INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

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Chapter 1

Introduction to Human Resource Management

An organization consists of people with formally assigned roles who work together to achieve the organization's goals. A manager is the person responsible for accomplishing the organization's goals, who does so by managing the efforts of the organization's people. Most experts agree that managing involves five functions: planning, organizing, staffing, leading, and controlling. In total, these functions represent the management process.

Some of the specific activities involved in each function include:

- * **Planning.** Establishing goals and standards; developing rules and procedures; developing plans and forecasting.
- * **Organizing.** Giving each subordinate a specific task; establishing departments; delegating authority to subordinates; establishing channels of authority and communication; coordinating subordinates work.
- * **Staffing.** Determining what type of people you should hire; recruiting prospective employees; selecting employees; training and developing employees; setting performance standards; evaluating performance; counseling employees; compensating employees.
- * **Leading.** Getting others to get the job done; maintaining morale; motivating subordinates.
- * **Controlling**. Setting standards such as sales quotas, quality standards, or production levels; checking to see how actual performance compares with these standards; taking corrective action, as needed.

In this book, we are going to focus on one of these functions the staffing, personnel management, or human resource management (HRM) function. Human resource management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns. The topics we'll discuss should therefore provide you with the concepts and techniques you need to perform the people or personnel aspects of your management job.

These include:

- * Conducting job analyses (determining the nature of each employee's job)
- * Planning labor needs and recruiting job candidates
- * Selecting job candidates
- * Orienting and training new employees
- * Managing wages and salaries (compensating employees)
- * Providing incentives and benefits
- * Appraising performance
- * Communicating (interviewing, counseling, disciplining)
- * Training and developing managers
- * Building employee commitment

And what a manager should know about:

- * Equal opportunity and affirmative action
- * Employee health and safety
- * Handling grievances and labor relations

Why Is Human Resource Management Important to All Managers?

These concepts and techniques important to all managers for several reasons:

1. AVOID PERSONNEL MISTAKES

First, having a command of this knowledge will help you avoid the sorts of personnel mistakes you don t want to make while managing. For example, no manager wants to:

- * Hire the wrong person for the job
- * Experience high turnover
- * Have your people not doing their best
- * Waste time with useless interviews
- * Have your company taken to court because of your discriminatory actions
- * Have your company cited under federal occupational safety laws for unsafe practices
- * Have some employees think their salaries are unfair relative to others in the organization
- * Allow a lack of training to undermine your departments effectiveness
- * Commit any unfair labor practices Carefully studying this book will help you avoid mistakes like these.

2. IMPROVE PROFITS AND PERFORMANCE

Similarly, effective human resource management can help ensure that you get results through people. Remember that you can do everything else right as a manager lay brilliant plans, draw clear organization charts, set up world-class assembly lines, and use sophisticated accounting controls but still fail, by hiring the wrong people or by not motivating subordinates. On the other hand, many managers presidents, generals, governors, supervisors have been successful even with inadequate plans, organizations, or controls. They were successful because they had the knack of hiring the right people for the right jobs and motivating, appraising, and developing them. Remember as you read this book that getting results is the bottom line of managing, and that, as a manager, you will have to get those results through people. As one company president summed up:

For many years, it has been said that capital is the bottleneck for a developing industry. I don't think this any longer holds true. I think its the work force and the company's inability to recruit and maintain a good work force that does constitute the bottleneck for production. I don't know of any major project backed by good ideas, vigor, and enthusiasm that has been stopped by a shortage of cash. I do know of industries whose growth has been partly stopped or hampered because they can't maintain an efficient and enthusiastic labor force, and I think this will hold true even more in the future.

Indeed, we'll see that because of global competition, technological advances, and the changing nature of work, that president s statement has never been truer than it is today.

3. YOU TOO MAY SPEND SOME TIME AS AN HR MANAGER

Here is a third reason to be familiar with this book s contents. You may well make a planned (or unplanned) stopover as a human resource manager. For example, Pearson Corporation (which publishes this book) recently promoted the head of one of its publishing divisions to chief human resource executive at its corporate headquarters. After General Motors emerged from bankruptcy a few years ago, it replaced its human resource director with Mary Barra, GM s vice president for global manufacturing engineering, an executive with no human resource management experience.

One survey found that about one-fourth of large U.S. businesses appointed managers with no human resource management experience as their top human resource executives. Reasons given include the fact that these people may give the firms HR efforts a more strategic emphasis, and the possibility that they re sometimes better equipped to integrate the firm's human resource efforts with the rest of the business.

However, most top human resource executives do have prior human resource experience. About 80% of those in one survey worked their way up within HR.6 About 17% of these HR executives had earned the Human Resource Certification Institute's Senior Professional in Human Resources (SPHR) designation, and 13% were certified Professionals in Human Resources (PHR). The Society for Human Resource Management (SHRM) offers a brochure describing alternative career paths within human resource management.

4. HR FOR ENTREPRENEURS

Finally, another reason to study this book is that you might end up as your own human resource manager. More than half the people working in the United States about 68 million out of 118 million work for small firms. Small businesses as a group also account for most of the 600,000 or so new businesses created every year. Statistically speaking, therefore, most people graduating from college in the next few years either will work for small businesses or will create new small businesses of their own. Especially if you are managing your own small firm with

no human resource manager, you ll have to understand the nuts and bolts of human resource management.

Line and Staff Aspects of Human Resource Management

All managers are, in a sense, human resource managers, because they all get involved in recruiting, interviewing, selecting, and training their employees. Yet most firms also have human resource departments with their own top managers. How do the duties of this human resource manager and department relate to the human resource duties of sales and production and other managers? Answering this requires a short definition of line versus staff authority.

Authority is the right to make decisions, to direct the work of others, and to give orders. Managers usually distinguish between line authority and staff authority. In organizations, having what managers call line authority traditionally gives managers the right to issue orders to other managers or employees. Line authority therefore creates a superior (order giver) subordinate (order receiver) relationship. When the vice president of sales tells her sales director to get the sales presentation ready by Tuesday, she is exercising her line authority. Staff authority gives a manager the right to advise other managers or employees. It creates an advisory relationship. When the human resource manager suggests that the plant manager use a particular selection test, he or she is exercising staff authority.

On the organization chart, managers with line authority are line managers. Those with staff (advisory) authority are staff managers. In popular usage, people tend to associate line managers with managing departments (like sales or production) that are crucial for the company s survival. Staff managers generally run departments that are advisory or supportive, like purchasing, and human resource

management. Human resource managers are usually staff managers. They assist and advise line managers in areas like recruiting, hiring, and compensation.

Line Managers Human Resource Duties

However, line managers still have many human resource duties. This is because the direct handling of people has always been part of every line managers duties, from president down to first-line supervisors. For example, one major company outlines its line supervisors responsibilities for effective human resource management under these general headings:

- 1. Placing the right person in the right job
- 2. Starting new employees in the organization (orientation)
- 3. Training employees for jobs that are new to them
- 4. Improving the job performance of each person
- 5. Gaining cooperation and developing smooth working relationships
- 6. Interpreting the company s policies and procedures
- 7. Controlling labor costs
- 8. Developing the abilities of each person
- 9. Creating and maintaining department morale
- 10. Protecting employees health and physical condition In small organizations, line managers may carry out all these personnel tasks unassisted.

But as the organization grows, they need the assistance, specialized knowledge, and advice of a separate human resource staff. The human resource department provides this specialized assistance.

Human Resource Manager s Duties

In providing this specialized assistance, the human resource manager carries out three distinct functions:

- 1. A line function. The human resource manager directs the activities of the people in his or her own department, and perhaps in related areas (like the plant cafeteria).
- 2. A coordinative function. The human resource manager also coordinates personnel activities, a duty often referred to as functional authority (or functional control). Here he or she ensures that line managers are implementing the firm s human resource policies and practices (for example, adhering to its sexual harassment policies).
- 3. Staff (assist and advise) functions. Assisting and advising line managers is the heart of the human resource manager's job. He or she advises the CEO so the CEO can better understand the personnel aspects of the company s strategic options. HR assists in hiring, training, evaluating, rewarding, counseling, promoting, and firing employees. It administers the various benefit programs (health and accident insurance, retirement, vacation, and so on). It helps line managers comply with equal employment and occupational safety laws, and plays an important role in handling grievances and labor relations. It carries out aninnovator role, by providing up-to-date information on current trends and new methods for better utilizing the company s employees (or human resources). It plays an employee advocacy role, by representing the interests of employees within the framework of its primary obligation to senior management. Although human resource managers generally can t wield line authority (outside their departments), they are likely to exert implied authority. This is because line managers know the human resource manager has top managements ear in areas like testing and affirmative action.

The size of the human resource department reflects the size of the employer. For a very large employer, an organization chart would be typical, containing a full complement of specialists for each HR function. Examples of human resource management specialties include:

- * Recruiters. Search for qualified job applicants.
- * Equal employment opportunity (EEO) coordinators. Investigate and resolve EEO grievances; examine organizational practices for potential violations; and compile and submit EEO reports.
- * Job analysts. Collect and examine information about jobs to prepare job descriptions.
- * Compensation managers. Develop compensation plans and handle the employee benefits program.
- * Training specialists. Plan, organize, and direct training activities.
- * Labor relations specialists. Advise management on all aspects of union management relations.

New Approaches to Organizing HR Employers are also offering human resource services in new ways. For example, some organize their HR services around four groups: transactional, corporate, embedded, and centers of expertise.

* The transactional HR group uses centralized call centers and outsourcing arrangements (such as with benefits advisors) to provide support for day-to-day transactional activities (such as changing benefits plans and employee assistance and counseling). In one survey, about 75% of respondents said their firms were providing transactional, administrative human resource services through such arrangements.

- * The corporate HR group focuses on assisting top management in top level big picture issues such as developing and explaining the personnel aspects of the company s long-term strategic plan.
- * The embedded HR unit assigns HR generalists (also known as relationship managers or HR business partners) directly to departments like sales and production. They provide the localized human resource management assistance the departments need.
- * The centers of expertise are like specialized HR consulting firms within the company for instance, they provide specialized assistance in areas such as organizational change.

THE TRENDS SHAPING HUMAN RESOURCE MANAGEMENT

What human resource managers do and how they do it is changing. Some of the reasons for these changes are obvious. One is technology. For example, employers now use their intranets to let employees change their own benefits plans, something they obviously couldn t do years ago. Other trends shaping human resource management include globalization, deregulation, changes in demographics and the nature of work, and economic challenges. Let s look at these trends next.

1. Globalization and Competition Trends

Globalization refers to the tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad. Examples surround us. Toyota produces the Camry in Kentucky, while Dell produces PCs in China. Free trade areas agreements that reduce tariffs and barriers among trading partners further encourage international trade. NAFTA (the North American Free Trade Agreement) and the EU (European Union) are examples. Companies expand abroad for several reasons. Sales expansion is one. Walmart is opening stores in

South America. Dell, knowing that China will soon be the world's biggest market for PCs, is aggressively selling there. Firms go abroad for other reasons. Some manufacturers seek new foreign products and services to sell, and to cut labor costs. Thus, some apparel manufacturers design and cut fabrics in Miami, and then assemble the actual products in Central America, where labor costs are relatively low. Sometimes, it s the prospect of forming partnerships that drives firms to do business abroad. When IBM sold its PC division to the Chinese firm Lenovo, it did so partly to cement firmer ties with the booming China market. For businesspeople, globalization means more competition, and more competition means more pressure to be world-class to lower costs, to make employees more productive, and to do things better and less expensively. As one expert puts it, The bottom line is that the growing integration of the world economy into a single, huge marketplace is increasing the intensity of competition in a wide range of manufacturing and service industries. Both workers and companies have to work harder and smarter than they did without globalization. Globalization therefore brings both benefits and threats. For consumers it means lower prices and higher quality on products from computers to cars, but for workers it means the prospect of working harder, and perhaps less secure jobs. Job offshoring having employees abroad do jobs that Americans formerly did illustrates this threat. For example, in the next few years, many employers plan to offshore even highly skilled jobs such as sales managers, general managers and HR managers.17 (On the other hand, what USA Today calls A small but growing band of U.S. manufacturers including giants such as General Electric, NCR, and Caterpillar are actually reshoring jobs bringing them back to the United States. Reasons range from rising shipping and labor costs abroad to occasional poor quality goods and intellectual property theft abroad.)18 For business owners, globalization means (potentially) millions of new consumers, but also new and powerful global competitors at home. For 50 or so years, globalization boomed. For example, the total sum of U.S. imports and exports rose from \$47 billion in 1960, to \$562 billion in 1980, to about \$4.1 trillion in 2010.19 Economic and political philosophies drove this boom. Governments dropped cross-border taxes or tariffs, formed economic free trade areas such as NAFTA, and took other steps to encourage the free flow of trade among countries. The fundamental economic rationale was that by doing so, all countries would gain. And indeed, economies around the world, not just in the United States but also in Europe and Asia, did grow rapidly.

2. Technological Trends

Everyone knows that technology changed almost everything we do. We use smartphones and iPads to communicate with the office, and to plan trips, manage money, and look for local eateries. We also increasingly use technology for many human resource management type applications, such as looking for jobs. Facebookrecruiting is one example.21 According to Facebook s Facebookrecruiting site, employers start the process by installing the Careers Tab on their Facebook page. Once installed, companies have a seamless way to recruit and promote job listings from directly within Facebook. Then, after creating a job listing, the employer can advertise its job link using Facebook Advertisements.

3. Trends in the Nature of Work

Technology has also had a huge impact on how people work, and therefore on the skills and training today s workers need.

HIGH-TECH JOBS

For example, skilled machinist Chad Toulouse illustrates the modern blue-collar worker. After an 18-week training course, this former college student works as a team leader in a plant where about 40% of the machines are automated. In older plants, machinists would manually control machines that cut chunks of metal into things like engine parts. Today, Chad and his team spend much of their time

keying commands into computerized machines that create precision parts for products, including water pumps. As the U.S. governments Occupational Outlook Quarterly put it, knowledge-intensive high-tech manufacturing in such industries as aerospace, computers, telecommunications, home electronics, pharmaceuticals, and medical instruments is replacing factory jobs in steel, auto, rubber, and textiles.

SERVICE JOBS

Technology is not the only trend driving the change from brawn to brains. Today over two-thirds of the U.S. workforce is producing and delivering services, not products. Between 2004 and 2014, almost all of the 19 million new jobs added in the United States will be in services, not in goodsproducing industries. Several things account for this. With global competition, more manufacturing jobs have shifted to low-wage countries. For example, Levi Strauss, one of the last major clothing manufacturers in the United States, closed the last of its American plants a few years ago. Furthermore, higher productivity enables manufacturers to produce more with fewer workers. Just-in-time manufacturing techniques link daily manufacturing schedules more precisely to customer demand, squeezing waste out of the system and reducing inventory needs. As manufacturers integrate Internetbased customer ordering with just-in-time manufacturing, scheduling becomes more precise. For example, when a customer orders a Dell computer, the same Internet message that informs Dell's assembly line to produce the order also signals the screen and keyboard manufacturers to prepare for UPS to pick up their parts. The net effect is that manufacturers have been squeezing slack and inefficiencies out of production, enabling companies to produce more products with fewer employees. So, in America and much of Europe, manufacturing jobs are down, and service jobs up.

4. KNOWLEDGE WORK AND HUMAN CAPITAL

In general, the best jobs that remain require more education and more skills. For example, we saw that automation and just-in-time manufacturing mean that even manufacturing jobs require more reading, math, and communication skills. For employers this means relying more on knowledge workers like Chad Toulouse, and therefore on human capital. Human capital refers to the knowledge, education, training, skills, and expertise of a firm s workers. Today, as management guru Peter Drucker predicted years ago, the center of gravity in employment is moving fast from manual and clerical workers to knowledge workers. Human resource managers now list critical thinking/problem-solving and information technology application as the two skills most likely to increase in importance over the next few years. The accompanying HR as a Profit Center feature illustrates how human resource management methods can boost profitability by building and capitalizing on such employee skills.

5. DEMOGRAPHIC TRENDS

Most importantly, the U.S. workforce is becoming older and more multiethnic. For example, between 1998 and 2018, the percent of the workforce that it classifies as white, non-Hispanic will drop from 83.8% to 79.4%. At the same time, the percent of the workforce that is black will rise from 11.6% to 12.1%, those classified Asian will rise from 4.6% to 5.6%, and those of Hispanic origin will rise from 10.4% to 17.6%. The percentages of younger workers will fall, while those over 55 of age will leap from 12.4% of the workforce in 1998 to 23.9% in 2018.35 At the same time, demographic trends are making finding and hiring employees more challenging. In the United States, labor force growth is not expected to keep pace with job growth, with an estimated shortfall of about 14 million collegeeducated workers by 2020.36 One study of 35 large global companies senior human resource officers said talent management in particular, the acquisition, development, and retention of talent to fill the companies employment needs ranked as their top concern.

GENERATION Y Also called Millennials, Gen Y employees are roughly those born 1977 2002. They take the place of the labor force s previous new entrants,

Generation X, those born roughly 1965 1976 (and who themselves were the children of, and followed into the labor force, the Baby Boomers, born just after the Second World War, roughly 1944 1960).

Although every generation obviously has its own labor force entrants, Gen Y employees are different. For one thing, says one expert, they have been pampered, nurtured, and programmed with a slew of activities since they were toddlers, meaning they are both high-performance and high-maintenance. As a result:

- 1. They want fair and direct supervisors who are highly engaged in their professional development.
- 2. They seek out creative challenges and view colleagues as vast resources from whom to gain knowledge.
- 3. They want to make an important impact on Day 1.
- 4. They want small goals with tight deadlines so they can build up ownership of tasks.
- 5. They aim to work faster and better than other workers.

Fortune Magazine says that today s Generation Y employees will bring challenges and strengths. It says they may be the most high-maintenance workforce in the history of the world. Referring to them as the most praised generation, the Wall Street Journal explains how Lands End and Bank of America are teaching their supervisors to complement these new employees with prize packages and public appreciation.40 But, as the first generation raised on cell phones and e-mail, their capacity for using information technology will also make them the most high-performing.

RETIREES

Many human resource professionals call the aging workforce the biggest demographic trend affecting employers. The basic problem is that there aren't enough younger workers to replace the projected number of baby boom era olderworker retirees. Employers are dealing with this challenge in various ways. One survey found that 41% of surveyed employers are bringing retirees back into the workforce, 34% are conducting studies to determine projected retirement rates in the organization, and 31% are offering employment options designed to attract and retain semiretired workers.

NONTRADITIONAL WORKERS

At the same time, there has been a shift to nontraditional workers. Nontraditional workers include those who hold multiple jobs, or who are contingent or part-time workers, or who are working in alternative work arrangements (such as a mother daughter team sharing one clerical job). Today, almost 10% of American workers 13 million people fit this nontraditional workforce category. Of these, about 8 million are independent contractors who work on specific projects and move on once they complete the projects.

Technological trends facilitate such alternative work arrangements. For example, professional online Web sites such as LinkedIn (www.linkedin.com) enable free agent professionals to promote their services. Thanks to technology, people working from remote locations at least once per month rose about 39% from 2006 to 2008 to just over 17 million people. Seeking the collaboration that s often missing when one works alone, co-working sites are springing up. These offer freelance workers and consultants office space and access to office equipment (and of course an opportunity to interact with other independent workers) for fees of perhaps \$200 or \$300 per month.43

WORKERS FROM ABROAD

With retirements triggering projected workforce shortfalls, many employers are hiring foreign workers for U.S. jobs. The country s H-1B visa program allows U.S. employers to recruit skilled foreign professionals to work in the United States when they can t find qualified U.S. workers. U.S. employers bring in about 181,000 foreign workers per year under these programs. Particularly with high unemployment, such programs face opposition. For example, one study concluded that many workers brought in under the programs filled jobs that didn t actually demand highly specialized skills, many paying less than \$15 an hour.

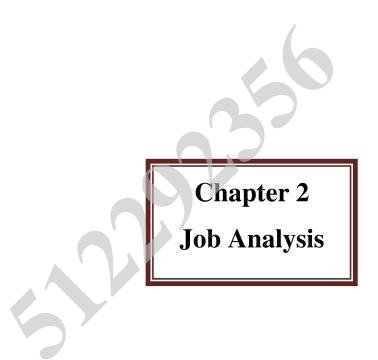
6. Economic Challenges and Trends

All these trends are occurring in a context of economic upheaval. Gross national product (GNP) a measure of U.S. total output boomed between 2001 and 2008. During this period, home prices leaped as much as 20% per year. Unemployment remained at about 4.7%. Then, around 2007 2008, all these measures seemingly fell off a cliff. GNP fell. Home prices dropped by 20% or more (depending on city). Unemployment nationwide rose to more than 9.1%. Why did all this happen? That is a complicated question, but for one thing, all those years of accumulating excessive debt seems to have run their course. Banks and other financial institutions (such as hedge funds) found themselves with trillions of dollars of worthless loans on their books. Governments stepped in to try to prevent their collapse. Lending dried up. Many businesses and consumers simply stopped buying. The economy tanked. Economic trends will undoubtedly turn positive again, perhaps even as you read these pages. However, they have certainly grabbed employers attention. After what the world went through starting in 2007-2008, it's doubtful that the deregulation, leveraging, and globalization that drove economic growth for the previous 50 years will continue unabated. That may mean slower growth for many countries, perhaps for years. This means challenging times ahead for employers. The challenging times mean that for the foreseeable future and even well after things turn positive employers will have to

be more frugal and creative in managing their human resources than perhaps they've been in the past.

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Chapter 2

Job Analysis

Human resource management begins with understanding what jobs need to be filled, and the human traits and competencies employees need to do those jobs effectively. Job analysis is the procedure through which you determine the duties of the positions and the characteristics of the people to hire for them.8 Job analysis produces information for writing job descriptions (a list of what the job entails) and job (or person) specifications (what kind of people to hire for the job). Virtually every personnelrelated action you take interviewing applicants, and training and appraising employees, for instance depends on knowing what the job entails and what human traits one needs to do the job well.9 The supervisor or human resources specialist normally collects one or more of the following types of information via the job analysis:

- * Work activities. First, he or she collects information about the job s actual work activities, such as cleaning, selling, teaching, or painting. This list may also include how, why, and when the worker performs each activity.
- * Human behaviors. Information about human behaviors the job requires, like sensing, communicating, lifting weights, or walking long distances.
- * Machines, tools, equipment, and work aids. Information regarding tools used, materials processed, knowledge dealt with or applied (such as finance or law), and services rendered (such as counseling or repairing).
- * Performance standards. Information about the job s performance standards (in terms of quantity or quality levels for each job duty, for instance).
- * Job context. Information about such matters as physical working conditions, work schedule, incentives, and, for instance, the number of people with whom the employee would normally interact.

* Human requirements. Information such as knowledge or skills (education, training, work experience) and required personal attributes (aptitudes, personality, interests).

Uses of Job Analysis Information

Job analysis is important because managers use it to support just about all their human resource management activities.

1. RECRUITMENT AND SELECTION

Information about what duties the job entails and what human characteristics are required to perform these activities helps managers decide what sort of people to recruit and hire.

2. EEO COMPLIANCE

Job analysis is crucial for validating all major human resources practices. For example, to comply with the Americans with Disabilities Act, employers should know each job s essential job functions which in turn requires a job analysis.

3. PERFORMANCE APPRAISAL

A performance appraisal compares each employee's actual performance with his or her duties and performance standards. Managers use job analysis to learn what these duties and standards are.

4. COMPENSATION

Compensation (such as salary and bonus) usually depends on the job s required skill and education level, safety hazards, degree of responsibility, and so on all factors you assess through job analysis.

5. TRAINING

The job description lists the job s specific duties and requisite skills and therefore the training that the job requires. Job analysis is important in helping employers execute their overall strategic plans.

Conducting a Job Analysis

There are six steps in doing a job analysis, as follows:

STEP 1: DECIDE HOW YOU LL USE THE INFORMATION

This will determine the data you collect. Some data collection techniques like interviewing the employee are good for writing job descriptions. Other techniques, like the position analysis questionnaire we describe later, provide numerical ratings for each job; these can be used to compare jobs for compensation purposes.

STEP 2: REVIEW RELEVANT BACKGROUND INFORMATION SUCH AS ORGANIZATION CHARTS, PROCESS CHARTS, AND JOB DESCRIPTIONS

Organization charts show the organization-wide division of work, and where the job fits in the overall organization. The chart should show the title of each position and, by means of interconnecting lines, who reports to whom and with whom the job incumbent communicates. A process chart provides a more detailed picture of the work flow. In its simplest form a process chart shows the flow of inputs to and outputs from the job you re analyzing.

Finally, the existing job description, if there is one, usually provides a starting point for building the revised job description.

WORKFLOW ANALYSIS AND JOB REDESIGN

Job analysis enables the manager to list what a job s duties and demands are now. Job analysis does not answer questions such as Does how this job relates to other jobs make sense? or Should this job evenexist? To answer such questions, its necessary to conduct a workflow analysis. It may then be deemed necessary to redesign jobs. Workflow analysis is a detailed study of the flow of work from job to job in a work process. Usually, the analyst focuses on one identifiable work process, rather than on how the company gets all its work done. The accompanying HR as a Profit Center feature illustrates workflow analysis.

In conducting a workflow analysis, the manager may use a flow process chart; this lists in order each step of the process. The manager may convert this step-by-step flow process chart into a diagrammatic process chart. This lays out, with arrows and circles, each step in the process from beginning to end.

STEP 3: SELECT REPRESENTATIVE POSITIONS

Whether or not the manager decides to redesign jobs via workforce analysis, process redesign, or job redesign, he or she must at some point select which positions to focus on for the job analysis. For example, it is usually unnecessary to analyze the jobs of 200 assembly workers when a sample of 10 jobs will do.

STEP 4: ACTUALLY ANALYZE THE JOB BY COLLECTING DATA ON JOB ACTIVITIES, WORKING CONDITIONS, AND HUMAN TRAITS AND ABILITIES NEEDED TO PERFORM THE JOB

In brief, analyzing the job involves greeting participants; briefly explaining the job analysis process and the participants roles in this process; spending about 15 minutes interviewing the employees to get agreement on a basic summary of the job; identifying the jobs broad areas of responsibility, such as calling on potential

clients; and identifying duties/tasks within each area interactively with the employees.

STEP 5: VERIFY THE JOB ANALYSIS INFORMATION WITH THE WORKER PERFORMING THE JOB AND WITH HIS OR HER IMMEDIATE SUPERVISOR

This will help confirm that the information is factually correct and complete and help to gain their acceptance.

STEP 6: DEVELOP A JOB DESCRIPTION AND JOB SPECIFICATION

The job description describes the activities and responsibilities of the job, as well as its important features, such as working conditions. The job specification summarizes the personal qualities, traits, skills, and background required for getting the job done.

Job Analysis Guidelines

Before actually analyzing the job, using one or more of the tools we turn to in the following section, keep several things in mind.

- * Make the job analysis a joint effort by a human resources manager, the worker, and the worker s supervisor. The human resource manager might observe the worker doing the job, and have both the supervisor and worker fill out job questionnaires. Based on that, he or she lists the job s duties and required human traits. The supervisor and worker then review and verify the HR manager s list of job duties.
- * Make sure the questions and the process are both clear to the employees. (For example, some might not know what you mean when you ask about the job s mental demands.)

* Use several different job analysis tools. Do not rely just on a questionnaire, for instance, but supplement your survey with a short follow-up interview. (The problem is that each tool has potential drawbacks.) For example, the questionnaire might miss a task the worker performs just occasionally.

METHODS FOR COLLECTING JOB ANALYSIS INFORMATION

There are various ways (interviews, or questionnaires, for instance) to collect information on a jobs duties, responsibilities, and activities. We discuss the most important ones in this section.

The basic rule is to use those that best fit your purpose. Thus, an interview might be best for creating a list of job duties and a job description. The more quantitative position analysis questionnaire may be best for quantifying each job s relative worth for pay purposes.

The Interview

Job analysis interviews range from completely unstructured interviews (Tell me about your job) to highly structured ones containing hundreds of specific items to check off. Managers may conduct individual interviews with each employee, group interviews with groups of employees who have the same job, and/or supervisor interviews with one or more supervisors who know the job. They use group interviews when a large number of employees are performing similar or identical work, since this can be a quick and inexpensive way to gather information. As a rule, the workers immediate supervisor attends the group session; if not, you can interview the supervisor separately. Whichever kind of interview you use, be sure the interviewee fully understands the reason for the interview. There s a tendency for workers to view such interviews, rightly or wrongly, as efficiency evaluations. If so, interviewees may hesitate to describe their jobs accurately.

TYPICAL QUESTIONS

Some typical interview questions include the following:

- What is the job being performed?
- What are the major duties of your position?
- What exactly do you do?
- What physical locations do you work in?
- What are the education, experience, skill, and [where applicable] certification and licensing requirements? In what activities do you participate?
- What are the job s responsibilities and duties?
- What are the basic accountabilities or performance standards that typify your work?
- What are your responsibilities?
- What are the environmental and working conditions involved?
- What are the job's physical demands? The emotional and mental demands?
- What are the health and safety conditions?
- Are you exposed to any hazards or unusual working conditions?

STRUCTURED INTERVIEWS

Many managers use a structured format to guide the interview. It includes questions regarding matters like the general purpose of the job; supervisory responsibilities; job duties; and education, experience, and skills required. Structured lists are not just for interviews. Job analysts who collect information by personally observing the work or by using questionnaires two methods explained later can also use structured lists.

PROS AND CONS

The interviews wide use reflects its advantages. Its a simple and quick way to collect information, including information that might not appear on a written form. For instance, a skilled interviewer can unearth important activities that occur only occasionally, or informal contacts that wouldn t be obvious from the organization chart. The employee can also vent frustrations that might otherwise go unnoticed. Distortion of information is the main problem whether due to outright falsification or honest misunderstanding.15 Job analysis is often a prelude to changing a jobs pay rate. As noted, employees therefore may legitimately view the interview as a sort of efficiency evaluation that may affect their pay. They may then tend to exaggerate certain responsibilities while minimizing others. In one study, researchers listed possible job duties either as simple task statements (record phone messages and other routine information) or as ability statements (ability to record phone messages and other routine information). Respondents were more likely to include and report the abilitybased versions of the statements. There may be a tendency for people to inflate their job s importance when abilities are involved, to impress the perceptions of others.16 Employees will even puff up their job titles to make their jobs seem more important. Obtaining valid information can thus be a slow process, and prudent analysts get multiple inputs.

Questionnaires

Having employees fill out questionnaires to describe their job-related duties and responsibilities is another popular way to obtain job analysis information. Some questionnaires are very structured checklists. Here each employee gets an inventory of perhaps hundreds of specific duties or tasks (such as change and splice wire). He or she is asked to indicate whether he or she performs each task and, if so, how much time is normally spent on each. At the other extreme, the questionnaire may simply ask, describe the major duties of your job.

RECRUITMENT, PLACEMENT, AND TALENT MANAGEMENT

In practice, the best questionnaire often falls between these two extremes. As illustrated in Figure 4-3, a typical job analysis questionnaire might include several open-ended questions (such as What is the job s overall purpose?) as well as structured questions (concerning, for instance, education required). All questionnaires have pros and cons. A questionnaire is a quick and efficient way to obtain information from a large number of employees; it s less costly than interviewing hundreds of workers, for instance. However, developing the questionnaire and testing it (perhaps by making sure the workers understand the questions) can be timeconsuming. And as with interviews, employees may distort their answers.

Observation

Direct observation is especially useful when jobs consist mainly of observable physical activities assembly-line worker and accounting clerk are examples. On the other hand, observation is usually not appropriate when the job entails a lot of mental activity (lawyer, design engineer). Nor is it useful if the employee only occasionally engages in important activities, such as a nurse who handles emergencies. And reactivity the worker's changing what he or she normally does because you are watching also can be a problem. Managers often use direct observation and interviewing together. One approach is to observe the worker on the job during a complete work cycle. (The cycle is the time it takes to complete the job; it could be a minute for an assembly-line worker or an hour, a day, or longer for complex jobs.) Here you take notes of all the job activities. Then, ask the person to clarify points not understood and to explain what other activities he or she performs that you didn't observe.

Participant Diary/Logs

Another method is to ask workers to keep a diary/log of what they do during the day. For every activity engaged in, the employee records the activity (along with the time) in a log. Some firms give employees pocket dictating machines and pagers. Then at random times during the day, they page the workers, who dictate what they are doing at that time. This approach can avoid relying on workers to remember what they did hours earlier when they complete their logs at the end of the day.

Quantitative Job Analysis Techniques

Qualitative methods like interviews and questionnaires are not always suitable. For example, if your aim is to compare jobs for pay purposes, a mere listing of duties may not suffice. You may need to say that, in effect, Job A is twice as challenging as Job B, and so is worth twice the pay. To do this, it helps to have quantitative ratings for each job. The position analysis questionnaire and the Department of Labor approach are quantitative methods for doing this.

WRITING JOB DESCRIPTIONS

The most important product of job analysis is the job description. A job description is a written statement of what the worker actually does, how he or she does it, and what the job s working conditions are. You use this information to write a job specification; this lists the knowledge, abilities, and skills required to perform the job satisfactorily.

There is no standard format for writing a job description. However, most descriptions contain sections that cover:

- 1. Job identification
- 2. Job summary

- 3. Responsibilities and duties
- 4. Authority of incumbent
- 5. Standards of performance
- 6. Working conditions
- 7. Job specification

Job Identification

The job identification section contains several types of information.

The job titlespecifies the name of the job, such as supervisor of data processing operations, or inventory control clerk. The FLSA status section identifies the job as exempt or nonexempt. (Under the Fair Labor Standards Act, certain positions, primarily administrative and professional, are exempt from the acts overtime and minimum wage provisions.) Date is the date the job description was actually approved. There may also be a space to indicate who approved the description and perhaps a space showing the location of the job in terms of its facility/division and department. This section might also include the immediate supervisor s title and information regarding salary and/or pay scale. There might also be space for the grade/level of the job, if there is such a category. For example, a firm may classify programmers as programmer II, programmer III, and so on.

Job Summary

The job summary should summarize the essence of the job, and include only its major functions or activities. Thus, the telesales rep... is responsible for selling college textbooks. . . . For the job of mailroom supervisor, the mailroom supervisor receives, sorts, and delivers all incoming mail properly, and he or she handles all outgoing mail including the accurate and timely posting of such mail. While it s common to do so, include general statements like performs other

assignments as required with care. Some experts state unequivocally that one item frequently found that should never be included in a job description is a copout clause like other duties, as assigned, 29 since this leaves open the nature of the job. Finally, make it clear in the summary that the employer expects the employee to carry out his or her duties efficiently, attentively, and conscientiously.

Relationships

There may be a relationships statement that shows the jobholders relationships with others inside and outside the organization. For a human resource manager, such a statement might look like this:30 Reports to: Vice president of employee relations. Supervises: Human resource clerk, test administrator, labor relations director, and one secretary. Works with: All department managers and executive management. Outside the company: Employment agencies, executive recruiting firms, union representatives, state and federal employment offices, and various vendors.

Responsibilities and Duties

This is the heart of the job description. It should present a list of the job s significant responsibilities and duties. list each of the job s major duties separately, and describe it in a few sentences. In the figure, for instance, the job s duties include achieve quantitative sales goal . . . and determine sales priorities. . . . Typical duties for other jobs might include making accurate postings to accounts payable, maintaining favorable purchase price variances, and repairing production-line tools and equipment. This section may also define the limits of the jobholder s authority. For example, the jobholder might have authority to approve purchase requests up to \$5,000, grant time off or leaves of absence, discipline department personnel, recommend salary increases, and interview and hire new employees. Usually, the manager s basic question here is, How do I determine what the job s duties are and should be? The answer first is, from the

job analysis; this should reveal what the employees on each job are doing now. Second, you can review various sources of standardized job description information.

Standards of Performance and Working Conditions

A standards of performance section lists the standards the company expects the employee to achieve for each of the job descriptions main duties and responsibilities. Setting standards is never easy. However, most managers soon learn that just telling subordinates to do their best doesn t provide enough guidance. One straightforward way of setting standards is to finish the statement, I will be completely satisfied with your work when. . . . This sentence, if completed for each listed duty, should result in a usable set of performance standards.

WRITING JOB SPECIFICATIONS

The job specification takes the job description and answers the question, What human traits and experience are required to do this job effectively? It shows what kind of person to recruit and for what qualities you should test that person. It may be a section of the job description, or a separate document.

Specifications for Trained Versus Untrained Personnel

Writing job specifications for trained employees is relatively straightforward. Here your job specifications might focus mostly on traits like length of previous service, quality of relevant training, and previous job performance. The problems are more complex when you re filling jobs with untrained people (with the intention of training them on the job). Here you must specify qualities such as physical traits, personality, interests, or sensory skills that imply some potential for performing or for being trained to do the job. For example, suppose the job requires detailed manipulation in a circuit board assembly line. Here you might

want to ensure that the person scores high on a test of finger dexterity. Employers identify these human requirements either through a subjective, judgmental approach or through statistical analysis (or both). Lets examine both approaches.

Specifications Based on Judgment

Most job specifications come from the educated guesses of people like supervisors and human resource managers. The basic procedure here is to ask, What does it take in terms of education, intelligence, training, and the like to do this job well? There are several ways to get these educated guesses. You could simply review the job's duties, and deduce from those what human traits and skills the job requires. You can also choose them from the competencies listed in Webbased job descriptions like those at www.jobdescription.com. (For example, a typical job description there lists competencies like Generates creative solutions and Manages difficult or emotional customer situations.) O*NET online is another option. Job listings there include complete lists of required education and other experience and skills.

USE COMMON SENSE

In any case, use common sense when compiling your list. Don't ignore the behaviors that may apply to almost any job but that might not normally surface through a job analysis. Industriousness is an example. Who wants an employee who doesn't work hard? One researcher collected supervisor ratings and other information from 18,000 employees in 42 different hourly entry-level jobs in predominantly retail settings.

Competency-based job analysis

Competency-based job analysis means describing the job in terms of measurable, observable, behavioral competencies (knowledge, skills, and/or behaviors) that an employee doing that job must exhibit.45 Traditional job analysis is more job-

focused (What are this job s duties?). Competency-based analysis is more worker-focused (What must employees be competent at to do this multiskilled job?).

Managers sometimes group competencies into various clusters, such as general competencies (reading and writing, for instance), leadership competencies (leadership, and strategic thinking, for instance), and technical competencies.

Technical competencies for the job of systems engineer might include the following:

- * Design complex software applications, establish protocols, and create prototypes.
- * Establish the necessary platform requirements to efficiently and completely coordinate data transfer.

Similarly, for a corporate treasurer, technical competencies might include:

- * Formulate trade recommendations by studying several computer models for currency trends.
- * Recommend specific trades and when to make them.

In practice, competency-based analysis usually comes down to identifying the basic skills an employee needs to do the job. Thus, O*NET lists various skills within six skill groups (accessible at http://online.onetcenter.org/skills). A sampling includes:

- Mathematics using mathematics to solve problems
- Speaking talking to others to convey information effectively
- Complex problem-solving identifying complex problems and reviewing related information to develop and evaluate options and implement solutions
- Negotiation bringing others together and trying to reconcile differenc

Chapter 3
Personnel
Planning and
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Chapter 3

Personnel Planning and Recruiting

Job analysis identifies the duties and human requirements for each of the company s jobs. The next step is to decide which of these jobs you need to fill, and to recruit and select employees for them. The traditional way to envision recruitment and selection is as a series of hurdles

- 1. Decide what positions to fill, through workforce/personnel planning and forecasting.
- 2. Build a pool of candidates for these jobs, by recruiting internal or external candidates.
- 3. Have candidates complete application forms and perhaps undergo initial screening interviews.
- 4. Use selection tools like tests, background investigations, and physical exams to identify viable candidates.
- 5. Decide who to make an offer to, by having the supervisor and perhaps others interview the candidates. This chapter focuses on personnel planning and on recruiting employees.

