human resource management

Gary Dessler

tenth edition

Chapter 1

The Strategic Role of Human Resource Management

**PowerPoint Presentation by Charlie Cook
The University of West Alabama**

After studying this chapter, you should be able to:

1. *Explain what human resource management (HR) is and how it relates to the management process.*

2. *Give at least eight examples of how managers can use HR concepts and techniques.*

3. *Illustrate the HR management responsibilities of line and staff (HR) managers.*

4. *Provide a good example that illustrates HR's role in formulating and executing company strategy.*

5. *Write a short essay that addresses the topic: why metrics and measurement are crucial to today's HR managers.*

6. *Outline the plan of this book.*

The Manager's Human Resource Management Jobs

➢ *Management process*

  – The five basic functions of planning, organizing, staffing, leading, and controlling.

➢ *Human resource management (HRM)*

  – The policies and practices involved in carrying out the "people" or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising.

Personnel Aspects Of A Manager's Job

➢ *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*

Personnel Mistakes

➢ *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 in court because of discriminatory actions*

➢ *Have your company cited by OSHA for unsafe practices*

➢ *Have some employees think their salaries are unfair and inequitable relative to others in the organization*

➢ *Allow a lack of training to undermine your department's effectiveness*

➢ *Commit any unfair labor practices*

Basic HR Concepts

➢ *Getting results*

  – The bottom line of managing

➢ *HR creates value by engaging in activities that produce the employee behaviors the company needs to achieve its strategic goals.*
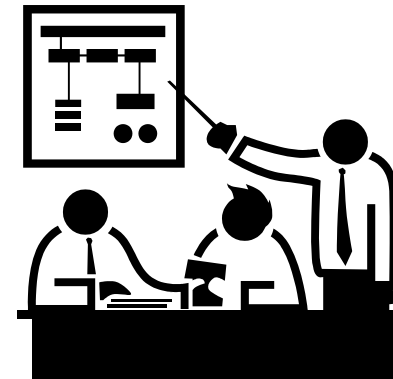
1–6

Line and Staff Aspects of HRM

➢ *Line manager*

– A manager who is authorized to direct the work of subordinates and is responsible for accomplishing the organization's tasks.

➢ *Staff manager*

– A manager who assists and advises line managers.

Line Managers' HRM Responsibilities

1. *Placing the right person on the right job*

2. *Starting new employees in the organization (orientation)*

3. *Training employees for jobs new to them*

4. *Improving the job performance of each person*

5. *Gaining creative cooperation and developing smooth working relationships*

6. *Interpreting the firm'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*

Functions of the HR Manager

➢ *A line function*

- The HR manager directs the activities of the people in his or her own department and in related service areas (like the plant cafeteria).

➢ *A coordinative function*

- HR managers also coordinate personnel activities, a duty often referred to as **functional control**.

➢ *Staff (assist and advise) functions*

- Assisting and advising line managers is the heart of the HR manager's job.

HR and Authority

➢ *Authority*
  – The right to make decisions, direct others' work, and give orders.

➢ *Implied authority*
  – The authority exerted by an HR manager by virtue of others' knowledge that he or she has access to top management.

➢ *Line authority*
  – The authority exerted by an HR manager by directing the activities of the people in his or her own department and in service areas.

Employee Advocacy

➢ *HR must take responsibility for:*

- – Clearly defining how management should be treating employees.

- – Making sure employees have the mechanisms required to contest unfair practices.

- – Represent the interests of employees within the framework of its primary obligation to senior management.

Examples of HR Job Duties

➤ *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.
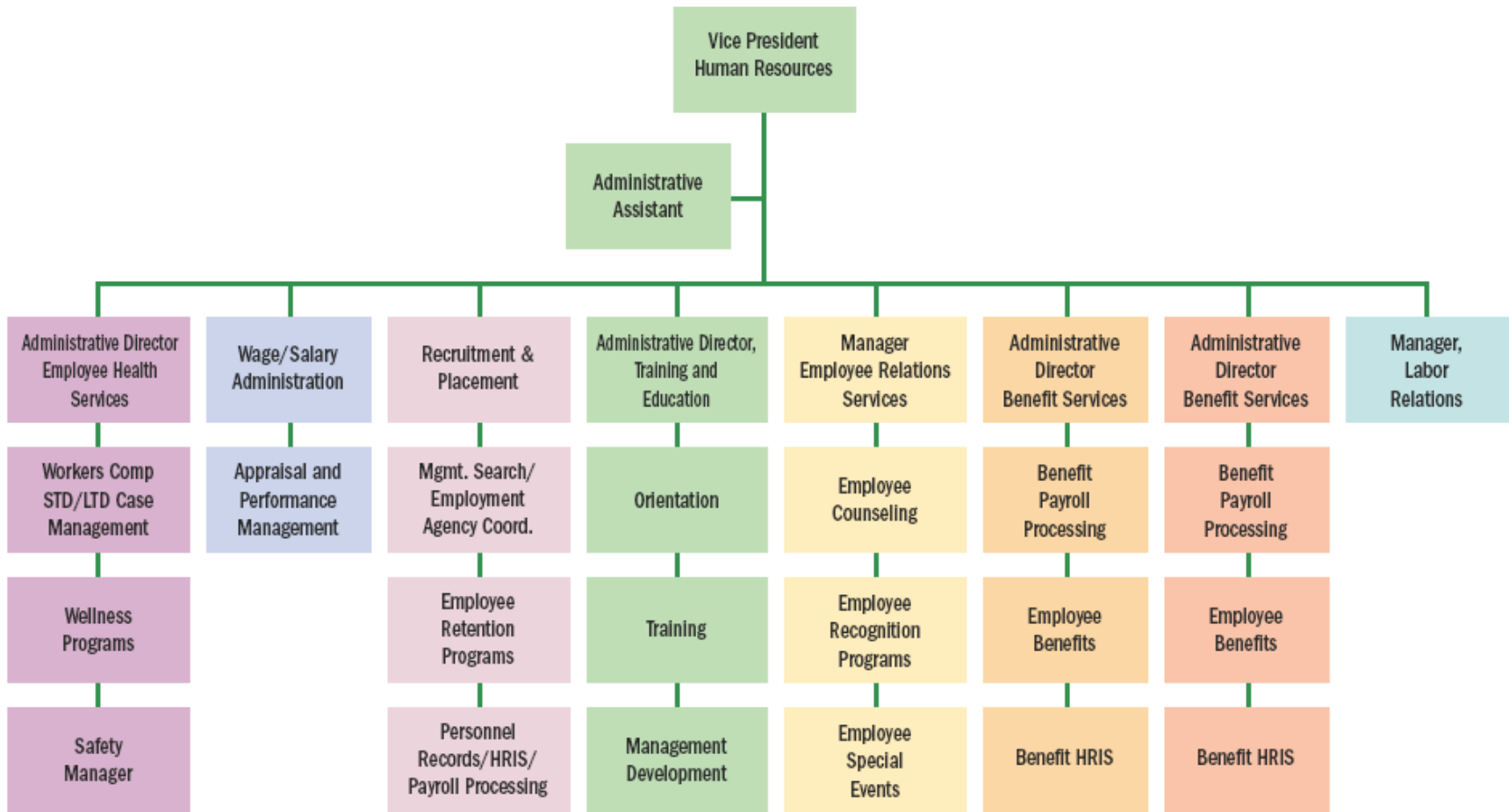
➤ *Job analysts*

– Collect and examine information about jobs to prepare job descriptions.

Examples of HR Job Duties (cont'd)

➢ *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.

HR Department Organizational Chart (Large Company)

Administrative Director Employee Health Services	Wage/Salary Administration	Recruitment & Placement	Administrative Director, Training and Education	Manager Employee Relations Services	Administrative Director Benefit Services	Administrative Director Benefit Services	Manager, Labor Relations
Workers Comp STD/LTD Case Management	Appraisal and Performance Management	Mgmt. Search/ Employment Agency Coord.	Orientation	Employee Counseling	Benefit Payroll Processing	Benefit Payroll Processing	
Wellness Programs		Employee Retention Programs	Training	Employee Recognition Programs	Employee Benefits	Employee Benefits	
Safety Manager		Personnel Records/HRIS/ Payroll Processing	Management Development	Employee Special Events	Benefit HRIS	Benefit HRIS	

Source: Adapted from *BNA Bulletin to Management*, June 29, 2000.

Figure 1–1

Cooperative Line and Staff HR Management

1. *The line manager's responsibility is to specify the qualifications employees need to fill specific positions.*

2. *HR staff then develops sources of qualified applicants and conduct initial screening interviews*

3. *HR administers the appropriate tests and refers the best applicants to the supervisor (line manager), who interviews and selects the ones he or she wants.*
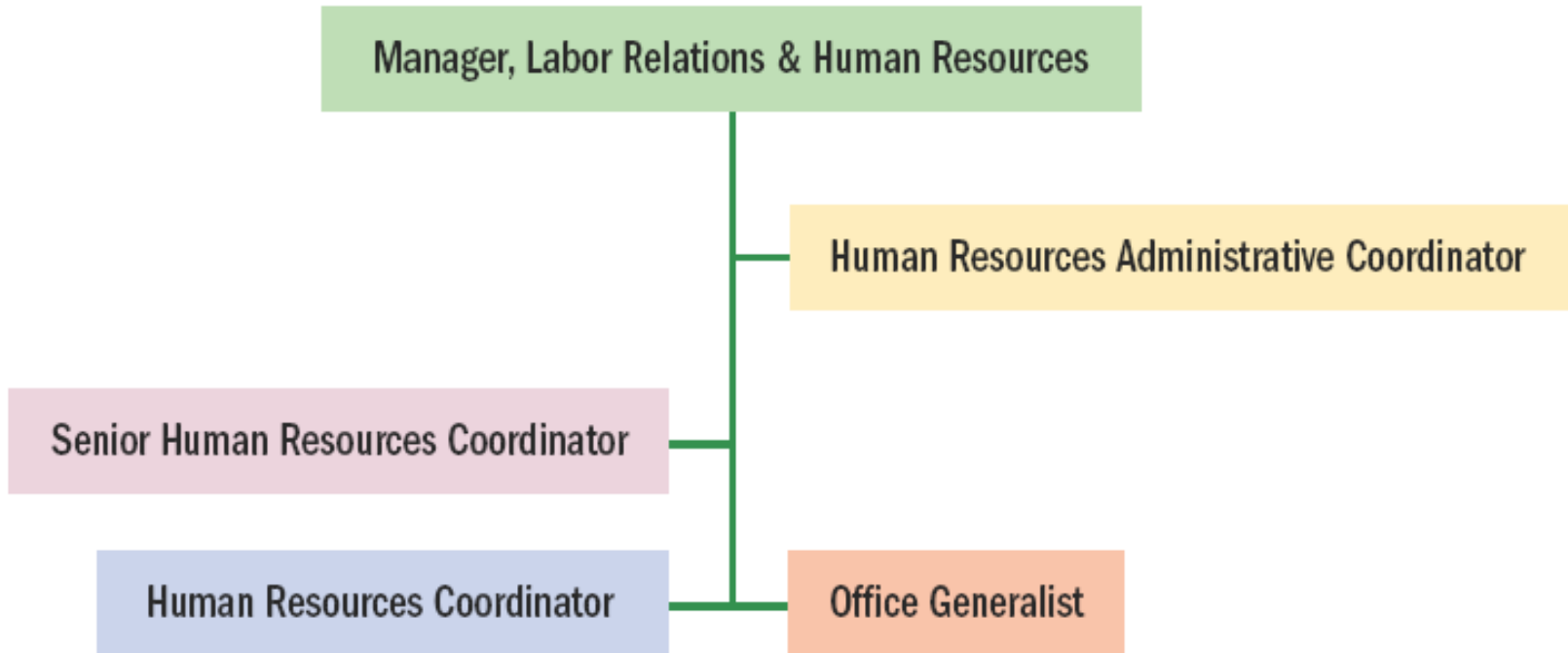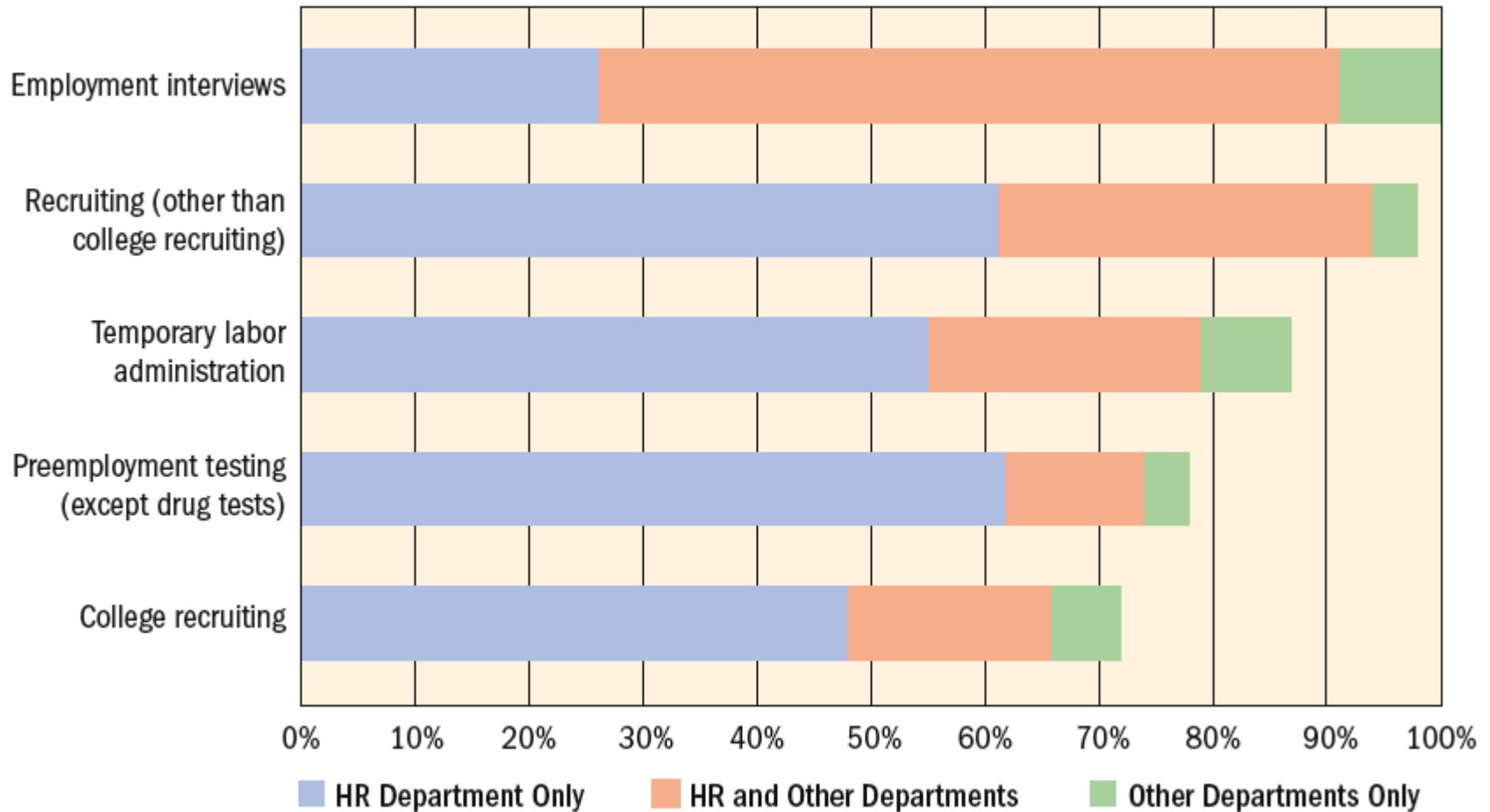
HR Organizational Chart (Small Company)

Figure 1–2

1–16

Employment and Recruiting—Who Handles It?
(percentage of all employers)

Note: length of bars represents prevalence of activity among all surveyed employers.

Source: HR Department Benchmarks and Analysis," *BNA/Society for Human Resource Management*, 2002.

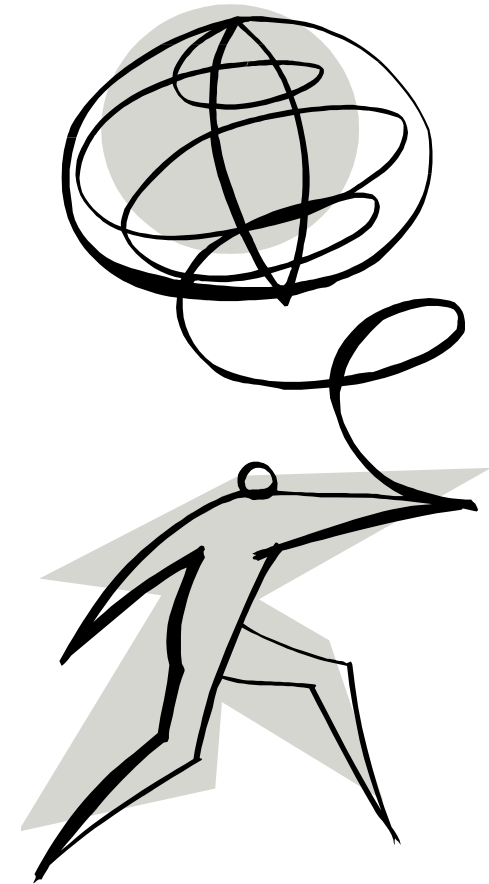**Figure 1–3**

1–17

The Changing Environment Of HR Management

➢ *HR's changing role:*
 *"Personnel departments"*

- Took over hiring and firing from supervisors, payroll, and benefit plans administration.

- In the 1930s added "protecting the firm in its interaction with unions" responsibilities (labor relations).

- Assumed organizational responsibilities for equal employment and affirmative action.

A Changing HR Environment

➢ *Globalization*

➢ *Technological Advances*

➢ *Exporting Jobs*

➢ *The Nature of Work*

➢ *Workforce Demographics*

Employment Exodus:
Projected Loss of Jobs and Wages
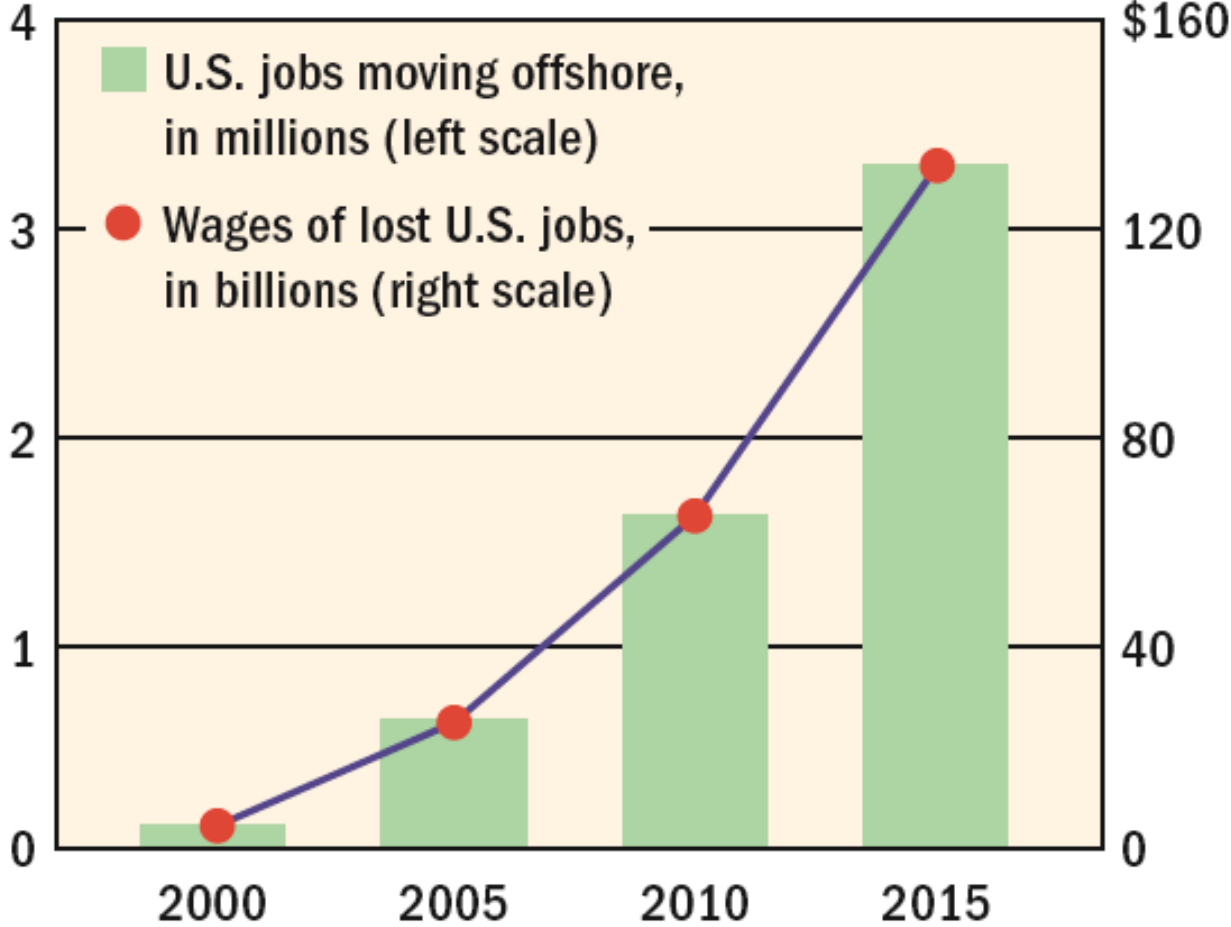
Figure 1–4

1–20

Measuring HR's Contribution

➢ *Strategy*

- The company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage.

  - HR managers today are more involved in partnering with their top managers in both designing and implementing their companies' strategies.

- Top management wants to see, precisely, how the HR manager's plans will make the company more valuable.

HR Metrics

➢ *Absence Rate*

[(Number of days absent in month) ÷ (Average number of employees during mo.) × (number of workdays)] × 100

➢ *Cost per Hire*

(Advertising + Agency Fees + Employee Referrals + Travel cost of applicants and staff + Relocation costs + Recruiter pay and benefits) ÷ Number of Hires

➢ *Health Care Costs per Employee*

Total cost of health care ÷ Total Employees

➢ *HR Expense Factor*

HR expense ÷ Total operating expense

Sources: Robert Grossman, "Measuring Up," *HR Magazine*, January 2000, pp. 29–35; Peter V. Le Blanc, Paul Mulvey, and Jude T. Rich, "Improving the Return on Human Capital: New Metrics," *Compensation and Benefits Review*, January/February 2000, pp. 13–20;Thomas E. Murphy and Sourushe Zandvakili, "Data and Metrics-Driven Approach to Human Resource Practices: Using Customers, Employees, and Financial Metrics," *Human Resource Management* 39, no. 1 (Spring 2000), pp. 93–105; [*HR Planning*, Commerce Clearing House Incorporated, July 17, 1996;] *SHRM/EMA 2000 Cost Per Hire and Staffing Metrics Survey*; www.shrm.org.

Figure 1–5

HR Metrics (cont'd)

➢ *Human Capital ROI*

Revenue – (Operating Expense – [Compensation cost + Benefit cost]) ÷ (Compensation cost + Benefit cost)

➢ *Human Capital Value Added*

Revenue – (Operating Expense – ([Compensation cost + Benefit Cost]) ÷ Total Number of FTE

➢ *Revenue Factor*

Revenue ÷ Total Number of FTE

➢ *Time to fill*

Total days elapsed to fill requisitions ÷ Number hired

Figure 1–5 (cont'd)

HR Metrics (cont'd)

➢ *Training Investment Factor*

Total training cost ÷ Headcount

➢ *Turnover Costs*

Cost to terminate + Cost per hire + Vacancy Cost + Learning curve loss

➢ *Turnover Rate*

[Number of separations during month ÷ Average number of employees during month] × 100

➢ *Workers' Compensation Cost per Employee*

Total WC cost for Year ÷ Average number of employees

Figure 1–5 (cont'd)

Measuring HR's Contribution

➢ *The HR Scorecard*

- Shows the quantitative standards, or "metrics" the firm uses to measure HR activities.

- Measures the employee behaviors resulting from these activities.

- Measures the strategically relevant organizational outcomes of those employee behaviors.
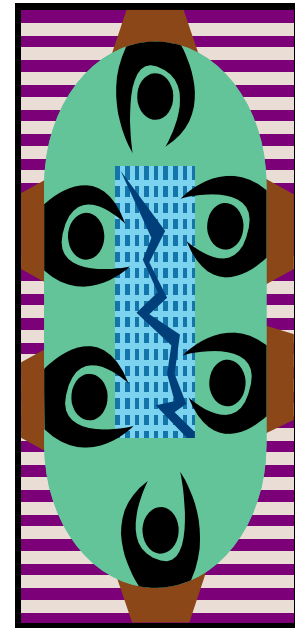
Benefits of a High Performance Work System (HPWS)

- *Generate more job applicants*
- *Screen candidates more effectively*
- *Provide more and better training*
- *Link pay more explicitly to performance*
- *Provide a safer work environment*
- *Produce more qualified applicants per position*
- *More employees are hired based on validated selection tests*
- *Provide more hours of training for new employees*
- *Higher percentages of employees receiving regular performance appraisals.*

The New HR Manager

➢ *New Proficiencies*

- – HR proficiencies

- – Business proficiencies

- – Leadership proficiencies

- – Learning proficiencies

The New HR Manager (cont'd)

➢ *The Need to "Know Your Employment Law"*

- – Equal employment laws

- – Occupational safety and health laws

- – Labor laws

Effects CFOs Believe Human Capital Has on Business Outcomes
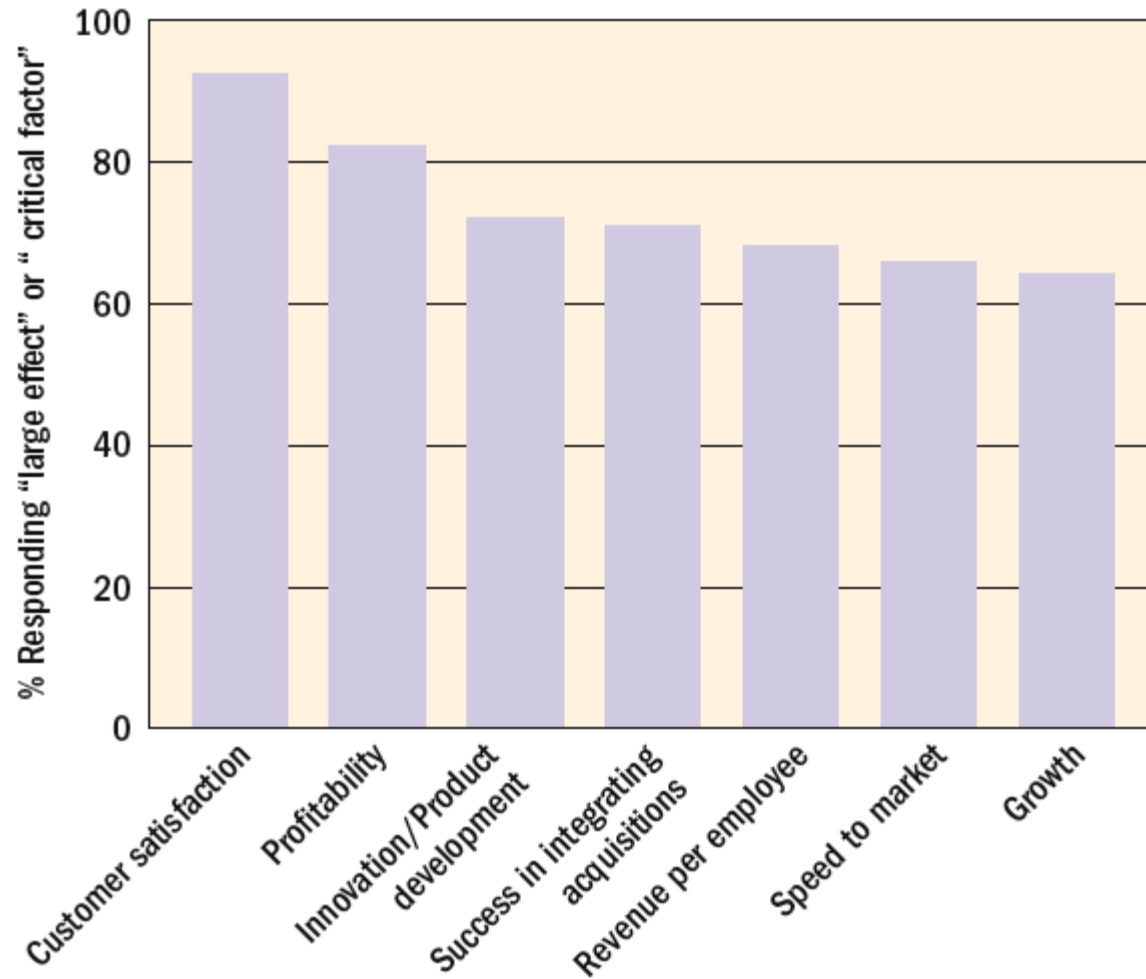
Figure 1–6

The New HR Manager

- ➢ *Ethics and HR*
  - – Ethical lapses (e.g., Enron, Martha Stewart)

- ➢ *Sarbanes-Oxley Act in 2003*
  - – Intended to curb erroneous corporate financial reporting:
    - • Requires CEOs and CFOs to certify their companies' periodic financial reports.
    - • Prohibits personal loans to executive officers and directors.
    - • Requires CEOs and CFOs to reimburse their firms for bonuses and stock option profits if corporate financial statements subsequently require restating.

HR Professional Certification

➤ *HR is becoming more professionalized.*

➤ *Society for Human Resource Management (SHRM)*

 – SHRM's Human Resource Certification Institute (HRCI)

 • SPHR (senior professional in HR)

 • PHR (professional in HR) certificate

HR and Technology

➢ *Benefits of technological applications for HR*

- Intranet-based employee portals through which employees can self-service HR transactions.

- The availability of centralized call centers staffed with HR specialists.

- Increased efficiency of HR operations.

- The development of data warehouses of HR-related information.

- The ability to outsource HR activities to specialist service providers.

The Plan of This Book: Basic Themes

➢ *HR management is* the responsibility of every manager—*not just those in the HR department.*

➢ *HR managers must always stand ready to defend their plans and contributions in measurable terms.*

➢ *An HR department's performance is measured relative to achieving the company's strategic aims.*

➢ *HR managers increasingly rely on IT to help support the company's strategic aims.*

➢ *Virtually every HR-related decision managers make has legal implications.*

➢ *Globalization and diversity are important HR issues today.*

Strategy and the Basic HR Process

Company's Strategic Plan
- What business are you in?
- On what basis will you compete?
- How do you plan to expand?

Chapter 3

Develop personnel plans and job descriptions	Recruit candidates	Interview and select employees	Train employees based on job requirements	Appraise employees	Reward employees
Chapter 4	Chapter 5	Chapters 6, 7	Chapter 8	Chapters 9, 10	Chapters 11, 12, 13

Conform to ethical standards and EEOC and other HR-related laws

Chapters 2, 14, 15, 16

Figure 1–8

KEY TERMS

management process

human resource management (HRM)

authority

line manager

staff manager

line authority

implied authority

functional control

employee advocacy

globalization

nontraditional workers

human capital

strategy

metrics

HR Scorecard

outsourcing

human

resource management

t e n t h   e d i t i o n

Gary Dessler

Chapter 2

Part 1 Introduction

Equal Opportunity and the Law

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. *Cite the main features of at least five employment discrimination laws.*

2. *Define adverse impact and explain how it is proved and what its significance is.*

3. *Explain and illustrate two defenses you can use in the event of discriminatory practice allegations.*

4. *Avoid employment discrimination problems.*

5. *Cite specific discriminatory personnel management practices in recruitment, selection, promotion, transfer, layoffs, and benefits.*

6. *Define and discuss diversity management.*

Equal Employment Opportunity 1964–1991

➤ *Title VII of the Civil Rights Act (1964)*

– An employer cannot discriminate on the basis of race, color, religion, sex, or national origin with respect to employment.

– Coverage

• All public or private employers of 15 or more persons.

• All private and public educational institutions, the federal government, and state and local governments

• All public and private employment agencies

• All labor unions with 15 or more members

Title VII of the 1964 Civil Rights Act

➢ *The Equal Employment Opportunity Commission (EEOC)*

- – Consists of five members appointed by the president with the advice and consent of the Senate.

- – Each member serves a five-year term.

- – The EEOC has a staff of thousands to assist it in administering the Civil Rights law in employment settings.

- – EEOC may file discrimination charges and go to court on behalf of aggrieved individuals.

Executive Orders

➢ *Executive Orders 11246 and 11375*

– Require affirmative action: steps that are taken for the purpose of eliminating the present effects of past discrimination

➢ *Office of Federal Contract Compliance Programs (OFCCP)*

– Responsible for implementing the executive orders related to affirmative action and ensuring the compliance of federal contractors.

Employment Discrimination Laws

- *Equal Pay Act of 1963*
  - The act requiring equal pay for equal work, regardless of sex.

- *Age Discrimination in Employment Act of 1967 (ADEA)*
  - The act prohibiting arbitrary age discrimination and specifically protecting individuals over 40 years old.

- *Vocational Rehabilitation Act of 1973*
  - The act requiring certain federal contractors to take affirmative action for disabled persons.

Employment Discrimination Laws (cont'd)

➢ *Vietnam Era Veterans' Readjustment Act of 1974*

  – An act requiring that employees with government contracts take affirmative action to hire disabled veterans.

➢ *Pregnancy Discrimination Act (PDA) of 1978*

  – A Title VII amendment that prohibits sex discrimination based on "pregnancy, childbirth, or related medical conditions."

    • If an employer offers its employees disability coverage, then it must treat pregnancy and childbirth like any other disability, and include it in the plan as a covered condition.

Federal Agency Guidelines

➢ *Uniform Guidelines*

– Guidelines issued by federal agencies charged with ensuring compliance with equal employment federal legislation explaining recommended employer procedures in detail.

– The EEOC, Civil Service Commission, Department of Labor, and Department of Justice together have **uniform guidelines** for employers to use.

Title VII: Sexual Harassment

➢ *Sexual harassment*

  – Harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment.

    • Employers have an affirmative duty to maintain workplaces free of sexual harassment and intimidation.

➢ *Federal Violence Against Women Act of 1994*

  – A person who commits a violent crime motivated by gender is liable to the party injured.

Sexual Harassment Defined

➢ *Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that takes place under any of the following conditions:*

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.

- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual.

- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

Proving Sexual Harassment

➤ *Quid pro quo*

  – Rejecting a supervisor's advances adversely affects the employee's tangible benefits, such as raises or promotions.

➤ *Hostile environment created by supervisors.*

  – Behaviors that substantially affect an employee's emotional and psychological ability to the point that they affect the employee's ability to continue with the employee's job.

➤ *Hostile environment created by co-workers or non-employees.*

  – Advances by the employee's co-workers (or even the employer's customers) can cause harassment.

Sexual Harassment: Court Decisions

➢ *Meritor Savings Bank, FSB v. Vinson*

➢ *Burlington Industries v. Ellerth*

➢ *Faragher v. City of Boca Raton*

- In a quid pro quo case it is **not** necessary for the employee to have suffered a tangible job action to win the case.

- The employer (in its defense) must show that it took "reasonable care" to prevent and promptly correct any sexually harassing behavior and that the employee unreasonably failed to take advantage of the employer's policy.

What Employers Should Do to Minimize Liability in Sexual Harassment Claims

➢ *Take all complaints about harassment seriously.*

➢ *Issue a strong policy statement condemning such behavior.*

➢ *Inform all employees about the policy and of their rights.*

➢ *Develop and implement a complaint procedure.*

➢ *Establish a management response system that includes an immediate reaction and investigation by senior management.*

➢ *Begin management training sessions with supervisors and managers to increase their awareness of the issues.*

Sources: Commerce Clearing House, *Sexual Harassment Manual for Managers and Supervisors* (Chicago: Commerce Clearing House, 1991), p. 8; Louise Fitzgerald et al., "Antecedents and Consequences of Sexual Harassment in Organizations: A Test of an Integrated Model," *Journal of Applied Psychology* 82, no. 4 (1997), pp. 577–589; "New EEOC Guidance Explains Standards of Liability for Harassment by Supervisors," *BNA Fair Employment Practices* (June 24, 1999), p. 75; "Adequate Response Bars Liability," *BNA Fair Employment Practices* (June 26, 1997), p. 74; Shereen Bingham and Lisa Scherer, "The Unexpected Effects of a Sexual Harassment Educational Program," *Journal of Applied Behavioral Science* 37, no. 2 (June 2001), pp. 125–153.

Figure 2–1

What Employers Should Do to Minimize Liability in Sexual Harassment Claims (cont'd)

- ➢ *Discipline managers and employees involved in harassment.*

- ➢ *Keep records of complaints, investigations, and actions taken.*

- ➢ *Conduct exit interviews that uncover any complaints and that acknowledge by signature the reasons for leaving.*

- ➢ *Re-publish the sexual harassment policy periodically.*

- ➢ *Encourage upward communication through periodic written attitude surveys, hotlines, suggestion boxes, and other feedback procedures.*

Sources: Commerce Clearing House, *Sexual Harassment Manual for Managers and Supervisors* (Chicago: Commerce Clearing House, 1991), p. 8; Louise Fitzgerald et al., "Antecedents and Consequences of Sexual Harassment in Organizations: A Test of an Integrated Model," *Journal of Applied Psychology* 82, no. 4 (1997), pp. 577–589;"New EEOC Guidance Explains Standards of Liability for Harassment by Supervisors," *BNA Fair Employment Practices* (June 24, 1999), p. 75;"Adequate Response Bars Liability," *BNA Fair Employment Practices* (June 26, 1997), p. 74; Shereen Bingham and Lisa Scherer, "The Unexpected Effects of a Sexual Harassment Educational Program," *Journal of Applied Behavioral Science* 37, no. 2 (June 2001), pp. 125–153.

Figure 2–1

Completion of this form is not required to formally initiate a complaint; however completing this form will assist the investigatory process. When completed please return this form to the office of the Director of Human Resources, Room 148, Joyal Administration Building. You will be contacted as soon as possible for a confidential interview to discuss the complaint.

1. Today's Date:_____

2. Your name:_____ 3. Date of Birth:_____

4. Signature:_____

5. Status: Student-☐   Faculty-☐   Staff-☐   Manager-☐

6. Department:_____

7. Contact Information:

   Home Address:_____

   Office Phone:_____ Home Phone:_____

   Cell or pager:_____ Email:_____

8. Person(s) against whom complaint is being made:_____

        Status: Student-☐   Faculty-☐   Staff-☐   Manager-☐

9. Allegations. Include dates and locations. Use additional sheets as necessary:

   _____

   _____

   _____

   _____

   _____

   _____

   _____

10. Has anyone been notified of this incident? If so, who and when:_____

    _____

11. Are there any other witnesses to the incident(s)? If so, who?_____

    _____

Revised: 12/5/02

California State University, Fresno: Complaint Form for Filing a Complaint of Harassment or Discrimination

Figure 2–2

Source: California State University, Fresno.

Early Court Decisions Regarding Equal Employment Opportunity

➢ *Griggs v. Duke Power Company*

- Discrimination by the employer need not be overt; employer's intent is irrelevant.

- An employment practice must be job related and valid if it has an unequal impact on members of a protected class.

- The burden of proof is on the employer to show that the employment practice is job related.

- Business necessity is the employer's defense for any practice that has adverse impact.

Early Court Decisions Regarding Equal Employment Opportunity (cont'd)

➢ *Albemarle Paper Company v. Moody*

- If an employer uses a test to screen candidates, then the job's specific duties and responsibilities must be carefully analyzed and documented.

- The performance standards for employees on the job in question should be clear and unambiguous.

- EEOC (now federal) guidelines on validation are to be used for validating employment practices.

Equal Employment Opportunity 1991–present

➢ *Civil Rights Act of 1991 (CRA)*

- It places burden of proof back on employers once the plaintiff has made a prima facie case and permits compensatory and punitive damages.

➢ *Disparate impact*

- A practice or policy that has a greater adverse impact on the members of a protected group than on other employees, regardless of intent.

➢ *Disparate treatment*

- Intentional discrimination on the part of the employer.

Equal Employment Opportunity 1991–present

➢ *Desert Palace Inc. vs. Costa.*

- Mixed motive: an employer cannot avoid liability by proving it would have taken the same action even without the discriminatory motive.

- Workers do not have to provide evidence of explicitly discriminatory conduct (such as discriminatory employer statements), but could provide circumstantial evidence (such as lowered performance evaluations).

Americans with Disabilities Act (ADA)

➢ *ADA of 1990*

  – Requires employers to make *reasonable accommodations* for disabled employees; it prohibits discrimination against disabled persons.

➢ *Disability*

  – A physical or mental impairment that substantially limits one or more major life activities.

    • Excludes homosexuality, bisexuality, voyeurism, compulsive gambling, pyromania, and disorders resulting from the current illegal use of drugs.

ADA and Individuals

➢ *Qualified individuals*

– Under ADA, those who can carry out the essential functions of the job.

➢ *Reasonable accommodation*

– If the individual can't perform the job as currently structured, the employer must make a "reasonable accommodation" unless doing so would present an "undue hardship."

Employer Obligations under ADA

➢ *An employer must make a reasonable accommodation for a qualified disabled individual unless doing so would result in undue hardship.*

➢ *Employers are not required to lower existing performance standards or stop using tests for a job.*

➢ *Employers may ask pre-employment questions about essential job functions but can not make inquiries about disability.*

➢ *Medical exams (or testing) for current employees must be job-related.*

➢ *Employers should review job application forms, interview procedures, and job descriptions for illegal questions and statements.*

➢ *Employers should have up-to-date job descriptions that identify the current essential functions of the job.*

Disabilities and ADA

➢ *Courts will tend to define "disabilities" quite narrowly.*

➢ *Employers are not required to tolerate misconduct or erratic performance even if the behaviors can be attributed to the disability.*

➢ *Employers do not have create a new job for the disabled worker nor reassign that person to a light-duty position for an indefinite period, unless such a position exists.*

➢ *Employers should not treat employees as if they are disabled so that they will not "regarded as" disabled and protected under the ADA.*

State and Local Equal Employment Opportunity Laws

➤ *The effect of the state and local laws is usually to further restrict employers' treatment of job applicants and employees.*

- State and local laws cannot conflict with federal law but can extend coverage to additional protected groups.

- The EEOC can defer a discrimination charge to state and local agencies that have comparable jurisdiction.

Important Equal Employment Opportunity Actions

Action	What it Does
Title VII of 1964 Civil Rights Act, as amended	Bars discrimination because of race, color, religion, sex, or national origin; instituted EEOC.
Executive orders	Prohibit employment discrimination by employers with federal contracts of more than $10,000 (and their subcontractors); establish office of federal compliance; require affirmative action programs.
Federal agency guidelines	Indicate policy covering discrimination based on sex, national origin, and religion, as well as employee selection procedures; for example, require validation of tests.
Supreme Court decisions: *Griggs v. Duke Power Co., Albemarle v. Moody*	Rule that job requirements must be related to job success; that discrimination need not be overt to be proved; that the burden of proof is on the employer to prove the qualification is valid.
Equal Pay Act of 1963	Requires equal pay for men and women for performing similar work.
Age Discrimination in Employment Act of 1967	Prohibits discriminating against a person 40 or over in any area of employment because of age.
State and local laws	Often cover organizations too small to be covered by federal laws.

Table 2–2

Note: The actual laws (and others) can be accessed at: http://www.legal.gsa.gov/legal(#1)fcd.htm.

Important Equal Employment Opportunity Actions

Action	What it Does
Vocational Rehabilitation Act of 1973	Requires affirmative action to employ and promote qualified handicapped persons and prohibits discrimination against handicapped persons.
Pregnancy Discrimination Act of 1978	Prohibits discrimination in employment against pregnant women, or related conditions.
Vietnam Era Veterans' Readjustment Assistance Act of 1974	Requires affirmative action in employment for veterans of the Vietnam war era.
Ward Cove v. Atonio	Made it more difficult to prove a case of unlawful discrimination against an employer.
Price Waterhouse v. Hopkins	Unlawful actions may not be discriminatory if lawful actions would have resulted in the same personnel decision.
Americans with Disabilities Act of 1990	Strengthens the need for most employers to make reasonable accommodations for disabled employees at work; prohibits discrimination.
Civil Rights Act of 1991	Reverses Ward Cove, Price Waterhouse, and other decisions; places burden of proof back on employer and permits compensatory and punitive money damages for discrimination.

Table 2–2 (cont'd)

Note: The actual laws (and others) can be accessed at: http://www.legal.gsa.gov/legal(#1)fcd.htm.

Sources of Discrimination Allegations

➢ *Disparate treatment*

    – Intentional discrimination where an employer treats an individual differently because that individual is a member of a particular race, religion, gender, or ethnic group.

➢ *Disparate impact*

    – An apparently neutral employment practice that creates an adverse impact—a significant disparity—between the proportion of minorities in the available labor pool and the proportion hired.

Adverse Impact

➢ *Adverse impact*

  – The overall impact of employer practices that result in significantly higher percentages of members of minorities and other protected groups being rejected for employment, placement, or promotion.

  – Used to help establish a *prima facie* case of discrimination.

Showing Adverse Impact

➢ *Disparate rejection rates*

 – A test that demonstrates that there is a discrepancy between rates of rejection of members of a protected group and of others.

➢ *Four-fifths rule of thumb*

 – If the protected group's hiring rate is less than eighty percent (80%) of the majority group, then a *prima facie* case for discrimination is indicated.

Showing Adverse Impact (cont'd)

➤ *Restricted policy*

  – An employer's hiring practices exclude a protected group—whether intentionally or not.

➤ *Population comparisons*

  – A comparison of the percentage of a minority/protected group and white workers in the organization with the percentage of corresponding groups in the relevant labor market.

Showing Adverse Impact (cont'd)

➢ *McDonnell-Douglas test*

- – A test for disparate (intentional) treatment situations in which the applicant was qualified but the employer rejected the person and continued seeking applicants.

➢ *Conditions for applying McDonnell-Douglas*

- – The person belongs to a protected class.
- – The person applied and was qualified for the job.
- – The person was rejected despite qualification.
- – After rejection, the position remained open and the employer continued seeking applications from persons with the complainant's qualifications.

Bona Fide Occupational Qualification

➤ *Bona fide occupational qualification (BFOQ)*

  – Requirement that an employee be of a certain religion, sex, or national origin where that is reasonably necessary to the organization's normal operation. Specified by the 1964 Civil Rights Act.

  - Age
  - Religion
  - Gender
  - National Origin

Business Necessity

➢ *"Business necessity"*

   – A defense created by the courts that requires employers show that there is an overriding business purpose (i.e., "irresistible demand") for a discriminatory practice.

      • Spurlock v. United Airlines

➢ *Validity*

   – The degree to which the test or other employment practice is related to or predicts performance on the job.

Other Considerations in Discriminatory Practice Defenses

➢ *Good intentions are no excuse.*

➢ *Employers cannot hide behind collective bargaining agreements—equal opportunity laws override union contract agreements.*

➢ *If a personnel practice is discriminatory, firms should react by agreeing to eliminate the illegal practice and (when required) by compensating the people discriminated against.*

Discriminatory Employment Practices

➤ *Recruitment*

- – Word of Mouth
- – Misleading Information
- – Help Wanted Ads

➤ *Personal Appearance*
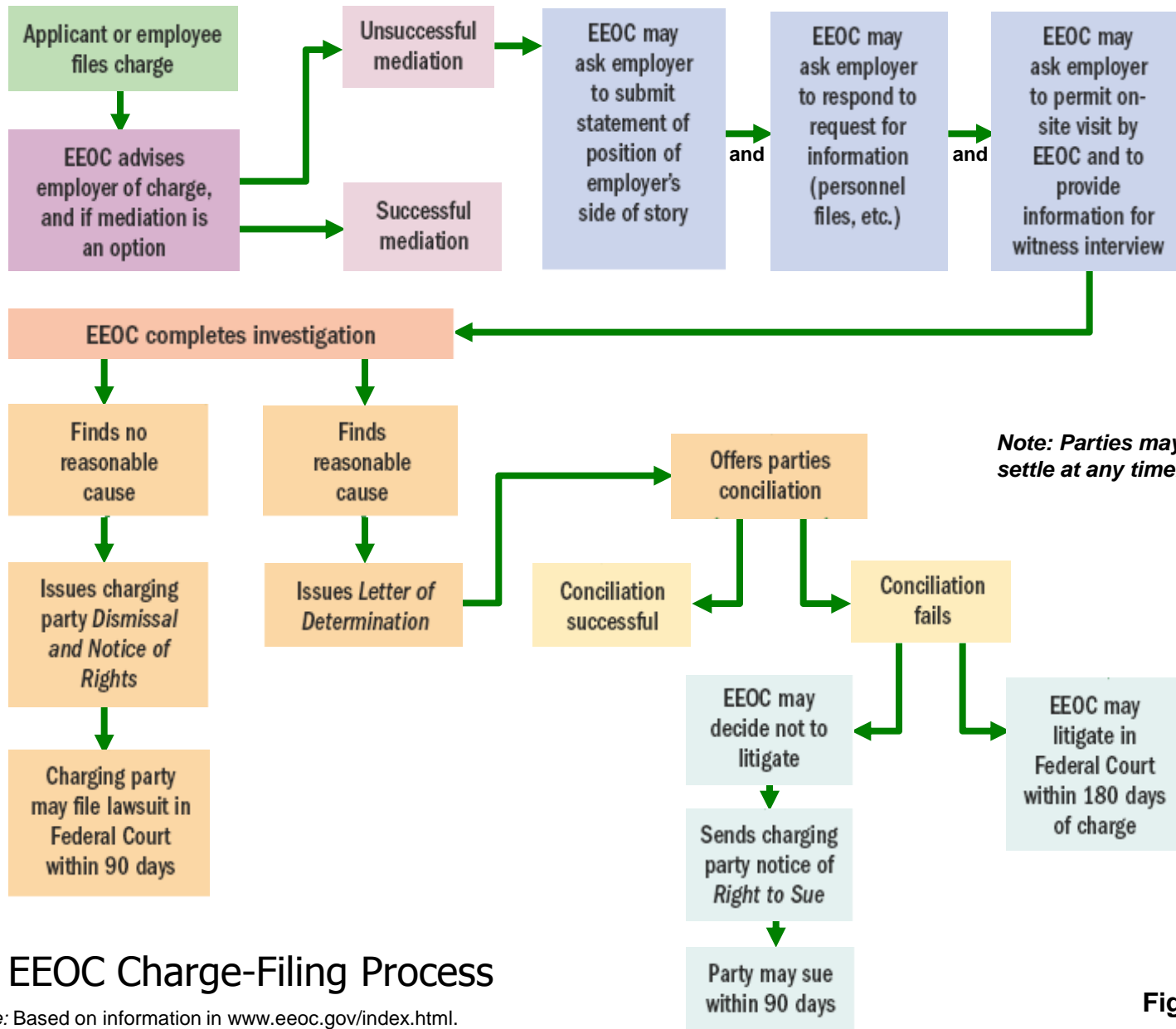
- – Dress
- – Hair
- – Uniforms

➤ *Selection*

- – Educational Requirements
- – Preference to Relatives
- – Height, Weight, and Physical Characteristics
- – Arrest Records
- – Application Forms
- – Discharge Due to Garnishment

Questions to Ask When an Employer Receives Notice That EEOC has Filed a Bias Claim

1. Exactly what is the charge and is your company covered by the relevant statutes?

2. What protected group does the employee belong to? Is the EEOC claiming disparate impact or disparate treatment?

3. Are there any obvious bases upon which you can challenge and/or rebut the claim?

4. If it is a sexual harassment claim, are there offensive comments, calendars, posters, screensavers, and so on, on display in the company?

5. Who are the supervisors who actually took the allegedly discriminatory actions and how effective will they be as potential witnesses?

Figure 2–3

Applicant or employee files charge

EEOC advises employer of charge, and if mediation is an option

Unsuccessful mediation

Successful mediation

EEOC may ask employer to submit statement of position of employer's side of story

and

EEOC may ask employer to respond to request for information (personnel files, etc.)

and

EEOC may ask employer to permit on-site visit by EEOC and to provide information for witness interview

EEOC completes investigation

Finds no reasonable cause

Finds reasonable cause

Note: Parties may settle at any time.

Offers parties conciliation

Issues charging party *Dismissal and Notice of Rights*

Issues *Letter of Determination*

Conciliation successful

Conciliation fails

Charging party may file lawsuit in Federal Court within 90 days

EEOC may decide not to litigate

EEOC may litigate in Federal Court within 180 days of charge

Sends charging party notice of *Right to Sue*

Party may sue within 90 days

The EEOC Charge-Filing Process

Source: Based on information in www.eeoc.gov/index.html.

Figure 2–4

2–72

The EEOC Enforcement Process

➢ *Processing a charge*

- A claim must be filed in writing within two years after the alleged incident took place.

- After a charge is filed, the EEOC has 10 days to serve notice on the employer.

- The EEOC has 120 days to investigate and to make a reasonable cause determination and attempt conciliation or dismiss the charge and issue a Notice of Right to Sue to the filing party who then has 90 days to file suit on their own.

- If conciliation fails, the EEOC can bring a civil suit in a federal district court.

The EEOC Enforcement Process (cont'd)

➢ *Conciliation proceedings*

- The EEOC has 30 days to work out a conciliation agreement between the parties before bringing suit.

- The EEOC conciliator meets with the employee to determine what remedy would be satisfactory and then tries to persuade the employer to accept it.

- If both parties accept the remedy, they sign and submit a conciliation agreement to the EEOC for approval.

How to Respond to Employment Discrimination Charges

➢ *The EEOC investigation*

- – Provide a position statement in your defense that demonstrates a lack of merit of the charge

- – Furnish only information requested by the EEOC.

- – Obtain as much information as possible about the charging party's claim.

How to Respond to Employment Discrimination Charges (cont'd)

➢ *The fact-finding conference*

– EEOC notes are the only official record of the conference.

– EEOC discourages the employer's lawyers from attending the conference.

– Conferences occur soon after the charge is filed.

– Witnesses' statements can be used as admissions against the employer's interests.

How to Respond to Employment Discrimination Charges (cont'd)

➢ *EEOC determination and attempted conciliation*

– The investigator's recommendation is often the determining factor in finding cause, so be courteous and cooperative (within limits).

– If there is a finding of cause, review the finding very carefully; point out inaccuracies.

– Do not accept conciliation, wait for the lawsuit.

– In a no-cause finding, the charging party gets a Notice of Right to Sue letter, and has 90 days to bring a lawsuit.

Mandatory Arbitration of Discrimination Claims

➢ *Gilmer v. Interstate/Johnson Lane Corp.*

  – An agreement, entered into for mandatory arbitration of all employment-related disputes, can require the employee to arbitrate claims arising under the Age Discrimination in Employment Act.

➢ *Recommendations*

  – Employers should consider asking that the party be compelled to arbitrate the claim.

  – Employers should consider inserting a mandatory arbitration clause in their employment applications or employee handbooks.

  – Employers can forestall an appeal and protect against arbitrator bias by allowing the arbitrator to afford a claimant broad relief and allow for reasonable fact finding.

Diversity Management

➢ *Managing diversity*

- – Provide strong leadership.
- – Assess the situation.
- – Provide diversity training and education.
- – Change culture and management systems.
- – Evaluate the diversity management program.

➢ *Boosting workforce diversity*

- – Adopt strong company policies advocating the benefits of a culturally, racially, and sexually diverse workforce.
- – Take concrete steps to foster diversity at work.

Is the Diversity Initiative Effective?

➢ Are there women and minorities reporting directly to senior managers?

➢ Do women and minorities have a fair share of job assignments that are steppingstones to successful careers in the company?

➢ Do women and minorities have equal access to international assignments?

➢ Are female and minority candidates in the company's career development pipeline?

➢ Are turnover rates for female and minority managers the same or lower than those for white male managers?

Equal Employment Opportunity Versus Affirmative Action

➢ *Equal employment opportunity*

– Aims to ensure that anyone, regardless of race, color, disability, sex, religion, national origin, or age, has an equal chance for a job based on his or her qualifications.

➢ *Affirmative action*

– Requires the employer to make an extra effort to hire and promote those in a protected group that results in measurable, yearly improvements in hiring, training, and promotion of minorities and females in all parts of the organization.

Differences Between Managing Diversity and Meeting Affirmative Action Requirements

Managing Diversity	Practicing Diversity to Meet EEO/ Affirmative Action Requirements
Is voluntary	Is often mandatory
Focuses on productivity	Focuses on legal, social, moral justifications
Includes all elements of diversity	Includes only race, gender, and ethnicity
Emphasizes changing systems and operations	Emphasizes changing the mix of people
Offers a perception of equity	Offers a perception of preference
Is long term and ongoing	Is short term and limited
Is grounded in individuality	Is grounded in assimilation

Source: National Institutes of Health.

Figure 2–5

Steps in an Affirmative Action Program

1.   Issues a written equal employment policy.

2.   Appoints a top official to direct and implement the program.

3.   Publicizes the equal employment policy and affirmative action commitment.

4.   Surveys minority and female employment to determine where affirmative action programs are especially desirable.

5.   Develops goals and timetables to improve utilization of minorities, males, and females.

6.   Develops and implements specific programs to achieve these goals.

7.   Establishes an audit and reporting system to monitor and evaluate progress of the program.

8.   Develops support for the affirmative action program, both inside the company and in the community.

Designing an Affirmative Action Program

➢ *Good faith effort strategy*

– Aimed at changing practices that contributed to excluding or underutilizing protected groups.

- Increasing the minority or female applicant flow.
- Demonstrating top-management support for the equal employment policy.
- Demonstrating equal employment commitment to the local community.
- Keeping employees informed about the specifics of the affirmative action program.
- Broadening the work skills of incumbent employees.
- Institutionalizing the equal employment policy to encourage supervisors' support of it.

Reverse Discrimination

➢ *Reverse discrimination*

- A claim that due to affirmative action quota systems, white males are discriminated against.
  - Supreme Court's June 2003 affirmative action decision outlawed the University of Michigan's quota-based admissions program.

➢ *Reverse discrimination cases*

- *Bakke v. Regents of the University of California (1978):* Race can be a factor, but not be the deciding factor (no quotas).

- *Wygant v. Jackson Board of Education* (1986): No preferential treatment of minorities in layoffs.

Reverse Discrimination (cont'd)

➢ *Reverse discrimination cases (cont'd)*

– *International Association of Firefighters v. City of Cleveland* (1986): Quotas for promotions upheld.

