

PREFACE

The choppy and slow recovery of the U.S. economy means that both consumers and businesses are carefully considering their spending patterns and investments. Both private and public-sector employers are calling back workers laid off during the recession and/or cautiously adding new employees if they see an increased demand for their products or services. Some companies are struggling to find qualified, talented, and skilled employees despite the many workers available due to the high unemployment rate. Also, they are continuing to examine how they can improve their “bottom line” while reducing costs. This has resulted in not only considering purchasing new technology and upgrading equipment, but putting a greater emphasis on ensuring that management practices and working conditions help employees work harder and smarter.

At the same time companies are taking steps to deal with the current economic conditions, they are also paying closer attention to how to engage in business practices that are economically sound but sustainable. That is, business practices that are ethical, protect the environment, and contribute to the communities from which the business draws the financial, physical, and human resources needed to provide its product and services. Consumers are demanding accountability in business practices: making money for shareholders should not involve abandoning ethics, ruining the environment, or taking advantage of employees from developing countries!

Regardless of whether a company’s strategic direction involves downsizing, restructuring, growth, or a merger or acquisition, how human resources are managed is crucial for providing “value” to customers, shareholders, employees, and the community in which they are located. Our definition of “value” includes not only profits but also employee growth and satisfaction, additional employment opportunities, stewardship of the environment, and contributions to community programs. If a company fails to effectively use its financial capital, physical capital, and human capital to create “value,” it will not survive. The way a company treats its employees (including those who are forced to leave their jobs) will influence the company’s public reputation and brand as a responsible business, and its ability to attract talented employees. For example, the human resource practices at companies such as Google, SAS, REI, and Wegmans Food Markets helped them earn recognition on *Fortune* magazine’s recent list of the “The Top 100 Companies to Work For.” This kind of publicity creates a positive image for these companies, helping them attract new employees, motivate and retain their current employees, and make their products and services more desirable to consumers.

We believe that all aspects of human resource management—including how companies interact with the environment; acquire, prepare, develop, and compensate employees; and design and evaluate work—can help companies meet their competitive challenges and create value. Meeting challenges is necessary to create value and to gain a competitive advantage.

The Competitive Challenges

The challenges that organizations face today can be grouped into three categories:

- **The sustainability challenge.** Sustainability refers to the ability of a company to survive and succeed in a dynamic competitive environment. Sustainability depends on how well a company meets the needs of those who have an interest in seeing that the company succeeds. Challenges to sustainability include the ability to deal with economic and social changes, engage in responsible and ethical business practices, efficiently use natural resources and protect the environment, provide high-quality products and services, and develop methods and measures (also known as metrics) to determine if the company is meeting stakeholder needs. To compete in today's economy companies use mergers and acquisitions, growth, and downsizing. Companies rely on skilled workers to be productive, creative, and innovative and to provide high-quality customer service; their work is demanding and companies cannot guarantee job security. One issue is how to attract and retain a committed, productive workforce in turbulent economic conditions that offer opportunity for financial success but can also turn sour, making every employee expendable. Forward-looking businesses are capitalizing on the strengths of a diverse multigenerational workforce. The experiences of Enron, *News of the World*, and Lehman Brothers provide vivid examples of how sustainability depends on ethical and responsible business practices, including the management of human resources. Another important issue is how to meet financial objectives through meeting both customer and employee needs. To meet the sustainability challenge companies must engage in human resource management practices that address short-term needs but help ensure the long-term success of the firm. The development and choice of human resource management practices should support business goals and strategy.

The role of ethical behavior in a company's sustainability has led us to include more discussion and examples of "integrity in action" in this edition. The actions of top executives and managers show employees how serious they are about human resource management practices. Also, employees look at their behaviors to determine if they are merely giving "lip service" to ethical behavior or if they genuinely care about creating an ethical workplace. As a result, in this edition of the book we include Integrity in Action boxes that highlight good (and bad) decisions about HR practices made by top executives, company leaders, and managers that either reinforce (or undermine) the importance of ethical behavior in the company.

