



# HUMAN RESOURCES

Dear Colleague,

On behalf of the National Minority AIDS Council (NMAC), thank you for picking up this manual and taking a step toward increasing your capacity in this struggle. As we enter the third decade of HIV/AIDS, it is more important than ever to develop our skills and knowledge to better serve our communities and our constituents.

NMAC, established in 1987 as the premier national organization dedicated to developing leadership within communities of color to address the challenge of HIV/AIDS, works to proactively produce and provide skills-building tools to our community. One such tool is the manual that you hold in your hands.

The Technical Assistance, Training and Treatment Division's mission to build the capacity and strength of community-based organizations, community planning groups for HIV prevention and health departments throughout the United States and its territories is supported through a multifaceted approach. This approach includes individualized capacity-building assistance, written information (manuals, publications and information provided through NMAC's website and broadcast e-mail messages) and interactive learning experiences (training). All components are integral to providing a comprehensive capacity-building assistance experience, as opposed to offering isolated instances or random episodes of assistance.

After undergoing a revision of existing curricula and publications and an expansion of our current catalog of subject areas to include more organization infrastructure topics, NMAC is proud to present you with this new manual, Human Resources. One of 15 topic areas in which we provide capacity-building assistance, this manual will provide you with detailed information, resources and the knowledge to enhance your capacity to provide much-needed services in your community.

Our hope is that this revised manual will give you the skills and knowledge to increase your capacity and serve your community at a greater level than ever before. Please feel free to contact us if you would like further information on other services we can provide to you and your community.

Yours in the struggle,

A stylized, handwritten signature in black ink, consisting of several bold, sweeping strokes that form a unique, abstract shape.

Paul Akio Kawata  
Executive Director

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# Preface

## Organizational Effectiveness

Successful community-based organizations (CBOs) can attribute their success to employing 15 key components that support organizational effectiveness. See the model below.

Ongoing learning and training in each of these areas will allow your organization to meet the needs of your constituents.

For information regarding training in any of these areas, contact the National Minority AIDS Council's Technical Assistance, Training and Treatment Division by telephone at (202) 234-5120 or by e-mail at [ta\\_info@nmac.org](mailto:ta_info@nmac.org).

## ORGANIZATIONAL EFFECTIVENESS MODEL

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# Introduction

## Purpose

Nonprofit organizations must have a sound understanding of human resources management in order to effectively accomplish their very important mission. The purpose of this training manual is to provide users of all experience levels with the fundamentals they need to build a successful human resources strategy for operating a nonprofit support organization for AIDS advocacy, prevention and treatment.

## Learning Objectives

Upon completion of this training manual participants will understand human resources management, particularly how to:

- ✓ Get the best employees.
- ✓ Manage benefits and compensation.
- ✓ Establish an organizational culture.
- ✓ Sustain high-performing employees and performance management.
- ✓ Train employees.
- ✓ Comply with federal and state regulations.
- ✓ Ensure safe work environments.
- ✓ Market the organization internally.

### ORGANIZATION

A group of people brought together to achieve a specific purpose (mission).

### BENEFITS

A benefit is a form of indirect compensation designed to provide employees added protection, promote goodwill, and reward employment. It usually takes a form other than money.

### CULTURE

Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether or not stated, that define for everyone what is important and how the activities of the organization should be conducted. Every organization has specific behaviors and standards of conduct.

### COMPENSATION

Can refer to both benefits and pay. Typically, refers to pay in some form provided for services rendered. The forms of pay delivery vary by type and level of position in the organization, e.g., hourly vs. salaried.

## Pre-training Assessment

The Pre-training Assessment is an opportunity for you to check your knowledge against the information that will be addressed in this manual. Check your answers (p. 89) now and again when you complete the manual's training program.

### Pre-training Assessment

Please circle either True or False for the following statements.

1. **True** **False** A benefit is a form of indirect compensation designed to provide employees added protection.
2. **True** **False** Compensation can refer to both benefits and pay and typically refers to pay in some form provided for services rendered.
3. **True** **False** A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.
4. **True** **False** An organization is a group of people brought together to achieve a specific purpose.
5. **True** **False** Values are core principles and beliefs of the organization and provide a benchmark for guiding the behavior of all members of the organization.
6. **True** **False** The Family and Medical Leave Act requires employers to pay for 12 weeks of leave.
7. **True** **False** Performance appraisals are not used for training and development.
8. **True** **False** Organizational structure can be defined as the formal inter-relating of individuals and groupings in allocation of tasks, responsibilities, and authority to achieve the goals of the organization.
9. **True** **False** Job descriptions are written documents composed in plain, clear language that outline a position's essential functions and specific duties, responsibilities and/or other critical features, such as knowledge, skills and abilities (KSAs) and working conditions.
10. **True** **False** Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether stated or not, that define for everyone what is important.

# UNIT 1:

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## Strategic Human Resources Planning

### **Purpose:**

In this unit, we examine the strategic view of human resources in the nonprofit organization, particularly functional structures, building culture and the importance of diversity and inclusion.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Assess and build organizational culture.
- ✓ Manage an organization in an appropriate structure.
- ✓ Build a culture of high performance.
- ✓ State the importance of diversity.

# I. Today's Strategic Human Resources Planning: Key Issues

The importance of strategic (3–5 years ahead) human resources planning for today's nonprofit organizations is reinforced by the speed, frequency and magnitude of changes they face. Integrating annual and tactical (2–3 year) plans with strategic direction is a valuable exercise for any organization. The strategic human resources planning should start with the following broad issues:

- ✓ Defining the organization's strategic intent — what do we want the organization to look like and be positioned in 3 to 5 years.
- ✓ Describing the most likely possible environment the organization will have to face in the future, and the implications to the organization.
- ✓ Developing the appropriate strategic response to the environmental forces identified for several scenarios (or set of predicted environmental forces).
- ✓ Addressing the key human resources issues, such as succession planning, recruitment strategy and staff development, that must be handled for the organization to achieve the desired strategic response.

## Strategic Intent

Strategic intent deals with answering some basic questions about the organization:

- ✓ Who are we and what are we trying to accomplish?
- ✓ What service/industry are we in and what is the organization's mission?
- ✓ Where and what do we want to be in the future?
- ✓ How do we add value to the programs and services we provide?

Defining strategic intent involves describing what we want to be in the future. This must be a picture that all parts of the organization can understand and use to help make choices among alternative courses of action in all areas — including courses of action relating to human resource issues.

Typically, organizations will consider vision, mission and values when defining themselves: A vision is always future-focused and attempts to describe the way the organization will look. A vision statement should clarify what the organization wants to be, and how it will function in broad terms. A truly compelling vision is one that employees can understand and internalize.

### VALUES

Values are core principles and beliefs of the organization and provide a benchmark for guiding the behavior of all members of the organization.



## MISSION

A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.

## Mission

A mission statement reflects the essence of an organization's reason for being and deals with here and now. Since the mission statement is more specific than the vision, it can serve as a guide to planning and implementation, and to allocation of resources. Strategic goals are even more specific; they are the limited number of key achievements (typically 3–5) considered most critical to accomplish the mission of the organization.

## Culture

Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether stated or not, that define for everyone what is important and how work in the organization should be conducted. Every organization has specific behaviors and standards of conduct. Culture is to the organization as personality is to the individual.

## Values

Values define core principles of the organization and provide a benchmark for guiding the behavior of all members of the organization. Some organizations develop statements of core values or go further and develop a specific code of conduct.

## Describing the Future Environment of the Organization/Scenario Planning

While there are different ways to develop strategic plans, one technique widely used is scenario planning. The technique involves organization members brainstorming the most likely possible futures (description of the environment, the "market," competitors, suppliers, demand for services, etc.) and implications of each scenario. Whether or not one of the alternative scenarios occurs, the knowledge gained through the process should enable the organization to respond more quickly and effectively to change.

## Strategic Positioning

As part of the planning process, organizations must position themselves to be able to react quickly and effectively to probable changes in their competitive environment. Once organization members have thought through the potential futures, the organization can decide, in very broad terms, how to deal with those futures if they occur. The organization can then be examined to determine if it is currently positioned to take the steps that might be needed. If not, the actions needed to enable the organization to respond to future scenarios may need to be taken now.

## Determining Key Strategic Human Resource Issues

The issue here is to identify human resource issues raised by the organization's strategic intent and strategic positioning efforts, not to attempt to solve all the human resource issues. At this stage, strategic intent issues tend to be "big picture" and general in nature. For example:

- ✓ Does management "walk the talk" in regard to core values?
- ✓ Does the organization have the skills it needs to accomplish its strategic goals?
- ✓ Are the organization's structure and supporting processes and policies appropriate for the organization's desired future?
- ✓ Should the organization outsource functions or processes that are not part of the core organization?

Human resources issues associated with strategic positioning will tend to be more specific, as they relate to specific scenarios. In some cases, the scenario planning exercise itself will define these. Some human resources issues will be among the critical competencies of the organization (i.e., critical skills, knowledge and abilities, however acquired) that would have to be considered in developing scenarios and considering an organization's success. Some examples of these human resources issues are:

- ✓ How flexible is the staffing arrangement of the organization? Can increases or reductions in staff be implemented quickly, depending on the requirements of the scenarios developed?
- ✓ What is the appropriate mix of staff and outsourcing, given the scenarios developed?
- ✓ What is the availability of skills for significant growth scenarios?
- ✓ What will the impact on community relations be for those scenarios that make it necessary to reduce staff by a significant number?

## Key Questions and Actions Related to Strategic Human Resources Planning

### Strategic Intent

#### Key Questions:

- ✓ Who are we and what are we trying to accomplish?
- ✓ What is our organization's purpose — what business/service are we really in?
- ✓ How do we add value to our services in the marketplace?
- ✓ Where and what do we want to be in the future?
- ✓ What kind of culture do we want?
- ✓ How do we do our work?
- ✓ What kind of people do we want to work with?
- ✓ What concepts and values will drive us?

**Key Actions:**

- ✓ Develop a vision statement.
- ✓ Develop a mission statement.
- ✓ Develop strategic goals.
- ✓ Define the desired culture of the organization, including the concepts and values that will drive the organization.

**Possible Futures of the Organization (SWOT Analysis)**

**Key Questions:**

- ✓ What are our strengths (S), i.e., factors critical to our organization's success?
- ✓ What are our current and future weaknesses (W) as an organization?
- ✓ What opportunities (O) do the issues identified present?
- ✓ What threats (T), technological, economic or political, could impact our organization in the future?
- ✓ What social issues could impact our organization in the future?
- ✓ What strategic direction are our competitors likely to take in the future?

Given the above, what are the most likely scenarios? What would be the impact of these scenarios on the way we run the organization? What would be the impact of these scenarios on our ability to continue with our current vision, mission, strategic goals and desired culture?

**Key Actions:**

- ✓ Define the organization implications of the most likely scenarios; in programs and services, the community served and resource requirements, including staff.
- ✓ Define the organizational implications (vision, mission, goals, culture, etc.) under each of the most likely scenarios.
- ✓ Consider the impact of each on staffing needs and human resources policies and programs.

**Strategic Positioning**

**Key Questions:**

- ✓ What are the most likely futures envisioned in the scenario planning effort?
- ✓ How would each of these possible futures affect our organization in general and specifically in areas such as programs and services, the community served, and resource requirements?

- ✓ How would each of these possible futures impact our strategic intent? Can we adapt to each within the framework of our current vision, mission, strategic goals and desired culture?
- ✓ Are there any aspects of the operation — structure, processes, supporting systems — that need to be changed now to enable us to respond to the possible futures?

### **Key Actions:**

- ✓ Determine the gaps between the current situation and each of the possible futures in such areas as programs and services, the community served, and resource requirements, including staff.
- ✓ Define the organizational implications of each of the possible futures in terms of changes that would have to be made in processes, supporting structure and programs.
- ✓ Consider the impact of each possible future on staffing needs and human resources policies and programs. Detail impact on staff, both in terms of skills and numbers and on mix between permanent, contingent and outsourced staff needs.
- ✓ Develop action plans to deal with any changes that should be made now to enable the organization to implement steps that would be required by likely possible futures.

## **Determining the Human Resource Issues**

### **Key Questions:**

- ✓ What are the human resource issues raised by the organization's vision, mission and strategic goals?
- ✓ What human resource issues are raised by the organization's concept of its desired culture and shared values?
- ✓ What human resource issues are raised by each of the possible futures identified in scenario planning?
- ✓ What are the primary human resource issues associated with the current or future steps that have been identified as needed for strategic positioning?
- ✓ Are there any human resource issues that appear to require action now?

### **Key Actions:**

- ✓ List the human resource issues raised by the organization's vision, mission and strategic goals. Compare with the current state and identify any gaps.
- ✓ List the human resource issues raised by the organization's desired culture and shared values. Compare with the current state and identify any gaps.
- ✓ List the human resource issues raised by each of the possible futures identified in scenario planning. Compare with the current state and identify any gaps.
- ✓ List the human resource issues raised by the steps required for current or future strategic positioning.
- ✓ List action plans that will potentially be needed to deal with any human resource issue gap areas.

## II. Organizational Structure

The purpose of this section is to look at practical alternatives for designing the organizational structure, their advantages and disadvantages, and tips for implementing those structures. “Organizational structure” can be defined as the formal interrelating of individuals and groupings in allocation of tasks, responsibilities and authority to achieve the mission of the organization.

### ORGANIZATIONAL STRUCTURE

The formal interrelating of individuals and groupings in allocation of tasks, responsibilities and authority to achieve the goals of an organization.

### Organizational Structures

There are seven formal ways to structure an organization.

#### 1. Functional Organization Structure

The functional organization forms departments of finance, community relations, accounting, human resources, etc. Each department has a separate function and specializes in that and only that area. Management centrally coordinates the different specialized departments. It is a hierarchical, usually vertically integrated organizational structure. It emphasizes standardization in organization and processes from specialized employees in relatively narrow jobs. This method of structuring is valuable because it saves time and reduces cost, creates specialists with expertise who get to work in areas where they’re most skilled, staff understand exactly who does what and accounting is simplified. This form is logical and easily understood by the employees.

Disadvantages center around the difficulty of coordination. People are in their own specialized areas and often fail to coordinate with other departments. Having an appropriate management system to coordinate the departments is essential. Decisions are usually made at the centralized top of the organization.

#### 2. Product Organization Structure

This form is often used when the organization sees a need to develop new products and services, after a functional structure one has ceased to be effective. Each product or group of products becomes a separate division or cost center. For instance, one division might just conduct training while another division might just perform treatment. Organizational decisions are usually made at the top of the organization structure.

The advantages of this product or divisional organization structure is that it allows for the creation of specialized products for each division while still using knowledge gained from other different, but related, divisions. Design, development, programming and marketing of similar services fit together and are separate from different services in different divisions. Services within each division would still usually be standardized.

The main disadvantage of this decentralized structure is the possible duplication of effort. Each division often has its own budget, marketing and other units rather than one central department for marketing, for example. In fact, the divisions may be competing against themselves for the same customers. Also, each division often buys similar supplies in smaller quantities and therefore pays more per item.

This type of structure is helpful when the service base expands in quantity or complexity. But when competition among divisions gets significant, the organization is not adapting fast enough, or economies of scale are entirely lacking, it may be time to evolve to a more sophisticated form — the matrix structure.