– *U.S. v. Paradise* (1987): Quotas upheld to remedy serious cases of racial discrimination.

– *Johnson v. Transportation Agency, Santa Clara County* (1987): Voluntarily adopted affirmative action goals and programs upheld.

Recruiting Minorities Online

➢ *Diversity candidate Web sites with job banks*

- African American Network
- National Action Council of Minorities in Engineering
- National Urban League
- Hispanic Online
- Latino Web
- Society of Hispanic Engineers
- Gay.com
- Association for Women in Science
- Minorities Job Bank.

Key Terms

Title VII of the 1964 Civil Rights Act

Equal Employment Opportunity Commission (EEOC)

affirmative action

Office of Federal Contract Compliance Programs (OFCCP)

Equal Pay Act of 1963

Age Discrimination in Employment Act of 1967 (ADEA)

Vocational Rehabilitation Act of 1973

Vietnam Era Veterans' Readjustment Act of 1974

Pregnancy Discrimination Act (PDA)

uniform guidelines

sexual harassment

Federal Violence Against Women Act of 1994

protected class

Civil Rights Act of 1991 (CRA 1991)

mixed motive

Americans with Disabilities Act (ADA)

qualified individuals

adverse impact

disparate rejection rates

restricted policy

bona fide occupational qualification (BFOQ)

alternative dispute resolution or ADR program

good faith effort strategy

reverse discrimination

human

t e n t h e d i t i o n

Gary Dessler

resource management

Chapter 3

Strategic Human Resource Management and the HR Scorecard

**PowerPoint Presentation by Charlie Cook
The University of West Alabama**

After studying this chapter, you should be able to:

1. Outline the steps in the strategic management process.

2. Explain and give examples of each type of companywide and competitive strategy.

3. Explain what a high performance work system is and why it is important.

4. Illustrate and explain each of the seven steps in the HR Scorecard approach to creating HR systems.

HR's Strategic Challenges

➢ *Strategic plan*

- – A company's plan for how it will match its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.

➢ *Three basic challenges*

- – The need to support corporate productivity and performance improvement efforts.

- – That employees play an expanded role in employers' performance improvement efforts.

- – HR must be more involved in designing—not just executing—the company's strategic plan.

The Strategic Management Process

➢ *Strategic management*
  – The process of identifying and executing the organization's mission by matching its capabilities with the demands of its environment.

➢ *Strategy*
  – A strategy is a course of action.
  – The company's long-tem plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage.

Business Mission and Its Vision

➢ *Vision*

   – A general statement of its intended direction that evokes emotional feelings in organization members.

➢ *Mission*

   – Spells out who the company is, what it does, and where it's headed.

Strategic Management Process (cont'd)

➤ *Strategic management tasks*

- – Step 1: Define the Business and Its Mission

- – Step 2: Perform External and Internal Audits

- – Step 3: Translate the Mission into Strategic Goals

- – Step 4: Formulate a Strategy to Achieve the Strategic Goals

- – Step 5: Implement the Strategy

- – Step 6: Evaluate Performance
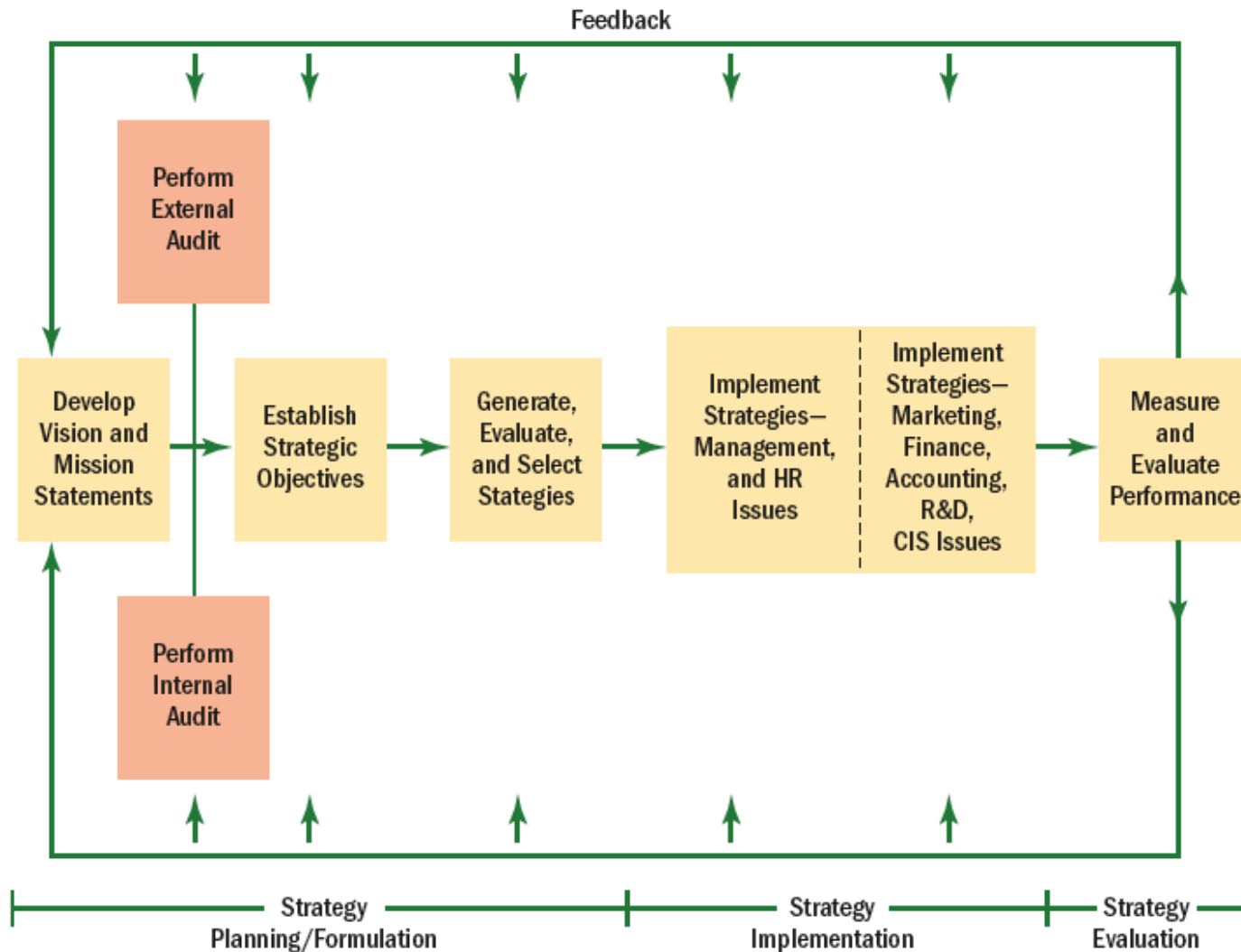
Overview of Strategic Management

Figure 3–1

A SWOT Chart

SWOT Analysis
The use of a SWOT chart to compile and organize the process of identifying company

Strengths,
Weaknesses,
Opportunities, and
Threats.

Strengths	**W**eaknesses
Opportunities	**T**hreats

Figure 3–2

Strategies in Brief

Company	Strategic Principle
Dell	*Be direct*
eBay	*Focus on trading communities*
General Electric	*Be number one or number two in every industry in which we compete, or get out*
Southwest Airlines	*Meet customers' short-haul travel needs at fares competitive with the cost of automobile travel*
Vanguard	*Unmatchable value for the investor-owner*
Wal-Mart	*Low prices, every day*

Source: Arit Gadiesh and James Gilbert, "Frontline Action," *Harvard Business Review*, May 2001, p. 74.

Figure 3–3

Types of Strategic Planning

➤ *Corporate-level strategy*

– Identifies the portfolio of businesses that, in total, comprise the company and the ways in which these businesses relate to each other.

• **Diversification strategy** implies that the firm will expand by adding new product lines.

• **Vertical integration strategy** means the firm expands by, perhaps, producing its own raw materials, or selling its products direct.

• **Consolidation strategy** reduces the company's size

• **Geographic expansion strategy** takes the company abroad.

Types of Strategic Planning (cont'd)

➢ *Business-level/competitive strategy*

  – Identifies how to build and strengthen the business's long-term competitive position in the marketplace.

  - **Cost leadership:** the enterprise aims to become the low-cost leader in an industry.

  - **Differentiation:** a firm seeks to be unique in its industry along dimensions that are widely valued by buyers.

  - **Focus:** a firm seeks to carve out a market niche, and compete by providing a product or service customers can get in no other way.

Types of Strategic Planning (cont'd)

➢ *Functional strategies*

– Identify the basic courses of action that each department will pursue in order to help the business attain its competitive goals.

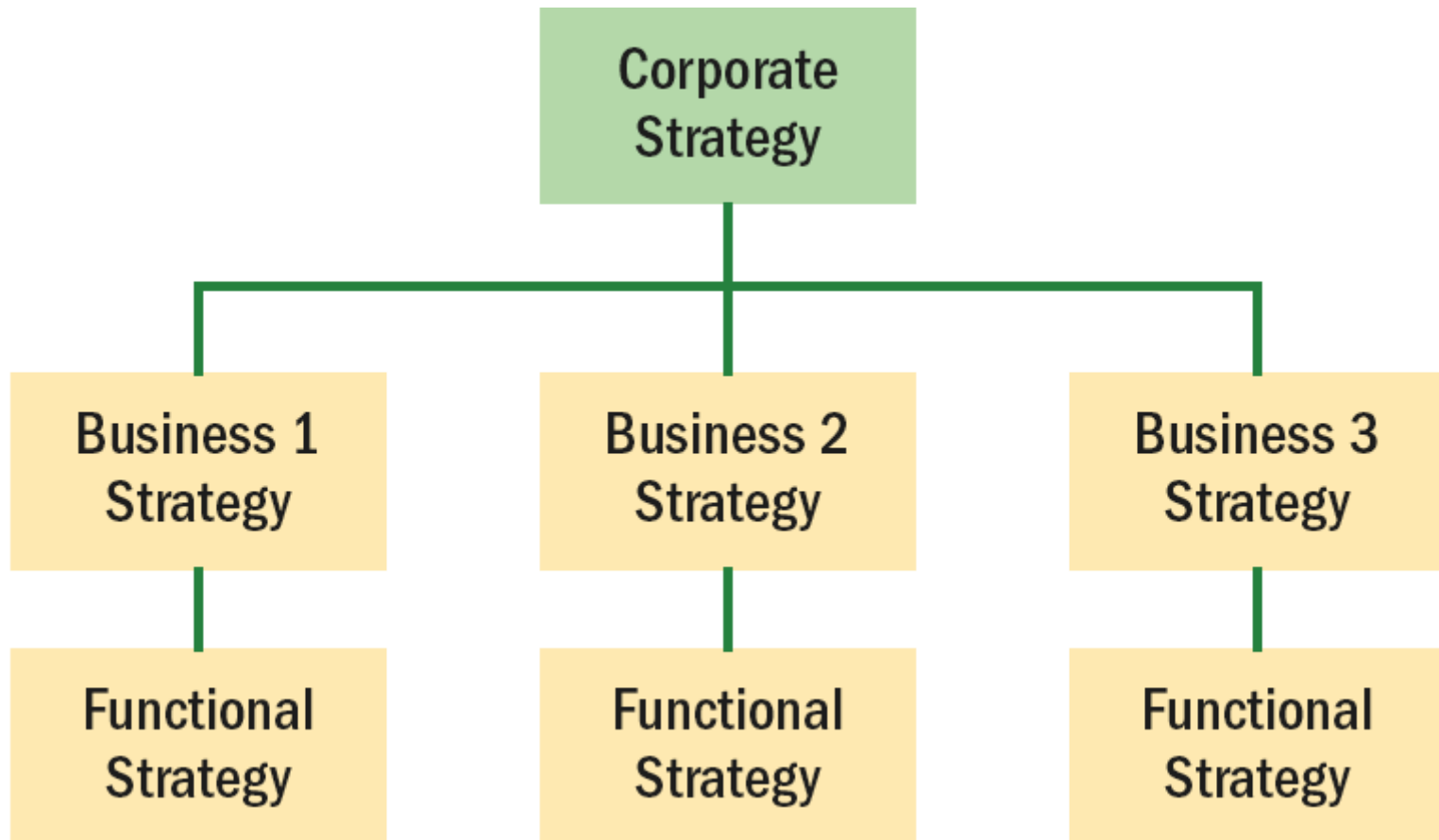# Relationships Among Strategies
in Multiple- Business Firms

Corporate Strategy

Business 1 Strategy **Business 2 Strategy** **Business 3 Strategy**

Functional Strategy **Functional Strategy** **Functional Strategy**
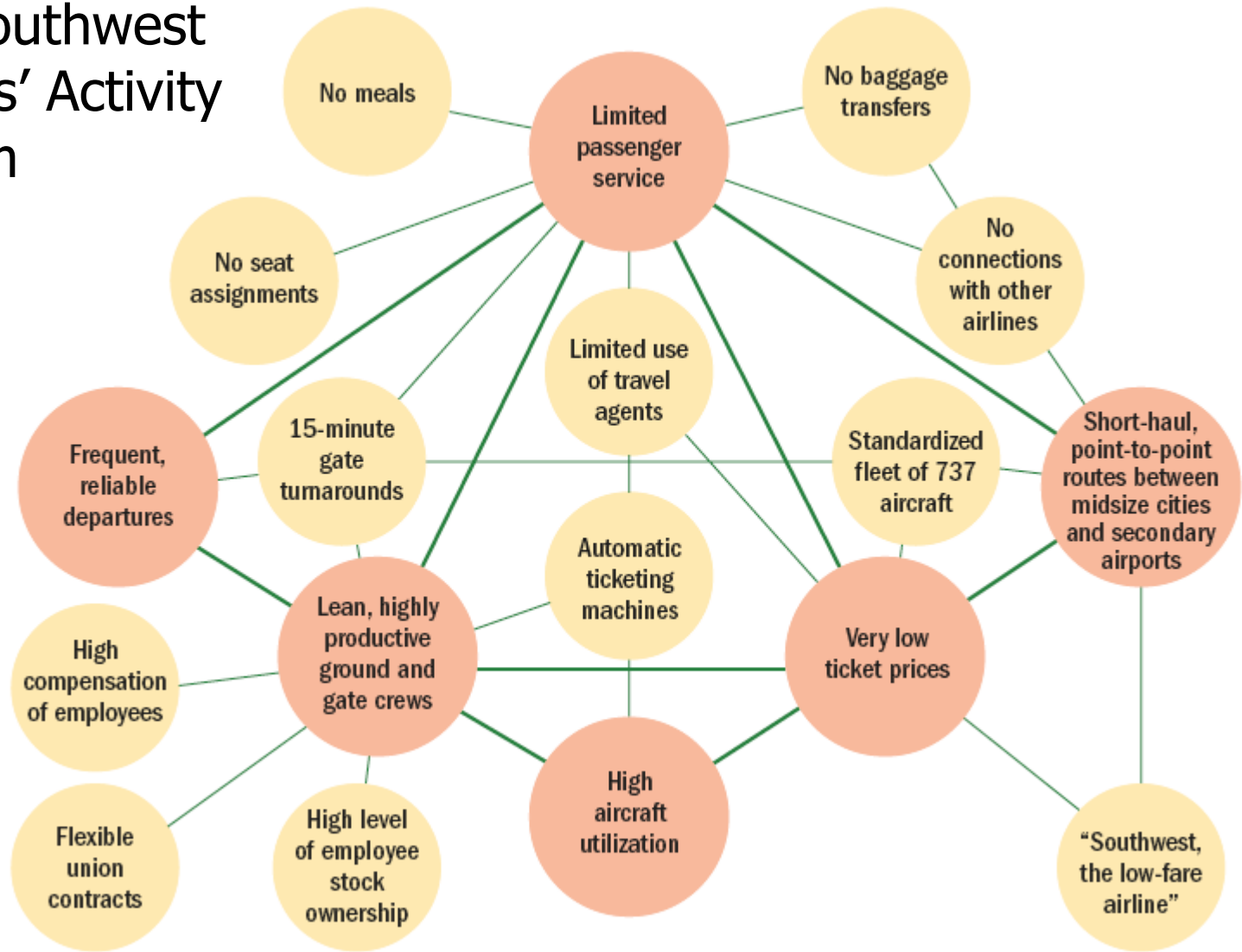
Figure 3–4

3–101

Achieving Strategic Fit

➤ *Michael Porter*
  – Emphasizes the "fit" point of view that all of the firm's activities must be tailored to or fit its strategy, by ensuring that the firm's functional strategies support its corporate and competitive strategies.

➤ *Gary Hamel and C. K. Prahalad*
  – Argue for "stretch" in leveraging resources—supplementing what you have and doing more with what you have—can be more important than just fitting the strategic plan to current resources.

The Southwest Airlines' Activity System

No meals

No baggage transfers

Limited passenger service

No seat assignments

No connections with other airlines

Limited use of travel agents

Standardized fleet of 737 aircraft

Short-haul, point-to-point routes between midsize cities and secondary airports

Frequent, reliable departures

15-minute gate turnarounds

Automatic ticketing machines

High compensation of employees

Lean, highly productive ground and gate crews

Very low ticket prices

Flexible union contracts

High level of employee stock ownership

High aircraft utilization

"Southwest, the low-fare airline"

Figure 3–5

3–103

HR and Competitive Advantage
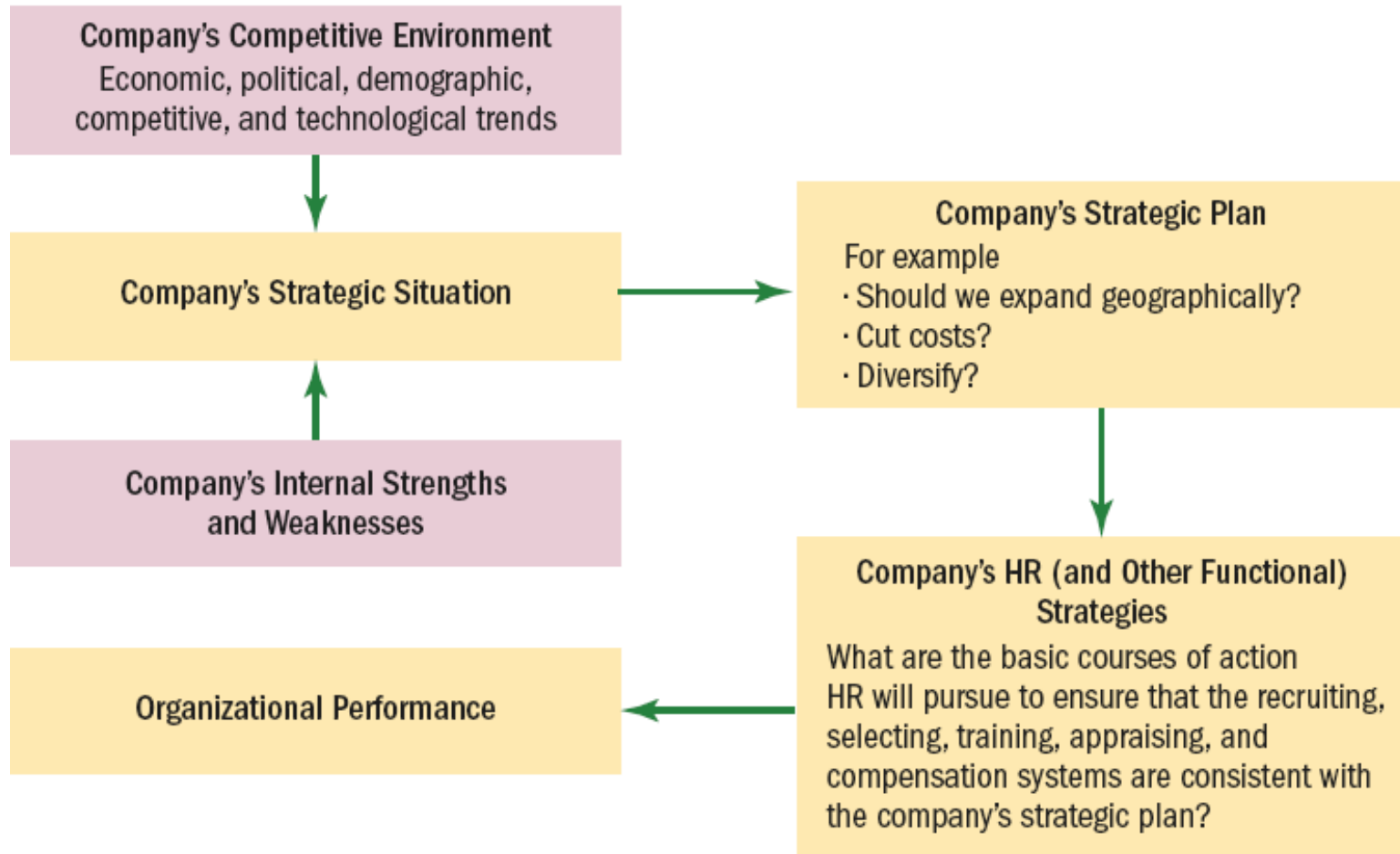
➢ *Competitive advantage*

- Any factors that allow an organization to differentiate its product or service from those of its competitors to increase market share.

- Superior human resources are an important source of competitive advantage

Strategic Human Resource Management

➤ *Strategic Human Resource Management*

- The linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility.

- Formulating and executing HR systems—HR policies and activities—that produce the employee competencies and behaviors the company needs to achieve its strategic aims.

Linking Corporate and HR Strategies

Company's Competitive Environment
Economic, political, demographic, competitive, and technological trends

Company's Strategic Situation

Company's Internal Strengths and Weaknesses

Organizational Performance

Company's Strategic Plan
For example
· Should we expand geographically?
· Cut costs?
· Diversify?

Company's HR (and Other Functional) Strategies
What are the basic courses of action HR will pursue to ensure that the recruiting, selecting, training, appraising, and compensation systems are consistent with the company's strategic plan?

Source: © 2003, Gary Dessler, Ph.D.

Figure 3–6

HR'S Strategic Roles

➢ *HR professionals should be part of the firm's strategic planning executive team.*

- Identify the human issues that are vital to business strategy.

- Help establish and execute strategy.

- Provide alternative insights.

- Are centrally involved in creating responsive and market-driven organizations.

- Conceptualize and execute organizational change.

HR Involvement in Mergers
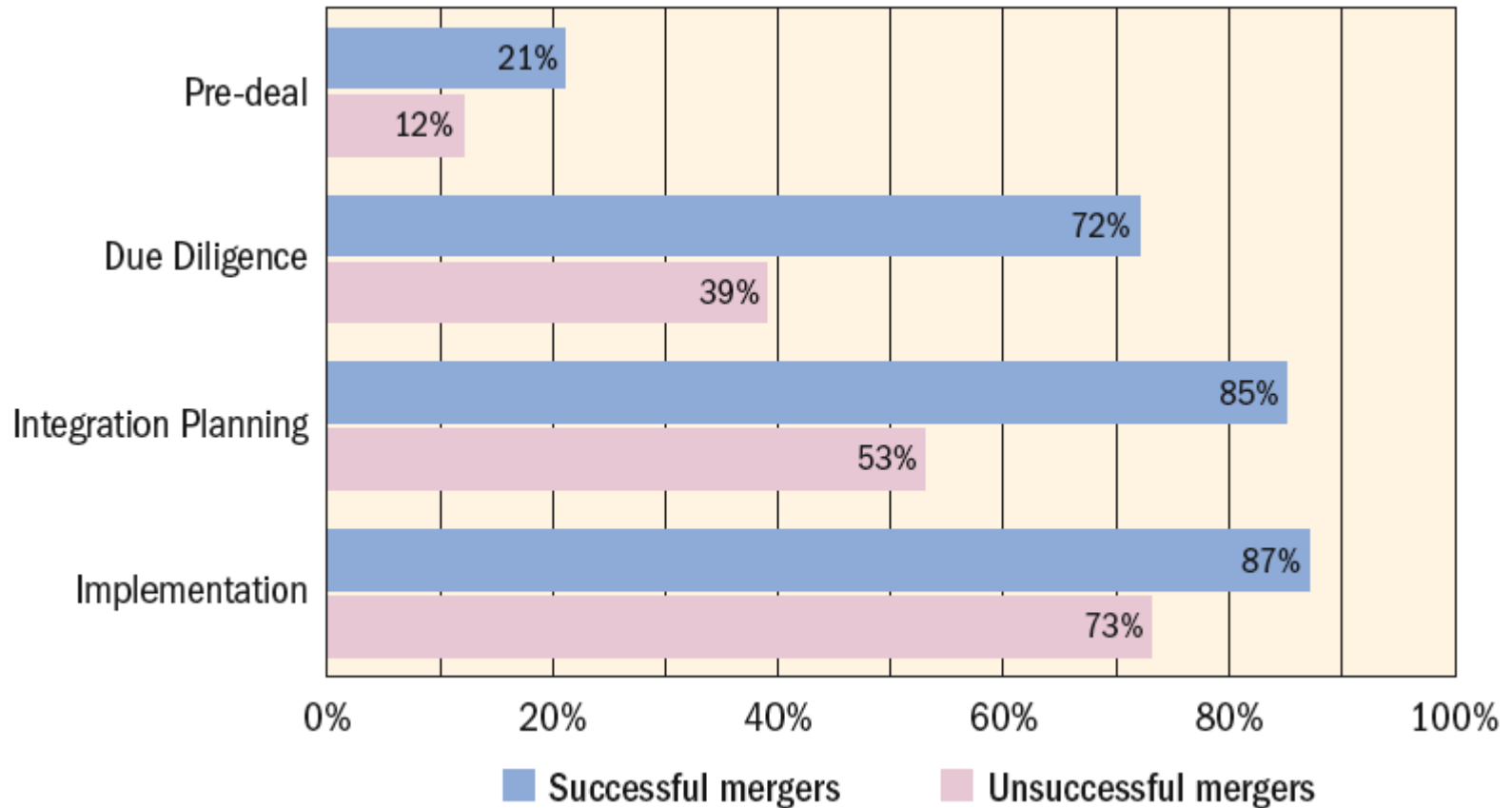
Source: Jeffrey Schmidt, "The Correct Spelling of M & A Begins with *HR,*" *HR Magazine,* June 2001, p. 105.

Figure 3–7

HR's Strategy Execution Role

> *The HR department's strategies, policies, and activities must make sense in terms of the company's corporate and competitive strategies, and they must support those strategies.*
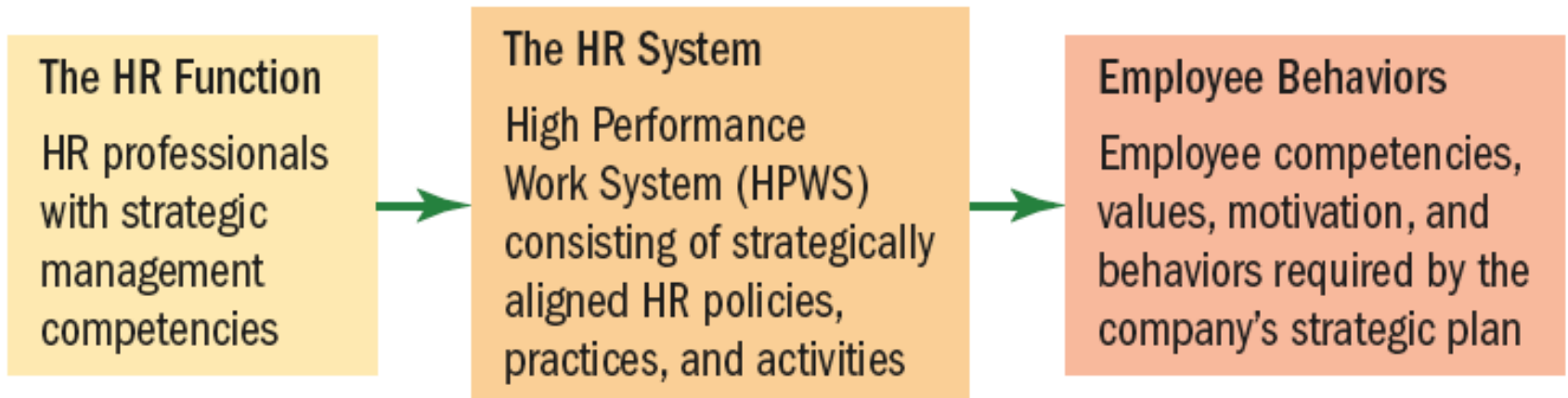
HR's Strategy Formulation Role

➢ HR helps top management formulate strategy in a variety of ways by.

– Supplying competitive intelligence that may be useful in the strategic planning process.

– Supplying information regarding the company's internal human strengths and weaknesses.

– Build a persuasive case that shows how—in specific and measurable terms—the firm's HR activities can and do contribute to creating value for the company.

Creating a Strategy-oriented HR System

➢ *Components of the HR process*

- – HR professionals who have strategic and other skills
- – HR policies and activities that comprise the HR system itself
- – Employee behaviors and competencies that the company's strategy requires.

The Basic Architecture of HR

The HR Function

HR professionals with strategic management competencies

The HR System

High Performance Work System (HPWS) consisting of strategically aligned HR policies, practices, and activities

Employee Behaviors

Employee competencies, values, motivation, and behaviors required by the company's strategic plan

Figure 3–8

3–112

The High-Performance Work System

➢ *High-performance work system (HPWS) practices.*

- – High-involvement employee practices (such as job enrichment and team-based organizations),

- – High commitment work practices (such as improved employee development, communications, and disciplinary practices)

- – Flexible work assignments.

- – Other practices include those that foster skilled workforces and expanded opportunities to use those skills.

Translating Strategy into HR Policy and Practice

Basic Model of How to Align HR Strategy and Actions with Business Strategy
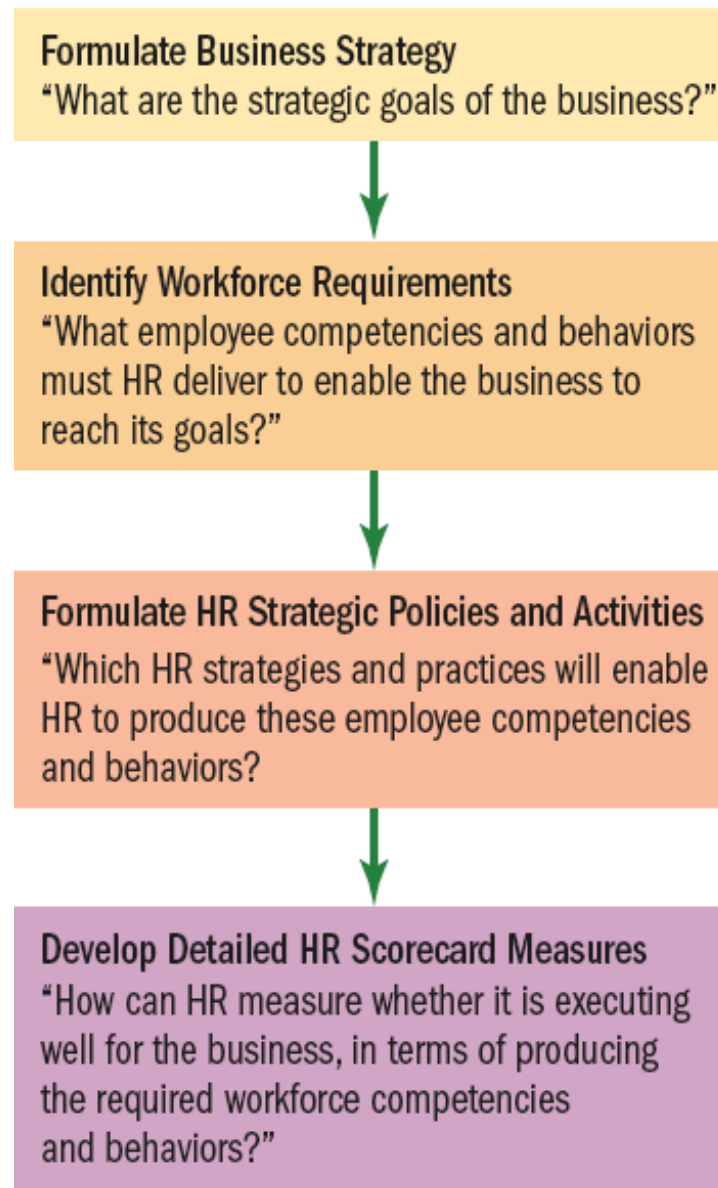
Formulate Business Strategy
"What are the strategic goals of the business?"

↓

Identify Workforce Requirements
"What employee competencies and behaviors must HR deliver to enable the business to reach its goals?"

↓

Formulate HR Strategic Policies and Activities
"Which HR strategies and practices will enable HR to produce these employee competencies and behaviors?

↓

Develop Detailed HR Scorecard Measures
"How can HR measure whether it is executing well for the business, in terms of producing the required workforce competencies and behaviors?"

Figure 3–9

The HR Scorecard Approach

➢ *HR scorecard*

- Measures the HR function's effectiveness and efficiency in producing employee behaviors needed to achieve the company's strategic goals.

➢ *Creating an HR scorecard*

- Must know what the company's strategy is.

- Must understand the causal links between HR activities, employee behaviors, organizational outcomes, and the organization's performance.

- Must have metrics to measure all the activities and results involved.

Strategic HR Relationships

| HR Activities | → | Emergent Employee Behaviors | → | Strategically Relevant Organizational Outcomes | → | Organizational Performance | → | Achieve Strategic Goals |

Figure 3–10

3–116

The HR Scorecard Approach to Formulating HR Policies, Activities, and Strategies

Formulate Business Strategies (color #1)

① Define the business strategy

② Outline the company's value chain activities

Identify Workforce Requirements (color #2)

③ Identify the strategically required organizational outcomes

④ Identify the required workforce behaviors

Formulate HR Policies and Practices (color #3)

⑤ Identify the strategically relevant HR system policies and activites, such as new training and grievance systems

Develop Detailed "Scorecard" Measures (color #4)

⑥ Design the HR Scorecard measurement system

⑦ Periodically reevaluate the measurement system

Source: Copyright © Gary Dessler, Ph.D.

Figure 3–11

Using the HR Scorecard Approach

➢ Step 1: Define the Business Strategy

➢ Step 2: Outline the Company's Value Chain

➢ Step 3: Identify the Strategically Required Organizational Outcomes

➢ Step 4: Identify the Required Workforce Competencies and Behaviors

➢ Step 5: Identify the Strategically Relevant HR System Policies and Activities

➢ Step 6: Design the HR Scorecard Measurement System

➢ Step 7: Periodically Evaluate the Measurement System

Outlining the Company's Value Chain

➢ *Value chain analysis*

- – A tool for identifying, isolating, visualizing, and analyzing the firm's most important activities and strategic costs.

- – Identifying the primary and crucial activities that create value for customers and the related support activities.
  - • Each activity is part of the process of designing, producing, marketing, and delivering the company's product or service.

- – Shows the chain of essential activities.

- – Prompts future questions.

Simple Value Chain for "the Hotel Paris"

Sample Primary Activities in the Hotel Paris's Value Chain

Mkting & Sales	Guest Reser-vations	Inbound Guest Services	In-room Services	Amenities	Outbound Guest Services
• Advertising • Salesclerk training • Market research	• Take calls by 3rd ring • Professional handling of questions • 3-min. faxed reserva-tion	• Airport pickup • Front door welcome & unloading • Quick front-desk service	• Clean rooms • 24-hour room service • 200-channel TV	• 5-star food & service • Expert personal trainers • 24-hour pool	• In-room TV checkout • Fast front-desk checkout • Airport vans every 10 min. • Bellhop service

Support Activities

Human Resource Management
Recruitment, selection, training, appraisal, compensation

General Administration
General management, accounting, safety, and maintenance

Technology
Computer systems, phone and Internet systems, TV services

Figure 3–12

Source: Copyright © Gary Dessler, Ph.D.

HR Scorecard for the Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)

Rankings in industry service satisfaction surveys

Profit margins, and total annual profits

Percent share of market

Annual revenues

4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)

Guest service satisfaction index

Number of written guest compliments and/or complaints per year

Various customer and Hotel Paris outcome metrics, including: frequency of guests' returns; average length of stay; and guest expenditures per guest per stay

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)

Employee turnover

Employee morale

Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival

Employee service commitment and engagement index

Percentage of employees scoring at least 90% on Hotel Paris core values quiz

2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)

Part I Introduction

Part II Recruiting and Selecting

Part III Training and Appraising

Part IV Compensation

Part V Employee Relations and Safety

1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)

Create Service-Oriented Workforce

Embed Core Values

Encourage Personal Employee Growth and Learning

Emphasize Partnership and Sense of Ownership

Note:(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests, and thus boost revenues and profitability").*

Figure 3–13

Key Terms

competitive advantage

HR Scorecard

leveraging

metrics

mission strategic control

strategic human resource
manager

strategic management

strategic plan

strategy

SWOT analysis

value chain analysis

vision

human

Gary Dessler

tenth edition

resource management

Chapter 4

Part 2 Recruitment and Placement

Job Analysis

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. *Discuss the nature of job analysis, including what it is and how it's used.*

2. *Use at least three methods of collecting job analysis information, including interviews, questionnaires, and observation.*

3. *Write job descriptions, including summaries and job functions, using the Internet and traditional methods.*

4. *Write job specifications using the Internet as well as your judgment.*

5. *Explain job analysis in a "jobless" world, including what it means and how it's done in practice.*

The Nature of Job Analysis

➢ *Job analysis*
  – The procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it.

➢ *Job description*
  – A list of a job's duties, responsibilities, reporting relationships, working conditions, and supervisory responsibilities—one product of a job analysis.

➢ *Job specifications*
  – A list of a job's "human requirements," that is, the requisite education, skills, personality, and so on—another product of a job analysis.

Types of Information Collected

➢ *Work activities*

➢ *Human behaviors*

➢ *Machines, tools, equipment, and work aids*

➢ *Performance standards*

➢ *Job context*

➢ *Human requirements*

Uses of Job Analysis Information

➢ *Recruitment and Selection*

➢ *Compensation*

➢ *Performance Appraisal*

➢ *Training*

➢ *Discovering Unassigned Duties*

➢ *EEO Compliance*

Uses of Job Analysis Information
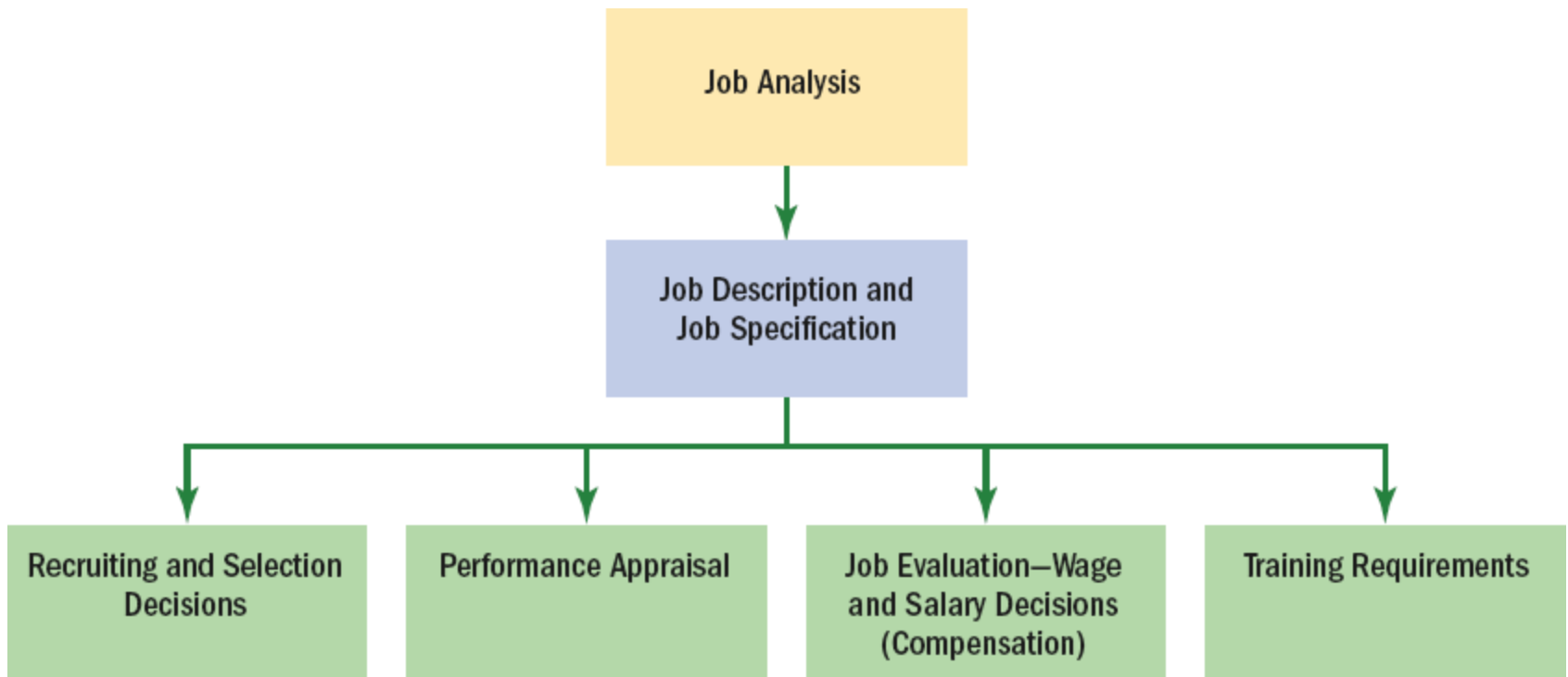
Figure 4–1

Steps in Job Analysis

➢ **Step 1:**   Decide how you'll use the information.

➢ **Step 2:**   Review relevant background information.

➢ **Step 3:**   Select representative positions.

➢ **Step 4:**   Actually analyze the job.

➢ **Step 5:**   Verify the job analysis information.

➢ **Step 6:**   Develop a job description and job specification.

Charting the Organization

➢ *Organization chart*
  – A chart that shows the organizationwide distribution of work, with titles of each position and interconnecting lines that show who reports to and communicates to whom.

➢ *Process chart*
  – A work flow chart that shows the flow of inputs to and outputs from a particular job.
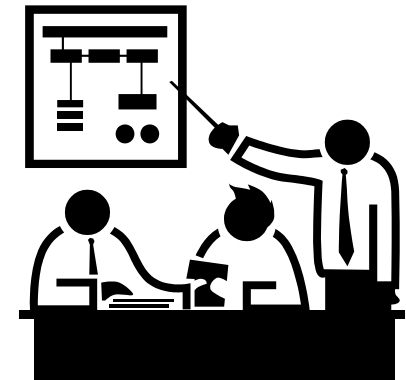
Process Chart for Analyzing a Job's Workflow
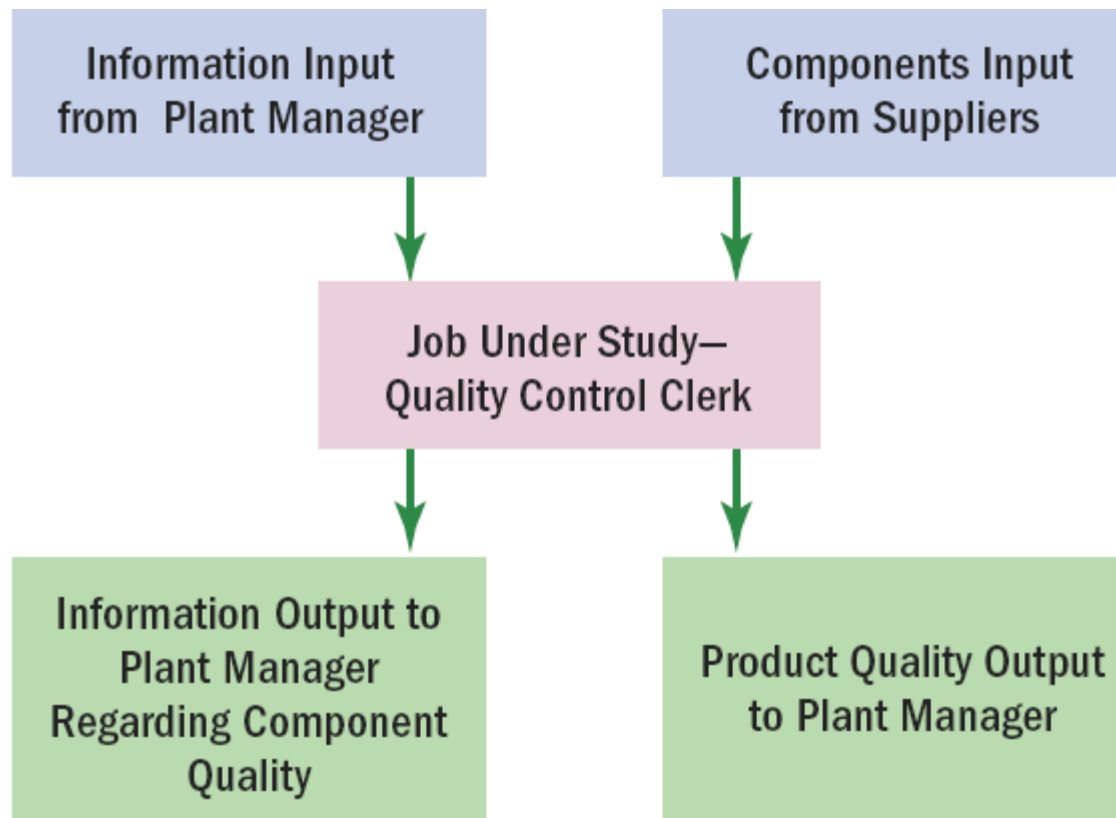
Figure 4–2

Methods of Collecting Job Analysis Information: The Interview

➢ *Information sources*
  – Individual employees
  – Groups of employees
  – Supervisors with knowledge of the job

➢ *Advantages*
  – Quick, direct way to find overlooked information.

➢ *Disadvantages*
  – Distorted information

➢ *Interview formats*
  – Structured (Checklist)
  – Unstructured

Interview Guidelines

➢ *The job analyst and supervisor should work together to identify the workers who know the job best.*

➢ *Quickly establish rapport with the interviewee.*

➢ *Follow a structured guide or checklist, one that lists open-ended questions and provides space for answers.*

➢ *Ask the worker to list his or her duties in order of importance and frequency of occurrence.*

➢ *After completing the interview, review and verify the data.*

Methods of Collecting Job Analysis Information: Questionnaires

➢ *Information source*

  – Have employees fill out questionnaires to describe their job-related duties and responsibilities.

➢ *Questionnaire formats*

  – Structured checklists
  – Opened-ended questions

➢ *Advantages*

  – Quick and efficient way to gather information from large numbers of employees

➢ *Disadvantages*

  – Expense and time consumed in preparing and testing the questionnaire

Methods of Collecting Job Analysis Information: Observation

- *Information source*
  - Observing and noting the physical activities of employees as they go about their jobs.
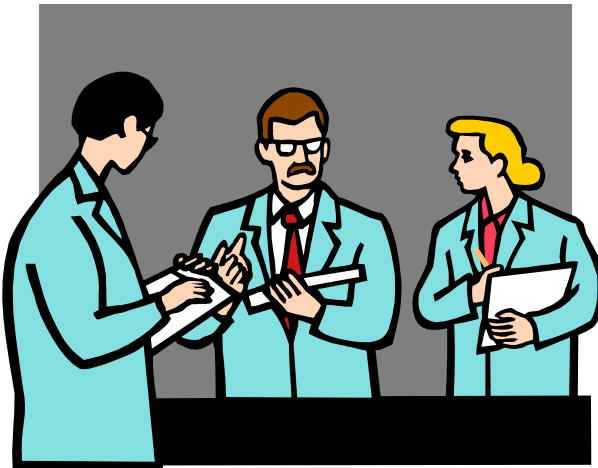
- *Advantages*
  - Provides first-hand information
  - Reduces distortion of information

- *Disadvantages*
  - Time consuming
  - Difficulty in capturing entire job cycle
  - Of little use if job involves a high level of mental activity.

Methods of Collecting Job Analysis Information: Participant Diary/Logs

➢ *Information source*

– Workers keep a chronological diary/ log of what they do and the time spent in each activity.

➢ *Advantages*

– Produces a more complete picture of the job

– Employee participation

➢ *Disadvantages*

– Distortion of information

– Depends upon employees to accurately recall their activities

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Quantitative Job Analysis Techniques

➢ *The position analysis questionnaire (PAQ)*

- – A questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs.

➢ *The Department of Labor (DOL) procedure*

- – A standardized method by which different jobs can be quantitatively rated, classified, and compared.

➢ *Functional job analysis*

- – Takes into account the extent to which instructions, reasoning, judgment, and mathematical and verbal ability are necessary for performing job tasks.

Job Analysis Schedule

1. Established Job Title _____ DOUGH MIXER _____

2. Ind. Assign _____ (bake prod.) _____

3. SIC Code(s) and Title(s) _____ 2051 Bread and other bakery products _____

4. JOB SUMMARY:

Operates mixing machine to mix ingredients for straight and sponge (yeast) doughs according to established formulas, directs other workers in fermentation of dough, and curls dough into pieces with hand cutter.

5. WORK PERFORMED RATINGS:

Worker Functions	D	P	(T)
	Data	People	Things
	5	6	2

Work Field _____ Cooking, Food Preparing _____

6. WORKER TRAITS RATING: (To be filled in by analyst)

Training time required
Aptitudes
Temperaments
Interests
Physical Demands
Environment Conditions

Sample Report Based on Department of Labor Job Analysis Technique

Figure 4–6

Writing Job Descriptions

- ➢ *A job description*
  - – A written statement of what the worker actually does, how he or she does it, and what the job's working conditions are.

- ➢ *Sections of a typical job description*
  - – Job identification
  - – Job summary
  - – Responsibilities and duties
  - – Authority of incumbent
  - – Standards of performance
  - – Working conditions
  - – Job specifications

Sample Job Description, Pearson Education

JOB TITLE: Telesales Respresentative	**JOB CODE:** 100001
RECOMMENDED SALARY GRADE:	**EXEMPT/NON-EXEMPT STATUS:** NonExempt
JOB FAMILY: Sales	**EEOC:** Sales Workers
DIVISION: Higher Education	**REPORTS TO:** District Sales Manager
DEPARTMENT: In-House Sales	**LOCATION:** Boston
	DATE: April 2004

SUMMARY (Write a brief summary of job)

This position is responsible for selling College textbooks, software, and multimedia products to professors, via incoming and outgoing telephone calls, and to carry out selling strategies to meet sales goals in assigned territories of smaller colleges and universities. In addition, this position will be responsible for generating a designated amount of editorial leads, and communicating to the publishing groups product feedback and market trends observed in the assigned territory.

SCOPE AND IMPACT OF JOB
Dollar responsibilities (budget and/or revenue)

This position is responsible for generating approximately $2 million in revenue, for meeting operating expense budget of approximately $4000, and a sampling budget of approximately 10,000 units.

Supervisory responsibilities (direct and indirect)

None

Other

REQUIRED KNOWLEDGE AND EXPERIENCE (Knowledge and experience necessary to do job)
Related work experience

Prior sales or publishing experience preferred. One year of company experience in a customer service or marketing function with broad knowledge of company products and services is desirable.

Formal education or equivalent
Bachelor's degree with strong acedemic performance or work equivalent experience.

Skills
Must have strong organizational and persuasive skills. Must have excellent verbal and written communications skills and must be PC proficient.

Other

Limited travel required (approx 5%)

Figure 4–7a

PRIMARY RESPONSIBILITIES (List in order of importance and list amount of time spent on task)

Driving Sales (60%)
- Achieve quantitative sales goal for assigned territory of smaller colleges and universities.
- Determine sales priorities and strategies for territory and develop a plan for implementing those strategies.
- Conduct 15–20 professor interviews per day during the academic sales year that accomplishes those priorities.
- Conduct product presentations (including texts, software, and web-site); effectively articulate author's central vision of key titles; conduct sales interviews using the PSS model; conduct walk-through of books and technology.
- Employ telephone selling techniques and strategies.
- Sample products to appropriate faculty making strategic use of assigned sampling budgets.
- Close class test adoptions for first edition products.
- Negotiate custom publishing and special packaging agreements within company guidelines.
- Initiate and conduct in-person faculty presentations and selling trips as appropriate to maximize sales with the strategic use of travel budget. Also use internal resources to support the territory sales goals.
- Plan and execute in-territory special selling events and book-fairs
- Develop and implement in-territory promotional campaigns and targeted email campaigns.

Publishing (editorial/marketing) 25%
- Report, track, and sign editorial projects.
- Gather and communicate significant market feedback and information to publishing groups.

Territory Management 15%
- Track and report all pending and closed business in assigned database.
- Maintain records of customer sales interviews and adoption situations in assigned database.
- Manage operating budget strategically.
- Submit territory itineraries, sales plans, and sales forecasts as assigned.
- Provide superior customer service and maintain professional bookstore relations in assigned territory.

Decision-Making Responsibilities for this position:
Determine the strategic use of assigned sampling budget to most effectively generate sales revenue to exceed sales goals.
Determine the priority of customer and account contacts to achieve maximum sales potential.
Determine where in-person presentations and special selling events would be most effective to generate most sales.

Sample Job Description, Pearson Education

Source: Courtesy of HR Department, Pearson Education.

Figure 4–7b

"Marketing Manager" Description from Standard Occupational Classification

20. 11-2021 Marketing Managers

Abstract: 11-2021 Marketing Managers. Determine the demand for products and services offered by a firm and Its competitors and identify potential customers. Develop pricing strategies with the goal of maximizing the firm's profits or share of the market while ensuring the firm's customers are satisfied.

Figure 4–8

The Job Description

➢ *Job identification*

  – Job title: name of job

  – FLSA status section: Exempt or nonexempt

  – Preparation date: when the description was written

  – Prepared by: who wrote the description

➢ *Job summary*

  – Describes the general nature of the job

  – Lists the major functions or activities

The Job Description (cont'd)

➢ *Relationships (chain of command)*

- Reports to: employee's immediate supervisor

- Supervises: employees that the job incumbent directly supervises

- Works with: others with whom the job holder will be expected to work and come into contact with internally.

- Outside the company: others with whom the job holder is expected to work and come into contact with externally.

The Job Description (cont'd)

➢ *Responsibilities and duties*

– A listing of the job's major responsibilities and duties (essential functions)

– Defines limits of jobholder's decision-making authority, direct supervision, and budgetary limitations.

➢ *Standard Occupational Classification*

– Classifies all workers into one of 23 major groups of jobs which are subdivided into 96 minor groups of jobs and detailed occupations.

SOC's Major Groups of Jobs

11-0000	**Management Occupations**
13-0000	**Business and Financial Operations Occupations**
15-0000	**Computer and Mathematical Occupations**
17-0000	**Architecture and Engineering Occupations**
19-0000	**Life, Physical, and Social Science Occupations**
21-0000	**Community and Social Services Occupations**
23-0000	**Legal Occupations**
25-0000	**Education, Training, and Library Occupations**
27-0000	**Arts, Design, Entertainment, Sports, and Media Occupations**
29-0000	**Healthcare Practitioners and Technical Occupations**
31-0000	**Healthcare Support Occupations**
33-0000	**Protective Service Occupations**
35-0000	**Food Preparation and Serving-Related Occupations**
37-0000	**Building and Grounds Cleaning and Maintenance Occupations**
39-0000	**Personal Care and Service Occupations**
41-0000	**Sales and Related Occupations**
43-0000	**Office and Administrative Support Occupations**
45-0000	**Farming, Fishing, and Forestry Occupations**
47-0000	**Construction and Extraction Occupations**
49-0000	**Installation, Maintenance, and Repair Occupations**
51-0000	**Production Occupations**
53-0000	**Transportation and Material Moving Occupations**
55-0000	**Military Specific Occupations**

Note: Within these major groups are 96 minor groups, 449 broad occupations, and 821 detailed occupations.

Table 4–2

Is the Job Function Essential?

➢ *What three or four main activities actually constitute the job? Is each really necessary?*

➢ *What is the relationship between each task? Is there a special sequence which the tasks must follow?*

➢ *Do the tasks necessitate sitting, standing, crawling, walking, climbing, running, stooping, kneeling, lifting, carrying, digging, writing, operating, pushing, pulling, fingering, talking, listening, interpreting, analyzing, seeing, coordinating, etc.?*

➢ *How many employees are available to perform the job function? Can the job function be distributed among other employees?*

➢ *How much time is spent on the job performing each particular function? Are infrequent tasks less important to success?*

➢ *Would removing a function fundamentally alter the job?*

Is the Job Function Essential? (cont'd)

➢ *What happens if a task is not completed on time?*

➢ *Does the position exist to perform that function?*

➢ *Are employees in the position actually required to perform the function?*

➢ *Is there a limited number of other employees available to perform the function?*

➢ *What is the degree of expertise or skill required to perform the function?*

➢ *What is the actual work experience of present or past employees in the job?*

➢ *What is the amount of time an individual actually spends performing the function?*

➢ *What are the consequences of not requiring the performance of the function?*

The Job Description (cont'd)

➢ *Standards of performance and working conditions*

  – Lists the standards the employee is expected to achieve under each of the job description's main duties and responsibilities.

Writing Job Specifications

➢ *Specifications for trained personnel*
  – Focus on traits like length of previous service, quality of relevant training, and previous job performance.

➢ *Specifications for untrained personnel*
  – Focus on physical traits, personality, interests, or sensory skills that imply some potential for performing or for being trained to do the job.

Writing Job Specifications (cont'd)

- ➢ *Specifications Based on Judgment*
  - – Self-created judgments (common sense)
  - – List of competencies in Web-based job descriptions (e.g., www.jobdescription.com)
  - – O*NET online
  - – Standard Occupational Classification

- ➢ *Specifications Based on Statistical Analysis*
  - – Attempts to determine statistically the relationship between a predictor or human trait and an indicator or criterion of job effectiveness.

Writing Job Specifications (cont'd)

➤ *Steps in the Statistical Approach*

- Analyze the job and decide how to measure job performance.

- Select personal traits that you believe should predict successful performance.

- Test candidates for these traits.

- Measure the candidates' subsequent job performance.

- Statistically analyze the relationship between the human trait and job performance.

Writing Job Descriptions

➢ Step 1. Decide on a Plan

➢ Step 2. Develop an Organization Chart

➢ Step 3. Use a Job Analysis/Description Questionnaire

➢ Step 4. Obtain Lists of Job Duties from O*NET

➢ Step 5. Compile the Job's Human Requirements from O*NET

➢ Step 6. Complete Your Job Description

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Job Analysis in a "Jobless" World

➤ *Job*

    – Generally defined as "a set of closely related activities carried out for pay."