WORKFORCE PLANNING AND FORECASTING

Recruitment and selection ideally starts with workforce planning. After all, if you don t know what your teams employment needs will be in the next few months, why should you be hiring? Workforce (or employment or personnel) planning is the process of deciding what positions the firm will have to fill, and how to fill them. It embraces all future positions, from maintenance clerk to CEO. However, most firms call the process of deciding how to fill executive jobs succession planning

Forecasting Personnel Needs (Labor Demand)

How many people will we need? Managers consider several factors. For example, when Dan Hilbert took over staffing at Valero Energy, he reviewed Valero s demographics, growth plans, and turnover history. He discovered that projected employment shortfalls were four times more than Valero could fill with its current recruitment procedures. He turned to formulating new personnel plans for boosting employee retention and recruiting and screening more candidates.5 A firm s staffing needs reflect demand for its products or services, adjusted for changes the firm plans to make in its strategic goals and for changes in its turnover rate and productivity. Forecasting workforce demand therefore starts with estimating what the demand will be for your products or services. Short term, management should be concerned with daily, weekly, and seasonal forecasts. For example, retailers track daily sales trends because they know, for instance, that Mother's Day produces a jump in business and a need for additional store staff. Seasonal forecasts are critical for retailers contemplating end-of-year holiday sales, and for many firms such as landscaping and air-conditioning vendors. Looking out a year or two isn t so easy. Managers will follow industry publications and economic forecasts closely, for instance from the Conference Board. Predicting a rise or fall in business activity a year of two in the future may not be precise. However, the planning process may help you to develop contingency staffing plans to address the potential changes in demand. The basic process of forecasting personnel needs is to forecast revenues first. Then estimate the size of the staff required to support this sales volume. However, managers must also consider other, strategic factors. These include projected turnover, decisions to upgrade (or downgrade) products or services, productivity changes, and financial resources. There are several simple tools for projecting personnel needs, as follows.

TREND ANALYSIS

Trend analysis means studying variations in the firm s employment levels over the last few years. For example, you might compute the number of employees at the end of each of the last 5 years, or perhaps the number in each subgroup (like sales, production, secretarial, and administrative). The aim is to identify trends that might continue into the future. Trend analysis can provide an initial estimate of future staffing needs, but employment levels rarely depend just on the passage of time. Other factors (like changes in sales volume and productivity) also affect staffing needs. Carefully studying the firm s historical and current workforce demographics and voluntary withdrawals (due to retirements and resignations, for instance) can help reveal impending labor force needs.

RATIO ANALYSIS

Another simple approach, ratio analysis, means making forecasts based on the historical ratio between (1) some causal factor (like sales volume) and (2) the number of employees required (such as number of salespeople). For example, suppose a salesperson traditionally generates \$500,000 in sales. If the sales revenue to salespeople ratio remains the same, you would require six new salespeople next year (each of whom produces an extra \$500,000) to produce a hoped-for extra \$3 million in sales. Like trend analysis, ratio analysis assumes that productivity remains about the same for instance, that you can t motivate each salesperson to produce much more than \$500,000 in sales. If sales productivity were to rise or fall, the ratio of sales to salespeople would change.

THE SCATTER PLOT

A scatter plot shows graphically how two variables such as sales and your firm s staffing levels are related. If they are, then if you can forecast the business activity (like sales), you should also be able to estimate your personnel needs.

Forecasting the Supply of Inside Candidates

Knowing your staffing needs satisfies only half the staffing equation. Next, you have to estimate the likely supply of both inside and outside candidates. Most firms start with the inside candidates. The main task here is determining which current employees might be qualified for the projected openings. For this you need to know current employees skills sets their current qualifications. Sometimes its obvious how you have to proceed. When Google's founders wanted a replacement for CEO Eric Schmidt, they chose one of their own. Sometimes who to choose is not so obvious. Here, managers turn to qualifications (or skills) inventories. These contain data on employees performance records, educational background, and promotability. Whether manual or computerized, these help managers determine which employees are available for promotion or transfer.

MANUAL SYSTEMS AND REPLACEMENT CHARTS

Department managers or owners of smaller firms often use manual devices to track employee qualifications. Thus a personnel inventory and development record form compiles qualifications information on each employee. The information includes education, company-sponsored courses taken, career and development interests, languages, desired assignments, and skills. Personnel replacement charts are another option, particularly for the firm s top positions. They show the present performance and promotability for each position s potential replacement. As an alternative, you can develop a position replacement card. For this you create a card for each position, showing possible replacements as well as their present performance, promotion potential, and training.

COMPUTERIZED SKILLS INVENTORIES

Larger firms obviously can t track the qualifications of hundreds or thousands of employees manually. Larger employers therefore computerize this information, using various packaged software systems such as SurveyAnalytics s Skills Inventory Software. Such programs help management anticipate human resource

shortages, and facilitate making employment recruitment and training plans.12 Increasingly, they also link skills inventories with their other human resources systems. So, for instance, an employee s skills inventory might automatically update each time he or she is trained or appraised. The usual process is for the employee, the supervisor, and human resource manager to enter information about the employee s background, experience, and skills via the system. Then, when a manager needs a person for a position, he or she uses key words to describe the position s specifications (for instance, in terms of education and skills). The computerized system then produces a list of qualified candidates. Computerized skills inventory data typically include items like work experience codes, product knowledge, the employee's level of familiarity with the employer s product lines or services, the person s industry experience, and formal education.

Forecasting the Supply of Outside Candidates

If there won t be enough inside candidates to fill the anticipated openings (or you want to go outside for another reason), you will turn to outside candidates. Forecasting labor supply depends first on the manager s own sense of what s happening in his or her industry and locale. He or she will then supplement these observations with more formal labor market analyses, for instance, from the U.S. Bureau of Labor Statistics and from O*Net. For example, unemployment rates around 9% in the United States in 2011 signaled to HR managers that finding good candidates would be easier.

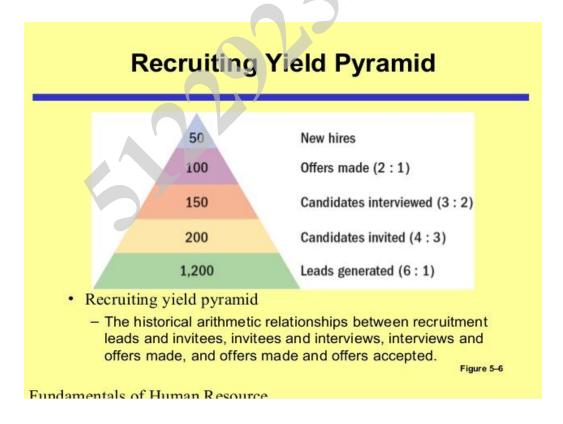
Developing an Action Plan to Match Projected Labor Supply and Labor Demand

Workforce planning should logically culminate in a workforce action plan. This lays out the employers projected workforce demand supply gaps, as well as

staffing plans for filling the necessary positions. The staffing plan should identify the positions to be filled, potential internal and external sources for these positions, the required training, development, and promotional activities moving people into the positions will entail, and the resources that implementing the staffing plan will require. Resources might include, for instance, advertising costs, recruiter fees, relocation costs, and travel and interview expenses.

The Recruiting Yield Pyramid

The manager should recognize that filling a relative handful of positions might require recruiting dozens or hundreds of candidates. Employers therefore use a staffing or recruiting yield pyramid as shown in the following Figure to gauge the dimensions of the staffing issues it needs to address.



THE NEED FOR EFFECTIVE RECRUITING

Assuming the company authorizes you to fill a position, the next step is to build up, through recruiting, an applicant pool. Employee recruiting means finding and/or attracting applicants for the employers open positions.

Why Recruiting Is Important?

Its hard to overemphasize the importance of effective recruiting. If only two candidates apply for two openings, you may have little choice but to hire them. But if 10 or 20 applicants appear, you can use techniques like interviews and tests to screen out all but the best. Even high unemployment doesn t necessarily mean that it is easy to find good candidates. For example, a survey during an earlier slowdown (2003 2004) found that about half of respondents said they had difficulty finding qualified applicants. About 40% said it was hard to find good candidates.23

What Makes Recruiting a Challenge?

Its easy to assume that recruiting is easy that all you need do is place a few ads on the Web. However, several things make it more complex.

- * First, some recruiting methods are superior to others, depending on the type of job for which you are recruiting.
- * Second, the success you have recruiting depends on nonrecruitment issues and policies. For example, paying 10% more than most firms in your locale should, other things being equal, help you build a bigger applicant pool faster.24
- * Third, employment law prescribes what you can and cannot do when recruiting.

Organizing How You Recruit

Should you centralize your firms recruitment efforts, or let each plant or office do their own recruiting? For many firms, its simply much easier to recruit centrally now that so much recruiting is on the Internet.26 The accountants

Deloitte & Touche Tohmatsu created a global recruitment site, thus eliminating the need to maintain 35 separate local recruiting Web sites.27 Retailer 7-Elevens site presents its worldwide job openings and lets prospective employees apply online.

THE SUPERVISOR S ROLE

The human resource manager charged with filling an open position is seldom very familiar with the job itself. Someone has to tell this person what the position really entails, and what key things to look or watch out for. Only the position s supervisor can do this.

The supervisor should therefore know what sorts of questions to expect, and here your knowledge of job analysis should serve you well. For example, in addition to what the job entails now and its job specifications, the recruiter might want to know about the supervisor's leadership style and about the work group is it a tough group to get along with, for instance?

INTERNAL SOURCES OF CANDIDATES

Recruiting typically brings to mind LinkedIn, employment agencies, and classified ads, but internal sources in other words, current employees or hiring from within are often the best source of candidates.

Using Internal Sources:

Pros and Cons Filling open positions with inside candidates has several advantages.

First, there is really no substitute for knowing a candidate s strengths and weaknesses, as you should after working with them for some time. Current employees may also be more committed to the company. Morale may rise if

employees see promotions as rewards for loyalty and competence. And inside candidates should require less orientation and (perhaps) training than outsiders.

However, hiring from within can also backfire. Employees who apply for jobs and don't get them may become discontented; telling them why you rejected them and what remedial actions they might take is crucial. And too often internal recruiting is a waste of time. Many employers require managers to post job openings and interview all inside candidates. Yet the manager often knows whom he or she wants to hire. Requiring him or her to interview a stream of unsuspecting inside candidates can be a waste of time for everyone. Inbreeding is another potential drawback. When all managers come up through the ranks, they may have a tendency to maintain the status quo, when a new direction is required.

Finding Internal Candidates

Hiring from within ideally relies on job posting and the firm s skills inventories. Job posting means publicizing the open job to employees (usually by literally posting it on company intranets or bulletin boards). These postings list the job s attributes, like qualifications, supervisor, work schedule, and pay rate.

Qualifications skills banks also play a role. For example, the database may reveal persons who have potential for further training or who have the right background for the open job.

Rehiring

Should you rehire someone who left your employ? It depends. On the plus side, former employees are known quantities (more or less) and are already familiar with how you do things. On the other hand, employees who you let go may return with negative attitudes. A 2009 survey found that about 26 percent of employers who had laid people off recently planned to bring some back.28 In any event, you can reduce the chance of adverse reactions. After employees have been back on

the job for awhile, credit them with the years of service they had accumulated before they left. In addition, inquire (before rehiring them) about what they did during the layoff and how they feel about returning: You don't want someone coming back who feels they ve been mistreated, said one manager.

Succession Planning

Hiring from within is particularly important when it involves filling the employer s top positions. Doing so requires succession planning the ongoing process of systematically identifying, assessing, and developing organizational leadership to enhance performance.30 About 36% of employers have formal succession planning programs.31 As in IBM s search to eventually replace its CEO (outlined earlier in this chapter), succession planning should conform to basic talent management practices. In particular, the key is to profile the competencies that the firm s evolving strategy will require the new CEO to have; then use that profile to formulate an integrated development/appraisal/selection package for potential candidates. Succession planning entails three steps: identify key needs, develop inside candidates, and assess and choose those who will fill the key positions.

OUTSIDE SOURCES OF CANDIDATES

Firms can t always get all the employees they need from their current staff, and sometimes they just don t want to. We ll look at the sources firms use to find outside candidates next.

Recruiting via the Internet

For most employers and for most jobs, Internet-based recruiting is by far the recruiting source of choice.39 For example, restaurant chain The Cheesecake Factory gets about a third of its management applicants via the Web. Most employers recruit through their own Web sites, or use job boards.

OTHER ONLINE RECRUITING PRACTICES

Again, in moving away from major job boards such as careerbuilder.com, recruiters are also seeking passive candidates (people not actively looking for jobs) by using social networking sites such as LinkedIn to find potential candidates.42 One Massachusetts staffing firm uses its Facebook and LinkedIn pages to announce openings. Other firms use Twitter to announce job openings to jobseekers who subscribe to their Twitter feeds.43 ResumePal, from the career site JobFox (www.jobfox.com/), is a recent recruiting innovation. ResumePal is an online standard universal job application. Jobseekers submit it to participating employers, who can then use the standardized application s keywords to identify viable candidates more easily.44 McDonald's Corp. posted a series of employee testimonials on social networking sites like Second Life as a way to attract applicants.45 Other employers simply screen through job boards résumé listings.46 Sites such as Linkedin facilitate developing personal relationships for networking and employee referrals.47 Accountants Deloitte & Touche asked employees to make short videos describing their experiences with Deloitte. It then took the 14 best (of 400 submitted) and posted them on YouTube.48 Monster has a video product that helps employers integrate streaming video into their job postings.49 Facebook makes it easy to start a company networking site, which many employers use for recruiting purposes.50 McDonald s posted employee testimonials on networking sites like Second Life as a way to attract applicants.

Advertising

While Web-based recruiting is replacing help wanted ads, a glance at almost any paper or business or professional magazine will confirm that print ads are still popular. To use help wanted ads successfully, employers should address two issues: the advertising medium and the ad s construction.

THE MEDIA

The best medium the local paper, the Wall Street Journal, the Web (or some other) depends on the positions for which you re recruiting. For example, the local newspaper is often a good source for local blue-collar help, clerical employees, and lower-level administrative employees. On the other hand, if recruiting for workers with special skills, such as furniture finishers, you d probably want to advertise in places with many furniture manufacturers, such as the Carolinas, even if your plant is in Tennessee. The point is to target your ads where they ll reach your prospective employees.

CONSTRUCTING (WRITING)

THE AD Experienced advertisers use the guide AIDA (attention, interest, desire, action) to construct ads. Of course, you must attract attention to the ad, or readers may just miss or ignore it. Figure 5-9 shows an ad from one classified section. Why does this ad attract attention? The phrase next key player certainly helps. Employers usually advertise key positions in display ads like this.

Next, develop interest in the job. You can create interest with lines such as are you looking to make an impact? or use other aspects of the job, such as its location.

Create desire by spotlighting words such as travel or challenge. As an example, having a graduate school nearby may appeal to engineers and professional people.

Finally, the ad should prompt action with a statement like call today. (Of course, the ad should also comply with equal employment laws, avoiding features like man wanted.)

More information is usually better than less. Job applicants view ads with more specific job information as more attractive and more credible.71

If the job has big drawbacks, then (depending on your risk preferences) consider a realistic ad. When the New York City Administration for Children's Services was having problems with employee retention, it began using these ads: Wanted: men and women willing to walk into strange buildings in dangerous neighborhoods, [and] be screamed at by unhinged individuals. . . . Realism reduces applicants, but improves employee retention.72

Employment Agencies

There are three main types of employment agencies: (1) public agencies operated by federal, state, or local governments; (2) agencies associated with nonprofit organizations; and (3) privately owned agencies.

Offshoring and Outsourcing Jobs

Outsourcing and offshoring are perhaps the most extreme examples of alternative staffing. Rather than bringing people in to do the company s jobs, outsourcing and offshoring send the jobs out. Outsourcing means having outside vendors supply services (such as benefits management, market research, or manufacturing) that the company s own employees previously did in-house. Offshoring is a narrower term. It means having outside vendors or employees abroad supply services that the company s own employees previously did in-house. Outsourcing and offshoring are both contentious. Particularly in challenging economic times, employees, unions, legislators, and even many business owners feel that shipping jobs out (particularly overseas) is ill-advised. That notwithstanding, employers are sending more jobs out, and not just blue-collar jobs. For example, GE s transportation division announced that it was shifting 17 mid-level drafting jobs from Pennsylvania to India.85 Sending out jobs, particularly overseas, presents employers with some special challenges. One

is the potential for political tension in countries such as India. Others include the likelihood of cultural misunderstandings (such as between your homebased customers and the employees abroad); security and information privacy concerns; the need to deal with foreign contract, liability, and legal systems issues; and the fact that the offshore employees need special training (for instance, in using pseudonyms like Jim without discomfort). Rising overseas wages, higher oil prices, and quality issues are prompting more U.S. employers to bring their jobs back home.86 The bottom line is that neither outsourcing nor offshoring always brings all the savings one would have hoped for, and both require careful consideration of human resource issues.

Executive Recruiters

Executive recruiters (also known as headhunters) are special employment agencies employers retain to seek out top-management talent for their clients. The percentage of your firms positions filled by these services might be small. However, these jobs include key executive and technical positions. For executive positions, headhunters may be your only source of candidates. The employer always pays the fees. There are two types of executive recruiters contingent and retained. Members of the Association of Executive Search Consultants usually focus on executive positions paying \$150,000 or more, and on retained executive search. They are paid regardless of whether the employer hires the executive through the search firm s efforts. Contingency-based recruiters tend to handle junior- to middle-level management job searches in the \$50,000 to \$150,000 range. Whether retained or contingent, fees are beginning to drop from the usual 30% or more of the executive s first-year pay.87 Top recruiters (all retained) include Heidrick and Struggles, Egon Zehnder International, Russell Reynolds, and Spencer Stuart.88 Executive recruiters are using more technology and becoming more specialized. The challenging part of recruiting has always been finding potential candidates to find, say, a sales manager with experience in chemical engineered products. Not surprisingly, Internet-based databases now dramatically speed up such searches. Executive recruiters are also becoming more specialized. The large ones are creating new businesses aimed at specialized functions (such as sales) or industries (such as oil products). So, its advisable to look first for one that specializes in your field.

College Recruiting

College recruiting sending an employer s representatives to college campuses to prescreen applicants and create an applicant pool from the graduating class is an important source of management trainees and professional and technical employees. One study several years ago concluded, for instance, that new college graduates filled about 38% of all externally filled jobs requiring a college degree.93 The problem is that on-campus recruiting is expensive and timeconsuming. Schedules must be set well in advance, company brochures printed, interview records kept, and much time spent on campus. And recruiters themselves are sometimes ineffective. Some recruiters are unprepared, show little interest in the candidate, and act superior. Many don t screen candidates effectively. Employers need to train recruiters in how to interview candidates, how to explain what the company has to offer, and how to put candidates at ease. And even more than usual, the recruiter needs to be personable and preferably have a history of attracting good candidates.94 GE hires 800 to 1,000 students each year from about 40 schools, and uses teams of employees and interns to build GE s brand at each school. Similarly, IBM has 10 recruiting staff who focus on improving the results of IBM s on-campus recruiting efforts.

Referrals and Walk-Ins

Employee referral campaigns are an important recruiting option. Here the employer posts announcements of openings and requests for referrals on its Web site, bulletin, and/or wallboards. It often offers prizes or cash awards for referrals

that lead to hiring. For example, health care giant Kaiser Permanente says, Our employee referral program encourages you to introduce your talented friends, family members, or former colleagues to career opportunities at Kaiser Permanente. Referring someone for one of its award-eligible positions can produces bonuses of \$3,000 or more.101 The Container Store uses a successful variant of the employee referral campaign. They train their employees to recruit new employees from among the firm s customers.

WALK-INS

Particularly for hourly workers, walk-ins direct applications made at your office are a big source of applicants. From a practical point of view, simply posting a Help Wanted sign outside the door may be the most cost-effective way of attracting good local applicants. Treat walk-ins courteously and diplomatically, for both the employer s community reputation and the applicant s self-esteem. Many employers give every walk-in a brief interview, even if it is only to get information on the applicant in case a position should be open in the future. Particularly in challenging times, you ll also receive many unsolicited application letters from professional and white-collar applicants. These can be good sources of leads. Good business practice requires answering all letters of inquiry from applicants promptly and courteously.

Chapter 4
Employee
Testing
and Selection

Chapter 4

Employee Testing and Selection

WHY CAREFUL SELECTION IS IMPORTANT

Once you review your applicants résumés, the next step is selecting the best candidates for the job. This usually means whittling down the applicant pool by using the screening tools we cover in this chapter: tests, assessment centers, and background and reference checks. Then the supervisor can interview likely candidates and decide whom to hire. Nothing you do at work is more important than hiring the right employees. It is important for three main reasons: performance, costs, and legal obligations.

PERFORMANCE

First, your own performance always depends on your subordinates.

Employees with the right skills will do a better job for you and the company.

Employees without these skills or who are abrasive or obstructionist won t perform effectively, and your own performance and the firms will suffer. The time to screen out undesirables is before they are in the door, not after.

COST

Second, it is important because it s costly to recruit and hire employees.

Hiring and training even a clerk can cost \$5,000 or more in fees and supervisory time.

The total cost of hiring a manager could easily be 10 times as high once you add search fees, interviewing time, reference checking, and travel and moving expenses.

LEGAL OBLIGATIONS

Third, it s important because mismanaging hiring has legal consequences. For one thing, equal employment laws require nondiscriminatory selection procedures. Furthermore, someone can sue an employer for *negligent hiring*.

Negligent hiring means hiring employees with criminal records or other problems who then use access to customers homes (or similar opportunities) to commit crimes. 4 In one case, *Ponticas v. K.M.S. Investments*, an apartment manager with a passkey entered a woman s apartment and assaulted her.

The court found the apartment complex s owner negligent for not checking the manager s background properly.

Person and Job/Organization Fit

The main aim of employee selection is to achieve person-job fit. *Person-job fit* refers to matching (1) the knowledge, skills, abilities (KSAs), and competencies that are central to performing the job (as determined by job analysis) with (2) the prospective employee s knowledge, skills, abilities, and competencies. The aim is to achieve a match.

However, a candidate might be right for a job, but wrong for the organization.

For example, a highly experienced airline pilot might do well at American Airlines but perhaps not as well at Southwest, where the organizational values require that all employees help get the plane turned around fast, even if that means helping with baggage handling. Thus, while person-job fit is usually the main consideration in selection, employers should care about *person-organization fit* as well. The accompanying Strategic Context feature illustrates this.

BASIC TESTING CONCEPTS

A test is one popular selection tool. A test is basically a sample of a persons behavior.

Using a test (or any selection tool) assumes the tool is both reliable and valid. Few things illustrate evidence-based HR the deliberate use of the best-available evidence in making decisions about the human resource management practices you are focusing on as do checking for **reliability** and **validity**.

Reliability

Reliability is a test s first requirement and refers to its consistency: A reliable test is one that yields consistent scores when a person takes two alternate forms of the test or when he or she takes the same test on two or more different occasions. Reliability is very important. If a person scores 90 on an intelligence test on a Monday and 130 when retested on Tuesday, you probably wouldn't have much faith in the test.

You can measure reliability in several ways. One is to administer a test to a group of people one day, readminister the same test several days later to the same group, and then correlate the first set of scores with the second (*test-retest reliability estimates*.)

Or you could administer a test and then administer what experts believe to be an equivalent test later; this would be an *equivalent or alternate form estimate*. The Scholastic Assessment Test (SAT) is an example. Or, compare the test taker's answers to certain questions on the test with his or her answers to a

separate set of questions on the same test aimed at measuring the same thing. For example, a psychologist includes 10 items on a test believing that they all measure interest in working outdoors. You administer the test and then statistically analyze the degree to which responses to these 10 items vary together. This is an *internal comparison estimate*. (Internal comparison is one reason that you find apparently repetitive questions on some test questionnaires.)

Many things cause a test to be unreliable. These include physical conditions (quiet tests conditions one day, noisy the next), differences in the test-taker (healthy one day, sick the next), and differences in the person administering the test (courteous one day, curt the next).

Because measuring reliability generally involves comparing two measures that assess the same thing, it is typical to judge a test s reliability in terms of a *reliability coefficient*. This basically shows the degree to which the two measures (say, test score one day and test score the next day) are correlated.

Validity

Reliability, while indispensable, only tells you that the test is measuring something consistently. It does not prove that you are measuring what you intend to measure.

A mismanufactured 33-inch yardstick will consistently tell you that 33-inch boards are 33 inches long. Unfortunately, if what you re looking for is a board that is 1 yard long, then your 33-inch yardstick, though reliable, is misleading you by 3 inches.

What you need is a valid yardstick. *Validity* tells you whether the test (or yardstick)is measuring what you think it s supposed to be measuring.

A test, as we said, is a sample of a person s behavior, but some tests are more clearly representative of the behavior being sampled than others. A typing test, for example, clearly corresponds to an on-the-job behavior. At the other extreme, there may be no apparent relationship between the items on the test andthe

behavior. This is the case with projective personality tests. Thus, in the Rorschach Test sample in Figure 6-2, the psychologist asks the person to explain how he or she interprets an ambiguous picture. The psychologist uses that interpretation to draw conclusions about the person s personality and behavior. In suchtests, it is more difficult to prove that the tests are measuring what they are said to measure, in this case, some trait of the person s personality in other words, thatthey re valid.

TEST VALIDITY

Test validity answers the question Does this test measure what it s supposed to measure? Put another way, *validity* refers to the correctness of the inferences that we can make based on the test. For example, if Jane s scores on mechanical comprehension tests are higher than Jims, can we be sure that Jane possesses more mechanical comprehension than Jim?

With employee selection tests, *validity* often refers to evidence that the test is job related in other words, that performance on the test accurately predicts subsequent performance on the job.

A selection test must be valid since, without proof of validity, there is no logical or legally permissible reason to continue using it to screen job applicants. You would not be too comfortable taking the GRE if you didn t think that your score on the GRE predicted, in some valid way, your likely performance in graduate school. Equal employment law (as we explained in Chapter 2) requires valid tests. In employment testing, there are two main ways to demonstrate a test s validity: criterion validity and content validity. A third option is construct validity.

CRITERION VALIDITY

Criterion validity involves demonstrating statistically a relationship between scores on a selection procedure and job performance of a sample of workers. For example, it means demonstrating that those who do well on the test also do well on the job, and that those who do poorly on the test do poorly on the job. The test

has validity to the extent that the people with higher test scores perform better on the job. In psychological measurement, a *predictor* is the measurement (in this case, the test score) that you are trying to relate to a *criterion*, such as performance on the job. The term *criterion validity* reflects that terminology.

CONTENT VALIDITY

Content validity is a demonstration that the content of a selection procedure is representative of important aspects of performance on the job. For example, employers may demonstrate the *content validity* of a test by showing that the test constitutes a fair sample of the job s content. The basic procedure here is to identify job tasks that are critical to performance, and then randomly select a sample of those tasks to test. In selecting students for dental school, many schools give applicants chunks of chalk, and ask them to carve something that looks like a tooth. If the content you choose for the test is a representative sample of what the person needs to know for the job, then the test is probably content valid. Clumsy dental students need not apply.

CONSTRUCT VALIDITY

Construct validity means demonstrating that (1) a selection procedure measures a construct (an abstract idea such as morale or honesty) and (2) that the construct is important for successful job performance.

TYPES OF TESTS

We can conveniently classify tests according to whether they measure cognitive (mental) abilities, motor and physical abilities, personality and interests, or achievement. We ll look at each.

Tests of Cognitive Abilities

Cognitive tests include tests of general reasoning ability (intelligence) and tests of specific mental abilities like memory and inductive reasoning.

INTELLIGENCE TESTS

Intelligence (IQ) tests are tests of general intellectual abilities.

They measure not a single trait but rather a range of abilities, including memory, vocabulary, verbal fluency, and numerical ability. An adult s IQ score is a derived score. It reflects the extent to which the person is above or below the average adult s intelligence score.

Intelligence is often measured with individually administered tests like the Stanford-Binet Test or the Wechsler Test. Employers can administer other IQ tests such as the Wonderlic to groups of people. Other intelligence tests include the Kaufman Adolescent and Adult Intelligence Test, the Slosson Intelligence Test, and the Comprehensive Test of Nonverbal Intelligence. In a study of firefighter trainees performance over 23 years, the researchers found that testing consisting of a measure of general intellectual ability and a physical ability assessment was highly predictive of firefighter trainee performance.

SPECIFIC COGNITIVE ABILITIES

There are also measures of specific mental abilities, such as deductive reasoning, verbal comprehension, memory, and numerical ability.

Psychologists often call such tests *aptitude tests*, since they purport to measure aptitude for the job in question.

This may reflect a person s aptitude for jobs like that of machinist or engineer that require mechanical comprehension. Other tests of mechanical aptitude include the Mechanical Reasoning Test and the SRA Test of Mechanical Aptitude. The revised Minnesota Paper Form Board Test consists of 64 two-dimensional diagrams cut into separate pieces. It provides insights into an applicant s mechanical spatial ability; you d use it for screening applicants for jobs such as designers, draftspeople, or engineers.

Tests of Motor and Physical Abilities You might also want to measure motor abilities, such as finger dexterity, manual dexterity, and (if hiring pilots) reaction time. The Crawford Small Parts Dexterity Test is an example. It measures the speed and accuracy of simple judgment as well as the speed of

finger, hand, and arm movements. Other tests include the Stromberg Dexterity Test, the Minnesota Rate of Manipulation Test, and the Purdue Peg Board.

Tests of physical abilities may also be required. These include static strength (such as lifting weights), dynamic strength (like pull-ups), body coordination (as in jumping rope), and stamina. Thus applicants for the U.S. Marines must pass its Initial Strength Test (2 pull ups, 35 sit-ups, and a 1.5 mile run).

Measuring Personality and Interests A persons cognitive and physical abilities alone seldom explain his or her job performance.

Other factors, like motivation and interpersonal skills, are very important. As one consultant put it, most people are hired based on qualifications, but most are fired for nonperformance. And nonperformance is usually the result of personal characteristics, such as attitude, motivation, and especially, temperament. Even some online dating services, like eHarmony.com, have prospective members take online personality tests and reject those who its software judges as unmatchable.

WHAT DO PERSONALITY TESTS MEASURE?

Personality tests measure basic aspects of an applicant s personality, such as introversion, stability, and motivation.

Achievement Tests

Achievement tests measure what someone has learned. Most of the tests you take in school are achievement tests. They measure your job knowledge in areas like economics,marketing, or human resources. Achievement tests are also popular at work.

For example, the Purdue Test for Machinists and Machine Operators tests the job knowledge of experienced machinists with questions like What is meant by tolerance? Some achievement tests measure the applicant's abilities; a typing test is one example.

Situational Judgment Tests

Situational judgment tests are personnel tests designed to assess an applicant s judgment regarding a situation encountered in the workplace. As an example, You arefacing a project deadline and are concerned that you may not complete the project by the time it is due. It is very important to your supervisor that you complete a project by the deadline. It is not possible to get anyone to help you with the work.

- **a.** Ask for an extension of the deadline
- **b.** Let the supervisor know that you may not meet the deadline
- **c.** Work as many hours it as it takes to get the job done by the deadline
- **d.** Explore different ways to do the work so it can be completed by the deadline
- e. On the date it is due, hand in what you have done so far
- **f.** Do the most critical parts of the project by the deadline and complete the remaining parts after the deadline
- **g.** Tell your supervisor that the deadline is unreasonable
- **h.** Give your supervisor an update and express your concern about your ability to complete the project by the deadline
- i. Quit your job Situational judgment tests are effective and widely used.65

Management Assessment Centers

A management assessment center is a 2- to 3-day simulation in which 10 to 12 candidates perform realistic management tasks (like making presentations) under the observation of experts who appraise each candidate s leadership potential. The center itself may be a simple conference room, but more likely a special room with a one-way mirror to facilitate observation. Many firms use assessment

centers. For example, The Cheesecake Factory created its Professional Assessment and Development Center to help select promotable managers. Candidates spend 2 days of exercises, simulations, and classroom learning to see if they have the skills for key management positions.

Typical simulated tasks include:

- * The in-basket. This exercise confronts the candidate with an accumulation of reports, memos, notes of incoming phone calls, letters, and other materials collected in the actual or computerized in-basket of the simulated job he or she is about to start. The candidate must take appropriate action on each item. Trainedevaluators then review the candidate s efforts.
- * Leaderless group discussion. Trainers give a leaderless group a discussion question

and tell members to arrive at a group decision. They then evaluate each group member s interpersonal skills, acceptance by the group, leadership ability, and individual influence.

- * Management games. Participants solve realistic problems as members of simulated companies competing in a marketplace.
- * **Individual presentations.** Here trainers evaluate each participant s communication skills and persuasiveness by having each make an assigned oral presentation.
- * **Objective tests.** An assessment center typically includes tests of personality,mental ability, interests, and achievements.
- * **The interview.** Most also require an interview between at least one trainer and each participant, to assess the latter s interests, past performance, and motivation. Supervisor recommendations usually play a big role in choosing center participants.

Line managers usually act as assessors and typically arrive at their ratings through consensus.

EFFECTIVENESS

Most experts view assessment centers as effective for selecting management candidates, but are they worth their cost? They are expensive to develop, take much longer than conventional tests, require managers acting as assessors, and often require psychologists. However, studies suggest they are worth it. One study of 40 police candidates found that: Assessment center performance shows a unique and substantial contribution to the prediction of future police work success, justifying the usage of such method. In this study, peers evaluations of candidates during the center proved especially useful.

Situational Testing and Video-Based Situational Testing

Situational tests require examinees to respond to situations representative of the job.

Work sampling (discussed earlier) and some assessment center tasks (such as inbaskets) fall in this category. So do video-based tests and miniature job training (described next), and the situational interviews.

The video-based simulation presents the candidate with several online or

PC-based video situations, each followed by one or more multiple-choice questions.

For example, the scenario might depict an employee handling a situation on the job.

At a critical moment, the scenario ends and the video asks the candidate to choose from several courses of action.

Computerized Multimedia Candidate Assessment Tools

Employers increasingly use computerized multimedia candidate assessment tools.

Development Dimensions International developed a multimedia skill test that Ford Motor Company uses for hiring assembly workers. The company can test everything from how people tighten the ball, to whether they followed a certain procedure correctly, to using a weight-sensitive mat on the floor that, when stepped on at the wrong time, will mark a candidate down in a safety category.

BACKGROUND INVESTIGATIONS AND OTHER

SELECTION METHODS

Testing is only part of an employer s selection process. Other tools may include background investigations and reference checks, preemployment information services, honesty testing, graphology, and substance abuse screening.

One of the easiest ways to avoid hiring mistakes is to check the candidate s

Why Perform Background Investigations and Reference Checks?

background thoroughly. Doing so is cheap and (if done right) useful. There s usually no reason why even supervisors in large companies can t check the references of someone they re about to hire, as long as they know the rules. employers therefore check and verify the job applicant s backgroundinformation and references. In one survey of about 700 human resource managers, 87% said they conduct reference checks, 69% conduct background employment checks, 61% check employee criminal records, 56% check employees driving records, and 35% sometimes or always check credit. Commonly verified data include legal eligibility for employment (in compliance with immigration laws), dates of prior employment, military service (including discharge status), education, identification (including date of birth and address to confirm identity), county criminal records (current residence, last residence), motor vehicle record, credit, licensing verification, Social Security number, and reference checks. Some employers are checking executive candidates civil litigation records, with the candidate s prior approval.79 As of 2010, Massachusetts and Hawaii prohibit private employers from asking about criminal records on initial written applications.

Chapter 5
Interviewing
Candidates

Chapter 5

Interviewing Candidates

BASIC TYPES OF INTERVIEWS

An interview is more than a discussion. An *interview* is a procedure designed to obtain information from a person through oral responses to oral inquiries. Employers use several interviews at work, such as performance appraisal interviews and exit interviews.

A *selection interview* (the focus of this chapter) is a selection procedure designed to predict future job performance based on applicants oral responses to oral inquiries.

Many techniques in this chapter apply to appraisal and exit interviews.

Interviewing should support the employer s strategic aims, as the accompanying Strategic Context feature illustrates.

We can classify selection interviews according to

- **1.** How *structured* they are
- 2. Their content the types of questions they contain
- **3.** How the firm *administers* the interviews

Let s look at each.

Structured Versus Unstructured Interviews

First, most interviews vary in the degree to which the interviewer structures or standardizes the interview process.5 You ve almost certainly seen that some interviews are more structured or methodical than others. In **unstructured** (**or nondirective**) **interviews**, the manager follows no set format. A few questions might be specified in advance, but they re usually not, and there is seldom a formal guide for scoring rightor wrong answers. This type of interview could even

be described as little more than a general conversation.6Most selection interviews probably fall in this category.

At the other extreme, in **structured** (**or directive**) **interviews**, the employer lists the questions ahead of time, and may even list and score possible answers for appropriateness. McMurray s Patterned Interview was one early example. The interviewer followed a printed form to ask a series of questions, such as How was the person s present job obtained? Comments printed beneath the questions (such as Has he/she shown self-reliance in getting his/her jobs?) then guide the interviewer in evaluating the answers. Some experts still restrict the term structured interview to interviews like these, which are based on carefully selected job-oriented questions with predetermined answers.

But in practice, interview structure is a matter of degree. Sometimes the manager may just want to ensure he or she has a standard set of questions to ask so as to avoid skipping any questions.

WHICH TO USE?

Structured interviews are generally superior. In structured interviews, all interviewers generally ask all applicants the same questions. Partly because of this, these interviews tend to be more reliable and valid. Structured interviews can also help less talented interviewers conduct better interviews. Standardizing the interview also increases consistency across candidates, enhances job relatedness, reduces overall subjectivity and thus the potential for bias, and may enhance the ability to withstand legal challenge.

Interview Content (What Types of Questions to Ask)

We can also classify interviews based on the content or the types of questions you ask.

Many (probably most) interviewers tend to ask relatively unfocused questions. These might include What are your main strengths and weaknesses? and What do you want to be doing 5 years from now? Generally, questions like these don t

provide much insight into how the person will do on the job. At work, *situational*, *behavioral*, and *job-related* questions are most important.

SITUATIONAL QUESTIONS

In a **situational interview**, you ask the candidate what his or her behavior *would* be in a given situation. For example, you might ask a supervisory candidate how he or she would act in response to a subordinate coming to work late 3 days in a row.

BEHAVIORAL QUESTIONS

Whereas situational interviews ask applicants to describe how they would react to a hypothetical situation today or tomorrow, **behavioral interviews** ask applicants to describe *how they reacted* to actual situations in the past.

For example, when Citizens Banking Corporation in Flint, Michigan, found that 31 of the 50 people in its call center quit in one year, Cynthia Wilson, the center s head, switched to behavioral interviews. Many of those who left did so because they didn t enjoy fielding questions from occasionally irate clients. So Wilson no longer tries to predict how candidates will act based on asking them if they want to work with angry clients. Instead, she asks behavioral questions like, Tell me about a time you were speaking with an irate person, and how you turned the situation around. Wilson says this makes it much harder to fool the interviewer, and, indeed, only four people left her center in the following year. In summary, *situational* questions start with phrases such as, Suppose you were faced with the following situation . . . What would you do?

Behavioral questions start with phrases like, Can you think of a time when . . . What did you do? More employers today are using (or planning to use) behavioral interviews.

