

Human Resource Management and Labor Relations

chapter # 10

Introduction

- **In this chapter we**
 - explain how managers plan for their organization's human resource needs
 - discuss ways in which organizations select, develop, and appraise employee performance
 - examine the main components of a compensation system
 - look at some key legal issues
 - explain why workers organize into labor unions and describe the collective bargaining process.

learning objectives

- 1. Define human resource management, discuss its strategic significance, and explain how managers plan for their organization's human resource needs.*
- 2. Discuss the legal context of human resource management and identify contemporary legal issues.*
- 3. Identify the steps in staffing a company and discuss ways in which organizations recruit and select new employees.*

learning objectives

- 4. Describe the main components of a compensation and benefits*
- 5. Describe how managers develop the workforce in their organization through training and performance appraisal.*
- 6. Discuss workforce diversity, the management of knowledge workers, and the use of a contingent workforce as important changes in the contemporary workplace*
- 7. Explain why workers organize into labor unions and describe the collective bargaining process*

The Foundations of Human Resource Management

- **Human resource management (HRM)**
 - the set of organizational activities directed at attracting, developing, and maintaining an effective workforce.
- **Human Capital**
 - reflects the organization's investment in attracting, retaining, and motivating an effective workforce

HR Planning

- **Job Analysis**
 - systematic analysis of jobs within an organization
- **Job Description**
 - description of the duties and responsibilities of a job, its working conditions, and the tools, materials, equipment, and information used to perform it
- **Job Specification**
 - description of the skills, abilities, and other credentials and qualifications required by a job

