Public Personal Management
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Chapter 1: Diversity and Multiculturalism

Edited by Anonymous

Hiring Multicultural

On a Tuesday afternoon, as you are getting ready to go to lunch, you receive an e-mail from your human resources (HR) manager about the request to hire a new project manager. Immediately, you e-mail your friend Daniel, because you know he would be great for the job. Daniel is eventually hired for the position, and a few months later a new e-mail goes out asking for friend recommendations for a new position. You and Daniel both recommend someone, and eventually that person gets hired. Over the next year, hiring notices are not advertised externally as the organization has had good luck with this hiring practice. Seems like a great way to recruit new people, doesn’t it? It can be, but it also can be a detriment to the diversity and multiculturalism of the workplace. How, you might wonder?

While not true across the board, people have a tendency to spend time with people who are like themselves, in race, income level, and other aspects of diversity such as sexual orientation. In fact, according to the National Institute of Child Health and Human Development and a study published in the American Journal of Sociology, it is much more likely that someone will name a person in their own race as a friend than someone of a different race (Moody, 2001). Likewise, even from a young age, people tend to choose friends who are of the same race. As a result, when you recommend Daniel for a position, it is highly likely that Daniel is similar demographically. Then, when Daniel recommends someone for a job, it is highly likely that he, too, is recommending someone with similar characteristics as you both. This obviously creates a lack of multicultural diversity in the workplace.

References

1.1 Diversity and Multiculturalism

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Many people use the terms diversity and multiculturalism interchangeably, when in fact, there are major differences between the two. **Diversity** is defined as the differences between people. These differences can include race, gender, sexual orientation, religion, background, socioeconomic status, and much more. Diversity, when talking about it from the human resource management (HRM) perspective, tends to focus more on a set of policies to meet compliance standards. The Equal Employment Opportunity Commission (EEOC) oversees complaints in this area. There is further discussion of the EEOC in Section 1.3.1 “Equal Employment Opportunity Commission (EEOC)” and in greater detail in Chapter 2 “Recruitment” and Chapter 3 “Selection”.

**Multiculturalism** goes deeper than diversity by focusing on inclusiveness, understanding, and respect, and also by looking at unequal power in society. In the 2018 State of Diversity Report (Atlassian, n.d.), the key findings were:

- 80% of respondents agree that D&I is important
- Companies implementing initiatives remains flat
- Individual participation fell by as much as 50% year over year
- Representation, retention, and sense of belonging among underrepresented groups remains below 30%
- Over 40% of respondents believe their company’s inclusion of people from underrepresented groups needs no improvement

This chapter focuses on the advantages of a diverse workplace, discusses multiculturalism at work, and the compliance aspect of diversity. One such advantage can be seen when discussing cognitive diversity. This type of diversity is seen when people from different backgrounds and educational history are put in groups in order to come up with new ideas for innovation. Studies have shown that there is a positive correlation between increased cognitive diversity and innovation (Mitchell et al., 2017). But before getting too far ahead, the discussion should start with the types of power and privilege that often lead to issues in the workplace.
Power and Privilege

As defined in this chapter, diversity focuses on the “otherness” or differences between individuals and has a goal of making sure, through policies, that everyone is treated with equality. While this is the legal and the right thing to do, multiculturalism looks at a system of advantages based on race, gender, and sexual orientation called power and privilege. In this system, the advantages are based on a system in which one race, gender, and sexual orientation is predominant in setting societal rules and norms.

The interesting thing about power and privilege is that if you have it, you may not initially recognize it, which is why we can call it invisible privilege. Here are some examples:

1. **Race privilege.** Let’s say you (a Caucasian) and your friend (an African American) are having dinner together, and when the bill comes, the server gives the check to you. While this may not seem like a big issue, it assumes you (being Caucasian) are the person paying for the meal. This type of invisible privilege may not seem to matter if you have that privilege, but if you don’t, it can be infuriating.

2. **Social class privilege.** When Hurricane Katrina hit New Orleans in 2005, many people from outside the storm area wondered why so many people stayed in the city, not even thinking about the fact that some people could not afford the gas to put in their car to leave the city.

3. **Gender privilege.** This refers to privileges one gender has over another—for example, the assumption that a female will change her name to her husband’s when they get married.

4. **Sexual orientation privilege.** If someone is heterosexual, they can put a picture of their partner on the desk without worrying about what others think. They can talk about their vacations together or experiences they have had without worrying what someone might think about their relationship. This is not the case for many gay, lesbian, and transgender people and their partners.

5. **Workplace Segregation Privilege.** This is segregation by education and language (as skilled workers may be more complementary with other skilled workers than with unskilled workers) and by race and ethnicity (Hellerstein & Neumark, 2005).

Oftentimes the privilege individuals have is considered invisible, because it can be hard to recognize one’s own privilege based on race, gender, or social class. This video (https://www.youtube.com/watch?v=hD5f8GuNuGQ) gives an interesting way to allow people to “see” what privilege really is. Many people utilize the color-blind approach, which says, “I treat everyone the same” or “I don’t see people’s skin color.” In this case, the person is showing invisible privilege and thus ignoring the privileges he or she receives because of race, gender, or social class. While it appears this approach would value all people equally, it doesn’t, because people’s different needs, assets, and perspectives are disregarded by not acknowledging differences (Plaut, et. al., 2009).

Another important aspect of power and privilege is the fact that we may have privilege in one area and not another. For example, I am a Caucasian female, which certainly gives me race privilege but not gender privilege. Important to note here is that the idea of power and privilege is not about “white male bashing” but understanding our own stereotypes and
systems of advantage so we can be more inclusive with our coworkers, employees, and managers.

So what does this all mean in relation to HRM? It means understanding of certain systems that allow for power and privilege, and by understanding we may be able to eliminate or at least minimize these issues. If left unchecked, privilege can lead to having groups of workers that may be oppressed. One of the best things people can do for in organizations is to have a diverse workforce, with people from a variety of perspectives. Diversity correlates positively with organizational performance (Choi & Rainey, 2010). It is important to note that this increase in performance is not just a result of aimless additions to diversity. That is to say that it takes more than adding minorities to a workforce to obtain the cultural benefits of diversity. Public administrators need to strive for a representative bureaucracy. It is not enough for the employees to represent the general population. This trend must trickle up through management. David Pitts bore this out in his study that found representation among managers is positively related to performance outcomes in all the metrics he tested (Pitts, 2005). Pitts also noted that the correlation between employees and constituents alone did not yield positive results with any of the three tested metrics (Pitts, 2005). There is further discussion on the advantages of diversity in Section 1.1.2 “Why Diversity and Multiculturalism?”.

**Human Resource Recall**

Take this week to examine your own power and privilege as a result of gender, race, or social class. Notice how people treat you because of your skin color, gender, or how you dress and talk.

**Why Diversity and Multiculturalism?**

When many people look at diversity and multiculturalism, they think that someone’s gender, skin color, or social class should not matter. Diversity can help with policies to prevent discrimination, while multiculturalism can help individuals gain a deeper understanding of the differences between people. Hopefully, over time, rather than looking at diversity as attaining numerical goals or complying with the law, we can combine the concepts to create better workplaces. Although many books discuss laws relating to diversity, not many describe why diversity is necessary in the workplace. Here are a few main reasons:
1. It is the law.
2. Organizations can better serve constituents by offering a broader range of services, such as being able to speak a variety of languages and understanding other cultures.
3. With a multicultural perspective, people can work together to create better ideas and solutions.

Agency Focus

Some people may think that it is tough to make a concerted effort to increase the amount of diversity in public administration. This could not be further from the truth. The Department of Veterans Affairs (VA) is committed to fostering a diverse workforce and inclusive work environment free from unlawful employment discrimination and without barriers to Equal Employment Opportunity (EEO). VA’s Office of Diversity and Inclusion (ODI) has developed a Recruitment and Selection Best Practices Guide—Avoiding EEO Pitfalls” (U.S. Department of Veterans Affairs, 2019). One of the best practices that the VA has identified is to “proactively identify and eliminate barriers in recruitment and selection practices that tend to limit opportunities for groups or individuals for reasons unrelated to merit (U.S. Department of Veterans Affairs, 2019).

Exercises

1. Perform an Internet search to find a specific diversity policy for an organization. What is the policy? From what you know of the organization, do you believe they follow this policy in reality?
2. Visit the website http://www.diversityinc.com and find their latest “top 50 list.” What criteria are used to appear on this list? What are the top five companies for the current year?

References

https://www.atlassian.com/diversity/survey/2018https://doi.org/10.1097/HMR.0000000000000088


1.2 Diversity Plans

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<td>2. Be able to create an HR plan with diversity considerations.</td>
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While state and federal laws must be followed to ensure multiculturalism, the culture of the agency and the way it operates can contribute to the nurturing of a multicultural environment. Most agencies have a formalized and written anti-discrimination and harassment policy.

The Office of Personnel Management has developed a diversity management statement that applies to all federal government agencies. The plan strives to give an honest “effort to focus on helping agencies recruit and retain a diverse Federal workforce drawn from all segments of our population and cultivate a culture that connects each employee to the organization; encourages collaboration, flexibility, and fairness; and leverages diversity throughout the organization so that all individuals are enabled to participate and contribute to their full potential” (Diversity & Inclusion, 2019).

Implementing a policy is an excellent first step, but what is important is how the agency acts on those formalized processes and written policies. Let’s say, for example, an agency has a published policy on inclusion of those with physical disabilities, but much “schmoozing” and relationship development with managers takes place on the golf course on Friday afternoons. While the policy states the company does not discriminate, their actions and “traditions” show otherwise and do discriminate against those with disabilities. If this is where the informal work and relationship building takes place, an entire group could be left out of this process, likely resulting in lower pay and promotion rates. Likewise, agencies that have a “beer Friday” environment may discriminate against those whose religions do not condone drinking alcohol. While none of these situations are examples of blatant discrimination, an agency’s culture can contribute to an environment that is exclusive rather than inclusive.

The U.S. Government Accountability Office (US GAO) performed a study with the intent of coming up with the leading practices for diversity management plans. They identified nine things that all plans should take into account. Those best practices are:

- **Top leadership commitment**—a vision of diversity demonstrated and communicated throughout an organization by top-level management.

- **Diversity as part of an organization’s strategic plan**—a diversity strategy and plan that are developed and aligned with the organization’s strategic plan.

- **Diversity linked to performance**—the understanding that a more diverse and inclusive work environment can yield greater productivity and help improve individual and organizational performance.
**Measurement**—a set of quantitative and qualitative measures of the impact of various aspects of an overall diversity program.

**Accountability**—the means to ensure that leaders are responsible for diversity by linking their performance assessment and compensation to the progress of diversity initiatives.

**Succession planning**—an ongoing, strategic process for identifying a diverse talent pool and developing them into an organization's potential future leaders.

**Recruitment**—the process of attracting a supply of qualified, diverse applicants for employment.

**Employee involvement**—employee’s contributions in driving diversity throughout an organization.

**Diversity training**—organizational efforts to inform and educate management and staff about diversity’s benefits to the organization. (Kreitz, 2008)

It is not enough to merely have a plan. The most important part of the diversity plan is the management portion. Choi & Rainey performed a study to find out just how important the management plan is. The moderating effects of diversity management on the relationship between diversity and organizational performance contribute the most interesting findings of this study. Although policy makers and public managers may understand the importance of workforce diversity very well, they may not realize the crucial need for effective management practices to enhance the positive impacts of diversity on organizational performance.

The findings suggest that the effects of diversity management can enhance or even reverse the main impacts of diversity on organizational outcomes. When an agency’s employees perceived that leaders managed racial diversity effectively, higher levels of racial diversity improved perceived organizational performance. In contrast, higher levels of racial diversity in agencies that were not successful in managing diversity significantly decreased perceptions of the agency’s performance. These results support the integration and learning perspective on diversity, which proposes that if organizations properly manage employees’ varied perspectives, diversity can be a source of growth, learning, and intuition, thus enhancing organizational performance. (Choi & Rainey, 2010)

In Section 1.2.1 “Recruitment and Selection”, there is further discussion of HR plan considerations in organization culture and “our way of doing things” when creating a diversity plan.

**Recruitment and Selection**
Sometimes agencies do not mean to be exclusive or discriminatory, but their practices are discriminatory and illegal. For example, the Equal Employment Opportunity Commission (EEOC) says it is illegal to publish a job advertisement that shows a preference for a particular type of person or discourages someone from applying for a job. For example, a Facebook post that says “recent college graduates wanted” might be inclusive to a younger group and discouraging to a diverse (older) workforce, not making the post multicultural.

Discrimination in the selection process is addressed in Chapter 3 “Selection”. However, a mention of the four-fifths rule here is important to determine how we can quantitatively evaluate discrimination in our selection practices. One way to calculate possible discrimination is by using the four-fifths rule, or 80 percent rule. The rule states that a selection rate for any race, sex, or ethnic group that is less than four-fifths of the rate for the group with the highest rate could be regarded as adverse impact. Adverse impact refers to employment practices that may appear to be neutral but have a discriminatory effect on a protected group. For example, let’s assume 100 women and 500 men applied to be firefighters. Let’s say 20 of those women were hired and 250 men were hired. To determine adverse impact based on the four-fifths rule, calculate the following:

- Selection rate for women: 20 percent
- Selection rate for men: 50 percent
- Then divide the lowest selection rate by the highest selection rate: \( \frac{.20}{.50} = .4 \)

Because .4, or 40 percent, is less than four-fifths, there may be adverse impact in the selection process for firefighters.

Testing

If employment tests are required, a test must be directly related to the job. For example, an organization that uses a personality test in hiring must be able to show that the personality test results are nondiscriminatory and do not exclude a population.

In addition, if a reasonable accommodation is needed, such as an interpreter this should be granted.

Also consider the type of test and how it might exclude a certain group of people, such as those who don’t speak English as a first language. There is further discussion of multiculturalism and testing further in Chapter 3 “Selection”.

Pay and Promotion

Development of policies related to pay and promotion is key to fairness in a multicultural situation. It is widely published that women make about 80 percent of what men earn for similar jobs (“The Simple Truth about the Gender Pay Gap,” n.d.). Many studies have tried to determine a cause for this pay inequity, and here are some of the possible reasons studied and researched:
1. **Hours worked.** Studies have said that women tend to work fewer hours because of child-care and housework expectations.

2. **Occupational choice.** A study performed by Anne York at Meredith College (York, 2008) found that women tend to choose careers that pay less because they are worried about balancing family and career. In addition, numerous studies show that women choose careers on the basis of gender stereotypes (e.g., nurse, teacher) and that this leads to lower pay.

3. **Stereotypes.** The concept of male bias is a possibility. In many studies, people were more likely to choose male doctors over female doctors, even when experience and education were the same (Hekman, et. al., 2010). There appears to be a perception that men may be more competent in certain types of jobs.

4. **Maternity and family leave.** Women leaving the workforce for a short or extended period of time may affect their ability to receive promotions and raises in the workplace.

5. **Salary negotiation** (Bowles Babcock, 2008). A study performed by Bowles and Babcock showed that men were eight times more likely to negotiate salary than women. In addition, when women did negotiate, they received lower monetary returns. Consider a study performed by Cornell University, which found that women were often negatively affected in their job when they negotiated salary, as compared to men not being viewed negatively after negotiations.

Whatever the reason for the pay differences, all managers should be aware of these differences when hiring and promoting. Allowing managers to determine the pay for their employees can also bring out negative stereotypes—and lead to breaking the law.

It is important to try to find ways to mitigate the pay gap. Using a set pay schedule, such as the General Schedule structure used by the Federal Government, for all employees, can help remedy this situation.

“Another way to mind the pay gap could be through the use of public disclosure of pay. Proponents of public pay data disclosure claim it helps ensure pay equity by forcing employers to assess and address the issue” (Connell & Mantoan, 2017). A tool used by the federal government can be found at [www.fedsdatacenter.com](http://www.fedsdatacenter.com). This tool allows the user to look up the salaries of government workers by name.

**Now What?**

Now that you have an awareness of the aspects of HR that could be affected by multiculturalism, you may consider what steps you can take to create a more multicultural workplace. The first step would be to create a diversity plan, as discussed earlier in this section. The second step would be to look at the operation of the HR department and to figure out what departmental measures can be taken to promote diversity.
HR, for example, can provide a training series on power and privilege and how it relates to the workplace. Awareness is the first step to creating a truly multicultural environment. Once employees recognize their own power and privilege, the training could be developed to include laws related to diversity, and discussions on bias can take place. Then discussions can be held on how to improve HR plans such as job analysis, recruitment, and selection to create a multicultural work environment. Rather than thinking about this training as one of many objectives that must be accomplished, think about the training from the conversation perspective. Getting the conversation started is the first step in the personal and professional development process for employees.

Some of the aspects to creating a training focused on multiculturalism might include the following:

1. Build a cultural knowledge about customs, religions, and histories.
2. Discuss treatment of people based on them as individuals, rather than as part of a "group," which can result in stereotyping.
3. Teach employees to listen actively, which can help raise cultural awareness.
4. Train employees to rethink current policies and how those policies might be exclusive to a certain group.
5. Work on resistance to change. Many employees think, “This is the way we have always done it, and now we have to change it because we have a group of ______ working here now.”
6. Does your leadership team have a multiculturalism perspective? Are many ethnic backgrounds and other multicultural traits represented?

While these suggestions may not eliminate power and privilege, the ability to talk about differences and expectations is a key ingredient in creating a more inclusive environment. Sometimes this type of training can help people evaluate their perceptions. For example, suppose a complaint came through that a woman was making derogatory sexual comments to only one group of men in an organization. When talked to about it, she said she made comments to the “techies” because she thought the comments would provide them a needed confidence boost, but she generally would not make those types of comments. This is an example of her perception (“techies” need confidence boosts from women) followed by her action (the comments) on this perception. When we assume our perceptions are correct, we are usually wrong. Training can get people to consider their emotions, stereotypes, and expectations. Besides training, asking ourselves a series of important questions can be the start to making diversity and multiculturalism work. The University of California, San Francisco human resource department lists some of these questions, which are shown in the sidebar.

### Things to Consider When Creating a Multicultural and Diverse Work Environment

1. Does your leadership team have a multiculturalism perspective? Are many ethnic backgrounds and other multicultural traits represented?
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Do you test your assumptions before acting on them?

Do you believe there is only one right way of doing things, or that there are a number of valid ways that accomplish the same goal? Do you convey that to staff?

Do you have honest relationships with each staff member you supervise? Are you comfortable with each of them? Do you know what motivates them, what their goals are, and how they like to be recognized?

Are you able to give negative feedback to someone who is culturally different from you?

When you have open positions, do you insist on a diverse screening committee and make additional outreach efforts to ensure that a diverse pool of candidates has applied?

When you hire a new employee, do you not only explain job responsibilities and expectations clearly but orient the person to the campus and department culture and unwritten rules?

Do you rigorously examine your unit’s existing policies, practices, and procedures to ensure that they do not differentially impact different groups? When they do, do you change them?

Are you willing to listen to constructive feedback from your staff about ways to improve the work environment? Do you implement staff suggestions and acknowledge their contribution?

Do you take immediate action with people you supervise when they behave in ways that show disrespect for others in the workplace, such as inappropriate jokes and offensive terms?

Do you make good faith efforts to meet your affirmative action goals?

Do you have a good understanding of institutional isms such as racism and sexism and how they manifest themselves in the workplace?

Do you ensure that assignments and opportunities for advancement are accessible to everyone?

What policies, practices, and ways of thinking have differential impact on different groups?

What organizational changes should be made to meet the needs of a diverse workforce?


These are not easy questions to answer. That is especially the case for first time managers who are also the first to go through an integration process. An example of this can be seen when considering the first documented transitioning transgender federal employee. The employee was a male that was transitioning to female.
She was in this same agency for eight years when her transition began in January 2011. After starting hormones, this transition was not readily apparent or acknowledged at work. She kept her secret except she confided in one healthcare professional at work because she hoped to find someone she could talk to and stop pretending to be someone else. She also told the healthcare professional because she had to let the nurse know that she was taking hormones due to the risk of blood clots and thrombosis.

She knew that the time was coming when she would need to make the full change at work. She started by emailing OPM and said, “I am a girl. You have me listed as a boy. You have my name listed incorrectly, please change it.” There was silence for months. Her email was bounced around to many individuals in human resources offices and other offices, because no one knew what to do. There was no idea of confidentiality—No one knew how to handle this issue or that it had to be kept confidential.

OPM knew that they had to do something, so they eventually sent in a team to guide the transition process. This team was made up of three people. One was an official from the EEOC and the others were from the employee’s Office of Civil Rights and Office of Human Resources at her agency. The team was largely guided by EEOC federal official charged with overseeing her transition.

It is important to keep in mind that the administrators have the daunting task of balancing the overriding mission of the institution and the responsibility to be sensitive to the needs of the employee. It was imperative that leadership develop policies to answer transition questions and implement training for employees in order for them to understand their role in the process. One example of something that needed to be addressed is that of the restroom and locker room issue. A lack of clear agency policy regarding restroom and locker room usage often results in conflict in the workplace for transgender individuals. Openly transgender employees are often not welcome or are outright prohibited from using the restroom or locker room that corresponds to their gender identity. Many federal employees use a locker room to change into their uniforms or when using the agency gym. In addition, some federal employees’ positions necessitate the usage of showers in the locker room (e.g., fire fighters in the Forest Service). The open-shower floor plan of many facilities does not afford transgender individuals with a sense of privacy and safety that many of them need.

Dress code policies that require gender-conforming clothing are also problematic for transgender individuals. For example, some transgender individuals have been told to change clothes to those stereotypically matching the sex assigned at birth (Elias, 2017).

This is just the tip of the iceberg as it pertains to potential areas that need to be planned for when thinking of increasing diversity and multiculturalism in the workplace. Although the organization did not have a plan when this transition started, they did a great job of addressing many of the questions presented in this section. It is easy to see why a solid plan that is managed well is greatly needed.
Why is multiculturalism important in the workplace? What is your role, as an employee in your organization, to ensure a diverse workforce?

**How Would You Handle This?**

Refer a Friend

Your manager is very concerned about the cost of hiring the three new people you need. As a result, she does not want to post the advertisement in a variety of places; she thinks it is best to just use a “refer a friend” recruitment strategy. When she moves forward with this strategy, ten people turn in résumés. Upon looking further, it appears all applicants went to the same private religious college and graduated around the same time. You are concerned that this method of recruitment lacks diversity. How would you handle this with your manager? One example of how to handle a referral might be to use a hiring committee like the one in use by regions of the Forest Service. The committee selects candidates for jobs over the entire region. This can help to remove some bias caused by relationships with applicants.

**Exercises**

1. What are some things we can do, personally, to be more multiculturally efficient?
2. What are the advantages of having a set pay scale? What are the disadvantages?

**References**


1.3 Multiculturalism and the Law

Learning Objectives

2. Explain the various types of laws covered by the EEOC.

It is in an organization’s best interest to hire and promote a multicultural and diverse workforce. Sometimes though, people are still discriminated against at work. As a result, a federal agency has been established to ensure employees have a place to file complaints should they feel discriminated against. This is the topic of Section 1.1 “Diversity and Multiculturalism”. However, please note that each of these topics is discussed in Chapter 2 “Recruitment” as well, but they are also worth mentioning here.

Equal Employment Opportunity Commission (EEOC)

The Equal Employment Opportunity Commission (EEOC) is a federal agency charged with the task of enforcing federal employment discrimination laws. The laws include those that protect people from discrimination in all areas of employment, such as discrimination based on race, color, religion, sex, national origin, age, and disability. People who have filed a discrimination charge are also protected against discrimination under the EEOC. Employers with at least fifteen employees (twenty for age discrimination) are covered under the EEOC. This agency covers not only discrimination in hiring but also discrimination in all types of work situations such as firing, promotions, harassment, training, wages, and benefits. The EEOC has the authority to investigate charges of discrimination against employers. The agency investigates the claims, makes a finding, and then tries to settle the charge. If they are unsuccessful in settling the charge, the EEOC has the right to file a lawsuit on behalf of the complainants. The EEOC has headquarters in Washington, DC, with fifty-three field offices throughout the United States, and often work with state and local agencies to process claims.

If an agency has more than one hundred employees, a form called the EEO-1 must be filled out yearly. This form confirms the demographics of an organization based on different job categories. An organization that employs more than fifty people and works for the federal government must also file an EEO-1 yearly, with the deadline normally in September. In addition, organizations must post the EEOC notice. Finally, organizations should keep on file records such as hiring statistics in the event of an EEOC investigation.
It is necessary to mention here that while there is a legal compliance concern, as discussed before, it is in the organization’s best interest to hire a diverse workforce. While we can discuss the legal aspects, remember that the purpose of having a diverse workforce is not just to meet EEOC requirements but to create a better workplace that better serves customers.

### Table 1.1 How the EEOC Process Works and Requirements for Employers

<table>
<thead>
<tr>
<th>Requirements by EEOC</th>
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<tbody>
<tr>
<td>Post Federal and State EEOC notices</td>
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<tr>
<td>File yearly report called EEO-1</td>
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<tr>
<td>Keep copies of documents on file</td>
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<table>
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<tr>
<th>Process for Investigation</th>
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<tbody>
<tr>
<td>1. The EEOC complaint is filed.</td>
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<tr>
<td>2. The EEOC notifies the organization of the charges.</td>
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<tr>
<td>3. The EEOC acts as a mediator between the employee and the employer to find a solution.</td>
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<tr>
<td>4. If step 3 is unsuccessful, the EEOC will initiate an investigation.</td>
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<tr>
<td>5. The EEOC makes a determination, and then the employer has the option of remedying the situation or face a potential lawsuit.</td>
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### EEOC Federal Legislation

While the EEOC is the larger governing body, many pieces of legislation relating to multicultural practices are part of the EEOC family of laws. Many of these laws began with **Title VII of the Civil Rights Act** in 1964. This act, enforced by the EEOC, covers several areas in which discrimination was rampant. However, a **bona fide occupational qualification (BFOQ)** is a quality or attribute employers are allowed to consider when making decisions during the selection process. Examples of BFOQs are national origin when working for the CIA as well as religious affiliation when applying for a position with a religious based non-profit.

EEOC laws relate specifically to the following and are discussed in detail in Chapter 2 “Recruitment” and Chapter 3 “Selection”:

1. Age

2. Disability
3. Equal pay
4. Genetic information
5. National origin
6. Pregnancy
7. Race/color
8. Religion
9. Retaliation
10. Sex
11. Sexual harassment

Age

Age discrimination involves treating someone less favorably because of his or her age. Created in 1967, the Age Discrimination in Employment Act (ADEA) is enforced by the EEOC. This law covers people who are age forty or older. It does not cover favoring an older worker over a younger worker, if the older worker is forty years or older. The law covers any aspect of employment such as hiring, firing, pay, job assignments, promotions, layoffs, training, fringe benefits, and any other condition or term of employment.

The law also goes deeper by forbidding harassment of someone based on age. While simple teasing or offhand comments are not covered, more serious offensive remarks about age are covered by this EEOC law.

Disability

The Americans with Disabilities Act (ADA) prohibits discrimination against individuals with disabilities and is enforced by the EEOC. Discrimination based on disability means treating a qualified person unfavorably because of a disability. The law requires an employer to provide reasonable accommodation to an employee or applicant with a disability, unless this accommodation would cause significant difficulty or expense for the employer. A reasonable accommodation is defined by the EEOC as any change in the work environment or in the way things are customarily done that enables an individual with a disability to enjoy equal employment opportunities. A reasonable accommodation might include making the workplace accessible for wheelchair use or providing equipment for someone who is hearing or vision impaired.
This law does not mean that organizations are required to hire unqualified people. The law specifically states the person must be qualified for the job and have a disability defined by the law. A disability defined by the law can include the following:

1. Physical or mental condition that limits a major life activity (walking, talking, seeing, hearing, or learning)

2. History of a disability (e.g., cancer that is in remission)

3. Physical or mental impairment that is not transitory (lasting or expected to last less than six months)

The law places limits on employers when it comes to asking job applicants questions about medical history or asking a person to take a medical exam.

**Equal Pay/Compensation**

The basis of this law is that people are paid the same for the same type of work, and the law specifically addresses gender pay differences. Rather than job title, job content is used to determine if the job is the same work. In addition to covering salary, it deals with overtime pay, bonus, stock options, profit sharing, and other types of bonus plans such as vacation and holiday pay. If inequality in pay is found, the employer cannot reduce the wages of either sex to equalize the pay.

An employee who files an equal pay charge has the option to go directly to court rather than the EEOC.

**Genetic Information**

This law is one of the newer EEOC laws, which took effect in November 2009. The EEOC’s definition of genetic information includes family medical information or information about the manifestation of a disease or disorder in an individual’s family. For example, an employer cannot discriminate against an employee whose family has a history of diabetes or cancer. This information could be used to discriminate against an employee who has an increased risk of getting a disease and may make health-care costs more expensive for the organization.

In addition, the employer is not allowed to seek out genetic information by requesting, requiring, or purchasing this information. However, there are some situations in which receiving this information would not be illegal:

1. A manager or supervisor overhears an employee talking about a family member’s illness.

2. Information is received based on wellness programs offered on a voluntary basis.
3. If the information is required as documentation to receive benefits for the Family and Medical Leave Act (FMLA). FMLA is discussed in Section 3 “Pregnancy”.

4. If the information is commercial, such as the appearance of information in a newspaper, as long as the employer is not specifically searching those sources for the purpose of finding genetic information.

5. If genetic information is required through a monitoring program that looks at the biological effects of toxic substances in the workplace.

6. For those professions that require DNA testing, such as law enforcement agencies. In this case, the genetic information may only be used for analysis in relation to the specific case at hand.

This law also covers how information about genetics should be kept. For example, genetic information must be kept separate from an employee’s regular file. It is important to note that this is an emerging topic and we have new and better laws coming. It goes without saying that individuals should have control of their own data. Unfortunately, it is not yet clear as to how much control.

**National Origin**

It is illegal to treat people unfavorably because they are from a particular country or part of the world, because of their accent, or because they appear to be of a particular descent (even if they are not). The law protecting employees based on national origin refers to all aspects of employment: hiring, firing, pay, job assignments, promotions, layoffs, training, and fringe benefits. An employer can require an employee to speak English only if it is necessary to perform the job effectively. An English-only policy is allowed only if it is needed to ensure the safe or efficient operations of the employer’s business. An employer may not base an employment decision on a foreign accent, unless the accent seriously interferes with job performance.

**Pregnancy**

This section of the EEOC refers to the unfavorable treatment of a woman because of pregnancy, childbirth, or a medical condition related to pregnancy or childbirth. The Pregnancy Discrimination Act of 1978, added to the Civil Rights Act of 1964, is enforced by the EEOC. The female who is unable to perform her job owing to pregnancy must be treated the same as other temporarily disabled employees. For example, modified tasks or alternative assignments should be offered. This law refers not only to hiring but also to firing, pay, job assignments, promotions, layoffs, training, and fringe benefits. In addition to this law against discrimination of pregnant women, the **Family and Medical Leave Act (FMLA)** is
enforced by the US Department of Labor^2. The FMLA requires agencies with fifty or more employees to provide twelve weeks of unpaid leave for the following:

1. Birth and care of a newborn child

2. Care of an adopted child

3. Care for immediate family members (spouse, child, or parent) with a serious health condition

4. Medical leave for the employee who is unable to work because of a serious health condition

In addition to the company size requirement, the employee must have worked at least 1,250 hours over the past 12 months.

**Race/Color**

This type of discrimination refers to treating someone unfavorably because he or she is of a certain race or because of certain characteristics associated with race. These characteristics might include hair texture, skin color, or facial features. Discrimination can occur when the person discriminating is the same race or color of the person who is being discriminated against. EEOC law also protects people who are married to or associated with someone of a certain race or color. As with the other types of antidiscrimination laws, this law refers not only to the initial hiring but also to firing, pay, job assignments, promotions, layoffs, training, and fringe benefits. Race can never be a BFOQ.

**Religion**

This part of the EEOC refers to treating a person unfavorably because of their religious beliefs. This law requires a company to reasonably accommodate an employee’s religious beliefs or practices, unless doing so would burden the organization’s operations. For example, allowing flexible scheduling during certain religious periods of time might be considered a reasonable accommodation. This law also covers accommodations in dress and grooming, such as a headscarf, religious dress, or uncut hair and a beard in the case of a Sikh. Ideally, the employee or applicant would notify the employer that he or she needs such an accommodation for religious reasons, and then a discussion of the request would occur. If it would not pose hardship, the employer should honor the request. If the request might cause a safety issue, decrease efficiency, or infringe on the rights of other employees, it may not be honored. More information on this topic can be found at [https://www.eeoc.gov/facts/backlash-employee.html](https://www.eeoc.gov/facts/backlash-employee.html).

**Sex and Sexual Harassment**
Sex discrimination involves treating someone unfavorably because of their sex. As with all EEOC laws, this relates to hiring, firing, pay, job assignments, promotions, layoffs, training, and fringe benefits. This law directly ties into sexual harassment laws, which include unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. The victim can be male or female, and sexual harassment can occur female to female, female to male, male to female, and male to male. We discuss more details of harassment in Chapter 10 “Managing Employee Performance”.

**Harassment at Yale?**

This 2011 video outlines a sexual harassment lawsuit at Yale University. The video shows that the lawsuit blamed Yale not for the harassment but for not taking a harder stand on this type of harassment.

**Retaliation**

In all the laws mentioned, the EEOC set of laws makes it illegal to fire, demote, harass, or retaliate against people because they filed a charge of discrimination, complained about discrimination, or participated in employment discrimination proceedings. Perhaps one of the most high-profile sexual harassment and retaliation cases was that of *Sanders v. Thomas*. Isiah Thomas, then coach of the New York Knicks, fired Anucha Browne Sanders because she hired an attorney to file sexual harassment claims charges. The jury awarded Browne Sanders $11.6 million in punitive charges because of the hostile work environment Thomas created and another $5.6 million because Browne Sanders was fired for complaining (Schmidt, 2007). A portion of the lawsuit was to be paid by Madison Square Garden and James Dolan, chairman of Cablevision, the parent company of Madison Square Garden and the Knicks. Browne Sanders’s lawyers successfully argued that the inner workings of Madison Square Garden were hostile and lewd, and that the former marketing executive of the organization subjected her to hostility and sexual advances. Thomas left the organization as coach and president in 2008. As in this case, there are large financial and public relations penalties not only for sexual harassment but for retaliation after a harassment suit has been filed.

All types of discrimination and laws affecting multiculturalism are a key aspect for HR managers and managers to understand. These types of discrimination are discussed in Chapter 2 “Recruitment”, specifically, how they pertain to recruiting and hiring.

**Military Service**

The Uniformed Services Employment and Reemployment Rights Act (USERR) protects people who serve or have served in the armed forces, Reserves, National Guard, or other uniformed services. The act ensures these individuals are not disadvantaged in their civilian
careers because of their service. It also requires they be reemployed in their civilian jobs upon return to service and prohibits discrimination based on past, present, or future military service.

Human Resource Recall

An accommodation for religion, such as allowing turbans, would be considered a reasonable accommodation in work dress.

Vít Hassan – Turban – CC BY-NC 2.0.

What types of discrimination (under the EEOC) do you think are the most common and why? Have you ever experienced discrimination in the workplace, at school, or in extracurricular activities? Explain.
Exercises

1. Visit the EEOC website at http://www.eeoc.gov and explain the methods an employee can use in filing a complaint with the EEOC.

2. If an employer is found to have discriminated, what are some “remedies” listed on the EEOC website?

References


1.4 Cases and Problems

Chapter Summary

- Diversity is the real or perceived differences between individuals. Diversity can include race, gender, sexual orientation, size, cultural background, and many other differences. Multiculturalism is similar to diversity but focuses on the development of a greater understanding of how power in society can be unequal because of race, gender, sexual orientation, power, and privilege.

- Power and privilege is a system of advantages based on one's race, gender, and sexual orientation. This system can often be invisible (to those who have it), which results in one race or gender having unequal power in the workplace. Of course, this unequal power results in unfairness, which may be a legal concern.

- Diversity is important to the success of organizations. Many studies have shown a direct link between the amount of diversity in the workplace and the success of the company.

- Oftentimes there are cultural aspects to an organization that make it resistant to an inclusive environment. These are often not obvious, but awareness of how your own company culture impacts multiculturalism is important. Job announcements, testing, and pay differences are company culture components that can create exclusive environments.

- In recruitment, awareness of how and where you post announcements is crucial. Development of a set pay scale can alleviate some of the issues surrounding unfair pay, especially between men and women.

- Formal mentorship programs can create multicultural understanding and ensure people do not stick with their own race or gender when helping someone move up the ranks in an organization.

- The Equal Employment Opportunity Commission (EEOC) is a federal agency charged with the development and enforcement of laws relating to multiculturalism and diversity in the workplace.

- The EEOC covers discrimination based on several areas. Companies cannot discriminate based on age—that is, against someone who is forty or older. They also can't discriminate against people with disabilities or on the basis of race, genetic information, national origin, gender, or religion.

- Retaliation is also illegal, based on EEOC laws. An organization cannot retaliate against anyone who has filed a complaint with the EEOC or a discrimination lawsuit.

- The US Department of Labor oversees some aspects of EEOC laws, such as the Family and Medical Leave Act (FMLA). This act requires organizations to give twelve weeks of unpaid leave in the event of an adoption, birth, or caregiving of sick family members.
Chapter Case

It’s December 18th, 2010 and you are the commanding officer of the 56th Brigade Combat Team, Special Troops Battalion, Alpha Company (A Co 56th BSTB). The day starts out just like any other day. You wake up at 0500 and put on your PT uniform. You leave the house by 0530 so that you are on the drill field by 0600. You have formation and then lead your troops in an epic PT session. At 0700, you return home to shower, eat chow, and return to leadership formation by 0830.

At leadership formation, you are provided the plan of the day. The plan of the day covers things such as the uniform of the day for your soldiers, the training schedule that is being executed, and the equipment that will be needed in order to execute training properly.

As you read down through the plan of the day, your attention is called to a special note of emphasis. The note says that the Senate is in session and a very important bill will be voted on today. The bill is set to repeal the “Don’t Ask, Don’t Tell” policy and, if passed, allows gay and lesbian military members to serve openly in the armed forces. Immediately upon reading this, you realize that this could be an issue for your unit. This is an infantry unit and it is marked by stereotypical macho attitudes of testosterone filled soldiers. The culture isn’t always considerate of differences of any sort. But you recognize this as an opportunity to design some training that will help usher in the changes that may come.

1. What questions should you be considering in order to formulate your training process?
2. What are the laws that help to guide the diversity integration and management process?

The legislation was passed, and the President signed it into law a few days later. A few weeks go by and then suddenly you are approached by Sgt. Smith. Sgt. Smith is one of your top soldiers. He is a highly respected squad leader who leads four other soldiers in his squad. A tactical specialist who has successfully deployed into combat three times, he is regarded as one of the most revered warriors in the entire battalion.

Sgt. Smith isn’t the type to mince words. He comes to you and says that he is gay and would like to come out to the unit. He says that he is tired of living a lie, and because of the new law he no longer has to. You haven’t gotten a chance to finish designing and implementing your training plan and now you won’t have a chance to.

1. Who can you consult that can help you to quickly design and implement a diversity plan?
2. How will you go about telling the battalion about Sgt. Smith?
3. Should Sgt. Smith be part of the process? Why or Why Not?
4. What questions do you anticipate you will get from the other soldiers in the unit?
Keeping Up with Growth

Over the last two years, a small town in North Dakota has exploded in population due to the discovery of large oil reserves nearby. In response to the incredible growth, the local police department has decided that it needs to expand its police force significantly to handle the new influx of people. Mary, the PD’s human resource manager, has been tasked with hiring ten new officers, two dispatchers, and an administrative assistant. As Mary set out on completing this task, she first developed a job analysis based on surveys from current officers, dispatchers and assistants. From this analysis, Mary was able to develop a job description and qualifications that would be posted on the city government website, where all police department applications were handled. In addition to posting the job on the government website, Mary decides to run ads on several job-hunting websites, several newspapers in the region, as well as the police department’s social media. At the end of the three week application period, Mary was pleased to find that many qualified candidates had applied for all of the positions and was now prepared to move on to the selection phase.
2.1 The Recruitment Process

<table>
<thead>
<tr>
<th>Learning Objectives</th>
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<tbody>
<tr>
<td>1. Discuss the need for forecasting human resource needs and techniques for forecasting.</td>
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<tr>
<td>2. Be able to explain the steps to an effective recruitment strategy.</td>
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<tr>
<td>3. Be able to develop a job analysis and job description.</td>
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The recruitment process is an important part of human resource management (HRM). It isn’t done without proper strategic planning. **Recruitment** is defined as a process that provides the organization with a pool of qualified job candidates from which to choose. Before companies recruit, they must implement proper staffing plans and forecasting to determine how many people they will need. The basis of the forecast will be the annual budget of the organization and the short to long-term plans of the organization—for example, the possibility of expansion. In addition to this, the organizational life cycle will be a factor. Organization life cycle is discussed in Chapter 2 “Developing and Implementing Strategic HRM Plans”. Forecasting is based on both internal and external factors. Internal factors include the following:

1. Budget constraints
2. Expected or trend of employee separations
3. Goals of the organization

External factors might include the following:

1. Changes in technology
2. Changes in laws
3. Unemployment rates
4. Shifts in population
5. Shifts in urban, suburban, and rural areas
6. Competition

Once the forecasting data are gathered and analyzed, the HR professional can see where gaps exist and then begin to recruit individuals with the right skills, education, and backgrounds. This section will discuss this step in HR planning.

**Recruitment Strategy**

Although at face value recruiting may seem simple, it takes a certain amount of skill and strategic planning in order to attract qualified candidates. In Chapter 2 “Developing and Implementing Strategic HRM Plans”, development of staffing plans is discussed. An
understanding of the organization’s needs and the factors determining those organizational needs is key to strategic recruiting.

Based on this information, when a job opening occurs, the HRM professional should be prepared to fill that position. Here are the aspects of developing a recruitment strategy:

1. Confirm the job analysis is correct through an investigation.
2. Write the job description and job specifications.
3. Have a system to recruit and review internal candidate qualifications for possible promotions.
4. Determine the best recruitment strategies for the position.
5. Implement a recruiting strategy.

The first step in the recruitment process is acknowledgment of a job opening. At this time, the manager and/or the HRM look at the job description for the job opening (assuming it isn’t a new job). There is further discussion how to write a job analysis and job description in Section 2.1.2 “Job Analysis and Job Descriptions”.

Assuming the job analysis and job description are ready, an organization may decide to look at internal candidates’ qualifications first. Internal candidates are people who are already working for the organization. If an internal candidate meets the qualifications, this person might be encouraged to apply for the job, and the job opening may not be published. Many organizations have formal job posting procedures and bidding systems in place for internal candidates. For example, current federal employees are able to apply to and transfer to other jobs in the federal government without a public job posting ever being offered (OPM, 2019). Additionally, it is important to note that sometimes these transfers can occur for positions that have been posted, in which case the organization will backfill the newly vacant position (OPM, 2019). However, the advantage of publishing open positions to everyone in and outside the company is to ensure the organization is diverse. Diversity is discussed in Chapter 1 “Diversity and Multiculturalism”. There is further discussion about internal and external candidates and bidding systems in Chapter 3 “Selection”.

After developing the job description and considering internal candidates, the best recruiting strategies for the type of position are determined. For example, for a high-level executive position at a non-profit, it may be decided to hire an outside head-hunting firm, while an entry-level position may only require advertising on social networking websites. Many organizations will use a variety of methods to obtain the best results.

Another consideration is how the recruiting process will be managed under constraining circumstances such as a short deadline or a low number of applications. In addition, establishing a protocol for how applications and résumés will be processed will save time later. For example, while federal agencies are able to use a variety of recruiting strategies, all applications and résumés must be submitted through USAjobs.gov.

Once these tasks are accomplished, the hope is that the organization will have a diverse group of people to consider during the selection process, which will be discussed further in Chapter 3. Before this is done, though, it is important to have information to ensure the right
people are recruited. This is where the job analysis and job description come in. There is discussion of this in Section 2.1.2 “Job Analysis and Job Descriptions”.

**Job Analysis and Job Descriptions**

The **job analysis** is a formal system developed to determine what tasks people actually perform in their jobs. The purpose of a job analysis is to ensure creation of the right fit between the job and the employee and to determine how employee performance will be assessed. A major part of the job analysis includes research, which may mean reviewing job responsibilities of current employees, researching job descriptions for similar jobs with competitors, and analyzing any new responsibilities that need to be accomplished by the person with the position. According to research by Hackman and Oldham (Hackman & Oldham, 1976), a job diagnostic survey should be used to diagnose job characteristics prior to any redesign of a job. This is discussed in Chapter 5 “Retention and Motivation”.

To start writing a job analysis, data need to be gathered and analyzed, while keeping in mind Hackman and Oldham’s model. Refer to Figure 2.1, which outlines the steps of the job analysis process. Please note, though, that a job analysis is different from a job design. **Job design** refers to how a job can be modified or changed to be more effective—for example, changing tasks as new technology becomes available.

![Figure 2.1 “Process for Writing Job Analysis”](image)

The information gathered from the job analysis is used to develop both the job description and the job qualifications. A **job description** is a list of tasks, duties, and responsibilities of a job. **Job qualifications**, on the other hand, discuss the skills and abilities the person must have to perform the job. The two are tied together, as job descriptions are usually written to include job specifications. The job analysis helps provide that data that the organization needs so that they can successfully write the job description and job specifications. Think of the analysis as “everything an employee is required and expected to do.”

Two types of job analyses can be performed: a task-based analysis and a competency- or skills-based analysis. A task-based analysis focuses on the duties of the job, as opposed to a competency-based analysis, which focuses on the specific knowledge and abilities an employee must have to perform the job. An example of a task-based analysis might include data on duties such as:

1. Write performance evaluations for employees.
2. Prepare reports.
3. Answer incoming phone calls.
4. Assist individuals with questions.

With task job analysis, the specific tasks are listed and it is clear. With competency based, it is less clear and more objective. For example, a competency-based analysis might include the following:

1. Able to utilize data analysis tools
2. Able to work within teams
3. Adaptable
4. Innovative

The focus of task-based analyses is the job duties required, while the focus of competency-based analyses is on how a person can apply their skills to perform the job. One is not better than the other but is simply used for different purposes and different types of jobs. Additionally, a combination of the two may be utilized. For example, an analysis may be focused on competencies, but there may be a specific task that the recruiter wants to highlight. Once an organization has decided if a competency-based or task-based analysis is more appropriate for the job, they can prepare to write the job analysis. After that, a tool to conduct the analysis should be chosen. Many organizations use questionnaires (online or hard copy) to determine the duties of each job title. Some organizations will use face-to-face interviews to perform this task, depending on time constraints and the size of the organization. A job analysis questionnaire usually includes the following types of questions, obviously depending on the type of industry:

1. Employee information such as job title, how long in position, education level, how many years of experience in the industry
2. Key tasks and responsibilities
3. Decision making and problem solving: this section asks employees to list situations in which problems needed to be solved and the types of decisions made or solutions provided.
4. Level of contact with colleagues, managers, outside vendors, and customers
5. Physical demands of the job, such as the amount of heavy lifting or ability to see, hear, or walk
6. Personal abilities required to do the job—that is, personal characteristics needed to perform well in this position
7. Specific skills required to do the job—for example, the ability to run a particular computer program
8. Certifications to perform the job

Once the employees have completed the questionnaire, managers can organize the data, which is helpful in creating job descriptions. If there is more than one person completing a
questionnaire for one job title, the data should be combined to create one job analysis for one job title.

Once the job analysis has been completed, it is time to write the job description and specifications, using the data collected. Job descriptions should always include the following components:

1. Job functions (the tasks the employee performs)
2. Knowledge, skills, and abilities (what an employee is expected to know and be able to do, as well as personal attributes)
3. Education and experience required
4. Physical requirements of the job (ability to lift, see, or hear, for example)

Fortunately, many public organizations have already developed job analyses and descriptions for their positions. Non-profit organizations, many of which are much younger than government entities, are much more likely to have a need to develop new analyses and descriptions. Nevertheless, administrators, both HR-specific and in general, should be familiar with the process and should regularly update job descriptions to ensure they remain accurate. For an example of a public organization’s job description, please refer to Figure 2.3 on the next page.


Application Period: 01/03/2011 through 01/24/2011

Position open to: All Applicants

Department: Commerce Community & Economic Development
Division: Administrative Services

Location: Juneau
Region: Southeast

Salary: $5,028.00 Range 20
$5,745.00 Range 22 Monthly

Job Status: Full-Time
Bargaining Unit: 00

Job Description:

The Department of Commerce, Community and Economic Development (CCED) is seeking a technically skilled individual to fill a key Systems Programmer position. This position supports all aspects of the department’s imaging and document repository infrastructure. The position is responsible for administering the imaging environment, including software and hardware installation, configuration, security and providing programming support to Analyst/Programmers coding applications that access and manipulate images.

Commerce’s imaging environment utilizes Oracle Content Management and .Net applications. The successful candidate should be technically skilled and motivated to learn new technologies and processes.

Key responsibilities include:

- Administer all aspects of the department’s Oracle UCM (Universal Content Management) servers and Kofax environment.
- Code custom Image access and manipulation services using WSDL (web service definition language) and .Net.
- Configure, modify and update Adobe Capture and UCM inbound refinery. Develop batch classes and custom validation and release scripts.
- Install, configure and maintain high speed and flatbed scanner equipment.
- Work with users and programming staff to develop efficient physical paper workflows and practical scanning processes.
- Develop relevant scan workflows and required hardware for a variety of media such as envelopes, plain paper, and odd sizes.
- Monitor production system CPU, disk space, network utilization and error logs and make appropriate configuration changes and updates.
Notice how the job description includes the job function; knowledge, skills, and abilities required to do the job; education and experience required; and the physical requirements of the job. Once the job description has been written, obtaining approval from the hiring manager is the next step. Then the HR professional can begin to recruit for the position.

**Tips to Writing a Good Job Description**

- Be sure to include the pertinent information:
  - Title
  - Department
  - Reports to
  - Duties and responsibilities
  - Terms of employment
  - Qualifications needed
- Think of the job description as a snapshot of the job.
- Communicate clearly and concisely.
- Make sure the job description is interesting to the right candidate applying for the job.
- Avoid acronyms.
- Don’t try to fit all job aspects into the job description.
- Proofread the job description

**References**


2.2 The Law and Recruitment

<table>
<thead>
<tr>
<th>Learning Objective</th>
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<tbody>
<tr>
<td>1. Explain the Immigration Reform and Control Act (IRCA), Patriot Act, and Equal Employment Opportunity (EEO) laws and how they relate to recruiting.</td>
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One of the most important parts of HRM is to know and apply the law in all activities the HR department handles. As it relates to recruiting, there are several laws that specifically relate to what recruiters are and are not allowed to do. The laws discussed here will provide a summary overview of these laws and how they pertain to recruiting practices.

**Immigration Reform and Control Act**

The *Immigration Reform and Control Act (IRCA)* was adopted by Congress in 1986. This law requires employers to attest to their employees' immigration status. It also makes it illegal to hire or recruit illegal immigrants. The purpose of this law is to preserve jobs U.S. citizens and/or for those who have legal documentation to work in the United States. The implications for human resource managers lie in the recruitment process, because it is very important to be aware of a potential candidate’s eligibility to work in the United States prior to moving forward into the selection process. This is why many application forms ask, “Are you legally able to work in the United States?” Dealing with the IRCA is a balancing act, however, because organizations cannot discriminate against legal aliens seeking work in the United States. There are some exceptions to these laws. For example, the Central Intelligence Agency requires all employees to be U.S. citizens, and may also require potential employees to relinquish other citizenships in the case of dual citizenship (CIA, 2019). However, these exceptions are exceedingly rare, and the vast majority of organizations are not allowed to discriminate while recruiting based on citizenship (Workplace Fairness, 2019).

The IRCA relates not only to workers hired but also to subcontractors. In a subcontractor situation (e.g., the organization hires an outside firm to clean the building after hours), the organization can still be held liable if it is determined the organization exercises control over how and when the subcontractors perform their jobs. While most human resource managers are not responsible for recruiting and selecting subcontractors, it is still an important consideration to be aware of. HR professionals must verify both the identity and employment eligibility of all employees, even if they are temporary employees. The INS I-9 form (Employment Eligibility Verification form) is the reporting form that determines the identity and legal work status of a worker. In 2010, new rules about the electronic storage of forms were developed. The US Department of Homeland Security said that employees can have these forms electronically signed and stored. Additionally, officials from the Department of Homeland Security, Immigration and Employee Rights Section of the Department of Justice, and the Department of Labor are...
all permitted to inspect the I-9 of any organization’s employees with as little as three days’ notice (US Citizenship and Immigration Services, 2018).

**EEO Set of Laws**

Equal employment opportunity laws are worth mentioning again here in relation to the recruitment process. The Equal Employment Opportunity Commission (EEOC) is a federal agency charged with the task of enforcing federal employment discrimination laws (EEOC, n.d.). While there are restrictions on the type of company covered (companies with at least fifteen employees), the EEOC requires collection of data and investigates discrimination claims, again, for organizations with more than fifteen employees. For organizations that have fewer than fifteen individuals are often still not permitted to discriminate under state law, however some states, such as Arkansas, Alabama, and Georgia, do not have any state anti-discrimination laws. In these cases, organizations with less than fifteen employees may be allowed to discriminate while hiring (Workplace Fairness, n.d.). It is important to note that EEO is not a law itself, but rather refers to a set of laws such as the American Disability Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act of 1963, and several other new and/or amending laws (EEOC, n.d.).

