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*A Pew Research study reports that 50% of working fathers and 56% of working mothers have “very” or “somewhat” difficult times balancing work and family ... 50% of working fathers and 23% of working mothers feel they “spend too little time with kids.”*

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# 13

## Human Resource Management

### Nurturing turns potential into performance

#### CHAPTER QUICK START

As a manager or team leader, in many ways it's all about talent—the talent that you hire, nurture, develop, and support to help organizations and teams succeed. We're also talking about your talent, which you possess and develop—or not—to stay marketable and successful in your career field. Human resource management locates, cultivates, and sustains talent in organizations, and it's one of a manager's most important responsibilities.

#### Key Takeaways

- Explain the human resource management process and the legal framework that governs it.
- Identify how managers help organizations attract a quality workforce.
- Identify how managers help organizations develop a quality workforce.
- Identify how managers help organizations maintain a quality workforce.

what to look for inside >

#### MANAGEMENT IS REAL

**analysis**> MAKE DATA YOUR FRIEND

Underemployment Affects Almost One Fifth of U.S. Workers

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Tony Hsieh Taps HRM to Keep Zappos One Step Ahead

#### SKILLS MAKE YOU VALUABLE

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The key to managing people in ways that lead to profit, productivity, innovation, and real organizational learning ultimately lies in how you think about your organization and its people... . When you look at your people, do you see costs to be reduced? ... Or, when you look at your people do you see intelligent, motivated, trustworthy individuals—the most critical and valuable strategic assets your organization can have?

With these words from his book *The Human Equation: Building Profits by Putting People First*, scholar Jeffrey Pfeffer challenges managers to invest in people and their talents.<sup>1</sup> His research shows that organizations investing more in people outperform those that don't. These high-performing organizations thrive on strong foundations of **human capital**—the economic value of people with job-relevant knowledge, skills, abilities, experience, ideas, energies, and commitments. The best employers put people first and benefit from doing so.

**Human capital** is the economic value of people with job-relevant knowledge, skills, abilities, ideas, energies, and commitments.

## Human Resource Management

### TAKEAWAY 1 What is human resource management?

**LEARN MORE ABOUT** | Human resource management process • Strategic human resource management

Legal environment of human resource management

A marketing manager at IDEO, a Palo Alto-based consulting design firm, once said: “If you hire the right people ... if you’ve got the right fit ... then everything will take care of itself.”<sup>2</sup> This is what **human resource management**, or HRM, is all about—attracting, developing, and maintaining a talented and energetic workforce. Organizations that can’t do this well, and don’t have talented and committed employees to do the required work, have very little chance of being competitive in the long-term.

**Human resource management** is a process of attracting, developing, and maintaining a talented workforce.

There are many career opportunities in a wide variety of areas in human resource management. HRM specialists within organizations deal with hiring, compensation and benefits, training,



employee relations, and more. Common HR job titles include human resource planner, corporate recruiter, training and development specialist, compensation analyst, salary and benefits manager, and director of diversity. A growing number of consulting and outsourcing firms employ HR professionals to offer their clients specialized services in the same areas. And in the C-suite of senior executives, the title of Chief Talent Officer is becoming more popular and it gives direct testimony to what a commitment to HR is all about. Attention to the many facets of human resource management is essential for organizations in environments complicated by legal issues, economic turmoil, new corporate strategies, shifting labor markets, and changing social values.

## Human Resource Management Process

The goal of human resource management is to support organizational performance by aligning people and their talents with organizational strategies and objectives. All managers, not just human resource specialists, share the responsibility to ensure that highly capable and enthusiastic people are in the right positions and working with the support they need to be successful. The three major tasks in human resource management are typically described as

### Tasks of human resource management

1. *Attracting a quality workforce*—talent acquisition through human resource planning, employee recruitment, and employee selection.
2. *Developing a quality workforce*—talent development through employee onboarding and orientation, training and development, and performance management.
- 3.

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*Maintaining a quality workforce*—talent retention through career development, work–life balance, compensation and benefits, retention and turnover, and labor–management relations.

## Issues&Trends

### *Amazon Bar Raisers Put Job Candidates to a Tough Test*



Frances M. Roberts/NewsCom

Don't count on getting an engineering job or other top jobs at Amazon without getting the approval of one of the company's "bar raisers." These are volunteers who are well schooled in the organization's culture and business goals and possess strong mentoring skills. During employment interviews that also include HR staff, the candidate's potential manager, and teammates, the goal is to ensure that any hiring decision meets a tough test: Each new hire should "raise the bar" and make Amazon's talent pool stronger. The bar raisers work across functional lines and essentially represent the company as a whole in interviews. Amazon's Vice President of Global Talent Acquisition, Susan Harker, says: "We want to be as objective and scientific in our hiring as possible. The point is to optimize our chances of having long-term employees."

A key concept in HRM is "fit"—individual/job fit and individual/organization culture fit. In fact, an organization's HRM approach should always focus on establishing both a good fit between the employee and the specific job to be accomplished, and between the employee and the overall culture of the organization. **Person–job fit** is the extent to which an individual's knowledge, skills, experiences, and personal characteristics are consistent with the requirements of their work.<sup>3</sup> **Person–organization fit** is the extent to which an individual's values, interests, and behavior are consistent with the culture of the organization.<sup>4</sup>

**Person–job fit** is the extent to which an individual's knowledge, skills, experiences and personal characteristics are consistent with the requirements of their work.

**Person–organization fit** is the extent to which an individual's values, interests, and behavior are consistent with the culture of the organization.

## Strategic Human Resource Management

When Sheryl Sandberg left her senior management position with Google to become Facebook's chief operating officer, one of her first steps was to strengthen the firm's human resource management systems. She updated the approach for performance reviews, started new recruiting methods, and launched new management training programs.<sup>5</sup> Sandberg's initiatives are consistent with the concept of **strategic human resource management**—mobilizing human capital through the HRM process to best implement organizational strategies.<sup>6</sup>

**Strategic human resource management** mobilizes human capital to implement organizational strategies.

One indicator that HRM is truly strategic to organizations is when it is headed by a senior executive reporting directly to the chief executive officer. At Google that position is Vice President of People Operations ... Netflix has a Chief Talent Officer ... Under Armour has a Senior Vice President of Human Resources. By locating the senior HRM position in the C-suite, these organizations allow it to play a strategic role in building a high-performing workforce while supporting core values and the corporate culture.

The foundations for strategic human resource management are set with **employee value propositions** that align people with organizational strategies and objectives. Called EVPs, these are packages of opportunities and rewards, such as pay, benefits, meaningful work, and advancement possibilities, that make diverse and talented people want to belong to and work hard for the organization. Organizations with compelling EVPs have the edge over others in hiring and retaining talented people in scarce labor markets. Starbucks, for example, teamed up with Arizona State University to offer online degree programs for employees who work at least 20 hours per week. In return for paying part of the tuition bills, Starbucks expects to attract and retain talented workers while lowering its hiring and training costs.<sup>7</sup>

**Employee value propositions** are packages of opportunities and rewards that make diverse and talented people want to belong to and work hard for the organization.

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## wisdom> **LEARN FROM ROLE MODELS**

> Zappos' "work-hard play-hard" setting includes free food and fully paid medical and dental insurance.

### **Tony Hsieh Taps HRM to Keep Zappos One Step Ahead**



Brad Swonetz/Redux Pictures

As the CEO of [Zappos.com](https://www.zappos.com), a popular online retailer that sells shoes, clothing, handbags, and more, Tony Hsieh (pronounced *shay*) has led the company through an amazing period of growth. He's also forged a creative and unique approach to human resources management, designed to hire and retain only those individuals who are truly committed to the company's values.

Before becoming "Zapponians," prospective hires go through two interviews. In the first, Zappos interviewers assess applicants' technical proficiency. In the second, they evaluate applicants' ability to fit into the Zappos culture, which is characterized by 10 core values. Hsieh actually created the "cultural fit interview" himself. He included questions such as: "On a scale of 1 to 10, how weird are you?" "If they say 'one,' we won't hire them ... . We like 7s or 8s," says Hsieh. He also notes that "qualified egotists need not apply" because one of our core values is to "be humble."

Once hired, all employees, including executives, are required to go through a four-week customer loyalty training, where they not only spend time on the phone with customers but also work at the company's giant warehouse in Kentucky. At the end of this "KY Boot Camp," boot camp trainees are offered a \$2,000 bonus to quit and walk away. When asked why he offers to pay new employees to leave the company, Hsieh says that he wants only people who are committed to his long-term vision. Interestingly, 97% of the trainees turn down the buyout.

Hsieh also believes in creating a “work hard, play hard” atmosphere. To keep Zapponians inspired, he throws a weekly costume party at the main office. Hsieh also has implemented several employee-friendly practices such as providing free food in the company’s cafeterias and vending machines as well as paying 100% of employees’ medical and dental expenses.

### FIND THE INSPIRATION

**Is Hsieh’s approach to human resource management just an interesting oddity? Or, is it representative of the direction more organizations should follow to attract today’s new generation of talented workers? What aspects of the Zappos approach could be used by just about any employer? What parts might not fit at all? If Hsieh moves on to other opportunities, can his HRM practices survive at Zappos without his continued leadership?**

## Legal Environment of Human Resource Management

Hire a relative? Promote a friend? Fire an enemy? Hold on! Managers and employers can’t simply do whatever they want when it comes to human resource management practices. Everything has to be done within the framework of government laws and regulations about employment practices.

### Laws Protecting Against Discrimination

If valuing people is at the heart of human resource management, **job discrimination** is its nemesis. It occurs when organizations deny someone employment or a promotion for reasons unrelated to their performance potential. Think of this the next time you or someone else wonders: “Why didn’t I get invited for a job interview? Is it because my first name is Shaniqua?” “Why didn’t I get that promotion? Is it because I’m obviously pregnant?”

**Job discrimination** occurs when someone is denied a job or work assignment for reasons that are not job relevant.

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The cornerstone of U.S. laws designed to protect workers from job discrimination is Title VII of the Civil Rights Act of 1964, amended by the Equal Employment Opportunity Act of 1972 and the Equal Employment Opportunity Act (EEOA) of 1991. These acts provide for **equal employment opportunity** (EEO), giving everyone the right to employment without regard to sex, race, color, ethnicity, national origin, able-bodiedness, or religion. It is illegal under Title VII to consider any of these factors in decisions related to hiring, promoting, compensating, terminating, or in any way changing someone’s terms of employment.

**Equal employment opportunity** is the requirement that employment decisions be made without regard to sex, race, color, ethnicity, national origin, able-bodiedness, or religion.

The intent of equal employment opportunity is to ensure the rights of all citizens to gain and keep employment based only on their ability to do the job and their performance once on the job. This right is federally enforced by the Equal Employment Opportunity Commission (EEOC). This agency has the power to file civil lawsuits against organizations that do not



provide timely resolution of charges of discrimination lodged against them. The laws generally apply to all public and private organizations with 15 or more employees.