### **3. Matrix/Project Organization Structure**

Matrix organization structures are a combination of the functional and product organization structures. They have grown out of project structures where teams of employees from different functional groups form teams to work on a specific project, breaking up when the project is over. Each of the functions is woven into each of the products (or product lines). Organization decisions are usually made at the project leader level as well as the top organization and top function levels.

The matrix structure's main advantage is that people with a wide range of skills focus on a specific project or product and move quickly for results. People from different functional groups will tend to view different kinds of problems from different perspectives. Cross-functional communication is enhanced as well.

Disadvantages of matrix organizations include many employees reporting to more than one boss at a time. This can be confusing and create conflict and stress for employees, and may ultimately lead to poor performance.

This type of organization requires adaptable employees with good communication skills. Employees must be assertive, for instance, in dealing with the functional and product supervisors who may have conflicting goals. Because employee teams, products and the environment can change, employees must be willing to be very flexible and adapt quickly to the changes.

### **4. Boundary-less Organization Structure**

To deal with change more quickly than even matrix organizations allow, boundary-less or network organizations, with no formal barriers between employees, have come into existence. This type of structure is one of the newer forms or organizational structures. It allows communication and work to cross traditionally separate divisions of customers, suppliers and even competitors. The biggest disadvantage of this form is that it often represents theoretical and conceptual goals rather than actual organizational practices.

## 5. Modular Organizations/Networks/Clusters

Modular organizations have a core or central hub that coordinates outside networks of contractors or consultants. The network parts can be internal or outsourced clusters of employees dedicated to a specific function, but all network parts are adaptable as work ebbs and flows or organizational needs change. Modular organizations are highly flexible, creative and responsive. Organization decisions are made at organizational, divisional, project and team levels.

Advantages include minimizing the amount of specialist training and overhead needed. The main disadvantage is that suppliers and employees are not under the control of the core management organization. The suppliers, or subcontractors, must be able to have access to most, if not all, of the organization's core data. It may become difficult to tell where one organization ends and another begins. Coordination and communication skills are essential in this structure.

## 6. Virtual Organizations/Partnerships/Alliances

Unlike modular organizations where organizations form relatively permanent interrelationships to build products or provide services, virtual organizations form temporary relationships to achieve a goal. When the goal is achieved, they disband. As examples, professional organizations join together to get a law or regulation passed; musicians go on tour and use different employees to set up concerts in each city and then disband those teams after the concert is completed.

The biggest advantage to a virtual organization is that each provider contributes in the area of its greatest strength. A disadvantage is that virtual organizations have less control over the parts of their organization given the temporary connections that are made. In addition, virtual organizations have an inherent lack of stability and require intensive efforts to keep forming and re-forming organizations in optimal configurations.

## 7. Cellular Organizations

Cellular organizations are structured like a living cell — able to live alone but also able to join other "cells" to make higher-order entities and produce synergistic effects. All individuals and cells are self-organizing, entrepreneurial, continually learning and improving, and constantly adapting to their environments. They can spontaneously connect with others through conferences, electronic mail and other devices to share new knowledge and explore new opportunities.

Since this structure does not really exist in pure form at the present, it is difficult to accurately describe advantages and disadvantages. New entrepreneurial employee attitudes and unique skills will probably be essential for surviving and flourishing in this new type of organization. High-level technical, governance and collaborative skills will be necessary.

The key to all boundary-less organizations is having flexible employees at all levels who

are willing to adapt to new environments. Management must be willing to give up traditional autocratic control and instead serve as coaches, encouraging employees to be creative and achieve the goals of the organization. Employees must have initiative and creativity and apply it for the good of the organization.

### **General Tips For Implementing Organization Structures**

An organization's structure should match its changing environment. Adaptation itself can place great stress on employees. They need to see the positives related to the organization's change, to have an attitude (and reinforced positive experiences) of welcoming rather than resisting change. Creative compensation packages can help provide climates that respond to and value change and achievement.

## **III. Assessing Organizational Culture**

Good human resources policies and programs are only "good" when they fit with the organization's unique culture and organizational objectives, which can be hard to assess against any uniform external standards. Only after an organization does a good job assessing its culture and climate, can it then go on to establish human resource policies, programs and strategies that support and strengthen its mission and values, says researcher Jac Fitz-enz.

To assess culture, you must first define it. There are dozens of different definitions and measures of culture in the literature. Jim Harris and Joan Brannick, co-authors of the book *Finding and Keeping Great Employees*, describe culture as an organization's core purpose or core value. Organizations that successfully attract, hire and retain top talent, align their recruitment/retention practices with their core culture, they say.

Factors that define an organization's culture include:

- ✓ Degree of hierarchy within the organization.
- ✓ Degree of urgency.
- ✓ People/task orientation.
- ✓ Assertiveness/courtesy dimensions.
- ✓ Functional orientation.
- ✓ Institutional "personality" issues.
- ✓ Values.



## Degree of Hierarchy

The degree of hierarchy is the extent to which the organization values traditional channels of authority and the need to utilize those channels. An organization with a high level of hierarchy tends to be more formal and tends to move slower than organizations with a low level of hierarchy. Some examples of hierarchy degree include:

- ✓ **High:** Well-defined organizational structure; need to work through channels; authority is valued.
- ✓ **Moderate:** Defined structure, but employees often work around channels.
- ✓ **Low:** Matrix organization; loosely defined job descriptions; authority is challenged.

## Degree of Urgency

The degree of urgency defines how quickly the organization wants or needs to push decision-making and innovation. Some organizations choose their position in the market; others have it thrust upon them by more aggressive competitors. An organization with a high level of urgency tends to be fast-paced and tends to support a decisive management style. An organization with a low level of urgency tends to be more methodical and tends to support a more thoughtful and considered management style.

Some examples of urgency level include:

- ✓ **High:** Need to push projects through quickly; high need to respond to changing marketplace.
- ✓ **Moderate:** Move projects at reasonable pace.
- ✓ **Low:** Work slowly and consistently; quality valued over efficiency/speed.

## People/Task Orientation

Organizations are typically centered around people or tasks. An organization with a strong people orientation believes that people drive organization performance and productivity, and puts personal needs first when making decisions. An organization with a strong task orientation tends to tasks and processes first when making decisions, believing that concepts such as efficiency and quality drive organization performance and productivity.

An organization might prefer:

- ✓ People over tasks
- ✓ Equal value for people and tasks
- ✓ Tasks over people

## Functional Orientation

Every organization puts an emphasis or priority on certain functional areas. Employees from different functions in the organization may think that their functional area is the one that drives the organization. But your orientation should be the one process or activity that really drives the organization. A feed-the-homeless organization, for example, may focus on operations or service, depending upon its historical choices and its definition in the marketplace. Functional orientations may include:

- ✓ Marketing
- ✓ Operations
- ✓ Programs
- ✓ Service
- ✓ Other

## Values

What do you value as an organization? What does your organization feel to be its most important quality? Consider the following:

- ✓ Efficiency
- ✓ Customer Service
- ✓ Fun
- ✓ Hospitality
- ✓ Leading Edge
- ✓ State-of-the-art

Examining what behaviors get rewarded and punished in your organization is often a great way to determine what the organization values.

## How To Assess Your Organization's Culture

Once you have outlined the key dimensions, how can you assess your culture? Here are some ideas for determining what dimensions characterize your organization as an institution.

- ✓ **Give yourself a quiz.** Take out your pencil and check the boxes that you believe define your organization. What issues not outlined here are important in defining "who we are," "what we do" and "how we do it" for your organization. Would others agree with your answers?
- ✓ **Give the quiz to managers and community and organization leaders.** Let your leadership assess where your organization ranks. Discuss areas of agreement and disagreement. What may be true within one department or facility may not be true of the organization as a whole.

#### STAKEHOLDER

A term of art in the not-for-profit field that attempts to capture the many players involved; community, employees, providers, etc.

- ✓ **Conduct focus groups with employees or stakeholders.** Just because top management leaders agree on “what we’re about” doesn’t mean that rank-and-file employees see it that way. Your leaders may see you as a service-driven organization, which may be true of your external positioning but may not be true in how you respond to employee needs and concerns.
- ✓ **Strategize at a retreat, organizational planning session or staff meeting.** Center the meeting around two questions: “Who are we?” and “What makes us who we are?” Continue with these discussions until some consensus is developed around key issues. The discussion must be honest, thorough, and focused not on “what we want to be,” but rather on “who we are right now.” Organizations who decide that “where we are now” is not “where we want to be,” may want to consider shifting their organizational culture before initiating any new policies or programs.

Assessing your organizational culture is the first and most important step in developing sound human resources strategies that support your organization objectives and goals. By not merely copying “best practices” from other organizations, your organization is far more likely to develop policies and programs that support your particular goals. In other words, to be effective, organizations should copy how leading organizations think, not what they do. By better understanding who you are, you’ll be better able to implement smart policies and programs that will sustain your organization’s character.

## IV. Driving the High Performance Organizational Culture — The H.R. Director’s Role

In the 21st century, change is a way of life driven continuously by technology, a global economy and changing demographics of the workforce. Today’s human resource professional must assume the role of caretaker and change agent of organizational culture.

Specifically the human resource professional must:

- ✓ **Be a Partner on the Leadership Team:** Human resources (H.R.) must help senior management define and successfully implement the vision, mission and strategic/tactical plans of the organization. That means the human resources professional must be willing to serve as mentor, coach, counselor and advocate as required, and to strengthen or replace weak leaders.

- ✓ **Be a Role Model for the Organization:** Since culture begins in recruitment and continues through selection and orientation, it's critical that human resources staff stand tall and walk the talk they espouse for the organization. Aristotle wrote, "We are what we repeatedly do. Excellence then is not an act but a habit."
- ✓ **Reinforce Values:** These values must then be practiced and constantly reinforced by example and clear communication. Human resources professionals, executive directors and all management must understand their role as the champions of values despite continual workforce and operational change.
- ✓ **Enable Two-way Communication and Feedback Channels:** Effective two-way communication is essential to establishing and sustaining culture, its values and dimensions. Culture is fragile and is threatened daily by change, innuendo and perceptions. Human resources must ensure that employees are getting the right message about the company and its culture. This requires listening through feedback channels and constant proactive rather than defensive monitoring.
- ✓ **Define Roles, Responsibilities and Accountabilities:** Every employee's roles and responsibilities must be clearly established and, more importantly, tied directly to the organization's ability to succeed. Without clear definitions, effectiveness suffers. More importantly, people must understand why all of their duties are important. Therefore, regular feedback on performance and direct linkage to rewards and compensation are critical. While stated simply, these goals are not easy to meet regularly.
- ✓ **Provide Continuous Learning and Training:** Organizations must provide for and support continuous learning, both financially and conceptually. The best organizations voice the commitment to learning in the interview process and carry it out through an employee's career. Development of an ongoing training assessment system tied to workforce planning is critical to identifying training needs and planning the actions required to implement it.
- ✓ **Sustain Reward and Recognition Systems:** Well-established recognition systems are key to creating a winning organizational culture. Human resources professionals must work to link the right reward to each accomplishment and promote recognition to all employees. Best-in-class organizations — those that win national excellence — excel at employee recognition.
- ✓ **Build and Encourage Empowered Teams:** Every successful leader assembles a great team and empowers that team. Empowerment is successful when leaders support employees and teams with all the tools required to succeed — authority, budget, tools, personal and political support, and reinforcement.
- ✓ **Promote a Stakeholder-Supplier Work Environment:** The term "stakeholder" is used to represent all of the people that work in the organization, such as employees, those that benefit from the organization, such as customers, and that impact the organization, such as suppliers, community leaders, politicians, etc. Employees are often both workers and consumers (customers) of the products/services of the organization. Promoting an internal stakeholder-focused culture creates an advantage by leveraging the employees as ambassadors for the organization's products and services in the communities in which they live. Such cultures sustain a strong team environment where employees not only recognize their dual role as stakeholder and supplier but also are encouraged and rewarded to do so. Expectations are clear and constantly reinforced.

- ✓ **Recognize and Solve Individual and Organizational Problems and Issues.** Issues that remain unresolved fester and lead to poor morale and performance, turnover, and sometimes even litigation. High-performing organizations have effective and well-communicated systems for problem resolution, and well-trained supervisors and human resources professionals.

Successful organization management teams shed the “business as usual” mentality and develop, with the help of other stakeholders, a detailed human resources plan for managing their workforces during the next 3–5 years. Recognize that this plan cannot remain static; it must be constantly monitored and changed. It must also be reinforced with effective two-way communications and will succeed only if the workforce is empowered to participate in its formulation, evolution, measurement and success. In her book *The Deming Management Method*, Mary Walton asserts “If it isn’t worth measuring, it isn’t worth doing.” Your plan must be measured so that you can report and share progress with all constituents.

## V. Preparing For Change

### Organizations as Systems

Organizations, and the people who make them up, can be viewed as systems. When the organization is going along at its “normal” pace, the system is near equilibrium, in a “steady state” where people can depend on certain things. Typically, change upsets that equilibrium and the system resists. This is not surprising. We all need anchors and boundaries in our lives, including our work lives, and when those are removed, our stress level can go up and our morale and productivity may go down.

To increase organizational ability to deal with change, old anchors have to be replaced with new ones that are not dependent on particular organization structures or particular ways of doing things. A paradox is created. When an organization is laying people off, telling its employees there are no guarantees, how can it get the increased commitment and productivity needed for the new leaner organization?

One answer is to forge a new definition of the organization and its relationship with its employees. The new definition of the organization has to be its strategic intent — a picture of the organization anchored not in procedures and processes but in concepts, such as a common understanding of the organization’s value.

Defining the organization is an excellent area for employee involvement. If the strategic planning work wasn't previously done, do it now. Communicate the objective to all employees — that the organization wants to define itself and what it stands for. All "givens" should be clearly laid out in advance. For example, lifetime employment is not an option; dealing effectively with continuing change is a must, and so on. It is critical to find out what is really important to all employees in this regard.

It is appropriate to ask employees what concepts/issues they think are important. This can be done through questionnaires, focus groups, etc. The results of this effort can be used to create a "straw man" (draft) definition of the organization and the employment relationship, which can then be tested with focus groups, and a final set of concepts developed.

Most organizations cannot guarantee lifetime employment, but can guarantee to help employees willing to invest their energy in staying highly employable, by helping them maintain and enhance their skills. Employees, individually and in teams, need to develop a vendor mentality. They must view the organization as a marketplace within which they must compete, determining the needs of stakeholders and providing quality service, in order to stay employed.

The reality of today's environment, particularly in an organization which has downsized, is that employees' primary loyalty may well be to their work groups and professions. People will commit to their work when they have invested in themselves, and have a stake in the outcome. The needed commitment will be more likely where there is significant employee involvement and there exists a common purpose, commitment and trust of empowered, high performing teams.

### Five Keys to Change Processing

Preparing the organization for change involves working through five issues:

- ✓ Defining new anchors and boundaries that are needed as the organization redefines itself in order to effectively deal with change.
- ✓ Determining to what extent the existing organization structure and supporting processes are compatible with the new definitions.
- ✓ Evaluating whether the organization's culture, including the actions of management, support the new definitions.
- ✓ Assessing which human resources policies and programs, from reward systems to supervisory training, support the new definitions.
- ✓ Defining the steps that must be taken in order for the organization to provide the support necessary to help employees succeed in dealing with change.