- **The global challenge.** Companies must be prepared to compete with companies from around the world either in the United States or abroad. Companies must both defend their domestic markets from foreign competitors and broaden their scope to encompass global markets. Globalization is a continuing challenge as companies look to enter emerging markets in countries such as Brazil and China to provide their products and services.
- **The technology challenge.** Using new technologies such as computer-aided manufacturing, virtual reality, and social media can give companies an edge. New technologies can result in employees "working smarter" as well as

providing higher-quality products and more efficient services to customers. Companies that have realized the greatest gains from new technology have human resource management practices that support the use of technology to create what is known as high-performance work systems. Work, training programs, and reward systems often need to be reconfigured to support employees' use of new technology. The three important aspects of high-performance work systems are (1) human resources and their capabilities, (2) new technology and its opportunities, and (3) efficient work structures and policies that allow employees and technology to interact. Companies are also using social media and e-HRM (electronic HRM) applications to give employees more ownership of the employment relationship through the ability to enroll in and participate in training programs, change benefits, communicate with co-workers and customers online, and work "virtually" with peers in geographically different locations.

We believe that organizations must successfully deal with these challenges to create and maintain value, and the key to facing these challenges is a motivated, well-trained, and committed workforce.

The Changing Role of the Human Resource Management Function

The human resource management (HRM) profession and practices have undergone substantial change and redefinition. Many articles written in both the academic and practitioner literature have been critical of the traditional HRM function. Unfortunately, in many organizations HRM services are not providing value but instead are mired down in managing trivial administrative tasks. Where this is true, HRM departments can be replaced with new technology or outsourced to a vendor who can provide higher-quality services at a lower cost. Although this recommendation is indeed somewhat extreme (and threatening to both HRM practitioners and those who teach human resource management!), it does demonstrate that companies need to ensure that their HRM functions are creating value for the firm.

Technology should be used where appropriate to automate routine activities, and managers should concentrate on HRM activities that can add substantial value to the company. Consider employee benefits: Technology is available to automate the process by which employees enroll in benefits programs and to keep detailed records of benefits usage. This use of technology frees up time for the manager to focus on activities that can create value for the firm (such as how to control health care costs and reduce workers' compensation claims).

Although the importance of some HRM departments is being debated, everyone agrees on the need to successfully manage human resources for a company to maximize its competitiveness. Several themes emerge from our conversations with managers and our review of research on HRM practices. First, in today's organizations, managers themselves are becoming more responsible for HRM practices and most believe that people issues are critical to business success. Second, most managers believe that their HRM departments are not well respected because of a perceived lack of competence, business sense, and contact with operations. A study by Deloitte consulting and *The Economist* Intelligence Unit

found that only 23% of business executives believe that HR currently plays a significant role in strategy and operational results. Third, many managers believe that for HRM practices to be effective they need to be related to the strategic direction of the business. This text emphasizes how HRM practices can and should contribute to business goals and help to improve product and service quality and effectiveness. An important way, which we highlight throughout the text, is through using “Big Data” and evidence-based HR to demonstrate the value of HRM practices.

Our intent is to provide students with the background to be successful HRM professionals, to manage human resources effectively, and to be knowledgeable consumers of HRM products. Managers must be able to identify effective HRM practices to purchase these services from a consultant, to work with the HRM department, or to design and implement them personally. The text emphasizes how a manager can more effectively manage human resources and highlights important issues in current HRM practice.

We think this book represents a valuable approach to teaching human resource management for several reasons:

- The text draws from the diverse research, teaching, and consulting experiences of four authors who have taught human resource management to undergraduates, traditional day MBA students as a required and elective course, and more experienced managers and professional employees in weekend and evening MBA programs. The teamwork approach gives a depth and breadth to the coverage that is not found in other texts.
- Human resource management is viewed as critical to the success of a business. The text emphasizes how the HRM function, as well as the management of human resources, can help companies gain a competitive advantage.
- The book discusses current issues such as social networking, talent management, diversity, and employee engagement, all of which have a major impact on business and HRM practice.
- Strategic human resource management is introduced early in the book and integrated throughout the text.
- Examples of how new technologies are being used to improve the efficiency and effectiveness of HRM practices are provided throughout the text.
- We provide examples of how companies are evaluating HRM practices to determine their value.
- The Chapter openers, in-text boxes, and end-of-chapter materials provide questions that provide students the opportunity to discuss and apply HR concepts to a broad range of issues including strategic human resource management, HR in small businesses, ethics and HR’s role in helping companies achieve sustainability, adopt and use technology, adapt to globalization, and practice integrity. This should make the HR classroom more interactive and increase students’ understanding of the concepts and their application.

