

**Solution Manual for Human Resource Management 11th Edition Rue
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CHAPTER 01

Human Resource Management: A Strategic Function

Chapter Learning Objectives

1. Define human resource management.
2. Describe the functions of human resource management.
3. Summarize the types of assistance the human resource department provides.
4. List the general requirements for human resource certification.
5. Explain the desired relationship between human resource managers and operating managers.
6. Identify several challenges today's human resource managers currently face.
7. Outline several potential challenges and contributions that an increasingly diverse workforce presents.
8. Discuss the role of human resource managers in the future.
9. Explain how human resource managers can affect organizational performance.
10. Summarize several guidelines to follow when communicating human resource programs.

Chapter Outline

Human resource management (HRM) encompasses those activities designed to

provide for and coordinate the human resources of an organization. The human resources (HR) of an organization represent one of its largest investments.

I. Human Resource Functions

Human resource functions refer to those tasks and duties performed in both large and small organizations to provide for and coordinate human resources. The Society for Human Resource Management (SHRM) has identified six major functions of human resource management that are as follows:

- Human resource planning, recruitment, and selection
- Human resource development
- Compensation and benefits
- Safety and health
- Employee and labor relations
- Human resource research

Talent management is a relatively new and all-encompassing term used in the human resources field. Talent management refers to the broad spectrum of HR activities involved in obtaining and managing the organization's human resources.

A. Who Performs the Human Resource Functions?

In small organizations, most human resource functions are performed by the owner or by **operating managers** who perform the human resource functions in addition to their normal managerial activities. Many medium-size and even some large organizations use **human resource generalists** who devote a majority of their working time to human resource issues, but do not specialize in any specific areas of human resource management. Large organizations usually have a human resource department that is responsible for directing the human resource functions. In addition to one or more human resource generalists, such a department is normally staffed by one or more **human resource specialists** who are specially trained in one or more areas of human resource management.

B. Human Resource Certification

HR certification is a “career-long commitment that shows your peers, your employees, and your organization that you have mastered the principles of human resources and that you are dedicated to staying current in your profession.” Most certifications require recertification every three years.

C. The Human Resource Department

The primary function of a human resource department is to provide support to operating managers on all human resource matters. Thus, most human resource departments fulfill a traditional staff role and act primarily in an advisory capacity. In addition to advising operating managers, a human resource department customarily organizes and coordinates hiring and training; maintains personnel records; acts as a liaison between management, labor, and government; and coordinates safety programs. Therefore, accomplishing the human resource goals of an organization requires close coordination between the human resource department and the operating managers.

The human resource department provides the following types of assistance:

- Specific services
- Advice
- Coordination

II. Challenges for Today's Human Resource Managers

A. Diversity in the Workforce

Recent forecasts by the U.S. Bureau of Labor Statistics project that the total U.S. labor force will consist of less than 33 percent white, non-Hispanic males by the year 2020.

With the aging of the overall U.S. population along with the emergence of the baby boomers, the percentage of older employees in the labor force is also expected to increase. The increase in the percentage of older employees will have a mixed effect. The older workforce will likely be more experienced, reliable, and stable, but possibly less adaptable to change and retraining and less into technology and computers. One result of this trend is that the retirement age has already begun to increase.

Globalization of HR

Defining diversity in global terms means looking at all people and everything that makes them different from one another, as well as the things that make them similar. Keeping diversity in mind, one key to a successful global HR program is to rely on local people to deal with local issues. This approach only makes sense when one considers the fact that locals almost always have a better understanding of local diversity-related issues.

Challenges and Contributions of Diversity

Greater diversity will not only create certain specific challenges but also make some important contributions. Communication problems are certain to occur, including misunderstandings among employees and managers as well as the need to

translate verbal and written materials into several languages. Solutions to these problems will necessitate additional training involving work in basic skills such as writing and problem solving.

Diversity contributes to creating an organizational culture that is more tolerant of different behavioral styles and wider views. This often leads to expanded creativity and better business decisions. Another potential payoff is a greater responsiveness to diverse groups of customers.