## Boundaries

Some believe that in the new world of flat organizations and self-managed work teams, boundaries are no longer needed, but in fact, they are. The key is that the organization needs different boundaries, based on accountability, rather than just authoritarian boundaries.

Boundaries based on accountability need to be defined in these four areas, which can be applied to teams and/or individuals:

- ✓ **Authority:** Who is in charge of what?
- ✓ **Task:** Who is responsible for what?
- ✓ **Political:** “What is our motivation?”
- ✓ **Identity:** The members; who is part of the community (or team or group) — and who isn’t?

In establishing boundaries, three essential criteria must be met:

1. **The boundaries are porous.** That is, they do not become barriers to communication and information, either from outside sources or sources within the organization.
2. **Boundaries are clear enough to provide “safe havens.”** Teams need boundaries that will help guide them as they and their processes evolve during periods of change.
3. **Employees understand the boundaries and have had input in establishing them.** Boundaries should be clearly understood by all participants to ensure compliance. Giving employees input helps ensure understanding.

## Aligning the Existing Structure with New Anchors and Boundaries

When an organization goes through strategic human resources planning, it identifies and studies its organizational structure and supporting processes. Then the organization assesses whether its organizational structure and supporting processes are congruent with the newly identified anchors and boundaries.

There are various ways to accomplish alignment:

- ✓ Look at the structure and processes and consider whether they are consistent with the anchors and boundaries. When they are not, analyze why not, and determine what needs to be done to make them so.
- ✓ Take each anchor and boundary and apply it to the organization. Compare the impact of the new with the old and develop plans to close the gap. Employees who will be affected by the outcome should be involved in this task. The key is that the review takes place, and the gaps between the new anchors and boundaries and existing organization structure and processes get identified. In addition to employee involvement, however, executive management support is critical to achieve successful implementation.

- ✓ Use focus groups of employees to help answer questions such as:
  - If an anchor concept is empowerment, do team members have to go through several layers of supervision to take action or talk to people in other parts of the organization?
  - If a boundary gives a team responsibility for purchasing routine supplies, do they have the authority to make these purchases?
- ✓ Examine organizational culture. While organizational structure and processes are normally well-defined and documented, culture is often simply understood rather than documented. It is very important to examine the culture as well as the structure.

## Are Human Resources Policies and Programs Congruent with the New Definitions?

When organizations move to implement a new organizational structure or new strategic directions, it is important to review the human resources policies and programs to ensure that they are congruent with the directions being taken.

Organizations that have gone through the organization/human resources alignment and planning phase will already have tested human resources policies and programs against strategic and organization goals from an operational perspective. Further review against the newly defined anchors and boundaries should not prove to be a difficult task.

## VI. Diversity

### Introduction

Every one of us is different. Therefore, each one of us thinks, works and acts in different ways when presented with the same set of circumstances. Much has been written in the past few years about diversity and cross-cultural training and its impact on organizations in America.

Basically, we must recognize that differences do exist in the American workforce today and that these differences can positively or negatively impact quality of life and organization profitability. Diversity truly is a multifaceted issue and includes such dimensions as age, gender, ethnicity, education and sexual orientation. It is essential to recognize and value these differences and understand how they impact the job of the human resources professional, organizational goals and productivity. In essence, it is incumbent on human resources professionals to establish a positive framework which acknowledges

### DIVERSITY

The condition of being different. Applied to organizations it represents the different ways each one of us thinks, works and acts when presented with the same set of circumstances.



and incorporates changes and differences in a way that taps individual potential for personal and professional success.

## A Changing Workforce

Based on available literature and demographics, we can conclude the following about the American workforce today:

- ✓ It's older and composed of more females and people of color than the workforce that existed before the 1970s.
- ✓ Women and minorities tend to be clustered in staff positions and in the low to middle-management levels. Current and future laws and regulations will place mounting legal pressures on organizations to better utilize females and minorities in more senior-level positions.
- ✓ In order to maximize productivity, organizations must improve their ability to manage their diverse staffs.
- ✓ Statistics show that females and minorities will comprise the largest proportion of new entrants into the job market during the rest of this decade; organizations must continue to successfully recruit and productively employ them.
- ✓ Organizations that move into the future with a well-managed and diverse workforce will be able to better serve stakeholders in both the domestic and international markets.
- ✓ To improve productivity and morale, and to open up new avenues of creativity among employees, members of the multicultural workforce must learn to communicate more effectively with one another and to understand and appreciate one another's cultural differences.
- ✓ Understanding and managing workforce diversity is now a central concern of human resources professionals.

## Recommendations

Listed below are what we believe are important considerations when shaping diversity management and training programs:

- ✓ The organization's executive director (president/chief executive officer) should become the champion for valuing diversity within the organization and must establish this attitude as a standard for people at all other levels in the organization.
- ✓ Individual workforce demographics should be evaluated to determine the urgency of adopting diversity management policies and programs.
- ✓ Personnel policies, benefits and employee relations programs should be evaluated to determine how these programs help employees meet their responsibilities to their families, promote the acceptance of diversity, and enhance employee productivity and loyalty.

- ✓ The subject of managing diversity should be incorporated into supervisory and management training at all levels of the organization. Senior management should hold managers accountable for hiring, developing and promoting minorities and females and link this responsibility to pay incentives.
- ✓ A mentors program, where senior leaders are matched with female or minority employee so they can monitor the person's career progress within the organization, should be considered.
- ✓ Focus group discussions should be conducted with a sample of employees from each segment of your staff to pinpoint existing differences and to measure the extent to which employees feel that they are valued members of the organization.
- ✓ Specific goals should be set for including minority and female employees in promotion and succession plans.
- ✓ Formal programs should be implemented in which employees from every segment of the workforce are free to express their concerns in a non-threatening medium.
- ✓ Management should consider helping employees organize cultural networks. Such networks and groups can arrange multicultural events both within the organization and in the community.

### Summary

In order to thrive in a world of multiple cultures, we must learn not only to respect differences but also to enjoy them, not only to familiarize ourselves with different cultural traditions, but also to be enriched by them. To do this, we must recognize our own roots within our own culture, our own basis of understanding, and the values that tend to influence us.

Though we are inevitably forced to deal in broad generalizations, it is still essential to recognize, first, that what unites people in a common bond of humanity is much greater than what separates them into different cultures; and second, that within each large cultural grouping the differences between individuals can be much greater than the diversities noted between different cultures.

# UNIT 2:

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## Interviewing and Recruitment Tools

### **Purpose:**

In this unit, we examine the basic structural elements involved in administering the human resources function of the organization. Defining positions through job descriptions enables the organization to develop effective pay practices. The development of a competitive benefits program provides for the employee's insurance needs. The combination of competitive pay and benefits aids the organization in hiring the best employees.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Draft job descriptions.
- ✓ Develop an effective pay and benefits program.
- ✓ Describe the interviewing process.
- ✓ Employ an effective recruitment strategy.

# I. Basic Interviewing

The employment interview is a vital component in the hiring process. In order to hire the most qualified applicant, human resource professionals must be well-versed in how to effectively conduct interviews, including mastering all pertinent federal and state legislation that precludes them from asking certain questions during an interview.

## Interviewing Styles

There are three main types of employment interviews. **Structured interviewing** involves approaching the interview with a pre-planned agenda. The interviewer knows ahead of time what he/she will ask the applicant and sticks to the agenda, sometimes in exact order. This type of interviewing style generally provides the interviewer with the information needed to make the hiring decision. It is also important as a defense against discrimination in hiring and selection, because all applicants are asked the same questions.

In an **unstructured interview**, the interviewer does not have a prepared agenda, but rather allows the applicant to set the pace of the interview. This style of interviewing does not always provide the interviewer with the necessary information. In addition, the lack of structure makes it difficult to compare and rank applicants because they are not responding to the same questions.

In a **panel interview**, more than one person interviews the applicant. Generally, the interviewers take turns asking questions. Panel interviews can be either structured or unstructured.

## Facilitating Open Discussion

The following suggestions will help foster an open environment that will allow you to elicit the most information from an applicant:

- ✓ Try to put the applicant at ease at the beginning of the interview. If the applicant feels comfortable he/she will be more likely to share information with you.
- ✓ If you find that the applicant freezes on a particular question, you may want to go on to the next question. It takes time for some applicants to relax and feel comfortable with the interviewing process.
- ✓ Try to ask questions that will facilitate discussion. Avoid questions that require a yes or no answer.
- ✓ Don't ask leading questions. Keep the questions open-ended so that the applicant has the opportunity to speak freely.

### STRUCTURED INTERVIEWING

A type of interviewing that uses a pre-planned agenda. The interviewer knows ahead of time what he/she will ask the applicant and tries to stick to the pre-planned questions. The same questions are asked of each applicant interviewed.

- ✓ Be sure to ask only job-related questions.
- ✓ Listening skills are essential in an interview. It is important to let the applicant speak without being interrupted. Remember, the purpose of the interview is to obtain as much information as possible.
- ✓ While the applicant is speaking, watch his/her body language and facial expressions. These expressions will provide you with additional insight about what is being discussed at the time.

## Legal Constraints

Federal law dictates the type of questions that can be asked during an interview. For example, Title VII of the 1964 Civil Rights Act prohibits discrimination based on race, sex, color, national origin and religion. The Age Discrimination in Employment Act prohibits questions about a person's age. The Americans with Disabilities Act of 1990, among other things, protects qualified individuals with disabilities from discrimination in employment.

Questions relating either directly or indirectly to age, sex, race, color, national origin, religion or disabilities should be avoided. If information that you need about an applicant potentially infringes on any of the above categories, be sure that the question relates to a bona fide occupational qualification or is required by law to be asked.

Employers should be aware of some of the specific prohibitions enacted by the Americans with Disabilities Act. For example, employers may not inquire about an applicant's workers' compensation history during the pre-offer stage. Also, employers may not ask if an applicant has a disability. They may ask if there is anything that precludes the applicant from performing the essential functions of the position for which he/she is applying. The interviewer should go over the essential functions of the position with the applicant so that he/she has the information needed to make that determination.

### Sample Questions

The way in which questions are phrased is very important. The following are examples of acceptable and unacceptable interview questions.

#### Not Acceptable

Are you a U.S. citizen?

How old are you?

#### Acceptable

Are you lawfully employable in the United States either by virtue of citizenship or by having authorization from the INS and the Labor Department?

Are you over the age of eighteen?

Do you have any children? What are your childcare arrangements?

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Questions about family status are not job-related and should not be asked.

What clubs or organizations do you belong to?

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What professional or trade groups do you belong to that you consider relevant to your ability to perform this job?

Have you ever filed a workers' compensation claim?

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You may not ask this question or any related question during the pre-offer stage.

What disabilities do you have?

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Are you able to perform the essential functions of the job to which you are applying? (Be sure you tell the applicant what the essential functions are.)

When did you graduate from high school?

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What schools have you attended?

What is your maiden name?

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Have you ever been known by another name? (Only ask this question if you need to contact a former employer, because a legal liability may exist if an applicant claims that you were trying to determine her ethnic background and consequently didn't hire her because of it.)

Do you smoke?

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Our smoking policy is: \_\_\_\_\_. Can you adhere to it? (Know your state's laws on smoking. Some states prohibit an employer from excluding applicants for off-the-job smoking.)

Do you have AIDS or are you HIV-positive?

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Despite the mission of your organization, there is no acceptable way to inquire about this or any other medical condition.

## II. Current Compensation Trends

### Fundamental Shifts in Pay Policy

As a result of changes in organizational thinking and social pressures, basic compensation policy has changed in most organizations in the following ways:

#### VARIABLE PAY

The key distinction of this lump-sum, non-base, cash compensation program is that it is intended to reward or compensate current-year achievements valued above and beyond that expected for individuals or teams at their current job level and base salary, and to do so without increasing base salary.

- ✓ Pay budgets have decreased in response to reduced financial resources and labor market inflation.
- ✓ The method of pay at all levels has shifted toward variable compensation related to organization performance. The key distinction of this lump-sum, non-base, cash compensation program is that it is intended to reward or compensate current-year achievements valued above and beyond that expected for individuals or teams at their current job level and base salary. In the past, merit-based increases were awarded and applied to the base salary and general (across the board) increases were also applied to an employee's base salary.
- ✓ Evaluations have become focused on both individual and group performance, when in the past greater emphasis was placed on individual performance.
- ✓ Promotional opportunities and related increases are on the decline as organizations focus on streamlining.
- ✓ Salaries are increasing more quickly than benefits as benefits' costs rise.
- ✓ Merit increase budgets have dropped from double-digit levels in the 1980s to less than 5% in 2002. (The average increase was 3.9% in 2002, according to Hewitt and Associates, a management consulting firm in Atlanta, Ga.)
- ✓ Differences between merit pay increases for executives and lower paid personnel have narrowed from between 3% and 5% to less than 1%.
- ✓ Many organizations have temporarily instituted lump sum "merit" rewards (in lieu of all or a major portion of salary increases) that must be re-earned in succeeding years, to reduce the long-term impact of pay increases and to fund new incentive plans.
- ✓ Organizations have instituted incentive pay plans for a wide variety of new employee groups, including production and operations, service, collections, design, administration, and systems, in an effort to better tie compensation costs to organization results, and to use pay to focus energies on desired results.
- ✓ Some organizations tie variable pay to quality improvement. For example they link improvements in measured customer satisfaction to employee pay.
- ✓ A few organizations have introduced broader salary bands, encompassing a wider number of jobs with more varied pay levels (broad-banding) to encourage lateral transfers and enable individuals to broaden their experience without necessarily being promoted.
- ✓ A few organizations have started programs to pay individuals based solely on skill acquisition, to actively support and encourage employees to develop their capabilities without the unrealistic expectation of a (now scarce) promotion.

## Group vs. Individual Rewards

Organizations that depend on individual initiative and are able to reliably identify key contributors have lauded individual performance as most critical to their success and are confident that this is a sound basis for variable pay plans. Organizations that rely on teamwork and group results for financial improvement view group incentives as the most appropriate basis for rewards.

Organizations in the midst of significant change tend to use both reward systems. They use individual incentives for key contributors whose work is exemplary or whose behaviors need to be shifted to achieve the new goals of the organization. At the same time, these organizations also rely on group incentives for large staffs that will be heavily impacted by change or will be on the forefront of implementing new processes.

## III. Job Descriptions

Many employers formally document the content of their organization's jobs. Among advantages, formal job descriptions can help managers:

- ✓ Delegate and document work assignments.
- ✓ Clarify missions.
- ✓ Establish performance requirements.
- ✓ Assign occupational codes, titles and/or pay levels to jobs.
- ✓ Recruit for vacancies.
- ✓ Explore reasonable accommodations for problems employees raise.
- ✓ Counsel people on career opportunities and their vocational interests.
- ✓ Train employees.
- ✓ Check for compliance with legal and regulatory provisions that require equal opportunity, equal pay, overtime eligibility, etc.
- ✓ Make decisions on job restructuring.
- ✓ Suggest ways to enrich the work experience.

In plain, clear language, job descriptions should document a position's essence; specific duties, responsibilities, and functions; knowledge, skills and abilities (KSAs) required; and working conditions. They may be specific and detailed or generic and general. In accordance with the employer's purposes, job descriptions may tell:

- ✓ Who (usually the incumbent or the supervisor)
- ✓ Does what work (including review of the work of others)
- ✓ Where



- ✓ When (or how often)
- ✓ Why (the purpose or impact of the work)
- ✓ How (it is accomplished)

Job descriptions should be short, clear summaries with enough specific information to assist, rather than mislead, managers, employees and/or job applicants in understanding the duties and responsibilities of a particular position.

