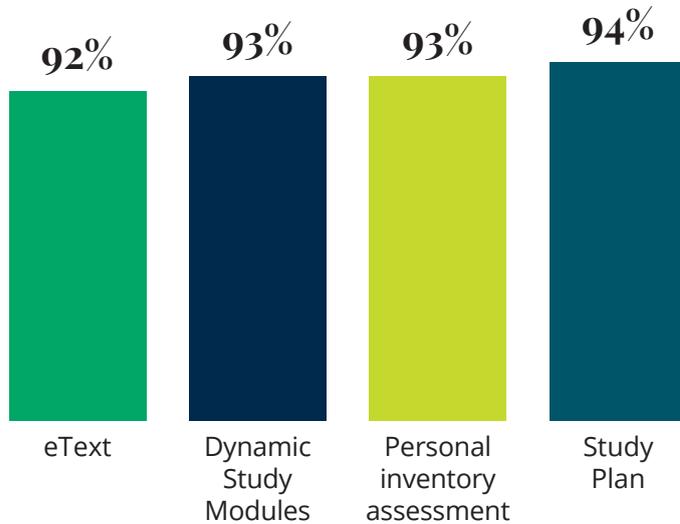
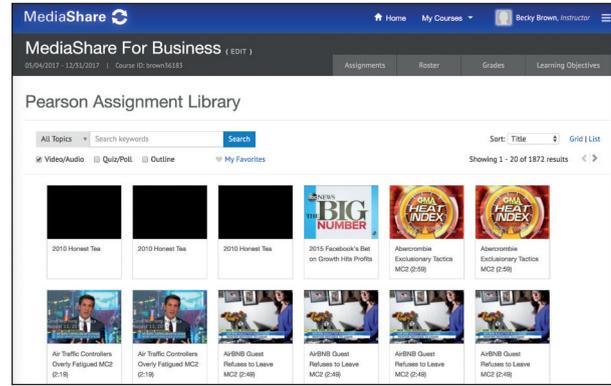


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# Human Resource Management

Joseph J. Martocchio

Fifteenth Edition



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To my parents—for their sacrifices which have provided  
me with great opportunities.



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# Preface

## New to this Edition

Four new features appear in each chapter that enable students to integrate knowledge and valuable skills regardless whether choosing a career in the HRM profession or other business function in smaller or larger organizations, all available in MyLab.

### HRM Is Everyone's Business

Most company leaders and employees will face ethical challenges at one time or another. Some employees will intentionally commit ethics violations for personal gain. Other employees may unknowingly do so. Whether you are a manager or HR professional—an employee may bring concerns about possible ethical violations to your attention or you may observe them yourself. Once you are aware of a situation where ethics are in question, you are obligated to respond.

#### Action checklist for managers and HR—responding to allegations of unethical behavior

##### HR takes the lead

- Work with managers to ensure that they understand the company's code of ethics and communicate the procedures for addressing instances of potential ethical violations.
- Encourage managers to share the company's code of ethics with employees, lead open discussions about everyone's obligation to behave ethically, and create a safe environment for employees to report their concerns about possible ethical violations to the appropriate authority.
- Guide managers through the process of handling employees who are suspected of committing ethical violations.

##### Managers take the lead

- Educate HR on certain aspects of employee roles to better understand how unethical behavior may manifest in your department. Bringing HR up to speed creates a partnership for more effectively responding to possible ethical violations.
- Discuss concerns with HR about possible ethical violations and follow through based on company policy and procedures.
- Work together with HR to implement a training plan on the company's code of ethics and creating hypothetical scenarios illustrating ethical and unethical behavior relevant to your departmental activities.

- **HRM Is Everyone's Business.** This feature explains how HR professionals and managers throughout the organization work together to address important workplace issues by highlighting specific connections and the reality that HR activities are never performed in isolation.

- **HRM by the Numbers.** This feature provides an excellent opportunity to think through concepts and their applications as well as analyze quantitative data to facilitate problem solving.

### HRM by the Numbers

#### Paying the Price for Underpaying Workers

 An additional HRM by the Numbers exercise can be found on MyLab Management.