Under EEO laws related to the recruitment process, employers cannot discriminate based on age (forty years or older), disability, genetic information, national origin, sex, pregnancy, race, and religion. In a job announcement, organizations usually have an EEO statement. Here are some examples:

1. (Organization name) is fully committed to Equal Employment Opportunity and to attracting, retaining, developing, and promoting the most qualified employees without regard to their race, gender, color, religion, sexual orientation, national origin, age, physical or mental disability, citizenship status, veteran status, or any other characteristic prohibited by state or local law. We are dedicated to providing a work environment free from discrimination and harassment, and where employees are treated with respect and dignity.

2. (Organization name) does not unlawfully discriminate on the basis of race, color, religion, national origin, age, height, weight, marital status, familial status, handicap/disability, sexual orientation, or veteran status in employment or the provision of services, and provides, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities an equal opportunity to participate in all programs and activities.

3. It is the policy of (college name), in full accordance with the law, not to discriminate in employment, student admissions, and student services on the basis of race, color, religion, age, political affiliation or belief, sex, national origin, ancestry, disability, place of birth, general education development certification (GED), marital status, sexual orientation, gender identity or expression, veteran status, or any other legally protected classification. (College name) recognizes its
responsibility to promote the principles of equal opportunity for employment, student admissions, and student services taking active steps to recruit minorities and women.

4. (Organization name) will not discriminate against or harass any employee or applicant for employment on the basis of race, color, creed, religion, national origin, sex, sexual orientation, disability, age, marital status, or status with regard to public assistance. (Organization name) will take affirmative action to ensure that all practices are free of such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, selection, layoff, disciplinary action, termination, rates of pay or other forms of compensation, and selection for training.

In addition to including the EEO policy in the job announcement, organizations are required to post notices of EEOC policies in a visible part of the work environment (such as a break room).

Although the EEOC laws in hiring are clear about discrimination, an exception may occur, called the **bona fide occupational qualification (BFOQ)**. BFOQ is a quality or attribute that is reasonably necessary to the normal operation of the business and that can be used when considering applicants. To obtain a BFOQ exception, a company must prove that a particular person could not perform the job duties because of sex, age, religion, disability, and national origin. Despite these exemptions, no employer is ever allowed to claim a BFOQ on the basis of race. Examples of BFOQ exceptions might include the following:

1. A religious based non-profit may require new employees to be of the same denomination as the organization.
2. Mandatory retirement is required for many law enforcement agencies such as the FBI at a certain age.
3. Organizations such as the CIA that have a vested interest in national security may limit employment to only U.S. citizens.

However, many arguments for BFOQ would not be considered valid. For example, race has never been considered a BFOQ. Generally speaking, when going through the recruitment process and writing job descriptions, one should never assume that a BFOQ applies to the position. Legal counsel should always be consulted prior to claiming a BFOQ.

Other aspects to consider in the development of the job description are disparate impact and disparate treatment. These are the two ways to classify employment discrimination cases. **Disparate impact** occurs when an organization discriminates through the use of a process, affecting a protected group as a whole, rather than consciously intending to discriminate. Some examples of disparate impact might include the following:
1. Requirement of a high school diploma, which may not be important to employment, could discriminate against racial groups

2. A height requirement, which could limit the ability of women or persons of certain races to apply for the position

3. Written tests that do not relate directly to the job

4. Awarding of pay raises on the basis of, say, fewer than five years of experience, which could discriminate against people older than forty

Disparate treatment, when one person is intentionally treated differently than another, does not necessarily impact the larger protected group as a whole, as in disparate impact. The challenge in these cases is to determine if someone was treated differently because of their race or gender or if there was another reason for the different treatment. Here are two examples:

1. Both a male and a female miss work, and the female is fired but the male is not.

2. A company does not hire people of a certain national origin, without a BFOQ

The Patriot Act

In response to the September 11, 2001, terrorist attacks against the United States, the Patriot Act was signed, introducing legislative changes to enhance the federal government’s ability to conduct domestic and international investigations and surveillance activities (DOJ, n.d.). As a result, employers needed to implement new procedures to maintain employee privacy rights while also creating a system that allowed for release of information requested by the government.

The Patriot Act also amended the Electronic Communications Privacy Act, allowing the federal government easier access to electronic communications. For example, only a search warrant is required for the government to access voice mail and e-mail messages. The Patriot Act also amended the Foreign Intelligence Surveillance Act. The government is allowed to view communications if an employee is suspected of terrorism, and the government does not have to reveal this surveillance to the employer. It is prudent for HR professionals and managers to let potential employees know of these new requirements, before the hiring process begins. This can be done by including it as an addition to an EEO disclaimer as discussed above.

References

http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextchannel=b328194d3e88d010VgnVCM10000048f3d6a1RCRDvgnextoid=04a295c4f635f010VgnVCM100000eced190aRCRD.


### 2.3 Recruitment Strategies

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<td>1. Explain the various strategies that can be used in recruitment.</td>
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It is important to mention, though, that a recruitment plan should be in place. This plan can be informal, but it should outline the plan to recruit and the expected timelines. For example, if one of your methods is to submit an ad to a trade publication website, you should know their deadlines. Also of consideration is to be recruiting from a variety of sources to ensure diversity. Lastly, consider the economic situation of the area you plan to recruit from. With high unemployment, you may receive hundreds of applications for one job. In an up economy, you may not receive many applications and should consider using a variety of sources.

### Referrals

Perhaps the most valuable recruiting tool available is the employees who already work for the organization. In fact, most recruiting plans include asking current employees, “Who do you know?” The quality of referred applicants is usually high, since most people would not recommend someone they thought incapable of doing the job. Emailing a job opening to current employees and offering incentives to refer a friend can be a quick way of recruiting individuals. Due to the success of most formalized referral programs, it is suggested that a program be part of the overall HRM strategic plan and recruitment strategy. Nepotism means a preference for hiring relatives of current employees, which can also lead to lack of diversity and management issues in the workplace. Many state and local governments have laws prohibiting nepotism, which is a factor must be considered when reviewing potential candidates.

For example, the University of Washington offers $1,200 any time a current employee successfully refers a friend to work at their medical centers. Usually, most incentives require the new employee to be hired and stay a specified period of time. Some examples of incentives that can be used to refer a friend might include the following:

- A gift card to the employee
- A monetary bonus

These types of programs are called **employee referral programs (ERPs)** and tend to generate one of the highest returns on investment per hire (Lefkow, 2002). To make an ERP program effective, some key components should be put into place:
1. Communicate the program to existing employees.

2. Track the success of the program using metrics of successful hires.

3. Be aware of the administrative aspect and the time it takes to implement the program effectively.

4. Set measurable goals upfront for a specialized program.

Perhaps the greatest benefit of ERPs is that it allows organizations to use their current employees in order to identify and recruit new employees for very little cost. González and Rivarés (2018) conducted a study that found employees who were recruited through an ERP showed greater levels of group commitment, task commitment, and job satisfaction, while also having lower rates of turnover. However, recruiters must also consider organization policies regarding ERPs prior to setting one up. For example, the Office of Personnel Management only authorizes the use of referral bonuses in federal agencies after the position has already been posted through normal channels and has proven to be a “hard-to-fill position” (OPM, n.d.). Alternatively, organizations can also seek referrals from employees without the promise of a bonus, which can also be very effective.

**Recruiters**

Some organizations choose to have specific individuals working for them who focus solely on the recruiting function of HR. Recruiters use similar sources to recruit individuals, such as professional organizations, websites, and other methods discussed in this chapter. Recruiters are excellent at networking and usually attend many events where possible candidates will be present. Recruiters keep a constant pipeline of possible candidates in case a position should arise that would be a good match. There are three main types of recruiters:

1. **Executive search firm.** These “headhunter” companies are focused on high-level positions, such as management and CEO roles. They typically charge 10–20 percent of the first year salary, so they can be quite expensive. However, they do much of the upfront work, sending candidates who meet the qualifications. While some non-profits and even some government agencies have been known to utilize headhunters, their use is far less common in the public sector.

2. **Temporary recruitment or staffing firm.** Suppose your receptionist is going on medical leave and you need to hire somebody to replace him, but you don’t want a long-term hire. You can utilize the services of a temporary recruitment firm to send you qualified candidates who are willing to work shorter contracts. Usually, the firm pays the salary of the employee and the organization pays the recruitment firm, so you don’t have to add this person to your payroll. If the person does a good job, there may be opportunities for you to offer him a full-time, permanent position. Kelly Services, Manpower, and Snelling Staffing Services are examples of staffing firms.
3. **Internal recruiter.** An internal recruiter is an employee within an organization who focuses entirely on recruiting for that organization. Internal recruiters are employed by the company for which they are recruiting. This type of recruiter may be focused on a specific area, such as technical recruiting. An example of this would be HR representatives who are responsible for attending job fairs and recruiting events. This type of recruiter may also take the form of an individual who has been put on a recruiting “detail”, such as active military members who are tasked with recruiting activities.

While the HR professional, when using external recruiting services, may not be responsible for the details of managing the search process, he or she is still responsible for managing the process and the recruiters. The job analysis, job description, and job specifications still need to be developed and candidates will still need to be interviewed.

**Campus Recruiting**

Colleges and universities can be excellent sources of new candidates, usually at entry-level positions. Consider technical colleges that teach cooking, automotive technology, or cosmetology. These can be great sources of people with specialized training in a specific area. Universities can provide people that may lack actual experience but have formal training in a specific field. Many organizations use their campus recruiting programs to develop new talent, who will eventually develop into managers.

For this type of program to work, it requires the establishment of relationships with campus communities, such as campus career services departments. It can also require time to attend campus events, such as job fairs. It is not uncommon for government and non-profit organizations to have a few employees responsible for preparing and presenting recruiting materials at these types of events.

Setting up a formal internship program might also be a way to utilize college and university contacts. Many, if not most, government and non-profit organizations offer extensive internship programs. In addition to providing the organization with cheap (or free) labor, internship programs also offer valuable experience to interns and can often lead to permanent positions after the internship is completed.

**Professional Associations**

Professional associations are usually nonprofit organizations whose goal is to further a particular profession. Almost every profession has its own professional organization. For example, in the field of human resources, the Society for Human Resource Management allows companies to post jobs relating to HR. The American Marketing Association, also a professional organization, allows job postings as well. Usually, there is a fee involved, and membership in this association may be required to post jobs. Here are some examples of professional associations related to public sector professions:
1. American Public Works Association
2. Government Finance Officers Association
3. International Federation of Accountants
4. National Association of Government Employees
5. National Association of Government Contractors
6. National Lawyers Guild
7. State Government Affairs Council

Labor unions can also be excellent sources of candidates, and some unions also allow job postings on their website. The key to using this as a successful recruitment strategy is to identify the organizations that relate to the organization and to develop relationships with members in these professions. This type of networking can help introduce groups to qualified individuals in your industry who may be looking for a job or know of someone who needs a job.

**Websites**

From the HR perspective, there are many options to place an ad, most of which are inexpensive. The downside to this method is the immense number of résumés that may be received from these websites, all of which may or may not be qualified. Many organizations, to combat this, implement software that searches for keywords in résumés, which can help combat this problem. We discuss more about this in Chapter 3 “Selection”. Some examples of websites might include the following:

- Your own organizational website
- USA Jobs
- Monster
- CareerBuilder
- JobsCentral

**Social Media**

Facebook, Twitter, LinkedIn, and YouTube are excellent places to obtain a media presence to attract a variety of workers. Perhaps the most intriguing aspect of using social media is that it allows recruiters to reach a massive audience for little to no expense to the organization. According to Facebook, there were over a billion active Facebook users every day in December 2018 (Facebook, 2019). Facebook allows free job postings in Facebook Marketplace, and the organization’s Facebook page can also be used as a recruiting tool. Some organizations decide to use Facebook ads, which are paid on a “per click” or per impression (how many people potentially see the ad) basis.
Facebook ad technology allows specific regions and Facebook keywords to be targeted (Black, 2011). However, recruiters must be aware that using social media may lead to an unwanted number of unqualified applications. Additionally, recruiters must consider whether a person’s social media profile can be used in the selection process, especially if that position was solicited over social media. Special care must be taken when utilizing social media, but it’s value as a recruiting tool cannot be dismissed.

Events

Some organizations, such as Choice Career Fairs, host job fairs all over the country; participating in this type of job fair may be an excellent way to meet a large variety of candidates. Another example of using events to help recruit is USAJOB’s series of events and workshops that help potential candidates prepare for and navigate the federal job application process.

Special/Specific Interest Groups (SIGs)

Special/specific interest groups (SIGs), which may require membership of individuals, focus on specific topics for members. Often SIGs will have areas for job posting, or a variety of discussion boards where jobs can be posted. For example, the Women in Project Management SIG provides news on project management and also has a place for job advertisements. Other examples of SIGs might include the following:

- Oracle Developer SIG
- African American Medical Librarians Alliance SIG
- American Marketing Association Global Marketing SIG
- Special Interest Group for Accounting Information Systems (SIG-ASYS)

Recruiting using SIGs can be a great way to target a specific group of people who are trained in a specific area or who have a certain specialty. In some cases, it can also be a source of targeting qualified minority candidates.

Costs of Recruitment

Part of recruitment planning includes budgeting the cost of finding applicants. For example, let’s say you have three positions you need to fill, with one being a temporary hire. You have determined your advertising costs will be $400, and your temporary agency costs will be approximately $700 for the month. You expect at least one of the two positions will be recruited as a referral, so you will pay a referral bonus of $500. Here is how you can calculate the cost of recruitment for the month:

cost per hire = advertising costs + recruiter costs + referral costs + social media costs + event costs.
$400 + $700 + $500 = $1600/3 = $533 recruitment cost per hire.

In addition, when looking at how effective an organization’s recruiting methods are, they can look at a figure called the yield ratio. A **yield ratio** is the percentage of applicants from one source who make it to the next stage in the selection process (e.g., they get an interview). For example, if you received two hundred résumés from a professional organization ad you placed, and fifty-two of those make it to the interview state, this means a 26 percent yield (52/200). By using these calculations, we can determine the best place to recruit for a particular position. Note, too, that some yield ratios may vary for particular jobs, and a higher yield ratio must also consider the cost of that method, too. For an entry-level job, campus recruiting may yield a better ratio than, say, an internal recruiter, but the corporate recruiter may have higher cost per hires.

After we have finished the recruiting process, we can begin the selection process. This is the focus of Chapter 3 “Selection”.

**References**


### 2.4 Cases and Problems

**Chapter Summary**

- The recruitment process provides the organization with a pool of qualified applicants.
- Some companies choose to hire internal candidates—that is, candidates who are already working for the organization. However, diversity is a consideration here as well.
- A job analysis is a systematic approach to determine what a person actually does in his or her job. This process might involve a questionnaire to all employees. Based on this analysis, an accurate job description and job specifications can be written. A job description lists the components of the job, while job specifications list the requirements to perform the job.
- IRCA stands for Immigration and Reform Act. This law requires all employers to determine eligibility of an employee to work in the United States. The reporting form is called an I-9 and must be completed and kept on file (paper or electronic) for at least three years, but some states require this documentation to be kept on file for the duration of the employee’s period of employment.
- The Patriot Act allows the government access to data that would normally be considered private, for example, an employee’s records and work voicemails and emails (without the company’s consent). The HR professional might consider letting employees know of the compliance with this law.
- The Equal Employment Opportunity Commission (EEOC) is a federal agency charged with ensuring discrimination does not occur in the workplace. They oversee the EEO set of laws. Organizations must post EEO laws in a visible location at their workplace and also include them on job announcements.
- Related to the EEOC, the bona fide occupational qualification (BFOQ) makes it legal to discriminate in hiring based on special circumstances, for example, requiring the retirement of airline pilots at a certain age due to safety concerns.
- Disparate impact refers to a policy that may limit a protected EEO group from receiving fair treatment. Disparate impact might include a test or requirement that negatively impacts someone based on protected group status. An example is requiring a high school diploma, which may not directly impact the job. Disparate treatment refers to discrimination against an individual, such as the hiring of one person over another based on race or gender.
- HR professionals must have a recruiting plan before posting any job description.
- Many organizations use recruiters. Recruiters can be executive recruiters, which means an outside firm performs the search. For temporary positions, a temporary or staffing firm such as Kelly Services might be used. Corporate recruiters work for the organization and function as a part of the HR team.
- Campus recruiting can be an effective way of recruiting for entry-level positions. This type of recruiting may require considerable effort in developing relationships with college campuses.
Almost every profession has at least one professional association. Posting announcements on their websites can be an effective way of targeting for a specific job.

Most companies will also use their own website for job postings, as well as other websites such as Monster and CareerBuilder.

Social media is also a popular way to recruit. Usage of websites such as Twitter and Facebook can get the word out about a specific job opening, or give information about the company, which can result in more traffic being directed to the company’s website.

Recruiting at special events such as job fairs is another option. Some organizations have specific job fairs for their company, depending on the size. Others may attend industry or job specific fairs to recruit specific individuals.

SIGs or special/specific interest groups are usually very specialized. For example, female project managers may have an interest group that includes a discussion board for posting of job announcements.

Employee referrals can be a great way to get interest for a posted position. Usually, incentives are offered to the employee for referring people they know. However, diversity can be an issue, as can nepotism.

Our last consideration in the recruitment process is recruitment costs. We can determine this by looking at the total amount we have spent on all recruiting efforts compared to the number of hires. A yield ratio is used to determine how effective recruiting efforts are in one area. For example, we can look at the number of total applicants received from a particular form of media, and divide that by the number of those applicants who make it to the next step in the process (e.g., they receive an interview).

Chapter Case

You are a human resource manager in charge of recruiting for a small non-profit organization that offers legal advice and legal counsel for criminal defendants who would not otherwise qualify for counsel provided by the state. Recently, the board of directors has considered expanding the scope of the organization to include civil law cases. As such, they have tasked you with recruiting at least five new attorneys, a bookkeeper, and a front-desk assistant. While the organization has enough money to offer competitive salaries and benefits to the new recruits, they have instructed you to only spend as much money as you think necessary to attract qualified candidates.

1. Discuss what methods you are planning to conduct your job analysis and develop the job description for each position.

2. Discuss what recruitment strategies you plan to utilize and justify why it is worth using/spending money on.

Team Activities
1. As a group, compare and contrast your recruiting strategies and justifications. Together, determine which strategy you think will give the organization the best “bang for its buck”.

2. Using the strategy your group has identified as the best, develop a brief advertisement for one of the positions. For example, if you chose social media, develop an example post you might put on Facebook.
Chapter 3: Selection
Edited by Tess Stonehouse

The Interview

Many of us have or will sit in a waiting room with our best clothes on awaiting a job (or school) interview. You can feel your palms sweat and thoughts race as you wait for your name to be called. You look around at the office environment and imagine yourself walking through those doors every day. People walk by and smile, and overall, you have a really good first impression of the agency. You hope they like you. You tell yourself to remember to smile, while recalling all your experience that makes you the perfect person for this job. A moment of self-doubt may occur, as you wonder about the abilities of the other people being interviewed and hope you have more experience and make a better impression than they do. You hear your name, stand up, and give a firm handshake to the HR manager. The interview has begun.

As she walks you back to a conference room, you think you see encouraging smiles as you pass by people. She asks you to take a chair and then tells you what the interview process will be like. She then asks the first question, “Tell me about yourself.” As you start discussing your experience, you feel yourself relax, just a little bit. After the interview finishes, she asks you to take a quick cognitive test, which you feel good about. She tells you she will be doing reference checks and will let you know by early next week.

The hiring manager may have reviewed hundreds of résumés and developed criteria she would use for selection. She has probably planned a timeline for hiring, developed hiring criteria, determined a compensation package for the job, and enlisted help of other managers to interview candidates. She may have even performed a number of phone interviews before bringing only a few of the best candidates in for interviews. It is likely she has certain qualities in mind that she is hoping you or another candidate will possess. Much work goes into the process of hiring someone, with selection being an important step in that process. A hiring process done correctly is time-consuming and precise. The interviewer should already have questions determined and should be ready to sell the agency to the candidate as well. This chapter will discuss the main components to the selection process.
### 3.1 The Selection Process

#### Learning Objective

1. Be able to name and discuss the steps in the selection process.

Once you have developed your recruitment plan, recruited people, and now have plenty of people to choose from, you can begin the selection process. The selection process refers to the steps involved in choosing people who have the right qualifications to fill a current or future job opening. Usually, supervisors will be ultimately responsible for the hiring of individuals. Similar to the recruitment process discussed in Chapter 2 “Recruitment”, the selection process is expensive. The time for all involved in the hiring process to review résumés, weight the applications, and interview the best candidates takes away time and costs that those individuals could spend on other activities. In addition, there are the costs of testing candidates and bringing them in from out of town for interviews. In fact, the US Department of Labor and Statistics estimates the combined direct and indirect cost of hiring someone new can reach upwards of $40,000 (Hamm, 2011). Because of the high cost, it is important to hire the right person from the beginning and ensure a fair selection process. For example, the Austin, Texas, fire department calculated it would cost $150,000 to re-interview candidates, after the interview questions were leaked to the public, giving some candidates possibly unfair advantages in the interview process.<sup>1</sup>

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<sup>1</sup> Figure 3.1

Interviews can be nerve wracking. In this chapter, we will discuss what goes into making the best hiring decision.

Alan Cleaver – Interview – CC BY 2.0.
The selection process consists of five distinct aspects:

1. **Preparation**: The first aspect to selection is planning the interview process, which includes criteria development. Criteria development means determining which sources of information will be used and how those sources will be scored during the interview. The criteria should be related directly to the job description, job analysis, and the job specifications. This is discussed in Chapter 2 “Recruitment”. In fact, some aspects of the job description, job analysis, and job specifications may be the actual criteria. In addition to this, inclusion of things like person-organizational fit would also be part of criteria development. Person-organization fit can be defined as the congruence between the characteristics of individuals such as goals, skills, and values, with the characteristics of agency like goals, values, resources, and culture (Bright, 2007). The criteria development process usually involves discussing which skills, abilities, and personal characteristics are required to be successful at any given job. By developing the criteria before reviewing any résumés, the HR employee can be sure he or she is being fair in selecting people to interview. Some agencies may need to develop an application or a biographical information sheet. Most of these are completed online and should include information about the candidate, education, and previous job experience.

2. **Application and résumé review**: Once the criteria have been developed, applications can be reviewed. People have different methods of going through this process, but there are also computer programs that can search for keywords in résumés and narrow down the number of résumés that must be looked at and reviewed. According to USA Jobs, some agencies use an Applicant Tracking Software (ATS) that automatically reviews resumes searching for applicants’ eligibility and qualifications while also validating the information in the application package.

3. **Interviewing**: After the HR employee has determined which applications meet the minimum criteria, he or she must select those people to be interviewed. Most people do not have time to review twenty or thirty candidates, so the field is sometimes narrowed even further with a phone interview. This is discussed in Section 3.3.1 “Types of Interviews.”

4. **Test administration**: Any number of tests may be administered before a hiring decision is made. Employers must provide accommodations for individuals with disabilities, while also ensuring the tests administered are regulated by the EEOC and non-discriminatory. These include drug tests, physical tests, personality tests, and cognitive tests. Some agencies also perform reference checks, credit report checks, and background checks. Types of tests are discussed in Section 3.4.1 “Testing.” Once the field of candidates has been
narrowed down, tests can be administered. Federal, state, and local governments can require polygraph examinations and lie detector tests from their potential hires if they might be engaged in national security or counterintelligence functions while on the job (US Department of Labor, 2008).

5. **Making the offer**: The last step in the selection process is to offer a position to the chosen candidate. Development of an offer via e-mail or letter is sometimes a more formal part of this process. Compensation and benefits will be defined in an offer. We discuss this in Chapter 4 “Compensation and Benefits.”

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<td>• Determine Sources of KSAO information such as testing, interviews</td>
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<td>• Develop scoring systems for each of the sources of information</td>
<td>• Create an interview plan</td>
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<td>• Determine types of interview(s)</td>
<td>• Write interview questions</td>
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<td>• Perform testing as outlined in criteria development; could include reviewing work samples, drug testing or written cognitive and personality tests</td>
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<table>
<thead>
<tr>
<th>Selection</th>
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<tbody>
<tr>
<td>• Determine which selection method will be used</td>
<td>• Compare selection method criteria</td>
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<table>
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<tr>
<th>Making the Offer</th>
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<tbody>
<tr>
<td>• Use negotiation techniques</td>
<td>• Write the offer letter or employment agreement</td>
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**Fortune 500 Focus**

In a 2010 interview (Bryant, 2010), Robert Selander, then CEO of MasterCard, cited “presence” as one of the most important aspects to successful interviewing. He describes how, in any large organization, an employee will be expected to engage with a variety of stakeholders, from a member of Congress to a contractor replacing the carpet in the building. He says that a good employee should be able to communicate well to a variety of stakeholders.

Selander also says he will always ask the candidate about his or her weaknesses, but more importantly, how the candidate plans to address those weaknesses to make sure they do not become a barrier to success. He always asks the question “What can you do for us?” When asked if he could pose only one interview question, what would it be, his
answer was, “Share with me two situations, work related that you are proud of, where something was achieved based on your own personal initiative and the other where the achievement was a result of the team getting something done that you could not have done alone.” In other words, Selander is looking for not only personal ability but the ability to work within a team to accomplish tasks. Selander offers advice to new college grads: try to find an agency where you can be involved and see all aspects of the organization and be provided training to help you with certain skills that will be needed.

**Human Resource Recall**

When was the last time you interviewed for a job? Did the process seem to flow smoothly? Why or why not?

**Exercise**

1. What components are included in the selection process? Which one do you think is the most important?


**References**


3.2 Criteria Development and Résumé Review

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<thead>
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<th>Learning Objectives</th>
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<tbody>
<tr>
<td>1. Be able to explain why criteria development is an important part of the selection process.</td>
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<tr>
<td>2. Give examples of types of criteria that can be developed.</td>
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<tr>
<td>3. Describe the advantages and disadvantages of internal and external candidates.</td>
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Before reviewing résumés and applications, it is important to have a clear idea of the ideal candidate. Obviously, the job specifications will help define the minimum qualifications, such as education level and years of experience. However, additional criteria might include the attitude of the potential hire, the ability to take initiative, and other important personal characteristics and professional abilities that may not always be demonstrated in an application or résumé. A specific score on a personality test, quality of work samples, and other tools to determine qualifications should be included as part of the criteria. In human resources, this is called KSAOs, or knowledge, skills, abilities, and other personal characteristics that make a person successful on the job. Some agencies, such as the United States Department of Veterans Affairs, require applicants to address each one of the KSAOs listed in the job position within their cover letter.

Criteria Development Considerations

Many HR managers develop the criteria for hiring, as well as the interview questions, before reviewing any résumés. This allows for a streamlined process with specific guidelines already set before reviewing a résumé. For example, criteria for a project management job might include the following:

1. Two years of experience managing a $2 million or more project budget
2. A bachelor’s degree in business or closely related field
3. Ability to work on multiple projects at once
4. Problem-solving ability
5. Conflict-management ability
6. Ability to manage a team of five to six diverse workers
7. Score of at least a 70% on cognitive ability test
8. Score of excellent from most recent employer
By setting criteria ahead of time, the hiring team has a clear picture of exactly what qualifications they are looking for. As a result, it is easier to determine who should move forward in the selection process. For example, if someone does not have a bachelor’s degree, given this is a criterion, their application materials can be filed away, perhaps for another job opening. Likewise, the HR manager can include those résumés with two or more years of experience and bachelor’s degree in the interview pile and then develop interview questions that show the candidates’ problem-solving, multitasking, and conflict-management abilities.

Résumé parsing or résumé scanning software is readily available and can make the initial screening easier. For example, Sovren software allows the HR manager to include keywords such as “bachelor’s degree” or “management.” This software scans all received résumés and selects the ones that have the keywords. While it still may be necessary to review résumés, this type of software can save time having to look through résumés that obviously do not meet the minimum qualifications.

**Validity and Reliability**

The validity refers to how useful the tool is for measuring a person’s attributes for a specific job opening. A tool may include any and all of the following:

1. Résumé-scanning software
2. Reference checks
3. Cognitive ability tests
4. Work samples
5. Credit reports
6. Biographical information blanks
7. Weighted application forms
8. Personality tests
9. Interview questions

According to the U.S. Office of Personnel Management, cognitive ability tests are a way to analyze an applicant’s ability to think in ways that are relevant to the job. These tests ask work-related questions, pose questions that might require problem solving skills, and show how an applicant would perform on the job.

**Biographical information blanks (BIBs)** are a useful part of the application process. A BIB is a series of questions about a person’s history that may have shaped his or her behavior. The BIB can be scored in the same way as an interview or a résumé, assuming the agency knows which types of answers are predictable for success in a given job. Similarly, a **weighted application form** involves selecting an employee
characteristic to be measured and then identifying which questions on the application predict the desired behavior. Then scores are assigned to each predictor. Of course, the development of the scoring should be determined before any résumés and application forms have been reviewed. In other words, any tool you use to determine someone’s qualifications for a job should have validity to determine they are the right fit for the job.

**Reliability** refers to the degree in which other selection techniques yield similar data over time. For example, if you ask the same interview question of every applicant for the project leader position, and the “right” answer always yields similar, positive results, the question would be considered reliable. An example of an unreliable test might occur with reference checks. Most candidates would not include a reference on their résumé who might give them a poor review, making this a less reliable method for determining skills and abilities of applicants.

**Fit Issues**

If an agency does a sufficient job outlining the capabilities and competencies needed in a job posting or a job description, there should not be any questions as to whether or not the person is qualified for the job. Interview should mostly gauge the fit of the potential employee. Fit includes not only the right technical expertise, education, and experience but also fit in agency culture and team culture. Person-organizational fit includes congruence between individuals and the agency in two ways: supplementary and complementary. Supplementary congruence happens when the individual’s and agency’s attributes are similar to one another. Complimentary congruence occurs when individuals can add something to the agency to make it whole (Bright, 2007). For example, employees in the forest service have similar interests in helping maintain forests and grasslands for years to come. Parks and recreation employees may enjoy outdoor activities and are passionate about citizens enjoying their time outside too. An Expert Panel of Nonprofit Leaders suggest that hiring and retaining proactive problem solvers and people that add value to the company will help the nonprofit grow and have better interactions with clients.

**Reviewing Résumés**

After developing criteria for a specific job, the next step is the review process. People prefer to perform this differently. For example, all the hiring decision makers may review all résumés, list the people they would like to meet in person, and then compare the lists. Another method might be to rate each candidate and interview only those above a certain score. This is discussed in Section 3.4.2 “Selection Methods”. Much of the process will depend on the agency’s size and the type of job. None of this process can be done fairly without first setting criteria for the job.

When looking at résumés to determine whom to interview, an employee should be concerned with the concepts of disparate impact and disparate treatment. This is
discussed in Chapter 2 “Recruitment”. Disparate impact is unintended discrimination against a protected group as a whole through the use of a particular requirement. Disparate impact may be present in the interviewing process, as well as other employment-related processes such as pay raises and promotions. For example, a requirement of being able to lift 110 pounds might be considered as having disparate impact on women, unless the job requires this ability. Every criteria developed should be closely considered to see if it might have disparate impact on a protected group of individuals. However, if being able to manage money is an important requirement of the job, this requirement might not be discriminatory. Disparate treatment in hiring might include not interviewing a candidate because of one’s perception about the candidate’s age, race, or gender. An employee who thinks they might have been the victim of disparate treatment can use the McDonnell Douglas test (founded in the McDonnell Douglas Corp. v. Greene) to see if they have evidence for a case (Lepak & Gowan, 2017). There are four questions:

1. Is the employee a member of a protected class?
2. Has the employee applied for the job (or other work opportunities like a promotion or a raise) that they were qualified for?
3. Was the employee rejected?
4. Did someone else get the job or did their employer continue seeking applicants after the employee applied?

The candidate must answer yes to all of the prior questions in order to have a valid case. If they do have a case, the burden of the proof shifts from the employee to the employer to provide a reasonable, legitimate, job-related reason for the decision not to hire the employee (Lepak & Gowan, 2017).

The Four-Fifths Rule (also known as the 80% Rule) was an attempt at removing racial, gender, religious, and ethnic discrimination in the workplace. This was a guideline generally accepted by the courts for making a prima facie case (establishing the base for potential discrimination) that employment practices resulted in members of a protected class being treated less favorable than those members that do not belong to a protected class (Lepak & Gowan, 2017). The minority selection ratio must be greater than 80% of the majority selection ratio to prove that there is a case for disparate impact. For example, if there are 100 females and 50 males that apply for the same job. Twenty females and five males are hired. The selection pool of 20 females hired divided by the 100 females who applied is 20%. The selection pool of 5 males hired divided by the 50 males who applied is 10%. If you take the females percentage (20%) multiplied by 80% (to show the four-fifths), it equals 16%, which is evidence of adverse impact. This means that discrimination against the men has happened, even if the discrimination was not intentional. It is essential for public administrations to follow these guidelines to not only treat applicants of a protected class fairly, but to eliminate the possibility of a lawsuit
brought against an agency or a government employer. The last consideration is the hiring of internal versus external candidates. An internal candidate is someone who already works within the agency, while an external candidate is someone who works outside the agency. A bidding process may occur to notify internal candidates of open positions. This is discussed in Chapter 2 “Recruitment”.

Generally speaking, it is best to go through a formal interview process with all candidates, even if they work within the agency. This way, an HR employee can be assured that disparate treatment does not occur because of favoritism. For example, a senior executive of your agency just left, and you believe the supervisor in that department is qualified to take over the position. Suppose, though, that the supervisor has been lobbying you for the job for some time and has even taken you out to lunch to talk about the job. While this person has maintained high visibility and lobbied for the promotion, there may be equally qualified internal candidates who did not use the same lobbying techniques. Automatically offering the position to this internal candidate might undermine others who are equally qualified. So while hiring internally can be a motivator, making assumptions about a particular person may not be a motivator to others. This is why it is best, even if you hire internally, to post a formal job announcement listing the job description and job qualifications, so everyone in the agency can have an equal opportunity to apply for the job. Some government employees also transfer laterally between interacting agencies. While there is a change from one agency to another (external), the familiarities and past work collaborations can make this seem like an internal transfer.

Table 3.1 Possible Advantages and Disadvantages of Hiring an Internal versus an External Candidate

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<thead>
<tr>
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<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td><strong>Internal Candidates</strong></td>
<td>Rewards contributions of current staff</td>
<td>Can produce “inbreeding,” which may reduce diversity and different perspectives</td>
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<tr>
<td></td>
<td>Can be cost effective, as opposed to using a traditional recruitment strategy</td>
<td>May cause political infighting between people to obtain the promotions</td>
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<td></td>
<td>Can improve morale</td>
<td></td>
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<tr>
<td></td>
<td>Knowing the past performance of the candidate can assist in knowing if they meet the criteria</td>
<td>Can create bad feelings if an internal candidate applies for a job and doesn’t get it</td>
</tr>
<tr>
<td><strong>External Candidates</strong></td>
<td>Brings new talent into the company</td>
<td>Implementation of recruitment strategy can be expensive</td>
</tr>
<tr>
<td></td>
<td>Can help an organization obtain diversity</td>
<td>Can cause morale problems for internal candidates</td>
</tr>
<tr>
<td></td>
<td>New ideas and insight brought into the company</td>
<td>Can take longer for training and orientation</td>
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</table>
## Exercises

1. Develop criteria for the position of a city planner.
2. Describe the advantages and disadvantages of hiring an internal and external candidate. Give an example of when you don't think an external candidate should be considered for a position.
3. How can development of criteria or minimum standards help in a case of disparate treatment accusations?
3.3 Interviewing

Interviewing people costs money. As a result, after candidates are selected, good use of time is critical to making sure the interview process allows for selection of the right candidate. In an unstructured interview, questions are changed to match the specific applicant; for example, questions about the candidate’s background in relation to their résumé might be used. In a structured interview, there is a set of standardized questions based on the job analysis, not on individual candidates’ résumés. While a structured interview might seem the best option to find out about a particular candidate, the bigger concern is that the interview revolves around the specific job for which the candidate is interviewing. In a structured interview, the expected or desired answers are determined ahead of time, which allows the interviewer to rate responses as the candidate provides answers. This allows for a fair interview process, according to the US Office of Personnel Management.

Types of Interviews

Interview processes can be time-consuming, so it makes sense to choose the right type of interview(s) for the individual job. Some jobs, for example, may necessitate only one interview, while another may necessitate a telephone interview and at least one or two traditional interviews. Keep in mind, though, that there will likely be other methods with which to evaluate a candidate’s potential, such as testing. Testing is discussed in Section 3.4.1 “Testing”. Here are different types of interviews:

1. Traditional interview. This type of interview normally takes place in the office. It consists of the interviewer and the candidate, and a series of questions are asked and answered.

2. Telephone interview. A telephone interview is often used to narrow the list of people receiving a traditional interview. It can be used to determine salary requirements or other data that might automatically rule out giving someone a traditional interview. For example, if you receive two hundred résumés and narrow these down to twenty-five, it is still unrealistic to interview twenty-five people in person. At this point, you may decide to
conduct phone interviews of those twenty-five, which could narrow the in-person interviews to a more manageable ten or so people.

3. **Panel interview.** A panel interview occurs when several people are interviewing one candidate at the same time. While this type of interview can be nerve racking for the candidate, it can also be a more effective use of time. Consider some companies who require three to four people to interview candidates for a job. It would be unrealistic to ask the candidate to come in for three or four interviews, so it makes sense for them to be interviewed by everyone at once.

4. **Information interview.** Informational interviews are usually used when there is no specific job opening, but the candidate is exploring possibilities in a given career field. The advantage to conducting these types of interviews is the ability to find great people ahead of a job opening.

5. **Meal interviews.** Many agencies offer to take the candidate to lunch or dinner for the interview. This can allow for a more casual meeting where, as the interviewer, you might be able to gather more information about the person, such as their manners and treatment of wait staff. This type of interview might be considered an unstructured interview, since it would tend to be more of a conversation as opposed to a session consisting of specific questions and answers.

6. **Group interview.** In a group interview, two or more candidates interview at the same time. This type of interview can be an excellent source of information if you need to know how they may relate to other people in their job.

7. **Video interviews.** Video interviews are the same as traditional interviews, except that video technology is used. This can be cost saving if one or more of your candidates are from out of town. Skype, for example, allows free video calls. An interview may not feel the same as a traditional interview, but the same information can be gathered about the candidate.

8. **Nondirective interview (sometimes called an unstructured interview).** In a nondirective interview, the candidate essentially leads the discussion. Some very general questions that are planned ahead of time may be asked, but the candidate spends more time talking than the interviewer. The questions may be more open ended; for example, instead of asking, “Do you like working with customers?” you may ask, “What did you like best about your last job?” The advantage of this type of interview is that it can give candidates a good chance to show their
abilities; however, the downside is that it may be hard to compare potential candidates, since questions are not set in advance. It relies on more of a “gut feeling” approach.

It is likely you may use one or more of these types of interviews. For example, you may conduct phone interviews, then do a meal interview, and follow up with a traditional interview, depending on the type of job.

**Interview Questions**

Most interviews consist of many types of questions, but they usually lean toward situational interviews or behavior description interviews. A *situational interview* is one in which the candidate is given a sample situation and is asked how he or she might deal with the situation. In a *behavior description interview*, the candidate is asked questions about what he or she actually did in a variety of given situations. The assumption in this type of interview is that someone’s past experience or actions are an indicator of future behavior. These types of questions, as opposed to the old “tell me about yourself” questions, tend to assist the interviewer in knowing how a person would handle or has handled situations. These interview styles also use a structured method and provide a better basis for decision making. Examples of situational interview questions might include the following:

1. If you saw someone stealing from the agency, what would you do?
2. One of your employees is performing poorly, but you know he has some personal home issues he is dealing with. How would you handle complaints from his colleagues about lack of performance?
3. A coworker has told you she called in sick three days last week because she actually decided to take a vacation. What would you do?
4. You are rolling out a new sales plan on Tuesday, which is really important to ensure success in your agency. When you present it, the team is lukewarm on the plan. What would you do?
5. You disagree with your supervisor on her handling of a situation. What would you do?

Examples of behavior description interview questions might include the following:

1. Tell me about a time you had to make a hard decision. How did you handle this process?
2. Give an example of how you handled an angry customer.
3. Do you show leadership in your current or past job? What would be an example of a situation in which you did this?

4. What accomplishments have given you the most pride and why?

5. What plans have you made to achieve your career goals?

There are many types of interview questions that would be considered illegal. Here are some examples:

1. **National origin.** You cannot ask seemingly innocent questions such as “That’s a beautiful name, where is your family from?” This could indicate national origin, which could result in bias. You also cannot ask questions about citizenship, except by asking if a candidate is legally allowed to work in the United States. Questions about the first language of the candidate shouldn’t be asked, either. However, asking “Do you have any language abilities that would be helpful in this job?” or “Are you authorized to work in the United States?” would be acceptable.

2. **Age.** You cannot ask someone how old they are, and it is best to avoid questions that might indicate age, such as “When did you graduate from high school?” However, asking “Are you over 18?” is acceptable.

3. **Marital status.** You can’t ask direct questions about marital status or ages of children. An alternative may be to ask, “Do you have any restrictions on your ability to travel, since this job requires 50 percent travel?”

4. **Religion.** It’s illegal to ask candidates about their religious affiliation or to ask questions that may indicate a religion-affiliated school or university.

5. **Disabilities.** You may not directly ask if the person has disabilities or recent illnesses. You can ask if the candidate is able to perform the functions of the job with or without reasonable accommodations.

6. **Criminal record.** While it is fine to perform a criminal record check, asking a candidate if they have ever been arrested is not appropriate; however, questions about convictions and guilty pleadings are acceptable.

7. **Personal questions.** Avoid asking personal questions, such as questions about social agency or clubs, unless they relate to the job.
Besides these questions, any specific questions about weight, height, gender, and arrest record (as opposed to allowable questions about criminal convictions) should be avoided.

HR employees should be aware of their own body language in an interview. Some habits, such as nodding, can make the candidate think they are on the right track when answering a question.

Interviewers should be aware of a **halo effect or reverse halo effect**. This occurs when an interviewer becomes biased because of one positive or negative trait a candidate possesses. Interview bias can occur in almost any interview situation. **Interview bias** is when an interviewer makes assumptions about the candidate that may not be accurate (Lipschultz, 2010). These assumptions can be detrimental to an interview process. **Contrast bias** is a type of bias that occurs when comparing one candidate to others. It can result in one person looking particularly strong in an area, when in fact they look strong compared to the other candidates. A **gut feeling bias** is when an interviewer relies on an intuitive feeling about a candidate. **Generalization bias** can occur when an interviewer assumes that how someone behaves in an interview is how they always behave. For example, if a candidate is very nervous and stutters while talking, an assumption may be made that he or she always stutters. Another important bias called **cultural noise bias** occurs when a candidate thinks he or she knows what the interviewer wants to hear and answers the questions based on that assumption. **Nonverbal behavior bias** occurs when an interviewer likes an answer and smiles and nods, sending the wrong signal to the candidate. A **similar to me bias** (which could be considered discriminatory) results when an interviewer has a preference for a candidate because he or she views that person as having similar attributes as themselves. Finally, **recency bias** occurs when the interviewer remembers candidates interviewed most recently more so than the other candidates. Having group or panel interviews can aid in removing these types of biases.

### Personnel Management Recall

What are the dangers of a reverse halo effect?

### Interview Process

Once the criteria have been selected and interview questions developed, it is time to start interviewing people. Your interviewing plan can determine the direction and process that should be followed:

1. Recruit new candidates.
2. Establish criteria for which candidates will be rated.
3. Develop interview questions based on the analysis.
4. Set a time line for interviewing and decision making.
5. Connect schedules with others involved in the interview process.
6. Set up the interviews with candidates and set up any testing procedures.
7. Interview the candidates and perform any necessary testing.
8. Once all results are back, meet with the hiring team to discuss each candidate and make a decision based on the established criteria.
9. Put together an offer for the candidate.

As you can see, a large part of the interviewing process is planning. For example, consider the hiring employee who does not know exactly the type of person she is looking to hire but sets up interviews anyway. It is difficult, if not impossible, to determine who should be hired if you do not know what you are looking for in the first place. In addition, utilizing time lines for interviewing can help keep everyone involved on track and ensure the chosen candidate starts work in a timely manner. Here are some tips to consider when working with the interview process:

1. Make sure everyone is trained on the interviewing process. Allowing someone who has poor interviewing skills to conduct the interview will likely not result in the best candidate. In a worst-case scenario, someone could ask an illegal question, and once hired, the candidate can sue the organization. UCLA researchers (Hanricks, 2011) calculated that plaintiffs win about half of hiring discrimination cases that go to trial, sometimes because of interviewers asking illegal questions. For example, “I see you speak Spanish, where did you study it?” is a seemingly harmless question that could be indirectly asking a candidate his or her ethnic background. To avoid such issues, it’s important to train managers in the proper interviewing process.

2. Listen to the candidate and try to develop a rapport with them. Understand how nervous they must be and try to put them at ease.

3. Be realistic about the job. Do not try to paint a “rosy” picture of all aspects of the job. Being honest up front helps a candidate know exactly what they will be in for when they begin their job.

4. Be aware of your own stereotypes and do not let them affect how you view a potential candidate.
5. Watch your own body language during the interview and that of the candidate. Body language is a powerful tool in seeing if someone is the right fit for a job.

6. Stick to your criteria for hiring. Do not ask questions that you cannot ask.

7. Learn to manage disagreement and determine a fair process if not everyone on the interviewing team agrees on who should be hired. Handling these types of disagreements is discussed further in Chapter 7 “Successful Employee Communication”.

Once you have successfully managed the interview process, it is time to make the decision. Section 3.4.1 “Testing” discusses some of the tools we can use to determine the best candidate for the job.

Personnel Management Recall

Can you think of a time when the interviewer was not properly trained? What were the results?

Exercises

1. With a partner, develop a list of five examples (not already given in the chapter) of situational and behavioral interview questions.
2. Why is it important to determine criteria and interview questions before bringing someone in for an interview?
3. Visit Monster.com and find two examples of job postings that ask those with criminal records not to apply. Do you think, given the type of job, this is a reasonable criteria?


References


### 3.4 Testing and Selecting

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<tr>
<td>1. Explain the types of tests that can be administered as part of the selection process.</td>
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<tr>
<td>2. Be able to discuss the types of selection models.</td>
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Besides the interview, there are other methods that may predict success on the job. If any test is to be criteria for measuring a candidate, this should be communicated to each person interviewing, and criteria should be developed on specific test scores and expectations before interviewing and testing begins.

#### Testing

A variety of tests may be given upon successful completion of an interview. These employment tests can gauge a person’s KSAOs in relation to another candidate. The major categories of tests include the following:

1. Cognitive ability tests
2. Personality tests
3. Physical ability tests
4. Job knowledge tests
5. Work sample

A number of written tests can be administered. A **cognitive ability test** can measure reasoning skills, math skills, and verbal skills. An **aptitude test** measures a person’s ability to learn new skills, while an **achievement test** measures someone’s current knowledge. Depending on the type of job, one or both will be better suited.

A cognitive ability test measures intelligences, such as numerical ability and reasoning. The Scholastic Aptitude Test (SAT) is an example of a cognitive ability test. It is important to note that some cognitive ability tests can have disparate impact. Some sample test categories might include the following:

1. Reasoning questions
2. Mathematical questions and calculations
3. Verbal and/or vocabulary skills

Aptitude tests can measure things such as mechanical aptitude and clerical aptitude (e.g., speed of typing or ability to use a particular computer program). Usually, an aptitude test asks specific questions related to the requirements of the job. To become a New York City police officer, for example, an aptitude test is required before an application will be considered. The written exam is given as a computerized test at a computerized testing center in the city. The test measures cognitive skills and observational skills (aptitude test) required for the job.

Personality tests such as Meyers-Briggs and the “Big Five” personality factors may be measured and then compared with successful employee scores. The goal of the test is to assess talent and to see if the candidate has the potential to meet the expectations of patients.

The Big Five personality test looks at extroversion, agreeableness, conscientiousness, neuroticism, and openness. Self-assessment statements might include the following:

1. I have an assertive personality.
2. I am generally trusting.
3. I am not always confident in my abilities.
4. I have a hard time dealing with change.

Some institutions also require physical ability tests; for example, to earn a position in a fire department, you may have to be able to carry 100 pounds up three flights of stairs. If you use tests in your hiring processes, the key to making them useful is to determine a minimum standard or expectation, specifically related to the requirements of the job. An HR manager should also consider the legality of such tests. In the EEOC v. Dial Corp., women were disproportionately rejected for entry-level positions. Prior to the test, 46 percent of hires were women, but after implementation of the test, only 15 percent of the new hires were women. The Equal Employment Opportunity Commission (EEOC) established that the test was considerably more difficult than the job, resulting in disparate impact. Physical ability tests need to show direct correlation with the job duties.

A job knowledge test measures the candidate’s level of understanding about a particular job. Work sample tests ask candidates to show examples of work they have already done. Work sample tests can be a useful way to test for KSAOs. These work samples can often be a good indicator of someone’s abilities in a specific area. As always, before looking at samples, the interviewer should have specific criteria or expectations developed so each candidate can be measured fairly. For example, Personnel Decisions Research Institutes Incorporated ran a test on 358 Marines.
Marines were given a 100 question combined job knowledge and work sample test when they had to examine their land navigation skills. The job knowledge test measured the Marine’s ability to evaluate, plan, measure distance, direct, and assess their movement skills while locating four stakes in a 5 square mile area. The study showed a direct correlation between job knowledge and work sample (Dubois, Shalin, Levi, & Borman (1993).

Once the interview is completed and testing occurs, other methods of checking KSAOs, including checking references, driving records, and credit history, can be performed. Some companies even use Facebook as a way of gauging the candidate’s professionalism.

Reference checking is essential to verify a candidate’s background. It is an added assurance that the candidate’s abilities are parallel with what you were told in the interview. While employment dates and job titles can be verified with previous employers, many employers will not verify more than what can be verified in the employment record because of privacy laws. However, if you do find someone who is willing to discuss more than just dates and job titles, a list of questions is appropriate. Some of these questions might include the following:

1. What was the title and responsibilities of the position the candidate had while at your agency?
2. Do you think the candidate was qualified to assume those responsibilities?
3. Does this person show up on time and have good attendance?
4. Would you consider this person a team player?
5. What are the three strongest and weakest characteristics of this candidate?
6. Would you rehire this person?

If a candidate will be driving an agency car or vehicle, such as a police car, driving records may be checked. Criminal background checks may also be used if the position will include interaction with the public. If the position requires handling of money (like a job in the Department of the Treasury), a credit check may be required, although a written notice is required to be given to the candidate before the credit check is carried out. In addition, written permission must be provided to the credit agency, and the applicants must receive a copy of the report and a copy of their rights under the Consumer Credit Reporting Reform Act (CCRRA). All these types of tests can be used to determine if someone has been honest about their past employment.

Some agencies require drug testing, which causes some debate. While some agencies say this is a safety issue (and pay lower insurance premiums), others say it is an
invasion of privacy. As long as drug tests are administered for a defensible reason (safety), many agencies will continue to require them. Some agencies will also require physical examinations to ensure the candidate can perform the tasks required. A final form of testing is the honesty test. A number of “what would you do” questions are asked. The challenge with this type of test is that many people know the “right” answer but may not be honest in their responses.

Table 3.2 Reasons Why Employers Acted upon Data Found on Social Networking Sites

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provocative or inappropriate photos or info</td>
<td>39%</td>
</tr>
<tr>
<td>Drinking or drug use</td>
<td>32%</td>
</tr>
<tr>
<td>Badmouthing previous employer, colleague, or client</td>
<td>30%</td>
</tr>
<tr>
<td>Poor communication skills</td>
<td>27%</td>
</tr>
<tr>
<td>Discriminatory comments</td>
<td>32%</td>
</tr>
<tr>
<td>Lied about qualifications</td>
<td>27%</td>
</tr>
<tr>
<td>Leaked confidential information about previous job</td>
<td>23%</td>
</tr>
</tbody>
</table>


Public agencies can use social networking such as Facebook, Twitter, or LinkedIn to gather information about potential candidates (Eaton, 2009). See Table 3.2 “Reasons Why Employers Acted upon Data Found on Social Networking Sites” for the types of data found on social networking sites that disqualified candidates, according to an article by Fast Company. This can be an effective method to see the kind of image the candidate portrays in his or her personal time.

**Selection Methods**

A clinical selection approach is probably the most common selection method, and it involves all who will be making the decision to hire a candidate. The decision makers review the data and, based on what they learn from the candidate and the information available to them, decide who should be hired for a job. Because interviewers have a different perception about the strengths of a candidate, this method leaves room for error. One consideration is disparate treatment, in which one’s biases may result in not hiring candidates based on their age, race, or gender. One way to handle this and limit the personal stereotypes and perceptions of the interviewers is to use a statistical method in hiring. Another key part to the hiring process is understanding the four-fifths rule and the implications it holds.
In the statistical method, a selection model is developed that assigns scores and gives more weight to specific factors, if necessary. For some jobs, the ability to work in a team might be more important, while in others, knowledge of a specific computer program is more important. In this case, a weight can be assigned to each of the job criteria listed. For example, if the job is a city planner, ability to work with the other local agencies might be more important than how someone dresses for the interview. So, in the example shown in Figure 3.4 “Sample Selection Model, with Sample Scores and Weighting Filled In”, dress is weighted 1, while being able to give bad news to a citizen is weighted 5. In the example, the rating is multiplied by the weight to get the score for the particular job criteria. According to Military.com, candidate’s current standings can give potentially more points to certain prospects. The Forest Service gives preference to veterans, and would give them an extra point over a non-veteran applicant. This method allows for a fairer process and can limit disparate treatment, although it may not limit disparate impact. A statistical method may work like this: you and the hiring team review the job analysis and job description and then determine the criteria for the job. You assign weights for each area and score ranges for each aspect of the criteria, rate candidates on each area as they interview, and then score tests or examine work samples. Once each hiring employee has scored each candidate, the hiring team can compare scores in each area and hopefully hire the best person in the best way. A sample candidate selection model is included in Figure 3.4 “Sample Selection Model, with Sample Scores and Weighting Filled In”.

