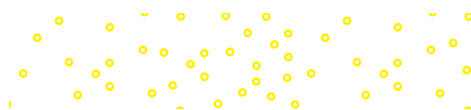
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FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT, NINTH EDITION

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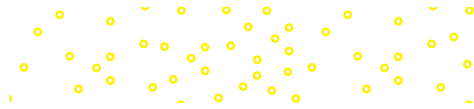
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To my independent yet loving kids, Ray, Tim, and Melissa,
and cats, Lucky, Chester, and Milo

—R.A.N.

To my beloved Plus-ones, Jonathon, Kelsey, Mariano, and
Sabrina

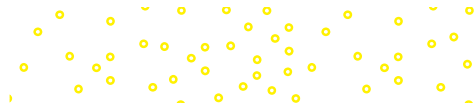
—J.R.H.

To my parents, Robert and Shirley, my wife, Heather, and
my children, Chris and Annie

—B.G.

To my late parents, Patricia and Paul, my wife, Mary, and my
sons, Michael and Matthew

—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 articles in the *Academy of Management Annals*, *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Journal of Vocational Behavior*, and *Personnel Psychology*. 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 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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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.

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, *Fundamentals of Human Resource Management*, Ninth Edition, 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. "Thinking Ethically" confronts students with issues that occur in managing human resources. Each feature includes questions to assist students with critical thinking and to spark classroom discussions.

Fundamentals also assists students with learning "How To" perform HR activities, such as applying HR data to solve business problems, devising plans for workplace flexibility, and making incentive pay part of a total-rewards package. These are all work situations students are likely to encounter as part of their professional careers. The end-of-chapter cases focus on corporate sustainability ("Taking Responsibility"), managing the workforce ("Managing Talent"), and HR activities in small organizations ("HR in Small Business").



Organization of the Ninth Edition

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 the New Edition

While preparing this new edition, we could not overlook the COVID-19 pandemic and its profound and possibly long-lasting effects on the way the world conducts business. As companies were forced to temporarily (and in some cases permanently) close their doors, and more than 40 million U.S. workers filed for unemployment, professionals across organizations large and small continued to look for ways to keep their employees safe while still conducting business. Throughout the chapters, we have included examples of how companies and HR professionals have implemented strategies to keep operations moving forward during these uncertain times.

In addition, as we finalized the manuscript for this edition, the call for racial equality, social justice, and equal opportunity in the form of massive protests and demonstrations around the country found organizations large and small taking a deeper look into how they can become agents for positive change both in terms of their own workforce and within their communities. We have included two new cases in Chapters 1 and 2 describing how PwC and Adidas have taken steps to address racism and other related issues.

We have also added questions to the *HR Analytics & Decision Making* features to help students use their critical-thinking skills to understand the importance of data analytics. Also, we have included additional *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, to pertinent chapters. These videos are featured in Connect, along with questions related to chapter content. Finally, we have written all-new *HR in Small Business* cases for each chapter.

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 a discussion about how technology continues to change the way work gets done and its impact on HRM. 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 impact 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 offering employees opportunities to learn new skills; and the push to address the importance of diversity and inclusion for all in today's workforce.
- **Chapter 3** covers updates and features on the topic of sexual harassment; the effects of neurodiversity in the workforce; and employers' ethical obligations to workers during a pandemic. 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 increasing use of robots and other types of automation to free up workers to perform tasks that require new and higher-level skills; the importance of workplace flexibility and the careful planning this new arrangement requires from HR and other managers; and employers' responsibilities when it comes to ergonomics in workers' remote workspaces.