Organization

Human Resource Management: Gaining a Competitive Advantage includes an introductory chapter (Chapter 1) and five parts.

Chapter 1 provides a detailed discussion of the global, new economy, stakeholder, and work system challenges that influence companies’ abilities to

successfully meet the needs of shareholders, customers, employees, and other stakeholders. We discuss how the management of human resources can help companies meet the competitive challenges.

Part 1 includes a discussion of the environmental forces that companies face in attempting to capitalize on their human resources as a means to gain competitive advantage. The environmental forces include the strategic direction of the business, the legal environment, and the type of work performed and physical arrangement of the work.

A key focus of the strategic human resource management chapter is highlighting the role that staffing, performance management, training and development, and compensation play in different types of business strategies. A key focus of the legal chapter is enhancing managers' understanding of laws related to sexual harassment, affirmative action, and accommodations for disabled employees. The various types of discrimination and ways they have been interpreted by the courts are discussed. The chapter on analysis and design of work emphasizes how work systems can improve company competitiveness by alleviating job stress and by improving employees' motivation and satisfaction with their jobs.

Part 2 deals with the acquisition and preparation of human resources, including human resource planning and recruitment, selection, and training. The human resource planning chapter illustrates the process of developing a human resource plan. Also, the strengths and weaknesses of staffing options such as outsourcing, use of contingent workers, and downsizing are discussed. Strategies for recruiting talented employees are emphasized. The selection chapter emphasizes ways to minimize errors in employee selection and placement to improve the company's competitive position. Selection method standards such as validity and reliability are discussed in easily understandable terms without compromising the technical complexity of these issues. The chapter discusses selection methods such as interviews and various types of tests (including personality, honesty, and drug tests) and compares them on measures of validity, reliability, utility, and legality.

We discuss the components of effective training systems and the manager's role in determining employees' readiness for training, creating a positive learning environment, and ensuring that training is used on the job. The advantages and disadvantages of different training methods are described, such as e-learning and mobile training.

Part 3 explores how companies can determine the value of employees and capitalize on their talents through retention and development strategies. The performance management chapter examines the strengths and weaknesses of performance management methods that use ratings, objectives, or behaviors. The employee development chapter introduces the student to how assessment, job experiences, formal courses, and mentoring relationships are used to develop employees. The chapter on retention and separation discusses how managers can maximize employee productivity and satisfaction to avoid absenteeism and turnover. The use of employee surveys to monitor job and organizational characteristics that affect satisfaction and subsequently retention is emphasized.

Part 4 covers rewarding and compensating human resources, including designing pay structures, recognizing individual contributions, and providing benefits. Here we explore how managers should decide the pay rate for different jobs, given the company's compensation strategy and the worth of jobs. The advantages and disadvantages of merit pay, gainsharing, and skill-based pay

are discussed. The benefits chapter highlights the different types of employer-provided benefits and discusses how benefit costs can be contained. International comparisons of compensation and benefit practices are provided.

Part 5 covers special topics in human resource management, including labor-management relations, international HRM, and managing the HRM function. The collective bargaining and labor relations chapter focuses on traditional issues in labor-management relations, such as union structure and membership, the organizing process, and contract negotiations; it also discusses new union agendas and less adversarial approaches to labor-management relations. Social and political changes, such as introduction of the euro currency in the European Community, are discussed in the chapter on global human resource management. Selecting, preparing, and rewarding employees for foreign assignments is also discussed. The text concludes with a chapter that emphasizes how HRM practices should be aligned to help the company meet its business objectives. The chapter emphasizes that the HRM function needs to have a customer focus to be effective.