Under Title VII, organizations are expected to show **affirmative action** by setting goals and having plans that ensure equal employment opportunity for members of protected groups, those historically underrepresented in the workforce. The purpose of affirmative action is to ensure that women and minorities are represented in the workforce in proportion to their labor market availability.<sup>8</sup> The pros and cons of affirmative action are debated at both the federal and state levels. Criticism tends to focus on the use of group membership, such as female or minority status, as a criterion in employment decisions.<sup>9</sup> Issues include claims of *reverse discrimination* by members of majority populations. White males, for example, may believe that preferential treatment given to women and minorities interferes with their own employment rights.

**Affirmative action** is an effort to give preference in employment to women and minority group members who have traditionally been underrepresented.

As a general rule, legal protections for equal employment opportunity do not restrict an employer's right to establish **bona fide occupational qualifications** (BFOQs). These are criteria for employment that can be clearly justified as being a reasonable necessity for the normal operation of a business and are clearly related to a person's capacity to perform a job. The use of bona fide occupational qualifications based on race and color is not allowed under any circumstances. Those based on sex, religion, age, able-bodiedness, and national origin are possible, but organizations must take great care to support these requirements.<sup>10</sup> Examples of a BFOQ include age-based mandatory retirement for pilots and bus drivers based on issues of public safety. Religion may be a BFOQ in religious education contexts where faculty must adhere to the beliefs of the denomination running the school. Able-bodiedness may be a BFOQ where space constraints, such as in aircraft where flight attendants must operate with narrow aisles, physically preclude the introduction of wheelchairs.

**Bona fide occupational qualifications** are employment criteria justified by the capacity to perform a job.

## Employment Issues and Controversies

The legal environment is complex and dynamic, and it's important to stay informed about new laws and changes to existing laws. As [Figure 13.1](#) shows, major U.S. laws prohibiting employment discrimination provide extensive protections. Matters relating to race, sex, religion, disabilities, age, and pregnancy are generally well covered, but open issues and controversies still exist.<sup>11</sup>

In the case of *bias due to sexual orientation and gender identity*, federal legal protection is still pending. The Employment Non-Discrimination Act of 2013 (ENDA) allows cases of discrimination against lesbians, gays, bisexual, and transgender workers to be filed with the EEOC.<sup>12</sup> As of this writing, ENDA has passed the Senate but still needs House of Representatives approval or an executive order for its contents to go into effect. Currently, legal protections for lesbian, gay, bisexual, transgender (LGBT) workers vary by state. Discrimination on the basis of sexual orientation is legal in 29 states, and discrimination on the basis of gender identity is legal in 33 states.<sup>13</sup>

**Sexual harassment** remains an important workplace concern. It occurs when a person experiences conduct or language of a sexual nature that affects his or her employment situation. The EEOC defines sexual harassment as behavior of a sexual nature that creates a hostile work environment, interferes with a person's ability to do a job, or impedes a person's promotion potential. *Quid pro quo sexual harassment* is where job decisions are made based on whether the employee submits to or rejects sexual advances. *Hostile work environment*



*sexual harassment* occurs when any unwelcome form of sexual conduct (inappropriate touching, teasing, dirty jokes, vulgar conversations, or the display of sexually explicit images) creates an intimidating, hostile, or offensive work setting. Organizations should have clear sexual harassment policies in place, along with fair and equitable procedures for implementing them.

**Sexual harassment** is behavior of a sexual nature that affects a person's employment situation.

|                                                        |                                                                                                                                             |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Equal Pay Act of 1963                                  | Requires equal pay for men and women performing equal work in an organization.                                                              |
| Title VII of the Civil Rights Act of 1964 (as amended) | Prohibits discrimination in employment based on race, color, religion, sex, or national origin.                                             |
| Age Discrimination in Employment Act of 1967           | Prohibits discrimination against persons over 40; restricts mandatory retirement.                                                           |
| Occupational Health and Safety Act of 1970             | Establishes mandatory health and safety standards in workplaces.                                                                            |
| Pregnancy Discrimination Act of 1978                   | Prohibits employment discrimination against pregnant workers.                                                                               |
| Americans with Disabilities Act of 1990                | Prohibits discrimination against a qualified individual on the basis of disability.                                                         |
| Civil Rights Act of 1991                               | Reaffirms Title VII of the 1964 Civil Rights Act; reinstates burden of proof by employer, and allows for punitive and compensatory damages. |
| Family and Medical Leave Act of 1993                   | Allows employees up to 12 weeks of unpaid leave with job guarantees for childbirth, adoption, or family illness.                            |

**FIGURE 13.1** Sample of U.S. laws against employment discrimination.

The Equal Pay Act of 1963 requires that men and women in the same organization be paid equally for doing work that is equivalent in terms of skills, responsibilities, and working conditions. But a lingering issue over gender disparities in pay involves **comparable worth**, the notion that persons performing jobs of similar importance should be paid at comparable levels. Why should a long-distance truck driver, for example, be paid more than a teacher in an elementary school? Does it make any difference that truck driving is a traditionally male occupation and teaching is a traditionally female occupation? Advocates of comparable worth

argue that historical disparities in pay across occupations can result from gender bias. They would like to have the issue legally resolved.

**Comparable worth** holds that persons performing jobs of similar importance should be paid at comparable levels.

Our new economy has given rise to a growing number of people who work in temporary or part-time jobs, hire themselves out with temporary staffing agencies, or freelance as **independent contractors** for a changing mix of employers. Organizations are hiring more temporary and part-time workers and using more independent contractors in the attempt to reduce costs and increase staffing flexibility. Critics say this employment trend has created a category of “disposable workers” who are caught in “a race to the bottom” and labor in a system where “when they’re used up it’s on to the next one.”<sup>14</sup> These individuals often work without benefits—or with reduced benefits—such as health insurance, retirement plans, sick pay, and holiday leave. Many, called **permatemps**, are employed in a temporary status for an extended period of time. The legal status of part-timers and independent contractors is regularly in the news and varies from state to state in the U.S.<sup>15</sup>

**Independent contractors** are hired as needed and are not part of the organization’s permanent workforce.

**Permatemps** are workers that are employed in a temporary status for an extended period of time.

Privacy is another hot-button employment and societal issue in our high-tech work world. The Pew Research Center finds that 86% of Americans already try to hide their online footprints as consumers and web browsers, and 68% believe current laws protecting their

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electronic privacy aren’t strong enough.<sup>16</sup> **Workplace privacy** is the right of individuals to privacy on the job.<sup>17</sup> Although it is legal for employers to monitor the work performance and behavior of their employees, employer practices can become invasive and cross legal and ethical lines in everything from recruitment to day-to-day task performance. Software can easily monitor e-mails, record Internet searches, follow keystrokes, document performance moment to moment, check social media activity and online profiles for key words, and track employee movements during the workday. All of this information can also be stored in vast databases without an employee’s permission. Until the legal status of electronic surveillance is cleared up, one consultant says the best approach is to “assume you have no privacy at work.”<sup>18</sup>

**Workplace privacy** is the right to privacy while at work.

**ethics > KNOW RIGHT FROM WRONG**

> *Since when is someone's Facebook profile meant to be an online résumé?*

## Personality Test? Drug Test? Social Media Test?



Arda Guldogan/iStockphoto

It used to be that preparing for a job interview meant being ready to answer questions about your education, work experience, interests, and activities. Now there's another question to prepare for: What's your Instagram user name and password?

Believe it or not, it's true. Many interviewers are now asking for access to an applicants' social media pages. They don't want just a quick glance at the public profile; they want access to the private profile, too. It's time to get worried when the recruiter says, "Please friend me."

"It's akin to requiring someone's house keys," says a law professor. One job candidate turned over a password because "I needed the job to feed my family. I had to." Another refused the interviewer's request and withdrew her application. She didn't want to work for an employer that would even ask to view her private Web pages.

A survey by Microsoft Research found 70% of recruiters saying that they had rejected applicants based on information they found online. Although a social media profile can be a treasure chest of information for recruiters and employers, it is less clear whether it is ethical to tap this resource to measure candidates' characters and make employment decisions. Since when is a Facebook profile meant to be an online résumé?

Sometimes recruiters make negative hiring decisions after finding relatively mild forms of questionable behavior such as using poor grammar, posting negative comments about prior employers, or uploading drinking pictures. This may be information or pictures that the individual has little control over. What happens if a "friend" posts a picture of someone from a party from years ago, or if inaccurate or untrue information is posted as a joke among friends?

### WHAT DO YOU THINK?

**What are the ethical issues involved with regard to recruiters asking for access to personal Facebook—or other online social network—pages? Should it be held against applicants if they refuse? Is it okay for managers to search online sites to check up on what employees are doing outside of work? Should what someone does outside of work cost them their job? On the other hand, shouldn't individuals**

who knowingly post online information understand that it may end up in the hands of their employers? Where do the lines of responsibility fall?

## Learning Check 1

### TAKEAWAYQUESTION 1 What is human resource management?

Be sure you can • explain the human resource management process • define *discrimination*, *equal employment opportunity*, *affirmative action*, and *bona fide occupational qualification* • identify major laws that protect against discrimination in employment • discuss legal issues of sexual harassment, comparable worth, independent contractors, and workplace privacy

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## Attracting a Quality Workforce

### TAKEAWAY 2 How do organizations attract a quality workforce?

LEARN MORE ABOUT | Human resource planning • Recruitment process • Selection techniques

The first responsibility of human resource management is talent acquisition. Its goal is to attract a high-quality workforce that has the talents needed for the organization to meet its performance goals. An advertisement once run by the Motorola Corporation put it this way: “Productivity is learning how to hire the person who is right for the job.” To attract the right people, an organization must know exactly what it is looking for in terms of the jobs to be done and the talents required to do them well. It must create an employee value proposition that makes the organization stand out as a preferred employer. And, it must have the human resource management systems in place so that it can excel at employee recruitment and selection.

### Human Resource Planning

**Human resource planning** is the process of analyzing an organization’s staffing needs and determining how to best fill them. As shown in [Figure 13.2](#), human resource planning begins with assessing staffing needs and the current workforce, and deciding what additions, replacements, and upgrades are required for the future. The process involves **job analysis**—the systematic evaluation of job facets to determine what is done when, where, how, why, and by whom.<sup>19</sup> This information is then used to write or update **job descriptions** that describe specific job duties and responsibilities. The information in a job analysis is used to create **job specifications** that identify the qualifications—such as education, prior experience, and skills—needed by someone hired for a given job.

**Human resource planning** analyzes staffing needs and identifies actions to fill those needs.

A **job analysis** studies exactly what is done in a job, and why.



A **job description** details the duties and responsibilities of a job holder.