OTHER TYPES OF QUESTIONS:

In a **job-related interview**, the interviewer asks applicants questions about relevant past experiences. The questions here don't revolve around hypothetical or actual situations or scenarios. Instead, the interviewer asks job-related questions such as, Which courses did you like best in business school? The aim is to draw conclusions about, say, the candidate s ability to handle the financial aspects of the job the employer seeks to fill.

There are other, lesser-used types of questions. In a **stress interview**, the interviewer seeks to make the applicant uncomfortable with occasionally rude questions. The aim is supposedly to spot sensitive applicants and those with low (or high) stress tolerance. Thus, a candidate for a customer relations manager positionwho obligingly mentions having had four jobs in the past 2 years might be told that frequent job changes reflect irresponsible and immature behavior. If the applicant then responds with a reasonable explanation of why the job changes were necessary, the interviewer might pursue another topic. On the other hand, if the formerly tranquil applicant reacts explosively with anger and disbelief, the interviewer might deduce that the person has a low tolerance for stress.

Stress interviews may help unearth hypersensitive applicants who might overreact to mild criticism with anger and abuse. However, the stress interview s invasive and ethically questionable nature demands that the interviewer be both skilled in its use and sure the job really calls for a thick skin and an ability to handle stress. This is definitely not an approach for amateur interrogators or for those without the skills to keep the interview under control.

Puzzle questions are popular. Recruiters like to use them to see how candidatesthink under pressure. For example, an interviewer at Microsoft asked a tech serviceapplicant this: Mike and Todd have \$21 between them. Mike has

\$20 more than Todd does. How much money has Mike, and how much money has Todd? 16 (You II findthe answer two paragraphs below.)

How Should We Administer the Interview?

Employers also administer interviews in various ways: *one-on-one or by a panel of interviewers, sequentially or all at once*, and *computerized or personally*.

Most selection interviews are *one-on-one* and *sequential*. In a one-on-one interview, two people meet alone, and one interviews the other by seeking oral responses to oral inquiries. Employers tend to schedule these interviews *sequentially*. In a *sequential (or serial) interview*, several persons interview the applicant, in sequence, one-on-one, and then make their hiring decision. In an **unstructured sequential interview**, each interviewer generally just asks questions as they come to mind. In a **structured sequential interview**, each interviewer rates the candidates on a standard evaluation form, using standardized questions. The hiring manager then reviews and compares the evaluations before deciding whom to hire. (Answer: Mike had \$20.50, Todd \$.50.)

PANEL INTERVIEWS A **panel interview**, also known as a board interview, is an interview conducted by a team of interviewers (usually two to three), who together interview each candidate and then combine their ratings into a final panel score.

This contrasts with the *one-on-one interview* (in which one interviewer meets one candidate) and a *serial interview* (where several interviewers assess a single candidateone-on-one, sequentially).

The panel format enables interviewers to ask follow-up questions, much as reporters do in press conferences. This may elicit more meaningful responses than are normally produced by a series of one-on-one interviews. On the other hand, somecandidates find panel interviews more stressful, so they may actually inhibit responses. (An even more stressful variant is the **mass interview**. Here a panel

interviews several candidates simultaneously. The panel poses a problem, and then watches to see which candidate takes the lead in formulating an answer.)

It s not clear whether as a rule panel interviews are more or less reliable and valid than sequential interviews, because how the employer actually does the panel interview determines this. For example, *structured* panel interviews in which members use scoring sheets with descriptive scoring examples for sample answers are more reliable and valid than those that don t. And, training the panel interviewers may boost the interview s reliability.

PHONE INTERVIEWS

Employers do some interviews entirely by *telephone*. These can actually be more accurate than face-to-face interviews for judging an applicant s conscientiousness, intelligence, and interpersonal skills. Here, neither party need worry about things like appearance or handshakes, so each can focus on substantive answers. Or perhaps candidates somewhat surprised by an unexpected call from the recruiter justgive answers that are more spontaneous (although more confident interviewees do better, of course .)

In a typical study, interviewers tended to evaluate applicants more favorably in telephone versus face-to-face interviews, particularly where the interviewees were less physically attractive. However, the interviewers came to about the same conclusions regarding the interviewees whether the interview was face-to-face or by *videoconference*. The applicants themselves preferred the face-to-face interviews.

VIDEO/WEB-ASSISTED INTERVIEWS Firms have long used the Web to do selection interviews (particularly the initial, prescreening interviews). With iPadtype video functionalities and the widespread use of Skype, their use is growing. For instance, Cisco Systems, Inc., recruiters conduct preliminary interviews online.

Applicants use their own camera-supported PC or iPads (or go to a local FedEx Office or similar business). Then, at the appointed time, they link to Cisco via

Web video for the prescreening interview. Naturally, such video interviews reduce travel and recruiting expenses. Job interviewing apps are available through Apple s App Store.

One is from *Martin s iPhone Apps*. For people seeking technical jobs, this app includes hundreds of potential interview questions, such as Brain Teasers, Algorithms, C/C++, and Personal.

Having a Skype job interview doesn t require special preparations for the employer, but Career FAQs (www.careerfaqs.com.au) says there are things that interviewees should keep in mind. Many of these may seem obvious. However, it soften the obvious things people overlook (for more on how to take interviews.

- * Make sure you look presentable. You might feel silly sitting at home wearing a suit, but it could make all the difference.
- * Clean up the room. Whether the interview is from your own home or a busy office environment, the interviewer does not want to see you sitting in front of a pile of junk.
- * **Test first.** As Career FAQs says, Five minutes before the video interview is not a good time to realize that your Internet is down, Skype isn t working, or your pet rabbit has chewed through the microphone cord.
- * **Do a dry run.** Try recording yourself before the interview to try answering some imaginary questions.
- * **Relax.** The golden rule with a Skype interview is to treat it like any other face-to-face meeting. There is a real person on the other end of the call, so treat them like one.

Smile, look confident and enthusiastic, try to make eye contact, and don t shout, but do speak clearly.

COMPUTERIZED INTERVIEWS

A computerized selection interview is one in which a job candidate s oral and/or computerized replies are obtained in response to computerized oral, visual, or

written questions and/or situations. Most computerized interviews present the applicant with a series of questions regarding his or her background, experience, education, skills, knowledge, and work attitudes that relate to the job for which the person has applied. Some (video-based) computerized interviews also confront candidates with realistic scenarios (such as irate customers) to which they must respond. Such interviews are most often taken online.

Typical computerized interviews present questions in a multiple-choice format, one at a time. The applicant has to respond to the questions on the screen by pressing a key. A sample interview question for a person applying for a job as a retail store clerk might be:

How would your supervisor rate your customer service skills?

- **a.** Outstanding
- **b.** Above average
- **c.** Average
- d. Below average
- **e.** Poor25

Questions on computerized interviews come in rapid sequence and require the applicant to concentrate. The typical computerized interview program measures the response time to each question. A delay in answering certain questions such as Can you be trusted? flags a potential problem. The accompanying HR as a Profit Center feature illustrates the bottom line impact such systems can have.

Three Ways to Make the Interview Useful Interviews hold an ironic place in the hiring process: Everyone uses them, but they re generally not particularly valid. The knack is in doing them properly. If you do, then the interview is generally a good predictor of performance and is comparable with many other selection techniques. 30 There are three things to keep in mind.

USE STRUCTURED SITUATIONAL INTERVIEWS

First, structure the interview.

Structured interviews (particularly structured interviews using situational questions) are more valid than unstructured interviews for predicting job performance. They are more valid partly because they are more reliable for example, the same interviewer administers the interview more consistently from candidate to candidate. Situational interviews yield a higher mean validity than do job-related (or behavioral) interviews, which in turn yield a higher mean validity than do psychological interviews (which focus more on motives and interests).

CAREFULLY SELECT TRAITS TO ASSESS

Interviews are better for revealing some traits than others. A typical study illustrates this. Interviewers were able to size up the interviewee s extraversion and agreeableness. What they could *not* assess accurately were the traits that often matter most on jobs like conscientiousness and emotional stability. The implication seems to be, don t focus (as many do) on hard-to-assess traits like conscientiousness. Limit yourself mostly to situational and job knowledge questions that help you assess how the candidate will actually respond to typical situations on that job.We ll explain how to do this later in the chapter.

BEWARE OF COMMITTING INTERVIEWING ERRORS

Third, understand and avoid the *various errors that can undermine* any interviews usefulness. We turn to these next.

First Impressions (Snap Judgments)Perhaps the most consistent finding is that interviewers tend to jump to conclusions make snap judgments about candidates during the first few minutes of the interview (or even before the interview starts, based on test scores or résumé data). One researcher estimates that in 85% of the cases, interviewers had made up their minds before the interview even began,

based on first impressions the interviewers gleaned from candidates applications and personal appearance.36 In one typical study, giving interviewers the candidates test scores biased the ultimate assessment of the candidates.

In another study, interviewers judged candidates who they were told formerly suffered from depression or substance abuse more negatively.

First impressions are especially damaging when the prior information about the candidate is negative. In one study, interviewers who previously received unfavorable reference letters about applicants gave those applicants less credit for past successes and held them more personally responsible for past failures after the interview. And the interviewers final decisions (to accept or reject those applicants) always reflected what they expected of the applicants based on the references, quite aside from the applicants actual interview performance.

Add to this two more interviewing facts. First, interviewers are more influenced by unfavorable than favorable information about the candidate. Second, their impressions are much more likely to change from favorable to unfavorable than from unfavorable to favorable. Indeed, many interviewers really search more for negative information, often without realizing it.

The bottom line is that most interviews are probably loaded against the applicant. An applicant who starts well could easily end up with a low rating because unfavorable information tends to carry more weight in the interview. And pity the poor interviewee who starts out poorly. It s almost impossible to overcome that first bad impression.

Here s how one London-based psychologist who interviewed the chief executives of 80 top companies put it:

Really, to make a good impression, you don t even get time to open your mouth.

. . . An interviewer s response to you will generally be preverbal how you walk through the door, what your posture is like, whether you smile, whether you have a captivating aura, whether you have a firm, confident handshake.

You ve got about half a minute to make an impact and after that all you are

doing is building on a good or bad first impression. . . . It s a very emotional response.

Not Clarifying What the Job Requires Interviewers who don't have an accurate picture of what the job entails and what sort of candidate is best suited for it usually make their decisions based on incorrect impressions or stereotypes of what a good applicant is. They then erroneously match interviewees with their incorrect stereotypes. You should clarify what sorts of traits you re looking for, and why, before starting the interview.

One classic study involved 30 professional interviewers. Half got just a brief description of the jobs for which they were recruiting: It said, the eight applicants here represented by their application blanks are applying for the position of secretary. The other 15 interviewers got much more explicit job information, in terms of typing speed and bilingual ability, for instance.

More job knowledge translated into better interviews. The 15 interviewers who had more job information generally all agreed among themselves about each candidate s potential; those without complete job information did not. The latter also didn t discriminate as well among applicants they tended to give them all high ratings.

Candidate-order (or contrast) error means that the order in which you see applicants affects how you rate them. In one study,managers had to evaluate a candidate who was just average after first evaluating several unfavorable candidates. They scored theaverage candidate more favorably than they might otherwise have done because, in contrast to the unfavorable candidates, the average one looked better than he actually was. This contrast effect can be huge: In some early studies, evaluators based only a small part of the applicant s rating on his or her actual potential.

Pressure to hire accentuates this problem. Researchers told one group ofmanagers to assume they were behind in their recruiting quota. They told a second group

they were ahead of their quota. Those behind evaluated the same recruits much more highly than did those ahead.

Nonverbal Behavior and Impression Management The applicant s nonverbal behavior (smiling, avoiding your gaze, and so on) can also have a surprisingly large impact on his or her rating. In one study, human resource specialists watched videotaped job interviews in which *the applicants verbal content was identical*, but their nonverbal behavior differed markedly. Researchers told applicants in one group to exhibit minimal eye contact, a low energy level, and low voice modulation.

Those in a second group demonstrated the opposite behavior. Twenty-three of the 26 personnel specialists who saw the high-eye-contact, high-energy-level candidate would have invited him or her for a second interview. None who saw the low-eyecontact, low-energy-level candidate would have recommended a second interview.

It certainly seems to pay interviewees to look alive.

Nonverbal behaviors are probably so important because interviewers infer your personality from the way you act in the interview. In one study, 99 graduating college seniors completed questionnaires; the questionnaires included measures of personality, among other things. The students then reported their success in generating follow-up interviews and job offers. The interviewee s personality, particularly his or her level of extraversion, had a pronounced influence on whether or not he or she received follow-up interviews and job offers.45 Extraverted applicants seem particularly prone to self-promotion, and self-promotion is strongly related to the interviewer's perceptions of candidate job fit.46 Furthermore, No matter how much an interview is structured, nonverbal cues cause interviewers to make [such] attributions about candidates.

IMPRESSION MANAGEMENT

Clever candidates capitalize on that fact. One study found that some used ingratiation to persuade interviewers to like them. For instance, the candidates praised the interviewers or appeared to agree with their opinions. Ingratiation also involves, for example, agreeing with the recruiter s opinions and thus signaling that they share similar beliefs. Sensing that a perceived similarity in attitudes may influence how the interviewer rates them, some interviewees try to emphasize (or fabricate) such similarities. Others make self-promoting comments about their own accomplishments. Self-promotion means promoting one s own skills and abilities to create the impression of competence.50 Psychologists call using techniques like ingratiation and self-promotion impression management.

Effect of Personal Characteristics: Attractiveness, Gender, Race Unfortunately, physical attributes such as applicants attractiveness, gender, disability, or race may also distort their assessments. For example, people usually ascribe more favorable traits and more successful life outcomes to attractive people. Similarly, race can play a role, depending on how you conduct the interview. In one study, for example, the white members of a racially balanced interview panel rated white candidates higher, while the black interviewers rated black candidates higher. (In all cases, *structured* interviews produced less of a difference between minority and white interviewees than did unstructured interviews.)

Interviewers reactions to stereotypical minority behavior are complex. In one study, the researchers dressed the applicants in either traditional Muslim attire (black scarf and full-length black robe) or simple two-piece black pantsuits. Both applicants got the same number of job offers. However, interactions were shorter and more interpersonally negative when applicants were the Muslim attire.

In general, candidates evidencing various attributes and disabilities (such as child-care demands, HIV-positive status, and being wheelchair-bound) had less chance of obtaining a positive decision, even when the person performed very well in the structured interview.

EMPLOYMENT DISCRIMINATION TESTERS

Employment discrimination is abhorrent, but the use of employment discrimination testers makes nondiscriminatory interviewing even more important. As defined by the EEOC, testers are individuals who apply for employment which they do not intend to accept, for the sole purpose of uncovering unlawful discriminatory hiring practices. Although they re not really seeking employment, testers have legal standing with the courts and with the EEOC.

For example, a civil rights group sent four university students two white, two black to an employment agency, supposedly in pursuit of a job. The civil rights group gave the four testers backgrounds and training to make them appear almost indistinguishable from each other in terms of qualifications. The white tester/applicants got interviews and job offers. The black tester/applicants got neither interviews nor offers.

Interviewer Behavior

Finally, the *interviewer s* behavior also affects the interviewee s performance and rating.

Consider some examples. Some interviewers inadvertently telegraph the expected answers,61 as in: This job calls for handling a lot of stress. You can do that, can t you?

Even subtle cues (like a smile or nod) can telegraph the desired answer.62 Some interviewers talk so much that applicants have no time to answer questions. At the other extreme, some interviewers let the applicant dominate the interview, and so don t askall their questions. When interviewers have favorable preinterview impressions of the applicant, they tend to act more positively toward that person (smiling more, for instance). Other interviewers play district attorney, forgetting that it is uncivil to play gotcha by gleefully pouncing on

inconsistencies. Some interviewers play amateur psychologist, unprofessionally probing for hidden meanings in everything the applicant says. Others ask improper questions, forgetting, as one study found, that discriminatory questions had a significant negative effect on participant s reactions to the interview and interviewer. And, some interviewers are simply inept, unable to formulate decent questions.

In summary, interviewing errors to avoid include:

- * First impressions (snap judgments)
- * Not clarifying what the job involves and requires
- * Candidate-order error and pressure to hire
- * Nonverbal behavior and impression management
- * The effects of interviewees personal characteristics
- * The interviewer s inadvertent behaviors

HOW TO DESIGN AND CONDUCT AN EFFECTIVE INTERVIEW

There are two basic ways to avoid interview errors. One is obvious: Keep them in mind and avoid them (don't make snap judgments, for instance). The second is not so obvious: Use structured interviews. The single biggest rule for conducting effective selection interviews is to structure the interview around job-relevant situational and behavioral questions. We ll look next at how to do this.

Designing a Structured Situational Interview

There is little doubt that the **structured situational interview** a series of jobrelevant questions with predetermined answers that interviewers ask of all applicants for the job produces superior results. Ideally, the basic idea is to write situational (what would you do), behavioral (what did you do), or job knowledge questions, *and* have job experts (like those supervising the job) also write answers for these questions, rated from good to poor. The people who interview and rate the applicants then use rating sheets anchored with examples of good or bad answers to rate the interviewees answers. The procedure is as follows.

STEP 1: ANALYZE THE JOB Write a job description with a list of job duties; required knowledge, skills, and abilities; and other worker qualifications.

STEP 2: RATE THE JOB S MAIN DUTIES Rate each job duty, say from

1 to 5, based on its importance to job success.

STEP 3: CREATE INTERVIEW QUESTIONS Create interview questions for each of the job duties, with more questions for the important duties. Recall that *situational questions* pose a hypothetical job situation, such as What would you do if the machine suddenly began heating up? *Job knowledge questions* assess knowledge essential to job performance (such as What is HTML?). *Willingness questions* gauge the applicant s willingness and motivation to meet the job s requirements to do repetitive physical work or to travel, for instance. *Behavioral questions*, of course, ask candidates how they ve handled similar situations.

The people who create the questions usually write them in terms of critical incidents. For example, for a supervisory candidate, the interviewer might ask this situational question:

Your spouse and two teenage children are sick in bed with colds. There are no relatives or friends available to look in on them. Your shift starts in 3 hours. What would you do in this situation?

STEP 4: CREATE BENCHMARK ANSWERS Next, for each question, develop ideal (benchmark) answers for good (a 5 rating), marginal (a 3 rating), and poor (a 1 rating) answers. Three benchmark answers (from low to high) for the example question above might be, I d stay home my spouse and family come

first (1); I d phone my supervisor and explain my situation (3); and Since they only have colds, I d come to work (5).

STEP 5: APPOINT THE INTERVIEW PANEL AND CONDUCT INTERVIEWS

Employers generally conduct structured situational interviews using a panel, rather than one-on-one. The panel usually consists of three to six members, preferably the same ones who wrote the questions and answers. It may also include the job s supervisor and/or incumbent, and a human resources representative. The same panel interviews all candidates for the job.

The panel members generally review the job description, questions, and benchmark answers before the interview. One panel member introduces the applicant, and asks all questions of all applicants in this and succeeding candidates interviews (to ensure consistency). However, all panel members record and rate the applicant s answers on the rating sheet. They do this by indicating where the candidate s answer to each question falls relative to the ideal poor, marginal, or good answers. At the end of the interview, someone answers any questions the applicant has.

Web-based programs help interviewers design and organize behaviorally based selection interviews. For example, SelectPro (www.selectpro.net) enables interviewers to create behavior-based selection interviews, custom interview guides, and automated online interviews.

How to Conduct an Effective Interview

You may not have the time or inclination to create a structured situational interview. However, there is still much you can do to make your interviews more systematic and effective.

STEP 1: FIRST, MAKE SURE YOU KNOW THE JOB

Do not start the interview unless you understand the job and what human skills you re looking for. Study the job description.

STEP 2: STRUCTURE THE INTERVIEW

Any structuring is better than none. If pressed for time, you can do several things to ask more consistent and job-relevant questions, without developing a full-blown structured interview.

They include:

- * Base questions on actual job duties. This will minimize irrelevant questions.
- * Use *job knowledge*, *situational*, *or behavioral questions*, and know enough about the job to be able to evaluate the interviewee s answers. Questions that simply ask for opinions and attitudes, goals and aspirations, and self-descriptions and self-evaluations allow candidates to present themselves in an overly favorable manner or avoid revealing weaknesses.
- * *Use the same questions* with all candidates. When it comes to asking questions, the prescription is the more standardized, the better. Using the same questions with all candidates improves reliability. It also reduces bias because of the obvious fairness of giving all the candidates the exact same opportunity.
- * Use *descriptive rating scales* (excellent, fair, poor) to rate answers. For each question, if possible, have several ideal answers and a score for each. Then rate each candidate s answers against this scale.
- * If possible, use a standardized interview form.

STEP 3: GET ORGANIZED

Hold the interview in a private room where telephone calls are not accepted and you can minimize interruptions (including text messages). Prior to the interview,

review the candidate s application and résumé, and note any areas that are vague or that may indicate strengths or weaknesses.

STEP 4: ESTABLISH RAPPORT

The main reason for the interview is to find out about the applicant. To do this, start by putting the person at ease. Greet the candidate and start the interview by asking a noncontroversial question, perhaps about the weather or the traffic conditions that day. As a rule, all applicants even unsolicited drop-ins should receive friendly, courteous treatment, not only on humanitarian grounds but also because your reputation is on the line.

STEP 5: ASK QUESTIONS

Try to follow the situational, behavioral, and job knowledge questions you wrote out ahead of time. You 'll find a sampling of other technical questions (such as What did you most enjoy about your last job?) as:

Don t telegraph the desired answer.

Don t interrogate the applicant as if the person is on trial.

Don t monopolize the interview, nor let the applicant do so.

Do ask open-ended questions.

Do encourage the applicant to express thoughts fully.

Do draw out the applicant s opinions and feelings by repeating the person s last comment as a question (e.g., You didn t like your last job?).

Do ask, If I were to arrange for an interview with your boss, what s your best guess as to what he or she would say as your strengths, weaker points, and overall performance?, and Tell me about a time when you had to deal with someone difficult what did you do?

STEP 6: TAKE BRIEF, UNOBTRUSIVE NOTES DURING THE INTERVIEW

Doing so may help avoid making a snap decision early in the interview, and may also help jog your memory once the interview is complete. Take notes, jotting down just the key points of what the interviewee says.

STEP 7: CLOSE THE INTERVIEW

Leave time to answer any questions the candidate may have and, if appropriate, to advocate your firm to the candidate.

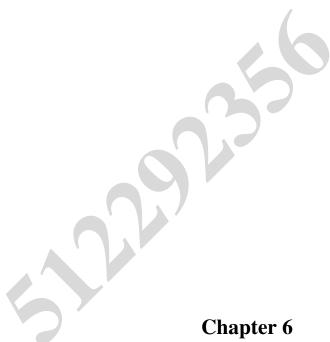
Try to end the interview on a positive note. Tell the applicant whether there is any interest and, if so, what the next step will be. Make rejections diplomatically for instance, Although your background is impressive, there are other candidates whose experience is closer to our requirements. If the applicant is still under consideration but you can t reach a decision now, say so. Remember, as one recruiter says, An interview experience should leave a lasting, positive impression of the company, whether the candidate receives and accepts an offer or not.

In rejecting a candidate, one perennial question is, should you provide an explanation or not? In one study, rejected candidates who received an explanation detailing why the employer rejected them felt that the rejection process was fairer. Unfortunately, providing detailed explanations may not be practical. As the researchers put it, We were unsuccessful in a number of attempts to secure a site for our applied study. Of three organizations that expressed interest in our research, all eventually declined to participate in the study because they were afraid that any additional information in the rejection letters might increase legal problems. They were reluctant to give rejected applicants information that can be used to dispute the decision.

STEP 8: REVIEW THE INTERVIEW

After the candidate leaves, review your interview notes, score the interview guide answers (if you used one), and make a decision.

Chapter 6
Training and
Developing
Employees



Training and Developing Employees

Carefully selecting employees doesn't guarantee they 'll perform effectively. Even highpotential employees can t do their jobs if they don t know what to do or how to do it.

Making sure your employees do know what to do and how to do it is the purpose of orientation and training. The human resources department usually designs the company s orientation and training programs, but the rubber hits the road with the supervisor. He or she does most of the day-to-day orienting and training.

Every manager therefore needs to know how to orient and train employees. We will start with orientation.

The Purposes of Employee Orientation/Onboarding

Employee orientation (or onboarding) involves more than what most people realize.

Employee orientation still provides new employees with the information they need to function (such as computer passwords and company rules); ideally, though, it should also help new employees start getting emotionally attached to the firm. You want toaccomplish four things by orienting new employees:

- 1. Make the new employee feel welcome and at home and part of the team.
- **2.** Make sure the new employee has the basic information to function effectively, such as e-mail access, personnel policies and benefits, and what the employer expects in terms of work behavior.
- **3.** Help the new employee understand the organization in a broad sense (its past, present, culture, and strategies and vision of the future).
- **4.** Start the person on becoming socialized into the firms culture, values, and ways of doing things.

Getting the new employee to appreciate the company s culture and values distinguishes today s *onboarding* programs from traditional orientation. For example, the Mayo Clinic s new heritage and culture program emphasizes core Mayo Clinic values such as teamwork, personal responsibility, innovation, integrity, diversity, customer service, and mutual respect.

The Orientation Process The length of the orientation program depends on what you cover. Traditional orientation programs take several hours. The human resource specialist (or, in smaller firms, the office manager) usually performs the first part of the orientation by explaining basic matters like working hours, benefits, and vacations. That person then introduces the new employee to his or

her new supervisor. The supervisor continues the orientation by explaining the organization of the department and by introducing the person to his or her new colleagues, familiarizing the new employee with the workplace, and helping to reduce first-day jitters. Supervisors need to be vigilant. Follow up on and encourage new employees to engage in activities (such as taking breaks with current employees) that will enable each to learn the ropes and become productive. In firms like Toyota Motor USA, onboarding-type orientations take up to a week. These may include videos, lectures by company officers, and exercises covering matters like company history, vision, and values.

At a minimum, as in Figure 8-1, an orientation typically includes information on employee benefits, personnel policies, the daily routine, company organization and operations, safety measures and regulations, and a facilities tour. New employees should receive (and sign for) print or Internet-based employee handbooks covering matters like these.

THE EMPLOYEE HANDBOOK

Note that under certain conditions, courts may find that the employee handbook s contents represent legally binding employment commitments. Therefore, employers often include disclaimers. These make it clear that statements of company policies, benefits, and regulations do not constitute theterms and conditions of an employment contract, either expressed or implied. Also employers generally should not insert statements such as No employee will be fired without just cause or statements that imply or state that employees have tenure. Indeed, it s best to emphasize that the employment relationship is strictly at-will.

OVERVIEW OF THE TRAINING PROCESS

Directly after orientation, training should begin. **Training** means giving new or current employees the skills that they need to perform their jobs. This might

meanshowing new Web designers the intricacies of your site, new salespeople how to sell your firms product, or new supervisors how to complete the firms weekly payroll. It might involve simply having the current jobholder explain the job to the new hire, or a multi-week training process including classroom or Internet classes.

In any case, training is a task that managers ignore at their peril. Having highpotential employees doesn t guarantee they ll succeed. They must know what to do and how to do it. If they don t, they will improvise or do nothing useful at all.

Inadequate training can also trigger **negligent training** liability. As one expert puts it, It s clear from the case law that where an employer fails to train adequately and an employee subsequently does harm to third parties, the court will find the employer liable. Employers should confirm the applicant/employee s claims of skill and experience, provide adequate training (particularly where employees use dangerous equipment), and evaluate the training to ensure that it s actually reducing risks.

The ADDIE Five-Step Training Process

Creating a training program involves more than contracting with an online training vendor and requiring your employees to take the course. The employer should use a rational training process. The gold standard here is still the basic analysis-designdevelop- implement-evaluate (ADDIE) training process model that training experts have used for years. As an example, one training vendor describes its training process as follows:

Analyze the training need.

Design the overall training program.

Develop the course (actually assembling/creating the training materials).

Implement training, by actually training the targeted employee group using methods such as on-the-job or online training.

Evaluate the course s effectiveness.

We 'll look at each step next.

Conducting the Training Needs Analysis

The training needs analysis should address the employer s *strategic/longer term* training needs and/or its *current* training needs. If the program is to use technology, the manager should also include a review of the technology he or she plans to use for presenting the program, as part of the analysis.

STRATEGIC TRAINING NEEDS ANALYSIS

Strategic goals (perhaps to enter new lines of business or to expand abroad) usually mean the firm will have to fill new jobs.

Strategic training needs analysis focuses on identifying the training that employees will need to fill these new future jobs. For example, when Wisconsin-based Signicast Corp.

decided to build a new, high-tech plant, the firms top management knew the plant s employees would need new skills to run the computerized machines. They workedclosely with their HR team to formulate hiring policies and training programs to ensure the firm would have the human resources required to populate the new plant.

Strategic training needs analysis is tied to succession planning. The latter, recall, means identifying the training and development that employees need to fill the firms key positions, and then formulating plans to ensure that high-potential employees get the training and development to fill the firms future positions.

CURRENT TRAINING NEEDS ANALYSIS

As important as strategic training is, most training efforts aim to improve current performance specifically training new employees, and those whose performance is deficient.

How you analyze current training needs depends on whether you re training new or current employees. The main task in analyzing *new* employees needs is to determine what the job entails and to break it down into subtasks, each of which you then teach to the new employee.

Analyzing *current* employees training needs is more complex, because you must also decide whether training is the solution. For example, performance may be down because the standards aren t clear or because the person isn t motivated. Managers use *task analysis* to identify new employees training needs, and *performance analysis* to identify current employees training needs.

TASK ANALYSIS:

ANALYZING NEW EMPLOYEES TRAINING NEEDS

Particularly with lower-level workers, it s common to hire inexperienced personnel and train them. Your aim here is to give these new employees the skills and knowledge they need to do the job.

Task analysis is a detailed study of the job to determine what specific skills like Java (in the case of a Web developer) or interviewing (in the case of a supervisor) the job requires. For task analysis, job descriptions and jobspecifications are essential. These list the job s specific duties and skills, which are the basic reference points in determining the training required. Managers can also uncover training needs by reviewing performance standards, performing the job, and questioning current job holders and their supervisors.

Some managers supplement the job description and specification with a *task* analysis record form. This consolidates information regarding required tasks and skills in a form that s especially helpful for determining training requirements.

TALENT MANAGEMENT: USING PROFILES AND COMPETENCY MODELS

Talent management is the goal-oriented and integrated process of planning for, recruiting, selecting, developing, and compensating employees. Among other things, talent management involves using the same competencies profile or model for recruiting the employee as for selecting, training, appraising, and paying him or her. For training, we can summarize this as follows:

Strategy Employee Behaviors Employee Competencies Training and Development Needs Training Implementation and Evaluation.

Many employers (including Sharp Electronics and IBM) therefore use competencymodels to help compile and summarize a job s training needs. The **competency model** consolidates, usually in one diagram, a precise overview of the competencies (the knowledge, skills, and behaviors) someone would need to do a job well. As noted, the employer can then formulate training goals and programs aimed at developing these competencies.

The model s aim is to identify and compile in one place the competencies for executing the job. At Sharp, training managers interview senior executives to identify the firms strategic objectives and to infer what competencies those objectives will require. Trainers also interview each job s top performers to identify the competencies (such as able to focus on the customer) the latter believe comprise the job s core competencies. Subsequent training then aims to develop these competencies.

As we ve seen, the employer can use a competency model.

Thus *selecting* employees based on this model helps to ensure that you focus your questions on the things that someone must be proficient at to do this job successfully. The same model would help you to formulate training objectives. Thus a training objective for testing skills might be, By completion of the ABC

Company s HR manager training program, the trainee will be fully skilled at using the five testing tools that ABC uses to test its job applicants.

PERFORMANCE ANALYSIS: ANALYZING CURRENT EMPLOYEES TRAINING NEEDS

For underperforming current employees, you can t assume that training is the problem. In other words, is it lack of training, or something else?

Performance analysis is the process of verifying that there is a performancedeficiency and determining whether the employer should correct such deficiencies through training or some other means (like transferring the employee).

The first step in performance analysis is usually to compare the person s actual performance to what it should be. Doing so helps to confirm that there is a performance deficiency, and (hopefully) helps the manager to identify its cause. Examples of performance deficiencies might be:

I expect each salesperson to make 10 new contracts per week, but John averages only six.

Other plants our size average no more than two serious accidents per month; we re averaging five.

There are several ways to identify how a current employee is doing. These include reviewing:

- * Performance appraisals
- * Job-related performance data (including productivity, absenteeism and tardiness, grievances, waste, late deliveries, product quality, downtime, repairs, equipment utilization, and customer complaints)
- * Observations by supervisors or other specialists
- * Interviews with the employee or his or her supervisor
- * Tests of things like job knowledge, skills, and attendance
- * Attitude surveys

- * Individual employee daily diaries
- * Assessment center results
- * Special performance gap analytical software, such as from Saba Software, Inc.

CAN T DO/WON T DO

Ferreting out why performance is down is the heart of performance analysis. Why spend time training inefficient employees when the problem isn t training, but weak motivation?

The manager s aim is thus to distinguish between can t-do and won t-do problems. First, determine whether it is a *can t-do* problem and, if so, its specific causes. For example:

The employees don t know what to do or what your standards are; there are obstacles in

the system such as lack of tools or supplies; there are no job aids (such as color-coded wires that show assemblers which wire goes where); you ve hired people who haven t the skills to do the job; or there is inadequate training.

On the other hand, it might be a *won t-do* problem. Here employees could do a good job if they wanted to. One expert says, Perhaps the biggest trap that trainers fall into is [developing] training for problems that training just won t fix. For instance, the solution may be to change the reward system.

Designing the Training Program

Armed with the needs analysis results, the manager next designs the overall training program. *Design* means planning the overall training program including training objectives, delivery methods, and program evaluation. Sub-steps include setting performance objectives, creating a detailed training outline (all training program steps from start to finish), choosing a program delivery method (such as lectures or Web), and verifying the overall program design with management.

The design shouldinclude summaries of how you plan to set a training environment that motivates your trainees both to learn and to transfer what they learn to the job. It is also at the design stage that the manager reviews possible training program content (including workbooks, exercises, and activities), and estimates a budget for the training program.

We ll look more closely next at several specific program design issues.

SETTING LEARNING OBJECTIVES

Requests for training often start with line managers presenting concerns, such as we re getting too many complaints from callcenter callers. Training, development, or (more generally) instructional objectives should specify in measurable terms what the trainee should be able to accomplish after successfully completing the training program. For example: The technical service representative will be able to adjust the color guidelines on this HP Officejet Allin-One printer copier within 10 minutes according to the device s specifications. The learning objectives you choose should address rectifying the performance deficiencies that you identified with needs analysis. Thus, if the sales teams sales are 40% too low, the objectives should focus on ensuring they get the knowledge, skills, and attitudes they need to boost sales. But at the same time, the learning objectives must be practical, given the constraints. One constraint is financial. For all but the most trivial training programs, the employer will want to see and approve a training budget for the program. Typical costs include the development costs (of having, say, ahuman resource specialist working on the program for a week or two), the direct and indirect (overhead) costs of the trainers time, participant compensation (for the timethey re actually being trained), and the cost of evaluating the program. The question, of course, isn t just Can we afford this program? but Does it pay to spend this much, given the benefits we ll devise from the program? Therefore, be prepared to defend the training program on benefitsversus-costs grounds. There are also other constraints to consider. For example, time constraints may require reducing three or four desirable learning objectives down to one or two.

CREATING A MOTIVATIONAL LEARNING ENVIRONMENT

Municipalities running driver s ed programs for traffic violators know there s often no better way to get a learner s attention than by presenting a terrifying filmed accident. In other words, they start the training not with a lecture but by making the material meaningful. They know that driver training is futile if the driver isn t motivated to benefit from the program.

The same is true in schools and at work. Learning requires both ability and motivation, and the training programs learning environment should take both into account. First, in terms of *ability*, the learner trainee needs (among other things) the required reading, writing, and mathematics skills, and the educational level, intelligence, and knowledge base. It is rare that the prospective trainees will be homogeneous, for instance, in terms of intellectual capacity. Employees instinctively understand that if the material you want them to learn is beyond their ability to master, the training is a waste of time. In setting the learning environment, the manager therefore has to address several trainee-related ability issues. For example, how will our program accommodate differences in trainee abilities? Do we need to provide remedial training? And, do we need to use more pe rsonal, one-on-one trainers given our trainees abilities?

Second, as every student (and driver s ed program) knows, the learner must also be motivated to learn the material. No manager should want to waste his or her time showing a disinterested employee how to do something (even if he or she has the requisite ability).

Many books have been written about how to motivate employees, but several specific observations are pertinent here. It s likely that the training programs effects will be diminished if trainees return to their jobs to snide comments such as, I hope you liked your little vacation from peers or supervisors. Therefore, the

low-hanging fruit in motivating trainees is to make sure the trainee s peers and supervisor support the training effort. Ideally, particularly for larger programs, top management should visibly support the program. Beyond that, various motivation theories provide useful guidance. From behavior modification, we know that the training should provide opportunities for positive reinforcement. Expectancy theory shows us that the trainees need to know they have the ability to succeed in the program, and that the value to them of completing the program is high. Self-efficacy is crucial trainees must believe they have the capacity to succeed. We can summarize such motivational points as follows.

MAKING THE LEARNING MEANINGFUL

Learners are always more motivated to learn something that has meaning for them. Therefore:

- **1.** At the start of training, provide a bird s-eye view of the material that you are going to present. For example, show why it s important, and provide an overview.
- **2.** Use a variety of familiar examples.
- **3.** Organize the information so you can present it logically, and in meaningful units.
- **4.** Use terms and concepts that are already familiar to trainees.
- **5.** Use as many visual aids as possible.
- **6.** Again, create a perceived training need in trainees minds.31 In one study, pilots who experienced pretraining, accident-related events subsequently learned more from an accident-reduction training program than did those experiencing fewer such events.32 Similarly, before the training,managers need to sit down and talk with the trainee about why they are enrolled in the class, what they are expected to learn, and how they can use it on the job.

MAKING SKILLS TRANSFER OBVIOUS AND EASY

Make it easy to *transfer* new skills and behaviors from the training site to the job site:

- **1.** Maximize the similarity between the training situation and the work situation.
- **2.** Provide adequate practice.
- **3.** Label or identify each feature of the machine and/or step in the process.
- **4.** Direct the trainees attention to important aspects of the job. For example, if you re training a customer service rep to handle calls, explain the different types of calls he or she will encounter.
- **5.** Provide heads-up information. For example, supervisors often face stressful conditions. You can reduce the negative impact of such events by letting supervisory trainees know they might occur.
- **6.** Trainees learn best at their own pace. If possible, let them pace themselves.

REINFORCING THE LEARNING

Make sure the learner gets plenty of feedback.

In particular:

- **1.** Trainees learn best when the trainers immediately reinforce correct responses, perhaps with a quick well done.
- **2.** The schedule is important. The learning curve goes down late in the day, so that full day training is not as effective as half the day or three-fourths of the day.
- **3.** Provide follow-up assignments at the close of training, so trainees are reinforced by having to apply back on the job what they've learned

Developing the Program

Program development means actually assembling/creating the programs training content and materials. It means choosing the actual content the program will present, as well as designing/choosing the specific instructional methods (lectures, cases, Web-based, etc.) you will use. Training equipment and materials include (for example) iPads, workbooks, lectures, PowerPoint slides, Web- and

computer-based activities, course activities, trainer resources (manuals, for instance), and support materials.

Some employers create their own training content, but there s also a vast selection of online and offline content from which to choose. You ll find turnkey, off-the-shelf programs on virtually any topic from occupational safety to sexual harassment to Web design from tens of thousands of online and offline providers. (See, for example, the American Society for Training and Development's Infoline at www.astd.org, www.trainerswarehouse.com, and www.gneil.com, among thousands of such suppliers.) Turnkey training packages often include trainer's guide, self-study book, video, and other content.