With the statistical approach, there is more objectivity than with the clinical approach. Statistical approaches include the compensatory model, multiple cutoff model, and the multiple hurdle model. In the compensatory model, a similar method of scoring is used as the weighted model but permits a high score in an important area to make up for a lower score in another area. In our Figure 3.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” example, ability to give bad news to a client might outweigh a test score. These decisions would be made before the interviews happen. A multiple cutoff model requires that a candidate has a minimum score level on all selection criteria. In our Figure 3.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” example, the candidate may be required to have a score of at least 2 out of 5 on each criteria. If this was the case, the candidate in Figure 5.4 “Sample Selection Model, with Sample Scores and Weighting Filled In” scored low on “bad news to a client,” meaning he or she wouldn’t get the job in a multiple cutoff model.

In the multiple hurdle model, only candidates with high (preset) scores go to the next stages of the selection process. For example, the expectations might be to score a 4 on at least three of the items in Figure 3.4 “Sample Selection Model, with Sample Scores and Weighting Filled In”. If this were the case, this candidate might make it to the next level of the selection process, since he or she scored at least a 4 on three criteria areas. Highly prestigious government jobs, such as those for the Central Intelligence Agency (CIA) require many hurdles to jump over before being selected as a potential hire. According to the CIA’s website, the hiring process could take up to one year. Certain qualifications are required to even be considered an applicant: the candidate must have
US Citizenship, cannot be convicted of illegal/prescription drug use, and must pass a
background, medical, and polygraph examination. If the candidate is eligible, they have
three days to complete the application process. While this seems like a proper amount
of time, there are many steps to completing the application. Candidates must list the
following: basic background information, areas of expertise, work history, education,
certification and licenses, foreign area knowledge, foreign language proficiency levels,
military experience, preferences, and other documents such as transcripts and writing
samples. Then, applicants are required to fill out a personnel evaluation form, that
includes security clearance, a polygraph examination, a further background
investigation, military discharge and disciplinary proceedings, selective service
enrollment, employment issues, drug use, criminal activity, delinquent federal debt, and
potential Peace Corps employment. If the candidate is able to complete the application,
they can submit it, however, all of the information will be deleted for security reasons. If
the CIA chooses to have the applicant move on to the next hurdle, they will contact the
candidate after forty-five days. Then, the candidate will endure multiple testing (including
online aptitude and personality tests), events, and phone screenings. If the candidate
passes those examinations, they will move onto a live interview. After this, the candidate
may or may not be selected for the job. The CIA requires the best of the best, and each
candidate must pass and perform exceptionally well at all stages of the hiring process in
order to receive a job.

Once the discussion on whom to hire has occurred and a person has been selected, the
final phase of the process is to make an offer to the candidate. This is discussed in
Section 3.5 “Making the Offer”.

Figure 3.4 Sample Selection Model

<table>
<thead>
<tr>
<th>Job Criteria</th>
<th>Rating*</th>
<th>Weight**</th>
<th>Total</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dress</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>Candidate dressed appropriately.</td>
</tr>
<tr>
<td>Personality</td>
<td>2</td>
<td>5</td>
<td>10</td>
<td>Did not seem excited about the job.</td>
</tr>
<tr>
<td><strong>Interview questions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Give an example of a time you showed leadership</td>
<td>3</td>
<td>3</td>
<td>9</td>
<td>Descriptive but didn’t seem to have experience required.</td>
</tr>
<tr>
<td>Give an example of when you had to give bad news to a client</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>Has never had to do this.</td>
</tr>
<tr>
<td>Tell us how you have worked well in a team</td>
<td>5</td>
<td>4</td>
<td>20</td>
<td>Great example of teamwork given.</td>
</tr>
<tr>
<td>Score on cognitive ability test</td>
<td>78</td>
<td>5</td>
<td>390</td>
<td>Meets minimum required score of 70.</td>
</tr>
</tbody>
</table>

*Rating system of 1-5, with 5 being the highest
**Weighting of 1-5, with 5 being the most important
3.5 Making the Offer

Learning Objective

1. Explain the steps in making the offer to the candidate.

Often times once the decision is made to hire a candidate, HR employees feel their job is finished. But making the offer to the chosen candidate can be equally as important as the interview process. If the offer is not handled properly, you can lose the candidate, or if the candidate takes the job, he or she could start off on the wrong foot.

According to Paul Falcone, vice president for human resources at the Fortune 500 company Time Warner, detailed information should be asked of the candidate before the offer is even made (Falcone, 2011). He says that as soon as the offer is made, power is shifted to the candidate. To handle this, he suggests asking salary questions in the interview, including the following:

1. **“If we were to make a job offer today, when would you be in a position to accept or reject the offer?”** If the candidate answers “right now,” this indicates they do not have other job offers on the table or if they do, you are their first choice.

2. **“At what point, dollar wise, would you accept our job offer and at what point, dollar wise would you reject the offer?”** The advantage of using this strategy is that it gets to the point of understanding the candidate’s expectations. If the interviewee does not respond right away, you can clarify by asking, “I am asking this question because I would like to gauge your interest level. Share with me the ideal salary offer versus at what point you would be willing to walk away from this opportunity.” Hiring for a federal agency can be time restricting, as government shutdowns and other restraints can play into this timeline.

Compensation and incentives in the public sector can be tricky areas. Most Federal Government employees are paid on a General Scale (GS). This payment is based on a base pay determined by two factors: the GS paygrade and the paygrade step which is determined by seniority or performance (General Schedule (GS) Base Pay Scale for 2019). This area is difficult because public employees do not have much room to negotiate their salaries like individuals in the private sector do. Agency interviewers should be aware of potential flexibilities and how to leverage incentives to attract and keep the best candidates. The Journal of Public Administration Research and Theory ran a study on High-Powered and Low-Powered Incentives in the public sector. When civil service employees generate higher revenues for their respective agency, high-
powered monetary incentives, like salary raises, do not have as much impact as they would on the private sector. Their contributions go back into the agency’s general funds or budget. However, low-powered incentives do have an impact on public servants. These low-powered incentives include holding workers accountable, running their operations efficiently, and higher responsiveness from superiors (Frant, 1996). Overall, these incentives play a large role in how public employees feel about their jobs, even if higher compensation is not always an option.

Asking these questions can assist in qualifying candidates, based on salary expectations. For example, if a candidate requests 20 percent more than you are able to pay for the job, this discussion can be had before the offer is even made, perhaps making this candidate no longer viable.

Once you have determined in the interview process that the salary expectation is in the range of what you can offer, the first step is to make the offer as soon as the decision is made. Based on the range of salary you can offer, consider the following questions when making the offer to a candidate:

- What is the scarcity of the particular skills set?
- What are the “going” wages in your geographic area?
- What are the current economic conditions?
- What is the current pay for similar positions in your agency?
- What is your agency’s compensation strategy?
- What is the fair market value of the job?
- What is the level of the job within the agency?
- What are your budget constraints?
- How soon will the employee be productive in the agency?
- Are there other candidates equally qualified that might have lower salary expectations?
- What are the national and regional unemployment rates?
- If you cannot pay more, can you offer other perks such as a signing bonus or flexible work schedule?

Once the offer has been made, it is reasonable to give the candidate some time to decide, but not too long, as this can result in losing other candidates should this candidate reject the job offer. It is likely the candidate may come back and ask for higher salary or benefits. Some tips to successfully negotiate are included below and in Video 3.4:

1. Be prepared. Know exactly what you can and can’t offer.
2. Explain the career growth the agency can provide.

3. Address the benefits of the candidate’s joining the agency.

4. Discuss the entire offer, including other benefits offered to the employee.

5. View the negotiation as a win-win situation.

6. Be able to provide salary research of similar positions and competitors for the same job title.

7. Use the trading technique. For example, “I cannot offer you the salary you are requesting right now, but what if we were able to review salary at your six-month performance review, assuming ____ objectives are met?”

Once the phone call is made and the candidate accepts the offer, an e-mail or formal letter should follow, outlining details of the employment agreement. The employment agreement or offer letter should include the following:

1. Job title
2. Salary
3. Other compensation, such as bonuses or stock options
4. Benefits, such as health-care coverage, 401(k)
5. Vacation time/paid holidays
6. Start date
7. Noncompete agreement expectations
8. Additional considerations such as relocation expenses

Once the pay and benefits package has been successfully negotiated and the offer letter (or e-mail) sent, you should clarify acceptance details in writing and receive confirmation of the start date. It is not unusual for people in higher-level positions to need a month or even two to transition from their old jobs. During this period, make sure to stay in touch and even complete the new hire paperwork in the meantime.
3.6 Cases and Problems

Chapter Summary

- The selection process refers to the steps involved in choosing someone who has the right qualifications to fill a current or future job opening.
- There are five main steps in the selection process. First, criteria should be developed to determine how the person will be chosen. Second, a review of the applications and résumés is conducted, often via a computer program that can find keywords. Next, interview the employee. The last steps involve administering tests, such as a personality test or drug test, and making the offer to the right candidate.
- The first step in selection is to review résumés. Even before you do this, though, it is important to develop criteria against which each candidate will be measured. Criteria can come from the job description as well as the job qualifications.
- Other tools, such as cognitive ability tests, credit checks, or personality tests, can be used to determine qualifications. When developing your criteria for interviewing, determine the level the applicant needs to meet to meet the minimum criteria—for example, a minimum score for a personality test.
- We should be concerned with validity and reliability of measurement tools. Validity refers to how valid the test is—that is, how well a test measures a candidate’s abilities to do a job. Reliability refers to which selection techniques yield similar data or results over time. It is important to choose the right measurement tool used to determine whether the candidate meets the criteria.
- Use of criteria before the interview process starts is also important to make sure disparate impact or disparate treatment do not occur in the interview process.
- When hiring, there is the option of internal and external candidates. Each has its own set of advantages and disadvantages. Internal candidates may be able to “hit the ground running” but external candidates may come in with new perspectives. Even if an internal candidate seems to be the best hire, it is best to still perform the process of posting the job and interviewing, since other less vocal employees might be qualified internal candidates as well. In other words, don’t assume one person is the obvious choice for the promotion.
- Traditional, telephone, panel, informational, meal, group, and video are types of interviews. A combination of several of these may be used to determine the best candidate for the job. A structured interview format means the questions are determined ahead of time, and unstructured means the questions are based on the individual applicant. The advantage of a structured interview is that all candidates are rated on the same criteria. Before interviewing occurs, criteria and questions for a structured interview should be developed.
- Interview questions can revolve around situational questions or behavioral questions. Situational questions focus on asking someone what they would do in
a given situation, while behavioral questions ask candidates what they would have done in certain situations.

- Interview questions about national origin, marital status, age, religion, and disabilities are illegal. To avoid any legal issues, it is important for interviewers to be trained on which questions cannot be asked. The halo effect, which assumes that one desirable trait means all traits are desirable, should also be avoided.

- The process involved in interviewing a person includes the following steps: recruit new candidates; establish criteria for which candidates will be rated; develop interview questions based on the analysis; set a time line for interviewing and decision making; connect schedules with others involved in the interview process; set up interviews with candidates and set up any testing procedures; interview the candidates and perform any necessary testing; and once all results are back, meet with the hiring team to discuss each candidate and make a decision based on the established criteria. Finally, put together an offer for the candidate.

- Developing a rapport, being honest, and managing the interview process are tips to having a successful interview.

- Once the interview process is complete, some companies use other means of measuring candidates. For example, work samples are an excellent way of seeing how someone might perform at your agency.

- An aptitude test or achievement test can be given. An aptitude test measures how well someone might be able to do something, while an achievement test measures what the candidate already knows. Tests that measure cognitive ability and personality are examples.

- Some agencies also perform drug tests and physical tests. A physical test might consist of being able to lift a certain amount of weight, if required for the job. Honesty tests are also given, which measure the honesty level of the candidate. However, these tests may not be reliable, since someone can guess the "right" answer.

- Facebook, Twitter, and other social networking websites are used to gather information about a candidate. Calling references is another option.

- Every person interviewing the candidate should have a selection model; this method utilizes a statistical approach as opposed to a clinical approach. The selection table lists the criteria on the left and asks interviewers to provide a rating for each. This method can allow for a more consistent way of measuring candidates.

- The job of the HR professional isn't finished once the selection is made. The next step is to make the offer. This step is important, because if it isn't done properly, you could lose the candidate or have ill feelings at the onset of the employment relationship.

- Once you have made the decision to hire someone, make the offer to the candidate right away. Normally this is done through a phone call and a follow-up e-mail, outlining the details of the offer.
It is not unusual for someone to negotiate salary or benefits. Know how far you can negotiate, and also be aware of how your current employees will be affected if you offer this person a higher salary.

If you are having trouble coming to an agreement, be creative in what you can offer; for example, offer flextime instead of higher pay.

Chapter Case

Picking the Right Candidate

You have been chosen to head the selection committee for the recently opened city building inspector position. This job requires an inspector to assure all buildings are within codes, regulations, and ordinances. After reviewing applicants’ resumes, you have it narrowed down to three potential candidates. The first, Jesse, charmed his way through his interview and showed off his charismatic personality. Jesse is a recent graduate with a degree in architectural engineering, but has no related work experience. Holly, an experienced inspector, is new in town and is professionally qualified for the job. Holly does not have the bubbly personality that many of your coworkers do, so you wonder if she will match up in terms of person-job fit. Finally, Joseph was an intern for your city’s previous building inspector, a nice boy, and has seen the job first hand. However, the last building inspector commented on Joseph’s lack of attention to detail and noted that he made small, but frequent mistakes as an intern.

1. Create a “Sample Selection Model” for areas you find quintessential to the building inspector position.
2. Rate the applicants accordingly.
3. Pick a candidate to hire. Explain why you hired them.

References


Chapter 4: Compensation and Benefits

Edited by Anonymous

Matching Compensation with Core Values

As you sit down to review the compensation package your organization offers, one thing that stands out is that your compensation package may no longer match the core values of the organization. When your organization faced budget cuts five years ago, the organization had to fire many people and wages were placed on hold. As a result—and what happens with many organizations—the compensation plans are not revised and revisited as they should be when revenues start to increase again. The core values your company adopted from the budget cuts to achieve the same outcomes with less revenue focused on human relationships, freedom to work where employees felt they could be most productive, continuing education of employees, and creative uses of personal time. The compensation package, providing the basic salary, health benefits, and retirement plans, seems a bit old-fashioned for the type of organization yours has become.

After reviewing your organization’s strategic plan and your human resource management (HRM) strategic plan, you begin to develop a compensation plan that includes salary, health benefits, retirement plans, but you feel it might be smart to better meet the needs of your employees by making some changes to these existing plans. Instead of guessing what employees would like to see in their compensation packages, you decide to develop a compensation survey to assess what benefits are most important to your employees. As you begin this task, you know it will be a lot of work, but it’s important to the continued recruitment, retention, and motivation of your current employees.
4.1 Goals of a Compensation Plan

Learning Objective

1. Be able to explain the goals of a compensation plan.

So far, we have discussed the process for strategic plan development and the recruitment and selection process. The next aspect of HRM is to develop compensation plans that will help in the recruitment and retention of employees. This is the topic of this chapter.

Figure 4.1

The goal of a compensation plan is not only to attract people, but to retain them.

johnhain – Pixabay – CC0 public domain.
Most of us, no matter how much we like our jobs, would not do them without a compensation package. When we think of compensation, often we think of only our paycheck, but compensation in terms of HRM is much broader. A compensation package can include pay, health-care benefits, and other benefits such as retirement plans, which will all be discussed in this chapter.

First, the compensation package should be positive enough to attract the best people for the job. An organization that does not pay as well as others within the same industry will likely not be able to attract the best candidates, which could lead to a failure in meeting organizational goals.

Once the best employees and talent come to work for your organization, you want the compensation to be competitive enough to motivate people to stay with your organization. Although we know that compensation packages are not the only thing that motivates people, compensation is a key component. We discuss other motivations in Chapter 10 “Managing Employee Performance.”

Third, compensation can be used to improve morale, motivation, and satisfaction among employees. If employees are not satisfied, this can result not only in higher turnover but also in poor quality of work for those employees who do stay. A proper compensation plan can also increase loyalty in the organization.

Pay systems can also be used to reward individual or team performance and encourage employees to work at their own peak performance. In 2017 www.fedsmith.com made a list of the best Federal Agencies to work for. At the top of the list is the National Aeronautics and Space Administration (NASA). When taking a look at what NASA offers its employees it is easy to see that their goal is to satisfy people with both pay and benefits.

With an appropriate pay system, organizations find that human relationships between employees and those they serve are better because employees are happier. In addition, having compensated, motivated employees not only adds to the quality of the organization but also facilitates organizational growth and expansion. Motivated employees can also save the company money indirectly, by not taking sick days when the employee is not really sick, and companies with good pay packages find fewer disability claims as well. It is important to note that pay systems are not the sole reasons for employee motivation. Chapter 5 will discuss in more detail what managers should consider along with pay to motivate employees.

So far, our focus on HRM has been a strategic focus, and the same should be true for development of compensation packages. Before the package is developed for employees, it’s key to understand the role compensation plays in the bottom line of the
organization. For example, in 2010, the US military spent 22 percent of its budget on personnel salaries\(^2\). One-fifth of the total budget—or more—is not uncommon for most US organizations, depending on the industry. As a result, it is easy to see why the compensation plan should be an important aspect of the overall HRM strategic plan. The next few sections will detail the aspects of creating the right compensation packages: for your organization, including legal considerations.

**Human Resource Recall**

If you have had or currently have a job, do you feel the compensation plan motivated you? Why or why not?

**Exercise**

1. Visit a website that gives salary information for a variety of jobs, such as [http://www.salary.com](http://www.salary.com). Using the search box, type in your ideal job and research salary information. What is the median salary for the job you searched? What is the lowest salary you would be willing to accept for this job? At which point would you be completely satisfied with the pay for this job?


4.2 Developing a Compensation Package

**Learning Objectives**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Be able to explain the 5 steps in creating a compensation strategy.</td>
</tr>
<tr>
<td>2.</td>
<td>Know how to develop a compensation philosophy.</td>
</tr>
</tbody>
</table>

There are a few basic aspects of compensation packages we should discuss before moving into the specific aspects of compensation. These foundations can assist in the development of a compensation strategy that meets the goals of your organization and is in line with your strategic plan.

Before beginning work on your compensation packages, some analysis should be done to determine your organization’s philosophy regarding compensation. Before development of your compensation philosophies, there are some basic questions to address on your current compensation packages.

1. From the employee’s perspective, what is a fair wage?
2. Are wages too high to achieve financial health in your organization?
3. Do managers and employees know and buy-into your compensation philosophy?
4. Does the pay scale reflect the importance of various job titles within the organization?
5. Is your compensation good enough to retain employees?
6. Are state and federal laws being met with your compensation package?
7. Is your compensation philosophy keeping in line with labor market changes, industry changes, and organizational changes?

Once these basic questions are addressed, we can see where we might have “holes” in our compensation package and begin to develop new philosophies in line with our strategic plan, which benefits the organization. Some possible compensation policies might include the following:

1. Are salaries lower or higher than the average in your region or area? If the salary is lower, what other benefits will the employee receive to make up for this
difference? For example, wages might not be as high, but offering flextime or free daycare might offset the lower salary.

2. Should there be a specific pay scale for each position in the organization, or should salaries be negotiated on an individual basis? If there is no set pay scale, how can you ensure individual salary offers are fair and nondiscriminatory?

3. What balance of salary and other rewards, such as bonuses, should be part of your compensation package? For example, some organizations prefer to offer a lower salary, but through bonuses, the employee has the potential to earn more.

4. When giving raises, will the employee’s tenure be a factor, or will pay increases be merit based only, or a combination of both?

Let’s discuss some internal and external factors in determining compensation in more detail.

**Developing a Compensation Strategy**

One major internal factor is the compensation strategy the company has decided to use. Sixty-two percent of organizations have a written, documented compensation policy (Scott, 2011). When developing a compensation strategy there is a five step approach that works for both the private sector and the public sector (Mathers & Nunn, 2002).

**Step 1: Developing a business case for change.**

This step identifies the why behind the compensation strategy. When looking at a business case you will want to research a variety of different things that can make an impact on pay. This includes any collective bargaining agreements, employee surveys, workforce demographics, etc. (Mathers & Nunn, 2002). You want to see the minimum of what you must pay and where there is room for improvement.

When developing a business case, it is important to complete a stakeholder analysis. A stakeholder analysis is a tool used to identify the people who may be affected, have an interest in, and can influence the decision-making process (Varvasobszky & Brugha, 2000). This would include the public, the employees, managers, directors, and possibly the legislature.

Lastly the business case will answer the pros and cons of implementing the business case. This includes the cost of implementing it compared to the cost of leaving things as is (Mathews & Nunn, 2002).

**Step 2: Discovery: confirming current state and future goals.**

This step is where the research is put together. You identified who the stakeholders are, and you are developing a way to make sure they are involved in the process.
Furthermore, you are putting a timeline together on when this will be presented. To do all of this you might put together a committee or identify a project manager who oversees the project (Mathews & Nunn, 2002.)

Step 3: Compensation strategy: armed with this information, formulating a written statement of compensation philosophies and objectives.

The written statement identifies how the proposed plan aligns with the organization’s strategy or mission statement. It provides a description on how it supports the current culture (Mathews & Nunn, 2002). The compensation strategy further identifies the roles that the managers and other individuals in the administration have in implementing the strategy. When you have your compensation strategy completed, you will want to open it up for feedback and testing with the identified stakeholder from your stakeholder analysis.

Step 4: Creating an action plan for implementing your compensation strategy.

This step involves looking at what current systems are in place compared to what your compensation strategy is suggesting being implemented. This alignment test will allow you to identify the gaps between your proposed plan and existing practices in your organization (Mathews & Nunn, 2002). Once determined, your action plan should offer solutions on how those gaps can be resolved. It further identifies timelines before it is fully implemented and any other associated costs.

Step 5: Transforming the workplace: communicating your compensation strategy and action plan, implementing the plan and measuring program effectiveness.

Communicate with the employees about the changes that will occur in the workplace. Try to be as transparent about the process as much as is allowed. Employees want clarity in the workforce and don’t like being surprised by employer decisions (Llopis, 2012). When speaking to employees, let them know how the compensation strategy will affect them specifically. If possible, inform employees how the structure of the organization might change (Mathews & Nunn, 2002). Once the proper people have been notified, and the compensation strategy has been approved then it is time to start implementing the changes.

Some organizations choose a market compensation policy, market plus, or market minus philosophy. A **market compensation policy** is to pay the going rate for a job, within a market based on research and salary studies. The organization that uses a **market plus** philosophy will determine the going rate and add a percentage to that rate, such as 5 percent. If a job category median pays $57,000, the organization with a market plus of 5 percent philosophy will pay $59,850. A **market minus** philosophy pays a particular percentage less than the market; therefore, in our example, if a company pays 5 percent less, the same job would pay $54,150. The University of Arizona, for example, posts its compensation philosophy on its website[^1].
In order to fulfill its mission, the University of Arizona shall maintain a compensation program directed toward attracting, retaining, and rewarding a qualified and diverse workforce. Within the boundaries of financial feasibility, employee compensation shall be externally competitive and internally equitable, and shall be based upon performance as recognized within the work unit.

In addition to their compensation philosophy, the university lists compensation objectives, such as “average salaries will be targeted at the average salary levels of employees in comparable positions in our various labor markets.” This is an example of a market compensation policy.

An example of an organization with a market plus philosophy is Cisco Systems, listed as one of the top-paying companies on Fortune's annual list. For example, they pay $131,716 for software engineers, while at Yahoo! software engineers are paid an average of $101,669, using a market philosophy. The pay at Cisco reflects its compensation philosophy and objectives:

Cisco operates in the extremely competitive and rapidly changing high-technology industry. The Board's Compensation Committee believes that the compensation programs for the executive officers should be designed to attract, motivate, and retain talented executives responsible for the success of Cisco and should be determined within a framework based on the achievement of designated financial targets, individual contribution, customer satisfaction, and financial performance relative to that of Cisco's competitors. Within this overall philosophy, the Compensation Committee’s objectives are to do the following:

Offer a total compensation program that is flexible and takes into consideration the compensation practices of a group of specifically identified peer companies and other selected companies with which Cisco competes for executive talent

Provide annual variable cash incentive awards that consider Cisco’s overall financial performance in terms of designated corporate objectives, as well as individual contributions and a measure of customer satisfaction

Align the financial interests of executive officers with those of shareholders by providing appropriate long-term, equity-based incentives

An example of an organization with a market minus philosophy is Whole Foods. The executive compensation for Whole Foods is a maximum of nineteen times the average store worker (or $608,000), very low by Fortune 500 executive pay standards, which average 343 times (Allen, 2011). According to John Mackey, Whole Foods CEO, paying on a market minus philosophy makes good business sense: “Fewer things harm an organization’s morale more than great disparities in compensation. When a workplace is perceived as unfair and greedy, it begins to destroy the social fabric of the organization”
Another example of an organization with a market minus philosophy is Southwest Airlines. Despite the lower pay (and more hours), the organization boasts just a 1.4 percent turnover rate, which can be attributed not to pay but to the workplace culture and, as a result, loyalty to the company (Eggers, 2011).

There are many reasons why an organization would choose one philosophy over another. A market minus philosophy may tie into the company’s core values, as in Whole Foods, or it may be because the types of jobs require an unskilled workforce that may be easier and less expensive to replace. A company may use a market plus philosophy because the industry’s cutting-edge nature requires the best and the brightest.

Other internal pay factors might include the employer’s ability to pay, the type of industry, and the value of the employee and the particular job to the organization. In addition, the presence of a union can lead to mandated pay scales. Unions are discussed in Chapter 9 “Working with Labor Unions”.

External pay factors can include the current economic state. For example, in June 2011, the US unemployment rate was 9.2 percent, which is quite high for the country. As a result of surplus workers, compensation may be reduced within organizations because of oversupply of workers. Inflation and cost of living in a given area can also determine compensation in a given market.

Once an organization has looked at the internal and external forces affecting pay, it can begin to develop a pay system within the organization. We discuss how to develop a pay system in Section 4.3 “Types of Pay Systems”.

1. Think of your current organization or a past organization. What do you think their pay policy is/was? Describe and analyze whether you think it was or is effective. If you haven’t worked before, perform an Internet search on pay policies and describe/analyze the pay policy of an organization.


References


4.3 Types of Pay Systems

Learning Objectives

1. Explain types of job evaluation systems and their uses.
2. Be able to define and discuss the types of pay systems and factors determining the type of pay system used.
3. Know the laws relating to compensation.

Once you have determined your compensation strategy based on internal and external factors, you will need to evaluate jobs, develop a pay system, and consider pay theories when making decisions. Next, you will determine the mix of pay you will use, taking into consideration legal implications.

Figure 4.2 The Process for Implementing Compensation Strategy

Job Evaluation Systems

There are several ways to determine the value of a job through job evaluation. **Job evaluation** is defined as the systematic process through which a series of analysis and decision-making procedures are defined and applied, which allows the relative value of each job to be determined for the organization (Berrocal, García, & Ramírez-Vielma, 2018). Job evaluation can help us determine if pay is equitable and fair among our employees. There are several ways to perform a job evaluation. One of the simplest methods, used by smaller companies or within individual departments, is a job ranking system. In this type of evaluation, job titles are listed and ranked in order of importance to the organization. A **paired comparison** can also occur, in which individual jobs are compared with every other job, based on a ranking system, and an overall score is given for each job, determining the highest-valued job to the lowest-valued job. For example, in Table 4.1 "Example of a Paired Comparison for a Job Evaluation", four jobs are compared based on a ranking of 0, 1, or 2. Zero indicates the job is less important than
the one being compared, 1 means the job is about the same, and 2 means the job is more important. When the scores are added up, it is a quick way to see which jobs are of more importance to the organization. Of course, any person creating these rankings should be familiar with the duties of all the jobs. While this method may provide reasonably good results because of its simplicity, it doesn’t compare differences between jobs, which may have received the same rank of importance.

Table 4.1 Example of a Paired Comparison for a Job Evaluation

<table>
<thead>
<tr>
<th>Job</th>
<th>Receptionist</th>
<th>Project Manager</th>
<th>Account Manager</th>
<th>Sales Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receptionist</td>
<td>X</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>1</td>
<td>X</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>2</td>
<td>1</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>Sales Director</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>X</td>
</tr>
</tbody>
</table>

Based on the paired ranking system, the sales director should have a higher salary than the project administrative assistant, because the ranking for that job is higher. Likewise, a receptionist should be paid less than the project administrative assistant because this job ranks lower.

In a **job classification system**, every job is classified and grouped based on the knowledge and skills required for the job, years of experience, and amount of authority for that job. The US military is perhaps the best known for this type of classification system. The navy, for example, has job classification codes, such as HM (hospitalman). Then the jobs are divided into specialties, such as HM-8483, the classification for surgical technologist, and HM-8451 for a hospitalman-X-ray technician. The federal government and most state governments use this type of system. Tied to each job are the basic function, characteristics, and typical work of that job classification, along with pay range data. A sample of a job classification system is shown in Table 4.2 “Example of a Job Classification System at the University of Washington”.

Table 4.2 Example of a Job Classification System at the University of Washington

<table>
<thead>
<tr>
<th>Job Code</th>
<th>Job Title</th>
<th>State Job Class Code Reference</th>
<th>Representative Group</th>
<th>Pay Table</th>
<th>Pay Range</th>
<th>Minimu Mo. Rate</th>
<th>Maximum Mo. Incremental Rate</th>
<th>OT Eligible</th>
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Another type of job evaluation system is the **point-factor system**, which determines the value of a job by calculating the total points assigned to it. The points given to a specific job are called **compensable factors**. These can range from leadership ability to specific responsibilities and skills required for the job. Once the compensable factors are determined, each is given a weight compared to the importance of this skill or ability to the organization. When this system is applied to every job in the organization, expected compensable factors for each job are listed, along with corresponding points to determine which jobs have the most relative importance within the organization.

Tompkins County in New York uses a point-factor system. Some of their compensable factors include the following:

1. Knowledge
2. Autonomy
3. Supervision
4. Psychological demands
5. Interpersonal skills

6. Internal and external contacts

In this point-factor system, autonomy ranks the highest and is given a weight of twenty-nine, while knowledge is given a rate of twenty, for example. Each of the compensable factors has a narrative that explains how points should be distributed for each factor. In this system, one hundred points are given for knowledge for a bachelor’s degree and two to three years of experience, and eighty points are given if an employee has an associate’s degree or high school diploma and two to three years of experience. The points are then multiplied by the weight (for knowledge, the weight is twenty) to give a final score on that compensable factor. After a score is developed for each, the employee is placed on the appropriate pay level for his or her score, as illustrated in Figure 4.3 “Example of a Point-Factor System”.

Another option for job evaluation is called the Hay profile method. This proprietary job evaluation method focuses on three factors called know-how, problem solving, and accountability. Within these factors are specific statements such as “procedural proficiency.” Each of these statements is given a point value in each category of know-how, problem solving, and accountability. Then job descriptions are reviewed and assigned a set of statements that most accurately reflect the job. The point values for each of the statements are added for each job description, providing a quantitative basis for job evaluation and eventually, compensation. An advantage of this method is its quantitative nature, but a disadvantage is the expense of performing an elaborate job evaluation.

Pay Systems
Once you have performed a job evaluation, you can move to the third step, which we call **pay grading**. This is the process of setting the pay scale for specific jobs or types of jobs.

The first method to pay grade is to develop a variety of **pay grade levels**. Figure 4.4 “Sample Pay Scale for General Federal Jobs” shows an example. Then once the levels are developed, each job is assigned a pay grade. When employees receive raises, their raises stay within the range of their individual pay grade, until they receive a promotion that may result in a higher pay grade. The advantage of this type of system is fairness. Everyone performing the same job is within a given range and there is little room for pay discrimination to occur. However, since the system is rigid, it may not be appropriate for some organizations in hiring the best people. Organizations that operate in several cities might use a pay grade scale, but they may add percentages based on where someone lives. For example, the cost of living in Spokane, Washington, is much lower than in New York City. If an organization has offices in both places, it may choose to add a percentage pay adjustment for people living within a geographic area—for example, 10 percent higher in New York.

One of the downsides to pay grading is the possible lack of motivation for employees to work harder. They know even if they perform tasks outside their job description, their pay level or pay grade will be the same. This can incubate a stagnant environment. Sometimes this system can also create too many levels of hierarchy. For large organizations, this may work fine, but smaller, more agile organizations may use other methods to determine pay structure. The biggest differences may occur between Federal and State Agencies when compared to the non-profits. For example, some organizations have moved to a **delayering and banding** process, which cuts down the number of pay levels within the organization. General Electric delayered pay grades in the mid-1990s because it found that employees were less likely to take a reassignment that was at a lower pay grade, even though the assignment might have been a good development opportunity (Ferris, 1995). So, delayering enables a broader range of pay and more flexibility within each level. Sometimes this type of process also occurs when a company downsizes. Let’s assume a company with five hundred employees has traditionally used a pay grade model but decided to move to a more flexible model. Rather than have, say, thirty pay levels, it may reduce this to five or six levels, with greater salary differentials within the grades themselves. This allows organizations to better reward performance, while still having a basic model for hiring managers to follow.
Rather than use a pay grade scale, some organizations use a **going rate model**. In this model, analysis of the going rate for a job at a time is considered when creating the compensation package. This model can work well if market pressures or labor supply-and-demand pressures greatly impact your particular business. For example, if you need to attract the best project managers, but more are already employed (lack of supply)—and most companies are paying $75,000 for this position—you will likely need to pay the same or more, because of labor supply and demand. Many tools are available, such as salarywizard.com, to provide going rate information on jobs in every region of the United States.

### Compensation Strategies

http://www.youtube.com/watch?v=xIx-5nMnQHo

The president of HR That Works provides some tips on determining compensation.

Another pay model is the **management fit model**. In this model, each manager decides about who should be paid what when that person is hired. The downside to this model may be potential discrimination, halo effects, and resentment within the organization. Of course, these factors can create morale issues, the exact thing we want to avoid when compensating employees.

In addition to the pay level models, other considerations might include the following:
1. **Skill-based pay.** With a skill-based pay system, salary levels are based on an employee's skills, as opposed to job title. This method is implemented similarly to the pay grade model, but rather than job title, a set of skills is assigned a particular pay grade.

2. **Competency-based pay.** Rather than looking at specific skills, the competency-based approach looks at the employee’s traits or characteristics as opposed to a specific skill set. This model focuses more on what the employee can become as opposed to the skills he or she already has.

3. **Broadbanding.** Broadbanding is like a pay grade system, except all jobs in a particular category are assigned a specific pay category. For example, everyone working in customer service, or all administrative assistants (regardless of department), are paid within the same general band. McDonald’s uses this compensation philosophy in their corporate offices, stating that it allows for flexibility in terms of pay, movement, and growth of employees (McDonald’s Corporation, 2011).

4. **Variable pay system.** This type of system provides employees with a pay basis but then links the attainment of certain goals or achievements directly to their pay. For example, a salesperson may receive a certain base pay but earn more if he or she meets the sales quota.

**How Would You Handle This?**

You have been working for your organization for five years. After lots of hard work, you are promoted to sales manager. One of your first tasks is to develop goals for your sales team, then create a budget based on these goals. First, you look at the salaries of all the sales staff to find major pay discrepancies. Some salespeople, who perform equally well, are paid much lower than some sales staff whom you consider to be nonperformers. As you dig deeper, you see this is a problem throughout the sales team. You are worried this might affect motivation for your team if they find out what others are making. How would you handle this?

**Pay Theories**

Now that we have discussed pay systems, it is important to look at some theories on pay that can be helpful to know when choosing the type of pay system your organization will use.

The **equity theory** is concerned with the relational satisfaction employees get from pay and inputs they provide to the organization. The theory aims to address the issue of unequal pay and how it impacts employees’ attitude. Evidence has shown that employees don’t get upset if someone gets paid more but they do more work (Cappelen et al., 2014). It is when people get undeserved raises that employees get upset which could create problems for an organization. For example, people may reduce their own
inputs and not work as hard. Employees may also decide to leave the organization as a result of the perceived inequity.

In HR, this is an important theory to understand, because even if someone is being paid fairly, they will always compare their own pay to that of others in the organization. The key here is perception, in that the fairness is based entirely on what the employee sees, not what may be the actual reality. Even though HR or management may feel employees are being paid fairly, this may not be the employee’s belief. In HR, we need to look at two factors related to pay equity: external pay equity and internal pay equity. External pay equity refers to what other people in similar organizations are being paid for a similar job. Internal pay equity focuses on employees within the same organization. Within the same organization, employees may look at higher level jobs, lower level jobs, and years with the organization to make their decision on pay equity. This can apply in the Federal Government with pay grades. Individuals within the same grade all receive the same amount of pay. An issue arises when individuals may not put in the same amount of work into their job. This may lead employees thinking it is unfair for everyone to be paid the same and others should be paid more for doing more work.

The expectancy theory is another key theory in relation to pay. The expectancy theory is the belief people will work harder if the based on a rational calculation. There are three questions that are considered during the rational calculation. The first calculation is whether an individual’s own performance will lead to high performance. The Second calculation is on will that performance lead to outcomes. For the last calculation the individual decides on if the outcome is desirable. If all three answers are a yes then the individual will be motivated to do the job (Porter & Lawler, 1968; Vroom, 1964).

The reinforcement theory, developed by Edward L. Thorndike (Indiana University, 2011), says that if high performance is followed by some reward, that desired behavior will likely occur in the future. Likewise, if high performance isn’t followed by a reward, it is less likely the high performance will occur in the future. Consider an extreme example of the reinforcement theory in the world of finance. On Wall Street, bonuses for traders and bankers are a major part of their salary. The average bonus in 2010 was $128,530 (Smith, 2011), which does not consider specific commissions on trades, which can greatly increase total compensation. One interesting consideration is the ethical implications of certain pay structures, particularly commission and bonus plans. For example, after the US government bailed out American International Group (AIG) with $170 billion in 2009, it was reported AIG would still provide some $165 million in bonuses to the same business unit that brought the company to near collapse, because of contractual issues. Traditionally, a bonus structure is designed to reward performance, rather than be a guaranteed part of the compensation plan, as was the case with AIG. Bonus and commission plans should be utilized to drive desired behavior and act as a reward for the desired behavior, as the reinforcement theory states.

All these theories provide us information to make better decisions when developing our own pay systems. Other considerations are discussed next.
Pay Decision Considerations

Besides the motivational aspect of creating a pay structure, there are some other considerations. First, the size of the organization and the expected expansion of the organization will be a factor. For example, if you are the HR manager for a ten-person non-profit, you likely use a going rate or management fit model. While this is appropriate for your company today, as your organization grows, it may be prudent to develop a more formal pay structure. Ascentium Corporation, based in Seattle, Washington, found this to be the case. When the company started with fewer than fifteen employees, a management fit model was used. As the company ballooned to over five hundred employees in four cities, a pay banding model had to be put into place for fairness.

If your organization also operates overseas, a consideration is how domestic workers will be paid in comparison to the global market. One strategy is to develop a centralized compensation system, which would be one pay system for all employees, regardless of where they live. The downside to this is that the cost of living may be much less in some countries, making the centralized system possibly unfair to employees who live and work in more expensive countries. Another consideration is in what currency employees will be paid in. Most US companies pay even their overseas workers in dollars, and not in the local currency where the employee is working. Currency valuation fluctuations could cause challenges in this regard (Watson, 2005). We further discuss some global compensation policies in Chapter 14 “International HRM”.

How you communicate your pay system is extremely important to enhance the motivation that can be created by fair and equitable wage. In addition, where possible, asking for participation from your employees through the use of pay attitude surveys, for example, can create a transparent compensation process, resulting in higher performing employees.

Organizations should develop market pay surveys and review their wages constantly to ensure the organization is within expected ranges for the industry.

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<td>Why do you think a transparent compensation policy is so important to motivating a workforce?</td>
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Table 4.3 Types of Pay

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<th>Attributes</th>
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Salary
Fixed compensation calculated on a weekly, biweekly, or monthly basis. No extra pay for overtime work.

Hourly Wage
Employees are paid on the basis of number of hours worked.

Piecework System
Employees are paid based on the number of items that are produced.

Types of Incentive Plans

Commission Plans
An employee may or may not receive a salary but will be paid extra (e.g., a percentage for every sale made).

Bonus Plans
Extra pay for meeting or beating some goal previously determined. Bonus plans can consist of monetary compensation, but also other forms such as time off or gift certificates.

Other Types of Compensation

Fringe Benefits
This can include a variety of options. Sick leave, paid vacation time, health club memberships, daycare services.

Health Benefits
Most organizations provide health and dental care benefits for employees. In addition, disability and life insurance benefits are offered.

403(b) Plans
Some organizations provide a retirement plan for employees. The company would work with a financial organization to set up the plan so employees can save money, and often, companies will “match” a percentage of what the employee contributes to the plan.

Types of Pay

After a pay system has been developed, we can begin to look at specific methods of paying our employees. Remember that when we talk about compensation, we are referring to not only an actual paycheck but additional types of compensation, such as incentive plans that include bonuses and profit sharing. We can divide our total pay system into three categories: pay, incentives, and other types of compensation. Pay is
the hourly, weekly, or monthly salary an employee earns. An incentive, often called a pay-for-performance incentive, is given for meeting certain performance standards, such as meeting sales targets. The advantage to incentive pay is that company goals can be linked directly to employee goals, resulting in higher pay for the employee and goal achievement by the organization. The following are desirable traits of incentive plans:

- Clearly communicated
- Attainable but challenging
- Easily understandable
- Tied to company goals

Table 4.3 “Types of Pay” illustrates the three types of compensation.

Most organizations use a combination of pay, incentives, and other compensation, as outlined in Table 4.3 “Types of Pay”, to develop the total compensation package.

**Laws Relating to Pay**

As you have already guessed from our earlier chapter discussions, people cannot be discriminated against when it comes to development of pay systems. One issue hotly debated is the issue of comparable worth. **Comparable worth** states that people should be given similar pay if they are performing the same type of job. Evidence over the years shows this isn’t the case, with women earning less than men in many industries. On average, a woman earns 79 cents for every $1.00 a man earns. For women of color, the gap is wider at 69 cents for African American women and 59 cents for Latina women (National Organization for Women, 2011). Many publications state that women earn less than men for a few reasons:

1. Women work fewer hours because of family care and maternity leave.
2. The career path or job choice of women tends to be lower.
3. There is a bias favoring man as the “breadwinners,” and therefore they are paid more.
4. Women are valued less than men in the workplace.
5. Women don’t negotiate salaries as well as men do.

While the reasons are certainly debatable, there is evidence that young women (without children) entering the workforce actually earn more than their male counterparts, owing to higher levels of education (Dougherty, 2010). As discussed in Chapter 1 “Diversity and Multiculturalism”, the EEOC covers discrimination in the workplace, including pay discrimination based on race, color, religion, sex, and national origin. The **Equal Pay**
Act of 1963 makes it illegal to pay different wages to men and women if they perform equal work in the same workplace.

More recent legislation on pay includes the Lilly Ledbetter Fair Pay Act of 2009, the first law signed by President Obama. This bill amends the Civil Rights Act stating that the 180-day statute of limitations for filing an equal pay lawsuit regarding pay discrimination resets with each discriminatory paycheck. The bill stemmed from a lawsuit against Goodyear Tire and Rubber Company by Lilly Ledbetter, who claimed that her nineteen-year career at the company consisted of unfair pay, compared to male workers in the organization. Her complaint was time barred by the US Supreme Court, and the new act addressed the time (180 days) constraint in which people must file claims.

The Fair Labor Standards Act, or FLSA, was established in 1938 and set a minimum wage for jobs, overtime laws, and child labor laws. FLSA divides workers into exempt and nonexempt status, and jobs under exempt status do not fall under the FLSA guidelines. An exempt employee is usually paid a salary and includes executive, professional, outside sales, and administrative positions. A nonexempt employee is usually an hourly employee. For nonexempt employees, some states may implement a higher minimum wage than that established by the federal government. For example, in 2011, the minimum wage is $8.67 per hour in Washington State, while the federal minimum wage is $7.25 per hour. This law also requires overtime pay if employees work over forty hours per week. Organizations must also post the FLSA poster in a visible part of the workplace, outlining these laws. For exempt employers the requirement is to pay workers a minimum salary of $455/week. To get a job exempted if has to be approved by the Department of Labor (DOL).

Employee Retirement Income Security Act (ERISA) is important to the public sector as the act sets the requirements on how employers handle pension and welfare benefit plans. ERISA sets rules for how the plans are vested. The act further establishes minimum requirements for the funding of pension plans.

Also relating to pay is the Federal Unemployment Tax Act (FUTA). FUTA provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay a federal and a state unemployment tax, and portions of these funds go toward unemployment benefits should the worker lose his or her job. The Federal Employees Compensation Act (FECA) provides federal employees injured in the performance of their jobs compensation benefits, such as disability. If federal employees are furloughed due a lack of agreement on appropriations in the legislature, it is not guaranteed that unemployment benefits are received. The act does not cover excepted employees in this case who will receive back pay when appropriations are approved. Please note that this is elective for private companies but required of federal agencies.

Negotiating Salary
http://www.youtube.com/watch?v=er2km7Aja1o

This video provides tips on negotiating salary from the perspective of an employee.

**Exercises**

1. Name and describe three considerations in developing a pay system. Which do you think is best?
2. Which pay theory do you think is the most important when developing your pay system? Why?

**References**


4.4 Other Types of Compensation

Learning Objective

1. Explain the various types of benefits that can be offered to employees.

As you already know, there is more to a compensation package than just pay. There are many other aspects to the creation of a good compensation package, including not only pay but incentive pay and other types of compensation. First, we will discuss benefits that are mandated by the federal government, and then we will discuss types of voluntary benefits, including both incentives pay and other types of compensation.

Mandated: Social Security and Medicare

The Social Security Act of 1935 requires employers to withdraw funds from workers’ paychecks to pay for retirement benefits. This is called a payroll tax. Please note that all organizations are legally compelled to offer this benefit. After several revisions, we now call this OASDHI or the Old Age, Survivors, Disability, and Health Insurance Program. To be insured, employees must work forty quarters, with a minimum of $1,000 earned per quarter. Once this money is put aside, anyone born after 1960 will receive benefits at 67. The OASDHI tax in 2011 is 4.2 percent on earnings for employees, up to $106,800 and 6.2 percent for the employer up to the same limits. This covers both retirement income as well as medical benefits, called Medicare, once the employee reaches retirement age.

Mandated: Unemployment Insurance and Workers’ Compensation

Unemployment insurance is required under the Social Security Act of 1935 and is also called the Federal Unemployment Tax Act (FUTA). This program’s goals include providing some lost income for employees during involuntary unemployment, helping workers find a new job, incentivizing employers to continue employment, and developing worker skills if they are laid off. Most of this plan is funded by employers’ payroll taxes, which account for .8 percent per employee. The rate is 6.2 percent of compensation, but employers are allowed a tax credit for these payments, which results in the net .8 percent. With this benefit, employees receive unemployment benefits and/or job training when they are laid off or let go from a current job. However, employees would be ineligible to receive these benefits if they quit their job, as it must be involuntary. Just like Social Security, this payroll tax on employers is required.
Some employers also offer workers’ compensation benefits. If an employee is hurt on the job, he or she would receive certain benefits, such as a percentage of pay. Jobs are classified into risk levels, and obviously the higher the risk level, the higher the cost of insurance. This is not a federally mandated program, but for some occupations in some states, it may be a requirement.

**Mandated: COBRA**

While the government does not require companies to provide healthcare and medical benefits to employees, the Consolidated Omnibus Budget Reconciliation Act (COBRA) requires companies to allow employees to extend their group coverage for up to thirty-six months. The restrictions for this plan include the requirement of a qualifying event that would mean a loss of benefits, such as termination or reduction in hours. For example, if an employee works forty hours a week with medical insurance, but the schedule is reduced to twenty hours, no longer qualifying him or her for benefits, COBRA would be an option.

**Voluntary: Incentive Pay Systems**

As we discussed earlier, there are several types of incentive pay systems that can be tied directly to business objectives and the employees’ ability to help the company meet those objectives. They include commissions, bonuses team pay, and merit pay.

Commissions are usually calculated based on a percentage and earned based on the achievement of specific targets that have been agreed upon by the employee and employer. For example, many salespeople receive commissions from each item sold. Many commission incentive plans require employees to meet a minimum level of sales, who then are paid a commission on each sale beyond the minimum. A straight commission plan is one in which the employee receives no base pay and entire pay is based on meeting sales goals. Many plans, however, include a base pay and commission for each sale. Base pay is the guaranteed salary the employee earns.

Several types of bonuses can be given to employees as incentive pay. Meeting certain organizational goals or successfully completing a project or other objectives can be tied to a bonus, which is a one-time payment to an employee. A spot bonus is an unplanned bonus given to an employee for meeting a certain objective. These types of bonuses do not always have to be money; they can be other forms such as a gift certificate or trip. Fifty-eight percent of WorldatWork members (WorldatWork, 2000) said that they provide spot bonuses to employees for special recognition above and beyond work performance.

In a smaller organization, team pay or group incentives can be popular. In this type of plan, if the group meets a specified goal the entire group receives a reward, which can consist of additional pay or bonus. Please note that this is different from individualized
bonuses, discussed earlier, since the incentive is a reward for the group as opposed for the individual.

Merit pay is a pay program that links pay to how well the employee performs within the job, and it is normally tied to performance appraisals. Performance appraisals are discussed further in Chapter 10 “Managing Employee Performance”. Merit base is normally an annual pay increase tied to performance. The problem with merit pay is that it may only be received once per year, limiting incentive flexibility. To make merit pay work, performance guidelines should be predetermined. Some organizations offer cost of living annual increases (COLAs), which is not tied to merit but is given to employees as an annual inflationary increase.

Voluntary: Medical Insurance

In 1997 99 percent of public entities offered health insurance to its employees (Long & Marquis, 1999). According to the National Conference of State Legislatures (NCSL) in 2018 the average cost of health insurance premiums for the government was $19,616. With such a significant cost to the public sector, it is up to HR managers, Directors, and the Legislature, to contain these costs, while not negatively affecting employee motivation. Medical insurance usually includes hospital expenses, surgical expenses, and routine health-care visits. Most insurance plans also allow for wellness visits and other alternative care (e.g., massage and acupuncture) within the plans. Many employers also offer vision and dental care benefits as part of their benefits packages. Disability insurance is also provided by some employers as well. We will discuss each of these in detail next.

One important law to keep in mind regarding medical insurance is the Health Insurance Portability and Accountability Act (HIPAA) of 1996. It provides federal protections for personal health information held by covered entities, such as employers. In other words, employers cannot divulge or share health care information they may have on an employee.

Figure 4.6

As you can see from MetLife’s 9th annual study in 2010, cost containment is an important aspect to health-care plans.
As the HR professional, it will likely be your responsibility to choose the health-care plan that best meets the needs of your employees. Some options include the following:

1. **Fee-for-service plans.** In this type of plan, people pay for medical expenses out of pocket, and then are reimbursed for the benefit level. For example, if your insurance plan covers doctor visits, you could see any doctor, pay the bill, and then submit payment to your insurer for reimbursement. Most companies will have a base plan, which covers more serious issues requiring hospitalization, while the major medical part of the plan would cover routine services, such as doctor’s visits. As you can imagine, the disadvantage of this type of plan can be twofold: first, the initial expense for the employee, and second, the time it may take to receive reimbursement for employees. Remember that medical insurance can help retain and motivate employees and help you recruit new employees, so consideration of the disadvantages is important.

2. **Health maintenance organizations (HMOs).** The HMO will likely have greater coverage than the fee-for-service plan, but it limits the ability of employees to see the doctors they choose. There may be a limited number of physicians and specialists for the employee to see, and going outside the plan and seeing another doctor may result in an out-of-pocket expense for the employee. Most HMOs cover a wide range of medical issues and will usually require a copayment by the employee. Some may have minimum deductibles they must meet before the HMO will cover in full. For example, if you are part of an HMO with a deductible of $500 and copayments of $25, you would need to see the doctor for a value of $500 (paid out of pocket) before you can begin to just make the $25 copayment for visits. Some HMOs will not allow members to see a specialist, such as a dermatologist, without prior approval from the primary care physician.

3. **Preferred provider organization (PPO).** This type of medical plan is similar to HMOs but allows employees to see a physician outside the network. They will likely still have to pay a deductible as mentioned above, but PPOs do allow employees more freedom to see specialists, such as dermatologists.

When choosing the best type of plan for your organization, the following aspects should be considered:

1. The cost of the plan
2. The type of coverage

3. The quality of the care

4. Administration of the plan

First, the cost is usually a major consideration for the HR professional. Developing a budget for health-care costs, initiating bids from possible providers, and then negotiating those bids is a key factor in controlling this cost for employers.

Second, asking for employees’ opinions about the type of coverage they would prefer is a way to ensure your plan meets the needs of your employees. Next, consider the quality of care your employees will receive and, finally, how simple will the plan be for your HR department to administer. For example, many HMO plans offer fully automated and online services for employees, making them easy to administer.

Disability insurance provides income to individuals (usually a portion of their salary) should they be injured or need long-term care resulting from an illness. Short-term disability insurance (STD) provides benefits to someone if they are unable to work for six months or less, while long-term disability insurance (LTD) covers the employee for a longer period of time. Normally, disability insurance provides income to the employee that is 60–80 percent of their normal salary.

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Figure 4.8

![Graph showing growth rates](image)

* Workers’ earnings as measured by average hourly earnings for private sector production workers.