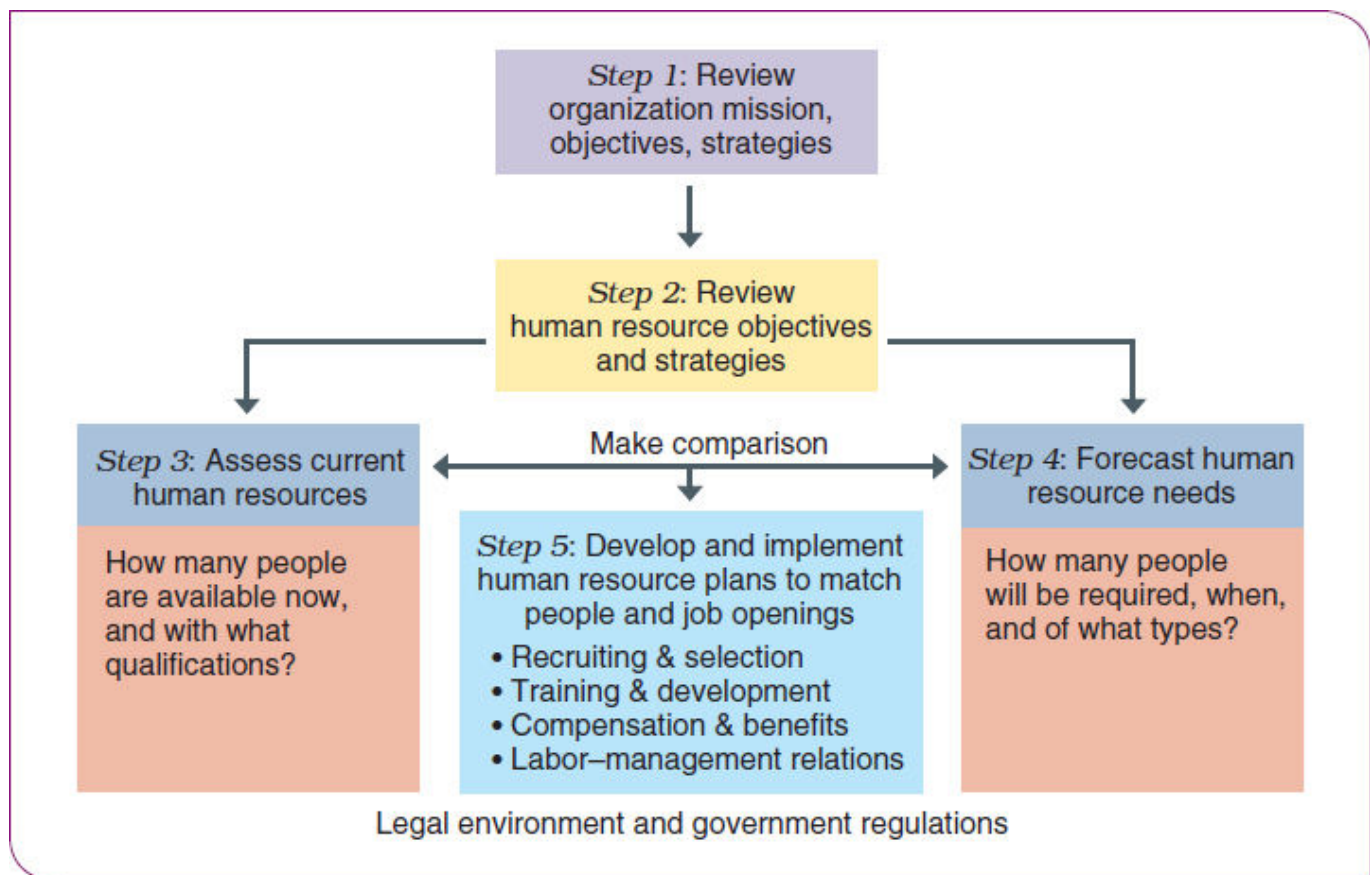
**Job specifications** list the qualifications required of a job holder.

## Recruitment Process

**Recruitment** is a set of activities designed to attract a talented pool of job applicants to an organization. Three steps in the traditional recruitment process are: (1) advertisement of a job vacancy, (2) preliminary contact with potential job candidates, and (3) initial screening to create a pool of applicants potentially meeting the organization's staffing needs. Today, recruitment increasingly involves social media where employers advertise jobs, individual

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post interests and talents, and connections between would-be new hires and employers take place. At the extreme, you may be asked on a pre-recruitment basis to join a private social media site run by the employer. If you want to get hired at Zappos, for example, the front door is Zappos Insiders.<sup>20</sup> It's a social network set up by Zappos to allow potential employees to link with existing ones, show their personalities and talents, and learn what's going on at the firm. When a job vacancy opens, those with good reputations on Zappos Insiders get the first calls.



**FIGURE 13.2** Steps in strategic human resource planning.

**Recruitment** is a set of activities designed to attract a talented pool of job applicants.

## External and Internal Recruitment



The recruiting that takes place on college campuses is an example of **external recruitment** in which job candidates are sought from outside the hiring organization. External recruits are found through company websites and social media, virtual job fairs, specialized recruiting sites such as Monster and CareerBuilder, employment agencies and headhunters, university placement centers, personal contacts, and employee referrals. Through **social recruiting**, employers browse social media sites like LinkedIn, Facebook, Reddit, and Twitter, looking for people whose online profiles show potential— things like leadership, special skills, and connections—as prospective job candidates.

**External recruitment** seeks job applicants from outside the organization.

**Social recruiting** is where employers browse social media sites looking for prospective job candidates.

**Internal recruitment** involves the search for applicants from within the organization. Most organizations have a procedure for announcing vacancies through newsletters, electronic postings, and in-house social media sites. They also rely on managers and team leaders to recommend internal candidates for advancement. The college internship is a form of internal recruitment that is an increasingly important pathway to employment. It brings a student into the organization on a temporary basis and gives both parties an experience-based opportunity to consider one another for long-term employment.

**Internal recruitment** seeks job applicants from inside the organization.

There are advantages and disadvantages to both external and internal recruitment. External recruitment brings in outside applicants with fresh perspectives, expertise, and

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work experience. But extra effort is needed to get reliable information about these candidates. A major downside of recruiting externally is that a hiring decision might turn out bad because either not enough information was gathered about the applicant, or what was discovered turned out to be inaccurate.

**analysis> MAKE DATA YOUR FRIEND**

> Underemployment is much lower among college graduates than for those with just high school diplomas.

## Underemployment Affects Almost One Fifth of U.S. Workers



© Beau Lark/Corbis

The Gallup organization tracks the percent of the U.S. workforce that is underemployed, meaning either part-time or unemployed people who want full-time work. A recent count showed 18.6% of people over 18 falling into this category. The underemployment figure for recent college graduates is even higher—44%!

- Adults aged 18 to 29 are almost twice as likely (31%) to be underemployed as 30-to-49-year-olds (17%) and 50-to-65-year-olds (17%).
- Underemployed Americans report spending 36% less than their employed counterparts on average, costing the U.S. economy hundreds of millions of dollars.
- Underemployed individuals in the South (42%) and East (40%) are more optimistic about finding full-time employment than those in the West (38%) and Midwest (36%).

### YOUR THOUGHTS?

**Check these facts against the latest data available. Are things getting better or worse for job seekers? What are the implications of underemployment for organizations and the people they recruit? What are the implications for the economy as a whole? Is there anything an organization can do to keep the underemployed high performing, motivated, and loyal? Is a high level of underemployment likely to affect the wages of fully employed workers?**

Internal recruitment is usually quicker and focuses on employees with well-known performance records. A history of internal recruitment builds workforce loyalty and motivation by showing that there are opportunities to advance within the organization. It also helps to reduce turnover rates and facilitates retention of high-quality employees. But internal recruiting also has downsides as well. Limiting job searches to internal talent pools increases the risk that the best candidate may not be chosen for a position. A valuable opportunity to bring in outside expertise and viewpoints also may be lost at the very moment when new insights, skills, and creativity are most needed by the organization.

### Realistic Job Previews

In what may be called **traditional recruitment**, the emphasis is on selling the job and organization to applicants. The focus is on communicating the most positive features of the position, perhaps to the point where negatives are downplayed or even concealed. This may create unrealistic expectations that cause costly turnover when new hires become disillusioned and quit. The individual suffers a career disruption; the employer suffers lost productivity and the added costs of having to recruit again.

**Traditional recruitment** focuses on selling the job and organization to applicants.

The alternative to traditional recruitment is a **realistic job preview** that provides candidates with all pertinent information about the job and organization without distortion, and before the job is accepted.<sup>21</sup> Rather than seeking to “sell” applicants on the positive features of the job or organization, realistic job previews are intended to be open and balanced. Both favorable and unfavorable aspects of work are covered.

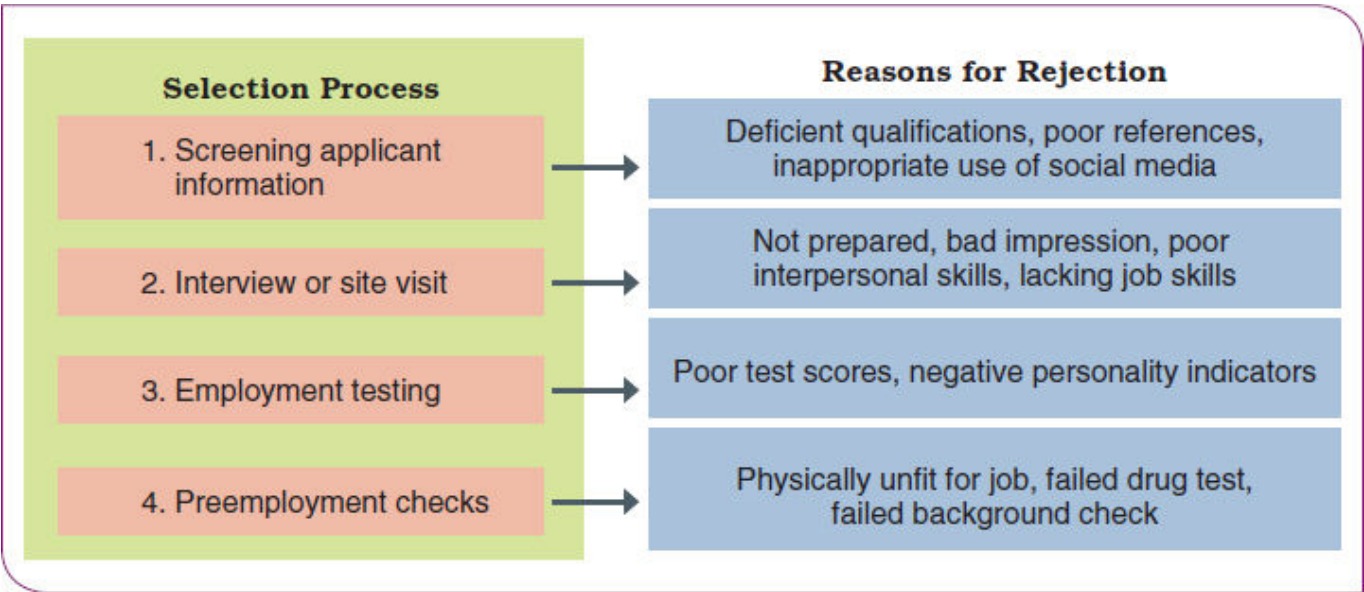
**Realistic job previews** provide job candidates with all pertinent information about a job and an organization, both positive and negative.