The HR Planning Process

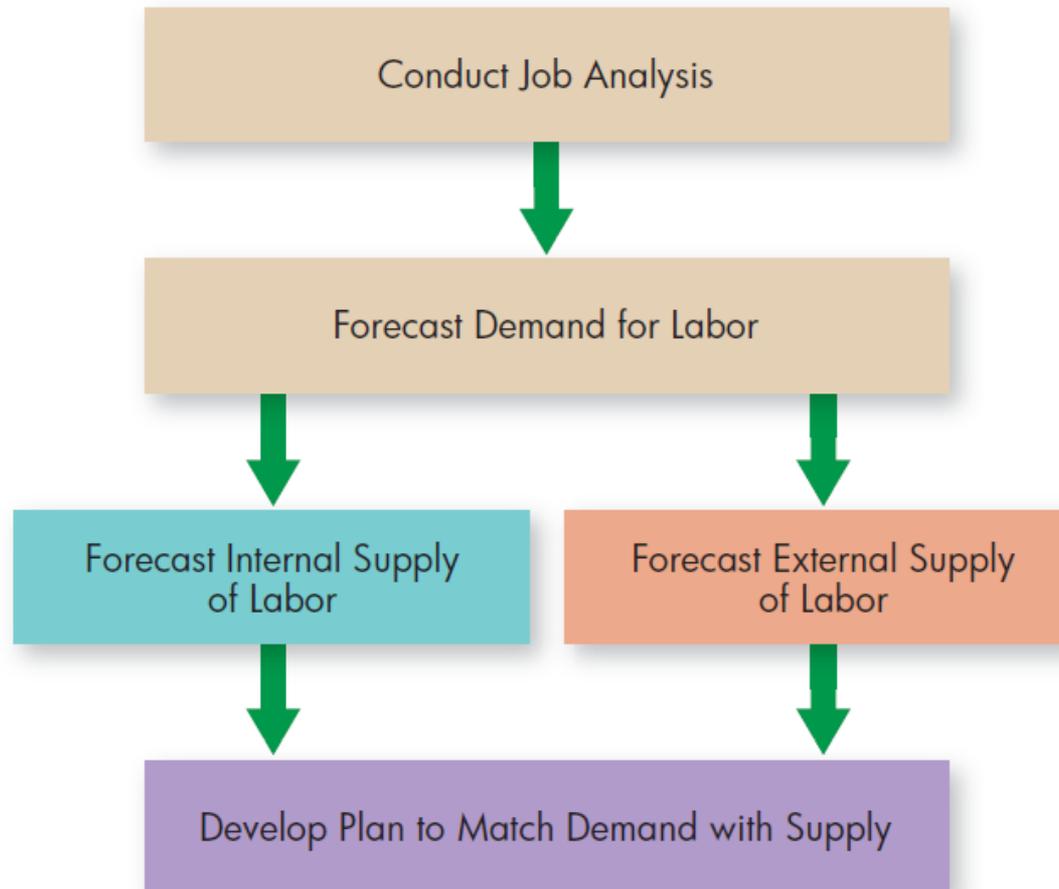


FIGURE 10.1 The HR Planning Process

Forecasting HR Demand and Supply

1. Forecasting *internal supply*

- the number and type of employees who will be in the firm at some future date

2. Forecasting *external supply*

- the number and type of people who will be available for hiring from the labor market at large

Forecasting HR Demand and Supply (cont.)

- **Replacement Chart**

- list of each management position, who occupies it, how long that person will likely stay in the job, and who is qualified as a replacement

- **Employee Information System (Skills Inventory)**

- computerized system containing information on each employee's education, skills, work experiences, and career aspirations

The Legal Context of HRM

- **Title VII of the Civil Rights Act of 1964**
 - forbids discrimination in all areas of the employment relationship
- **Adverse Impact**
 - when minorities and women meet or pass the requirement for a job at a rate less than 80 percent of the rate of majority group members
- **Equal Employment Opportunity Commission (EEOC)**
 - federal agency enforcing several discrimination-related laws

The Legal Context of HRM (cont.)

- **Age Discrimination in Employment Act**
 - *outlaws discrimination against people older than 40 years*
- **Equal Employment Opportunity**
 - legally mandated nondiscrimination in employment on the basis of race, creed, sex, or national origin

Affirmative Action

- **Affirmative Action**

- intentionally seeking and hiring employees from groups that are underrepresented in the organization

- **Affirmative Action Plan**

- written statement of how the organization intends to actively recruit, hire, and develop members of relevant protected classes

The Legal Context of HRM

- **Americans With Disabilities Act**
 - forbids discrimination on the basis of disabilities and requires employers to provide reasonable accommodations for disabled employees
- **Civil Rights Act of 1991**
 - amended the original Civil Rights Act

Compensation and Benefits

- **Fair Labor Standards Act**

- sets a minimum wage and requires the payment of overtime rates for work in excess of 40 hours per week

- **Equal Pay Act of 1963**

- requires that men and women be paid the same amount for doing the same job

Compensation and Benefits (cont.)

- **Employee Retirement Income Security Act (ERISA) of 1974**
 - ensures the financial security of pension funds by regulating how they can be invested
- **Family and Medical Leave Act (FMLA) of 1993**
 - requires employers to provide up to 12 weeks of unpaid leave for family and medical emergencies

The Legal Context of HRM

table 10.1

Equal Employment Opportunity

Title VII of the Civil Rights Act of 1964 (as amended by the Equal Employment Opportunity Act of 1972). Forbids discrimination in all areas of the employment relationship.

Age Discrimination in Employment Act. Outlaws discrimination against people older than 40 years.

Various executive orders, especially Executive Order 11246 in 1965. Requires employers with government contracts to engage in affirmative action.

Pregnancy Discrimination Act. Specifically outlaws discrimination on the basis of pregnancy.

Vietnam Era Veterans Readjustment Assistance Act. Extends affirmative action mandate to military veterans who served during the Vietnam War.

Americans with Disabilities Act. Specifically outlaws discrimination against disabled persons.

Civil Rights Act of 1991. Makes it easier for employees to sue an organization for discrimination but limits punitive damage awards if they win.

Compensation and Benefits

Fair Labor Standards Act. Establishes minimum wage and mandated overtime pay for work in excess of 40 hours per week.

Equal Pay Act of 1963. Requires that men and women be paid the same amount for doing the same job.