From Specialized to Enlarged Jobs

➢ *Job enlargement*

– Assigning workers additional same level activities, thus increasing the number of activities they perform.

➢ *Job enrichment*

– Redesigning jobs in a way that increases the opportunities for the worker to experience feelings of responsibility, achievement, growth, and recognition.

From Specialized to Enlarged Jobs (cont'd)

➢ *Job rotation*

- – Moving a trainee from department to department to broaden his or her experience and identify strong and weak points to prepare the person for an enhanced role with the company

- – Systematically moving workers from one job to another to enhance work team performance.

Why Managers Are Dejobbing Their Companies

➢ *Dejobbing*

  – Broadening the responsibilities of the company's jobs

  – Encouraging employee initiative.

➢ *Internal factors leading to dejobbing*

  – Flatter organizations

  – Work teams

➢ *External factors leading to dejobbing.*

  – Rapid product and technological change

  – Global competition

  – Deregulation,

  – Political instability,

  – Demographic changes

  – Rise of a service economy.

Competency-Based Job Analysis

➢ *Competencies*

– Demonstrable characteristics of a person that enable performance of a job.

➢ *Competency-based job analysis*

– Describing a job in terms of the measurable, observable, behavioral competencies (knowledge, skills, and/or behaviors) an employee must exhibit to do a job well.

Why Use Competency Analysis?

➢ *To support HPWS*
  – Traditional job descriptions (with their lists of specific duties) may actually backfire if a high-performance work system is the goal.

➢ *Maintain a strategic focus*
  – Describing the job in terms of the skills, knowledge, and competencies the worker needs is more strategic.

➢ *Measuring performance*
  – Measurable skills, knowledge, and competencies are the heart of any company's performance management process.

Performance Management

➢ *Performance management*
  – Managing all elements of the organizational process that affect how well employees perform.

➢ *Types of competencies*
  – General competencies
    • reading, writing, and mathematical reasoning.
  – Leadership competencies
    • leadership, strategic thinking, and teaching others.
  – Technical competencies
    • specific technical competencies required for specific types of jobs and/or occupations.

Background Data for Examples

Example of Job Title: Customer Service Clerk

Example of Job Summary:
Answers inquiries and gives directions to customers, authorizes cashing of customers' checks, records and returns lost charge cards, sorts and reviews new credit applications, works at customer service desk in department store.

Example of One Job Duty:
Authorizes cashing of checks: authorizes cashing of personal or payroll checks (up to a specified amount) by customers desiring to make payment by check. Requests identification—such as driver's license—from customers and examines check to verify date, amount, signature, and endorsement. Initials check and sends customer to cashier.

Figure 4–10

O·net OnLine

Occupational Information Network
O*NET OnLine

Related Links | OnLine Help

Find Occupations | Skills Search | Crosswalk

Job Family Search Results for:
Sales and Related (30 matches)

[Sales and Related ▼] [Go]

O*NET-SOC Code	O*NET-SOC Title	Reports (help)		
41-1011.00	First-Line Supervisors/Managers of Retail Sales Workers	Summary	Detail	Custom
41-1012.00	First-Line Supervisors/Managers of Non-Retail Sales Workers	Summary	Detail	Custom
41-2011.00	Cashiers	Summary	Detail	Custom
41-2012.00	Gaming Change Persons and Booth Cashiers	Summary	Detail	Custom
41-2021.00	Counter and Rental Clerks	Summary	Detail	Custom
41-2022.00	Parts Salespersons	Summary	Detail	Custom
41-2031.00	Retail Salespersons	Summary	Detail	Custom
41-3011.00	Advertising Sales Agents	Summary	Detail	Custom
41-3021.00	Insurance Sales Agents	Summary	Detail	Custom
41-3031.00	Securities, Commodities, and Financial Services Sales Agents	Summary	Detail	Custom
41-3031.01	Sales Agents, Securities and Commodities	Summary	Detail	Custom
41-3031.02	Sales Agents, Financial Services	Summary	Detail	Custom
41-3041.00	Travel Agents	Summary	Detail	Custom
41-3099.99	Sales Representatives, Services, All Other	Summary	Detail	Custom
41-4011.00	Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	Summary	Detail	Custom
41-4011.01	Sales Representatives, Agricultural	Summary	Detail	Custom
41-4011.02	Sales Representatives, Chemical and Pharmaceutical	Summary	Detail	Custom
41-4011.03	Sales Representatives, Electrical/Electronic	Summary	Detail	Custom

Summary Report for:
41-2031.00 - Retail Salespersons

Sell merchandise, such as furniture, motor vehicles, appliances, or apparel in a retail establishment.

Tasks | Knowledge | Skills | Abilities | Work Activities | Work Context | Job Zone | Interests | Work Styles | Work Values | Related Occupations | Wages & Employment

Tasks

- Greet customers and ascertain what each customer wants or needs.
- Open and close cash registers, performing tasks such as counting money, separating charge slips, coupons, and vouchers, balancing cash drawers, and making deposits.
- Maintain knowledge of current sales and promotions, policies regarding payment and exchanges, and security practices.
- Compute sales prices, total purchases and receive and process cash or credit payment.
- Maintain records related to sales.
- Watch for and recognize security risks and thefts, and know how to prevent or handle these situations.
- Recommend, select, and help locate or obtain merchandise based on customer needs and desires.
- Answer questions regarding the store and its merchandise.
- Describe merchandise and explain use, operation, and care of merchandise to customers.
- Ticket, arrange and display merchandise to promote sales.

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Knowledge

Customer and Personal Service — Knowledge of principles and processes for providing customer and personal services. This includes customer needs assessment, meeting quality standards for services, and evaluation of customer satisfaction.

Sales and Marketing — Knowledge of principles and methods for showing, promoting, and selling products or services. This includes marketing strategy and tactics, product demonstration, sales techniques, and sales control systems.

Administration and Management — Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources.

Education and Training — Knowledge of principles and methods for curriculum and training design, teaching and instruction for individuals and groups, and the measurement of training effects.

Mathematics — Knowledge of arithmetic, algebra, geometry, calculus, statistics, and their applications.

English Language — Knowledge of the structure and content of the English language including the meaning and spelling of words, rules of composition, and grammar.

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)

Rankings in industry service satisfaction surveys

Profit margins, and total annual profits

Percent share of market

Annual revenues

4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)

Guest service satisfaction index

Number of written guest compliments and/or complaints per year

Various customer and Hotel Paris outcome metrics, including: frequency of guests' returns; average length of stay; and guest expenditures per guest per stay

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)

Employee turnover

Employee morale

Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival

Employee service commitment and engagement index

Percentage of employees scoring at least 90% on Hotel Paris core values quiz

2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)

Chapter 4, Job Analysis Percentage of employees with updated job descriptions

Chapter 5, Recruiting Number of applicants per recruiting source; number of qualified applicants/positions

Chapter 6, Testing Percentage of employees hired based on validated employment test;

Chapter 7, Interviewing Percentage of applicants receiving structured interview

1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)

Create Service-Oriented Workforce

Embed Core Values

Encourage Personal Employee Growth and Learning

Emphasize Partnership and Sense of Ownership

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy," To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 4–11

The Skills Matrix for One Job at BP

Note: The light blue boxes indicate the minimum level of skill required for the job.

Figure 4–12

Key Terms

job analysis

job description

job specifications

organization chart

process chart

diary/log

position analysis
questionnaire (PAQ)

U.S. Department of Labor
(DOL)

job analysis procedure

functional job analysis

Standard Occupational
Classification (SOC)

job enlargement

job rotation

job enrichment

dejobbing

boundaryless organization

reengineering

competencies

competency-based job
analysis

performance management

human

Gary Dessler

t e n t h   e d i t i o n

resource management

Chapter 5

Part 2 Recruitment and Placement

Personnel Planning and Recruiting

After studying this chapter, you should be able to:

1. Explain the main techniques used in employment planning and forecasting.

2. List and discuss the main outside sources of candidates.

3. Effectively recruit job candidates.

4. Name and describe the main internal sources of candidates.

5. Develop a help wanted ad.

6. Explain how to recruit a more diverse workforce.

The Recruitment and Selection Process

1. *Decide what positions you'll have to fill through 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 an initial screening interview.*

4. *Use selection techniques 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 on the team interview the candidates.*

Steps in Recruitment and Selection Process
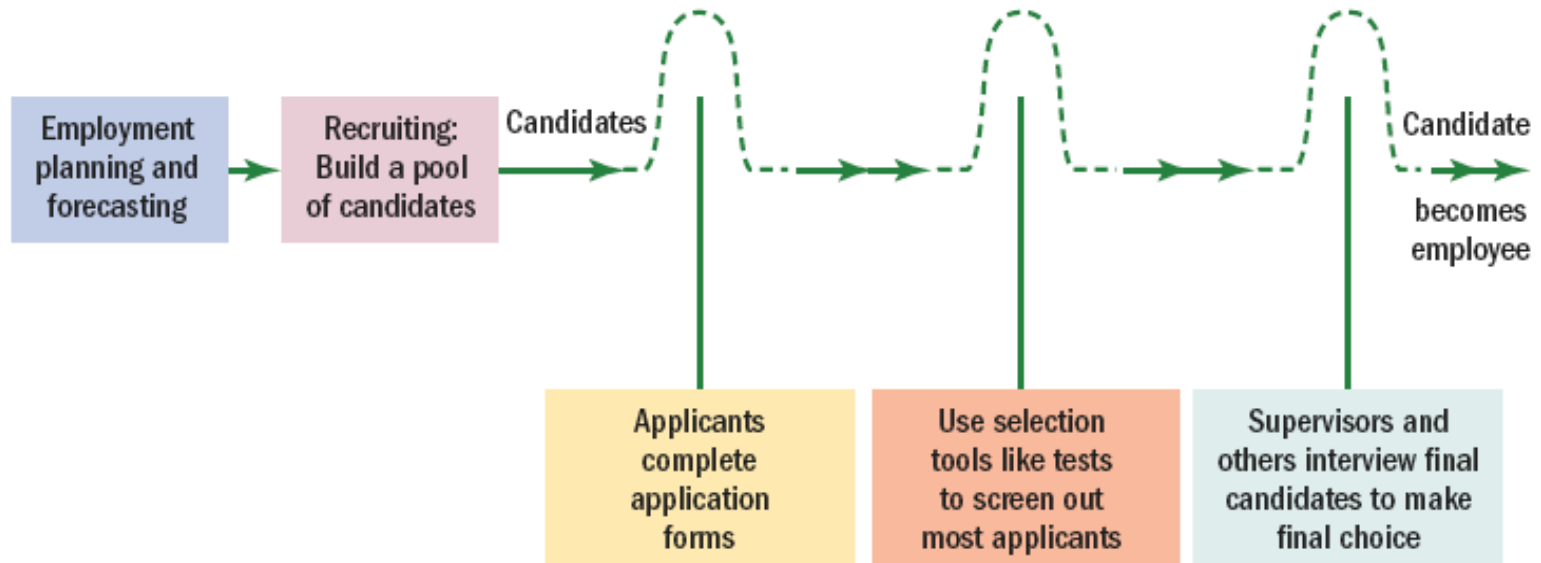
The recruitment and selection process is a series of hurdles aimed at selecting the best candidate for the job.

Figure 5–1

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Planning and Forecasting

➢ *Employment or personnel planning*

  – The process of deciding what positions the firm will have to fill, and how to fill them.

➢ *Succession planning*

  – The process of deciding how to fill the company's most important executive jobs.

➢ *What to forecast?*

  – Overall personnel needs

  – The supply of inside candidates

  – The supply of outside candidates

Linking Employer's Strategy to Plans

Employer's Strategic Plan
Diversify?
Integrate vertically?
Expand geographically?
On what basis should we compete?

Employer's Functional Plans	Marketing and Sales Plans	Production Plans	Financial Plans	HR Plans

Personnel Plans	Training and Development Plans	Compensation Plans	Labor Relations Plans	Security and Safety Plans

Personnel Forecasts	Recruitment Plans	Employee Selection Plans

Figure 5–2

Forecasting Personnel Needs

➢ *Trend analysis*

– The study of a firm's past employment needs over a period of years to predict future needs.

➢ *Ratio analysis*

– A forecasting technique for determining future staff needs by using ratios between a causal factor and the number of employees needed.

– Assumes that the relationship between the causal factor and staffing needs is constant

The Scatter Plot

➢ *Scatter plot*

  – A graphical method used to help identify the relationship between two variables.

Size of Hospital (Number of Beds)	Number of Registered Nurses
200	240
300	260
400	470
500	500
600	620
700	660
800	820
900	860

Determining the Relationship Between Hospital Size and Number of Nurses
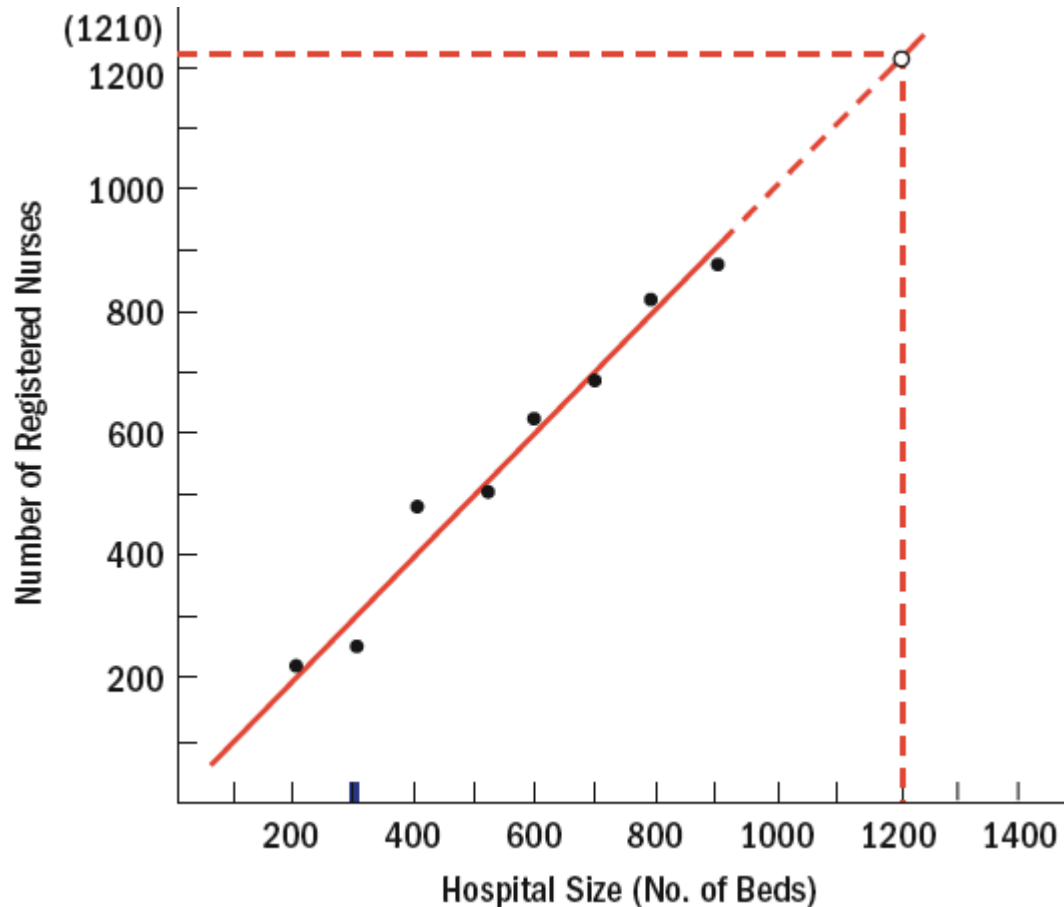
Figure 5–3

Drawbacks to Scatter Plots

1. *They focus on projections and historical relationships, and assume that the firm's existing structure and activities will continue into the future.*

2. *They generally do not consider the impact the company's strategic initiatives may have on future staffing levels.*

3. *They tend to support compensation plans that reward managers for managing ever-larger staffs, and will not uncover managers who expand their staffs irrespective of strategic needs.*

4. *They tend to "bake in" the nonproductive idea that increases in staffs are inevitable.*

5. *They tend to validate and institutionalize existing planning processes and ways of doing things, even in the face of rapid change.*

Using Computers to Forecast Personnel Requirements

➢ *Computerized forecasts*

- The use software packages to determine of future staff needs by projecting sales, volume of production, and personnel required to maintain a volume of output.

  - Generates figures on average staff levels required to meet product demands, as well as forecasts for direct labor, indirect staff, and exempt staff.

  - Typical metrics: direct labor hours required to produce one unit of product (a measure of productivity), and three sales projections—minimum, maximum, and probable.

Forecasting the Supply of Inside Candidates

➢ *Qualifications inventories*

– Manual or computerized records listing employees' education, career and development interests, languages, special skills, and so on, to be used in selecting inside candidates for promotion.

Manual Systems and Replacement Charts

➢ *Personnel replacement charts*
   – Company records showing present performance and promotability of inside candidates for the most important positions.

➢ *Position replacement card*
   – A card prepared for each position in a company to show possible replacement candidates and their qualifications.
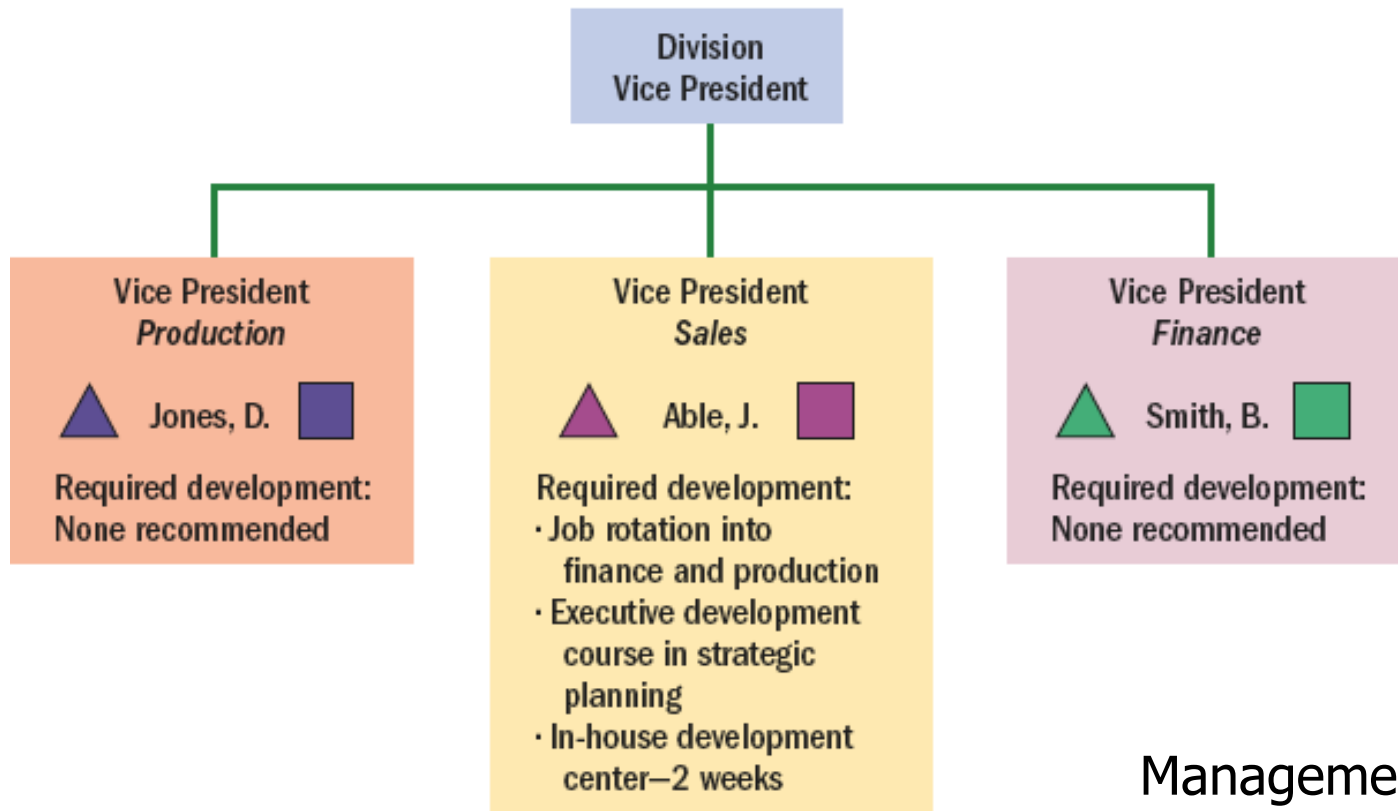
Management Replacement Chart Showing Development Needs of Future Divisional Vice President

Figure 5–4

Computerized Information Systems

➤ *Human Resource Information System (HRIS)*

– Computerized inventory of information that can be accessed to determine employees' background, experience, and skills that may include:

- Work experience codes
- Product or service knowledge
- Industry experience
- Formal education

The Matter of Privacy of HR Information

➢ *The need to ensure the security of HR information*

- There is a lot of HR information to keep secure.

- Control of HR information can be established through the use of access matrices that limit users.

- Legal considerations: The Federal Privacy Act of 1974 gives employees rights regarding who has access to information about their work history and job performance.

Forecasting the Supply of Outside Candidates

➢ *Factors impacting the supply of outside candidates*

– General economic conditions
– Expected unemployment rate

➢ *Sources of information*

– Periodic forecasts in business publications
– Online economic projections
  • U.S. Congressional Budget Office (CBO)
  • Bureau of Labor Statistics
  • U.S. Department of Labor: O*Net
  • Other federal agencies

Effective Recruiting

➢ *External factors affecting recruiting:*

  – Looming undersupply of workers

  – Lessening of the trend in outsourcing of jobs

  – Increasingly fewer "qualified" candidates

➢ *Internal factors affecting recruiting:*

  – The consistency of the firm's recruitment efforts with its strategic goals

  – The available resources, types of jobs to be recruited and choice of recruiting methods

  – Nonrecruitment HR issues and policies

  – Line and staff coordination and cooperation

Effective Recruiting (cont'd)

➢ *Advantages of centralizing recruitment*

- Strengthens employment brand
- Ease in applying strategic principles
- Reduces duplication of HR activiites
- Reduces the cost of new HR technologies
- Builds teams of HR experts
- Provides for better measurement of HR performance
- Allows for the sharing of applicant pools

Sample Acceptable Questions
Once A Conditional Offer Is Made

1. **Do you have any responsibilities that conflict with the job vacancy?**

2. **How long have you lived at your present address?**

3. **Do you have any relatives working for this company?**

4. **Do you have any physical defects that would prevent you from performing certain jobs where, to your knowledge, vacancies exist?**

5. **Do you have adequate means of transportation to get to work?**

6. **Have you had any major illness (treated or untreated) in the past 10 years?**

7. **Have you ever been convicted of a felony or do you have a history of being a violent person? (This is a very important question to avoid a negligent hiring or retention charge.)**

8. **Educational background. (The information required here would depend on the job-related requirements of the position.)**

Figure 5–5

Measuring Recruiting Effectiveness

➢ *What to measure and how to measure*

– How many *qualified* applicants were attracted from each recruitment source?

  • Assessing both the quantity and the quality of the applicants produced by a source.

➢ *High performance recruiting*

– Applying best-practices management techniques to recruiting.

  • Using a benchmarks-oriented approach to analyzing and measuring the effectiveness of recruiting efforts such as employee referrals.

Selection Devices that Could be used to Initially Screen Applicants

Selection device	Validity for predicting job performance*
Construct	
General mental ability tests	.51
Conscientiousness tests	.31
Integrity tests	.41
Method	
Work sample tests	.54
Job knowledge tests	.48
Structured interviews	.51
Biographical data	.35
Grade point average	.23
Ratings of training and experience	.11

Note: ***Higher is better.**

Table 5–1

Recruiting Yield Pyramid

- 50 — New hires
- 100 — Offers made (2 : 1)
- 150 — Candidates interviewed (3 : 2)
- 200 — Candidates invited (4 : 3)
- 1,200 — Leads generated (6 : 1)
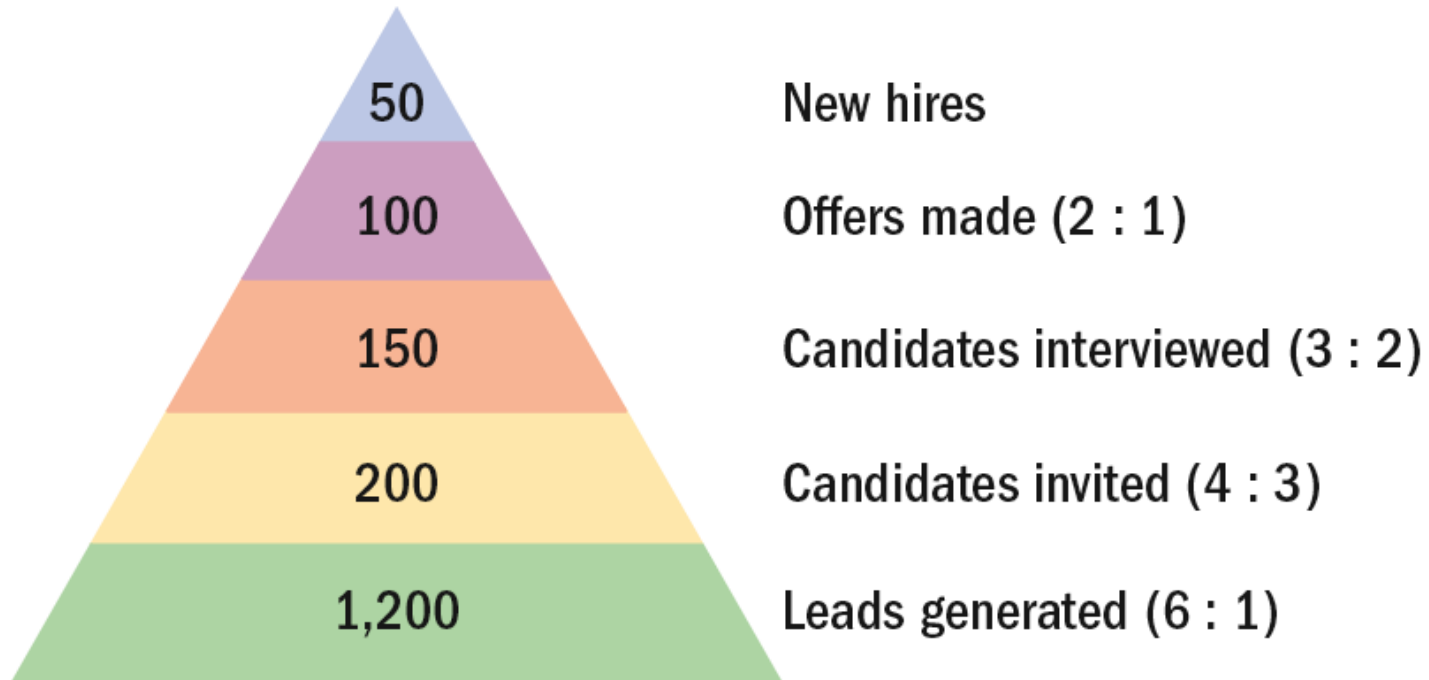
➤ *Recruiting yield pyramid*
  – The historical arithmetic relationships between recruitment leads and invitees, invitees and interviews, interviews and offers made, and offers made and offers accepted.

Figure 5–6

Internal Sources of Candidates: Hiring from Within

➢ *Advantages*

- Foreknowledge of candidates' strengths and weaknesses
- More accurate view of candidate's skills
- Candidates have a stronger commitment to the company
- Increases employee morale
- Less training and orientation required

➢ *Disadvantages*

- Failed applicants become discontented
- Time wasted interviewing inside candidates who will not be considered
- Inbreeding of the status quo

Finding Internal Candidates

➢ *Job posting*

– Publicizing an open job to employees (often by literally posting it on bulletin boards) and listing its attributes.

➢ *Rehiring former employees*

– Advantages:

• They are known quantities.
• They know the firm and its culture.

– Disadvantages:

• They may have less-than positive attitudes.
• Rehiring may sent the wrong message to current employees about how to get ahead.

Finding Internal Candidates (cont'd)

➢ *Succession planning*

- The process of ensuring a suitable supply of successors for current and future senior or key jobs.

➢ *Succession planning steps:*

- Identifying and analyzing key jobs.
- Creating and assessing candidates.
- Selecting those who will fill the key positions.

Outside Sources of Candidates

➢ *Advertising*

– The Media: selection of the best medium depends on the positions for which the firm is recruiting.

- Newspapers (local and specific labor markets)
- Trade and professional journals
- Internet job sites
- Marketing programs

➢ *Constructing an effective ad*

– Wording related to job interest factors should evoke the applicant's attention, interest, desire, and action (AIDA) and create a positive impression of the firm.

Help
Wanted
Ad

Figure 5–7

Outside Sources of Candidates (cont'd)

➢ *Types of employment agencies:*

- Public agencies operated by federal, state, or local governments

- Agencies associated with nonprofit organizations

- Privately owned agencies

Outside Sources of Candidates (cont'd)

➢ *Reasons for using a private employment agency:*

- When a firm doesn't have an HR department and is not geared to doing recruiting and screening.

- The firm has found it difficult in the past to generate a pool of qualified applicants.

- The firm must fill a particular opening quickly.

- There is a perceived need to attract a greater number of minority or female applicants.

- The firm wants to reach currently employed individuals, who might feel more comfortable dealing with agencies than with competing companies.

- The firm wants to cut down on the time it's devoting to recruiting.

Outside Sources of Candidates (cont'd)

➢ *Avoiding problems with employment agencies:*

- Give the agency an accurate and complete job description.

- Make sure tests, application blanks, and interviews are part of the agency's selection process.

- Periodically review data on candidates accepted or rejected by your firm, and by the agency. Check on the effectiveness and fairness of the agency's screening process.

- Screen the agency. Check with other managers or HR people to find out which agencies have been the most effective at filling the sorts of positions needed to be filled.

- Review the Internet and a few back issues of the Sunday classified ads to discover the agencies that handle the positions to be filled.

Temp Agencies and Alternative Staffing

➢ *Benefits of Temps*

- – Paid only when working

- – More productive

- – No recruitment, screening, and payroll administration costs

➢ *Costs of Temps*

- – Fees paid to temp agencies

- – Lack of commitment to firm

Concerns of Temp Employees

➤ *Treatment by employers in a dehumanizing, impersonal, and ultimately discouraging way.*

➤ *Insecurity about their employment and pessimistic about the future.*

➤ *Worry about their lack of insurance and pension benefits.*

➤ *Being misled about their job assignments and in particular about whether temporary assignments were likely to become full-time positions.*

➤ *Being "underemployed" (particularly those trying to return to the full-time labor market).*

➤ *In general they were angry toward the corporate world and its values; participants repeatedly expressed feelings of alienation and disenchantment.*

Guidelines for Using Temporary Employees

1. Do not train your contingent workers.

2. Do not negotiate the pay rate of your contingent workers.

3. Do not coach or counsel a contingent worker on his/her job performance.

4. Do not negotiate a contingent worker's vacations or personal time off.

5. Do not routinely include contingent workers in your company's employee functions.

6. Do not allow contingent workers to utilize facilities intended for employees.

7. Do not let managers issue company business cards, nameplates, or employee badges to contingent workers without HR and legal approval.

8. Do not let managers discuss harassment or discrimination issues with contingent workers.

9. Do not discuss job opportunities and the contingent worker's suitability for them directly.

10. Do not terminate a contingent worker directly.

Source: Adapted from Bohner and Selasco, "Beware the Legal Risks of Hiring Temps," *Workforce*, October 2000, p. 53.

Figure 5–8

Working with a Temp Agency

➢ *Invoicing. Get a sample copy of the agency's invoice. Make sure it fits your company's needs.*

➢ *Time sheets. With temps, the time sheet is not just a verification of hours worked. Once the worker's supervisor signs it, it's usually an agreement to pay the agency's fees.*

➢ *Temp-to-perm policy. What is the policy if the client wants to hire one of the agency's temps as a permanent employee?*

➢ *Recruitment of and benefits for temp employees. Find out how the agency plans to recruit what sorts of benefits it pays.*

➢ *Dress code. Specify the attire at each of your offices or plants.*

➢ *Equal employment opportunity statement. Get a statement from the agency that it is not discriminating when filling temp orders.*

➢ *Job description information. Have a procedure whereby you can ensure the agency understands the job to be filled and the sort of person you want to fill it.*

Offshoring/Outsourcing White-Collar and Other Jobs

➢ *Specific issues in outsourcing jobs abroad*

- – Political and military instability

- – Likelihood of cultural misunderstandings

- – Customers' security and privacy concerns

- – Foreign contracts, liability, and legal concerns

- – Special training of foreign employees

- – Costs associated with companies supplying foreign workers

Outside Sources of Candidates (cont'd)

➤ *Executive recruiters (headhunters)*

- Special employment agencies retained by employers to seek out top-management talent for their clients.

  - Contingent-based recruiters collect a fee for their services when a successful hire is completed.

  - Retained executive searchers are paid regardless of the outcome of the recruitment process.

- Internet technology and specialization trends are changing how candidates are attracted and how searches are conducted.

Guidelines for Choosing a Recruiter

➢ *Make sure the firm is capable of conducting a thorough search.*

➢ *Meet the individual who will actually handle your assignment.*

➢ *Ask how much the search firm charges.*

Outside Sources of Candidates (cont'd)

➢ *On demand recruiting services (ODRS)*

- – A service that provides short-term specialized recruiting to support specific projects without the expense of retaining traditional search firms.

Outside Sources of Candidates (cont'd)

➢ *College recruiting*

- Recruiting goals
  - To determine if the candidate is worthy of further consideration
  - To attract good candidates

- On-site visits
  - Invitation letters
  - Assigned hosts
  - Information package
  - Planned interviews
  - Timely employment offer
  - Follow-up

- Internships

Outside Sources of Candidates (cont'd)

➢ *Employee referrals*

- Applicants who are referred to the organization by current employees
  - Referring employees become stakeholders.
  - Referral is a cost-effective recruitment program.
  - Referral can speed up diversifying the workforce

➢ *Walk-ins*

- Direct applicants who seek employment with or without encouragement from other sources.
- Courteous treatment of any applicant is a good business practice.

Outside Sources of Candidates (cont'd)

➢ *Recruiting via the Internet*

- – More firms and applicants are utilizing the Internet in the job search process.

➢ *Advantages of Internet recruiting*

- – Cost-effective way to publicize job openings
- – More applicants attracted over a longer period
- – Immediate applicant responses
- – Online prescreening of applicants
- – Links to other job search sites
- – Automation of applicant tracking and evaluation

Selected Recruitment Web Sites

CareerBuilder.com
8420 W. Bryn Mawr Avenue
Chicago, IL 60631
877-235-8978
Fax: 773-399-6313
carrie.moon@careerbuilder.com
www.careerbuilder.com
Use CareerBuilder.com's smarter search tools to target, find, and hire top-quality candidates quickly and cost-effectively. Access over 9 million candidates, expose your jobs to 2.5 million searches daily and get the exposure on 350 exceptional partner sites, including the nation's leading newspaper's Web sites. The smarter way to find better candidates.

Monster
5 Clock Tower Place, Ste. 500
Maynard, MA 01754
1-888-MONSTER
www.monster.com
At Monster, we're all about matching the right candidate with the right job. So we've developed hiring tools that make it fast and easy. You type in what you're looking for and we'll send the candidates who match those qualifications right to your desktop. Call 1-888-Monster for more information.

Figure 5–9

Ineffective and Effective Web Ads

INEFFECTIVE WEB AD	EFFECTIVE WEB AD
Unix Solaris Admin/ Windows 2000 Administrator	**Work for the World's Best Boss... You!**
Exciting opportunity on ground floor project for telecom/Internet venture—local candidates only at this time. ***Might also consider subcontract if candidate has over 6 years of Solaris admin exp.*** Solaris Unix Solaris Systems Admin. MUST have Windows 2000 Admin experience. MUST have at least 3–4 years plus of System Admin experience. MUST have at least 3 solid years of Solaris exp. Looking for someone who has solid experience working with data storage and how it works in enterprise systems. (Looking for experience like RAID.) Also must have: Windows 2000 and looking for someone with specific Cisco switches and routers (5500 and 6500 Series).	Now you can be in business for yourself, have your own office, schedule your own time, and advance to management within a year. Add to that a six-figure income in the second year . . . and you have the dream career your talents deserve. We have over 140 offices nationally with over 60,000 clients. Currently, our office in Tampa seeks entrepreneurial, success-driven professionals who will welcome the independence and advantages of being a sales professional. You must have the interpersonal/communication skills and highly professional image to promote our indispensable services to the business and medical communities. We offer: · Excellent Commissions · Proven Repeat Business · Outstanding Training · No Travel, Nights or Weekends

Figure 5–10

Issues in Recruiting a More Diverse Workforce

➢ *Single parents*

 – Providing work schedule flexibility.

➢ *Older workers*

 – Revising polices that make it difficult or unattractive for older workers to remain employed.

➢ *Recruiting minorities and women*

 – Understanding recruitment barriers.

 – Formulating recruitment plans.

 – Instituting specific day-to-day programs.

Issues in Recruiting a More Diverse Workforce (cont'd)

➢ *Welfare-to-work*

  – Developing pre-training programs to overcome difficulties in hiring and assimilating persons previously on welfare.

➢ *The disabled*

  – Developing resources and policies to recruit and integrate disable persons into the workforce.

Developing and Using Application Forms

➢ *Application form*
  – The form that provides information on education, prior work record, and skills.

➢ *Uses of information from applications*
  – Judgments about the applicant's educational and experience qualifications
  – Conclusions about the applicant's previous progress and growth
  – Indications of the applicant's employment stability
  – Predictions about which candidate is likely to succeed on the job

HR Scorecard for Hotel Paris International Corporation*
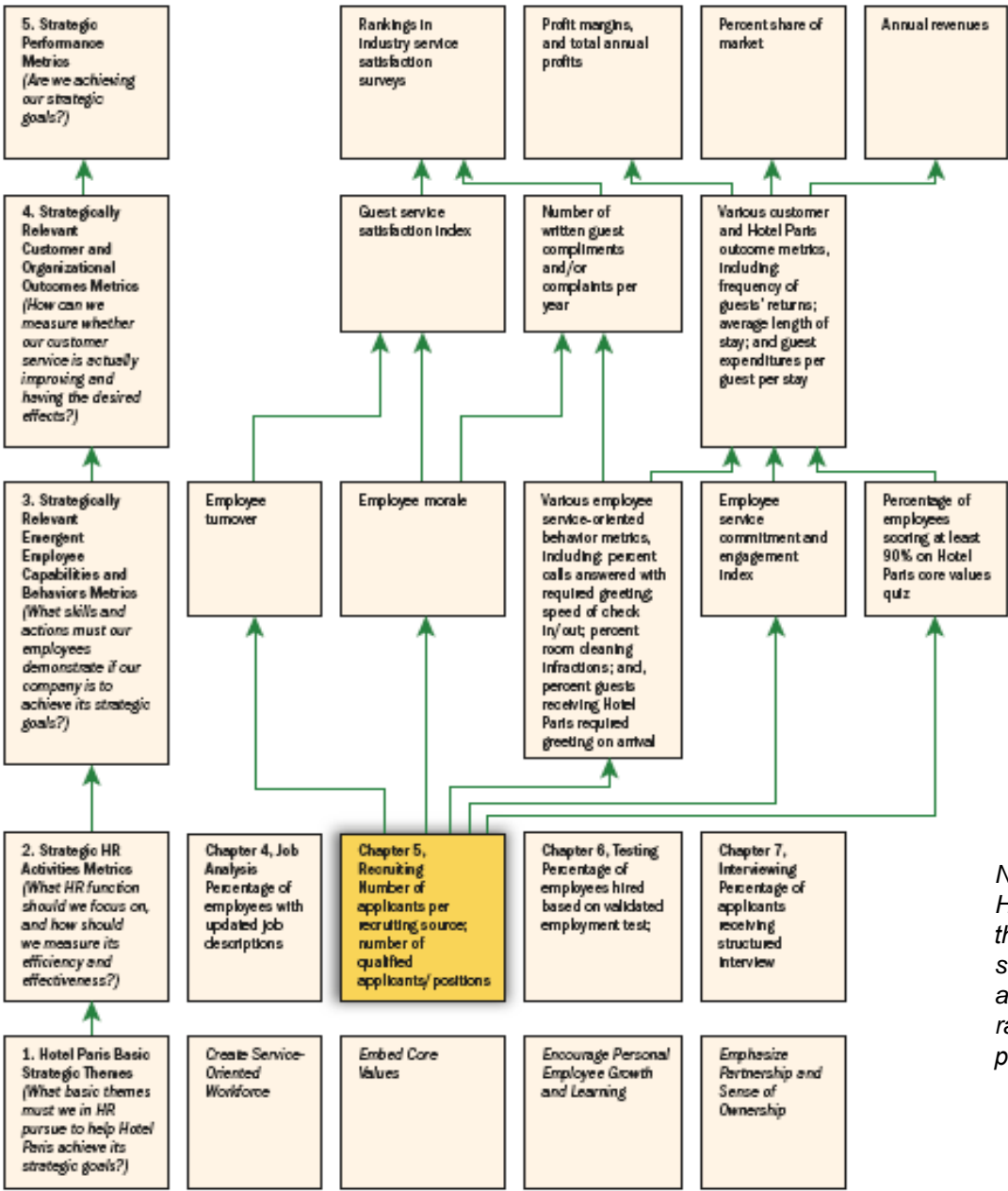
Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 5–11

human
resource management

t e n t h   e d i t i o n

Gary Dessler

Chapter 6   **Part 2 Recruitment and Placement**

Employee Testing and Selection

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Explain what is meant by reliability and validity.

2. Explain how you would go about validating a test.

3. Cite and illustrate our testing guidelines.

4. Give examples of some of the ethical and legal considerations in testing.

5. List eight tests you could use for employee selection, and how you would use them.

6. Explain the key points to remember in conducting background investigations.

Why Careful Selection is Important

➢ *The importance of selecting the right employees*

– Organizational performance always depends in part on subordinates having the right skills and attributes.

– Recruiting and hiring employees is costly.

– The legal implications of incompetent hiring

• EEO laws and court decisions related to nondiscriminatory selection procedures

• The liability of negligent hiring of workers with questionable backgrounds

Avoiding Negligent Hiring Claims

➢ *Carefully scrutinize information supplied by the applicant on his or her employment application.*

➢ *Get the applicant's written authorization for reference checks, and carefully check references.*

➢ *Save all records and information you obtain about the applicant.*

➢ *Reject applicants who make false statements of material facts or who have conviction records for offenses directly related and important to the job in question.*

➢ *Balance the applicant's privacy rights with others' "need to know," especially when you discover damaging information.*

➢ *Take immediate disciplinary action if problems arise.*

Basic Testing Concepts

➢ *Reliability*

  – The consistency of scores obtained by the same person when retested with the identical or equivalent tests.

  – Are the test results stable over time?

➢ *Test validity*

  – The accuracy with which a test, interview, and so on measures what it purports to measure or fulfills the function it was designed to fill.

  – Does the test actually measure what we need for it to measure?

Sample Picture Card from Thematic Apperception Test

How do you interpret this picture?

Figure 6–1

Types of Validity

➢ *Criterion validity*

– A type of validity based on showing that scores on the test (predictors) are related to job performance (criterion).

  • Are test scores in this class related to students' knowledge of human resource management?

➢ *Content validity*

– A test that is content valid is one that contains a fair sample of the tasks and skills actually needed for the job in question.

  • Do the test questions in this course relate to human resource management topics?

  • Is taking an HR course the same as doing HR?

Examples of Web Sites Offering Information on Tests or Testing Programs

➢ *www.hr-guide.com/data/G371.htm*

  – Provides general information and sources for all types of employment tests.

➢ *http://buros.unl.edu/buros/jsp/search.jsp*

  – Provides technical information on all types of employment and nonemployment tests.

➢ *www.ets.org/testcoll/index.html*

  – Provides information on over 20,000 tests.

➢ *www.kaplan.com/*

  – Information from Kaplan test preparation on how various admissions tests work.

➢ *www.assessments.biz/default.asp?source=GW-emptest*

  – One of many firms offering employment tests.

Figure 6–2

How to Validate a Test

➢ *Step 1: Analyze the job*

- Predictors: job specification (KSAOs)
- Criterion: quantitative and qualitative measures of job success

➢ *Step 2: Choose the tests*

- Test battery or single test?

➢ *Step 3: Administer the test*

- Concurrent validation
  - Current employees' scores with current performance
- Predictive validation
  - Later-measured performance with prior scores

How to Validate a Test (cont'd)

➤ *Step 4: Relate Test Scores and Criteria*

  – Correlation analysis

    • Actual scores on the test with actual performance

➤ *Step 5: Cross-Validate and Revalidate*

  – Repeat Step 3 and Step 4 with a different sample of employees.

Expectancy Chart
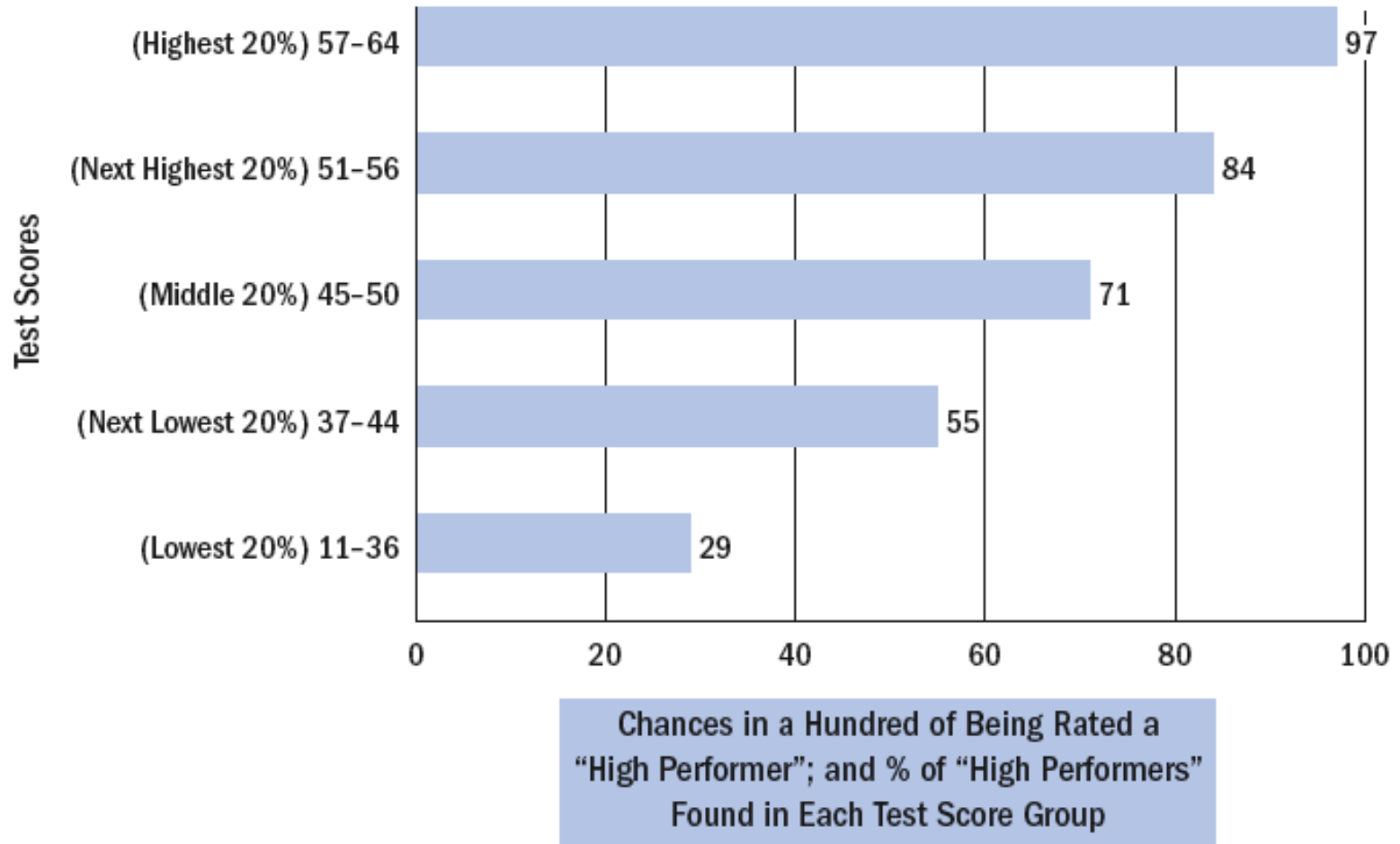
Note: This expectancy chart shows the relation between scores made on the Minnesota Paper Form Board and rated success of junior draftspersons. Example: Those who score between 37 and 44 have a 55% chance of being rated above average and those scoring between 57 and 64 have a 97% chance.

Figure 6–3

Testing Program Guidelines

1. *Use tests as supplements.*

2. *Validate the tests.*

3. *Monitor your testing/selection program*

4. *Keep accurate records.*

5. *Use a certified psychologist.*

6. *Manage test conditions.*

7. *Revalidate periodically.*

Table 6–1

6–227

Equal Employment Opportunity (EEO) Aspects of Testing

➢ *A organization must be able to prove:*

- That its tests are related to success or failure on the job (validity)

- That its tests don't unfairly discriminate against minority or nonminority subgroups (disparate impact).

➢ *EEO guidelines and laws apply to all selection devices, including interviews, applications, and references.*

Equal Employment Opportunity (EEO) Aspects of Testing (cont'd)

➢ *Testing alternatives if a selection device has disparate impact:*

- – Institute a different, valid selection procedure that does not have an adverse impact.
- – Show that the test is valid—in other words, that it is a valid predictor of performance on the job.
- – Monitor the selection test to see if it has disparate impact.

Sample Test

CHECK YES OR NO   YES   NO

1. You like a lot of excitement in your life.
_____

2. An employee who takes it easy at work
   is cheating on the employer.
_____

3. You are a cautious person.
_____

4. In the past three years you have found yourself
   in a shouting match at school or work.
_____

5. You like to drive fast just for fun.
_____

Analysis: According to John Kamp, an industrial psychologist, applicants who answered no, yes, yes, no, no to questions 1, 2, 3, 4, and 5 are statistically likely to be absent less often, to have fewer on-the-job injuries, and, if the job involves driving, to have fewer on-the-job driving accidents. Actual scores on the test are based on answers to 130 questions.

Figure 6–4

Test Takers' Individual Rights and Test Security

➤ *Under the American Psychological Association's standard for educational and psychological tests, test takers have the right:*

- – To privacy and information.
- – To the confidentiality of test results.
- – To informed consent regarding use of these results.
- – To expect that only people qualified to interpret the scores will have access to them.
- – To expect the test is fair to all.

Using Tests at Work

➢ *Major types of tests used by employers*

  – Basic skills tests (45%)

  – Drug tests (47%)

  – Psychological tests (33%)

➢ *Use of testing*

  – Less overall testing now but more testing is used as specific job skills and work demands increase.

    • Screen out bad or dishonest employees

    • Reduce turnover by personality profiling

➢ *Source of tests*

  – Test publishers

Computer-Interactive Testing

➢ *Types of tests*

- – Specialized work sample tests
- – Numerical ability tests
- – Reading comprehension tests
- – Clerical comparing and checking tests

➢ *Online tests*

- – Telephone prescreening
- – Offline computer tests
- – Virtual "inbox" tests
- – Online problem solving tests

Types of Tests

➢ *Tests of cognitive abilities*

- Intelligence Tests
  - Tests of general intellectual abilities that measure a range of abilities, including memory, vocabulary, verbal fluency, and numerical ability.

- Aptitude tests
  - Tests that measure specific mental abilities, such as inductive and deductive reasoning, verbal comprehension, memory, and numerical ability.

Types of Tests (cont'd)

➢ *Tests of motor abilities*

– Tests that measure motor abilities, such as finger dexterity, manual dexterity, and reaction time.

➢ *Tests of physical abilities*

– Tests that measure static strength, dynamic strength, body coordination, and stamina.

6–235

Problem from the Test of Mechanical Comprehension
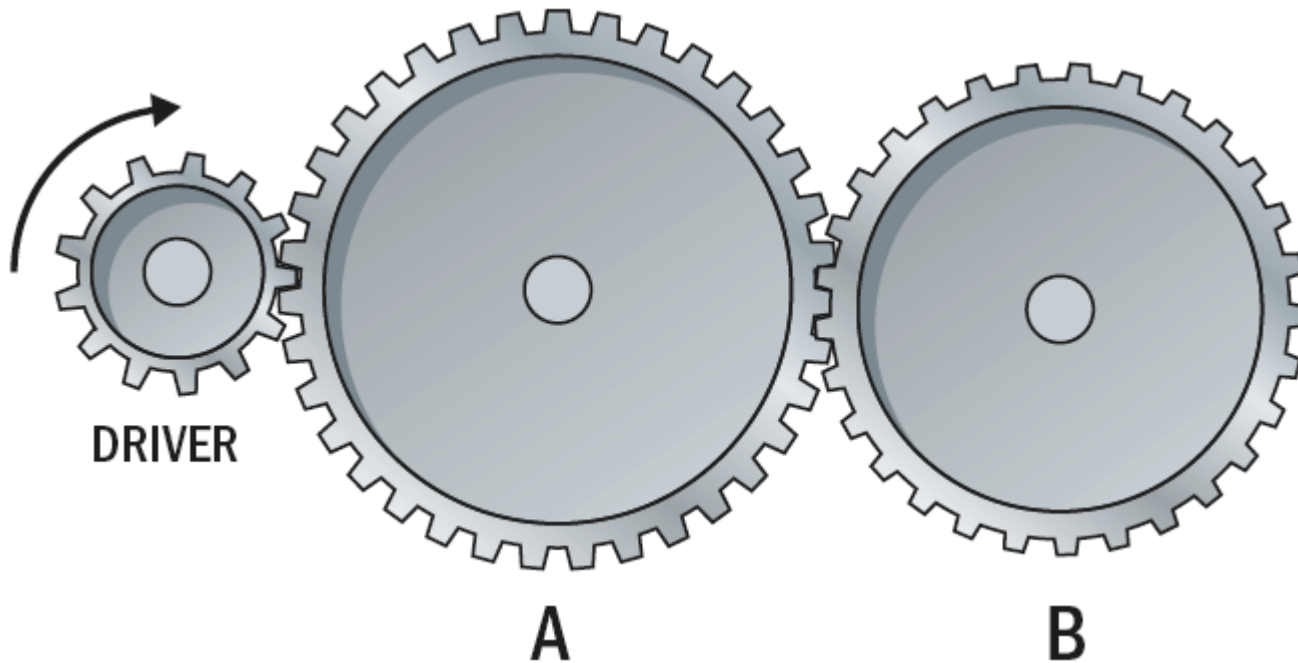
Which gear will turn the same way as the driver?

Figure 6–5

Measuring Personality and Interests

➢ *Personality tests*

- Tests that use projective techniques and trait inventories to measure basic aspects of an applicant's personality, such as introversion, stability, and motivation.

- Disadvantage
  - Personality tests—particularly the projective type—are the most difficult tests to evaluate and use.

- Advantage
  - Tests have been used successfully to predict dysfunctional job behaviors and identify successful candidates for overseas assignments.

The "Big Five"

➢ *Extraversion*

    – The tendency to be sociable, assertive, active, and to experience positive effects, such as energy and zeal.

➢ *Emotional stability/neuroticism*

    – The tendency to exhibit poor emotional adjustment and experience negative effects, such as anxiety, insecurity, and hostility.

➢ *Openness to experience*

    – The disposition to be imaginative, nonconforming, unconventional, and autonomous.

➢ *Agreeableness*

    – The tendency to be trusting, compliant, caring, and gentle.

➢ *Conscientiousness*

    – Is comprised of two related facets: achievement and dependability.

Other Tests

➢ *Interest inventories*

   – Personal development and selection devices that compare the person's current interests with those of others now in various occupations so as to determine the preferred occupation for the individual.

➢ *Achievement tests*

   – Test that measure what a person has already learned—"job knowledge" in areas like accounting, marketing, or personnel.

         6–239

Other Tests (cont'd)

➢ *Web-Based (Online) testing*

  – Eliminates costly and inefficient paper-and-pencil testing processes.

  – Allows for role-playing by applicants.

  – Use of computer-based scoring eliminates rater bias.

  – Provides immediate scoring and feedback of results to applicants.

  – Can be readily customized for specific jobs.

Work Samples

➢ *Work samples*

– Actual job tasks are used in testing applicants' performance.

➢ *Work sampling technique*

– A testing method based on measuring an applicant's performance on actual basic job tasks.

Example of a Work Sampling Question

Checks key before installing against:
— shaft   score 3
— pulley   score 3
— neither   score 1

Note: This is one step in installing pulleys and belts.

Figure 6–6

6–242

Work Simulations

➤ *Management assessment center*

– A simulation in which management candidates are asked to perform realistic tasks in hypothetical situations and are scored on their performance.

➤ *Typical simulated exercises include:*

– *The in-basket*

– *Leaderless group discussion*

– *Management games*

– *Individual presentations*

– *Objective tests*

– *The interview*

Work Simulations (cont'd)

➢ *Video-Based situational testing*

- A situational test comprised of several video scenarios, each followed by a multiple choice question that requires the candidate to choose from among several courses of action.

- While the evidence is mixed, the results suggest that video-based situational tests can be useful for selecting employees.

Work Simulations (cont'd)

➢ *The miniature job training and evaluation approach*

- – Candidates are trained to perform a sample of the job's tasks, and then are evaluated on their performance.

- – The approach assumes that a person who demonstrates that he or she can learn and perform the sample of tasks will be able to learn and perform the job itself.

Background Investigations and Reference Checks

➢ *Extent of investigations and checks*

- Reference checks (87%)
- Background employment checks (69%)
- Criminal records (61%)
- Driving records (56%)
- Credit checks (35%)

➢ *Reasons for investigations and checks*

- To verify factual information provided by applicants.
- To uncover damaging information.

Reference Checking Form

(Verify that the applicant has provided permission before conducting reference checks)

Candidate Name:

Reference Name: **Company Name:**

Dates of Employment: **(From: and To:)**

Position(s) Held: **Salary History:**

Reason for Leaving:

Explain the reason for your call and verify the above information with the supervisor (including the reason for leaving)

1. Please describe the type of work for which the candidate was responsible.

2. How would you describe the applicant's relationships with coworkers, subordinates (if applicable), and with superiors?