## Job Descriptions and the Law

Generally, federal regulations and guidance governing the Americans with Disabilities Act (ADA) do not require employers to have job descriptions. But it does require those job descriptions that exist cover all essential functions, and to distinguish these functions from non-essential functions. To differentiate essential functions in an ADA-compliant way, employers may

- ✓ Indicate the time spent on each function. Most, but not all, functions that account for only a small part of the job are non-essential.
- ✓ Label non-essential functions with asterisks.
- ✓ List non-essential functions last under a separate heading or other means of demarcation.
- ✓ Put non-essential functions in a footnote.

It is also important to use language that effectively establishes the nature and importance of essential job functions without discriminating against people with disabilities. The ADA requires that job descriptions focus on essential functions in terms of what they actually require, not simply the ways they are currently or have customarily been performed. Although care is needed to craft descriptive but non-prejudicial language, the wording need not be awkward. One simple pattern that may be followed is to:

- ✓ Give some notion of frequency, intensity and/or duration (to help establish the level of the work demand).
- ✓ Describe the current or customary manner of performance, then add the words “or otherwise (do something)” or use the word “typically” (to acknowledge the possibility that alternate manners of performance may be reasonable, as determined on a case-by-case basis).
- ✓ Provide operational linkage to the job to establish its importance.

## Keeping Job Descriptions Current

Job descriptions (and other forms of job documentation) have the potential to become the subject of grievances or litigation. Accordingly, it is critical that accuracy be maintained. To ensure this, the employer should designate one party (for example, the supervisor or the human resources department) as having primary responsibility for reviewing them regularly.

A plan of this type should reflect the personnel resources available to do the review and the character of the job content. Some jobs that are dynamic, changing rapidly and extensively (due to technological or organizational considerations), need to be reviewed frequently, while jobs that remain constant don't have to be reviewed as often.

### Use of Disclaimers

Some employers use one or more disclaimers to remind readers that job descriptions are not meant to be all-inclusive and/or that the job itself is subject to change. Some examples are:

- ✓ "Nothing in this job description restricts management's right to assign or reassign duties and responsibilities to this job at any time."
- ✓ "This job description reflects management's assignment of essential functions. It does not prescribe or restrict the tasks that may be assigned."
- ✓ "Critical features of this job are described under the headings below. They may be subject to change at any time due to reasonable accommodation or other reasons."

### Describing Discrete Job Tasks vs. Broad Job Roles

Traditionally, jobs have had clearly identifiable functions and types and levels of required skill, effort, responsibility and working conditions. Such jobs are relatively easy to accurately describe in writing. Recently, however, some employers have decided to broadband their pay levels. In some instances, this broadbanding of pay reflects very broad, non-traditional job "roles" where the types and levels of required skill, effort, responsibility and even working conditions (such as the pressures inherent in the job) are very broad. Descriptions of these job "roles" must, by necessity, be rather general. Care must be taken to ensure that these descriptions do not become so general that they become confusing and open to contradictory interpretations by employees and/or management that they could ultimately turn into formal employee grievances or litigation.

### Summary

Job descriptions can be very useful to employers, employees and job applicants. However, there are pitfalls. To avoid them, the employer must:

- ✓ Carefully consider the format and degree of detail to be used (generic/general vs. specific/detailed, whether disclaimers will be used, etc.).
- ✓ Ensure that the descriptions are prepared with care (clear, accurate and sufficient for the intended purpose or purposes, using non-prejudicial language).
- ✓ Keep all job descriptions current, updating as necessary.

## IV. Benefits Design

Government legislation, inflation and health care costs have made benefits management an even more critical issue for employers.

### What is a Benefit?

A benefit is a form of indirect compensation designed to provide employees added protection, promote goodwill and reward employment. It usually takes a form other than money. Benefits are typically extended to employees as well as their immediate family members. Who is covered, what type of benefits are offered, how costs are computed and distributed, and how the value is captured and communicated are all important questions the employer must answer.

The human resource professional can and should take the lead in integrating the strategies of the organization with a reasonable budget and the needs of the employees. In the annual survey conducted by the US Chamber of Commerce, benefits represented up to 28% of most organizations' total payroll expenses. The cost of benefits has grown exponentially. Managing and controlling these costs effectively are high priorities for human resources.

### A. Mandated Benefits

A number of benefits are required by law to be provided to employees by their employers. There are currently seven main categories of benefits required by either federal or state legislation:

1. Social Security
2. Medicare
3. Unemployment Insurance
4. Worker's Compensation (only mandated by some states)
5. Family and Medical Leave (some states have additional leave mandates)
6. Short-Term Disability (only mandated by some states)
7. Health Insurance Portability and Accountability Act

It is important to check with your state regulator and an attorney to be certain you are following all the relevant laws for your organization.

## 1. Social Security

Social Security provides covered workers with retirement, disability and survivor benefits. Both employers and employees share in the cost of providing these benefits to eligible beneficiaries through taxes on earned wages. Over time, the earnings levels and percentage of taxes on covered wages has increased. Additionally, the government has modified the eligibility requirements for receiving Social Security retirement; it is now tied to year of birth. It is important to ensure every employee's name and social security number are accurately recorded for payroll and Social Security tax purposes.

### **Important features:**

- ✓ The amount of the benefit depends on individual's average earnings on jobs and earnings covered by Social Security.
- ✓ The monthly benefit is payable prior to age 65 at a reduced amount.
- ✓ Disability benefits may be payable with no age-related reduction for approved applications after a 5-month waiting period.
- ✓ Survivor benefits may be payable to eligible dependents.
- ✓ A lump-sum death benefit is payable by Social Security.

## 2. Medicare

Generally, Medicare Part A covers the cost associated with hospitals, other acute care facilities and treatment/diagnostic centers while Part B covers the physician-related costs. Coverage usually begins at age 65, sometimes earlier in the event of a covered disability. Employers and employees contribute a percentage of covered wages toward this mandated benefit, with no maximum. If an employer provides health insurance beyond age 65, the employer's plan is primarily for covered benefits, and Medicare provides supplemental coverage to the employee.

## 3. Unemployment Insurance

Employers are required to pay both federal and state unemployment taxes on behalf of their covered workers. The federal tax rate is fixed; state rates are typically employer experience-rated, reflecting the number and amount of claims filed by workers who leave that organization. Each state manages its own unemployment compensation system, and the eligibility and benefit provisions vary.

### **Important features:**

- ✓ Responding quickly and accurately to claims filed may reduce the employer rates.
- ✓ Severance and vacation pay should be reported in wage information.
- ✓ In order to avoid benefits charges to your account, you may need to provide the unemployment office with copies of disciplinary actions, policy manuals, employee handbooks, etc.
- ✓ Local unemployment offices may provide services at reduced fees or free of charge if the employer is facing a layoff.

#### 4. Workers Compensation

Workers compensation benefits are designed to provide protection for workers in the event of a work-related injury or illness. To fund these benefits, which are the employer's responsibility, employers can self-insure or pay premiums either to a state fund or a private insurance organization. As with unemployment insurance, aggressively monitoring workers compensation claims may benefit the employer, as most plans are experience-rated.

##### **Important features:**

- ✓ Benefits may include medical, disability income, rehabilitation or death benefits.
- ✓ The amount of benefit is typically tied to fixed schedules of minimum and maximum payments.
- ✓ States regulate coverage, eligibility, types of benefits and funding options.
- ✓ Employers can reduce costs by implementing preventive and safety-related measures.

#### 5. Family and Medical Leave Act (FMLA)

The FMLA allows eligible employees to take up to 12 weeks of unpaid leave during any 12-month period (the employer designates which fixed or rolling 12-month period it will use) for qualifying reasons. A covered employer is one with 50 or more employees (full or part-time) within a 75-mile radius in the United States. It applies to private employers, nonprofit organizations and government entities, including Congress. An eligible employee is one who has worked at least 12 months for the employer and 1,250 hours in the 12 months before the leave will begin. Qualifying reasons include: 1) birth, adoption or foster-care placement of a child in the employee's home; 2) the serious health condition of a spouse, child or parent; or 3) the serious health condition of the employee.

##### **Important features include:**

- ✓ Employees who return to work before FMLA eligibility expires must be returned to the same job or one of equivalent status and pay.
- ✓ Employers are to maintain the employees' benefits based upon the same conditions as if they were working. If however, the employee cannot afford to continue to pay the employee premiums during the leave, a lapse of coverage may occur, but the employer may be required to reinstate benefits when the employee returns to work.
- ✓ Employers need to keep accurate records of actual hours worked and leaves taken.

#### 6. Short Term Disability (STD)

STD provides income replacement by paying a percentage of an employee's salary if they become temporarily disabled. Typically, this is when an employee is unable to work for a short period of time due to sickness or injury (excluding on-the-job injuries, which are covered by workers compensation insurance). A typical STD policy provides a weekly portion of salary, usually 50, 60 or  $66\frac{2}{3}$  percent, for 13 to 26 weeks. Most STD policies have a cap of a maximum benefit amount per month. An employee generally starts receiving benefits from an STD policy within one to 14 days after becoming sick or disabled.

## **7. Health Insurance Portability and Accountability Act (HIPAA)**

Another important piece of legislation impacting benefits is HIPAA. HIPAA provides better access to health insurance coverage for workers who change or lose jobs. It applies to group health plans maintained by employers with two or more current employees including church plans electing to be covered by the Employee Retirement Income Security Act of 1974 (ERISA) and self-insured plans. Plans maintained by the federal government are exempt. There are exceptions for certain benefit types of coverage. Employers unsure of their HIPAA standings or requirements should check with an employment attorney.

### **Important features of HIPAA:**

- ✓ Excludes employees who had a medical condition for up to 12 months before employment (18 months for late enrollees). This 12-month period can be reduced if the employee provides written certification that demonstrates prior coverage.
- ✓ Prohibits discrimination against employees and dependents based on their health status.
- ✓ Guarantees the ability to renew health coverage for certain employees and individuals.
- ✓ Requires employers and group health plans to provide written certification of health coverage to any individual who loses coverage for any reason.
- ✓ Provides medical savings accounts for small employers.
- ✓ Permits special enrollment periods when a participant in a health plan acquires a new dependent and/or spouse.
- ✓ Effective in April 2003, requires health plans to protect private medical information and includes the distribution of a medical privacy statement.

## **B. Group Health/Medical Benefits**

The majority of employers provide a variety of health care and medical benefits. The most common benefit plans offered include medical, dental, vision and prescription drug plan coverage. Because of the rapidly escalating costs of providing these benefits, employers should pay close attention to eligibility requirements, plan design and covered services, as well as funding and cost-sharing options.

### **Eligibility**

It is customary for employers to provide coverage for employees, and common to provide eligibility to spouses and covered dependents as well. Lifestyles have changed and so have family structures, so many organizations have begun to provide benefits to non-traditional partners. With many people having alternative lifestyles, such as living with a common-law partner or a partner of the same sex, many employers are now offering eligibility to domestic partners and unmarried partners (spousal equivalents). Please note that spousal equivalent coverage is mandated in some jurisdictions. Human resources must assess the cost-benefit impact of offering expanded eligibility by weighing such things as recruiting/retention needs against any potential additional costs.

In addition to determining who will be eligible to participate in your benefit plans, you must also determine the waiting period (if any) for enrollment and coverage of the benefits. Even with the escalating costs, many employers have decreased the waiting period for new employees to be covered as a recruiting benefit. A typical waiting period can be from 30 to 90 days based upon your organization’s philosophy about benefit coverage and your industry practice.

## Plan Design and Features

There are several health benefit plans available for employers to choose. A review of benefit surveys from the industry and/or geographical area in addition to information obtained from current benefits plans, current budget, specific needs as expressed by the management team, advice of the broker/consultant, and plan provider features and limitations provide useful information to make decisions.

### Types of Plans:

- ✓ **Traditional:** Typically this type of plan offers benefits on a fee-for-service basis. It usually includes three categories of coverage: basic medical (hospitalization), medical/surgical, and major medical. (See chart below.)

Out-of-pocket expenses include deductibles and co-insurance once the individual or family annual deductibles have been met. Usually there are caps on maximum out-of-pocket expenses for an individual and family coverage per calendar/plan year.

- ✓ **Health Maintenance Organization (HMO):** These types of plans provide a complete set of services, and typically require treatment in an HMO facility and/or with participating network physicians. A primary care physician (PCP) directs care, and a strong emphasis is placed on healthy living and preventive care. Any specialty requires a referral by the PCP. Out-of-pocket expenses include co-pays and deductibles, which

### Types of Traditional Health Benefits

- |                          |  |
|--------------------------|--|
| <b>Hospitalization:</b>  | Pays for a limited stay (e.g., 120 days per plan year) and for limited daily costs.  |
| <b>Medical/surgical:</b> | Pays for actual services of doctors and procedures involved, drugs, routine nursing care, use of operating room, recovery room, etc.   |
| <b>Major medical:</b>    | Pays for major illnesses or accidents that require a hospital stay of longer than 120 days, private duty nurses, oxygen and blood services, home-care, appliances or devices for medical care. |

may vary according to plan design. There may be limited or no coverage for services provided by out-of-network providers or rendered without a PCP referral.

In an effort to make the HMO more appealing, many plans offer an “open access” HMO which allows a participant more choice of providers. In the open access HMO, a PCP is not required and the participant may select the services of any of the HMO providers without having their care directed by a PCP.

There are two types of HMOs:

- **Closed panel.** The health insurance provider employs physicians as full-time staff. Health care facilities are contracted by the insurance provider to provide care to its members.
  - **Open panel.** Physicians are affiliated with the HMO, but are not exclusive to the insurer. The panel of participating physicians has agreed to the terms of the HMO in providing health care services to its covered members.
- ✓ **Preferred Provider Organizations (PPO):** In a PPO plan, participating members choose a physician from a directory of preferred providers with which the insurer or third party administrator has contracted. This panel of physicians is typically broader than that of an HMO plan. Some PPO plans require the selection of a PCP, others plans do not require this. Out-of-pocket costs include co-pays, deductibles and co-insurance.

## Funding

Human resource professionals must aggressively seek ways to manage the escalating costs of providing benefits. Evaluating funding options and plan design become critically important. There are three basic methods to fund your medical/dental benefit plan (although other hybrid types of funding exist).

- ✓ **Fully insured:** In this option, the insurance organization provides full plan coverage to the employer for a fixed premium amount each month per participant. This premium is paid to the insurance organization each and every month for each participant that is covered by the plan. The insurance organization actuarially determines the total expected claims based on the covered workforce demographics, and can allocate the dollars according to the desired structure. Under this method, the insurance organization accepts the risk of high health care costs. It is typical for organizations with less than 200 employees to use a fully insured plan.
- ✓ **Self-Insured:** A self-insured plan is established when the employer contracts with the various providers (a third-party administrator or TPA, or an insurance organization that offers self-insured plans, stop loss/aggregate insurance and a network of physicians). The employer then pays a lower fixed amount for administrative fees to this insurer or TPA each month based upon coverage and pays the claims itself up to a pre-established dollar amount. Self-funded plans have the potential to provide a larger employer with a “savings” in benefit costs over a fully insured plan when designed appropriately because the blended risk of claims over many lives is usually less than paying the fully-insured

### STOP-LOSS INSURANCE

A type of insurance purchased through a carrier for covering liabilities above specific limits either for a specific claim or all claims — aggregate for the policy period.



premiums. However, when designing a self-insured plan, the levels of stop-loss coverage (also called re-insurance) should be carefully set to minimize risk exposure. Costs can add up for high individual claims that don't hit the annual stop-loss level that protects employers from astronomical costs.