The increasing diversification of the workplace is fact. Learning to effectively manage a diverse workforce should be viewed as an investment in the future.

B. Regulatory Changes

The deluge of government regulations and laws has placed a tremendous burden on human resource managers. Organizations face new regulations routinely issued in the areas of environment, safety and health, equal employment opportunity, pension reform, and quality of work life. Often new regulations require significant paperwork and changes in operating procedures.

C. Structural Changes to Organizations

Some of the structural changes are caused by the following:

- **Downsizing**—laying off of large numbers of managerial and other employees.
- **Outsourcing**—subcontracting work to an outside company that specializes in that particular type of work.
- **Rightsizing**—the continuous and proactive assessment of mission-critical work and its staffing requirements.
- **Reengineering**—a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed.

D. Technological and Managerial Changes within Organizations

Information systems are now being used to maintain easily accessible employee data that are valuable in job placement and labor utilization. Information systems are also being used in employee training, succession planning, compensation management, and affirmative action tracking and reporting. Using Internet technology for conducting human resource functions and transactions is referred to as *electronic human resources (e-HR)*. Web-based human resource systems that allow employees to complete many HR-related tasks online are called *electronic human resource management systems (e-HRM)*. More and more frequently companies are using **telecommuting**—working at home by using an electronic linkup with a central office.

Empowerment of employees and self-managed work teams are two specific management approaches that are having a significant impact on today's human resource managers. **Empowerment** is a form of decentralization that involves giving subordinates substantial authority to make decisions. In **self-managed** work teams, groups of employees do not report to a single manager; rather, groups of peers are responsible for a particular area or task.

III. Human Resource Management in the Future

To meet the challenges of the future, tomorrow's human resource departments must possess different competencies and be much more sophisticated than their predecessors. It is essential that human resource managers be integrally involved in the organization's strategic and policy-making activities. They should become well-rounded businesspeople. The following suggestions can help human resource managers become more familiar with their businesses:

- Know the company strategy and business plan.
- Know the industry.
- Support business needs.
- Spend more time with the line people.
- Keep your hand on the pulse of the organization.
- Learn to calculate costs and solutions in hard numbers.

They should also become fully knowledgeable about present and future trends and issues in HR and other related fields. Finally, human resource managers should promote effective human resource utilization within the organization.

IV. Organizational Performance and the Human Resource Manager

Human resource managers can have a direct impact on organizational performance in a number of ways:

- Reducing unnecessary overtime expenses by increasing productivity during a normal day.
- Staying on top of absenteeism and instituting programs designed to reduce money spent for time not worked.
- Eliminating wasted time by employees through sound job design.
- Minimizing employee turnover and unemployment benefit costs by practicing sound human relations and creating a work atmosphere that promotes job satisfaction.
- Installing and monitoring effective risk management programs to reduce lost-time accidents and keep medical and workers' compensation costs low.

- Properly training and developing all employees so they can improve their value to the company and do a better job of producing and selling high-quality products and services at the lowest possible cost.
- Decreasing costly material waste by eliminating bad work habits, attitudes and poor working conditions that lead to carelessness and mistakes.
- Hiring the best people available at every level and avoiding overstaffing.
- Maintaining competitive pay practices and benefit programs to foster a motivational climate for employees.
- Encouraging employees, who probably know more about the nuts and bolts of their jobs than anyone else, to submit ideas for increasing productivity and reducing costs.
- Installing electronic human resource systems (e-HR and e-HRM) to streamline and automate many human resource functions.

A. Metrics and the HR Scorecard

Metrics refers to any set of quantitative measures used to assess workforce performance. There is also a need to measure the overall contribution of the HR function to the well-being of the organizations. The **HR scorecard** is one method used to do this. HR scorecard is a measurement and control system that uses a mix of quantitative and qualitative measures to evaluate performance.