** Overall inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U).

One of the biggest challenges in health-care benefits planning is to manage the growing cost of health insurance premiums for employees while still managing cost containment for the organization.
Voluntary: Defined contribution plans

As the scenery of the workforce has changed, benefits have changed, too. One such recent change is the movement of employee pension plans defined contribution plans such as the 403(b) or 457 plans. While some organizations still offer pension plans, such plans are far rarer. A pension plan is a set dollar amount an employee will receive when they retire from their organization. This type of plan was popular when most people worked their entire life at the same organization. However, many pension plans have gone bankrupt, and the United States has an agency to protect people from losing pension benefits. The Pension Benefit Guaranty Corporation (PBGC) was created by the Employee Retirement Income Security Act (ERISA) to protect pension benefits in private sector pension plans. If a pension plan ends or isn’t able to pay all benefits, PBGC’s insurance program pays the benefit that should have been provided. Financing for this plan comes from insurance premiums paid by the companies whose plans PBGC protects.

A defined contribution plan is a plan set up by the organization in which employees directly deposit money from their paycheck into the an account. The funds are tax deferred for the employee until retirement. If an employee leaves the job, the plan goes with them. As an extra incentive, many organizations offer to match what the employee puts into the plan, usually based on a percentage. For example, an employee can sign up to contribute 5 percent of salary into a defined contribution, and the company will contribute the same amount. Most companies require a vesting period—that is, a certain time period, such as a year, before the employer will match the funds contributed.

Usually, these types of plans are easy to administer, after the initial setup has occurred. If the employer is matching employee contributions, the expense of such a plan can be great, but it also increases employee retention. Some considerations when choosing a defined contribution plan are as follows:

1. Is the vendor trustworthy?

2. Does the vendor allow employees to change their investments and account information online?

3. How much are the management fees?

It is first important to make sure the vendor you are considering for administration of your employees’ contribution plan has a positive reputation and also provides ease of access for your employees. For example, retirement plans allow employees to change their address online and change investments options from state defined to personal oversight. Twenty-four-hour access has become the expectation of most employees, and as a result, this is a major consideration before choosing a plan. Most vendors charge a fee
to manage the investments of your employees. The management fees can vary greatly, so receiving a number of bids and comparing these fees is important to ensure your employees are getting the best deal.

**Voluntary: Paid Time Off**

Time off is a benefit we should address, since this type of benefit varies greatly, especially in other parts of the world. French companies, for example, are mandated by law to provide five weeks of paid vacation time to employees (Leung, 2009). In the United States, the number of days off provided is a major budget item worth considering. Here are the general types of time off:

**Paid Holidays**

Many companies offer a set number of paid holidays, such as New Year's Day, Memorial Day, Christmas, Independence Day, and Thanksgiving.

**Sick Leave**

The number of sick leave days can vary greatly among employers. The average in the United States is 8.4 paid sick days offered to employees per year (HRM Guide, 2011).

**Paid Vacation**

With full-time employment, many organizations also offer paid vacation to employees, and it is generally expected as part of the compensation package. According to a survey performed by Salary.com, the average number of paid vacation days in the United States is nine days for one year of service, fourteen days for five years of service, and seventeen days for ten years of service to the organization (Yang, 2011).

Organizations vary greatly in how vacation time is accrued. Some organizations give one hour for a certain number of days worked, while others require a waiting period before earning any paid time off (PTO). In addition, some organizations allow their employees to carry over unused vacation time from one year to the next, while other employees must use their vacation every year or risk losing it.

**Paid Time Off (PTO)**

One option is to provide a set number of days off, which can be used for vacation time, holidays, and/or sick leave.

To promote longevity, some organizations offer paid (or for example, 60 percent of salary paid) sabbaticals. For example, after five years of employment, the employee may take a paid sabbatical for one month.
A Final Note on Compensation and Benefits Strategy

When creating your compensation plan, of course the ability to recruit and retain should be an important factor. But also, consideration of your workforce needs is crucial to any successful compensation plan. The first step in development of a plan is to ask the employees what they care about. Some employees would rather receive more pay with fewer benefits or better benefits with fewer days off. Surveying the employees allows you, as the HR professional, to better understand the needs of your specific workforce. Once you have developed your plan, understand that it may change to best meet the needs of your business as it changes over time.

Once the plan is developed, communicating the plan with your employees is also essential. Inform your employees via an HR blog, e-mails, and traditional methods such as face to face. Your employees might not always be aware of the benefits cost to the company, so making sure they know is your responsibility. For example, if you pay for 80 percent of the medical insurance premiums, let your employees know. This type of communication can go a long way to allowing the employees to see their value to you within the organization.

Compensation Strategies

http://www.youtube.com/watch?v=NCGeEbPYzV0

Lynn Cameron, managing partner of TechEdge, discusses compensation strategies.

References


Watson, T., “2009 Health Care Cost Survey Reveals High-Performing Companies Gain Health Dividend,”


A compensation package is an important part of the overall strategic HRM plan, since much of the company budget is for employee compensation. A compensation package can include salary, bonuses, health-care plans, and a variety of other types of compensation.

The goals of compensation are first to attract people to work for your organization. Second, they can be used to retain people who are already working in the organization.

Compensation is also used to motivate employees to work at their peak performance and improve morale of the organization.

Employees who are fairly compensated tend to provide better customer service, which can result in organizational growth and development.

Several types of pay systems can be implemented. A pay grade system sets up specific pay levels for particular jobs, while a going rate system looks at the pay throughout the industry for a certain job title. Management fit gives maximum flexibility for managers to pay what they think someone should earn.

HR managers can also develop pay systems based on skills and competency and utilize a broadbanding approach, which is similar to pay grades. Another option might include variable pay.

There are several motivational theories in regard to pay. First, the equity theory says that people will evaluate their own satisfaction with their compensation by comparing it to others’ compensation. The expectancy theory says people will put in only as much work as they expect to receive in rewards. Finally, the reinforcement theory says that if high performance is followed by a reward, high performance is likely to happen in the future.

Other pay considerations include the size of the organization, whether the company is global, and the level of communication and employee involvement in compensation. HR managers should always be aware of what others are paying in the industry by performing market surveys.

There are several laws pertaining to pay. Of course, the Equal Employment Opportunity Commission (EEOC) ensures that pay is fair for all and does not discriminate. The Fair Labor Standards Act (FLSA) sets a minimum wage and establishes standards for child labor. The Federal Unemployment Tax Act (FUTA) requires employers to pay unemployment taxes on employees. The Federal Employees Compensation Act (FECA) ensures that federal employees receive certain benefits.
Besides salary, one of the biggest expenses for compensation is medical benefits. These can include health benefits, vision, dental, and disability benefits.

The Consolidated Omnibus Budget Reconciliation Act (COBRA) was enacted to allow employees to continue their health insurance coverage, even if they leave their job.

There are three main types of health-care plans. A fee-based plan allows the insured to see any doctor and submit reimbursement after a visit. An HMO plan restricts employees to certain doctors and facilities and may require a copayment and/or deductibles. A PPO plan is similar to the HMO but allows for more flexibility in which providers the employee can see.

Pension funds were once popular, but as people tend to change jobs more, defined contribution plans are becoming more popular, since they can move with the employee.

Team rewards are also a popular way to motivate employees. These can be in the form of compensation if a group or the company meets certain target goals.

Social Security and unemployment insurance are both required by federal law. Both are paid as a percentage of income by the employee and employer.

Depending on the state, workers’ compensation might be a requirement. A percentage is paid on behalf of the employee in case he or she is hurt on the job.

Paid time off, or PTO, can come in the form of holidays, vacation time, and sick leave. Usually, employees earn more days as they stay with the company.

Communication with employees is key to a successful benefits strategy. This includes communication before implementing the plan as well as communication about the plan.

Chapter Case

The current governor is serving his last term. As his last act he is going to request that your Agency get a raise for all employees (he is really generous). You are tasked with deciding how the raise should be structured for all employees in the department. Currently your department uses a performance measurement tool designed to have wages attached to it. This was designed to be an objective way to determine how much of a pay increase, individuals should get based on performance. Due to the state seeing a decline in revenue nobody has received raises in three years. Even though money has not been attached to the performance measurement tool for the last three years, the tool is still used to assess if someone is satisfactorily performing their expected job duties.

When conducting an employee survey, employees complained that the last set of raises received four years ago eroded the wage of senior personnel. This upset a lot of employees for the Agency. One disgruntled employee attempted to address the issue
publicly across department e-mail bashing the Director for his choices on how people were receiving raises. The employee stated the issue now is that lower level employees received a higher percentage raise than higher level employees decreasing motivation for individuals to want to be promoted. The employee further stated that if you add in overtime, which all levels of workers get, the lower level employees make more than higher level employees.

Using examples from the chapter what other things would you research to go along with information you already know? Why?

In this chapter a variety of pay theories were mentioned. Choose one pay theory, briefly describe it, and explain how pay raises would be structured using the chosen theory.
Chapter 5: Retention and Motivation

Edited by Josh Hopkin

Dissatisfaction Isn’t Always about Pay

As an HR consultant, your job normally involves reviewing HR strategic plans and systems of small to medium size companies, then making recommendations on how to improve. Your current client, Pacific Books, is a small online retailer with forty-seven employees. Pacific Books has had some challenges, and as the economy has improved, several employees have quit. They want you to look into this issue and provide a plan to improve retention.

As with most HR issues, rather than just guessing what employees want, you develop a survey to send to all employees, including management. When the results come in, they are astounding. Out of the forty-seven employees, forty-three selected “dissatisfied” on at least four or more areas of the five-question survey. While some employees are not happy with pay and benefits, the results say that other areas of the organization are actually what are causing the dissatisfaction. Employees are feeling micromanaged and do not have freedom over their time. There are also questions of favoritism by some managers for some employees, who always seem to get the “best” projects. When you sit down with the CEO to discuss the survey results, at first she defends the organization by saying the company offers the highest salaries and best benefits in the industry, and she doesn’t understand how someone can be dissatisfied. You explain to her that employee retention and motivation is partly about pay and benefits, but it includes other aspects of the employee’s job, too. She listens intently and then asks you to develop a retention and motivation plan that can improve the organization.
5.1 The Costs of Turnover

According to the Center for Nonprofit Management’s Southern and Central Compensation and Benefits Report, the cost of losing an employee can range from 100 percent to 300 percent of that employee’s salary. Some of the costs cited revolve around cost of off-boarding (Severance, benefits continuation, and admin for record-keeping), Cost of hiring (advertising, interviewing, and hiring), Cost of onboarding someone new (training and management time), and Lost Productivity (a new person may take 1-2 years to reach the productivity of an existing person).

The turnover rate of an organization is the number of employees who leave an organization during a period of time versus the number of total employees. Turnover can be termination and retirement, but it can also include transfers and promotions outside of the organization. In the public sector it is commonplace for people to only be able to advance their careers outside of the organization. For example for public lands employee’s promotions typically involve moving to larger land jurisdictions. For some employees, transfers are frequent depending on where those people are needed. There are two types of turnover, voluntary and involuntary. Voluntary turnover is typically initiated by the employee for many different reasons. It can be somewhat predicted and addressed in human resources, the focus of this chapter. Involuntary turnover is where the employee has no choice in their termination—for example, employer-initiated due to nonperformance. This is discussed further in Chapter 7 “Successful Employee Communication”.

It has been suggested that replacement of an employee who is paid $8 per hour can range upwards of $4,000 (Paiement, 2009). Turnover can be calculated by

\[
\text{Turnover Rate} = \frac{\text{Number of separations}}{\text{Total number of employees}} \times 100
\]

For example, let’s assume there were ten separations during spring and 115 employees by summer. We can calculate turnover in this scenario by

\[
\frac{10}{115} \times 100 = 8.6\% \text{ turnover rate.}
\]
This gives us the overall turnover rate for our organization. We may want to calculate turnover rates based on region or department to gather more specific data. For example, let’s say of the three separations, seven were in the accounting department. We have 35 people in the accounting department. We can calculate that by

\[
\text{accounting: } \frac{7}{35} \times 100 = 20\% \text{ turnover rate.}
\]

The turnover rate in accounting is alarmingly high compared to our company turnover rate. There may be something happening in this department to cause unusual turnover. Some of the possible reasons are discussed in Section 5.1.1 “Reasons for Voluntary Turnover”.

![Figure 5.1 United States Yearly Turnover Statistics, 2001–11](image)


In HR, we can separate the costs associated with turnover into indirect costs and direct costs. **Direct turnover** costs include the cost of leaving, replacement costs, and transition costs, while **indirect turnover costs** include the loss of production and reduced performance. The following are some examples of turnover costs (Maertz Campion, 1998):
- Recruitment of replacements
- Administrative hiring costs
Lost productivity associated with the time between the loss of the employee and hiring of replacement
Lost productivity due to a new employee learning the job
Lost productivity associated with coworkers helping the new employee
Costs of training
Costs associated with the employee’s lack of motivation prior to leaving
Sometimes, the costs of trade secrets and proprietary information shared by the employee who leaves
Public relations costs

To avoid these costs, development of retention plans is an important function of the HR strategic plan. Retention plans outline the strategies the organization will use to reduce turnover and address employee motivation.

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment costs</td>
<td>Lost knowledge</td>
</tr>
<tr>
<td>Advertising costs for new position</td>
<td>Loss of productivity while new employee is brought up to speed</td>
</tr>
<tr>
<td>Orientation and training of new employee</td>
<td>Cost associated with lack of motivation prior to leaving</td>
</tr>
<tr>
<td>Severance costs</td>
<td>Cost associated with loss of trade secrets</td>
</tr>
<tr>
<td>Testing costs</td>
<td>High Turnover causes other employees to disengage</td>
</tr>
<tr>
<td>Time to interview new replacements</td>
<td></td>
</tr>
<tr>
<td>Time to recruit and train new hires</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1 Turnover Costs

Reasons for Voluntary Turnover

Before we discuss specific details on retention planning, it is important to address the reasons why people choose to leave an organization to begin with. One mistake HR professionals and managers make is to assume people leave solely on the basis of their unhappiness with their compensation packages. Many factors can cause demotivated employees, which we discuss in Section 5.2.1 “Theories on Job Dissatisfaction”.

Once we find out what can cause voluntary turnover, we can develop retention strategies to reduce turnover. Some of the common reasons employees leave organizations can include the following:
1. **A poor match between the job and the skills of the employee.** This issue is directly related to the recruitment process. When a poor match occurs, it can cause frustration for the employee and for the manager. Ensuring the recruitment phase is viable and sound is a first step to making sure the right match between job and skills occurs.

2. **Lack of growth.** Some employees feel “stuck” in their job and don’t see a way to have upward mobility in the organization. Implementing a training plan and developing a clearly defined path to job growth is a way to combat this reason for leaving.

3. **Internal pay equity.** Some employees, while they may not feel dissatisfied with their own pay initially, may feel dissatisfaction when comparing their pay with others. Remember the pay equity theory discussed in Chapter 4 “Compensation and Benefits”? This theory relates to one reason why people leave.

4. **Management.** Many employees cite management as their reason for leaving. This can be attributed to over managing (micromanaging) people, managers not being fair or playing favorites, lack of or poor communication by managers, and unrealistic expectations set by managers.

5. **Workload.** Some employees feel their workloads are too heavy, resulting in employees being spread thin and lacking satisfaction from their jobs, and possibly, lack of work-life balance as a result.

We know that some people will move or perhaps their family situation changes. This type of turnover is normal and expected. Figure 5.2 “Common Reasons for Employee Turnover” shows other examples of why people leave organizations.

*Figure 5.2 Common Reasons for Employee Turnover*
Cost of employee turnover can be high for both the bottom line and employee morale.

In 2010 public sector job turnover remained around 10 percent while private sector job turnover was higher at 17 percent. While generally job turnover is seen as negative, there are a few benefits to maintaining a moderate level of job turnover (Bureau of Labor Statistics, 2010).

1. Political Changes: Elected officials are not guaranteed to maintain their position in office, this can include county commissioners, sheriffs, and school board members. Furthermore these changes can affect staff of those elected officials either through political disagreements or new hires.

2. Staff Improvement: Employees that contribute least to the organization, even if they are meeting the basic standards are encouraged to resign or undergo training. Employees who are not very motivated are likely going to contribute less than more motivated new hires.

3. Staving off complacency: In the public sector, employees are required to be more creative to meet the ongoing demands of restrictive budgets and increasing privatization (Westfall).

As HR professionals and managers, we want to be sure we have plans in place to keep our best people. One such plan is the retention plan, which we will discuss in Section 5.2 “Retention Plans”.
Human Resource Recall

Do you feel your current or past organization did a good job of reducing turnover? Why or why not?

Exercise

1. Perform an Internet search of average employee turnover cost and report findings from at least three different industries or companies.

References


5.2 Retention Plans

<table>
<thead>
<tr>
<th>Learning Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Be able to discuss some of the theories on job satisfaction and dissatisfaction.</td>
</tr>
<tr>
<td>2. Explain the components of a retention plan.</td>
</tr>
</tbody>
</table>

Progression of Job Withdrawal

The first step to developing a retention plan is understanding some of the theories surrounding job satisfaction. One of the basic theories is the progression of job withdrawal theory, developed by Dan Farrell and James Petersen (Farrell Petersen, 1984). It says that people develop a set of behaviors in succession to avoid their work situation. These behaviors include behavior change, physical withdrawal, and psychological withdrawal.

In the behavior change phase, an employee will first try to manipulate the situation causing the dissatisfaction. For example, if the employee is unhappy with the management style, he or she might consider asking for a department transfer. In the physical withdrawal phase, the employee does one of the following:

- Leaves the job
- Takes an internal transfer
- Starts to become absent or tardy

If an employee is unable to leave the job situation, he or she will experience psychological withdrawal. They will become apathetic and disengaged, showing less job involvement and commitment to the organization, creating large costs, such as organizational inefficiencies.

Figure 5.5 Process of Job Withdrawal

<table>
<thead>
<tr>
<th>Employee becomes dissatisfied Behavior change</th>
<th>For any number of reasons discussed earlier in the chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If unionized, increased grievances</td>
</tr>
<tr>
<td></td>
<td>Whistle-blowing</td>
</tr>
<tr>
<td></td>
<td>Change of conditions, such as applying for other jobs</td>
</tr>
</tbody>
</table>
| Physical withdrawal          | • Leave the job  
|                           | • Internal Transfer  
|                           | • Absenteeism  
|                           | • Tardiness  
| Psychological withdrawal | • Disengagement in job and/or with team members  
|                           | • Less organized commitment  
|                           | • Become less productive  

**Frederick Taylor and Scientific Management**

Frederick Taylor’s theory of management is the result of his 1911 published work, *The Principles of Scientific Management*. At the time many of the jobs were menial labor jobs often occupied by immigrants who spoke different languages, even if they did speak English, literacy rates were low. Scientific Management seeks to optimize tasks workers perform to be the most efficient they can be. This allows managers to do all of the thinking and the workers to perform the “one best way.” Before workers would have to learn the craft in order to perform the job, but this simplifies the training process and makes workers easily replaceable. A common practice at the time was soldiering where employees would stay at a certain mediocre level of productivity in order to make money, but still allow for pay rates to be high and more employees necessary. In order to counter this Taylor would efficiently test how the task should be performed to make the most efficient use of each worker. For example, an employee was able to haul 12.5-ton of pig iron per day, but through scientific management Taylor was able to get that employee to haul 47.5-ton of pig iron per day for a relatively small wage increase. While this does seem cruel, workers would spend a majority of their time resting, making sure they are at full capacity when moving pig iron.

The four rules of scientific management:

1. Use scientific study to determine methods  
2. Select, train, and develop each worker  
3. Make sure the developed methods are being followed  
4. Managers plan the work and methods, workers perform the work and methods

It is important to start here when looking at theories of motivation because Taylor had a few assumptions that subverted in the later theories.  
- Workers are only motivated by money  
- Workers do not know what they are doing and management should guide them  
- Workers should be efficiently trained to make them replaceable  
- Tacit knowledge from the worker is not important  

(NetMBA, 2010)
Hawthorne Studies

Between 1927 and 1932, a series of experiments were conducted by Elton Mayo in the Western Electric Hawthorne Works company in Illinois (Mayo, 1949; 2007). Mayo developed these experiments to see how the physical and environmental factors of the workplace, such as lighting and break times, would affect employee motivation.

This was some of the first research performed that looked at human motivation at work. His results were surprising, as he found that no matter which experiments were performed, worker output improved. His conclusion and explanation for this was the simple fact the workers were happy to receive attention from researchers who expressed interest in them. The workers were able to vent their frustrations about the company and felt they were cared for by the managers because of the experimentation going on. As a result, these experiments, scheduled to last one year, extended to five years to increase the knowledge base about human motivation. Early research generally supported the idea that compensation and working conditions were high motivators, but they relate more to job satisfaction. However, in light of the Hawthorne studies, research has supported interpersonal relations, recognition, achievement, and advancement. These were considered to have high job motivation and satisfaction potential (Wright, 2001). A recent study tried to see if social relations and participative management style have stronger influence over employee performance, similar to the Hawthorne Studies, but with the public sector. The results were similar with the lesson being attention raises morale and productivity of employees (Chan & Soo-Young, 2012).

The implication of this research applies to HR and managers even today. It tells shows that retention plans must include training and other activities that make the employee feel valued.

Maslow’s Hierarchy of Needs

In 1943, Abraham Maslow developed what was known as the theory of human motivation (Maslow, 1999). His theory was developed in an attempt to explain human motivation. According to Maslow, there is a hierarchy of five needs, and as one level of need is satisfied, it will no longer be a motivator. In other words, people start at the bottom of the hierarchy and work their way up. Maslow’s hierarchy consists of the following:

- Self-actualization needs
- Esteem needs
- Social needs
- Safety needs
- Physiological needs
Physiological needs are the most basic needs, including food, water, and shelter. Safety needs at work might include feeling safe in the actual physical environment, or job security. As humans, we have the basic need to spend time with others. Esteem needs refer to the need we have to feel good about ourselves. Finally, self-actualization needs are the needs we have to better ourselves.

The implications of his research shows, for example, that as long as an employee’s physiological needs are met, increased pay may not be a motivator. Likewise, employees should be motivated at work by having all needs met. Needs might include, for example, fair pay, safety standards at work, opportunities to socialize, compliments to help raise our esteem, and training opportunities to further develop ourselves.

**Herzberg Two-Factor Theory**

In 1959, Frederick Herzberg published The Motivation to Work (Herzberg, et. al., 1993), which described his studies to determine which aspects in a work environment caused satisfaction or dissatisfaction. He performed interviews in which employees were asked what pleased and displeased them about their work. From his research, he developed the motivation-hygiene theory to explain these results.

The things that satisfied the employees were motivators, while the dissatisfiers were the hygiene factors. He further said the hygiene factors were not necessarily motivators, but if not present in the work environment, they would actually cause demotivation. In other words, the hygiene factors are expected and assumed, while they may not necessarily motivate.

His research showed the following as the top six motivation factors:
1. Achievement
2. Recognition
3. The work itself
4. Responsibility
5. Advancement
6. Growth

The following were the top six hygiene factors:
1. Organizational policies
2. Supervision
3. Relationship with manager
4. Work conditions
5. Salary
6. Relationship with peers

Salary, for example, is on the hygiene factor list. Fair pay is expected, but it doesn’t actually motivate someone to do a better job. On the other hand, programs to further
develop employees, such as management training programs, would be considered a motivator. Therefore, retention plans should be focused on the area of fair salary of course, but if they take the direction of Herzberg’s motivational factors, the actual motivators tend to be the work and recognition surrounding the work performed. While there is a correlation between some of these factors and motivation (Wright, 2001), there is little empirical evidence to actually support this theory (Gibson & Teasley, 1973).

**McGregor**

Douglas McGregor proposed the X-Y theory in his 1960 book called The Human Side of Enterprise (McGregor, 2006). McGregor’s theory gives us a starting point to understanding how management style can impact the retention of employees. His theory suggests two fundamental approaches to managing people. **Theory X managers**, who have an authoritarian management style, have the following fundamental management beliefs:

- The average person dislikes work and will avoid it.
- Most people need to be threatened with punishment to work toward company goals.
- The average person needs to be directed.
- Most workers will avoid responsibility.

**Theory Y managers**, on the other hand, have the following beliefs:

- Most people want to make an effort at work.
- People will apply self-control and self-direction in pursuit of company objectives.
- Commitment to objectives is a function of expected rewards received.
- People usually accept and actually welcome responsibility.
- Most workers will use imagination and ingenuity in solving company problems.

As you can see, these two belief systems have a large variance, and managers who manage under the X theory may have a more difficult time retaining workers and may see higher turnover rates. As a result, it is our job in HR to provide training opportunities in the area of management, so our managers can help motivate the employees. Training is a large part of the retention plan. This will be addressed in more detail in Section 5.3 “Implementing Retention Strategies”.

**Human Resource Recall**

What are the disadvantages of taking a theory X approach with your employees?
Carrot and Stick

It is unknown for sure where this term was first used, although some believe it was coined in the 1700s during the Seven Years’ War. In business today, the stick approach refers to “poking and prodding” to get employees to do something. The carrot approach refers to the offering of some reward or incentive to motivate employees. Many organizations can use the stick approach, as in the following examples:

- If you do not make sufficient cuts to the budget for your department, you will be reprimanded.
- Employees will have to take another year of raise freezes if we do not cut the budget by 15 percent more than we are currently using.

The stick approach takes a punitive look at retention. This may motivate for a short period of time, but not in the long term.

The carrot approach might include the following:

- If we increase community participation in Town Day by 10 percent, you will receive a bonus.

The carrot approach takes a much more positive approach to employee motivation but still may not be effective. For example, this approach can actually demotivate employees if they do not feel the goal is achievable. Also, if organizations use this as the only motivational technique, ignoring physiological rewards such as career growth, this could be a detriment as well. This approach is used as a retention method, usually as part of a compensation plan.
The carrot approach normally means some incentive will occur if expectations are met. The expectations should be attainable and shouldn’t be the only method used in retention planning and turnover reduction.

Bruce Thomton – Carrot and stick – CC BY-NC-SA 2.0.

These theories should not be the basis for determining that actual motivations of employees because it is important to adopt a dynamic approach to retention and motivation. They also do not have much data to back up their findings, but they should be used as heuristics to think about for organizational motivation. Different organizations have different norms, values, and characters involved. Using one approach is not an effective long-term strategy. Keeping these strategies in mind can promote creativity in the development of retention strategies (Gibson & Teasley, 1973).

### Modern Theories of Motivation

There are assumptions in that employees in the public sector tend to be motivated by a sense of duty and less motivated by the “rat race,” some of which are valid. However, Data in the public and private sectors are conflicting and relatively limited on what motivates employees. When looking through these theories it is important to account for differences in motivation related to gender, background, and especially hierarchical level. When moderating for these factors public sector employees are significantly less motivated by salary, but are also less motivated by self-development and responsibility. Public employees are also less “unconditionally committed” to their job and report significantly fewer working hours. These results tend to point to some of the factors about the typical jobs in the public sector. Administrative positions are much more prevalent in the public sector, whereas private sector jobs tend to focus on finances. This makes sense because jobs within large bureaucracies lack motivating factors like “skill variety, feedback, or task identity” (Buelens & Van den Broeck, 2007). The most important factor for motivation in an organization is hierarchical level, the higher someone is in the organization, the more likely they are going to be motivated by most attributes of their job (i.e. organizational culture, salary, self-improvement, commitment and responsibility). A low-level employee is less likely to care about the big picture of the organization since the connection between their individual goals and organizational goals are not as aligned as a high-level manager (Wright, 2001). Women tend to be primarily motivated by salary and good working relationships over men and work fewer hours in the office, but work more hours overall. Older employees are relatively very committed to an organization and are motivated by a cohesive work environment over salary (Buelens & Van de Broeck, 2007).

It is difficult to understand how to motivate certain employees, but the tendency to fully adhere to any one theory is short-sighted. Managers should try and develop strong working relationships with coworkers to see the nuances of how to motivate them. Also,
poor communication in an organization can be one of the biggest employee demotivators.

**Public Service Motivation**

A highly debated issue amongst researchers is the notion of Public Service Motivation (PSM). In 1990 James Perry developed this theory using a survey that has been refined over time that attempts to link public service altruism with public employees. PSM is the idea that employees in the public sector or nongovernmental organizations have a desire to serve the public and this personal interest has led them down this particular career path. What lends credence to this theory is that these people could have made much more money in the private sector doing an equivalent job. PSM is about employee commitment to the organization and its goals, however this is very difficult to test empirically. Organizational values and norms are shaped by the employees that embody them, but organizations also influence thoughts and behavior. James Perry hypothesized three research questions:

1. The greater an individual’s PSM, the more likely the individual will seek membership in a public organization;

2. In public organizations, PSM is positively related to individual performance;

3. Public organizations that attract members with high levels of PSM are likely to be less dependent on utilitarian incentives to manage individual performance effectively (Alonso & Lewis, 2001).

When this research was examined further, hypothesis #1 was shown to have significant support across various agencies. However, they found that PSM relates to more positive individual performance at lower grade levels. The final hypothesis also did not have significant support. This shows there is a link that Public Service Motivation does have an impact on employment in public organization. This is very difficult to prove and the conversation will continue. For someone working in public organizations or NGOs it is crucial to reflect on what motivated you toward this particular career path.

All the employee satisfaction theories we have discussed have implications for the development of our retention plans and reduction of turnover. These theories can be intertwined into the specific retention strategies we will implement. This is discussed in Section 5.3.1 “Salaries and Benefits”.

**Sources of Employee Satisfaction Data**

Understanding employee satisfaction theories as they relate to employee retention and job turnover can help more effectively develop a retention plan for an organization.
Research can be performed in two ways. First, exit interviews of employees who are leaving the organization can provide important retention information. An exit interview is performed by HR or a manager that seeks information from the employee as to what they think is positive in the organization and what they think needs improvement. Exit interviews are a valuable way to gather information about employee satisfaction and are a starting point for determining retention issues that exist. Exit interviews should be conducted when both people feel comfortable. It is important to balance the scheduling far enough away that the employee can be honest, but soon enough to make sure it occurs. However, the exit interviews should be reviewed over longer periods of time with several employees, to make sure retention plans are not based on the feedback of only a few people.

Exit Interview Strategies:

1. Be clear about the point of the interview
2. Select a neutral and private location that is comfortable for both parties
3. Allow enough time to understand everything the person wants to share
4. Be open and sincere
5. Ask them open-end questions and about their experiences

(Harris, 2000)

Sample Exit Interview Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Example</th>
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</thead>
<tbody>
<tr>
<td>1. What is your primary reason for leaving?</td>
<td></td>
</tr>
<tr>
<td>2. What did you like most about your job?</td>
<td></td>
</tr>
<tr>
<td>3. What did you like least about your job?</td>
<td></td>
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<tr>
<td>4. Did you feel there was room for growth in your job?</td>
<td></td>
</tr>
<tr>
<td>5. What incentives did you utilize while at our organization?</td>
<td></td>
</tr>
<tr>
<td>6. Which incentives would you change and why?</td>
<td></td>
</tr>
<tr>
<td>7. Did you have enough training to do your job effectively?</td>
<td></td>
</tr>
<tr>
<td>8. Did you feel that your pay and benefits package were sufficient?</td>
<td></td>
</tr>
<tr>
<td>9. What was your relationship like with management?</td>
<td></td>
</tr>
</tbody>
</table>

The second way to perform research is through employee satisfaction surveys. A standardized and widely used measure of job satisfaction is the job descriptive index (JDI) survey. While JDI was initially developed in 1969 at Bowling Green State University, it has gone through extensive revisions, the most recent one in 2009. JDI looks at five aspects of job satisfaction, including present job, present pay, opportunities for promotion, supervision, and coworkers. Each of the five facets contains nine to eighteen questions. The value of the scale is that an HR manager can measure job satisfaction over a period of time and compare current results to past results and even
compare job satisfaction at their company versus their industry. This allows the HR manager to consider changes in the organization, such as a change in compensation structure, and see how any changes may affect job satisfaction.

Surveys can provide information to managers on their employees’ satisfaction, as well as, workload, and other motivational issues. Some aspects should be considered when developing an employee satisfaction survey:

1. Communicate the purpose and goal of the survey.
2. Assure employees their responses will be anonymous and private.
3. Involve management and leadership in the survey development.
4. Ask clear, concise questions that get at the root of morale issues.
5. Once the survey is complete, communicate what changes have been made as a result of the survey.
6. People do not respond well to demographic questions, be sure to only include what is necessary

Once data have been gathered and analyzed, they can formulate our retention plans. The plan should always be tied to the strategic goals of the organization and the HPWS previously developed, as well as integration of motivational theories.

Components of a retention plan include:

1. JDI survey results, other survey results, and exit interview findings
2. Current retention plans, strengths, and weaknesses
3. Goals of a retention plan (e.g., reduce turnover by 10 percent)
4. Individual strategies to meet retention and turnover reduction goals.
5. Budgeting. An understanding of how your retention plans will impact the payroll budget is important.

In Section 5.3 “Implementing Retention Strategies” will discuss the implementation of specific retention strategies.

Figure 5.7 A Sample Employee Satisfaction Survey
### Survey Results

**Item:** The company clearly conveys its mission to its employees.

<table>
<thead>
<tr>
<th>Disagree Completely</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
<th>Agree Completely</th>
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</table>

**Item:** There is good communication from managers to employees.

<table>
<thead>
<tr>
<th>Disagree Completely</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
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**References**


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Wright, B., “Public-sector work motivation: a review of the current literature and a revised conceptual model,” Journal of Public Administration Research and Theory 11, no. 4 (October 2001): 559+, [https://pdfs.semanticscholar.org/a295/d18ac3e41dbe530f8ff90c0f2f22044ed093.pdf](https://pdfs.semanticscholar.org/a295/d18ac3e41dbe530f8ff90c0f2f22044ed093.pdf)
5.3 Implementing Retention Strategies

<table>
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<tr>
<th>Learning Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Explain the strategies and considerations in development of a retention plan.</td>
</tr>
</tbody>
</table>

Salaries and Benefits

As stated in Chapter 4 “Compensation and Benefits”, a comprehensive compensation plan that may include pay, health benefits, and paid time off (PTO) is the first retention strategy. The compensation plan should help in recruitment of the good employees as well as retaining them. According to a Glassdoor survey in 2018, Salary is the primary reason employees are expected to quit (Glassdoor, 2018). However, there is a trend that Millennials and Generation X are leaving for other reason instead of salary, like poor management, career changes, and work/life balance (Center for Nonprofit Management, 2019). Utilizing a pay banding system, is one way to ensure fairness exists within internal pay structures and is why it is used in the public sector. For nonprofits pay bands are not the standard, but they also do not have the same rules as for-profit private organizations. For example excessive wages can be penalized by the IRS, for more information on nonprofit IRS regulations go to this website: 
https://www.councilofnonprofits.org/tools-resources/compensation-nonprofit-employees

An employee can be well paid and have great benefits but still not be satisfied with the organization. Some consideration needs to be given to retain employees, which include the following:

1. **Instituting a standard process.** If an organization does not have pay bands, it can result in unfairness. The process for receiving pay raises should fair and defensible, so as not to appear to be discriminatory. This can be addressed in both the compensation planning process as well as the retention plan.

2. **A pay communication strategy.** Employees need to know how pay rates are determined. Transparency in the process of how raises are given and then communicating the process helps in the retention planning process.

3. **Paid time off.** Implementing a PTO system that is based on the amount of hours an employee works should be considered. For example, rather
than developing a policy based on hours worked for the company, consider revising the policy so that for every X number of hours worked, PTO is earned. This can create fairness for salaried employees, especially for those employees who may work more than the required hours.

Please refer to Chapter 4 “Compensation and Benefits” for more information on pay and benefits, and analyze how compensation plans could be negatively affecting retention.

**Training and Development**

To meet higher level needs, humans need to experience self-growth. HR professionals and managers can help this process by offering training programs within the organization. In addition, there are public organizations and nonprofits that offer tuition reimbursement. Schools or educational service agencies listed in the Low-Income School Directory offer tuition cancellation for teachers who teach for five consecutive years through the Teacher Cancellation Low Income program. Public employees and those working for a 501(c)3 nonprofit can qualify for student loan forgiveness after 120 payments through the Public Service Loan Forgiveness program. Tuition reimbursement can be a strong way to retain employees in United States where university debt is high because it helps reduce or elimination a significant burden on earnings. In the public sector, training and development opportunities correlate with higher rates of job retention than the private sector, whereas rewards and recognition have a significantly lower rate of correlation in the public sector versus the private sector.

**Succession Planning**

Succession planning is a process of identifying people within the organization who have the potential for filling positions. Many people leave organizations because they do not see career growth or potential. To combat this in a retention plan is to implement a clear succession planning process. The goals of most succession plans include the following (Rothwell Kazanas, 1999):

- Identify high-potential employees capable of advancing to positions of higher responsibility.
- Ensure the development of these individuals to help them be “ready” to earn a promotion into a new position.
- Ensure diversity of potential job candidates by creating a formal succession planning process.
Succession planning for allows clear communication to the employees on how they can further develop within the organization, and it helps them see what skills they should develop before that time comes. For example, whenever a US Marshal retires from their district and a new marshal is not confirmed, the Chief Deputy takes over and everyone is temporarily promoted. Chapter 6 “Training and Development” will provide more information on how to develop and implement a succession plan.

Hire People Who Fit

Employees who have a connection to the area they are hired are more likely to stay than if do not have any friends, family, or prior experience in the area. According to Glassdoor survey, 35 percent of people hiring employees expect a large number of those people will quit in the coming year. It is important for people hired to know the real expectations and tasks of the job. The goal of hiring is to find the right people who stick around. According to the same survey 37 percent of managers believe employees would stay longer if they more informed on what to expect. For more information see Chapters 4 and 5.

Flextime, Telecommuting, and Sabbaticals

According to a Salary.com survey, the ability to work from home and maintain flexible work schedules that would help with employee retentions. While a traditional workday involves the standard 9 a.m. to 5 p.m., flextime still requires an employee to be at work for a core part of the day, but the rest of the day is “flexible” giving the employee the opportunity to work around other commitments. Telecommuting works hand in hand with flextime, but employees can work entirely from home. Sabbaticals give workers a change of pace, perhaps opening up new horizons for the employee and the organization. For example, a college professor can go on a period of paid leave to research in another country.

Management Training

In Section 5.1.1 “Reasons for Voluntary Turnover”, a manager may affect an employee’s willingness to stay on the job. In a recent Gallup poll of 1,000,000 workers, poor management is the number one reason workers leave their job. Managers who bully, use the theory X approach, communicate poorly, or are incompetent may find it difficult to motivate employees to stay within the organization. HR cannot control a manager’s behavior, but can provide training to create better management. Training managers to be better communicators and motivators is a way to handle retention issues. Chapter 6 discusses “Training and Development” further.
Conflict Management and Fairness

Perceptions on fairness and how organizations handle conflict can be a contributing factor to retention. **Outcome fairness** refers to the judgment that people make with respect to the outcomes they receive. When people are deciding if something is fair, they will likely look at **procedural justice**, or the process used to determine outcomes. There are six main areas employees use to determine the outcome fairness in conflict:

1. **Consistency.** The employee will determine if the procedures are applied consistently to coworkers.
2. **Bias suppression.** The employee perceives the person making the decision as not having bias or vested interest in the outcome.
3. **Information accuracy.** The decision made is based on correct information.
4. Decisions can be appealed and mistakes can be corrected.
5. **Representativeness.** The employee feels the concerns of all those involved.
6. **Ethicality.** The decision is in line with moral standards.

For example, let’s suppose JoAnn just received a bonus and recognition at the office party for her contributions to an important community project. Another employee, Sam, might compare his inputs and outputs and determine if it was unfair that JoAnn was recognized when he had worked on bigger projects and not received the same recognition. When looking at how retention strategies are developed, it is important to be sure these apply to everyone in the organization. Some of the procedures questioned could include the following:

- How time off is requested
- How assignments of the “best” projects are given
- Division of work
- Promotion processes
- Pay processes

While some of these policies may seem minor, they can make a big difference in retention. Policies and processes need to be communicated clearly. These types of policies should be revisited yearly and addressed in the retention plan if it appears they are causing employee dissatisfaction.

In addition to a sense of fairness within the organization, there should be a specific process of managing conflict. If the organization is unionized, it is likely a grievance process is already in place. There are four basic steps to handle conflict. First, the
individuals in conflict should discuss the problem with one another. If this is unsuccessful, a panel of representatives from the organization may hear both sides of the dispute and make a recommendation. If this fails, the organization may want to consider mediation and, in extreme cases, arbitration. In any situation like this, one thing that helps is the ability to be removed from the situation to see how the problem unfolds from an outside perspective. In an organization it is difficult to do this, but it is important to be mindful of this way of thinking.

**Job Design, Job Enlargement, and Empowerment**

Matching skills with the job when doing initial hiring is important. Revisiting the recruitment plan and selection process is a consideration.

**Job enrichment** enhances a job by adding more meaningful tasks to make the employee’s work more rewarding. Research by Richard Hackman and Greg Oldham (Ford, 1969; Paul, et. al., 1969) found that employees need the following to achieve job satisfaction:

- Skill variety, or many different activities as part of the job
- Task identity, or being able to complete one task from beginning to end
- Task significance, or the degree to which the job has impact on others, internally or externally
- Autonomy, or freedom to make decisions within the job
- Feedback, or clear information about performance

**Job enlargement**, which includes new challenges or responsibilities to a current job, can create job satisfaction. Assigning employees to a special project or task is one example. However, some employees may resent additional work, and job enlargement could be a demotivator. Otherwise, knowing the employee and his or her goals and adding work that is an end to these goals is the best way to achieve retention.

**Employee empowerment** is vital. Employees who are not micromanaged have the power to determine the sequence of their own work day. When employees are empowered they have the ability to learn more about where they fit in with efficacy of the organization. Organizations have the ability to hire good employees with a degree of scrutiny and the benefit of doing that is allowing employees to do their job the best they can. If someone is working in a particular position, they are going to be more qualified to find the inefficiencies in that role. Micromanaging employees is expensive and should be avoided if possible. Giving people a degree of autonomy in their jobs will make them happier, more efficient, and it will reflect in more positive interactions with the public. Empowerment can include the following:

- Encourage innovation or new ways of doing things.
- Make sure employees have the information they need to do their jobs;
• Use management styles that allow for participation, feedback, and ideas from employees.

Pay-for-Performance Strategies

While not an option in public organizations, a pay-for-performance strategy means that employees are rewarded for meeting preset objectives within the organization. For example, in a merit-based pay system, the employee is rewarded for meeting performance during a given time period. Rather than a set pay increase every year, the increase is based on performance. To make sure a pay-for-performance system works, the organization needs to ensure the following:
• Standards are specific and measurable.
• The system is applied fairly to all employees.
• The system is communicated clearly to employees.
• The best work from everyone in the organization is encouraged.
• Rewards are given to performers versus nonperformers.
• The system is updated as the organizational climate changes.
• There are substantial rewards for high performers.

Pay for Performance: Teachers

http://www.youtube.com/watch?v=FBzBPlh-K30

This video shows an example of a new pay-for-performance plan for teachers in South Carolina.

Work-Life Balance

Work-life balance discussions originated during the 1960s and 1970s and pertained mostly to working mothers’ meeting the demands of family and work. During the 1980s, the realization that meeting a work-life balance is important (for all, not just working mothers) resulted in companies such as IBM implementing flextime and home-based work solutions. The growing awareness of the work-life balance problem continued into
the 1990s, when policies were developed and implemented but not acted upon by managers and employees, according to Jim Bird in Employment Relations Today (Bird, 2006). Today, work-life balance is considered an important topic, so much so that the World at Work Society offers special certifications in this area. The World at Work certification programs focus on creation of successful programs to attract, retain, and motivate employees.

Karol Rose, author of *Work Life Effectiveness* (Rose, 2006), says that most companies look at a systems approach of work-life balance, instead of a systems and individual approach. The systems approach to work-life balance includes policies and procedures that allow people flexibility, such as telecommuting and flextime options. The public sector is largely behind here. It may be time to reexamine public service culture and the demands it places on presentation rather than overall work and effort.

According to Rose, looking at the individual differences is equally as important as the systems approach. Brad Harrington, the director of Boston College’s Center for Work and Family, stresses this issue: “Work-life balance comes down, not to an organizational strategy, but to an individual strategy.” For example, a single parent has a different work-life balance need than someone without children. In other words HR professionals, we can create work-life balance systems, but should also look at individual approaches. The organizational culture can contribute greatly to work-life balance. Some organizations have a culture of flexibility that fares well for workers who do not want to feel tethered to an office, while some workers prefer to be in the office where more informal socializing can occur. While some companies promote work-life balance on paper, upper management needs to let employees know it is okay to take advantage of the alternatives to create a positive work-life balance. For example, companies place different levels of value on work-life options such as telecommuting. An organization may have a telecommuting option, but the employees must feel it is okay to use these options. Even in a company that has work-life balance systems, a manager who sends e-mails at 10 p.m. on Saturday night could be sending the wrong message to employees about the expectations, creating an environment in which work-life balance is not practiced in reality. Jim Bird, in his work-life balance article published in Employment Relations Today, suggests implementing a work-life balance training program that is dual purpose (can serve both personal interests and professional development). In other words, implement trainings in which the employee can develop both personal skills and interests that can translate into higher productivity at work.

Besides the training program, Bird suggests creating a monthly work-life newsletter as an educational tool to show the company’s commitment to work-life balance. The newsletter can include interviews from respected employees and tips on how to create a work-life balance.

Finally, training managers on the importance of work-life balance and how to create a culture that embraces this is a key way to use work-life balance as a retention strategy.
Other Retention Strategies

According to Fortune’s “100 Best Companies to Work For,” retention strategies that are more unusual might be part of your retention plan. Some strategies from the list might include the following:

- On-site daycare or daycare assistance
- Gym memberships or on-site gyms
- Concierge service to assist in party planning or dog grooming, for example
- On-site dry cleaning drop-off and pickup
- Car care, such as oil changes, on-site once a week
- On-site doggie daycare
- On-site yoga or other fitness classes
- “Summer Fridays,” when all employees work half days on Fridays during the summer
- Various support groups for cancer survivors, weight loss, or support in caring for aging parents
- Allowance for fertility treatment benefits
- On-site life coaches
- Peer-to-peer employee recognition programs
- Management recognition programs

While some of these options may not work in your organization, we must remember to be creative when our goal is to retain our best employees and reduce turnover in our organizations. The bottom line is to create a plan and make sure the plan is communicated to all employees.

Exercise

1. Research two different organizations you might be interested in working for. When reviewing their list of benefits, which ones are offered that might motivate someone to stay with the organization?


References


Retaining employees is an important component to a healthy organization. Turnover can be very expensive to an organization, which is why it is important to develop retention plans to manage turnover.

Voluntary turnover is turnover that is initiated by the employee, while involuntary turnover is initiated by the organization for various reasons such as nonperformance. Direct turnover costs and indirect turnover costs can include the costs associated with employee replacement, declining employee morale, or lost customers.

Some of the reasons why employees leave can include a poor match between job and skills, no growth potential, pay inequity among employees, the fairness and communication style of management, and heavy workloads.

A high-performance work system (HPWS) is a set of systematic HR practices that create an environment where the employee has greater involvement and responsibility for the success of the organization. The overall company strategy should impact the HPWS HR develops in regard to retention.

Retention plans are developed to address employee turnover, resulting in a more effective organization.

The first step in developing a retention plan is to use exit interviews and/or surveys to find out the satisfaction level of employees. Once the data have been gathered, plans can be written to make sure it is tied to the organizational objectives.

A standardized and widely used measure of job satisfaction is the JDI survey, or the Job Descriptive Index. While JDI was initially developed in 1969 at Bowling Green State University, it has gone through extensive revisions, the most recent one in 2009. JDI looks at five aspects of job satisfaction, including present job, present pay, opportunities for promotion, supervision, and coworkers.

A retention plan normally consists of survey and exit interview analysis, any current plans and strengths and weaknesses of those plans, the goal of the retention plan, and finally, the specific strategies to be implemented.

There are many motivation theories that attempt to explain people’s motivation or lack of motivation at work.
The Hawthorne studies were a series of studies beginning in 1927 that initially looked at physical environments but found that people tended to be more motivated when they felt cared about. The implications to retention are clear, in that employees should feel cared about and developed within the organization.

Maslow’s Theory divided the needs into physiological, safety, social, esteem, and self-actualization needs. Many organizations only motivate employees based on the low-level needs, such as pay. Development of training opportunities, for example, can motivate employees on the high-level self-actualization needs.

Herzberg developed motivational theories based on actual motivation factors and hygiene factors. Hygiene factors, or expectations in the workplace, will demotivate employees when absent, but will not actually motivate when present. If managers try to motivate only on the basis of hygiene factors, turnover can be high. Motivation on both of his factors is key to a good retention plan.

McGregor’s theory on motivation examined managers’ attitudes toward employees. He found that theory X managers had more of a negative view of employees, while theory Y managers had a more positive view.

The carrot-and-stick approach means you can get someone to do something by prodding or offering some incentive to motivate them. The implication for a retention plan is that it must utilize a variety of methods to retain employees.

Determining, the employee’s level of satisfaction helps develop specific retention strategies.

Salary and benefits are a major component of retention strategies. Consistent pay systems and transparent processes as to how raises occur must be included in a retention plan (and compensation strategy).

Training and development meets the higher level needs of the individual. Many companies offer paid tuition programs, reimbursement programs, and in-house training to increase the skills and knowledge of the employee.

Performance appraisals provide an avenue for feedback and goal setting. They also allow for employees to be recognized for their contributions.

Succession plans allow employees to see how they can continue their career with the organization, and they clearly detail what employees need to do to achieve career growth, without leaving your organization.

Flextime and telecommuting options are worth considering as an addition to your retention plan. These types of plans allow the employee flexibility and control when
developing his or her schedule. Some organizations offer paid or unpaid sabbaticals after a certain number of years with the company to pursue personal interests. Providing in-house training to management, team members are able to become better communicators and better managers. Review organizational policies to ensure they are fair can contribute to better retention. Review the job design to ensure the employee is experiencing growth within their job. Changing the job through empowerment or job enlargement can help the growth of the employee and create better retention. Other ways of retaining employees might include offering services to make the employee’s life easier, such as dry cleaning, daycare services, or on-site yoga classes.

Chapter Case

The Arlington Parks and Recreation Department has been putting on popular community events for the last several years for their Annual Town Day (yes, that is actually what it’s called). However, the last couple summers have shown significantly less donations and community engagement in this festival as well as a delay in the grilling park near the town center. There have been a number of complaints from recent donors about the state of the Recreation Center, a large number of dead animals in the dog park, and lack of community events throughout the summer. Regardless, the summer was proceeding normally, but the straw that broke the cow’s back was the cancellation of this year’s Arlington Town Day and no drinks were served the Big Bash that night. The park’s director, who was on sabbatical finishing his Master’s on charcoals effect on the dry soil, is back in Arlington and Director Bob wants answers from his normally reliable staff. The staff is not very happy with Bob either. While Bob is out working on his passion project, the rest of the Department has to do the work. A recent economic downturn in Arlington has the staff working with their raises frozen. Peggy has been dreaming for quite some time to make some extra to take that trip to Nevada in order for the kids to finally meet their real father, but it’s just not in her budget. She has been wanting to get a job at the SaveMart since it pays $2 more an hour, but Parks and Recreation was the only place she could get hired. Peggy has an abrasive personality, but she is excellent at budgeting events and finding people’s strength when coordinating tasks. Dale has always wanted to work for Parks and Recreation, just like his grandfather. He enjoys being outdoors and improving the town he grew up in. He has tried to work hard and get a promotion or at least a little recognition, but nobody takes Dale seriously. The other staff see Dale as anxious and paranoid, unable to take responsibility for a project of his own. Peggy noted she has been seeing Dale hanging out at the dog park late at night, but he doesn’t own a dog and he should know the park
is closed then. Hank has always been a top-notch employee, everyone looks forward to hearing him sing and host at Town Day. He has a love of gardening and makes the park near the duck pond beautiful with lots of flowers and exotic plants. Lately Hank has been putting in extra hours because he loves Arlington, hates to see folks unhappy, and Director Bob has on been sabbatical for the last five months. Recently Hank’s daughter was arrested and sent to jail and he has had to take care of her three kids. Hank is a recent widower and he simply is not able to put in the extra hours for much longer, let alone his regular hours.

What should happen to fix Arlington Parks and Recreation:

1. Should Director Bob try and motivate his employees to work harder? How?
2. What retention strategies should Bob use to keep his employees?
3. Should new workers be hired? We know they aren’t hiring at the SaveMart.
4. How can Director Bob be straightened out?

Figure out the changes that need to take place to make this workplace function again.

Team Activity

Following is a list of some possible retention strategies. Rank each one in order of importance to you as an employee (1 being the most important), then share your rankings with classmates:

1. Salary
2. Opportunity for bonuses, profit sharing
3. Benefits
4. Opportunity to grow professionally with the organization
5. Team bonuses
6. More paid time off
7. Option to telecommute
8. Flextime scheduling
9. Sense of empowerment
10. Tuition Reimbursement
11. Job Satisfaction
Chapter 6: Training and Development

Edited by Zachary Billin

Training: Not Like It Used to Be

You are an agency administrator. You have been having difficulty developing training programs. A friend tells you of a conference that has interactive presentations discussing all the new tech trends. After attending the conference, you are full of new ideas. They include adaptive learning, virtual classrooms, games, simulations, social learning, augmented virtual reality, and artificial intelligence. This conference has given you the boost to prepare training programs for your agency.

Training has been transformed by technology. It is common practice to utilize software and the internet to train employees. This has allowed for great versatility to be achieved. A sick employee can watch the recording of the training and follow along with the slideshow the day after the training session. Technology has advanced to allow employees the opportunities to train at their own pace. Soft skills are valued the most by employees and employers ("LinkedIn’s 2018 Workplace Learning Report," n.d.). Today's employee wishes to develop these skills, which will be discussed later in this chapter.