Once you design, approve, and develop the program, management can implement and then evaluate it. *Implement* means to actually provide the training, usingone or more of the instructional methods (such as lectures) that we discuss next. We address program *evaluation* at the end of this chapter.

IMPLEMENTING TRAINING PROGRAMS

With objectives set and the program designed and budgeted, you can turn to implementing the training program. This means actually doing the training, using one or more of the training methods we turn to now. We ll start with simpler, low-tech methods and proceed to computer-based ones.

On-the-Job Training

On-the-job training (OJT) means having a person learn a job by actually doing it.

Every employee, from mailroom clerk to CEO, gets on-the-job training when he or she joins a firm. In many firms,OJT is the only training available.39 (Or worse:All too often the supervisor simply says, Here s your desk; get started.)

TYPES OF ON-THE-JOB TRAINING

The most familiar on-the-job training is the *coaching or understudy method*. Here, an experienced worker or the trainee's supervisor trains the employee. This may involve simply acquiring skills by observing the supervisor, or (preferably) having the supervisor or job expert show the new employee the ropes, step-by-step. On-the-job training is part of multifaceted training at The Men's Wearhouse. It combines on-the-job training with comprehensive initiation programs and continuing-education seminars. Every Men's Wearhouse manager is accountable for the development of his or her direct subordinates. 40 *Job rotation*, in which an employee (usually a management trainee) moves from job to job at planned intervals, is another OJT technique. *Special assignments* similarly give lower-level executives firsthand experience in working on actual problems.

It is important that employers don't take the success of an on-the-job training effort for granted. Instead, the employer should formally plan out and structure the OJT process and experience. Train the trainers themselves (often the employees supervisors), and provide the training materials. Trainers should know, for instance, the principles of motivating learners. Because low expectations may translate into poor trainee performance, supervisor/trainers should emphasize their high expectations.

Many firms use peer training for OJT; for instance expert employees answer calls at selected times during the day or participate in in-house radio programs to answer their peers call-in questions about technical aspects of doing their jobs. Others use employee teams (instead of training professionals) to analyze the jobs and prepare training materials. The employees, already job experts, reportedly conduct task analyses more quickly and effectively than do training experts.

THE OJT PROCES Here are some steps to help ensure OJT success.

Step 1: Prepare the Learner

- 1. Put the learner at ease.
- **2.** Explain why he or she is being taught.

- **3.** Create interest and find out what the learner already knows about the job.
- **4.** Explain the whole job and relate it to some job the worker already knows.
- **5.** Place the learner as close to the normal working position as possible.
- **6.** Familiarize the worker with equipment, materials, tools, and trade terms.

Step 2: Present the Operation

- **1.** Explain quantity and quality requirements.
- **2.** Go through the job at the normal work pace.
- **3.** Go through the job at a slow pace several times, explaining each step. Between operations,

explain the difficult parts, or those in which errors are likely to bemade.

- **4.** Again, go through the job at a slow pace several times; explain the key points.
- **5.** Have the learner explain the steps as you go through the job at a slow pace.

Step 3: Do a Tryout

1. Have the learner go through the job several times, slowly, explaining each step to you.

Correct mistakes and, if necessary, do some of the complicated steps the first few times.

- **2.** Run the job at the normal pace.
- 3. Have the learner do the job, gradually building up skill and speed.
- **4.** As soon as the learner demonstrates ability to do the job, let the work begin, but

don t abandon him or her.

Step 4: Follow-Up

- 1. Designate to whom the learner should go for help.
- **2.** Gradually decrease supervision, checking work from time to time.

- **3.** Correct faulty work patterns before they become a habit. Show why the method you suggest is superior.
- **4.** Compliment good work.

Apprenticeship Training

Apprenticeship training is a process by which people become skilled workers, usually through a combination of formal learning and long-term on-the-job training. It traditionally involves having the learner/apprentice study under the tutelage of a master craftsperson. When steelmaker Dofasco discovered that many of their employees would be retiring during the next 5 to 10 years, the company decided to revive its apprenticeship training. Applicants are prescreened. New recruits then spend about 32 months in an internal apprenticeship training program, learning various jobsunder the tutelage of experienced employees. The U.S. Department of Labor s National Apprenticeship System promotes apprenticeship programs. More than 460,000 apprentices participate in 28,000 programs, and registered programs can receive federal and state contracts and other assistance.

Informal Learning

Surveys from the American Society for Training and Development estimate that as much as 80% of what employees learn on the job they learn through informal means, including performing their jobs on a daily basis with their colleagues. Although managers don t manage informal learning, there s still much they can do to ensure that it occurs. Most of the steps are simple. For example, Siemens Power Transmission and Distribution in Raleigh,North Carolina, places tools in cafeteria areas to take advantage of the work-related discussions taking place. Even installing whiteboards with markers can facilitate informal learning. Sun Microsystems implemented an informal online learning tool it called Sun Learning eXchange. This has evolved into a platform containing more than 5,000

informal learning items/suggestions addressing topics ranging from sales to technical support.

Job Instruction Training

Many jobs (or parts of jobs) consist of a sequence of steps that one best learns stepby-step. Such step-by-step training is called **job instruction training (JIT)**. First, list the job s required steps (let s say for using a mechanical paper cutter) each in its proper sequence. Then (see the following page) list a corresponding key point (if any) beside each step. The steps in such a *job instruction training sheet* show trainees what to do, and the key points show how it s to be done and why.

As an example, when training new UPS drivers to park and disembark, the company leaves nothing to chance. Among the steps it teaches new drivers are these: Shift into thelowest gear or into park; turn off the ignition; apply the parking brake; release the seatbelt with your left hand; open the door; and place the key on your ring finger.

Lectures

Lecturing is a quick and simple way to present knowledge to large groups of trainees, as when the sales force needs to learn a new product s features.48 Here are some guidelines for presenting a lecture:

- * Don t start out on the wrong foot. For instance, don t open with an irrelevant joke.
- * Speak only about what you know well.
- * Give your listeners signals. For instance, if you have a list of items, start by saying

something like, There are four reasons why the sales reports are necessary. . . . The first . . .

^{*} Use anecdotes and stories to show rather than tell.

* Be alert to your audience. Watch body language for negative signals like fidgeting.

If they re not looking at you, they may be bored.

- * Maintain eye contact with the audience.
- * Make sure everyone in the room can hear.Repeat questions that you get from trainees.
- * Control your hands. Leave them hanging naturally at your sides.
- * Talk from notes rather than from a script. Write out notes on large index cards or on PowerPoint slides. Use these as an outline.
- * Break a long talk into a series of short talks. Speakers often give a short overview introduction and then spend the rest of a 1-hour presentation going point by point through their material. Experts suggest instead breaking the long talk into a series of 10-minute talks, each with its own introduction. Write brief PowerPoint slides, and spend about a minute on each. Each introduction highlights what you II discuss, why it s important to the audience, and your credibility why they should listen to you.
- * Practice. If possible, rehearse under conditions similar to those under which you will actually give your presentation.

Programmed Learning

Whether the medium is a textbook, PC, or the Internet, **programmed learning** (or *programmed instruction*) is a step-by-step, self-learning method that consists of three parts:

- 1. Presenting questions, facts, or problems to the learner
- **2.** Allowing the person to respond
- **3.** Providing feedback on the accuracy of answers, with instructions on what to do nextGenerally, programmed learning presents facts and follow-up questions frame by frame. When the learner responds, subsequent frames provide feedback on the answer's accuracy. What the next question is often depends on how the

learner answers the previous question. The built-in feedback from the answers provides reinforcement.

Programmed learning reduces training time. It also facilitates learning by letting trainees learn at their own pace, get immediate feedback, and reduce their risk of error.

Some argue that trainees do not learn much more from programmed learning than from a textbook. Yet studies generally support programmed learning s effectiveness.

A typical study focused on 40 second year undergraduate students in an organic chemistry-I course. Some studied in a conventional lecture setting and others used programmed learning. The researchers concluded that The findings suggest that programmed learning could be considered as a better alternative to conventional lecturing in teaching stereochemistry.

Intelligent tutoring systems take programmed learning one step further. In addition to the usual programmed learning, computerized intelligent tutoring systems learn what questions and approaches worked and did not work for the learner, and then adjust the instructional sequence to the trainee s unique needs.

Audiovisual-Based Training

Although increasingly replaced by Web-based methods, audiovisual-based training techniques like DVDs, films, PowerPoint, and audiotapes are still popular. The Ford Motor Company uses videos in its dealer training sessions to simulate problems and reactions to various customer complaints, for example. Consider using them in the following situations:

- 1. When there is a need to illustrate how to follow a certain sequence over time, such as when teaching machine repair. The stop-action, instant replay, and fast-or slow-motion capabilities of audiovisuals can be useful here.
- **2.** When there is a need to show trainees events not easily demonstrable in live lectures, such as a visual tour of a factory.

Vestibule Training

With vestibule training, trainees learn on the actual or simulated equipment they will use on the job, but are trained off the job (perhaps in a separate room or *vestibule*).

Vestibule training is necessary when it s too costly or dangerous to train employees on the job. Putting new assembly-line workers right to work could slow production, for instance, and when safety is a concern as with pilots simulated training may be the only practical alternative. As an example, UPS uses a life-size learning lab to provide a 40-hour, 5-day realistic training program for driver candidates.

Electronic Performance Support Systems (EPSS)

Electronic performance support systems (EPSS) are computerized tools and displays that automate training, documentation, and phone support. When you call a Dell service rep about a problem with your new computer, he or she is probably asking questions prompted by an EPSS; it takes you both, step-by-step, throughan analytical sequence. Without the EPSS, Dell would have to train its service reps to memorize an unrealistically large number of solutions. Aetna Insurance cut its 13-week instructor-led training course for new call center employees by about 2 weeks by providing the employees with performance support tools.

Performance support systems are modern job aids. **Job aids** are sets of instructions, diagrams, or similar methods available at the job site to guide the worker. Job aids work particularly well on complex jobs that require multiple steps, or where it s dangerous to forget a step. Airline pilots use job aids (such as a checklist of things to do prior to takeoff).

GMs former Electromotive Division gave workers job aids in the form of diagrams. These show, for example, where the locomotive wiring runs and which color wires go where.

Videoconferencing

Videoconferencing is popular for training geographically dispersed employees, and involves delivering programs via compressed audio and video signals over cable broadband lines, the Internet, or satellite. Vendors such as Cisco offer videoconference products such as Webex and TelePresence (www.cisco.com/en/US/products/ps10352/index.html). Employers typically use videoconferencing technology with other technology. For example, Cisco s Unified Video Conferencing (CUVC) product line combines Cisco group collaboration and decision-making software with videoconferencing, video telephony, and realistic TelePresence capabilities.

When Cisco organized a training program for its partners, it naturally used its videoconferencing capabilities. The course is A hands-on course designed to assist System Engineers and IT managers to fully understand the features, benefits and overall operation of Cisco's videoconferencing network components.

Computer-Based Training (CBT)

Computer-based training refers to training methods that use interactive computerbased systems to increase knowledge or skills. For example, employers use CBT to teach employees safe methods for avoiding falls; the system lets the trainees replay the lessons and answer questions, and are especially effective when paired with actual practice under a trainer's watchful eye.

Computer-based training is increasingly interactive and realistic. For example, *interactive multimedia training* integrates the use of text, video, graphics, photos, animation, and sound to produce a complex training environment with which the trainee interacts.

60 In training a physician, for instance, such a system lets a medical student take a hypothetical patient s medical history, conduct an examination, and analyze lab tests.

Then, by clicking the examine chest button, the student can choose a type of chest examination and even hear the sounds of the persons heart. The medical student can then interpret the sounds and draw conclusions upon which to base a diagnosis. *Virtual reality training* takes this realism a step further, by putting trainees into a simulated environment.

Simulated Learning

Simulated learning means different things to different people. A survey asked training professionals what experiences qualified as simulated learning experiences. The percentages of trainers choosing each experience were:

- * Virtual reality-type games, 19%
- * Step-by-step animated guide, 8%
- * Scenarios with questions and decision trees overlaying animation, 19%
- * Online role-play with photos and videos, 14%
- * Software training including screenshots with interactive requests, 35%
- * Other, 6%61

Virtual reality puts the trainee in an artificial three-dimensional environment that simulates events and situations that might be experienced on the job.62 Sensory devices transmit how the trainee is responding to the computer, and the trainee sees, feels and hears what is going on, assisted by special goggles and auditory and sensory devices.

Interactive Learning

Employers are also moving from textbook and classroom-based learning to interactive learning. For example, Cheesecake Factory employees use VideoCafé, a YouTube-type platform, to let employees upload and share video snippets on

job-related topics, including customer greetings and food preparation. The company is also emphasizing interactive games, including a simulation that shows employees how to build the perfect hamburger. Amongst vendors, Learning Tree International employs classroom, live online, and on-site training solutions that resonate with Gen Y learners because of their interactive features; hands-on exercises; and live, online experiences.

Internet-Based Training

Trainers increasingly employ Internet-based learning to deliver programs. Until 2004, ADP s new sales associate training required two weeks of expensive classroom training at ADP s Atlanta, Georgia, training center. Today, ADP trains its new salespeople online, using a Blackboard learning management system similar to one used by many online college students.

The Italian eyewear company Luxottica (whose brands include LensCrafters, Pearl Vision, and Sunglass Hut) provides standardized training to its 38,000 employees worldwide via instant access online to information such as new products and regulations.

There are two basic ways to offer online courses to employees. First, the employer can encourage and/or facilitate having its employees take relevant online courses from eitherits own online (intranet) offerings or from the hundreds of online training vendors on the Web. For example, the employer might arrange with www.puresafety. com to let its employees take one or more occupational safety courses from those puresafety.com offers.

Mobile Learning

Mobile learning (or on-demand learning) means delivering learning content on demand via mobile devices like cell phones, laptops, and iPads, wherever and whenever the learner has the time and desire to access it.79 For example, using dominKnow s (www.dominknow.com) iPod touch and iPhone-optimized Touch Learning Center Portal, trainees can log in and take full online courses.

Employers use mobile learning to deliver corporate training and downloads on everything from how to close an important sales deal to optimizing organizational change to learning business Spanish . . . You can be . . . riding your bike while listening to the training program. Capital One purchased 3,000 iPods for trainees who hadenrolled in one of 20 instructor-led courses at its Capital One University. The training department then had an Internet audio book provider create an audio learning sitewithin Capital One s firewall. Employees used it to download the instructor-requested books and other materials to their iPods. IBM uses mobile learning to deliver justin-time information (for instance, about new product features) to its sales force.

To increase such learning s accessibility, IBMs training department often breaks up, say, an hour program into 10-minute pieces. That way, employees needn t put away a full hour to listen. Some employers use blogs to communicate learning to trainees. JP Morgan encourages employees to use instant messaging as a quick learning device, for instance, to quickly update colleagues about new products.

The Virtual Classroom

Conventional Web-based learning tends to be limited to the sorts of online learning with which many students are already familiar reading PowerPoint presentations,

participating in instant message type chat rooms, and taking online exams, for instance.

The virtual classroom takes online learning to a new level. A **virtual classroom** uses special collaboration software to enable multiple remote learners, using their PCs or laptops, to participate in live audio and visual discussions, communicate via written text, and learn via content such as PowerPoint slides.

The virtual classroom combines the best of Web-based learning offered by systems like Blackboard and WebCT with live video and audio. For example, Elluminate Live! enables learners to communicate with clear, two-way audio;

build communities with user profiles and live video; collaborate with chat and shared whiteboards; and learn with shared applications such as PowerPoint slides.

Lifelong and Literacy Training Techniques

Lifelong learning means providing employees with continuing learning experiences over their tenure with the firm, with the aims of ensuring they have the opportunity to learn the skills they need to do their jobs and to expand their horizons. For example, one senior waiter at the Rhapsody restaurant in Chicago received his undergraduate degree and began work toward a master of social work using the lifelong learning account (LiLA) program his employer offers. Lifelong learning may thus range from basic remedial skills (for instance, English as a second language) to college. Somewhat similar to 401(k) plans, employers and employees contribute to LiLA plans (without the tax advantages of 401(k) plans), and the employee can use these funds to better himself or herself.

Team Training

Teamwork is not something that always comes naturally. Companies therefore devote many hours to training new employees to listen to each other and to cooperate. Toyota s training process stresses dedication to teamwork. For example, the program uses short exercises to illustrate examples of good and bad teamwork, and to mold new employees attitudes regarding good teamwork.

A team-building program at a Baltimore Coca-Cola plant illustrates what team training typically involves.93 In this case, the plant suffered from high turnover and absenteeism. The new plant manager decided to reorganize around teams and to use team training to support the new organization.

Team training focused on technical, interpersonal, and team management issues. In terms of *technical training*, for instance, management encouraged team employees to learn each other s jobs, with the aim of encouraging flexible team assignments.

Cross training means training employees to do different tasks or jobs than their own; doing so facilitates flexibility and job rotation, as when you expect team members to occasionally share jobs.

When teamwork fails, it is often due to interpersonal problems such as intra-team conflict, lack of agreement, guarded communications, and personal criticism. In this case, team training therefore included *interpersonal skills* training such as in listening, handling conflict, and negotiating. In practice, effective teams also require certain team management skills. In this case, *team management skills* included training in problem solving, meetings management, consensus decision making, and team leadership (since each team member had to exercise team leadership at one time or another).

Employers also use team training to build stronger management teams. This often involves special training methods. For example, some use outdoor adventure or extreme training such as Outward Bound programs to build teamwork. Such training usually involves taking a firms management team out into rugged, mountainous terrain. Activities might include, for instance, white water rafting, and maneuvering through obstacle courses. The aim is to foster trust and cooperation among trainees. For example, the chief financial officer for a bank helped organize a retreat for 73 of his firms financial officers and accountants. As he said, They are very individualistic in their approach to their work. . . . What I have been trying to do is get them to see the power of acting more like a team.

ROLE PLAYING

The aim of **role playing** is to create a realistic situation and then have the trainees assume the parts (or roles) of specific persons in that situation. Each trainee gets a role, such as:

You are the head of a crew of telephone maintenance workers, each of whom drives a small service truck to and from the various jobs. Every so often you get

a new truck to exchange for an old one, and you have the problem of deciding to which of your crew members you should give the new truck. Often there are hard feelings, since each seems to feel entitled to the new truck, so you have a tough time being fair.

When combined with the general instructions and other roles, role playing can trigger spirited discussions among the role player/trainees. The aim is to develop trainees skills in areas like leadership and delegating. For example, a supervisor could experiment with both a considerate and an autocratic leadership style, whereas in the real world the person might not have the luxury of experimenting. It may also train someone to be more aware of and ensitive to others feelings.

BEHAVIOR MODELING

Behavior modeling involves

- (1) showing trainees the right (or model) way of doing something,
- (2) letting trainees practice that way, and then
- (3) giving feedback on the trainees performance. Behavior modeling training isone of the most widely used, well researched, and highly regarded psychologically based training interventions.108 The basic procedure is as follows:
- **1. Modeling.** First, trainees watch live or video examples showing models behaving effectively in a problem situation. Thus, the video might show a supervisor effectively disciplining a subordinate, if teaching how to discipline is the aim of thetraining program.
- **2. Role playing.** Next, the trainees are given roles to play in a simulated situation; here they are to practice the effective behaviors demonstrated by the models.

- **3. Social reinforcement.** The trainer provides reinforcement in the form of praise and constructive feedback.
- **4. Transfer of training.** Finally, trainees are encouraged to apply their new skills when they are back on their jobs.

EXECUTIVE COACHES

Many firms retain executive coaches to develop their top managers effectiveness. An **executive coach** is an outside consultant who questions the executive s boss, peers, subordinates, and (sometimes) family in order to identify the executive s strengths and weaknesses, and to counsel the executive so he or she can capitalize on those strengths and overcome the weaknesses.111 Executive coaching can cost as much as \$50,000 per executive. Experts recommend using formal assessments prior to coaching, to uncover strengths and weaknesses and to provide more focused coaching.

Executive coaching can be effective. Participants in one study included about 1,400 senior managers who had received 360 degree performance feedback from bosses, peers, and subordinates. About 400 worked with an executive coach to review the feedback.

Then, about a year later, these 400 managers and about 400 who didn't receive coaching again received multisource feedback. The managers who received executive coaching were more likely to set more effective, specific goals for their subordinates, and to have received improved ratings from subordinates and supervisors.

The coaching field is unregulated, so managers should do their due diligence. Check references carefully, and check with the International Coach Federation, a trade group.

THE SHRM LEARNING SYSTEM

The Society for Human Resource Management, encourages HR professionals to qualify for certification by taking examinations.

The society offers several preparatory training programs. The self-study option includes text and DVD. The college/university option provides classroom interaction with instructors and other students.

Chapter 7
Performance
Management
and Appraisal

Chapter 7

Performance Management and Appraisal

Few things supervisors do are fraught with more peril than appraising subordinates performance. Employees tend to be overly optimistic about what their ratings will be.

They also know that their raises, careers, and peace of mind may hinge on how you rate them. As if that s not enough, few appraisal processes are as fair as employers think they are.

Hundreds of obvious and not-so-obvious problems (such as bias, and the tendency for supervisors to rate everyone average) distort the process. However, the perils notwithstanding, performance appraisal plays a central role in human resource management.

The Performance Appraisal Process

Performance appraisal means evaluating an employee s current and/or past performance relative to his or her performance standards.

Effective appraisal also requires that the supervisor set performance standards. And it requires that the employee receives the training, feedback, and incentives required to eliminate performance deficiencies.

Effective appraisals begin before the actual appraisal, with the manager defining the employee s job and performance criteria. *Defining the job* means making sure that you and your subordinate agree on his or her duties and job standards and on the appraisal method you will use. Stripped to its essentials, performance appraisal always involves the 3-step **performance appraisal process**: (1) setting work standards; (2) assessing the employee s actual performance relative to those standards (this usually involves some rating form); and (3) providing feedback to

the employee with the aim of helping himor her to eliminate performance deficiencies or to continue to perform above par.

Why Appraise Performance?

There are five reasons to appraise subordinates performance.

- * First, most employers still base pay, promotion, and retention decisions on the employee's appraisal.
- * Second, appraisals play a central role in the employer s *performance management* process. Performance management means continuously making sure that each employee s and teams performance makes sense in terms of the company s overall goals. The accompanying HR as a Profit Center feature illustrates this.
- * Third, the appraisal lets you and the subordinate develop a plan for correcting any deficiencies, and to reinforce the things the subordinate does right.
- * Fourth, appraisals should facilitate career planning. They provide an opportunity to review the employee's career plans in light of his or her exhibited strengths and weaknesses.
- * Finally, supervisors use appraisals to identify employees training and development needs. The appraisal should enable the supervisor to identify if there is a performance gap between the employee s performance and his or her standards. And it should help identify the cause of any such gap, and the remedial steps required.

The Importance of Continuous Feedback

For accomplishing several of these aims, traditional annual or semiannual appraisal reviews make sense. For example, promotions and raises tend to be periodic decisions.

Similarly, you probably wouldn't want to make career decisions without at least several months of data gathering and introspection.

However, it s usually a mistake to wait until the actual appraisal to let employees know what they re doing wrong and doing right. Aligning the employee s efforts with the job s standards should be a continuous process. When you see a performance problem, the time to take action is immediately there is no substitute for nudging your employee s performance back into line continuously and incrementally.

Similarly, when someone does something well, the best reinforcement comes immediately, not 6 months later.

Performance Management

Recognizing this, many employers today take a more continuous approach to the performance appraisal cycle. For example, at Toyota Motor s Lexington, Kentucky, Camry plant, the supervisors don t sit with individual employees to fill out forms and appraise them. Instead, teams of employees monitor their own results, even posting individual daily performance metrics. In frequent meetings, they continuously align those results with the work teams standards and with the plant s overall quality and productivity needs. They do this by continuously adjusting how they and their team members do things. Team members who need coaching and training receive it, and procedures that need changing are changed. This is *performance management* in action.

PERFORMANCE MANAGEMENT DEFINED

Performance management means different things to different people. Some use performance management as just a new way of saying performance appraisal. Others say performance appraisal represents just the appraisal step of a three-step goal-setting/appraisal/feedback performance management process. In this book, we assume that **performance management** is a uniquely goal-oriented and continuous way to appraise and manage employees performance. It is the

continuous process of identifying, measuring, and developing the performance of individuals and teams and *aligning* their performance with the organizations *goals*.

The difference between performance management and performance appraisal is more than a matter of degree; it s a matter of substance. Many employers have what they call performance management processes, but in fact still use traditional performance appraisal. Continuous feedback and strategically related performance criteria are the two distinguishing characteristics of performance management. As one expertputs it, a system that involves employee evaluations once a year without an ongoing effort to provide feedback and coaching so that performance can be improved is not a true performance management system. Similarly, performance management systems that do not make explicit the employee contribution to the organizational goals are not true performance management systems. The accompanying Strategic Context feature illustrates this.

Defining the Employee's Goals and Performance Standards

Most employees need and expect to know ahead of time on what basis their employer will appraise them.10 Ideally, each employee s goals should derive from and contribute to the company s overall aims. The manager s goals flow from the vice president s, whose goals flow from the president s, for instance. However, setting useful goals is not as simple as it may appear. There is an art to setting effective goals.

First, the supervisor must decide what to measure. Many employers simply use packaged employee appraisal forms with generic scales.

That appraisal form shows what will be measured, for instance, The instructor is well-prepared for class. Other firms use a management by objectives approach. Thus, the CEO may have a goal to double sales this year. Based on that, her vice

president of sales has his or her own sales goals, and each salesperson has his or her sales goal, set in discussions with his or her supervisor.

It is typical to set measurable goals for each expectation you have for the employee. Suppose you expect your sales manager to handle the company s three biggest accounts personally, and to manage the sales force. You might measure the personal selling activity in terms of a money goal how many dollars of sales the manager is to generate personally. You might measure managing the sales force in terms of a turnover goal (on the assumption that less than 10% of the sales force will quit in any given year if morale is high).

But is, say, a 10% turnover goal reasonable?

One way to think of this is to remember that effective goals are SMART. They are *specific*, and clearly state the desired results. They are *measurable*, and answer the question How much? They are *attainable*. They are *relevant*, and clearly derive from what the manager and company want to achieve. And they are *timely*, and reflect deadlines and milestones.

THE ROLE OF JOB DESCRIPTIONS

Ideally, what to appraise and how to appraise it will be obvious from the job description. In terms of *what* criteria to appraise, the job description should list the job s duties or tasks, including how critical each is to the job, and how often it s performed. For example, a nurse s job description may include safely administer patient medication as a task. You might then appraise the nurse on how well he or she safely administers patient medication, for instance using data from periodic hospital safety inspections.13 The job description may also include strategically important behaviors such as building patient trust and satisfaction. Their presence (either in the job descriptions list of duties or in a separate list of strategically relevant core behaviors) enables the manager to identify competencies (such as quality consciousness) to appraise that support the employers strategic aims.

Who Should Do the Appraising?

Appraisals by the immediate supervisor are still the heart of most appraisal processes. Getting a supervisor s appraisal is relatively straightforward and makes sense. The supervisor is usually in the best position to observe and evaluate his or her subordinate s performance. The supervisor is also responsible for that persons performance.

The human resources department serves a policy-making and advisory role.

Generally, human resource managers provide the advice and the appraisal tool to use, but leave final decisions on procedures to operating division heads. The human resource team should also be responsible for training supervisors to improve their appraisal skills, for monitoring the appraisal systems effectiveness, and for ensuring that it complies with EEO laws.

Yet, although widely used, relying only on supervisors appraisals isnt always advisable.

For example, an employee's supervisor may not understand or appreciate how customers

and colleagues see the employee s performance. Furthermore, there is always some danger of bias for or against the employee. If so,managers have several options.

PEER APPRAISALS

With more firms using self-managing teams, appraisal of an employee by his or her peers peer appraisal is popular. Typically, an employee due for an annual appraisal chooses an appraisal chairperson. The latterthen selects one supervisor and three peers to evaluate the employee s work.

Research indicates that peer appraisals can be effective. One study involved undergraduates placed into self-managing work groups. The researchers found that peer appraisals had an immediate positive impact on [improving] perception

of open communication, task motivation, social loafing, group viability, cohesion, and satisfaction. Employees, in other words, seemto be motivated to meet their colleagues expectations.

RATING COMMITTEES

A rating committee is usually composed of the employee s immediate supervisor and three or four other supervisors.

Using multiple raters is advantageous. It can help cancel out problems such as bias on the part of individual raters.16 It can also provide a way to include in the appraisal the different facets of an employee's performance observed by different appraisers. Multiple raters often see different facets of an employee's performance.

Studies often find that the ratings obtained from different sources rarely match.

It s therefore advisable to obtain ratings from the supervisor, his or her boss, and at least one other manager who is familiar with the employee s work.18 At a minimum, most employers require that the supervisor s boss sign off on any appraisals the supervisor does.

SELF-RATINGS

Some employers obtain employees self-ratings, usually in conjunction with supervisors ratings. The basic problem, of course, is that employees usually rate themselves higher than do their supervisors or peers.19 One study found that, when asked to rate their own job performances, 40% of employees in jobs of all types placed themselves in the top 10%, and virtually all remaining employees rated themselves at least in the top 50%.20 In another study, subjects self-ratings correlated negatively with their subsequent performance in an assessment center the higher they appraised themselves, the worse they did in the center. In contrast, an average of the persons supervisor, peer, and subordinate ratings predicted the subjects assessment center performance.

APPRAISAL BY SUBORDINATES

Many employers have subordinates rate their managers, usually for developmental rather than for pay purposes. Anonymity affects the feedback. Managers who receive feedback from subordinates who identify themselves view the upward feedback process more positively. However, subordinates prefer giving anonymous responses (not surprisingly), and those who must identify themselves tend to give inflated ratings.

The evidence suggests that upward feedback can improve a manager s performance.

One study focused on 252 managers during five annual administrations of an upward feedback program. Managers who were initially rated poor or moderate showed significant improvements in [their] upward feedback ratings over the five-year period. In another study, cynicism toward management and inadequate time to interact with the boss reduced the upward appraisal s usefulness. And,managers who met with their subordinates to discuss their upward feedback improved more than the managers who did not.

360-DEGREE FEEDBACK

With 360-degree feedback, the employer collects performance information all around an employee from his or her supervisors, subordinates, peers, and internal or external customers generally for developmental rather than pay purposes.25 The usual process is to have the raters complete online appraisal surveys on the ratee. Computerized systems then compile all this feedback into individualized reports to ratees. The person may then meet with his or her supervisor to develop a self-improvement plan. Results are mixed. Participants seem to prefer this approach, but one study concluded that multisource feedback led to generally small improvements in subsequent ratings by supervisors, peers, and subordinates. Improvement was most likely to occur when the feedback the

person received indicated that change was necessary, and when the recipients believed that change was necessary and had a positive view of the change process. Many employers use rating committees to appraise employees.

Also, 360-degree appraisals are more candid when subordinates know rewards or promotions are not involved.

There are several ways to improve 360-degree appraisals.

- * Anchor the 360-degree rating dimensions (such as conflict management) with specific behavioral examples (such as effectively deals with conflicts).
- * Carefully train the people who are giving and receiving the feedback.
- * With so many appraisers involved, each potentially with his or her own ax to grind, make sure that the feedback the person receives is productive, unbiased, and development oriented.
- * Reduce the administrative costs associated with collecting multisource feedback by using a Web-based system. This lets the rater log in, open a screen with a rating scale, and rate the person along a series of competencies with ratings such as capable and effective.

TECHNIQUES FOR APPRAISING PERFORMANCE

The manager generally conducts the actual appraisal using a formal tool or method like one or more of those described next. The two basic questions in designing the actual appraisal tool are *what performance dimensions to measure*, and *how to measure* them. For example, in terms of *what dimensions to measure*, we might measure the employee's performance in terms of generic dimensions such as quality and timeliness, or with respect to achieving specific goals. In terms of *how to measure* it, you can use one or more of various tools or methods, such as graphic rating scales or forced distribution (grading on a curve). We ll start with the most popular, graphic rating scales.

Graphic Rating Scale Method

The **graphic rating scale** is the simplest and most popular method for appraising performance.

A graphic rating scale lists traits or performance dimensions (such as communication or teamwork) and a range of performance values (from below expectations to role model or unsatisfactory to outstanding,) for each trait. The supervisor rates each subordinate bycircling or checking the score that best describes the subordinate s performance for each trait. The manager then totals the assigned ratings for the traits.

WHAT TO RATE?

We can use graphic ratings scales to illustrate the range of traits or performance dimensions one might evaluate. For example:

- * Some rating scales assess generic job dimensions such as communications, teamwork, know-how, and quantity.
- * Another option is to rate the employee s performance on the job s actual duties.
- * Competency-based appraisal forms are another option. Here you focus on the extent to which the employee exhibits the competencies (generally the skills and/or knowledge) needed to perform the job. Section II of Figure 9-5 illustrates this appraisal approach. To illustrate, one competency that a nurse supervisor should bring to the job might be builds a culture that is open and receptive to improved clinical care. Why appraise such competencies? Suppose this hospital s strategic goals include improving quality of patient care. If so, then focusing the nurse supervisor s attention on improving his or her clinical care competencies better supports the hospital s strategy than would appraising how he or she rates on duties like supervise one dozen nurses.

Alternation Ranking Method

Ranking employees from best to worst on a trait or traits is another option. Since it is usually easier to distinguish between the worst and best employees, an alternation ranking method is most popular. First, list all subordinates to be rated, and then cross out the names of any not known well enough to rank. Then, on a form will indicate the employee who is the highest on the performance dimension being measured and the one who is the lowest. Then choose the next highest and the next lowest, alternating between highest and lowest until all employees have been ranked.

Paired Comparison Method

The **paired comparison method** helps make the ranking method more precise. For every trait (quantity of work, quality of work, and so on), you pair and compare every subordinate with every other subordinate.

Suppose you have five employees to rate. In the paired comparison method, you make a chart, of all possible pairs of employees for each trait. Then, for each trait, indicate (with a *or +) who is the better employee of the pair. Next, add up the number of *s for each employee. Maria ranked highest (has the most * marks) for quality of work, whereas Art was ranked highest for creativity.

Forced Distribution Method

The **forced distribution method** is similar to grading on a curve. With this method, you place predetermined percentages of ratees into several performance categories.

The proportions in each category need not be symmetrical; GE used top 20%, middle 70%, and bottom 10% for its managers. (GE now tells managers to use more discretion in assigning rankings, and no longer strictly adheres to its famous 20/70/10 split.) Forced distribution makes some sense. It reflects the fact that top employees often outperform average or poor ones by as much as 100%.33 About a fourth of *Fortune* 500 companies including Microsoft, Conoco, and Intel use versions of forced distribution As most students know, forced grading systems

are unforgiving. With forced distribution, you re either in the top 5% or 10% (and thus get that A), or you 're not.

And, if you re in the bottom 5% or 10%, you get an F, no questions asked. Your professor hasn t any wiggle room. Some students must fail. One survey found that 77% of responding employers using this approach were at least somewhat satisfied with forced ranking, while the remaining 23% were dissatisfied. The biggest complaints: 44% said it damages morale. Forty-seven percent said it creates interdepartmental inequities: High performing teams must cut 10% of their workers while low performing teams are still allowed to retain 90% of theirs. Some writers refer unkindly to forced rankings as Rank and Yank. Given this, to protect against unfairness and bias claims, managers should take several steps. Appoint a review committee to review any employee s low ranking.

Train raters to be objective, and consider using multiple raters in conjunction with the forced distribution approach. And remember that distinguishing between top and bottom performers is usually not even the problem: The challenge is to differentiate meaningfully between the other 80%.

Critical Incident Method

With the **critical incident method**, the supervisor keeps a log of positive and negative examples (critical incidents) of a subordinate s work-related behavior. Every 6 months or so, supervisor and subordinate meet to discuss the latter s performance, using the incidents as examples.

Compiling incidents is useful. It provides examples of good and poor performance the supervisor can use to explain the person s rating. It makes the supervisor think about the subordinate s appraisal all during the year (so the rating does not just reflect the employee s most recent performance). And the list provides examples of how the subordinate can eliminate deficiencies. The downside is that without some numerical rating, this method is not as useful for comparing employees or for salary decisions.

In any case, it is common to accumulate incidents to illustrate the reasons behind the employee s ratings. For example, one of the assistant plant manager s continuing duties was to supervise procurement and to minimize inventory costs. The critical incident log shows that he or she let inventory storage costs rise 15%; this provides an example of what performance to improve.

Narrative Forms

All or part of the written appraisal may be in narrative form. Figure 9-8 presents an example. Here the person s supervisor assesses the employee s past performance and required areas of improvement. The supervisor s narrative assessment aids helps the employee understand where his or her performance was good or bad, and how to improve that performance.

Behaviorally Anchored Rating Scales

A behaviorally anchored rating scale (BARS) is an appraisal tool that anchors a numerical rating scale with specific illustrative examples of good or poor performance.

Its proponents say it provides better, more equitable appraisals than do the other tools we discussed.

Developing a BARS typically requires five steps:

- **1. Write critical incidents.** Ask the job s jobholders and/or supervisors to write specific illustrations (critical incidents) of effective and ineffective performance on the job.
- **2. Develop performance dimensions.** Have these people group the incidents into 5 or 10 performance dimensions, such as salesmanship skills.
- **3. Reallocate incidents.** To verify these groupings, have another team of people who also know the job reallocate the original critical incidents. They must

reassign each incident to the cluster they think it fits best. Retain a critical incident if most of this second team assigns it to the same cluster as did the first group.

- **4. Scale the incidents.** This second group then rates the behavior described by the incident as to how effectively or ineffectively it represents performance on the dimension (7- to 9-point scales are typical).
- **5. Develop a final instrument.** Choose about six or seven of the incidents as the dimensions behavioral anchors. 40We ll look at an example.

Mixed Standard Scales

Mixed standard scales are somewhat similar to behaviorally anchored scales. However, mixed scales generally list just a few (usually 3) behavioral examples (or standards) for each of, say, 3 performance dimensions. The employer then mixes the resulting behavioral examples statements when listing them. The aim is to reduce rating errors by making it less obvious to the person doing the appraising (1) what performance dimensions he or she is rating; and (2) whether the behavioral example statements represent high, medium, or low performance. The supervisor rates the employee by indicating whether the latter s performance is better than, the same, or worse than the statement.

Suppose you want to appraise employees on the dimensions Quality of Work, Conscientiousness, and Gets Along with Others. You write three high, medium, low behavioral examples for each of these three dimensions, as follows.

For Quality ofWork:

Employee s work is striking in its accuracy, there is never any evidence of carelessness in it.

The accuracy of employee s work is satisfactory; it is not often that you find clear evidence of carelessness.

Frequent careless errors in this employee s work.

For Conscientiousness:

Is quick and efficient, able to keep work on schedule. Really gets going on a

new task.

Is efficient enough, usually getting through assignments and work in reasonable time.

There is some lack of efficiency on employee s part. Employee may take too much time to complete assignments, and sometimes does not really finish them. For *Gets Along with Others*:

Is on good terms with everyone. Can get along with people even when they disagree.

Only very occasionally has conflicts with others on the job, and these are likely to be minor.

Has a tendency to get into unnecessary conflicts with people.

Next, take the resulting nine high, medium, low statements, and list them randomly, in a mixed fashion, for instance with the low statement from Conscientiousness followed by the high Quality statement, and so on. Then the supervisor would appraise each employee by rating him or her better, the same or worse than *for each of the 9 statements*. However, it is not clear that mixed standard appraisals are superior to others, such as graphic rating scales.