3. Did the candidate have a positive or negative work attitude? Please elaborate

4. How would you describe the quantity and quality of output generated by the former employee?

5. What were his/her strengths on the job?

6. What were his/her weaknesses on the job?

7. What is your overall assessment of the candidate?

8. Would you recommend him/her for this position? Why or why not?

9. Would this individual be eligible for rehire? Why or why not?

Other comments?

Source: **Society for Human Resource Management, © 2004.**

Figure 6–7

Background Investigations and Reference Checks (cont'd)

➢ *Sources of information for background checks:*

- Former employers

- Current supervisors

- Commercial credit rating companies

- Written references

Background Investigations and Reference Checks (cont'd)

➢ *Legal limitations on background checks*

  – Privacy Act of 1974

  – Fair Credit Reporting Act of 1970

  – Family Education Rights and Privacy Act of 1974 (and Buckley Amendment of 1974)

  – Freedom of Information Act of 1966

  – 1990 Americans with Disabilities Act (ADA)

Background Investigations and Reference Checks (cont'd)

➢ *Reference providers' concerns*

– Fear of legal reprisal for defamation

– Not wanting to damage the applicant's chances

– Helping to get rid an incompetent employees

Making Background Checks More Useful

➢ *Include on the application form a statement for applicants to sign explicitly authorizing a background check.*

➢ *Use telephone references if possible.*

➢ *Be persistent in obtaining information.*

➢ *Ask open-ended questions to elicit more information from references.*

➢ *Use references provided by the candidate as a source for other references.*

Using Preemployment Information Services

➢ *Concerns about checking applicant histories*

- Various equal employment laws discourage or prohibit the use of such information in employee screening.

- Courts view making employment decisions based on someone's arrest record as unfairly discriminatory.

- The EEOC says a poor credit history should not by itself preclude someone from getting a job.

Checking Background Information

➢ *Step 1—Disclosure and authorization.*

- Inform the employee/applicant that a report will be requested and obtain written authorization.

➢ *Step 2—Certification.*

- The employer must certify to the reporting agency that the employer will comply with the federal and state legal requirements.

➢ *Step 3—Providing copies of reports.*

- The employer must provide copies of the report to the applicant or employee if adverse action is contemplated.

Checking Background Information (cont'd)

➢ *Step 4—Notice after adverse action.*

- After the employer provides the employee or applicant with copies of the investigative reports and a "reasonable period" has elapsed, the employer may take an adverse action.

Collecting Background Information

1. *Check all applicable state laws.*

2. *Review the impact of federal equal employment laws.*

3. *Remember the Federal Fair Credit Reporting Act.*

4. *Do not obtain information that you're not going to use.*

5. *Remember that using arrest information will be highly suspect.*

6. *Avoid blanket policies (such as "we hire no one with a record of workers' compensation claims").*

7. *Use information that is specific and job related.*

8. *Keep information confidential and up to date.*

9. *Never authorize an unreasonable investigation.*

Figure 6–8

Collecting Background Information (cont'd)

10. *Make sure you always get at least two forms of identification from the applicant.*

11. *Always require applicants to fill out a job application.*

12. *Compare the application to the résumé*

13. *Particularly for executive candidates, include background checks of such things as involvement in lawsuits, and of articles about the candidate in local or national newspapers.*

14. *Separate the tasks of (1) hiring and (2) doing the background check.*

Figure 6–8 (cont'd)

The Polygraph and Honesty Testing

➢ *The polygraph (or lie detector)*

  – A device that measures physiological changes,

  – The assumption is that such changes reflect changes in emotional state that accompany lying.

➢ *Employee Polygraph Protection Act of 1988.*

  – Prohibits employers (in most all cases) from conducting polygraph examinations of all job applicants and most employees.

  – Also prohibited are other mechanical or electrical devices including psychological stress evaluators and voice stress analyzers.

Permitted Users of the Polygraph

➢ *Employers with contracts involving:*

- National defense or security
- Nuclear-power (Department of Energy)
- Access to highly classified information
- Counterintelligence (the FBI or Department of Justice)

➢ *Other exceptions*

- Hiring of private security personnel
- Hiring persons with access to drugs
- Conducting ongoing investigations involving economic loss or injury to an employer's business.

Paper-and-Pencil Honesty Tests

➢ *Paper-and-pencil honesty tests*
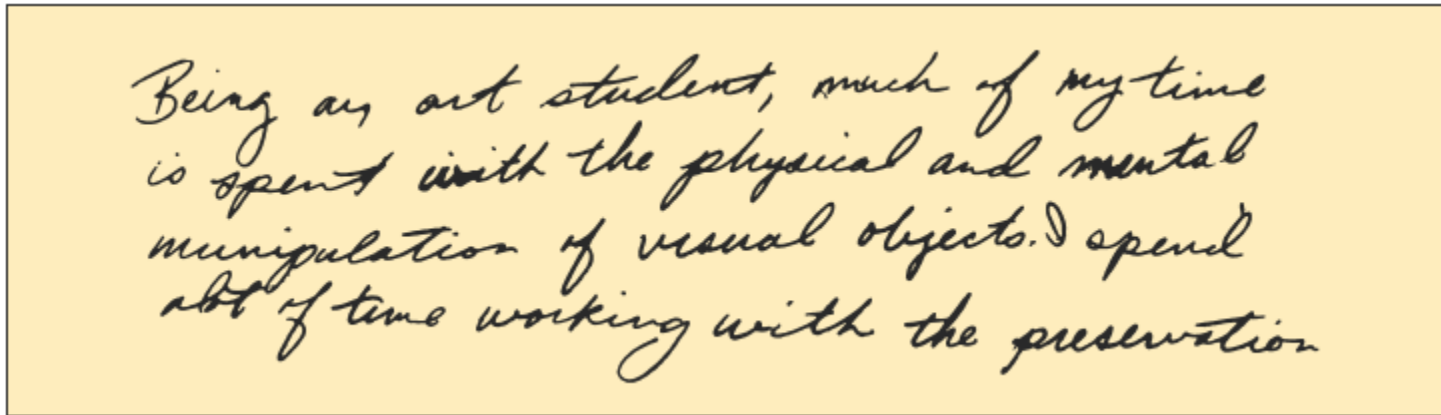
– Psychological tests designed to predict job applicants' proneness to dishonesty and other forms of counterproductivity.

– Measure attitudes regarding things like tolerance of others who steal, acceptance of rationalizations for theft, and admission of theft-related activities.

Antitheft Screening Procedure

- *Ask blunt questions.*
- *Listen, rather than talk.*
- *Do a credit check.*
- *Check all employment and personal references.*
- *Use paper-and-pencil honesty tests and psychological tests.*
- *Test for drugs.*
- *Establish a search-and-seizure policy and conduct searches.*

Graphology

➢ *Graphology (handwriting analysis)*

– Assumes that handwriting reflects basic personality traits.

– Graphology's validity is highly suspect.

Handwriting Exhibit Used by Graphologist

Figure 6–8

Physical Examination

➢ *Reasons for preemployment medical examinations:*

– To verify that the applicant meets the physical requirements of the position

– To discover any medical limitations you should take into account in placing the applicant.

– To establish a record and baseline of the applicant's health for future insurance or compensation claims.

– To reduce absenteeism and accidents

– To detect communicable diseases that may be unknown to the applicant.

Substance Abuse Screening

➤ *Types of screening:*

- Before formal hiring
- After a work accident
- Presence of obvious behavioral symptoms
- Random or periodic basis
- Transfer or promotion to new position

➤ *Types of tests*

- Urinalysis
- Hair follicle testing

Substance Abuse in the Workplace

➢ *Issues*

- – Impairment versus presence
- – Recreational use versus habituation
- – Intrusiveness of procedures
- – Accuracy of tests
- – Drug Free Workplace Act of 1988
- – Americans with Disabilities Act

Complying with Immigration Law Post 9/11

1. *Hire only citizens and aliens lawfully authorized to work in the United States.*

2. *Advise all new job applicants of your policy.*

3. *Require all new employees to complete and sign the INS I-9 form to certify that they are eligible for employment.*

4. *Examine documentation presented by new employees, record information about the documents on the verification form, and sign the form.*

5. *Retain the form for three years or for one year past the employment of the individual, whichever is longer.*

6. *If requested, present the form for inspection by INS or Department of Labor officers.*

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)

| Rankings in industry service satisfaction surveys | Profit margins, and total annual profits | Percent share of market | Annual revenues |

4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)

| Guest service satisfaction index | Number of written guest compliments and/or complaints per year | Various customer and Hotel Paris outcome metrics, including frequency of guests' returns; average length of stay; and guest expenditures per guest per stay |

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)

| Employee turnover | Employee morale | Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival | Employee service commitment and engagement index | Percentage of employees scoring at least 90% on Hotel Paris core values quiz |

2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)

| Chapter 4, Job Analysis Percentage of employees with updated job descriptions | Chapter 5, Recruiting Number of applicants per recruiting source; number of qualified applicants/positions | Chapter 6, Testing Percentage of employees hired based on validated employment test; | Chapter 7, Interviewing Percentage of applicants receiving structured interview |

1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)

| Create Service-Oriented Workforce | Embed Core Values | Encourage Personal Employee Growth and Learning | Emphasize Partnership and Sense of Ownership |

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 6–9

Key Terms

negligent hiring

reliability

test validity

criterion validity

content validity

expectancy chart

interest inventory

work samples

work sampling technique

management assessment center

human

Gary Dessler

t e n t h   e d i t i o n

resource management

Chapter 7

Part 2 Recruitment and Placement

Interviewing Candidates

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. List the main types of selection interviews.

2. Explain and illustrate at least six factors that affect the usefulness of interviews.

3. Explain and illustrate each guideline for being a more effective interviewer.

4. Effectively interview a job candidate.

Basic Features of Interviews

➢ *An interview*

– A procedure designed to obtain information from a person through oral responses to oral inquiries

➢ *Types of interviews*

– Selection interview

– Appraisal interview

– Exit interview

➢ *Interviews formats*

– Structured

– Unstructured

Types of Interviews

➢ *Selection interview*

– A selection procedure designed to predict future job performance on the basis of applicants' oral responses to oral inquiries.

➢ *Appraisal interview*

– A discussion, following a performance appraisal, in which supervisor and employee discuss the employee's rating and possible remedial actions.

➢ *Exit interview*

– An interview to elicit information about the job or related matters to the employer some insight into what's right or wrong about the firm.

Formats of Interviews

➢ *Unstructured or nondirective interview*

  – An unstructured conversational-style interview in which the interviewer pursues points of interest as they come up in response to questions.

➢ *Structured or directive interview*

  – An interview following a set sequence of questions.

Interview Content: Types of Questions

➢ *Situational interview*

  – A series of job-related questions that focus on how the candidate would behave in a given situation.

➢ *Behavioral interview*

  – A series of job-related questions that focus on how they reacted to actual situations in the past.

➢ *Job-related interview*

  – A series of job-related questions that focus on relevant past job-related behaviors.

Structured Interview Guide

APPLICANT INTERVIEW GUIDE

To the Interviewer: This Applicant Interview Guide is intended to assist in employee selection and placement. If it is used for all applicants for a position, it will help you to compare them, and it will provide more objective information than you will obtain from unstructured interviews.

Because this is a general guide, all of the items may not apply in every instance. Skip those that are not applicable and add questions appropriate to the specific position. Space for additional questions will be found at the end of the form.

Federal law prohibits discrimination in employment on the basis of sex, race, color, national origin, religion, disability, and in most instances, age. The law of most states also ban some or all of the above types of discrimination in employment as well as discrimination based on marital status or ancestry. Interviewers should take care to avoid any questions that suggest that an employment decision will be made on the basis of any such factors.

Job Interest

Name _____ Position applied for _____

What do you think the job (position) involves? _____

Why do you want the job (position)? _____

Why are you qualified for it? _____

What would your salary requirements be? _____

What do you know about our company? _____

Why do you want to work for us? _____

Current Work Status

Are you now employed? _____ Yes _____ No. If not, how long have you been unemployed? _____

Why are you unemployed? _____

If you are working, why are you applying for this position? _____

When would you be available to start work with us? _____

Work Experience

(Start with the applicant's current or last position and work back. All periods of time should be accounted for. Go back at least 12 years, depending upon the applicant's age. Military service should be treated as a job.)

Current or last
employer _____ Address _____

Dates of employment: from _____ to _____

Current or last job title _____

What are (were) your duties? _____

Have you held the same job throughout your employment with that company? _____ Yes _____ No. If not,

describe the various jobs you have had with that employer, how long you held each of them, and the main

duties of each. _____

What was your starting salary? _____ What are you earning now? _____ Comments _____

_____

Name of your last or current supervisor _____

What did you like most about that job? _____

What did you like least about it? _____

Why are you thinking of leaving? _____

Why are you leaving right now? _____

Interviewer's comments or observations _____

_____

(continued)

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Figure 7–1a

What did you do before you took your last job? _____
  Where were you employed? _____
  Location _____ Job title _____
  Duties _____
  Did you hold the same job throughout your employment with that company? ____ Yes ____ No. If not, describe the jobs you held, when you held them and the duties of each. _____
  _____
  What was your starting salary? _____ What was your final salary? _____
  Name of your last supervisor _____
  May we contact that company? ____ Yes ____ No
  What did you like most about that job? _____
  What did you like least about that job? _____
  Why did you leave that job? _____
  Would you consider working there again? _____
  Interviewer: If there is any gap between the various periods of employment, the applicant should be asked about them. _____
  Interviewer's comments or observations _____
  _____

What did you do prior to the job with that company? _____
What other jobs or experience have you had? Describe them briefly and explain the general duties of each. _____

Have you been unemployed at any time in the last five years? ____ Yes ____ No. What efforts did you make to find work? _____
What other experience or training do you have that would help qualify you for the job applied for? Explain how and where you obtained this experience or training. _____
_____

Educational Background
What education or training do you have that would help you in the job for which you have applied? _____
_____
Describe any formal education you have had. (Interviewer may substitute technical training, if relevant.) ____
_____

Off-Job Activities
What do you do in your off-hours? ___ Part-time job ___ Athletics ___ Spectator sports ___ Clubs ___ Other
Please explain. _____
Interviewer's Specific Questions
Interviewer: Add any questions to the particular job for which you are interviewing, leaving space for brief answers.
(Be careful to avoid questions which may be viewed as discriminatory.)
_____
_____
_____

Personal
Would you be willing to relocate? ____ Yes ____ No
Are you willing to travel? ____ Yes ____ No

(continued)

Structured Interview Guide (cont'd)

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Figure 7–1b

Structured Interview Guide (cont'd)

What is the maximum amount of time you would consider traveling? _____
_____

Are you able to work overtime? _____

What about working on weekends? _____

Self-Assessment

What do you feel are your strong points? _____
_____

What do you feel are your weak points? _____
_____

Interviewer: Compare the applicant's responses with the information furnished on the application for employment.

Clear up any discrepancies. _____
_____

Before the applicant leaves, the interviewer should provide basic information about the organization and the job opening, if this has not already been done. The applicant should be given information on the work location, work hours, the wage or salary, type of remuneration (salary or salary plus bonus, etc.), and other factors that may affect the applicant's interest in the job.

Interviewer's Impressions

Rate each characteristic from 1 to 4, with 1 being the highest rating and 4 being the lowest.

Personal Characteristics	1	2	3	4	Comments
Personal appearance					
Poise, manner					
Speech					
Cooperation with interviewer					
Job-related Characteristics					
Experience for this job					
Knowledge of job					
Interpersonal relationships					
Effectiveness					

Overall rating for job

1	2	3	4	5
___ Superior	___ Above Average (well qualified)	___ Average (qualified)	___ Marginal (barely qualified)	___ Unsatisfactory

Comments or remarks _____
_____
_____

Interviewer _____ Date _____

Source: Copyright 1992. The Dartnell Corporation, Chicago, IL. Adapted with permission.

Figure 7–1c

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)

Rankings in industry service satisfaction surveys

Profit margins, and total annual profits

Percent share of market

Annual revenues

4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)

Guest service satisfaction index

Number of written guest compliments and/or complaints per year

Various customer and Hotel Paris outcome metrics, including frequency of guests' returns; average length of stay; and guest expenditures per guest per stay

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)

Employee turnover

Employee morale

Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival

Employee service commitment and engagement index

Percentage of employees scoring at least 90% on Hotel Paris core values quiz

2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)

Chapter 4, Job Analysis Percentage of employees with updated job descriptions

Chapter 5, Recruiting Number of applicants per recruiting source; number of qualified applicants/positions

Chapter 6, Testing Percentage of employees hired based on validated employment test;

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1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)

Create Service-Oriented Workforce

Embed Core Values

Encourage Personal Employee Growth and Learning

Emphasize Partnership and Sense of Ownership

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 7–2

Interview Content: Types of Questions

➢ *Stress interview*

– An interview in which the interviewer seeks to make the applicant uncomfortable with occasionally rude questions that supposedly to spot sensitive applicants and those with low or high stress tolerance.

➢ *Puzzle questions*

– Recruiters for technical, finance, and other types of jobs use questions to pose problems requiring unique ("out-of-the-box") solutions to see how candidates think under pressure.

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Personal or Individual Interviews

➢ *Unstructured sequential interview*

- An interview in which each interviewer forms an independent opinion after asking different questions.

➢ *Structured sequential interview*

- An interview in which the applicant is interviewed sequentially by several persons; each rates the applicant on a standard form.

➢ *Panel interview*

- An interview in which a group of interviewers questions the applicant.

Personal or Individual Interviews

➢ *Panel (broad) interview*
   – An interview in which a group of interviewers questions the applicant.

➢ *Mass interview*
   – A panel interviews several candidates simultaneously.

Computerized Interviews

➢ *Computerized selection interview*
- An interview 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.

➢ *Characteristics*
- Reduces amount of time managers devote to interviewing unacceptable candidates.
- Applicants are more honest with computers
- Avoids problems of interpersonal interviews
- Mechanical nature of computer-aided interview can leave an applicant dissatisfied.

Factors Affecting Interviews

➢ *First impressions*

- The tendency for interviewers to jump to conclusions—make snap judgments—about candidates during the first few minutes of the interview.

- Negative bias: unfavorable information about an applicant influences interviewers more than does positive information.

Factors Affecting Interviews (cont'd)

➢ *Misunderstanding the job*

– Not knowing precisely what the job entails and what sort of candidate is best suited causes interviewers to make decisions based on incorrect stereotypes of what a good applicant is.

➢ *Candidate-order error*

– An error of judgment on the part of the interviewer due to interviewing one or more very good or very bad candidates just before the interview in question.

Factors Affecting Interviews (cont'd)

➢ *Nonverbal behavior and impression management*

- Interviewers' inferences of the interviewee's personality from the way he or she acts in the interview have a large impact on the interviewer's rating of the interviewee.

- Clever interviewees attempt to manage the impression they present to persuade interviewers to view them more favorably.

Factors Affecting Interviews (cont'd)

➢ *Effect of personal characteristics: attractiveness, gender, race*

- Interviewers tend have a less favorable view of candidates who are:
  - Physically unattractive
  - Female
  - Of a different racial background
  - Disabled

Factors Affecting Interviews (cont'd)

➢ *Interviewer behaviors affecting interview outcomes*

– Inadvertently telegraphing expected answers.

– Talking so much that applicants have no time to answer questions.

– Letting the applicant dominate the interview.

– Acting more positively toward a favored (or similar to the interviewer) applicant.

Designing and Conducting the Interview

➢ *The structured situational interview*

- Use either situational questions (preferred) or behavioral questions that yield high criteria-related validities.

- Step 1: Job Analysis

- Step 2: Rate the Job's Main Duties

- Step 3: Create Interview Questions

- Step 4: Create Benchmark Answers

- Step 5: Appoint the Interview Panel and Conduct Interviews

How to Conduct an Effective Interview

➢ *Structure your interview:*

1. Base questions on actual job duties.

2. Use job knowledge, situational, or behaviorally oriented questions and objective criteria to evaluate the interviewee's responses.

3. Train interviewers.

4. Use the same questions with all candidates.

5. Use descriptive rating scales (excellent, fair, poor) to rate answers.

6. Use multiple interviewers or panel interviews.

7. If possible, use a standardized interview form.

8. Control the interview.

9. Take brief, unobtrusive notes during the interview.

Examples of Questions That Provide Structure

Situational Questions:

1. Suppose a co-worker was not following standard work procedures. The co-worker was more experienced than you and claimed the new procedure was better. Would you use the new procedure?

2. Suppose you were giving a sales presentation and a difficult technical question arose that you could not answer. What would you do?

Past Behavior Questions:

3. Based on your past work experience, what is the most significant action you have ever taken to help out a co-worker?

4. Can you provide an example of a specific instance where you developed a sales presentation that was highly effective?

Background Questions:

5. What work experiences, training, or other qualifications do you have for working in a teamwork environment?

6. What experience have you had with direct point-of-purchase sales?

Job Knowledge Questions:

7. What steps would you follow to conduct a brainstorming session with a group of employees on safety?

8. What factors should you consider when developing a television advertising campaign?

Note: So that direct comparisons can be made, an example is presented to assess both teamwork (1,3,5,7) and sales attributes (2,4,6,8) for each type of question.

Source: Michael Campion, David Palmer, and James Campion, "A Review of Structure in the Selection Interview," *Personnel Psychology* (1997), p. 668.

Figure 7–3

How to Conduct an Effective Interview (cont'd)

➢ *Prepare for the interview*

- – Secure a private room to minimize interruptions.
- – Review the candidate's application and résumé.
- – Review the job specifications

➢ *Establish rapport*

- – Put the person at ease.

➢ *Ask questions*

- – Follow your list of questions.
- – Don't ask questions that can be answered yes or no.

Key Terms

Unstructured or nondirective

Interview

Structured or directive interview

Situational interview

Behavioral interviews

Job-related interview

Stress interview

Unstructured sequential interview

Structured sequential interview

Panel interview

Mass interview

Candidate-order error

Gary Dessler

human

tenth edition

resource management

Chapter 8

Part 3 Training and Development

Training and Developing Employees

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Describe the basic training process.

2. Describe and illustrate how you would go about identifying training requirements.

3. Explain how to distinguish between problems you can fix with training and those you can't.

4. Explain how to use five training techniques.

Orienting Employees

➤ *Employee orientation*

– A procedure for providing new employees with basic background information about the firm.

➤ *Orientation content*

– Information on employee benefits

– Personnel policies

– The daily routine

– Company organization and operations

– Safety measures and regulations

– Facilities tour

Orienting Employees (cont'd)

➢ *A successful orientation should accomplish four things for new employees:*

- Make them feel welcome and at ease.
- Help them understand the organization in a broad sense.
- Make clear to them what is expected in terms of work and behavior.
- Help them begin the process of becoming socialized into the firm's ways of acting and doing things.

New Employee Departmental Orientation Checklist

Figure 8–1

The Training Process

➢ *Training*

 – The process of teaching new employees the basic skills they need to perform their jobs.

➢ *The strategic context of training*

 – Performance management: the process employers use to make sure employees are working toward organizational goals.

 • Web-based training

 • Distance learning-based training

 • Cross-cultural diversity training

The Training and Development Process

- ➢ *Needs analysis*
  - Identify job performance skills needed, assess prospective trainees skills, and develop objectives.

- ➢ *Instructional design*
  - Produce the training program content, including workbooks, exercises, and activities.

- ➢ *Validation*
  - Presenting (trying out) the training to a small representative audience.

- ➢ *Implement the program*
  - Actually training the targeted employee group.

- ➢ *Evaluation*
  - Assesses the program's successes or failures.

Make the Learning Meaningful

➢ *At the start of training, provide a bird's-eye view of the material to be presented to facilitates learning.*

➢ *Use a variety of familiar examples.*

➢ *Organize the information so you can present it logically, and in meaningful units.*

➢ *Use terms and concepts that are already familiar to trainees.*

➢ *Use as many visual aids as possible.*

Make Skills Transfer Easy

➢ *Maximize the similarity between the training situation and the work situation.*

➢ *Provide adequate practice.*

➢ *Label or identify each feature of the machine and/or step in the process.*

➢ *Direct the trainees' attention to important aspects of the job.*

➢ *Provide "heads-up" preparatory information that lets trainees know they might happen back on the job.*

Motivate the Learner

➤ *People learn best by doing so provide as much realistic practice as possible.*

➤ *Trainees learn best when the trainers immediately reinforce correct responses*

➤ *Trainees learn best at their own pace.*

➤ *Create a perceived training need in the trainees' minds.*

➤ *The schedule is important too: The learning curve goes down late in the day, less than full day training is most effective.*

Analyzing Training Needs

➢ *Task analysis*

  – A detailed study of a job to identify the specific skills required, especially for new employees.

➢ *Performance analysis*

  – Verifying that there is a performance deficiency and determining whether that deficiency should be corrected through training or through some other means (such as transferring the employee).

Task Analysis Record Form

Task List	When and How Often Performed	Quantity and Quality of Performance	Conditions Under Which Performed	Skills or Knowledge Required	Where Best Learned
1. Operate paper cutter	4 times per day		Noisy pressroom: distractions		
1.1 Start motor					
1.2 Set cutting distance		±tolerance of 0.007 In.		Read gauge	On the job
1.3 Place paper on cutting table		Must be completely even to prevent uneven cut		Lift paper correctly	On the job
1.4 Push paper up to cutter				Must be even	On the job
1.5 Grasp safety release with left hand		100% of time, for safety		Essential for safety	On the job but practice first with no distractions
1.6 Grasp cutter release with right hand				Must keep both hands on releases	On the job but practice first with no distractions
1.7 Simultaneously pull safety release with left hand and cutter release with right hand					
1.8 Wait for cutter to retract		100% of time, for safety		Must keep both hands on releases	On the job but practice first with no distractions
1.9 Retract paper				Wait until cutter retracts	On the job but practice first with no distractions
1.10 Shut off		100% of time, for safety			On the job but practice first with no distractions
2. Operate printing press					
2.1 Start motor					

Note Task analysis record form showing some of the tasks and subtasks performed by a printing press operator.

Table 8–1

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Training Methods

➢ *On-the-job training (OJT)*

– Having a person learn a job by actually doing the job.

➢ *OJT methods*

– Coaching or understudy

– Job rotation

– Special assignments

➢ *Advantages*

– Inexpensive

– Immediate feedback

Steps in OJT

➢ *Step 1: Prepare the learner*

- Put the learner at ease—relieve the tension.
- Explain why he or she is being taught.
- Create interest, encourage questions, find out what the learner already knows about this or other jobs.
- Explain the whole job and relate it to some job the worker already knows.
- Place the learner as close to the normal working position as possible.
- Familiarize the worker with equipment, materials, tools, and trade terms.

Steps in OJT (cont'd)

➢ *Step 2: Present the operation*

- – Explain quantity and quality requirements.

- – Go through the job at the normal work pace.

- – 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 be made.

- – Again go through the job at a slow pace several times; explain the key points.

- – Have the learner explain the steps as you go through the job at a slow pace.

Steps in OJT (cont'd)

➢ *Step 3: Do a tryout*

- 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.

- Run the job at the normal pace.

- Have the learner do the job, gradually building up skill and speed.

- As soon as the learner demonstrates ability to do the job, let the work begin, but don't abandon him or her.

Steps in OJT (cont'd)

➢ *Step 4: Follow up*

- – Designate to whom the learner should go for help.

- – Gradually decrease supervision, checking work from time to time against quality and quantity standards.

- – Correct faulty work patterns before they become a habit. Show why the learned method is superior.

- – Compliment good work; encourage the worker until he or she is able to meet the quality and quantity standards.

Training Methods (cont'd)

➢ *Apprenticeship training*

 – A structured process by which people become skilled workers through a combination of classroom instruction and on-the-job training.

➢ *Informal learning*

 – The majority of what employees learn on the job they learn through informal means of performing their jobs on a daily basis.

➢ *Job instruction training (JIT)*

 – Listing each job's basic tasks, along with key points, in order to provide step-by-step training for employees.

The 25 Most Popular Apprenticeships

According to the U.S. Department of Labor apprenticeship database, the occupations listed below had the highest numbers of apprentices in 2001. These findings are approximate because the database includes only about 70% of registered apprenticeship programs—and none of the unregistered ones.

- **Boilermaker**
- **Bricklayer (construction)**
- **Carpenter**
- **Construction craft laborer**
- **Cook (any industry)**
- **Cook (hotel and restaurant)**
- **Correction officer**
- **Electrician**
- **Electrician (aircraft)**
- **Electrician (maintenance)**
- **Electronics mechanic**
- **Firefighter**

- **Machinist**
- **Maintenance mechanic (any industry)**
- **Millwright**
- **Operating engineer**
- **Painter (construction)**
- **Pipefitter (construction)**
- **Plumber**
- **Power plant operator**
- **Roofer**
- **Sheet-metal worker**
- **Structural-steel worker**
- **Telecommunications technician**
- **Tool and die maker**

Figure 8–2

Training Methods (cont'd)

➢ *Effective lectures*

- Use signals to help listeners follow your ideas.

- Don't start out on the wrong foot.

- Keep your conclusions short.

- Be alert to your audience.

- Maintain eye contact with the trainees.

- Make sure everyone in the room can hear.

- Control your hands.

- Talk from notes rather than from a script.

- Break a long talk into a series of five-minute talks.

Programmed Learning

➢ *Programmed instruction (PI)*

  – A systematic method for teaching job skills involving:

    • Presenting questions or facts

    • Allowing the person to respond

    • Giving the learner immediate feedback on the accuracy of his or her answers

➢ *Advantages*

  – Reduced training time

  – Self-paced learning

  – Immediate feedback

  – Reduced risk of error for learner

Training Methods (cont'd)

➢ *Literacy training techniques*

– Responses to functional illiteracy

- Testing job candidates' basic skills.
- Setting up basic skills and literacy programs.

➢ *Audiovisual-based training*

– To illustrate following a sequence over time.

– To expose trainees to events not easily demonstrable in live lectures.

– To meet the need for organizationwide training and it is too costly to move the trainers from place to place.

Training Methods (cont'd)

➢ *Simulated training* (occasionally called vestibule training)

   – Training employees on special off-the-job equipment so training costs and hazards can be reduced.

   – Computer-based training (CBT)

   – Electronic performance support systems (EPSS)

   – Learning portals

Computer-based Training (CBT)

➢ *Advantages*

- – Reduced learning time
- – Cost-effectiveness
- – Instructional consistency

➢ *Types of CBT*

- – Intelligent Tutoring systems
- – Interactive multimedia training
- – Virtual reality training

Distance and Internet-Based Training

➢ *Teletraining*

– A trainer in a central location teaches groups of employees at remote locations via TV hookups.

➢ *Videoconferencing*

– Interactively training employees who are geographically separated from each other—or from the trainer—via a combination of audio and visual equipment.

➢ *Training via the Internet*

– Using the Internet or proprietary internal intranets to facilitate computer-based training.

What Is Management Development?

➢ *Management development*

  – Any attempt to improve current or future management performance by imparting knowledge, changing attitudes, or increasing skills.

➢ *Succession planning*

  – A process through which senior-level openings are planned for and eventually filled.

    • Anticipate management needs
    • Review firm's management skills inventory
    • Create replacement charts
    • Begin management development

Managerial on-the-Job Training

➢ *Job rotation*

- Moving a trainee from department to department to broaden his or her experience and identify strong and weak points.

➢ *Coaching/Understudy approach*

- The trainee works directly with a senior manager or with the person he or she is to replace; the latter is responsible for the trainee's coaching.

➢ *Action learning*

- Management trainees are allowed to work full-time analyzing and solving problems in other departments.

Off-the-Job Management Training and Development Techniques

➢ *Case study method*

– Managers are presented with a description of an organizational problem to diagnose and solve.

➢ *Management game*

– Teams of managers compete by making computerized decisions regarding realistic but simulated situations.

➢ *Outside seminars*

– Many companies and universities offer Web-based and traditional management development seminars and conferences.

Off-the-Job Management Training and Development Techniques (cont'd)

➢ *Role playing*

– Creating a realistic situation in which trainees assume the roles of persons in that situation.

➢ *Behavior modeling*

– Modeling: showing trainees the right (or "model") way of doing something.

– Role playing: having trainees practice that way

– Social reinforcement: giving feedback on the trainees' performance.

– Transfer of learning: Encouraging trainees apply their skills on the job.

Off-the-Job Management Training and Development Techniques (cont'd)

➢ *Corporate universities*

  – Provides a means for conveniently coordinating all the company's training efforts and delivering Web-based modules that cover topics from strategic management to mentoring.

➢ *In-house development centers*

  – A company-based method for exposing prospective managers to realistic exercises to develop improved management skills.

Off-the-Job Management Training and Development Techniques (cont'd)

➢ *Executive coaches*

- An outside consultant who questions the executive's boss, peers, subordinates, and (sometimes) family in order to identify the executive's strengths and weaknesses.

- Counsels the executive so he or she can capitalize on those strengths and overcome the weaknesses.

Managing Organizational Change and Development

➢ *What to change?*

- Strategy: mission and vision

- Culture: new corporate values

- Structure: departmental structure, coordination, span of control, reporting relationships, tasks, decision-making procedures

- Technologies: new systems and methods

- Employees: changes in employee attitudes and skills

Overcoming Resistance to Change

➢ *What causes resistance?*

– All behavior in organizations is a product of two kinds of forces—those striving to maintain the status quo and those pushing for change.

➢ *Lewin's Change Process*

– Unfreezing: reducing the forces striving to maintain the status quo.

– Moving: developing new behaviors, values, and attitudes, sometimes through structural changes.

– Refreezing: reinforcing the changes.

Overcoming Resistance to Change

➢ *Change initiatives*

- – Political campaign: creating a coalition strong enough to support and guide the initiative.

- – Marketing campaign: tapping into employees' thoughts and feelings and also effectively communicating messages about the prospective program's theme and benefits.

- – Military campaign: Deploying executives' scarce resources of attention and time to actually carry out the change.

How to Lead the Change (in 10 Steps)

1. *Establish a sense of urgency.*

2. *Mobilize commitment through joint diagnosis of problems.*

3. *Create a guiding coalition.*

4. *Develop a shared vision.*

5. *Communicate the vision.*

6. *Help employees to make the change.*

7. *Generate short-term wins.*

8. *Consolidate gains and produce more change.*

9. *Anchor the new ways of doing things in the company's culture.*

10. *Monitor progress and adjust the vision as required.*

Using Organizational Development

➢ *Organizational development (OD)*

– A special approach to organizational change in which employees themselves formulate and implement the change that's required.

- Usually involves action research.

- Applies behavioral science knowledge.

- Changes the attitudes, values, and beliefs of employees.

- Changes the organization in a particular direction.

Examples of OD Interventions

Human Process

- T-groups
- Process consultation
- Third-party intervention
- Team building
- Organizational confrontation meeting
- Intergroup relations

Technostructural

- Formal structural change
- Differentiation and integration
- Cooperative union–management projects
- Quality circles
- Total quality management
- Work design

Human Resource Management

- Goal setting
- Performance appraisal
- Reward systems
- Career planning and development
- Managing workforce diversity
- Employee wellness

Strategic

- Integrated strategic management
- Culture change
- Strategic change
- Self-designing organizations

Table 8–3

HR Scorecard for Hotel Paris International Corporation*
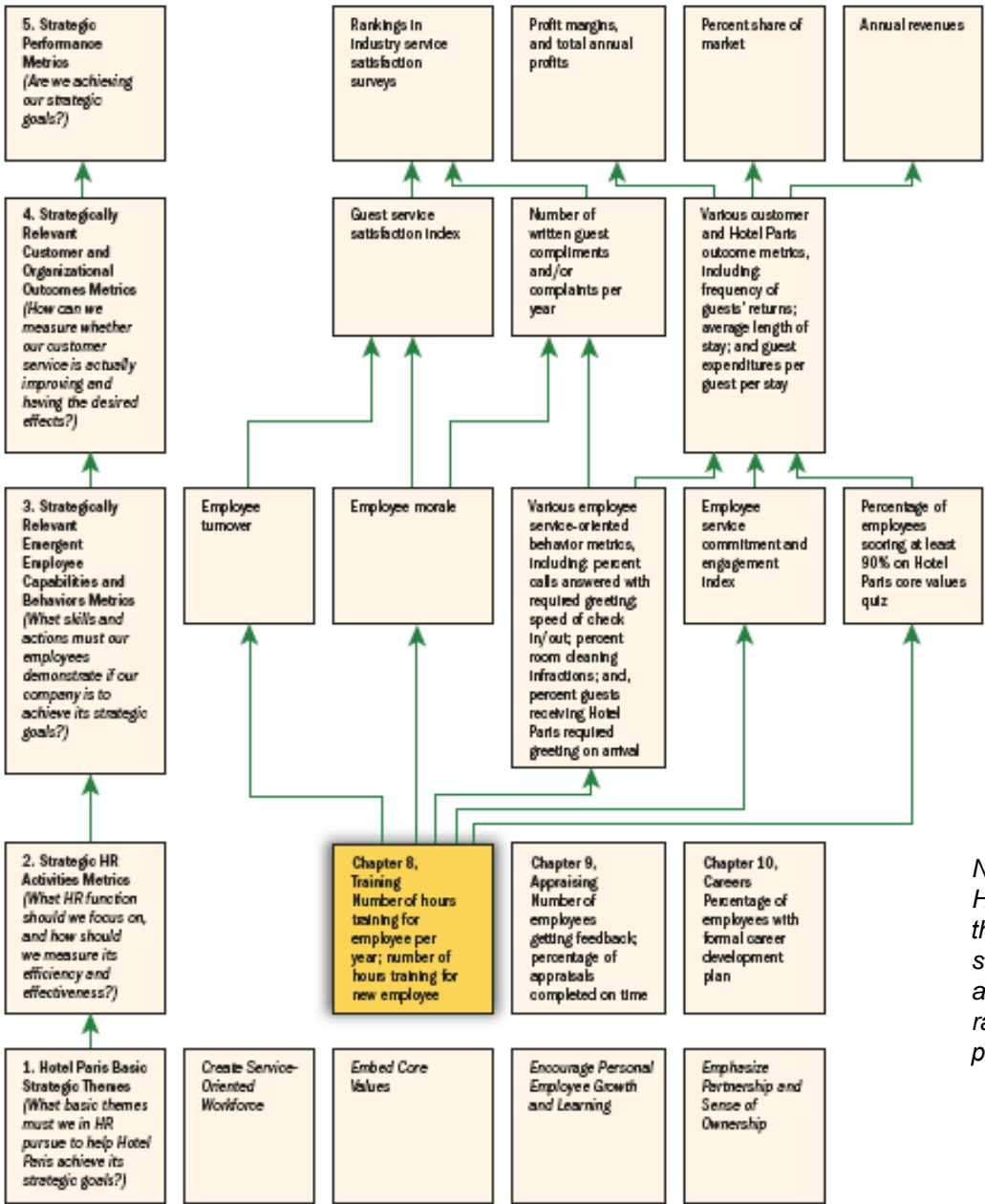
Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 8–4

Evaluating the Training Effort

➢ *Designing the study*

- – Time series design

- – Controlled experimentation

➢ *Training effects to measure*

- – Reaction of trainees to the program

- – Learning that actually took place

- – Behavior that changed on the job

- – Results that were achieved as a result of the training

Time Series Training Evaluation Design

Figure 8–5

A Sample Training Evaluation Form

INSTRUCTOR HANDOUTS

United States Office of Personnel Management
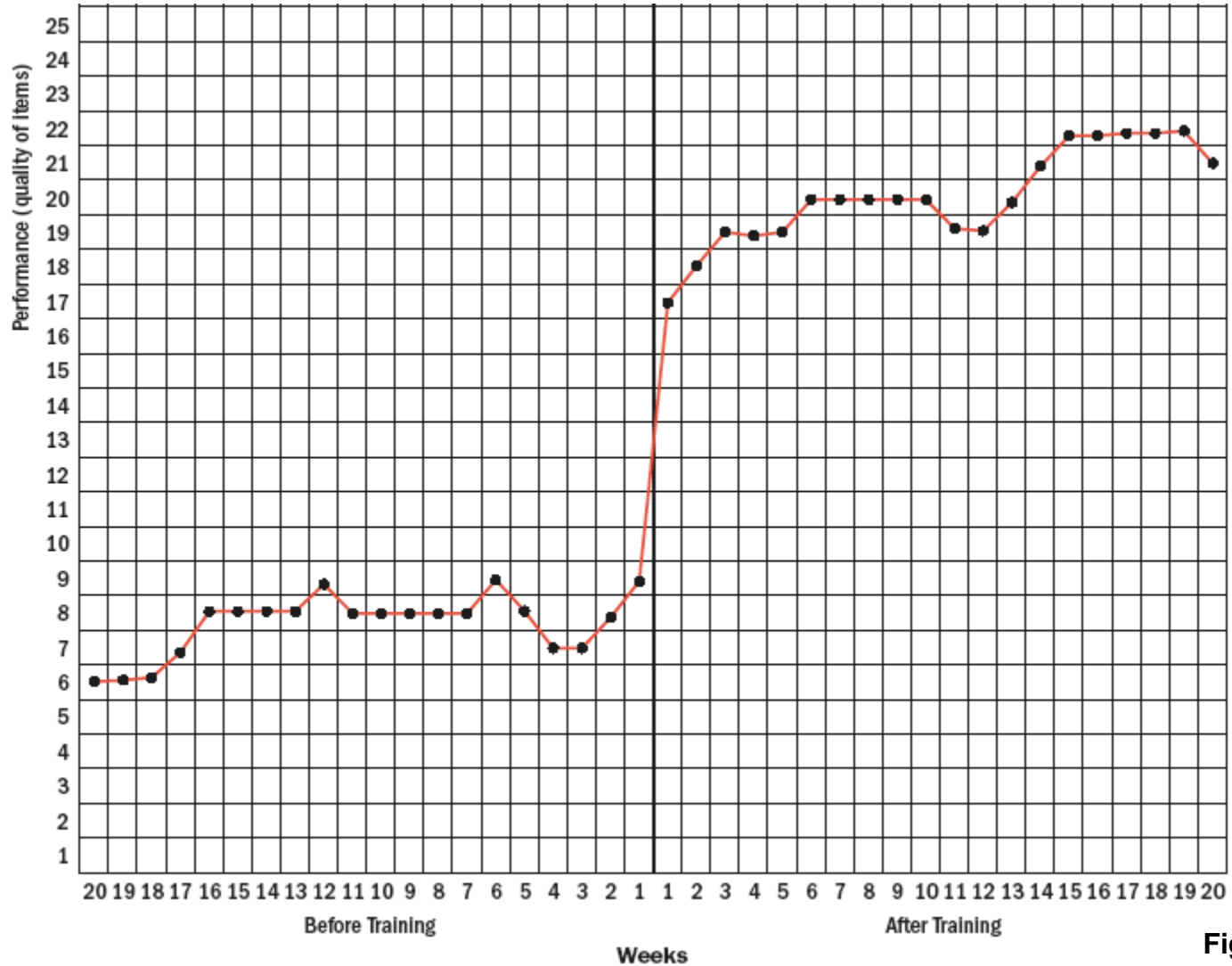
TRAINING EVALUATION FORM

TITLE OF COURSE: "Work and Family Issues - A Module for Supervisors and Managers"
NAME OF INSTRUCTOR:

DATE OF TRAINING
Started:_____
Ended:_____

NAME (Optional): | POSITION TITLE/GRADE:

AGENCY: | OFFICE PHONE: (Optional) | OFFICE ADDRESS: (Optional)

Rate Your Knowledge and Skill Level (circle your rating)

Before this course Low--High
1   2   3   4   5

After this course Low--High
1   2   3   4   5

Overall, how would you rate this course?

__ Excellent   __Very Good   __ Good

__ Fair   __ Poor

EVALUATION OF COURSE
(Check appropriate box)

ITEMS OF EVALUATION How did the course sharpen your knowledge or skills in:	Excellent	Very Good	Good	Fair	Poor	Not Applicable
1. What Work and Family Programs Are	○	○	○	○	○	○
2. Who Uses Work and Family Programs	○	○	○	○	○	○
3. How to Recognize/Solve Work/Family Issues	○	○	○	○	○	○
4. Helping You Take Practical Steps on the Job	○	○	○	○	○	○

RATING OF INSTRUCTOR

1. Presentation, organization, delivery	○	○	○	○	○	○
2. Knowledge and command of the subject	○	○	○	○	○	○
3. Use of audio-visuals or other training aids	○	○	○	○	○	○
4. Stimulation of an open exchange of ideas, participation & group interaction	○	○	○	○	○	○

STRONG POINTS OF THE COURSE

WEAK POINTS OF THE COURSE

ADDITIONAL DATA YOU WOULD LIKE TO HAVE COVERED IN COURSE

ADDITIONAL COMMENTS/OR RECOMMENDATIONS

Source: www.opm.gov/wrkfam/.

Figure 8–6

Key Terms

employee orientation

training

performance management

negligent training

task analysis

performance analysis

on-the-job training

apprenticeship training

job instruction training (JIT)

programmed learning

simulated training

job aid

electronic performance support systems (EPSS)

management development

succession planning

job rotation

action learning

case study method

management game

role playing

behavior modeling

in-house development center

outsourced learning

organizational development

controlled experimentation

human

t e n t h   e d i t i o n

resource management

Gary Dessler

Chapter 9

Part 3   Training and Development

Performance Management and Appraisal

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Describe the appraisal process.

2. Develop, evaluate, and administer at least four performance appraisal tools.

3. Explain and illustrate the problems to avoid in appraising performance.

4. List and discuss the pros and cons of six appraisal methods.

5. Perform an effective appraisal interview.

6. Discuss the pros and cons of using different raters to appraise a person's performance.

Comparing Performance Appraisal and Performance Management

➢ *Performance appraisal*

  – Evaluating an employee's current and/or past performance relative to his or her performance standards.

➢ *Performance management*

  – The process employers use to make sure employees are working toward organizational goals.

Why Performance Management?

➢ *Increasing use by employers of performance management reflects:*

- – The popularity of the total quality management (TQM) concepts.

- – The belief that traditional performance appraisals are often not just useless but counterproductive.

- – The necessity in today's globally competitive industrial environment for every employee's efforts to focus on helping the company to achieve its strategic goals.

An Introduction to Appraising Performance

➢ *Why appraise performance?*

- Appraisals play an integral role in the employer's performance management process.

- Appraisals help in planning for correcting deficiencies and reinforce things done correctly.

- Appraisals, in identifying employee strengths and weaknesses, are useful for career planning

- Appraisals affect the employer's salary raise decisions.

Evaluating Faculty for Promotion and Tenure
Classroom Teaching Appraisal by Students

Teacher _____   Course _____

Term _____   Academic Year _____

Thoughtful student appraisal can help improve teaching effectiveness. This questionnaire is designed for that purpose, and your assistance is appreciated. Please do not sign your name.

Use the back of this form for any further comments you might want to express.

Directions: Rate your teacher on each item, giving the highest scores for exceptional performances and the lowest scores for very poor performances. Place in the blank space before each statement the rating that most closely expresses your view.

Exceptional		Moderately Good				Very Poor	Don't Know
7	6	5	4	3	2	1	X

_____ 1. How do you rate the agreement between course objectives and lesson assignments?

_____ 2. How do you rate the planning, organization, and use of class periods?

_____ 3. Are the teaching methods and techniques employed by the teacher appropriate and effective?

_____ 4. How do you rate the competence of the instructor in the subject?

_____ 5. How do you rate the interest of the teacher in the subject?

_____ 6. Does the teacher stimulate and challenge you to think and to question?

_____ 7. Does he or she welcome differing points of view?

_____ 8. Does the teacher have a personal interest in helping you in and out of class?

_____ 9. How would you rate the fairness and effectiveness of the grading policies and procedures of the teacher?

_____ 10. Considering all the above items, what is your overall rating of this teacher?

_____ 11. How would you rate this teacher in comparison with all others you have had in the college or university?

Classroom Teaching Appraisal By Students

Source: Richard I. Miller, *Evaluating Faculty for Promotional and Tenure* (San Francisco: Jossey-Bass Publishers, 1987), pp. 164–165. Copyright © 1987, Jossey-Bass Inc., Publishers. All rights reserved. Reprinted with permission.

Figure 9–1

Realistic Appraisals

➢ *Motivations for soft (less-than-candid) appraisals*
- – The fear of having to hire and train someone new
- – The unpleasant reaction of the appraisee
- – A company appraisal process that's not conducive to candor

➢ *Hazards of giving soft appraisals*
- – Employee loses the chance to improve before being forced to change jobs.
- – Lawsuits arising from dismissals involving inaccurate performance appraisals.

Continuous improvement

➢ *A management philosophy that requires employers to continuously set and relentlessly meet ever-higher quality, cost, delivery, and availability goals by:*

– Eradicating the seven wastes:

- overproduction, defective products, and unnecessary downtime, transportation, processing costs, motion, and inventory.

– Requiring each employee to continuously improve his or her own personal performance, from one appraisal period to the next.

The Components of an Effective Performance Management Process

- ➢ Direction sharing

- ➢ Role clarification

- ➢ Goal alignment

- ➢ Developmental goal setting

- ➢ Ongoing performance monitoring

- ➢ Ongoing feedback

- ➢ Coaching and support

- ➢ Performance assessment (appraisal)

- ➢ Rewards, recognition, and compensation

- ➢ Workflow and process control and return

Figure 9–2

Defining Goals and Work Efforts

➢ *Guidelines for effective goals*

 – Assign specific goals

 – Assign measurable goals

 – Assign challenging but doable goals

 – Encourage participation

➢ *SMART goals are:*

 – **S**pecific, and clearly state the desired results.

 – **M**easurable in answering "how much."

 – **A**ttainable, and not too tough or too easy.

 – **R**elevant to what's to be achieved.

 – **T**imely in reflecting deadlines and milestones.

Performance Appraisal Roles

➢ *Supervisors*

- Usually do the actual appraising.
- Must be familiar with basic appraisal techniques.
- Must understand and avoid problems that can cripple appraisals.
- Must know how to conduct appraisals fairly.

Performance Appraisal Roles (cont'd)

➢ *HR department*

- – Serves a policy-making and advisory role.
- – Provides advice and assistance regarding the appraisal tool to use.
- – Prepares forms and procedures and insists that all departments use them.
- – Responsible for training supervisors to improve their appraisal skills.
- – Responsible for monitoring the system to ensure that appraisal formats and criteria comply with EEO laws and are up to date.

Steps in Appraising Performance

➢ *Defining the job*

  – Making sure that you and your subordinate agree on his or her duties and job standards.

➢ *Appraising performance*

  – Comparing your subordinate's actual performance to the standards that have been set; this usually involves some type of rating form.

➢ *Providing feedback*

  – Discussing the subordinate's performance and progress, and making plans for any development required.

Designing the Appraisal Tool

➢ *What to measure?*

– Work output (quality and quantity)

– Personal competencies

– Goal (objective) achievement

➢ *How to measure?*

– Graphic rating scales

– Alternation ranking method

– MBO

Performance Appraisal Methods

➢ *Graphic rating scale*

    – A scale that lists a number of traits and a range of performance for each that is used to identify the score that best describes an employee's level of performance for each trait.

Graphic Rating Scale with Space for Comments

Performance Appraisal

Employee Name _____   Title _____

Department _____   Employee Payroll Number _____

Reason for Review: ☐ Annual   ☐ Promotion   ☐ Unsatisfactory Performance

☐ Merit   ☐ End Probation Period   ☐ Other _____

Date employee began present position _____ / _____ / _____

Date of last appraisal _____ / _____ / _____   Scheduled appraisal date _____ / _____ / _____

Instructions: Carefully evaluate employee's work performance in relation to current job requirements. Check rating box to indicate the employee's performance. Indicate N/A if not applicable. Assign points for each rating within the scale and indicate in the corresponding points box. Points will be totaled and averaged for an overall performance score.

RATING IDENTIFICATION

O—Outstanding—Performance is exceptional in all areas and is recognizable as being far superior to others.

V—Very Good—Results clearly exceed most position requirements. Performance is of high quality and is achieved on a consistent basis.

G—Good—Competent and dependable level of performance. Meets performance standards of the job.

I—Improvement Needed—Performance is deficient in certain areas. Improvement is necessary.

U—Unsatisfactory—Results are generally unacceptable and require immediate improvement. No merit increase should be granted to individuals with this rating.

N—Not Rated—Not applicable or too soon to rate.

GENERAL FACTORS	RATING SCALE	SUPPORTIVE DETAILS OR COMMENTS
1. **Quality**—The accuracy, thoroughness, and acceptability of work performed.	O ☐ 100–90 V ☐ 90–80 G ☐ 80–70 I ☐ 70–60 U ☐ below 60	Points ☐ _____
2. **Productivity**—The quantity and efficiency of work produced in a specified period of time.	O ☐ 100–90 V ☐ 90–80 G ☐ 80–70 I ☐ 70–60 U ☐ below 60	Points ☐ _____
3. **Job Knowledge**—The practical/technical skills and information used on the job.	O ☐ 100–90 V ☐ 90–80 G ☐ 80–70 I ☐ 70–60 U ☐ below 60	Points ☐ _____
4. **Reliability**—The extent to which an employee can be relied upon regarding task completion and follow-up.	O ☐ 100–90 V ☐ 90–80 G ☐ 80–70 I ☐ 70–60 U ☐ below 60	Points ☐ _____

Figure 9–3

Portion of an Administrative Secretary's Sample Performance Appraisal Form

Name _____	**Rating Scale Key**
Rating period from _____ to _____	
Rater name _____	1 Fails to meet job requirements
Rater title _____	2 Meets most job requirements
Department _____	3 Fully meets all job requirements
	4 Exceeds all job requirements

Part II: Rating Scales for Task Areas

Position: Administrative Secretary Duties and Responsibilities	
Duty: Maintaining Departmental Personnel Records PCT. (30%)	RATING: 1 ☐ 2 ☐ 3 ☐ 4 ☐
Using spreadsheets and other computerized forms: Ensure all recorded personnel information is up to date and accurate, including name, address, and contact information; maintain accurate records of all personal leave taken annually, as well as vacation schedules; maintain accurate records of all employees' benefits.	Comments

Figure 9–4

SECTION I — Success and Effectiveness in Responsibilities/Objectives and Performance Standards in Support of Departmental Goals

Primary Performance Expectations: Responsibilities/Objectives and Standards	Mid-Year Progress Notes	End of Period Rating of Success and Effectiveness Comment and Place X on Scale to Rate Not Strong — Strong — Very
Objective 1:		├──┼──┼──┼──┤
Objective 2:		├──┼──┼──┼──┤
Objective 3:		├──┼──┼──┼──┤
Objective 4:		├──┼──┼──┼──┤
Objective 5:		

Objectives for new rating period reviewed and agreed to: Mid-Year Review:

Evaluator	Date	Employee	Date	Evaluator	Date	Employee	Date

Performance Management Outline

Figure 9–5a

9–351

SECTION II

Performance Competencies

	Mid-Year Progress Notes	End of Period Rating of Success and Effectiveness Comment and Place X on Scale to Rate
		Not Strong — Strong — Very
Job Knowledge/Competency: Demonstrates the knowledge and skills necessary to perform the job effectively. Understands the expectations of the job and remains current regarding new developments in areas of responsibility. Performs responsibilities in accordance with job procedures and policies. Acts as a resource person upon whom others rely for assistance.		
Quality/Quantity of Work: Completes assignments in a thorough, accurate, and timely manner that achieves expected outcomes. Exhibits concern for the goals and needs of the department and others that depend on services or work products. Handles multiple responsibilities in an effective manner. Uses work time productively.		
Planning/Organization: Establishes clear objectives and organizes duties for self based on the goals of the department, division, or management center. Identifies resources required to meet goals and objectives. Seeks guidance when goals or priorities are unclear.		
Initiative/Commitment: Demonstrates personal responsibility when performing duties. Offers assistance to support the goals and objectives of the department and division. Performs with minimal supervision. Meets work schedule/attendance expectations for the position.		
Problem Solving/Creativity: Identifies and analyzes problems. Formulates alternative solutions. Takes or recommends appropriate actions. Follows up to ensure problems are resolved.		
Teamwork and Cooperation: Maintains harmonious and effective work relationships with co-workers and constituents. Adapts to changing priorities and demands. Shares information and resources with others to promote positive and collaborative work relationships.		
Interpersonal Skills: Deals positively and effectively with co-workers and constituents. Demonstrates respect for all individuals.		
Communication (Oral and Written): Effectively conveys information and ideas both orally and in writing. Listens carefully and seeks clarification to ensure understanding.		

Competencies Reviewed and Discussed:	Mid-Year Review	
Evaluator	Date	Employee	Date

Performance Management Outline (cont'd)

Figure 9–5b

SECTION III   **End of Period Summary Performance Rating**

Based on a review of Section I, Success and Effectiveness in Position Responsibilities/Accomplishing Objectives and Standards, and Section II, Performance Competencies, provide a summary performance rating:

Comments: _____

_____

_____

_____

_____

_____

Performance Management Outline (cont'd)

- ☐ Performance consistently and significantly above standards in virtually all areas; far exceeds normal expectations.

- ☐ Performance well above standards in many important aspects; usually exceeds normal expectations.

- ☐ Performance meets standards in all important aspects; good contributor.

- ☐ Performance slightly below standards in some important aspects, but meets standards in others; performance generally acceptable but improvement needed to fully achieve functional performance level.

- ☐ Performance below standards in a number of critical aspects; substantial improvement needed.

_____   _____
Evaluator Signature   Date

I have read this appraisal and it had been discussed with me. I understand that signing this appraisal does not necessarily mean I agree with all of the information in it or that I forfeit my right for review.

_____   _____
Employee Signature   Date

Source: www.cwru.edu.

Figure 9–5c

Performance Appraisal Methods (cont'd)

➢ *Alternation ranking method*

- Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked.

➢ *Paired comparison method*

- Ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.

Alternation Ranking Scale

ALTERNATION RANKING SCALE

For the Trait: _____

For the trait you are measuring, list all the employees you want to rank. Put the highest-ranking employee's name on line 1. Put the lowest-ranking employee's name on line 20. Then list the next highest ranking on line 2, the next lowest ranking on line 19, and so on. Continue until all names are on the scale.