An estimated $1,400 per employee is spent on training annually, with training costs consuming 2.72 percent of the total payroll budget for the average company. With such a large amount of funds at stake, HR managers must develop the right training programs to meet the needs; otherwise, these funds are virtually wasted. This chapter is all about how to assess, develop, implement, and measure an effective training program.


6.1 Steps to Take in Training an Employee

Any effective organization has training in place to make sure employees can perform his or her job. An effective organization focuses on managed communication. This means that the organization establishes communication programs that build relationships with strategic constituencies that constrain or enhance an organization (Grunig, 2013). During the recruitment and selection process, the right person should be hired to begin with. But even the right person may need training in how your company does things. Lack of training can result in lost productivity, lost customers, and poor relationships between employees and managers. It can also result in dissatisfaction, which means retention problems and high turnover. All these end up being direct costs to the organization. In fact, a study performed by the American Society for Training and Development (ASTD) found that 41 percent of employees at organizations with poor training planned to leave within the year, but in organizations with excellent training, only 12 percent planned to leave (Branham, 2005). According to a 2018 report 93 percent of employees would stay at an organization longer if it invested in their careers (“LinkedIn’s 2018 Workplace Learning Report,” n.d.). To reduce some costs associated with not training or undertraining, development of training programs can help with some of the risk.

For effective employee training, there are four steps that generally occur. First, the new employee goes through an orientation, and then he or she will receive in-house training on job-specific areas. Next, the employee should be assigned a mentor, and then, as comfort with the job duties grows, he or she may engage in external training. Employee training and development is the process of helping employees develop their personal and organization skills, knowledge, and abilities.

Employee Orientation and Onboarding

The first step in training is an employee orientation. Employee orientation is the process used for welcoming a new employee into the organization. The importance of employee orientation is two-fold. First, the goal is for employees to gain an understanding of the organization policies and learn how their specific job fits into the big picture. Employee orientation usually involves filling out employee paperwork such as I-9
and 401(k) program forms. Orientation is a short-term process that introduces new hires to a basic set of information about the organization (Meyer & Bartels, 2017).

The goals of an orientation are as follows:

1. **To reduce start-up costs.** If an orientation is done right, it can help get the employee up to speed on various policies and procedures, so the employee can start working right away. It can also be a way to ensure all hiring paperwork is filled out correctly, so the employee is paid on time.

2. **To reduce anxiety.** Starting a new job can be stressful. One goal of an orientation is to reduce the stress and anxiety people feel when going into an unknown situation.

3. **To reduce employee turnover.** Employee turnover tends to be higher when employees don’t feel valued or are not given the tools to perform. An employee orientation can show that the organization values the employee and provides tools necessary for a successful entry.

4. **To save time for the supervisor and coworkers.** A well-done orientation makes for a better prepared employee, which means less time having to teach the employee.

5. **To set expectations and attitudes.** If employees know from the start what the expectations are, they tend to perform better. Likewise, if employees learn the values and attitudes of the organization from the beginning, there is a higher chance of a successful tenure at the company.

Some organizations use employee orientation to introduce employees not only to the organizational policies and procedures but also to the staff. For an example of an orientation schedule for the day, see Figure 6.1.
Some organizations have specific orientations, with a variety of people providing information to the new hires. This can create a welcoming environment, besides giving the employee the information they need. This is an example of one such orientation.


Onboarding is a new term that is the extended process of helping new employees adjust to social and performance aspects of new jobs. It is a longer and more in depth program that allows employees to transition from an organizational stranger to an integrated employee (Meyer & Bartels, 2017). The goal of onboarding encompasses the goals of orientation, as well as providing employees a network that is facilitated over time. Literature on orientation and onboarding agree that orientation takes place during a high stress time period, while onboarding continues through this stressful time and a transition has been completed (Meyer & Bartels, 2017, Acevedo & Yancey, 2011).
Human Resource Recall

Have you ever participated in an orientation? What was it like? What components did it have?

In-House Training

In-house training programs are learning opportunities developed by the organization in which they are used. This is usually the second step in the training process and often is ongoing. In-house training programs can be training related to a specific job, such as how to use a kind of software. In a manufacturing setting, in-house training might include an employee learning how to use a kind of machinery.

Many organizations provide in-house training on various HR topics as well, meaning it doesn’t always have to relate to a specific job. Some examples of in-house training include the following:

- Ethics training
- Sexual harassment training
- Multicultural training
- Communication training
- Management training
- Customer service training
- Operation of special equipment
- Training to do the job itself
- Basic skills training

As you can tell by the list of topics, HR might sometimes create and deliver this training, but often a supervisor or manager delivers the training.

Mentoring

After the employee has completed orientation and in-house training, organizations see the value in offering mentoring opportunities as the next step in training. Sometimes a mentor may be assigned during in-house training, or a new employee is required to reach out to potential mentors. It may be necessary to see if a mentor is a good fit. A mentor is a trusted, experienced advisor who has direct investment in the development
of an employee. A mentor may be a supervisor, but often a mentor is a colleague who has the experience and personality to help guide someone through processes. While mentoring may occur informally, a mentorship program can help ensure the new employee not only feels welcomed but is paired up with someone who already knows the ropes and can help guide the new employee through any on-the-job challenges. Here is a link to an article written by a CEO and Entrepreneur Debby Carreau, https://www.entrepreneur.com/article/281928 (2016). This article lists six factors to consider before selecting a mentor.

To work effectively, a mentoring program should become part of the company culture; in other words, new mentors should receive in-house training to be a mentor. Mentors are selected based on experience, willingness, and personality. The United States Office of Personnel Management utilizes a mentor program to reduce turnover, pass on information from senior employees to new employees, and to motivate (“Workforce & Succession Planning Mentoring,” 2019). Here is a link to an overview of considerations when creating a mentoring program, https://www.togetherapp.io/how-to-start-a-mentorship-program/.

In-house training occurs when someone from within the company is delivering the training information, while external training is usually delivered by someone who does not work for the company and is not physically on-site.

Some companies use short-term mentorship programs because they find employees training other employees to be valuable for all involved. The Office of Personnel Management utilizes in-house training for its mentor program, but also provides external training through workshops and program evaluations (“Workforce & Succession Planning Mentoring,” 2019). Some examples include conferences, workshops, and specific topic training. Here is a link to a conference held in 2019, https://www.techlearnconference.com/2019/index.cfm. It allows organizations to send management to learn about current training trends and techniques related to technology. The focus of the conference is to instruct on the most recent research and technologies related to training, that can be utilized to increase workplace performance.

**External Training/Outsourcing Training**

External training includes any type of training that is not performed in-house. This is usually the last step in training, and it can be ongoing. It can include sending an employee to a seminar to help further develop leadership skills or helping pay tuition for an employee who wants to take a marketing class. An agency may choose to send their employees required to drive an agency vehicle to a defensive driving course. As mentioned before the OPM provides external training for other agencies and organizations (“Workforce & Succession Planning Mentoring”, 2019).
Outsourcing Training

Many organizations are outsourcing training. The main reasons behind this are to reduce cost, gain access to talent, geographic reach, and more. The number one reason is to reduce costs (“10 Reasons Companies are Outsourcing Training in Today’s Market,” 2010). An organization may outsource their communication training to a company that specializes in teaching and improving communication skills. One organization cannot have all the information and best practices on every topic. It is necessary to turn to an organization that specializes in specific areas.

How Would You Handle This?

To Train or Not to Train

Towanda Michaels is the human resource manager at a medium-size local agency. Casey Cleps is a sanitation specialist at the agency and an invaluable member of the team. Last year, his ideas saved the department 20 percent of their budget. Everybody likes Casey: he is friendly, competent, and professional.

Training is an important part of the agency, and an email was sent last month that said if employees do not complete the required safety training by July 1, they would be let go.

It is July 15, and it has just come to Towanda's attention that Casey has not completed the online safety training that is required for his job. When she approaches him about it, he says, “I am the best sanitation specialist here; I can’t waste time doing training. I already know all the safety rules anyway.”

Would you let Casey go, as stated in the email? How would you handle this?

Exercises

1. Why do you think some organizations do not follow the four training steps? What are the advantages of doing so?
2. What qualities do you think a mentor should have? List at least five.
3. Have you ever worked with a mentor in a job, at school, or in extracurricular activities? Describe your experience.

References


10 Reasons Companies are Outsourcing Training in Today’s Market. (2010, April 13).


6.2 Types of Training

There are several different types of training we can use to engage an employee. These types are usually used in all steps in a training process (orientation, in-house, mentorship, and external training). The training utilized depends on the amount of resources available for training, the type of company, and the priority the company places on training. An example, such as the Nowheresville sanitation department, make training a high priority. The company spends an average of $2,000 per hourly employee. This includes everyone from the drivers and managers to the mechanics. For the sanitation department, this expenditure has paid off. They measure the effectiveness of its training by looking at turnover, which has decreased after implementing this training program. Drivers make up 40 percent of the workforce and spend two weeks training to obtain certification. Thirty days later, they receive follow-up classes, and when the routes change, they receive additional training.

As you will see from the types of training below, no one type would be enough for the jobs we do. Most HR managers use a variety of these types of training to develop a holistic employee.

Technical or Technology Training

Depending on the type of job, technical training will be required. **Technical training** is a type of training meant to teach the new employee the technological aspects of the job. In a retail environment, technical training might include teaching someone how to use the computer system to ring up customers. In a sales position, it might include showing someone how to use the customer relationship management (CRM) system to find new prospects. In a consulting business, technical training might be used so the consultant knows how to use the system to input the number of hours that should be charged to a client. In a restaurant, the server needs to be trained on how to use the system to process orders. Let's assume your organization has decided to switch to the newest version of Microsoft Office. This might require some technical training of the entire organization to ensure everyone uses the technology effectively. Technical training is often performed in-house, but it can also be administered externally.
Quality Training/ Quality Service Training

In a production-focused business, quality training is extremely important. **Quality training** refers to familiarizing employees with the means of preventing, detecting, and eliminating low quality items, usually in an organization that produces a product. In a world where quality can set your business apart from competitors, this type of training provides employees with the knowledge to recognize products that are not up to quality standards and teaches them what to do in this scenario. Numerous organizations, such as the International Organization for Standardization (ISO), measure quality based on several metrics. This organization provides the stamp of quality approval for companies producing tangible products. ISO has developed quality standards for almost every field imaginable, not only considering product quality but also certifying companies in environmental management quality. ISO9000 is the set of standards for quality management, while ISO14000 is the set of standards for environmental management. ISO has developed 18,000 standards over the last 60 years. With the increase in globalization, these international quality standards are more important than ever for business development. Some companies, like 3M (QAI, 2011), choose to offer ISO training as external online training, employing companies such as QAI to deliver the training both online and in classrooms to employees.

Training employees on quality standards, including ISO standards, can give them a competitive advantage. It can result in cost savings in production as well as provide an edge in marketing of the quality-controlled products. Some quality training can happen in-house, but organizations such as ISO also perform external training. The Food and Drug Administration in the U.S. sets regulations, approves products, informs the public on recalls, and provides guidance to the public. Their website lists their mission and responsibilities, [https://www.fda.gov/about-fda/what-we-do](https://www.fda.gov/about-fda/what-we-do) (2018).

**Quality Service Training**

In the public sector it is vital to provide the quality service. Technology has changed the way that the public interacts with governments. One researcher proposes that the services provided to the public can be improved through technology. Certain service could be provided electronically, or automated to improve efficiency (Buckley, 2003). There is also the findings of Teicher, Hughes, and Dow that show that implementing technology into providing public services has led to disproportionately benefitted the public in the urban areas when compared to rural regions (Hughes, Teicher, & Dow, 2002).

**Skills Training**

**Skills training**, the third type of training, includes proficiencies needed to actually perform the job. For example, an administrative assistant might be trained in how to answer the phone, while a city manager might be trained to navigate the different...
channels of a city government to accomplish their tasks. Think of skills training as the things you actually need to know to perform your job. A city waste management employee needs to know the different routes and schedules they run on. Most of the time, skills training is given in-house and can include the use of a mentor.

Continuing Education Matters

(click to see video)

A small business owner explains the advantages of offering informal skills training about new products.

Soft Skills Training

Our fourth type of training is called soft skills training. **Soft skills** refer to personality traits, social graces, communication, and personal habits that are used to characterize relationships with other people. Soft skills might include how to answer the phone or how to be friendly and welcoming to customers. It could include sexual harassment training and ethics training. In some jobs, necessary soft skills might include how to motivate others, maintain small talk, and establish rapport.

In a retail or restaurant environment, soft skills are used in every interaction with customers and are a key component of the customer experience. In fact, according to a Computerworld magazine survey, executives say there is an increasing need for people who have not only the skills and technical skills to do a job but also the necessary soft skills, such as strong listening and communication abilities (Hoffman, 2007). Many problems in organizations are due to a lack of soft skills, or interpersonal skills, not by problems with the organization itself. Chapter 7 explains the importance of communication in organizations. HR and managers should work together to strengthen these employee skills. Soft skills training can be administered either in-house or externally. A recent LinkedIn study found that soft skills are valued the most by employees and employers (“LinkedIn’s 2018 Workplace Learning Report,” n.d.). Chapter 7 discusses the importance of communication in-depth.

Professional Training and Legal Training

In some jobs, professional training must be done on an ongoing basis. **Professional training** is a type of training required to be up to date in one’s own professional field. For example, tax laws change often, and as a result, an accountant for the Internal Revenue Service must receive yearly professional training on new tax codes. Lawyers need professional training as laws change. Lawyers for non-profits must stay up to date on
current rulings and laws. An HR representative in the Park Service needs to know the organization's policies to best train and educate employees.

Some organizations have paid a high cost for not properly training their employees on the laws related to their industry. A prime example is the U.S. Small Business Administration. They were sued to reclaim lost overtime wages. "Under the settlement, SBA agreed to pay $7,600,000 to resolve claims by the Union on behalf of current and former SBA employees who were not compensated properly under the Fair Labor Standards Act," (2019). A supervisor in the United States Forest Service must know the agencies policy on sexual harassment. If they do not, boundaries might be breached ending in an investigation and repercussions for the supervisor. This incident could be prevented if the supervisor knew the current policy on sexual harassment. Other types of legal training might include sexual harassment law training and discrimination law training. A recent PBS special on the Forest Service called out the agency for a culture of sexual harassment.

https://www.pbs.org/newshour/nation/after-shake-up-over-sexual-misconduct-in-the-forest-service-new-chief-says-there-is-progress-dozens-of-women-say-there-is-not-enough

Professional training is normally given externally and is usually required for specific professions in which updates occur often, as in the accounting industry.

**Team Training**

A trust Fall is used to build trust among a certain group of people, usually coworkers. As a team-building exercise this is an example of team training. The goal of team training is to develop cohesiveness among team members, allowing them to get to know each other and facilitate relationship building. We can define **team training** as a process that empowers teams to improve decision making, problem solving, and team-development skills to achieve organizational results. This often happens in agencies to show the importance of cooperation. Some reasons for team training include the following:

- Improving communication
  - Making the workplace more enjoyable
  - Motivating a team
  - Getting to know each other
  - Getting everyone "onto the same page," including goal setting
  - Teaching the team self-regulation strategies
  - Helping participants to learn more about themselves (strengths and weaknesses)
  - Identifying and utilizing the strengths of team members
  - Improving team productivity
  - Practicing effective collaboration with team members
Team training can be administered either in-house or externally. Ironically, through the use of technology, team training no longer requires people to even be in the same room.

**Human Resource Recall**

What kind of team training have you participated in? What was it like? Do you think it accomplished what it was supposed to accomplish?

**Managerial Training**

After someone has spent time with an organization, they might be identified as a candidate for promotion and managerial training would occur. Topics might include those from our soft skills section, such as how to motivate and delegate, while others may be technical in nature. For example, if management uses a special computer system for scheduling, the manager candidate might be technically trained. Some managerial training might be performed in-house while other training, such as leadership skills, might be performed externally.

For example, Mastek, a global IT solutions and services provider, provides a program called “One Skill a Month,” which enables managers to learn skills such as delegation, coaching, and giving feedback. The average number of total training days at Mastek is 7.8 per employee\(^2\) and includes managerial topics and soft skills topics such as e-mail etiquette. The goal of its training programs is to increase productivity, one of the organization’s core values.

**Safety Training**

Safety training is a type of training that occurs to ensure employees are protected from injuries caused by work-related accidents. Safety training is especially important for organizations that use chemicals or other types of hazardous materials in their production. Safety training can also include evacuation plans, fire drills, and workplace violence procedures. Safety training can also include the following:

- Eye safety
- First aid
- Food service safety
- Hearing protection
- Asbestos
• Construction safety
• Hazmat safety

The **Occupational Safety and Health Administration**, or OSHA, is the main federal agency charged with enforcement of safety and health regulation in the United States. OSHA provides external training to companies on OSHA standards. Sometimes in-house training will also cover safety training.


**References**


6.3 Training Delivery Methods

Learning Objective

1. Explain the types of training delivery methods.

Depending on the type of training occurring, you may choose one delivery method over another. This section discusses the types of delivery methods we can use to execute the types of training. Keep in mind, however, that most good training programs will use a variety of delivery methods.

This video shows an OSHA training in confined spaces lesson.  https://www.osha.gov/video/shipyard_accidents/04_confined_space.html

On-the-Job Coaching Training Delivery

On-the-job coaching is one way to facilitate employee skills training. On-the-job coaching refers to an approved person training an employee on the skills necessary to complete tasks. A manager or someone with experience shows the employee how to perform the actual job. The selection of an on-the-job coach can be done in a variety of ways, but usually the coach is selected based on personality, skills, and knowledge. This type of skills training is normally facilitated in-house. The disadvantage of this training revolves around the person delivering the training. If he or she is not a good communicator, the training may not work. Likewise, if this person has “other things to do,” he or she may not spend as much time required to train the person and provide guidance. In this situation, training can frustrate the new employee and may result in turnover.

On-the-job coaching is like mentoring. Think of on-the-job coaching as more skills-based training, while mentoring is usually a training delivery method that is more long term and goes beyond just showing the employee skills to do the job.

Mentoring and Coaching Training Delivery
Mentoring is also a type of training delivery. A mentor is a trusted, experienced advisor who has direct investment in the development of an employee. **Mentoring** is a process by which an employee can be trained and developed by an experienced person. Normally, mentoring is used as a continuing method to train and develop an employee. One disadvantage of this type of training is possible communication style and personality conflict. It can also create overdependence in the mentee or micromanagement by the mentor. This is more different than on-the-job coaching, which tends to be short term and focuses on the skills needed to perform a certain job.

The United States Office of Personnel Management uses a mentoring program to adhere to its organizational goals ("Workforce & Succession Planning Mentoring," 2019). Mentor programs result in higher organizational commitment and career satisfaction among employees (Bozeman & Feeney, 2009). Mentoring programs can be beneficial, they also have costs in personnel and finances.

**Brown Bag Lunch Training Delivery**

Brown bag lunches are a training delivery method meant to create an informal atmosphere. As the name suggests, **brown bag lunch training** is one in which the training occurs during lunchtime, employees bring their food, and someone presents training information to them. The trainer could be HR or management or even another employee showing a new technical skill. Brown bag lunches can also be an effective way to perform team training, as it brings people together in a more relaxed atmosphere. Some organizations offer brown bag lunch training for personal development as well. For example, HR might want to bring in a specialist on 401(k) plans, or perhaps an employee provides a slide presentation on a trip he or she has taken, discussing the things learned on the trip. One disadvantage to this type of training can be low attendance and garnering enough interest from employees who may not want to “work” during lunch breaks. There can also be inconsistency in messages if training is delivered and not everyone is present to hear the message.

**Human Resource Recall**

What types of brown bag lunch training would employees be most willing to attend? Do you think this type of training should be required?

**Web-Based Training Delivery**

Web-based training delivery has a few names. It could be called e-learning or Internet-based, computer-based, or technology-based learning. No matter what it is called, any **web-based training** involves the use of technology to facilitate training. There are two
types of web-based learning. First, **synchronous** learning uses instructor-led facilitation. **Asynchronous** learning is self-directed, and there is no instructor facilitating the course. There are several advantages to web-based training. First, it is available on demand, does not require travel, and can be cost efficient. However, disadvantages might include an impersonal aspect to the training and limited bandwidth or technology capabilities.

Web-based training delivery lends itself well to certain training topics. For example, this might be an appropriate delivery method for safety training, technical training, quality training, and professional training. However, for some training, such as soft-skills training, job skills training, managerial training, and team training, another more personalized method may be better for delivery. However, there are many different platforms that lend themselves to an interactive approach to training, such as Sun Microsystems’ Social Learning eXchange (SLX) training system, which has real-time video and recording capabilities. Hundreds of platforms are available to facilitate web-based training. DigitalChalk, for example, allows for both synchronous and asynchronous training and allows the instructor or human relations manager to track training progress and completion (DigitalChalk, 2010). Some companies use SharePoint, an intranet platform, to store training videos and materials (Microsoft SharePoint, 2010). Blackboard and Angel (used primarily by higher education institutions) allows human resource managers to create training modules, which can be moderated by a facilitator or managed in a self-paced format. In any of the platforms available, media such as video and podcasts can be included within the training.

Considerations for selecting a web-based platform include the following:

- Is there a one-time fee or a per-user fee?
- Do the majority of your employees use a Mac or a PC, and how does the platform work with both systems?
- Is there enough bandwidth in your organization or agency to support this type of platform?
- Is the platform flexible enough to meet your training needs?
- Does the software allow for collaboration and multimedia?
- Is there training for the trainer in adoption of this system? Is technical support offered?

**Job Shadowing Training Delivery**

**Job shadowing** is a training delivery method that places an employee who already has the skills with another employee who wants to develop those skills. Apprenticeships use job shadowing as one type of training method. For example, an apprentice electrician would shadow and watch the journeyman electrician perform the skills and tasks and learn by watching. Eventually, the apprentice would be able to learn the skills to do the
job alone. The downside to this type of training is the possibility that the person job shadowing may learn “bad habits” or shortcuts to performing tasks that may not be beneficial to the organization.

**Federal Law Enforcement Training Centers**

Some Federal Law Enforcement Officers must be trained at specific centers. “The Federal Law Enforcement Training Centers (FLETC) provides career-long training to law enforcement professionals to help them fulfill their responsibilities safely and proficiently. Over the past 46 years, FLETC has grown into the Nation's largest provider of law enforcement training,” (“Learn About FLETC | FLETC,” 2019). These centers provide the in-depth training that prepares individuals to be successful.

**Job Swapping Training Delivery**

**Job swapping** is a method for training in which two employees agree to change jobs for a period of time. Of course, with this training delivery method, other training would be necessary to ensure the employee learns the skills needed to perform the skills of the new job. Job swap options can be motivational to employees by providing a change of scenery. It can be great for the organization as well to cross-train employees in different types of jobs. However, the time spent learning can result in unproductive time and lost revenue. The Forest Service allows employees to apply to detail in other positions. This gives these employees the opportunities to learn and experience different positions across a variety of departments. Inherently this initiative gives employees insight into what other employees, departments, or jobs do specifically.

**Vestibule Training Delivery**

In vestibule training, training is performed near the worksite in conference rooms, lecture rooms, and classrooms. This might be an appropriate method to deliver orientations and some skills-based training. For example, to become a journeyman electrician, an apprentice performs job shadowing, on-the-job training, and vestibule training to learn the law and codes related to electricity installation. Many organizations use vestibule training for technical training, safety training, professional training, and quality training. It can also be appropriate for managerial training, soft skills training, and team training. As you can tell, this delivery method, like web-based training delivery, is quite versatile. For some jobs or training topics, this may take too much time away from performing the actual “job,” which can result in lost productivity.

**International Assignment Training**
Up to 40 percent of international assignments are terminated early because of a lack of international training (Sullivan Tu, 2011). Ensuring success overseas is reliant upon the local employee’s learning how to navigate in the new country. The following topics might be included in this type of training:

1. Cultural differences and similarities
2. Insight and daily living in the country
3. Social norms and etiquette
4. Communication training, such as language skills

This training is best delivered by a professional in the region or area in which the employee will be working.

Training Fatigue

It is possible that an employee has seen the same video or PowerPoint multiple times. As an organization, training programs must be evaluated and updated to attempt to prevent training fatigue. This concept is when an employee pays little to no attention to trainings, due to fatigue from repeated trainings, multiple back-to-back trainings, or physical fatigue from other circumstances. A fatigued audience will not benefit from a training as much as their opposite. One doctor provides a great example of training fatigue. He explains that trainings back-to-back can lose their effectiveness (Wears, 2015). Training should be spread out to prevent fatigue.

Accommodations

It should be recognized that certain accommodations must be considered in training delivery methods. An individual that cannot see will not benefit from a visual training based on a video. Here is a link that gives a variety of technologies, techniques, and methods that are available to make these accommodations, https://www.shrm.org/resourcesandtools/hr-topics/technology/pages/new-assistive-technologies-aid-employees-with-disabilities.aspx.

<table>
<thead>
<tr>
<th>Exercises</th>
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<tbody>
<tr>
<td>1. Do an Internet search on web-based training. Discuss two of the platforms you found. What are the features and benefits?</td>
</tr>
<tr>
<td>2. Which training delivery method do you think you personally would prefer in a job and why?</td>
</tr>
<tr>
<td>3. What do you see as advantages and disadvantages to each type of training method?</td>
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References


6.4 Designing a Training Program

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<tr>
<th>Learning Objectives</th>
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</thead>
<tbody>
<tr>
<td>1. Be able to design a training program framework.</td>
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<tr>
<td>2. Understand the uses and applications of a career development program.</td>
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</table>

The next step in the training process is to create a training framework that will help guide you as you set up a training program. Information on how to use the framework is included in this section.

Training Program Framework Development

When developing your training plan, there are a number of considerations. Training is something that should be planned and developed in advance.

The considerations for developing a training program are as follows:

1. **Needs assessment and learning objectives.** This part of the framework development asks you to consider what kind of training is needed in your organization. Once you have determined the training needed, you can set learning objectives to measure at the end of the training.

2. **Consideration of learning styles.** Making sure to teach to a variety of learning styles is important to development of training programs.

3. **Delivery mode.** What is the best way to get your message across? Is web-based training more appropriate, or should mentoring be used? Can vestibule training be used for a portion of the training while job shadowing be used for some of the training, too? Most training programs will include a variety of delivery methods.

4. **Budget.** How much money do you have to spend on this training?

5. **Delivery style.** Will the training be self-paced or instructor led? What kinds of discussions and interactivity can be developed in conjunction with this training?
6. **Audience.** Who will be part of this training? Do you have a mix of roles, such as accounting people and marketing people? What are the job responsibilities of these individuals, and how can you make the training relevant to their individual jobs?

7. **Content.** What needs to be taught? How will you sequence the information?

8. **Timelines.** How long will it take to develop the training? Is there a deadline for training to be completed?

9. **Communication.** How will employees know the training is available to them?

10. **Measuring effectiveness of training.** How will you know if your training worked? What ways will you use to measure this?

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**Human Resource Recall**

Can you think of a time where you received training, but the facilitator did not connect with the audience? Does that ever happen in any of your classes (of course not this one, though)?

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**Needs Assessment**

The first step in developing a training program is to determine what the organization needs in terms of training. There are three levels of training **needs assessment:** organizational assessment, occupational (task) assessment, and individual assessment:

1. **Organizational assessment.** In this type of needs assessment, we can determine the skills, knowledge, and abilities a company needs to meet its strategic objectives. This type of assessment considers things such as changing demographics and technological trends. Overall, this type of assessment looks at how the organization as a whole can handle its weaknesses while promoting strengths.

2. **Occupational (task) assessment.** This type of assessment looks at the specific tasks, skills knowledge, and abilities required to do jobs within the organization.
3. **Individual assessment.** An individual assessment looks at the performance of an individual employee and determines what training should be accomplished for that individual.

We can apply each of these to our training plan. First, to perform an organizational assessment, we can look at future trends and our overall organization’s strategic plan to determine training needs. We can also see how jobs and industries are changing, and knowing this, we can better determine the occupational and individual assessments.

Researching training needs can be done through a variety of ways. One option is to use an online tool such as SurveyMonkey to poll employees on what types of training they would like to see offered.

As you review performance evaluations turned in by your managers, you may see a pattern developing showing that employees are not meeting expectations. As a result, this may provide data as to where your training is lacking.

There are also types of training that will likely be required for a job, such as technical training, safety training, quality training, and professional training. Each of these should be viewed as separate training programs, requiring an individual framework for each type of training. For example, an employee orientation framework will look entirely different from an in-house technical training framework.

Training must be tied to job expectations. Any and all training developed should transfer directly to the skills of that particular employee. Reviewing the HR strategic plan and various job analyses may help you see what kind of training should be developed for specific job titles in your organization.

**Learning Objectives**

After you have determined what type of training should occur, learning objectives for the training should be set. A learning objective is what you want the learner to be able to do, explain, or demonstrate at the end of the training period. Good learning objectives are performance based and clear, and the result of the learning objective can be observable or measured in some way. Examples of learning objectives might include the following:

1. Be able to explain the organizational policy on sexual harassment and give examples of sexual harassment.
2. Perform a variety of needs analyses using company software.
3. Understand and utilize the new expense-tracking software.
4. Explain the safety procedure in handling chemicals.
5. Be able to explain the types of communication styles and strategies to effectively deal with each style.

6. Demonstrate ethics when handling complaints.

7. Be able to effectively delegate to employees.

Once we have set our learning objectives, we can utilize information on learning styles to then determine the best delivery mode for our training.

**Learning Styles**

Understanding learning styles is an important component to any training program. For our purposes, we will utilize a widely accepted learning style model. Recent research has shown that classifying people into learning styles may not be the best way to determine a style, and most people have a different style depending on the information being taught. In a study by Pashler et al., the authors look at aptitude and personality as key traits when learning, as opposed to classifying people into categories of learning styles. Bearing this in mind, we will address a common approach to learning styles next.

An effective trainer tries to develop training to meet the three different learning styles:

1. **Visual learner.** A visual learner usually has a clear “picture” of an experience. A visual learner often says things such as “I can see what you are saying” or “This looks good.” A visual learner is best reached using graphics, pictures, and figures.

2. **Auditory learner.** An auditory learner learns by sound. An auditory learner might say, “If I hear you right” or “What do you hear about this situation?” The auditory learner will learn by listening to a lecture or to someone explaining how to do something.

3. **Kinesthetic learner.** A kinesthetic learner learns by developing feelings toward an experience. These types of learners tend to learn by doing rather than listening or seeing someone else do it. This type of learner will often say things such as “This feels right.”

Most individuals use more than one type of learning style, depending on what kinds of information they are processing. For example, in class you might be a visual learner, but when learning how to change a tire, you might be a kinesthetic learner.

**Delivery Mode**
Depending on the type of training that needs to be delivered, you will likely choose a different mode to deliver the training. An orientation might lend itself best to vestibule training, while sexual harassment training may be better for web-based training. When choosing a delivery mode, it is important to consider the audience and budget constrictions. For example, Oakwood Worldwide, a provider of temporary housing, recently won the Top 125 Training Award for its training and development programs. It offers in-class and online classes for all associates and constantly add to its course catalog. This is a major recruitment as well as retention tool for its employees. In fact, the company credits this program for retaining 25 percent of its workforce for ten years or more. Table 6.1 “Types of Training and Delivery” looks at each of the types of training and suggests appropriate options for delivery modes.

Table 6.1 Types of Training and Delivery

<table>
<thead>
<tr>
<th>Delivery Method</th>
<th>Type of Training Suggested</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-the-job coaching</td>
<td>Technical, Skills, Managerial, Safety</td>
</tr>
<tr>
<td>Mentor</td>
<td>Technical, Skills, Managerial, Safety</td>
</tr>
<tr>
<td>Brown bag lunch</td>
<td>Quality, Soft Skills, Professional, Safety</td>
</tr>
<tr>
<td>Web-based</td>
<td>Technical, Quality, Skills, Soft skills, Professional, Team, Managerial, Safety</td>
</tr>
<tr>
<td>Job shadowing</td>
<td>Technical, Quality, Skills, Safety</td>
</tr>
<tr>
<td>Job swapping</td>
<td>Technical, Quality, Skills, Professional, Team, Managerial, Safety</td>
</tr>
<tr>
<td>Vestibule training</td>
<td>Technical, Quality, Skills, Soft Skills, Professional, Team, Managerial, Safety</td>
</tr>
</tbody>
</table>

Budget
How much money do you think the training will cost? The type of training performed will depend greatly on the budget. If you decide that web-based training is the right delivery mode, but you don’t have the budget to pay the user fee for the platform, this wouldn’t be the best option. Besides the actual cost of training, another cost consideration is people’s time. If employees are in training for two hours, what is the cost to the organization while they are not able to perform their job? A spreadsheet should be developed that lists the actual cost for materials, snacks, and other direct costs, but also the indirect costs, such as people’s time.

Delivery Style

Taking into consideration the delivery method, what is the best style to deliver this training? People learn in a variety of ways, such as auditory, kinesthetic, or visual. Considering this, what kinds of ice breakers, breakout discussions, and activities can you incorporate to make the training as interactive as possible? Role plays and other games can make the training fun for employees. Many trainers implement online videos, podcasts, and other interactive media in their training sessions. This ensures different learning styles are met and makes the training more interesting. This link shows the growing use of immersive training, such as virtual reality, https://trainingindustry.com/magazine/nov-dec-2017/the-rise-of-immersive-learning/. As mentioned at the beginning of the chapter, technology is changing training. It is being utilized to develop better training programs.

Audience

Considering your audience is an important aspect to training. How long have they been with the organization, or are they new employees? What departments do they work in? Knowing the answers to these questions can help you develop a relevant delivery style that makes for better training. For example, if you know that all the people attending the training are from the accounting department, examples you provide in the training can be focused on this type of job. If you have a mixed group, examples and discussions can touch on a variety of disciplines.

Content Development

The content you want to deliver is perhaps one of the most important parts in training and one of the most time-consuming to develop. Development of learning objectives or those things you want your learners to know after the training makes for a more focused training. Think of learning objectives as goals—what should someone know after completing this training? Here are some sample learning objectives:

1. Be able to define and explain the handling of hazardous materials in the workplace.
2. Be able to utilize the team decision process model.

3. Understand the definition of sexual harassment and be able to recognize sexual harassment in the workplace.

4. Understand and be able to explain the company policies and structure.

After you have developed the objectives and goals, you can begin to develop the content of the training. Consideration of the learning methods you will use, such as discussion and role playing, will be outlined in your content area.

Development of content usually requires a development of learning objectives and then a brief outline of the major topics you wish to cover. With that outline, you can “fill in” the major topics with information. Based on this information, you can develop modules or PowerPoint slides, activities, discussion questions, and other learning techniques.

**Timelines**

For some types of training, timelines may be required to ensure the training has been done. This is often the case for safety training; usually the training should be done before the employee starts. In other words, in what time frame should an employee complete the training?

Another consideration regarding timelines is how much time you think you need to give the training. Perhaps one hour will be enough, but sometimes, training may take a day or even a week. After you have developed your training content, you will likely have a good idea as to how long it will take to deliver it. Consider the fact that most people do not have a lot of time for training and keep the training time realistic and concise.

From a long-term approach, it may not be cost effective to offer an orientation each time someone new is hired. One consideration might be to offer orientation training once per month so that all employees hired within that month are trained at the same time.

Development of a dependable schedule for training might be ideal, as in the following example:

1. Orientation is offered on the first Thursday of every month.

2. The second and third Tuesday will consist of vestibule training on management skills and communication.

3. Twice yearly, in August and March, safety and sexual harassment training will be given to meet the legal company requirements.
Developing a dependable training schedule allows for better communication to your staff, results in fewer communication issues surrounding training, and allows all employees to plan ahead to attend training.

**Communication**

Once you have developed your training, your next consideration is how you will communicate the available training to employees. In a situation such as an orientation, you will need to communicate to managers, staff, and anyone involved in the training the timing and confirm that it fits within their schedule. If it is an informal training, such as a brown bag lunch on 401(k) plans, this might involve determining the days and times that most people are in the office and might be able to participate. Because employees use Mondays and Fridays, respectively, to catch up and finish up work for the week, these days tend to be the worst for training.

Consider utilizing your company’s intranet, e-mail, and even old-fashioned posters to communicate the training. Many organizations have Listservs that can relay the message to only certain groups, if need be.

<table>
<thead>
<tr>
<th>Human Resource Recall</th>
</tr>
</thead>
<tbody>
<tr>
<td>What can happen if training is not communicated to employees appropriately?</td>
</tr>
</tbody>
</table>

**Measuring Effectiveness**

After we have completed the training, we want to make sure our training objectives were met. There are multiple models that can be used to measure effectiveness. Research should be done to determine which model to use, to best fit the needs of the organization. One model to measure effectiveness of training is the Kirkpatrick model (Kirkpatrick, 2006), developed in the 1950s. His model has four levels:

1. Reaction: How did the participants react to the training program?
2. Learning: To what extent did participants improve knowledge and skills?
3. Behavior: Did behavior change as a result of the training?
4. Results: What benefits to the organization resulted from the training?

Each of Kirkpatrick’s levels can be assessed using a variety of methods.
Another model is Kraiger model. It utilizes three multidimensional target areas for evaluation. One training content and design, two changes in learners, three reactions. Reactions are used to determine how effective content and design are for the tasks learned (Alvarez, Salas, & Garofano, 2004).

A third model is the Tannenbaum model. It builds on the Kirkpatrick model. It adds post-training attitudes and divided behavior into two outcomes for evaluation (Alvarez, Salas, & Garofano, 2004).

Review the performance of the employees who received the training, and if possible, review the performance of those who did not receive the training. For example, in your orientation training, if one of the learning objectives was to be able to request time off using the company intranet, and several employees who attended the training come back and ask for clarification on how to perform this task, it may mean the training didn’t work as well as you might have thought. In this case, it is important to go back and review the learning objectives and content of your training to ensure it can be more effective in the future.

Many trainers also ask people to take informal, anonymous surveys after the training to gauge the training. These types of surveys can be developed quickly and easily through websites such as SurveyMonkey. Another option is to require a quiz at the end of the training to see how well the employees understand what you were trying to teach them. The quiz should be developed based on the learning objective you set for the training. For example, if a learning objective was to be able to follow OSHA standards, then a quiz might be developed specifically related to those standards. There are a number of online tools, some free, to develop quizzes and send them to people attending your training. For example, Wondershare QuizCreator offers a free trial and enables the manager to track who took the quiz and how well they did. Once developed by the trainer, the quiz can be e-mailed to each participant and the manager can see how each trainee did on the final quiz. After you see how participants do on the quiz, you can modify the training for next time to highlight areas where participants needed improvement.

It can be easy to forget about this step in the training process because usually we are so involved with the next task: we forget to ask questions about how something went and then take steps to improve it.

One way to improve effectiveness of a training program is to offer rewards when employees meet training goals. For example, if budget allows, a person might receive a pay increase or other reward for each level of training completed. Refer to Chapter 5 for more motivation strategies.

Career Development Programs and Succession Planning
Another important aspect to training is career development programs. A career development program is a process developed to help people manage their career, learn new things, and take steps to improve personally and professionally. Think of it as a training program of sorts, but for individuals. Sometimes career development programs are called professional development plans. The Forest Service utilizes Performance Plan Evaluations. They are an agreement between the employees and management that a certain level performance will be achieved. Management agrees to strive to give the employees certain trainings and opportunities to learn.

Figure 6.9 Sample Career Development Plan Developed by an Employee and Commented on by Her Manager

<table>
<thead>
<tr>
<th><strong>Today's Date</strong></th>
<th>February 15, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong></td>
<td>Robert Dylan</td>
</tr>
<tr>
<td><strong>Current job title</strong></td>
<td>Forestry Technician</td>
</tr>
<tr>
<td><strong>Goals</strong></td>
<td>S-290, Sawyer-B, HECM, Incident Commander 5</td>
</tr>
<tr>
<td><strong>Estimated Costs</strong></td>
<td>$975</td>
</tr>
<tr>
<td><strong>Completion Date</strong></td>
<td>Spring of 2019</td>
</tr>
</tbody>
</table>

As you can see, the employee developed goals and made suggestions on the types of training that could help him meet his goals. Based on this data, the manager suggested in-house training and external training for him to reach his goals within the organization.

Career development programs are necessary in today's organizations for a variety of reasons. If an employee knows a path to career development is in place, this can increase motivation. A career development plan usually includes a list of short- and long-term goals that employees have pertaining to their current and future jobs and a planned sequence of formal and informal training and experiences needed to help them reach the goals. As this chapter has discussed, the organization can and should be instrumental in defining what types of training, both in-house and external, can be used to help develop employees.

To help develop this type of program, managers can consider a few components (Heller, 2005):
1. **Talk to employees.** Although this may seem obvious, it doesn’t always happen. Talking with employees about their goals and what they hope to achieve can be a good first step in developing a formal career development program.

2. **Create specific requirements for career development.** Allow employees to see that if they do A, B, and C, they will be eligible for promotion. For example, to become a supervisor, maybe three years of experience, management training, and communication training are required. Perhaps an employee might be required to prove themselves in certain areas, such as “maintain and exceed sales quota for eight quarters” to be a sales manager. In other words, in career development there should be a clear process for the employees to develop themselves within the organization.

3. **Use cross-training and job rotation.** Cross-training is a method by which employees can gain management experience, even if for short periods of time. For example, when a manager is out of the office, putting an employee “in charge” can help the employee learn skills and abilities needed to perform that function appropriately. Using **job rotation**, which involves a systematic movement of employees from job to job within an organization, employees can gain a variety of experiences to prepare them for upward movement in the organization.

4. **Utilize mentors.** Mentorship can be a great way for employees to understand what it takes to develop one’s career to the next level. A formal mentorship program in place with willing mentees can add value to your career development program.

There are many tools on the web, including templates to help employees develop their own career development plans. Many organizations, in fact, ask employees to develop their own plans and use those as a starting point for understanding long-term career goals. Then hopefully the organization can provide them with the opportunities to meet these career goals. In the late 1980s, many employees felt that career opportunities at their current organizations dwindled after seeing the downsizing that occurred. It gave employees the feeling that organizations were not going to help develop them, unless they took the initiative to do so themselves. Unfortunately, this attitude means that workers will not wait for career opportunities within the company, unless a clear plan and guide is put into place by the company (Capelli, 2010). Here is an example of a process that can be used to put a career development program in place (Adolfo, 2010):
1. Meet individually with employees to identify their long-term career interests (this may be done by human resources or the direct manager).

2. Identify resources within the organization that can help employees achieve their goals. Create new opportunities for training if you see a gap in needs versus what is currently offered.

3. Prepare a plan for each employee or ask them to prepare the plan.

4. Meet with the employee to discuss the plan.

5. During performance evaluations, revisit the plan and make changes as necessary.

Identifying and developing a planning process not only helps the employee but also can assist the managers in supporting employees in gaining new skills, adding value, and motivating employees.

As mentioned at the beginning of the chapter, Employees value training or in other words development (“LinkedIn’s 2018 Workplace Learning Report,” n.d.). A study that looked at the value of training, stated that skills learned in the public sector were valued if or when employees went to the private sector (Mendez & Sepulveda, 2016).


References


6.5 Cases and Problems

**Chapter Summary**

- Employee training and development is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Training is important to employee retention.
- There are four steps in training that should occur. Employee orientation has the purpose of welcoming new employees into the organization. An effective employee orientation can help reduce start-up costs, reduce anxiety for the employee, reduce turnover, save time for the supervisor and colleagues, and set expectations and attitudes.
- An in-house training program is any type of program in which the training is delivered by someone who works for the company. This could include management or HR. Examples might include sexual harassment training or ethics training. In-house training can also include components specific to a job, such as how to use a specific kind of software. In-house training is normally done as a second and ongoing step in employee development.
- A mentor form of training pairs a new employee with a seasoned employee. This is usually the third step in employee training. A mentor program for training should include a formalized program and process.
- External training is any type of training not performed in-house; part of the last training step, external training can also be ongoing. It can include sending employees to conferences or seminars for leadership development or even paying tuition for a class they want to take.
- There are a number of key considerations in developing a training program. Training should not be handled casually but instead developed specifically to meet the needs of the organization. This can be done by a needs assessment consisting of three levels: organizational, occupational, and individual assessments.
- The first consideration is the delivery mode; depending on the type of training and other factors, some modes might be better than others.
- Budget is a consideration in developing training. The cost of materials, but also the cost of time, should be considered.
- The delivery style must take into account people’s individual learning styles. The amount of lecture, discussion, role plays, and activities are considered part of delivery style.
- The audience for the training is an important aspect when developing training. This can allow the training to be better developed to meet the needs and the skills of a particular group of people.
- The content obviously is an important consideration. Learning objectives and goals for the training should be developed before content is developed.
After content is developed, understanding the time constraints is an important aspect. Will the training take one hour or a day to deliver? What is the timeline consideration in terms of when people should take the training?

Letting people know when and where the training will take place is part of communication.

The final aspect of developing a training framework is to consider how it will be measured. At the end, how will you know if the trainees learned what they needed to learn?

A career development process can help retain good employees. It involves creating a specific program in which employee goals are identified and new training and opportunities are identified and created to help the employee in the career development process.

There are several types of training we can provide for employees. In all situations, a variety of training types will be used, depending on the type of job.

Technical training addresses software or other programs that employees use while working for the organization.

Quality training is a type of training that familiarizes all employees with the means to produce a good-quality product. The ISO sets the standard on quality for most production and environmental situations. ISO training can be done in-house or externally.

Skills training focuses on the skills that the employee actually needs to know to perform their job. A mentor can help with this kind of training.

Soft skills are those that do not relate directly to our job but are important. Soft skills training may train someone on how to better communicate and negotiate or provide good customer service.

Professional training is normally given externally and might be obtaining certification or specific information needed about a profession to perform a job. For example, tax accountants need to be up to date on tax laws; this type of training is often external.

Team training is a process that empowers teams to improve decision making, problem solving, and team-development skills. Team training can help improve communication and result in more productive businesses.

To get someone ready to take on a management role, managerial training might be given.

Safety training is important to make sure an organization is meeting OSHA standards. Safety training can also include disaster planning.

Training delivery methods are important to consider, depending on the type of training that needs to be performed.

Most organizations do not use only one type of training delivery method; a combination of many methods will be used.

On-the-job coaching delivery method is a training delivery method in which an employee is assigned to a more experienced employee or manager to learn the skills needed for the job. This is similar to the mentor training delivery method,
except a mentor training method is less about skills training and more about ongoing employee development.

- Brown bag lunch training delivery is normally informal and can involve personal development as well as specific job-related skills.
- Web-based training is any type of training that is delivered using technology.
- There are numerous platforms that can be used for web-based training and considerations, such as cost, when selecting a platform for use.
- A synchronous training method is used for web-based training and refers to delivery that is led by a facilitator. An asynchronous training method is one that is self-directed.
- Job shadowing is a delivery method consisting of on-the-job training and the employee’s learning skills by watching someone more experienced.
- To motivate employees and allow them to develop new skills, job swapping training delivery may be used. This occurs when two people change jobs for a set period of time to learn new skills. With this method, it is likely that other methods will also be used, too.
- Vestibule training delivery is also known as “near site” training. It normally happens in a classroom, conference room, or lecture room and works well to deliver orientations and some skills-based training. Many organizations also use vestibule training for technical training, safety training, professional training, and quality training.
- Since many companies operate overseas, providing training to those employees with international assignments can better prepare them for living and working abroad.
- Employee training and development is a necessity in today’s work environment. Training and development can lead to lower turnover and increased motivation.
- There are four basic steps to employee training: employee orientation, in-house training, mentoring, and external training.
- Different types of training can be delivered, each falling into the steps of employee training. These include technical or technology training, quality training, skills training, soft skills training, professional training, team training, managerial training, and safety training.
- Within the types of training, we need to determine which method is best for the actual delivery of training. Options include on-the-job training, mentor training, brown bag lunches, web-based training, job shadowing, job swapping, and vestibule training.
- Development of a training development framework is the first step in solidifying the training.
- Considerations and steps to developing the training framework include determining the training needs, delivery modes, budget, delivery style, audience, content, timelines, communication of the training, and measurement of the training.
Career development programs can be an essential piece to the training puzzle. A comprehensive program or plan, either developed by employees or administered by HR, can help with motivation and fill the gap when people in the organization leave or retire. It can also be used as a motivational tool.

Chapter Case Study

The Sanitation Department in the town of Millsville has hired three new sanitation specialists. You are the supervisor directly responsible for giving these new employees an orientation and training them. The budget has recently been cut, leaving you with little resources to train these individuals. Your organization is full of longtime employees that have been around for years. The organization is extremely open to training and employee development.

How would you go about onboarding these new employees? What do you need to consider? What training types would you utilize? What delivery Method? Why; explain and defend your decisions? Using concepts from the chapter provide an in-depth plan to orient, train, and retain these new employees.

Now assume that the department is not open to training and employee development. How would your decisions change?

Now add in that current experienced employees and supervisors fear training employees under them, because they feel the new employees will take their jobs. Come up with a new plan based on these additions.
Chapter 7: Successful Employee Communication

Edited by Anonymous

The Biggest Challenge

Casey is seated at his desk reviewing his strategic plan when Lily walks in, obviously upset. Her facial expressions show she is upset, and after she enters, she crosses her arms while standing in front of Casey’s desk. Casey thinks Lily is a very hard worker and does an excellent job managing people as the manager of her department. Lately, she has been having trouble with some of her employees.

“Casey,” she says, “I really need to vent. Can I sit down and talk with you?” Casey offers Lily a seat and she sits down. She tells Casey that Sam, a mid-level manager, made snide and underhanded comments during a meeting this morning. “For example, when I asked the status on one of our projects, Sam said snidely, ‘Why don’t you ask one of your assistants? They are doing such a great job, after all.’ I suspect he is upset with something I wrote on my blog last week. As you know, I started the blog to continually let employees know of changes in the department and to provide feedback. In last week’s blog, I wrote about what a great job the assistants are doing in my department.”

Lily goes on, “So I pulled him aside after the meeting and asked him about his comment. He said that he was upset that I had given feedback to the assistants because he feels that as their manager, it is his job to do that. He felt I had stepped on his toes and the toes of other managers.”

Casey thinks about the situation and asks Lily if she apologized. Lily responds, “I didn’t feel like I needed to. I do think the assistants are doing a good job, and I don’t need to apologize for mentioning that. I am just trying to raise morale among them. You know, two assistants have quit in the last three months.”

Casey leans back in his chair and gives some thought as to how to advise Lily. He suggests that Lily speak with Sam directly (not via email) and tell him that her intention was only positive and not meant to be harmful and see what happens. Lily thinks about that and says she will try to see Sam later today. When she leaves, Casey sits back and thinks about how communication is one of the most important things that they do to ensure success in his organization.
7.1 Communication Strategies

Communication, as you see in our opening scenario, is key to a successful career as an administrator in a public or non-profit setting. While communication is likely discussed in several of your introductory communication classes, it should be further explored in the context of the public and non-profit setting to understand communication skills in context. How many times do miscommunications happen on a daily basis, either in your personal life or at your job? The good news is that we can all get better at communication. The first thing we need to do is learn how we can communicate with our employees. Then we will want to look at our own communication style and compare that with other styles. Have you ever spoken with someone you just didn’t “get”? It is probably because you have different communication styles. We address this in Section 7.1.3 “Communication Styles”. Body language is also a key contributor to communication; in fact, as was suggested in the late 1960s by researcher Albert Mehrabian, body language makes up 93 percent of our communication (Mehrabian & Ferris, 1967). Part of communication is also looking at the way we manage people. Depending on our style of management, we may use a variety of management styles to communicate things we need completed to give performance feedback, or to inspire employees to initiate a new policy requirement or implement new programming. Employees who have a negative perspective of an organization or of senior leadership within an organization will be less likely to implement initiatives overall reducing the employees’ commitment to the organization. This can lead to more employee turnover and poorer job performance within the organization. Communication coupled with consultation and training can help improve these conditions, therefore it is important for public and nonprofit organizations to evaluate their communication techniques (Alatrista and Arrowsmith, 2004). One major way organizations communicate with employees is through the use of meetings. Some meetings can be very effective, but as you probably already know, many meetings aren’t very productive. We will discuss some strategies to help you run a more effective meeting.

Setting Up Successful Communication

There is no doubt that successful internal communication has a profound impact on the success of an organization. Successful communication requires well-planned and well-executed communication interventions. As discussed in the study completed by Pandley and Garnett, a strategy to improve goal clarity as a method of improving communication can be successful in also improving organizational performance. However, if goal clarity is a product of groupthink, it is likely that organization performance will go down
(Pandley and Garnett, 2006). Beyond being strategic and intentional with communication, administrators are also able to influence communication performance by focusing on performance-enhancing conditions such as improving “overall expertise and resources; clarity of mission and goals without the rigid consensus that restricts adaptability; and organizational cultures that are appropriate to the agency, its mission, and stakeholders” (Pandley and Garnett, 2006). This chapter is designed to illuminate the significance of communication as well ensuring understanding of different situations that will require dynamic communication strategies.

Another way communication can be set up for success is by focusing on the “organizational communication climate.” The organizational communication climate is a combination of separate factors that can be analyzed to determine how positive the communication climate is. These factors should be pervasive through all levels of the organization to create a positive organizational communication climate. This was studied in a public agency in Indonesia and it was found that the greater the organizational communication climate, the greater the employee performance (Abdussamad, 2015).

**Communication and Emotional Intelligence (EI)**

One of the most important aspects to good communication is emotional intelligence (EI). Emotional intelligence is different from IQ. First, EI predicts much of life success, much more than IQ, in fact (Goleman, 2005). According to Daniel Goleman, a researcher on EI, there are five main aspects or domains to EI:

1. Knowing your emotions
2. Managing your emotions
3. Motivating yourself
4. Recognizing and understanding other people’s emotions
5. Managing relationships

First, let’s discuss knowing your emotions. If we don’t know how we feel about something, it can be difficult to communicate. It may seem obvious to know what we are feeling from moment to moment, but often we do not. How we feel impacts our body language as well as our verbal communication. For example, let’s say that on the way into work you get a flat tire. It takes you 30 minutes to change your tire and you now must rush and make it in on time. As you scramble at your desk to collect all your necessary reports for the weekly leadership meeting, you get a call from an employee of yours stating that they are sick and won’t be able to make it in that day. The way you communicate with this employee may be different then it would have been if you did not have the start to the morning the way you did.

