Fundamentals of Human Resources Management

Fourth Edition

Diane Arthur



Contents

About This Course	xi
How to Take This Course	xiii
Pre-Test	XV
The Human Resources Function:	
An Overview	1
The History of Personnel/Human Resources	
Today's Successful HR Practitioner Important Competencies	
HR Challenges	
Diversity	
Workplace Illiteracy	
Telecommuting and Virtual Management	
Integrating a Contingent Workforce Work/Life Programs	
Establishing an HR Function	
HR Staff Ratios	
HR Budgets and Operating Costs	
What's in a Name?	
The HR Function in Small and Mid-Sized vs. Large Organiza	tions
Degree of Specialization	
Number of Geographic Locations	
Unionization	
Variety of Jobs	
Hierarchy of Reporting Relationships	
Grievances and Disciplinary Problems	
The HR Function in Relation to Non-HR Functions	
Legal Issues	
The Employment Process	
Testing	
Compensation	

1

Performance Management Benefits Administration Employee Relations Training and Development Human Resources Management Systems (HRMS) Recap Review Questions

2 HR Management and Legal Issues

Employment-Related Legislation Fair Labor Standards Act (FLSA) of 1938 Civil Rights Act of 1866 Civil Rights Act of 1964 Equal Pay Act of 1963 Age Discrimination in Employment Act of 1967 Occupational Safety and Health Act (OSHA) of 1970 Pregnancy Discrimination Act (PDA) of 1978 Americans with Disabilities Act (ADA) of 1990 Civil Rights Act of 1991 Family and Medical Leave Act (FMLA) of 1993 **Requirements for Posting Information** The Impact of Employment-Related Legislation on HR Management Employment- and Termination-at-Will Negligent Hiring and Retention Avoiding Discrimination Charges

27

53

Recap Review Questions

3 The Employment Process

Interview Preparation Step One: Become Familiar with the Job Step Two: Review the Employment Application or Résumé Step Three: Plan Basic Questions Recruitment Recruitment Sources **Recruitment Strategy** ABC Guidelines for Successful Recruitment Interview Questioning Techniques **Competency-Based Questions Open-Ended** Questions Hypothetical Questions Probing Questions Closed-Ended Questions Documentation **Objective and Subjective Language** Avoid Recording Unsubstantiated Opinions Refer to Job-Related Facts Documentation for Jobs Without Tangible Requirements

Orientation Programs Organizational Orientation Programs Departmental Orientation Programs Recap Review Questions

4 Testing

How Preemployment and Employment Tests Are Used Preemployment Testing **Employment Testing** Testing Advantages and Disadvantages **Testing Advantages** Testing Disadvantages Test Validation Types of Validity Studies Test Administration **Test Takers** Test Administrators Test Standardization Test Security Language Consistency **Testing Policies** Types of Tests Drug Testing Psychological Testing Personality Testing Recap **Review Questions**

5 Compensation

Characteristics of an Effective Compensation Program Job Descriptions Before Writing Job Descriptions Generic and Specific Job Descriptions Job Description Contents Guidelines for Writing Job Descriptions **Position Evaluations** Position Evaluation Process Benchmarking Specific Compensation Programs **Base** Pay Merit Increase System Single Rates Variable Pay Skill-Based Pay Competency-Based Pay Broadbanding

81

vii

107

Gainsharing Long-Term Incentive Compensation Recap Review Questions

6 Performance Management

Objectives and Uses Components of an Effective System Performance Management Methods Essay Evaluation Graphic Rating Scale Weighted Checklist Behaviorally Anchored Rating Scale (BARS) Forced Choice Critical Incident Ranking Forced Distribution 360-Degree Evaluation Self-Evaluation Choosing the Most Appropriate Performance Management System Allocation of Performance Management Responsibilities Coaching and Counseling Performance Management Forms Uses of Performance Management Forms Instructions and Training Numerical Ratings Misuses of Performance Management Forms Limitations of Forms Performance Management Meetings Preparing for a Performance Management Meeting Conducting the Performance Management Meeting Performance Management Meeting Pitfalls

Recap Review Questions

7 Benefits Administration

Benefits Trends
Primary Objectives of Benefits Programs
Required Benefits

Social Security and Medicare
Unemployment Insurance
Workers' Compensation
Family and Medical Leave

Additional Benefits Legislation

Employee Retirement Income Security Act (ERISA) of 1974
Health Insurance Portability and Accountability Act (HIPAA)
New EEOC Guidance on Discrimination in Employee Benefits

© American Management Association. All rights reserved.

151

129

Different Types of Benefits Plans Traditional Benefits Plans Flexible Benefits Plans Selecting an Insurance Carrier Questions to Ask Carriers Funding Options Recap Review Questions

8 Employee Relations

Employee Assistance Programs (EAPs) Cost of an EAP EAP Providers Confidentiality Grievances and Disciplinary Procedures Grievance Procedures

Disciplinary Procedures

Alternative Dispute Resolution

HR Policies and Procedures Manuals and Employee Handbooks Policies and Procedures Manuals Employee Handbooks

Employee Retention

What Employees Want The Impact of Managers on Turnover Retention Challenges in Today's Workplace Communication: The Key Component of a Retention Environment Employee Recognition and Award Programs Best Practices: The McDonald's Corporation

Recap Review Questions

9 Training and Development

Training Trends Types of Training Training Costs Training Formats Linking Learning with Performance The Role of HR Knowledge Management

Needs Assessment Types of Needs Assessment Directed Training vs. Nondirected Training Directed Training Nondirected Training