- ✓ **Minimum Premium Funding:** This type of funding allows the employer less exposure than a self-insured plan, but not as much required monthly premium expense as a fully insured plan. With this type of funding, the employer pays a higher administrative fee each month than in a self-insured plan, funds the claims up to a pre-determined amount, but has more insurance provided for large claims and high-claim months. Using this method, the employer and the insurance organization share the risk of high health care costs.

## Premium Structure Alternatives

The payroll deductions can be set in several ways. It can be a blended rate, which is based on a composition of the covered workforce demographics. Alternatively, the premium can be established with an individual, employee and spouse, employee and child, employee and two dependents, and/or family rate. There are a number of ways to determine the premium structure. Management, with the guidance of the human resources/benefit professional, needs to determine the premium structure that is most conducive to the employer's benefit philosophy.

## Additional Traditional and Non-traditional Benefits

Many employers offer life insurance, accidental death and dismemberment (AD&D), flexible spending accounts, short-term disability (STD), long-term disability (LTD), and a 401(k) plan. Depending on what type of coverage you offer, whether the coverage is employer- or employee-paid is an employer decision based upon what the organization wants to provide for the employee vs. what the organization can afford for the employee. Other traditional benefits include paid time off (vacation, sick/personal, holidays, etc.).

Some important things to remember:

- ✓ Organization-provided life and AD&D insurance values higher than \$50,000 require that the employee be taxed for the amounts over \$50,000. That is one reason many employers offer one or two times salary up to a maximum of \$50,000.
- ✓ Employer-provided STD and LTD require that benefits paid to employees through these plans are taxable unless the employee pays the premiums as a post-tax payroll deduction. Where the employer pays a portion of the premium and the employee pays a portion, the employee pays taxes upon the benefits received.

There are also benefits available today termed "non-traditional." The needs of your employees, the ability to administer the benefits and the culture of your organization will determine if these benefits should be considered. Such benefits might include: hospice care insurance, college savings plan, deferred compensation plan, holiday savings plan

and/or contributions to charitable organizations (either of the employee's choice or to the employer's chosen charity).

Benefits can sometimes be paid through Section 125 funds. Section 125 of the Internal Revenue Code allows organizations to deduct certain employee-paid benefits through pre-tax payroll deductions. An organization can expand their Section 125 coverage from just the pre-tax payroll deductions to flexible spending plans (medical reimbursement and dependent care reimbursement, which are covered under Section 129) to a full cafeteria plan.

## **E. Determining When to Use a Broker/Consultant**

Benefits brokers and consultants are readily available to help you design, implement, and update your benefits. Consider the following explanations of their services when deciding whether to engage a broker/consultant.

A broker's services are traditionally included in the fees you pay to an insurance organization or third-party administrator (TPA) that you use. He or she can act as an intermediary between the organization and the insurance organization, which creates a neutral party and is beneficial. The broker fee is included in the rates paid to the insurance organization/TPA. This manner is transparent and there are fewer checks cut each month by the organization. A broker should work with you through the entire plan year and provide reports and updates on a monthly basis. A consultant is paid per service rendered. A consultant may handle the bid process only, make a plan design proposal or fulfill the same responsibilities as a broker.

It is important to first determine what the organization wants, needs and will expect from the broker or consultant, then begin the selection process. The selection of a broker or consultant should take the same form as when selecting a candidate for employment. Interview, verify references (both for existing and former customers) and closely examine relevant experience and skills.

# UNIT 3:

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## Human Resources Management Structure

### **Purpose:**

In this unit, we examine the development of policies and procedures to guide the management of human resource staff. We also explore the complex arena of employee relations and how to provide a balance between the objectives of the organization and the individual needs of employees. Preparing an employee handbook and selecting a human resources information system to enhance communication and the exchange of employee information is described.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Develop human resources policies and procedures.
- ✓ Describe the appraisal process.
- ✓ Develop an employee handbook.
- ✓ Develop appropriate strategies and approaches to employee relations and career development.
- ✓ Select a human resources information system.

# I. Human Resource Policies

## The Evolving Workforce

There is clear evidence that the expectations of today's workers are at odds with many current practices and human resources policies. Younger employees (in their 20s to early 30s) are more likely than their predecessors to perceive themselves as individualistic, resist conformity and challenge the traditional ways of running an organization.

They tend to prefer to be judged on their contributions rather than their years of service. Human resources departments must more broadly embrace equitable treatment as a foundation for decision-making. Policies that are perceived as rigid, arbitrary or out-of-date are significant irritants to the generations we are counting on to fill our jobs and guide our futures. These employees are prone to walk away from organizations that insist on perpetuating values that are out of sync with their expectations.

The workplace is very different than it was just a generation ago. It is more common today for employees from work from their home offices, have flexible work schedules, and spend large amounts of work time in ad hoc committees or work teams in the absence of a supervisor. This striking evolution in jobs and work presents an impetus for change in policies that goes beyond crafting new policies to deal with telecommuting and flextime.

Specifically, today's workplace, compared with that of generations past:

- ✓ Is more competitive.
- ✓ Is more quick to change.
- ✓ Is more focused on cost containment, while equally, if not more, focused on quality improvement.
- ✓ Is focused on stakeholder (customer) satisfaction.
- ✓ Needs to have policies that are not seen as impediments to change and growth, but are in sync with employee needs.
- ✓ Must be more family-centered, open to different types of families and more concerned with quality of life.
- ✓ Must offer more career and educational opportunities for employees at all levels.

Consider the following modifications to your existing policies in light of this changing workplace.

<b>Policy Domain</b>	<b>Recommended Modifications</b>
Time Off	Paid time off (PTO) banks; personal leave days; leaves of absence
Benefit Design	Options for employee choices; add highly valued benefits
Direct Compensation	Performance-based pay systems; Team-oriented rewards
Job Design	Broad job descriptions; work (vs. task) orientation; explicit behavioral expectations
Staffing	Expanded options for non-traditional staffing (part-time, temporary, contract, outsourcing)
Scheduling	Flexible hours and work schedules; off-site work options
Training and Development	Training inducements; team and technology training

## II. Employee Relations

### What Is Employee Relations?

The essence of employee relations is an ongoing, relationship-building process, which takes time, talent and effort to build. It's not just employee appreciation initiatives.

### Management vs. Employees

In many organizations employees do not believe that they have an advocate in management. The current thinking of most human resource professionals is that the human resources department should be an advocate for employees and a partner to organization. This can be very difficult for the H.R. professional working to help operations achieve its goal. What is a legitimate employee advocate? Typically it's someone who works to:

- ✓ Treat employees fairly.
- ✓ Resolve employee problems.
- ✓ Keep employee morale up.
- ✓ Treat employees with respect and dignity.

## Are Humans Just Another Resource?

We consider the tools and materials we work with as resources. To label a person as a “human resource” seems to categorize people with other resources needed to achieve organizational goals. If the management mind-set is to think of employees as “resources” rather than as persons or individuals, they will likely become desensitized to employee feelings and thereby compromise positive employee relationships.

Rather, employee relations should focus on:

### Communication

Ongoing, two-way communication is the most important component in employee relations. A positive relationship is the desired outcome.

### Trust

The old saying, “Those who do not trust cannot be trusted” is something that should be taken seriously. If employees do not trust a manager, the flow of upward communication will be compromised. If managers do not trust employees, the downward flow of communication will be affected.

### Ethics

If employees do not support or do not understand the ethics of a manager, they will indirectly question the manager’s motives. This may be stressful for the employees and may hinder performance.

### Fairness

Fairness simply means that all employees are treated the same, under the same circumstances. No favoritism should be shown. No one likes to be second best. This does not mean that superior performance should not be rewarded. To employees, fairness also means comparable (fair) wages and benefits.

### Feelings

Managers need to be sensitive to employee feelings. Acknowledgment of and concern about employee feelings about work issues are an important part of establishing a relationship.

### Perceptions/Beliefs

In employee relations, perceptions are often more important than reality. Employees will act on what they perceive or believe. It is important that employees be well-informed and told the truth, even when it may be uncomfortable for management or employees. Employee

beliefs, whether true or not, and their uncertainties will affect performance. Good communication will insure that employee beliefs are related to reality in the organization.

### **Expectations**

Employees need to know what to expect from managers. No one likes surprises unless they are good surprises. Knowing the expectations of managers will greatly reduce employee stress.

### **Conflict Resolution**

Conflicts arise in all organizations. It is imperative that conflicts are managed so that undue stress does not affect employees or performance.

### **Career Counseling and Development**

Career counseling and career development will communicate to employees that the organization cares about their career and future.

## **Potential Consequences of Poor Employee Relations**

Some potential consequences for management that ignores or poorly handles employee relations:

### **Unionization**

Unionization of an organization hinders management's ability to manage and drives up the cost of doing business. Unionization can be avoided if employers exercise good management and good employee relations.

### **Employee Absenteeism**

Employee absenteeism drives up the cost of doing business by forcing the organization to pay employee benefits, hire replacement workers, train new staff and suffer impaired performance.

### **Employee Turnover**

Employee turnover drives up the cost of doing business by forcing the organization to recruit and train new staff and lose the productivity of longer-term professionals.

## **Litigation**

Defending against litigation for allegations of wrongful employment actions drives up the cost of doing business and could result in criminal, civil and financial penalties. Managers should take this seriously. In many situations, individual managers can be found individually responsible and held accountable in a criminal or civil action.

## **Keys to a Good Employee Relations Program**

There are several keys to a good employee relations program. To increase employee efficacy and avoid the problems previously listed:

### **Establish Rules (Policies and Procedures)**

All organizations need rules so that everyone knows what to expect. There should be clearly written, communicated and enforced policies that prohibit harassment, a hostile work environment, abuse, injury, damage to property and the possession of weapons in the workplace. Organizations need to communicate to employees that these policies are fully supported from the top down and will be enforced consistently.

### **Tie Management Compensation/Rewards to Good Employee Relations**

Management normally does a good job of “marketing” the importance of the organization to employees. Employee relations require similar attention. Everyone knows that if the organization fails in its goals, employees will lose their jobs. Managers’ performance appraisals and income are often directly related to production or stakeholder service goal achievement. If employee relations are not part of a manager’s performance objective, he or she will likely not spend much time and effort trying to improve in this area.

### **Assign Work Appropriately**

Employers and managers must know the strengths and weaknesses of employees. For employees to add the most value to the organization, they must feel that their work is important and must be well-suited to the task they’re assigned. If employees believe that their contributions are in some way unique, special or creative, they will likely perform at a higher level and become a more important asset to the organization.

### **Manage Time Well**

Poor time management can result in poor employee morale and external stakeholder dissatisfaction.



## Manage Conflict Well

Managers too busy to spend time thinking about the best way to resolve conflicts may react rather than respond to problems. When this “crisis management” mentality is in effect, poor decisions that could put the organization’s mission in jeopardy are more likely.

## Evaluate Good and Bad Performance

Employees need to know how they are doing. It is management’s responsibility to constructively communicate when performance has been good, as well as when it needs improvement.

## Think Critically, Show Strong Ethics

Disagreements often arise from differences in philosophy, values and ethics. It’s important that managers and human resource professionals try to understand the beliefs of others and recognize that such viewpoints may improve the organization. A few guidelines for ethical thinking:

- ✓ Consider the well-being of all involved.
- ✓ Think of yourself and your organization as part of society.
- ✓ Think objectively and consider consequences.
- ✓ Respect others’ customs.

## Manage Safety and Risk

Employees who are legitimately injured on the job expect understanding and support while they are recovering. Without positive reinforcement, the injured employee may become less motivated to return to work. The preventive solution to this problem is to keep the lines of communication open.

### EXIT INTERVIEW

An interview is generally conducted at the time an employee is terminating employment with an organization. Questions are directed at employee’s opinions about the organization and specifically why they are leaving.

## Conduct and Support Honest Exit Interviews

Exit interviews are a good way to uncover employee concerns so that appropriate corrective action can be taken if needed. Obviously, an organization should be able to take criticism and not punish the bearer of the criticism. Most employees do not trust managers to do this and they fear retribution even after they are no longer working for the organization. It’s important to set up a process that makes employees feel secure.

## Hire the Right People

This is the best way to avoid problems down the line. Preventive measures include good interviewing, realistic job previews and pre-employment screening. This is the time to acquaint new employees with policies, procedures and legal obligations of employer and employee.

Recruiting and screening is the first line of defense when it comes to bringing the right people into the organization. Determining who the right people are should not end with experience and education, but with personality, attitude, communication abilities and other behavioral characteristics that fit the organization. In the hiring or promotion of supervisors, only applicants with good communication and people skills should be considered. If supervisors have poor communication skills, conflict and poor employee performance will result.

### Promote Strong Communications

This can be done with:

- ✓ **New Employee Orientation:** A thorough orientation for new employees will insure that new employees experience less initial stress, resulting in less initial turnover.
- ✓ **Meetings:** Group meetings can be a good way to provide information, though they are somewhat less effective as two-way communication encouragers. Some employees do not feel comfortable sharing information in a group, especially if their contribution may be controversial.
- ✓ **Newsletters:** Newsletters can be a good way to communicate, although it is important to realize they are no substitute for face-to-face verbal communication.
- ✓ **Employee Feedback:** A periodic employee opinion survey or other feedback mechanism can be used as a tool to forecast employee dissatisfaction before it leads to performance problems. If employee feedback is solicited, employees need to know how it will be used. They need to understand the process and expect that their feedback matters to management.

### Treat Employees with Respect, Dignity, and Fairness

A few ways you can assist employees:

- ✓ **Employee Assistance Program (EAP):** Employees should be encouraged to use an EAP, which offers mental health counseling, if they feel it would be helpful. This program should be considered the same as any other sponsored program (medical, dental, etc.) designed to assist employees to resolve health-related problems. It's important to recognize that, left untreated, mental or emotional disorders can lead to dire consequences. Managers also should be aware that some mental health issues are covered under the ADA (Americans with Disabilities Act) and should be treated accordingly.
- ✓ **Outplacement Program:** In case of a layoff, employees should be provided with the services of an outplacement program to help them become employed elsewhere. This can result in employees who are less bitter and less prone to take legal action against the organization or individual managers.
- ✓ **Employee Recognition:** Employees can be recognized in many ways. One way to make certain employees are being recognized is through a formal employee recognition program. Recognition of employees can build morale if programs are properly conducted.

The program must not target certain employees and leave others out of the running. Employees can easily spot favoritism. The rewards should be carefully selected items that carry meaning to the employee or task completed.

### Summary

Organizations need rules, ongoing communication about these rules and their importance, good management, and the right people. Short-term initiatives and incentives should not be confused with the long-term rewards of building good employee relationships. If we believe that human resources are people and we treat them with dignity, respect and fairness, we can then claim that our employee relations efforts are on the right track.