New Feature and Content Changes in This Edition

Chapter 1

A new chapter opener discusses ASML and their HR practices. The updated Table 1.1 shows the responsibilities of HR departments. There is a new discussion of the expectations managers have of HR, including examples of how HR is supporting companies' business strategies. A discussion of the use of Big Data in HR and a discussion of competencies needed for HR professionals are new to this edition. The discussion of competencies is based on the SHRM competency model and is illustrated in the new Figure 1.3 which shows the competencies and example behaviors for HR professionals. Table 1.3 outlines the updated salaries for HR positions. The definition and discussion of sustainability and the triple bottom line (e.g. economic, social, and economic benefits) has been updated along with the discussion of the economy reflecting recent economic and labor market data. There are new examples of how Honeywell is cautiously adding employees. Updated employment projections from 2012–2020 are discussed in this chapter and reflected in Table 1.4. Table 1.5 has been revised to show the fastest growing jobs and occupations and declining jobs and occupations. There is a discussion of the relationship between occupational growth, educational requirements, and wages and how companies are coping with skill deficits (e.g., Brose and Aegis Sciences Corporation). New examples include Extended Stay of America's facilitating change to benefit the business, WD-40's learning culture, and Caesars Entertainment use of evidence-based HR for analyzing health care costs. Other new examples that have been added are Lockheed Martin Missiles and Fire Control—the 2013 Malcolm Baldrige award winning company—and Coke's use of socially responsible product development practices. Labor force statistics have been revised to reflect the new genders, ages, and generations in the workforce, including new figures on immigration in the population and workforce. A new discussion of generations and generational differences and their potential impact in the workplace can be found in Chapter 1, accompanied

by a new table showing generations in the workforce. An updated Competing through Sustainability box focuses on the example of Gilbane Building Company's use of "green" practices and offers discussion questions for students. There are new statistics on unethical conduct in the workplace and an updated discussion of legal issues—including the implications of employers' not offering employees health insurance. A new Figure 1.7 illustrates the principles of ethical companies. The focus on ethics continues with a new Integrity in Action box (which includes questions for students) that features how the CEO of Dynergy changed the company culture using HR practices. A new Competing through Globalization box features how the CEO of Titan International criticized France and union employees. New discussions and examples of U.S. companies' reshoring business operations have been added. The issue of cloud computing is addressed. The updated Competing through Technology box includes examples of social media tools in HR practices. New chapter-ending Look Back questions return to the opening discussion on ASML. An updated Exercising Strategy case features the unique and successful Zappos. A new chapter-ending element—HR in Small Business—presents a case on how HR has been working for a small, but growing, service firm. Yahoo's controversial act of overturning the policy of working from home provides a discussion in the new Managing People case.

Chapter 2

A new chapter opening case discusses IKEA's organizational transformation through strategic HRM. There is a new Competing through Globalization box on GM's increasing presence in China. The new Competing through Technology box discusses the risks in innovation, focusing on sustainability in Philips electronics. There is a new example of Procter and Gamble's acquisition of Gillette. Samsung's open employment, going against the Asian norms of employing women or individuals from non-elite educational institutions, is covered in the new Integrity in Action box. A new Competing through Sustainability box discusses the risks of sustainability, focused on the failure of Solyndra. New end of chapter material includes a new Look Back case discussing how IKEA developed a strategy around differentiation through innovative products with attractive designs, and the HR in Small Business case: Radio Flyer Rolls Forward.

Chapter 3

The chapter opening case on harassment and class action worker lawsuit at Forever 21 has been added. A Competing through Globalization box showing how China's labor laws may go against employees' desires to work more hours is new to this edition. Figure 3.1 has been revised to show the current number of complaints for various types of discrimination according to the EEOC. The new Integrity in Action box discusses Best Buy's CEO being fired for an inappropriate relationship with an employee (negative example of ethical leadership). Safety in the Bangladesh garment industry is discussed in the new Competing through Sustainability box. Figure 3.2 has been updated with OSHA information on injuries and deaths at work. The new Competing through Technology box points out the pros and cons of working from bed.

Chapter 4

This chapter opens with a new vignette on how changes in organizational structure and workflow design helped General Motors return to profitability in 2012 after years of being uncompetitive in the automobile industry. The new Technology box discusses how the use of robots in manufacturing is rewriting the rules regarding the relationship between increased productivity and employment rates. The new Globalization box highlights the human cost associated with “fast fashion” and illustrates why some forms of competitive advantage can often only be achieved at the expense of workers. In the new Integrity in Action box, we see how an organizational culture that traditionally ignored safety was overhauled, and how this change also helped increase productivity. In the new Sustainability box, we describe how first responders can develop signs of Posttraumatic Stress Disorder and the ways to deal with these problems. A revised Exercising Strategy case illustrates how smaller firms can employ cross-functional teams located in close proximity to their customers to compete successfully against much larger firms, and an updated Managing People case shows how many companies are stretching job descriptions to the limit of what many workers can endure. Additional material has also been added to the text that illustrates how private equity firms employ advanced workflow design methods to rejuvenate failing firms and how many firms try to structure themselves in a fashion that limits the size of sub-units to “Dunbar’s Number”—reflecting the evolutionary limits to how many people can work together efficiently.