The interviewer in a realistic job preview might use phrases such as “Of course, there are some downsides ...”; “Something that you will want to be prepared for is ...”; and “We have found that some new hires have difficulty with... .” Not surprisingly, such conversations may lead some applicants to decide that the job is not for them. But, this helps to avoid mismatches that could prove troublesome later on. For those who do take the job, knowing both the positive and negative features ahead of time builds realistic expectations that better prepare them for the inevitable ups and downs of a new position. The expected benefits of realistic recruiting practices include higher levels of early job satisfaction, greater trust in the organization, and less inclination to quit prematurely.

Selection Techniques

Once a pool of job candidates exists, the next step is to determine whom to hire. This process of **selection**, as shown in [Figure 13.3](#), involves gathering and assessing information about job candidates and making a hiring decision.

**Selection** is choosing individuals to hire from a pool of qualified job applicants.



**FIGURE 13.3** Steps in the selection process: the case of a rejected job applicant.

## Conscientiousness Is a Career Booster

Conscientiousness is the degree to which an individual is achievement-oriented, careful, hard-working, organized, persevering, responsible, and thorough. People who are low on conscientiousness tend to be laid back, less goal-oriented, less driven by success, and less self-disciplined. They are also often procrastinators.

Many employers tend to hire for attitude and train for skill. They try to identify future top performers by focusing on key personality characteristics that are likely to predict job success. Conscientiousness is often at the top of recruiters' "must-have" lists. Their search for clues about an individual job candidate's potential covers things like those shown in the box.

Are you someone whom others would describe as efficient, prompt, systematic, thorough, careful, practical, neat, and steady? If you can check off each of these attributes as a positive personal characteristic that accurately describes you then you're on the right path when it comes to conscientiousness. This is a good path to be on. Conscientiousness often is associated with job success. Remember too that conscientiousness is easy to monitor. Its presence or absence will always be evident in the way you approach work and how you follow through with the tasks and challenges you face.

Conscientiousness is a personality characteristic that is positively related to work performance across a wide range of jobs. How about you? Can your credentials meet a recruiter's conscientiousness challenge? Why or why not?

### How to Show Recruiters You Are Conscientious

- Professional Résumé—Presenting a carefully proofed, well-designed, and organized resume shows that you value a high-quality product and attend to details.
- Interview Preparation—Doing research beforehand and being well informed shows conscientiousness.
- Self-Presentation—First impressions count; conscientiousness shows up in dressing appropriately and acting professionally in with regard to manners and engagement.
- Career Plans—Being able to thoughtfully discuss career and personal plans shows you are goal-oriented and conscientious.

## GET TO KNOW YOURSELF BETTER

**Just how conscientious are you, not only in work and school situations but in your everyday life? Take the conscientiousness test in the box. Ask: "How would others rate me on these same characteristics?" Ask also: "Should I just accept where I am in terms of conscientiousness, or are there things I can do to change my behavior in ways that can make me more conscientious in the future?" Put your thoughts about whether conscientiousness is one of your personal traits down on paper. Share it with someone who knows you well and ask whether they agree, or not. Honest feedback can be important to your professional development.**



The selection process is always a prediction exercise in which the reliability and validity of techniques used are very important. **Reliability** means that the selection technique is consistent with regard to how it measures something. That is, it returns the same results time after time. For example, a personality test is reliable if the same individual receives a similar score when taking the test on two separate occasions. **Validity** means that there is a clear relationship between what the selection device is measuring and eventual job performance. That is, there is clear evidence that once on the job, individuals with high scores on an employment test, for example, outperform individuals with low scores.

**Reliability** means that a selection device repeatedly gives consistent results.

**Validity** means that scores on a selection device have a demonstrated correlation with future job performance.

## Interviews Ins and Outs

Very few individuals are hired for managerial and professional positions without passing through one or more screening interviews. They are used to evaluate applicants on technical skill sets and experience, communication skills and personal impression, and potential person–organization culture fit. The traditional *face-to-face interview* is still the most used, but the *telephone interview* and the *virtual or online video interview* are increasingly common. The likelihood for most college graduates today is that success in a telephone or online virtual interview will determine whether they ever get to the face-to-face on-site interview stage.

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### How to Succeed in a Telephone or Video Interview

- *Prepare ahead of time*—Study the organization; carefully list your strengths and capabilities; be ready to take notes.
- *Take the call or video link in private*—Make sure you are in a quiet room, with privacy and without the possibility of interruptions.
- *Dress professionally*—Dress right to increase your confidence and set a tone for your side of the conversation; don't dress in casual clothes.
- *Practice your "interview voice" and "screen presence"*—Impression counts; speak slowly and clearly, look at the camera; look pleasant, interested, and happy to be there.
- *Have reference materials handy*—Keep your résumé and other supporting documents within easy reach.
- *Have a list of questions*—Don't be caught unprepared; intersperse your best questions during the interview.
- *Ask what happens next*—Find out how to follow up; ask what other information you can provide; ask about the time frame for a decision.
- *Follow up*—Don't forget to send a thank-you note and reiterate your interest in the job.

Even well-qualified job applicants may perform poorly in a job interview. They may be unprepared for questions related to the specific organization with which they are interviewing.



They may be nervous or may be poor communicators. Or, they may simply fail at answering unusual and demanding questions.

Google is famous for asking questions like: “A man pushed his car to a hotel and lost his fortune. What happened?” Other employers are now pushing the interview envelope as well. Whole Foods might ask: “What’s your perfect last meal?” Expedia might ask: “If you could go camping anywhere, where would you put your tent?” Xerox wants to know why tennis balls are fuzzy.<sup>22</sup> These types of interview questions are designed less for testing “right” answers and more for finding, through a candidate’s responses, how well they might fit with the organization overall and its culture specifically. But you have to be prepared for standard questions as well—“What are your strengths and weaknesses?” “Where do you see yourself in five years?” “What can you offer us that someone else cannot?”<sup>23</sup>

It may surprise you to find out that interviews often have relatively low validity as selection devices. This is especially true of **unstructured interviews** where the interviewer doesn’t work from a formal and pre-established list of questions that is asked of all interviewees. Some interviewers rush to judgment based on first impressions of candidates and fail to dig deeper for relevant information. Or, they may dominate the conversation and spend more time talking about themselves or the organization than focusing on the applicant’s readiness for the position.

In **unstructured interviews**, the interviewer does not work from a formal and pre-established list of questions that is asked of all interviewees.

The predictive validity of interviews increases as the amount of structure increases. In this respect, behavioral interviews and situational interviews are much more effective at predicting successful job performance than traditional interviews.<sup>24</sup> **Behavioral interviews** ask job candidates about their past behavior, focusing specifically on actions that are likely to be important in the work environment. For example: “Describe how you have resolved a conflict with a co-worker or team mate.” **Situational interviews** ask applicants

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how they would react when confronted with specific work situations they would be likely to experience on the job. For example: “How would you as team leader handle two team members who do not get along with one another?”<sup>25</sup>

**Behavioral interviews** ask job applicants about past behaviors.

**Situational interviews** ask job applicants how they would react in specific situations.

## Issues&Trends

### *Discrimination Fears Raised over Social Media Use in Hiring*



CJG-Technology/Alamy

When at least 6 in 10 recruiters are checking the social media histories of job applicants, there may be more at issue than privacy concerns alone. How do the employment laws on discrimination apply to this new practice? Hearings are being held at the U.S. Equal Employment Opportunity Commission to determine how an employer's peek at a job candidate's postings on Twitter, Instagram, and other social media sites may affect discrimination in hiring. If a recruiter can't legally ask an interviewee, "Are you married or pregnant?" or "What is your sexual preference?" what are the legalities of finding answers to these questions on the Internet? And if recruiters get social media information on one candidate but not on another, does this amount to discrimination because they aren't being treated equally?

## Employment Tests

Employment tests are often used to identify a candidate's intelligence, aptitudes, personality, interests, and even ethics. But organizations need to be careful about the way that they use tests and make sure that they are documented as valid predictors of job performance. **Biodata methods** usually take the form of multiple-choice, self-report questionnaires. They collect "hard" biographical information and also include "soft" items that inquire about more abstract characteristics such as value judgments, aspirations, motivations, attitudes, and expectations. When used in conjunction with ability tests, biodata methods can increase the reliability and validity of the selection process.<sup>26</sup> Google, for example, analyzes data collected by its biodata surveys and compares them with those of current top performers.<sup>27</sup>

**Biodata methods** collect certain biographical information that has been proven to correlate with good job performance.

Other types of employment tests involve actual demonstrations of job-relevant skills and personal characteristics. An **assessment center** evaluates candidates' potential by observing their performance in experiential activities designed to simulate daily work. When using **work sampling**, companies ask applicants to do actual job tasks while being graded by observers on their performance. Generally speaking, organizations should use a combination of methods in order to increase the predictive validity of the selection process.

An **assessment center** examines how job candidates handle simulated work situations.

In **work sampling**, applicants are evaluated while performing actual work tasks.

## Learning Check 2

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### TAKEAWAYQUESTION 2 How do organizations attract a quality workforce?

**BE SURE YOU CAN** • explain the difference between external recruitment and internal recruitment • discuss the value of realistic job previews to employers and to job candidates • differentiate reliability and validity as two criteria of selection tools • discuss the pros and cons of job interviews and employment tests

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## Developing a Quality Workforce

### TAKEAWAY 3 How do organizations develop a quality workforce?

**LEARN MORE ABOUT** | Onboarding and socialization • Training and development  
Performance management

The second responsibility of human resource management is talent development. This begins when new hires are brought on board with care so their first experiences are positive ones. When people join an organization they have to “learn the ropes” and become familiar with “the way things are done.” Newcomers need to learn about the organization’s culture so they can best fit into the work setting. The best employers don’t leave all of this to chance. They step in and try to guide this learning process in the right direction. Talent development also means that all employees must be continually trained and developed through well-chosen job experiences and placements to keep their abilities and skills at the highest possible levels.

### Onboarding and Socialization

The first formal experience newcomers have often begins with some form of **onboarding** or **orientation** activities designed to familiarize new employees with their jobs, co-workers, and key aspects of the organization as a whole. A good onboarding program brings new hires into the organization with a clear understanding of the organization’s mission and goals, culture, and key policies and procedures. It also introduces them to their jobs, co-workers, and performance expectations in a positive and, ideally, motivating way. For example, all new hires at the Disney World Resort in Buena Vista, Florida, learn during

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onboarding that everyone, regardless of their specific job title—be it entertainer, ticket seller, or groundskeeper—is a “cast member” who is there “to make the customer happy.”