V. Communicating Human Resource Programs

Many well-designed human resource programs fail because they are not properly “marketed.” In today’s world of global companies, communicating with employees located throughout the world can present even greater problems. **Communication** is much more than talking, speaking, and reading. True communication takes place when an understanding has been transferred from one party or source to another.

A human resource manager’s first step in becoming an effective communicator is to develop an appreciation for the importance of communication. The problem is not that human resource managers tend to belittle the importance of communication; rather, they often fail to think consciously about it.

A. Guidelines for Communicating Human Resource Programs

The following guidelines can help human resource managers successfully communicate their programs:

- *Avoid communicating in peer group or “privileged-class” language.*
- *Don’t ignore the cultural and global aspects of communication.*
- *Back up communications with management action.*

- *Periodically reinforce employee communications.*
- *Transmit information and not just data. **Data** can be defined as “the raw material from which information is developed; it is composed of acts that describe people, places, things, or events that have not been interpreted.” Data that have been interpreted and that meet a need of one or more managers are called **information**.*
- *Don't ignore the perceptual and behavioral aspects of communication.*

Presentation Suggestion

Conduct a discussion about the various expectations students have of their future jobs, and relate these to HRM.

Key Terms with Definitions

- **Communication:** Transfer of information that is meaningful to those involved.
- **Data:** Raw material from which information is developed; composed of facts that describe people, places, things, or events that have not been interpreted.
- **Downsizing:** Laying off large numbers of managerial and other employees.
- **Empowerment:** Form of decentralization that involves giving subordinates substantial authority to make decisions.
- **HR scorecard:** A measurement and control system that uses a mix of quantitative and qualitative measures to evaluate performance.
- **Human resource functions:** Tasks and duties human resource managers perform. (e.g., determining the organization's human resource needs; recruiting, selecting, developing, counseling, and rewarding employees; acting as liaison with unions and government organizations; and handling other matters of employee well-being).
- **Human resource generalist:** Person who devotes a majority of working time to human resource issues, but does not specialize in any specific areas.
- **Human resource management:** Activities designed to provide for and coordinate the human resources of an organization.

- **Human resource specialist:** Person specially trained in one or more areas of human resource management. (e.g., labor relations specialist, wage and salary specialist).
- **Information:** Data that have been interpreted and that meet a need of one or more managers.
- **Metrics:** Any set of quantitative measures used to assess workforce performance.
- **Operating manager:** Person who manages people directly involved with the production of an organization's products or services. (e.g., production manager in a manufacturing plant, loan manager in a bank).
- **Outsourcing:** Subcontracting work to an outside company that specializes in that particular type of work.
- **Reengineering:** Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed.
- **Rightsizing:** Continuous and proactive assessment of mission-critical work and its staffing requirements.
- **Self-managed work teams:** Groups of peers are responsible for a particular area or task.
- **Talent management:** The broad spectrum of HR activities involved in obtaining and managing the organization's human resources.
- **Telecommuting:** Working at home by using an electronic linkup with a central office.

Review Questions and Answers

1. What is human resource management? Distinguish between a human resource generalist and a human resource specialist.

Human resource management consists of activities designed to provide for and coordinate the human resources of an organization. A human resource generalist devotes the majority of working time to human resource issues but does not specialize in any one area. A human resource specialist is specially trained in one or

more areas of human resources.

2. What functions does a human resource department normally perform? Why are these functions important in today's organizations?

Human resource functions encompass a variety of activities that significantly influence all areas of an organization. The Society for Human Resource Management (SHRM) has identified six major functions of human resource management that are as follows:

- Human resource planning, recruitment, and selection
- Human resource development
- Compensation and benefits
- Safety and health
- Employee and labor relations
- Human resource research

A human resource department provides support to operating managers on human resource matters. Specific services include maintaining employee records and handling initial phases of employee orientation. In addition, advice is provided concerning both disciplinary matters and equal employment opportunity matters. Further, matters of performance appraisal and compensation are coordinated. These functions are important with helping companies adapt to diversity in the workforce, regulatory changes, structural changes in the organization, and needs for greater productivity and quality of work life. Thus, HR functions have a direct impact on organizational performance.