Chapter 5

The new chapter opening vignette describes the process of offshoring and why many organizations that used to offshore many jobs are now moving those jobs back. A new Technology box describes the inner workings of computerized applicant tracking systems and how a well-informed job candidate can increase her or his chance of landing an interview by matching the description of their work experience to the algorithm being used by the system. A new Globalization box examines the challenges of balancing the rights and responsibilities of labor market newcomers versus established players when transforming from a historically important but non-viable business model to a new and uncertain business model. We also explore the impact of new laws that seek to eliminate illegal immigrant labor and reduce local unemployment in a new Sustainability box, and show why more often than not, these initiatives fail. In a new Integrity in Action box, we describe why anti-poaching policies are an attractive, but illegal, practice when it comes to preventing organizational turnover. A revised Exercising Strategy case shows how the North Korean government “enlists” workers for overseas assignments and a new Managing People case illustrates how “short-work” programs in Europe help reduce unemployment rates. Additional material has also been added to the text that illustrates how the new Affordable Care Act is likely to result in an undersupply of health care workers and an increased demand for part-time labor.

Chapter 6

A new opening vignette describes an aging Dutch society and the implications this has for staffing jobs in the future. The new Technology box examines how organizations are employing “big data” and computer analytic methods to go beyond the traditional limits of human judgment when it comes to making hiring decisions. The rise of “Pink Quotas” that have been introduced in many European companies in order to increase the number of women on corporate boards is described in a new Globalization box, and the reasons why this has been a boon for U.S. women instead of European women is discussed. In the new Sustainability box we examine why long bouts of unemployment make some people unemployable forever, and what can be done to reverse this trend. In a new Integrity in Action box we highlight how political institutions such as the European Parliament, are often caught in a bind where hiring and firing decisions are concerned. A revised Exercising Strategy case describes how the SEAL team that found and killed Osama bin Laden was composed in terms of not only skills but personality traits. Religious discrimination in France is then described in a new Globalization box, showing why it is very difficult for Muslims to obtain jobs in that country. In the main section of the text, we have added new material that suggests that performance in organizations is not normally distributed, but instead reflects a “power law,” and the implications this has for the utility of testing programs, as well as how the practice of hiring intact teams, instead of composing teams, is also on the rise.

Chapter 7

The new chapter opener highlights the learning opportunities at Farmers Insurance Group. There is a new discussion of how Jiffy-Lube embraces continuous learning that supports the business strategy. The Integrity in Action box in this chapter highlights how Ernst & Young’s chief learning officer connected learning to business leaders and includes discussion questions for students. Figure 7.2 has been updated to present the six stages of the training process. Updated Table 7.1 shows examples of strategic initiatives and their implications for training practices. Table 7.2 has been updated to present questions to ask vendors and consultants. The updated Competing through Sustainability box describes the Fifteen Foundation and its replication in Amsterdam, Cornwall and Melbourne. There is a new example explaining how Verizon’s learning design facilitates learning and the transfer of training. Updated Figure 7.5 provides an overview of the use of training methods across all size companies. Two new examples in this chapter include how SAP is using the i-pad for training, and the use of games for training. A new Competing through Globalization box illustrates how Nissan is using a virtual classroom for training its global workforce. There is a new discussion about internships as on-the-job learning. Updated discussions include the disadvantages of simulations and the reorganized discussion of e-learning, web-based training, and online learning. The new Competing through Technology box, which includes student discussion questions, features companies’ use of social media and apps for learning. An example of experiential learning methods as well as a new discussion and examples of Kaizen as an action learning method are new in this chapter. There is an updated discussion of advice for choosing a training method, and

the use of ROI in training evaluation. Examples of how Guardian Industries prepares and stays in contact with expatriate employees are now covered in this chapter. Updated discussions include how Sodexo manages diversity and IBM's use of online onboarding. A new figure shows the four steps in onboarding. New Table 7.6 shows the characteristics of effective onboarding programs. New end of chapter material includes Look Back questions focusing on Farmers Insurance, a Managing People case focusing on training and learning at McDonald's, an Exercising Strategy case that focuses on growth through acquisition at SABMiller, and HR in Small Business case focusing on how a pizza restaurant effectively trains its employees.