HR professionals should ensure that workers are paid for their work on a timely basis. Sometimes, companies pay workers less than what they should and there are various possible reasons such as intent to save money or in error. Either way, paying employees lesser amounts than owed may violate the law. For instance, the Fair Labor Standards Act (FLSA), which we will discuss in Chapter 3, requires employers to pay eligible workers a higher pay for overtime work. Specifically, the overtime pay rate equals 1.5 times the regular hourly pay rate for each additional hour exceeding 40 in a work week.

You've learned that the company has not been paying employees appropriately for overtime work hours. It is your responsibility to calculate the amount of overtime pay owed to workers. After reviewing the payroll records, you discovered the following details:

1. Group 1: 225 workers. Each worker earns a regular hourly pay rate of \$18.00. For each of the past 15 work weeks, everyone worked 45 hours.
2. Group 2: 310 workers. Each worker earns a regular hourly pay rate of \$21.00. For each of the past 20 work weeks, everyone worked 47 hours.

Every worker received regular pay for all their hours worked, but they did not receive an additional overtime pay amount.

#### Questions

- 2-13. Calculate the hourly overtime pay rate for each worker in (a) group 1 and (b) group 2.  
2-14. How much money does the company owe all the workers in (a) group 1 over 15 weeks and (b) group 2 over 20 weeks?  
2-15. How much money did the company save by not paying all the workers (groups 1 and 2 combined) overtime pay?

### Working Together: Team Exercise

In small groups of three or four, come up with specific answers to the following questions. Talk through your perspectives and come up with a brief team response. Be prepared to share your ideas with the class.

- **FYI.** This feature provides tidbits of information from survey research and extensive databases (e.g., employment statistics) that illuminate trends, opinions, and the use of specific HR practices.

### FYI

The 2017 Global 100 Most Sustainable Corporations were most commonly found in the following countries:

- United States: 19 companies
- France: 12 companies
- United Kingdom: 11 companies
- Canada and Germany: 6 companies
- Netherlands: 5 companies<sup>105</sup>

### Updates to the 15th Edition

There are three significant updates made to this edition of the textbook; revised learning objectives, updates to HRM practices, and new content in the majority of special features. First, the learning objectives in each chapter have been revised to be consistent across chapters (there are now six learning objectives per chapter with the exception of chapter 1) in order to better integrate the chapter material together in a more effective manner to improve learning.

Second, there are substantial updates that highlight evolving HRM practices, statistics, and business professionals' perspectives. For instance, Chapter 7 (performance management and performance appraisal) includes a section on trends in performance appraisal practice. In a nutshell, some companies are providing performance feedback more frequently and as needed on a less structured basis rather than putting off providing feedback until structured annual reviews are given. This section also addresses the pros and cons of this more contemporary thinking as well the same of longstanding approaches to provide students a balanced view.

Third, fifty percent of the *Ethics Dilemma* and fifty percent of the *Incident* features are new. Business ethics are sets of guiding principles that influence the way individuals and organizations behave within the society that they operate. Analysis of the incidents, which depict realistic scenarios, requires interpretation and proposed actionable responses. Many new *Watch It!* videos appear throughout this edition.

### Solving Teaching and Learning Challenges

Increasingly, students expect to see the applicability of their coursework to life and work after graduation. When the connection is not clear to students, many may lose interest and, perhaps, choose to do as little as possible to earn a good enough grade on quizzes and exams. How the author conveys content and the choice of pedagogical features can pique interest in the subject matter and enhance learning and development of seven critical employability skills, which I have discussed in the Developing Employability Skills section in Chapter 1.

I approach the study of HRM in a realistic, practical, interesting, and stimulating manner. I focus on showing how HRM is practiced in the real world. Throughout the book, you will see examples of how organizations practice HRM. In explaining a concept, I often quote HRM professionals and other business professionals, yet all HRM discussion is based on sound theoretical concepts and practice. Where appropriate, the strategic role of HRM is apparent in the discussion of each major HRM function. In addition, I show how HRM topics are related to other HRM topics. For instance, a firm that emphasizes recruiting top-quality candidates but neglects to provide satisfactory compensation is wasting time, effort, and money. If a firm's compensation system pays below-market wages, the firm will always be hiring and training new employees only to see the best leave for a competitor's higher wages. Besides this one example, the interrelationship of HRM practices set in a dynamic business environment will become more obvious as these topics are addressed throughout the book. These interrelationships are also shown to be important as organizations operate within the global environment. I included several features that appear in the textbook and MyLab, designed to enhance student learning by actively engaging students.