- **Chapter 5** covers the process of HR planning and addresses how some companies are taking steps to build a bigger talent pool from within the organization by developing skills in existing employees, training workers in hard-to-fill skills, and broadening their search criteria when seeking new employees from outside the organization—especially in a tight labor market. In addition, the discussion on campus recruiting describes how recruiters are scheduling individual sessions with prospective hires via Skype, Face Time, and Zoom due to the COVID-19 pandemic and how an AI start-up has launched a virtual event recruiting system to help companies match candidates with open positions.
- **Chapter 6** discusses how companies are using video games in the selection process, which tests different traits associated with emotional intelligence and risk taking. The chapter also discusses how organizations can measure cultural fit when it comes to the selection process; the pros and cons of using artificial intelligence in the hiring process; and the experience of an Ohio manufacturing company that hires employees who are in need of a second chance when it comes to life and work.
- **Chapter 7** looks at the increasing use of simulations and other tools in the employee training process; how Domino's uses an interactive software program with an animated trainer to assist managers in training new hires; updated statistics on the different instruction methods used in the training process; and how strategies to deepen trainees' involvement in the learning process can pay big dividends.
- **Chapter 8** discusses strategies to make employee development more inclusive for workers of color, persons with disabilities, and LGBTQ employees; how employees can use LinkedIn and its learning portal to help steer their career trajectory; statistics on the dearth of female executives at the top of major organizations; and the importance of a strong succession plan for top management positions.
- **Chapter 9** opens with a feature on how ADP helps its client companies achieve high performance. In addition, the chapter discusses the importance of empathy in the workplace and how it can lead to increased productivity and employee retention, and how U.S. employee engagement rates have hit a record high in recent years. In addition, a new discussion focuses on how employers can enable high performance from employees working remotely—even during a pandemic.
- **Chapter 10** discusses recent trends in managing employees' performance and how such reviews are becoming more frequent and less formal. In addition, the chapter describes how companies are using data analytics to modify their performance management systems with input from employees and why "sugarcoating" employee feedback during reviews won't help workers improve their performance.
- **Chapter 11** open with the story of insurance giant Aflac's approach to establishing and maintaining strong relationships with its workers. In addition, the ethics of laying off employees via videoconferencing are discussed. The end-of-chapter Taking Responsibility case on manufacturing Lysol during COVID-19 underscores the importance of corporate values and workers' untiring commitment to help in this time of need.
- **Chapter 12** provides updated pay data for women, men, and minorities and describes strategies companies are using to close the earnings gap. In addition, recent research suggests that many workers have begun to negotiate pay levels with their employers, possibly due to the stronger economy and lower national unemployment rate (prior to the pandemic). The end-of-chapter Managing Talent case focuses on how the TSA is working to improve its pay structure in an effort to retain employees.

- **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 use variable pay as part of their total compensation to employees, as annual merit raises continue to be stagnant. The ethics of paying hazard pay are discussed in light of the impact of COVID-19 on front-line workers such as grocery employees, medical professionals, and police officers.
- **Chapter 14** updates information on employee benefits, Social Security, and taxes paid by both employers and employees.
- **Chapter 15** provides information on current trends and statistics in union membership. In addition, the chapter points out how unions are working together with companies to reduce benefit costs.
- **Chapter 16** includes a new discussion about companies being “born global” and the addition of material on the sixth dimension of Hofstede’s cultural dimensions, indulgence/restraint. New material has also been added to update the discussion on Brexit and the UK’s new points-based immigration plan that will reduce the free movement of workers from other European countries to the UK, which could have a negative impact on certain business sectors.

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 new Ninth Edition 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 editions. 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 Ninth Edition of *Fundamentals of Human Resource Management* would not have been possible without the staff of McGraw-Hill Education. Mike Ablassmeier 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 thank Cate Rzasa who worked diligently to make sure that the book was interesting, practical, and readable and remained true to the findings of human resource management research. We also thank Kelly Pekelder and Mary Powers for their efforts on behalf of this new edition.

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.

Dr. Roger Blair
Palm Beach State College

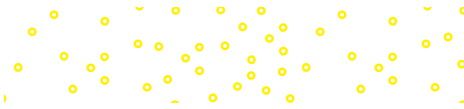
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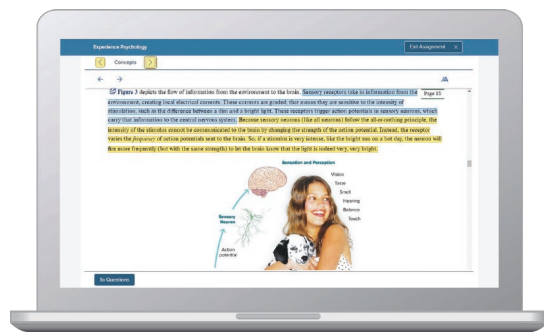