Chapter 8

The new chapter opener features how different companies are evaluating what employees do as well as how they do it. There is a new Integrity in Action box including discussion question for students that focuses on how different companies use listening and feedback skills to enhance employee performance. An example of how Capital One evaluates employees' behavior based on the company's core values is new to this edition. A new Competing through Sustainability box features how the UK Health Foundation evaluates performance to insure that it relates to its nonprofit mission and goals and includes a discussion question for students. Peer evaluation from International Fitness Holdings is a new example in Chapter 8. An updated Competing through Technology box includes examples of Facebook-like applications and social media tools for performance management and discussion questions for students. A new evidence-based HR features Google and their use of Big Data for evaluating managers' performance. New end of chapter content includes A Look Back at a performance management case with questions for students, and an HR in Small Business case featuring performance management at a telecommunications group.

Chapter 9

There is a new learning objective for using the 9-box grid for identifying where employees fit in the succession plan. The new chapter opener highlights employee development at Philips. There is a new example of how Brooks Rehabilitation uses assessment, action plans, and job experiences for developing managers. Competing through Technology box has been updated with student discussion questions. New examples include the use of formal education for development: McDonald's Hamburger University, and HCA Inc.'s use of job experiences for development. Updated Table 9.3 shows leadership development programs at GE. The discussion of tuition reimbursement programs has been updated. There is a new company example for evidence-based HR: MassMutual Financial Group's Career Resource Center. New discussions include DiSC as an assessment tool, and the temporary assignments and examples from sanofi-aventis. A discussion of sabbaticals and new company examples from REI have been enhanced. There are new examples of PepsiCo's use of temporary assignments sending employees to start-up companies. New research has been included regarding coaching and examples of coaching from ConAgra Foods.

New Competing through Sustainability box features management development at New York Presbyterian Hospital including discussion questions for the students. The new Integrity in Action box focuses on General David Petraeus's mentoring relationship and includes a student discussion question. A new discussion of the 9-box grid includes a new figure illustrating the grid. The new end of chapter material includes Look Back questions focusing on Philips' employee development, an Exercising Strategy case on Achmea's leadership programs, Managing People case featuring management development at IKEA, and HR in Small Business case featuring a sabbatical at a social services company.

Chapter 10

This chapter opens with a new vignette that describes what is meant by the term "churning" and why data from Eurostat indicates that Europeans are less likely to change jobs than Americans. In a new Technology box, we describe the recent advances made in "telepresence robots" and how this is reshaping how organizations manage a distributed workforce. We also describe the recent Han Hoi riot in China in a new Globalization box, and how this event reflects changing power relationships between employers and workers, as well as between outsourcing firms and the Chinese government. In a new Sustainability box we show why Yahoo has eliminated its "flextime programs" despite evidence from many other companies that these sorts of programs can work in certain contexts. Our new Integrity in Action box discusses the role of whistleblowing in organizations and society, using the recent case of Edward Snowden as an example. In our revised Exercising Strategy case, we examine the role of British Petroleum's Human Resource Department as a contributing factor to the Gulf Oil disaster, and in a revised Managing People case we see how one flight attendant became a hero for many when he quit his job in a very memorable way. In the main section of the text we present new evidence on how job dissatisfaction can be contagious among workers and how the factors that drive satisfaction among millennials differ dramatically from what drove job satisfaction among their parents.

Chapter 11

The new chapter opening vignette and new Globalization box discuss the reasons (labor costs and otherwise) global companies choose particular countries as locations for their production plants. Data on executive pay and company performance and on international wage comparisons have been updated. The new Sustainability box examines whether enthusiasm for Apple products alone is enough reason for people to continue to work at Apple stores or whether Apple's pay policies will need to change. The new Technology box demonstrates how companies are using "Big Data" to make better decisions about how much to pay different employees. The new Integrity in Action box explores what happens when efforts meant to protect workers are not necessarily what the workers themselves want. The chapter closes with a new case on the controversial new Dodd-Frank Act provision requiring companies to disclose the ratio of CEO pay to worker pay.