#### ★ Learn It

If your professor has chosen to assign this, go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to see what you should particularly focus on and to take the Chapter 2 Warm-Up.

#### Learn It Practice

Students can be assigned the Chapter Warm-Up before coming to class. Assigning these questions ahead of time will ensure that students are coming to class prepared.

#### Watch It Videos

Recommends a video clip that can be assigned to students for outside classroom viewing or that can be watched in the classroom. The video corresponds to the chapter material and is accompanied by multiple choice questions that reinforce student's comprehension of the chapter content.

#### ★ Watch It I

If your instructor has assigned this, go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to watch a video titled Patagonia: Ethics and Social Responsibility and to respond to questions.

**★ Try It!**

If your instructor has assigned this, go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete the Management & Ethics simulation and test your application of these concepts when faced with real-world decisions.

**Try It Mini Simulations**

Recommends a mini simulation that can be assigned to students as an outside classroom activity or it can be done in the classroom. As the students watch the simulation they will be asked to make choices based on the scenario presented in the simulation. At the end of the simulation the student will receive immediate feedback based on the answers they gave. These simulations reinforces the concepts of the chapter and the students' comprehension of those concepts.

**HR Bloopers Exercises**

*HR Bloopers* present scenarios that describe potential mistakes that may occur in HR practice. Questions that follow in MyLab Management provide students with the opportunity to test their understanding and recall of the chapter material based on the information contained in the scenarios.

**HR BLOOPERS**

**Sales Incentives at Pincer Pharmaceuticals**

Quarterly sales reports are in at Pincer Pharmaceuticals and Ben Ross looks forward to sharing the reports with the sales team. As a compensation analyst, Ben calculates sales commissions for the sales representatives, and high sales mean big paychecks for the team. The sales representatives receive incentive pay bonuses based on how many times doctors in their sales territory prescribe Pincer drugs. The number of prescriptions has increased with several of the popular drugs Pincer makes and the sales representatives that have the doctors writing the most prescriptions stand to benefit significantly. Ben knows that they have steep competition on some of their products, but he has also heard some rumors about how they stay ahead of competitors.

Apparently, many of the sales representatives are using some of their own extra earnings to earn the favor of the doctors. Gifts, dinners, and other incentives are provided to the doctors to encourage them to write Pincer prescriptions. At first he thought there might be a problem with this practice, but Ben knows that Pincer has a Code of Ethics and provides ethics training to all employees, so the sales representatives must know that their practices are acceptable. Ben understands that this is just the way business is done, and Ben's job is just to make sure they get paid what they have earned.

★ If your professor has assigned this, go to [www.pearson.com/mylab/management](http://www.pearson.com/mylab/management) to complete the HR Bloopers exercise and test your application of these concepts when faced with real-world decisions.

**PREPARING FOR MY CAREER**

**PIA Personal Inventory Assessment**

★ An additional Personal Inventory Assessment can be found on MyLab Management.

**Ethical Leadership Assessment**

Organizations need ethical leadership from all employees, but especially from managers. In this PIA, you'll see how much thought and effort goes into being ethical in your workplace behavior.

**Personal Inventory Assessments**

The *Personal Inventory Assessment* feature, included in most chapters, gives students the opportunity for self-assessment and personal reflection. Understanding yourself and finding your voice will help you approach situations within and outside the employment setting with greater confidence.

**HRM Is Everyone's Business**

As noted earlier, *HRM Is Everyone's Business* explains how HR professionals and managers throughout the organization work together to address important workplace issues. This feature highlights some of the specific connections between managers and HR professionals, and the reality that HR activities are never performed in isolation.

**HRM Is Everyone's Business**

In Chapter 5, we explained the role of HR professionals and managers in the recruitment process. Together, identified the best approaches to building a pool of qualified candidates. Now, it's time to make selection (hiring) decisions. Successful selection decisions are based on the collaboration between HR professionals and hiring managers who bring complementary expertise and perspectives to the task. HR professionals are experts on every aspect of the selection process (e.g., reliability and validity), and hiring managers are most well-acquainted with their staffing needs.