Employee Retirement Income Security Act (ERISA) of 1974. Regulates how organizations manage their pension funds.

Family and Medical Leave Act (FMLA) of 1993. Requires employers to provide up to 12 weeks of unpaid leave for family and medical emergencies.

Labor Relations

National Labor Relations Act. Spells out procedures by which employees can establish labor unions and requires organizations to bargain collectively with legally formed unions; also known as the *Wagner Act*.

Labor-Management Relations Act. Limits union power and specifies management rights during a union-organizing campaign; also known as the *Taft-Hartley Act*.

Health and Safety

Occupational Safety and Health Act (OSHA) of 1970. Mandates the provision of safe working conditions.

Labor Relations

- **National Labor Relations Act (*also known as the Wagner Act*)**
 - sets up a procedure for employees to vote on whether to have a union
- **National Labor Relations Board (NLRB)**
 - established by the Wagner Act to enforce its provisions
- **Labor-Management Relations Act (*also known as the Taft-Hartley Act*)**
 - passed to limit union power

Health and Safety

- **Occupational Safety and Health Act (OSHA) of 1970**
 - federal law setting and enforcing guidelines for protecting workers from unsafe conditions and potential health hazards in the workplace

Other Legal Issues

- **Sexual Harassment**
 - making unwelcome sexual advances in the workplace
- **Quid Pro Quo Harassment**
 - form of sexual harassment in which sexual favors are requested in return for job-related benefits
- **Hostile Work Environment**
 - form of sexual harassment derived from off-color jokes, lewd comments, and so forth

Other Legal Issues (cont.)

- **Employment at Will**

- principle, increasingly modified by legislation and judicial decision, that organizations should be able to retain or dismiss employees at their discretion

- **Patriot Act**

- legislation that increased U.S. government's power to investigate and prosecute suspected terrorists

Staffing the Organization

- **Recruiting**

- process of attracting qualified persons to apply for jobs an organization is seeking to fill

- **Internal Recruiting**

- considering present employees as candidates for openings

- **External Recruiting**

- attracting persons outside the organization to apply for jobs

Selecting Human Resources

**Application
forms**

Tests

Interviews

Polygraph

Drug tests

**Credit
checks**

References

Compensation and Benefits

- **Compensation System**

- total package of rewards that organizations provide to individuals in return for their labor

- **Wages**

- compensation in the form of money paid for time worked

- **Salary**

- compensation in the form of money paid for discharging the responsibilities of a job

Incentive Programs

- Incentive Program
 - *special compensation program designed to motivate high performance*
- Bonus
 - *individual performance incentive in the form of a special payment made over and above the employee's salary*
- Merit Salary System
 - *Individual incentive linking compensation to performance in non-sales jobs*

Incentive Programs (cont.)

- **Pay For Performance (Variable Pay)**
 - individual incentive that rewards a manager for especially productive output
- **Profit-Sharing Plan**
 - incentive plan for distributing bonuses to employees when company profits rise above a certain level
- **Gainsharing Plan**
 - incentive plan that rewards groups for productivity improvements

Incentive Programs (cont.)

- **Pay-for-Knowledge Plan**
 - incentive plan to encourage employees to learn new skills or become proficient at different jobs

Benefits Programs

- **Benefits**
 - compensation other than wages and salaries
- **Workers' Compensation Insurance**
 - legally required insurance for compensating workers injured on the job
- **cafeteria benefits plan**
 - *benefit plan that sets limits on benefits per employee, each of whom may choose from a variety of alternative benefits*

Developing the Workforce

- **Training**

- usually refers to teaching operational or technical employees how to do the job for which they were hired

- **Development**

- usually refers to teaching managers and professionals the skills needed for both present and future jobs

Developing the Workforce (cont.)

- **On-the-Job Training**

- training, sometimes informal, conducted while an employee is at work

- **Off-the-Job Training**

- training conducted in a controlled environment away from the work site

- **Vestibule Training**

- off-the-job training conducted in a simulated environment

Developing the Workforce (cont.)