Chapter 12

The new chapter opening vignette describes how Citigroup is using a new balanced scorecard to measure and reward executives for both financial and nonfinancial performance. A new exhibit provides another example of a new balanced scorecard, in this case at Merck. The new Technology box describes how organizations adjust their pay for “hot skills” jobs (e.g., in information technology) that are in short supply. A new Sustainability box describes how U.S. automakers such as Ford and General Motors have negotiated with the United Auto Workers Union to shift a greater share of total compensation to profit sharing, reducing the fixed (wage) component of cash compensation. A new evidence-based HR feature explains how one company turned to open book management to turn the company around by getting more input from employees on how to do things better. A new Integrity in Action box examines how several U.S. companies are positioning themselves to recover compensation paid to executives who are later found to have taken actions that harmed the company and/or investors. The Globalization box describes action by regulators in the European Union to cap the compensation of some bankers (and how banks have reacted). A new section analyzes how incentive design can influence the likelihood of excessive risk taking by employees. New data are included to document the substantial growth (especially relative to traditional merit pay increases) in the importance of merit bonuses in organizations. The chapter concludes with a new case that addresses the question of compensation of the CEO and employees of RBS.

Chapter 13

The chapter opening vignette summarizes Michelin’s use of incentives and penalties to influence employees to make healthier choices, which can generate significant health care savings. The new Technology box looks at how companies are controlling workers compensation costs. The new Sustainability box describes how Google used data analytics to help employees make healthier lifestyle choices when visiting its well-loved cafeteria. The new Globalization box highlights some of the unique health issues that expatriates and their families can encounter overseas and how companies try to address such issues. The new evidence-based HR feature describes how Caesar’s used “Big Data” to reduce health care costs by reducing employee emergency room visits. New exhibits describe how companies choose benefits objectives and how they communicate benefits information to employees. A new section describes how the new Affordable Care Act will affect employers and the chapter closes with a new case that highlights how some employers are reacting to the new Act.

Chapter 14

The new chapter opening vignette talks about why and how workers are seeking stronger rights and protections through labor unions in China and Bangladesh. A new section describes nonunion worker representation systems and how they compare to union representation systems. The new Integrity in Action box described how retailers have reacted to the Rana Plaza tragedy in Bangladesh to act to make supplier factories safer. The new Globalization box described how

Renault is working with its union workers to increase production flexibility (and its ability to compete) in exchange for expanding production in locations that agree to these changes. The Sustainability box describes how companies in the trucking, retail food, and construction industries are working with the Teamsters and other unions to save worker pensions. The chapter concludes with a new case that explores how Hostess Brands (maker of the Twinkie) plans to exit bankruptcy without the unionized employees it once had.

Chapter 15

The new chapter opening case discusses Chinese capitalization on ownership of Mittelstand companies. Table 15.1 has been updated with the *Fortune* global top 25 largest organizations. Updated hourly cost comparisons across a variety of countries are presented. The Integrity in Action box on Rijkman Groenink (rise and fall of a banker) is new in this edition. Brazil's use of social media is discussed in the new Competing through Technology box. A new Competing through Globalization box describes how Apple is bringing jobs back to the U.S. The Competing through Sustainability box discusses GreenFox, an offerer of sustainable solutions. Comparing the cost of living in different global cities is the theme of the updated Table 15.6. The Look Back content as well as the HR in Small Business case are new end of chapter material.

Chapter 16

The new Competing through Globalization box looks at what is considered a bribe in different countries. New figures with up-to-date examples of strategies, talent management models and leadership models at Goodyear and Kroger include Figure 16.3, Goodyear's Customer Centric View of HR; Figure 16.5, Goodyear's Strategic Business Priorities; Figure 16.6, Goodyear's Global Talent Management Process; and Figure 16.8, Kroger's Leadership Model. TD Bank's efforts to create an internal social network are discussed in the new Competing through Technology box. A new Competing through Sustainability box is on how Electrolux uses sustainability efforts to attract and retain employees. John Corzine, CEO of MF Global, and how he purposely or inadvertently encouraged subordinates to commit ethical and legal violations (negative example of ethical leadership) is covered in the new Integrity in Action box.

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