3. What does the term *talent management* mean?

Talent management refers to the broad spectrum of HR activities involved in obtaining and managing the organization's human resources.

4. List several challenges facing today's human resource managers.

Challenges for human resource managers include the following:

- Diversity in the workforce:
 - Globalization of HR
- Regulatory changes:
 - More government regulation
 - Safety and health
 - Pension reform

- Equal employment opportunity
- Quality of work life
- Structural changes to organizations:
 - Downsizing—laying off large numbers of employees.
 - Outsourcing—subcontracting work to an outside company or source.
 - Rightsizing—continuous assessment of work and its staffing requirements.
 - Reengineering—radical redesign of the business.
- Technological and managerial changes within organizations
 - Information systems and e-HR
 - Telecommuting—working at home by using an electronic linkup with a central office.
 - Empowerment—decentralization that gives employees substantial authority.
 - Self-managed work teams—groups of peers responsible for a particular area or task.

Future trends in HRM will see HR managers being integrally involved in the organization's strategic and policy-making activities.

5. What are the general requirements for HR certification?

Most certification programs require that one has specific experience and education, stays current through continuing education programs, and passes certain exams. Most certifications require recertification every three years.

6. What are the three most popular HR certifications?

The three most popular HR certifications are:

- The Professional in Human Resources (PHR)
- The Senior Professional Human Resources (SPHR)
- The Global Professional in Human Resources (GSPHR)

7. What is meant by an “increasingly diverse workforce”?

Diversity in the workforce encompasses many different dimensions, including sex, race, national origin, religion, age, sexual orientation, and disability. An increasingly diverse workforce is one where the proportions of workers representing all of the above dimensions within the total workforce have steadily increased in recent decades, and are projected to increase further in the future.

8. Differentiate among downsizing, outsourcing, rightsizing, and reengineering.

Downsizing is the laying off of large numbers of employees. Outsourcing is subcontracting work to an outside company that specializes in that particular type of work. Rightsizing is the continuous and proactive assessment of mission-critical work and its staffing requirements. Reengineering is a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed.

9. What are web-based human resource systems?

Web-based human resource systems allow employees to complete many HR-related tasks online. They are called electronic human resource management systems (e-HRM).

10. What are some things human resource managers should do to become more familiar with the organization's business?

The following suggestions can help human resource managers become more familiar with their businesses:

- Know the company strategy and business plan
- Know the industry
- Support business needs
- Spend more time with the line people
- Keep your hand on the pulse of the organization
- Learn to calculate costs and solutions in hard numbers

11. Differentiate between the terms *HR metrics* and *HR scorecard*.

HR Metrics refers to any set of quantitative measures used to assess workforce performance. HR scorecard is a measurement and control system that uses a mix of quantitative and qualitative measures to evaluate performance.

12. List several guidelines to follow when communicating human resource programs.

Following are guidelines for communicating human resource programs:

- Avoid communicating in peer group or “privileged class” language
- Do not ignore the cultural and global aspects of communication
- Back up communications with management action

- Periodically reinforce employee communications
 - Transmit information and not just data
 - Do not ignore the perceptual and behavioral aspects of communication
13. Name several specific ways human resource managers can positively affect an organization's profits.

Human Resource Management may positively affect company profits in the following ways:

- Reduce unnecessary overtime expenses.
- Stay on top of absenteeism.
- Eliminate wasted time by employees through sound job design.
- Minimize employee turnover and unemployment benefit costs.
- Install and monitor effective risk management programs.
- Properly train and develop all employees so they can improve their value to the company and do a better job.
- Decrease costly material waste by eliminating bad work habits, attitudes and poor working conditions.
- Hire the best people available and avoiding overstaffing.
- Maintain competitive pay practices and benefit programs.
- Encourage employees who probably know more about the nuts and bolts of their jobs than anyone else, to submit ideas.
- Install electronic human resource systems to streamline and automate many human resource functions.