Highest-ranking employee

1. _____   11. _____
2. _____   12. _____
3. _____   13. _____
4. _____   14. _____
5. _____   15. _____
6. _____   16. _____
7. _____   17. _____
8. _____   18. _____
9. _____   19. _____
10. _____   20. _____

Lowest-ranking employee

Figure 9–6

Ranking Employees by the Paired Comparison Method

FOR THE TRAIT "QUALITY OF WORK"

Employee Rated:

As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		+	+	−	−
B Maria	−		−	−	−
C Chuck	−	+		+	−
D Diane	+	+	−		+
E José	+	+	+	−	

↑ Maria Ranks Highest Here

FOR THE TRAIT "CREATIVITY"

Employee Rated:

As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		−	−	−	−
B Maria	+		−	+	+
C Chuck	+	+		−	+
D Diane	+	−	+		−
E José	+	−	−	+	

↑ Art Ranks Highest Here
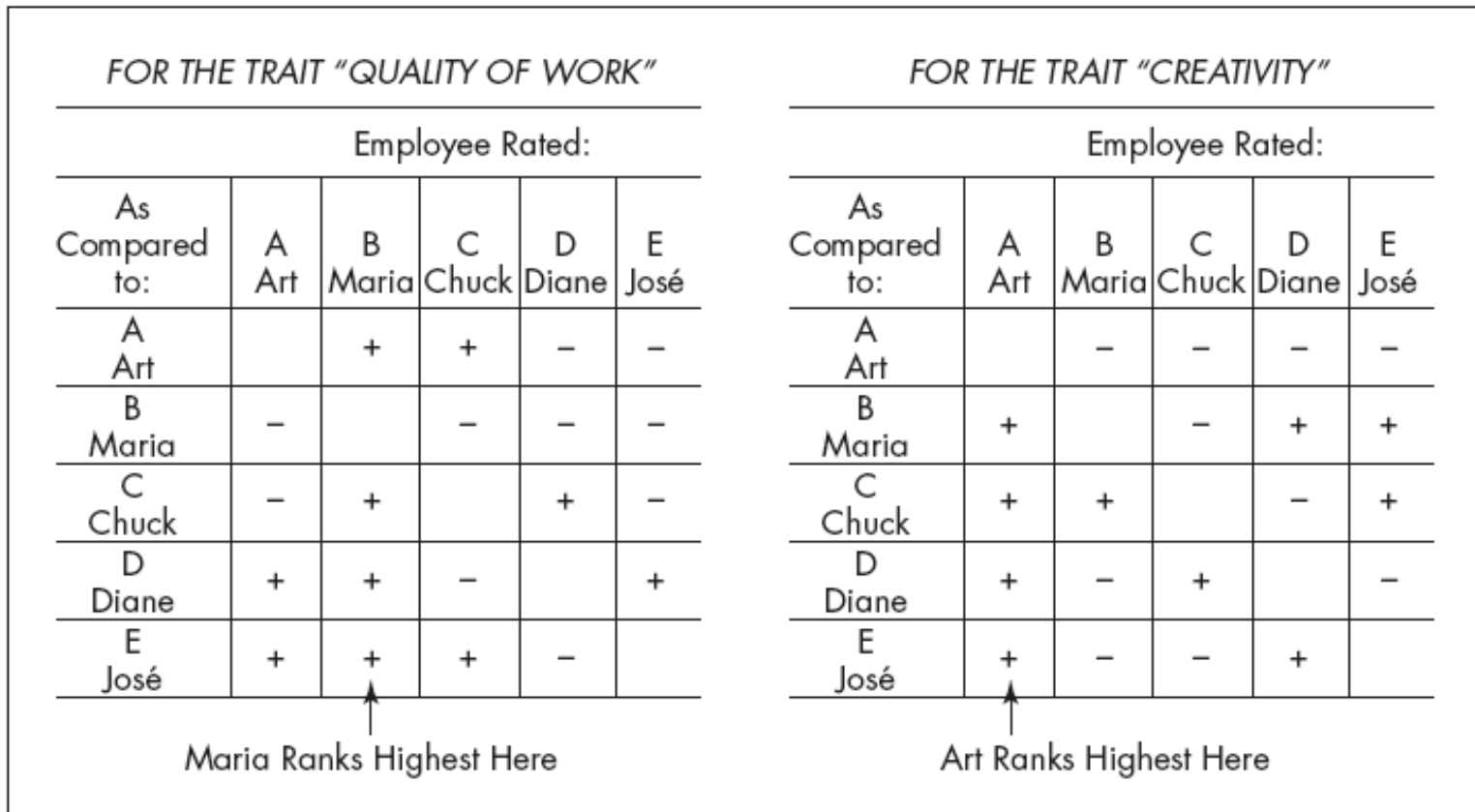
Note: + means "better than." − means "worse than." For each chart, add up the number of 1's in each column to get the highest-ranked employee.

Figure 9–7

Performance Appraisal Methods (cont'd)

➢ *Forced distribution method*

- – Similar to grading on a curve; predetermined percentages of ratees are placed in various performance categories.

- – Example:
  - 15% high performers
  - 20% high-average performers
  - 30% average performers
  - 20% low-average performers
  - 15% low performers

➢ *Narrative Forms*

Performance Appraisal Methods (cont'd)

➢ *Behaviorally anchored rating scale (BARS)*

– An appraisal method that uses quantified scale with specific narrative examples of good and poor performance.

➢ *Developing a BARS:*

– Generate critical incidents

– Develop performance dimensions

– Reallocate incidents

– Scale the incidents

– Develop a final instrument

Performance Appraisal Methods (cont'd)

➢ *Advantages of using a BARS*

- A more accurate gauge
- Clearer standards
- Feedback
- Independent dimensions
- Consistency

Appraisal-Coaching Worksheet

Appraisal-Coaching Worksheet

Instructions: This form is to be filled out by supervisor and employee prior to each performance review period.

Employee: _____ Position: _____

Supervisor: _____ Department: _____

Date: _____ Period of Work under Consideration: From _____ to _____

1. What areas of the employee's work performance are meeting job performance standards?

2. In what areas is improvement needed during the next six to twelve months?

3. What factors or events that are beyond the employee's control may affect (positively or negatively) his/her ability to accomplish planned results during the next six to twelve months?

4. What specific strengths has the employee demonstrated on this job that should be more fully used during the next six to twelve months?

5. List two or three areas (if applicable) in which the employee needs to improve his/her performance during the next six to twelve months (gaps in knowledge or experience, skill development needs, behavior modifications that affect job performance, etc.)

6. Based on your consideration of items 1–5 above, summarize your mutual objectives:

A. What supervisor will do:

B. What employee will do:

C. Date for next progress check or to reevaluate objectives:

D. Data/evidence that will be used to observe and/or measure progress.

_____
Signature-Employee   Signature-Supervisor

_____
Date

Figure 9–8

Examples of Critical Incidents for an Assistant Plant Manager

Continuing Duties	Targets	Critical Incidents
Schedule production for plant	90% utilization of personnel and machinery in plant; orders delivered on time	Instituted new production scheduling system; decreased late orders by 10% last month; increased machine utilization in plant by 20% last month
Supervise procurement of raw materials and inventory control	Minimize inventory costs while keeping adequate supplies on hand	Let inventory storage costs rise 15% last month; overordered parts "A" and "B" by 20%; underordered part "C" by 30%
Supervise machinery maintenance	No shutdowns due to faulty machinery	Instituted new preventative maintenance system for plant; prevented a machine breakdown by discovering faulty part

Table 9–1

SALESMANSHIP SKILLS

Skillfully persuading prospects to join the navy; using navy benefits and opportunities effectively to sell the navy; closing skills; adapting selling techniques appropriately to different prospects; effectively overcoming objections to joining the navy.

9 —
— A prospect stated he wanted the nuclear power program or he would not sign up. When he did not qualify, the recruiter did not give up; instead, he talked this young man into electronics by emphasizing the technical training he would receive.

8 —
— The recruiter treats objections to joining the navy seriously; he works hard to counter the objections with relevant, positive arguments for a navy career.

7 —
— When talking to a high school senior, the recruiter mentions names of other seniors from that school who have already enlisted.

6 —
— When an applicant qualifies for only one program, the recruiter tries to convey to the applicant that is a desirable program.

5 —
— When a prospect is deciding on which service to enlist in, the recruiter tries to sell the navy by describing navy life at sea and adventures in port.

4 —
— During an interview, the recruiter said to the applicant. I'll try to get you the school you want, but frankly it probably won't be open for another three months, so why don't you take your second choice and leave now.

3 —
— The recruiter insisted on showing more brochures and films even though the applicant told him he wanted to sign up right now.

2 —
— When a prospect states an objection to being in the navy, the recruiter ends the conversation because he thinks the prospect must not be interested.

1 —

Example of a Behaviorally Anchored Rating Scale for the Dimension *Salesmanship Skill*

Figure 9–9

Management by Objectives (MBO)

➢ *Involves setting specific measurable goals with each employee and then periodically reviewing the progress made.*

1. Set the organization's goals.
2. Set departmental goals.
3. Discuss departmental goals.
4. Define expected results (set individual goals).
5. Performance reviews.
6. Provide feedback.

Computerized and Web-Based Performance Appraisal

➤ *Performance appraisal software programs*

  – Keep notes on subordinates during the year.

  – Electronically rate employees on a series of performance traits.

  – Generate written text to support each part of the appraisal.

➤ *Electronic performance monitoring (EPM)*

  – Having supervisors electronically monitor the amount of computerized data an employee is processing per day, and thereby his or her performance.

Potential Rating Scale Appraisal Problems

➢ *Unclear standards*

  – An appraisal that is too open to interpretation.

➢ *Halo effect*

  – Occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.

➢ *Central tendency*

  – A tendency to rate all employees the same way, such as rating them all average.

9–365

A Graphic Rating Scale with Unclear Standards

	Excellent	Good	Fair	Poor
Quality of work				
Quantity of work				
Creativity				
Integrity				

Note: For example, what exactly is meant by "good," "quantity of work," and so forth?

Table 9–2

Potential Rating Scale Appraisal Problems (cont'd)

➤ *Strictness/leniency*

– The problem that occurs when a supervisor has a tendency to rate all subordinates either high or low.

➤ *Bias*

– The tendency to allow individual differences such as age, race, and sex to affect the appraisal ratings employees receive.

How to Avoid Appraisal Problems

➢ *Learn and understand the potential problems, and the solutions for each.*

➢ *Use the right appraisal tool. Each tool has its own pros and cons.*

➢ *Train supervisors to reduce rating errors such as halo, leniency, and central tendency.*

➢ *Have raters compile positive and negative critical incidents as they occur.*

Who Should Do the Appraising?

- ➢ *The immediate supervisor*
- ➢ *Peers*
- ➢ *Rating committees*
- ➢ *Self-ratings*
- ➢ *Subordinates*
- ➢ *360-Degree feedback*

Advantages and Disadvantages of Appraisal Tools

Tool	Advantages	Disadvantages
Graphic rating scale	Simple to use; provides a quantitative rating for each employee.	Standards may be unclear; halo effect, central tendency, leniency, bias can also be problems.
BARS	Provides behavioral "anchors." BARS is very accurate.	Difficult to develop.
Alternation ranking	Simple to use (but not as simple as graphic rating scales). Avoids central tendency and other problems of rating scales.	Can cause disagreements among employees and may be unfair if all employees *are*, in fact, excellent.
Forced distribution method	End up with a predetermined number or % of people in each group.	Employeees' Appraisal results depend on your choice of cutoff points.
Critical incident method	Helps specify what is "right" and "wrong" about the employee's performance; forces supervisor to evaluate subordinates on an ongoing basis.	Difficult to rate or rank employees relative to one another.
MBO	Tied to jointly agreed-upon performanceobjectives.	Time-consuming.

Table 9–3

The Appraisal Interview

➢ *Types of appraisal interviews*

- Satisfactory—Promotable

- Satisfactory—Not promotable

- Unsatisfactory—Correctable

- Unsatisfactory—Uncorrectable

➢ *How to conduct the appraisal interview*

- Talk in terms of objective work data.

- Don't get personal.

- Encourage the person to talk.

- Don't tiptoe around.

Performance Contract

PERFORMANCE CONTRACT

Within the next year, I understand that our organization's objectives are _____

and that the goals of our department are _____ . I also understand that our work unit goals are _____ .

My key internal customers are _____ and their work needs and expectations are _____ .

To make my contribution toward attaining the goals stated above, I understand that I am expected to do the following:

My individual performance goals are _____ .

My goals for improving work methods (process) are _____ .

My goals for improving specific interpersonal work behaviors when I interact with the following _____ are _____ .

I believe these goals are acceptable and attainable. I also understand that I will be evaluated by multiple appraisal sources (supervisor, peers, internal, and, if appropriate, external customers).

Compensation for my work performance will be based on whether my performance was (1) outstanding, (2) fully competent, or (3) unsatisfactory. I understand that the following forms of compensation will be considered: (1) merit award for my individual performance goal attainment, (2) enhancement and utilization of my skills, (3) my work unit's or team's performance (gainsharing), and (4) our organization's performance (profit sharing).

_____   _____
Your signature   Supervisor's signature

Figure 9–10

Checklist During the Appraisal Interview

	Yes	No	
• Did you discuss each goal or objective established for this employee?	☐	☐	
• Are you and the employee clear on the areas of agreement? disagreement?	☐	☐	
• Did you and the employee cover all positive skills, traits, accomplishments, areas of growth, etc.? Did you reinforce the employee's accomplishments?	☐	☐	
• Did you give the employee a sense of what you thought of his or her potential or ability?	☐	☐	
• Are you both clear on areas where improvement is required? expected? demanded? desired?	☐	☐	
• What training or development recommendations did you agree on?	☐	☐	
• Did you indicate consequenses for noncompliance, if appropriate?	☐	☐	
• Did you set good objectives for the next appraisal period?	☐	☐	
• Objective?	☐	☐	
• Specific?	☐	☐	
• Measurable?	☐	☐	
• Standard to be used for evaluation?	☐	☐	
• Time frame?	☐	☐	
• Did you set a time for the next evaluation?	☐	☐	
• Did you confirm what your part would be? Did the employee confirm his or her part?	☐	☐	
• Did you thank the employee for his or her efforts?	☐	☐	

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Figure 9–11

The Appraisal Interview (cont'd)

➢ *How to handle a defensive subordinate*

- Recognize that defensive behavior is normal.
- Never attack a person's defenses.
- Postpone action.
- Recognize your own limitations.

The Appraisal Interview (cont'd)

➢ *How to criticize a subordinate*

- – Do it in a manner that lets the person maintain his or her dignity and sense of worth.

- – Criticize in private, and do it constructively.

- – Avoid once-a-year "critical broadsides" by giving feedback on a daily basis, so that the formal review contains no surprises.

- – Never say the person is "always" wrong

- – Criticism should be objective and free of any personal biases on your part.

The Appraisal Interview (cont'd)

➤ *How to ensure the interview leads to improved performance*

- Don't make the subordinate feel threatened during the interview.

- Give the subordinate the opportunity to present his or her ideas and feelings and to influence the course of the interview.

- Have a helpful and constructive supervisor conduct the interview.

- Offer the subordinate the necessary support for development and change.

The Appraisal Interview (cont'd)

➢ *How to handle a formal written warning*

– Purposes of the written warning

- To shake your employee out of bad habits.

- Help you defend your rating, both to your own boss and (if needed) to the courts.

– Written warnings should:

- Identify standards by which employee is judged.

- Make clear that employee was aware of the standard.

- Specify deficiencies relative to the standard.

- Indicates employee's prior opportunity for correction.

Creating the Total Performance Management Process

➢ *"What is our strategy and what are our goals?"*

➢ *"What does this mean for the goals we set for our employees, and for how we train, appraise, promote, and reward them?"*

➢ *What will be the technological support requirements?*

Information Required for TRW's Web-Based Performance Management System

Page one biographical data
Identification information
Education
Experience summary

Pages 2–3 performance summary
Accomplishments against previous year goals
TRW behaviors
TRW initiatives
Legal and ethical conduct/diversity and cultural
    sensitivity
Previous year's professional development activities
Employee comments

Overall performance—manager's overall rating and
    comments

Page four development summary
Demonstrated strengths
Improvement opportunities
Performance goals for the upcoming year
Professional development activities for the
    upcoming year
Future potential/positions (employee perspective)
Future potential/positions (manager perspective)
Electronic sign-off from both employee and
    manager

Figure 9–12

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics *(Are we achieving our strategic goals?)*

Rankings in industry service satisfaction surveys

Profit margins, and total annual profits

Percent share of market

Annual revenues

4. Strategically Relevant Customer and Organizational Outcomes Metrics *(How can we measure whether our customer service is actually improving and having the desired effects?)*

Guest service satisfaction index

Number of written guest compliments and/or complaints per year

Various customer and Hotel Paris outcome metrics, including frequency of guests' returns; average length of stay; and guest expenditures per guest per stay

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics *(What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)*

Employee turnover

Employee morale

Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival

Employee service commitment and engagement index

Percentage of employees scoring at least 90% on Hotel Paris core values quiz

2. Strategic HR Activities Metrics *(What HR function should we focus on, and how should we measure its efficiency and effectiveness?)*

Chapter 8, Training Number of hours training for employee per year; number of hours training for new employee

Chapter 9, Appraising Number of employees getting feedback; percentage of appraisals completed on time

Chapter 10, Careers Percentage of employees with formal career development plan

1. Hotel Paris Basic Strategic Themes *(What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)*

Create Service-Oriented Workforce

Embed Core Values

Encourage Personal Employee Growth and Learning

Emphasize Partnership and Sense of Ownership

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure –13

Key Terms

performance appraisal

performance management

graphic rating scale

alternation ranking method

paired comparison method

forced distribution method

critical incident method

behaviorally anchored rating scale (BARS)

management by objectives (MBO)

electronic performance monitoring (EPM)

unclear standards

halo effect

central tendency

strictness/leniency

bias

appraisal interview

human resource management

t e n t h   e d i t i o n

Gary Dessler

Chapter 10 Appendix

Part 3 Training and Development

Managing Careers

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Compare employers' traditional and career planning-oriented HR focuses

2. Explain the employee's manager's and employer's career development roles

3. Describe the issues to consider when making promotion decisions

4. Describe the methods for enhancing diversity through career management

5. Answer the question: How can career development foster employee commitment?

The Basics of Career Management

- *Career*
  - The occupational positions a person has had over many years.

- *Career management*
  - The process for enabling employees to better understand and develop their career skills and interests, and to use these skills and interests more effectively.

- *Career development*
  - The lifelong series of activities that contribute to a person's career exploration, establishment, success, and fulfillment.

The Basics of Career Management

➢ *Career planning*

   – The deliberate process through which someone becomes aware of personal skills, interests, knowledge, motivations, and other characteristics; and establishes action plans to attain specific goals.

➢ *Careers today*

   – Careers are no simple progressions of employment in one or two firms with a single profession.

   – Employees now want to exchange performance for training, learning, and development that keep them marketable.

Traditional Versus Career Development Focus

HR Activity	Traditional Focus	Career Development Focus
Human resource planning	Analyzes jobs, skills, tasks—present and future. Projects needs. Uses statistical data.	Adds information about individual interests, preferences, and the like to data.
Training and development	Provides opportunities for learning skills, information, and attitudes related to job.	Provides career path information. Adds individual growth orientation.
Performance appraisal	Rating and/or rewards.	Adds development plans and individual goal setting.
Recruiting and placement	Matching organization's needs with qualified individuals.	Matches individual and jobs based on a number of variables including employees' career interests.
Compensation and benefits	Rewards for time, productivity, talent, and so on.	Adds non-job-related activities to be rewarded, such as United Way leadership positions.

Table 10–1

Employee Career Development Plan

Employee Career Development Plan

Employee: _____ Position: _____

Manager: _____ Department: _____

Date of Appraisal: _____

1. What is the next logical step up for this employee, and when do you think he/she will be ready for it?

Probable Next Job:	When Ready:			
	Now	6 Months	1 Year	2 Years
1.	☐	☐	☐	☐
2.	☐	☐	☐	☐
3.	☐	☐	☐	☐

2. What is the highest probable promotion within five years?

3. What does this employee need to prepare for promotion?

- Knowledge: _____
  _____

  Action Plan: _____
  _____

- Still Training: _____
  _____

  Action Plan: _____
  _____

- Management Training: _____
  _____

  Action Plan: _____
  _____

Figure 10–1

10–387

Roles in Career Development

The Individual

- **Accept responsibility for your own career.**
- **Assess your interests, skills, and values.**
- **Seek out career information and resources.**
- **Establish goals and career plans.**
- **Utilize development opportunities.**
- **Talk with your manager about your career.**
- **Follow through on realistic career plans.**

The Manager

- **Provide timely performance feedback.**
- **Provide developmental assignments and support.**
- **Participate in career development discussions.**
- **Support employee development plans.**

The Organization

- **Communicate mission, policies, and procedures.**
- **Provide training and development opportunities.**
- **Provide career information and career programs.**
- **Offer a variety of career options.**

Source: Fred L. Otte and Peggy G. Hutcheson, *Helping Employees Manage Careers* (Upper Saddle River, NJ: Prentice Hall, 1992), p. 56.

Table 10–2

Choosing a Mentor

➢ *Choose an appropriate potential mentor.*

➢ *Don't be surprised if you're turned down.*

➢ *Be sure that the mentor understands what you expect in terms of time and advice.*

➢ *Have an agenda.*

➢ *Respect the mentor's time.*

The Employer's Role in Career Development

➢ *Realistic job previews*

➢ *Challenging first jobs*

➢ *Career-oriented appraisals*

➢ *Job rotation*

➢ *Mentoring*

➢ *Networking and interactions*

Innovative Corporate Career Development Initiatives

➤ *Provide each employee with an individual budget.*

➤ *Offer on-site or online career centers.*

➤ *Encourage role reversal.*

➤ *Establish a "corporate campus."*

➤ *Help organize "career success teams."*

➤ *Provide career coaches.*

➤ *Provide career planning workshops*

➤ *Utilize computerized on- and offline career development programs*

➤ *Establish a dedicated facility for career development*

Sample Agenda—Two-Day Career Planning Workshop

Before the program—Two weeks prior to the workshop participants receive a letter confirming their participation in the program and package of work to be completed before coming to the workshop. The exercises in this package include skills inventory, values identification, life accomplishments inventory, and a reading describing career direction options.

Day 1

8:30–10:00 Introduction and Overview of Career Planning

Welcome and Introduction to Program

Welcome by general manager
Overview of agenda and outcomes
Participant introductions (statements of expectations for the program)

Overview of Career Development

Company's philosophy
Why career planning is needed
What career planning is and is not
Career planning model

10:00–Noon Self-Assessment: Part 1

Individual Self-Assessment: Values

Values card sort exercise
Reconciling with values pre-work
Introduce career planning summary work sheet

Individual Self-Assessment: Skills

Motivated skills exercise
Examining life accomplishments (synthesize with pre-work)
Identifying accomplishment themes
Preferred work skills (from pre-work inventory)
Fill in career planning summary work sheet

1:00–3:00 Self-Assessment: Part 2

Individual Self-Assessment: Career Anchors

Career anchoring pattern exercise
Small group discussions
Fill in career planning summary work sheet

Individual Self-Assessment: Preferences

What success means to me
Skills, knowledge, personal qualities
Fill in career planning summary work sheet

Individual Self-Assessment: Career Path Pattern

Synthesize with direction options from pre-work
Fill in career planning summary work sheet

3:30–4:30 Environmental Assessment

Information About the Company
Goals, growth areas, expectations, turnover, competition for jobs, skills for the future
Fill in career planning summary work sheet
Personal career profile
Reality test, how you see self at this point by sharing

Day 2

8:30–10:00 Goal Setting

Warm-Up Exercise
Review of where we've been and where we're going
Setting goals—where do I want to be?
Creating an ideal future
Future skills and accomplishments
Desired lifestyle
Life and career goals

10:15–1:30 Environmental Assessment: Part 2

Career resources in the company
Introduce support services and hand out information
Marketing yourself—what it takes to achieve your goals here
Describe resource people who will be with the group for lunch and brainstorm questions/issues to be discussed
Lunch with resource people
Review lunch discussions

1:30–4:30 Developing Career Action Plans

Making career decisions
Identifying long-range alternatives
Identifying short-range alternatives
Improving career decisions
Decision styles and ways to enhance them
Creating your career plan
Reconciling your goals with options
Next career steps
Development action plan
Contingency planning
Making It Happen—Making Commitments to Next Steps
Summary and Adjourn

Source: Fred L. Otte and Peggy Hutcheson, *Helping Employees Manage Careers* (Upper Saddle River, NJ: Prentice Hall, 1992), pp. 22–23. In addition to career development training and follow-up support, First USA Bank has also outfitted special career development facilities at its work sites that employees can use on company time. These contain materials such as career assessment and planning tools.

Figure 10–2

Managing Promotions

➢ *Making promotion decisions*

- – Decision 1: Is Seniority or Competence the Rule?

- – Decision 2: How Should We Measure Competence?

- – Decision 3: Is the Process Formal or Informal?

- – Decision 4: Vertical, Horizontal, or Other?

Managing Transfers

➢ *Employees' reasons for desiring transfers*
  – Personal enrichment and growth
  – More interesting jobs
  – Greater convenience (better hours, location)
  – Greater advancement possibilities

➢ *Employers' reasons for transferring employees*
  – To vacate a position where an employee is no longer needed.
  – To fill a position where an employee is needed.
  – To find a better fit for an employee within the firm.
  – To boost productivity by consolidating positions.

Enhancing Diversity through Career Management

➢ *Sources of bias and discrimination in promotion decisions*

- Having few people of color employed in the hiring department
- The "old-boy network" of informal friendships
- A lack of women mentors
- A lack of high-visibility assignments and developmental experiences (glass ceiling)
- A lack of company role models for members of the same racial or ethnic group
- Inflexible organizations and career tracks

Enhancing Women's and Minorities' Prospects

➢ *Eliminate institutional barriers*

➢ *Improve networking and mentoring*

➢ *Eliminate the glass ceiling*

➢ *Institute flexible schedules and career tracks*

Career Management and Employee Commitment

➢ *The "New Psychological Contract"*

- **Old contract:** "Do your best and be loyal to us, and we'll take care of your career."

- **New contract:** "Do your best for us and be loyal to us for as long as you're here, and we'll provide you with the developmental opportunities you'll need to move on and have a successful career."

Career Management and Employee Commitment

➢ *Commitment-oriented career development efforts*

– Career development programs
  • Career workshops that use vocational guidance tools (including a computerized skills assessment program and other career gap analysis tools) to help employees identify career-related skills and the development needs they possess.

– Career-oriented appraisals
  • Provide the ideal occasion to link the employee's performance, career interests, and developmental needs into a coherent career plan.

Retirement

➢ *Retirement*

- The point at which one gives up one's work, usually between the ages of 60 and 65.

➢ *Preretirement practices*

- Explanation of Social Security benefits
- Leisure time counseling
- Financial and investment counseling
- Health counseling
- Psychological counseling
- Counseling for second careers
- Counseling for second careers inside the company

Sample Performance Review Development Plan

A. Employee's Major Strengths
  1. _____
  2. _____
  3. _____

B. Areas for Improvement/Development
  1. _____
  2. _____
  3. _____

C. Development Plans: Areas for Development
  1. _____
  2. _____
  3. _____
  4. _____

Development Strategy:
  _____
  _____
  _____

D. Employee's Comments on This Review: _____
  _____
  _____
  _____
  _____

E. Reviewer's Comments: _____
  _____
  _____
  _____

Growth potential in present position and future growth potential for increased
responsibilities: _____
  _____
  _____

Employer's Signature:_____ Date:_____
Reviewer's Signature:_____ Date:_____
Reviewer's Manager's Signature:_____ Date:_____
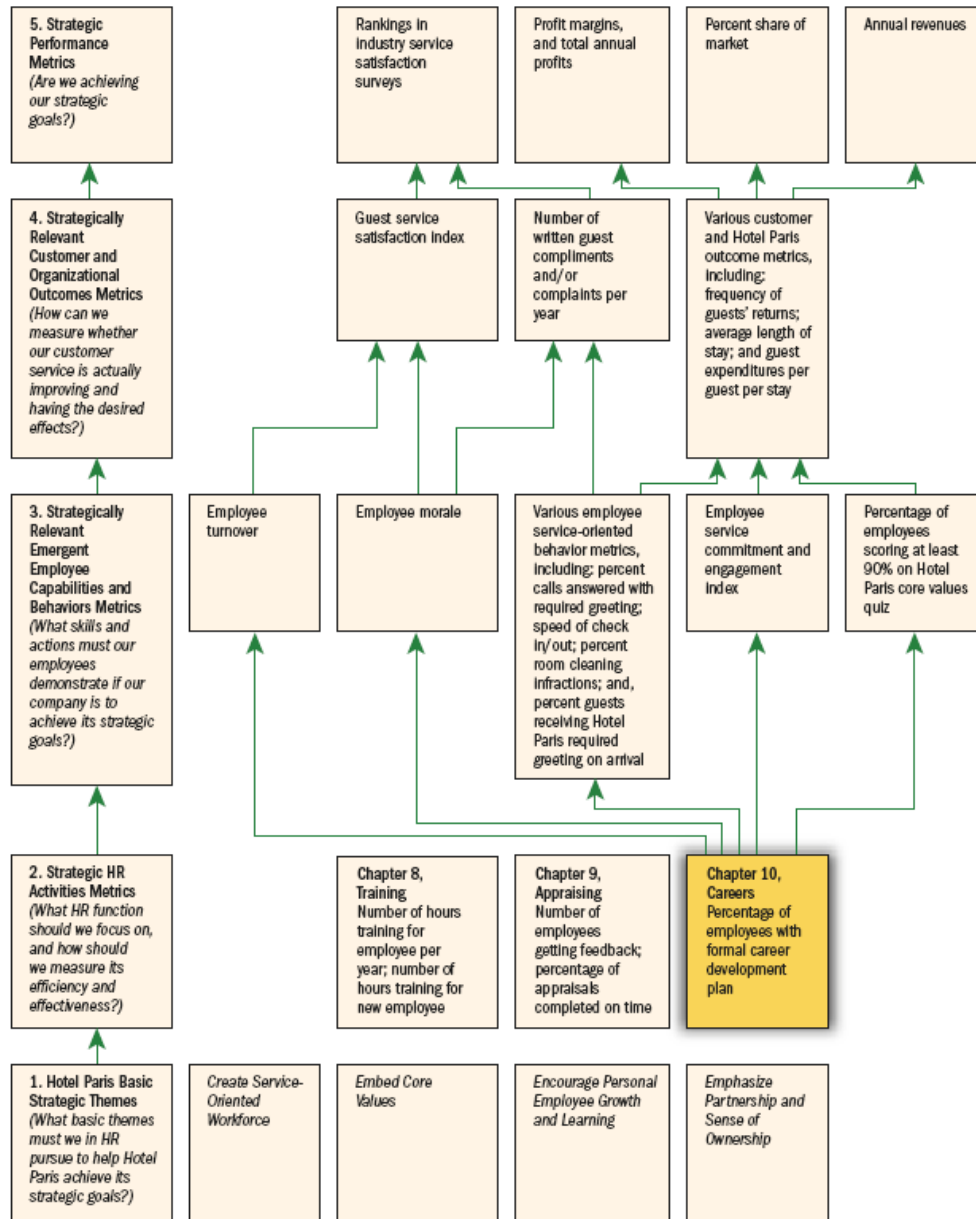
Figure 10–3

HR Scorecard for Hotel Paris International Corporation*

Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 10–4

Key Terms

career

career management

career development

career planning

career planning and development

reality shock

job rotation

mentoring

promotions

transfers

retirement

preretirement counseling

career cycle

growth stage

exploration stage

establishment stage

trial substage

stabilization substage

midcareer crisis substage

maintenance stage

decline stage

career anchors

human

t e n t h   e d i t i o n

resource management

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Chapter 10 Appendix

Part 3 Training and Development

Managing Your Career

PowerPoint Presentation by Charlie Cook
The University of West Alabama

Identify Your Career Stage

- *Growth stage*
- *Exploration stage*
- *Establishment stage*
  - Trial substage
  - Stabilization substage
  - Midcareer crisis substage
- *Maintenance Stage*
- *Decline Stage*

Identify Your Occupational Orientation

➤ *Realistic orientation*

➤ *Investigative orientation*

➤ *Social orientation*

➤ *Conventional orientation*

➤ *Enterprising orientation*

➤ *Artistic orientation*

Choosing an Occupational Orientation
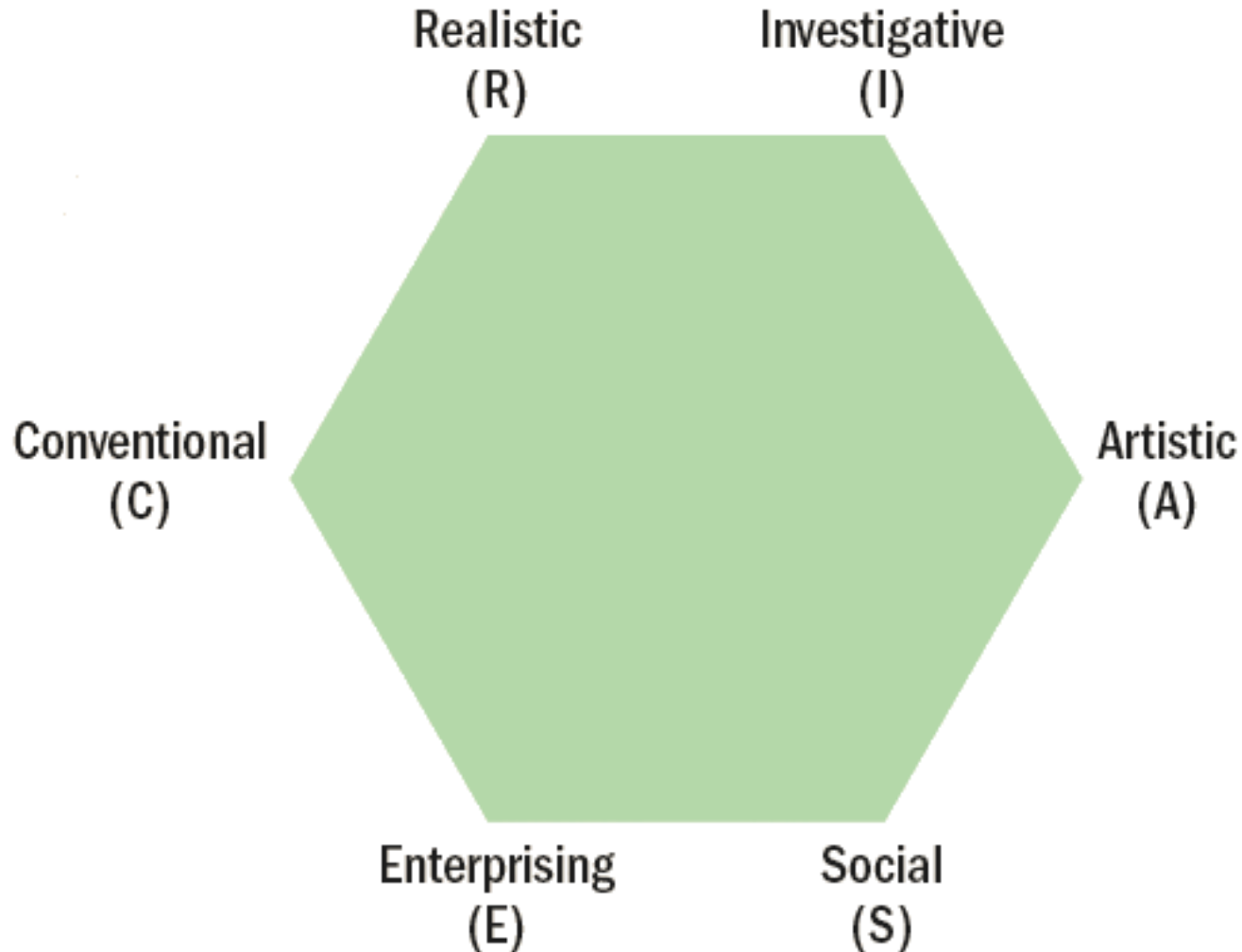
Figure 10–A1

Example of Some Occupations that May Typify Each Occupational Theme

Realistic	Investigative	Artistic	Social	Enterprising	Conventional
A Wide Range of Managerial Occupations, including:					
Military Officers	Physicians	Advertising Executives		Lawyers	Accountants
Engineers	Psychologists	Public Relations Directors	Auto Sales Dealers	Investment Managers	Bankers
	Research and Development Managers		School Administrators	Chamber of Commerce Executives	Credit Managers

Figure 10–A2

Example of Some Occupations that May Typify Each Occupational Theme

Business Career Interest Inventory (BC II)

Part 1: *All executive work is based on one or more of the following eight core activities. Read them.*

Application of Technology: Taking an engineering-like approach to business problems and using technology to solve them (operations process analysis, process redesign, production planning).

Quantitative Anaysis: Problem-solving that relies on mathmatical and financial analysis (de termining the most advantageous debt/equity structure, analyzing market research).

Theory Development and Conceptual Thinking: Taking a broadly conceptual, quasi-academic approach to business problems (developing a new general economic theory or model of market behavior).

Creative Production: Highly creative activities (the generation of new business ideas suck as line extensions or additional markets, the development of new marketing concepts).

Counseling and Mentoring: Developing a variety of persoanl relationships in the workplace and helping others in their careers (human-resources coaching, training, and mentoring).

Managing People: Accomplishing business goals through working directly with people (particularly as a front-line manager, team leader, director, or direct supervisor).

Enterprise Control: Having ultimate stategy and decision-approach to business problems and using

Influence Through Language and Ideas: Exercising influence through the skillful use of persuasion (negotiating, deal-making, sales functions, and relationship development).

Figure 10–A3

Source: James Waldroop and Timothy Butler, " Finding the Job You *Should Want*," *Fortune*, March 2, 1998, p. 211.

Identify Your Career Anchors

➢ *Career anchor*

  – A concern or value that a person you will not give up if a [career] choice has to be made.

➢ *Typical career anchors*

  – Technical/functional competence

  – Managerial competence

  – Creativity

  – Autonomy and independence

  – Security

Finding the Right Job

➢ *Do Your Own Local Research*

➢ *Personal Contacts*

➢ *Answering Advertisements*

➢ *Employment Agencies*

➢ *Executive Recruiters*

➢ *Career Counselors*

➢ *Executive Marketing Consultants*

➢ *Employers' Web Sites*

Writing Your Résumé

➢ *Introductory Information*

➢ *Job Objective*

➢ *Job Scope*

➢ *Your Accomplishments*

➢ *Length*

➢ *Personal Data*

➢ *Make Your Résumé Scannable*

Handling the Interview

➤ *Prepare, Prepare, Prepare*

➤ *Uncover the Interviewer's Needs*

➤ *Relate Yourself to the Person's Needs*

➤ *Think Before Answering*

➤ *Make a Good Appearance and Show Enthusiasm*

human resource management

tenth edition

Gary Dessler

Chapter 11

Part 4 Compensation

Establishing Strategic Pay Plans

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. List the basic factors in determining pay rates.

2. Explain in detail how to establish pay rates.

3. Explain how to price managerial and professional jobs.

4. Discuss current trends in compensation.

Determining Pay Rates

➢ *Employee compensation*
- – All forms of pay or rewards going to employees and arising from their employment.

➢ *Direct financial payments*
- – Pay in the form of wages, salaries, incentives, commissions, and bonuses.

➢ *Indirect financial payments*
- – Pay in the form of financial benefits such as insurance.

Overview of Compensation Laws

➢ *Davis-Bacon Act (1931)*

- A law that sets wage rates for laborers employed by contractors working for the federal government.

➢ *Walsh-Healey Public Contract Act (1936)*

- A law that requires minimum wage and working conditions for employees working on any government contract amounting to more than $10,000.

Overview of Compensation Laws (cont'd)

➢ *Title VII of the 1964 Civil Rights Act*

– This act makes it unlawful for employers to discriminate against any individual with respect to hiring, compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, or national origin.

Overview of Compensation Laws (cont'd)

➢ *Fair Labor Standards Act (1938)*

  – This act provides for minimum wages, maximum hours, overtime pay for nonexempt employees after 40 hours worked per week, and child labor protection. The law has been amended many times and covers most employees.

➢ *Equal Pay Act (1963)*

  – An amendment to the Fair Labor Standards Act designed to require equal pay for women doing the same work as men.

Who Is Exempt? Who Is Not Exempt?

Exempt Professionals

Attorneys

Physicians

Dentists

Pharmacists

Optometrists

Architects

Engineers

Teachers

Certified public accountants

Scientists

Computer systems analysts

Exempt Executives

Corporate officers

Department heads

Superintendents

General managers

Individual who is in sole charge of an "independent establishment" or branch

Exempt Administrators

Executive assistant to the president

Personnel directors

Credit managers

Purchasing agents

Nonexempt

Paralegals

Nonlicensed accountants

Accounting clerks

Newspaper writers

Working foreman/forewoman

Working supervisor

Lead worker

Management trainees

Secretaries

Clerical employees

Inspectors

Statisticians

Note: These lists are general in nature, and exceptions exist. Any questionable allocation of exemption status should be reviewed by labor legal counsel.

Source: Jeffrey Friedman, "The Fair Labor Standards Act Today: A Primer," *Compensation*, January/February 2002, p. 53.

Figure 11–1

Overview of Compensation Laws (cont'd)

➢ *Employee Retirement Income Security Act (ERISA)*

  – The law that provides government protection of pensions for all employees with company pension plans. It also regulates vesting rights (employees who leave before retirement may claim compensation from the pension plan).

➢ *The Age Discrimination in Employment Act*

  – Prohibits age discrimination against employees who are 40 years of age and older in all aspects of employment, including compensation.

Overview of Compensation Laws (cont'd)

➤ *The Americans with Disabilities Act*

 – Prohibits discrimination against qualified persons with disabilities in all aspects of employment, including compensation.

➤ *The Family and Medical Leave Act*

 – Entitles eligible employees, both men and women, to take up to 12 weeks of unpaid, job-protected leave for the birth of a child or for the care of a child, spouse, or parent.

Independent Contractor

Independent Contractor

Managers are to use the following checklist to classify individuals as independent contractors. If more than 3 questions are answered "yes", the manager will confer with human resources regarding the classification. (EE = Employees, IC = Independent Contractors)

Factors which show control:

	Yes/EE	No/IC	N/A
1. Worker must comply with instructions.	☐	☐	☐
2. Worker is trained by person hired.	☐	☐	☐
3. Worker's services are integrated in business.	☐	☐	☐
4. Worker must personally render services.	☐	☐	☐
5. Worker cannot hire or fire assistants.	☐	☐	☐
6. Work relationship is continuous or indefinite.	☐	☐	☐
7. Work hours are present.	☐	☐	☐
8. Worker must devote full time to this business.	☐	☐	☐
9. Work is done on the employer's premises.	☐	☐	☐
10. Worker cannot control order or sequence.	☐	☐	☐
11. Worker submits oral or written reports.	☐	☐	☐
12. Worker is paid at specific intervals.	☐	☐	☐
13. Worker's business expenses are reimbursed.	☐	☐	☐
14. Worker is provided with tools or materials.	☐	☐	☐
15. Worker has no significant investment.	☐	☐	☐
16. Worker has no opportunity for profit/loss.	☐	☐	☐
17. Worker is not engaged by many different firms.	☐	☐	☐
18. Worker does not offer services to public.	☐	☐	☐
19. Worker may be discharged by employer.	☐	☐	☐
20. Worker can terminate without liability.	☐	☐	☐

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Figure 11–2

Corporate Policies, Competitive Strategy, and Compensation

➢ *Aligned reward strategy*

- The employer's basic task is to create a bundle of rewards—a total reward package—specifically aimed at eliciting the employee behaviors the firm needs to support and achieve its competitive strategy.

- The HR or compensation manager will write the policies in conjunction with top management, in a manner such that the policies are consistent with the firm's strategic aims.

Developing an Aligned Reward Strategy

Questions to Ask:

1. What are our company's key success factors?
   What must our company do to be successful in fulfilling its mission or achieving its desired competitive position?

2. What are the employee behaviors or actions necessary to successfully implement this competitive strategy?

3. What compensation programs should we use to reinforce those behaviors? What should be the purpose of each program in reinforcing each desired behavior?

4. What measurable requirements should each compensation program meet to be deemed successful in fulfilling its purpose?

5. How well do our current compensation programs match these requirements?

Table 11–1

Compensation Policy Issues

➢ *Pay for performance*

➢ *Pay for seniority*

➢ *The pay cycle*

➢ *Salary increases and promotions*

➢ *Overtime and shift pay*

➢ *Probationary pay*

➢ *Paid and unpaid leaves*

➢ *Paid holidays*

➢ *Salary compression*

➢ *Geographic costs of living differences*

Compensation Policy Issues (cont'd)

➢ *Salary compression*

- A salary inequity problem, generally caused by inflation, resulting in longer-term employees in a position earning less than workers entering the firm today.

Equity and Its Impact on Pay Rates

➢ *The equity theory of motivation*

  – States that if a person perceives an inequity, the person will be motivated to reduce or eliminate the tension and perceived inequity.

Forms of Equity

➢ *External equity*

   – How a job's pay rate in one company compares to the job's pay rate in other companies.

➢ *Internal equity*

   – How fair the job's pay rate is, when compared to other jobs within the same company

➢ *Individual equity*

   – How fair an individual's pay as compared with what his or her co-workers are earning for the same or very similar jobs within the company.

➢ *Procedural equity*

   – The perceived fairness of the process and procedures to make decisions regarding the allocation of pay.

Methods to Address Equity Issues

➤ *Salary surveys*
  – To monitor and maintain external equity.

➤ *Job analysis and job evaluation*
  – To maintain internal equity,

➤ *Performance appraisal and incentive pay*
  – To maintain individual equity.

➤ *Communications, grievance mechanisms, and employees' participation*
  – To help ensure that employees view the pay process as transparent and fair.

Establishing Pay Rates

➢ *Step 1. The salary survey*

  – Aimed at determining prevailing wage rates.

    • A good salary survey provides specific wage rates for specific jobs.

  – Formal written questionnaire surveys are the most comprehensive, but telephone surveys and newspaper ads are also sources of information.

    • **Benchmark job:** A job that is used to anchor the employer's pay scale and around which other jobs are arranged in order of relative worth.

Sources for Salary Surveys

➤ *Consulting firms*

➤ *Professional associations*

➤ *Government agencies*

  – U.S. Department of Labor's Bureau of Labor Statistics (BLS) conducts three annual surveys:

    • Area wage surveys

    • Industry wage surveys

    • Professional, administrative, technical, and clerical (PATC) surveys.

Some Pay Data Web Sites

Sponsor	Internet Address	What It Provides	Downside
Salary.com	Salary.com	Salary by job and zip code, plus job and description, for hundreds of jobs	Adapts national averages by applying local cost-of-living differences
Wageweb	www.wageweb.com	Average salaries for more than 150 clerical, professional, and managerial jobs	Charges $100 for breakdowns by industry, location, etc. location, etc.
Exec-U-Net	www.execunet.com	Salary, bonus, and options for about 650 management posts	Charges an initial $125 for job details
Futurestep*	www.futurestep.com	Pay analyses for people eligible for managerial posts paying about $50,000 to $200,000 a year	Participants automatically subject to queries from Korn/Ferry recruiters
U.S. Office of Personnel Management	www.opm/gov/oca/ 04tables/index.asp	Salaries and wages for U.S. government jobs	Limited to U.S. government jobs
Job Smart	http://jobsmart.org/tools/ salary/sal-prof.cfm	Profession-specific salary surverys salary surveys	Necessary to review numerous salary surveys for each profession

*An alliance between recruiters Korn/Ferry International and the *Wall Street Journal*.

Table 11–2

Establishing Pay Rates (cont'd)

➢ *Step 2. Job evaluation*
  – A systematic comparison done in order to determine the worth of one job relative to another.

➢ *Compensable factor*
  – A fundamental, compensable element of a job, such as skills, effort, responsibility, and working conditions.

　　　　　　　　　　　　　　　　　　　　11–433

Preparing for the Job Evaluation

➢ *Identifying the need for the job evaluation*

➢ *Getting the cooperation of employees*

➢ *Choosing an evaluation committee.*

➢ *Performing the actual evaluation.*

11–434

Job Evaluation Methods: Ranking

➤ *Ranking each job relative to all other jobs, usually based on some overall factor.*

➤ *Steps in job ranking:*

- Obtain job information.

- Select and group jobs.

- Select compensable factors.

- Rank jobs.

- Combine ratings.

Job Ranking by Olympia Health Care

Ranking Order	Annual Pay Scale
1. Office manager	$43,000
2. Chief nurse	42,500
3. Bookkeeper	34,000
4. Nurse	32,500
5. Cook	31,000
6. Nurse's aide	28,500
7. Orderly	25,500

Table 11–3

Job Evaluation Methods: Job Classification

➤ *Raters categorize jobs into groups or classes of jobs that are of roughly the same value for pay purposes.*

- Classes contain similar jobs.
- Grades are jobs that are similar in difficulty but otherwise different.
- Jobs are classed by the amount or level of compensable factors they contain.

Example of A Grade Level Definition

GRADE	NATURE OF ASSIGNMENT	LEVEL OF RESPONSIBILITY
GS-7	Performs specialized duties in a defined functional or program area involving a wide variety of problems or situations; develops information, identifies interrelationships, and takes actions consistent with objectives of the function or program served.	Work is assigned in terms of objectives, priorities, and deadlines; the employee works independently in resolving most conflicts; completed work is evaluated for conformance to policy; guidelines, such as regulations, precedent cases, and policy statements require considerable interpretation and adaptation.

This is a summary chart of the key grade level criteria for the GS-7 level of clerical and assistance work. Do not use this chart alone for classification purposes; additional grade level criteria are in the Web-based chart.

Figure 11–3

11–438

Job Evaluation Methods: Point Method

➢ *A quantitative technique that involves:*

- Identifying the degree to which each compensable factors are present in the job.

- Awarding points for each degree of each factor.

- Calculating a total point value for the job by adding up the corresponding points for each factor.

Job Evaluation Methods:
Factor Comparison

➢ *Each job is ranked several times—once for each of several compensable factors.*

➢ *The rankings for each job are combined into an overall numerical rating for the job.*

Computerized Job Evaluations

➤ *A computerized system that uses a structured questionnaire and statistical models to streamline the job evaluation process.*

  – Advantages of computer-aided job evaluation (CAJE)

    • Simplify job analysis

    • Help keep job descriptions up to date

    • Increase evaluation objectivity

    • Reduce the time spent in committee meetings

    • Ease the burden of system maintenance

Establishing Pay Rates (cont'd)

➢ *Step 3. Group Similar Jobs into Pay Grades*

– A pay grade is comprised of jobs of approximately equal difficulty or importance as established by job evaluation.

- Point method: the pay grade consists of jobs falling within a range of points.

- Ranking method: the grade consists of all jobs that fall within two or three ranks.

- Classification method: automatically categorizes jobs into classes or grades.

Establishing Pay Rates (cont'd)

➢ *Step 4. Price Each Pay Grade — Wage Curve*

- – Shows the pay rates currently paid for jobs in each pay grade, relative to the points or rankings assigned to each job or grade by the job evaluation.

- – Shows the relationships between the value of the job as determined by one of the job evaluation methods and the current average pay rates for your grades.

Plotting a Wage Curve

Note: Some pay rates may fall well off wage curve
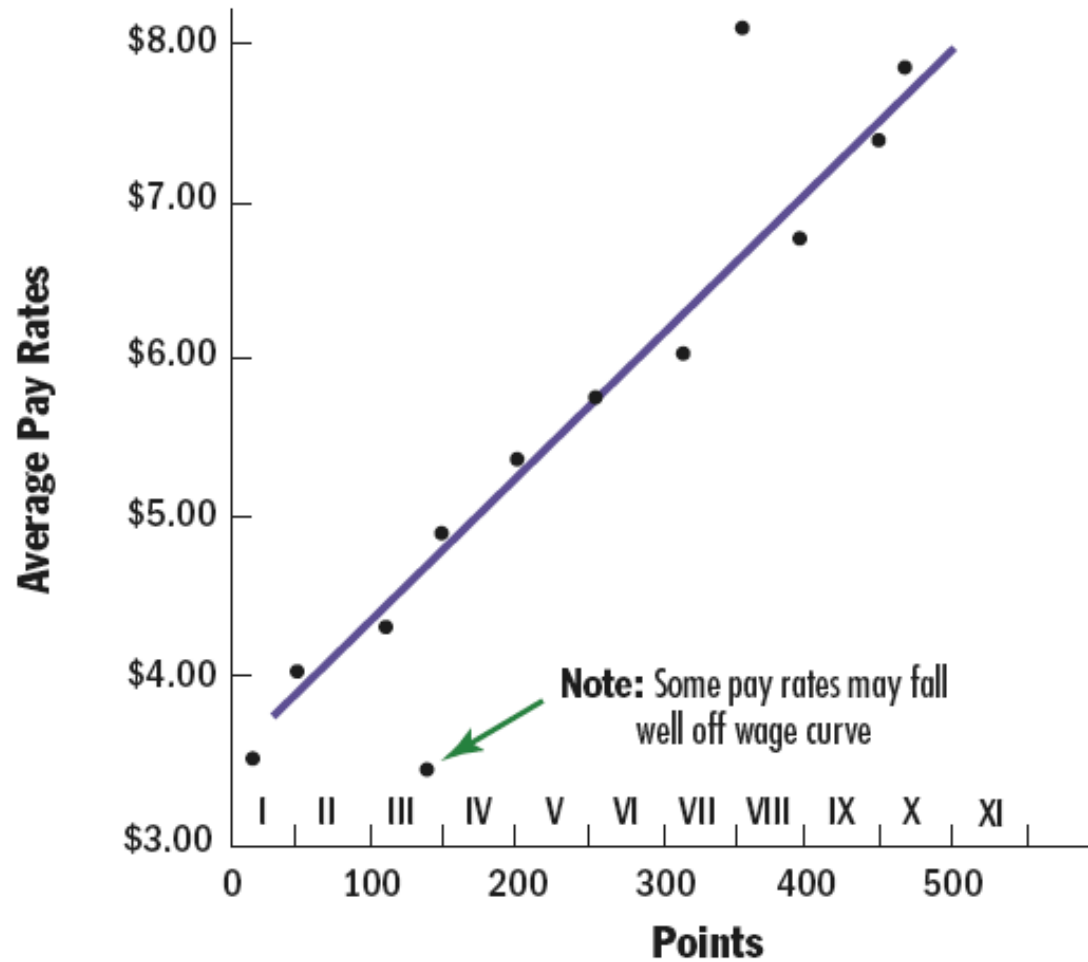
Figure 11–4

Establishing Pay Rates (cont'd)

➤ *Step 5. Fine-tune pay rates*

– Developing pay ranges

- Flexibility in meeting external job market rates
- Easier for employees to move into higher pay grades
- Allows for rewarding performance differences and seniority

– Correcting out-of-line rates

- Raising underpaid jobs to the minimum of the rate range for their pay grade.
- Freezing rates or cutting pay rates for overpaid ("red circle") jobs to maximum in the pay range for their pay grade.
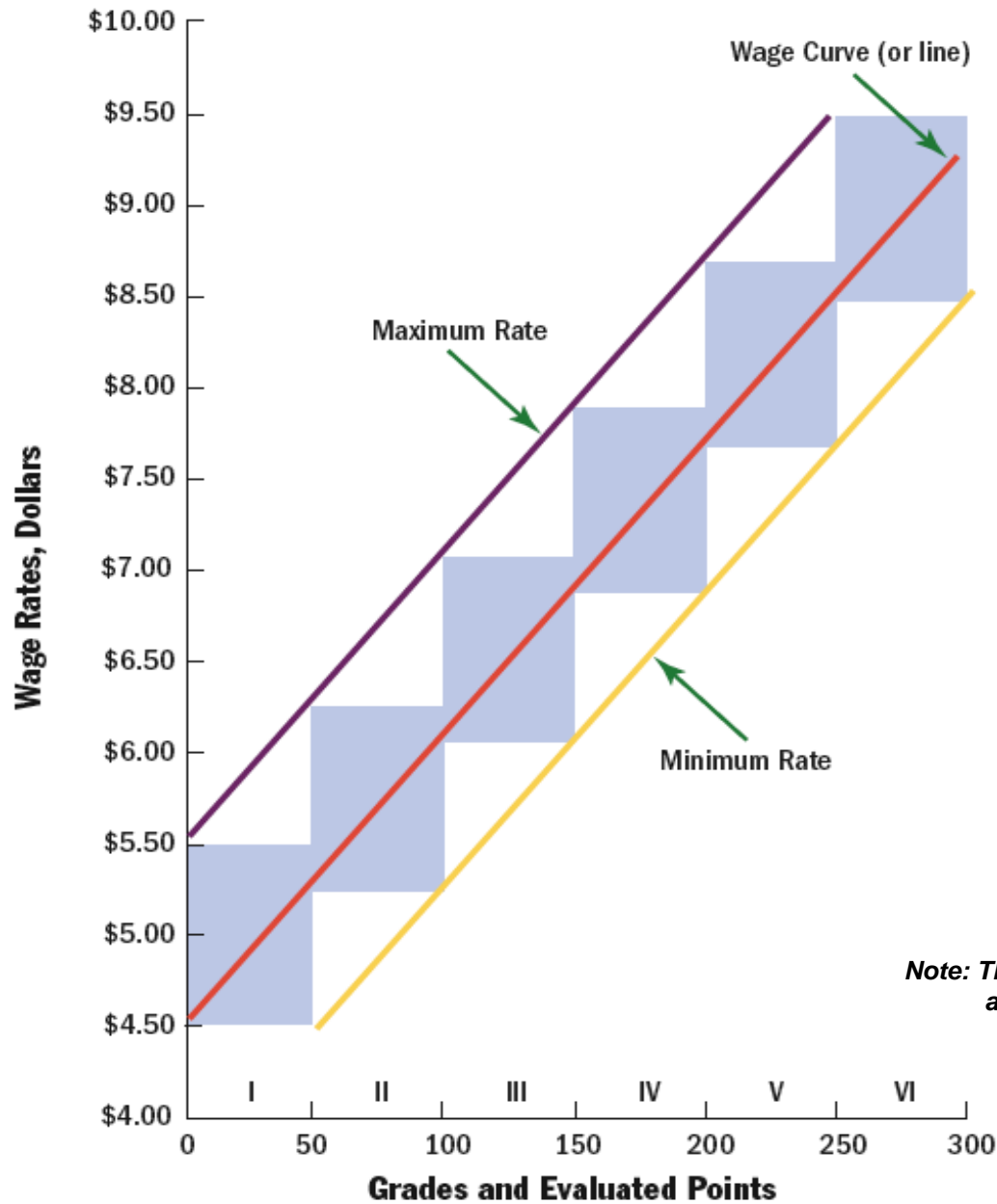
Wage Structure

Note: *This shows overlapping wage classes and maximum–minimum wage ranges.*

Figure 11–5

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Federal Government Pay Schedule: Grades GS-8–GS-10, New York, Northern New Jersey, Long Island, January 2000

					Annual Rates for Steps (in dollars)					
Grade	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
GS-8	32,859	33,954	35,049	36,145	37,140	38,335	39,430	40,525	41,620	42,715
GS-9	36,295	37,504	38,714	39,923	41,133	42,342	43,551	44,761	45,970	47,180
GS-10	39,969	41,302	42,635	43,967	45,300	46,633	47,966	42,298	50,631	51,964

Source: info@fedamerica.com.