**Onboarding** or **orientation** familiarizes new hires with the organization’s mission and culture, their jobs and co-workers, and performance expectations.

**Socialization** is a process through which new members learn and adapt to the ways of the organization.<sup>28</sup> The socialization that begins with onboarding and which continues during the first six months or so of employment often determines how well a new employee is going to fit in and perform. A technique used by Neil Blumenthal, co-founder of the online eyewear retailer Warby Parker, is to “provide realistic short-term goals to establish quick wins, which will get the

employee into a rhythm where he or she is motivated.”<sup>29</sup> When done well, socialization sets the right foundations for high performance, job satisfaction, and work enthusiasm. When weak or neglected, however, it largely leaves integration to chance as newcomers learn about the organization and their jobs through interactions with co-workers.<sup>30</sup> Even though learning from experienced workers can be helpful to a new hire, it also is possible for newcomers to learn the wrong kinds of things and pick up bad attitudes.

**Socialization** is a process of learning and adapting to the organizational culture.

## Training and Development

**Training** is a set of activities that helps people acquire and improve their job-related skills. This applies both to an employee’s initial training and to upgrading skills to meet changing job requirements. Organizations that value their human resources invest in extensive training and development programs to ensure that everyone always has the capabilities needed to perform well and manage their personal lives.<sup>31</sup>

**Training** provides learning opportunities to acquire and improve job-related skills.

On-the-job training takes place on the job in the work setting. A common approach is **job rotation**, which allows people to spend time working in different jobs or departments or even geographical locations, and thus expand the range of their job capabilities.<sup>32</sup> Another approach is **coaching**, in which an experienced person provides performance advice to a newcomer or less experienced co-worker. **Mentoring** is a form of coaching in which early-career employees are formally assigned as protégés to senior, veteran job holders. The mentoring relationship gives new employees regular access to advice on developing skills and getting better informed about the organization. More organizations, including Mastercard and Cisco, are now also using **reverse mentoring** where younger employees mentor seniors to improve their technology skills. At Capgemini Consulting, global practice leader Didier Bonnet says “the main aim is to raise the digital IQ of business leaders in the firms.”<sup>33</sup>

In **job rotation**, people switch tasks to learn multiple jobs.

**Coaching** occurs as an experienced employee offers performance advice to a less experienced co-worker.

**Mentoring** assigns new hires and early-career employees as protégés to more senior employees.

In **reverse mentoring**, younger employees mentor seniors to improve their technology skills.

Off-the-job training is accomplished outside the work setting. It provides an opportunity to enhance job-critical skills or even to develop skills that might be needed before a promotion or transfer. An example is **management development**—formal training designed to improve a person’s knowledge and skill in the fundamentals of management. New managers just starting out often benefit from training that emphasizes team leadership and

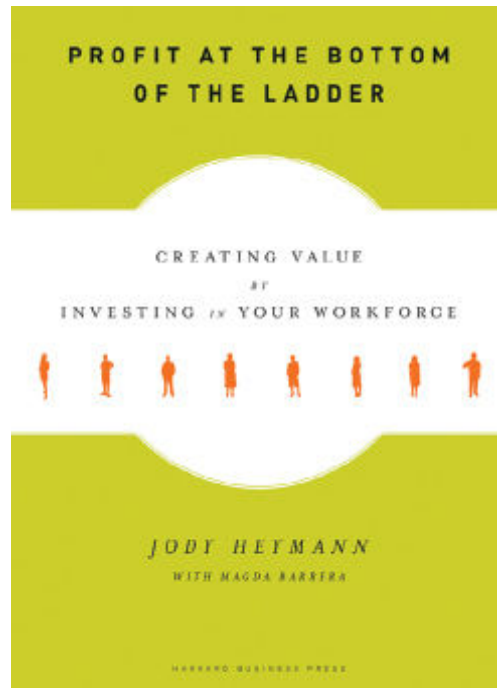
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communication. Middle managers may benefit from training to better understand multifunctional viewpoints or techniques for motivating employees. Top managers may benefit

from advanced management training to sharpen their decision-making and negotiation skills, as well as to expand their awareness of corporate strategy and direction.

**Management development** is training to improve knowledge and skills in the management process.

## Recommended Reading



From *PROFIT AT THE BOTTOM OF THE LADDER, CREATING VALUE BY INVESTING IN YOUR WORKFORCE* by Jody Heymann, copyright 2010. Reproduced with permission of Harvard Business Press Books

### ***Profit at the Bottom of the Ladder: Creating Value by Investing in Your Workforce***

(Harvard Business Press Books, 2010)

#### **By Jody Heymann**

It is said that employees are responsible for 90% of a company's profitability. Yet many firms invest only in their most highly skilled, best-educated workers, while cutting wages and benefits for workers at the bottom of the ladder as a quick way to improve profits. Researcher Jody Heymann, Dean of UCLA's Fielding School of Public Health, challenges this approach by providing evidence that investing in frontline employees has a powerful impact on corporate profitability. Drawing on thousands of interviews with organizations around the world, Heymann shows how organizations have profited by improving the working conditions of their least-skilled employees. Examples of practices that improve productivity are higher pay, flexible working opportunities, increased training, and career development.

## Performance Management

An important part of human resource management is the design and implementation of a successful **performance management system**. This system ensures that performance standards and objectives are set, that performance is regularly assessed, and that steps are taken



to improve employees' future performance following the provision of performance feedback by managers.

A **performance management system** sets standards, assesses results, and plans for performance improvements.

**Performance assessment** or **performance review**, also called *performance appraisal* and *performance evaluation*, is the process of formally assessing employees' work accomplishments and providing feedback. Such a performance review serves both evaluation and development purposes.<sup>34</sup> The *evaluation purpose* focuses on past performance and measures results against standards. Performance is documented for the record and for the purpose of allocating rewards such as financial incentives and bonuses. The manager provides an evaluation of the job holder's accomplishments and areas of weakness. The *development purpose* focuses on future performance. Performance goals and obstacles are identified, along with areas where training or supervisory support may be needed. The manager acts in a counseling role and gives attention to job holders' developmental needs.

**Performance assessment** or **performance review** is the process of formally evaluating performance and providing feedback to a job holder.

Surveys report that 42% of workers and 58% of HR managers dislike their performance assessment systems.<sup>35</sup> One of the reasons is that the reviews aren't frequent enough, often an "annual" ritual. Another is the tendency to focus on the evaluation of performance and neglect the discussion of pathways for performance development.<sup>36</sup> Use of ongoing **performance coaching** helps minimize these problems. It provides employees with frequent and developmental feedback as more of an ongoing dialogue than a formal, scheduled event. The coaching helps clarify performance expectations and prevent small problems from getting out of control. At the same time it increases trust and improves the quality of supervisor–subordinate relationships.

**Performance coaching** provides frequent and developmental feedback for how a worker can improve job performance.

Another important reason for dissatisfaction with performance assessments is the nature of the process itself. All parties involved in the giving and receiving of performance feedback can find the event uncomfortable, emotional, and even anger inducing. Along with this, the assessment content—message and measures being delivered—are often open to disagreement and debate. This is why good choices must be made among alternative performance assessment methods, and why they should be as reliable and valid given the circumstances.<sup>37</sup> A reliable assessment method yields the same result over time or for different raters. A valid method is unbiased and measures only factors directly relevant to job performance.

### **Trait-Based Performance Assessment**

Trait-based approaches are designed to measure the extent to which employees possess characteristics or traits that are considered important in the job. For example, trait-based measures often assess characteristics such as dependability, initiative, conscientiousness, and leadership. One of the oldest and most widely used performance appraisal methods is a **graphic rating scale**. It is basically a checklist for rating individuals on traits or performance characteristics such as quality of work, job attitude, and punctuality. Although this approach is quick and easy, it tends to be very subjective and, as a result, also tends to have poor reliability and validity.

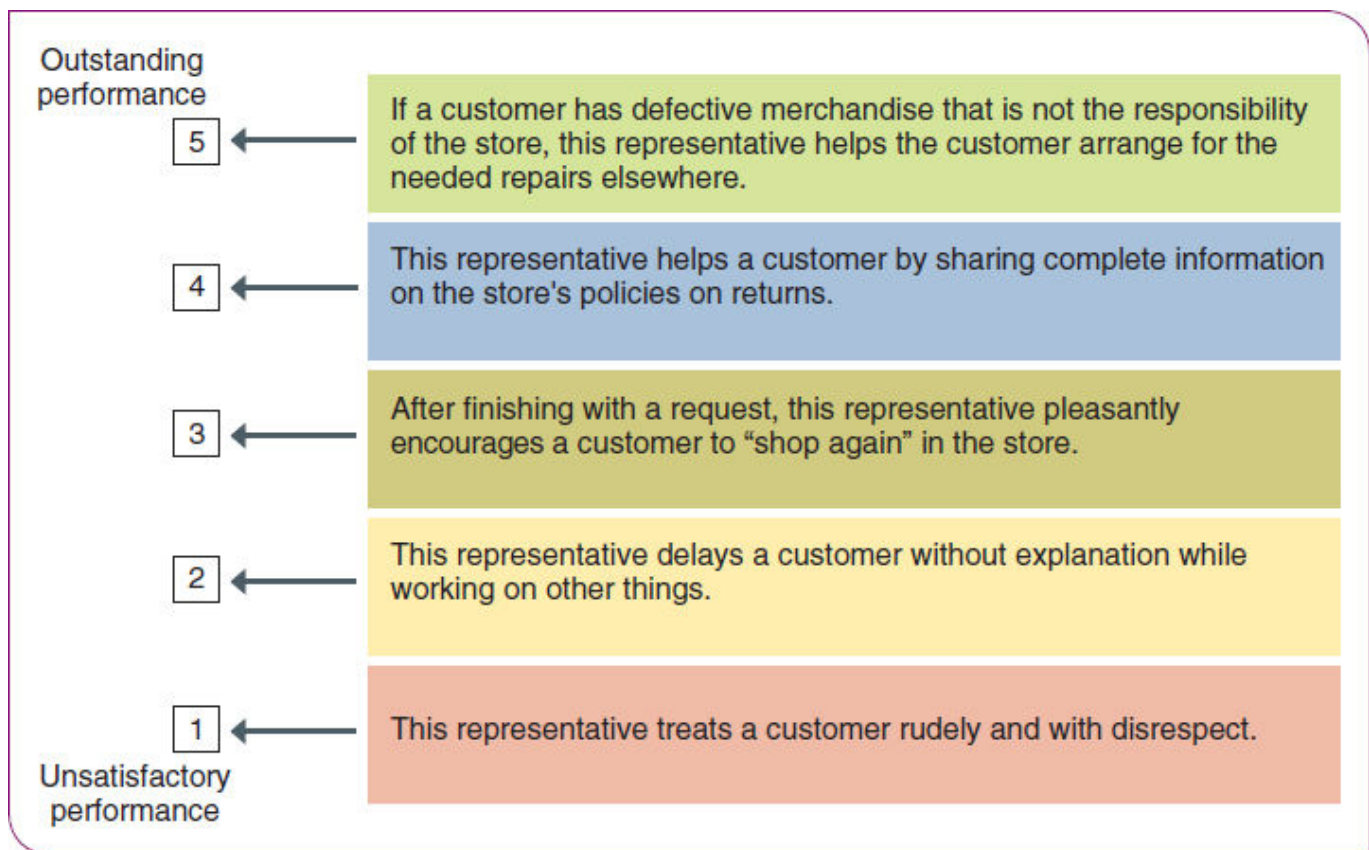
A **graphic rating scale** uses a checklist of traits or characteristics to evaluate performance.