## III. Preparing the Employee Handbook

The employee handbook should present the philosophy of the organization, strategic plan, employee information and the working environment. Use a writing style that is positive and reflects the environment of the organization. Be sure that the statements and the tone of the message, word usage, type of policies and procedures, and practices coincide and are not hypocritical. Be careful too, that any messages from the executive director or other leaders don't legally commit the organization to employment conditions, which would constitute a contract.

### Purpose of the Employee Handbook

The purpose of the handbook is to clearly communicate information that is relevant and important to employees. In addition, it provides management an opportunity to educate employees about organization products, stakeholders, commitment to the community, competitors, etc. The goal is to establish a positive consistent image as an employer, responsible citizen, provider of goods and services, and a contributor of economic benefits to society. Among areas that might be included:

- ✓ Employment policies and procedures
- ✓ Orientation information for new employees
- ✓ Legal obligations of employer and employee
- ✓ Responsibilities of employer and employee to each other

## A. Must-Include Items

### Major Policy Statements

Some policies may be of particular importance to the organization. Place these statements in a visible position at the beginning of the employee handbook. Examples of some of these might be:

- ✓ We support and enforce a smoke-free environment.
- ✓ We strongly enforce a drug-free environment.
- ✓ We are an equal opportunity employer.
- ✓ We support and work toward a safe environment.
- ✓ We are competitive with wages and benefits within our industry and within our community.
- ✓ We are committed to the fair treatment of our valued employees.
- ✓ We support the community and urge our employees to become active in community activities.
- ✓ We believe in job-related education/training and financially support employees in their career development.
- ✓ We financially support local education and provide college scholarships.
- ✓ We promote from within when and where possible.
- ✓ We provide our stakeholders with the highest quality product possible.

### Two Disclaimers

Every handbook should contain these disclaimers:

- ✓ **Employment-at-Will Disclaimer:** “We are an ‘at-will’ employer and operate under the provision that employees have the right to resign their position at any time, with or without notice, and with or without cause. We, the employer, have similar rights to terminate the employment relationship at any time, with or without notice, and with or without cause.”
- ✓ **General Handbook Disclaimer:** “This employee handbook is provided as a guide and is not to be considered a contract. Only written statements made by organizational representatives specified below are valid and binding employment contracts. These contracts must be in writing.”

“This employer reserves the right to make changes to the policies, procedures and other statements made in this Employee handbook. Organization conditions, Federal and state law, and organizational needs are constantly in flux and may require that portions of the handbook be rewritten. This is necessary to successfully provide the appropriate employment relationship and to meet the goals of the organization.”

## B. What the Employee Handbook Is Not

It's important legally that your handbook makes very clear what it is and is not.

As explained above, most importantly, the handbook is NOT a contract. Handbooks should be intended as informational statements regarding policies and procedures only. Management needs to reserve the right to make changes to any handbook-stated policies at any time, for any reason.

Toward that end, employers should avoid the following terms and statements in the printed text of the handbooks and when discussing it verbally:

- ✓ **Permanent employees.** Use regular employees instead.
- ✓ **Annual salary.** Use "hourly, weekly, or monthly" pay instead.
- ✓ **Probationary.** Use "training period" instead.
- ✓ **Do not use "cause" or "just cause" as it relates to termination action.** The employer might then have to prove termination is not overly severe and that the violation merits termination.
- ✓ **Do not make statements that imply a long-term or indefinite commitment,** such as "You will have a job as long as you perform your duties in an acceptable manner."

Human resources should prepare the preliminary copy of the handbook. It should be reviewed by all levels of management, and might even be submitted to employees for their comments.

**Note: Employee handbooks should be reviewed by an employment attorney.**

Outside attorneys may not have a sound understanding of the environment managers want to achieve. Therefore, they should not write the handbook; but do seek their help in preparing clear statements that will be defensible in court. **It is essential that employee handbooks and other formal written statements be reviewed by an attorney to ensure they do not imply contractual obligations.**

## C. Writing Style

The employee handbook should be written in a clear, non-technical style, probably at about the eighth-grade level. This will eliminate excessive questions and errors in interpretation. All human resources policies do not have to be included, just those which the employees need to know to understand working conditions, compensation, benefits, and their rights and responsibilities.

The area of benefits is very complex. Include a few paragraphs on each one and refer the employee to written sources and the individual in human resources responsible for administering that benefit. This is particularly true of health insurance plans and retirement plans.

The handbook should also be written in a style that reflects your organizational culture. For example:

- ✓ Organizations committed to the team concept should emphasize cooperation and support. They should avoid authoritarian-type language and rules.
- ✓ Organizations committed to a competitive work environment should focus on incentives and personal goals.
- ✓ Organizations which emphasize informality should use first names, mention open-door policies, less formal dress policies, and not stress formal lines of authority and titles as much as those organizations which are very formal.
- ✓ Organizations that are unionized and strive for a cooperative work relationship with the union should use positive terminology rather than a harsh negative tone in the handbook.
- ✓ An organization that opposes employees joining a union may make strong statements as to the efforts they will make to avoid the union and to create an environment in which employees will not see a need for the protection of a union.

#### **D. How to Present the Employee Handbook to Employees**

The handbook should be in a format in which pages can be changed as policies, procedures and laws change. While the handbook should be the official source of policies and procedures for the employee, use bulletin boards, a newsletter, oral directives from management, and training sessions to supplement and reinforce it.

Each employee should receive an employee handbook at the time they begin work, or it should be mailed to them immediately after they accept a position and before they report to work. They should be asked to read it and time should be spent during orientation to explain, clarify and answer questions about the provisions in the handbook. Employees should be required to sign a statement that they have read and understand the material in the handbook.

### Sample Acknowledgment of Receipt and Reading of Employee Handbook

I have received a copy of the employee handbook outlining the responsibilities as an employee and the responsibilities of the organization. I have read the information contained in this handbook and it has been explained during orientation. If I have any questions, I should contact the human resources office. I understand that the employee handbook is not an employment contract, but does provide the organizational employment policies and procedures by which I am governed.

I agree to comply with the guidelines, policies and procedures of (organization name). I understand my employment and compensation can be terminated at the option of either myself or (organization name) at any time.

This handbook is subject to change without notice. It is understood that changes in procedure will supersede or eliminate those found in this book and I will be notified of such changes through normal communication channels.

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Signature of Employee

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Date

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Signature of H.R. Representative

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Date

## IV. Selecting a Human Resource Information System

Follow these steps to select any type of human resource software, from stand-alone applicant tracking systems to fully integrated Human Resources Information Systems (HRIS) and payroll solutions.

### Step 1: Form an Evaluation Team

Form a three- to seven-person team to oversee your selection. Include a knowledgeable member of your information technology staff from the very beginning and make sure that you have appropriate management representation to sign off on costs. Larger organizations may have a “steering committee” separate from the project team, made up of managers with budget authority who can conduct the contract negotiation and support the evaluation team.

### Step 2: Define Your Goals

At your initial team meeting, begin by identifying and agreeing on the goals for the project. Without a set of fully developed goals at the beginning of your search, you will either waste significant time evaluating the wrong products or, even worse, select the wrong software.

Ask the team to fully answer the following questions:

- ✓ What is your overall human resources information technology strategy?
- ✓ What do you need and why do you need it?
- ✓ What system functionality do you need?
- ✓ What results do you wish to accomplish with this effort?
- ✓ What are the organization drivers for the new system? How does this system support the overall needs of the organization?

Identifying goals may include interviewing senior management and other stakeholders to identify the right needs for your organization.

### Step 3: Consider the Big Picture

Once your goals are developed, take a step back and evaluate how they fit into the bigger picture of your overall human resource information system. If you are looking for a specialized application such as applicant tracking or COBRA management, make sure that you consider how it will integrate with other applications such as your main HRIS. If you're



selecting a new HRIS, does it cover all the specialized needs you have, such as COBRA and HIPAA compliance or training records management? How does this application fit with your overall human resources information strategy?

#### Step 4: Envision Future Needs

Ask what your information system needs will be in the next few years. What other applications will be needed? When will you need them? Will they share the same information needs as this application (employee ID, Social Security number, date of birth, name, address, etc.)? If so, how will you prevent having to enter the same data into different applications in future years? Are you planning to move to Web-based applications and if so, is this the time to begin moving in that direction? Are any major organization processes going to change either as a result of this selection or in the near future? Where do issues like employee self-service and manager self-service fit into your overall strategy?

#### Step 5: Assess Your Technical Environment

It is absolutely critical that you and your IT team define the base technical environment for the new application before you begin to look at any specific products. Consider:

- ✓ What type of application are you looking for — stand-alone PCs, networked stakeholder/server or mainframe?
- ✓ What operating system does it need to run on — Windows NT, Unix, etc.?
- ✓ If it's a database application, what database does your organization support — SQL, Oracle, DB2? How will it connect to remote offices?
- ✓ Does it make a difference what language the application is programmed in, such as C++ or Visual Basic?
- ✓ Is your information technology department planning a major change in technology platforms in the next year?

#### Step 6: Set a Budget

You should have a ballpark estimate of what your organization is willing to pay before you start talking to vendors. This can be honed down once you get more information. Break costs into three areas: software, hardware and implementation. Software includes the actual software licensing fee and other software costs for items such as database licenses and annual maintenance costs. Hardware is what you will need to spend for servers, PCs and network upgrades. Implementation costs include what you'll spend to configure the software, train employees and convert data. Include any necessary additional software charges from your vendor.

## Step 7: Define Specs

Develop a written specification document for your new software package. It should include: your overall human resources IT strategy, project goal, base system functionality that you require, integration needs and technical requirements. This is a key deliverable for the overall project. If your specification is clear, specific and well-defined, your selection process will be relatively painless.

## Step 8: Build vs. Buy

At some point during the process, most organizations address the issue of whether they want to develop the application internally or purchase commercially available software. This issue may be considered as early as step 2 or 3 and as late as step 15 or 16. Many organizations have successfully developed their own human resources software. Many more have been less than successful in such efforts. When the issue arises in your process, ask the following questions:

- ✓ Are the necessary IT resources available internally for this project?
- ✓ Does the human resources staff have the time and expertise to develop detailed system specifications, screen designs, system edits and reporting requirements?
- ✓ What priority will it be given by IT management compared to other organization systems?
- ✓ What is so specialized about your needs that you can't get 80 percent of your requirements with commercially available software?

Finally, if your information technology staff develops any preliminary budgets or schedules for doing the job internally, experience says that you should double the projections to have a more realistic estimate to compare against the commercial products.

## Step 9: Research

The obvious starting point is to talk to your colleagues in other organizations for recommendations on products they have used that fit your general needs.

### These Internet resources may also help:

- ✓ [www.ihrim.org](http://www.ihrim.org)
- ✓ [www.workindex.com](http://www.workindex.com)
- ✓ [benefitslink.com/software.shtml](http://benefitslink.com/software.shtml)

Contact each vendor and collect product literature. Make sure that you specifically ask for literature containing the level of detail you need. Reduce your list at this point after determining which products can meet your needs.

## Step 10: Put out a Request for Proposals (RFP)

Now you are ready to develop and send an RFP to your smaller list of target vendors. The length of the RFP will vary depending on how much detail you want prior to seeing product demonstrations. Smaller organizations may want to use a simplified one- or two-page request for information (RFI) format, while larger or public entities typically use a formal RFP process. The most common elements in an HRIS request for proposal include:

- ✓ An overview that describes your organization.
- ✓ A description of your software need and the employee population it will support.
- ✓ Desired system functionality.
- ✓ Required technical environment/specifications.
- ✓ A request for pricing (licensing fees, maintenance charges, training and implementation support, annual maintenance fees and telephone hotline support).
- ✓ A request for customer references.
- ✓ Details on customer service/support available from the vendor.
- ✓ A request for sample contract terms.
- ✓ An inquiry about whether certain features you need are included in their software or proposed in a future version of the system.
- ✓ A request to detail which system features require system customizations and if so what are the costs and problems associated with the customizations?

Once you have assembled your RFP, send it to your vendor contacts and give them about three to six weeks to respond. Always be aware of your special needs and the extra money and effort it will cost for implementation and future support. Work hard to modify your internal processes before suggesting costly customizations.

## Step 11: Evaluate

You should have a common standardized tool for evaluating all of the proposals. A typical approach is to create a spreadsheet with all of the items in the RFP as your column headings and the vendors listed on the rows. Then you would assign a value to each RFP item (yes/no, a dollar value or a numerical ranking of some type) for each vendor. Once you have received all of the proposals and entered the data on your spreadsheet, the team can meet, review the evaluations and select the vendors they want to schedule for product demonstrations.

## Step 12: Test the Product Demos

Software product demonstrations, when left to vendor control, are designed to showcase the best attributes of the product and downplay the weaker features. Try to get the most accurate and unbiased information you can by asking targeting questions and asking to see particular features in action. Create a list of specific questions and needs before the

meeting. The whole team needs to participate in the demo and be assigned a particular function or aspect of the software to evaluate.

### Step 13: Evaluate Again

After you have completed your initial product demonstrations, it is time for the team to meet and evaluate the products based on all of the information you have at that point. Have all team members list the likes, dislikes, concerns and unresolved questions that they have concerning each product. You may need to have one or more vendors provide some additional information before you move forward. You also need to be concerned about pricing differences at this point in the process. However, do not assume that you have the final price from each vendor. As the vendors learn more about your specific needs, they may be in a position to refine the pricing submitted with their RFP. Finally, narrow your vendor list to two or three vendors. Invite those remaining vendors back for a second product demonstration.

When you have seen all the products once and have the preliminary pricing proposals, it is time for the team to start discussing the items that will drive your final decision. In most software selections price is one, but not the only, selection criteria. Other obvious decision points may include differences in functionality and compatibility with existing systems. For many organizations, implementation costs and timeframes are critical decision points. One word of caution: Be certain that your management team representative is heavily involved during this discussion as the team needs to be very sensitive to the items that will influence the eventual approval or disapproval of their recommendation.

### Step 14: Check References

Your team should develop a list of questions that they would like answered by each reference. Typical questions focus on:

- ✓ Areas of concern that you have with the product
- ✓ Product functionality
- ✓ Implementation
- ✓ Problems the reference has encountered
- ✓ Quality of ongoing support

Make sure that you understand the technical environment of each reference, such as Windows NT, Unix and AS/400, so you can identify issues that may or may not apply to your situation. Listen carefully to what is said and not said by the reference. If you can get references in the same geographic area in which you work, try and visit the reference's organization to see the product in action and talk to the actual users. It is best to check all of the references before the second demonstration so that issues that come up during this process can be addressed at the time of the next demonstration.

## Step 15: Demo Again

As with the first demonstration, set the agenda. The team will have specific items that they want to see again or need to have clarified. These items should form the basis of your second demonstration. Make sure IT participates in this demo. Review core functionality, reporting, processing time, implementation schedule and costs, stakeholder support, issues raised in the reference-checking process, and any specific concerns of the team. You should also review product pricing with the vendor's sales representative so pricing for each item is clear and disputes can be resolved before you make your decision.