Table 11–4

Compensation Administration Checklist

	Yes	No
• Is your plan for salary administration in writing?	☐	☐
• Do you have stated goals for your plan, such as:		
—Compliance with applicable law?	☐	☐
—Consistently rewarding performance?	☐	☐
—Attracting quality employees?	☐	☐
—Reducing turnover?	☐	☐
• Does your plan include the following topics?	☐	☐
—Annual wage and hour surveys?	☐	☐
—Explanations for salary schedules?	☐	☐
—Evaluations of job classifications?	☐	☐
—Premium, bonus, vacation pay?	☐	☐
—Paid medical leave, long-term disability?	☐	☐
—Temporary positions, part-time positions?	☐	☐
• Is there a written analysis for each job in your company?	☐	☐
• Does each analysis include a listing of the following job requirements?	☐	☐

—Knowledge/skills/experience/personal characteristics?	☐	☐
• Do you periodically review and update each job description?	☐	☐
• Have you set salary ranges for each job category?	☐	☐
• Do you provide regular, written performance evaluations for employees?	☐	☐
• Are the evaluations used to decide promotions and pay increases?	☐	☐
• Do you communicate your job evaluation plan to your employees through:	☐	☐
—Orientation/supervisors?	☐	☐
—Bulletin boards/handbooks?	☐	☐
• Have you developed a written system of merit increases?	☐	☐
• Do you have stated goals for the system, such as:	☐	☐
—Increase productivity/quality?	☐	☐
—Reduce errors/cost?	☐	☐
• Do you respond to suggestions from employees about your compensation plan?	☐	☐

A good compensation administration program is comprehensive and flexible and ensures optimum performance from employees at all levels. The following checklist may be used to evaluate a company's program. The more questions answered "yes," the more thorough has been the planning for compensation administration.

Figure 11–6

Pricing Managerial and Professional Jobs

➢ *Compensating managers*

- – Base pay: fixed salary, guaranteed bonuses.
- – Short-term incentives: cash or stock bonuses
- – Long-term incentives: stock options
- – Executive benefits and perks: retirement plans, life insurance, and health insurance without a deductible or coinsurance.

Pricing Managerial and Professional Jobs

➢ *What Really Determines Executive Pay?*

- CEO pay is set by the board of directors taking into account factors such as the business strategy, corporate trends, and where they want to be in a short and long term.

- Firms pay CEOs based on the complexity of the jobs they filled.

- Boards are reducing the relative importance of base salary while boosting the emphasis on performance-based pay.

Compensating Professional Employees

➢ *Employers can use job evaluation for professional jobs.*

➢ *Compensable factors focus on problem solving, creativity, job scope, and technical knowledge and expertise.*

➢ *Firms use the point method and factor comparison methods, although job classification seems most popular.*

➢ *Professional jobs are market-priced to establish the values for benchmark jobs.*

What Is Competency-based Pay?

➢ *Competency-based pay*
  – Where the company pays for the employee's range, depth, and types of skills and knowledge, rather than for the job title he or she holds.

➢ *Competencies*
  – Demonstrable characteristics of a person, including knowledge, skills, and behaviors, that enable performance.

Why Use Competency-Based Pay?

➢ *Traditional pay plans may actually backfire if a high-performance work system is the goal.*

➢ *Paying for skills, knowledge, and competencies is more strategic.*

➢ *Measurable skills, knowledge, and competencies are the heart of any company's performance management process.*

Competency-Based Pay in Practice

➢ *Main components of skill/competency/ knowledge–based pay programs:*

- A system that defines specific skills, and a process for tying the person's pay to his or her skill

- A training system that lets employees seek and acquire skills

- A formal competency testing system

- A work design that lets employees move among jobs to permit work assignment flexibility.

Competency-Based Pay: Pros and Cons

➢ *Pros*

– Higher quality

– Lower absenteeism and fewer accidents

➢ *Cons*

– Pay program implementation problems

– Cost implications of paying for unused knowledge, skills and behaviors

– Complexity of program

– Uncertainty that the program improves productivity

Other Compensation Trends

➢ *Broadbanding*

– Consolidating salary grades and ranges into just a few wide levels or "bands," each of which contains a relatively wide range of jobs and salary levels.

- Wide bands provide for more flexibility in assigning workers to different job grades.

- Lack of permanence in job responsibilities can be unsettling to new employees.
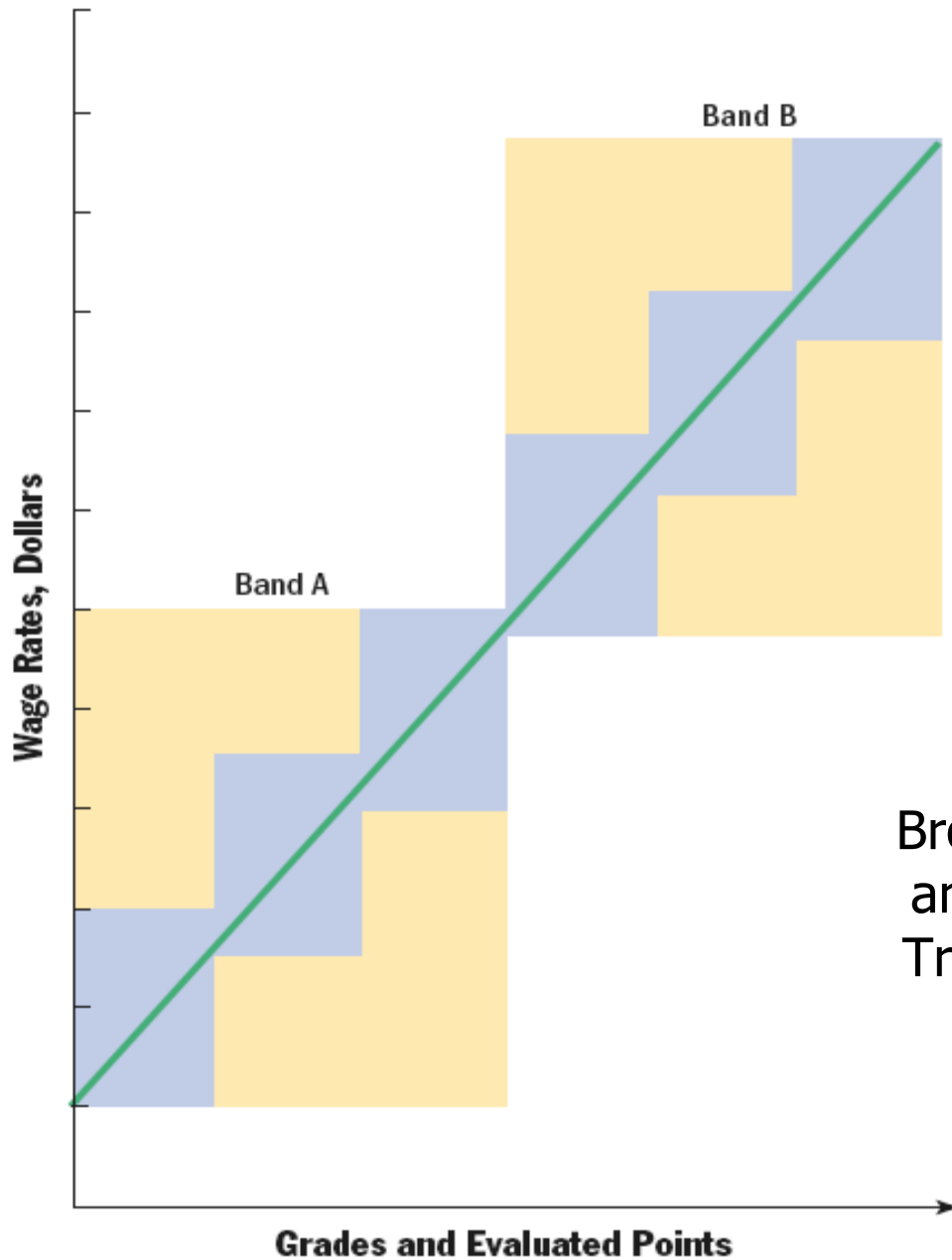
Broadbanded Structure and How It Relates to Traditional Pay Grades and Ranges

Figure 11–7

Strategic Compensation

- *Strategic compensation*
  - Using the compensation plan to support the company's strategic aims.
  - Focuses employees' attention on the values of winning, execution, and speed, and on being better, faster, and more competitive..
- *IBM's strategic compensation plan:*
  - The marketplace rules.
  - Fewer jobs, evaluated differently, in broadbands.
  - Managers manage.
  - Big stakes for stakeholders.

Comparable Worth

➢ *Comparable worth*

  – Refers to the requirement to pay men and women equal wages for jobs that are of comparable (rather than strictly equal) value to the employer.

  – Seeks to address the issue that women have jobs that are dissimilar to those of men and those jobs often consistently valued less than men's jobs.

Compensation and Women

➢ *Factors lowering the earnings of women:*

– Women's starting salaries are traditionally lower.

– Salary increases for women in professional jobs do not reflect their above-average performance.

– In white-collar jobs, men change jobs more frequently, enabling them to be promoted to higher-level jobs over women with more seniority.

– In blue-collar jobs, women tend to be placed in departments with lower-paying jobs.

HR Scorecard for Hotel Paris International Corporation*
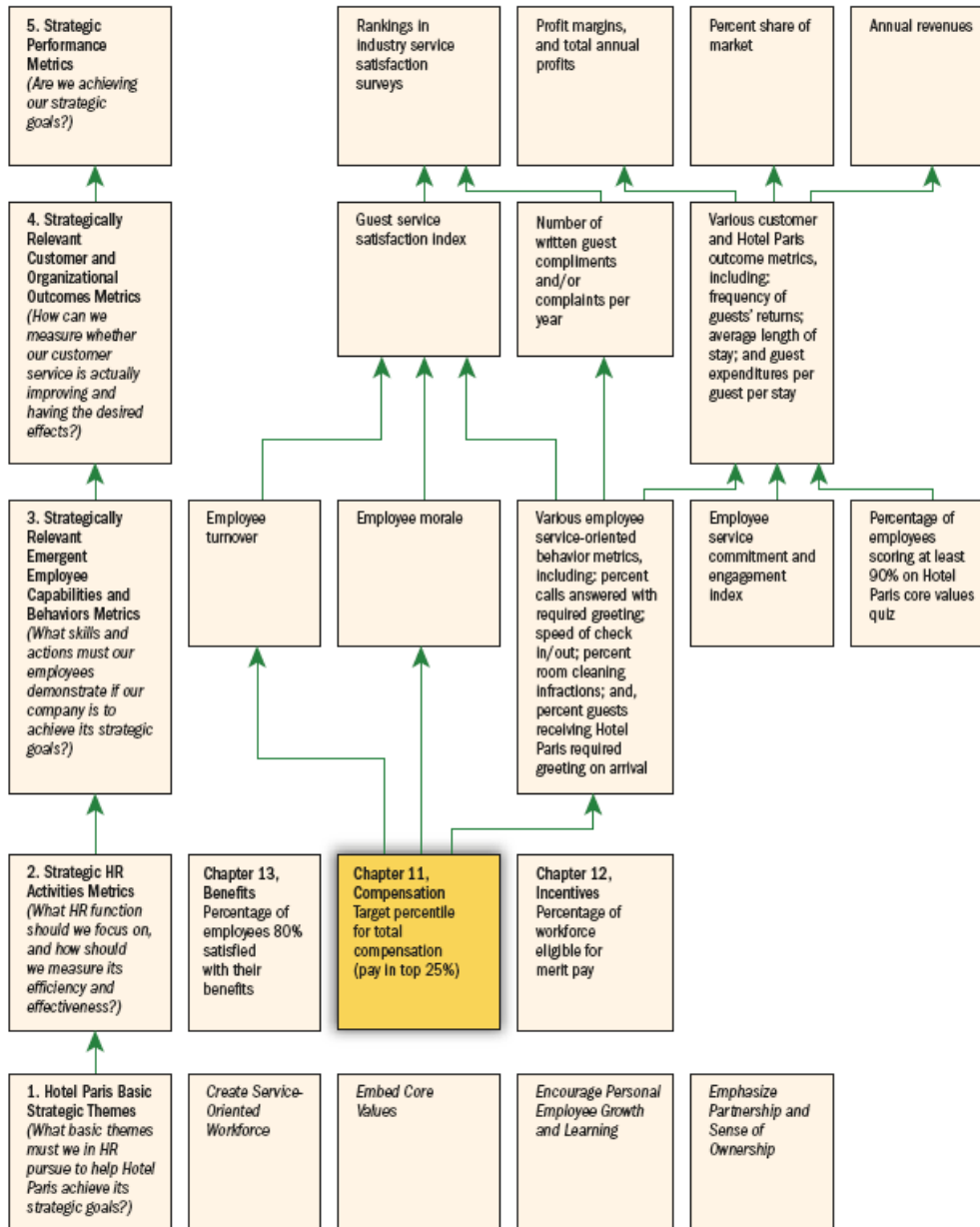
Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 11–8

Key Terms

employee compensation

direct financial payments

indirect financial payments

Davis-Bacon Act (1931)

Walsh-Healey Public Contract Act (1936)

Title VII of the 1964 Civil Rights Act

Fair Labor Standards Act (1938)

Equal Pay Act (1963)

Employee Retirement Income

Security Act (ERISA)

salary compression

salary survey

benchmark job

job evaluation

compensable factor

ranking method

job classification (or grading)

method

classes

grades

grade definition

point method

factor comparison method

pay grade

wage curve

pay ranges

competency-based pay

competencies

broadbanding

comparable worth

human resource management

Gary Dessler

t e n t h   e d i t i o n

Chapter 11 Appendix

Part 4 Compensation

Quantitative Job Evaluation Methods

PowerPoint Presentation by Charlie Cook
The University of West Alabama

Quantitative Job Evaluation Methods

➢ *Factor Comparison Job Evaluation Method*
  – Step 1. Obtain job information
  – Step 2. Select key benchmark jobs
  – Step 3. Rank key jobs by factor
  – Step 4. Distribute wage rates by factors
  – Step 5. Rank key jobs according to wages assigned to each factor
  – Step 6. Compare the two sets of rankings to screen out unusable key jobs
  – Step 7. Construct the job-comparison scale
  – Step 8. Use the job-comparison scale

Sample Definitions of Factors Typically Used in the Factor Comparison Method

1. **Mental Requirements**
   Either the possession of and/or the active application of the following:
   A. (inherent) Mental traits, such as intelligence, memory, reasoning, facility in verbal expression, ability to get along with people, and imagination.
   B. (acquired) General education, such as grammar and arithmetic; or general information as to sports, world events, etc.
   C. (acquired) Specialized knowledge such as chemistry, engineering, accounting, advertising, etc.

2. **Skill**
   A. (acquired) Facility in muscular coordination, as in operating machines, repetitive movements, careful coordinations, dexterity, assembling, sorting, etc.
   B. (acquired) Specific job knowledge necessary to the muscular coordination only; acquired by performance of the work and not to be confused with general education or specialized knowledge. It is very largely training in the interpretation of sensory impressions.
   Examples
   1. In operating an adding machine, the knowledge of *which* key to depress for a subtotal would be skill.
   2. In automobile repair, the ability to determine the significance of a knock in the motor would be skill.
   3. In hand-firing a boiler, the ability to determine from the appearance of the firebed how coal should be shoveled over the surface would be skill.

3. **Physical Requirements**
   A. Physical effort, such as sitting, standing, walking, climbing, pulling, lifting, etc.; both the amount exercised and the degree of the continuity should be taken into account.
   B. Physical status, such as age, height, weight, sex, strength, and eyesight.

Figure 11–A1

Sample Definitions of Five Factors Typically Used in the Factor Comparison Method

4. Responsibilities

A. For raw materials, processed materials, tools, equipment, and property.

B. For money or negotiable securities.

C. For profits or loss, savings or methods' improvement.

D. For public contact.

E. For records.

F. For supervision.

1. Primarily the complexity of supervision *given* to subordinates; the number of subordinates is a secondary feature. Planning, direction, coordination, instruction, control, and approval characterize this kind of supervision.

2. Also, the degree of supervision *received*. If Jobs A and B gave no supervision to subordinates, but A received much closer immediate supervision than B, then B would be entitled to a higher rating than A in the supervision factor.

To summarize the four degrees of supervision:

Highest degree—gives much—gets little

High degree—gives much—gets much

Low degree—gives none—gets little

Lowest degree—gives none—gets much

5. Working Conditions

A. Environmental influences such as atmosphere, ventilation, illumination, noise, congestion, fellow workers, etc.

B. Hazards—from the work or its surroundings.

C. Hours.

Figure 11–A1 (cont'd)

Ranking Key Jobs by Factors[1]

	Mental Requirements	Physical Requirements	Skill Requirements	Responsibility	Working Conditions
Welder	1	4	1	1	2
Crane operator	3	1	3	4	4
Punch press operator	2	3	2	2	3
Security guard	4	2	4	3	1

[1] 1 is high, 4 is low.

Table 11–A1

Ranking Key Jobs by Wage Rates[1]

	Hourly Wage	Mental Requirements	Physical Requirements	Skill Requirements	Responsibility	Working Conditions
Welder	$9.80	4.00(1)	0.40(4)	3.00(1)	2.00(1)	0.40(2)
Crane operator	5.60	1.40(3)	2.00(1)	1.80(3)	0.20(4)	0.20(4)
Punch press operator	6.00	1.60(2)	1.30(3)	2.00(2)	0.80(2)	0.30(3)
Security guard guard	4.00	1.20(4)	1.40(2)	0.40(4)	0.40(3)	0.60(1)

[1] 1 is high, 4 is low.

Figure 11–A2

Comparison of Factor and Wage Rankings

	Mental Requirements		Physical Requirements		Skill Requirements		Responsibility		Working Conditions	
	A[1]	$[2]	A[1]	$[2]	A[1]	$[2]	A[1]	$[2]	A[1]	$[2]
Welder	1	1	4	4	1	1	1	1	2	2
Crane operator	3	3	1	1	3	3	4	4	4	4
Punch press operator	2	2	3	3	2	2	2	2	3	3
Security guard	4	4	2	2	4	4	3	3	1	1

[1]Amount of each factor based on step 3.
[2]Ratings based on distribution of wages to each factor from step 4.

Figure 11–A3

Job (Factor)-Comparison Scale

	Mental Requirements	Physical Requirements	Skill Requirements	Responsibility	Working Conditions
.20				Crane Operator	Crane Operator
.30					Punch Press Operator
.40		Welder	Sec. Guard	Sec. Guard	Welder
.50					
.60					Sec. Guard
.70					
.80				Punch Press Operator	
.90					
1.00				(Plater)	
1.10					
1.20	Sec. Guard				
1.30		Punch Press Operator			
1.40	Crane Operator	Sec. Guard	(Inspector)	(Plater)	
1.50		(Inspector)			(Inspector)
1.60	Punch Press Operator				
1.70	(Plater)				
1.80			Crane Operator	(Inspector)	
1.90					
2.00		Crane Operator	Punch Press Operator	Welder	

Figure 11–A4

The Point Method of Job Evaluation

➢ Step 1. Determine clusters of jobs to be evaluated

➢ Step 2. Collect job information

➢ Step 3. Select compensable factors

➢ Step 4. Define compensable factors

➢ Step 5. Define factor degrees

➢ Step 6. Determine relative values of factors

Example of One Factor (Complexity/Problem Solving) in a Point Factor System

The mental capacity required to perform the given job as expressed in resourcefulness in dealing with unfamiliar problems, interpretation of data, initiation of new ideas, complex data analysis, creative or developmental work.

Level	Point Value	Description of Characteristics and Measures
0	0	Seldom confronts problems not covered by job routine or organizational policy; analysis of data is negligible. *Benchmark:* Telephone operator/receptionist.
1	40	Follows clearly prescribed standard practice and demonstrates straightforward application of readily understood rules and procedures. Analyzes noncomplicated data by established routine. *Benchmark:* Statistical clerk, billing clerk.
2	80	Frequently confronts problems not covered by job routine. Independent judgment exercised in making minor decisions where alternatives are limited and standard policies established. Analysis of standardized data for information of or use by others. *Benchmark:* Social worker, executive secretary.
3	120	Exercises independent judgment in making decisions involving nonroutine problems with general guidance only from higher supervision. Analyzes and evaluates data pertaining to nonroutine problems for solution in conjunction with others. *Benchmark:* Nurse, accountant, team leader.
4	160	Uses independent judgment in making decisions that are subject to review in the final stages only. Analyzes and solves nonroutine problems involving evaluation of a wide variety of data as a regular part of job duties. Makes decisions involving procedures. *Benchmark:* Associate director, business manager, park services director.
5	200	Uses independent judgment in making decisions that are not subject to review. Regularly exercises developmental or creative abilities in policy development. *Benchmark:* Executive director.

Figure 11–A2

Evaluation Points Assigned to Factors and Degrees

	First-Degree Points	Second-Degree Points	Third-Degree Points	Fourth-Degree Points	Fifth-Degree Points
Decision making	41	82	123	164	204
Problem solving	35	70	105	140	174
Knowledge	24	48	72	96	123

Figure 11–A5

human

tenth edition

resource management

Gary Dessler

Chapter 12

Part 4 Compensation

Pay for Performance and Financial Incentives

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Discuss the main incentives for individual employees.

2. Discuss the pros and cons of incentives for salespeople.

3. Name and define the most popular organization-wide variable pay plans.

4. Describe the main incentives for managers and executives.

5. Outline the steps in developing effective incentive plans.

Motivation, Performance, and Pay

- ➢ *Incentives*
  - – Financial rewards paid to workers whose production exceeds a predetermined standard.

- ➢ *Frederick Taylor*
  - – Popularized scientific management and the use of financial incentives in the late 1800s.
    - • Systematic soldiering: the tendency of employees to work at the slowest pace possible and to produce at the minimum acceptable level.

Individual Differences

➢ *Law of individual differences*

– The fact that people differ in personality, abilities, values, and needs.

– Different people react to different incentives in different ways.

– Managers should be aware of employee needs and fine-tune the incentives offered to meets their needs.

– Money is not the only motivator.

Employee Preferences for Noncash Incentives

Employee Preferences for Noncash Incentives

- **40%** A Trip to a Destination of Your Choice
- **23%** A Shopping Spree at Stores of Your Choice
- **19%** Home Improvement/ Beautification Items
- **10%** Season Tickets to Your Favorite Entertainment Venue
- **4%** Electronics
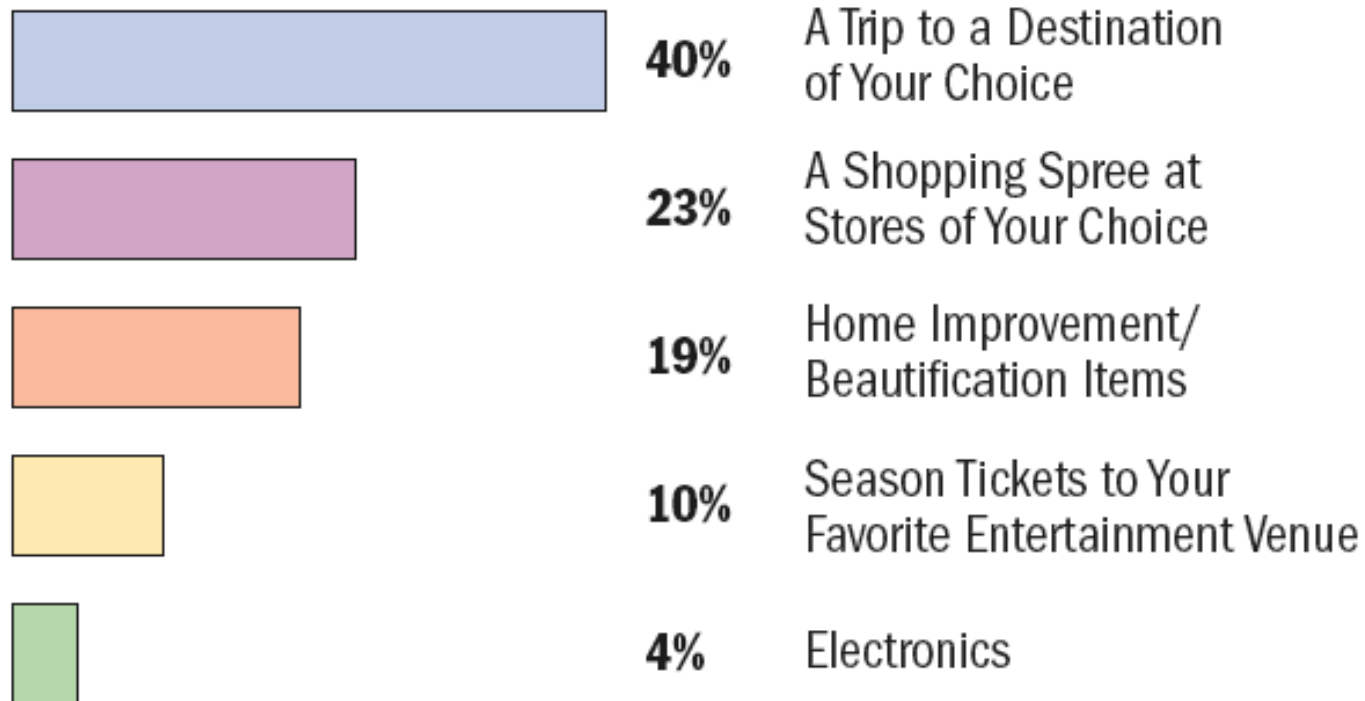
*The survey polled a random nationwide sample of 1,004 American adults. Among those polled, 851 were working or retired Americans, whose responses represent the percentage cited in this release. The survey was conducted June 4–7, 1999, by Wirthlin Worldwide. The margin of error is ±3.1%. Responses total less than 100 because 4% responded "something else".

Source: Darryl Hutson, "Shopping for Incentives," *Compensation and Benefits Review*, March/April 2002, p. 76.

Figure 12–1

Needs and Motivation

➢ *Abraham Maslow's Hierarchy of Needs*

  – Five increasingly higher-level needs:

  • physiological (food, water, sex)

  • security (a safe environment)

  • social (relationships with others)

  • self-esteem (a sense of personal worth)

  • self-actualization (becoming the desired self)

  – Lower level needs must be satisfied before higher level needs can be addressed or become of interest to the individual.

Needs and Motivation (cont'd)

➢ *Herzberg's Hygiene–Motivator theory*

- Hygienes (extrinsic job factors)
  - Inadequate working conditions, salary, and incentive pay can cause dissatisfaction and prevent satisfaction.

- Motivators (intrinsic job factors)
  - Job enrichment (challenging job, feedback and recognition) addresses higher-level (achievement, self-actualization) needs.

- The best way to motivate someone is to organize the job so that doing it helps satisfy the person's higher-level needs.

Needs and Motivation (cont'd)

➢ *Edward Deci*

- Intrinsically motivated behaviors are motivated by the underlying need for competence and self-determination.

- Offering an extrinsic reward for an intrinsically-motivated act can conflict with the acting individual's internal sense of responsibility.

- Some behaviors are best motivated by job challenge and recognition, others by financial rewards.

Instrumentality and Rewards

➢ *Vroom's Expectancy Theory*

– A person's motivation to exert some level of effort is a function of three things:

- **Expectancy:** that effort will lead to performance.
- **Instrumentality:** the connection between performance and the appropriate reward.
- **Valence:** the value the person places on the reward.

– Motivation = E x I x V

- If any factor (E, I, or V) is zero, then there is no motivation to work toward the reward.
- Employee confidence building and training, accurate appraisals, and knowledge of workers' desired rewards can increase employee motivation.

Types of Incentive Plans

➢ *Pay-for-performance plans*

– Variable pay (organizational focus)

- A team or group incentive plan that ties pay to some measure of the firm's overall profitability.

– Variable pay (individual focus)

- Any plan that ties pay to individual productivity or profitability, usually as one-time lump payments.

Types of Incentive Plans (cont'd)

➢ *Pay-for-performance plans*

  – Individual incentive/recognition programs

  – Sales compensation programs

  – Team/group-based variable pay programs

  – Organizationwide incentive programs

  – Executive incentive compensation programs

Individual Incentive Plans

➤ *Piecework Plans*

– The worker is paid a sum (called a *piece rate*) for each unit he or she produces.

- **Straight piecework:** A fixed sum is paid for each unit the worker produces under an established piece rate standard. An incentive may be paid for exceeding the piece rate standard.

- **Standard hour plan:** The worker gets a premium equal to the percent by which his or her work performance exceeds the established standard.

Individual Incentive Plans (cont'd)

➢ *Pro and cons of piecework*

- Easily understandable, equitable, and powerful incentives

- Employee resistance to changes in standards or work processes affecting output

- Quality problems caused by an overriding output focus

- Possibility of violating minimum wage standards

- Employee dissatisfaction when incentives either cannot be earned due to external factors or are withdrawn due to a lack of need for output

Individual Incentive Plans (cont'd)

➢ *Merit pay*

  – A permanent cumulative salary increase the firm awards to an individual employee based on his or her individual performance.

➢ *Merit pay options*

  – Annual lump-sum merit raises that do *not* make the raise part of an employee's base salary.

  – Merit awards tied to both individual and organizational performance.

Lump-Sum Award Determination Matrix (an example)

The Employee's Performance rating (Weight = .50)	The Company's Performance (Weight = 0.50)				
	Outstanding	Excellent	Good	Marginal	Unacceptable
Outstanding	1.00	0.90	0.80	0.70	0.00
Excellent	0.90	0.80	0.70	0.60	0.00
Good	0.80	0.70	0.60	0.50	0.00
Marginal	—	—	—	—	—
Unacceptable	—	—	—	—	—

To determine the dollar value of each employee's incentive award: (1) multiply the employee's annual, straight-time wage or salary as of June 30 times his or her maximum incentive award and (2) multiply the resultant product by the appropriate percentage figure from this table. For example, if an employee had an annual salary of $20,000 on June 30 and a maximum incentive award of 7% and if her performance and the organization's performance were both "excellent," the employee's award would be $1,120: ($20,000 × 0.07 × 0.80 = $1,120).

Table 12–1

Individual Incentive Plans (cont'd)

➢ *Incentives for professional employees*

   – Professional employees are those whose work involves the application of learned knowledge to the solution of the employer's problems.

      • Lawyers, doctors, economists, and engineers.

➢ *Possible incentives*

   – Bonuses, stock options and grants, profit sharing

   – Better vacations, more flexible work hours

   – improved pension plans

   – Equipment for home offices

Individual Incentive Plans (cont'd)

➢ *Recognition-based awards*

– Recognition has a positive impact on performance, either alone or in conjunction with financial rewards.

- Combining financial rewards with nonfinancial ones produced performance improvement in service firms almost twice the effect of using each reward alone.

– Day-to-day recognition from supervisors, peers, and team members is important.

Individual Incentive Plans (cont'd)

➢ *Online award programs*

– Programs offered by online incentives firms that improve and expedite the awards process.

  • Broader range of awards
  • More immediate rewards

➢ *Information technology and incentives*

– Enterprise incentive management (EIM)

  • Software that automates the planning, calculation, modeling and management of incentive compensation plans, enabling companies to align their employees with corporate strategy and goals.

Incentives for Salespeople

➢ *Salary plan*
  – Straight salaries
    • Best for: prospecting (finding new clients), account servicing, training customer's salesforce, or participating in national and local trade shows.

➢ *Commission plan*
  – Pay is only a percentage of sales
    • Keeps sales costs proportionate to sales revenues.
    • May cause a neglect of nonselling duties.
    • Can create wide variation in salesperson's income.
    • Likelihood of sales success may linked to external factors rather than to salesperson's performance.
    • Can increase turnover of salespeople.

Incentives for Salespeople (cont'd)

➢ *Combination plan*

- – Pay is a combination of salary and commissions, usually with a sizable salary component.

- – Plan gives salespeople a floor (safety net) to their earnings.

- – Salary component covers company-specified service activities.

- – Plans tend to become complicated, and misunderstandings can result.

Specialized Combination Plans

➢ *Commission-plus-drawing-account plan*

– Commissions are paid but a draw on future earnings helps the salesperson to get through low sales periods.

➢ *Commission-plus-bonus plan*

– Pay is mostly based on commissions.

– Small bonuses are paid for directed activities like selling slow-moving items.

Setting Sales Quotas

➢ *Whether to lock quotas in for a period of time?*

➢ *Have quotas been communicated quotas to the salesforce within one month of the start of the period?*

➢ *Does the salesforce know exactly how its quotas are set?*

➢ *Do you combine bottom-up information (like account forecasts) with top-down requirements (like the company business plan)?*

➢ *Do 60% to 70% of the salesforce generally hit their quota?*

➢ *Do high performers hit their targets consistently?*

➢ *Do low performers show improvement over time?*

➢ *Are quotas stable through the performance period?*

➢ *Are returns and debookings reasonably low?*

➢ *Has your firm generally avoided compensation-related lawsuits?*

➢ *Is 10% of the salesforce achieving higher performance than previously?*

➢ *Is 5% to 10% of the salesforce achieving below quota performance and receiving coaching?*

Team/Group Variable Pay Incentive Plans

➢ *Team or group incentive plan*

– A plan in which a production standard is set for a specific work group, and its members are paid incentives if the group exceeds the production standard.

How to Design Team Incentives

➢ *Set individual work standards*

   – Set work standards for each team member and then calculate each member's output.

   – Members are paid based on one of three formulas:

      • All members receive the same pay earned by the highest producer.

      • All members receive the same pay earned by the lowest producer.

      • All members receive same pay equal to the average pay earned by the group.

How to Design Team Incentives (cont'd)

➢ *Use an engineered production standard based on the output of the group as a whole.*

  – All members receive the same pay, based on the piece rate for the group's job.

    • This group incentive can use the piece rate or standard hour plan, but the latter is more prevalent.

➢ *Tie rewards to goals based on an overall standard of group performance*

  – If the firm reaches its goal, the employees share in a percentage of the improvement (in labor costs saved).

Organizationwide Variable Pay Plans

➢ *Profit-sharing plans*

- Cash plans
  - Employees receive cash shares of the firm's profits at regular intervals.

- The Lincoln incentive system
  - Profits are distributed to employees based on their individual merit rating.

- Deferred profit-sharing plans
  - A predetermined portion of profits is placed in each employee's account under a trustee's supervision.

Organizationwide Variable Pay Plans (cont'd)

➢ *Employee stock ownership plan (ESOP)*

- A corporation annually contributes its own stock— or cash (with a limit of 15% of compensation) to be used to purchase the stock—to a trust established for the employees.

- The trust holds the stock in individual employee accounts and distributes it to employees upon separation from the firm if the employee has worked long enough to earn ownership of the stock.

Advantages of ESOPs

➢ *Employees*

- ESOPs help employees develop a sense of ownership in and commitment to the firm, and help to build teamwork.

- No taxes on ESOPs are due until employees receive a distribution from the trust, usually at retirement when their tax rate is lower.

➢ *Shareholders of closely held corporations*

- Helps to diversify their assets by placing their shares of company stock into an ESOP trust and allowing them to purchase other marketable securities for themselves in their place.

Advantages of ESOPs (cont'd)

➢ *The company*

- A tax deduction equal to the fair market value of the shares transferred to the trustee.

- An income tax deduction for dividends paid on ESOP-owned stock.

- The Employee Retirement Income Security Act (ERISA) allows a firm to borrow against employee stock held in trust and then repay the loan in pretax rather than after-tax dollars.

- Firms offering ESOP had higher shareholder returns than did those not offering ESOPs.

Scanlon Plan

- *Scanlon plan (Joseph Scanlon, 1937)*
  - Philosophy of cooperation
    - No "us" and "them" attitudes that inhibit employees from developing a sense of ownership in the company.
  - Identity
    - Employees understand the business's mission and how it operates in terms of customers, prices, and costs.
  - Competence
    - The plan depends a high level of competence from employees at all levels.
  - Sharing of benefits formula
    - Employees share in 75% of the savings (reduction in payroll expenses divided by total sales).

Gainsharing Plans

➤ *Gainsharing*

- – An incentive plan that engages many or all employees in a common effort to achieve a company's productivity objectives.

- – Cost-savings gains are shared among employees and the company.

➤ *Rucker plan*

➤ *Improshare*

Implementing a Gainsharing Plan

1. *Establish general plan objectives.*

2. *Choose specific performance measures.*

3. *Decide on a funding formula.*

4. *Decide on a method for dividing and distributing the employees' share of the gains.*

5. *Choose the form of payment.*

6. *Decide how often to pay bonuses.*

7. *Develop the involvement system.*

8. *Implement the plan.*
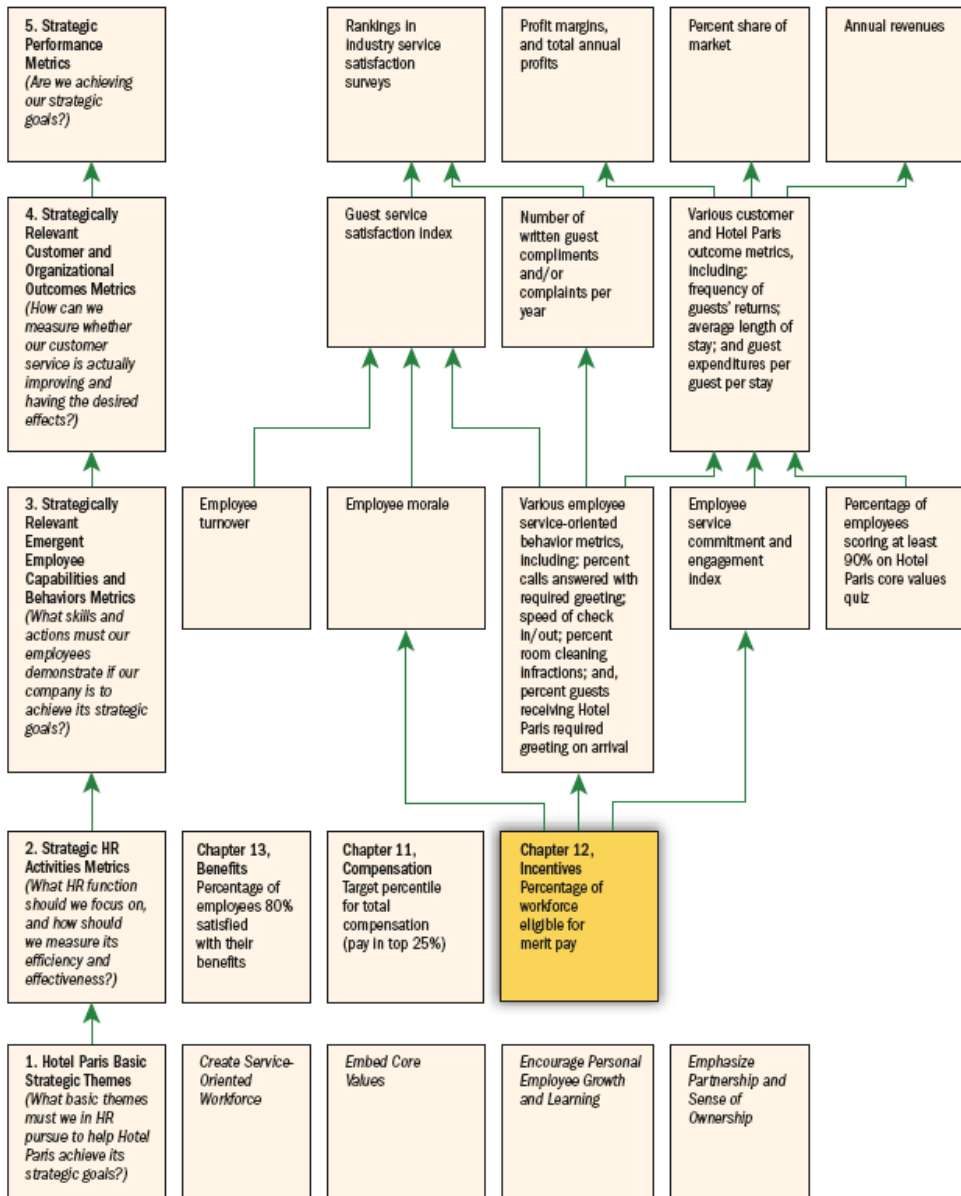
HR Scorecard for Hotel Paris International Corporation*

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 12–2

At-Risk Variable Pay Plans

➢ *At-risk variable pay plans that put some portion of the employee's weekly pay at risk.*

- If employees meet or exceed their goals, they earn incentives.

- If they fail to meet their goals, they forgo some of the pay they would normally have earned.

Short-Term Incentives for Managers And Executives

➢ *Annual bonus*

  – Plans that are designed to motivate short-term performance of managers and are tied to company profitability.

  • Eligibility basis: job level, base salary, and impact on profitability

  • Fund size basis : nondeductible formula (net income) or deductible formula (profitability)

  • Individual awards: personal performance/contribution

Multiplier Approach to Determining Annual Bonus

		Company Performance (based on sales targets, weight .50)			
		Excellent	**Good**	**Fair**	**Poor**
Individual Performance	Excellent	1.00	.90	.80	.70
(based on appraisal. weight .50)	Good	.80	.70	.60	.50
	Fair	0.00	0.00	0.00	0.00
	Poor	0.00	0.00	0.00	0.00

Note: **To determine the dollar amount of a manager's award, multiply the maximum possible (target) bonus by the appropriate factor in the matrix.**

Table 12–2

Long-Term Incentives for Managers And Executives

➢ *Stock option*

- The right to purchase a specific number of shares of company stock at a specific price during a specific period of time.

    - Nonqualified stock option

    - Indexed option

    - Premium priced option

- Options have no value (go "underwater") if the price of the stock drops below the option's strike price (the option's stock purchase price).

Long-Term Incentives for Managers And Executives (cont'd)

➤ *Other plans*

- Key employee program
- Stock appreciation rights
- Performance achievement plan
- Restricted stock plans
- Phantom stock plans

➤ *Performance plans*

- Plans whose payment or value is contingent on financial performance measured against objectives set at the start of a multi-year period.

Other Executive Incentives

➢ *Golden parachutes*

 – Payments companies make to departing executives in connection with a change in ownership or control of a company.

➢ *Guaranteed loans to directors*

 – Loans provided to buy company stock.

 – A highly risky and now frowned upon practice.

Creating an Executive Compensation Plan

- ➢ *Define the strategic context for the executive compensation program.*

- ➢ *Shape each component of the package to focus the manager on achieve the firm's strategic goals.*

- ➢ *Create a stock option plan to meet the needs of the executives and the company and its strategy.*

- ➢ *Check the executive compensation plan for compliance with all legal and regulatory requirements and for tax effectiveness.*

- ➢ *Install a process for reviewing and evaluating the executive compensation plan whenever a major business change occurs.*

Why Incentive Plans Fail

- *Performance pay can't replace good management.*

- *You get what you pay for.*

- *"Pay is not a motivator."*

- *Rewards punish.*

- *Rewards rupture relationships.*

- *Rewards can have unintended consequences.*

- *Rewards may undermine responsiveness.*

- *Rewards undermine intrinsic motivation.*

Implementing Effective Incentive Plans

➢ *Ask: Is effort clearly instrumental in obtaining the reward?*

➢ *Link the incentive with your strategy.*

➢ *Make sure effort and rewards are directly related.*

➢ *Make the plan easy for employees to understand.*

➢ *Set effective standards.*

➢ *View the standard as a contract with your employees.*

➢ *Get employees' support for the plan.*

➢ *Use good measurement systems.*

➢ *Emphasize long-term as well as short-term success.*

➢ *Adopt a comprehensive, commitment-oriented approach.*

HR Activities that Build Commitment

➢ Clarifying and communicating the goals and mission of the organization.

➢ Guaranteeing organizational justice.

➢ Creating a sense of community by emphasizing teamwork and encouraging employees to interact.

➢ Supporting employee development by emphasizing promotion from within, developmental activities, and career-enhancing activities.

➢ Generally committing to "people-first values."

Express Auto Compensation System

Express Auto Team	Responsibility of Team	Current Compensation Method
1. Sales force	Persuade buyer to purchase a car.	Very small salary (minimum wage) with commissions. Commission rate increases with every 20 cars sold per month.
2. Finance office	Help close the sale; persuade customer to use company finance plan.	Salary, plus bonus for each $10,000 financed with the company.
3. Detailing	Inspect cars delivered from factory, clean, and make minor adjustments	Piecework paid on the number of cars detailed per day.
4. Mechanics	Provide factory warranty service, maintenance, and repair.	Small hourly wage, plus bonus based on (1) number of cars completed per day and (2) finishing each car faster than the standard estimated time to repair.
5. Receptionists/phone service personnel	Primary liaison between customer and salesforce, finance, and mechanics.	Minimum wage.

Table 12–3

Key Terms

law of individual differences

expectancy

instrumentality

valence

variable pay

piecework

straight piecework

standard hour plan

merit pay (merit raise)

team or group incentive plan

profit-sharing plan

employee stock ownership plan (ESOP)

Scanlon plan

gainsharing plan

at-risk variable pay plans

annual bonus

stock option

golden parachutes

human

![umbrella]

Gary Dessler

tenth edition

resource management

Chapter 13

Part 4 Compensation

Benefits and Services

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Name and define each of the main pay for time not worked benefits.

2. Describe each of the main insurance benefits.

3. Discuss the main retirement benefits.

4. Outline the main employees' services benefits.

5. Explain the main flexible benefit programs.

Benefits

➢ *Benefits*
 – Indirect financial and nonfinancial payments employees receive for continuing their employment with the company.

➢ *Types of employee benefit plans*
 – Supplemental pay: sick leave and vacation pay
 – Insurance: workers' compensation
 – Retirement: Pensions
 – Employee services: child-care facilities

The Benefits Picture Today

➢ Most full-time employees in the United States receive benefits.

➢ Virtually all employers—99%—offer some health insurance coverage.

➢ Benefits are a major expense (about one-third of wages and salaries) for employers.

➢ Employees do seem to understand the value of health benefits.

Annual Health Care Cost Increases

**Annual Health Care Cost Increases–
National Averages**

Year	Increase
1998	3.7%
1999	7.8%
2000	9.4%
2001	10.0%
2002	16.6%
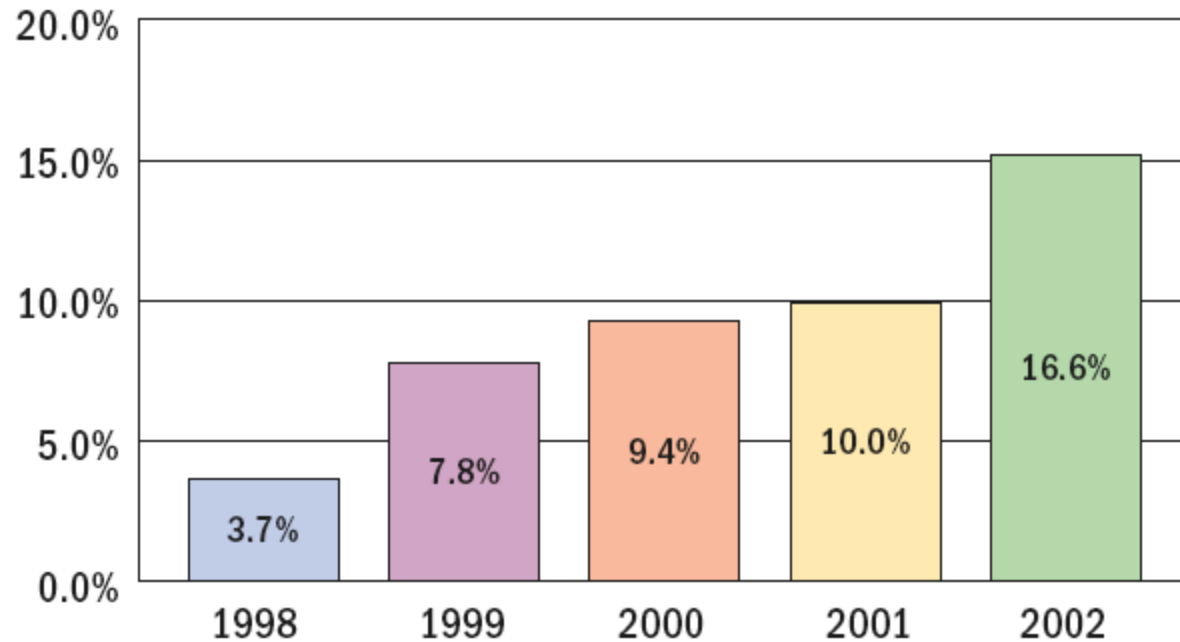
Source: Hewitt Health Value Initiative.

Note: 2002 projected.
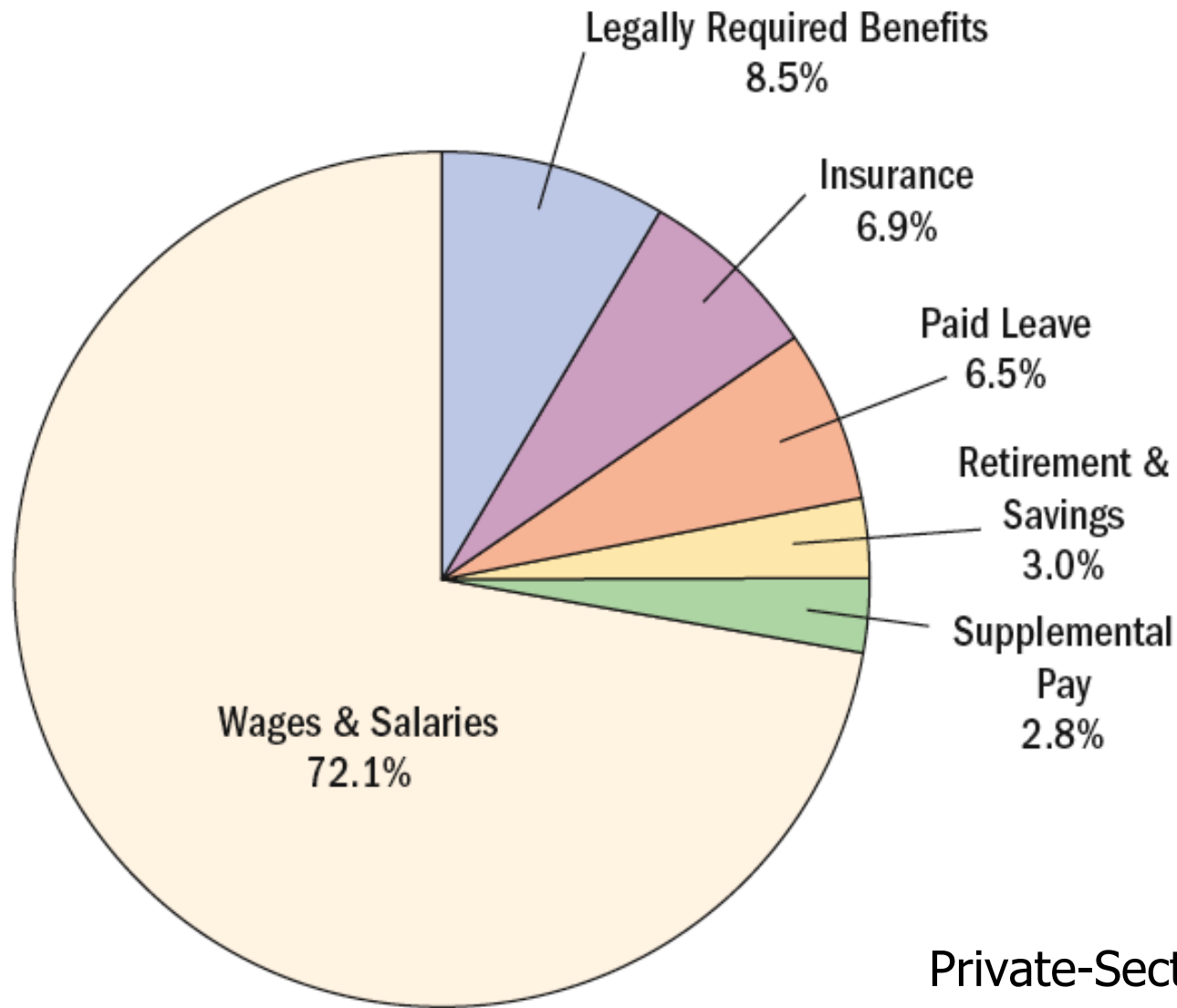
Figure 13–1

Private-Sector Employer Compensation Costs, June 2003

Legally Required Benefits 8.5%

Insurance 6.9%

Paid Leave 6.5%

Retirement & Savings 3.0%

Supplemental Pay 2.8%

Wages & Salaries 72.1%

Figure 13–2

Laws Affecting Employee Benefits

➢ *Retirement plans*

  – Employee Retirement Income Security Act of 1975 (ERISA)
  – Economic Growth and Tax Relief Conciliation Act of 2000
  – Job Creation and Worker Assistance Act

➢ *Health plans*

  – The Newborn Mother's Protection Act of 1996
  – The Mental Health Parity Act of 1996
  – Age Discrimination in Employment Act
  – Health Insurance Portability and Accountability Act of 1996 (HIPAA)
  – Family and Medical Leave Act (FMLA)
  – Americans with Disabilities Act (ADA)

Types of Employee Benefits

- ➢ Pay for time not worked
- ➢ Insurance benefits
- ➢ Retirement benefits
- ➢ Services

Issues in Developing Benefits Plans

➢ *Benefits to be offered.*

➢ *Coverage of retirees in the plan*

➢ *Denial of benefits to employees during initial "probationary" periods*

➢ *Financing of benefits.*

➢ *Benefit choices to give employees.*

➢ *Cost containment procedures to use.*

➢ *Communicating benefits options to employees.*

Legally Required or Regulated Benefits

Benefits Required by Federal or Most State Law	Benefits Discretionary on Part of Employer*
Social Security	Disability, Health, and Life Insurance
Unemployment Insurance	Pensions
Workers' Compensation	Paid Time Off for Vacations, Holidays, Sick Leave, Personal Leave, Jury Duty, etc.
Leaves under Family Medical Leave Act	Employee Assistance and Counseling Programs
	"Family Friendly" benefits for Child Care, Elder Care, Flexible Work Schedules, etc
	Executive Perquisites

*** While not required under federal law, all these benefits are regulated in some way by federal law, as explained in this chapter.**

Table 13–1

Pay for Time Not Worked

➢ *Unemployment insurance*

  – Provides for benefits if a person is unable to work through no fault of his or her own.

  – Payroll tax on employers that is determined by an employer's rate of personnel terminations.

  – Tax is collected and administered by the state.

➢ *Vacations and holidays*

  – Number of paid vacation days varies by employer.

  – Number of holidays varies by employer.

  – Premium pay for work on holidays.

Pay for Time Not Worked (cont'd)

➢ *Sick leave*

– Provides pay to an employee when he or she is out of work because of illness.

- Costs for misuse of sick leave
- Pooled paid leave plans

➢ *Parental leave*

– The Family Medical Leave Act of 1993 (FMLA)

- Up to 12 weeks of unpaid leave within a one-year period
- Employees must take unused paid leave first.
- Employees on leave retain their health benefits.
- Employees have the right to return to their job or equivalent position.

This request and the U.S. Department of Labor Certification of Health Care Provider form should be sent to Human Resources Salary Administration, Box 7210, NCSU, Raleigh, NC 27695
CALS-Cooperative Extension Personnel should forward their forms to CALS Personnel Office, Box 7602, NCSU, Raleigh, NC 27695

Employee Name _____   PeopleSoft ID# _____

Telephone _____ (work) _____ (home)

Department _____

Supervisor Name _____   Telephone _____

Leave Coordinator Name _____   Telephone _____

Leave to Begin __/ /_____   Return to Work __/ /_____

While on Family Illness Leave I plan to use: (check all that apply)

☐ **Leave Without Pay (LWOP)**   ☐ **Sick Leave**   ☐ **Comp Time**
☐ **Annual Leave**   ☐ **Bonus Leave**

I have applied for participation in the Shared Leave Program ☐ Yes ☐ No

I understand that if I am taking this leave as LWOP, I will need to pay for my health benefits should I want them to continue while I am on Family Illness Leave. I also understand that I must provide written notice of my intention to return to work prior to the end of my leave and return to duty within or at the end of the time granted, or notify the department immediately when there is a decision not to return. Failure to report at the expiration of a leave, unless an extension has been requested and approved, may be considered as a resignation.

Employee Signature _____ Date _____

Supervisor Signature _____ Date _____

Human Resources Signature _____ Date _____

North Carolina State University Family Illness Leave Request

Figure 13–3

Pay for Time Not Worked (cont'd)

➢ *Severance pay*

– A one-time payment when terminating an employee.

– Reasons for granting severance pay:

- Acts as a humanitarian gesture and good public relations.

- Mirrors employee's two week quit notice.

- Avoids litigation from disgruntled former employees.

- Meets Worker Adjustment and Retraining Notification ("plant closing") Act requirements.

- Reassures employees who stay on after the employer downsizes its workforce of employer's good intentions.

Pay for Time Not Worked (cont'd)

➢ *Supplemental unemployment benefits (SUB)*

– Payments that supplement the laid-off or furloughed employee's unemployment compensation.

- The employer makes contributions to a reserve fund from which SUB payments are made to employees for the time the employee is out of work due to layoffs, reduced workweeks, or relocations.

- SUB payments are considered previously earned compensation for unemployment calculation purposes.

Insurance Benefits

➢ *Workers' compensation*

– Provides income and medical benefits to work-related accident victims or their dependents, regardless of fault.

- Death or disability: a cash benefit based on earnings per week of employment.
- Specific loss injuries: statutory list of losses

– Controlling worker compensation costs

- Screen out accident-prone workers.
- Make the workplace safer.
- Thoroughly investigate accident claims.
- Use case management to return injured employees to work as soon as possible.

Insurance Benefits (cont'd)

➢ *Hospitalization, health, and disability insurance*

  – Provide for loss of income protection and group-rate coverage of basic and major medical expenses for off-the-job accidents and illnesses.