## Behavior-Based Performance Assessment

Behavior-based approaches evaluate employees on specific actions that are viewed as important parts of the job. The **behaviorally anchored rating scale**, or BARS, describes actual behaviors for various levels of performance achievement in a job. In the case of the customer-service representative illustrated in [Figure 13.4](#), “extremely poor” performance is clearly defined as rude or disrespectful treatment of customers.

A **behaviorally anchored rating scale** uses specific descriptions of actual behaviors to rate various levels of performance.

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**FIGURE 13.4** Sample of a behaviorally anchored rating scale for performance appraisal.

The BARS is more reliable and valid than the graphic rating scale because it anchors performance assessments to specific descriptions of work behavior. Behavior-based appraisals also are more consistent with the developmental purpose of performance appraisal because they provide specific feedback to employees as to areas in need of improvement. But one problem is that a BARS evaluation may be influenced by **recency bias**. This is the tendency for evaluations to focus on recent behaviors rather than on behavior occurring throughout the evaluation period.

**Recency bias** overemphasizes the most recent behaviors when evaluating individuals' performance.

The **critical-incident technique** is a behavior-based approach that can diminish recency bias. With this technique a running log or inventory is kept of employees' effective and ineffective job behaviors. Using the case of the customer-service representative, a critical-incidents log might contain the following entries: Positive example—"Took extraordinary care of a customer who had purchased a defective product from a company store in another city"; negative example—"Acted rudely in dismissing the complaint of a customer who felt that a sale item was erroneously advertised." Such a written record can be discussed in specific terms with the employee and used for both evaluative and developmental purposes.

The **critical-incident technique** keeps a log of employees' effective and ineffective job behaviors.

## Results-Based Performance Assessment

Results-based approaches target just what their name implies. Rather than employees' traits or their specific behaviors, results-based assessments focus on accomplishments. This type of assessment is typically quantitative and objective, making it ideal in some circumstances. But results-based measures can sometimes create more problems than they solve. In some jobs the outcomes that are the easiest to measure quantitatively aren't necessarily the most important. For instance, although the number of hours a technician spends on a customer's custom speaker installation is easy to measure, it is less important than how effective the installation is, which is more complicated to evaluate. In addition, results-based measures may ignore the impact of circumstances beyond the employee's control, such as inadequate technology or poor performance by another member of their team. When people are evaluated only on goal attainment, they also may adopt unethical approaches to accomplish goals.<sup>38</sup>

One of the common performance appraisal errors is **leniency**—the tendency for supervisors to rate employees more favorably than they deserve in order to avoid the unpleasant task of giving negative feedback.<sup>39</sup> Although leniency tends to be less pronounced in results-based performance appraisals, it may be further reduced by the use of **multiperson comparisons** that formally compare one manager's evaluations with ratings provided by another manager. In *rank ordering*, all employees being rated are arranged in order of performance achievement. The best performers go at the top of the list, while the worst performers go at the bottom; no ties are allowed. In a *forced distribution*, each employee is placed into a frequency distribution, which requires that a certain percentage of employees

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fall into specific performance classifications, such as the top 10%, the next 40%, the next 40%, and the bottom 10%. These systems are usually put in place to guard against supervisors giving their employees too lenient or overly positive evaluations.<sup>40</sup>

**Leniency** is the tendency to give employees a higher performance rating than they deserve.

A **multiperson comparison** compares one person's performance with that of others.

## 360-Degree Feedback

It also is increasingly popular to include more than immediate supervisors in the performance appraisal process.<sup>41</sup> In **360-degree appraisals**, feedback is gathered from multiple sources in

order to provide a more comprehensive evaluation of employees' performance. These typically include input not only from an employee's supervisor but from peers, subordinates, and even customers—stakeholders inside and outside the organization who depend on the job holder's performance. Most 360-degree appraisals also include a self-evaluation by job holders. Assessments from all of these sources are used to identify employees' strengths, weaknesses, and development needs.<sup>42</sup>

**360-degree appraisals** include superiors, subordinates, peers, and even customers in the appraisal process.

### Learning Check 3

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#### **TAKEAWAYQUESTION 3** How do organizations develop a quality workforce?

**BE SURE YOU CAN** • define *orientation* and *socialization* and describe their importance to organizations • give examples of on-the-job and off-the-job training • discuss strengths and weaknesses of trait-based, behavior-based, and results-based performance appraisals • explain how 360-degree appraisals work

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## Maintaining a Quality Workforce

### **TAKEAWAY 4** How do organizations maintain a quality workforce?

**LEARN MORE ABOUT** | Flexibility and work–life balance • Compensation and benefits  
Retention and turnover • Labor–management relations

The third responsibility in human resource management is talent retention. “Hiring good people is tough ... keeping them can be even tougher” states an article in the *Harvard Business Review*.<sup>43</sup> The point is that it isn't enough to hire and train workers to meet an organization's immediate needs; employees must also be successfully nurtured, supported, and retained. A Society for Human Resource Management survey of employers shows that popular tools for maintaining a quality workforce include flexible work schedules and personal time off, competitive salaries, and good benefits—especially health insurance.<sup>44</sup>

### Flexibility and Work–Life Balance

Today's increasingly fast-paced, complex, and multifaceted lifestyles have contributed to increased concerns about **work–life balance**—how people balance the demands of their careers with their personal and family needs.<sup>45</sup> Not surprisingly, the “family friendliness” of an employer is now frequently used as a screening criterion by job candidates. It is also used in “best employer” rankings found in publications such as *Working Mother*, *Fortune*, and *Forbes*, and online sources such as Linked In and [Vault.Com](http://Vault.Com).

**Work–life balance** involves balancing career demands with personal and family needs.

Work–life balance is enhanced when workers have flexibility in scheduling work hours, work location, and even such things as vacations and personal time off. Flexibility allows people to more easily balance their personal lives and work responsibilities. Research shows that workers who have flexibility, at least with regard to when they begin and end their workday, are less likely to leave their jobs.<sup>46</sup> The health-care company Pfizer encourages employees to customize their work schedules around families' needs. In one year 86% of all employees adjusted their hours at some point, while 50% occasionally worked from their homes or other off-site locations.<sup>47</sup>

Flexibility programs are becoming essential for many employers to attract and retain the talented workers they need. Some firms are helping workers handle family matters through initiatives such as on-site day care and elder care, and concierge services for miscellaneous needs such as dry cleaning and getting a haircut. Others have moved into innovative programs like work sabbaticals—FedEx, Genentech, Patagonia, and General Mills are now offering

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sabbaticals as a way to motivate (and retain) their best performers.<sup>48</sup> A few even offer limitless vacation time. At investment research firm Morningstar, employees can take as much vacation time as they want whenever they want. The same goes for online investment information website Motley Fool and software company HubSpot.<sup>49</sup>

## choices> THINK BEFORE YOU ACT

*> Fifteen members of a work team are asked to distribute a pool of 1,200 stock options as annual bonuses to one another.*

### **Teammates Know You, But Should They Pay You?**





Helder Almeida/Shutterstock

Traditionally, managers or team leaders made final pay raise decisions. But times may be changing in an increasingly crowdsourcing world. Your pay may now be decided by your teammates, not your boss.

Picture this. Fifteen members of a work team log into to an online exchange run by their employer. Their task is to distribute a pool of 1,200 stock options as an annual bonus to their teammates. The only rule is that they can't give any to themselves. Each person's final bonus options are the sum of what other team members give them. When the exchange closes each individual gets notified of their bonus awards and the distribution of bonuses awarded in the team—no names attached.

The example is real. It comes from a San Francisco start-up called Coffee & Power. The pay practice was initiated by entrepreneur and co-founder Philip Rosedale. The idea is that because teammates know one another best, they also know who deserves to be recognized at bonus time.

*Those in favor of the practice might say that by giving the bonus decision to the team, it empowers members who get to invest in and reward one another for their performance and contributions. One Coffee & Power employee says the approach “lets me reward people that management may not always recognize.” Those against the practice might say it’s a bit like having students give each other grades on a team project. There’s too much room for results to be manipulated according to friendships and perceived “need.” Too often, performance falls by the wayside as an award criterion in favor of less relevant, nonperformance factors.*

### YOUR TAKE?

**At this point, you’ve surely done peer evaluations in teams and perhaps even assigned grades to team members. What’s your take on the Coffee & Power approach to bonuses? Does this use of technology really dig down to the level of truly rewarding individual contributions to team performance? Or, is it a practice that potentially introduces more problems than it is worth?**

## Compensation and Benefits

It may be that no other work issue receives as much attention as pay. **Base compensation** in the form of a market-competitive salary or hourly wage helps in hiring the right people. The way pay increases are subsequently handled can have a significant impact on employees’ job attitudes, motivation, and performance, and it can also influence their tendencies to look for a better job elsewhere.

**Base compensation** is a salary or hourly wage paid to an individual.

Benefits also rank right near the top of the list in importance with pay as a way of helping to attract and retain workers. How many times does a graduating college student hear, “Be

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sure to get a job with benefits!”<sup>50</sup> But with rising costs, these benefits—retirement plans and health insurance in particular—are becoming harder to negotiate. Most employers that still offer them require employees to pay at least part of the costs.<sup>51</sup>

### Merit Pay Systems

The trend in compensation today is largely toward “pay-for-performance.”<sup>52</sup> If you are part of a **merit pay** system, your pay increases will be based at least in part on some assessment of how well you perform. The idea is that a good merit raise is a positive signal to high performers; no merit raise or a low merit raise sends a negative signal to low performers. Because their pay is contingent on performance, both groups are expected to work harder in the future.

**Merit pay** awards pay increases in proportion to performance contributions.

Although they make sense in theory, merit systems are also not free of problems. A survey reported by the *Wall Street Journal* found that only 23% of employees understood their companies’ reward systems.<sup>53</sup> Typical questions include: Who assesses performance? What happens if the employee doesn’t agree with the assessment? Is the system fair and equitable to everyone involved? Is there enough money available to make the merit increases meaningful?