On the other hand, if you recognize that you have had a difficult morning and you are feeling panicked and rushed, your awareness of these emotions allows you to better manage them. The third aspect of EI, motivating yourself, goes without saying in an
administrative role. This is the key not only to career success but also to personal success.

The last two domains of EI revolve around being able to see and understand emotions in other people, which in turn can benefit the relationship. Let’s say, in the situation above, you answer the phone and hear that your employee won’t make it in, but you recognize immediately through the tone of communication and the genuine nature of the employee’s voice, that their intent is not to make your day more difficult or to deceive you. Seeing this emotion in someone else may help you decide to approach your employee with more compassion and understanding. But what if you didn’t recognize this emotion and you made accusations of deceit or used this conversation as an opportunity to discuss the importance of following proper protocol and policy, you may reduce that employee’s morale or harm your relationship of trust with that employee. Emotional intelligence allows us to work better with people, understand them, and communicate effectively with them.

Communication Directions

As you already know, communication in companies is key to having a successful organization. Those organizations who communicate well with their employees end up with more loyal and motivated workers. Those that don’t communicate well, though, see increased turnover, absenteeism, lack of focus on program objectives, and lack of innovation. Proper communication can result in a sense of belonging and self-worth, leading to less turnover and absenteeism. These issues are also discussed in Chapter 5 “Retention and Motivation”. In Section 7.1.3 “Communication Styles”, we discuss some of the ways we can stay connected with our employees.

Four main types of communications occur within an organization: upward communication, downward communication, diagonal communication, and horizontal communication. Each type of communication can serve a different purpose and many messages may be sent in a variety of ways.

**Upward communication** occurs when the lower levels of an organization communicate with the upper levels of an organization. Some examples might be an employee satisfaction survey using survey tools such as SurveyMonkey or suggestion boxes and one on one meetings with members of the leadership team. These tools can be used to determine the changes that should occur in an organization from the perspective of the employees. Often times these tools will be utilized to find out how satisfied the employees are with things such as benefits, working conditions, and the management team. Then the organization can utilize the information obtained from these tools to adjust policies, procedures, and management practices to create a better working environment for the employees. Upward communication and regular meetings with the Executive Director in a nonprofit setting led to an increase in employee-driven innovation as well as an increase in overall morale which undoubtedly led to an increase in organization performance (Suh et. al, 2018).

**Downward communication** is the opposite of upward communication, in that the communication occurs from the upper levels of an organization down to the lower levels of the organization. Different examples of downward communication include an administrator discussing new procedures during a staff meeting, a memo issued by the
human resources department discussing a freeze on pay increases, and corrective action being issued for an employee.

A diagonal communication approach occurs when interdepartmental communication occurs with people at different levels of the organization. When an administrator working for the Department of Health conducts a meeting with a case worker for the Department of Family Services to develop an effective process for expedited background checks, this is considered diagonal communication. Diagonal communication can be effective and necessitated when a task or problem requires varied expertise to generate a solution.

Horizontal communication occurs when people of the same level in an organization communicate to coordinate work between departments. An example of this would be the Director of Operations working alongside the Director of Quality Assurance to review and adapt day to day procedures by setting up opportunities to track different metrics.

Across these four main types of communication, there can be either informal or formal communication. Informal communication occurs via email, phone call, unplanned conversations, and staff meetings. These methods of communication are effective at discussing information that pertains to day to day operations and clarification of current practices. An employee contacting the policy analyst for a situation interpretation of rule is an example of more informal communication in the public setting. Formal communication occurs when there is a change in how things are done. Often when there are significant policy changes, a formal procedure must occur that includes internal review as well as external review from the public before the change can officially be adopted. When the Behavioral Health Division makes changes to the official eligibility requirements for their programming, they will need to allow members of the public to provide input and their concerns must be adequately addressed before the new requirements are reviewed internally.

**Communication Styles**

In addition to the communication that occurs within organizations, each of us has our own individual communication style. Many organizations give tests that may indicate their candidate’s preferred style, providing information on the best job fit.

Our communication personalities can determine how well we communicate with others, how well we are understood, and even how well we get along with others. As you can imagine, our personality types and our communication styles are very similar. Keep in mind, though, that no one person is “always” one style. We can change our style depending on the situation. The more we can understand our own dominant communication style and pinpoint the styles of others, the better we can communicate.
People with an **Expresser personality** tend to be excitable. They like challenges and rely heavily on intuition and feelings rather than hard data. Depending on the situation, this communication personality can be ineffective as data and facts should supersede emotions. For a public welfare program, it can be difficult to deny an individual with a difficult backstory eligibility when they don’t meet certain criteria, however, the program must be sustainable and there must be consistency to ensure fairness in the program. This communication personality can be beneficial when assessing morale or judging how receptive a team is to a new policy or a change in current practices.

People with a **Driver personality** tend to be decisive and confident in their own decision-making abilities and assessment. They have strong viewpoints and tend to be vocal about their opinions, even at the expense of others. The Driver personality is effective when a decision needs to be made in a timely manner or when the communication required is inherently confrontational. For example, when an employee requires an answer about how to respond to an emergency, the Driver personality can be incredibly useful. However, the Driver personality can also be ineffective when relating to employees and building relationships with employees.

People with a **Relater personality** like to be perceived in a positive, compassionate manner. They want others to care about them and treat them well and they tend to be caring of others. The Relator personality can be effective when working with members of the public as this communication style can improve the perception of the organization. The Relator personality can be ineffective when used during any type of enforcement task or role as it could lead to inappropriate leniency when consistency is required. A Compliance Officer that uses the Relator personality when following up with rule violations may be more willing to excuse violations to be perceive in a more positive light.

People with an **analytical communication personality** will ask a lot of questions and behave methodically. They don’t like to be pressured to decide and prefer to be structured. They are easily recognized by the high number of questions they ask. The analytical personality is effective when reviewing information after the fact and working more behind the scenes. A Quality Assurance Manager reviewing metrics to determine how successful a program is at achieving its objective is where the analytical personality would be incredibly effective.

Let’s discuss an example of how these communication styles might interact. Let’s assume an analytical communicator and a relater are beginning a meeting where the purpose is to develop a project timeline. The analytical communicator will be focused on the timeline and not necessarily the rapport building that the relater would be focused on. The conversation might go something like this to provide more information regarding how these personalities are dynamic and how to use them effectively:
Relater:
What are you doing this weekend? I am going to my son’s baseball game. It is supposed to be hot—I am looking forward to it.

Analytical:
That’s great. OK, so I was thinking a start date of August 1st for this project. I can get Kristin started on a to-do list for the project.

Relater:
That would be great. Kristin is a really hard worker, and I’m sure she won’t miss any details.

Analytical:
Yes, she’s OK. So, your team will need to start development now with a start day coming up. How are you going to go about this?

How do these two personality styles walk away from this conversation? First, the relater may feel ignored or rejected, because the analytical communicator didn’t want to discuss weekend details. The analytical communicator may feel annoyed that the relater is wasting time talking about personal things when they have a goal to set a project timeline. These types of small miscommunications show what can create low morale, absenteeism, and other workplace issues. Understanding which personality we tend to use can be the key in determining how we communicate with others. Here is another, personal example of these communication styles and how a conversation might go:

Expresser, to his partner:
I am really excited for our hiking trip this weekend.

Driver:
I still think we should leave on Thursday night rather than Friday.

Expresser:
I told you, I don’t think I can get all day Friday off. Besides, we won’t have much time to explore anyway, if we get there on Thursday, it will already be dark.

Driver:
It won’t be dark; we will get there around 7, before anyone else, if we leave after work.

Expresser:
I planned the trip. I am the one who went and got our food and permits, I don’t see why
you have to change it.

**Driver:**
You didn’t plan the trip; I am the one who applied for the permits.

In this situation, you can see that the expresser is just excited about the trip and brings up the conversation as such. The driver tends to be competitive and wants to win, hence his willingness to get there Thursday before everyone else. The expresser, on the other hand, tried to sell his ideas and didn’t get the feedback he felt he deserved for planning the trip, which made the communication start to go south.

In addition to our communication personalities, people tend to communicate based on one of three styles. First, a **passive communicator** tends to put the rights of others before his or her own. Passive communicators tend to be apologetic or sound tentative when they speak. They do not speak up if they feel like they are being wronged.

An **aggressive communicator**, on the other hand, will come across as standing up for his or her rights, while possibly violating the rights of others. This person tends to communicate in a way that tells others they don't matter, or their feelings don't matter.

An **assertive communicator** respects his rights and the rights of others when communicating. This person tends to be direct but not insulting or offensive. The assertive communicator stands up for his or her own rights but makes sure the rights of others aren’t affected.

Have you heard of a **passive-aggressive communicator**? This person tends to be passive but later aggressive by perhaps making negative comments about others or making snide or underhanded comments. This person might express his or her negative feelings in an indirect way, instead of being direct. For example, you are trying to complete a project and the deadline is three days away. You and your team are working frantically to finish. You ask one of your employees to come in to work on Saturday morning to finish up the loose ends, so the project will be ready to present on Monday. Your employee agrees, but when you show up on Monday, the project isn't ready to present. You find out that this person had plans on Saturday but wasn’t direct with you about this. So, the project didn’t get completed, and you had to change the project deadline with your supervisor. Later, you also find out that this employee was complaining to everyone else that you had asked her to come in on Saturday. As you can see from this example, passive-aggressive behavior doesn’t benefit anyone. The employee should have been direct and simply said, “I can’t come in on Saturday, but I can come in Sunday or work late Friday night.” Ideally, we want to be assertive communicators, as this shows our own self-esteem but at the same time respects others and isn’t misleading to others, either.
When dealing with someone who exhibits passive-aggressive behavior, it is best to just be direct with them. Tell that person you would rather she be direct than not show up. Often passive-aggressive people try to play the martyr or the victim. Do not allow such people to press your buttons and get you to feel sorry for them. This gives them control and can allow them to take advantage.

Table 7.1 Which One of These Communication Styles Do You Tend to Use?

<table>
<thead>
<tr>
<th>Passsive</th>
<th>Assertive</th>
<th>Aggressive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Communication style in which you put the rights of others before your own, minimizing confrontation.</td>
<td>Communication style in which you stand up for your rights while maintaining respect for the rights of others</td>
</tr>
<tr>
<td><strong>Implications</strong></td>
<td>“I don’t matter”</td>
<td>“We both matter”</td>
</tr>
<tr>
<td></td>
<td>“I think I’m inferior”</td>
<td>“I think we are equal”</td>
</tr>
<tr>
<td><strong>Verbal Styles</strong></td>
<td>Apologetic</td>
<td>I Statements</td>
</tr>
<tr>
<td></td>
<td>Soft of tentative voice</td>
<td>Firm Voice</td>
</tr>
<tr>
<td><strong>Nonverbal Styles</strong></td>
<td>Looking down or away, stooped posture, excessive head nodding.</td>
<td>Relaxed posture, smooth and relaxed movements</td>
</tr>
<tr>
<td><strong>Potential Consequences</strong></td>
<td>Lowered self-esteem</td>
<td>Higher self-esteem</td>
</tr>
<tr>
<td></td>
<td>Anger at self</td>
<td>Self-respect</td>
</tr>
<tr>
<td></td>
<td>False feelings of inferiority</td>
<td>Respect from others</td>
</tr>
<tr>
<td></td>
<td>Pities by others</td>
<td>Respect from others</td>
</tr>
</tbody>
</table>

**Nonverbal Communication**

Now that we have discussed the types of communication in organizations and different
verbal communication styles, it is only appropriate to discuss body language as well. Most successful communicators are excellent at reading and understanding nonverbal language, especially during the interview process. This is discussed in Chapter 3 “Selection.” The interviewer’s nonverbal language can also help or hinder a candidate, so we want to be careful of our nonverbal language when interviewing someone. **Nonverbal language** accounts for a large part of communication. Without seeing and hearing the nonverbal clues, it is easier to have misunderstandings. Nonverbal language can include facial expressions, eye contact, standing or sitting posture, and the position of our hands. Our tone of voice, loudness or softness, and gestures can also be part of body language. The better we can get at knowing what our own body language is telling others and reading others’ body language, the better we can get at communicating well with others.

Another note to consider on body language is how it can be portrayed differently across cultures. For example, the OK sign (thumb and pointer finger put together to form a circle) means “great” or “fine” in the United States, but in Brazil, Germany, and Russia, this sign would be considered both rude and offensive. In Japan, this sign means you want the store to give you change in coins. When traveling, we often take for granted that gestures, and even interpersonal distance, or how far apart we stand from another person, are the same at home, but obviously this is not the case. Nonverbal language can be different wherever you go, so reading up on the place you will visit can ensure you won’t offend anyone while there. You will also be able to learn more about how to successfully communicate with individuals from different culture backgrounds which improves diversity in the workplace.

### Strategic HR Communication Style in Organizations

http://www.youtube.com/watch?v=YACilUpWlfk

This video addresses the importance of determining company communication style. Consider the use of digital forms of communication, such as e-mail and text messaging. These forms of communication do not allow us to read another’s body language, which can often result in misconceptions about what another is saying. Use of “smiley” icons can make this clearer, but often people cannot detect sarcasm and other nonverbal communication cues. If you have something important to communicate, it is better to communicate most of the time in person or via phone, so you can hear tone and see facial expressions.

### She Said What?

As the HR manager, you have a meeting scheduled in a few minutes with Adeline. Adeline is the accounting manager for a small firm in Boise, Idaho. She has four people who report to her, Alan being one of them. Alan manages three people in his position as
account director. Adeline just left a meeting with one of Alan’s employees, who complained of Alan’s communication style and threatened to quit. She said that Alan belittles them and withholds information. She also complained of Alan making inappropriate comments, which were meant as a joke but were offensive. How would you handle this?

**Listening**

Listening is obviously an important part of communication. There are three main types of listening. **Competitive or combative listening** happens when we are focused on sharing our own point of view instead of listening to someone else. In **passive listening**, we are interested in hearing the other person and assume we hear and understand what the person says correctly, without verifying. In **active listening**, we are interested in what the other person has to say, and we are active in checking our understanding with the speaker. For example, we may restate what the person has said and then verify our understanding is correct. The feedback process is the main difference between passive listening and active listening.

Figure 7.3 Active listening involves four phases (Steil, et. al., 2011).

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References


Goleman, D., Emotional Intelligence (New York: Bantam Books, 2005). The great thing about EI is that it can actually improve over time, unlike IQ, which stays the same over a lifetime.


Management style ties in very closely with communication style and can have a significant impact on organization effectiveness. According to a study done by Askari et.al, “developing effective communication and influencing interaction among managers and organizational employees are mentioned as an important strategy for successful organizations to achieve their determined goals in an appropriate manner” (Askari et. al, 2016). There isn't necessarily one management style that is better than another; they are simply different and might be used in a variety of situations. HR managers can provide training on each of these areas since management style impacts the ability and motivation of employees to do their jobs. This is addressed in Chapter 5 “Retention and Motivation”.

Task Focus versus People-Centered Focus

When we look at the styles of management, we see that most styles fall into one of two categories, a task-oriented management focus or a people-centered focus.

A manager with a task-oriented focus will focus on the technical or task aspects of the job. The concern for this manager is that employees know what is expected of them and have the tools needed to do their job.

A people-oriented focus is more concerned with the relationships in the workplace. The manager emphasizes the interpersonal relations, as opposed to the task. The manager is most concerned about the welfare of the employee and tends to be friendly and trusting.

Understanding these two main differences in management focus, we will now look at other possible styles a manager might use.

Management Styles

Participatory Management Style

Utilization of a participatory management style involves both a task-oriented focus and a people-centered focus. This style emphasizes how the employee’s assigned task fits into the bigger picture. This style will provide support and input where needed. As a result, the focus is on the task but also on the person and the relationships required to get the
task done. This style might be used when the employees are experienced and the deadlines reasonable enough to provide the time needed to focus both on the task and the person.

**Directing Style**

If more hands-on management is required, a directing style might be appropriate. Consider a very tight deadline or an emergency in which someone needs to be calling the shots. For example, in a situation where the legislative committee that oversees your division’s operations request a comprehensive spending and performance report by the end of the week You might consider using a directing style to make sure it gets done on time. This style doesn’t focus on the person, but rather focuses on getting the task done; hence it tends to be more of a task-oriented style.

**Teamwork Management Style**

A manager who uses a teamwork management style believes there is a value (or necessity) in having people work in teams. As a result, this style tends to require a people-centered approach. Relationships are most important, and assuming the individuals work well together, the task will be successfully accomplished. The advantage to this style, given the type of task and situation, is that as a manager you can pool resources and abilities from several different people. Use of a team style can also yield more creative and comprehensive work. When there is adequate time to use this style, you are able to pull from expertise from different people and are able to develop a well-rounded project. A task force that is put together to develop a new online database system will be most successful when you are able to pull together a strong team of people who will bring different expertise. For example, one member of the team will need to have expertise on developing databases, one member of the team will need to know the intent of the database and all that is needed, while a final team member will be an expert on user interface with databases.

**Autocratic Management Style**

An autocratic style of management involves the task-oriented focus. The focus is on getting things done, and relationships are secondary. This type of manager tends to tell people what to do and takes a “my way or the highway” approach. Another description for this type of manager is a taskmaster. This person uses his or her authority and makes all the decisions as to who does what, how it is done, and when it should get done.

**Participative Management Style**

A participative style constantly seeks input from the employees. Setting goals, making plans, and determining objectives are viewed as a group effort, rather than the manager
making all the decisions. This management style involves the person-centered focus.

**Free-rein Management Style**

A free-rein style gives employees total freedom to make decisions on how things will get done. The manager may establish a few objectives, but the employees can decide how those objectives are met. In other words, the leader tends to be removed from the day-to-day activities but is available to help employees deal with any situation that may arise. The focus of this management style is a unique blend of task focused and person-centered focus where employees are given a specific objective that needs to be completed, however they are given the autonomy to determine how they will get there.

**Applying Management Styles**

It is great to talk about management style, but application of that management style, is just as important as knowing the management styles. In this section, we will discuss how and when you might use each style when managing people.

One way we can view leadership is through the situational leadership model (Blanchard, 2000). This model, developed by Ken Blanchard (author of the One Minute Manager series of books), explains how we might use one type of management style versus another.

The model looks at three areas: the relationship behavior of the manager, the task behavior of the manager, and the readiness of employees. The relationship behavior means how supportive the manager needs to be in helping employees. Task behavior refers to the type of style the manager should use when managing employees, based on their readiness level. Readiness includes the willingness and skills to perform the task at hand. Depending on where the employees fall in each of these areas, you might use a different management style:

- **D4**—High Competence, High Commitment—Experienced at the job and comfortable with their own ability to do it well. May even be more skilled than the leader.
- **D3**—High Competence, Variable Commitment—Experienced and capable, but may lack the confidence to go it alone or the motivation to do it well/quickly.
- **D2**—Some Competence, Low Commitment—May have some relevant skills but won’t be able to do the job without help. The task or the situation may be new to them.
- **D1**—Low Competence, High Commitment—Generally lacking the specific skills required for the job at hand but has the confidence and/or motivation to tackle it.

Based on the readiness and commitment of the employee, the leader can see what management style and level of support the employee should experience (Situational Leadership Grid, 2008):
• **S1—Telling/Directing**—High task focus, low relationship focus—Leaders define the roles and tasks of the “follower” and supervise them closely. Decisions are made by the leader and announced, so communication is largely one way. This style can be used with people who lack competence but are enthusiastic and committed and who need direction and supervision to get them started.

• **S2—Selling/Coaching**—High task focus, high relationship focus—Leaders still define roles and tasks but seek ideas and suggestions from the follower. Decisions remain the leader’s prerogative, but communication is much more two-way. This approach can be used with people who have some competence but lack commitment and who need direction and supervision because they are still relatively inexperienced. These individuals may also need support and praise to build their self-esteem and involvement in decision making to restore their commitment.

• **S3—Participating/Supporting**—Low task focus, high relationship focus—Leaders pass day-to-day decisions, such as task allocation and processes, to the follower. The leader facilitates and takes part in decisions, but control is given to the follower. This style can be used with people who have the necessary competence but lack confidence or motivation. These individuals may need little direction because of their skills, but support is necessary to bolster their confidence and motivation.

• **S4—Delegating**—Low task focus, low relationship focus—Leaders are still involved in decisions and problem solving, but control is with the follower. The follower decides when and how the leader will be involved. This style would work with people who have both competence and commitment and who are able and willing to work on a project by themselves with little supervision or support.

The bottom line when discussing management style is that no one style works best in all situations. We may be more comfortable with one style versus another, but we need to change our management style depending on the person and task we are working with. For example, if you have an employee who is brand new, you will likely work with that person using a more directive style. As she develops, you might change to a participative style. Likewise, someone who does good work and has lots of experience may prefer a free-rein style. Many managers make the mistake of trying to use the same style with every person in every situation. To be a great manager, we must change our styles based on the situation and the individual involved.
The Three Types of Bad Managers

http://www.youtube.com/watch?v=uW6oJ988OJ8

This video discusses several ways to deal with a poor manager.


References

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Chapter Summary

Emotional intelligence can be improved over time, unlike IQ, which stays stable throughout life.
Emotional intelligence includes knowing and managing your emotions, motivating yourself, recognizing and understanding other people’s emotions, and managing relationships.
There are four types of communication at work: downward, upward, horizontal, and diagonal. All types of communication can happen at once and can be utilized to accomplish different tasks.
Organizations that use good communication tend to have less turnover and less absenteeism.
There are four main types of communication personalities: expresser, driver, relater, and analytical. The better we can understand our own style of communication and the communication styles of others, the easier it will be to communicate with them.
Passive, aggressive, and passive-aggressive communication styles are not healthy ways of communicating. Assertive behavior, on the other hand, respects one’s own rights and the rights of others.
Nonverbal communication is one of the most important tools we can use to communicate how we feel. Watching others’ body language can give us signals as to how they may really feel.
Just like in communication, a different management style should be used depending on the employee.
Task focus emphasizes getting the job done, while people-centered focus emphasizes relationships.
A participatory style involves both task-oriented and people-centered styles. A directing style is focused on the task and doesn’t allow for employee participation. A teamwork style focuses on teamwork and is a people-oriented style. The advantage of this style is the ability to use strengths from everyone on the team.
An autocratic style doesn’t allow much room for employee decision making; the focus is on getting the task done. A participative style constantly requires input from employees. The free-rein style gives employees freedom to make decisions on how things will get done.
The situational leadership model, which looks at relationship behavior, task behavior, and the readiness of employees, is used to recommend different management styles. No one management style works in all situations. Just like with communication, you will likely want to vary your approach based on the situation to get the best results.
Chapter Case

You are the newly appointed Director of the Department of Health and you are getting ready to host your first meeting with your leadership team to review the recent Employee Satisfaction Survey. On your leadership team you have your Deputy Director who is the second in charge and helps oversees all the Division Heads. You have your Chief Financial Officer who oversees budget request and complete financial forecasting for policy decisions. During this leadership team meeting you would like to review a concerning statistic as well two comments that stuck out as concerning. Across the Department of Health, the level of satisfaction with communication is at 37%.

One employee wrote, “The Deputy Director is really nice and caring but I feel that they may not be fit for their position. I was incredibly unclear on the expectations with the most recent policy change from the Legislature which made it difficult to know how we needed to adjust our program operations. When I addressed this lack of confusion with them, they spoke with little certainty and seemed to focus more on shifting the blame on to themselves. This made me lose more confidence in what I was expected to be doing as the remainder of the conversation was focused on reassuring her worth rather than getting the information I need. This situation became really frustrating when we did not have the proper information ready for the Health and Human Services Committee Hearing.

Another employee wrote, “The Chief Financial Officer seems to know what he is doing. He goes into long detailed explanations about finances and data that go right over my head, but I don’t feel particularly connected to them as an employee. Are they a robot? No human would find a way to bring up Excel formula and Pivot Tables in every conversation they have. He seems to have every part of my job automated to the point where I feel like I have no real use. When dealing with a new problem he quickly develops a new system for us to use and I have no real opportunity to use my B.A. in Creative Problem Solving. We can chalk it up to differences in personalities, but I really don’t feel motivated to be here.

1. What would be your recommendation to each of these managers to improve the communication with these specific employees. Use information from the chapter and draw from the different communication personalities and styles as well as management styles to develop a well-rounded answer.

2. As their manager, how would you personally adapt your own communication and management styles to generate effective communication with both the Deputy Director and Chief Financial Officer?
A Tough Conversation

As you wake up this morning, you think about the performance evaluation you will give one of your employees, Sean, later today. Sean has been with your company for two years, and over the last six months his performance has begun to slide. As the manager, it is your responsibility to talk with him about performance, which you have done on several occasions. However, the performance evaluation will make his nonperformance more formalized. You know that Sean has had some personal troubles that can account for some of the performance issues, but despite this, you really need to get his performance up to par. Your goal in the performance evaluation interview today is to create an improvement plan for Sean, while documenting his nonperformance.

When you arrive at work, you look over the essay rating part of Sean’s evaluation. It details two client project deadlines that were missed, as well as the over-budget amounts of the two client projects. It was Sean’s responsibility to oversee both aspects of this project. When Sean arrives at your office, you greet him, ask him to take a seat, and begin to discuss the evaluation with him.

“Sean, while you have always been a high performer, these last few months have been lackluster. On two of your projects, you were over budget and late. The client commented on both of these aspects when it filled out the client evaluation. As a result, you can see this is documented in your performance evaluation.”

Using defensive nonverbal language, Sean says, “Missing the project deadlines and budget wasn’t my fault. Emily said everything was under control, and I trusted her. She is the one who should have a bad performance review.”

You say, “Ultimately, as the account director, you are responsible, as outlined in your job description. As you know, it is important to manage the accountability within your team, and in this case, you didn’t perform. In fact, in your 360 reviews, several of your colleagues suggested you were not putting in enough time on the projects and seemed distracted.”

“I really dislike those 360 reviews. It really is just a popularity contest, anyway,” Sean says. “So, am I fired for these two mistakes?” You have worked with people who
exhibited this type of defensive behavior before, and you know it is natural for people to feel like they need to defend themselves when having this type of conversation. You decide to move the conversation ahead and focus on future behavior rather than past behavior.

You say, “Sean, you normally add a lot of value to the organization. Although these issues will be documented in your performance evaluation, I believe you can produce high-quality work. As a result, let’s work together to develop an improvement plan so you can continue to add value to the organization. The improvement plan addresses project deadlines and budgets, and I think you will find it helpful for your career development.”

Sean agrees begrudgingly and you begin to show him the improvement plan document the company uses, so you can fill it out together. When you head home after work, you think about the day’s events and about Sean. As you had suspected, he was defensive at first but seemed enthusiastic to work on the improvement plan after you showed him the document. You feel positive that this performance evaluation was a step in the right direction to ensure Sean continues to be a high producer in the company, despite these mistakes.
8.1 Performance Evaluation Systems

A performance evaluation system is a systematic way to examine how well an employee is performing in his or her job. If you notice, the word systematic implies the performance evaluation process should be a planned system that allows feedback to be given in a formal—as opposed to informal—sense. Performance evaluations can also be called performance appraisals, performance assessments, or employee appraisals.

Human resources with knowledge and competencies are the key assets in assisting organizations to sustain their competitive advantage. Globally competitive organizations depend on the uniqueness of their human resources and the systems for managing human resources effectively to gain competitive advantages. Performance evaluation of the human resources is a vital issue in this regard. In creating and implementing an appraisal system, management must determine what the performance appraisal (PA) system will be used for and then decide on the process to implement the system. The methods chosen and the instruments used to implement these methods are crucial in determining whether the organization manages its performance successfully. These appraisal methods are based on quantitative techniques which provide a precise output defining the employees’ performance. (Ahmed, Sultana, Paul, & Azeem, 2013)

There are four reasons why a systematic performance evaluation system should be implemented. First, the evaluation process should encourage positive performance and behavior. Second, it is a way to satisfy employee curiosity as to how well they are performing in their job. It can also be used as a tool to develop employees. Lastly, it can provide a basis for pay raises, promotions, and legal disciplinary actions.

Terms such as “performance” and “results” are commonly heard in today’s government setting. In the past, there was a belief that government employees and government was underperforming. The present movement in public sector
management is in order to improve performance, effort and results of government work should be measured (Moynihan & Pandey, 2010).

As part of their overall management strategy, the leaders of public agencies can use performance measurement to (1) evaluate; (2) control; (3) budget; (4) motivate; (5) promote; (6) celebrate; (7) learn; and (8) improve. Public managers are measuring performance of their organizations to report performance to stakeholders, improve public accountability, budget formulation, employee motivation, improving services, and improving communication (Behn, 2003). See table below for public manager’s questions that performance measures can help answer.

![Table 1](image)

(Behn, 2003.)

Implementing the systematic performance evaluation system involves consistency, which will yield positive results. By consistently eliciting, rewarding, and providing feedback on required employee behaviors, focused employee reactions are fostered. This consistent employee performance management makes employees inclined to ‘understand what they need to do and [are] motivated to do it (through effective performance appraisal and reward systems)’ (DeNisi & Smith, 2014).

Public sector employees have face different demands than employees in the private sector. Management practices and the use of performance appraisals in government and nonprofit organizations has been recognized as an issue which should be studied because, “Government and nonprofit organizations employ a substantial part of the workforce. Over 15 million people work in the public sector; this is approximately one out of every six jobs in the United States. Another 5 to 10 million (5 to 10 percent) are
employed in nonprofit organizations. In total, from a fifth to a quarter of the American workforce earns its living from serving the public." (Daley, 1992).

**Designing a Performance Appraisal System**

There are a number of things to consider before designing or revising an existing performance appraisal system. Some researchers suggest that the performance appraisal system is perhaps one of the most important parts of the organization (Lawrie, 1990), while others suggest that performance appraisal systems are ultimately flawed (Derven, 1990), making them worthless.

For the purpose of this chapter, let’s assume we can create a performance appraisal system that will provide value to the organization and the employee. When designing this process, we should recognize that any process has its limitations, but if we plan it correctly, we can minimize some of these.

The first step in the process is to determine how often performance appraisals should be given. Please keep in mind that managers should constantly be giving feedback to employees, and this process is a more formal way of doing so.

In HRM literature, the relevance of combining goal setting with feedback and support is referred to as ‘consistency’. This consistency in signaling performance goals provides clarity to employees on what is expected from them, which is likely to steer their reactions (Bowen & Ostroff, 2004).

Some organizations choose to give performance evaluations once per year, while others give them twice per year, or more. The advantage to giving an evaluation twice per year, of course, is more feedback and opportunity for employee development. The downside is the time it takes for the manager to write the evaluation and discuss it with the employee. If done well, it could take several hours for just one employee. Depending on your organization’s structure, you may choose one or the other. For example, if most of your managers have five or ten people to manage (this is called span of control), it might be worthwhile to give performance evaluations more than once per year, since the time cost isn’t high. Informal evaluations, with observations and discussion can provide feedback during the time between formal evaluations.

If most of your managers have twenty or more employees, it may not be feasible to perform this process more than once per year. If the agency hires seasonal employees, they will also need performance evaluations. Feedback from managers and other employees can help determine the best practice for frequency of evaluation.

To determine costs of your performance evaluations, see Table 8.1 “Estimating the Costs of Performance Evaluations”.
Table 8.1 Estimating the Costs of Performance Evaluations

<table>
<thead>
<tr>
<th>Narrow Span of Control</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average span of control</td>
<td>8</td>
</tr>
<tr>
<td>Average time to complete one written review</td>
<td>1 hour</td>
</tr>
<tr>
<td>Average time to discuss with employee</td>
<td>1 hour</td>
</tr>
<tr>
<td>Administrative time to set up meetings with employees</td>
<td>1/2 hour</td>
</tr>
</tbody>
</table>

8 employees × 2 hours per employee + 1/2 hour administrative time to set up times to meet with employees = 16.5 hours of time for one manager to complete all performance reviews

<table>
<thead>
<tr>
<th>Wider Span of Control</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average span of control</td>
<td>25</td>
</tr>
<tr>
<td>Average time to complete one written review</td>
<td>1 hour</td>
</tr>
<tr>
<td>Average time to discuss with employee</td>
<td>1 hour</td>
</tr>
<tr>
<td>Administrative time to set up meetings with employees</td>
<td>1 hour</td>
</tr>
</tbody>
</table>

25 employees × 2 hours per employee + 1 hour administrative time to set up times to meet with employees = 51 hours

Once you have the number of hours it takes, you can multiply that by your manager’s hourly pay to get an estimated cost to the organization

16 hours × $50 per hour = $850
51 hours × $50 per hour = $2550

Should pay increases be tied to performance evaluations? This might be the second consideration before development of a performance evaluation process. There is research that shows employees have a greater acceptance of performance reviews if the review is linked to rewards (Bannister & Balkin, 1990). In public sector and non-
profit organizations, employees are motivated by goals they feel are attainable and will assist in achieving the mission of the agency. Although research has identified a wide variety of factors that may contribute to goal commitment, two conditions seem particularly important: Individuals are more committed to their performance objectives when they believe those objectives are achievable and will result in important outcomes for themselves or, to the extent they are committed to organizational goals, the organization in which they work (Wright, n.d.). Public service motivation should be considered when developing goals and rewards.

If individuals do not perceive performance objectives as meaningful or important, they have little reason to strive to achieve them. This is of particular interest in the work setting, where employees are expected to achieve not their own personal objectives but performance objectives assigned by others. In practice, however, there may be little distinction between assigned goals and self-selected goals. (Wright, n.d.)

The third consideration should include goal setting. In other words, what goals does the organization hope to achieve with the performance appraisal process? For example, increasing employee motivation, work quality, efficiency and accountability are all factors the organization may want to achieve through employee evaluations. Ideally, improved employee performance will aid in achieving the overall goals and mission of the organization.

Once the frequency, rewards, and goals have been determined, it is time to begin to formalize the process. First, we will need to develop the actual forms that will be used to evaluate each job within the organization. Every performance evaluation should be directly tied with that employee’s job description.

Determining who should evaluate the performance of the employee is the next decision. It could be their direct manager (most common method), subordinates, customers or clients, self, and/or peers. Table 8.2 “Advantages and Disadvantages of Each Source for Performance Evaluations” shows some of the advantages and disadvantages for each source of information for performance evaluations. Ultimately, using a variety of sources might garner the best results.

A 360-degree performance appraisal method is a way to appraise performance by using several sources including peer reviews to measure the employee’s effectiveness. Organizations must be careful when using peer-reviewed information. For example, in the Mathewson v. Aloha Airlines case, peer evaluations were found to be retaliatory against a pilot who had crossed picket lines during the pilot’s union strike against a different airline. In 2002, Terry Nieman, Assistant Chief for the Denver Fire Department, examined the potential effects of the use of a 360-degree performance appraisal system. The results of the random sampling of the members of the DFD (Denver Fire Department) were positive, with 65% of the members surveyed marking yes that they felt the multi-source feedback EAS (Employee
Appraisal System) appeared to be a more fair system, 71% of the members surveyed indicated that they felt that they could give meaningful feedback in a 360-degree EAS, and 49% of members surveyed were already willing to participate in a 360-degree EAS (Nieman, 2002).

Management of this process can be time-consuming for the HR professional. That’s why there are many software programs available to help administer and assess 360 review feedback. This type of software allows the HR professional to set criteria and easily send links to customers, peers, or managers, who provide the information requested. Then the data are gathered and a report is automatically generated, which an employee can use for quick feedback. Other similar types of software include Carbon360 and Argos.

Performance Appraisal System Errors

Before we begin to develop our performance review process, it is important to note some of the errors that can occur during this process. First, halo effects can occur when the source or the rater feels one aspect of the performance is high and therefore rates all areas high. A mistake in rating can also occur when we compare one employee to another, as opposed to the standards of the job description. Sometimes halo effects will occur because the rater is uncomfortable rating someone low on a performance assessment item. Of course, when this occurs, it makes the performance evaluation less valuable for employee development. Proper training on how to manage a performance appraisal interview is a good way to avoid this. We discuss this in Section 8.3.4 “Performance Appraisal Interviews”.

Validity issues are the extent to which the tool measures the relevant aspects of performance. The aspects of performance should be based on the key skills and responsibilities of the job as determined by the job description, and these should be reviewed often to make sure they are still applicable to the job analysis and description.

Reliability refers to how consistent the same measuring tool works throughout the organization (or job title). When we look at reliability in performance appraisals, we ask ourselves if two raters were to rate an employee, how close would the ratings be? If the ratings would be far apart from one another, the method may have reliability issues. To prevent this kind of issue, we can make sure that performance standards are written in a way that will make them measurable. For example, instead of “increase fundraising” as a performance standard, we may want to say, “increase fundraising by 10 percent from last year.” This performance standard is easily measured and allows us to ensure the accuracy of our performance methods.

Acceptability refers to how well members of the organization, manager and employees, accept the performance evaluation tool as a valid measure of performance. For example, let’s assume the current measurement tools of a public agency are in place and show validity for each job function. However, managers don’t think the tool is useful because they take too much time. As a result, they spend minimal time on the evaluation. This could mean the current process is flawed because of acceptability error.

Another consideration is the specificity, which tells employees the job expectations and how they can be met. If they are not specific enough, the tool is not useful to the employee for development or to the
manager to ensure the employee is meeting expectations. Finally, after we have developed our process, we need to create a timeline and educate managers and employees on the process. This can be done through formal training and communicated through company blogs or e-mails. According to Robert Kent (Kent, 2011), teaching people how to receive benefit from the feedback they receive can be an important part of the process as well.

**Performance Appraisal Legal Considerations**

The legality of performance appraisals was questioned in 1973 in *Brito v. Zia*, in which an employee was terminated based on a subjective performance evaluation. Following this important case, employers began to rethink their performance evaluation system and the legality of it.

The Civil Service Reform Act of 1978 set new standards for performance evaluation. Although these standards related only to public sector employees, the Reform Act began an important trend toward making certain performance evaluations legal. The Reform Act created the following criteria for performance appraisals in government agencies:

1. All agencies were required to create performance review systems.
2. Appraisal systems would encourage employee participation in establishing the performance standards they will be rated against.
3. The critical elements of the job must be in writing.
4. Employees must be advised of the critical elements when hired.
5. The system must be based exclusively on the actual performance and critical elements of the job. They cannot be based on a curve, for example.
6. They must be conducted and recorded at least once per year.
7. Training must be offered for all persons giving performance evaluations.
8. The appraisals must provide information that can be used for decision making, such as pay decisions and promotion decisions.

According to the United States’ Office of Personnel Management website: The Civil Service Reform Act of 1978, which incorporated the merit system principles into the law at section 2301 of title 5, United States Code, stated as national policy that:

...to provide the people of the United States with a competent, honest, and productive workforce...and to improve the quality of public service, Federal personnel management should be implemented consistent with merit system principles.

The Congress intended those principles, stated expressly in statute, to guide Federal agencies in carrying out their responsibilities to administer the public business.

**Merit System Principles**

Agencies are allowed to determine how to evaluate and reward employee performance. By giving this authority, there is an expectation of accountability. A merit system has been designed to
provide a guide to direct management in conducting performance evaluations, called the Merit System Principle.

Performance Management Process - Merit System Principle

**Planning** – "All employees should maintain high standards of integrity, conduct, and concern for the public interest."

**Monitoring** – "The Federal work force should be used efficiently and effectively."

**Developing** – "Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance."

**Appraising** – "Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards."

**Rewarding** – "Appropriate incentives and recognition should be provided for excellence in performance."


Early performance appraisal research can provide us a good example as to why we should be concerned with the legality of the performance appraisal process (Field & Holley, 1982). Holley and Field analyzed sixty-six legal cases that involved discrimination and performance evaluation. Of the cases, defendants won thirty-five of the cases. The authors of the study determined that the cases that were won by the defendant had similar characteristics:

1. Appraisers were given written instructions on how to complete the appraisal for employees.
2. Job analysis was used to develop the performance measures of the evaluation.
3. The focus of the appraisal was actual behaviors instead of personality traits.
4. Upper management reviewed the ratings before the performance appraisal interview was conducted.

This tells us that the following considerations should be met when developing our performance appraisal process:

1. Performance standards should be developed using the job analysis and should change as the job changes.
2. Provide the employees with a copy of the evaluation when they begin working for the organization, and even consider having the employees sign off, saying they have received it.
3. All raters and appraisers should be trained.
4. When rating, examples of observable behavior (rather than personality characteristics) should be given.
5. A formal process should be developed in the event an employee disagrees with a performance review.
Now that we have discussed some of the pitfalls of performance appraisals, we can begin to discuss how to develop the process of performance evaluations.

Table 8.2 Advantages and Disadvantages of Each Source for Performance Evaluations

<table>
<thead>
<tr>
<th>Source</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager/Supervisor</td>
<td>Usually has extensive knowledge of the employee’s performance and abilities</td>
<td>Bias, Favoritism</td>
</tr>
<tr>
<td>Self</td>
<td>Self-analysis can help with employee growth</td>
<td>In the employee’s interest to inflate his or her own ratings</td>
</tr>
<tr>
<td>Peer</td>
<td>Works well when the supervisor doesn’t always directly observe the employee</td>
<td>Relationships can create bias in the review</td>
</tr>
<tr>
<td></td>
<td>Can bring a different perspective, since peers know the job well</td>
<td>If evaluations are tied to pay, this can put both the employee and the peer in an awkward situation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If confidential, may create mistrust within the organization</td>
</tr>
<tr>
<td>Customer/Client</td>
<td>Customers often have the best view of employee behavior</td>
<td>Can be expensive to obtain this feedback</td>
</tr>
<tr>
<td></td>
<td>Can enhance long-term relationships with the customer by asking for feedback</td>
<td>Possible bias</td>
</tr>
<tr>
<td>Subordinate</td>
<td>Data garnered can include how well the manager treats employees</td>
<td>Possible retaliation if results are not favorable</td>
</tr>
<tr>
<td></td>
<td>Can determine if employees feel there is favoritism within their department</td>
<td>Rating inflation</td>
</tr>
<tr>
<td></td>
<td>Subordinates may not understand the “big picture” and rate low as a result</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Can be used as a self-development tool for managers</td>
<td>If confidential, may create mistrust within the organization</td>
</tr>
<tr>
<td></td>
<td>If nothing changes despite the evaluation, could create motivational issues among employees</td>
<td></td>
</tr>
</tbody>
</table>

Human Resource Recall

What are the steps we should take when developing a performance review process?

References


Neiman, Terry. (2002). An Examination of the 360-Degree Employee Appraisal System and Its’ Potential Use in the Denver Fire Department.


8.2 Appraisal Methods

Learning Objectives

1. Be able to describe the various appraisal methods.

It probably goes without saying that different industries and jobs need different kinds of appraisal methods. For our purposes, we will discuss some of the main ways to assess performance in a performance evaluation form. Of course, these will change based upon the job specifications for each position within the agency. In addition to industry-specific and job-specific methods, many organizations will use these methods in combination, as opposed to just one method. There are three main methods of determining performance. The first is the **trait method**, in which managers look at an employee’s specific traits in relation to the job, such as friendliness to the customer. The **behavioral method** looks at individual actions within a specific job. **Comparative methods** compare one employee with other employees. **Results methods** are focused on employee accomplishments, such as whether or not employees met a quota.

Within the categories of performance appraisals, there are two main aspects to appraisal methods. First, the **criteria** are the aspects the employee is actually being evaluated on, which should be tied directly to the employee’s job description. Second, the **rating** is the type of scale that will be used to rate each criterion in a performance evaluation: for example, scales of 1–5, essay ratings, or yes/no ratings. Tied to the rating and criteria is the weighting each item will be given. For example, if “communication” and “interaction with client” are two criteria, the interaction with the client may be weighted more than communication, depending on the job type. We will discuss the types of criteria and rating methods next.

**Graphic Rating Scale**

The **graphic rating scale**, a behavioral method, is perhaps the most popular choice for performance evaluations. This type of evaluation lists traits required for the job and asks the source to rate the individual on each attribute. A **discrete scale** is one that shows a number of different points. The ratings can include a scale of 1–10; excellent, average, or poor; or meets, exceeds, or doesn’t meet expectations, for example. A **continuous scale** shows a scale and the manager puts a mark on the continuum scale that best represents the employee’s performance.

For example:

```
Poor — — — — — — — — Excellent
```

The disadvantage of this type of scale is the subjectivity that can occur. This type of scale focuses on behavioral traits and is not specific enough to some jobs. Development of specific criteria can save an organization in legal costs.
For example, in *Thomas v. IBM*, IBM was able to successfully defend accusations of age discrimination because of the objective criteria the employee (Thomas) had been rated on.

Many organizations use a graphic rating scale in conjunction with other appraisal methods to further solidify the tool’s validity. For example, some organizations use a *mixed standard scale*, which is similar to a graphic rating scale. This scale includes a series of mixed statements representing excellent, average, and poor performance, and the manager is asked to rate a “+” (performance is better than stated), “0” (performance is at stated level), or “−” (performance is below stated level). Mixed standard statements might include the following:

- The employee gets along with most coworkers and has had only a few interpersonal issues.
- This employee takes initiative.
- The employee consistently turns in below-average work.
- The employee always meets established deadlines.

An example of a graphic rating scale is shown in Figure 8.1 “Example of Graphic Rating Scale”.

**Essay Appraisal**

In an *essay appraisal*, the source answers a series of questions about the employee’s performance in essay form. This can be a trait method and/or a behavioral method, depending on how the manager writes the essay. These statements may include strengths and weaknesses about the employee or statements about past performance. They can also include specific examples of past performance. The disadvantage of this type of method (when not combined with other rating systems) is that the manager’s writing ability can contribute to the effectiveness of the evaluation. Also, managers may write less or more, which means less consistency between performance appraisals by various managers.

**Checklist Scale**

A checklist method for performance evaluations lessens the subjectivity, although subjectivity will still be present in this type of rating system. With a *checklist scale*, a series of questions is asked and the manager simply responds yes or no to the questions, which can fall into either the behavioral or the trait method, or both. Another variation to this scale is a check mark in the criteria the employee meets, and a blank in the areas the employee does not meet. The challenge with this format is that it doesn’t allow more detailed answers and analysis of the performance criteria, unless combined with another method, such as essay ratings. A sample of a checklist scale is provided in Figure 8.3 “Example of Checklist Scale”.

*Figure 8.1 Example of Graphic Rating Scale*
# Employee Performance Appraisal

**XYZ Company**

**Employee's Name**

**Title**

**Department**

Please put an X in the area which best describes this employee's performance.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Above Average</th>
<th>Average</th>
<th>Below Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shows problem solving ability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Works well in a team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takes initiative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Produces high quality work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shows leadership within department</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication ability</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please provide specific comments which describe the ratings for each category.

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

Date

Signature of employee

Signature of manager

---

*Figure 8.2 Example of Essay Rating*
Employee Performance Appraisal
XYZ Company

Employee's Name
Title
Department

Please write comments about the employee's performance in the space below.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>What does this employee do well?</td>
<td></td>
</tr>
<tr>
<td>What aspects of his/her job performance should be improved upon?</td>
<td></td>
</tr>
<tr>
<td>Describe performance challenges</td>
<td></td>
</tr>
<tr>
<td>Aspects of job to continue doing</td>
<td></td>
</tr>
<tr>
<td>Aspects of job the employee should improve</td>
<td></td>
</tr>
</tbody>
</table>

Date: ____________________________
Signature of employee: ____________________________
Signature of manager: ____________________________

Figure 8.3 Example of Checklist Scale
Critical Incident Appraisals

This method of appraisal, while more time-consuming for the manager, can be effective at providing specific examples of behavior. With a critical incident appraisal, the manager records examples of the employee’s effective and ineffective behavior during the time period between evaluations, which is in the behavioral category. When it is time for the employee to be reviewed, the manager will pull out this file and formally record the incidents that occurred over the time period. The disadvantage of this method is the tendency to record only negative incidents instead of positive ones. However, this method can
work well if the manager has the proper training to record incidents (perhaps by keeping a weekly diary) in a fair manner. This approach can also work well in emergency service jobs where unique situations arise daily and an individual’s behaviors and actions can be analyzed by the manager.

**Work Standards Approach**

For certain jobs in which productivity is most important, a work standards approach could be the more effective way of evaluating employees. With this results-focused approach, a minimum level is set and the employee’s performance evaluation is based on this level. For example, if a fundraiser for a nonprofit does not meet a quota of $1 million, this would be recorded as nonperforming. The downside is that this method does not allow for reasonable deviations. For example, if the quota isn’t made, perhaps the employee just had a bad month but normally performs well. This approach works best in long-term situations, in which a reasonable measure of performance can be over a certain period of time. This method is also used in manufacturing situations where production is extremely important. For example, in an automotive assembly line, the focus is on how many cars are built in a specified period, and therefore, employee performance is measured this way, too. Since this approach is centered on production, it doesn’t allow for rating of other factors, such as ability to work on a team or communication skills, which can be an important part of the job, too.

**Ranking Methods**

In a ranking method system (also called stack ranking), employees in a particular department are ranked based on their value to the manager or supervisor. This system is a comparative method for performance evaluations. The manager will have a list of all employees and will first choose the most valuable employee and put that name at the top. Then he or she will choose the least valuable employee and put that name at the bottom of the list. With the remaining employees, this process would be repeated. Obviously, there is room for bias with this method, and it may not work well in a larger organization, where managers may not interact with each employee on a day-to-day basis.

To make this type of evaluation most valuable (and legal), each supervisor should use the same criteria to rank each individual. Otherwise, if criteria are not clearly developed, validity and halo effects could be present. The *Roper v. Exxon Corp* case illustrates the need for clear guidelines when using a ranking system. At Exxon, the legal department attorneys were annually evaluated and then ranked based on input from attorneys, supervisors, and clients. Based on the feedback, each attorney for Exxon was ranked based on their relative contribution and performance. Each attorney was given a group percentile rank (i.e., 99 percent was the best-performing attorney). When Roper was in the bottom 10 percent for three years and was informed of his separation with the company, he filed an age discrimination lawsuit. The courts found no correlation between age and the lowest-ranking individuals, and because Exxon had a set of established ranking criteria, they won the case (Grote, 2005).
Another consideration is the effect on employee morale should the rankings be made public. If they are not made public, morale issues may still exist, as the perception might be that management has "secret" documents.

**Management by Objectives (MBO)**

Management by objectives (MBOs) is a concept developed by Peter Drucker in his 1954 book *The Practice of Management* (Drucker, 2006). This method is results oriented and similar to the work standards approach, with a few differences. First, the manager and employee develop objectives for the time period. Then when it is time for the performance evaluation, the manager and employees both sit down to review the goals that were set and determine whether they were met. The advantage of this is the open communication between the manager and the employee. The employee also has “buy-in” since he or she helped set the goals, and the evaluation can be used as a method for further skill development. This method is best applied for positions that are not routine and require a higher level of thinking to perform the job. To be efficient at MBOs, the managers and employee should be able to write strong objectives. To write objectives, they should be SMART (Doran, 1981):

1. **Specific.** There should be one key result for each MBO. What is the result that should be achieved?
2. **Measurable.** At the end of the time period, it should be clear if the goal was met or not. Usually a number can be attached to an objective to make it measurable, for example, “recruit 5 new volunteers for organization per month.”
3. **Attainable.** The objective should not be impossible to attain. It should be challenging, but not impossible.
4. **Result oriented.** The objective should be tied to the company’s mission and values. Once the objective is made, it should make a difference in the organization as a whole.
5. **Time limited.** The objective should have a reasonable time to be accomplished, but not too much time.

**Setting MBOs with Employees**

[https://youtu.be/MX7sserkldY](https://youtu.be/MX7sserkldY)

An example of how to work with an employee to set MBOs.

To make MBOs an effective performance evaluation tool, it is a good idea to train managers and determine which job positions could benefit most from this type of method. You may find that for some more routine positions, such as administrative assistants, another method could work better.

The City of Minneapolis has created a guide to show the SMART goals created for employees from top-level management to manual labor. (click on link to view)

Behaviorally Anchored Rating Scale (BARS)

A BARS method first determines the main performance dimensions of the job, for example, interpersonal relationships. Then the tool utilizes narrative information, such as from a critical incidents file, and assigns quantified ranks to each expected behavior. In this system, there is a specific narrative outlining what exemplifies a “good” and “poor” behavior for each category. The advantage of this type of system is that it focuses on the desired behaviors that are important to complete a task or perform a specific job. This method combines a graphic rating scale with a critical incidents system. The US Army Research Institute (Phillips, et. al., 2006) developed a BARS scale to measure the abilities of tactical thinking skills for combat leaders.

Figure 8.4 “Example of BARS” provides an example of how the Army measures these skills.
How Would You Handle This?

Playing Favorites

You were just promoted to manager of the city business office. As you are sorting through your responsibilities, you receive an e-mail from HR outlining the process for performance evaluations. You are also notified that you must give two performance evaluations within the next two weeks. This concerns you, because you don’t know any of the employees and their abilities yet. You aren’t sure if you should base their performance on what you see in a short time period or if you should ask other
employees for their thoughts on their peers’ performance. As you go through the files on the computer, you find a critical incident file left from the previous manager, and you think this might help. As you look through it, it is obvious the past manager had “favorite” employees and you aren’t sure if you should base the evaluations on this information. How would you handle this?