Management by Objectives

Some employers use management by objectives (MBO) as the primary ppraisal method.

Others use it to supplement a graphic rating or other appraisal method. You could engage in an informal MBO program with subordinates by jointly setting goals and periodically providing feedback. However, *MBO* generally refers to a comprehensive and formal organization-wide goal setting and appraisal program. Here goals cascade down by level and department, from company-wide strategic goals to tactical day-to-day goals.

Computerized and Web-Based Performance Appraisal

Employers increasingly use computerized or Web-based performance appraisal systems. These enable managers to compile computerized notes on subordinates during the year, and then to merge these with ratings for each employee on several performance traits. The software then generates written text to support each appraisal. Most such appraisals combine several appraisal methods, such as graphic ratings anchored by critical incidents.

DEALING WITH APPRAISAL PROBLEMS AND INTERVIEWS

As we said, few things managers do are fraught with more peril than appraising subordinates performance.50 We now turn to appraisal problems and how to solve them, and to several other appraisal issues.

Potential Appraisal Problems

Graphic-type rating scales in particular are susceptible to several problems: unclear standards, halo effect, central tendency, leniency or strictness, and bias.

UNCLEAR STANDARDS

This graphic rating scale seems objective. However, it would probably result in unfair appraisals, because the traits and degrees of merit are ambiguous. For example, different supervisors might define good performance, fair performance, and so on differently. The same is true of traits such as quality of work or creativity.

The best way to fix this problem is to include descriptive phrases that define or illustrate each trait. That form spells out what measures like Role Model or Below Expectations mean. This specificity results in more consistent and more easily explained appraisals.

HALO EFFECT

Experts define **halo effect** as the influence of a rater s general impression on ratings of specific ratee qualities. 52 For example, supervisors often rate unfriendly employees lower on all traits, rather than just on gets along well with others. Being aware of this problem is a step toward avoiding it. Supervisory training can also alleviate the problem, as can using a BARS (on which, recall, the performance dimensions are usually independent of each other).

CENTRAL TENDENCY

Some supervisors stick to the middle when filling in rating scales. For example, if the rating scale ranges from 1 to 7, they tend to avoid the highs (6 and 7) and lows (1 and 2) and rate most of their people between 3 and 5.

Central tendency means rating all employees average. Doing so distorts the evaluations, making them less useful for promotion, salary, or counseling purposes.

Ranking employees instead of using graphic rating scales can reduce this problem, since ranking means you can t rate them all average.

LENIENCY OR STRICTNESS

Other supervisors tend to rate all their subordinates consistently high or low, just as some instructors are notoriously high or low graders. This **strictness/leniency** problem is especially severe with graphic rating scales. On the other hand, ranking forces supervisors to distinguish between high and low performers.

There are other solutions. One is for the employer to recommend that supervisors avoid giving all their employees high (or low) ratings. A second is to basically enforce adistribution that, say, about 10% of the people should be rated excellent, 20% good, and so forth. (But beware: Sometimes what appears to be an error such as leniency isn t an error at all, as when all subordinates really are superior performers.)

RECENCY EFFECTS

The recency effect means letting what the employee has done recently blind you to what his or her performance has been over the year. The main solution is to accumulate critical incidents all year long.

BIAS

The number of things that can lead to **bias** during appraisals is limitless. One study focused on the rater s personality.Raters who scored higher on conscientiousness tended to give their peers lower ratings they were stricter, n other words; those scoring higher on agreeableness gave higher ratings they were more lenient. In another study, performance appraisal ratings obtained for administrative purposes [such as pay raises or promotions] were nearly one-third [higher] than those obtained for research or employee development purposes. Another writer says, performance ratings amplify the quality of the personal relationship between boss and employee. Good relationships tend to create good [appraisal] experiences, bad relationships bad ones.

Unfortunately, personal characteristics (such as age, race, and sex) also affect ratings. A 36-year-old supervisor ranked a 62-year-old subordinate at the bottom of the department's rankings, and then fired him. The court held that the younger boss s discriminatory motives might have prejudiced the dismissal decision. 57 In one study, promoted women had to receive higher performance ratings than promoted men to be promoted, suggesting that women were held to stricter standards for promotion.

Guidelines for Effective Appraisals

It s probably safe to say that problems like these can make an appraisal worse than no appraisal at all. Would an employee not be better off with no appraisal than with a seemingly objective but actually biased one? However, problems like these aren t inevitable, and you can minimize them. Do five things to have effective appraisals.

KNOW THE PERFORMANCE APPRAISAL PROBLEMS

First, learn and understand the potential appraisal problems (such as central tendency). Understanding and anticipating the problem can help you avoid it.

USE THE RIGHT APPRAISAL TOOL

Second, use the right appraisal tool or combination of tools. Each has its own pros and cons. For example, the ranking method avoids central tendency but can cause bad feelings when employees performances are in fact all high.

In practice, employers choose an appraisal tool based on several criteria.

Accessibility and ease-of-use is probably first. That is why graphic rating scales are still so popular, even within computerized appraisal packages.

KEEP A DIARY

Third, keep a diary of employees performances over the year. One study involved 112 first-line supervisors. The conclusion of this and similar studies is that compiling critical incidents as they occur reduces appraisal problems.

GET AGREEMENT ON A PLAN

Fourth, the aim of the appraisal should be to improve unsatisfactory performance (and/or to reinforce exemplary performance). The appraisal s end product should therefore always be a plan for what the employee must do to improve his or her efforts.

ENSURE FAIRNESS

Fifth, make sure that every appraisal you give is fair. Studies confirm that, in practice, some managers ignore accuracy and honesty in performance appraisals. Instead, they use the process for political purposes (such as encouraging employees with whom they don't get along to leave the firm). The employees

standards should be clear, employees should understand the basis on which you re going to appraise them, and the appraisals should be objective and fair. One study found that a number of best practices, such as have an appeal mechanism, distinguish fair appraisals.

PERFORMANCE MANAGEMENT

Earlier in this chapter,we said that performance management is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organizations goals. We look at performance management more closely in this section.

Performance Management vs. Performance Appraisal

In comparing performance management and performance appraisal, the distinction is the contrast between a year-end event the completion of the appraisal form and a process that starts the year with performance planning and is integral to the way people are managed throughout the year.

Three main things distinguish performance management from performance appraisal.

- **1.** First, performance management never means just meeting with a subordinate once or twice a year to review your performance. It means *continuous*, *daily*, *or weekly* interactions and feedback to ensure continuous improvement.
- **2.** Second, performance management is always *goal-directed*. The continuing performance reviews always involve comparing the employee s or teams performance against goals that specifically stem from and link to the company s

strategic goals. *Strategic congruence* is central to performance management: each employee s goals must be aligned with departmental and company goals.

3. Third, performance management means continuously reevaluating and (if need be) *modifying how the employee and team get their work done*. Depending on the issue, this may mean additional training, changing work procedures, or instituting new incentive plans, for instance.

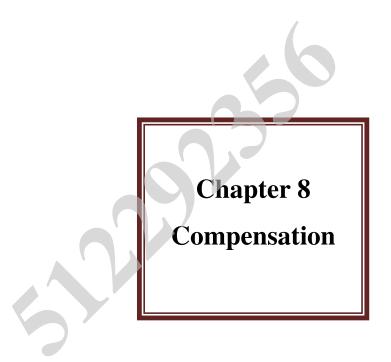
Furthermore, performance management systems increasingly use information technology to help managers automatically track employee performance and takeimmediate corrective action as required. By comparison, performance *appraisal* systems usually rely on paper forms, or perhaps online or computerized appraisal forms.

We can summarize performance management s six basic elements as follows:

- * *Direction sharing* means communicating the company s goals throughout the company and then translating these into doable departmental, team, and individual goals.
- * *Goal alignment* means having a method that enables managers and employees to see the link between the employees goals and those of their department and company.
- * Ongoing performance monitoring usually includes using computerized systems that measure and then e-mail progress and exception reports based on the person s progress toward meeting his or her performance goals.
- * Ongoing feedback includes both face-to-face and computerized feedback regarding progress toward goals.

- * Coaching and developmental support should be an integral part of the feedback process.
- * *Recognition and rewards* provide the consequences needed to keep the employee's goal-directed performance on track.





Chapter 8

Compensation

Employee compensation includes all forms of pay going to employees and arising from their employment. It has two main components, direct financial payments (wages, salaries, incentives, commissions, and bonuses) and indirect financial payments (financial benefits like employer-paid insurance and vacations).

In turn, there are two basic ways to make direct financial payments to employees: based on increments of time or based on performance. Time-based pay is still the foundation of most employers pay plans. Blue-collar and clerical workers receive hourly or daily wages, for instance. Others, like managers or Web designers, tend to be salaried and paid weekly, monthly, or yearly.

The second direct payment option is to pay for performance. For example, piecework ties compensation to the amount of production (or number of pieces) the worker turns out. Sales commissions are another performance-based (in this case, sales-based) compensation. Other employers devise pay plans that combine time-based pay plus incentives.

In this chapter, we explain how to formulate plans for paying employees a timebased wage or salary. Subsequent parts cover performance-based financial incentives and bonuses and employee benefits

Several factors determine the design of any pay plan: company strategy and policy, equity, legal, and union.

Aligning Total Rewards with Strategy

The compensation plan should first advance the firms strategic aims management should produce an *aligned reward strategy*. This means creating a compensation package including wages, incentives, and benefits that produces the employee behaviors the firm needs to support and achieve its competitive strategy. We will see that many employers formulate a total rewards strategy. Total rewards encompass the traditional pay, incentives, and benefits, but also things such as more challenging jobs (job design), career development, and recognition programs.

EQUITY THEORY OF MOTIVATION

Higher up the primate line, *the equity theory of motivation* postulates that people are strongly motivated to maintain a balance between what they perceive as their contributions and their rewards.

Equity theory states that if a person perceives an inequity, a tension or drive will develop in the person s mind, and the person will be motivated to reduce or eliminate the tension and perceived inequity. Research tends to support equity theory, particularly as it applies to people who are underpaid.7 For example, one study found that turnover of retail buyers is significantly lower when the buyers perceive fair treatment in the amount or rewards and in the methods by which employers allocate rewards.

With respect to compensation, managers should address four forms of equity: *external, internal, individual,* and *procedural.*

- * *External equity* refers to how a job s pay rate in one company compares to the job spay rate in other companies.
- * *Internal equity* refers to how fair the job s pay rate is when compared to other jobs within the same company (for instance, is the sales manager s pay fair, when compared to what the production manager is earning?).
- * *Individual equity* refers to the fairness of an individual s pay as compared with what his or her coworkers are earning for the same or very similar jobs within the company, based on each individual s performance.
- * Procedural equity refers to the perceived fairness of the processes and procedures used to make decisions regarding the allocation of pay. 10

ADDRESSING EQUITY ISSUES

Managers use various means to address such equity issues. For example, they use salary surveys (surveys of what other employers are paying) to monitor and maintain external equity. They use job analysis and comparisons of each job (job evaluation) to maintain internal equity. They use performance appraisal and incentive pay to maintain individual equity. And they use Communications, grievance mechanisms, and employee participation to help ensure that employees view the pay process as procedurally fair. Some firms administer surveys to monitor employees pay satisfaction. Questions typically include, How satisfied are you with your pay? and What factors do you believe are used when your pay is determined? When inequities do arise, conflicts ensue. To head off discussions that might

prompt feelings of internal inequity, some firms maintain strict secrecy over pay rates, with mixed results. But for external equity, online pay sites like Salary.com make it easy to see what one could earn elsewhere. Ironically, overpaying people relative to what they think they re worth can backfire too, perhaps due to feelings of guilt or discomfort.

Pay Policies

The employer s compensation strategy will manifest itself in *pay policies*. For example, a top hospital like Johns Hopkins might have a policy of paying nurses 20% above the prevailing market wage. Pay policies can influence the employer s performance and profitability, as the accompanying HR as a Profit Center illustrates.

Managers need to formulate pay policies covering a range of issues. One is whether to emphasize *seniority* or *performance*. For example, it takes 18 years for a U.S. federal employee to progress from step 1 to step 9 of the government s pay scale. Seniority-based pay may be advantageous to the extent that seniority is an objective standard. One disadvantage is that top performers may get the same raises as poor ones. Seniority-based paymight seem to be a relic reserved for some government agencies and unionized firms.

However, one recent survey found that 60% of employees responding thought highseniorityemployees got the most pay. Only about 35% said their companies paid high performers more.

How to distinguish between *high and low performers* is a related policy issue. For example, for many years Payless ShoeSource was paternal in how it distributed raises it paid everyone about the same. However, after seeing its market share drop over several years, management decided on a turnaround strategy. It necessitated revising the firms compensation policies to differentiate more aggressively between top performers and others. Other pay policies usually cover how to award salary increases and promotions, overtime pay, probationary pay, leaves for military service, jury duty, and holidays.

GEOGRAPHY

How to account for geographic differences in cost of living is another big pay policy issue. For example, the average base pay for an office supervisor ranges from \$47,210 in Florida to \$51,120 in Texas to \$57,970 in New York.

Employers handle cost-of-living differentials for transferees in several ways. One is to pay a differential for ongoing costs in addition to a one-time allocation. For example, one employer pays a differential of \$6,000 per year to people earning \$35,000 to \$45,000 whom it transfers from Atlanta to Minneapolis. Others simply raise the employee s base salary. The problem is more complicated when youre sending employees overseas. Here, for instance, the person typically gets allowances including cost-of-living, elocation, housing, education, and hardship allowances (the latter for countries with a relatively hard quality of life, such as Zambia)

JOB EVALUATION METHODS

Employers use two basic approaches to setting pay rates: *market-based approaches* and *job evaluation methods*. Many firms, particularly smaller ones, simply use a *market-based* approach. Doing so involves conducting formal or informal salary surveys to determine what others in the relevant labor markets are paying for particular jobs. They then use these figures to price their own jobs. *Job evaluation methods* involve assigning values to each of the company s jobs. This helps to produce a pay plan in which each job s payis equitable based on its value to the employer. However, we ll see that even with the job evaluation approach, managers must adjust pay rates to fit the market.

Job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another. Job evaluation aims to determine a job s

relative worth. Job evaluation eventually results in a *wage* or *salary structure* or hierarchy (this shows the pay rate for various jobs or groups of jobs). The basic principle of job evaluation is this: Jobs that require greater qualifications, more responsibilities, and more complex job duties should receive more pay than jobs with lesser requirements. The basic job evaluation procedure is to compare jobs in relation to one another for example, in terms of required effort, job complexity, and skills. Suppose you know (based on your job evaluation) the relative worth of the key jobs in your firm. You then conduct a salary survey to see what others are paying for similar jobs. You are then well on your way to being able to price all the jobs in your organization equitably.

Compensable Factors

You can use two basic approaches to compare the worth of several jobs. First, you can take an intuitive approach. You might decide that one job is more important than another is, and not dig any deeper. As an alternative, you could compare the jobs by focusing on certain basic factors the jobs have in common. Compensation management specialists call these **compensable factors**. They are the factors that establish how the jobs compare to one another, and that determine the pay for each job.

Some employers develop their own compensable factors. However, most use factors popularized by packaged job evaluation systems or by federal legislation. For example, the Equal Pay Act uses four compensable factors skills, effort, responsibility, and working conditions. The method popularized by the Hay consulting firm emphasizes three factors: know-how, problem solving, and accountability. Walmart uses knowledge, problem-solving skills, and accountability requirements.

Identifying compensable factors plays a central role in job evaluation. You usually compare each job with all comparable jobs using the same compensable factors.

However, the compensable factors you use depend on the job and the job evaluation method. For example, decision making might make sense for a manager s job, but not for a cleaner s job.

Preparing for the Job Evaluation

Job evaluation is a judgmental process and demands close cooperation among supervisors, HR specialists, and employees and union representatives. The main steps include identifying the need for the program, getting cooperation, and then choosing an evaluation committee. The committee then performs the actual evaluation.

Identifying the need for job evaluation should not be difficult. For example, dissatisfaction reflected in high turnover, work stoppages, or arguments may result from paying employees different rates for similar jobs.Managers may express uneasiness with an informal way of assigning pay rates.

Employees may fear that a systematic evaluation of their jobs may reduce their pay rates, so *getting employees to cooperate* in the evaluation is important. For example, you can tell employees that because of the impending job evaluation program, pay rate decisions will no longer be made just by management whim, and that no current employee s rate will be adversely affected because of the job evaluation.

Third, *choose a job evaluation committee*. The committee usually consists of about five members, most of whom are employees. Management has the right to serve on such committees, but employees may view this with suspicion. However, a human resource specialist can usually be justified to provide expert assistance. Union representation is possible. In most cases, though, the union s position is that it is accepting the results of the job evaluation only as an initial decision and is reserving the right to appeal actual job pricing decisions through grievance or bargaining channels.

Once appointed, each committee member should receive a manual explaining the job evaluation process, and how to conduct the job evaluation.

The evaluation committee performs three main functions. First, it usually identifies 10 or 15 key **benchmark jobs**. These will be the first jobs they ll evaluate and will serve as the anchors or benchmarks against which the relative importance or value of all other jobs is compared. Next, the committee may select *compensable factors* (although the human resources department will usually choose these). Finally, the committee performs its most important function actually *evaluating the worth of each job*. For this, the committee will probably use one of the following methods: ranking, job classification, or point method.

Job Evaluation Methods: Ranking

The simplest job evaluation method ranks each job relative to all other jobs, usually based on some overall factor like job difficulty. There are several steps in the job **ranking method**.

1. Obtain job information. Job analysis is the first step. Here job descriptions for each job are prepared, and the information they contain about the job s duties is usually the basis for ranking jobs. (Sometimes job specifications are also prepared.

However, the ranking method usually ranks jobs based on the whole job, rather than on several compensable factors. Therefore, job specifications, which tend to list job demands in terms of compensable factors such as problem solving, decision making, and skills, are not as important with this method as they are for other job evaluation methods.)

2. Select and group jobs. It is usually not practical to make a single ranking for all jobs in an organization. The usual procedure is to rank jobs by department or

in clusters (such as factory workers or clerical workers). This eliminates the need for direct comparison of, say, factory jobs and clerical jobs.

- **3. Select compensable factors.** In the ranking method, it is common to use just one factor (such as job difficulty) and to rank jobs based on the whole job. Regardless of the number of factors you choose, it s advisable to explain the definition of the factor(s) to the evaluators carefully so that they all evaluate the jobs consistently.
- **4. Rank jobs.** For example, give each rater a set of index cards, each of which contains a brief description of a job. Then they rank these cards from lowest to highest. Some managers use an alternation ranking method for making the procedure more accurate. Here you take the cards, first choosing the highest and the lowest, then the next highest and next lowest, and so forth, until you ve ranked all the cards.

After ranking, it is possible to slot additional jobs between those already ranked and to assign an appropriate wage rate. Online programs, as at www.hr-guide.com/data/G909.htm, can help you rank (and check the rankings of) your positions.

5. Combine ratings. Usually, several raters rank the jobs independently. Then the rating committee (or the employer) can simply average the raters rankings.

This is the simplest job evaluation method, as well as the easiest to explain. And it usually takes less time than other methods.

Some of its drawbacks derive more from how it s used than from the method itself.

For example, there s a tendency to rely too heavily on guesstimates (of things likeoverall difficulty), since ranking usually does not use compensable factors.

Similarly, ranking provides no yardstick for quantifying the value of one job relative to another.

For example, job number 4 may in fact be five times more valuable than job number 5, but with the ranking method all you know is that one job ranks higher than the other.

Ranking is usually more appropriate for small employers that can t afford the time or expense of developing a more elaborate system.

The *factor comparison method* a considerably more complicated method of ranking jobs according to various skill and difficulty factors, then adding up these rankings to arrive at an overall numerical rating for each job is seldom used today. Job Evaluation Methods: Job Classification

Job classification (or job grading) is a simple, widely used job evaluation method in which raters categorize jobs into groups; all the jobs in each group are of roughly the same value for pay purposes. We call the groups classes if they contain similar jobs or grades if they contain jobs that are similar in difficulty but otherwise different. Thus, in the federal government s pay grade system, a press secretary and a fire chief might both be graded GS-10 (GS stands for General Schedule). On the other hand, in its job class system, the state of Florida might classify all secretary IIs in one class, all maintenance engineers in another, and so forth.

In practice, there are several ways to categorize jobs. One is to write class or grade descriptions (similar to job descriptions) and place jobs into classes or grades based on how well they fit these descriptions. A second is to write a set of compensable factor-based rules for each class (for instance, how much independent judgment, skill, and physical effort does the class of jobs require?). Then categorize the jobs according to these rules.

The latter is the most popular procedure choose compensable factors, and then develop class or grade descriptions for each class or grade based on the amount

or level of the compensable factor(s) in those jobs. For example, the U.S. government s classification system uses the following compensable factors: (1) difficulty and variety of work, (2) supervision received and exercised, (3) judgment exercised, (4) originality required, (5) nature and purpose of interpersonal work relationships, (6) responsibility, (7) experience, and (8) knowledge required. Based on these compensable factors, raters write a **grade definition**. This one shows one grade description (GS-7) for the federal government s pay grade system. Then the evaluation committee reviews all job descriptions and slots each job into its appropriate grade, by comparing each job description to the rules in each grade description. For instance, the federal government system classifies the positions automotive mechanic, welder, electrician, and machinist in grade GS-10.

The classification method has several advantages. The main one is that most employers usually end up grouping jobs into classes or grades anyway, regardless of the evaluation method they use. They do this to avoid having to price separately dozens or hundreds of jobs. Of course, the job classification automatically groups the employer s jobs into classes. The disadvantages are that it is difficult to write the class or grade descriptions, and considerable judgment is required to apply them. Yet many employers use this method with success.

Job Evaluation Methods: Point Method

The **point method** s overall aim is to determine the degree to which the jobs you re evaluating contain selected compensable factors. It involves identifying several compensable factors for the jobs, as well as the degree to which each factor is present in each job.

Assume there are five degrees of the compensable factor responsibility a job could contain. Further, assume you assign a different number of points to each degree of each compensable factor. Once the evaluation committee determines the degree to which each compensable factor (like responsibility and effort) is

present in a job, it can calculate a total point value for the job by adding up the corresponding degree points for each factor. The result is a quantitative point rating for each job. The point method of job evaluation is the most popular job evaluation method today.

PACKAGED POINT PLANS A number of groups (such as the Hay Group, the National Electrical Manufacturer's Association, and the National Trade Association) have developed standardized point plans. Many thousands of employers use these systems. They contain ready-made factor and degree definitions and point assessments for a wide range of jobs. Employers can often use them with little or no modification.

Computerized Job Evaluations

Using quantitative job evaluation methods such as the point method can be timeconsuming. Accumulating the information about how much of each compensable factor the job contains is a tedious process. The evaluation committees must debate the level of each compensable factor in each job. They then write down their consensus judgments and compute each job s point values or rankings.

Computer-aided job evaluation streamlines this process. The accompanying screen grab illustrates one. Most of these computerized systems have two main components. There is, first, a structured questionnaire. This contains items such as enter total number of employees who report to this position. Second, all such systems use statistical models. These allow the computer program to price jobs more or less automatically, by assigning points.

HOW TO CREATE A MARKET-COMPETITIVE PAY PLAN

As we said, many firms simply price their jobs based on what other employers are paying they use a market-based approach. However, most employers also base their pay plans on job evaluations. These evaluations assign values (such as point

values) to each job. This helps to produce a pay plan in which each job s pay is internally equitable, based, as it is, on the job s value to the employer (as measured, for instance,by how many points it warrants). However, even with the job evaluation approach, managers must adjust pay rates to fit the market. After all, you want employees pay to be equitable internally relative to what their colleagues in the firm earning but also competitive to what other employers are paying. In a *market-competitive pay plan* a job s compensation reflects both the job s value in the company, as well as what other employers are paying for similar jobs in the marketplace. Because the point method (or point-factor method) is so popular, well use it as the centerpiece of our step-by-step example for creating a market-competitive pay plan. The 16 stepsin creating a market-competitive pay plan begin with choosing benchmark jobs.

1. Choose Benchmark Jobs

Particularly when an employer has dozens or hundreds of different jobs, it s impractical and unnecessary to evaluate each of them separately. Therefore, the first step in the point method is to select benchmark jobs. Benchmark jobs are representative of the entire range of jobs the employer needs to evaluate. Like accounting clerk they should be common among employers (thus making it easier to survey what competitors are paying for similar jobs).

2. Select Compensable Factors

The choice of compensable factors depends on tradition (as noted, the Equal Pay Act of 1963 uses four compensable factors: skill, effort, responsibility, and working conditions), and on strategic and practical considerations. For example, if your firms competitive advantage is quality, you might substitute responsibility for quality for working conditions, or simply add it as a fifth factor. Similarly, using working conditions makes little practical sense for evaluating executive

jobs. The employer should carefully define each factor. This is to ensure that the evaluation committee members will each apply the factors with consistency.

3. Assign Weights to Compensable Factors

Having selected compensable factors, the next step is to determine the relative importance (or weighting) of each factor (for instance, how much more important is skill then effort?). This is important because for each cluster of jobs some factors are bound to be more important than others are. Thus, for executive jobs the mental requirements factor would carry far more weight than would physical requirements. To assign weights, we assume we have a total 100 percentage points to allocate for each job. Then (as an illustration), assign percentage weights of 60% for the factor job complexity, 30% for effort, and 10% for working conditions.

4. Convert Percentages to Points for Each Factor

Next, we want to convert the percentage weights assigned to each compensable factor into point values for each factor (this is, after all, the point method). It is traditional to assume we are working with a total number of 1,000 points (although one could use some other figure). To convert percentages to points for each compensable factor, multiply the percentage weight for each compensable factor (from the previous step) by 1,000.51 This will tell you the maximum number of points for each compensable factor.

The example above would translate into 1,000 * 0.60 + 600 possible points for job complexity, 1,000 * 0.30 + 300 points for effort, and 1,000 * 0.10 + 100 points for working conditions.

5. Define Each Factor s Degrees

Next, split each factor into degrees, and define each degree so that raters may judge the amount or degree of a factor existing in a job. Thus, for a factor such as job complexity you might choose to have five degrees, ranging from here the job is routine to uses independent judgment. The number of degrees usually does not exceed five or six, and the actual number depends mostly on judgment. Thus, if all employees work either in a quiet, air-conditioned office or in a noisy, hot factory, then two degrees would probably suffice for the factor working conditions. You need not have the same number of degrees for each factor, and you should limit degrees to the number necessary to distinguish among jobs.

6. Determine for Each Factor Its Factor

Degrees Points The evaluation committee must be able to determine the number of points each job is worth. To do this, the committee must be able to examine each job and (from each factor s degree definitions) determine what degree of each compensable factor that job has. For them to do this, we must first assign points to *each degree of each compensable factor*. For example, in our illustration, we have five possible degrees of job complexity, and the job complexity compensable factor is worth up to 600 points total. In our case, we decide that the first degree level of job complexity is worth 120 (or one-fifth of 600) points, the second degree level is worth 240 points, the third degree level is worth 360 points, the fourth degree level is worth 480 points, and the fifth degree is worth the full 600 points. Do this for each factor.

7. Review Job Descriptions and Job Specifications

The heart of job *evaluation* involves determining the amount or degree to which the job contains the selected compensable factors such as effort, job complexity, and working conditions. The team conducting the job evaluation will frequently do so by reviewing each job s job description and job specification. As we explained (Job Analysis), it is through the job analysis that the manager identifies

the job s duties and responsibilities and writes the job description and job specification. Ideally, the job analysis should therefore include an explicit attempt to gather information about the compensable factors (such as job complexity) around which the employer plans to build its compensation plan.

8. Evaluate the Jobs

The preceding steps provide us with the information on points and degrees we need to evaluate the jobs. Therefore, the committee now gathers job descriptions and job specifications for the benchmark jobs they want to focus on. Then for each of these jobs, the committee reviews the job description and job specification.

From this, the committee *determines the degree to which each compensable* factor ispresent in each job. Thus for, say, a job of master mechanic, the team might conclude (after studying the job description and job specification) that the master mechanic s job deserves the third degree level of job complexity points, the first degree level of effort, and the first-degree level of working conditions.

Knowing the job complexity, effort, and working conditions degrees for each job, and knowing the number of points we previously assigned to each degree of each compensable factor, we can now determine how many job complexity, effort, and working conditions points each benchmark job should contain. (We know the degree level for each factor for each job, so we merely check the corresponding points that we previously assigned to each of these degrees.)

Finally, we add up these degree points for each job to determine each job s total number of points. We thereby get a total point value for each benchmark job. This in turn enables us to list a hierarchy of jobs, based upon each job s points. We can then Turn to assigning wage rates for each job (step nine). But first, we should define market-competitive pay plan, and **wage curve**.

9. Draw the Current (Internal) Wage Curve

First, to study how each job s points relates to its current pay rate, we start by drawing an *internal wage curve*. Plotting each job s points and the wage rate theemployer is now paying for each job (or wage rates, if there are several for each job) produces a scatter plot .We now draw a wage curve (on the right) through these plots that shows how point values relate to current wage rates. We can draw this wage line by just estimating a line that best fits the plotted points (by minimizing the distances between the plots and the curve). Or we can use regression, a statistical technique. Using the latter will produce a current/ internal wage curve that best fits the plotted points. In any case.

10. Conduct a Market Analysis: Salary Surveys

Next, we must compile the information needed to draw an external wage curve for our jobs, based on what other employers are paying for similar jobs. Salary surveys surveys of what others are paying play a big role in pricing jobs. Employers use salary surveys in three ways. First, they use survey data to price benchmark jobs. Benchmark jobs are the anchor jobs around which they slot their other jobs, based on each job s relative worth to the firm. Second, employers typically price 20% or more of their positions directly in the marketplace (rather than relative to the firms benchmark jobs), based on a survey of what comparable firms are paying for comparable jobs. (Google might do this for jobs like systems engineer, whose salaries fluctuate widely and often.) Third, surveys also collect data on benefits like insurance, sick leave, and vacations for decisions regarding employee benefits. Salary surveys can be formal or informal. *Informal* phone or Internet surveys are good for checking specific issues, such as when a bank wants to confirm the salary at which to advertise a newly open teller s job, or whether some banks are really paying tellers an incentive. Some large employers can afford to send out their own formal surveys to collect compensation information from other employers. These ask about things like number of employees, overtime policies, starting salaries, and paid vacations.

11. Draw the Market (External) Wage Curve

The current/internal wage curve from step 9 is helpful. For example, showing, as it does, how a job s current pay rate compares with its points helps the employer identify jobs for which pay rates are currently too high or too low, relative to others in the company.

(For example, if a job s current wage rate is well above the internal wage curve, it suggests that the present wage rate for that job is inequitably high, given the number of points we ve assigned to that job.)

What the current (internal) wage curve does *not* reveal is whether our pay rates are too high, too low, or just right relative to what other firms are paying. For this, we need to draw a *market* or ex*ternal wage* curve.

To draw the market/external wage curve, we produce a scatter plot and wage curve. However, instead of using our firms current wage rates, we use market wage rates (obtained from salary surveys). The market/ external wage curve compares our jobs points with market pay rates for our jobs.

12. Compare and Adjust Current and Market Wage

Rates for Jobs How different are the market rates others are paying for our jobs and the current rates we are now paying for our jobs? To determine this, we can draw both the current/ internal and market/external wage curves on one graph. The market wage curve might be higher than our current wage curve (suggesting that our current pay rates may be too low), or below our current wage curve (suggesting that our current wage rates might be too high). Or perhaps market wage rates are higher for some of our jobs, and lower for others.

Based on comparing the current/internal wage curve and market/externalwage curve, we must decide whether to adjust the current pay rates for our jobs, and if

so how. This calls for a policy decision by management. Strategic considerations influence this decision. Do our strategic aspirations suggest we should pay more, the same, or less than competitors? For example, we might decide to move our current internal wage curve up (and thereby give everyone a raise), or down (and thereby perhaps withhold pay increases for some time), or adjust the slope of the internal wage curve to increase what we pay for some jobs and decrease what we pay for others. In any case, the wage curve we end up should now be equitable internally (in terms of the point value of each job) and equitable externally (in terms of what other firms are paying).

13. Develop Pay Grades

Employers typically group similar jobs (in terms of points) into grades for pay purposes. Then, instead of having to deal with hundreds of job rates, you might only have to focus on, say, pay rates for 10 or 12 pay grades. For example, Serco, a services firm which operates a London, England light railway system, set up pay grades afterranking jobs using a point system based on knowledge, management complexity, and the job s magnitude and impact on the organization. A **pay** (**or wage**) **grade** is comprised of jobs of approximately equal difficulty or importance as determined by job evaluation. If you used the point method of job evaluation, the pay grade consists of jobs falling within a range of points. If the ranking method was used, the grade consists of a specific number of ranks. If you use the classification system, then your jobs are already categorized into classes (or grades).

DETERMINING THE NUMBER OF PAY GRADES

It is standard to establish grades of equal point spread. (In other words, each grade might include all those jobs falling between 50 and 100 points, 100 and 150 points, 150 and 200 points, etc.) Since each grade is the same width, the main issue involves determining how many grades to have. There doesn t seem to be

any optimal number, although 10 to 16 grades for a given job cluster (shop jobs, clerical jobs, etc.) seems to be common. You need more pay grades if there are, say, 1,000 jobs to be graded than if there are only 100.

14. Establish Rate Ranges

Most employers do not pay just one rate for all jobs in a particular pay grade. For example, GE Medical won t want to pay all its accounting clerks, from beginners to long tenure, at the same rate, even though they may all be in the same pay grade.

Instead, employers develop vertical pay (or rate) ranges for each of the horizontal pay grades (or pay classes). These **pay** (**or rate**) **ranges** often appear as vertical boxes within each grade, showing minimum, maximum, and midpoint pay rates for that grade. (Specialists call this graph a *wage structure*)

Alternatively, you may depict the pay range for each class or grade as steps ina table. Here you will have specific correspondingpay rates for each step within each grade in tabular form. As of the time of this pay schedule, for instance, employees in positions classified in grade GS-10 could be paid annual salaries between \$45,771 and \$59,505, depending on the level or step at which they were hired into the grade, the amount of time they were in the grade, and any merit increases they ve received.

15. Address Remaining Jobs

To this point, we have focused our job evaluation on a limited number of benchmark jobs, as is traditional. We now want to add our remaining jobs to the wage structure. We can do this in two ways. We can evaluate each of the remaining jobs using the same process we just went through. Or we can simply slot the remaining jobs into the wage structure where we feel they belong, without formally evaluating and assigning points to these jobs. Jobs similar to our benchmark jobs we can easily slot into the wage structure. Jobs we re not sure

about should undergo the same job evaluation process; we assign points to them and precisely slot them into the wage structure.

16. Correct Out-of-Line Rates

Finally, the wage rate the firm is now paying for a particular job may fall well off the wage curve or well outside the rate range for its grade. This means that the average pay for that job is currently too high or too low, relative to other jobs in the firm. For underpaid jobs, the solution is clear: Raise the wages of underpaid employees to the minimum of the rate range for their pay grade.

Current pay rates falling above the rate range are a different story. These are red circle, flagged, or overrates. There are several ways to cope with this problem. One is to freeze the rate paid to these employees until general salary increases bring the other jobs into line. A second option is to transfer or promote the employees involved to jobs for which you can legitimately pay them their current pay rates. The third option is to freeze the rate for 6 months, during which time you try to transfer or promote the overpaid employees. If you cannot, then cut the rate you pay these employees to the maximum in the pay range for their pay grade.

THE BENEFITS PICTURE TODAY

What are your benefits? is the first thing many applicants ask. **Benefits** indirect financial and nonfinancial payments employees receive for continuing their employment with the company are an important part of just about everyone s compensation. They include things like health and life insurance, pensions, time off with pay, and child care assistance.

Virtually all employers offer some health insurance coverage.3 Employee benefits account for between 33% 40% of wages and salaries (or about 28% of total payrolls). Legally required benefits (like unemployment insurance) are the most expensive benefits costs, followed by health insurance. The following

numbers summarize the breakdown of benefits as a percentage of employee compensation.

Health care benefit costs are rising. Health benefit costs rose 8% in 2011 and an estimated 8.5% in 2012, making total 2012 health benefit costs per employee well over \$9,500.4 Employers contend that the new Patient Protection and Affordable Care Act will raise this more, as we will see.

Employees understand the value of health benefits. In one survey, 78% of employees cited health care benefits as most crucial to retaining them; 75% cited compensation. But the same survey found that only 34% are satisfied with theirhealth care benefits.

Policy Issues

Employers therefore need to design benefits packages carefully. The list of policy issues includes what benefits to offer, who receives coverage, whether to include retirees in the plan, whether to deny benefits to employees during initial probationary periods, how to finance benefits, cost-containment procedures, and how to communicate benefits options to employees.

Legal issues loom large. Federal laws mandate some benefits (such as Social Security) while other benefits are at the employer's discretion.

However, federal law also impacts discretionary benefits such as vacation leave. And employers must adhere to the laws of the states in which they do business. For example, California requires most state contractors to provide domestic partner benefits for employees.

There are many benefits and various ways to classify them. We will classify them as (1) pay for time not worked (such as vacations), (2) insurance benefits, (3) retirement benefits, and (4) services. We will start our discussion with pay for time not worked.

But in any case, the benefits should make sense in terms of supporting the employer's strategy, as the accompanying Strategic Context feature illustrates.

PAY FOR TIME NOT WORKED

Pay for time not worked also called **supplemental pay benefits** is the most costly benefit, because of the large amount of time off that most employees receive. Common time-off-with-pay include holidays, vacations, jury duty, funeral leave, military duty, personal days, sick leave, sabbatical leave, maternity leave, and unemployment insurance payments for laid-off or terminated employees.

Unemployment Insurance

All states have **unemployment insurance** (or **compensation**) laws. These provide benefits if a person is unable to work through no fault of his or her own. The benefits derive from a tax on employers that can range from 0.1% to 5% of taxable payroll in most states. An employer s unemployment tax rate reflects its rate of employee terminations. Although they all follow federal guidelines, states have theirown unemployment laws. Unemployment tax rates are rising in many states. For example, prior to the recent recession, Maryland s unemployment insurance tax rate was 0.3% or lower. The rate now averages 2.2% to 13.5% per employee, depending upon the employer s claim history.

Firms aren t required to let everyone they dismiss receive unemployment benefits only those released through no fault of their own. Thus, strictly speaking, a worker fired for chronic lateness can t legitimately claim benefits. But many managers take a lackadaisical attitude toward protecting their employers. Employers therefore spend thousands of dollars on unemployment taxes that would not be necessary if they protected themselves.

The main rule is to keep a list of written warnings. Actions like these should enable you to demonstrate that the dismissal resulted from the person s inadequate performance.

(Those you fire during their initial 90-day probation *are* eligible for unemployment, so follow that checklist for them, too.)

Vacations and Holidays

Most firms offer vacation leave benefits. About 90% of full time workers and 0% of part timers get paid holidays, an average of 8 paid holidays off. The most common U.S. paid holidays include New Year s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Other common holidays include Martin Luther King, Jr. Day, Good Friday, Presidents Day, Veterans Day, the Friday after Thanksgiving, and the days before Christmas Day and New Year s Day. On average, American workers get about 9 days of vacation leave after 1 year s employment, about 14 days after 5 years, and 17 after 10 years.13 Elsewhere, vacation allowances vary from 6 days in Mexico to 10 days in Japan to 25 days in Sweden and France.

Firms have to address several holiday- and vacation-related policy issues. They must decide, of course, how many days off employees will get, and which days (if any) will be the paid holidays. Other vacation policy decisions include:

- * Will employees get their regular base pay while on vacation, or vacation pay based on average earnings (which may include overtime)?
- * Will you pay employees for accrued vacation time if they leave before taking their vacations?
- * Will you pay employees for a holiday if they don t come to work the day before and the day after the holiday?
- * And, should we pay some premium such as time and a half when employees must work on holidays?