## Step 16: Evaluate Again and Select

The demonstrations are finished, all the questions have been answered and it's time to make a selection. Before everyone votes, take a step back and evaluate the information you learned in the second round of product demonstrations. Compare what you've learned to your initial goals and product specifications. Create a matrix of how each product evaluates against your decision points. If you've done a thorough job of learning the strengths and weaknesses of each product, established clear goals and product specifications, and you've been aligned as a team from goal-setting through final demonstrations, then you should have an easy time reaching consensus on a product recommendation. In some situations, you will have two systems that meet your needs. In that situation, begin contract negotiations with both organizations and work on negotiating the best package for your organization — software price, training credits, implementation assistance, etc. Remember that making the right selection is only phase one of your project. A successful implementation that achieves your goals is the real objective.

# UNIT 4:

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## Employee Development

### **Purpose:**

In this unit, we examine the basic elements of employee development programs and strategies for retaining employees. The techniques for recruiting entry-level employees are also explored as are strategies for conducting effective exit interviews.

### **Learning Objectives:**

By the end of this unit, learners will be able to:

- ✓ Develop employee development plans.
- ✓ Recruit for entry level positions.
- ✓ Retain employees with tactics that work.
- ✓ Conduct exit interviews.

# I. Employee Performance Appraisal

The performance appraisal process is the responsibility of all managers, not just the human resources department. Human resources staff can assure that the performance appraisal has a chance for success by designing a strong appraisal instrument, effectively training managers to appraise and communicate accurately, developing objective criteria for measurement and showing how performance contributes to the bottom line. But, unless upper management actively participates and takes prime responsibility for the appraisal process, staff members will remain unsure of the true value of management support for evaluations.

The most common problems that occur in performance evaluations are:

- ✓ Failure to complete the appraisal on time.
- ✓ Lack of consistency and objectivity appraising the staff.
- ✓ Failure to provide upper management with feedback on staff performance.
- ✓ A perception that the whole procedure is busy-work of little value.

A performance appraisal should produce measurable outcomes that are visible to all employees in terms of improved performance through training, a compensation system that is fair and is so perceived, and a promotion and transfer system that makes the correct decisions related to skills and abilities and is so perceived.

## A. Formal Appraisal Process Objectives

Performance appraisals are used for several purposes in the organization:

### **Training and Development**

Appraisal is used as a needs assessment tool for training and development. Through evaluation, managers can determine what behavioral changes employees can make to improve their performance or prepare for promotions or lateral career diversification. The appraisal process is also used after the training program is completed to assess the level of learning and skill development achieved.

### **Compensation**

Compensation rewards must be based on measurable work outcomes that are perceived as fair and equitable. Job achievement rewards are very personal and can become sticky if they are at all ambiguous. Controversial or badly perceived compensation decisions can lead to conflict and erosion of morale for the individual reviewed and even among other employees.

## Transfer and Promotion

The use of the performance appraisal instrument and criteria to make transfer and promotion decisions can fail to account for the differing functions and qualifications between the various work assignments in the organization. One assignment, for example, may require close attention to detail and the other excellent interpersonal skills. The decision should be based on how effective the individual's performance is on only those current job activities that are also part of the new assignment. Performance appraisal data currently on file should be reviewed only as it relates to the duties in the new position.

## Reduction in Force — Use Sparingly

When budgetary constraints force you to release employees, performance appraisal data can help you make the tough calls. The following questions should be answered in reviewing the data:

- ✓ Where does the individual rank in compensation progression in the past few years?
- ✓ How successful has the individual been in upgrading performance through training and development?
- ✓ What other position is the individual qualified to fill?
- ✓ Where does each individual rank as compared to all other employees?

## Criteria for Appraising Performance

Performance evaluations must be based on the essential functions and qualifications required for that position, as stated in a current job description. These criteria should be stated in terms that are:

- ✓ **Measurable:** The end result desired should be identified in terms of quantity, quality, timeline or some other standardized specific measure of performance (such as writing skills at a particular level, shown by test). Professionals and managers often protest that the work they do is not measurable. You and the employee must find a way to assess it, otherwise there is no proof that the employee's contribution is at all valuable. There are definitive results, which can be identified for all work.
- ✓ **Observable:** Performance evaluations must be based on work performance witnessed and compared to accepted professional practice (job descriptions, professional codes of conduct, etc.). The use of personality traits and other non-observable qualities, such as attitude, tact, tough-mindedness, timidity, dominance, etc., are unacceptable. Actions, words, gestures and procedures with which the person being appraised can identify should be used so the individual can take the appropriate action to maintain or improve the work behaviors in question.
- ✓ **Behavioral:** Actions evaluated must be able to be changed or corrected with instruction or self-discipline. The change required should be described in clear terminology that provides a scale of behavior from unacceptable to outstanding.



When the appraisal interview is completed, both the appraiser and the employee should be able to describe desirable outcomes in terms of measurable results and/or specific observable behaviors. In addition, both individuals should understand the justification for any decisions made for compensation, lateral or vertical moves, training and development, or reduction-in-force. This does not require agreement but rather understanding of the rationale for the decision.

### Roles for Evaluations

There are distinct roles for each department when conducting evaluations:

- ✓ **Human resources** designs the performance appraisal system with the aid, input, direction and support of all levels of management; trains appraisers in how to use the instrument to evaluate their staff and how to communicate the appraisal to employees.
- ✓ **Executive directors** take the forms from human resources and distribute them as appropriate to those who report to them. These people in turn distribute the material to those who report to them. This procedure continues down the organization until all managers have the materials required to appraise their staff.
- ✓ **Managers/appraisers** appraise their staff based on the duties listed in the job description and the criteria/standards communicated to the staff at the beginning of the current appraisal period. Managers then consult with their own managers on all staff evaluations.
- ✓ **Employees** complete the same document, evaluating themselves with the same criteria used by their manager. (This helps to reduce conflict because the employee has given thought to the same appraisal criteria as his/her manager.)
- ✓ **Appraisers and employees** meet to discuss and develop a consensus on the performance over a period of time, setting new goals and training objectives for the next appraisal period. Written results are kept by both parties and forwarded to human resources, which will file and keep all reviews. Performance appraisals should be maintained as part of the employee's permanent personnel file. Because these records relate to pay they should be kept for a minimum of seven years.

### Avoiding Common Evaluation Conflicts

Several problems are inherent to the evaluation process. Below is a strategy for handling a common issue.

**Problem:** Managers see evaluations as a time-consuming exercise that takes them away from the daily demands of their jobs.

**Solution:** Conduct evaluations no more than once a year; use the same evaluation instrument and procedures to determine compensation, career planning (promotion/transfer) strategies, training and development needs, and downsizing or disciplinary terminations.

## B. Augmenting Your Review Process

- ✓ **Informal evaluations:** The formal appraisal process cannot stand alone. Evaluating and discussing performance at six-month to yearly intervals fails to correct inadequate performance at the most effective time — when the inappropriate behavior occurs. Immediate feedback is the most effective method of managing performance through coaching and counseling. Employee feedback should occur on a day-to-day basis and be integrated with coaching as part of the training and development program.
- ✓ **Audit and Review:** Periodically the appraisal process should be audited by surveying appraisers and employees on the strengths and weaknesses of the current process. Weigh the cost of designing, implementing and performing the appraisal against the payback a good evaluation could provide — reduced turnover, increased promotion/transfer from within versus outside recruiting, decreased number of grievances, lower rate of absenteeism, and fewer discrimination complaints.

# II. Designing Organizational Programs For Employee Career Development

## Introduction

More than ever, American organizations are realizing that global competition means not only competing for a share of the market, but also attracting and keeping employees. Times of relatively low unemployment are a job seeker's market. Smart organizations realize they have to offer more than a good salary, benefits and vacation time to attract and keep good employees.

Organizations are vying to be the “employer of choice.” One way to do that is to continually upgrade employee skills to keep them competitive with their peers at other organizations. One might think that enhancing employees’ skills means preparing them for jobs elsewhere. This is not necessarily true. Employees are probably more likely to be loyal to an organization that shows a personal interest in them. Today, workers expect and demand more as they change jobs and even careers throughout their lifetimes. Job security and benefits are not as important as feeling a part of an organization that offers upward career mobility and a balanced quality of life.

Therefore, organizations are offering a variety of special retention programs for their employees, such as flexible work schedules, on-site child care, employee recognition programs, on-site fitness centers, telecommuting, job sharing, casual dress policies and internal career development programs.

## Why a Career Development Program?

Career development programs within organizations are effective retention tools and are fast becoming an employee expectation. Internal career development programs may consist of any of the following: individual career counseling, where the employee explores his or her values, skills and interests; the creation of an individual development plan; ongoing training in a variety of areas such as communication, computer software, management and supervision, and technical skills; tuition reimbursement plans; courses that teach employees how to successfully interview for positions within the organization; in-depth orientation programs that inform employees about all aspects of the organization; annual performance reviews; a career information library; coaching and/or mentoring programs; and succession planning programs.

Internal career development programs are a relatively recent phenomenon. Larger corporations began to develop them in the late 1980s and early 1990s, and they are beginning to appear in smaller organizations. It would seem logical that employee morale and productivity would rise if an organization invested in the careers of its employees. After all, it is a win-win situation. The organization can link its career programs to specific organization objectives while developing its employees to meet its goals. The employees are kept abreast of changing technology, career-related skills and career decision-making or job-search techniques they can use inside or outside of the organization. Such programs tell employees that the organization values and respects them, which gives them incentive to be more productive.

Employees who do not receive personalized career development often move on to greener pastures.

## What Are the Elements of a Strong Career Development Program?

A comprehensive career development program will contain the following:

- ✓ An employee orientation program that offers detailed information about the career development program and the organization, its mission and its values.
- ✓ A training program in which managers learn how to coach employees.
- ✓ A career development center or library where employees have access to job search and labor market information.
- ✓ Access to a career counselor for individual sessions.
- ✓ A performance appraisal system where employees receive ongoing feedback.
- ✓ Career development workshops on topics such as résumé and letter writing, networking, interviewing, interest/value/skill exploration and identification, managing career burnout and goal setting.
- ✓ A job posting system where employees have access to position announcements.
- ✓ Access to organizational job descriptions so employees are aware of necessary competencies and requirements for other positions.
- ✓ A career path system so employees know what careers are available to someone with their skills and training.
- ✓ An EEO/affirmative action program to ensure fairness and diversity in the workplace.

- ✓ Internal training programs, where employees can build upon their skills and learn new ones to prepare them for promotions and to learn about the organization.
- ✓ A formal mentoring program where employees learn from others who are already in positions to which they may aspire.
- ✓ A succession plan that identifies competencies for higher positions and identifies and develops potential employees who would fit those positions.
- ✓ A tuition reimbursement program that allows employees to enroll in college or professional development courses.
- ✓ A course on how to apply to college and select a program of study.
- ✓ A program for job rotation or internal internships where employees can have on-the-job experiences working in a new setting to develop and use new skills.
- ✓ A supervisory/management development program that trains supervisors and develops potential supervisors.
- ✓ Exit interviews to ascertain why employees leave the organization.

Clearly, not every organization will be able to implement all of these elements due to staffing issues, budget constraints or employee needs. Knowing the needs of your organization and its employees will help you decide which of these elements to implement.

## Creating a Career Development Program

How do you go about creating a career development program for your organization?

- ✓ **First, decide which of the above aspects you want to include in your program.** You will want to consider such factors as staff time to develop and maintain the program and the cost of the program. (Don't forget supplies such as assessment tools, training materials, possible new staff members, books and videos about career development, tuition, etc.)
- ✓ **Next, appoint a team to create the program for your organization.** Consider your employee needs, conducting a needs assessment if necessary. If your employees are mainly high school graduates in a manufacturing or industrial setting, the career development program might consist of "soft skills" training such as communication, organizational writing and supervision skills; a plan for employee mobility up the ladder; and job rotation. If your employees are financial professionals, you would obviously have a completely different type of program focusing on continued finance and organization education, succession planning and so on.
- ✓ **Decide who will run the program.** If you cannot afford to hire a staff member to exclusively manage a career development program, decide who in your organization is best suited for this work or who is most interested. If no one on your current staff is knowledgeable in the area of career development, the National Career Development Association (NCDA, <http://www.ncda.org>) can provide you with information. NCDA and the National Occupational Information Coordinating Committee (NOICC) offer a certification and training program for professionals who want to become proficient in

the career development field. The program is called the Career Development Facilitator Project and the certification is Certified Career Development Facilitator (CCDF). The Career Development Training Institute at Oakland University developed the CCDF curriculum.

Additional information about career development can be found on these websites:

- The U. S. Department of Labor Education and Training Administration  
<http://www.doleta.gov/>
- The National Employment Counseling Association  
<http://www.geocities.com/Athens/Acropolis/6491/neca.html>
- The National Skill Standards Board  
<http://www.nssb.org/>
- The National Association of Workforce Development Professionals  
<http://www.nawdp.org/>
- The Occupational Outlook Handbook  
<http://www.bls.gov/oco/>
- The American Society for Training and Development  
<http://www.astd.org>

- ✓ **Be sure to market your program.** Employees need to see that the program is a new and important part of their organizational culture and that it will be supported as such by upper management.

## III. Retention Tactics That Work

### Drivers for Reducing Turnover

Turnover costs — particularly the need to find, hire and train new employees — are among an organization's biggest costs.

### Finding the Solution

Since employers don't have to be sold on the need to reduce turnover and enhance employee retention, why aren't more taking action? Many are, but with limited results. It seems that organizations are finding that quick fixes just don't work, and that the solutions are more about how you treat employees than about gimmicks, games and prizes. True solutions require a change in management's attitude and behavior toward employees.

## Strategies

In a Society of Human Resource Management survey on employee retention, the most widely cited reason for leaving an organization was to advance to a better job. So what makes a “better” job? In its study of 3,400 employees, the Families and Work Institute, a nonprofit center for research founded in 1989, found that employees typically cited three factors as reasons for taking their current jobs:

1. Open communications (65 percent of respondents indicating “very important”)
2. Opportunities to balance life (60 percent)
3. Meaningful work (59 percent)

In light of those results, consider the following proven techniques for encouraging employees to stay:

### Give Them a Say

Being listened to and heard by others is a sign of being respected and valued. Today’s employees want a voice — to state problems, share ideas and make suggestions. While on-site childcare and other similar programs are important to employees, more employees say they want to be respected. In a 1997 survey by Watson Wyatt, a consulting firm, employees indicated that organizations don’t listen to them — a major source of dissatisfaction. Only 36 percent indicated that their organizations actively sought workers’ opinions.

Scott Adams, author of *The Dilbert Principle*, (HarperCollins Publishers, New York, 1996) offers this reminder of how management chooses not to listen to its employees, and the impact it has on employee morale:

Here’s one that happened at an organization I worked for.... The president of the organization ignores suggestions by employees on how to improve operations. He hires a consultant to come in and make suggestions. Consultant talks to employees, gets their same suggestions, presents them to president, who says they are ‘good ideas’ and implements them.

This understandably frustrates employees.

### Hold 50/50 Meetings

Conduct breakfast or lunch meetings, or regular staff meetings. The authors of *Managing From the Heart*, (by Hyler Bracey, Jack Rosenblum, Aubrey Sanford & Roy Trueblood, the Atlanta Consulting Group, Harcourt Brace Publishing, New York, 1988) suggest “50/50” meetings, where management speaks 50 percent of the time on their goals, vision and mission, and employees have a chance to raise their own questions and issues for the remainder of the meeting.