Discussion Question Responses

1. Some people believe human resource management is an area reserved for those “who can't do anything else.” Why do you think this belief has emerged? Is there any factual basis for it?

Part of this perception may be due to the fact that during past generations, the role of HRM as a distinct area was much narrower in scope and depth. That has rapidly changed amid structural, technological, and regulatory complexities that cannot be ignored. The need extends to firms in which either generalists or specialists must assume increased responsibilities. Because the field is emerging, fewer individuals with a predominantly HR background have ascended to top managerial positions; but this, too, is changing.

2. Describe some current trends that you believe will have an impact on human

resource management in the next 10 years.

Possibilities in this realm may include the following:

- Further integration of HR operatives in the mainstream of organizational management.
 - Increased involvement of HR in providing marketing input to firms.
 - Possible requirements of further legal training and education for HR specialists.
 - More cross-assignments of line managers into HR departments, and vice versa.
 - Additional roles of HR specialists in the strategic planning process.
 - Increased need for cultural literacy among HR professionals in light of increasing globalization and diversity in the workplace.
3. Many human resource managers claim to love their work because they like to work with people. Do you think liking people is the most important ingredient in becoming a successful human resource manager?

It may be effectively argued that a positive regard for people is a core ingredient in success within HRM. However, it may also be pointed out that HR operatives are somewhat “at arm’s length” from most rank-and-file workers on a daily basis. The challenge then becomes one of looking after those individuals’ interests behind the scenes as well as enjoying the actual occasions of contact.

4. As a human resource manager, how might you go about convincing top management that you should be heavily involved in the company’s strategic planning process?

As indicated in the text, one might stress the potential for bottom-line improvement brought about with the help of HRM in the following areas:

- Reducing unnecessary overtime expenses.
- Staying on top of absenteeism.
- Eliminating wasted time by employees through sound job design.
- Minimizing employee turnover and unemployment benefit costs.
- Installing and monitoring effective risk management programs.
- Properly training and developing all employees so they can improve their value to the company and do a better job.
- Decreasing costly material waste by eliminating bad work habits and attitudes, and poor working conditions.
- Hiring the best people available and avoiding overstaffing.

- Maintaining competitive pay practices and benefit programs.
- Encouraging employees who probably know more about the nuts and bolts of their jobs than anyone else, to submit ideas.
- Installing electronic human resource systems to streamline and automate many human resource functions.

HR managers can better position themselves for strategic involvement by:

- Knowing the company strategy and business plan.
- Knowing the industry.
- Supporting business needs.
- Spending more time with the line people.
- Keeping their hand on the pulse of the organization.
- Learning to calculate costs and solutions in hard numbers.

Incident Responses

1.1 Human Resource Management and Professionals

1. What do you think about the idea of a human resource department in a professional office?

Prevalent situations in the Raleigh firm indicate reasons that HR functions and departments have evolved in recent years. While money remains central, the career-minded individual is sensitive to conditions that provide feedback and encourage growth and development. The concept of human resource management is applicable in all organizations. Human resource management is concerned with managing the human resources of an organization. Although a professional office situation differs from a more production-oriented situation, the need for effective human resource management still exists. However, the existence of a human resource department does not automatically solve all human resource-related problems. Managers must not attempt to solve all human resource problems by simply referring these problems to the human resource department. A better approach is for the human resource department to work with the involved parties.

2. How would you sell the idea of a human resource department to the managing partner?

Students' answers may vary. Those employees with many years of experience were less inclined to seek out the types of HR services that formerly were not common in the industry. Studies have shown that executives spend a considerable amount of

time on human resource-related matters. The time managers expend on routine human resource-related matters that should be handled by the human resource department is valuable and, therefore, is inefficient and expensive to the organization. This time could be more effectively utilized on matters directly related to organizational objectives. Managers should work with the human resource department, but not perform their function. Also, the cost to the organization due to the high attrition rate among younger staff members is costly to the organization as well as is indicative of problems. Perhaps the existence of a human resource department could, in the long-range view, reduce these costs.