More firms are moving to a more flexible vacation leave approach. For example, IBM gives each of its 350,000 plus employees at least 3 weeks vacation. However, IBM doesn t formally track how much vacation each person takes.

Instead, employees simply make informal vacation arrangements with their direct supervisors.

Wage surveys and Web sites like www.hrtools.comprovide sample vacation policies for inclusion in the firms employee manual.

Sick Leave

Sick leave provides pay to employees when they re out of work due to illness. Most sick leave policies grant full pay for a specified number of sick days usually up to about 12 per year. The sick days usually accumulate at the rate of, say, 1 day per month of service.

Sick leave is problematical for employers. The problem is that while many employees use their sick days only when sick, others use it whether sick or not. In one survey, personal illnesses accounted for only about 45% of unscheduled sick leave absences.

Family issues (27%), personal needs (13%), and a mentality of entitlement (9%) were other reasons cited. Absenteeism costs U.S. employers perhaps \$100 billion per year, with personal illness accounting for about a third of the absences Parental Leave and the Family and Medical Leave Act

Parental leave is an important benefit. About half of workers are women, and about 80% will become pregnant during their work lives. Furthermore, many people head single-parent households. Under the Pregnancy Discrimination Act, employers must treat women applying for pregnancy leave as they would any other employee requesting a leave under the employer s policies. Beyond this, Congress passed, as noted, the Family and Medical Leave Act of 1993 (FMLA). Among other things, the FMLA stipulates that:

- 1. Private employers of 50 or more employees must provide eligible employees (women or men) up to 12 weeks of unpaid leave for their own serious illness, the birth or adoption of a child, or the care of a seriously ill child, spouse, or parent.
- **2.** Employers may require employees to take any unused paid sick leave or annual leave as part of the 12-week leave provided in the law.
- **3.** Employees taking leave are entitled to receive health benefits while they are on unpaid leave, under the same terms and conditions as when they were on the job.
- **4.** Employers must guarantee most employees the right to return to their previous or equivalent position with no loss of benefits at the end of the leave.

Severance Pay

Many employers provide **severance pay**, a one-time separation payment when terminating an employee. Severance pay makes sense. It is a humanitarian gesture, and good public relations. In addition, most managers expect employees to give them 1 or 2 weeks notice if they plan to quit, so it seems appropriate to provide severance pay when dismissing an employee. Reducing the chances of litigation from disgruntled former employees is another reason. Severance pay plans also help reassure employees who stay on after a downsizing that they ll receive some financial help if they re let go, too. In one survey of 3,000 human resource managers, 82% of responding organizations reported having a severance policy.

The reason for the dismissal affects whether the employee gets severance pay. About 95% of employees dismissed due to downsizings got severance pay, but only about a third of employers offer severance when terminating for poor performance. It is uncommon to pay when employees quit. The average maximum severance is 39 weeks for executives and about 30 weeks for other

downsized employees. About half of employers surveyed give white-collar and exempt employees 1 week of severance pay per year of service, and about one-third do the same for blue-collar workers. If the employer obligates itself (for instance, in its employee handbook) to pay severance, then its voluntary plan will have to comply with additional rules under ERISA.

Supplemental Unemployment Benefits

In some industries such as auto making, shutdowns to reduce inventories or change machinery are common, and laid-off or furloughed employees must depend on unemployment insurance. As the name implies, **supplemental unemployment benefits** are cash payments that supplement the employee s unemployment compensation, to help the person maintain his or her standard of living while out of work. They generally cover three contingencies: layoffs, reduced workweeks, and facility relocations.

INSURANCE BENEFITS

Most employers also provide a number of required or voluntary insurance benefits, such as workers compensation and health insurance.

Workers Compensation

Workers compensation laws aim to provide sure, prompt income and medical benefits to work-related accident victims or their dependents, regardless of fault. Every state has its own workers compensation law and commission, and some run their own insurance programs. However, most require employers to carry workers compensation insurance with private, state-approved insurance companies. Neither the state nor the federal government contributes any funds for workers compensation.

HOW BENEFITS ARE DETERMINED

Workers compensation can be monetary or medical. In the event of a worker s death or disablement, the person s dependents receive a cash benefit based on prior earnings usually one-half to two-thirds the worker s average weekly wage, per week of employment. Most states have a time limit such as 500 weeks for which benefits can be paid. If the injury causes a specific loss (such as an arm), the employee may receive additional benefits based on a statutory list of losses, even though he or she may return to work. In addition to these cash benefits, employers must furnish medical, surgical, and hospital services as required for the employee.

For workers compensation to cover an injury or work-related illness, one must only prove that it arose while the worker was on the job. It does not matter that he or she may have been at fault; if the person was on the job when the injury occurred, he or she is entitled to workers compensation. For example, suppose you instruct all employees to wear safety goggles when at their machines. One worker does not and experiences an eye injury on the job. The company must still provide workers compensation benefits.

Keep in mind that ADA provisions generally prohibit employers from inquiring about an applicant s workers compensation history. Furthermore, failing to let an employee who is on injury-related workers compensation return to work, or not accommodating him or her, could lead to lawsuits under ADA.

Hospitalization, Health, and Disability Insurance

Health insurance looms large in many people s choice of employer, because it is so expensive. Hospitalization, health, and disability insurance helps protect employees against hospitalization costs and the loss of income arising from offthe-job accidents or illness. Many employers purchase insurance from life insurance companies, casualty insurance companies, or Blue Cross (for hospital expenses) and Blue Shield (for physician expenses) organizations. Others contract with health maintenance organizations or preferred provider organizations. The employer and employee usually both contribute to the plan.

MENTAL HEALTH BENEFITS

The World Health Organization estimated that more than 34 million people in the United States between the ages of 18 and 64 suffer from mental illness.45Mental illnesses represent about 24% of all reported disabilities, more than disabling injuries, respiratory diseases, cardiovascular diseases, and cancer combined. Mental health costs are rising. Reasons include widespread drug and alcohol problems, an increase in states that require employers to offer minimum mental health benefits, and the fact that mental health claims tend to trigger other health care claims. The Mental Health Parity Act of 1996 (as amended in 2008) sets minimum mental health care benefits; it also prohibits employer group health plans from adopting mental health benefits limitations without comparable limitations on medical and surgical benefits

Life Insurance

In addition to hospitalization and medical benefits, most employers provide **group life insurance** plans. Employees can usually obtain lower rates in a group plan. And group plans usually accept all employees including new, nonprobationary ones regardless of health or physical condition.

In general, there are three key personnel policies to address: the benefits-paid schedule (the amount of life insurance benefits is usually tied to the employee s annual earnings), supplemental benefits (continued life insurance coverage after retirement, for instance), and financing (the amount and percent the employee contributes).

Accidental death and dismemberment coverage provides a lump-sum benefit in addition to life insurance benefits when death is accidental. It also provides benefits in case of accidental loss of limbs or sight.

Benefits for Part-Time and Contingent Workers

About 19 million people work part-time (less than 35 hours a week). The recession, more phased retirements, a desire to better balance work and family life, and more women in the workforce help explain this phenomenon. In any case, most firms provide holiday, sick leave, and vacation benefits to part-timers, and more than 70% offer some form of health care benefits to them.80 Again, employers should take care to not misclassify part-timers as independent contractors.

RETIREMENT BENEFITS

The first contingent of baby-boomers turned 65 in 2011, and many didn t wait until then to retire. This presents two challenges for employers. First, employers are taking steps to entice older workers to keep working in some capacity. Second, retirement funding is a big issue. We ll focus here on retirement benefits, including federal Social Security and employer pension/retirement plans like the 401(k).

Social Security

Most people assume that **Social Security** provides income only when they are older than 62, but it actually provides three types of benefits. The familiar *retirement benefits* provide an income if you retire at age 62 or thereafter and are insured under the Social Security Act.

Second are *survivor s* or *death benefits*. These provide monthly payments to your dependents regardless of your age at death, again assuming you are insured under

the Social Security Act. Finally, there are *disability payments*. These provide monthly payments to employees who become disabled totally (and to their dependents) if they meet certain requirements. The Social Security system also administers the Medicare program, which provides health services to people age 65 or older.

Full retirement age for non-discounted social security benefits traditionally was 65 the usual age for retirement. It is now 67 for those born in 1960 or later.

A tax on the employee s wages funds Social Security (technically, Federal Old Age and Survivor s Insurance). As of 2011, the maximum amount of earnings subject to Social Security tax was \$106,800; the employer pays 6.2% and the employee pays 4.2%.84

Pension Plans

Pension plans provide income to individuals in their retirement, and just over half of full-time workers participate in some type of pension plan at work.

We can classify pension plans in three basic ways: contributory versus noncontributory plans, qualified versus nonqualified plans, and defined contribution versus defined benefit plans. The employee contributes to the contributory pension plan, while the employer makes all contributions to the noncontributory pension plan.

Employers derive certain tax benefits (such as tax deductions) for contributing to qualified pension plans (they are qualified for preferred tax treatment by the IRS); nonqualified pension plans get less favorable tax treatment. (As with all pay plan components, employers should ensure retirement benefits support their strategic needs. For example set guiding principles such as assist in attracting employees and assist in retaining knowledgeable employees.)

With **defined benefit plans**, the employee's pension is specified or defined ahead of time. Here the person knows ahead of time the pension benefits he or she will receive. How is this possible? There is usually a formula that ties the person's pension to (1) a percentage of (2) the person's pre-retirement pay (for example, to an average of his or her last 5 years of employment), multiplied by (3) the number of years he or she worked for the company. Due to tax law changes and other reasons, defined benefit plans now represent a minority of pension benefit plans.

Defined contribution plans

specify (define) what contribution the employee and employer will make to the employee s retirement or savings fund. Here the contribution is defined, not the pension. With a *defined benefit* plan, the employee can compute what his or her retirement benefits will be upon retirement. With a *defined contribution* plan, the person only knows for sure what he or she is contributing to the pension plan; the actual pension will depend on the amounts contributed to the fund *and* on the success of the retirement fund s investment earnings. Defined contribution plans are popular among employers today due to their relative ease of administration, favorable tax treatment, and other factors. **Portability** making it easier for employees who leave the firm prior to retirement to take their accumulated pension funds with them is easier with defined contribution plans.

Chapter 9
Ethics and
Employee
Rights and
Discipline

Chapter 9

Ethics and Employee Rights and Discipline

ETHICS AND FAIR TREATMENT AT WORK

People face ethical choices every day. Is it wrong to use a company credit card for personal purchases? Is a \$50 gift to a client unacceptable? Most everyone reading this book rightfully view themselves as ethical people, so why include ethics in a human resource management book? For two reasons: First, ethics is not theoretical. Instead, it greases the wheels that make businesses work.

Managers who promise raises but don't deliver, salespeople who say The order's coming when its not, production managers who take kickbacks from suppliers they all corrode the trust that day-to-day business transactions depend on. According to one lawsuit, marketers for Pfizer Inc. influenced Pfizer to suppress unfavorable studies about one of its drugs. Plaintiffs sued for billions. Second, ethical dilemmas are a familiar part of human resource management. For example, your team shouldnt start work on the new machine until all the safety measures are checked, but your boss is pressing you to get started: What should you do? You dismissed an employee in an angry moment, and now she has applied for unemployment insurance, saying you never warned her. Should you create and place in her file a note of warning, to protect your employer from paying higher unemployment taxes? One survey found that 6 of the 10 most serious ethical work issues workplace safety, employee records security, employee theft, affirmative action, comparable work, and employee privacy rights were HRrelated.3 Another found that 54% of human resource professionals surveyed had observed misconduct ranging from violations of Title VII to violations of the Occupational Safety and Health Act.4 The bottom line is that all managers should understand the basics of ethics and the ethical dimensions of their people-related decisions. We ll start with what ethics means.

What Is Ethics?

Ethics refers to the principles ofconduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be. 5 Making ethical decisions always requires normative judgments.6 A normative judgment means that something is good or bad, right or wrong, better or worse. You are wearing a great outfit! is a normative statement. Ethical decisions also always involve morality. Morality is societys highest accepted standards of behavior. Moral standards guide behaviors regarding serious matters such as murder, lying, and slander. Authoritative bodies like legislatures cant change what morality means. You cant make something thats immoral (such as murder) legal by passing a law that says it s legal. Violating moral standards often makes one feel ashamed or remorseful. If the decision makes the person feel ashamed or remorseful, or requires doing something with serious consequence such as murder, then, chances are, its unethical.

Ethics and the Law Because legislative bodies cant change what morality means, asking, Is what I m doing legal? won t necessarily reveal if it is ethical. Something may be legal but unethical or even illegal but ethical. Firing a 59-year-old employee with 40 years tenure without cause may be legal, but some would view it as unethical. One executive put it this way: Ethics means making decisions that represent what you stand for, not just what the laws are.

Ethics, Justice, and Fair Treatment Companies that employees view as fair and just also tend to score higher on ethics. One study concluded that, to the extent that survey respondents believed that employees were treated fairly . . . [they] reported less unethical behavior in their organizations. A company that is justis, among other things, equitable, fair, impartial, and unbiased. With respect to the workplace, experts generally define organizational justice in terms of distributive justice and procedural justice.

Distributive justice refers to the fairness and justice of the decisions result (for instance,did I get an equitable pay raise?). * Procedural justice refers to the

fairness of the process (for instance, is the process my company uses to allocate merit raises fair?). In practice, fair treatment reflects concrete actions such as employees are treated with respect . Most employees probably cant and wont unscramble what is ethical, fair, or just when it comes to how you treat them. Ethics, Public Policy, and Employee Rights Recently, New York Citys pension funds wanted Walmart to investigate allegations that its suppliers abroad were treating workers unfairly. For instance, a Bangladeshi labor organizer alleged that one factory does not enforce the law on minimum wages.14 Societies dont rely on employers ethics or sense of fairness or morality to ensure that they do what s right. Societies also institute various laws and procedures for enforcing these laws. These laws lay out what employers can and cannot do, for instance in terms of discriminating based on race. In so doing, these laws also carve out explicit rights for employees. For example, Title VII of The Civil Rights Act gives an employee the right to bring legal charges against an employer who he or she believes discriminated against him or her due to race. UNALIENABLE RIGHTS However, not all rights derive from laws. Many rights flow from broader unwritten human or unalienable rights, rights that form the bedrock of American society. For example, the 1776 U.S. Declaration of Independence famously states, We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. Three years later, Congress passed the first 10 amendments to the U.S.Constitution, amendments now called the Bill

Most laws therefore also reflect public policy. In other words, governments enact laws so as to further their public policy aims. Thus, if New York decides that its in its citizens best interests to lower fuel consumption by getting everyone to drive slower, its legislature may lower New Yorks speed limit. Public policy consists of political decisions for implementing programs to achieve societal goals. 16 As with traffic laws, governments express their chosen public policies in the laws and regulations they set, and in the other decisions they make (such as how they spend their tax revenues). A governments public policy viewpoint propels the laws and the other decisions it makes, and the rights it decides to carve out, governing what its citizens can and cannot do.

EMPLOYMENT RIGHTS

Protecting employee rights is therefore part and parcel of all the employment laws we discuss in this book. As just a few examples, the National Labor Relations Act established the right of employees to engage in collective bargaining. The Landrum Griffin Act contained a Bill of Rights for union members, protecting them from mistreatment from their unions. The Fair Labor Standards Act gave employees the right to a minimum wage and overtime pay. The Occupational Safety and Health Act gave employees the right to refuse to work under unsafe conditions. The Consolidated Omnibus Budget Reconciliation Act (COBRA) gave employees rights to extended health insurance benefits. The bottom line is that although ethics, fairness, and morality help govern how employers treat their employees, the enforceable rights embedded in employment and other laws also govern employer behavior.

WHAT SHAPES ETHICAL BEHAVIOR AT WORK?

Whether a person acts ethically at work is usually not a consequence of any one thing. For example, could it be that everyone running the banks that triggered the sub-prime mess a few years ago was simply unethical? Not likely. There must have been more to it.

Theres No One Smoking Gun A recent review of over 30 years of ethics research concluded that three factors combine to determine the ethical choices a person makes. The authors titled their paper bad apples, bad cases, and bad barrels. They concluded that no single smoking gun determines ethical behavior. Instead, bad apples (people who make unethical choices), bad cases (ethical situations ripe for unethical choices), and bad barrels (environments which foster unethical choices) combine to determine what a persons ethical choices will be.

The following summarizes their overall findings:

* Individual characteristics: Who are the bad apples? Some people are just more inclined to make unethical choices. The most principled people, with the highest level of cognitive moral development, think through the implications of their decisions and apply ethical principles. However, most adults dont operate at this high level. Instead, most base their judgment about what is right on the expectations of their colleagues and other important people with whom they interact, or on company policies and what the law says. People at the lowest level make their ethical choices solely based on obeying what they re told and on avoiding punishment.

* Which ethical situations make for bad (ethically dangerous) cases or situations? Some ethical dilemmas are more likely to prompt unethical choices. Surprisingly, apparently smaller dilemmas prompt more bad choices. Why? Influenti factors in making such decisions include the total harm that can befall victims of an unethical choice, the likelihood that the action will result in harm, and the number of people potentially affected by the act. In less serious situations,

its more likely that someone might say, in effect, Its okay to do this, even though I know its wrong.

* What are the bad barrels? What outside factors mold ethical choices? These researchers also concluded that employers create bad and good cultures (barrels) that shape ethical behavior, for good or for ill. Thus a strong ethical culture that clearly communicates the range of acceptable and unacceptable behavior [such as through leader role models] is associated with fewer unethical decisions in the workplace. 18 For example, companies that promote an everyone for himself atmosphere are more likely to suffer unethical decisions. On the other hand, emphasizing that employees should focus on the well-being of everyone leads to more ethical choices. We look more closely at bad apples and bad barrels next. The Person (What Makes Bad Apples?) Because people bring to their jobs their own ideas of what is morally right and wrong, each person must shoulder much of the credit (or blame) for his or her ethical choices. Some people are just more principled than others. For example, researchers surveyed CEOs to study the CEOs intentions to engage in two questionable practices:soliciting a competitors technological secrets, and making illegal payments to foreign officials. The researchers concluded that the CEOs personal predispositions more strongly affected their decisions than did outside pressures or characteristics of their firms.19

TRAITS

The problem is its hard to generalize about the characteristics of ethical or unethical people. Some studies suggest that age is a factor. One study surveyed 421 employees to measure the degree to which various traits influenced responses to ethical decisions. (Decisions included doing personal business on company time and calling in sick to take a day off for personal use.) Older workers generally hadstricter interpretations of ethical standards and made more ethical decisions than did younger ones. Honesty testing (as we discussed in Chapter 5)

can help pinpoint those people who are inclined to make bad ethical choices. How would you rate your own ethics?

Outside Forces That Shape Ethical Decisions (Bad Barrels) COMPANY PRESSURES We also saw that outside pressures weaken ones ethical compass. If people did unethical things at work solely for personal gain, it perhaps would be understandable (though inexcusable). The scary thing about unethical behavior at work is that its often not driven by personal interests. As one former top executive said at his trial, I took these actions, knowing they were wrong, in a misguided attempt to preserve the company to allow it to withstand what I believed were temporary financial difficulties. 20 One study asked employees to list their reasons for taking unethical actions at work.21 For most of these employees, meeting schedule pressures, meeting overly aggressive financial or business objectives, and helping the company survive were the three top causes. Advancing my own career or financial interests ranked about last. Thus (at least in this case) most ethical lapses seemed to occur because employees shifted their ethical compasses to I must help my company. So the scary thing about unethical behavior at work is that its often not just personal interests driving it. (A recent study suggests that people may not be so selfless. It found that people who took unethical actions out ofloyalty were also more likely to expect reciprocity.)22 In any case, guarding against pressures such as overly aggressive goals is one way to head offethical lapses.

PRESSURE FROM THE BOSS

Its hard to resist even subtle pressure, let alone coercion, from your boss. According to one report, the level of misconduct at work dropped dramatically when employees said their supervisors exhibited ethical behavior. Only 25% of employees who agreed that their supervisors set a good example of ethical business behavior said they had observed misconduct in the last year, compared with 72% of those who did not feel that their supervisors set good

ethical examples.23 Yet in another poll, only about 27% of employees strongly agreed that their organizations leadership is ethical.

Examples of how supervisors knowingly (or unknowingly) lead subordinates astray ethically include: * Tell staffers to do whatever is necessary to achieve results.

- * Overload top performers to ensure that work gets done.
- * Look the other way when wrongdoing occurs.
- * Take credit for others work or shift blame.
- * Be dishonest.

ETHICS POLICIES AND CODES

An ethics policy and code is a good way to signal that the firm is serious about ethics. For example, IBMs code of ethics has this to say about tips, gifts, and entertainment: No IBM employee, or any member of his or her immediate family, can accept gratuities or gifts of money from a supplier, customer, or anyone in a business relationship. Nor can they accept a gift or consideration that could be perceived as having been offered because of the business relationship. Perceived simply means this: If you read about it in the local newspaper, would you wonder whether the gift just might have had something to do with a business relationship? No IBM employee can give money or a gift of significant value to a customer, supplier, or anyone if it could reasonably be viewed as being done togain a business advantage.26 Sometimes ethics codes dont work.A number of years ago, Enron Corp. allegedly collapsed in part due to some executives ethical misdeeds. Yet Enrons ethical principles were prominent on its Web site. It stated, that, as a partner in the communities in which we operate, Enron believes it has a responsibility to conduct itself according to certain basic principles. Those include respect, integrity, communication and excellence. 27 Beyond the code, some firms urge employees to apply a quick ethics test to evaluate whether what theyre about to do fits the companys code of conduct. For example, Raytheon Co.asks employees who face ethical dilemmas to ask: Is the action legal? Is it right? Who will be affected? Does it fit Raytheons values? How will it feel afterwards? How will it look in the newspaper? Will it reflect poorly on the company?28 However, codifying the rules without enforcing them is futile. As one study of ethics concludes, strong statements by managers may reduce the risk of legal and ethical violations by their work forces, but enforcement of standards has the greatest impact. 29 More firms, such as Lockheed Martin Corp., therefore appoint chief ethics officers.30 Ethics audits typically address topics like conflicts of interest, giving and receiving gifts, employee discrimination, and access to company information.31

THE ORGANIZATION S CULTURE

These examples illustrate that employees take their signals about whats acceptable not just from what managers say, but from what they do. Those signals then mold the company s organizational culture, the characteristic values, traditions, and behaviors a company s employees share. A value is a basic belief about what is right or wrong, or about what you should or shouldnt do. (Honesty is the best policy would be a value.) Values are important because they guide and channel behavior. Managing people and shaping their behavior therefore depends on shaping the values they use as behavioral guides. For example, if management really believes honesty is the best policy, the written rules they follow and the things they do should reflect this value. Managers therefore have to think through how to send the right signals to their employees.

Doing so includes:

* Clarifying expectations. First, managers should make clear their expectations with respect to the values they want subordinates to follow. For example, the Johnson & Johnson ethics code says, We believe our first responsibility is to the

doctors, nurses and patients, to mothers and fathers and all others who use our products and services.

- * Using signs and symbols. Symbolism what the manager actually does and thus the signals he or she sends is crucial. Managers need to walk the talk. They cant expect to say, dont fudge the financials and then do so themselves.
- * Providing physical support. The physical manifestations of the manager s values the firms incentive plan, appraisal system, and disciplinary procedures, for instance signal employees regarding what they should and should not do. For example, does the firm reward ethical behavior or penalize it?

In Summary: Some Things to Keep in Mind About Ethical Behavior at Work Several experts reviewed the research concerning things that influence ethical behavior in organizations. Here is what their findings suggest for managers:

- * Ethical behavior starts with moral awareness. In other words, does the person even recognize that a moral issue exists in the situation?
- * Managers can do a lot to influence employee ethics by carefully cultivating the right norms,leadership,reward systems,and culture.
- * Ethics slide when people undergo moral disengagement. Doing so frees them from the guilt that would normally go with violating ones ethical standards. For example, youre more likely to harm others when you view the victims as outsiders.
- * The most powerful morality comes from within.In effect, when the moral person asks, Why be moral? the answer is, Because that is who I am. Then, failure to act morally creates emotional discomfort.34
- * Beware the seductive power of an unmet goal. Unmet goals pursued blindly can contribute to unethical behavior.35
- * Offering rewardsfor ethical behavior can backfire. Doing so may actually undermine the intrinsic value of ethical behavior.
- * Dont inadvertently reward someone for bad behavior. For example, dont promote someone who got a big sale through devious means. 36

- * Employers should punish unethical behavior. Employees who observe unethical behavior expect you to discipline the perpetrators.
- * The degree to which employees openly talk about ethics is a good predictor of ethical conduct. Conversely, organizations characterized by moral muteness suffer more ethically problematic behavior.
- * People tend to alter their moral compasses when they join organizations. They uncritically equate Whats best for this organization (or team, or department)? with Whats the right thing to do?

USING HUMAN RESOURCE MANAGEMENT METHODS TO PROMOTE ETHICS AND FAIR TREATMENT

Managers can use personnel activities to support the employers ethics goals. We ll consider examples.

Selection

As one writer says, The simplest way to tune up an organization, ethically speaking, is to hire more ethical people. 37 Employers can start by creating recruitment materials that emphasize ethics. (The Microsoft site in Figure 14-3 is an example.) Similarly, use honesty tests and background checks (discussed in Chapter 6) to screen out undesirables. 38 Ask behavioral questions such as, Have you ever observed someone stretching the rules at work? What did you do about it? 39

FAIRNESS

As two writers put it, If prospective employees perceive that the hiring process does not treat people fairly, they may [also] assume that ethical behavior is not important. 40 Here,keep several things in mind:

* Applicants tend to view the formal procedure (such as the interview) as fair to the extent that it tests job-related criteria and provides an opportunity to demonstrate competence.

- * Applicants expect respect. Interpersonal treatment reflects such things as the propriety of the questions, the politeness of interviewer, and the degree of two-way communication.
- * Applicants see a selection system as fair to the extent that the employer provides useful feedback about the employees or candidates own performance.

Ethics Training

Ethics training involves showing employees how to recognize ethical dilemmas, how to use codes of conduct to resolve problems, and how to use personnel activities like disciplinary practices in ethical ways.

In addition, the training should emphasize the moral underpinnings of the ethical choice and the companys deep commitment to integrity and ethics. Include participation by top managers to underscore that commitment.43 For all practical purposes, ethics training is mandatory. Federal sentencing guidelines reduced penalties for employers accused of misconduct who implemented codes of conduct and ethics training. An amendment to those guidelines now outlines stricter ethics training requirements.44 Ethics training usually includes showing employees how to recognize ethical dilemmas, how to use ethical frameworks (such as codes of conduct) to resolve problems, and how to use human resource activities (such as interviews and disciplinary practices) in ethical ways. Ethics training is often Internet-based. For example, Lockheed Martins 160,000 employees take ethics and legal compliance training via the firms intranet.Lockheeds online ethics program software also keeps track of how well the company and its employees are doing in terms of maintaining high ethical standards.45 Online ethics training tools include Business Ethics for Managers from SkillSoft (skillsoftcom).46 Some employers are switching from packaged companyrelevant ethics customized programs.For training to more example, Yahoo! had a vendor produce an animated package containing ethical scenarios set in Yahoo! company offices around the world. The 45-minute program covers Yahoo! s code of conduct as well as issues like the Foreign Corrupt Practices Act.47

Performance Appraisal How you conduct appraisals is important. To send the signal that fairness is paramount, performance standards should be clear, employees should understand the basis upon which youre going to appraise them, and the appraisal itself should be objective.

Reward and Disciplinary Systems

To the extent that behavior is a function of its consequences, the manager needs to reward ethical behavior and penalize unethical behavior. Employees expect the organization to dole out relatively harsh punishment for unethical conduct. 48 If not, its often the ethical employees who feel punished.

Managing Ethics

Compliance Passage of the Sarbanes-Oxley Act of 2002 made ethics compliance obligatory.49 Among other things, the act requires that the CEO and the CFO of publicly traded companies personally attest to the accuracy of their companies financial statements, and to the fact that internal controls are adequate.50 One study of Fortune 500 companies concluded than an HR officer was responsible for the program in 28% of responding firms. Another 28% gave the firms legal officers responsibility, and 16% established separate ethics or compliance departments. The remaining firms spread the responsibility among auditing departments, or positions such as public affairs and corporate communications.

MANAGING EMPLOYEE DISCIPLINE AND PRIVACY

The purpose of discipline is to encourage employees to behave sensibly at work (where sensible means adhering to rules and regulations). Discipline is necessary when an employee violates a rule. Proper disciplinary procedures are important for several reasons (beyond the fact that its the ethical thing to do). One study

surveyed 45 published arbitration awards in which tardiness had triggered discipline and/or discharge. When arbitrators overturned employers decisions, it was usually because the employer had failed to clarify what it meant by tardy. A lack of clarity regarding how often an employee may be late and an inappropriately severe penalty were other problems. Unfair disciplinary procedures can backfire in other ways. For example, an unfair disciplinary procedure can trigger retaliatory employee misbehavior. It is also hard to be seen as ethical when ones disciplinary practices are unfair. Discipline is not primarily a factory-bound problem. Managers increasingly discipline workers for misuse of social media and related devices in the workplace.

Fairness in Disciplining Disciplining employees is often unavoidable, but any such discipline must be rooted in the need to be fair. For most people the answer to Why treat employees fairly? isobvious, since most learn, early on, some version of the golden rule. But there are also concrete reasons to treat employees fairly. Arbitrators and the courtswill consider the fairness of the disciplinary procedures when reviewing disciplinary decisions. Fairness also relates to a wide range of positive employee outcomes. These include enhanced employee commitment and enhanced satisfaction with the organization, and more organizational citizenship behaviors (the steps employees take to support their employers interests). 54 Job applicants who felt treated unfairly expressed more desire to appeal the outcome. Those who view the firms testing programs as fair view the company and the job as more attractive. 55 There are thus many practical reasons for treating employees fairly.

RESEARCH INSIGHT

A study illustrates this. College instructors completed surveys regarding the extent to which they saw their colleges as treating them with procedural and distributive justice. Procedural justice items included, In general, the department/colleges procedures allow for requests for clarification for additional

information about a decision. Distributive justice items included, I am fairly rewarded considering the responsibilities I have. The instructors also completed attitude surveys. These included items such as, I am proud to tell others that I am part of this department/college. Their students also completed surveys. These contained items such as The instructor was sympathetic to my needs, and The instructor treated me fairly. The results were impressive.Instructors who perceived high distributive and procedural justice reported being more committed to the college and to their jobs. Their students reported higher levels of instructor effort,pro-social behaviors,and fairness.

Bullying and Victimization Workplace unfairness is often subtle, but can be blatant. Some supervisors are workplace bullies, yelling at or even threatening subordinates. Employers should always prohibit such behavior. Many firms have anti-harassment policies. (For example, at one state agency, It is the policy of the department that all employees, customers, contractors, and visitors to the work site are entitled to a positive, respectful, and productive work environment.)57 Not surprisingly, employees of abusive supervisors are more likely to quit their jobs, and to report lower job and life satisfaction and higher stress. 58 Mistreatment makes it more likely the employee will also show higher levels of work withdrawal (show up for work, but not do his or her best).59 They also exhibit more workplace deviance, for instance, in terms of theft and sabotage. 60 Bullying singling out someone to harass and mistreating them is an increasingly serious problem. The U.S. government (www.stopbullying.gov/#) points out that while definitions of bullying vary, most would agree that bullying involves three things: * Imbalance of power: People who bully use their power to control or harm and the people being bullied may have a hard time defending themselves. * Intent to cause harm: Actions done by accident are not bullying; the person bullying has a goal to cause harm. * Repetition:Incidents of bullying happen to the same person over and over bythe same person or group.

Bullying can take many forms, such as:

- * Verbal: name-calling, teasing
- * Social:spreading rumors,leaving people out on purpose,breaking up friendships
- * Physical: hitting,punching,shoving
- * Cyberbullying: using the Internet, mobile phones, or other digital technologies to harm others Lest there be any doubt, the person to blame for any bullying is the perpetrator. Employers must have systems in place, similar to those discussed elsewhere in this chapter, to ensure that the company can identify unfair treatment and deal with it expeditiously. This includes having policies in place to monitor employees use of social media Web sites.

However, numerous studies (usually conducted under the umbrella of the victim precipitation model) show that certain peoples traits and how they behave make them more vulnerable to bullying.

These include submissive victims (who seem more anxious, cautious, quiet, and sensitive), provocative victims (who show more aggressive behavior), and victims low in self-determination (who, in other words, seem to leave ittoothers to make decisions for them and determine the course of their careers).

RESEARCH INSIGHT

A recent study illustrates the interpersonal dynamics involved. Research suggests that people with higher intellectual capability often suffer bullying in school contexts, for instance, in the form of derogatory names such as geek and nerd. In this study, 217 employees of a health care organization completed a survey that measured cognitive ability, victimization, and how the person behaved atwork. 63 The researchers found that it wasnt just whether the person was very smart that determined whether he or she became a victim, but how the person behaved. People with high cognitive ability who behaved more independently were more likely to be victimized by bullying. High-cognitive-ability people who were team players were less likely to be victimized.

What Causes Unfair Behavior Some of the things that motivate managers to be fair may (or may not) be surprising. For one thing, the saying, the squeaky wheel gets the grease is true. One study investigated the extent to which assertiveness on the subordinates part influenced the fairness with which the persons supervisor treated him or her.64 Supervisors treated pushier employees more fairly: Individuals who communicated assertively were more likely to be treated fairly by the decision maker. Furthermore, supervisors exposed to injustice exhibit abusive behavior against subordinates who they see as vulnerable or provocative.65 One study concluded that three supervisory actions influenced perceived fairness:

- * Involving employees in the decisions that affect them by asking for their input and allowing them to refute the others ideas and assumptions;
- * Ensuring that everyone involved and affected understands why final decisions are made and the thinking that underlies the decisions; and
- * Making sure everyone knows up front by what standardsyou will judge him or her. Many employers establish channels through which employees can air their concerns. For example, the FedEx Survey Feedback Action (SFA) program includes an anonymous survey that lets employees express their feelings about the company and their managers. Sample items include:
- * I can tell my manager what I think.
- * My manager tells me what is expected.
- * My manager listens to my concerns.
- * My manager keeps me informed.

Each manager then has an opportunity to discuss the department results with subordinates, and create an action plan for improving work group commitment. Basics of a Fair and Just Disciplinary Process The employer wants its discipline process to be both effective (in terms of discouraging unwanted behavior) and

fair.Employers base such a process on three pillars:clear rules and regulations,a system of progressive penalties, and an appeals process.

RULES AND REGULATIONS

First, rules and regulations address issues such as theft, destruction of company property, drinking on the job, and insubordination. Examples include:

- * Poor performance is not acceptable. Each employee is expected to perform his or her work properly and efficiently.
- * Alcohol and drugs have no place at work.

The use of either during working hours and reporting for work under the influence of either are both prohibited. Rules inform employees ahead of time what is and is not acceptable behavior. Upon hiring, tell employees, preferably in writing, what is not permitted. The employee handbook usually contains the rules and regulations.

PROGRESSIVE PENALTIES

A system of progressive penalties is a second pillar of effective discipline. Penalties typically range from oral warnings to written warnings to suspension from the job to discharge. The severity of the penalty usually reflects the type of offense and the number of times it has occurred. For example, most companies issue warnings for the first unexcused lateness

For a fourth offense, discharge is the usual disciplinary action.

FORMAL DISCIPLINARY APPEALS PROCESSES

In addition to rules and progressive penalties, the disciplinary process requires an appeals procedure

Virtually all union agreements contain disciplinary appeal procedures, but such procedures are not limited to unionized firms.

For example, FedEx calls its 3-step appeals procedure guaranteed fair treatment:

- * In step 1, management review, the complainant submits a written complaint to a member of management (manager, senior manager, or managing director) within 7 calendar days.
- * If not satisfied with that decision, then in step 2, officer complaint, the complainant submits a written appeal to the vice president or senior vice president of the division.
- * Finally, in step 3,executive appeals review, the complainant may submit a written complaint within 7 calendar days of the step 2 decision to the employee relations department. It then investigates and prepares a case file for the executive review appeals board. The appeals board the CEO, the COO, the chief personnel officer, and three senior vice presidents then reviews all relevant information and makes a decision to uphold, overturn, or initiate a board of review, or to take other appropriate action. Some companies establish independent ombudsman, neutral counselors outside the normal chain of command to whom employees can turn for confidential advice.

DISCIPLINE WITHOUT PUNISHMENT

Traditional discipline has two potential drawbacks. First, no one likes to be punished. Second, punishment tends to gain short-term compliance, but not the long-term cooperation employers often prefer.

Discipline without punishment (or nonpunitive discipline) aims to avoid these drawbacks. It does this by gaining employees acceptance of the rules while reducing the punitive nature of the discipline itself. Here is how it works:68 1. Issue an oral reminder. The goal is to get the employee to agree to avoid future infractions. 2. Should another incident arise within 6 weeks, issue a formal written reminder, a copy of which is placed in the employees personnel file. In addition,

hold a second private discussion with the employee, again without any threats. 3. Give a paid, 1-day decision-making leave. If another incident occurs in the next 6weeks or so, tell the employee to take a 1-day leave with pay, and to stay home and consider whether he or she wants to abide by the companys rules. When the employee returns to work, he or she meets with you and gives you his or her decision. 4. If no further incidents occur in the next year or so, purge the 1-day paid suspension from the persons file. If the behavior reoccurs, typically the next step is dismissal.

The process would not apply in exceptional circumstances. For example, criminal behavior or in-plant fighting might be grounds for immediate dismissal. And if several incidents occurred at very close intervals, you might skip step 2 the written warning.

IN SUMMARY: THE HOT STOVE RULE

Supervisors traditionally apply the 4-point hot stove rule when applying discipline. When touching a hot stove that says, Dont touch, the person has warning, and the pain is consistent, impersonal, and immediate.

Employee Privacy For most people, invasions of privacy are neither ethical nor fair.69 The four main types of employee privacy violations upheld by courts are intrusion (locker room and bathroom surveillance), publication of private matters, disclosure of medical records, and appropriation of an employee s name or likeness for commercial purposes.70 (Breaching security of personnel files is a related problem, as we discussed in Chapter 5 [Recruiting]). One survey of security professionals ranked human resources last among departments securing such confidential data.71) In practice, background checks, monitoring off-duty conduct and lifestyle, drug testing, workplace searches, and monitoring of workplace activities trigger most privacy violations.72 Some employers, such as Eastman Kodak, are appointing chief privacy officers to ensure that the human

resource management andother departments dont endanger the company by conducting inappropriate investigations of job applicants or employees.

Employee Monitoring Employee monitoring is pervasive. Biometrics using physical traits such as fingerprints or iris scans for identification is one example. Thus, New Yorks Bronx Lebanon Hospital uses biometric scanners to ensure that the employee who clocks-in in the morning is really who he or she says he is.

Iris scanning tends to be the most accurate authorization device. The Federal Aviation Authority uses it to control employees access to its information systems.75 More than half of employers say they monitor their employees incoming and outgoing e-mail;27% monitor internal e-mail as well.76 One survey found that 41% of large employers have someone reading employee e-mails.77 Ninety-six percent block access to adult Web sites; 61% block access to game sites.78 Employers such as United Parcel Service use GPS units to monitor their truckers and street sweepers whereabouts. Indeed, iPhones, iPads, and Android devices track their owners more or less continuously. Employers monitor employees electronic activities mostly to improve productivity and to protect themselves from computer viruses, leaks of confidential information, and harassment suits.