   • Accidental death and dismemberment

   • Disability insurance

Percent of Employers Offering Health Benefits

	Number Responding	Yes
Prescription drug program coverage	580	98%
Life insurance	582	97%
Dental insurance	581	96%
PPO (preferred provider organization)	578	87%
Mental health insurance	578	76%
Vision insurance	580	71%
Employee assistance program	579	67%
Vaccinations on-site (example: flu shots)	581	60%
Chiropractic insurance	576	59%
Wellness program, resources, and information	578	57%
	581	55%
HMO (health maintenance organization)	576	54%

Source: Adapted from SHRM/SHRM Foundation 2003 Benefits Survey.

Table 13–3

Insurance Benefits (cont'd)

➢ *Health maintenance organization (HMO)*

- A medical organization consisting of specialists operating out of a community-based health care center.

  - Provides routine medical services to employees who pay a nominal fee.

  - Receives a fixed annual contract fee per employee from the employer (or employer and employee), regardless of whether it provides that person with service.

Insurance Benefits (cont'd)

- ➢ *Preferred provider organizations (PPOs)*
  - – Groups of health care providers that contract to provide medical care services at reduced fees.
    - Employees can select from a list of preferred individual health providers.
    - Preferred providers agree to discount services and to submit to certain utilization controls, such as on the number of diagnostic tests they can order.
    - Employees using non-PPO-listed providers may pay all of the service costs or the portion of the costs above the reduced fee structure for services.

Other Cost-Saving Strategies

1. *Wellness programs*

2. *Disease management*

3. *Absence management*

4. *On-site primary care*

5. *Eliminating cost-inefficient plans*

6. *Moving toward PPO*

Figure 13–4

Insurance Benefits (cont'd)

➢ *New trends in health care cost control:*

  – Use of cost-containment specialists
  – Getting employees more involved and empowered
  – Automating health care plan administration
    • Online selection software
  – Using defined contribution health care plans
  – Outsourcing health care benefits administration
  – Reducing or eliminating retiree health care coverage
  – Joining benefits purchasing alliances

Insurance Benefits (cont'd)

➢ *Other insurance issues*

- Mental health benefits and the Mental Health Parity Act of 1996
- The Pregnancy Discrimination Act
- COBRA requirements
- Long-term care
- Group life insurance
- Provision of benefits for part-time and contingent workers

Retirement Benefits

- ➢ *Social Security (Federal Old Age and Survivor's Insurance)*
    - – A federal payroll tax (7.65%) paid by both the employee and the employer on the employee's wages
        - • Retirement benefits at the age of 62
        - • Survivor's or death benefits paid to the employee's dependents
        - • Disability payments to disabled employees and their dependents.
    - – The Medicare program

Retirement Benefits (cont'd)

➢ *Types of pension plans*

– Contributory: employees contribute to the plan.

– Noncontributory plans: employer makes all contributions to the plan.

– Qualified plans: plans that meet requirements for tax benefits for employer contributions.

– Nonqualified plans: plans not meeting requirements for favorable tax treatment.

Retirement Benefits (cont'd)

➢ *Types of pension plans (cont'd)*

- – Defined contribution: contributions of employees and employers are specified; plan payouts are not.

- – Defined benefit plans: plan payouts are specified; however, contributions must be sufficient to insure payouts.

Retirement Benefits (cont'd)

➢ *401(k) Plans*

– Defined contribution plans based on section 401(k) of the Internal Revenue Code.

- Plans are funded by pretax payroll deductions.

- Contributions are invested in mutual stock funds and bond funds.

- The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) raised limits on employee contributions.

Retirement Benefits (cont'd)

➢ *Other types of defined contribution plans*

- Savings and thrift plans
  - Employees contribute a portion of their earnings to a fund; the employer usually matches this contribution in whole or in part.

- Deferred profit-sharing plans
  - Employers contribute a portion of profits to the pension fund, regardless of the level of employee contribution.

- Employee stock ownership plans (ESOPs)
  - Qualified, tax-deductible stock bonus plans in which employers contribute company stock to a trust for eventual use by employees.

Retirement Benefits (cont'd)

➢ *Employee Retirement Income Security Act (ERISA) of 1974*

– Restricts what companies must do in regard to pension plans. In unionized companies, the union can participate in pension plan administration.

– Pension Benefits Guarantee Corporation (PBGC)

- Insures pensions of a qualified plan that terminates without sufficient funds to its meet obligations.
- Guarantees only defined benefit plans, not defined contribution plans.
- Will only pay an individual a pension of up to about $27,000 per year.

Retirement Benefits (cont'd)

➢ *Employees' vesting rights under ERISA*

- Participants have a right to 100% of accrued benefits after five years of service.

  - Employers may phase in vesting over a period of three to seven years.

- An employer can require that an employee complete a period of two years' service before becoming eligible to participate in the plan.

  - If an employer requires more than one year of service before eligibility, the plan must grant employees full and immediate vesting rights at the end of that period.

Retirement Benefits (cont'd)

➢ *Key policy issues in pension planning*

- Membership requirements
  - Setting the minimum age or minimum service at which employees become eligible for a pension.

- Benefit formula
  - Determining pension payouts for individual employees.

- Plan funding
  - Funding the plan (contributory or noncontributory).

- Vesting
  - Meeting ERISA requirements for employer and employee contributions that cannot be forfeited for any reason by the vested employee.

Retirement Benefits (cont'd)

➢ *Pension alternatives*

– Early retirement windows

- Specific employees (often age 50-plus) are offered the opportunity to voluntarily retire earlier than usual.

- The financial incentive is generally a combination of improved or liberalized pension benefits plus a cash payment.

– Older Workers' Benefit Protection Act (OWBPA)

- Imposes limitations on waivers that purport to release a terminating employee's potential claims against the employer based on age discrimination.

Retirement Benefits (cont'd)

➢ *Pension alternatives (cont'd)*

– Increasing portability

- Defined benefit plans to defined contribution plans
- Allows workers who leave the firm before retirement to receive initial benefits at a younger age.

– Cash balance pension plans

- Defined benefit plan in which the employer contributes a percentage of employees' pay to the plan every year, and employees earn interest on this amount.
- Provide the portability of defined contribution plans with the employer funding of defined benefit plans.
- Conversion to cash balance plans can have a disparate impact on older workers nearing retirement.

Personal Services

➤ *Credit unions*

 – Separate businesses established with the employer's assistance to help employees with their borrowing and saving needs.

➤ *Employee assistance programs (EAPs)*

 – Provide counseling and advisory services:

 • Personal legal and financial services

 • Child and elder care referrals

 • Adoption assistance

 • Mental health counseling

 • Life event planning

Employee Assistance Programs

➢ *Key steps for launching a successful EAP program include:*

- – Develop a policy statement.

- – Ensure professional staffing.

- – Maintain confidential record-keeping systems.

- – Be aware of legal issues.

Family-Friendly Benefits

- *On-site or subsidized child care*
- *Elder care*
- *Fitness and medical facilities*
- *Food services*
- *Flexible work scheduling*
- *Telecommuting*

- *Educational subsidies*
- *Sabbaticals*
- *Loan programs for home office equipment*
- *Stock options*
- *Concierge services*
- *Trauma counseling*

Executive Perquisites

- *Management loans*
- *Golden parachutes*
- *Financial counseling*
- *Relocation benefits*
- *Sabbaticals*
- *Severance pay*
- *Outplacement assistance*
- *Company cars*
- *Chauffeured limousines*
- *Security systems*

- *Company planes and yachts*
- *Executive dining rooms*
- *Physical fitness programs*
- *Legal services*
- *Tax assistance*
- *Expense accounts*
- *Club memberships*
- *Season tickets*
- *Credit cards*
- *Children's education*

Flexible Benefits Programs

➢ *The cafeteria (flexible benefits) approach*

   – Each employee is given a benefits fund budget to spend on the benefits he or she prefers.

   - The fund limits the total cost for each benefits package.

   - ***Core plus option plans*** establish a core set of benefits which are mandatory for all employees.

➢ *Flexible spending accounts*

   – Enable employees to pay for medical and other expenses with pretax dollars by depositing funds in their accounts from payroll deductions.

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)

- Rankings in industry service satisfaction surveys
- Profit margins, and total annual profits
- Percent share of market
- Annual revenues

4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)

- Guest service satisfaction index
- Number of written guest compliments and/or complaints per year
- Various customer and Hotel Paris outcome metrics, including: frequency of guests' returns; average length of stay; and guest expenditures per guest per stay

3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)

- Employee turnover
- Employee morale
- Various employee service-oriented behavior metrics, including: percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival
- Employee service commitment and engagement index
- Percentage of employees scoring at least 90% on Hotel Paris core values quiz

2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)

- Chapter 13, Benefits Percentage of employees 80% satisfied with their benefits
- Chapter 11, Compensation Target percentile for total compensation (pay in top 25%)
- Chapter 12, Incentives Percentage of workforce eligible for merit pay

1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)

- Create Service-Oriented Workforce
- Embed Core Values
- Encourage Personal Employee Growth and Learning
- Emphasize Partnership and Sense of Ownership

Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 13–6

Sample Survey of Employee Needs

Indicate the level of Importance of the following benefits to you and your family:

	Low Importance	High Importance
Single health coverage	_____	_____
Family health coverage	_____	_____
Preventive health care	_____	_____
Flexibility in choice of physician	_____	_____
Prescription coverage	_____	_____
Vision coverage	_____	_____
Dependent care assistance	_____	_____
Educational assistance	_____	_____
Paid maternity leave	_____	_____
Disability insurance	_____	_____

Indicate any two benefits listed below that you feel can be enhanced by the company, and include a comment suggesting how:

Health care coverage	_____
Prescription coverage	_____
Vision coverage	_____
Dependent care assistance	_____
Educational assistance	_____
Maternity leave	_____
Disability insurance	_____

If the company could spend additional money on benefits, rank in order of importance (1 = *most important*; 7 = *least important*) which of the following benefits you suggest should be funded:

_____ Health care coverage

_____ Prescription coverage

_____ Vision coverage

_____ Dependent care assistance

_____ Educational assistance

_____ Maternity leave

Source: Michelle Buckley, "Checkup for Health Benefit Offerings," *Compensation and Benefits Review*, September/October 2000, p. 43.

Figure 13–7

Flexible Work Arrangements

➤ *Flextime*

- A plan whereby employees' workdays are built around a core of mid-day hours when all workers are required to be present.

- Workers can arrange their own starting and stopping hours before and after the core period.

  - Positive effects on employee productivity, job satisfaction, satisfaction with work schedule, and employee absenteeism.

  - Positive effect on absenteeism was much greater than on productivity.

Flexible Work Arrangements (cont'd)

➢ *Compressed workweeks*

- Increase productivity
  - Less disruption from shift changes
  - Longer time-off-work periods
  - Reduced absenteeism

- Longer workdays; fewer workdays:
  - Four-day workweeks, with four 10-hour days.
  - Two days on, two days off, three days on, then two days off, two days on, and so forth.
  - Three 12-hour shifts, and then off for the next four days.

Other Flexible Work Arrangements

➢ *Job sharing*

– Allowing two or more people to share a single full-time job.

➢ *Work sharing*

– A temporary reduction in work hours by a group of employees during economic downturns as a way to prevent layoffs.

➢ *Telecommuting*

– Employees work at home using telephones and the Internet to transmit letters, data, and completed work to the home office.

Key Terms

benefits

supplemental pay benefits

unemployment insurance

sick leave

severance pay

supplemental unemployment benefits

workers' compensation

health maintenance organization (HMO)

preferred provider organizations (PPOs)

group life insurance

Social Security

pension plans

defined benefit pension plan

defined contribution pension plan

401(k) plan

savings and thrift plan

deferred profit-sharing plan

employee stock ownership plan (ESOP)

Employee Retirement Income Security Act (ERISA)

vesting

Pension Benefits Guarantee Corporation (PBGC)

early retirement window

cash balance plans

employee assistance program

flexible benefits plan/cafeteria benefits plan

job sharing

work sharing

telecommuting

human

Gary Dessler

tenth edition

resource management

Chapter 14

Part 5 Employee Relations

Ethics, Justice, and Fair Treatment in HR Management

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Explain what is meant by ethical behavior at work.

2. Discuss important factors that shape ethical behavior at work.

3. Describe at least four specific ways in which HR management can influence ethical behavior at work.

4. Employ fair disciplinary practices.

5. List at least four important factors in managing dismissals effectively.

Ethics and Fair Treatment at Work

➤ *Ethics*

– The principles of conduct governing an individual or a group; specifically, the standards you use to decide what your conduct should be.

– Ethical behavior depends on the person's frame of reference.

The Wall Street Journal Workplace-Ethics Quiz

Office Technology

1. Is it wrong to use company e-mail for personal reasons?
   ☐ Yes ☐ No

2. Is it wrong to use office equipment to help your children or spouse do schoolwork?
   ☐ Yes ☐ No

3. Is it wrong to play computer games on office equipment during the workday?
   ☐ Yes ☐ No

4. Is it wrong to use office equipment to do internet shopping?
   ☐ Yes ☐ No

5. Is it unethical to blame an error you made on a technological glitch?
   ☐ Yes ☐ No

6. Is it unethical to visit pornographic Web sites using office equipment?
   ☐ Yes ☐ No

Gifts and Entertainment

7. What's the value at which a gift from a supplier or client becomes troubling?
   ☐ $25 ☐ $50 ☐ $100

8. Is a $50 gift to a boss unacceptable?
   ☐ Yes ☐ No

9. Is a $50 gift *from* the boss unacceptable?
   ☐ Yes ☐ No

10. Of gifts from suppliers: Is it OK to take a $200 pair of football tickets?
    ☐ Yes ☐ No

11. Is it OK to take a $120 pair of theater tickets?
    ☐ Yes ☐ No

12. Is it OK to take a $100 holiday food basket?
    ☐ Yes ☐ No

13. Is it OK to take a $25 gift certificate?
    ☐ Yes ☐ No

14. Can you accept a $75 prize won at a raffle at a supplier's conference?
    ☐ Yes ☐ No

Truth and Lies

15. Due to on-the-job pressure, have you ever abused or lied about sick days?
    ☐ Yes ☐ No

16. Due to on-the-job pressure, have you ever taken credit for someone else's work or idea?
    ☐ Yes ☐ No

Source: Wall Street Journal, October 21, 1999, pp. B1–B4; Ethics Officer Association, Belmont, MA; Ethics Leadership Group, Wilmette, IL; surveys sampled a cross-section of workers at large companies and nationwide.

Figure 14–1

Factors affecting ethical decisions

➢ *Normative judgments*

– Judging something as good or bad, right or wrong, better or worse.

➢ *Moral standards (Morality)*

– Society's accepted standards for behaviors that have serious consequences to its well-being.

• Behaviors that cannot be established or changed by decisions of authoritative bodies.

• Behaviors that override self-interest.

Ethics and Fair Treatment at Work (cont'd)

➢ *Ethics and the law*

- – An behavior may be legal but unethical.
- – An behavior may be illegal but ethical.
- – An behavior may be both legal and ethical.
- – An behavior may be both illegal and unethical.

Ethics, Fair Treatment, and Justice

➢ *Distributive justice*

  – The fairness and justice of a decision's result.

➢ *Procedural justice*

  – The fairness of the process by which the decision was reached.

➢ *Interactional (interpersonal) justice*

  – The manner in which managers conduct their interpersonal dealings with employees.

Perceptions of Fair Interpersonal Treatment Scale

What is your organization like most of the time? Circle YES if the item describes your organization, NO if it does not describe your organization, and ? if you cannot decide.

IN THIS ORGANIZATION:

1. Employees are praised for good work	Yes	?	No
2. Supervisors yell at employees (R)	Yes	?	No
3. Supervisors play favorites (R)	Yes	?	No
4. Employees are trusted	Yes	?	No
5. Employees' complaints are dealt with effectively	Yes	?	No
6. Employees are treated like children (R)	Yes	?	No
7. Employees are treated with respect	Yes	?	No
8. Employees' questions and problems are responded to quickly	Yes	?	No
9. Employees are lied to (R)	Yes	?	No
10. Employees' suggestions are ignored (R)	Yes	?	No
11. Supervisors swear at employees (R)	Yes	?	No
12. Employees' hard work is appreciated	Yes	?	No
13. Supervisors threaten to fire or lay off employees (R)	Yes	?	No
14. Employees are treated fairly	Yes	?	No
15. Co-workers help each other out	Yes	?	No
16. Co-workers argue with each other (R)	Yes	?	No
17. Co-workers put each other down (R)	Yes	?	No
18. Co-workers treat each other with respect	Yes	?	No

Note:: R = the item is reverse scored.

Figure 14–2

What Shapes Ethical Behavior at Work?

➢ *Individual factors*

➢ *Organizational factors*

➢ *The boss's influence*

➢ *Ethics policies and codes*

➢ *The organization's culture*

Employees and Ethical Dilemmas

➢ *Questions employees should ask when faced with ethical dilemmas:*

- – Is the action legal?
- – Is it right?
- – Who will be affected?
- – Does it fit the company's values?
- – How will it "feel" afterwards?
- – How will it look in the newspaper?
- – Will it reflect poorly on the company?

Principal Causes of Ethical Compromises

	Senior Mgmt.	Middle Mgmt.	Front-Line Supv.	Prof. Non- Mgmt.	Admin. Salaried	Hourly
Meeting schedule pressure	1	1	1	1	1	1
Meeting overly aggressive financial or business objectives	3	2	2	2	2	2
Helping the company survive	2	3	4	4	3	4
Advancing the career interests of my boss	5	4	3	3	4	5
Feeling peer pressure	7	7	5	6	5	3
Resisting competitive threats	4	5	6	5	6	7
Saving jobs	9	6	7	7	7	6
Advancing my own career or financial interests	8	9	9	8	9	8
Other	6	8	8	9	8	9

Note: 1 is high, 9 is low.

Table 14–1

What Is Organizational Culture?

- ➢ *Organization culture*
  - The characteristic values, traditions, and behaviors a company's employees share.
- ➢ *How is culture is revealed?*
  - Ceremonial events
  - Written rules and spoken commands.
  - Office layout
  - Organizational structure
  - Dress codes
  - Cultural symbols and behaviors
  - Figureheads

The Manager's Role in Creating Culture

➤ *Clarify expectations for values to be followed.*

➤ *Use signs and symbols to signal the importance of values.*

➤ *Provide physical (the firm's rewards) support for values.*

➤ *Use stories to illustrate values.*

➤ *Organize rites and ceremonies reinforcing values*

HR's Role in Fostering Ethics and Fair Treatment

➢ *Why treat employees fairly?*

- "They're not employees, they're people"
  - Management guru Peter Drucker

- Avoidance of employee litigation

- Enhanced employee commitment

- Enhanced satisfaction with the organization, with jobs, and with leaders

- Increased organizational citizenship behaviors
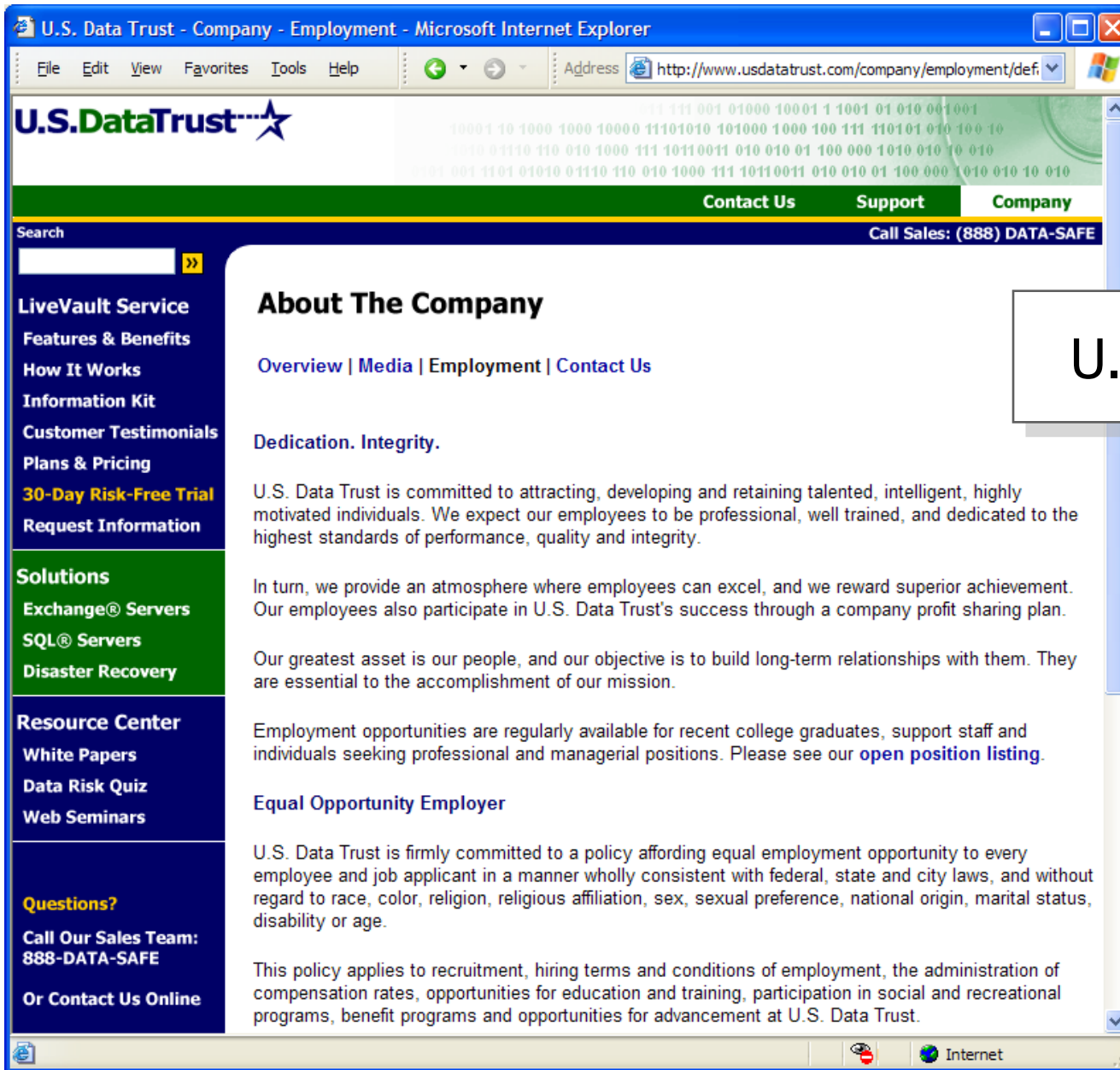
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Figure 14–4

HR Ethics Activities

➢ *Staffing and selection*

  – Fostering the perception of fairness in the processes of recruitment and hiring of people.

  • Formal procedures
  • Interpersonal treatment
  • Providing explanation

➢ *Training*

  – How to recognize ethical dilemmas.

  – How to use ethical frameworks (such as codes of conduct) to resolve problems.

  – How to use HR functions (such as interviews and disciplinary practices) in ethical ways.

HR Ethics Activities (cont'd)

➢ *Performance appraisal*

   – Appraisals that make it clear the company adheres to high ethical standards by measuring and rewarding employees who follow those standards.

➢ *Reward and disciplinary systems*

   – The organization swiftly and harshly punishes unethical conduct.

➢ *Workplace aggression and violence*

   – Taking care that HR actions do not foster perceptions of inequities that translate into dysfunctional behaviors by employees.

Company ethics officials say they convey ethics codes and programs to employees using these training programs:

New hire orientation

89%

Annual refresher training

45%

Annual training

32%

Occasional but not scheduled training

31%

The Role of Training in Ethics

New employee follow-up sessions

20%

No formal training

5%

Figure 14–5

Company ethics officials use these actual training tools to convey ethics training to employees:

Copies of company policies — 78%

Ethics handbooks — 76%

Videotaped ethics programs — 59%

Online assistance — 39%

Ethics newsletters — 30%
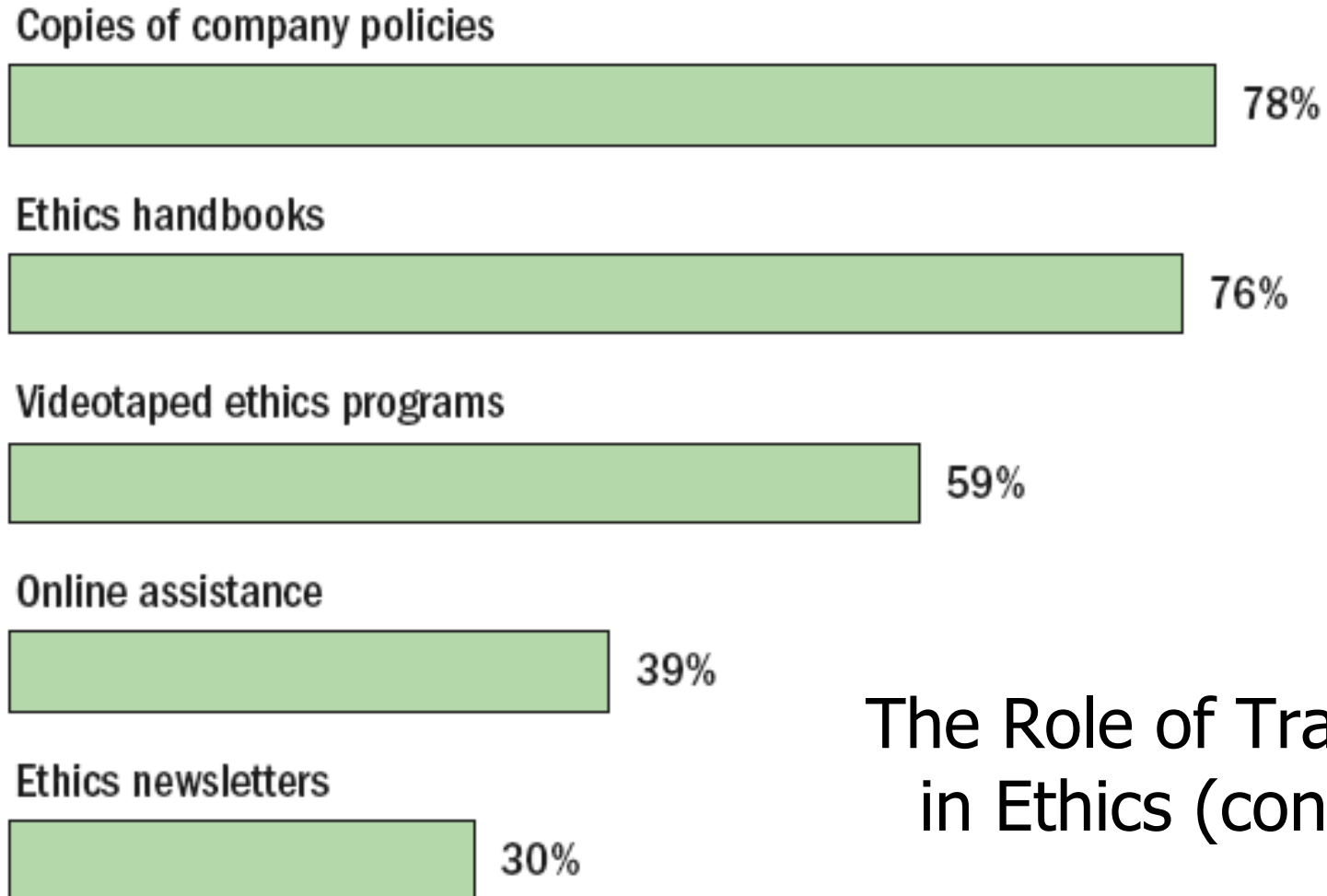
The Role of Training in Ethics (cont'd)

Figure 14–5 (cont'd)

Building Two-Way Communications

➢ *Perceptions of fair treatment depend on:*

- **Engagement**—involving individuals in the decisions that affect them by asking for their input and allowing them to refute the merits of others' ideas and assumptions

- **Explanation**—ensuring that everyone involved and affected understands why final decisions are made and the thinking that underlies the decisions

- **Expectation clarity**—making sure everyone knows up front by what standards they will be judged and the penalties for failure.

Employee Discipline and Privacy

➢ *Basis for a fair and just discipline process*

– Clear rules and regulations

  • Define workplace issues

  • Inform employees

– A system of progressive penalties

  • The range and severity of the penalty is a function of the offense and number of occurrences.

– An appeals process

  • The right of the employee to grieve the decision helps to ensure that supervisors mete out discipline fairly and equitably.

Disciplining an Employee

➢ *Does the facts support the charge of employee wrongdoing?*

➢ *Were the employee's due process rights protected?*

➢ *Was the employee warned of disciplinary consequences?*

➢ *Was a rule violated and was it "reasonably related" to the efficient and safe operation of the work environment?*

➢ *Was the matter fairly and adequately investigated before administering discipline?*

➢ *Did the investigation produce substantial evidence of misconduct?*

➢ *Have rules, orders, or penalties been applied evenhandedly?*

➢ *Is the penalty reasonably related to the misconduct and to the employee's past work history?*

➢ *Did the employee have the right to counsel?*

➢ *Did anger, hearsay, or personal impression affect the decision?*

Disciplinary Action Form I

Disciplinary Action Form

Date: _____

Name: _____

Dept.: _____

Disciplinary Action:

☐ Verbal* ☐ Written ☐ Written & Suspension ☐ Discharge

To the employee:

Your performance has been found unsatisfactory for the reasons set forth below. Your failure to improve or avoid a recurrence will be cause for further disciplinary action.

Details: _____

_____

_____

_____

_____

_____

A copy of this warning was personally delivered to the above employee by:

Supervisor _____

Date _____

I have received and read this warning notice. I have been informed that a copy of this notice will be placed in my personnel file.

Employee _____

Date _____

*Completion of this form shall serve as documentation only and should not be filed in the employee's personnel file.

Figure 14–6

Employee Grievance Form

NC STATE UNIVERSITY
EMPLOYEE GRIEVANCE FORM

To file a formal grievance, an employee is required to complete and submit this form to the Division of Human Resources in accordance with the guidlines of the University's regulation regarding Grievance - SPA Grievance and Appeal. All sections must be completed. (Attach additional sheets if necessary.)

A.   EMPLOYEE INFORMATION

Name _____

Position Title _____   Department _____

Campus Address_____   Work Telephone _____

Home Address _____   Home Telephone _____

Date of Incident_____   Supervisor _____

B.   Grievance Type: (please check one)

☐   a violation or misapplication of university policies
☐   a violation or misapplication of rules pertaining to employment in the respective department
☐   inaccurate or misleading information in a personnel file
☐   a violation or misapplication of applicable laws or regulations, including anti-discrimination laws
☐   a suspension without pay, demotion, or dismissal
☐   unlawful workplace harassment

C.   State the specific reason(s) for grievance:

_____
_____
_____
_____

D.   State the specific resolution being requested:

_____
_____
_____

_____   _____
Employee Signature   Date

Figure 14–6

14–586

Formal Disciplinary Appeals Processes

➢ *FedEx's guaranteed fair treatment multi-step program*

- – Step 1: Management review
- – Step 2: Officer complaint
- – Step 3: Executive appeals review

Discipline without Punishment (Nonpunitive Discipline)

1. *Issue an oral reminder.*

2. *Should another incident arise within six weeks, issue a formal written reminder, a copy of which is placed in the employee's personnel file.*

3. *Give a paid, one-day "decision-making leave."*

4. *If no further incidents occur in the next year, the purge the one-day paid suspension from the person's file.*

   If the behavior is repeated, the next step is dismissal.

Employee Privacy

➤ *Employee privacy violations upheld by courts:*
- Intrusion (locker room and bathroom surveillance)
- Publication of private matters
- Disclosure of medical records
- Appropriation of an employee's name or likeness

➤ *Actions triggering privacy violations:*
- Background checks
- Monitoring off-duty conduct and lifestyle
- Drug testing
- Workplace searches
- Monitoring of workplace

Employee Privacy (cont'd)

➢ *What do employers monitor about employees:*

  – E-mail activity

  – Internet use

  – Telephone calls

➢ *Employers monitor employees to:*

  – Improve productivity.

  – Protect from computer viruses

  – Detect leaks of confidential information

  – Guard against liability for illegal acts and harassment suits caused by employee misuse

Restrictions on Workplace Monitoring

➢ *The Electronic Communications Privacy Act (ECPA)*

- The "business purpose exception" permits employers to monitor communications if they can show a legitimate business reason for doing so.

- The "consent exception" allows employers to monitor communications if they have their employees' consent to do so.

➢ *Common-law provides protections against invasion of privacy.*

Sample Telephone Monitoring Acknowledgement Statement

I understand that my telephone and e-mail communications will be monitored periodically by my supervisor and other [company] management staff. I understand that the purpose of this monitoring is to improve:

- The quality of customer service provided to policyholders and prospective customers
- My product knowledge and presentation skills

_____   _____
Signature   Date

_____   _____
Print Name   Department

Figure 14–8

Managing Dismissals

➢ *Dismissal*
  – Involuntary termination of an employee's employment with the firm.

➢ *Terminate-at-will rule*
  – Without a contract, the employee can resign for any reason, at will, and the employer can similarly dismiss the employee for any reason (or no reason), at will.
  – Limitations on "terminate-at-will"
    • Violation of public
    • Implied contract
    • Good faith

Managing Dismissals (cont'd)

➢ *Limitations on terminate-at-will*

– Public policy exception

  • Discharge is wrongful when it was against an explicit, well-established public policy: employee fired or refusing to break the law.

– Implied contract exception

  • Employer statements about future employment create a contractual obligation for the employer to continue to employ the employee.

– Covenant of good faith exception

  • Suggests that employers should not fire employees without good cause.

Grounds for Dismissal

➢ *Unsatisfactory performance*

– Persistent failure to perform assigned duties or to meet prescribed standards on the job.

➢ *Misconduct in the workplace*

– Deliberate and willful violation of the employer's rules: stealing, rowdy behavior, and insubordination.

➢ *Lack of qualifications for the job*

– An employee's inability to do the assigned work although he or she is diligent.

➢ *Changed requirements or elimination of the job.*

– An employee's inability to do the work assigned, after the nature of the job has changed.

– Elimination of the employee's job.

Insubordination

1. Direct disregard of the boss's authority.

2. Flat-out disobedience of, or refusal to obey, the boss's orders—particularly in front of others.

3. Deliberate defiance of clearly stated company policies, rules, regulations, and procedures.

4. Public criticism of the boss. Contradicting or arguing with him or her is also negative and inappropriate.

5. Blatant disregard of reasonable instructions.

6. Contemptuous display of disrespect and, portraying these feelings while on the job.

7. Disregard for the chain of command, shown by going around the immediate supervisor or manager with a complaint, suggestion, or political maneuver.

8. Participation in (or leadership of) an effort to undermine and remove the boss from power.

Managing Dismissals (cont'd)

➢ *Foster a perception of fairness in the dismissal situation by:*

- Instituting a formal multi-step procedure (including warning).

- Having a supervising manager give full explanations of why and how termination decisions were made.

- Establishing a neutral appeal process also fosters fairness.

Avoiding Wrongful Discharge Suits

➢ *Bases for wrongful discharge suits:*

– Discharge does not comply with the law.

– Discharge does not comply with the contractual arrangement stated or implied by the firm via its employment application forms, employee manuals, or other promises.

➢ *Avoiding wrongful discharge suits*

– Set up employment policies and dispute resolution procedures that make employees feel treated fairly.

– Do the preparatory work that helps to avoid such suits.

Typical Severance Pay

- Nonexempt employee—one week of pay for each year with a minimum of four weeks and maximum of two months.

- Exempt employee to $90,000—two weeks for each year with a minimum of two months and a maximum of six months.

- Exempt employee over $90,000 to director or VP level—two to three weeks for each year with a minimum of three months and maximum of nine months.

- Director or VP to company officer—three weeks for each year with a minimum of four months and maximum of a year.

- Officer—usually covered by an employment contract or Change of Control provisions and can be all the way from one year of pay to three or four years, with other perks that may be continued.

Source: www.shrm.org, downloaded March 6, 2004.

Figure 14–9

14–599

Steps in Avoiding Wrongful Discharge Suits

➢ Have applicants sign the employment application and make sure it contains a clearly worded statement that employment is for no fixed term and that the employer can terminate at any time.

➢ Review your employee manual to look for and delete statements that could prejudice your defense in a wrongful discharge case.

➢ Have clear written rules listing infractions that may require discipline and discharge, and then make sure to follow the rules.

➢ If a rule is broken, get the worker's side of the story in front of witnesses, and preferably get it signed. Then make sure to check out the story, getting both sides of the issue.

➢ Be sure to appraise employees at least annually. If an employee shows evidence of incompetence, give that person a warning and provide an opportunity to improve. All evaluations should be in writing and signed by the employee.

➢ Keep careful confidential records of all actions such as employee appraisals, warnings or notices, memos outlining how improvement should be accomplished, and so on.

Steps in Avoiding Wrongful Discharge Suits (cont'd)

➢ A final 10-step checklist would include:

1. Is employee covered by any type of written agreement, including a collective bargaining agreement?

2. Have any representations been made to form a contract?

3. Is a defamation claim likely?

4. Is there a possible discrimination allegation?

5. Is there any workers' compensation involvement?

6. Have reasonable rules and regulations been communicated and enforced?

7. Has employee been given an opportunity to explain any rule violations or to correct poor performance?

8. Have all monies been paid within 24 hours after separation?

9. Has employee been advised of his or her rights under COBRA?

10. Has employee been advised of what the employer will tell a prospective employer in response to a reference inquiry?

TJP INC. EMPLOYEE HANDBOOK ACKNOWLEDGMENT FORM

This employee handbook has been given to _____

on (date) _____

by _____ (title) _____

Employee's effective starting date _____

Employee's pay period _____

Employee's hours and workweek are _____

Welcome to TJP Inc. Below are a list of your benefits with their effective date:

Benefit		Effective Date
Hospitalization	_____	_____
Life insurance	_____	_____
Retirement	_____	_____
Vacation	_____	_____
Sick leave	_____	_____
Holidays	_____	_____
Personal days	_____	_____
Bereavement	_____	_____
Worker's compensation	_____	_____
Social Security	_____	_____
Your first performance appraisal will be on	_____	_____

I understand that my employee handbook is for informational purposes only and that I am to read and refer to the employee handbook for information on employment work rules and company policies. TJP Inc. may modify, revoke, suspend or terminate any and all policies, rules, procedures and benefits at any time without prior notice to company employees. This handbook and its statements do not create a contract between TJP Inc. and its employees. This handbook and its statements do not affect in any way the employment-at-will relationship between TJP Inc. and its employees.

(Employee's signature) _____

(Date) _____

TJP Inc. Employee Handbook Acknowledgment Form

Figure 14–10

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Personal Supervisory Liability

➢ *Avoiding personal supervisory liability:*

- Be familiar with federal, state, and local statutes and know how to uphold their requirements.

- Follow company policies and procedures

- Be consistent application of the rule or regulation is important.

- Don't administer discipline in a manner that adds to the emotional hardship on the employee.

- Do not act in anger.

- Utilize the HR department for advice regarding how to handle difficult disciplinary matters.

The Termination Interview

➤ *Plan the interview carefully.*

- – Make sure the employee keeps the appointment time.

- – Never inform an employee over the phone.

- – Allow 10 minutes as sufficient time for the interview.

- – Use a neutral site, never your own office.

- – Have employee agreements, the human resource file, and a release announcement (internal and external) prepared in advance.

- – Be available at a time after the interview in case questions or problems arise.

- – Have phone numbers ready for medical or security emergencies.

The Termination Interview (cont'd)

➢ *Get to the point.*

- Do not beat around the bush by talking about the weather or making other 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.

➢ *Describe the situation.*

- Briefly explain why the person is being let go.

- Remember to describe the situation rather than attack the employee personally

- Emphasize that the decision is final and irrevocable.

The Termination Interview (cont'd)

- ➤ *Listen.*
  - Continue the interview until the person appears to be talking freely and reasonably calmly about the reasons for his or her termination and the support package (including severance pay).

- ➤ *Review all elements of the severance package.*
  - Describe severance payments, benefits, access to office support people, and the way references will be handled. However, under no conditions should any promises or benefits beyond those already in the support package be implied.

The Termination Interview (cont'd)

➤ *Identify the next step.*

- The terminated employee may be disoriented and unsure what to do next.

- Explain where the employee should go next, upon leaving the interview.

Termination Assistance

➢ *Outplacement Counseling*

– A systematic process by which a terminated employee is trained and counseled in the techniques of conducting a self-appraisal and securing a new job appropriate to his or her needs and talents.

- Outplacement does not imply that the employer takes responsibility for placing the person in a new job.

- Outplacement counseling is part of the terminated employee's support or severance package and is often done by specialized outside firms.

Termination Assistance (cont'd)

➢ *Outplacement firms*

– Can help the employer devise its dismissal plan regarding:

- How to break the news to dismissed employees.

- Deal with dismissed employees' emotional reactions.

- Institute the appropriate severance pay and equal opportunity employment plans.

Interviewing Departing Employees

➢ *Exit Interview*

– Its aim is to elicit information about the job or related matters that might give the employer a better insight into what is right—or wrong—about the company.

  • The assumption is that because the employee is leaving, he or she will be candid.

  • The quality of information gained from exit interviews is questionable.

Exit Interview Questions

➢ How were you recruited?

➢ Why did you join the company?

➢ Was the job presented correctly and honestly?

➢ Were your expectations met?

➢ What was the workplace environment like?

➢ What was your supervisor's management style like?

➢ What did you like most/least about the company?

➢ Were there any special problem areas?

➢ Why did you decide to leave, and how was the departure handled?

The Plant Closing Law

➢ *Worker Adjustment and Retraining Notification Act (1989)*

  – 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.

  – The law is intended to give employees time to seek other work or retraining by giving them advance notice of the shutdown.

The Plant Closing Law (cont'd)

➢ *Worker Adjustment and Retraining Notification Act (1989)*

- Employment losses covered by the law:
  - Terminations other than discharges for cause, voluntary departures, or retirement
  - Layoffs exceeding six months
  - Reductions of more than 50% in employee's work hours during each month of any six-month period.

- Penalty for failing to give notice
  - One day's pay and benefits to each employee for each day's notice that should have been given, up to 60 days.

Layoffs

➢ *Layoff are not terminations.*

➢ *Temporary layoffs occur when:*

- – There is no work available for employees.

- – Management expects the no-work situation to be temporary and probably short term.

- – Management intends to recall the employees when work is again available.

14–614

Bumping/Layoff Procedures

➤ Seniority is usually the ultimate determinant of who will work.

➤ Seniority can give way to merit or ability, but usually only when no senior employee is qualified for a particular job.

➤ Seniority is usually based on the date the employee joined the organization, not the date he or she took a particular job.

➤ Companywide seniority allows an employee in one job to bump or displace an employee in another job, provided the more senior person can do the job without further training.

Alternatives to Layoffs

➢ Voluntarily reducing employees' pay to keep everyone working.

➢ Concentrating employees' vacations during slow periods.

➢ Taking voluntary time off to reduce the employer's payroll.

➢ Taking a "rings of defense approach" by hiring temporary workers that can be let go early.

➢ Offering buyout packages to find enough volunteers to avoid dismissing people.

Adjusting to Downsizings and Mergers

➢ *Guideline for implementing a reduction in force:*

- – Identify objectives and constraints.

- – Form a downsizing team.

- – Address legal issues.

- – Plan post-reduction actions.

- – Address security concerns.

Adjusting to Downsizings and Mergers (cont'd)

➢ *Guidelines for treatment of departing employees during a merger:*

- Avoid the appearance of power and domination.

- Avoid win–lose behavior.

- Remain businesslike and professional.

- Maintain a positive feeling about the acquired company.

- Remember that how the organization treats the acquired group will affect those who remain.

Employee Morale and Behavior Improves When Justice Prevails

A

Procedural Justice → .54** → Employee Commitment → .74** → Intent to Remain → −.21** → Employee Turnover

Procedural Justice → .54** → Satisfaction with Supervision

Satisfaction with Supervision → .34** → Employee Commitment

.81** (Procedural Justice ↔ Interpersonal Justice)

Interpersonal Justice → .26** → Satisfaction with Supervision
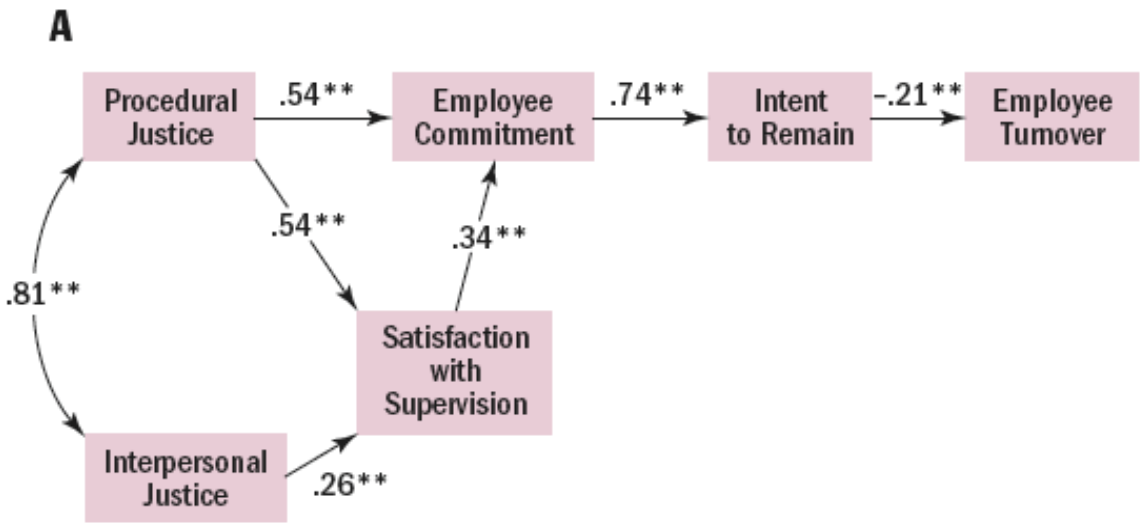
Results of hotel-level path analysis predicting employee turnover.

B

Procedural Justice → .63** → Employee Commitment → .21** → Guest Service Satisfaction

Employee Commitment → .42** → Discretionary Service Behavior

Satisfaction with Supervision → .28** → Employee Commitment

.87** (Procedural Justice ↔ Interpersonal Justice)

Discretionary Service Behavior → .24** → Guest Service Satisfaction

Interpersonal Justice → .74** → Satisfaction with Supervision
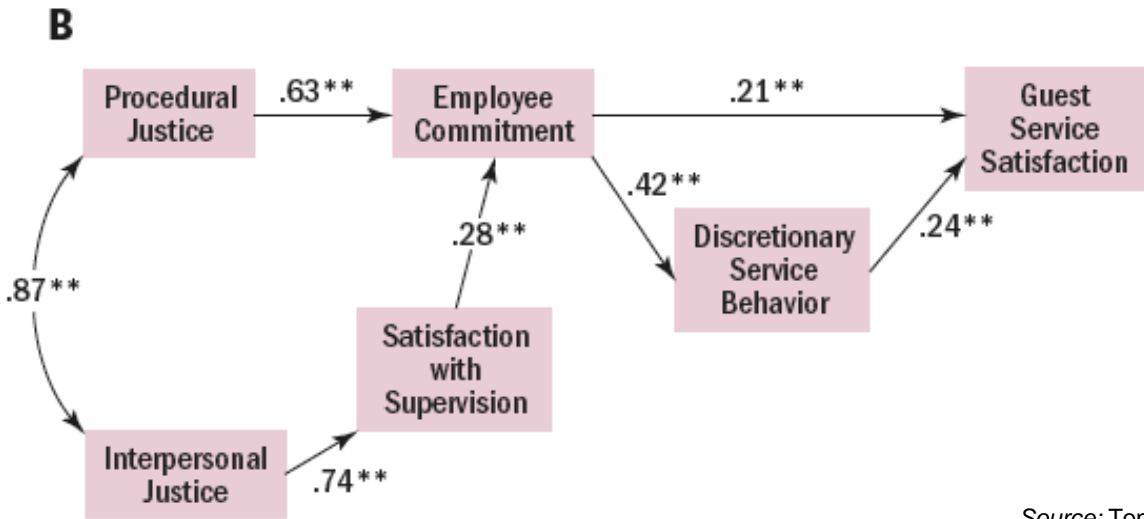
Results of hotel-level path analysis predicting customer service.

Source: Tony Simons and Quinetta Roberson, " Why Managers Should Care about Fairness. The Effects of Aggregate Justice Perceptions on Organizational outcomes," *Journal of Applied Psychology* 88, no. 3 (2003), p. 432.

HR Scorecard for Hotel Paris International Corporation*

5. Strategic Performance Metrics (Are we achieving our strategic goals?)	Rankings in industry service satisfaction surveys	Profit margins, and total annual profits	Percent share of market	Annual revenues
4. Strategically Relevant Customer and Organizational Outcomes Metrics (How can we measure whether our customer service is actually improving and having the desired effects?)	Guest service satisfaction index	Number of written guest compliments and/or complaints per year	Various customer and Hotel Paris outcome metrics, including; frequency of guests' returns; average length of stay; and guest expenditures per guest per stay	
3. Strategically Relevant Emergent Employee Capabilities and Behaviors Metrics (What skills and actions must our employees demonstrate if our company is to achieve its strategic goals?)	Employee turnover	Employee morale	Various employee service-oriented behavior metrics, including; percent calls answered with required greeting; speed of check in/out; percent room cleaning infractions; and, percent guests receiving Hotel Paris required greeting on arrival	Employee service commitment and engagement index	Percentage of employees scoring at least 90% on Hotel Paris core values quiz
2. Strategic HR Activities Metrics (What HR function should we focus on, and how should we measure its efficiency and effectiveness?)	Chapter 17, Global Percentage expatriates receiving predeparture screening and counseling		Chapter 15, Labor Relations Percentage of workforce in unions	Chapter 16, Safety Number of safety training programs per year; accident costs per year; lost time due to accidents	Chapter 14, Ethics Number of grievances per year; percentage of employees able to quote ethics code
1. Hotel Paris Basic Strategic Themes (What basic themes must we in HR pursue to help Hotel Paris achieve its strategic goals?)	Create Service-Oriented Workforce	Embed Core Values	Encourage Personal Employee Growth and Learning	Emphasize Partnership and Sense of Ownership

*Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")*

Figure 14–12

Key Terms

ethics

distributive justice

procedural justice

interactional (interpersonal) justice

organizational culture

nonpunitive discipline

Discipline without punishment

Electronic Communications Privacy Act (ECPA)

dismissal

unsatisfactory performance

misconduct

insubordination

wrongful discharge

termination interview

outplacement counseling

exit interviews

bumping/layoff procedures

downsizing

human

t e n t h   e d i t i o n

resource management

Gary Dessler

Chapter 15

Part 5 Employee Relations

Labor Relations and Collective Bargaining

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. *Give a brief history of the American labor movement.*

2. *Discuss the main features of at least three major pieces of labor legislation.*

3. *Present examples of what to expect during the union drive and election.*

4. *Describe five ways to lose an NLRB election.*

5. *Illustrate with examples bargaining that is not in good faith.*

6. *Develop a grievance procedure.*

The Labor Movement

➢ 1790–Skilled craftsmen organize into trade unions.

➢ 1869–The Knights of Labor seek social reform.

➢ 1886–American Federation of Labor pursues bread-and-butter and improved working conditions.

➢ 1935–National Labor Relations Act fosters organizing and the rapid growth of labor unions.

➢ 1947–Taft-Hartley Act regulates union activities.

➢ 1955–AFL and CIO merge.

➢ 1970s–Union membership peaks and begins to steadily decline.

Why Do Workers Organize?

➢ *Solidarity*

– To get their fair share of the pie.

• *Improved wages*, *hours*, *working conditions*, and *benefits*

– To protect themselves from management whims.

➢ *Conditions favoring employee organization*

– Low morale

– Fear of job loss

– Arbitrary management actions

Union Security

➢ *Closed shop*

– The company can hire only union members. Congress outlawed this in 1947, but it still exists in some industries (such as printing).

➢ *Union shop*

– The company can hire nonunion people, but they must join the union after a prescribed period of time and pay dues. (If not, they can be fired.)

➢ *Agency shop*

– Employees who do not belong to the union still must pay union dues on the assumption that the union's efforts benefit all the workers.

Union Security (cont'd)

➢ *Open shop*
  - It is up to the workers whether or not they join the union—those who do not, do not pay dues.

➢ *Maintenance of membership arrangement*
  - Employees do not have to belong to the union. However, union members employed by the firm must maintain membership in the union for the contract period.

Union Security (cont'd)

➢ *Right-to-work laws*

- – 12 Section 14(b) of the Taft-Hartley Act permits states to pass statutes or constitutional provisions banning the requirement of union membership as a condition of employment and to forbid the negotiation of compulsory union membership provisions.

- – Twenty-one "right to work states," from Florida to Mississippi to Wyoming, ban all forms of union security.

The AFL-CIO

➢ *The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)*

– A voluntary federation of about 100 national and international labor unions in the United States.

➢ *Structure of the AFL-CIO*

– Local unions

– National unions

– National federation

Unions and the Law: Period of Strong Encouragement

➢ *The Norris-LaGuardia Act of 1932*

– Guaranteed to each employee the right to bargain collectively "free from interference, restraint, or coercion.

– Declared yellow dog contracts unenforceable.

– Limited the courts' abilities to issue injunctions (stop orders) for activities such as peaceful picketing and payment of strike benefits.

Unions and the Law: Period of Strong Encouragement (cont'd)

➤ *National Labor Relations (or Wagner) Act of 1935*

  – Banned certain unfair labor practices of employers

  – Provided for secret-ballot elections and majority rule for determining whether a firm's employees would unionize.

  – Created the National Labor Relations Board (NLRB) to enforce the act's provisions.

Unfair Employer Labor Practices

➤ To "interface with, restrain, or coerce employees" in exercising their legally sanctioned right of self-organization.

➤ To dominate or interfere with either the formation or the administration of labor unions.

➤ To discriminating in any way against employees for their legal union activities.

➤ To discharge or discriminate against employees who file unfair practice charges against the company.

➤ To refuse to bargain collectively with their employees' duly chosen representatives.

NLRB Form 501: Filing an Unfair Labor Practice

Figure 15–1

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Unions and the Law: Period of Modified Encouragement and Regulation (cont'd)

➢ *Taft-Hartley (Labor Management Relations) Act of 1947*

– Prohibited unfair union labor practices.

– Enumerated the rights of employees as union members

– Enumerated the rights of employers

– Allows the president of the United States to seek an injunction that temporarily will bar a national emergency strike for 60 days.

Unfair Union Labor Practices

➢ To restrain or coerce employees from exercising their guaranteed bargaining rights.

➢ To cause an employer to discriminate against employees in order to encourage or discourage their membership in a union.

➢ To refuse to bargain in good faith with the employer about wages, hours, and other employment conditions. Certain strikes and boycotts are also unfair practices.

➢ To engage in "featherbedding" (requiring an employer to pay an employee for services not performed).

Taft-Hartley and Employers

➢ *Rights*

  – To express their views concerning union organization.

  – To set forth the union's record concerning violence and corruption, if appropriate.

➢ *Restraints*

  – Must avoid threats, promises, coercion, and direct interference with workers who are trying to reach an organizing decision.

  – Cannot meet with employees on company time within 24 hours of an election.

  – Cannot suggest to employees that they vote against the union (in private, while they are out of their work area).

Unions and the Law: Period of Regulation of Union Internal Affairs (cont'd)

➢ *Landrum-Griffin Act (the Labor Management Reporting and Disclosure Act) of 1959*

– Contains a bill of rights for union members.

- Nomination of candidates for union office.
- Protects a member's right to sue his or her union.
- Ensures that no member can be fined or suspended without due process.

– Laid out rules regarding union elections.

- Regulated union election cycles and who can serve as a union officers.
- Expanded list of corrupt union and employer practices.

The Union Drive and Election

➢ *Step 1. Initial contact*
  – The union determines employees' interest in organizing, and sets up an organizing committee.
  – Labor Relations Consultants
  – Union Salting

➢ *Step 2. Obtaining authorization cards*
  – 30% of eligible employees in an appropriate bargaining unit must sign cards authorizing the union to petition the NLRB for an election.

The Organizing Drive

➢ *Authorization cards*

- Let the union seek a representation election.

- Designate the union as a bargaining representative in all employment matters.

- State that the employee has applied for membership in the union and will be subject to union rules and bylaws.

The Organizing Drive

➢ *Employer responses to organizing*

- – Can attack the union on ethical and moral grounds and cite the cost of union membership.

- – Cannot make promises of benefits.

- – Cannot make unilateral changes in terms and conditions of employment that were not planned to be implemented prior to the onset of union organizing activity.

- – Can inform employees of their right to revoke their authorization cards.

The Organizing Drive (cont'd)

➢ *Union activities during organizing*

– Unions can picket the company, subject to three constraints:

- The union must file a petition for an election within 30 days after the start of picketing.

- The firm cannot already be lawfully recognizing another union.

- There cannot have been a valid NLRB election during the past 12 months.

The Union Drive and Election (cont'd)

➢ *Step 3. Hold a hearing*

– Consent election

- Employer chooses not to contest *union recognition* at all.

– Stipulated election

- The employer chooses not to contest the union's *right to an election*, and/or the scope of the bargaining unit, and/or which employees are eligible to vote in the election.

– Contest of the union's right to an election

- An employer can insist on an NLRB hearing to determine if employees wish to elect a union to represent them.

NLRB Hearing Officer's Duties

➢ *Determining if the record indicates there is enough evidence to hold an election.*

- – Did 30% of the employees in an appropriate bargaining unit sign the authorization cards?

➢ *Deciding what the bargaining unit will be.*

- – The bargaining unit is the group of employees that the union will be authorized to represent and bargain for collectively.

NLRB Form 852: Notice of Representation Hearing

Figure 15–2

The Union Drive and Election (cont'd)

➢ *Step 4. The campaign*

  – Both sides present their platforms.

➢ *Step 5. The election*

  – Held within 30 to 60 days after the NLRB issues its Decision and Direction of Election.

  – The election is by secret ballot; the NLRB provides and counts the ballots.

  – The union becomes the employees' representative by getting a majority of the votes cast in the election.

Sample NLRB Ballot

UNITED STATES OF AMERICA

National Labor Relations Board

OFFICIAL SECRET BALLOT

FOR CERTAIN EMPLOYEES OF

Do you wish to be represented for purposes of collective bargaining by —

MARK AN "S" IN THE SQUARE OF YOUR CHOICE

YES

NO

DO NOT SIGN THIS BALLOT. Fold and drop in ballot box.
If you spoil this ballot return it to the Board Agent for a new one.