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The Human Resource Environment

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Managing Human Resources

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Analyzing Work and Designing Jobs



PART ONE

1

Managing Human Resources

Introduction

According to David Windley, the CEO of IQTalent Partners, this is an excellent time to be working in human resource management. Internet-based technology is changing the way work gets done, automating many tasks once carried out by humans. As Windley sees it, this will result in organizations needing people for their creativity and good judgment, not their ability to carry out routine, repetitive tasks. When machines are doing routine work, what differentiates companies will be having the best—the most creative, the most insightful—people and setting up an environment in which they can and will contribute. Doing this requires professionals with high ethical standards and strong skills in applying data to complex situations.

For those who specialize in HR, these changes put them in the key role of providing talent, keeping talent, and bringing out the best in talent. Windley sees this because his own career was in human resources. At the age of 27, he took his first job heading an HR department, at a company called Mediagenic (now Activision). He later held executive roles at Intuit, Microsoft, Yahoo, and others. Windley says one of his greatest challenges was implementing a cultural shift in a company—taking managers who had viewed their individual units as separate kingdoms and persuading them to unite in a common purpose.

Windley, who holds bachelor's and master's degrees in business, says he chose human resource management as a career because the “people side of business” was what interested him the most. At an early age, he could see that doing a good job at acquiring and managing people would have more impact on a business's success than working on just about any other kind of business resource. Now that he runs his own company, he is delivering HR expertise to clients by helping them find talent. Windley remains active in the field, serving as chair of the board for the Society for Human Resource Management.¹



As technology changes the way work gets done, human resource management has become an important partner in developing and implementing corporate strategies.
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What Do I Need to Know?

After reading this chapter, you should be able to:

- LO 1-1** Define human resource management, and explain how HRM contributes to an organization's performance.
- LO 1-2** Identify the responsibilities of human resource departments.
- LO 1-3** Summarize the types of competencies needed for human resource management.
- LO 1-4** Explain the role of supervisors in human resource management.
- LO 1-5** Discuss ethical issues in human resource management.
- LO 1-6** Describe typical careers in human resource management.

As business leaders like David Windley know from experience, a company's success requires skillful **human resource management (HRM)**, the policies, practices, and systems that influence employees' behavior, attitudes, and performance. Many companies refer to HRM as involving "people practices." Figure 1.1 emphasizes that there are several important HRM practices that should support the organization's business strategy: analyzing work and designing jobs, determining how many employees with specific knowledge and skills are needed (human resource planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), evaluating their performance (performance management), rewarding employees (compensation), and creating a positive work environment (employee relations). An organization performs best when all of these practices are managed well. At businesses and other organizations with effective HRM, employees and customers tend to be more satisfied, and the companies tend to be more innovative, have greater productivity, and develop a more favorable reputation in the community.²

In this chapter, we introduce the scope of human resource management. We begin by discussing why human resource management is an essential element of an organization's success. We then turn to the elements of managing human resources: the roles and skills needed for effective human resource management. Next, the chapter describes how all managers, not just human resource professionals, participate in the activities related to human resource management. The following section of the chapter addresses some of the ethical issues that arise with regard to human resource management. We then provide an overview of careers in human resource management. The chapter concludes by highlighting the HRM practices covered in the remainder of this book.

Human Resource Management (HRM)

The policies, practices, and systems that influence employees' behavior, attitudes, and performance.

Human Resources and Company Performance

Managers and economists traditionally have seen human resource management as a necessary expense, rather than as a source of value to their organizations. Economic value is usually associated with *capital*—cash, equipment, technology, and facilities. However, research has demonstrated that HRM practices can be valuable.³ Decisions such as whom to hire, what to pay, what training to offer, and how to evaluate employee performance directly affect employees' motivation and ability to provide goods and services that customers value. Companies that attempt to increase their competitiveness by investing in new technology

LO 1.1 Define human resource management, and explain how HRM contributes to an organization's performance.

FIGURE 1.1
Human Resource Management Practices