• Performance Appraisal

- evaluation of an employee's job performance in order to determine the degree to which the employee is performing effectively

Supervisor: _____
Employee: _____

Rate the employee on each of the following scales:

1 = Outstanding
2 = Very Good
3 = Acceptable
4 = Needs Some Improvement
5 = Needs Substantial Improvement

Quality of Performance

1 2 3 4 5

Quantity of Performance

1 2 3 4 5

Customer Service

1 2 3 4 5

Conscientiousness

1 2 3 4 5

Punctuality

1 2 3 4 5

FIGURE 10.2 Sample Performance Evaluation Form

Developing the Workforce (cont.)

- **360-Degree Feedback**

- performance appraisal technique in which managers are evaluated by everyone around them—their boss, their peers, and their subordinates

New Challenges in the Changing Workplace

- **Workforce Diversity**
 - the range of workers' attitudes, values, beliefs, and behaviors that differ by gender, race, age, ethnicity, physical ability, and other relevant characteristics
- **Knowledge Workers**
 - employees who are of value because of the knowledge they possess
- HR managers must ensure that the proper training is provided to enable knowledge workers to stay current while also making sure they are compensated at market rates

Distribution of the labor force by race 1990-2050

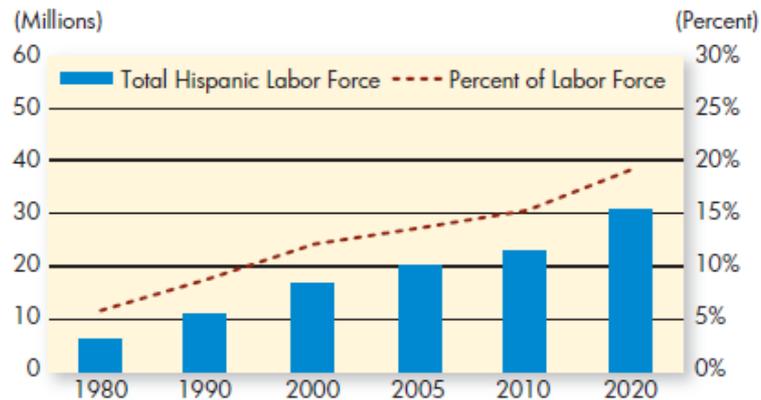
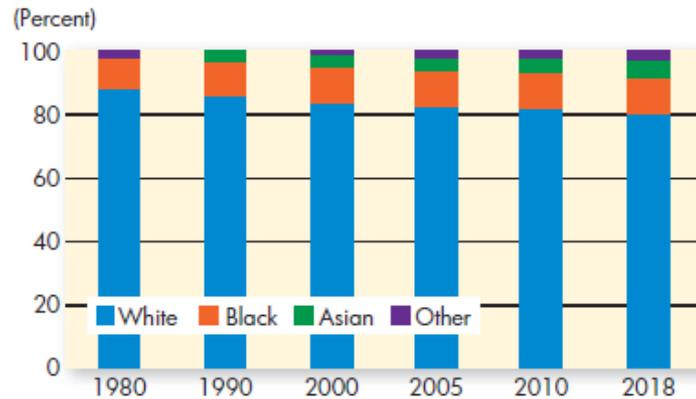


FIGURE 10.3 Distribution of the labor force by race 1990–2050
 Source: <http://www.bls.gov/news.release/ecopro.t01.htm> and <http://www.census.gov/compendia/statab/2012/tables/12s0587.pdf>.

Contingent and Temporary Workers

- **Contingent Worker**
 - employee hired on something other than a full-time basis to supplement an organization's permanent workforce
 - includes independent contractors, on-call workers, temporary employees, and contract and leased employees.