**Action checklist for managers and HR—understanding and applying selection concepts and methods**

**HR takes the lead**

- Review the appropriate guidelines for evaluating applications and résumés. Communicate what should and should not be considered. For example, some people list birthdate or marital status on their résumés and this information should never be considered when formulating interview questions or making the selection decision.
- Discuss whether testing will add useful information for making more accurate selection decisions.
- Review the guidelines for conducting effective interviews and coordinate the types of interview questions that will be asked by HR and the questions that will be asked by managers.
- HR professionals conduct background checks.
- HR professionals share their evaluations of the job candidates, and inform managers whether the results of the background check warrant further consideration.

**Managers take the lead**

- Review the top candidates with HR after prescreening applications and résumés.
- If testing is considered relevant, explain the minimum performance standards expected of successful employees.
- Share interview questions with HR to ensure job-relatedness.
- Consider all the job-related information and discuss whether a job offer should be made.

**HRM by the Numbers**

**Detecting Adverse Impact**

★ An additional HRM by the Numbers exercise can be found on MyLab Management.

Adverse impact *usually* takes place when an employment decision, practice, or policy has a disproportionately negative effect on a protected group. HR professionals rely on the "four-fifths" or "80 percent" rule to judge whether adverse impact may have occurred. Consider the situation for men and for women:

Sex	Total Applicants	Selected Applicants	Selection Rate
Female	750	375	
Male	1,050	450	
Total	1,800	825	

3-18. Calculate (a) the selection rate for females and (b) the selection rate for males.

3-19. What is the ratio of the female selection rate to the male selection rate?

3-20. Based on your answer to question 3-19, is there evidence of possible adverse impact?

**HRM By The Numbers Exercises**

As noted earlier, *HRM by the Numbers* provides an excellent opportunity to sharpen problem solving skills through the analysis of numerical data, creating the foundation for quantifying HRM concepts and practices. There are two data-driven exercises per chapter, one in the book and both in MyLab Management. Answers are found in the Instructor's Manual and in MyLab Management.

### Working Together Exercise

As noted earlier, *Working Together* offers opportunities for students to collaborate through sharing ideas, listening to others' ideas, and coming up with a cohesive team response to the assignment. If assigned by the instructor, students may make brief oral presentations of their ideas to the class, creating an additional opportunity for working together.

### Assisted Graded Writing Questions

These are short essay questions which the students can complete as an assignment and submit to you, the professor for grading.

## MyLab Management

### Reach every student with MyLab

MyLab is the teaching and learning platform that empowers you to reach *every* student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and improves results for each student. Learn more at MyLab Management.

### Deliver trusted content

You deserve teaching materials that meet your own high standards for your course. That's why we partner with highly respected authors to develop interactive content and course-specific resources that you can trust — and that keep your students engaged.

### Empower each learner

Each student learns at a different pace. Personalized learning pinpoints the precise areas where each student needs practice, giving all students the support they need — when and where they need it — to be successful.

### Teach your course your way

Your course is unique. So whether you'd like to build your own assignments, teach multiple sections, or set prerequisites, MyLab gives you the flexibility to easily create *your* course to fit *your* needs.

### Improve student results

When you teach with MyLab, student performance improves. That's why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students. Learn more.

## Developing Employability Skills

For students to succeed in a rapidly changing job market, they should be aware of their career options and how to go about developing a variety of skills. In this book and MyLab, I focus on developing these skills in the following ways: In this course, and, specifically in this text, students will have the opportunity to develop and practice seven important skills based on various learning features that are summarized in the matrix and subsequently illustrating some of the connections between the employability skills and learning features:

	Communication	Critical Thinking	Collaboration	Knowledge Application and Analysis	Business Ethics and Social Responsibility	Information Technology and Computing Skills	Data Literacy
FYI				✓			✓
Watch It!		✓		✓			
Try It! Simulation	✓	✓		✓	✓		
HR Bloopers		✓	✓	✓	✓		
Chapter Review		✓		✓			
Personal Inventory Assessment			✓	✓			
Ethics Dilemma		✓		✓	✓		
HRM Is Everyone's Business	✓		✓	✓			
HRM by the Numbers		✓		✓		✓	✓
Working Together	✓		✓	✓			
Case Incident 1		✓		✓	✓		
Case Incident 2		✓		✓	✓		

## Instructor Teaching Resources

*Human Resource Management* comes with the following teaching resources.