In one case, a New Jersey court found an employer liable when one of its employees used his company computer at work to distribute child pornography. (Someone had previously alerted the employer to the suspicious activity and the employer had not taken action.)80 When one employer noticed that employees were piling up overtime claims, it installed new software. It discovered many employees were spending hours on Facebook and shopping online. A recent U.S. Federal Trade Commission decision may make employers liable for deceptive endorsements that employees post on their own blogs or on social media sites such as Facebook, even if the employers didnt authorize the statements.81

Security is a problem, too. One 4-gigabyte MP3 player, such as the first generation of iPod Mini . . . can take home a lot of corporate data, said one employer (a process some graphically describe as pod slurping.)

RESTRICTIONS

There are two main restrictions on workplace monitoring: the Electronic Communications Privacy Act (ECPA) and common-law protections against invasion of privacy. The ECPA is a federal law intended to help restrict interception and monitoring of oral and wire communications. It contains two exceptions. The business purpose exception permits employers to monitor communications if they can show a legitimate business reason for doing so. The second, consent exception, lets employers monitor communications if they have their employees consent to do so.83 Electronic eavesdropping is thus legal up to a point. Federal law and most state laws allow employers to monitor employees phone calls in the ordinary course of business, but they must stop listening once it becomes clear that a conversation is personal rather than business related. Employers can also generally monitor their own e-mail systems (and possibly private accounts such as Hotmail, if used by employees on their company computer systems), which are, after all, their property. However, to be safe, employers should warn employees to use those systems for business purposes only.84 Employers should have employees sign e-mail and telephone monitoring acknowledgment statements like that in Figure 14-7. Videotaped workplace monitoring deserves more caution. In one case, a U.S. Court of Appeals ruled that an employers continuous video surveillance of employees in an office setting was not an unconstitutional invasion of privacy.85 But a Boston employer had to pay more than \$200,000 to five workers it secretly videotaped in an employee locker room.

MANAGING DISMISSALS

Dismissal or termination is the most drastic disciplinary step the employer can take. Because of this, it requires special care. There should be sufficient cause for the dismissal, and (as a rule) you should only dismiss someone after taking reasonable steps to rehabilitate the employee. However, there will undoubtedly be times when dismissal is required, perhaps at once. The best way to handle a dismissal is to avoid it in the first place. Many dismissals start with bad hiring decisions. Using effective selection practices including assessment tests, reference and background checks, drug testing, and clearly defined job descriptions can reduce the need for many dismissals.

Termination at Will and Wrongful Discharge For more than 100 years, termination at will was the prevailing dismissal-related rule in the United States. Termination at will means that without a contract, either the employer or the employee could terminate at will the employment relationship. The employee can resign for any reason, at will, and the employer can dismiss an employee for any reason, at will.87 Today, however, dismissed employees are increasingly taking their cases to court, and many employers are discovering they no longer have a blanket right to fire. Instead, EEO and other laws and court rulings limit managements right to dismiss. For example, a statement in an employee handbook may imply a contractual agreement to keep an employee. Some employers even when faced with employee theft are reluctant to terminate disruptive employees for fear of lawsuits. In practice, plaintiffs only win a tiny fraction of such suits, but the cost of defending the suits is still huge.88

WRONGFUL DISCHARGE

Wrongful discharge refers to a dismissal that violates the law or that fails to comply with contractual arrangements stated or implied by the employer, for instance, in employee manuals. Three main protections against wrongful

discharge have eroded the terminationat-will doctrine statutory exceptions, common law exceptions, and public policy exceptions. First, in terms of statutory exceptions, federal and state equal employment and workplace laws prohibit specific types of dismissals. As just one example, occupational safety laws prohibit firing employees for reporting dangerous workplace conditions. 89 Second, numerous common law exceptions exist. For example, some state courts recognize the concept of implied contracts in employment. Thus, a court may decide that an employee handbook promising termination only for just cause may create an exception to the at-will rule. Finally, under the public policy exception, courts have held a discharge to be wrongful when it was against an explicit, well-established public policy (for instance, the employer fired the employee for refusing to break the law).

Grounds for Dismissal There are four bases for dismissal: unsatisfactory performance, misconduct, lack of qualifications for the job, and changed requirements of (or elimination of) the job. Well discuss each. Unsatisfactory performance means persistent failure to perform assigned duties or to meet prescribed job standards.90 Specific grounds include excessive absenteeism, tardiness, a persistent failure to meet normal job requirements, or an adverse attitude toward the company, supervisor, or fellow employees. Misconduct is deliberate and willful violation of the employer s rules and may include stealing,rowdy behavior,and insubordination. Sometimes the misconduct is more serious, as when it causes someone else harm. For example, a coworker posted on YouTube a cook at a national pizza chain apparently putting vile foreign matter into the pizzas. Figure 14-8 shows how to identify such gross misconduct. Lack ofqualifications for the job is an employees inability to do the assigned work although he or she is diligent. If the employee may be trying to do the job, it is reasonable to do whats possible to salvage him or her perhaps by assigning the person to another job. Changed requirements of the jobrefers to an employees inability to do the job after the employer changed the nature of the job. Again, the employee may be industrious, so it is reasonable to retrain or transfer this person, if possible.

INSUBORDINATION

Insubordination is a form of misconduct. It basically refers to disobedience and/or rebelliousness. While things like stealing, chronic tardiness, and poor-quality work are easily understood grounds for dismissal, insubordination is sometimes harder to translate into words. However, some acts are usually clearly insubordinate. These include, for instance:

- 1. Direct disregard of the bosss authority
- 2. Direct disobedience of, or refusal to obey, the bosss orders, particularly in front of others
- 3. Deliberate defiance of clearly stated company policies, rules, regulations, and procedures
- 4. Public criticism of the boss
- 5. Blatant disregard of reasonable instructions
- 6. Contemptuous display of disrespect
- 7. Disregard for the chain of command, shown by frequently going around the immediate supervisor with complaints, suggestions, or political maneuvers
- 8. Participation in (or leadership of) an effort to undermine or remove the boss91

FAIRNESS IN DISMISSALS

Dismissals are never pleasant. However, there are three things to do to make them fair.92 First, individuals who said that they were given full explanations of why and how termination decisions were made were more likely to perceive their layoff as fair . . . and indicate that they did not wish to take the past employer to court. Second, institute a formal multistep procedure (including warning) and a neutral appeal process. Third, who actually does the dismissingis important. Employees in one study whose managers informed them of an

impending layoff viewed the dismissal procedure as much fairer than did those told by, say, a human resource manager. (One employer took a less diplomatic approach. The firm had an in-person meeting to announce the downsizing, but telecommuter employees got the news by e-mail. About 10% of respondents in one survey said they we used e-mail to fire employees.93)

SECURITY MEASURES

Common sense requires using a checklist to ensure that dismissed employees return all keys and company property, and (often) accompanying them out of their offices and out of the building. The employer should disable Internet-related passwords and accounts of former employees, plug holes that could allow an exemployee to gain illegal online access, and have rules for return of company laptops and handhelds. Measures range from simply disabling access and changing passwords to reconfiguring the network and changing IP addresses, remote access procedures, and telephone numbers, says one chief technology officer. 94

Avoiding Wrongful Discharge Suits As noted earlier, wrongful discharge (or termination) occurs when an employees dismissal does not comply with the law or with the contractual arrangement stated or implied by the employer. (In a constructive discharge claim, the plaintiff argues that he or she quit, but had no choice because the employer made the situation so intolerable at work.95) Avoiding wrongful discharge suits requires a three-pronged approach.96 First, create employment policies including grievance procedures that help make employees feel you treated them fairly. Here employers can also use severance pay to blunt a dismissals sting.97 (Figure 14-9 summarizes typical severance policies in manufacturing and service industries.) There is no way to make termination pleasant, but the first line of defense is to handle it justly.98 Second, review and refine all employment-related policies, procedures, and documents to

limit challenges. Have applicants sign the employment application. Make sure it contains a statement that employment is for no fixed term, and that the employer can terminate at any time. Pay particular attention to the employee handbook. It should include an acknowledgment form as in Figure 14-10. Consider deleting statements such as employees can be terminated only for just cause. Keep careful confidential records of all actions such as employee appraisals, warnings or notices, and memos outlining how improvement should be accomplished. Third (but not least), make sure you clearly communicate job expectations to the employee; failing to do so triggers many wrongful termination claims.99 The accompanying HR as a Profit Center feature illustrates what employers can gain from such actions.

Personal Supervisory Liability Courts sometimes hold managers personally liable for supervisory actions (including discipline and dismissal), particularly with respect to actions covered by the Fair Labor Standards Act and the Family and Medical Leave Act.102 There are several ways to avoid personal liability. Managers should be fully familiar with applicable federal, state, and local statutes (such as Title VII). Follow company policies and procedures (since an employee may allege you did not follow company policies and procedures). The essence of many charges is that the plaintiff was treated differently than others, so consistent application of the rule is important. Administer the discipline in a manner that does not add to the emotional hardship on the employee (as dismissing them publicly would). Most employees will try to present their side of the story, and allowing them to do so can provide the employee some measure of satisfaction. Do not act in anger, since doing so undermines any appearance of objectivity. Finally, utilize the human resources department for advice on how to handle difficult disciplinary matters.

The Termination Interview Dismissing an employee is one ofthe most difficult tasks a manager faces at work. During one 5-year period, physicians interviewed 791 working people who had just undergone heart attacks to find out what might

have triggered them. The researchers concluded that the stress associated with firing doubled the usual risk of a heart attack for the person doing the firing, during the week following the dismissal. 103 Furthermore, the dismissed employee, even if forewarned many times, may still react with disbelief or even violence. 104 Guidelines for the termination interviewitselfare as follows:

- 1. Plan the interview carefully. According to experts at Hay Associates, this includes the following:
- * Make sure the employee keeps the appointment time.
- * Allow 10 minutes as sufficient time for the interview.
- .* Use a neutral site, not your own office.
- * Have employee agreements and release announcements prepared in advance.
- * Have phone numbers ready for medical or security emergencies.
- 2. Get to the point. Avoid small talk. As soon as the employee enters, give the person a moment to get comfortable and then inform him or her of your decision.
- 3. Describe the situation.Briefly explain why the person is being let go.For instance, Production in your area is down 6%.We have talked about these problems several times in the past 3 months.We have to make a change. Stress the situation,rather than the employee and his or her shortcomings. Emphasize that the decision is final and irrevocable.
- 4. Listen. To the extent practical, continue the interview for several minutes until the person seems to be talking freely and reasonably calmly about the termination and the support package including severance pay.
- 5. Review all elements of the severance package. Briefly describe severance payments, benefits, access to office support people, and how references will be handled. (Human resources may address this with the employee.)

However, make no promises beyond those already in the support package.

6. Identify the next step. The terminated employee may be disoriented and unsure what to do next. Explain where the employee should go upon leaving the interview. Its often best to have someone escort him or her until the person is out the door.

OUTPLACEMENT COUNSELING

Outplacement counselingis a formal process by which a specialist trains and counsels a terminated person in the techniques of self-appraisal and securing a new position. Outplacement does not imply that the employer takes responsibility for placing the person in a new job. Instead, it is a counseling service whose purpose is to provide the person with advice, instructions, and a sounding board to help formulate career goals and successfully execute a job search for him or herself. Outplacement counseling is part of the terminated employees support or severance package and is done by specialized outside firms. Outplacement firms dont just counsel displaced employees; they also help the employer devise its dismissal plan. For example, prior to announcing a downsizing, it might be sensible to work with an outplacement firm to decide things like how tobreak the news and deal with dismissed employees emotional reactions.

EXIT INTERVIEW

Many employers conduct exit interviews with employees who are leaving the firm for any reason. These are interviews, usually conducted by a human resource professional just prior to the employee leaving; they elicit information about the job or employer with the aim of giving employers insights into what is right or wrong about their companies. Exit interview questions include, Why did you join the company? Was the job presented correctly and honestly? Were there any special problem areas? 105 Women and minorities are more likely to quit early in their employment, so this might be one specific issue for which towatch.106

Figure 14-11presents an exit interview form. The assumption of course is that because the employee is leaving, he or she will be candid. However, the information you get may be questionable.107 Researchers found that at the time of separation, 38% of those leaving blamed salary and benefits, and only 4% blamed supervision. Followed up 18 months later, however, 24% blamed supervision and only 12% blamed salary and benefits. Getting to the real problem during the exit interview may thus require digging. Yet these interviews can be useful. When Blue Cross of Northeastern Pennsylvania dismissed employees, many said, in exit interviews, This is not a stable place to work. The firm took steps to correct that misperception for those who stayed with Blue Cross.

Layoffs, Downsizing, and the Plant Closing Law Nondisciplinary separations are a fact of corporate life.108 For the employer, reduced sales or profits may require layoffs or downsizing. Layoff generally refers to having selected employees take time off, with the expectation that they will come back to work. Downsizing refers to permanently dismissing a relatively large proportion of employees in an attempt to improve productivity and competitiveness. Other employees may resign to retire or to look for better jobs.

THE PLANT CLOSING LAW Until 1989, there were no federal laws requiring notification of employees when an employer decided to close a facility. However, in that year Congress passed the Worker Adjustment and Retraining Notification Act (popularly known as the WARN or plant closing law). It requires employers of 100 or more employees to give 60 days notice before closing a facility or starting a layoff of 50 people or more. The law does not prevent the employer from closing down, nor does it require saving jobs. It simply gives employees time to seek other work or retraining by giving them advance notice. Although there are exceptions, the penalty for failing to give notice is 1 days pay and benefits to each employee for each days notice he or she should have received, up to 60 days. The act does not have any enforcement mechanism beyond suit in

federal court. The law is not entirely clear about how to notify employees. However, a paragraph that might suit the purpose would be as follows: Please consider this letter to be your official notice, as required by the federal plant closing law, that your current position with the company will end 60 days from today because of a [layoff or closing] that is now projected to take place on [date]. After that day, your employment with the company will be terminated and you will no longer be carried on our payroll records. Any questions concerning the plant closing law or this notice will be answered in the HR office.

THE LAYOFF PROCESS A study illustrates one firms downsizing process.In this company, senior management first met to make strategic decisions about the size and timing of the layoffs. These managers also debated the relative importance of the skill sets they thought the firm needed going forward. Front-line supervisors assessed their subordinates, rating their nonunion employees either A, B, or C (union employees were covered by a union agreement making layoffs dependant on seniority). The front-line supervisors then informed each of their subordinates about his or her A, B, or C rating, and told each that those employees with C grades were designated surplus and most likely to be laid off.110 Sensible layoff steps to take therefore include these:

- * Identify objectives and constraints. For example, decide how many positions to eliminate at which locations, and what criteria to use.
- * Form a downsizing team. This team should prepare a communication strategy for explaining the downsizing, produce a downsizing schedule, and supervise the displaced employees benefit programs.
- * Address legal issues. Review factors such as age,race,and gender before finalizing and communicating any dismissals.

- * Plan post-implementation actions. For those who remain, activities such as surveys and explanatory meetings can help maintain morale.
- * Address security concerns. With large layoffs, it may be wise to have security personnel in place. * Try to remain informative. When employees sue after mass layoffs, its often because they re unhappy with how the employer handled the layoff. Providing advanced notice regarding the layoff and interpersonal sensitivity (in terms of the managers demeanor during layoffs) can both help mitigate negative results. The people who announce the downsizing and deal with the employee questions should explain what is happening truthfully.

PREPARING FOR LAYOFFS As the U.S. slipped into recession a few years ago, large layoffs climbed ominously,up by about 9.4%. How do managers prepare for the layoffs that almost invariably result from such challenging times? Interestingly, the initial focus isnt on the layoffs, but on the employers appraisal systems. One expert says that in preparing for large, scale layoffs, management needs to:

- * Make sure appraisals are up-to-date.
- * Identify top performers and get them working on the companys future.
- * Have leaders committed to the companys turnaround.

Another HR consultant says companies that dont closely manage their performance appraisal systems suddenly learn during a reduction in force that everyone has been ranked a four out of five; that information is meaningless. So the essential point about layoffs is to prepare in advance by making sure to have an effective performance appraisal system in place. If you dont, then when the time comes to lay off significant numbers of employers, you may find yourself with no rational basis on which to decide who stays or leaves.

DISMISSALS EFFECTS

Its not surprising that layoffs often result in harmful psychological and physical health outcomes for employees who lose their jobs, as well as for the survivors who face uncertainty. 116 Furthermore, not just the victims and survivors suffer. In one study, researchers found that the more managers were personally responsible for handing out warning notices to employees, regardless of their age, gender, and marital status, the more likely they were to report physical health problems, to seek treatment for these problems, and to complain of disturbed sleep.

BUMPING/LAYOFF PROCEDURES

As noted, layoff generally refers to having some employees take time off, with the expectation that they will come back to work. With layoffs, three conditions are usually present:

- (1) There is no work available for these employees,
- (2) management expects the no-work situation to be temporary and probably short term, and
- (3) management intends to recall the employees when work is again available.A layoff is therefore not a termination, which is a permanent severing of the employment relationship.

Many employers, however, do use the term layoff as a euphemism for discharge or termination. (Others call them productivity transformation programs.)

Employers who encounter frequent business slowdowns may have bumping/layoff procedures that let employees use their seniority to remain on the job.

Here:

- 1. Seniority is usually the ultimate determinant of who will work.
- 2. Seniority can give way to merit or ability, but usually only when no senior employee is qualified for a particular job.

- 3. Seniority is usually based on the date the employee joined the organization, not the date he or she took a particular job.
- 4. Because seniority is usually company-wide, an employee in one job can usually bump or displace an employee in another job, provided the more senior person can do the job.

LAYOFF AND DOWNSIZING ALTERNATIVES

Layoffs and downsizings are painful for all involved, and have the added disadvantage of stripping away trained personnel. Employers therefore often try to find alternatives. There are alternatives. Suggestions include finding volunteers who are interested in reducing hours or part-time work, using attrition, and even networking with local employers concerning temporary or permanent redeployments. With the voluntary reduction in pay plan, all employees agree to reductions in pay to keep everyone working. Other employers arrange for all or most employees to concentrate their vacations during slow periods. They dont have to hire temporary help for vacationing employees during peak periods, and staffing automatically declines when business declines. Other employees agree to take voluntary time off, which again has the effect of reducing the employers payroll and avoiding layoffs. Many employers hire employees with the understanding their work is temporary. When layoffs are required, they are the first to leave. Some seek volunteers as an alternative to dismissing large numbers of employees. For example, many employers offer early retirement buyout packages to many of their employees.

Adjusting to Downsizings and Mergers Firms usually downsize to improve their financial positions. Yet many firms discover profits dont improve after major personnel cuts. Low morale among those remaining is often part of the problem. Supportiveness in the face of downsizing is especially important in high

performance work system type firms that rely heavily on employee morale and expertise.119 Options here include cut costs without reducing the workforce, perhaps through pay freezes or cuts; introduce a hiring freeze before reducing the workforce; provide candid communications about the need for the downsizing; give employees an opportunity to express their opinions about the downsizing; and be fair and compassionate in implementing the downsizing.120

MERGER GUIDELINES

In terms of dismissal,mergers and acquisitions are usually one-sided. In such situations, the acquired firms surviving employees may be hypersensitive to mistreatment of their soon-to-be former colleagues. It thus behooves the manager to treat those whom you let go fairly. As a rule, therefore:

- * Avoid the appearance of power and domination.
- * Avoid win lose behavior.
- * Remain businesslike and professional in all dealings.
- * Maintain as positive a feeling about the acquired company as possible.
- * Remember that the degree to which your organization treats the acquired group with care and dignity will affect the confidence, productivity, and commitment of those who remain.

Chapter 10
Employee
Safety and
Health

Chapter 10

Employee safety and health

SAFETY AND THE MANAGER

Why Safety Is Important Safety and accident prevention concern managers for several reasons, one of which is the staggering number of workplace accidents. While accident rates are falling, in one recent year 4,551 U.S. workers died in workplace incidents.

- 2 Workplace accidents in the United States cause over 3.8 million occupational injuries and illnesses per year roughly 3.6 cases per 100 equivalent full-time workers.
- 3 Such figures may actually underestimate the real number of injuries and illnesses by two or three times.
- 4 More than 80% of the workers in one survey ranked workplace safety as more important than minimum wages, sick days, and maternity leave.
- 5 Injuries aren t just a problem in dangerous industries like construction. For example, new computers contribute to airtight sick building symptoms like headaches and sniffles. And office work is susceptible to things like repetitive trauma injuries related to computer use.

THE HIDDEN STORY

But even facts like these dont show the human suffering incurred by the injured workers and their families or the real economic costs incurred by employers.6 For example, the direct injury costs of a forklift accident might be \$4,500. However, the indirect costs for things like lost production time, maintenance time, and emergency supplies could raise that to \$18,000 or more.7

Managements Role in Safety On the next few pages, we ll see that reducing accidents often boils down to reducing accident-causing conditions and accident-causing acts. However, safety always starts at the top. Telling supervisors to watch for spills and employees to work safely is futile unless everyone knows management is serious about safety. 8 Historically, for instance, DuPont s accident rate has been much lower than that of the chemical industry as a whole. This good safety record is partly due to an organizational commitment to safety, which is evident in the following description: One of the best examples I know of in setting the highest possible priority for safety takes place at a DuPont Plant in Germany. Each morning at the DuPont Polyester and Nylon Plant, the director and his assistants meet at 8:45 to review the past 24 hours. The first matter they discuss is not production, but safety. Only after they have examined reports of accidents and near misses and satisfied themselves that corrective action has been taken do they move on to look at output, quality, and cost matters. 9

What Top Management Can Do Policies like these start at the top.10The employer should institutionalize top managements commitment with a safety policy, and publicize it. It should give safety matters high priority in meetings: Louisiana-Pacific Corp., which makes building products, starts all meetings with a briefsafety message.11 Georgia-Pacific reduced its workers compensation costs by requiring managers to halve accidents or forfeit 30% of their bonuses. The accompanying Strategic Context feature provides another example.

Safety is not just a case of legality or humanitarianism. One study concluded that safety activities paid for themselves by a ratio of 10 to 1, just in direct savings of workers compensation expenses over 4 years. 13

The Supervisors Role in Safety After inspecting a work site where workers were installing pipes in a 4-foot trench, an OSHA inspector cited an employer for violating the rule requiring employers to have a stairway, ladder, ramp, or other safe means of egress in deep trench excavations.14 In the event the trench caved in, workers needed a quick way out. As in most such cases, the employer had the primary responsibility for safety, and the local supervisor was responsible for the day-to-day inspections. In this case the supervisor did not properly

inspect for safety. The trench collapsed, injuring several employees. The moral is that safety inspections should always be part of the supervisor s daily routine. For example, a daily walk-through of your workplace whether you are working in outdoor construction, indoor manufacturing, or any place that poses safety challenges is an essential part of your work. 15 What to look for depends on the situation. However, in general you can use a checklist of unsafe conditions such as the one in Figure 16-5(page 541) to spot problems.

OCCUPATIONAL SAFETY LAW

Congress passed the Occupational Safety and Health Act of 1970 to assure so far as possible every working man and woman in the nation safe and healthful working conditions and to preserve our human resources. 16 The only employers it doesnt cover are self-employed persons, farms in which only immediate members of the employer s family work, and some workplaces already protected by other federal agencies or under other statutes. The act covers federal agencies, but usually not state and local governments. The act created the Occupational Safety and Health Administration (OSHA) within the Department of Labor. OSHAs basic purpose is to administer the act and to set and enforce the safety and health standards that apply to almost all workers in the United States. The Department of Labor enforces the standards, and OSHA has inspectors working out of branch offices to ensure compliance.

OSHA Standards and Record Keeping

OSHA operates under the general standard clause that each employer: . . . shall furnish to each of his [or her] employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his [or her] employees.

To carry out this basic mission, OSHA is responsible for promulgating legally enforceable standards. These are contained in five volumes covering general industry standards, maritime standards, construction standards, other regulations and procedures, and a field operations manual. The standards are very complete, covering in detail just about every conceivable hazard. (Figure 16-1 presents a small part of the standard governing guardrails for scaffolds.) The regulations dont just list standards to which employers should adhere. They also lay out how. For example, OSHAs respiratory protection standard also covers employee training. Under OSHA, employers with 11 or more employees must maintain records of and report

certain occupational injuries and occupational illnesses. An occupational illness is any abnormal condition or disorder caused by exposure to environmental factors associated with employment. This includes acute and chronic illnesses caused by inhalation, absorption, ingestion, or direct contact with toxic substances or harmful agents.

WHAT THE EMPLOYER MUST REPORT

As summarized in Figure 16-2,employers must report all occupational illnesses.17 They must also report most occupational injuries, specifically those that result in medical treatment (other than first aid), loss of consciousness, restriction of work (one or more lost workdays), restriction of motion,or transfer to another job.18 If an on-the-job accident results in the death of an employee or in the hospitalization of five or more employees,all employers,regardless of size,must report the accident to the nearest OSHA office. OSHAs current record-keeping rules allow the employer to conclude that an event neednt be reported if the facts so warrant such as if a worker breaks an ankle after catching his foot on his cars seat belt when not at work and parked on the company lot.19 However, OSHAs record-keeping requirements are still broader than you might expect.20 Examples of recordable conditions include food poisoning suffered by an employee after eating in the employers cafeteria and ankle sprains that occur during voluntary participation in a company softball game at a picnic the employee was required to attend. Figure 16-3 shows the OSHA form for reporting occupational injuries or illness.

Inspections and Citations OSHA enforces its standards through inspections and (if necessary) citations. The inspection is usually unannounced. OSHA may not conduct warrantless inspections without an employers consent. However, it may inspect after acquiring an authorized search warrant or its equivalent.21 With a limited number of inspectors,OSHA recently has focused on fair and effective enforcement, combined with outreach, education and compliance assistance, and various OSHA employer cooperative programs (such as its Voluntary Protection Programs).22

INSPECTION PRIORITIES

OSHA takes a worst-first approach in setting inspection priorities. Priorities include, from highest to lowest, imminent dangers, catastrophes and fatal accidents, employee complaints, high-hazard industries inspections, and follow-up inspections.23 In one recent year, OSHA conducted just over 39,000 inspections.Referrals prompted about 8,000 of these.24 Under its

priority system,OSHA conducts an inspection within 24 hours when a complaint indicates an immediate danger, and within 3 working days when a serious hazard exists. For a nonserious complaint filed in writing by a worker or a union, OSHA will respond within 20 working days. OSHA handles other nonserious complaints by writing to the employer and requesting corrective action.

THE INSPECTION

The inspection begins when the OSHA officer arrives at the workplace.25 He or she displays credentials and asks to meet an employer representative. (Always insist on seeing the credentials, which include photograph and serial number.) The officer explains the visits purpose, the scope of the inspection, and the standards that apply. An authorized employee representative accompanies the officer during the inspection. The inspector can also stop and question workers (in private, if necessary). The act protects each employee from discrimination for exercising his or her disclosure rights.26 OSHA inspectors look for all types of violations, but some potential problem areas grab more attention. The five most frequent OSHA inspection violation areas are scaffolding, fall protection, hazard communication, lockout/tagout (electrical disengagement), and respiratory problems. Finally, after checking the premises and employer s records, the inspector holds a closing conference with the employer's representative. Here the inspector discusses apparent violations for which OSHA may issue or recommend a citation and penalty. At this point, the employer can produce records to show compliance efforts. In one recent year, inadequate scaffolding/fall protection was one frequently cited hazard.

PENALTIES

OSHA can impose penalties. These generally range from \$5,000 up to \$150,000 for willful or repeat serious violations. However, penalties can be far higher \$1.5 million after a tragedy at Fords Rouge Michigan plant, for instance. The parties settle many OSHA cases before litigation, in precitation settlements. Non-serious violations may carry no penalties. In general, OSHA calculates penalties based on the gravity of the violation and usually takes into consideration factors like the size of the business,the firms compliance history,and the employers good faith. In practice,OSHA must have a final order from the independent Occupational Safety and Health Review Commission (OSHRC) to enforce a penalty.30 An employer who files a notice of contest can drag out an appeal for years. Many employers do appeal, at least to the OSHA district office. To the chagrin of some employers, OSHA is

publicizing its inspection results online. For example, OSHAs Web site (www.osha.gov) gives you easy access to your companys (or your competitors) OSHA enforcement history. MANAGERS INSPECTION GUIDELINES What should you do when OSHA inspectors unexpectedly show up? Guidelines include the following:

Initial Contact

- * Restrict admittance until the manager in charge is on site.33
- * Check the inspectors credentials.
- * Ask the inspector why he or she is inspecting your workplace. Is it complaints? Ascheduled visit?
- * If the inspection stems from a complaint, you are entitled to know whether the person is a current employee, though not the persons name.
- * Notify your counsel, who should review all documents and information.

Opening Conference

- * Establish the focus and scope of the planned inspection.
- * Discuss the procedures for protecting trade secret areas.
- * Show the inspector you have safety programs in place. He or she may not even go to the work floor if your paperwork is complete and up to date.

Walk-Around Inspection

- * Accompany the inspector and take detailed notes.
- * If the inspector takes a photo or video, you should, too.
- * Ask for duplicates of all physical samples and copies of all test results.
- * Be helpful and cooperative, but dont volunteer information.
- * To the extent possible, immediately correct any violation the inspector identifies.34

One survey asked 12 safety experts to identify the 10 best ways to get into trouble with OSHA.35

The top three were:

- 1. Ignore or retaliate against employees who raise safety issues.
- 2. Antagonize or lie to OSHA during an inspection.
- 3. Keep inaccurate OSHA logs and have disorganized safety files.

OSHAS FREE ON-SITE INSPECTIONS

OSHA provides free on-site safety and health services for small businesses.36 Employers can contact their nearest OSHA area office to speak to the compliance assistance specialist.

According to OSHA, it issues no citations or penalties based on these inspections. There is an opening conference with an OSHA safety expert, a walk-through, and a closing conference to discuss the experts findings. The expert then sends a detailed report explaining the findings. The employers only obligation is to commit to correcting serious job safety and health hazards in a timely manner.

Responsibilities and Rights of Employers and Employees Both employers and employees have responsibilities and rights under the Occupational Safety Health Act. Employers are responsible for providing a workplace free from recognized hazards, for being familiar with mandatory OSHA standards, and for examining workplace conditions to make sure they conform to OSHA standards. Employers have the right to seek advice and off-site consultation from OSHA, request and receive proper identification of the OSHA compliance officer before inspection, and to be advised by the compliance officer of the reason for an inspection. Employees also have rights and responsibilities, but OSHA cant cite them for violations of their responsibilities. Employees are responsible, for example, for complying with all applicable OSHA standards, for following all employer safety and health rules and regulations, and for reporting hazardous conditions to the supervisor. Employees have a right to demand safety and health on the job without fear of punishment. The act prohibits employers from punishing or discriminating against workers who complain to OSHA about job safety and health hazards.

DEALING WITH EMPLOYEE RESISTANCE

Although employees have a responsibility to comply with OSHA standards, they often resist; the employer usually remains liable for any penalties. The refusal of some workers to wear

hard hats typifies this problem. Employers have attempted to defend themselves by citing worker intransigence. In most cases, courts still hold employers liable for workplace safety violations. Yet employers can reduce their liability, since courts have recognized that it is impossible to totally eliminate all hazardous conduct by employees. 37 In the event of a problem, the courts may consider whether the employers safety procedures were adequate; whether the training gave employees the skills required to perform their duties safely; and whether the employer required employees to follow the procedures. The employer can bargain with its union for the right to discipline any employee who disobeys OSHA standards. 38 A formal employer employee safety arbitration process and discussing with employees the reasons for their resistance are other options. The independent three-member Occupational Safety and Health Review Commission that reviews OSHA decisions says employers must make a diligent effort to discourage, by discipline if necessary, violations of safety rules by employees. 39 However, the only surefire way to eliminate liability is to make sure that no accidents occur.

WHAT CAUSES ACCIDENTS?

There are three basic causes of workplace accidents: chance occurrences, unsafe conditions, and employees unsafe acts. Chance occurrences (such as walking past a window just as someone hits a ball through it) are more or less beyond managements control. We will therefore focus on unsafe conditions and unsafe acts.

What Causes Unsafe Conditions and Other Work-Related Safety Problems? Unsafe conditions are a main cause of accidents. They include:

- * Improperly guarded equipment
- * Defective equipment
- * Hazardous procedures in, on, or around machines or equipment
- * Unsafe storage congestion, overloading * Improper illumination glare, insufficient light
- * Improper ventilation insufficient air change,impure air source40 The solution here is to identify and eliminate the unsafe conditions.

The main aim of the OSHA standards is to address these mechanical and physical accidentcausing conditions. The employers safety department (ifany), and its human resource managers and top managers should take responsibility for identifying unsafe conditions.

DANGER ZONES

While accidents can happen anywhere, there are some highdanger zones. About one-third of industrial accidents occur around forklift trucks, wheelbarrows, and other handling and lifting areas. The most serious accidents usually occur by metal and woodworking machines and saws, or around transmission machinery like gears, pulleys, and flywheels. Falls on stairs, ladders, walkways, and scaffolds are the third most common cause of industrial accidents. Hand tools (like chisels and screwdrivers) and electrical equipment (extension cords, electric droplights, and so on) are other major causes of accidents. 41 Certain jobs are inherently more dangerous. For example, the job of crane operator results in about three times more hospital visits than does the job of supervisor Work schedules and fatigue also affect accident rates. Accident rates usually dont increase too noticeably during the first 5 or 6 hours of the workday. But after that, the accident rate increases faster. This is due partly to fatigue and partly to the fact that accidents occur more often during night shifts. In part due to reduced headcount and more people with second jobs, employee fatigue is a growing problem today.43 Many employers are therefore taking steps to reduce employee fatigue, such as banning mandatory overtime. Some of the most important working-condition related causes of accidents involve workplace climate or psychology. One researcher reviewed the official hearings regarding the fatal accidents offshore oil workers suffered in the British North Sea. A strong pressure to complete the work as quickly as possible, employees who are under stress, and a poor safety climate for instance, supervisors who never mention safety were some of the psychological conditions leading to accidents. Similarly, accidents occur more frequently in plants with high seasonal layoff rates, hostility among employees, many garnished wages, and blighted living conditions.

What Causes Unsafe Acts?

(A Second Basic Cause of Accidents) Unsafe employee acts can undo even the best attempts to reduce unsafe conditions. The problem is that there are no easy answers to the question of what causes people toact recklessly. It may seem obvious that some people are simply accident prone, but the research isnt clear.45 On closer inspection it turns out some accident repeaters were just unlucky, or may have been more meticulous about reporting their

accidents.46 However, there is growing evidence that people with specific traits may indeed be accident prone. For example, people who are impulsive, sensation seeking, extremely extroverted, and less conscientious (in terms of being less fastidious and dependable) are more likely to have accidents.47 Furthermore, the person who is accident prone on one job may not be so on another. Driving is one example. Personality traits that correlate with filing vehicular insurance claims include entitlement (think theres no reason they should not speed), impatience (were always in a hurry), aggressiveness (the first to move when the light turns green), and distractibility (frequently distracted by cell phones, eating, and so on).48 We ll turn to how employers can reduce unsafe acts and conditions next.

HOW TO PREVENT ACCIDENTS

In practice, accident prevention boils down to two basic activities:

- (1) reducing unsafe conditions and
- (2) reducing unsafe acts. In large firms, the chief safety officer (often called the Environmental Health and Safety Officer) is responsible for this.49 In smaller firms,managers,including those from human resources,plant management, and first-line managers,share these responsibilities.

Reducing Unsafe Conditions Reducing unsafe conditions is always an employer s first line of defense in accident prevention. Safety engineers should design jobs to remove or reduce physical hazards. In addition, we saw that supervisors and managers play a role. Checklists like those in Figures 16-5 and 16-6, or the self-inspection checklist in Figure 16-8 (pages 566 569), can help identify and remove potential hazards. Employers increasingly use computerized tools to design safer equipment. For example, Designsafe (from Designsafe Engineering, Ann Arbor, Michigan) helps automate the tasks of hazard analysis, risk assessment, and identifying safety options. Designsafe helps the safety designer choose the most appropriate safety control device for keeping the worker safe, such as adjustable enclosures, presence-sensing devices, and personal protective equipment Sometimes the solution for eliminating an unsafe condition is obvious, and sometimes its more subtle. For example, slips and falls are often the result of debris or slippery floors. 51 Obvious remedies include floor mats and better lighting. Perhaps less obviously, personal safety gear, like slipresistant footwear with grooved soles, can also reduce slips and falls. Cut-resistant gloves

reduce the hazards of working with sharp objects.52 (Hand injuries account for about 1 million emergency department visits annually by U.S.workers.53)

such hazards before they cause accidents. According to OSHA, job hazard analysis focuses on the relationship between the worker, the task, the tools, and the work environment, and ends by reducing the potential risks to acceptable levels.54 Consider a safety analyst looking at the Yale science lab, with the aim ofidentifying potential hazards. Performing a job hazard analysis here might involve looking at the situation and asking these questions: * What can go wrong? A students hair or clothing could come into contact with the lathe, a rotating object that catches it and pulls it into the machine. * What are the consequences? The student could receive a severe injury as his or her body part or hair is caught and drawn into the spinning lathe. * How could it happen? The accident could happen as a result of the student leaning too close to the lathe while working at the bench, or walking too close to the lathe, or bending to reach for an article that fell close to the lathe. * What are other contributing factors? Speed is one contributing factor. The problem would occur so quickly that the student would be unable to take evasive action once the lathe ensnarled the hair. The job hazard analysis should provide the basis for creating countermeasures. Given the speed with which any such accident would occur, its unlikely that training by itself would suffice. Instead, the lathe area here should be ensconced in its own protective casing, and changes made to ensure that the lathe can t spin unless the student takes action via a foot pedal to keep the lathe power on.

OPERATIONAL SAFETY REVIEWS

After the Fukushima nuclear power plant in northern Japan exploded in 2011, many wondered if the International Atomic Energy Agency (IAEA) had conducted the necessary operational safety reviews. Operational safety reviews (or safety operations reviews) are conducted by agencies to ascertain whether units under their jurisdiction are complying with all the applicable safety laws, regulations, orders, and rules. For example, under IAEAs Operational Safety Review Program, international teams of experts conduct in-depth reviews of operational safety performance at a nuclear power plant. 55 PERSONAL PROTECTIVE EQUIPMENT Getting employees to wear personal protective equipment (PPE) is a famously difficult chore.56 Wearability is important. In addition to providing reliable protection, protective gear should fit properly; be easy to care for,maintain,and repair; be flexible and lightweight; provide comfort and reduce heat stress; have rugged construction; be relatively easy to put on and take off; and be easy to clean, dispose of, and recycle.57 Many employers,

such as KimberlyClark and MCR Safety, are tapping into the new fibers and fabrics used by runners, skiers, and NASCAR drivers to design easier wearing high-tech solutions.58

Including employees in planning the safety program and addressing comfort issues contribute to employees willingness to use the protective gear.59 Of course, it makes sense to require wearing the personal protective equipment before the accident, rather than after it. For example, a combustible dust explosion at a sugar refinery killed 14 employees and burned many others. The employer subsequently required that all employees wear fire resistant clothing, unfortunately too late for the victims But again, reducing unsafe conditions (such as enclosing noisy equipment) is always the first line of defense. Then use administrative controls (such as job rotation to reduce long-term exposure to the hazard). Only then should you turn to PPE.68 Reducing unsafe acts by emphasizing safety and through screening, training, or incentive programs, for example is the second basic way to reduce accidents. Lets look at how to do this.