Figure 15–3

How to Lose an NLRB Election

➢ Reason 1. Asleep at the switch

➢ Reason 2. Appointing a committee

➢ Reason 3. Concentrating on money and benefits

➢ Reason 4. Industry blind spots

➢ Reason 5. Delegating too much to divisions

The Supervisor's Role

➢ *Unfair labor practices by supervisors*

- Could cause the NLRB to hold a new election after the company has won a previous election.

- Could cause the company to forfeit the second election and go directly to contract negotiation.

Union Avoidance: What Not to Do

➢ *Human resources professionals must be very careful to do the following during union activities at their companies:*

- Watch what you say. Angry feelings of the moment may get you in trouble.

- Never threaten workers with what you will do or what will happen if a union comes in.

- Don't tell union sympathizers that they will suffer in any way for their support. Don't terminate or discipline workers for engaging in union activities.

- Don't interrogate workers about union sympathizers or organizers.

- Don't ask workers to remove union screensavers or campaign buttons if you allow these things for other organizations.

- Don't treat pro-union or anti-union workers any differently.

Figure 15–4

Union Avoidance: What Not to Do (cont'd)

- – Don't transfer workers on the basis of union affiliation or sympathies.

- – Don't ask workers how they or others intend to vote.

- – Don't ask employees about union meetings or any matters related to unions. You can listen, but don't ask for any details.

- – Don't promise workers benefits, promotions, or anything else if they vote against the union.

- – Avoid becoming involved in the details of the union's election or campaign, and don't participate in any petition movement against the union.

- – Don't give financial aid or any support to any unions.

➢ *Any one of these practices may result in a finding of "unfair labor practices," which may in turn result in recognition of a union without an election, as well as fines for your company.*

Figure 15–4 (cont'd)

Rules Regarding Literature and Solicitation

➢ Nonemployees can be barred from soliciting employees during their work time.

➢ Employees can be stopped from soliciting other employees if one or both employees are on paid-duty time and not on a break.

➢ Employers can bar nonemployees from the building's interiors and work areas as a right of private property owners.

➢ On- or off-duty employees can be denied access to interior or exterior areas for reasons of production, safety, or discipline.

The Collective Bargaining Process

➢ *What Is collective bargaining?*

  – Both management and labor are required by law to negotiate wage, hours, and terms and conditions of employment "in good faith."

➢ *What Is good faith bargaining?*

  – Both parties communicate and negotiate.

  – They match proposals with counterproposals in a reasonable effort to arrive at an agreement.

  – It does not mean that one party compels another to agree to a proposal or make any specific concessions.

Violations of Good Faith Bargaining

➢ *Surface bargaining*

➢ *Inadequate concessions*

➢ *Inadequate proposals and demands*

➢ *Dilatory tactics*

➢ *Imposing conditions.*

➢ *Making unilateral changes in conditions.*

➢ *Bypassing the representative.*

➢ *Committing unfair labor practices during negotiations.*

➢ *Withholding information*

➢ *Ignoring bargaining items*

Preparing for Negotiations

➤ *Sources of negotiating information*

– Local and industry pay and benefits comparisons

– Distribution demographics of the workforce

– Benefit costs, overall earnings levels, and the amount and cost of overtime

– Cost of the current labor contract and the increased cost—total, per employee, and per hour—of the union's demands.

– Grievances and feedback from supervisors

– Counteroffers and arguments.

Preparing for Negotiations (cont'd)

➢ *Sources of negotiating information (cont'd)*

– Attitude surveys to test employee reactions to sections of the contract that management may feel require change

– informal conferences with local union leaders to discuss the operational effectiveness of the contract and to send up trial balloons on management ideas for change.

Classes of Bargaining Items

➢ *Voluntary (permissible) bargaining items*

  – Items in collective bargaining over which bargaining is neither illegal nor mandatory—neither party can be compelled against its wishes to negotiate over those items.

➢ *Illegal bargaining items*

  – Items in collective bargaining that are forbidden by law; for example, a clause agreeing to hire "union members exclusively" would be illegal in a right-to-work state.

➢ *Mandatory bargaining items*

  – Items in collective bargaining that a party must bargain over if they are introduced by the other party—for example, pay.

Bargaining Items

Mandatory	Permissible	Illegal
Rates of pay	Indemnity bonds	Closed shop
Wages	Management rights as to union affairs	Separation of employees based on race
Hours of employment	Pension benefits of retired employees	Discriminatory treatment
Overtime pay	Scope of the bargaining unit	
Shift differentials	Including supervisors in the contract	
Holidays	Additional parties to the contract such as the international union	
Vacations	Use of union label	
Severance pay	Settlement of unfair labor changes	
Pensions	Prices in cafeteria	
Insurance benefits	Continuance of past contract	
Profit-sharing plans	Membership of bargaining team	
Christmas bonuses	Employment of strike breakers	
Company housing, meals, and discounts		
Employee security		
Job performance		
Union security		
Management–union relationship		
Drug testing of employees		

Source: Michael B. Carnell and Christina Heavrin, *Labor Relations and Collective Bargaining* (Upper Saddle River, NJ: Prentice Hall, 2001), p. 177.

Table 15–1

Bargaining Stages

➢ *Presentation of initial demands*

– Both parties are usually quite far apart on some issues.

➢ *Reduction of demands*

– Each side trades off some of its demands to gain others.

➢ *Subcommittee studies*

– The parties form joint subcommittees to try to work out reasonable alternatives.

➢ *An informal settlement*

– Each group goes back to its sponsor. Union seeks to have members vote to ratify the agreement.

➢ *Signing the formal agreement*

Bargaining Hints

➤ *Be sure to set clear objectives for every bargaining item, and be sure you understand the reason for each.*

➤ *Do not hurry.*

➤ *When in doubt, caucus with your associates.*

➤ *Be well prepared with firm data supporting your position.*

➤ *Always strive to keep some flexibility in your position.*

➤ *Don't concern yourself just with what the other party says and does; find out why.*

➤ *Respect the importance of face saving for the other party.*

➤ Be alert to the real intentions of the other party—not only for goals, but also for priorities.

➤ Be a good listener.

Bargaining Hints (cont'd)

➢ Build a reputation for being fair but firm.

➢ Learn to control your emotions and use them as a tool.

➢ As you make each bargaining move, be sure you know its relationship to all other moves.

➢ Measure each move against your objectives.

➢ Pay close attention to the wording of every clause negotiated; they are often a source of grievances.

➢ Remember that collective bargaining is a compromise process. There is no such thing as having all the pie.

➢ Try to understand people and their personalities.

➢ Consider the impact of present negotiations on those in future years.

Impasses, Mediation, and Strikes

➢ *An impasse*

  – Usually occurs because one party is demanding more than the other will offer.

  – Sometimes an impasse can be resolved through a third party—a disinterested person such as a mediator or arbitrator.

  – If the impasse is not resolved in this way, the union may call a work stoppage, or strike, to put pressure on management.

Third-Party Involvement

➢ *Mediation*

– A neutral third party (mediator) tries to assist the principals in reaching agreement by holding meetings with each party to find common ground for further bargaining.

– The mediator is a go-between and has no authority to dictate terms or make concessions.

– The mediator communicates assessments of the likelihood of a strike, the possible settlement packages available, and the like.

Third-Party Involvement (cont'd)

➢ *Fact finder*

- A neutral party who studies the issues in a dispute and makes a public recommendation for a reasonable settlement.

➢ *Arbitration*

- An arbitrator often has the power to determine and dictate the settlement terms.

- Arbitration can guarantee a solution to an impasse.
  - Interest arbitration
  - Rights arbitration

Strikes

➤ *Economic strike*

– Results from a failure to agree on the terms of a contract.

➤ *Unfair labor practice strikes*

– Called to protest illegal conduct by the employer.

➤ *Wildcat strike*

– An unauthorized strike occurring during the term of a contract.

➤ *Sympathy strike*

– Occurs when one union strikes in support of the strike of another union.

Main Sections of a Contract Agreement

➢ Management rights

➢ Union security and automatic payroll dues deduction

➢ Grievance procedures

➢ Arbitration of grievances

➢ Disciplinary procedures

➢ Compensation rates

➢ Hours of work and overtime

➢ Benefits: vacations, holidays, insurance, pensions

➢ Health and safety provisions

➢ Employee security seniority provisions, and

➢ Contract expiration date.

Grievances

➢ *Grievance*

– Any factor involving wages, hours, or conditions of employment that is used as a complaint against the employer.

➢ *Sources of grievances*

– Absenteeism

– Insubordination

– Overtime

– Plant rules

Grievance Procedure

➤ *Grievant and shop steward meet with supervisor. If not resolved,*

➤ *Employee files formal grievance*

➤ *Grievant and shop steward meet with supervisor's boss. If not resolved,*

➤ *Meeting with higher-level managers.*

➤ *If not resolved, matter goes to arbitration.*

Handling Grievances: Do

➢ Investigate and handle each case as though it may eventually result in arbitration.

➢ Talk with the employee about his or her grievance; give the person a full hearing.

➢ Require the union to identify specific contractual provisions allegedly violated.

➢ Comply with the contractual time limits for handling the grievance.

➢ Visit the work area of the grievance.

➢ Determine whether there were any witnesses.

➢ Examine the grievant's personnel record.

➢ Fully examine prior grievance records.

➢ Treat the union representative as your equal.

➢ Hold your grievance discussions privately.

➢ Fully inform your own supervisor of grievance matters.

Handling Grievances: Don't

➤ Discuss the case with the union steward alone—the grievant should be there.

➤ Make arrangements with individual employees that are inconsistent with the labor agreement.

➤ Hold back the remedy if the company is wrong.

➤ Admit to the binding effect of a past practice.

➤ Relinquish to the union your rights as a manager.

➤ Settle grievances based on what is "fair." Instead, stick to the labor agreement.

➤ Bargain over items not covered by the contract.

➤ Treat as subject to arbitration claims demanding the discipline or discharge of managers.

➤ Give long written grievance answers.

➤ Trade a grievance settlement for a grievance withdrawal.

➤ Deny grievances because "your hands have been tied by management."

➤ Agree to informal amendments in the contract.
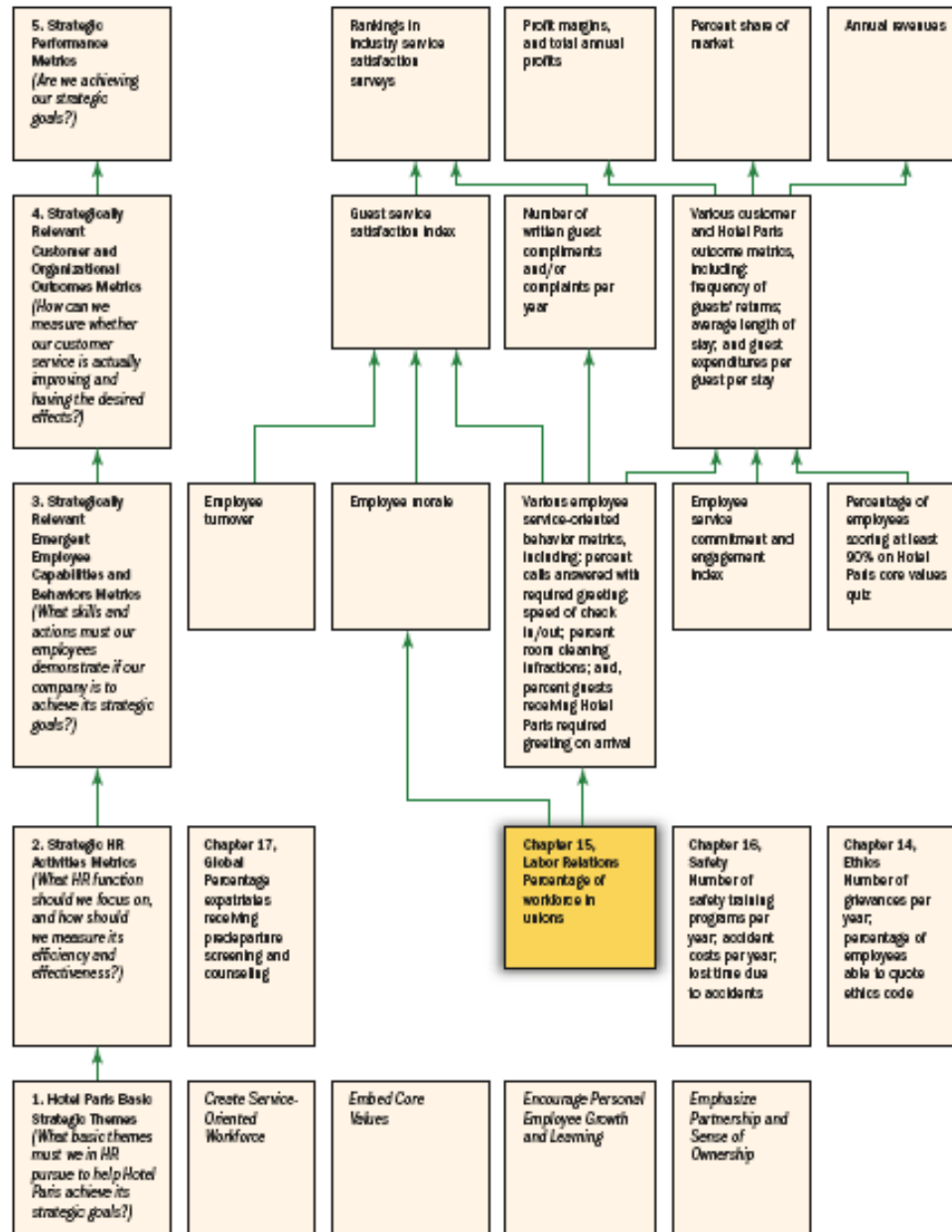
HR Scorecard for Hotel Paris International Corporation*

Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 15–6

The Union Movement Today and Tomorrow

➤ *Declining membership*

– Laws have taken over much of the union's traditional role as the workers' protector.

– Automation, globalization and technology have reduced jobs in unionized manufacturing sectors.

– Unions have fail to organize new plants.

– Unions have been more successful in organizing workers in the public sector.

– Management has become better at resisting union organizing efforts

Public Employees and Unions

➢ *7 million public-sector union members represent 44% of total U.S. union membership.*

➢ *The public sector is union movement's biggest potential growth area.*

➢ Civil Service Reform Act of 1978 (known as the Federal Labor Relations Act)

Employee Participation Programs and Unions

➢ *Permissibility under NLRA by the courts of participation programs is determined by:*

- – **Dominance:** the degree to which management maintains control of the program's functions.

- – **Role of the program:** if the activities of the program are concerned with union-type matters related to wages, hours, and working conditions.

Employee Participation Programs and Unions

➢ *To avoid having participation programs viewed as sham unions:*

- – Involve employees in the formation of these programs to the greatest extent practical.

- – Emphasize that the committees exist only to address issues such as quality and productivity.

- – Don't try to establish committees when union organizing activities are beginning in your facility.

- – Use volunteers and rotate membership to ensure broad employee participation.

- – Minimize management participation in the committees' day-to-day activities to avoid interference or the perception of domination.

Key Terms

closed shop

union shop

agency shop

open shop

right to work

Norris-LaGuardia Act (1932)

National Labor Relations (or Wagner) Act

National Labor Relations Board (NLRB)

Taft-Hartley Act (1947)

national emergency strikes

Landrum-Griffin Act (1959)

union salting

authorization cards

bargaining unit

decertification

collective bargaining

good faith bargaining

voluntary bargaining items

illegal bargaining items

mandatory bargaining items

impasse

mediation

fact finder

arbitration

strike

economic strike

unfair labor practice strike

wildcat strike

sympathy strike

picketing

corporate campaign

boycott

inside games

lockout

injunction

grievance

human resource management

t e n t h   e d i t i o n

Gary Dessler

Chapter 16

Part 5 Employee Relations

Employee Safety and Health

PowerPoint Presentation by Charlie Cook
The University of West Alabama

After studying this chapter, you should be able to:

1. Explain the basic facts about OSHA.

2. Explain the supervisor's role in safety.

3. Minimize unsafe acts by employees.

4. Explain how to deal with important occupational health problems.

Occupational Safety Law

➢ *Occupational Safety and Health Act*

   – The law passed by Congress in 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."

➢ *Occupational Safety and Health Administration (OSHA)*

   – The agency created within the Department of Labor to set safety and health standards for almost all workers in the United States.

OSHA Standards and Record Keeping

➢ *OSHA standards*

– General industry standards, maritime standards, construction standards, other regulations and procedures, and a field operations manual.

➢ *Record keeping*

– Employers with 11 or more employees must maintain records of, and report, occupational injuries and occupational illnesses.

– Occupational illness

  • Any abnormal condition or disorder caused by exposure to environmental factors associated with employment.

OSHA Standards Examples

Guardrails not less than 2″ × 4″ or the equivalent and not less than 36″ or more than 42″ high, with a midrail, when required, of a 1″ × 4″ lumber or equivalent, and toeboards, shall be installed at all open sides on all scaffolds more than 10 feet above the ground or floor.

Toeboards shall be a minimum of 4″ in height.

Wire mesh shall be installed in accordance with paragraph [a] (17) of this section.

Figure 16–1

What Accidents Must Be Reported Under the Occupational Safety and Health Act (OSHA)
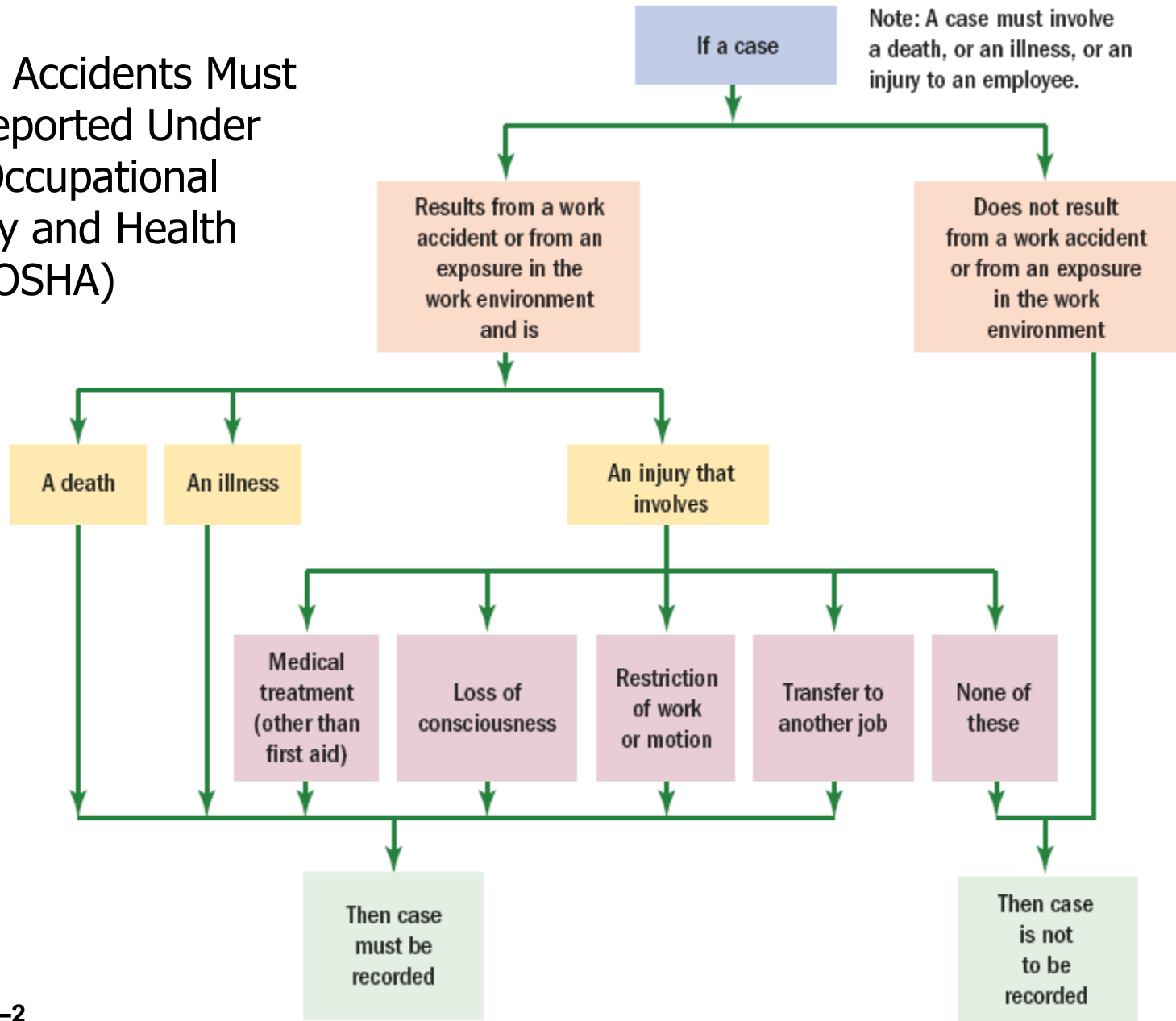
If a case

Note: A case must involve a death, or an illness, or an injury to an employee.

Results from a work accident or from an exposure in the work environment and is

Does not result from a work accident or from an exposure in the work environment

A death

An illness

An injury that involves

Medical treatment (other than first aid)

Loss of consciousness

Restriction of work or motion

Transfer to another job

None of these

Then case must be recorded

Then case is not to be recorded

Figure 16–2

Form Used to Record Occupational Injuries and Illnesses

Source: U.S. Department of Labor.

Figure 16–3

OSHA Inspection Priorities

➢ *Inspections of imminent danger situations*

➢ *Inspections of catastrophes, fatalities, and accidents that have already occurred*

➢ *Inspections related to valid employee complaints of alleged violation standards.*

➢ *Periodic, special-emphasis inspections aimed at high-hazard industries, occupations, or substances.*

➢ *Random inspections and reinspections.*

Conduct of OSHA Inspections

➢ OSHA officer arrives at the workplace.

➢ He or she displays official credentials and asks to meet an employer representative.

➢ The officer explains the visit's 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) about safety and health conditions.

➢ The inspector holds a closing conference with the employer's representative to discuss apparent violations which may result in a **citation** and penalty.

➢ At this point, the employer can produce records to show compliance efforts.

Citations and Penalties

➢ *Citation*

- A summons informing employers and employees of the regulations and standards that have been violated in the workplace.

➢ *Penalties*

- Are calculated based on the gravity of the violation and usually take into consideration factors like the size of the business, the firm's compliance history, and the employer's good faith.

Most Frequently Cited OSHA Standards: The Top 10 for 2002

Standard	Subject	No. of Citations
1926.451	Scaffolding, General Requirements	8,423
1910.120	Hazard Communication	6,951
1926.501	Fall Protection	5,461
1910.134	Respiratory Protection	4,250
1910.147	Lockout/Tagout	3,973
1910.305	Electrical, Wiring Methods	3,202
1910.212	Machines, General Requirements	2,878
1910.178	Powered Industrial Trucks	2,574
1910.303	Electrical Systems Design	2,291
1910.219	Mechanical Power-Transmission Apparatus	2,088

Note: Data shown reflect Federal OSHA citations issued during the period October 2001 through September 2002. Penalty amounts represent the assessment for the specified citation as of November 2002, taking into consideration all settlement adjustments.

Source: James Nash, "Enforcement: Scaffolding Is Still No. 1," *Occupational Hazards* Jan. 2003, p. 14.

Figure 16–4

Inspection Guidelines

➢ *Initial Contact*

- Refer the inspector to the company's OSHA coordinator.

- Check the inspector's credentials.

- Ask the inspector why he or she is inspecting the workplace: Complaint? Regular scheduled visit? Fatality or accident follow-up? Imminent danger?

- If the inspection stems from a complaint, you are entitled to know whether the person is a current employee, though not the person's name.

- Notify your counsel, who should review all requests for documents and information, as well as documents and information you provide.

Inspection Guidelines (cont'd)

➤ *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 go to the work floor if paperwork is complete and up to date.

Inspection Guidelines (cont'd)

➤ *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 don't volunteer information.

- – To the extent possible, immediately correct any violation the inspector identifies.

Responsibilities and Rights of Employers

➢ *Employer responsibilities*

- To meet the duty to provide "a workplace free from recognized hazards."

- To be familiar with mandatory OSHA standards.

- To examine workplace conditions to make sure they conform to applicable standards.

➢ *Employer rights*

- To seek advice and off-site consultation from OSHA.

- To request and receive proper identification of the OSHA compliance officer before inspection.

- To be advised by the compliance officer of the reason for an inspection.

Responsibilities and Rights of Employees

➢ *Employee responsibilities*

– To comply with all applicable OSHA standards

– To follow all employer safety and health rules and regulations.

– To report hazardous conditions to the supervisor.

➢ *Employee rights*

– The right to demand safety and health on the job without fear of punishment.

➢ *OSHA cannot cite employees for violations of their responsibilities.*

Dealing with Employee Resistance

➢ *The employer is liable for any penalties that result from employees' noncompliance with OSHA standards.*

– Ways to gain compliance

- Bargain with the union for the right to discharge or discipline an employee who disobeys an OSHA standard.

- Establish a formal employer-employee arbitration process for resolving OSHA-related disputes.

- Use positive reinforcement and training for gaining employee compliance.

OSHA
Safety
Poster

Figure 16–5

16–693

10 Ways To Get into Trouble with OSHA

➢ Ignore or retaliate against employees who raise safety issues.

➢ Antagonize or lie to OSHA during an inspection.

➢ Keep inaccurate OSHA logs and have disorganized safety files.

➢ Do not correct hazards OSHA has cited you for and ignore commonly cited hazards.

➢ Fail to control the flow of information during and after an inspection.

➢ Do not conduct a safety audit, or identify a serious hazard and do nothing about it.

➢ Do not use appropriate engineering controls.

➢ Do not take a systemic approach toward safety.

➢ Do not enforce safety rules.

➢ Ignore industrial hygiene issues.

What Causes Accidents?

➤ *Unsafe conditions*

  – 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 source

➤ *Unsafe acts*

Checklist of Mechanical or Physical Accident-Causing Conditions

I. GENERAL HOUSEKEEPING

Adequate and wide aisles—no materials protruding into aisles

Parts and tools stored safely after use—not left in hazardous positions that could cause them to fall

Even and solid flooring—no defective floors or ramps that could cause falling or tripping accidents

Waste cans and sand pails—safely located and properly used

Material piled in safe manner—not too high or too close to sprinkler heads

Floors—clean and dry

Firefighting equipment—unobstructed

Work benches orderly

Stockcarts and skids safely located, not left in aisles or passageways

Aisles kept clear and properly marked; no air lines or electric cords across aisles

II. MATERIAL HANDLING EQUIPMENT AND CONVEYANCES

On all conveyances, electric or hand, check to see that the following items are all in sound working conditions:

Brakes—properly adjusted

Not too much play in steering wheel

Warning device—in place and working

Wheels—securely in place; properly inflated

Fuel and oil—enough and right kind

No loose parts

Cables, hooks, or chains—not worn or otherwise defective

Suspended chains or hooks conspicuous

Safely loaded

Properly stored

III. LADDERS, SCAFFOLD, BENCHES, STAIRWAYS, ETC.

The following items of major interest to be checked:

Safety feet on straight ladders

Guardrails or handrails

Treads, not slippery

No cracked, or rickety

Properly stored

Extension ladder ropes in good condition

Toeboards

Figure 16–6

Source: Courtesy of the American Insurance Association. From "A Safety Committee Man's Guide," p. 1–64.

Safety Checklist

Supervisors: Please review each relevant item with your new employee to ensure a safe and healthful workplace. Check off items as information is explained to the employee or note "NA" for not applicable. Environmental Health and Safety requires that this form be completed and signed before the employee is allowed to start work.

Employee _____ Date Begin _____

Dept _____ Job Title _____

Supervisor _____ Box # _____

Safety

_____ 1. Review hazardous elements specific to job (chemicals; discuss routes of entry and effects of overexposure, extreme heat; machinery; etc.)

_____ 2. Review hazardous elements specific to job (chemicals; discuss routes of entry and effects of overexposure, extreme heat; machinery; etc.)

_____ 3. Review administrative control in effect (limited exposure time, rotating jobs, distance from operation, etc.)

_____ 4. Review applicable safe work procedures (proper lifting techiques, two-man jobs, etc.)

_____ 5. Distribute and review use of personal protective equipment required (explain why equipment is needed)

_____ 6. Review Health and Safety manual

_____ 7. Review written Hazard Communication program and MSDS for chemicals specific to the operation

_____ 8. Review Lockout/Tagout program

_____ 9. Review Safe Operating Procedures (SOPs) for equipment employee will be expected to use

Safety

_____ 1. Review evacuation procedure in case of fire or disaster (walk employee through primary and secondary emergency exit routes for his/her work area)

_____ 2. Identify all fire extinguishers, type of fire to be used on, and review fire extinguisher operation

_____ 3. Identify all fire alarm pull boxes

Health

_____ 1. Identify first-aid stations and services/equipment available

_____ 2. Inform employee of person(s) to contact in case of emergency

_____ 3. Identify emergency response personnel

_____ 4. Review employee right-to-access exposure and medical records

Accident Reporting

_____ 1. Review accident/incident reporting procedure (encourage employee to bring to your attention any unsafe conditions or unsafe work practices)

_____ 2. Review rights and internal assistance available with regard to workers' compensation

_____   _____   _____
Supervisor's Signature   Supervisor Print Name   Date

_____   _____
Employee's Signature   Date

Figure 16–7

How to Prevent Accidents

➢ *Remedy unsafe conditions*

➢ *Emphasize safety*

➢ *Select safety-minded employees*

➢ *Provide safety training*

➢ *Use posters, incentive programs, and positive reinforcement to motivate employees*

➢ *Use behavior-based safety*

➢ *Use employee participation*

➢ *Conduct safety and health audits and inspections*

Cut-Resistant Gloves Ad

Figure 16–8

Employee Safety Responsibilities Checklist

Employee Safety Responsibilities Checklist

❏ Know what constitutes a safety hazard.
❏ Be constantly on the lookout for safety hazards.
❏ Correct or report safety hazards immediately.
❏ Know and use safe work procedures.
❏ Avoid unsafe acts.
❏ Keep the wotk area clean and uncluttered.
❏ Report accidents, injuries, illnesses, exposures to hazardous substances, and near misses immediately.
❏ Report acts and conditions that don't seem right even if you aren't sure if they're hazards.
❏ Cooperate with internal inspections and job hazard analyses.
❏ Follow company safety rules.
❏ Look for ways to make the job safer.
❏ Participate actively in safety training.
❏ Treat safety as one of your most important job responsibilities.

Figure 16–9

16–700

Reduce Unsafe Conditions

Identify and eliminate unsafe conditions.

Use administrative means, such as job rotation.

Use personal protective equipment.

Reduce Unsafe Acts

Emphasize top management commitment.

Emphasize safety.

Establish a safety policy.

Reduce unsafe acts through selection.

Provide safety training.

Use posters and other propaganda.

Use positive reinforcement.

Use behavior-based safety programs.

Encourage worker participation.

Conduct safety and health inspections regularly.

Reducing Unsafe Conditions and Acts: A Summary

Table 16–1

Controlling Workers' Compensation Costs

➢ *Before the accident*

 – Communicate written safety and substance abuse policies to workers and then strictly enforce those policies.

➢ *After the accident*

 – Be proactive in providing first aid, and make sure the worker gets quick medical attention.

 – Make it clear that you are interested in the injured worker and his or her fears and questions.

 – Document the accident; file required accident reports.

 – Encourage a speedy return to work.

Workplace Health Hazards: Remedies

➤ *The Basic Industrial Hygiene Program*

- Recognition: identification of a possible hazard

- Evaluation: assessing the severity of the hazard

- Control: elimination or reduction of the hazard

➤ *Workplace hazards*

- Asbestos Exposure

- Infectious Diseases

- Alcoholism and Substance Abuse

Workplace Exposure Hazards

➢ Chemicals and other hazardous materials.

➢ Excessive noise and vibrations.

➢ Temperature extremes.

➢ Biohazards including those that are normally occurring (such as mold) and manmade (such as anthrax).

➢ Ergonomic hazards (such as poorly designed equipment that forces workers to do their jobs while contorted in unnatural positions).

➢ Slippery floors and blocked passageways.

OSHA Substance- Specific Health Standards

Substance	29 CFR 1910
Asbestos	.1001
Vinyl chloride	.1017
Inorganic arsenic	.1018
Lead	.1025
Cadmium	.1027
Benzene	.1028
Coke oven emissions	.1029
Cotton dust	.1043
1,2-Dibromo-3-chloropropane	.1044
Acrylonitrile	.1045
Ethylene oxide	.1047
Formaldehyde	.1048
4,4′-Methylene-dianaline	.1050
Methylene chloride	.1051

Table 16–2

Dealing with Workplace Drug Abuse

➢ *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 for duty home.

- Make a written record of your observations and follow up each incident.

- Inform workers of the number of warnings the company will tolerate before requiring termination.

- Refer troubled employees to the company's employee assistance program.

Observable Behavior Patterns Indicating Possible Alcohol-Related Problems

Stage	Absenteeism	General Behavior	Job Performance
I Early	Tardiness Quits early Absence from work situations ("I drink to relieve tension")	Complaints from fellow employees for not doing his or her share Overreaction Complaints of not "feeling well" Makes untrue statements	Misses deadlines Commits errors (frequently) Lower job efficiency Criticism from the boss
II Middle	Frequent days off for vague or implausible reasons ("I feel guilty about sneaking drinks"; "I have tremors")	Marked changes Undependable statements Avoids fellow employees Borrows money from fellow employees Exaggerates work accomplishments Frequent hospitalization Minor injuries on the job (repeatedly)	General deterioration Cannot concentrate Occasional lapses of memory Warning from boss

Note: **Based on content analysis of files of recovering alcoholics in five organizations. From *Managing and Employing the Handicapped: The Untapped Potential*, by Gopal C. Patl and John I. Adkins Jr., with Glenn Morrison (Lake Forest, IL: Brace-Park, Human Resource Press, 1981).**

Source: Gopal C. Patl and John I.Adkins Jr.,"The Employer's Role in Alcoholism Assistance," *Personnel Journal* 62, no. 7 (July 1983), p. 570.

Table 16–3

Observable Behavior Patterns Indicating Possible Alcohol-Related Problems

Stage	Absenteeism	General Behavior	Job Performance
III Late	Frequent days off; several days at a time	Aggressive and belligerent behavior Domestic problems interfere with work	Far below expectation Punitive disciplinary action
Middle	Does not return from lunch ("I don't feel like eating"; "I don't want to talk about it"; "I like to drink alone")	Financial difficulties (garnishments, and so on) More frequent hospitalization Resignation: Does not want to discuss problems Problems with the laws in the community	
IV Approaching Terminal Stage	Prolonged unpredictable absences ("My job interferes with my drinking")	Drinking on the job (probably) Completely undependable Repeated hospitalization Serious financial problems Serious family problems: divorce	Uneven Generally incompetent Faces termination or hospitalization

Note: **Based on content analysis of files of recovering alcoholics in five organizations. From** *Managing and Employing the Handicapped: The Untapped Potential*, **by Gopal C. Patl and John I. Adkins Jr., with Glenn Morrison (Lake Forest, IL: Brace-Park, Human Resource Press, 1981).**

Source: Gopal C. Patl and John I.Adkins Jr.,"The Employer's Role in Alcoholism Assistance," *Personnel Journal* 62, no. 7 (July 1983), p. 570.

Table 16–3 (cont'd)

Workplace Substance Abuse and the Law

➢ *The Drug-Free Workplace Act*
  – Requires employers with federal government contracts or grants to ensure a drug-free workplace by taking (and certifying that they have taken) a number of steps.

➢ *Types of drug tests*
  – Pre-employment tests
  – Random tests
  – Post-accident
  – Reasonable suspicion
  – Return-to-duty testing

Reducing Job Stress: Personal

➢ Build rewarding, pleasant, cooperative relationships

➢ Don't bite off more than you can chew.

➢ Build an effective and supportive relationship with your boss.

➢ Negotiate with your boss for realistic deadlines on 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 to keep your body refreshed and alert.

➢ Find ways to reduce unnecessary noise.

➢ Reduce trivia in your job; delegate routine work.

➢ Limit interruptions.

➢ Don't put off dealing with distasteful problems.

➢ Make a "worry list" that includes solutions for each problem.

Reducing Job Stress: Organizational

➢ Provide supportive supervisors

➢ Ensure fair treatment for all employees

➢ Reduce personal conflicts on the job.

➢ Have open communication between management and employees.

➢ Support employees' efforts, for instance, by regularly asking how they are doing.

➢ Ensure effective job–person fit, since a mistake can trigger stress.

➢ Give employees more control over their jobs.

➢ Provide employee assistance programs including professional counseling.

Burnout

- ➤ *Burnout*
  - – The total depletion of physical and mental resources caused by excessive striving to reach an unrealistic work-related goal.

- ➤ *Recovering from burnout:*
  - – Break the usual patterns to achieve a more well-rounded life.
  - – Get away from it all periodically to think alone.
  - – Reassess goals in terms of their intrinsic worth and attainability.
  - – Think about work: could the job be done without being so intense.

16–712

Other Workplace Safety and Health Issues

➢ *Computer-Related Health Problems*

➢ *AIDS and the Workplace*

➢ *Workplace Smoking*

Violence at Work

➤ *Steps to reduce workplace violence:*

- Institute heightened security measures

- Improve employee screening

- Provide workplace violence training

- Provide organizational justice

- Pay enhanced attention to employee retention/dismissal

- Take care when dismissing violent employees

- Promptly dealing with angry employees

- Understand the legal constraints on reducing workplace violence

Occupational Security, Safety, and Health in a Post-9/11 World

➢ *Basic prerequisites for a security plan*

- – Company philosophy and policy on crime
- – Investigations of job applicants
- – Security awareness training
- – Crisis management

➢ *Setting up a basic security program*

- – Analyzing the current level of risk
- – Installing mechanical, natural, and organizational security systems

Safety, Security, and Emergency Planning Initiatives Following Terrorist Incidents

Initiatives	Percent of Employers
	(146)
Safety and Security	
Personal protective equipment	46%
New/more stringent building entry procedures	43
Restricted access to some areas	19
Closed entrances/areas	17
New/additional security personnel	12
Extended work hours for security personnel	10
New security devices (e.g., metal detectors)	10
New/more stringent applicant screening	7
Physical barriers to building entry	5
Emergency Planning and Disaster Recovery	
Review emergency/disaster recovery plan(s)	46
Revise emergency/disaster recovery plan(s)	32
New/revised evacuation drills	23
Form committee or task force to address emergency planning/disaster recovery	15
Develop emergency/disaster recovery plan(s)	14
Develop/revise procedures for data backup	14
Develop/revise procedures for tracking employee whereabouts	10

Note: **Due to nonresponse to demographic questions, the number of employers shown within industry any size classifications do not add to the total.**

Source: Adapted from "After Sept. 11th, Safety and Security Moved to the Fore," *BNA Bulletin to Management*, January 17, 2002, p. 52.

Figure 16–10

Basic Sources of Facility Security

➢ *Natural security*
 – Taking advantage of the facility's natural or architectural features in order to minimize security problems.

➢ *Mechanical security*
 – The utilization of security systems such as locks, intrusion alarms, access control systems, and surveillance systems.

➢ *Organizational security*
 – Using good management to improve security.

Evacuation Plans

➤ *Evacuation contingency plans should contain:*

– Methods for early detection of a problem.

– Methods for communicating the emergency externally.

– Communications plans for initiating an evacuation.

– Communications plans for those the employer wants to evacuate that provide specific information about the emergency, and let them know what action they should take next.

Security for Other Sources of Property Loss

➢ *Conducting a security audit involves:*

- Identifying all major assets, including intellectual property.

- Tracing the work processes that control each asset.

- Identifying where opportunities for crime exist, and identify areas where protective measures are needed.

- Testing security controls periodically to ensure sufficient protection.

# Company Security and Employee Privacy

➢ *The Federal Wire Act*

- – Prohibits the interception oral, wire, or electronic communication.

- – The act does permit employees to consent to the monitoring of business communications.

- – Monitoring on company phones invades employees' privacy once it becomes apparent that the conversation is personal.

Investigating a Potential Security Breach

➢ *To investigate employees for potential security breaches:*

- Distribute a policy that says the firm reserves the right to inspect and search employees, their personal property, and all company property.

- Train investigators to focus on the facts and avoid making accusations.

- Make sure investigators know that employees can request that an employee representative be present during the interview.

- Make sure all investigations and searches are evenhanded and nondiscriminatory.
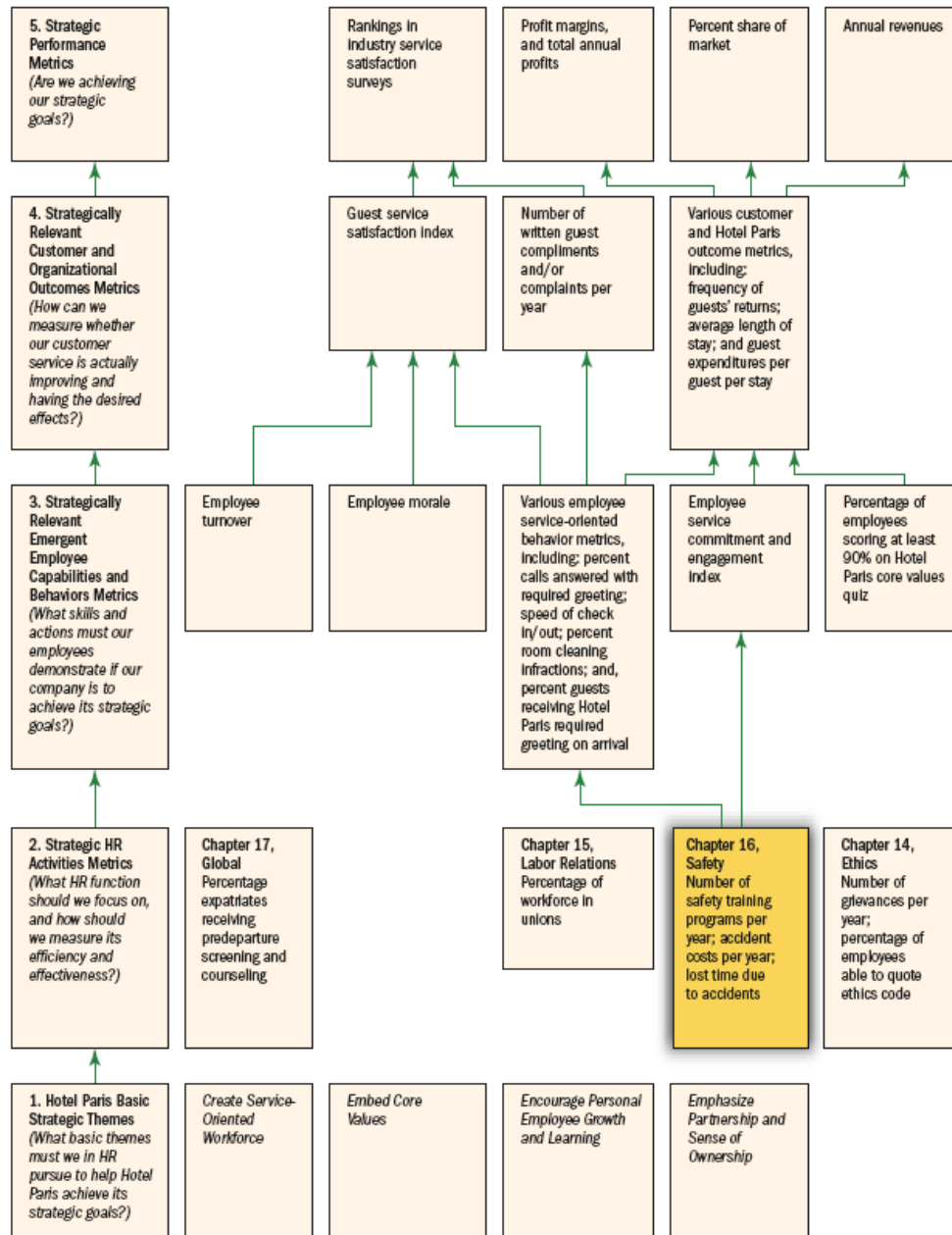
HR Scorecard for Hotel Paris International Corporation*

Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 16–11

Key Terms

Occupational Safety and Health Act

Occupational Safety and Health Administration (OSHA)

occupational illness

citation

unsafe conditions

behavior-based safety

burnout

material safety data sheets

(MSDS)

natural security

mechanical security

organizational security

human resource management

t e n t h   e d i t i o n

Gary Dessler

Chapter 17

Managing Global Human Resources

After studying this chapter, you should be able to:

1. List the HR challenges of international business.

2. Illustrate how intercountry differences affect HRM.

3. Discuss the global differences and similarities in HR practices.

4. Explain five ways to improve international assignments through selection.

5. Discuss how to train and maintain international employees.

The Management Challenges of International Business

➢ *Coordinating market, product, and production plans on a worldwide basis*

➢ *Creating organization structures capable of balancing centralized home-office control with adequate local autonomy.*

➢ *Extending its HR policies and systems to service its staffing needs abroad:*

The HR Challenges of International Business

➢ *Deployment*

    – Easily getting the right skills to where we need them, regardless of geographic location.

➢ *Knowledge and innovation dissemination*

    – Spreading state-of-the-art knowledge and practices throughout the organization regardless of where they originate.

➢ *Identifying and developing talent on a global basis*

    – Identifying can function effectively in a global organization and developing his or her abilities.

Global Staffing Issues

- ➤ Selecting candidates for overseas assignment

- ➤ Assignment terms and documentation

- ➤ Relocation processing and vendor management

- ➤ Immigration processing

- ➤ Cultural and language orientation and training

- ➤ Compensation administration and payroll processing

- ➤ Tax administration

- ➤ career planning and development

- ➤ Handling of spouse and dependent matters

Intercountry Differences Affecting HRM

➢ *Cultural Factors*

➢ *Economic Systems*

➢ *Legal and Industrial Relations Factors*

➢ *The European Union*

Global Differences and Similarities in HR Practices

➢ *Personnel Selection Procedure*

➢ *The Purpose of the Performance Appraisal*

➢ *Training and Development Practices*

➢ *The Use of Pay Incentives*

A Global HR System

➢ *Making the global HR system more acceptable*

– Remember that global systems are more accepted in truly global organizations.

– Investigate pressures to differentiate and determine their legitimacy.

– Try to work within the context of a strong corporate culture.

A Global HR System (cont'd)

➢ *Developing a more effective global HR system*

- – Form global HR networks.

- – Remember that it's more important to standardize ends and competencies than specific methods.

➢ *Implementing the global HR system*

- – Remember, "You can't communicate enough."

- – Dedicate adequate resources for the global HR effort.

Summary of Best Practices

Do . . .	Don't . . .
• Work within existing local systems—integrate global tools into local systems	• Try to do everything the same way everywhere
• Create a strong corporate culture	• Yield to every claim that "we're different"—make them prove it
• Create a global network for system development—global input is critical	• Force a global system on local people
• Treat local people as equal partners in system development	• Use local people just for implementation
• Assess common elements across geographies	• Use the same tools globally, unless you can show that they really work and are culturally appropriate
• Focus on what to measure and allow flexibility in how to measure	• Ignore cultural differences
• Allow for local additions beyond core elements	• Let technology drive your system design—you can't assume every location has the same level of technology investment and access

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems: Part 2—Best Practices," *Human Resource Management* 42, no. 1 (Spring 2003), p. 93.

Table 17–1

Summary of Best Practices

Do . . .	Don't . . .
• Differentiate when necessary	• Assume that "if we build it they will come"—you need to market your tools or system and put change management strategies in place
• Train local people to make good decisions about which tools to use and how to do so	
• Communicate, communicate, communicate!	
• Dedicate resources for global HR efforts	
• Know, or have access to someone who knows, the legal requirements in each country	

Table 17–1 (cont'd)

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Staffing the Global Organization

➢ *International staffing: Home or local?*

- **Expatriates (expats)**: Noncitizens of the countries in which they are working.

- **Home-country nationals**: Citizens of the country in which the multinational company has its headquarters.

- **Third-country nationals**: Citizens of a country other than the parent or the host country.

➢ *Offshoring*

- Having local employees abroad do jobs that the firm's domestic employees previously did in-house.

Staffing the Global Organization (cont'd)

➢ *Offshoring*

   – Having local employees abroad do jobs that the firm's domestic employees previously did in-house.

➢ *Issues in offshoring*

   – Having an effective supervisory and management structure in place to manage the workers.

   – Screening and required training for the employees receive the that they require.

   – Ensuring that compensation policies and working conditions are satisfactory.

Values and International Staffing Policy

➢ *Ethnocentric*

  – The notion that home-country attitudes, management style, knowledge, evaluation criteria, and managers are superior to anything the host country has to offer.

➢ *Polycentric*

  – A conscious belief that only the host-country managers can ever really understand the culture and behavior of the host-country market.

➢ *Geocentric*

  – The belief that the firm's whole management staff must be scoured on a global basis, on the assumption that the best manager of a specific position anywhere may be in any of the countries in which the firm operates.

Why Expatriate Assignments Fail

➢ *Personality*

➢ *Personal intentions*

➢ *Family pressures*

➢ *Inability of the spouse to adjust*

➢ *Inability to cope with larger overseas responsibility.*

➢ *Lack of cultural skills*

Helping Expatriate Assignment Succeed

➢ *Providing realistic previews of what to expect*

➢ *Careful screening*

➢ *Improved orientation*

➢ *Cultural and language training*

➢ *Improved benefits packages*

Selecting Expatriate Managers

➢ *Adaptability screening*

 – Assessing the assignee's (and spouse's) probable success in handling the foreign transfer.

 – *Overseas Assignment Inventory*

   • A test that identifies the characteristics and attitudes international assignment candidates should have.

➢ *Realistic previews*

 – The problems to expect in the new job as well as about the cultural benefits, problems, and idiosyncrasies of the country.

I. Job Knowledge and Motivation
Managerial ability
Organizational ability
Imagination
Creativity
Administrative skills
Alertness
Responsibility
Industriousness
Initiative and energy
High motivation
Frankness
Belief in mission and job
Perseverance

II. Relational Skills
Respect
Courtesy and fact
Display of respect
Kindness
Empathy
Non-judgmentalness
Integrity
Confidence

III. Flexibility/Adaptability
Resourcefulness
Ability to deal with stress
Flexibility
Emotional stability
Willingness to change
Tolerance for ambiguity
Adaptability
Independence
Dependability
Political sensitivity
Positive self-image

IV. Extracultural Openness
Variety of outside interests
Interest in foreign cultures
Openness
Knowledge of local language[s]
Outgoingness and extroversion
Overseas experience

V. Family Situation
Adaptability of spouse and family
Spouse's positive opinion
Willingness of spouse to live abroad
Stable marriage

Five Factors Important in International Assignee Success, and Their Components

Source: Adapted from Arthur Winfred Jr., and Winston Bennett Jr., "The International Assignee: The Relative Importance of Factors Perceived to Contribute to Success," *Personnel Psychology* 18 (1995), pp. 106–107.

Figure 17–1

Orienting and Training for International Assignment

➤ *There is little or no systematic selection and training for assignments overseas.*

➤ *Training is needed on:*

  – The impact of cultural differences on business outcomes.

  – How attitudes (both negative and positive) are formed and how they influence behavior.

  – Factual knowledge about the target country.

  – Language and adjustment and adaptation skills.

Trends in Expatriate Training

➢ *Rotating assignments that permit overseas managers to grow professionally.*

➢ *Management development centers around the world where executives hone their skills.*

➢ *Classroom programs provide overseas executives with educational opportunities similar to stateside programs.*

➢ *Continuing, in-country cross-cultural training*

➢ *Use of returning managers as resources to cultivate the "global mind-sets" of their home-office staff.*

➢ *Use of software and the Internet for cross-cultural training.*

Compensating Expatriates

➢ *The "Balance Sheet Approach"*

- Home-country groups of expenses—income taxes, housing, goods and services, and discretionary expenses—are the focus of attention.

- The employer estimates what each of these four expenses is in the expatriate's home country, and what each will be in the host country.

- The employer then pays any differences such as additional income taxes or housing expenses.

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The Balance Sheet Approach
(Assumes Base Salary of $80,000)

Annual Expense	Chicago, U.S.	Brussels, Belgium (U.S.$ equivalent)	Allowance
Housing & utilities	$35,000	$67,600	$32,600
Goods & services	6,000	9,500	3,500
Taxes	22,400	56,000	33,600
Discretionary income	10,000	10,000	0
Total	$73,400	$143,100	$69,700

Table 17–2

Incentives

➢ *Foreign service premiums*

  – Financial payments over and above regular base pay, and typically range between 10% and 30% of base pay.

➢ *Hardship allowances*

  – Payments to compensate expatriates for exceptionally hard living and working conditions at certain foreign locations.

➢ *Mobility premiums*

  – Lump-sum payments to reward employees for moving from one assignment to another.

Appraising Expatriate Managers

➢ *Challenges in appraising oversea managers*
  – Determining who should appraise the manager.
  – Deciding on which factors to base the appraisal.

➢ *Improving the expatriate appraisal process*
  – Stipulate the assignment's difficulty level, and adapt the performance criteria to the situation.
  – Weigh the evaluation more toward the on-site manager's appraisal than toward the home-site manager's.
  – If the home-office manager does the actual written appraisal, use a former expatriate from the same overseas location for advice.

Differences in International Labor Relations

- *Centralization*
- *Union structure*
- *Employer organization*
- *Union recognition*
- *Union security*

- *Content and scope of bargaining*
- *Grievance handling*
- *Strikes*
- *Worker participation*

Terrorism, Safety, and Global HR

- ➤ *Taking protective measures*
  - – Crisis management teams

- ➤ *Kidnapping and ransom (K&R) insurance*
  - – Crisis situations
    - • Kidnapping: the employee is a hostage until the employer pays a ransom.
    - • Extortion: threatening bodily harm.
    - • Detention: holding an employee without any ransom demand.
    - • Threats to property or products unless the employer makes a payment.

Repatriation: Problems and Solutions

➢ *Problem*

 – Making sure that the expatriate and his or her family don't feel that the company has left them adrift.

➢ *Solutions*

  – Match the expat and his or her family with a psychologist trained in repatriation issues.

  – Make sure that the employee always feels that he or she is still "in the loop" with what's happening back at the home office.

  – Provide formal repatriation services.

Auditing the HR Function

1. What should HR's functions be?

2. Participants then rate each of these functions to answer the question, "How important are each of these functions?"

3. Next, they answer the question, "How well are each of the functions performed?"

4. Next, compare (2) and (3) to focus on "What needs improvement?"

5. Then, top management needs to answer the question, "Overall, how effectively does the HR function allocate its resources?

HR Scorecard for Hotel Paris International Corporation*
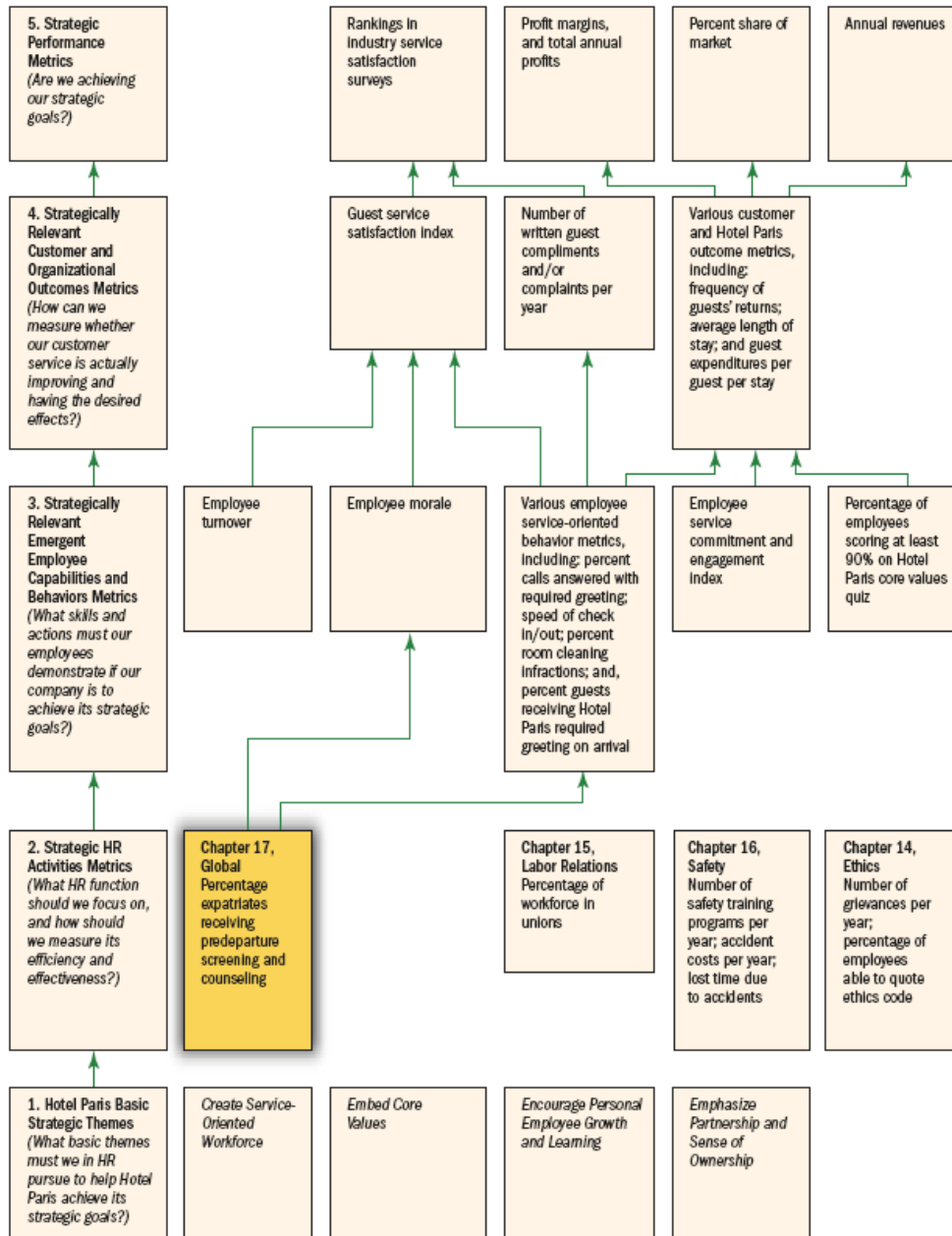
Note: *(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure 17–2

Key Terms

codetermination

expatriates (expats)

home-country nationals

third-country nationals

offshoring

ethnocentric

polycentric

geocentric

adaptability screening

foreign service premiums

hardship allowances

mobility premiums