Dealing with Organized Labor

- **Labor Union**

- group of individuals working together to achieve shared job-related goals, such as higher pay, shorter working hours, more job security, greater benefits, or better working conditions

- **Labor Relations**

- process of dealing with employees who are represented by a union

Percentage of Workers Who Belong to Unions: 1995–2010

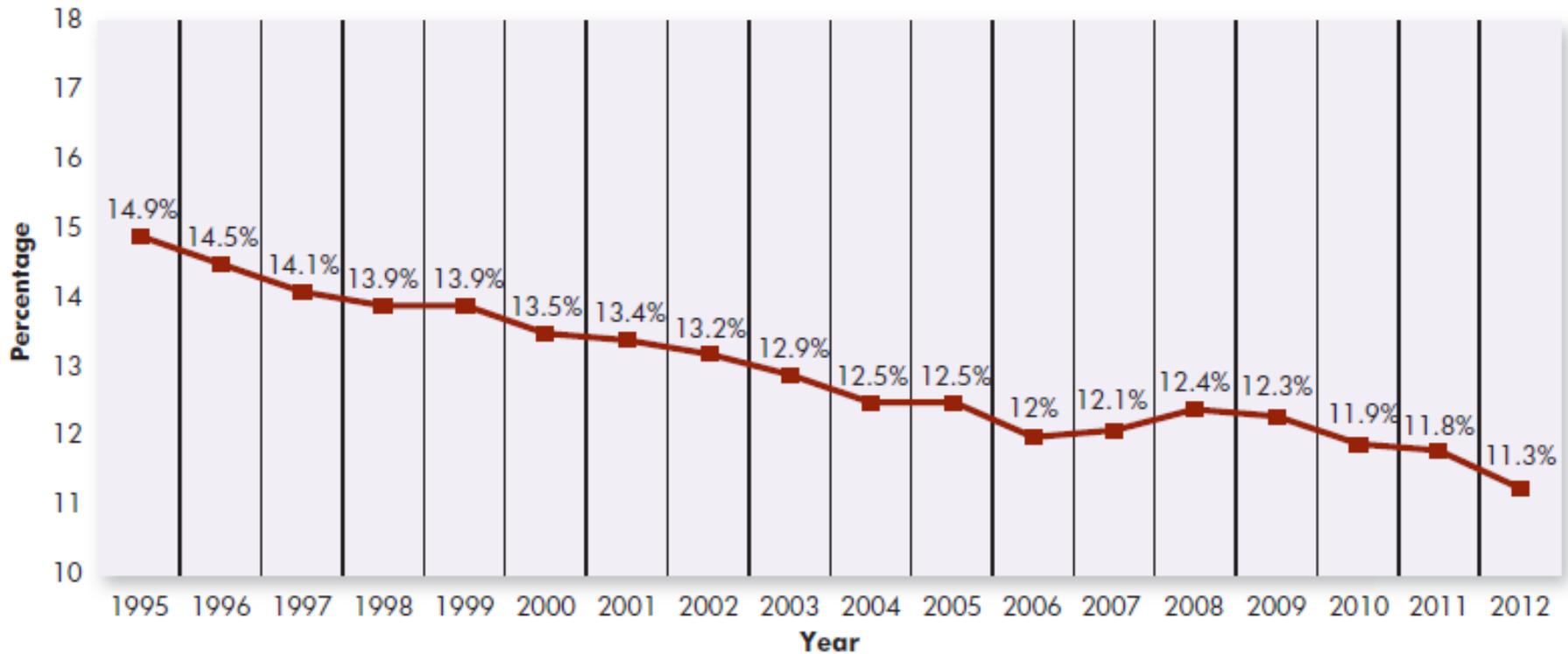


FIGURE 10.4 Percentage of Workers Who Belong to Unions: 1995–2010

Sources: <http://www.bls.gov/news.release/union2.nr0.htm> and <http://www.census.gov/compendia/statab/2012/tables/12s0587.pdf>.