### Bonuses and Profit-Sharing Plans

How would you like to someday receive a letter like this one, once sent to two top executives by [Amazon.com](https://www.amazon.com)'s chairman Jeff Bezos? "In recognition and appreciation of your contributions," his letter read, "[Amazon.com](https://www.amazon.com) will pay you a special bonus in the amount of \$1,000,000."<sup>54</sup> **Bonus pay** plans provide one-time or lump-sum payments to employees who meet specific performance targets or make some other extraordinary contribution, such as an idea for a work improvement. These pay plans have been most common at the executive level, but many companies now use them more extensively across all levels. At Applebee's, for example, "Applebucks" are small cash bonuses given to reward employee performance and increase loyalty to the firm.

**Bonus pay** plans provide one-time payments based on performance accomplishments.

In contrast to straight bonuses, **profit-sharing** plans give employees a proportion of the net profits earned by the organization during a performance period. **Gain-sharing** plans extend the profit-sharing concept by allowing groups of employees to share in any savings or "gains" realized when their efforts or ideas result in measurable cost reductions or productivity increases. As incentive systems, profit-sharing plans, gain-sharing plans, and bonus plans have the advantage of helping to ensure that individual employees work hard by linking their pay to the performance of the organization as a whole.

**Profit-sharing** plans distribute to employees a proportion of net profits earned by the organization.

**Gain-sharing** plans allow employees to share in cost savings or productivity gains realized by their efforts.

## Stock Ownership and Stock Options

Some employers provide employees with ways to accumulate stock in their companies and thus develop a sense of ownership. The idea is that stock ownership will motivate employees to work hard so that the company becomes and stays successful. **Employee stock ownership plans**, or ESOPs, help employees purchase stock in their employing companies, sometimes at special discounted rates. For example, almost 95% of employees are stock owners at Anson Industries, a Chicago construction firm.<sup>55</sup> An administrative assistant says it has made a difference in her job performance: "You have a different attitude ... everyone here has the same attitude because it's our money." Of course, there are downside risks of ESOPs. When a company's market value falls, so too does the value of any employee-owned stock.

**Employee stock ownership plans** (ESOPs) help employees purchase stock in their employing companies.

Another approach is to grant employees **stock options** linked to their performance or as part of their hiring packages. Stock options give owners rights to buy shares of stock at a future date at a fixed price. Employees gain financially if the stock price rises above the option price, but the stock options lose value if the stock price drops. The logic is that option holders will work hard so that the company performs well and they can reap some of the financial benefits. The Hay Group, a global human resource management consulting firm, reports that the most admired U.S. companies are also those that offer stock options to a greater proportion of their workforces.<sup>56</sup>

**Stock options** give the right to purchase shares at a fixed price in the future.

## Benefits

**Employee benefits** packages include nonmonetary forms of compensation that are intended to improve the work and personal lives of employees. Some benefits are required by law, such as

contributions to Social Security, unemployment insurance, and workers' compensation insurance. Many organizations offer additional benefits in order to attract and retain highly qualified employees. They include health care insurance, retirement plans, pay for time not worked—such as personal days and vacations, sick leave, and maternity and paternity leave. But, the majority of U.S. workers still don't have access to such discretionary benefits. Although the Family and Medical Leave Act requires employers to offer unpaid leaves for medical and family problems, for example, President Obama told a Summit on Working Families: "There is only one country in the world that does not offer paid maternity leave, and that is us."<sup>57</sup> And when it comes to the "working sick" problem, some 40 million Americans lack paid sick leave benefits.<sup>58</sup>

**Employee benefits** are nonmonetary forms of compensation such as health insurance and retirement plans.

## Issues&Trends

### *The Truth about Why Great Employees Quit*



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No one wants to lose a great employee. But when they do, many employers are caught by surprise. They think everything is fine and have no idea that their best employees might be thinking about leaving. When 18,000 professionals were asked in a LinkedIn survey what caused them to think about changing employers, their top thoughts were to get better compensation and benefits, better work/life balance, and career advancement. But when 7,530 actual job switchers were surveyed, they reported that the decision to leave was most often driven by career advancement followed by opportunities to work for organizations with better leadership. Getting more pay came in third.

The ever-rising costs of benefits, particularly medical insurance and retirement, are a major concern for employers. Many are attempting to gain control over health care expenses by



shifting more of the insurance costs to employees and by restricting choices among health care providers. Some also are encouraging healthy lifestyles as a way to decrease health insurance claims.

**Flexible benefits** programs are increasingly common. These plans allow employees to choose a set of benefits within a certain dollar amount. The trend also is toward more **family-friendly benefits** that help employees balance work and non-work responsibilities. These include child care, elder care, flexible schedules, parental leave, and part-time employment options, among others. Increasingly common as well are **employee assistance programs** that help employees deal with troublesome personal problems. Such programs may offer assistance in dealing with stress, counseling on alcohol and substance abuse, referrals for domestic violence and sexual abuse, and sources for family and marital counseling.

**Flexible benefits** programs allow employees to choose from a range of benefit options.

**Family-friendly benefits** help employees achieve better work–life balance.

**Employee assistance programs** help employees cope with personal stresses and problems.

## Retention and Turnover

Retirement is one of those experiences that can increase employees' fears and apprehensions as it approaches. Many organizations offer special counseling and other forms of support for retiring employees, including advice on company benefits, financial management, estate planning, and use of leisure time. Increasingly on the radar at many firms are **early retirement incentive programs**. These programs give workers financial incentives to retire early. The potential benefits for employers include the opportunity to lower payroll costs by reducing positions, replacing higher-wage workers with less expensive newer hires, and creating openings that can be used to hire workers with different, more current skills and talents.

**Early retirement incentive programs** offer workers financial incentives to retire early.

The most extreme replacement decisions involve **termination**, or the involuntary and permanent dismissal of an employee. In some cases termination is based on performance problems or violations of organizational policy. In other cases the employees involved may be performing well, but may be terminated as part of strategic restructuring through workforce reduction. In all cases, terminations should be handled fairly, according to organizational policies and in full legal compliance with all relevant federal and state statutes.

**Termination** is the involuntary dismissal of an employee.

Many employment relationships are governed by the **employment-at-will** doctrine. This principle assumes that employers can terminate employees at any time for any reason.

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Likewise, employees may quit their job at any time for any reason. In other cases, the principle of **wrongful discharge** gives workers legal protections against discriminatory firings, and employers must have bona-fide job-related cause to terminate the employee. In situations



where workers belong to unions, terminations also are potentially subject to labor contract rules and specifications.

**Employment-at-will** means that employees can be terminated at any time for any reason.

**Wrongful discharge** is a doctrine giving workers legal protections against discriminatory firings.

## Labor–Management Relations

**Labor unions** are organizations to which workers belong and that deal with employers on the workers' behalf.<sup>59</sup> They are found in many industrial and business occupations, as well as among public-sector employees including teachers, police officers, firefighters, and government workers. Unions have historically played an important role in American society. Although they often are associated with wage and benefit issues, workers also join unions because of things like poor relationships with supervisors, favoritism or lack of respect by supervisors, little or no influence with employers, and failure of employers to provide a mechanism for grievance and dispute resolution.<sup>60</sup>

A **labor union** is an organization that deals with employers on the workers' collective behalf.

The National Labor Relations Act of 1935 (known as the Wagner Act) protects employees by recognizing their right to join unions and engage in union activities. It is enforced by the National Labor Relations Board (NLRB). The Taft-Hartley Act of 1947 protects employers from unfair labor practices by unions and allows workers to decertify unions. And, the Civil Service Reform Act of 1978 clarifies the right of government employees to join and to be represented by labor unions.

Although union membership has been on the decline in the United States, dropping from 20.1% in 1983 to just under 12% in 2013, unions have historically had a significant impact on the lives of the majority of American citizens. Notable accomplishments attributed to unions include (1) the “weekend,” which emerged from the Fair Labor Standards Act of 1938, a federal standard for a shorter workweek and leisure time; (2) an end to child labor, which had been normative in the United States until 1938 with the first passage of federal legislation regulating child labor; (3) employer-based health care, which emerged in the 1950s; and (4) the Family Medical Leave Act, which provides for job-protected leave for employees to care for infants or a family member with an illness.<sup>61</sup> Notwithstanding the downward membership trend, unions remain an important force in the workplace.<sup>62</sup> They serve as a collective “voice” for their members and act as bargaining agents to negotiate **labor contracts** with employers. These contracts specify the rights and obligations of employees and management with respect to wages, work hours, work rules, seniority, hiring, grievances, and other conditions of employment. They are developed through **collective bargaining**, the process through which labor and management representatives negotiate, administer, and interpret labor contracts. It typically involves face-to-face meetings between labor and management representatives. During this time, a variety of demands, proposals, and counterproposals are exchanged. Several rounds of bargaining may be required before a contract is reached or a dispute over a contract issue is resolved.

A **labor contract** is a formal agreement between a union and an employer about the terms of work for union members.

**Collective bargaining** is the process of negotiating, administering, and interpreting a labor contract.

As you might expect, the collective bargaining process is time-consuming and expensive, and it can lead to problems. When negotiations break down and labor–management relations take on an adversarial character, the conflict can be prolonged and extremely costly for both sides. This happens primarily when labor and management view each other as “win–lose” adversaries. In these situations the collective bargaining becomes more of a battle than a constructive dialogue. The ideal process, by contrast, is characterized by a mutual “win–win” approach with a focus on achieving benefits to labor in terms of fair treatment and to management in terms of workforce quality.

#### Learning Check 4

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#### **TAKEAWAYQUESTION 4** How do organizations maintain a quality workforce?

**BE SURE YOU CAN** • define *work–life balance* • explain why compensation and benefits are important elements in human resource management • explain potential benefits and problems for merit pay plans • differentiate among bonuses, profit sharing, and stock options • define *flexible benefits plans* and discuss their advantages • define *labor union* and *collective bargaining*

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## Management Learning Review

### Get Prepared for Quizzes and Exams

#### Summary

#### **TAKEAWAYQUESTION 1**

#### **What is human resource management?**

- The human resource management process involves attracting, developing, and maintaining a quality workforce.
- Human resource management becomes strategic when it is integrated into the organization's strategic management process.
- Employees have legal protections against employment discrimination; equal employment opportunity requires that employment and advancement decisions be made without discrimination.
- Current legal issues in human resource management include sexual harassment, comparable worth, rights of independent contractors, and employee privacy.

#### **FOR DISCUSSION** What gaps in legal protections against employment discrimination still exist?

#### **TAKEAWAYQUESTION 2**

#### **How do organizations attract a quality workforce?**

- Human resource planning analyzes staffing needs and identifies actions to fill these needs over time.
- Recruitment is the process of attracting qualified job candidates to fill positions.
- Realistic job previews provide candidates with both positive and negative information about the job and organization.
- Selection involves gathering and assessing information about job candidates and making decisions about whom to hire.
- The selection process often involves screening applicants for qualifications, interviewing applicants, administering employment tests, and doing preemployment checks.

**FOR DISCUSSION** Is it realistic to expect that when interviewing with a potential employer you will get a “realistic” job preview?