Supplements available to instructors at <a href="http://www.pearsonhighered.com/">www.pearsonhighered.com/</a>	Features of the Supplement
Instructor's Manual	<ul style="list-style-type: none"> <li>• Chapter-by-chapter summaries</li> <li>• Examples and activities not in the main book</li> <li>• Teaching outlines</li> <li>• Solutions to all questions and problems in the book</li> </ul>
Test Bank	<p>More than 2,000 multiple-choice, true/false, and short-answer questions with these annotations:</p> <ul style="list-style-type: none"> <li>• Difficulty level (1 for easy, 2 for moderate, 3 for difficult)</li> <li>• Type (Multiple-choice, true/false, short-answer, essay)</li> <li>• Topic (The term or concept the question supports)</li> <li>• Learning outcome</li> <li>• AACSB learning standard (Written and Oral Communication, Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge; Interpersonal Relations and Teamwork)</li> </ul>
Computerized TestGen	<p>TestGen allows instructors to:</p> <ul style="list-style-type: none"> <li>• Customize, save, and generate classroom tests</li> <li>• Edit, add, or delete questions from the Test Item Files</li> <li>• Analyze test results</li> <li>• Organize a database of tests and student results.</li> </ul>
PowerPoints	<p>Slides include many of the figures and table in the textbook</p> <p>PowerPoints meet accessibility standards for students with disabilities. Features include, but not limited to:</p> <ul style="list-style-type: none"> <li>• Keyboard and Screen Reader access</li> <li>• Alternative text for images</li> <li>• High color contrast between background and foreground colors</li> </ul>

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I wish to give a special thank you to R. Wayne Mondy whose dedication and expertise in the first 14 editions have positively impacted thousands of students' educational experiences. I am thrilled and honored to carry the torch forward in pursuit of doing the same for thousands more.

At Pearson, I wish to thank my editor, Dan Tylman, who provided excellent insights throughout the preparation of this edition. Many others at Pearson provided excellent advice throughout the process and project management oversight, including Yasmita Hota, Ashley Santora, Melissa Feimer, and Stephanie Wall. At SPi Global, I thank Raja Natesan and Nicole Suddeth. In addition, student feedback has made this book an invaluable resource. Finally, the support and encouragement of many practicing HRM professionals and faculty members has helped to make this book possible.



## About Joseph J. Martocchio

My interest in the human resource management field began while I was a junior at Babson College. I found myself wanting to practice in the field as well as to become a university professor and researcher. I pursued both professional desires starting with employment at Cameron and Colby (a reinsurance company) in Boston and General Electric's Aerospace business group in Valley Forge, Pennsylvania.

I advanced my education in the human resource management (HRM) field by earning a master's degree and Ph.D. degree at Michigan State University. My master's degree enabled me to build an even stronger foundation in practice and my doctoral degree provided me with the skills to conduct scholarly research and teach college-level courses. Since earning my graduate degrees, I have been a professor in the School of Labor and Employment Relations at the University

of Illinois, Urbana–Champaign and assumed administrative roles as a Provost Fellow, Associate Dean for Academic Affairs, and Interim Dean. All the while, I have taught a variety of courses in the HRM field. These include compensation systems, employee benefits, employment systems (HRM and labor relations), HR planning and staffing, and statistics. I also teach the compensation and statistics courses online. For many years, I served as the faculty advisor to the student chapter of the Society for Human Resource Management at the University of Illinois during which time students earned Merit Awards and Superior Merit awards on multiple occasions.

As a researcher, I have studied a variety of topics that include employee absenteeism, employee training and development, compensation systems, employee benefits, and generational diversity. My work appears in leading scholarly journals such as *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Journal of Management*, and *Personnel Psychology*. I received the Ernest J. McCormick Award for Distinguished Early Career Contributions from the Society for Industrial and Organizational Psychology (SIOP), and I was subsequently elected as a Fellow in both the American Psychological Association and SIOP. Following the attainment of this recognition, I served as the Chair of the HR Division of the Academy of Management as well as in various other leadership roles within that organization.

Besides writing scholarly articles and *Human Resource Management*, I have two sole-authored textbooks: *Strategic Compensation: A Human Resource Management Approach* (Pearson Higher Education), which is in its 9th edition, and *Employee Benefits: A Primer for Human Resource Professionals* (McGraw-Hill), which is in its 6th edition.