Collective Bargaining

- **Collective Bargaining**

- process by which labor and management negotiate conditions of employment for union-represented workers

The Bargaining Zone

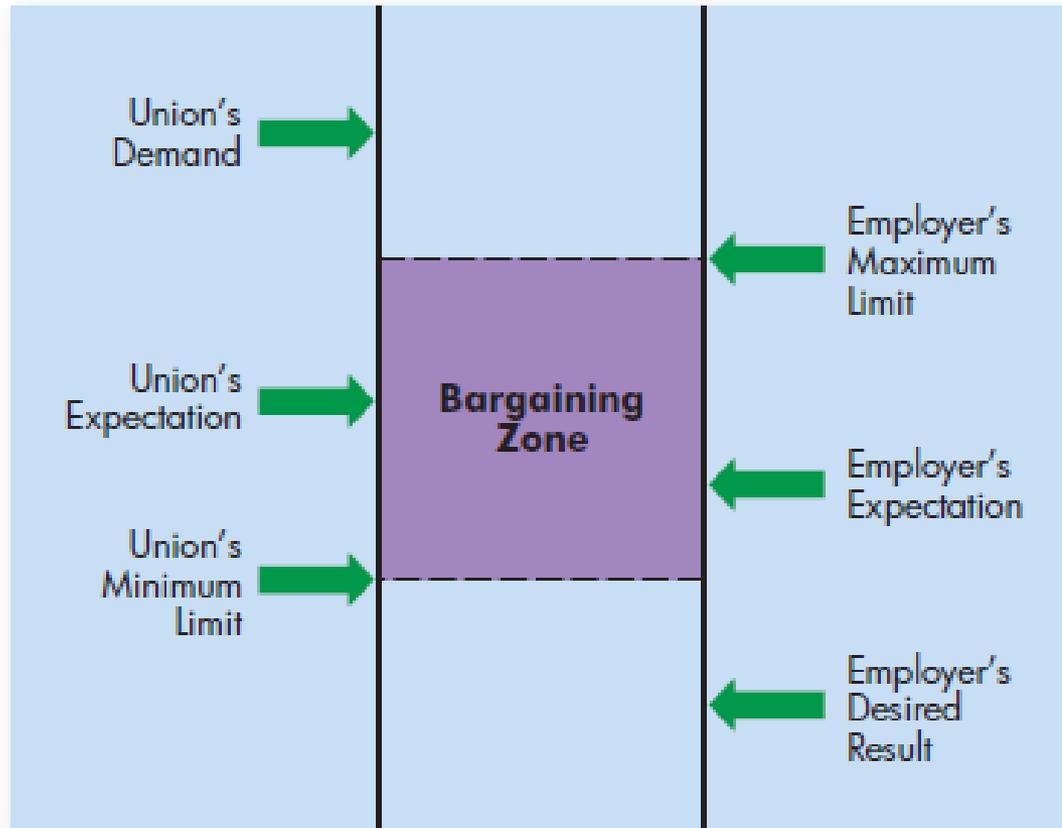


FIGURE 10.5 The Bargaining Zone

Contract Issues

- **Cost-of-Living Adjustment (COLA)**
 - labor contract clause tying future raises to changes in consumer purchasing power
- **Wage Reopener Clause**
 - clause allowing wage rates to be renegotiated during the life of a labor contract

When Bargaining Fails

- **Strike**

- labor action in which employees temporarily walk off the job and refuse to work

- **Boycott**

- labor action in which workers refuse to buy the products of a targeted employer

- **Work Slowdown**

- labor action in which workers perform jobs at a slower than normal pace

Management Tactics

- **Lockout**

- management tactic whereby workers are denied access to the employer's workplace

- **Strikebreaker**

- worker hired as a permanent or temporary replacement for a striking employee

Mediation and Arbitration

- **Mediation**

- method of resolving a labor dispute in which a third party suggests, but does not impose, a settlement

- **Arbitration**

- method of resolving a labor dispute in which both parties agree to submit to the judgment of a neutral party

Applying What You've Learned

- 1. Define** human resource management, discuss its strategic significance, and explain how managers plan for their organization's human resource needs.
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- 3. Identify** the steps in staffing a company and discuss ways in which organizations recruit and select new employees.

Applying What You've Learned (cont.)

- 4. Describe** the main components of a compensation and benefits
- 5. Describe** how managers develop the workforce in their organization through training and performance appraisal.
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