### TAKEAWAYQUESTION 3

**How do organizations develop a quality workforce?**

- Orientation is the process of formally introducing new employees to their jobs, performance expectations, and the organization.
- On-the-job training includes job rotation, coaching, modeling, and mentoring; off-the-job training includes approaches like management development programs.
- Performance appraisal serves both evaluation and development purposes.
- Common performance appraisal methods focus on evaluating employees’ traits, behaviors, or performance achievements.

**FOR DISCUSSION** What are the potential downsides to using 360-degree feedback in the performance review process?

### TAKEAWAYQUESTION 4

**How do organizations maintain a quality workforce?**

- Complex demands of job and family responsibilities have made work–life balance programs increasingly important in human resource management.
- Compensation and benefits packages must be attractive so that an organization stays competitive in labor markets.
- Merit pay plans link compensation and performance; bonuses, profit sharing, and stock options are also forms of incentive compensation.
- Retention decisions in human resource management involve promotions, retirements, and/or terminations.
- The collective bargaining process and labor–management relations are carefully governed by law.

**FOR DISCUSSION** What creative options can employers offer to attract and retain motivated lower-wage employees?

## Self-Test 13

### Multiple-Choice Questions

1. Human resource management is the process of \_\_\_\_\_, developing, and maintaining a high-quality workforce.
  - a. attracting
  - b. compensating
  - c. appraising
  - d. training
2. \_\_\_\_\_ programs are designed to ensure equal employment opportunities for persons historically underrepresented in the workforce.
  - a. Realistic recruiting
  - b. External recruiting
  - c. Affirmative action
  - d. Employee assistance
3. The Age Discrimination in Employment Act prohibits discrimination against persons \_\_\_\_\_.
  - a. 40 years and older
  - b. 50 years and older
  - c. 65 years and older
  - d. of any age
4. \_\_\_\_\_ is the idea that jobs that are similar in terms of their importance to the organization should be compensated at the same level.
  - a. Affirmative action
  - b. Realistic pay
  - c. Merit pay
  - d. Comparable worth
5. A \_\_\_\_\_ is a criterion that can be legally justified for use in screening candidates for employment.
  - a. job description
  - b. bona fide occupational qualification
  - c. job specification
  - d. BARS
6. The first step in strategic human resource management is to \_\_\_\_\_.

- a.** forecast human resource needs
  - b.** forecast labor supplies
  - c.** assess the existing workforce
  - d.** review organizational mission, objectives, and strategies
7. In human resource planning, a(n) \_\_\_\_\_ is used to determine exactly what is done in an existing job.
- a.** critical-incident technique
  - b.** assessment center
  - c.** job analysis
  - d.** multiperson comparison
8. If an employment test yields different results over time when taken by the same person, it lacks \_\_\_\_\_; if it bears no relation to actual job performance, it lacks \_\_\_\_\_.
- a.** equity, reliability
  - b.** specificity, equity
  - c.** realism, idealism
  - d.** reliability, validity
9. Which phrase is most consistent with a recruiter offering a job candidate a realistic job preview?
- a.** “There are just no downsides to this job.”
  - b.** “No organization is as good as this one.”
  - c.** “There just aren’t any negatives.”
  - d.** “Let me tell you what you might not like once you start work.”
10. Socialization of newcomers occurs during the \_\_\_\_\_ step of the staffing process.
- a.** recruiting
  - b.** selecting
  - c.** orientation
  - d.** training
11. The \_\_\_\_\_ purpose of performance appraisal is being addressed when a manager describes training options that might help an employee improve future performance.
- a.** development
  - b.** judgment
  - c.** evaluation
  - d.** legal
12. When a team leader is required to rate 10% of team members as “superior,” 80% as “good,” and 10% as “unacceptable” for their performance on a project, this is an example of the \_\_\_\_\_ approach to performance appraisal.
- a.** graphic
  - b.** forced distribution



**c.** behaviorally anchored rating scale

**d.** realistic

**13.** An employee with domestic problems due to substance abuse would be pleased to learn that his employer had a(n) \_\_\_\_\_ plan to help on such matters.

**a.** employee assistance

**b.** cafeteria benefits

**c.** comparable worth

**d.** collective bargaining

**14.** Whereas bonus plans pay employees for special accomplishments, gain-sharing plans reward them for \_\_\_\_\_.

**a.** helping to increase social responsibility

**b.** regular attendance

**c.** positive work attitudes

**d.** contributing to cost reductions

**15.** In labor–management relations, the process of negotiating, administering, and interpreting a labor contract is known as \_\_\_\_\_.

**a.** arbitration

**b.** mediation

**c.** reconciliation

**d.** collective bargaining

### Short-Response Questions

**16.** What are the different advantages of internal and external recruitment?

**17.** Why is orientation an important part of the human resource management process?

**18.**

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Why is a BARS potentially superior to a graphic rating scale for use in performance appraisals?

**19.** How does mentoring work as a form of on-the-job training?

### Essay Question

**20.** Sy Smith is not doing well in his job. The problems began to appear shortly after Sy's job was changed from a manual to computer-based operation. He has tried hard but is just not doing well in learning to use the computer; as a result, he is having difficulty meeting performance expectations. As a 55-year-old employee with over 30 years with the company, Sy is both popular and influential among his work peers. Along with his performance problems, you have also noticed that Sy seems to be developing a more negative attitude toward his job. As Sy's manager, what options would you consider in terms of dealing with the issue of his retention in the job and in the company? What would you do, and why?

# Management Skills & Competencies Make yourself valuable!

## Evaluate Career Situations

### What Would You Do?

#### 1. Tattoos in the Office

A co-worker has come to you with a problem. He has tattoo “sleeves” on both arms that extend to the wrists. Even in a long-sleeved shirt they are difficult to cover. He’s upset because he learned that someone else got the promotion he had been hoping for. Everyone respects his high performance, diligence, and loyalty to the company. But it’s also common knowledge that the boss “doesn’t like tattoos.” What advice can you give to your colleague about handling the current situation regarding the lost promotion? What advice, if any, can you offer about having both a career and tattoos?

#### 2. Bad Appraisal System

As the new head of retail merchandising at a local department store, you are disappointed to find that the sales associates are evaluated on a graphic rating scale that uses a simple list of traits to gauge their performance. You believe that better alternatives are available, ones that will not only meet the employer’s needs but also be helpful to the sales associates themselves. After raising this issue with your boss, she says “Fine, I hear you. Give me a good proposal and I’ll take it to the store manager for approval.” What will you propose, and how will you justify it as being good for both the sales associates and the boss?

#### 3. The Union Wants In

There’s a drive to organize the faculty of your institution and have them represented by a union. The student leaders on campus are holding a forum to gather opinions on the pros and cons of a unionized faculty. Because you represent a popular student organization in your college, you are asked to participate in the forum. You are expected to speak for about 3 minutes in front of the other student leaders. So, are you for or against faculty unionization? What will you say at the forum, and why?

## Reflect on the Self-Assessment

### Performance Assessment Assumptions

#### Instructions

In each of the following pairs, check the statement that best reflects your assumptions about performance assessment and appraisal. [63](#)

#### Performance assessment is:

1.
  - a. a formal process that should be done annually.
  - b. an informal process should be done continuously.
2.
  - a. a process best planned for the person being assessed.
  - b. a process best planned with the person being assessed.
3.
  - a. done as an organizational requirement.

**b.** done regardless of organizational requirements.

**4.**

**a.** a time for team leaders to evaluate performance of team members.

**b.** a time for team members to evaluate their team leaders.

**5.**

**a.** a time to clarify performance standards for a worker.

**b.** a time to clarify the a worker's career needs.

**6.**

**a.** a time to confront poor performance.

**b.** a time to express appreciation.

**7.**

**a.** an opportunity to improve direction and control.

**b.** an opportunity to increase enthusiasm and commitment.

**8.**

**a.** only as good as the organization's procedures for it.

**b.** only as good as the manager's coaching skills.

### Scoring

There is no formal scoring for this assessment, but if you look carefully and think through your answers there may be a pattern worth thinking more about.

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### Interpretation

The “a” responses represent a more traditional approach to performance appraisal that emphasizes its evaluation function. This role largely puts the supervisor in the role of documenting a subordinate's performance for control and administrative purposes. The “b” responses represent more emphasis on the counseling or development role. Here, the supervisor is concerned with helping the subordinate perform better and learn how he or she might be of help.

### Contribute to the Class Exercise

#### Upward Appraisal

#### Instructions

Form into work groups as assigned by the instructor. After the instructor leaves the room, complete the following tasks. [64](#)

1. Create a master list of comments, problems, issues, and concerns about the course experience to date that members would like to communicate to the instructor.

2. Select one person from the group to act as the spokesperson who will give your feedback to the instructor when he or she returns to the classroom.
3. The spokespersons should meet to rearrange the room (placement of tables, chairs, etc.) for the feedback session. This arrangement should allow the spokespersons and instructor to communicate in view of the other class members.
4. While spokespersons are meeting, group members should discuss what they expect to observe during the feedback session.
5. The instructor should be invited in; spokespersons should deliver feedback while observers make notes.
6. After the feedback session is complete, the instructor will call on observers for comments, ask the spokespersons for their reactions, and engage the class in general discussion about the exercise and its implications.

## Manage a Critical Incident

### Athletic Director's Dilemma

You are the athletic director at a large private university with a highly comprehensive, highly competitive intercollegiate athletics program. Every year the football team is ranked in the top 25 and is always in the hunt for an NCAA Division I national championship. The football team captain at your university has just been in your office. He presented you with a petition signed by 70% of the players that requests permission to start the process leading to unionization. The players aren't asking to be paid, but they believe it is in their best interests to have union protection when it comes to their physical well-being, academic progress, and financial affairs. Since you are at a private university, the players are within their rights and can speak with unions such as the National College Players Association about representing them. The next step in the process will be for the players to distribute formal "union cards" for signatures. If at least 30% sign the cards, they could ask the National Labor Relations Board to endorse their request to unionize. This is a complete surprise to you.

### Questions

You have to contact the university president, but you want to be well prepared. What notes will you make about on goals, critical issues, possible outcomes, and stakeholders in this situation? What will be on your list of possible recommendations? What will be your preferred course of action, and why?

## Collaborate on the Team Activity

### Future of Labor Unions

**Question:** What is the future for labor unions in America?

### Instructions

1. Perform library research to identify trends in labor union membership in the United States.
2. Analyze the trends to identify industries and settings where unions are gaining and losing strength. Develop possible explanations for your findings.
3. Talk with members of labor unions—friends, family, community members—to gather their viewpoints on the benefits of unions and issues affecting the future of unions in the United States.
4. Talk with managers in different types of organizations to get their views on unions, how they work, and the advantages and disadvantages they present to management.

5. Consider examining data on labor union trends in other countries.
6. Prepare a report that uses the results of your research to answer the project question.

## Analyze THE TWO-TIER WAGES CaseStudy Same Job, Different Pay

Go to *Management Cases for Critical Thinking* at the end of the book to find this case.