Table 8.3 Advantages and Disadvantages of Each Performance Appraisal Method

<table>
<thead>
<tr>
<th>Type of Performance Appraisal Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graphic Rating Scale</td>
<td>Inexpensive to develop</td>
<td>Subjectivity</td>
</tr>
<tr>
<td></td>
<td>Easily understood by employees and managers</td>
<td>Can be difficult to use in making compensation and promotion decisions</td>
</tr>
<tr>
<td>Essay</td>
<td>Can easily provide feedback on the positive abilities of the employee</td>
<td>Subjectivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Writing ability of reviewer impacts validity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Time consuming (if not combined with other methods)</td>
</tr>
<tr>
<td>Checklist scale</td>
<td>Measurable traits can point out specific behavioral expectations</td>
<td>Does not allow for detailed answers or explanations (unless combined with another method)</td>
</tr>
<tr>
<td>Critical Incidents</td>
<td>Provides specific examples</td>
<td>Tendency to report negative incidents</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Time consuming for manager</td>
</tr>
<tr>
<td>Work Standards Approach</td>
<td>Ability to measure specific components of the job</td>
<td>Does not allow for deviations</td>
</tr>
<tr>
<td>Ranking</td>
<td>Can create a high-performance work culture</td>
<td>Possible bias</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Validity depends on the amount of interaction between employees and manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Can negatively affect teamwork</td>
</tr>
<tr>
<td>MBOs</td>
<td>Open communication</td>
<td>Many only work for some types of jobs</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Employee may have more “buy-in”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BARS</th>
<th>Focus is on desired behaviors</th>
<th>Time consuming to set up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scale is for each specific job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Desired behaviors are clearly outlined</td>
<td></td>
</tr>
</tbody>
</table>

No one performance appraisal is best, so most companies use a variety of methods to ensure the best results.

### Exercise

Review each of the appraisal methods and discuss which one you might use for the following types of jobs, and discuss your choices: Administrative Assistant, CEO, Human Resource Manager, and Retail Store Assistant Manager.


### References


8.3 Completing and Conducting the Appraisal

<table>
<thead>
<tr>
<th>Learning Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Be able to discuss best practices in performance review planning.</td>
</tr>
<tr>
<td>2. Be able to write an improvement plan for an employee.</td>
</tr>
</tbody>
</table>

So far, we have discussed the necessity of providing formal feedback to employees through a systematic performance evaluation system. We have stressed the importance of making sure the HR professional and employees know how often performance evaluations should be given and if they are tied to pay increases.

The next step is to make sure you know the goals of the performance evaluation; for example, is the goal to improve performance and also identify people for succession planning? You will then determine the source for the performance evaluation data, and then create criteria and rating scales that relate directly to the employee’s job description. Once this is done, the successful functioning of the performance evaluation system largely depends on the HR professional to implement and communicate the system to managers and employees. This will be the primary focus of our next section.

**Best Practices in Performance Appraisals**

The most important things to remember when developing a performance evaluation system include the following:

1. Make sure the evaluation has a direct relationship to the job. Consider developing specific criteria for each job, based on the individual job specifications and description.
2. Involve managers when developing the process. Garner their feedback to obtain “buy-in” for the process.
3. Consider involving the employee in the process by asking the employee to fill out a self-evaluation.
4. Use a variety of methods to rate and evaluate the employee.
5. Avoid bias by standardizing performance evaluations systems for each job.
6. Give feedback on performance throughout the year, not just during performance review times.
7. Make sure the goals of the performance evaluation tie into the organizational and department goals.
8. Ensure the performance appraisal criteria also tie into the goals of the organization, for a strategic HRM approach.
9. Review the evaluation for each job title often, since jobs and expectations change.
As you can see from Figure 8.7 “Performance Review System”, the performance appraisal aspect is just one part of the total process. We can call this a performance review system. The first step of the process is goal setting with the employee. This could mean showing the employee his or her performance appraisal criteria or sitting down with the employee to develop MBOs. The basic idea here is that the employee should know the expectations and how his or her job performance will be rated.

Constant monitoring, feedback, and coaching are the next step. Ensuring the employee knows what he or she is doing well and is not doing well in a more informal manner will allow for a more productive employee.

Next, of course, is the formal performance evaluation process. Choosing the criteria, rating scale, and source of the evaluation are steps we have already discussed. The next step is to work with the employee to develop improvement plans (if necessary) and offer any rewards as a result of excellent performance. The process then begins again, setting new goals with the employee.
Training Managers and Employees

As HR professionals, we know the importance of performance evaluation systems in developing employees, but this may not always be apparent to the managers we work with on a daily basis. It is our job to educate managers and employees on the standards for completing performance evaluation forms as well as train them on how to complete the necessary documents (criteria and ratings), how to develop improvement plans when necessary, and how to deliver the performance appraisal interview.

Employee Feedback

http://www.youtube.com/watch?v=tnSE-Cuxp40"

This video gives excellent tips on providing feedback to employees during the performance appraisal process.

First, after you have developed the new performance appraisal system (or adjusted an old one), consider offering training on how to effectively use it. The training, if required, can save time later and make the process more valuable. What we want to avoid is making it seem as if the performance appraisal process is “just one more thing” for managers to do. Show the value of the system in your training or, better yet, involve managers in developing the process to begin with.
Set standards should be developed for managers filling out the performance ratings and criteria. The advantage of this is accuracy of data and limiting possible bias. Consider these “ground rules” to ensure that information is similar no matter which manager is writing the evaluation:

1. Use only factual information and avoid opinion or perception.
2. For each section, comments should be at least two sentences in length, and examples of employee behavior should be provided.
3. Reviews must be complete and shared with the employee before the deadline.
4. Make messages clear and direct.
5. Focus on observable behaviors.

Once your managers are trained, understand how to fill out the forms, and are comfortable with the ground rules associated with the process, we can coach them on how to prepare for performance evaluations. For example, here are the steps you may want to discuss with your managers who provide performance evaluations:

1. Review the employee's last performance evaluation. Note goals from the previous evaluation period.
2. Review the employee’s file and speak with other managers who interface with this person. In other words, gather data about performance.
3. Fill out the necessary forms for this employee’s appraisal. Note which areas you want to address in the appraisal interview with the employee.
4. If your organization bases pay increases on the performance evaluation, know the pay increase you are able to offer the employee.
5. Write any improvement plans as necessary.
6. Schedule a time and date with the employee.

Most people feel nervous about giving and receiving performance evaluations. One way to limit this is to show the employee the written evaluation before the interview, so the employee knows what to expect. To keep it a two-way conversation, many organizations have the employee fill out the same evaluation, and answers from the employee and manager are compared and discussed in the interview. When the manager meets with the employee to discuss the performance evaluation, the manager should be clear, direct, and to the point about positives and weaknesses. The manager should also discuss goals for the upcoming period, as well as any pay increases or improvement plans as a result of the evaluation. When determining goals, managers should encourage employees to share their personal goals and how they hope to achieve them.

Linda Hill, the Wallace Brett Donham Professor of Business Administration at the Harvard Business School and co-author of Being the Boss: The 3 Imperatives for Becoming a Great Leader, says, “A manager’s job is to provide ‘supportive autonomy’ that’s appropriate to the person’s level of capability.” The key is to be hands-on while giving your people the room they need to succeed on their own (Gallo, 2011).
Improvement plans should not be punitive, but the goal of an improvement plan should be to help the employee succeed. Improvement plans are discussed in Chapter 5 “Retention and Motivation”. Coaching and development should occur throughout the employee’s tenure, and he or she should know before the performance evaluation whether expectations are not being met. This way, the introduction of an improvement plan is not a surprise. There are six main components to an employee improvement plan:

1. Define the problem.
2. Discuss the behaviors that should be modified, based on the problem.
3. List specific strategies to modify the behavior.
5. Define a reasonable timeline for improvements.
6. Schedule “check-in” dates to discuss the improvement plan.

An employee improvement plan works best if it is written with the employee, to obtain maximum buy-in. Once you have developed the process and your managers are comfortable with it, the process must be managed. This is addressed in Section 8.3.3 “Organizing the Performance Appraisal Process”.

Organizing the Performance Appraisal Process

While it will be up to the individual manager to give performance appraisals to employees, as an HR professional, it will be up to you to develop the process (which we have already discussed) and to manage the process. Here are some things to consider to effectively manage the process:

1. Provide each manager with a job description for each employee. The job description should highlight the expectations of each job title and provide a sound basis for review.
2. Provide each manager with necessary documents, such as the criteria and rating sheets for each job description.
3. Give the manager instructions and ground rules for filling out the documents.
4. Work with the manager on pay increases for each employee, if your organization has decided to tie performance evaluations with pay increases.
5. Provide coaching assistance on objectives development and improvement plans, if necessary.
6. Give time lines to the manager for each performance review he or she is responsible for writing.

Most HR professionals will keep a spreadsheet or other document that lists all employees, their manager, and timelines for completion of performance evaluations. This makes it easier to keep track of when performance evaluations should be given.

Of course, the above process assumes the organization is not using software to manage performance evaluations. Numerous types of software are available that allow the HR professional to manage key job responsibilities and goals for every employee in the organization. This software tracks progress on
those goals and allows the manager to enter notes (critical incidents files) online. The software can track
360 reviews and send e-mail reminders when it is time for an employee or manager to complete
evaluations. This type of software can allow for a smoother, more streamlined process. Of course, as
with any new system, it can be time-consuming to set up and train managers and employees on how to
use the system. However, many organizations find the initial time to set up software or web-based
performance evaluation systems well worth the easier recording and tracking of performance goals.

No matter how the system is managed, it must be managed and continually developed to meet the
ultimate goal—continuing development of employees.

The Performance Appraisal

"http://www.youtube.com/watch?v=unmKnS5jPOc"

This role-play highlights some of the things NOT to do when discussing a performance evaluation with
an employee.

Performance Appraisal Interviews

Once a good understanding of the process is developed, it is time to think about the actual meeting with
the employee. A performance review process could be intricately detailed and organized, but if the
meeting with the employee doesn’t go well, the overall strategic objective of performance reviews may
not be met. In Norman R. F. Maier’s famous book The Appraisal Interview, he addressed three types of
appraisal interview styles. The first is tell and sell interview. In this type of interview, the manager does
most of the talking and passes his or her view to the employee. In the tell and listen type of interview,
the manager communicates feedback and then addresses the employee’s thoughts about the interview.
In the problem-solving interview, the employee and the manager discuss the things that are going
well and those that are not going well, which can make for a more productive discussion. To provide the
best feedback to the employee, consider the following:

1. **Be direct and specific.** Use examples to show where the employee has room for
   improvement and where the employee exceeds expectations, such as, “The expectation is
   meeting all deadlines, and you always complete your projects before the deadline.”

2. **Do not be personal; always compare the performance to the standard.** For example,
   instead of saying, “You are too unmotivated to complete your follow-up calls with clients,”
   say, “the expected standard is to return calls to clients within 24 hours, and currently you
   call most clients back within 48 hours on average.”

3. **Remember, it is a development opportunity.** As a result, encourage the employee to talk.
   Understand what the employee feels he does well and what he thinks he needs to improve.
   Ask employees what his professional goals are within the organization.

4. **Thank the employee and avoid criticism.** Instead of the interview being a list of things the
   employee doesn’t do well (which may give the feeling of criticizing), thank the employee for
   what the employee does well, and work on action plans together to fix anything the employee
   isn’t doing well. Think of it as a team effort to get the performance to the standard it needs to
The result of a completed performance evaluation usually means there are a variety of ramifications that can occur after evaluating employee performance:

1. The employee now has written, documented feedback on his or her performance.
2. The organization has documented information on low performance, in case the employee needs to be dismissed.
3. The employee has performed well and is eligible for a raise.
4. The employee has performed well and could be promoted.
5. Performance is not up to expectations, so an improvement plan should be put into place.
6. The employee hasn’t done well, improvement plans have not worked (the employee has been warned before), and the employee should be dismissed.

In each of these cases, planning in advance of the performance appraisal interview is important, so all information is available to communicate to the employee. Consider an employee who was told she was doing an excellent job. She was happy with the performance appraisal and when asked about promotion opportunities, the manager said there were none available. This can devalue a positive review and impact employee motivation. The point, of course, is to use performance evaluations as a development tool, which will positively impact employee motivation.

Preparing and Giving the Performance Appraisal

"[http://www.youtube.com/watch?v=JXcYDF0YdIw](http://www.youtube.com/watch?v=JXcYDF0YdIw)" Some great tips on preparing for the performance appraisal meeting, and how to handle the meeting.

References


8.4 Cases and Problems

Chapter Summary

• A performance evaluation system is a systematic way to examine how well an employee is performing in his or her job.

• The use of the term systematic implies the process should be planned.

• Depending on which research you read, some believe the performance evaluation system is one of the most important to consider in HRM, but others view it as a flawed process, which makes it less valuable and therefore ineffective.

• The first step in designing a performance appraisal process is to determine how often the appraisals will be given. Consideration of time and effort to administer the evaluation should be a deciding factor.

• Many companies offer pay increases as part of the system, while some companies prefer to separate the process. Determining how this will be handled is the next step in the performance appraisal development process.

• Goals of the performance evaluation should be discussed before the process is developed. In other words, what does the company hope to gain from this process? Asking managers and employees for their feedback on this is an important part of this consideration.

• After determining how often the evaluations should be given, and if pay will be tied to the evaluations and goals, you can now sit down and develop the process. First, determine what forms will be used to administer the process.

• After you have determined what forms will be used (or developed), determine who will be the source for the information. Managers, peers, and customers are options. A 360 review process combines several sources for a more thorough review.

• There are some errors that can occur in the process. These include halo effects or comparing an employee to another as opposed to rating them only on the objectives.

• Performance evaluations should always be based on the actual job description.

• Our last step in the development of this process is to communicate the process and train our employees and managers on the process. Also, training on how best to use feedback is the final and perhaps most important step of the process.

• When developing performance appraisal criteria, it is important to remember the criteria should be job specific and industry specific.

• The performance appraisal criteria should be based on the job specifications of each specific job. General performance criteria are not an effective way to evaluate an employee.

• The rating is the scale that will be used to evaluate each criteria item. There are a number of different rating methods, including scales of 1–5, yes or no questions, and essay.

• In a graphic rating performance evaluation, employees are rated on certain desirable attributes. A variety of rating scales can be used with this method. The disadvantage is possible subjectivity.

• An essay performance evaluation will ask the manager to provide commentary on
specific aspects of the employee’s job performance.

- Some managers keep a critical incidents file. These incidents serve as specific examples to be written about in a performance appraisal. The downside is the tendency to record only negative incidents and the time it can take to record this.
- The work standards performance appraisal approach looks at minimum standards of productivity and rates the employee performance based on minimum expectations. This method is often used for sales forces or manufacturing settings where productivity is an important aspect.
- In a ranking performance evaluation system, the manager ranks each employee from most valuable to least valuable. This can create morale issues within the workplace.
- An MBO or management by objectives system is where the manager and employee sit down together, determine objectives, then after a period of time, the manager assesses whether those objectives have been met. This can create great development opportunities for the employee and a good working relationship between the employee and manager.
- An MBO’s objectives should be SMART: specific, measurable, attainable, results oriented, and time limited.
- A BARS approach uses a rating scale but provides specific narratives on what constitutes good or poor performance.
- There are many best practices to consider when developing, implementing, and managing a performance appraisal system. First, the appraisal system must always tie into organization goals and the individual employee’s job description.
- Involvement of managers in the process can initiate buy-in for the process.
- Consider using self-evaluation tools as a method to create a two-way conversation between the manager and the employee.
- Use a variety of rating methods to ensure a more unbiased result. For example, using peer evaluations in conjunction with self and manager evaluations can create a clearer picture of employee performance.
- Be aware of bias that can occur with performance appraisal systems.
- Feedback should be given throughout the year, not just at performance appraisal time.
- The goals of a performance evaluation system should tie into the organization’s strategic plan, and the goals for employees should tie into the organization’s strategic plan as well.
- The process for managing performance evaluations should include goal setting, monitoring and coaching, and doing the formal evaluation process. The evaluation process should involve rewards or improvement plans where necessary. At the end of the evaluation period, new goals should be developed and the process started over again.
- It is the HR professional’s job to make sure managers and employees are trained on the performance evaluation process.
- Standards should be developed for filling out employee evaluations, to ensure consistency and avoid bias.
- The HR professional can assist managers by providing best practices information on how to discuss the evaluation with the employee.
- Sometimes when performance is not up to standard, an improvement plan may be
necessary. The improvement plan identifies the problem, the expected behavior, and the strategies needed to meet the expected behavior. The improvement plan should also address goals, time lines to meet the goals, and check-in dates for status on the goals.

• It is the job of the HR professional to organize the process for the organization. HR should provide the manager with training, necessary documents (such as criteria and job descriptions), instructions, pay increase information, and coaching, should the manager have to develop improvement plans.

• Some HR professionals organize the performance evaluation information in an Excel spreadsheet that lists all employees, job descriptions, and due dates for performance evaluations.
Chapter Case

John is the executive director of Mission Driven Enterprises (MDE), a non-profit organization. He has been with the organization for about five years. Recently, the organization has come under scrutiny for lack of transparency and complaints of clients feeling like they are not receiving the same quality of services they have become accustomed to. The executive director fired the previous human resource director, and you have been hired as his replacement. Your first week on the job, you are receiving complaints from his subordinates that John is not “doing his job.”

You thank the employees for their feedback, sit down at your desk, and begin to analyze what you are going to do with this information.
- Should you wait it out and see for yourself?
- Should you go to John with the information?

After reviewing his personnel file, you realize there is not a performance appraisal system in place for John (who is also your direct supervisor). Using the information provided about the mission and goals of the organization, as well as the formal job description for the Executive Director you found in John’s file (see below), answer the following questions:
- Does John need a performance measure since he is “the big boss?”
- If so, what steps would you take to create an evaluation for John? Which type of measure would you choose?
- Who would be responsible for completing John’s evaluation? How often should it be completed?
- Do you feel results from the performance appraisal such as goals and improvement plan should be shared with the other employees in the agency? Why or why not?
Executive Director of a small Human Services Nonprofit

Nonprofit Organization Overview
Mission-Driven Enterprises ("MDE") makes a difference to the 200,000 clients it serves annually. Operating out of its headquarters in Connecticut, this nonprofit organization provides critical educational, training, and capacity-building services to rural communities. To accomplish its goals, MDE employs certified counselors, educators and coaches who operate on a project basis, providing their services as needed to MDE's client base. In 2014 alone, MDE worked with 250,000 clients and with a network of referral organizations located throughout the Mid-Atlantic and in New England. MDE works with more than 71% of the existing Community Development Organizations in the region and that number continues to grow.

The organization itself is projected to grow 20% annually over the next 5 years and will double its staff and its programs by 2018. Clients surveyed in 2012 reported that MDE would be of more service if it were to expand its services by increasing them at least 25% per annum over the next several years. To keep pace with the anticipated aggressive growth, expanding programs and increased client requirements, MDE seeks a range of talented professionals to conceive, develop and implement new and emerging programs, identify and secure additional, diverse sources of funding and recruit, retain and promote top-tier professionals to manage and shape strategy for the organization.

MDE has historically been funded by government and quasi-governmental organizations. Moving forward, it seeks to enlist more support from individuals, foundations, and businesses and by partnering with similar community-based organizations. The transition from one-source to multi-source funding will require planning, networking and execution skills.

The Opportunity
2016 is the year designated for MDE's most ambitious publicity and fundraising campaigns ever. The organization seeks a visionary Executive Director and Chief Executive Officer ("CEO") with a track record of generating diverse financial support for ambitious, innovative programming.

The CEO is responsible for setting the mission and vision of MDE and defining its strategic direction, ensuring that resources are in place to accomplish important mission goals, recruiting and retaining staff, keeping teams motivated and capable of exceeding expectations, and building the kind of corporate culture which supports the MDE mission.

Reporting Relationships:
The CEO reports to the Board of Directors. All VPs, Directors and the other members of staff and volunteers report directly or indirectly to the CEO.

The Ideal Candidate
The CEO will set strategy and vision, build the MDE culture, lead the senior team, and allocate capital appropriately. Working with the Board, the CEO will set important goals for the organization and work systematically to meet them.
The CEO will make it a priority to define MDE's priorities and direction. He or she will assess and evaluate strategies, decide how the organization will differentiate itself from other like-minded organizations in the region, and will hire teams, set budgets, forge alliances and build partnerships to further the mission. The CEO will play a formative role in building the culture of MDE around community service, accountability and results so that the very best in the field find MDE to be a solid professional home with ample opportunities for advancement and professional growth. The CEO will invest heavily in the training, mentoring and capacity building at MDE. Finally, the CEO will actively promote MDE to build its financial reserves and goodwill. He or she will secure resources, budget and allocate resources appropriately and hold him or herself accountable for the financial health of the organization.

**Core Responsibilities**

The CEO will:

- Lead the mission and vision of the organization, along with the Board, so that MDE clients receive high-quality services;
- Implement strategic plans, based on data-driven analytics, projections and financials;
- Manage MDE's budget and ensure that it is a financially viable, sustainable organization with the resources to meet current and projected program growth;
- Ensure that MDE is in compliance with relevant state and federal laws, regulations and with standard accounting procedures;
- Build a high-performing senior leadership team and play an active role in attracting, retaining and developing a best-in-class staff;
- Identify and implement cost-effective ways to deliver state-of-the-art programs to clients;
- Participate in identifying and cultivating corporate, individual and foundation sponsors;
- Cultivate excellent relationships with local media; provide oversight for MDE's presence in the social media;
- Reach out to the community to present MDE, its vision and services through public presentations and by attending relevant business events, conferences and gatherings;
- Sponsor and/or co-sponsor special events designed to promote MDE's mission or other like-minded mission;
- Develop and work with the Board, ensuring that Board committees and efforts are well-organized and funded;
- Inform the Board regularly of internal organization matters, including relevant staffing, funding and program success and priorities; and
- Keep MDE current and at the forefront of regional community service philanthropic organizations.

**Key Credentials and Personal Qualities**

- Master's Degree in Nonprofit Management, Business Administration, Finance, Economics or its equivalent
- 5-10 years successful senior leadership experience at a social impact organization
- Commitment to results; ‘can-do’ mindset with emphasis on accountability
- Experience at change leadership and change management
- Strong motivational and staff leadership abilities
- Excellent communication and presentation skills
- Sense of humor, integrity, impeccable work ethic
- Knowledge of Office Suite and Excel required

("Nonprofit Executive Director sample job description," n.d.)
Chapter 9: Working with Labor Unions

Edited by Murphy Fennell

Unhappy Employees Could Equal Unionization

As the HR manager for a two-hundred-person organization, you tend to have a pretty good sense of employee morale. Recently, you are concerned because it seems that morale is low, because of pay and the increasing health benefit costs to employees. You discuss these concerns with upper-level management, but owing to financial pressures, the organization is not able to give pay raises this year.

One afternoon, the manager of the marketing department comes to you with this concern, but also with some news. She tells you that she has heard talk of employees unionizing if they do not receive pay raises within the next few months. She expresses that the employees are very unhappy and productivity is suffering as a result. She says that employees have already started the unionization process by contacting the Federal Labor Relations Authority and are in the process of proving 30 percent worker interest in unionization. As you mull over this news, you are concerned because the organization has always had a family atmosphere, and a union might change this. You are also concerned about the financial pressures to the organization should the employees unionize and negotiate higher pay. You know you must take action to see that this doesn’t happen. However, you know you and all managers are legally bound by rules relating to unionization, and you need a refresher on what these rules are. You decide to call a meeting first with the president of the organization and then with managers to discuss strategy and inform them of the legal implications of this process. You feel confident that a resolution can be developed before the unionization happens.
9.1 The Nature of Unions

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<th>Learning Objectives</th>
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<tbody>
<tr>
<td>1. Be able to discuss the history of labor unions.</td>
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<tr>
<td>2. Explain some of the differences between private and public sector unions.</td>
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<tr>
<td>3. Be able to explain the process of unionization and laws that relate to unionization.</td>
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A labor union, or union, is defined as workers banding together to meet common goals, such as better pay, benefits, or promotion rules. In this section, we will discuss the history of public unions, reasons for increase in public union membership, some differences between public and private labor unions, public union labor laws, and the process employees go through to form a union. First, however, we should discuss some of the reasons why people join unions.

People may feel their economic needs are not being met with their current wages and benefits and believe that a union can help them receive better economic prospects. Fairness in the workplace is another reason why people join unions. They may feel that scheduling, vacation time, transfers, and promotions are not given fairly and feel that a union can help eliminate some of the unfairness associated with these processes. Let’s discuss some basic information about unions before we discuss the unionization process.

History and Organization of Unions

Trade unions were developed in Europe during the Industrial Revolution, when employees had little skill and thus the entirety of power was shifted to the employer. When this power shifted, many employees were treated unfairly and underpaid. In the United States, unionization increased with the building of railroads in the late 1860s. Wages in the railroad industry were low and the threat of injury or death was high, as was the case in many manufacturing facilities with little or no safety laws and regulations in place. As a result, the Brotherhood of Locomotive Engineers and several other brotherhoods (focused on specific tasks only, such as conductors and brakemen) were formed to protect workers’ rights, although many workers were fired because of their membership.

Labor Union AFL-CIO Perspective

http://www.youtube.com/watch?v=ublWyT7nGdU

A video from the AFL-CIO shows a history of labor unions, from its perspective.
The first local unions in the United States were formed in the eighteenth century, in the form of the National Labor Union (NLU).

The National Labor Union, formed in 1866, paved the way for other labor organizations. The goal of the NLU was to form a national labor federation that could lobby government for labor reforms on behalf of the labor organizations. Its focus was to limit the workday to eight hours. While the NLU garnered many supporters, it excluded Chinese workers and only made some attempts to defend the rights of African Americans and female workers. The NLU can be credited with the eight-hour workday, which was passed in 1862. Because of a focus on government reform rather than collective bargaining, many workers joined the Knights of Labor in the 1880s.

The Knights of Labor started as a fraternal organization, and when the NLU dissolved, the Knights grew in popularity as the labor union of choice. The Knights promoted the social and cultural spirit of the worker better than the NLU had. It originally grew as a labor union for coal miners but also covered several other types of industries. The Knights of Labor initiated strikes that were successful in increasing pay and benefits. When this occurred, membership increased. After only a few years, though, membership declined because of unsuccessful strikes, which were a result of a too autocratic structure, lack of organization, and poor management. Disagreements between members within the organization also caused its demise.

The American Federation of Labor (AFL) was formed in 1886, mostly by people who wanted to see a change from the Knights of Labor. The focus was on higher wages and job security. Infighting among union members was minimized, creating a strong organization that still exists today. In the 1930s, the Congress of Industrial Organizations (CIO) was formed as a result of political differences in the AFL. In 1955, the two unions joined together to form the AFL-CIO.

Currently, the AFL-CIO is the largest federation of unions in the United States and is made up of fifty-six national and international unions. The goal of the AFL-CIO isn't to negotiate specific contracts for employees but rather to support the efforts of local unions throughout the country.

In 1935, the National Labor Relations Board (NLRB) was established in response to the Wagner Act, also known as the National Labor Relations Act ("The 1935 passage of the Wagner Act," n.d.). The NLRB exists to conduct elections, decide cases, avoid litigation through settlements when possible, investigate charges when someone believes their rights have been violated under the National Labor Relations Act, and see that parties comply with the Board's orders ("What We Do," n.d.). However, while the NLRB does cover nonprofit agencies, they do not cover federal, state, and local government employees ("Jurisdictional Standards," n.d.).

Until this point, the focus of labor unions was largely on private-sector employees, including those of nonprofit agencies. In 1961, following a memorandum issued by President John F. Kennedy, the Task Force on Employee-Management Relations in the
Federal Service was formed and began to conduct research and held extensive hearings on the matter of labor relations and concluded the following:

The Task Force wishes most emphatically to endorse the President's view that the public interest calls for strengthening of employee management relations within the Federal Government. A continuous history, going back three quarters of a century has established beyond any reasonable doubt that certain categories of federal employees want to participate in the formulation of personnel policies and have established large and stable organizations for this purpose. This is not a challenge to be met so much as an opportunity to be embraced. (“50th Anniversary: Executive Order 10988,” n.d.)

On January 17, 1962, President Kennedy signed Executive Order 10988, giving federal employees the right to form unions and engage in collective bargaining for the first time (“50th Anniversary: Executive Order 10988,” n.d.).

In response to federal workers receiving the formal right to unionize, the Federal Labor Relations Council (FLRC) was formed by President Nixon, meant to oversee the program, make rulings, hear and resolve appeals, and decide policy issues (“50th Anniversary: Executive Order 10988,” n.d.). This was an important development, since the NLRB does not cover the public sector (“Jurisdictional Standards,” n.d.).

The national unions play an important role in legislative changes, while the local unions focus on collective bargaining agreements and other labor concerns specific to the area. Every local union has a union steward who represents the interests of union members. Normally, union stewards are elected by their peers.

A national union, besides focusing on legislative changes, also does the following:

1. Lobbies in government for worker rights laws
2. Resolves disputes between unions
3. Helps organize national protests
4. Works with allied organizations and sponsors various programs for the support of unions

For example, in 2011, the national Teamsters union organized demonstrations in eleven states to protest the closing of an Ontario, California parts distribution center. Meanwhile, Teamster Local 495 protested at the Ontario plant2.
Figure 9.1 The Complicated Structure of AFL-CIO

Source: AFL-CIO.

For a more comprehensive list of labor unions in the United States, see:
https://en.wikipedia.org/wiki/List_of_labor_unions_in_the_United_States
Recent Changes in Union Membership

The labor movement in the private sector is currently experiencing several challenges, including a decrease in union membership, globalization, and employers’ focus on maintaining non-union status. In the 1950s, 36 percent of all workers in the private sector were unionized (Friedman, 2010), as opposed to just over 6 percent today (Union Members Summary, 2018). In the public sector, however, membership has steadily increased since the 1960s (Gregory & Borland, 1999), sitting at nearly 34 percent today (Union Members Summary, 2018). More recently,

<table>
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<th>Human Resource Recall</th>
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<tr>
<td>When you are hired for your first job or your next job, do you think you would prefer to be part of a union or not?</td>
</tr>
</tbody>
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Claude Fischer, a researcher from University of California Berkeley, believes the shift in the private sector is cultural. His research says the decline is a result of American workers preferring individualism as opposed to collectivism (Fischer, 2010). Other research says the decline of unions is a result of globalization, and the fact that many jobs that used to be unionized in the manufacturing arena have now moved overseas. Other reasoning points to management, and that its unwillingness to work with unions has caused the decline in membership. Others suggest that unions are on the decline because of their own problems. Past corruption, negative publicity, and hardline tactics have made joining a union less favorable.

In contrast, the increase in unionization in the public sector is likely due to several factors. According to Robert G. Gregory and Jeff Borland, researchers from Australian National University, one reason for this may be the larger average size of organizations in the public sector, which means costs of union organization per worker are likely lower (1999). They propose this may also be due to political reasons; one motivation for unionization may be maximizing employment numbers or increasing budgets, which is likely to be more in line with management’s objectives (Gregory & Borland, 1999). Research suggests that union membership has had positive effects on the earnings of public sector employees and has also shown a positive correlation between union membership and labor productivity in the public sector (Gregory & Borland, 1999). There is also a positive correlation between union membership and employment stability in the public sector (Gregory & Borland, 1999). Finally, there is a greater difference between union and non-union wages in the private sector than in the public sector (Gregory & Borland, 1999), and according to a study published in 2018 by Beaulier and Crowley, research does not indicate that unions in the public sector have a major impact on spending.
To fully understand unions, it is important to recognize the global aspect of unions. Statistics on a worldwide scale show unions in all countries declining but still healthy in some countries. For example, in eight of the twenty-seven European Union member states, more than half the working population is part of a union. In fact, in the most populated countries, unionization rates are still at three times the unionization rate of the United States (Federation of European Employers, 2011). Italy has a unionization rate of 30 percent of all workers, while the UK has 29 percent, and Germany has a unionization rate of 27 percent.

In March 2011, Wisconsin governor Scott Walker proposed limiting the collective bargaining rights of state workers to save a flailing budget. Some called this move “union busting” and said this type of act is illegal, as it takes away the basic rights of workers. The governor defended his position by saying there is no other choice, since the state is in a budget crisis. Other states such as Ohio are considering similar measures. Whatever happens, there is a clear shift for unions today.

Globalization is also a challenge in labor organizations today, specifically in the private sector. As more and more goods and services are produced overseas, unions lose not only membership but union values in the stronghold of worker culture. As globalization has increased, unions have continued to demand more governmental control but have been only somewhat successful in these attempts. For example, free trade agreements such as the North American Free Trade Agreement (NAFTA) have made it easier and more lucrative for companies to manufacture goods overseas. This is discussed in Chapter 14 “International HRM.” For example, La-Z-Boy and Whirlpool closed production facilities in Dayton and Cleveland, Ohio, and built new factories in Mexico to take advantage of cheaper labor and less stringent environmental standards. Globalization creates options for companies to produce goods wherever they think is best to produce them. As a result, unions are fighting the globalization trend to try and keep jobs in the United States.

There are several reasons why companies do not want unions in their organizations, which we will discuss in greater detail later. One of the main reasons, however, is increased cost and less management control. Many companies (particularly in the private sector) are on a quest to maintain a union-free work environment. In doing so, they try to provide higher wages and benefits, so workers do not feel compelled to join a union. Companies that want to stay union free constantly monitor their retention strategies and policies.

**Labor Union Laws**

The **Railway Labor Act (RLA)** of 1926 originally applied to railroads and in 1936 was amended to cover airlines. The act received support from both management and unions. The goal of the act is to ensure no disruption of interstate commerce. The main provisions of the act include alternate dispute resolution, arbitration, and mediation to resolve labor disputes. Any dispute must be resolved in this manner before a strike can
happen. The RLA is administered by the National Mediation Board (NMB), a federal agency, and outlines very specific and detailed processes for dispute resolution in these industries.

The Norris-LaGuardia Act of 1932 (also known as the anti-injunction bill), barred federal courts from issuing injunctions (a court order that requires a party to do something or refrain from doing something) against nonviolent labor disputes and barred employers from interfering with workers joining a union. The act was a result of common yellow-dog contracts, in which a worker agreed not to join a union before accepting a job. The Norris-LaGuardia Act made yellow-dog contracts unenforceable in courts and established that employees were free to join unions without employer interference.

In 1935, the Wagner Act (sometimes called the National Labor Relations Act) was passed, changing the way employers can react to several aspects of unions. The Wagner Act had a few main aspects:

1. Employers must allow freedom of association and organization and cannot interfere with, restrain, or coerce employees who form a union.
2. Employers may not discriminate against employees who form or are part of a union, or those who file charges.
3. An employer must bargain collectively with representation of a union.

The National Labor Relations Board (NLRB) oversees this act, handling any complaints that may arise from the act. For example, in April 2011, the NLRB worked with employees at Ozburn-Hessey Logistics in Tennessee after they had been fired because of their involvement in forming a union. The company was also accused of interrogating employees about their union activities and threatened employees with loss of benefits should they form a union. The NLRB utilized their attorney to fight on behalf of the employees, and a federal judge ordered the company to rehire the fired employees and to desist in other antiunion activities.

While nonprofit employees are covered by the NLRB, federal, state, and local government employees are not (“Jurisdictional Standards,” n.d.) There has also been legislation specific to the public sector.

President Kennedy signed Executive Order 10988 in 1962, giving federal employees the right to join and bargain through unions regarding fringe benefits and non-wage issues (Gregory & Borland, 1999). The executive order required that public sector unions be recognized but limited their negotiating abilities (Freeman, 1984).

In 1969, President Nixon signed Executive Order 11491, which established the Federal Labor Relations Council (“50th Anniversary: Executive Order 10988,” n.d.). This was in response to findings from a review committee appointed by President Lyndon B. Johnson in 1969, which found that the effects of Kennedy’s Executive Order 10988 had been largely positive (“50th Anniversary: Executive Order 10988,” n.d.).
In 1978, the Civil Service Reform Act of 1978 was passed. Title XII of that act, also known as the Federal Service Labor-Management Relations Statute, established the Federal Labor Relations Authority, and concluded the following:

The Congress finds that:

1. experience in both private and public employment indicates that the statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them—
   a. safeguards the public interest;
   b. contributes to the effective conduct of public business; and
   c. facilitates and encourages the amicable settlements of disputes between employees and their employers involving conditions of employment; and

2. the public interest demands the highest standards of employee performance and the continued development and implementation of modern and progressive work practices to facilitate and improve employee performance and the efficient accomplishment of the operations of the Government.

Therefore, labor organizations and collective bargaining in the civil service are in the public interest ("50th Anniversary: Executive Order 10988," n.d.).
The Taft-Hartley Act also had major implications for unions. Passed in 1947, Taft-Hartley amended the Wagner Act. The act was introduced because of the upsurge of strikes during this time period. While the Wagner Act addressed unfair labor practices on the part of the company, the Taft-Hartley Act focused on unfair acts by the unions. For example, it outlawed strikes that were not authorized by the union, called wildcat strikes. It also prohibited secondary actions (or secondary boycotts) in which one union goes on strike in sympathy for another union. The act allowed the executive branch of the federal government to disallow a strike should the strike affect national health or security. One of the most famous injunctions was made by President Ronald Reagan in 1981. Air traffic controllers had been off the job for two days despite their no-strike oath, and Reagan ordered all of them (over eleven thousand) discharged because they violated this federal law.

The Landrum Griffin Act, also known as the Labor Management Reporting and Disclosure (LMRDA) Act, was passed in 1959. This act required unions to hold secret elections and submit their annual financial reports to the U.S. Department of Labor, and created standards governing expulsion of a member from a union. This act was created because of racketeering charges and corruptions charges by unions. In fact, investigations of the Teamsters Union found they were linked to organized crime, and the Teamsters were banned from the AFL-CIO. The goal of this act was to regulate the internal functioning of unions and to combat abuse of union members by union leaders.
### The Unionization Process

There are two ways in which a unionization process can begin. First, the union may contact several employees and discuss the possibility of a union, or employees may contact a union on their own. The union will then help employees gather signatures to show that the employees want to be part of a union. To hold an election, the union must show signatures from over 30 percent of the employees of the organization.

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#### The Unionization Process

<table>
<thead>
<tr>
<th>Employee Dissatisfaction</th>
<th>• Union contacts employees or employees contact union</th>
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<tr>
<td>Initial Organization Meeting</td>
<td>• Initial meeting with union to gather employee support.</td>
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<tr>
<td>Signatures</td>
<td>• Must have 30% of employee signatures to move forward with unionization process.</td>
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</tbody>
</table>
| Secret Ballot Election or Card Check Method | • Once 30% of signatures are gathered, a secret ballot election is administered by the National Labor Relations Board  
• (if the company does not accept the card check method). |
| Voting and Contract | • If the vote is "yes" (51% majority), the National Labor Relations Board or Federal Labor Relations Authority certifies the  
• union as the legal bargaining representative of the employees. |

The election process varies slightly depending on the type of organization. Private and nonprofit organizations petition the National Labor Relations Board to move forward with a secret-ballot election. Public sector employees follow a similar process but must petition the Federal Labor Relations Authority instead (5 CFR § 2422.5, 2012). An alternative to the secret-ballot election is the card check method, in which the union organizer provides the company with authorization cards signed by a simple majority (half plus one). The employer can accept the cards as proof that the employees desire a union in their organization. The NLRB then certifies the union as the employees'

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| Railway Labor Act | • Covers railroad and airlines  
• Alternate dispute resolution methods instead of striking for these two industries |
| Norris-LaGuardia Act | • As a result of yellow-dog contracts  
• Barred federal courts from issuing injunctions against nonviolent labor disputes |
| Wagner Act | • Allowed for freedom to join a union without interference  
• May not discriminate against union employees  
• Set collective bargaining rules |
| Civil Service Reform Act of 1978 | • Established the Federal Labor Relations Authority  
• First Act to establish rules regarding labor unions in the public sector |
| Taft-Hartley Act | • Amended Wagner Act  
• Focus was on unfair practices by the union |
| Landrum-Griffing Act | • Required unions to hold secret elections  
• Financial reporting of unions required |
collective bargaining representative. The FLRA does not accept the card check method, so all elections in the public sector must be done by secret ballot (5 CFR § 2422.5, 2012). The FLRA and NLRB are responsible for election logistics and counting of ballots. Observers from all parties can be present during the counting of votes. Once votes are counted, a decision on unionization occurs, and at that time, the collective bargaining process begins.

Once the FLRA or NLRB is involved, there are many limits as to what the employer can say or do during the process to prevent unionization of the organization. It is advisable for HR and management to be educated on what can legally and illegally be said during this process. It is illegal to threaten or intimidate employees if they are discussing a union. You cannot threaten job, pay, or benefits loss as a result of forming a union. Figure 9.5 “Things That Shouldn’t Be Said to Employees during a Unionization Process” includes information on what should legally be avoided if employees are considering unionization.

![Figure 9.5 Things that Shouldn’t Be Said to Employees During a Unionization Process](image)

Obviously, it is in the best interest of the union to have as many members as possible. Because of this, unions may use many tactics during the organizing process. For example, many unions are also politically involved and support candidates who they feel best represent labor. They provide training to organizers and sometimes even encourage union supporters to apply for jobs in nonunion environments to actively work to unionize other employees when they are hired. This practice is called union salting. Unions, especially on the national level, can be involved in corporate campaigns that boycott certain products or companies because of their labor practices. The United Food and Commercial Workers (UFCW), for example, has a “Wake Up Walmart Campaign” that targets the labor practices of this organization.
Management Response to Unionization

Most private organizations feel the constraints of having a union organization are too great. It affects the cost to the organization and operation efficiency. This is less of an issue for nonprofits, because while they need enough money to operate, they are less concerned with turning high profits. In the public sector, employee and management goals are likely to be more in line, resulting in less opposition to unionization from management (Gregory & Borland, 1999). Collective bargaining at times can put management at odds with its employees, but in the public sector, unionization has been shown to have an overall positive effect on productivity and employment stability (Gregory & Borland, 1999), as well as encouraging management and employees to resolve their disputes amicably (“50th Anniversary: Executive Order 10988,” n.d.). There are three main phases of unionization:

1. Phase 1: Your organization is union free and there is little or no interest in unionizing.
2. Phase 2: You learn that some employees are discussing unionization, or you learn about specific attempts by the union to recruit employees.
3. Phase 3: You receive a petition from the National Labor Relations Board or Federal Labor Relations Authority filed by a union requesting a unionization vote.

Because of increased costs and operational efficiency, many private companies feel it is in their best interest to avoid unionization. If this is the case, while in phase 1, it is important to review employee relations programs including pay, benefits, and other compensation. Ensure the compensation plans are fair so employees feel fairly treated and have no reason to seek the representation of a union.

In phase 3, familiarization with all the National Labor Relations Board or Federal Labor Relations Authority rules around elections and communications is important. With this information, you can organize meetings to inform managers on these rules. Concurrently some organizations start to draw up an antionion campaign and communicate that to managers, while ensuring it does not violate laws. To this end, management may develop specific strategies to encourage employees to vote “no” for the union. Some of the arguments that might be used include talking with the employee and mentioning the following:

1. Union dues are costly.
2. Employees could be forced to go on strike.
3. Employees and management may no longer be able to discuss matters informally and individually.
4. Unionization can create more bureaucracy within the company.
5. Individual issues may not be discussed.
6. Many decisions within a union, such as vacation time, are based on seniority only.

With unionization in the public sector on the rise, it is possible you will find yourself faced with handling a new union in your organization, if your employees are not already unionized. There is less opposition to unionization in the public sector, however, and management may be less interested in preventing unionization. Either way, it is very important for management to understand what unionization will mean for them, how it will affect their interactions with employees, and what both management’s and employees’ rights are under unionization.

The Impact of Unions on Organizations

You may wonder why some organizations are opposed to unions. As we have mentioned, since union workers do receive higher wages, this can be a negative impact on the organization. In the public sector, wages are determined in part by budget, and public agencies are not profit driven, so wage increases do not necessarily impact public organizations as negatively. In addition, there is a greater difference between union and non-union wages in the private sector than in the public sector (Gregory & Borland, 1999), meaning unionization does not have as much of an impact on wages in the public sector.

Unionization also impacts the ability of managers to make certain decisions and limits their freedom when working with employees. For example, if an employee is constantly late to work, the union contract will specify how to discipline in this situation, resulting in little management freedom to handle this situation on a case-by-case basis. Unionization can result in less freedom to management in scheduling, since scheduling would be based on collective bargaining contracts. Another concern about unionization for management is the ability to promote workers. A union contract may stipulate certain terms (such as seniority) for promotion, which means the manager has less control over the employees he or she can promote.

Section 9.2 “Collective Bargaining” and Section 9.3 “Administration of the Collective Bargaining Agreement” discuss the collective bargaining and grievance processes.


3“Federal Judge Orders Employer to Reinstate Three Memphis Warehouse Workers and Stop Threatening Union Supporters While Case Proceeds at NLRB,” Office of Public


References


9.2 Collective Bargaining

Learning Objectives

1. Be able to describe the process of collective bargaining.
2. Understand the types of bargaining issues and the rights of management.
3. Discuss some strategies when working with unions.

When employees of a public or nonprofit organization vote to unionize, the process for collective bargaining begins. **Collective bargaining** is the process of negotiations between the organization and representatives of the union. The goal is for management and the union to reach a contract agreement, which is put into place for a specified time. Once this time is up, a new contract is negotiated.

**Right to Collective Bargaining**

Before discussing the collective bargaining process, it is important to understand that collective bargaining is not an automatic right of public sector employees who belong to a union, but rather a right that varies by state law (Allmendinger, 2007). Some states prohibit collective bargaining in the public sector altogether, while some states require it (Allmendinger, 2007). Furthermore, some states allow collective bargaining in some job categories but prohibit it in others (Sanes & Schmitt, 2014). For example, in the state of Texas, all collective bargaining by public sector employees is illegal except for police officers and firefighters (Sanes & Schmitt, 2014). Additionally, some states may allow collective bargaining but not allow wage negotiation (Sanes & Schmitt, 2014). As a manager faced with the possibility of collective bargaining, it is important to know the laws in your state.

To recruit new members, the union may require something called a union shop. A **union shop** requires a person to join the union within a certain time period of joining the organization. In **right-to-work states**, a union shop may be illegal. Twenty-eight states have passed right-to-work laws, as you can see in Figure 9.6 “Map of Right-to-Work States” (“National Right to Work Foundation,” n.d.). These laws prohibit a requirement to join a union or pay dues and fees to a union. To get around these laws, agency shops were created. An **agency shop** is like a union shop in that workers do not have to join the union but still must pay union dues. Agency shop union fees are known as **agency fees** and may be illegal in right-to-work states. A **closed shop** used to be a mechanism for a steady flow of membership. In this arrangement, a person must be a union member to be hired. This, however, was made illegal under the Taft-Hartley Act.
In June 2018, as a result of a decision by the Supreme Court, all public sector employees are effectively covered under right-to-work law; they cannot be required to join a union or pay agency fees in order to maintain employment (Janus v. Federation of State, County, and Municipal Employees, 2018). This Supreme Court ruling was largely influenced by the idea that forcing an employee to join a union and pay agency fees when the union’s political agenda may be different from their own is a violation of free speech (Janus v. Federation of State, County, and Municipal Employees, 2018). There was no public sector unionization before right-to-work laws (Moore, 1998), therefore it is possible that this decision will not have a dramatic effect on public sector unionization. Research has shown that right-to-work laws are unlikely to affect union election results (Moore, 1998). On the other hand, right-to-work laws are likely to increase free riders (members who do not pay dues but still reap the benefits of being represented by a union), reduce unionization altogether, and reduce unions’ successes (Moore, 1998). Because this Supreme Court case was just decided in 2018, we cannot yet see the long-term effects of this decision on unionization in the public sector.

Figure 9.6 Map of Right-to-Work States

Map of Right-to-Work States
https://www.nrtw.org/right-to-work-states/
Human Resource Recall

How do you feel about right-to-work laws? Do you agree with the Supreme Court’s decision in *Janus v. American Federation of State, Local, and Municipal Employees*?

The Process of Collective Bargaining

In any bargaining agreement, certain management rights are not negotiable, including the right to manage and operate the business, and to hire, promote, or discharge employees. However, in the negotiated agreement there may be a process outlined by the union for how these processes should work. Management rights also include the ability of the organization to direct the work of the employees and to establish operational policies. As an HR professional sits at the bargaining table, it is important to be strategic in the process and tie the strategic plan with the concessions the organization is willing to make and the concessions the organization will not make.

Another important point in the collective bargaining process is the aspect of union security. Obviously, it is in the union’s best interest to collect dues from members and recruit as many new members as possible. In the contract, a *checkoff provision* may be negotiated. This provision occurs when the employer, on behalf of the union, automatically deducts dues from union members’ paychecks. This ensures that a steady stream of dues is paid to the union.

In a collective bargaining process, both parties are legally bound to bargain in good faith. This means they have a mutual obligation to participate actively in the deliberations and indicate a desire to find a basis for agreement. There are three main classification of bargaining topics: mandatory, permissive, and illegal. Wages, health and safety, management rights, work conditions, and benefits fall into the **mandatory category**. **Permissive topics** are those that are not required but may be brought up during the process. An example might include the requirement of drug testing for candidates or the required tools that must be provided to the employee to perform the job, such as a cellular phone or computer. It is important to note that while management is not required by labor laws to bargain on these issues, refusing to do so could affect employee morale. We can also classify some bargaining issues as illegal topics, which obviously cannot be discussed. These types of illegal issues may be of a discriminatory nature or anything that would be considered illegal outside the agreement.

**Examples of Bargaining Topics**

- Pay rate and structure
- Health benefits
- Incentive programs
The collective bargaining process consists of five main steps.

The first step is the preparation of both parties. The negotiation team should consist of individuals with knowledge of the organization and the skills to be an effective negotiator. An understanding of the working conditions and dissatisfaction with working conditions is an important part of this preparation step. Establishing objectives for the negotiation and reviewing the old contract are key components to this step. The management team should also prepare and anticipate union demands, to better prepare for compromises. Steps in Collective Bargaining: preparation objectives choosing negotiation team anticipation of union demands; timelines for negotiations set ground rules; each party presents proposals; proposals presented, discussed, new meetings take place; details settled, contract written and voted on by union membership

The second step of the process involves both parties agreeing on how the timelines will be set for the negotiations. In addition, setting ground rules for how the negotiation will occur is an important step, as it lays the foundation for the work to come.

In the third step, each party comes to the table with proposals. It will likely involve initial opening statements and options that exist to resolve any situations that exist. The key to a successful proposal is to come to the table with a “let’s make this work” attitude. An
initial discussion is had and then each party generally goes back to determine which requests it can honor and which it can’t. At this point, another meeting is generally set up to continue further discussion.

Once the group comes to an agreement or settlement (which may take many months and proposals), a new contract is written, and the union members vote on whether to accept the agreement. If the union doesn’t agree, then the process begins all over again.

**Ramifications of a Bargaining Impasse**

When the two parties are unable to reach consensus on the collective bargaining agreement, this is called a **bargaining impasse**. A bargaining impasse could mean the union goes on strike or a lockout occurs. The goal of a **lockout**, which prevents workers from working, is to put pressure on the union to accept the contract. A lockout can only be legally conducted when the existing collective bargaining agreement has expired and there is truly an impasse in contract negotiations. Similarly, the goal of a **strike** is to put pressure on the organization to accept the proposed contract. Some organizations will impose a lockout if workers engage in **slowdowns**, an intentional reduction in productivity. Some unions will engage in a slowdown instead of a strike, because the workers still earn pay, while in a strike they do not. A **sick-out** is when members of a union call in sick, which may be illegal since they are using allotted time, while a **walk-out** is an unannounced refusal to perform work. However, this type of tactic may be illegal if the conduct is irresponsible or indefensible, according to a judge. **Jurisdictional strikes** are used to put pressure on an employer to assign work to members of one union versus another (if there are two unions within the same organization) or to put pressure on management to recognize one union representation when it currently recognizes another. The goal of a sick-out strike is to show the organization how unproductive the company would be if the workers did go on strike. As mentioned under the Taft-Hartley Act, wildcat strikes are illegal, as they are not authorized by the union and usually violate a collective bargaining agreement. **Sympathy strikes** are work stoppages by other unions designed to show support for the union on strike. While they are not illegal, they may violate the terms of the collective bargaining agreement.

In the public sector, however, strikes are not always legal (Sanes & Schmitt, 2014). Initially, most public sector unions voluntarily agreed to having no-strike pledges in their contracts (Ross, 1969). But over time, there has been more of a push to allow strikes in the public sector. In 1968, the National Association of Government Employees, the Fire Fighters union, and two postal unions removed their no-strike agreements, insisting that further research be done (Ross, 1969). Again, these laws are determined on a state-by-state basis, and in some states, strikes may be legal in some public employment categories while illegal in others (Sanes & Schmitt, 2014). Striking is often prohibited among certain professions, such as firefighters or police officers, in the interest of public safety (Sanes & Schmitt, 2014). More information regarding the prohibition of striking in the public sector is included in the figure below.
Human Resource Recall

How do you feel about certain public sector employees not being allowed to strike?

Working with Labor Unions

First and foremost, when working with labor unions, a clear understanding of the contract is imperative for all HR professionals and managers. The contract (also called the collective bargaining agreement) is the guiding document for all decisions relating to employees. All HR professionals and managers should have intimate knowledge of the
document and be aware of the components of the contract that can affect dealings with employees. The agreement outlines all requirements of managers and usually outlines how discipline, promotion, and transfers will work.

Because as managers and HR professionals we will be working with members of the union daily, a positive relationship can not only assist the day-to-day operations but also create an easier bargaining process. Solicitation of input from the union before decisions are made can be one step to creating this positive relationship. Transparent communication is another way to achieve this goal.

In HR, one of the major aspects of working with labor unions is management of the union contract. We discuss the grievance process in Section 9.3 “Administration of the Collective Bargaining Agreement”.