Distance Learning Advantages and Disadvantages of Distance Learning Classroom Learning vs. Distance Learning ix

Evaluating the Effectiveness of Training Isolate Competencies Application of Learning Return on Investment (ROI) Career Development

Career Development Model Succession Planning Acceleration Pool

Mentoring Mentoring Programs Recap Review Questions

10 Human Resources Management Systems (HRMS)

Guidelines for Using, Selecting, Replacing, and Upgrading an HRMS Uses of an HRMS Selecting an HRMS Project Team Upgrading an Existing HRMS Steps for Implementing an HRMS Selecting a Vendor Request for Proposal (RFP) Product Demonstrations The HRMS Contract

221

Self-Service Applications

HRMS Costs Internal or External Development Anticipated Costs Scope Creep Business Impact

Privacy and Security Issues

HRMS Maintenance

Recap

Review Questions

Bibliography	241
Post-Test	245
Index	251

About This Course

As one course among many in the American Management Association's curriculum, Fundamentals of Human Resources Management, Fourth Edition, is designed to give managers the tools they need to understand and apply the critical components of the nine fundamental HR topics that are the cornerstone of any organization's human resources function: equal employment opportunity, the employment process, testing, compensation, performance management, benefits administration, employee relations, training and development, and human resources management systems. From its early days as the "personnel" department, the human resources function has grown into an influential, collaborative member of the core management team. By providing practical, hands-on information and real-world scenarios addressing typical everyday issues that drive HR practitioners, this course gives managers the skills they need to maximize the role of HR in their organizations. It also provides a timely context for demonstrating how the HR function can be a significant contributor to any organization in meeting many of today's workplace challenges.

Diane Arthur is the president of Arthur Associates Management Consultants, Ltd., a human resources development firm based in Northport, New York. She has more than 25 years of experience as a consultant, course developer, and workshop leader, covering all facets of HR, including legal issues, the employment process, testing, compensation, performance management, benefits administration, employee relations, training and development, and HRMS.

She has written many books for AMACOM, including The Employee Recruitment and Retention Handbook, three editions of Recruiting, Interviewing, Selecting & Orienting New Employees, The Complete Human Resources Writing Guide, two editions of Managing Human Resources in Small and Mid-Sized Companies, and Workplace Testing: An Employer's Guide to Policies and Practices. Her Self-Study writing credentials for the American Management Association include Successful Interviewing: Techniques for Hiring, Coaching, and Performance Management Meetings, and Success Through Assertiveness. In addition, Diane Arthur has written numerous HR articles for publications such as IBM's Beyond Computing, Human Resource Executive, HR Reporter, and The Wall Street Journal. She is listed in the 26th Edition of Who's Who in the East and appears on the American Management Association's Wall of Fame.

How to Take This Course

This course consists of text material for you to read and three types of activities (the pre- and post-test, in-text exercises, and end-of-chapter review questions) for you to complete. These activities are designed to reinforce the concepts introduced in the text portion of the course and to enable you to evaluate your progress.

PRE- AND POST-TESTS*

Both a pre-test and post-test are included in this course. Take the pre-test before you study any of the course material to determine your existing knowledge of the subject matter. Submit one of the scannable answer forms enclosed with this course for grading. On return of the graded pre-test, complete the course material. Take the post-test after you have completed all the course material. By comparing results of the pre-test and the post-test, you can measure how effective the course has been for you.

To have your pre-test and post-test graded, please mail your answer forms to:

Educational Services American Management Association P.O. Box 133 Florida, NY 10921

All tests are reviewed thoroughly by our instructors and will be returned to you promptly.

*If you are viewing the course digitally, the scannable forms enclosed in the hard copy of AMA Self-Study titles are not available digitally. If you would like to take the course for credit, you will need to either purchase a hard copy of the course from www.amaselfstudy.org or you can purchase an online version of the course from www.flexstudy.com.

THE TEXT

The most important component of this course is the text, where the concepts and methods are presented. Reading each chapter twice will increase the likelihood of your understanding the text fully.

We recommend that you work on this course in a systematic way. Reading the text and working through the exercises at a regular and steady pace will help ensure that you get the most out of this course and retain what you have learned.

In your first reading, concentrate on getting an overview of the chapter content. Read the learning objectives at the beginning of the chapter first. They will act as guidelines to the major topics of the chapter and identify the skills you should master as you study the text. As you read the chapter, pay attention to the headings and subheadings. Find the general theme of each section and see how that theme relates to others. Don't let yourself get bogged down with details during the first reading; simply concentrate on understanding and remembering the major themes.

In your second reading, look for the details that underlie the themes. Read the entire chapter carefully and methodically, underlining key points, working out the details of examples, and making marginal notes as you go. Complete the activities.

ACTIVITIES

Interspersed with the text of each chapter you will find a series of activities. These can take a variety of forms, including essays, short-answer quizzes, or charts and questionnaires. Completing the activities will enable you to try out new ideas, practice and improve new skills, and test your understanding of the course content.

THE REVIEW QUESTIONS

After reading a chapter and before going on to the next chapter, work through the Review Questions. Answering the questions and comparing your answers to those given will help you to grasp the major ideas of that chapter. If you perform these self-check exercises consistently, you will develop a framework in which to place material presented in later chapters.

GRADING POLICY

The American Management Association will continue to grade examinations and tests for one year after the course's out-of-print date.

If you have questions regarding the tests, the grading, or the course itself, call Educational Services at 1-800-225-3215 or send an e-mail to ed_svc@amanet.org.

xiv