Reducing Unsafe Acts Although reducing unsafe conditions is the first line of defense, human misbehavior can short-circuit even the best safety efforts. Sometimes the misbehavior is intentional, but often its not.69 In one accident, a maintenance worker obeyed the plants lockout/tagout procedure, by calling the control room to have them shut off the roof exhaust fan he was about to work on. When he arrived on the roof, he noticed the fan was still turning, and assumed that the wind was turning the blades. After waiting several minutes, he wrapped a rag around his hand and tried to stop the blade with his hand, causing serious injury. He had obeyed the procedure by calling the control room. But the employer should have emphasized in its training that the point of the procedure was not to disconnect the power, but to make sure that the fan is not turning before you touch it. 70 For machinery, employees can use emergency stop devices like the one in the accompanying photo to cut power to hazardous machines. 71 But ironically, making a job safer with machine guards or PPE lowers peoples risk perceptions and thus can lead to an increase in at-risk behavior. 72 As mentioned earlier, the manager plays a central role in reducing unsafe acts.

Forexample, supervisors should:

- * Praise employees when they choose safe behaviors;
- * Listen when employees offer safety suggestions, concerns, or complaints; and
- * Be a good example, for instance, by following every safety rule and procedure.

Unfortunately, praising employees is usually not enough to banish unsafe acts. Instead, it requires a process. First, identify and try to eliminate potential risks, such as unguarded equipment.Next,reduce potential distractions, such as noise, heat, and stress. Then, carefully screen, train, and motivate employees, as we explain next.

Reducing Unsafe Acts through Selection and Placement Proper employee screening and placement reduces unsafe acts. Here, the employers aim is to identify the traits that might predict accidents on the job in question, and then screen candidates for this trait. For example, the Employee Reliability Index (ERI) (see

http://www.ramsaycorp.com/catalog/view/?productid=208) measures reliability dimensions such as emotional maturity, conscientiousness, and safe job performance.74 Though not definitive, using the ERI in selection did seem to be associated with reductions in work-related accidents in one study. Others use job simulation tests (which attempt to measure the applicant by simulating physically demanding work activities) and physical capabilities tests (which measure muscle strength and motion) to predict who will have more accidents.75 Similarly, behavioral interview questions can be revealing. For example, ask, What would you do if you saw another employee working in an unsafe way? and What would you do if your supervisor gave you a task, but didnt provide any training on how to perform it safely? 76 Under the Americans with Disabilities Act (ADA) it is unlawful to inquire (prior to hiring) about an applicants workers compensation injuries and claims. You also cannot ask applicants whether they have a disability, or about taking prescription drugs or require them to take tests that tend to screen out those with disabilities. However, you can usually ask, Do you know ofany reason why you would not be able to perform the various functions of the job you are seeking?

Reducing Unsafe Acts through Training Safety training reduces unsafe acts, especially for new employees. You should instruct employees in safe practices and procedures, warn them of potential hazards, and work on developing a safety-conscious attitude. OSHAs standards require more than training. Employees must demonstrate that they actually learned what to do. (For example, OSHAs respiratory standard requires that each employee demonstrate how to inspect, put on, and remove respirator seals. OSHA has two booklets, Training Requirements under OSHA and Teaching Safety and Health in the Workplace.) However, note that the main aim of safety training is not to meet OSHA training standards. Rather, it is to impart the knowledge and skills required to reduce accidents. OSHA, the National Institute for Occupational Safety and Health (NIOSH), and numerous private

vendors provide online safety training solutions.79 The nature of the safety training is important. Although lectures and online learning may be efficient, one study found that the most effective safety training demanded high employee engagement.80 In this study, the least engaging programs included lectures, films, reading materials, and video-based training. Moderately engaging programs included computer interface instruction with feedback. The most engaging included behavioral modeling, simulation, and hands-on training.

Employers also turn to the Web to support their safety training programs.83 For example, PureSafety (www.puresafety.com) enables firms to create their own training Web sites, complete with a message from the safety director. Once an employer installs the PureSafety Web site, it can populate the site with courses from companies that supply health and safety courses via that site. The courses themselves are available in various formats, including digital versions of videotape training, and PowerPoint presentations.

CREATING A SUPPORTIVE ENVIRONMENT

Although safety training is a key safety preventive method, a recent study suggests that creating a supportive supervisory environment is more important. Organizations can develop a supportive environment by training supervisors to be better leaders, emphasizing the importance of teamwork and social support, and establishing the value of safety. 85

Reducing Unsafe Acts through Motivation: Posters, Incentives, and Positive Reinforcement Employers also use various tools to motivate workers to work safely. Safety posters are one. However, although safety posters can increase safe behavior, they are no substitute for a comprehensive safety program. Employers should combine them with other techniques (like screening and training) to reduce unsafe conditions and acts, and change the posters often.

Incentive programs are also useful.86 Management at Tesoro Corporations Golden Eagle refinery in California instituted one such plan. Employees earn WINGS (an acronym for Willing Involvement Nurtures Greater Safety) points for engaging in one or more specific safety activities, such as taking emergency response training. Employees can each earn up to \$20 per month by accumulating points.87 Some contend that safety incentive programs are misguided. OSHA has argued, for instance, that such programs dont cut down on actual injuries or illnesses, but only on injury and illness reporting. One expert argues that by encouraging habitual behavior they can lull employees into letting their guard down.88 One option is to emphasize nontraditional incentives, like recognition. For instance, recognize

employees for identifying hazards. In any case, the incentive program needs to be part of a comprehensive safety program.

RESEARCH INSIGHT: POSITIVE REINFORCEMENT

Many employers successfully use positive reinforcement programs to improve safety. Such programs provide workers with continuing positive feedback, usually in the form of graphical performance reports and supervisory support, to shape the workers safety-related behavior. Researchers introduced one program in a wholesale bakery.91 The new safety program included training and positive reinforcement. The researchers set and communicated a reasonable safety goal (in terms of observed incidents performed safely). Next, employees participated in a 30-minute training session by viewing pairs of slides depicting scenes that the researchers staged in the plant. One slide, for example, showed the supervisor climbing over a conveyor; the parallel slide showed the supervisor walking around the conveyor. After viewing an unsafe act, employees had to describe, Whats unsafe here? Then the researchers demonstrated the same incident again but performed in a safe manner, and explicitly stated the safe-conduct rule (go around, not over or under, conveyors). At the conclusion of the training phase, supervisors showed employees a graph with their pretraining safety record (in terms of observed incidents performed safely) plotted. Supervisors then encouraged workers to consider increasing their performance to the new safety goal for their own protection, to decrease costs, and to help the plant get out of its last place safety ranking. Then the researchers posted the graph and a list of safety rules. Whenever observers walked through the plant collecting safety data, they posted on the graph the percentage of incidents they had seen performed safely by the group as a whole, thus providing the workers with positive feedback. Workers could compare their current safety performance with both their previous performance and their assigned goal. In addition, supervisors praised workers when they performed selected incidents safely. Safety in the plant subsequently improved markedly.

Reducing Unsafe Acts through Behavior-Based Safety Behavior-based safety means identifying the worker behaviors that contribute to accidents and then training workers to avoid these behaviors. Tenneco Corporation (which manufactures Monroe brand suspensions) implemented a behavior-based safety program. The firm selected internal consultants from among its quality managers, training managers, engineers, and production workers. After training, the internal consultants identified five critical behaviors for Tennecos first safety program, such as, Eyes on task: Does the employee watch his or her hands while

performing a task? The consultants made observations and collected data regarding the behaviors. Then they instituted training programs to get employees to perform these five behaviors properly.

Reducing Unsafe Acts through Employee Participation Employees are often your best source of ideas about what the safety problems are and how to solve them. For example, when the International Truck and Engine Corp.

began designing its new robot-based plant in Springfield, Ohio, management chose to involve employees in designing the new facility.93 Management appointed joint labor management safety teams for each department. These worked with project engineers to start designing safeguards for the robot equipment. The company even sent one safety team to Japan to watch the robot machines inaction, and to identify items that the safety teams needed to address. Back in Ohio, this team worked with employees to identify possible hazards and to develop new devices (such as color-coded locks) to protect the employees.94 Once they are committed to the idea of safety, a checklist such as the one shown in Figure 16-7 can provide employees with a useful reminder. Reducing Unsafe Acts by Conducting Safety and Health Audits and Inspections Reducing unsafe acts is no substitute for eliminating hazards.Managers should therefore routinely inspect for problems using safety audit/checklists (as in Figures 16-6 and 16-7) as aids. Also, investigate all accidents and near misses. Set up employee safety committees to evaluate safety adequacy, conduct and monitor safety audits, and suggest ways for improving safety.95 Managers expedite safety audits by using personal digital assistants (PDAs).96 For example, Process and Performance Measurement (PPM) is a Windows application for designing and completing safety audit questionnaires. To use this application, the manager gives the safety audit a name, enters the audit questions, and lists possible answers. Typical questions for a fire extinguisher audit might include, Are fire extinguishers clearly identified and accessible? and Are only approved fire extinguishers used in the workplace? 97 The supervisor or employee then uses his or her PDA to record the audit and transmit it to the firms safety office. With respect to safety and health, evidence-based management means identifying crucial metrics and then monitoring them. Metrics might include, for instance, the percent conformance to safety critical behaviors and processes, the level of exposure present in the workplace as measured through valid samples, and the rate of adverse outcomes such as injury rates. 98 SAFETY AWARENESS PROGRAMS Employers also use safety awareness programs to improve employee safety behavior. A safety awareness program enables trained supervisors to orient

new workers arriving at a job site regarding common safety hazards and simple prevention methods. For example, the Roadway Safety Awareness Program covers trucker safety issues such as stopping distances required atvarious speeds (see the accompanying screen grab).

Controlling Workers Compensation Costs In the event an accident does occur, the employee may turn to the employers workers compensation insurance to cover his or her expenses and losses.100We addressed workers compensation in Chapter 13(Benefits), but address several safety-related points here. BEFORE THE ACCIDENT The time to start controlling workers compensation claims is before the accident happens.101 For example, LKL Associates, Inc., of Orem, Utah, cut its workers compensation premiums in halfby communicating written safety and substance abuse policies to workers and then strictly enforcing those policies AFTER THE ACCIDENT The injury can be traumatic for the employee, and how the employer handles it is important. As noted in Chapter 13 (Benefits), moving aggressively to support the injured employee and to get him or her back to work quickly is important. The involvement of an attorney and the duration of the claim both influence the workers claim cost.103 It is important to be supportive and proactive. Provide first aid, and make sure the worker gets quick medical attention, make it clear that you are interested in the injured worker; document the accident; file required accident reports; and encourage a speedy return to work.104 The HR as a Profit Center feature illustrates other steps HR can take.

WORKPLACE HEALTH HAZARDS: PROBLEMS AND REMEDIES

Most workplace hazards aren t as obvious as unguarded equipment or slippery floors. Many are unseen hazards (such as mold) that the company inadvertently produces as part of its production processes. Other problems, such as drug abuse, employees may create for themselves. Both such hazards can be as or more dangerous to workers health and safety than are obvious hazards like slippery floors. Typical workplace exposure hazards include chemicals and other hazardous materials, temperature extremes, biohazards (including those that are naturally occurring, such as mold, and man-made, such as anthrax), and ergonomic hazards (such as uncomfortable equipment).

The Basic Industrial Hygiene Program OSHA standards list exposure limits for about 600 chemicals. Table 16-2 lists some OSHA substance-specific health standards. Hazardous substances like these require air sampling and other preventive and precautionary measures. Managing such exposure hazards comes under the area of industrial hygiene and involves recognition, evaluation, and control. First, the facilitys health and safety officers (possibly

working with teams of supervisors and employees) must recognize possible exposure hazards. This typically involves conducting plant/facility walkaround surveys, employee interviews, records reviews, and reviews of government (OSHA) and nongovernmental standards. Having identified a possible hazard, evaluation involves determining how severe the hazard is. This requires measuring the exposure, comparing the measured exposure to some benchmark (as in Table 16-2), and determining whether the risk is within tolerances. 107 Finally, hazard control involves eliminating or reducing the hazard. Note that personal protective gear is generally the last option for dealing with such problems. The employer must first install engineering controls (such as process enclosures or ventilation) and administrative controls (including training and improved housekeeping).

Asbestos Exposure at Work There are four major sources of occupational respiratory diseases:asbestos,silica,lead, and carbon dioxide. Of these, asbestos is a major concern, in part because of publicity surrounding asbestos in buildings constructed before the mid-1970s. Major efforts are still underway to rid these buildings of the substance. OSHA standards require several actions with respect to asbestos. Employers must monitor the air whenever they expect the level of asbestos to rise to one-half the allowable limit (which is 0.1 fibers per cubic centimeter). Engineering controls walls, special filters, and so forth are required to maintain an asbestos level that complies with OSHA standards. Only then can employers use respirators if additional efforts are required to achieve compliance.

Infectious Diseases With many employees traveling to and from international destinations, monitoring and controlling infectious diseases has become an important safety issue. Employers can take steps to prevent the entry or spread of infectious diseases into their workplaces. These steps include: 108

1. Closely monitor Centers for Disease Control and Prevention (CDC) travel alerts about health concerns. Access this information at www.cdc.gov. 2. Provide daily medical screenings for employees returning from infected areas. 3. Deny access to your facility for 10 days to employees or visitors returning from affected areas. 4. Tell employees to stay home if they have a fever or respiratory system symptoms. 5. Clean work areas and surfaces regularly. 6. Stagger breaks. Offer several lunch periods to reduce overcrowding. 7. Emphasize the importance of frequent hand washing and make hand sanitizers easily available.

Air Quality One of the downsides of opting for environmentally green office buildings is that sealed buildings can produce illnesses such as itchy eyes and trouble breathing, a

phenomenon some call sick building syndrome. The problem is that emissions from printers and photocopiers and other chemical pollutants, left unmonitored, can dramatically reduce air quality. 109 The solution is to institute continuous monitoring systems.

Alcoholism and Substance Abuse Alcoholism and substance abuse are problems at work. About two-thirds of people with an alcohol disorder work full-time.110 Some studies estimate that almost 13 million workers use drugs illicitly.111 About 15% of the U.S. workforce (just over 19 million workers) has either been hung over at work, been drinking shortly before showing up for work, or been drinking or impaired while on the job at least once during the previous year. 112 Employee alcoholism may cost U.S. employers about \$226 billion per year, for instance, in higher absenteeism and accidents.113 (Increasingly, its not intoxicated drivers but intexicated employees causing the problem. Studies indicate that cell phone activity probably contributes to over 636,000 motor vehicle crashes per year. Many businesses are therefore banning cell phone use and texting activities among their drivers.)

EFFECTS OF ALCOHOL ABUSE The effects of alcoholism on the worker and work are severe.115 Both the quality and quantity of the work decline in the face of a sort of on-the-job absenteeism. The alcoholics on-the-job accidents usually dont increase significantly, apparently, because he or she becomes much more cautious. However, the off-the-job accident rate is higher. Morale of other workers drops, as they have to shoulder the alcoholics burdens. Recognizing the alcoholic on the job is a problem. Early symptoms such as tardiness are similar to those of other problems and thus hard to classify. The supervisor is not a psychiatrist, and without specialized training, identifying and dealing with the alcoholic is difficult. As you can see in Table 16-3, alcohol-related problems range from tardiness in the earliest stages of alcohol abuse to prolonged absences in its later stages.

SUPERVISOR TRAINING

Training supervisors to identify alcoholics or drug abusers and the problems they create is advisable. However, supervisors are in a tricky position: They should be the companys first line of defense in combating workplace drug abuse, but should avoid becoming detectives or diagnosticians.

Guidelines supervisors should follow include the following:

- * If an employee appears to be under the influence of drugs or alcohol, ask how the employee feels and look for signs of impairment such as slurred speech. Send an employee judged unfit home.
- * Make a written record of your observations and follow up each incident. In addition, inform workers of the number of warnings the company will tolerate before requiring termination.
- * Refer troubled employees to the companys employee assistance program.

DEALING WITH SUBSTANCE ABUSE

For many employers, dealing with alcohol and substance abuse begins with substance abuse testing. As we saw in Chapter 6, its unusual to find employers who dont at least test job candidates for substance abuse before hiring them. And many states are instituting mandatory random drug testing for high-hazard workers, such as electrical workers. 116 Several states also have laws making drug-test fraud a crime. Preemployment tests pick up only about halfthe workplace drug users, so ongoing random testing is advisable. One study concluded that preemployment drug testing had little effect on workplace accidents. However, a combination of preemployment and random ongoing testing was associated with a significant reduction in workplace accidents. Preemployment drug testing also discourages those on drugs from applying for work or going to work for employers who test. Disciplining, discharge, in-house counseling, and referral to an outside agency are the four traditional prescriptions when a current employee tests positive. Most professionals seem to counsel treatment rather than outright dismissal, at least initially. Employers often make available employee assistance programs (EAPs) to provide the counseling necessary to support employees with alcohol or drug abuse problems.

SUBSTANCE ABUSE POLICIES

The employers should establish and communicate a substance abuse policy. This policy should state managements position on alcohol and drug abuse and on the use and possession of illegal drugs on company premises. It should also list the methods (such as urinalysis) used to determine the causes of poor performance; state the companys views on rehabilitation, including workplace counseling; and specify penalties for policy violations. Additional steps employers take include conducting workplace inspections (searching employees for illegal substances) and using undercover agents. Whether the alcohol abuse reflects a disability under the ADA depends on several things, including whether the person is alcohol dependent.

In general, employers can hold alcohol dependent employees to the same performance standards as they hold nonalcoholics. However, there are other legal risks. Employees have sued for invasion of privacy, wrongful discharge, defamation, and illegal searches. Therefore, before implementing a drug control program employers should use employee handbooks, bulletin board/intranet postings, and the like to publicize their substance abuse plans, and to explain the conditions under which testing might occur and what accommodations you make for employees who voluntarily seek treatment.

Stress, Burnout, and Depression Problems such as alcoholism and drug abuse sometimes reflect underlying psychological causes such as stress and depression. In turn, a variety of workplace factors can lead to stress. These include work schedule, pace of work, job security, route to and from work, workplace noise, poor supervision, and the number and nature ofcustomers or clients.121 Personal factors also influence stress. For example, Type A personalities people who are workaholics and who feel driven to be on time and meet deadlines normally place themselves under greater stress than do others. Add to job stress the stress caused by nonjob problems like divorce, and many workers are problems waiting to happen. Job stress has serious consequences for both employer and employee. Human consequences include anxiety, depression, anger, cardiovascular disease, headaches, accidents, and even early onset Alzheimers disease. A Danish study recently found that nurses working under excessive pressure had double the risk for heart attacks. For the employer, consequences include diminished performance, and increased absenteeism and turnover. A study of 46,000 employees concluded that high-stress workers health care costs were 46% higher than those of their less-stressed coworkers. Yet only 5% of surveyed U.S. employers say theyre addressing workplace stress.

REDUCING JOB STRESS

There are a number of ways to alleviate dysfunctional stress. These range from commonsense remedies (such as getting more sleep) to remedies like biofeedback and meditation. Finding a more suitable job, getting counseling, and planning and organizing each days activities are other sensible responses. In his book Stress and the Manager, Dr. Karl Albrecht suggests the following ways for a person to reduce job stress:

- * Build rewarding, pleasant, cooperative relationships with colleagues and employees.
- * Dont bite off more than you can chew.

- * Build an especially effective and supportive relationship with your boss.
- * Negotiate with your boss for realistic deadlines on important projects.
- * Learn as much as you can about upcoming events and get as much lead time as you can to prepare for them.
- * Find time every day for detachment and relaxation.
- * Take a walk around the office to keep your body refreshed and alert.
- * Find ways to reduce unnecessary noise.
- * Reduce the amount of trivia in your job; delegate routine work when possible.
- * Limit interruptions.
- * Dont put off dealing with distasteful problems.
- * Make a constructive worry list that includes solutions for each problem.
- * Get more and better quality sleep.

Meditation is another option. Choose a quiet place with soft light and sit comfortably. Then meditate by focusing your thoughts (for example, count breaths or visualize a calming location such as a beach). When your mind wanders, bring it back to focusing your thoughts on your breathing or the beach. The employer and its human resource team and supervisors also play a role in reducing stress. Supportive supervisors and fair treatment are two obvious steps. Other steps include reducing personal conflicts on the job and encouraging open communication between management and employees. Huntington Hospital in Pasadena, California, introduced an on-site concierge service to help its employees reduce workrelated stress. It takes care of tasks like making vacation plans for the employees. Some employers use resilience training to help employees deal with stress. As one example, participants consider previous stressful situations in their lives that they have overcome and identify factors that made the situations manageable. One British firm has a three-tiered employee stress-reduction program. First is primary prevention. This focuses on ensuring that things like job designs and workflows are correct. Second is intervention. This includes individual employee assessment, attitude surveys to find sources of stress, and supervisory intervention. Third is rehabilitation, which includes employee assistance programs and counseling.

BURNOUT

Burnout is a phenomenon closely associated with job stress. Experts define burnout as the total depletion of physical and mental resources caused by excessive striving to reach an unrealistic work-related goal. Burnout builds gradually, manifesting itself in symptoms such as irritability, discouragement, exhaustion, cynicism, entrapment, and resentment. Employers can head off burnout, for instance, by monitoring employees in potentially high-pressure jobs.

What can a burnout candidate do? In his book How to Beat the High Cost ofSuccess,Dr.Herbert Freudenberger suggests:

- * Break your patterns. First, are you doing a variety of things or the same one repeatedly? The more well-rounded your life is, the better protected you are against burnout.
- * Get away from it all periodically. Schedule occasional periods of introspection during which you can get away from your usual routine.
- * Reassess your goals in terms of their intrinsic worth. Are the goals youve set for yourself attainable? Are they really worth the sacrifices?
- * Think about your work. Could you do as good a job without being so intense?

RESEARCH INSIGHTS

If youre thinking of taking a vacation to reduce your burnout, you might as well save your money, according to one classic study. In this study, 76 clerks in the headquarters of an electronics firm in Israel completed questionnaires measuring job stress and burnout twice before a vacation, once during the vacation, and twice after the vacation. The clerks burnout did decline during the vacation. The problem was the burnout quickly returned. Burnout moved partway back toward its pre-vacation level by 3 days after the vacation, and all the way by 3 weeks after they returned to work. 136 One implication, as these researchers point out, is that mini vacations during the workday such as time off for physical exercise, meditation, power naps, and reflective thinking might help reduce stress and burnout. A later study concluded that the quality of a vacation for instance, in terms of relaxation and nonwork hassles affected the vacations fade-out effects. One way to reduce burnout is to forget about your job once you go home. In one study, researchers measured psychological detachment from work during nonwork time with items such as during after-work hours, I

forget about work. 138Lack of psychological detachment from work while off the job predicted higher emotional exhaustion one year later. The bottom line seems to be to leave your job behind once you go home (and to provide more time-off benefits for employees).

EMPLOYEE DEPRESSION

Employee depression is a serious problem at work. Experts estimate that depression results in more than 200 million lost workdays in the United States annually, and may cost U.S. businesses \$24 billion or more per year just in absenteeism and lost productivity. Depressed people also tend to have worse safety records. Employers need to work harder to ensure that depressed employees utilize available support services. One survey found that while about two-thirds of large firms offered employee assistance programs covering depression, only about 14% of employees with depression said they ever used one.

Employers therefore need to train supervisors to identify depressions warning signs and to counsel those who may need such services to use the firms employee assistance program. Depression is a disease. It does no more good to tell a depressed person to snap out of it than it would to tell someone with a heart condition to stop acting tired. Typical depression warning signs (if they last for more than 2 weeks) include persistent sad, anxious, or empty moods; sleeping too little; reduced appetite; loss of interest in activities once enjoyed; restlessness or irritability; and difficulty concentrating.

Solving Computer-Related Ergonomic Problems Although many workers use computers at work,OSHA has no specific standards that apply to computer workstations. It does have general standards that might apply, regarding,for instance,radiation,noise,and electrical hazards.

NIOSH provided general recommendations regarding computer screens. Most relate to ergonomics or design of the worker equipment interface. These include:

- * Employees should take a 3 5 minute break from working at the computer every 20 40 minutes, and use the time for other tasks, like making copies.
- * Design maximum flexibility into the workstation so it can be adapted to the individual operator. For example, use adjustable chairs with midback supports. Dont stay in one position for long periods.
- * Reduce glare with devices such as shades over windows and recessed or indirect lighting.

- * Give workers a complete preplacement vision exam to ensure properly corrected vision for reduced visual strain.
- * Allow the user to position his or her wrists at the same level as the elbow.
- * Put the screen at or just below eye level, at a distance of 18 to 30 inches from the eyes.
- * Let the wrists rest lightly on a pad for support.
- * Put the feet flat on the floor or on a footrest.

Repetitive Motion Disorders According to the U.S.National Institutes of Health,repetitive motion disorders include disorders such as carpal tunnel syndrome, bursitis, and tendonitis, and result from too many uninterrupted repetitions of an activity or motion, or from unnatural motions such as twisting the arm or wrist, or incorrect posture. It usually affects people who perform repetitive tasks such as assembly line or computer work. Employers can reduce the problem, for instance, with programs to help workers adjust their pace of work Workplace Smoking Smoking is a serious health and cost problem for both employees and employers. For employers, these costs derive from higher health and fire insurance, increased absenteeism, and reduced productivity (as when a smoker takes a 10-minute break behind the store). The California Environmental Protection Agency estimated that each year in the United States, secondhand smoke causes 3,000 deaths due to lung cancer and 35,000 to 62,000 illnesses due to heart problems (not all work related).

WHAT YOU CAN AND CANNOT DO

In general, you can probably deny a job to a smoker as long as you dont use smoking as a surrogate for some other kind of discrimination. 149 A no-smokers-hired policy does not, according to one expert, violate the Americans with Disabilities Act (since smoking is not considered a disability), and in general employers adoption of a no-smokers-hired policy is not illegal under federal law. Most employers these days ban indoor smoking, often designating small outdoor areas where smoking is permitted. Many states and municipalities now ban indoor smoking in public areas (see http://en.wikipedia.org/wiki/List_of_smoking_bans#United_Statesfor a list). Some firms take a hard-line approach. WEYCO Inc., a benefits services company in Michigan, first gave employees 15 months warning and offered smoking secession assistance. Then they began firing or forcing out all its workers who smoke, including those who do so in the privacy of their homes.

WELLNESS PROGRAMS

We discussed wellness programs in Chapter 13 (Benefits), but for many employers, wellness is part of their safety and health initiatives. Wegmans food markets Inc.has various health and fitness campaigns, and, for instance, encourages its employees to eat 5 cups of fruit and vegetables and walk 10,000 steps each day. The accompanying HR as a Profit Center feature illustrates one programs advantages.

Violence at Work Violence against employees is an enormous problem at work. Homicide is the second biggest cause of fatal workplace injuries. Surveys by NIOSH found that nonfatal workplace assaults resulted in more than 1 million lost workdays in one recent year. While robbery was the main motive for homicide at work, a coworker or personal associate committed roughly one of seven workplace homicides. In one survey, over half of human resource or security executives reported that disgruntled employees had threatened senior managers in the past 12 months. Sadly, much ofthis violence involves acts by one intimate partner against another. For example, the U.S. Centers for Disease Control reported almost 5 million such attacks against women (and 3 million against men) recently (not all at work). Women (and men) should have access to domestic crisis hotlines, such as www.ndvh.org, and to the employers employee assistance programs.

WHO IS AT RISK? Violence is associated with some jobs more than others. In one study, researchers constructed a risk for violence scale. Jobs with a high likelihood for violence include those jobs that involve physical care ofothers or decisions that influence other peoples lives, handling guns, security functions, physical control over others, interacting with frustrated individuals, and handling weapons other than guns Although men have more fatal occupational injuries than do women, the proportion of women who are victims of assault is much higher. The GenderMotivated Violence Act imposes significant liabilities on employers whose women employees become victims. Most women (many working in retail establishments) murdered at work were victims of random criminal violence by an assailant unknown to the victim, as during a robbery. Coworkers, family members, or previous friends or acquaintances carried out the remaining homicides. You can predict and avoid many workplace incidents. Risk Managementmagazine estimates that about 86% of past

workplace violence incidents were apparent earlier to coworkers, who had brought them to managements attention. Yet, in most cases, management did little or nothing. Employers can take several steps to reduce workplace violence. Lets look at them.

HEIGHTENED SECURITY MEASURES

Heightened security measures are an employers first line ofdefense. NIOSH suggests the following:Improve external lighting, use drop safes to minimize cash on hand and post signs noting that only a limited amount of cash is on hand,install silent alarms and surveillance cameras,increase the number of staff on duty, provide staff training in conflict resolution and nonviolent response, and close establishments during high-risk hours late at night.Employers can also issue a weapons policy,for instance,barring firearms and other dangerous weapons. Because about half of workplace homicides occur in the retail industry, OSHA issued voluntary recommendations aimed at reducing homicides and injuries in such establishments. The suggestions include the following: Install mirrors and improved lighting, provide silent and personal alarms, reduce store hours during high-risk periods, install drop safes and signs that indicate little cash is kept on hand, erect bullet-resistance enclosures, and increase staffing during high-risk hours. Adopt aworkplace violence policy that outlines unacceptable employee behavior and a zerotolerance policy toward workplace violence.

IMPROVED EMPLOYEE SCREENING

That testing can screen out workplace aggressors is clear. In one study, researchers concluded that measurable individual differences like attitude toward revenge account for more than 60% of the variance in our measure of the incidence of workplace aggression. At a minimum, carefully check references. Obtain a detailed employment application. Verify the applicants employment history, educational background, and references. A personal interview, personnel testing, and a review and verification of all information should also be included. Sample interview questions might include, What frustrates you? and Who was your worst supervisor and why? Remember that certain questions, for instance concerning arrest records may violate one or more equal employment laws. Certain background facts suggest the need for a more in-depth background investigation (but note that the EEOC is preparing new guidelines for evidence-based violence background checks, to replace what are often checks made on untested assumptions

^{*} An unexplained gap in employment

- * Incomplete or false information on the résumé or application
- * A negative,unfavorable,or false reference
- * Prior insubordinate or violent behavior on the job
- * A criminal history involving harassing or violent behavior
- * A prior termination for cause with a suspicious (or no) explanation
- * A history of significant psychiatric problems
- * A history of drug or alcohol abuse
- * Strong indications of instability in the individual s work or personal life, for example, frequent job changes or geographic moves
- * Lapsed or lost licenses or accreditations Workplace Violence Supervisory Training
 Employers should also train supervisors to identify the clues that typically precede violent incidents. These include:
- * Typical profiles. The typical perpetrator is male, between the ages of 25 and 40, and exhibits an inability to handle stress, manipulative behavior, and steady complaining. Of course, many nonviolent people exhibit such traits, too. However, perpetrators also tend to exhibit behaviors such as the following.
- * Verbal threats. They harbor grudges and often talk about what they may do, such as, That propane tank in the back could blow up easily.
- * Physical actions. Troubled employees may try to intimidate others, gain access to places where they do not belong, or flash a concealed weapon.
- * Frustration. Most cases involve an employee who has a frustrated sense of entitlement to a promotion, for example.
- * Obsession. An employee may hold a grudge against a coworker or supervisor, and some cases stem from romantic interest.

Vendors offer video violence training programs. These explain what workplace violence is, identify its causes and signs, and offer tips to supervisors on how to prevent it and what to do when it occurs. Specific behaviors to watch out for include:

- * An act of violence on or off the job
- * Erratic behavior evidencing a loss of awareness of actions
- * Overly defensive, obsessive, or paranoid tendencies
- * Overly confrontational or antisocial behavior
- * Sexually aggressive behavior
- * Isolationist or loner tendencies
- * Insubordinate behavior with a suggestion of violence
- * Tendency to overreact to criticism
- * Exaggerated interest in war, guns, violence, catastrophes
- * The commission of a serious breach of security
- * Possession of weapons, guns, knives at the workplace
- * Violation of privacy rights of others, such as searching desks or stalking
- * Chronic complaining and frequent, unreasonable grievances
- * A retribution-oriented or get-even attitude

ORGANIZATIONAL JUSTICE

At work, violence often occurs in response to a perceived personal affront.170 Consider one executive suspected of sabotaging his former employers computer system, thus causing about \$20 million in damage. Hed been earning \$186,000 a year. A note he wrote anonymously to the president said this: I have been loyal to the Company in good and bad times for over thirty years. . . . What is most upsetting is the manner in which you chose to end our employment. I was expecting a member of top management to come down from his ivory

tower to face us directly with a layoff announcement, rather than sending the kitchen supervisor with guards to escort us off the premises like criminals. . . . We will not wait for God to punish you we will take measures into our own hands.

DEALING WITH ANGRY EMPLOYEES

What do you do when confronted by an angry,potentially explosive employee? Here are some suggestions:

- * Make eye contact.
- * Stop what you are doing and give your full attention
- * Speak in a calm voice and create a relaxed environment.
- * Be open and honest.
- * Let the person have his or her say,
- * Ask for specific examples of what the person is upset about.
- * Be careful to define the problem.
- * Ask open-ended questions and explore all sides of the issue.
- * Listen: As one expert says, Often, angry people simply want to be listened to.

They need a supportive, empathic ear from someone they can trust.

DISMISSING VIOLENT EMPLOYEES

You should use caution when firing or disciplining potentially violent employees. In dismissing potentially violent employees:

- * Analyze and anticipate, based on the persons history, what kind of aggressive behavior to expect.
- * Have a security guard nearby when the dismissal takes place.
- * Clear away furniture and things the person might throw.

- * Dont wear loose clothing that the person might grab.
- * Dont make it sound as if youre accusing the employee; instead, say that according to company policy, youre required to take action.
- * Maintain the persons dignity and try to emphasize something good about the employee.
- * Provide job counseling for terminated employees, to help get the employee over the traumatic post-dismissal adjustment.
- * Consider obtaining restraining orders against those who have exhibited a tendency to act violently in the workplace.

LEGAL ISSUES IN REDUCING WORKPLACE VIOLENCE

It is sensible to try to screen out potentially violent employees, but doing so incurs legal risks. For example, courts have interpreted Title VII of the Civil Rights Act of 1964 as restricting employers from making employment decisions based on arrest records, which may be discriminatory. Aside from federal law, most states prohibit discrimination under any circumstances based on arrest records and on prior convictions unless a direct relationship exists between the prior conviction and the job, or the employment presents an unreasonable risk.176 And developing a violent employee profile could end up merely describing a mental impairment and violate the Americans with Disabilities Act.

OCCUPATIONAL SECURITY AND SAFETY

A majority of employers have security arrangements. A SHRM survey found that about 85% of responding organizations now have some type of formal disaster plan. Many firms have also instituted special handling procedures for suspicious mail packages and hold regular emergency evacuation drills. Many of these actions stemmed from employers heightened focus on risk management in the past few years. Identifying security and other corporate risks falls within the domain of enterprise risk management, which means identifying risks, and planning to mitigate and actually mitigating these risks. Thus, as part of its risk management, Walmart asks questions such as, What are the risks? And what are we going to do about these risks? Eliminating crime and enhancing facility security are two important issues here.

Basic Prerequisites for a Crime Prevention Plan As one corporate security summary put it, workplace security involves more than keeping track of who comes in a window, installing an alarm system, or employing guards for an after-hours watch. Organizations that are truly security conscious plan and implement policies and programs that involve employees in protecting against identified risks and threats. Ideally, a comprehensive corporate anticrime program should start with the following:

- 1. Company philosophy and policy on crime In particular, make sure employees understand that no crime is acceptable and that the employer has a zero-tolerance policy with respect to workers who commit crimes.
- 2. Investigations of job applicants Conduct full background checks as part of your selection process for every position.
- 3. Crime awareness training Make it clear, during training and orientation, that the employer takes a tough approach to workplace crime.
- 4. Crisis management Establish and communicate the procedures employees should follow in the event of a bomb threat, fire, or other emergency.

Setting Up a Basic Security Program In simplest terms, instituting a basic facility security program requires four steps: analyzing the current level of risk, and then installing mechanical, natural, and organizational security systems.

Many organizations establish cross-functional threat assessment teams to monitor and address potential threats. At one university, for instance, The team meets regularly to discuss issues relating to violence, security and potential threats directed at students, faculty and staff at the Metropolitan Campus. 183 Security programs ideally start with an analysis of the facilitys current level of risk. The employer, preferably with security experts, should assess the companys exposure. Here, start with the obvious. For example, what is the neighborhood like? Does your facility (such as the office building youre in) house other businesses or individuals (such as law enforcement agencies) that might bring unsafe activities to your doorstep? As part of this initial threat assessment, also review these six matters:

1. Access to the reception area, including number of access points, and need for a panic button for contacting emergency personnel;

- 2. Interior security, including possible need for key cards, secure restrooms, and better identification of exits;
- 3. Authorities involvement, in particular emergency procedures developed with local law enforcement authorities:
- 4. Mail handling, including how employees screen and open mail and where it enters the building;
- 5. Evacuation, including a full review of evacuation procedures and training; and
- 6. Backup systems, such as those that let the company store data off site if disaster strikes.

Having assessed the potential current level of risk, the employer then turns its attention to assessing and improving natural, mechanical, and organizational security.

NATURAL SECURITY

Natural security means capitalizing on the facility s natural or architectural features in order to minimize security problems. For example, does having too many entrances mean it is difficult to control facility access?

MECHANICAL SECURITY

Mechanical security is the utilization of security systems such as locks, intrusion alarms, access control systems, and surveillance systems to reduce the need for continuous human surveillance.185 Technological advances are making this easier. Many mail rooms now use scanners to check the safety of incoming mail. And for access security, biometric scanners that readthumb or palm prints or retina or vocal patterns make it easier to enforce plant security.

ORGANIZATIONAL SECURITY

Finally, organizational security means using good management to improve security. For example, it means properly training and motivating security staff and lobby attendants. Also ensure that the security staff has written orders that define their duties, especially in situations such as fire, elevator entrapment, hazardous materials spills, medical emergencies, hostile intrusions, suspicious packages, civil disturbances, and workplace violence. 187 Other

questions to ask include: Are you properly investigating the backgrounds of new hires? Are you requiring the same types of background checks for the contractors who supply security and other personnel to your facility? And, do you provide new employees with security orientations?

Evacuation Plans The possibility of emergencies prompted by fires, explosions, and similar issues means that employers need facility notification and evacuation plans.188 Such plans should cover early detection of a problem, methods for communicating the emergency externally, and communications plans for initiating an evacuation and for providing information to those the employer wants to evacuate. Ideally, an initial alarm should come first. The employer should then follow the initial alarm with an announcement providing specific information about the emergency and letting employees know what action they should take next. Most use social networks or text messaging.189

Company Security and Employee Privacy Security programs have been accompanied by a significant rise in the monitoring of employee communications and workplace activities; this has prompted many to ask, are employee privacy rights being violated? As noted in earlier in this book, employers must consider employee privacy when using monitoring to control or investigate possible employee security breaches. Ideally, employers should get employees consent for monitoring. But the employer may also monitor if its clear from the firms existing policies and notices that employees should have known monitoring might take place. The employer can take steps to make it easier to legally investigate employees for potential security breaches. These include:

1. Distribute a policy that

- (a) says the company reserves the right to inspect and search employees as well as their personal property, electronic media, and files; and
- (b) emphasizes that company-provided conveniences such as lockers and desks remain the property of the company and are subject to its control and search.
- 2. Train investigators to focus on the facts and avoid making accusations.
- 3. Remember that employees can request that an employee representative be present during the investigative interview.
- 4. Make sure all investigations and searches are evenhanded and nondiscriminatory



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TEACHING TOPICS	 Principles of Management
	Production planning and control
	○ Operations research
	→ Material management
	→ Marketing research
	→ Introduction to Business
	 Management Information system
	 Human resources Management