**How Would You Handle This?**

**Union Busting**

The employees in your organization are unhappy with several aspects of their job, including pay. You have tried to solve this issue by creating new compensation plans, but with no avail. You hear talk of unionizing. When you bring this issue to your CEO, she vehemently opposes unions and tells you to let the employees know that if they choose to unionize, they will all lose their jobs. Knowing the CEO’s threat is illegal, and knowing you may lose your job if the workers decide to unionize, how would you handle this?


**References**


9.3 Administration of the Collective Bargaining Agreement

Learning Objective

1. Be able to explain how to manage the grievance process.

A grievance procedure and/or process is normally created within the collective bargaining agreement for private and nonprofit companies. Since so many states prohibit public employees from striking, those states often have impasse resolution procedures mandated within state statutes (Baird, 2014). The grievance procedure outlines the process by which grievances over contract violations will be handled. This will be the focus of our next section.

A violation of the contract terms or perception of violation normally results in a grievance. The process can vary greatly between the public and private sectors, so we will discuss the process in generalities. A grievance is normally initiated by an employee and then handled by union representatives. Most private sector and nonprofit union contracts specify how the grievance is to be initiated, the steps to complete the procedure, and identification of representatives from both sides who will hear the grievance. In the case of public sector union grievances, the process is generally determined by state statute rather than by union contract (Baird, 2014).

Figure 9.8 A Sample Grievance Process
A Sample Grievance Process in order: manager and employee discuss grievance, possibly with a union representative; express grievance in writing to management; HR, management, and union discuss; management expresses decision in writing; union decides whether to escalate grievance, and if they decide to escalate; the grievance is brought to national union; an arbitrator may be brought in to make the final decision on the grievance.

The first step is normally an informal conversation with the manager, employee, and possibly a union representative. Many grievances never go further than this step, because often the complaint is a result of a misunderstanding.

If the complaint is unresolved at this point, the union will normally initiate the grievance process by formally expressing it in writing. At this time, HR and management may discuss the grievance with a union representative. If the result is unsatisfactory to both parties, the complaint may be brought to the company’s union grievance committee. This can be in the form of an informal meeting or a more formal hearing.

After discussion, management will then submit a formalized response to the grievance. It may decide to remedy the grievance or may outline why the complaint does not violate the contract. At this point, once the employees and management have found themselves at an impasse, the process is escalated.

There are three main impasse resolution processes:

1. Fact-finding
2. Interest Arbitration
3. Right to Strike

Again, these establish procedures not only vary by state, but can also vary by profession within a state (Baird, 2014).

Fact-finding is like mediation, in that an impartial third party (the “fact-finder”) holds a hearing, gathers evidence, and gives their report complete with an impartial advisory opinion (Baird, 2014).

Interest arbitration usually takes place in the case that fact-finding fails, and involves a similar process to the fact-finding process, but rather than an advisory opinion, the arbitrator makes a binding judgment that cannot be rejected by the parties involved (Baird, 2014). If one party refuses to accept the award made by the arbitrator, the other party has a legal right to seek justice in court (Baird, 2014).

Finally, when all else fails, public sector employees may decide to strike in states where it is legal (Baird, 2014). If employees move to strike when they do not have the legal right to do so, this is called a wildcat strike and can result in severe penalties (Baird, 2014).
Recently, Denver teachers tried to bargain pay raises for 15 months (Hernandez, 2019). When they ultimately found themselves at impasse, the teachers moved to strike (Hernandez, 2019). After three days of striking, negotiations resumed and they were able to come to an agreement within days (Hernandez, 2019).

Some examples of grievances might include the following:

1. One employee was promoted over another, even though he had seniority.
2. An employee doesn’t have the tools needed to perform his or her job, as outlined in the contract.
3. An employee was terminated, although the termination violated the rules of the contract.
4. An employee was improperly trained on chemical handling in a department.

Most grievances fall within one of four categories. There are individual/personal grievances, in which one member of the union feels he or she has been mistreated. A group grievance occurs if several union members have been mistreated in the same way. A principle grievance deals with basic contract issues surrounding seniority or pay, for example. If an employee or group is not willing to formally file a grievance, the union may file a union or policy grievance on behalf of that individual or group.

The important things to remember about a grievance are that it should not be taken personally and, if used correctly can be a fair, clear process to solving problems within the organization.
References


Chapter Summary

- Union membership in the private sector of the United States has been slowly declining. Today, union membership consists of about 6 percent of the workforce, while in 1983 it consisted of 20 percent of the workforce.
- The reasons for decline are varied, depending on who you ask. Some say the moving of jobs overseas is the reason for the decline, while others say unions’ hardline tactics put them out of favor.
- Union membership in the public sector has increased, sitting at nearly 40 percent today.
- Reasons for this increase are also varied, but may have to do management and employee goals being more in line in the public sector, as well as the fact that public sector unions are more restricted when it comes to their rights to bargain or strike.
- The United States began its first labor movement in the 1800s. This was a result of low wages, no vacation time, safety issues, and other issues.
- Many labor organizations have disappeared, but the American Federation of Labor (AFL) still exists today, although it merged with the Congress of Industrial Organizations (CIO) and is now known as the AFL-CIO. It is the largest labor union and represents local labor unions in a variety of industries.
- The United States has a low number of union members compared with other countries. Much of Europe, for example, has over 30 percent of their workforce in labor unions, while in some countries as much as 50 percent of the workforce are members of a labor union.
- Legislation has been created over time to support both labor unions and the companies who have labor unions. The Wagner Act was created to protect employees from retaliation should they join a union. The Taft-Hartley Act was developed to protect companies from unfair labor practices by unions.
- The National Labor Relations Board is the overseeing body for labor unions in the private sector, and it handles disputes between companies as well as facilitates the process of certifying new labor unions. Its job is to enforce the Wagner and Taft-Hartley acts.
- The Federal Labor Relations Authority does the same, but for the public sector.
- The Landrum Griffin Act was created in 1959 to combat corruption in labor unions during this time period.
- To form a union, the organizer must have signatures from 30 percent of the employees. If this occurs, the National Labor Relations Board will facilitate a card check to determine whether more than 50 percent of the workforce at
that company is in agreement with union representation. If the company does not accept this, then the NLRB holds secret elections to determine if the employees will be unionized.

- A union has two goals: to add new members and to collect dues. The checkoff provision of a contract compels the organization to take union dues out of the paycheck of union members.
- In a union shop, people must join the union within a specified time period of joining the organization. This is illegal in right-to-work states.
- Made illegal by the Taft-Hartley Act, a closed shop allows only union members to apply and be hired for a job.
- Collective bargaining is the process of negotiating the contract with union representatives. Collective bargaining, to be legal, must always be done in good faith. In the public sector, it is sometime prohibited.
- There are three categories of collective bargaining issues. Mandatory issues might include pay and benefits. Permissive bargaining items may include things such as drug testing or the required equipment the organization must supply to employees. Illegal issues are those things that cannot be discussed, which can include issues that could be considered discriminatory.
- The collective bargaining process can take time. Both parties prepare for the process by gathering information and reviewing the old contract. They then set timelines for the bargaining and reveal their wants and negotiate those wants. A bargaining impasse occurs when members cannot come to an agreement.
- When a bargaining impasse occurs, fact-finding, interst arbitration, or striking can occur. These are both strategies that can be used to encourage the other side to agree to collective bargaining terms.
- Some tips for working with unions include knowing and following the contract, involving unions in company decisions, and communicating with transparency.
- The grievance process is a formal process that addresses any complaints about contract violations.
- The grievance process varies from contract to contract. It is an important part of the contract that ensures a fair process for both unions members and management.
- HRM is normally involved in the grievance process, since it has intimate knowledge of the contract and laws guiding the contract.
- The grievance process can consist of any number of steps. First, the complaint is discussed with the manager, employee, and union representative. If no solution occurs, the grievance is put into writing by the union. Then HR, management, and the union discuss the process, sometimes in the form of a hearing in which both sides are able to express their opinion.
- Management then expresses its decision in writing to the union.
● If the union decides to escalate the grievance, the grievance may be brought to the national union for a decision. At this point, an arbitrator may be brought in, suitable to both parties, to make the final binding decision.

● There are four main types of grievances. First, the individual grievance is filed when one member of the union feels mistreated. A group grievance occurs when several members of the union feel they have been mistreated and file a grievance as a group. A principle grievance may be filed on behalf of the union and is usually based on a larger issue, such as a policy or contract issue. A union or policy grievance may be filed if the employee does not wish to file the grievance individually.

● Grievances should not be taken personally and should be considered a fair way in which to solve problems that can come up between the union and management.

Chapter Case

A management-level employee of a public agency receives a grievance from one of their direct subordinates. This employee, who is physically disabled, feels as though she has been unfairly discriminated against because she’s heard that several other employees in her department, none of whom are disabled and all of whom have been there for less time than her, have received raises in the last year, while this employee has not received a raise in over five years. When the agency voted to unionize eleven years ago, this particular employee was vehemently opposed to the unionization of this organization and chose not to join the union, because she thought it would have a negative effect on management-employee relations and feared she would no longer be able to approach her managers directly with any issues she had. She therefore is not a union member and does not pay union dues. The manager who received this grievance directly is responsible for determining how it should be handled. Because this particular employee chose to vote against the union and subsequently chose not to join or pay any union fees, the manager who received the grievance refuses to process it.

Does this manager have the authority to refuse to process this employee’s grievance? Why or why not?
Which of the four main types of grievances is this? Explain.
What step should the individual take in response to their grievance not being processed?

You, a human resources manager at the same organization, hear about the grievance and realize the manager who received the grievance is unfamiliar with public sector labor law. You decide to have a meeting with the manager to discuss what steps to take moving forward.
As the HR manager, what should you have done in the first place to prevent this situation?

As the HR manager, what can you do now to attempt to rectify the situation and prevent similar situations from arising in the future? Be specific.

Once you have done damage control, the collective bargaining process begins. However, due to the tumultuous nature of the situation following the grievance being filed, tensions have heightened between the individual employee and management. They find themselves at an impasse.

What steps might be taken next? Briefly describe the three main impasse resolution procedures and how the organization might determine which step to take.

Other employees in the organization are upset about how management has handled the situation with this individual. More employees come forward as being similarly dissatisfied with their pay and feel as though it’s a result of discrimination as well. Eventually, a large group of employees file a grievance collectively. Because tensions are so high, there is talk of moving straight to a strike amongst both union and non-union members at the organization because they feel management is being unreasonable and is not willing to take their problems seriously.

Which of the four main types of grievances is this? Explain. Can the employees strike in response to this issue? Explain. Even if they can, do you think they should? Explain why or why not.
Chapter 10: Safety and Health at Work
Edited by Anonymous

Training for Safety

As the HR manager of a large Department of Veterans Affairs hospital, your workers’ health and safety is of paramount concern. Last week, you reported an incidence rate of 9.2 accidents per 100 employees to the Occupational Safety and Health Administration (OSHA). When you compared these numbers to last year, you found the number had significantly increased from 5.4. This was not only above the national average but also above the average for other health care operations. This is concerning, because you know an unsafe workplace is bad for employees it could result in fines from OSHA. You ask your operations managers to meet with you about the situation. When you bring this to his attention, he doesn’t seem at all concerned about the almost double increase in accidents over the last year. He says the increase in accidents is a result of a construction accident rather than any changes in patient handling or altercations. He says this one accident skewed the numbers. He mentions that the supervisor responsible for the remodeling had been let go six months ago for other reasons, and he assures you that there is no reason to be concerned. A few weeks after this conversation, two of your workers have been exposed to bodily fluids due to unsafe handling methods being employed. Again, you approach the operations manager and he assures you that those employees were just new and he will implement proper procedures. You know the incident will result in another high incident percentage, even if there isn’t another accident the rest of the year. You consider your options.

You look back over ten years of accident reports and find there are three areas for which your hospital seems to have 90 percent of all accidents. You decide you will develop a training program to address these safety issues in your workplace. You refer to your HRM textbook for tips on how to prepare and communicate this training to your employees. When you present this option to your operations manager, he says that employees don’t have the time to take from their jobs to go through this training and suggests you just let it go. You are prepared for this response, and you explain to him the potential consequences that could come down from higher up due to worker injury in your organization. This gets his attention, especially when you compare it to the small cost of doing two-hour training for all employees. Both of you check your Outlook schedules to find the best day of the week to schedule the training, for minimum impact on employees’ work.
10.1 Workplace Safety and Health Laws

Learning Objectives

1. Be able to explain OSHA laws.
2. Understand right-to-know laws.
3. Differences between public and private laws and injury rates.
4. Difference between OSHA and state OSHs.

Workplace safety is the responsibility of everyone in the organization. HR professionals and managers, however, play a large role in developing standards, making sure safety and health laws are followed, and tracking workplace accidents. Section 10.1.1 “Occupational Safety and Health Administration (OSHA) Laws” addresses workplace laws as they relate to safety.

Occupational Safety and Health Administration (OSHA) Laws

In 2017 (the most recent data available at the time of this writing), 5,147 fatalities and 2.8 million injuries were reported. This staggering number represents a cost to employees’ well-being and significant losses in productivity. State and federal agencies did have significantly less fatalities compared to the private sector, at 473 compared to 3,596. Deaths do still happen in the public sector though, and this is why health and safety is a key component of any human resource management (HRM) strategic plan.

What Is OSHA About?

(click to see video)

A short video on the purpose of OSHA.

The Occupational Safety and Health Act (OSHA), passed in 1970, created the Occupational Safety and Health Administration, which oversees health and safety in the workplace. The organization’s mission is to ensure safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education, and assistance. For example, OSHA offers ten- and thirty-
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hour courses on workplace hazards and also provides assistance to ensure companies are in compliance with standards. OSHA is part of the US Department of Labor, with the main administrator being the assistant secretary of labor for occupational safety and health. This person reports to the labor secretary, who is a member of the president’s cabinet.

Although OSHA applies to all organizations, health and safety standards are specifically mentioned for the following types of businesses:

1. Construction
2. Shipyard
3. Marine terminals

Although OSHA standards may appear to apply only to agencies in production, even organizations with primarily an office function are required to abide by the laws set by OSHA. Examples (not at all an exhaustive list) of the types of safety laws (for all types of businesses) that are overseen by OSHA are as follows:

1. **Regulations on walking/working surfaces.** According to OSHA, slips, trips, and falls constitute the majority of general industry accidents and 15 percent of all accidental deaths. The standards apply to all permanent places of employment. The provision says that “all passageways, storerooms, and service rooms shall be kept clean and orderly. Every floor and working space shall be kept free of protruding nails, splinters, holes, or loose boards.” This also heavily applies to office workers as well as more manual labor positions due to the possibility of untrained employees performing jobs that can result in injuries.

2. **Means of egress (exiting), which includes emergency evacuation plans.** “Every building or structure shall be arranged and maintained as to provide free and unobstructed egress from all part of the buildings. No lock or fastening to prevent free escape from inside the building should be installed (except in penal or corrective institutions).” The provision also says that exits shall be marked by a visible sign.

3. **Occupational noise exposure.** “Protection against the effects of noise exposure shall be provided when the sound levels reach a specified level. Controls should be used to control the sound, and protective equipment should be provided.”

4. **Hazardous handling of materials.** OSHA regulates exposure to four hundred substances and requires communication about the possible chemical hazards to employees.

5. **Protective equipment, such as eye, face, and respiratory protection.** OSHA requires the use of personal protective equipment to reduce employee
exposure to hazards. For example, head protection is required when workers
are in an area where there is potential for falling, and eye and face protection
is required when workers are exposed to eye or face hazards such as flying
particles and molten metal.

6. **Sanitation.** Some examples of these OSHA requirements include the
following: Potable water should be provided in all places of employment.
Vermin control is required in all enclosed workplaces. Toilet facilities must be
provided, separate for each sex. The number of toilets provided depends on
the number of employees.

7. **Requirement of first aid supplies on-site.** First aid kits are mandatory and
should include gauze pads, bandages, gauze roller bandages, and other
required items.

8. **Standards for fire equipment.** Fire extinguishers are required to be on-site
for use by employees, unless there is a written fire policy that requires the
immediate and total evacuation of employees.

9. **Standards for machine guards and other power tools.** Moving machine
parts require safeguards (depending upon the industry) to prevent crushed
fingers, hands, amputations, burns, or blindness. Safeguards might include a
guard attached to the machine.

10. **Electrical requirements and standards.** OSHA electrical standards are
designed to protect employees from electric shock, fires, and explosions.
Electrical protective devices are required to cover wiring. OSHA also
addresses the installation of electrical wiring.

11. **Diving operation requirements.** OSHA provides information on the safety
aspects of commercial diving such as pre- and postdive procedures, mixed-
gas diving, and necessary qualifications of the dive team.

HR professionals and managers should have a good understanding of these laws and
make sure, no matter which industry, that all these standards are followed in the
workplace. These laws can also differ from state to state as some manage their own
occupational safety and health plans and may be more stringent than federal standards.
These standards are normally part of the overall strategic HRM plan of any organization
and are even more crucial to organizations involved in manufacturing.

There exist many examples of OSHA violations. In the wake of large industrial accidents,
investigations will often reveal both the cause of the incident as well as exacerbating
factors. The recent explosion of a silicone plant demonstrated both the response plans
local authorities use when a massive accident occurs, as well as the possibility for fines
as the cause is investigated. The blast destroyed the main building, damaged five others
and killed four workers on the scene (ABC, 2019).
The Most Frequently Violated and Cited OSHA Standards

1. 1926.451—Scaffolding
2. 1926.501—Fall Protection
3. 1910.1200—Hazard Communication
4. 1910.134—Respiratory Protection
5. 1926.1053—Ladders
6. 1910.147—Lockout/Tagout
7. 1910.305—Electrical, Wiring Methods
8. 1910.178—Powered Industrial Trucks
9. 1910.303—Electrical, General Requirements
10. 1910.212—Machine Guarding

Right-to-Know Laws

The Emergency Planning and Community Right to Know Act (EPCRA) or more simply, right-to-know laws, were established by Congress in 1986. The purpose of this act was to require local and state governments to provide emergency response plans to respond to a chemical emergency. The other requirement is that these plans must be reviewed on an annual basis. Organizations that handle extremely hazardous substances (EHSs) in large quantities must develop response plans as well. If they surpass the threshold planning quantity, they must also cooperate in said emergency planning. In addition, any organization that manufactures, processes, or stores certain hazardous chemicals must make available to local fire departments and state and local officials material data safety sheets. The material data safety sheet should also be provided to employees, as the data lists not only the chemical components but health risks of the substance, how to handle the material safely, and how to administer first aid in the case of an accident. This requirement also states that inventories of all on-site chemicals must be reported to local and state governments, but the data sheets must also be made public, too.

This law and how it will be reported should be facilitated by the HR professional. Although the HRM may not know the chemical makeup of the materials used, he or she is responsible for facilitating the process to ensure that reporting is done timely and accurately. For organizations that use EHSs often, it is worthwhile to include the reporting process within the orientation training and provide ongoing training as the law changes. The A-Treat Bottling facility in Allentown, Pennsylvania, was cited by OSHA for repeat violations of lacking material safety data sheets for the chemicals it uses in manufacturing, among other infractions such as blocked exits and forklift violations. The fines totaled $110,880, and the company had fifteen days to comply or contest the
allegations. OSHA does offer a free consultation program however for managers to head off possible accidents and injuries. Any violations will incur no penalties and this may also provide the organization with an exemption from year inspections.

It is also important to note that some state standards are different from federal standards, which means the HR professional will need to be aware of the laws in the individual state in which the company is operating. Some states operate their own OSH plans that “are monitored by OSHA and must be at least as effective as OSHA in protecting workers and in preventing work-related injuries, illnesses and deaths” (OSHA, 2019).

Human Resource Recall

How do you think the OSHA requirements apply to office work settings?

OSHA Enforcement

The record-keeping aspect of OSHA is perhaps as important as following the laws. Organizations having fewer than ten employees in some industries are not required to keep records. The purpose of the record keeping does not imply that the employee or the employer is at fault for an illness or injury. In addition, just because a record is kept doesn’t mean the employee will be eligible for worker’s compensation. The record-keeping aspect normally refers to the keeping of incidence rates, or the number of illnesses or injuries per one hundred full-time employees per year, as calculated by the following formula:

\[
\text{incidence rate} = \frac{\text{number of injuries and illness} \times 200,000}{\text{total hours worked by all employees in the period}}
\]

Two hundred thousand is the standard figure used, as it represents one hundred full-time employees who work forty hours per week for fifty weeks per year. An HR professional can then use this data and compare it to other organizations in the same industry to see how its administration is meeting safety standards compared with other businesses. This calculation provides comparable information, no matter the size of the agency. If the incidence rate is higher than the average, the HR professional might consider developing training surrounding safety in the workplace.

Knowing what should be reported and what shouldn’t be reported is an important component to OSHA. Figure 10.1 “The OSHA Decision Tree for Determining If an Injury or Illness Should Be Recorded” provides a decision tree that explains this.
As mentioned earlier, OSHA is responsible for enforcing standards. Besides requiring reporting, OSHA also performs inspections. OSHA is responsible for 7 million worksites across the country and so, of course, has to prioritize which ones it visits. OSHA has five main priorities for inspecting sites. First, it will inspect imminent danger situations. These are serious dangers that could cause death or serious harm. The second priority is for those sites where three or more employees were harmed, suffered illness, or were killed. These events are classified as fatalities or catastrophes and must be reported within an eight-hour time frame. The next priority is responding to complaints, which employees are allowed to file anonymously. Organizations that have had previous violations are prioritized next, and finally, planned programs. A planned program might be an organization that has had safety problems in the past and is working with OSHA to remedy the problem.

Most site visits are unannounced and begin with the inspector researching the organization, then introducing himself or herself. Once this occurs, a representative of the organization is assigned to accompany the inspector. The inspector then walks around, points out any obvious violations, and discusses the findings. Within six months a complete report is sent, along with any citations or fines based on what the inspector found. If the organization is in disagreement with the violation or citation, a follow-up meeting with the OSHA director is scheduled and some fines may be reduced if the
organization can show how it has improved and met the standards since the original visit.

OSHA has several penalties (per violation) it can assess on organizations, ranging from $7,000 to $70,000. The higher penalties often are a result of very serious offenses, in which an employee could have been killed, but also are imposed for willful offenses that the employer was aware could cause serious injury or death and did nothing about them. This is considered blatant indifference to the law. For example, Northeastern Wisconsin Wood Products was issued $378,620 in fines for willful violations in the summer of 2011. The violations stemmed from repeat visits and citations to the facility, where no safety changes had been made. Some of the willful violations included lack of guards on dangerous machine belts and band saw blades and open-sided floors without a guardrail to prevent falls. Michael Connors, OSHA’s regional administrator in Chicago, said, “Northeastern Wisconsin Wood Products has a history of failing to comply with OSHA standards. The company has yet to abate many violations cited in previous inspections and are unduly placing their workers at risk." While any violation of OSHA is serious, a willful violation is more serious, and the fines associated with it represent this.

State and Federal Focus

The Department of Veteran Affairs maintains 1,250 medical centers across the country including 172 large medical centers and serves more than 9 million U.S. veterans every year. (VA, 2019) The Central Arkansas Veterans health system has come under scrutiny lately and faces a potential $184,000 dollars in fines if they are to be assessed. This is for one willful, two repeat and eight serious violations as well as several other smaller findings. According to the OSHA inspectors, the “John L. McClellan Veterans Memorial Hospital willfully and repeatedly exposed its employees to the dangers of electrocution, amputation, blood borne pathogens and other hazards.” (OSHA, 2019) The facility has 195 beds for in and outpatient procedures and faces an increase in fines due to a history of non-compliance with OSHA. This is a unique situation as the Veterans Health Administration is a federal agency but contracts with client agencies. Federal agencies themselves are not liable for fines from OSHA investigators (though can still be inspected and found at fault). An non-profit working for a government agency however can be investigated and fined.

There is a gap between federal/state/local and private OSHA administration. Several states operate their own plans that are compliant under Occupational Health and Safety laws and must protect public workers to the same degree or even more stringently. State and local workers fall under these protections and some states (Illinois, New York and New Jersey for example) cover only public employees in their plans (private continues to be monitored federally.
Exercises

1. Research the Internet for recent OSHA violations and write two paragraphs describing one.
2. Research possible strategies to reduce OSHA violations and write a paragraph on at least two methods.


References


10.2 Health Hazards at Work

Learning Objective

1. Be able to explain health concerns that can affect employees at work.

While OSHA covers many areas relating to health and safety at work, a few other areas are also important to mention. Stress management, office-related injuries such as carpal tunnel syndrome, and no-fragrance areas are all contemporary issues surrounding employee health and safety. We will discuss these issues in this section.

Stress

In its annual survey on stress in America (American Psychological Association, 2017), the American Psychological Association found that the future of the nation has begun to outpace several other typically significant stress factors. Money (62 percent) Work (61 percent) and the Economy (35 percent) have all fallen in recent years to a more indescribable source of stress that has begun to pervade the American working life. Job instability is on the rise as a source of stress: nearly half (49 percent) of adults reported that job instability was a source of stress in 2010 (compared to 44 percent in 2009). At the same time, fewer Americans are satisfied with the ways their employers help them balance work and nonworking demands (36 percent in 2010 compared to 42 percent in 2009). The implications of these findings are obviously important for HRM professionals.

Before we discuss what HR professionals can do, let’s discuss some basic information about stress. As it is currently used, the term stress was coined by Hans Selye in 1936, who defined it as “the nonspecific response of the body to any demand for change” (The American Institute of Stress, 2011). In other words, we can say that stress is the reaction we have to a stressor. A stressor is some activity, event, or other stimulus that causes either a positive or negative reaction in the body. Despite what people may think, some stress is actually good. For example, receiving a promotion at work may cause stress, but this kind of stress is considered to be positive. Stress is very much a personal thing, and depending on individual personalities, people may have different opinions about what is a stressor and what is not. For example, a professor does not normally find public speaking to be a stressor, while someone who does not do it on a daily basis may be very stressed about having to speak in public.

Stress Management
While we all feel stressed sometimes, these funny videos show what not to do to manage stress.

Selye recognized that not all stress is negative. Positive stress is called eustress. This type of stress is healthy and gives a feeling of fulfillment and other positive feelings. Eustress can cause us to push ourselves harder to meet an end goal. On the other hand, distress is the term used for negative stress. While eustress can push us, distress does not produce positive feelings and can go on for a long time without relief. We can further classify distress by chronic stress, which is prolonged exposure to stress, and acute stress, which is short-term high stress. For example, someone who receives little or no positive result from stress and is continuously stressed may experience chronic stress. Acute stress occurs in shorter bursts and may be experienced while someone is on a tight deadline for a project. This stress can be temporarily effective, but should not be employed often as it can lead into worsening and chronic states of stress.

Two other terms related to stress are hyperstress and hypostress. Hyperstress is a type of stress in which there are extremes with little or no relief for a long period of time. This type of stress often results in burnout. Hypostress is the lack of eustress or distress in someone’s life. Remember, some stress can be good and pushes us to work harder. We see this type of stress with people who may work in a factory or other type of repetitive job. The effect of this type of stress is usually feelings of restlessness. As management we should be aware of the possibility or burnout on the job, as constant exposure to stress combined with feelings of “lack of control, extremes of activity” and imbalanced work/social lives can lead to burnout on the job. This stress can lead not only to increased irritability and loss of productivity, but the lack of stamina and distraction can have real safety impacts for your organization, especially in high risk and materials handling fields (Mayo, 2018).

Figure 10.3 The Stress Curve
One last important thing to note is how a person goes through the cycle of stress. Figure 10.3 “The Stress Curve” shows an example of how stress is good up to a point, but beyond that point, the person is fatigued and negatively affected by the stress. Bear in mind, this varies from person to person based on personality type and stress-coping mechanisms.

As you have already guessed, stress on the job creates productivity issues, which is why it concerns HR professionals. We know that stress can cause headaches, stomach issues, and other negative effects that can result in lost productivity but also result in less creative work. Stress can raise health insurance costs and cause employee turnover. Because of this, according to HR Magazine (Tyler, 2011), many employers are taking the time to identify the chief workplace stressors in employees’ lives. With this information, steps can be taken to reduce or eliminate such stress.

PricewaterhouseCoopers, for example, implemented several strategies to reduce stress in its workplace. The firm restructured its work teams so that rather than having one employee work with one client, teams of employees work with groups of clients. Rather than having an employee say, “I can’t go to my son’s baseball game because I need to wait for this client call,” this arrangement allows employees to cover for each other.

The organization also requires employees to take vacation time and even promotes it with posters throughout the office. In fact, even weekends are precious at PricewaterhouseCoopers. If an employee sends an e-mail on the weekend, a popup screen reminds her or him it is the weekend and it is time to disconnect.
Some organizations have also begun to provide counseling services to employees in an effort to improve state of mind and have that improvement benefit the organization. Universities and other groups such as these usually have student counselors available as well as professional services for a small charge or even free depending on the status of employment counseling?

Mindfulness training has been shown to be effective in some instances. Conflicting studies have shown that bringing the practice into the workplace (Kersemaekers et. al vs. Berkel et. al) can benefit those already knowledgeable to the practice, but it cannot be forced on the entire employee population. Strategies need to be implemented that take down the level of stress in an organization as a whole.

Being a Student Can Be Stressful
Here are the most common stressors for college students:

- Death of a loved one
- Relocating to a new city or state
- Divorce of parents
- Encounter with the legal system
- Transfer to a new school
- Marriage
- Lost job
- Elected to leadership position
- New romantic relationship
- Serious argument with close friend
- Increase in course load or difficulty of courses
- Change in health of family member
- First semester in college
- Failed important course
- Major personal injury or illness
- Change in living conditions
- Argument with instructor
- Outstanding achievement
- Change in social life
- Change in sleeping habits
- Lower grades than expected
- Breakup of relationship
- New job
- Financial problems
- Change in eating habits
- Chronic car trouble
- Pregnancy
- Too many missed classes
• Long commute to work/school
• Working more than one job
• Impending graduation
• Argument with family member
• Sexual concerns
• Changes in alcohol and/or drug use
• Roommate problems
• Raising children

Offering flextime is also a way to reduce employee stress. It allows employees to arrange their work and family schedule to one that reduces stress for them. This type of creative scheduling, according to Von Madsen, HR manager at ARUP Laboratories (Tyler, 2011), allows employees to work around a schedule that suits them best. Other creative ways to reduce stress might be to offer concierge services, on-site child care, wellness initiatives, and massage therapy. This can prevent negative attitudes from impacting the rest of the workforce while allowing the affected employee to convalesce and create a solution that works for them. The USDA offers a number of alternatives to the standard scheduling method. This includes flex time, gliding schedules, variable day and week schedules as well as three and four day work weeks.


Human Resource Recall

What does your organization do to reduce stress? What should it do that it is not doing?

Cumulative Trauma Disorders

Cumulative trauma disorders (CTDs) are injuries to the fingers, hands, arms, or shoulders that result from repetitive motions and heavy wear on various parts of the human body.

Carpal tunnel syndrome, or CTS, is a common cumulative disorder in which the hand and wrist is particularly affected. CTS is a disabling syndrome that fortunately can be prevented or at least minimized. According to one study of CTS (Matias, et. al., 1998), the percentage of a workday at a computer, posture while at the workstation, and the individual’s body features all contribute to this workplace issue. More recently, CTD can be found in people who text a lot or use their smartphones to type or surf the Internet.
There are a number of keyboards, chairs, and other devices that can help limit or prevent CTD issues. CTD disorders cost companies money through higher health-care costs and workers compensation payments. CTD is a required recordable case under OSHA. OSHA has voluntary employer guidelines for reducing CTD in specific industries such as poultry processing, shipyards, retail grocery, and nursing homes. OSHA is currently developing standards for industry-specific and task-specific jobs¹.

Many repetitive use disorders and other injuries come from heavy equipment loads on the back and other exertion heavy activities undertaken by some employees. This could range from the gear worn by federal firefighters as well as protective equipment worn by police and other hazardous materials workers. When discussing the requirements of a position, the amount of equipment work by workers should be taken into consideration due to the potential long term impacts it could have on mobility and quality of life.

Figure 10.4 Example of an OSHA Standard for Retail Grocery Stores to Avoid CTD

How Would You Handle This?

To Tell or Not?

You work for a large non-profit as a manager of the storehouse. One of your employees was moving large barrels of chemicals from one workstation to another, when the barrel burst and gave him mild burns. When you talk with him about it, he says it was his own fault, and he doesn’t want to take any days off or see a doctor. How would you handle this?

Computer Use in the Workplace

In 1984, only 25 percent of people used computers at work, and today that number is 79 percent\(^2\). Awareness of the effects of computer monitors and other similar terminals are necessary to ensure a healthy workplace. Vision problems; fatigue; eye strain; and neck, back, arm, and muscle pain are common for frequent users of computer screens. OSHA recommends taking a break after every hour on a computer screen and reducing glare on screens. Proper posture and seat adjustment also limits the amount of injuries due to computer usage.

Chemical and Fragrance Sensitivities

The EEOC defines a disability as a physical or mental impairment that substantially limits one or more of the major life activities of individuals and the ability to provide evidence of such an impairment (3). Because of this definition, people who have multiple chemical sensitivity (MCS) or environmental illness (EI) are eligible for reasonable accommodations in the workplace. MCS or EI is the inability to tolerate an environmental chemical or class of foreign chemicals. Symptoms can include headache, dizziness, inability to breathe, muscle pain, and many more depending on the person. As a result, implementing policies surrounding MCS may be not only a legal requirement but a best practice to keep employees safe and healthy in the workplace. Some examples of such policies might include the following:

1. Institute a fragrance-free workplace policy (e.g., no scented lotions, hair products, or perfumes).
2. Limit use of restroom air fresheners, cleaning agents, and candles.
3. Ensure the ventilation system is in good working order.
4. Provide a workspace with windows where possible.
5. Consider providing an alternate workspace.
6. Be cautious of remodels, renovations, and other projects that may cause excessive dust and odors.
If an organization is going to implement a fragrance-free work policy, this is normally addressed under the dress code area of the organization’s employee manual. However, many employers are reluctant to require employees to refrain from wearing or using scented products. In this case, rather than creating a policy, it might be worthwhile to simply request a fragrance-free zone from employees through e-mail and other means of communication. An example of such a policy is used by Kaiser Permanente:

We recognize that exposure to strong scents and fragrances in the environment can cause discomfort, as well as directly impact the health of some individuals. Since we hope to support a healthful environment for employees, physicians, and visitors, it is the intent of Quality and Operations Support to strive for a fragrance-controlled workplace. Therefore, for the comfort and health of all, use of scents and fragrant products by QOS employees, other than minimally scented personal care products, is strongly discouraged (Kaiser Permanente Fragrance Policy, 2011).

**Chemicals and Substances**

OSHA, as we mentioned earlier, has certain standards for how chemicals should be handled and how they should be labeled. Chemicals should be labeled in English, and employees must be able to cross-reference the chemicals to the materials safety data sheet, which describes how the chemicals should be handled.

It is estimated that 1,200 new chemicals are developed in North America alone every year (International Labor Organization, 2011). For many of these chemicals, little is known about their immediate or long-term effects on the health of workers who come into contact with them. As a result, policies should be developed on how chemicals should be handled, and proper warnings should be given as to the harmful effects of any chemicals found in a job site.

In the United States, twenty-six of the fifty states have smoking bans in enclosed public spaces. These smoking bans are designed to protect workers’ health from the dangers of secondhand smoke. A recent report released by the Centers for Disease Control and Prevention (Steenhuysen, 2011) says that state or local smoke-free laws cover 47.8 percent of workplaces. The report says if the trend continues, the United States will be 100 percent smoke free by 2020. Many companies implement no-smoking policies because of health-care costs, and some companies, such as Humana, Inc., say their no-tobacco policy is simply setting a good example (since they are a health-care organization). Humana tests all applicants for tobacco in a pre-employment screening that applies to all tobacco products. Most workplaces have no-smoking policies, and some even prefer not to hire smokers because of the higher cost of health care. Policies dealing with substances and chemicals are an important part of any employee training and orientation.
Some workplaces have also begun to enact smokeless nicotine policies. With the rise of vapor devices agencies have yet to enact a universal policy and the impacts of said products are still uncertain. There is still great debate about the impacts of said devices, and some states (including “Alaska, California, Delaware, Hawaii, Maine, Massachusetts, New Jersey, New York, North Dakota, Rhode Island, Utah and Vermont, as well as Washington, D.C.”) (SHRM, 2019) have banned them in all places smoking is also banned. Others specify the bans to places like schools, hospitals and other sensitive areas. The National Cancer Institute has been vague in the overall impact, saying “While e-cigarettes may be less harmful than regular cigarettes, this does not mean that they are harmless.” (SHRM, 2019)

Benefits to a Smoke-Free Work Environment and Sample Policy

For the employees
- A smoke-free environment helps create a safer, healthier workplace.
- Workers who are bothered by smoke will not be exposed to it at work.
- Smokers who want to quit may have more of a reason to do so.
- Smokers may appreciate a clear company policy about smoking at work.
- Managers are relieved when there is a clearly defined process for dealing with smoking in the workplace.

For the employer
- A smoke-free environment helps create a safer, healthier workplace.
- Direct health-care costs to the company may be reduced.
- A clear plan that is carefully put into action by the employer to lower employees’ exposure to secondhand smoke shows the company cares.
- Employees may be less likely to miss work due to smoking-related illnesses.
- Maintenance costs go down when smoke, matches, and cigarette butts are taken out of work facilities.
- Office equipment, carpets, and furniture last longer.
- The risk of fires is lower.
- It may be possible to get lower rates on health, life, and disability insurance coverage as fewer employees smoke.

Drugs and alcohol are discussed in Chapter 10 “Managing Employee Performance” on managing performance issues. Substance abuse in the workplace can cause many problems for the organization. Not only does it create impaired ability to perform a job—resulting in more accidents—but it results in more sick days and less productivity, and substance abusers are more likely to file workers compensation claims. Keep in mind that taking prescription drugs, if not used in the proper amounts or used long after the prescribed use, is considered substance abuse. A drug-free policy, according to OSHA (5), has five parts:

1. A policy
2. Supervisor training  
3. Employee education  
4. Employee assistance  
5. Drug testing

According to the National Clearinghouse for Alcohol and Drug Information, substance abuse costs companies over $100 billion in the United States alone (Buddy, 2011). This staggering figure alone makes it worthwhile for companies to implement a policy and training on substance abuse.

Workplace Substance Abuse

http://www.youtube.com/watch?v=k2xDn-Ggc2I

This video provides some advice on how to deal with employee personal problems, including drug abuse.

Workplace Violence and Bullying

According to OSHA, 2 million American workers are victims of workplace violence every year (6). This is defined by OSHA as “any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site.” (OSHA, 2019) Some employees who are at a higher risk of violence include:

1. Workers who exchange money with the public
2. Workers who deliver goods, passengers, or services
3. People who work alone or in small groups
4. Workers who work late at night or early in the morning
5. Workers who work in high-crime areas

It is up to the organization and human resources to implement policies to ensure the safety of workers and provide a safe working environment. OSHA provides tips to provide a safer workplace:

1. Establish a workplace violence prevention policy, with a zero tolerance policy.
2. Provide safety education.
3. Secure the workplace with cameras, extra lighting, and alarm systems.
4. Provide a drop safe to limit the amount of cash on hand.
5. Provide cell phones to workers.
6. Require employees to travel in groups using a “buddy system.”
Development of workplace policies surrounding these items is important. Ongoing training and development in these areas are key to the creation of a safe workplace. While outside influences may affect employee safety, it is also important to be aware of the employee’s safety from other employees. There are several indicators of previolence as noted by the Workplace Violence Research Institute (Mattman, 2010):

1. Increased use of alcohol and/or illegal drugs
2. Unexplained increase in absenteeism
3. Noticeable decrease in attention to appearance and hygiene
4. Depression and withdrawal
5. Explosive outbursts of anger or rage without provocation
6. Threats or verbal abuse to coworkers and supervisors
7. Repeated comments that indicate suicidal tendencies
8. Frequent, vague physical complaints
9. Noticeably unstable emotional responses
10. Behavior indicative of paranoia
11. Preoccupation with previous incidents of violence
12. Increased mood swings
13. Has a plan to “solve all problems”
14. Resistance and overreaction to changes in procedures
15. Increase of unsolicited comments about firearms and other dangerous weapons
16. Repeated violations of company policies
17. Escalation of domestic problems

**Workplace Violence**

A video on workplace violence training.

Please view this video at [http://www.youtube.com/watch?v=oiuWLkdUZ5o](http://www.youtube.com/watch?v=oiuWLkdUZ5o).

Anyone exhibiting one or more of these pre incident indicators should get the attention of HRM. The HR professional should take appropriate action such as discussing the problem with the employee and offering counseling.

**Workplace bullying** is defined as a tendency of individuals or groups to use persistent or repeated aggressive or unreasonable behavior against a coworker or subordinate. The Workplace Bullying Institute found that 35 percent of workers have reported being bullied at work. This number is worth considering, given that workplace bullying reduces productivity with missed work days and turnover. The Workplace Bullying Institute found that litigation and settlement of bullying lawsuits can cost organizations $100,000 to millions of dollars, in addition to the bad publicity that may be created. Examples of workplace bullying include the following:
1. Unwarranted or invalid criticism
2. Blame without factual information
3. Being treated differently than the rest of your work group
4. Humiliation
5. Unrealistic work deadlines
6. Spreading rumors
7. Undermining or deliberately impeding a person’s work

In an Indiana Supreme court case, a hospital employee who was repeatedly bullied by a surgeon sued for emotional distress and won. This ruling drew national attention because it was an acknowledgment by the courts of the existence of workplace bullying as a phenomenon (Klein, 2008). Prevention of workplace bullying means creating a culture in which employees are comfortable speaking with HR professionals and managers (assuming they are not the ones bullying) about these types of situations. Similar to traditional bullying, cyberbullying is defined as use of the Internet or technology used to send text that is intended to hurt or embarrass another person. Examples include using Facebook to post negative or harassing comments or setting up a fake e-mail account to send out fake e-mails from that person. Comments or blogs and posts that show the victim in a bad light are other examples of cyberbullying. Similar to workplace bullying, cyberbullying is about power and control in workplace relationships. Elizabeth Carll’s research on cyberbullying shows that people who experience this type of harassment are more likely to experience heightened anxiety, fear, shock, and helplessness, which can result in lost productivity at work and retention issues (White, 2011), a major concern for the HR professional. The US Justice Department shows that 41 percent of adults have been targets of online harassment and 18 percent have been subjected to “particularly severe forms of harassment online, such as physical threats, harassment over a sustained period, sexual harassment or stalking”. (Pew, 2017). Many states, including New York, Missouri, Rhode Island, and Maryland, have passed laws against digital harassment as far back as 2007 (National Conference of State Legislatures, 2011). In a recent cyberbullying case, a US Court of Appeals upheld a school’s discipline of a student for engaging in off-campus cyberbullying of another student (Solove, 2011). In the case, the victim said a MySpace profile was created that included inappropriate pictures of her, and the page’s creator invited other people to join. The student who created the page sued the school after she was disciplined for it, saying it violated her right to free speech, but courts found that students do not have the right to cyberbully other students. While it seems that cyberbullying is for young people, as mentioned earlier, more American workers than ever feel they have been bullied. Bullying should be identified immediately and handled, as it affects workplace productivity, customer satisfaction, and eventually, profits.

Workplace Bullies
Employee Privacy

In today’s world of identity theft, it is important that HR professionals work to achieve maximum security and privacy for employees. When private information is exposed, it can be costly. For example, in March of 2011, the Texas Comptroller’s office inadvertently disclosed on a public website the names, addresses, and social security numbers of 3.5 million state workers (Hart, 2011). The state has already spent $1.8 million to remedy this problem by sending letters to affected parties and hiring technology consultants to review office procedures. While keeping employee information private is the responsibility of all management in an organization, ensuring privacy remains the job of the HR professional.

Some of the things to combat employee identity theft include the following:

1. Conduct background and criminal checks on employees who will have access to sensitive data.
2. Restrict access to areas where data is stored, including computers.
3. Provide training to staff who will have access to private employee information.
4. Keep information in locked files or in password-protected files.
5. Use numbers other than social security numbers to identify employees.

Another privacy issue that comes up often is the monitoring of employee activities on devices that are provided to them by the organization. Case law, for the most part, has decided that employees do not have privacy rights if they are using the organization’s equipment, with a few exceptions. As a result, more than half of all companies engage in some kind of monitoring. According to an American Management Association survey, 73 percent of employers monitor e-mail messages and 66 percent monitor web surfing. If your organization finds it necessary to implement monitoring policies, ensuring the following is important to employee buy-in of the monitoring:

1. Develop a policy for monitoring.
2. Communicate what will be monitored.
3. Provide business reasons for why e-mail and Internet must be monitored.

Working with your IT department to implement standards and protect employee data kept on computers is a must in today’s connected world. Communication of a privacy policy is an important step as well. Agrium, a Canadian-based supplier of agricultural
products in North America, states its employee privacy policy on its website and shares with employees the tactics used to prevent security breaches.

Emails and instant messages can only be monitored however if they are systems owned by the organization you work for. Calls of a personal nature on company devices must also not be monitored and once it is clear the call is personal the organization must terminate the surveillance. When it comes to auditory and video recording unions may have an agreement with your organization on how limited the surveillance can be. Many organizations however are free to monitor the workplace with or without your knowledge.

**Terrorism**

Since the 9/11 attacks, terrorism and its effect on the workplace are in the forefront of the HR professional’s mind. Planning for evacuations is the job of everyone in an organization, but HR should initiate this discussion. OSHA provides free assistance in implementing plans and procedures in case of a terror attack. OSHA also provides a fill-in-the-blank system ([http://www.osha.gov/SLTC/etools/evacuation/expertsystem/default.htm](http://www.osha.gov/SLTC/etools/evacuation/expertsystem/default.htm)) to help organizations write a comprehensive report for evacuations and terrorist attacks. OSHA has partnered with homeland security to create several tools to evaluate your workplace’s risk of actions against it as well as how to create a comprehensive plan to identify which parts of your organization might be at greater risk than others.

**Promoting a Culture of Safety and Health**

Employee health and safety is a must in today’s high-stress work environments. Although some may see employee health as something that shouldn’t concern HR, the increasing cost of health benefits makes it in the best interest of the company to hire and maintain healthy employees. Some organizations allow for employees to take time for personal fitness and health. While this may not be directly related to performance and efficiency, it is worthwhile noting that employee health ultimately impacts the organization’s ability to function and be creative in its own right.

**Example of Health and Safety Policy**

The University of Cambridge

“The University of Cambridge is committed to the highest standards of education and with this comes the responsibility for the health and safety of the staff, visitors and others who may be affected by our activities. The University will take all reasonable steps necessary to provide a healthy and safe environment for work and study. Compliance with all statutory obligations is the
minimum standard. It is the duty of every employee to take care of their own health and safety and that of others who could be affected by their acts of omissions. In addition, employees have a duty to bring to the attention of the employer any failings in the arrangements made for health and safety. The University Health and Safety policy can only be effective if there is commitment by all staff, students, visitors and others at the University.”

Source: University of Cambridge, https://www.safety.admin.cam.ac.uk/files/hsd016m.pdf, accessed May 9, 2019

A safe culture doesn’t happen by requiring training sessions every year; it occurs by creating an environment in which people can recognize hazards and have the authority and ability to fix them. Instead of safety being a management focus only, every employee should take interest by being alert to the safety issues that can exist. If an employee is unable to handle the situation on his or her own, the manager should then take suggestions from employees seriously; making the change and then communicating the change to the employee can be an important component of a safe and healthy workplace.

A culture that promotes safety is one that never puts cost or production numbers ahead of safety. You do not want to create a culture in which health and safety priorities compete with production speedup, which can lead to a dangerous situation.

Another option to ensure health and safety is to implement an employee assistance program (EAP). This benefit is intended to help employees with personal problems that could affect their performance at work. The EAP usually includes covered counseling and referral services. This type of program can assist employees with drug or alcohol addictions, emotional issues such as depression, stress management, or other personal issues. Sometimes these programs are outsourced to organizations that can provide in-house training and referral services to employees.

Possible techniques you can implement to have a safe and healthy work environment include the following:
1. Know OSHA and other safety laws.
2. Provide training to employees on OSHA and safety laws.
3. Have a written policy for how violations will be handled.
4. Commit the resources (time and money) necessary to ensure a healthy work environment.
5. Involve employees in safety and health discussions, as they may have good ideas as to how the organization can improve.
6. Make safety part of an employee’s job description; in other words, hold employees accountable for always practicing safety at work.

7. Understand how the health (or lack of health) of your employees contributes to or takes away from the bottom line and implement policies and programs to assist in this effort.

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**Exercises**

1. Visit [http://www.osha.gov/SLTC/etools(evacuation/expertsystem/default.htm](http://www.osha.gov/SLTC/etools(evacuation/expertsystem/default.htm) and create your own evacuation plan using the tool on the OSHA website. (Note: web addresses sometimes change, so you may have to search further for the tool.) Bring your plan to class to share.

2. Research examples of workplace bullying, write two paragraphs about two examples, and share your findings with the class.

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References


Every year, 4,340 fatalities and 3.3 million injuries occur in the workplace in the United States. The Occupational Safety and Health Act was passed in 1970, with the goal of providing a safe and healthy work environment for all US workers. The Occupational Safety and Health Administration is part of the US Department of Labor and was created as a result of the act in 1970. OSHA applies to some specific industries such as construction, shipyards, and marine terminals. However, some of the regulations of OSHA apply to all industries. Some states may also have safety requirements, which may be more stringent than federal Laws. Right-to-know laws refer to a material data safety sheet, which discusses the types of chemicals, proper handling and storage, and first aid in case of an accident. These data sheets should be made available to the general public and employees. Right-to-know laws also require specific reporting to local and state agencies on chemicals used in certain quantities for some industries. OSHA requires recording keeping for all workplace accidents or illness. The record keeping is usually the responsibility of HR; OSHA Form 300 is used for reporting purposes. OSHA can inspect any site without prior notification. Usually, it will gather information, visit the site, and ask for a representative. The representative is normally the HR person. The site visit will be performed, followed by discussion with the company representative. Within six months of the visit a report and any penalties will be communicated. Stress is a major concern for organizations, since it can decrease productivity in the workplace. There are several types of stress. Eustress is a positive type of stress that can cause people to work harder toward a goal. Distress, on the other hand, is a type of negative stress. Acute stress occurs in short bursts, such as when finishing a project, while chronic stress tends to persist for long periods of time. Hyperstress is stress that is unrelieved for long periods of time and can often result in employee burnout. Hypostress is the lack of eustress in one’s life, which can be as damaging as other types of stress, since stress is sometimes what pushes people harder.
• HR professionals can encourage employees to take vacation time, offer flextime, and encourage employees to take weekends off to help reduce stress.
• Cumulative trauma disorder (CTD) affects the hands, fingers, arms, or shoulders as a result of continuous repetitive motions. Carpel tunnel syndrome (CTS) is a type of CTD that affects the hand and wrist. People with these disorders often work in a factory or at a desk where they are doing repetitive motions constantly, such as typing or cashiering.
• OSHA has voluntary guidelines for reducing CTD in the workplace. HR can assist by ensuring employees are provided with proper equipment and training.
• Multiple chemical sensitivity (MCS) or environmental illness (EI) is extreme sensitivity to chemicals found in products such as hairsprays or lotions. Some individuals are extremely sensitive to other types of chemicals, such as those used in the manufacturing of carpets.
• MCS can be considered a disability if it limits one or more of life activities. In this case, reasonable accommodations must be made, such as implementing fragrance-free zones as part of a workplace dress code.
• OSHA has specific guidelines on how to handle chemicals, but other chemicals, such as those from secondhand smoke, are an important consideration in workplace safety. Twenty-six states, for example, have implemented no-smoking policies to help protect the health of workers.
• Workplace violence affects 2 million Americans every year. A number of groups, such as those that deliver goods, people, or services, are at greatest risk. However, workplace violence can occur internally, which is why we must be aware of the warning signs.
• Workplace bullying is when a person is aggressive and unreasonable in his or her behavior toward another individual. Cyberbullying is similar, except technology is used to humiliate and intimidate the employee.
• Keeping employee information private is the job of HR and IT. In addition, some organizations may engage in web or e-mail monitoring to ensure employees are on task. Specific policies should be developed and communicated to let employees know how they may be monitored.
• Some organizations have employee assistance programs (EAPs) that can provide assistance, counseling, and the like in case of personal problems or drug or alcohol abuse.
• To maintain a healthful working environment, know OSHA policies and make sure people are trained on the policies. Also ensure that specific policies on all areas of health and safety are communicated and employees are trained in those areas where necessary.

Chapter Case

You’re working at a state parks chemical depot storing the various chemicals used by park staff on their ongoing efforts to rid the Richard M. Nixon Memorial Park of an
infestation of bull thistle. Park management has been hurriedly getting the park ready for
the 45th anniversary of his resignation but the invasive plant abatement has not been
going well. Park managers have taken an all hands on deck approach and are asking
any and all employees to lend a hand in spraying the weeds in question. While out and
about you see several of these employees not wearing proper safety equipment. You
ask if they have been trained and one replies “for a little bit, sure.”

Looking at reporting to the state occupational safety and health organization you see
that your organization does not have a higher than usual instance of workplace injury
compared to other state agencies. Still people spraying chemicals without proper
equipment and possibly insufficient training bothers you and you do not think it lives up
to the standards of the park’s namesake. The anniversary is in August and lodging a
complaint may take some time, and it may not be acted upon until after the spraying is
all but over. A recent accident at the DMV has diverted some of the state OSH
employees and the backlog could put your complaint back further.

What do you do?

1. Meet with managers and ask that only properly trained employees are sent out to
   spray the plants?
2. Call the state OSH office and lodge a complaint that may not be acted on for
   sometime?
3. Take the issue up with the State Park’s HR representative?
4. Other?