3. What type of organizational structure would you propose?

Students' answers may vary. HR might initially be organized as a staff function; this could be less threatening to the status quo organizational structure. The main office in New York could have a human resource department which could provide services to all the branches.

It might also be beneficial for each branch to have its own human resource clerk who would probably answer to the office manager. If the department was large, it might have its own human resource department.

1.2 Choosing a Major

1. If you were the professor, what would you tell Tom?

Students' answers may vary. The prominence of HRM is growing within the business world. This is in harmony with the extent of emphasis placed upon planning for, attracting, selecting, orienting, training, developing, and assessing those individuals critical to the firm's success. There have been many misconceptions about the functions of human resource management. A number of people think of human resource departments and their function as encompassing primarily the staffing and employment functions. Human resource management goes far beyond this function. Human resource management is now becoming involved in assisting top management in handling and interpreting expanding governmental regulations, such as pension reform, civil rights, safety and health regulations, and others. Human resource management also serves as a change agent for the organization. The human resource department in this capacity deals with confrontation and conflict that result when organizational goals and human needs interfere with each other. The advanced technology of society, particularly in the area of computerization, has increased the need for people to be knowledgeable

about human resource data systems, manpower planning analysis and other computer-related activities. Human resource management is also becoming an integral part of many top management functions such as long-range planning and organizational decision making.

2. Specifically, what future trends do you see that might help persuade Tom to major in human resource management?

Students' answers may vary. There are indications of a greater presence of HR specialists in the upper levels of management. Statements from some of the most prominent corporate leaders concerning the importance of employee development and related issues underscore the likelihood of future growth in HR presence and importance. Tom would be qualified for entry level positions such as procedures or job analyst, employment interviewer, test administrator, labor relations specialist, or training representative.

Exercises

1.1 Changes in Terminology

HRM-type themes can be found in literature dating as far back as the 1970s. But the modern view of human resource management first gained prominence in 1981 with its introduction on the prestigious MBA course at Harvard Business School. The terms “human resource management” and “human resources” (HR) have largely replaced the term “personnel management” as a description of the processes involved in managing people in organizations. HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach. Synonyms such as personnel management are often used in a more restricted sense to describe activities that are necessary in the recruiting of a workforce, providing its members with payroll and benefits, and administrating their work-life needs. This change came about in response to the realization that it is necessary to align the goals of individuals and the organization in order to maximize organizational performance.

1.2 Justifying the Human Resource Department

Reasons may include the following:

- Reduce unnecessary overtime expenses.
- Stay on top of absenteeism.
- Eliminate wasted time by employees through sound job design.
- Minimize employee turnover and unemployment benefit costs.

- Install and monitor effective safety and health programs.
- Properly train and develop all employees so they can improve their value to the company and do a better job.
- Build effective teams within the organization.
- Forecast the human resource requirements of the organization.
- Recruit the human resources that the organization requires.
- Select and hire human resources to fill specific jobs.
- Serve as an intermediary between the organization and unions.

1.3 Test Your Knowledge of HR History

The suggested website (www.dol.gov/dol/compliance/compliance-majorlaw.htm) and text references combined will supply the chronological references needed by students to complete this event timeline. These dates will hold more meaning if a broader discussion of major geopolitical and economic events accompanies a review of the exercise. In a few instances, dates may vary slightly due to whether an action is identified by time of initial enactment or time at which it went into effect.

- A. 2007
- B. 1965
- C. 1993
- D. 1926
- E. 1938
- F. 1970
- G. 1952
- H. 1994
- I. 1974
- J. 1993
- K. 1963
- L. 1988
- M. 1941
- N. 1933

1.4 Are You Poised for Success?

This listing of success factors in a human resources career provides an exploratory projection for students to ponder. For class discussion, use groups of two or more to present their reactions to each of the 10 categories (each group can handle at least two categories in a 15-minute preparatory meeting). Any student currently working in human resources can provide an overall critique separate from the other groups; or the instructor may prefer to allow any such person to simply present and discuss their results on this experience inventory.