## **Practice Management by Wandering Around (MBWA)**

Managers need to follow Tom Peters' "excellence principle" of getting out amongst employees to discuss important day-to-day issues, a practice discussed in the book *In Search of Excellence* by Thomas Peters and Robert Waterman. Consider asking such questions as "What can we do to make your job easier ... better ... to create a better experience for you?"

## **Work Side-by-Side with Employees**

"Walking a mile" in your employees' shoes teaches true compassion for the issues faced daily by employees and offers managers a chance to reduce hierarchical distinctions between management and employees.

## **Conduct Exit Interviews**

By going beyond vague reasons such as "more money" or "better opportunity" companies are able to discover the real problems. Consider phrasing the question: "You're not paying me enough to put up with ...."

## **Use Other Methods to Listen**

Try other methods to encourage your employees to express their opinions that are consistent with the organization's culture. Suggestion systems, employee task force meetings and employee committees may serve as excellent strategies for more effective listening. Be prepared to act on employee issues, however. The worst thing that management can do is to ask the questions without any intention of responding to critical issues.

## **Balance**

Balance may well become the most sought-after employer "benefit" for the 21st century. According to a Coopers & Lybrand survey, Generation Xers aren't as impressed with money as with a balanced lifestyle — the top priority the survey identified in young job seekers. Similarly, according to a poll conducted by Robert Half International, Inc., two-thirds of Americans would reduce their hours and compensation an average of 21 percent for more family or personal time.

In an 18-month-long study of more than 1,000 employees at Baxter International Inc., 42 percent of respondents indicated that they have looked for another job due to work and life situations. There is a new trend in downshifting, simple living or voluntary simplicity, with Americans questioning such seemingly entrenched values as financial security and career success. More people are redefining success, not in financial terms, but in terms of quality of life. Consider these strategies to use balance as a retention tool:

## **Acknowledge Non-Work Priorities**

Work may not be the number one priority for employees; it may not even rate number two. People have multiple needs and concerns: to support their families, financially and emotionally; to grow spiritually; to build meaningful relationships with others; and to develop other interests and hobbies. Organizations must understand and respond to their employees' need for balance. Employees develop loyalty for organizations that respect them as individuals, not just as workers.

## **Offer Work Scheduling Options**

Bob Beck of Gateway 2000 Inc., a computer manufacturer, states, "One of our goals is to be the best place on the planet to work, and we meet that goal by showing concern for both families and the community" by offering flexible schedules for meeting volunteer and family needs. Flex schedules, part-time options, job sharing, telecommuting, and phased and rehearsal retirement all offer choices to balance today's hectic demands.

## **Make It Okay to Use Work/Family Options**

Many work/family proponents suggest that organizations examine value systems and determine if it is truly acceptable to use work/family benefits. For example, if time spent at work is viewed as a key indicator of commitment, if part-time employees are seen as less committed than full-timers, or if the number of meetings attended reflects value to the organization, then organizations must truly determine if they want work/family options to be used within their culture.

## **Create a Pool of Contingent Workers**

The Travelers Insurance organization has discovered that having a pool of contingent workers has been a solution for temporary and part-time staffing needs as well as a way to offer more balance to its employees. The company recruits its contingent workers from current retirees who are interested in continuing their employment in more non-traditional terms.

## **Develop an Organizational Mission that has Meaning**

Ian Percy, in his book *Going Deep: Exploring Spirituality in Life and Leadership*, explains that it's hard for any employee to get excited about a mission that says, "We want to be the preferred supplier in our chosen marketplace," or, "Our mission is to provide the best possible service, within available resources, to every stakeholder." Each statement falls short of showing how the organization is contributing to the greater good. He goes on to say that mission statements should not be self-serving, as in "Our mission is to sell a hundred million dollars' worth of product," but rather, "By the year 2000, we will have saved an additional 150,000 human lives." Employees need to be connected with a purpose — something bigger and better than them.



### **Foster Pride/Ownership in One's Job**

Barbara Glanz, in her book *CARE Packages for the Workplace — Dozens of Little Things You Can Do to Regenerate Spirit at Work*, encourages organizations to let employees “sign” their work. She tells a remarkable story of how one bagger at a grocery store began to “sign” his work with a “thought for the day.” He dropped this message into each customer’s bag. Not only did this activity generate strong stakeholder interest in this employee (customers stood in his line to receive the “thought for the day”), but also this enthusiasm spread throughout the entire store, generating spirit and commitment among employees.

### **Give Back to the Community**

According to the April 1997 *HR Magazine*, (“Operations that Build Smiles, Confidence, Skills and Community Goodwill,” by Martha Finney), organizations are finding that a strong volunteerism program can be a bonus for both recruiting and retaining employees. For example, candidates considering a corporation as a future employer view its work in the community as a factor in their decision to apply for or accept a job.

Retaining employees may be the top priority for employers today, yet it is no easy issue to address. When manager behaviors and attitudes change to respond to the importance of voice, balance and meaningful work, employees will find that they no longer have to look for greener pastures — they are experiencing the best that organizations can offer: a place where they are valued and respected as not just workers, but also as fellow human beings.

## **IV. Recruiting Your Entry-Level Workforce**

The days of simply running an ad in the local paper to find entry-level talent are gone. Organizations need to be much more creative today. This recruitment effort need not be expensive. In fact, one of the best sources of labor is usually free. Government agencies can be a valuable source of labor. Often nonprofit or government agencies train their clients or beneficiaries, even set them up with mentors so they’re likely to come to you with solid work skills and support.

Running your own training program can be another good way to save money and hire the best employees. During training you can handpick candidates who will help you meet your needs.

Offering your own training program and hiring those on public assistance can be a money-saver. Many charitable organizations, grateful for the training you provide, will offer you discounts to hire their members. The government also offers incentives.

## V. Exit Interviews

Exit interviews represent a prime opportunity to gain candid information on employment conditions within your organization. Such debriefings can provide objective feedback on the conditions or patterns of management behavior that may have contributed to an employee's decision to leave.

### What Is an Exit Interview?

Normally it is an interview conducted at the time an employee is terminating employment with an organization, but it may also be done upon an employee's internal transfer. Some organizations have chosen to conduct the interview at some later date following the termination in the hope of gaining additional information without employee concern of retribution in some way by the employer.

### What Is the Purpose of Such an Interview?

Much like any employee opinion survey, exit interviews are a prime opportunity to gain candid information on employment conditions within your organization. By so doing the organization can then identify consensual views on specific conditions or patterns of management behavior which may have contributed to employees' decisions to leave.

### What Should Be Asked in an Exit Interview?

The exit interview should focus on what is most important to the needs of your organization. Also, basic separation information can be beneficial in understanding why employees are leaving. Questions (open-ended) should focus on:

- ✓ Initial selection practices
- ✓ The degree to which the job met the employee's expectations
- ✓ Benefits
- ✓ Training

- ✓ Advancement opportunities
- ✓ Supervision
- ✓ Organization culture
- ✓ Pay
- ✓ Other positive and negative features of the organization

Remember that the most common reason for employees leaving, as shown through surveys, is that of lack of recognition. Employees leaving for “a better career opportunity” may need some careful and persuasive coaxing before revealing just what prompted them to start looking in the first place. It is essential that you seek out the REAL reason your employees are leaving.

Keep an open mind about the answers you get. Put them into perspective. What the employee perceives is what reality was at your organization for that individual and maybe the same for others.

### Should Interviews Be Conducted on Voluntary or Involuntary Terminations?

Both. By conducting exit interviews you are taking a proactive approach to managing your organization’s human resources. Also, isn’t it in your organization’s best interest to learn of an employee’s disparate treatment on the job before you get a visit from his or her lawyer or the EEOC? Maybe you will be able to “save” the employee or at least address whatever issues you uncover.

### Who Should Conduct the Interview?

To gain the employee’s confidence and get the most candid answers, it is best to have a neutral party conduct the interview. This usually means someone not involved with the day-to-day supervision of the employee or someone not in a direct line of authority to the supervisor. In many organizations, this is a person in the human resources department. A word of caution here — ensure the employee conducting the interview is perceived by the terminating employee as someone who will be able to take seriously the information provided. Of course, this individual must also have good listening and interviewing skills and be able to use good judgment in evaluating and following up on the answers provided.

### How Does Confidentiality Fit into the Interview Process?

If you want to obtain factual and candid information, confidentiality or at least anonymity is important. The terminating employee must be made to feel that he or she will not be harmed or retaliated against for the information provided. Explaining to the terminating employee that his or her remarks will only be used as part of a general consensus and that no employee will be identified by name will help reassure the employee.

## How Should this Information Be Used?

The information may be used to help you identify areas of concern in employment conditions within your organization. What trends do you see coming from the exit interviews such as poor supervision in an area or inadequate health insurance benefits? Are you losing your best employees because your salary practices have not kept up with the marketplace in your region? Additionally and as stated earlier, good exit interview practices may just help you avoid costly legal action by a disgruntled employee.

## Summary

An exit interview is just one tool which management has to test the temperature of the organization. It is a valuable tool because it generally comes with a great deal of objectivity attached. Even embittered employees leaving the organization can offer insights not as readily gleaned from continuing employees.

As in a job interview the best information is gained in an exit interview when the individual concerned is put at ease. A hastily conducted interview can result in valuable information being overlooked. Treating a departing employee like a nuisance to be processed with the minimum amount of fuss and attention will probably lead to little information of value being unearthed. You would be better off not conducting the interview.

Finally, never forego the opportunity to present the organization in the best possible light. An employee on the way out the door who is treated with intelligence and courtesy is far more likely to retain favorable impressions of the organization — and may even seek to return at some future date.

## Sample Exit Interview Questionnaire

We would appreciate your taking the time to answer the following questions as honestly as possible. Your individual responses are treated as confidential and will not become part of your personnel file.

We believe that the information is of vital importance and will assist in analyzing the factors attributing to turnover. Thank you for your cooperation.

Name: \_\_\_\_\_

Employment Date: \_\_\_\_\_

Manager: \_\_\_\_\_

Termination Date: \_\_\_\_\_

Department: \_\_\_\_\_

Office: \_\_\_\_\_

What type of work did you do? \_\_\_\_\_

\_\_\_\_\_

What prompted you to seek alternative employment?

- Type of work    Quality of supervision    Compensation    Work conditions  
 Lack of recognition    Family circumstances    Self-employment  
 Health reasons    Career opportunity (Please describe) \_\_\_\_\_  
 Other (Please specify) \_\_\_\_\_

Before making your decision to leave, did you investigate the possibility of a transfer?    Yes    No

If "yes," what options were offered? \_\_\_\_\_

\_\_\_\_\_

What did you think of your supervision in regard to the following?

Item	Almost Always	Sometimes	Never
Demonstrated fair and equal treatment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____			
Provided recognition on the job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____			
Developed cooperation and teamwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____			

Item	Almost Always	Sometimes	Never	
Encouraged/listened to suggestions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Comments: _____				
Resolved complaints and problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Comments: _____				
Followed policies and practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Comments: _____				
How would you rate the following in relation to your job?				
Item	Excellent	Good	Fair	Poor
Cooperation within your department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Cooperation with other departments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Communication in your department	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Communication within the organization as a whole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Communication between you and your manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
The training you received	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Potential for career growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				
Opportunity for advancement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____				

Was your workload usually:

- Too great    Varied, but all right    About right    Too light

Comments: \_\_\_\_\_

How did you feel about your salary and the employee benefits provided by the organization?

<b>Item</b>	<b>Excellent</b>	<b>Good</b>	<b>Fair</b>	<b>Poor</b>
Base salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:	_____			
Medical/Dental Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:	_____			
STD/LTD Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:	_____			
Vacations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:	_____			

Are there any other benefits you feel should have been offered?    Yes    No

If "Yes," what? \_\_\_\_\_

Any other comments on benefits? \_\_\_\_\_

How frequently did you get feedback and/or performance reviews?

What were your feelings about them? \_\_\_\_\_

\_\_\_\_\_

How frequently did you have discussions with your manager about your career goals? \_\_\_\_\_

\_\_\_\_\_

What did you like most about your job and or the organization? \_\_\_\_\_

\_\_\_\_\_

What did you like least about your job and or the organization? \_\_\_\_\_

\_\_\_\_\_

What does your new job offer that your job with us does not? \_\_\_\_\_

\_\_\_\_\_

Would you recommend working at this organization to a friend?

Yes, without reservations    Yes, with reservations    No

Additional comments about your job or the organization: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## Post-training Assessment

The following answers to the Pre-training Assessment given at the beginning of the workshop are designed to provide a brief recapitulation of the material that has been presented in this workshop.

### Post-training Assessment

1.  **True**  **False** A benefit is a form of indirect compensation designed to provide employees added protection.
2.  **True**  **False** Compensation can refer to both benefits and pay and typically refers to pay in some form provided for services rendered.
3.  **True**  **False** A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.
4.  **True**  **False** An organization is a group of people brought together to achieve a specific purpose.
5.  **True**  **False** Values are core principles and beliefs of the organization and provide a benchmark for guiding the behavior of all members of the organization.
6.  **True**  **False** The Family and Medical Leave Act requires employers to pay for 12 weeks of leave.
7.  **True**  **False** Performance appraisals are not used for training and development.
8.  **True**  **False** Organizational structure can be defined as the formal inter-relating of individuals and groupings in allocation of tasks, responsibilities, and authority to achieve the goals of the organization.
9.  **True**  **False** Job descriptions are written documents composed in plain, clear language that outline a position's essential functions and specific duties, responsibilities and/or other critical features, such as knowledge, skills and abilities (KSAs) and working conditions.
10.  **True**  **False** Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether stated or not, that define for everyone what is important.

# APPENDIX A

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## Glossary

**Benefits:** A benefit is a form of indirect compensation designed to provide employees added protection, promote goodwill and reward employment. It usually takes a form other than money.

**Compensation:** Can refer to both benefits and pay. Typically, refers to pay in some form provided for services rendered. The forms of pay delivery vary by type and level of position in the organization, e.g., hourly vs. salaried.

**Culture:** Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether stated or not, that define for everyone what is important and how the activities of the organization should be conducted. Every organization has specific behaviors and standards of conduct.

**Diversity:** The condition of being different. Applied to organizations it represents the different ways each one of us thinks, works and acts when presented with the same set of circumstances.

**Exit interview:** An interview generally conducted at the time an employee is terminating employment with an organization. Questions are directed at employee's opinions about the organization and specifically why they are leaving.

**Mission:** A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose.

**Organization:** A group of people brought together to achieve a specific purpose (mission).

**Organizational structure:** The formal interrelating of individuals and groupings in allocation of tasks, responsibilities and authority to achieve the goals of an organization.

**Stakeholder:** A term of art in the nonprofit field that attempts to capture the many players involved — community, employees, providers, etc.

**Stop-loss insurance:** A type of insurance purchased through a carrier for covering liabilities above specific limits either for a specific claim or all claims — aggregate for the policy period.

**Structured interviewing:** A type of interviewing that uses a pre-planned agenda. The interviewer knows ahead of time what he/she will ask the applicant and tries to stick to the pre-planned questions. The same questions are asked of each applicant interviewed.

**Variable Pay:** The key distinction of this lump-sum, non-base, cash compensation program is that it is intended to reward or compensate current-year achievements valued above and beyond that expected for individuals or teams at their current job level and base salary, and to do so without increasing base salary.

**Values:** Core principles and beliefs of the organization, they provide a benchmark for guiding the behavior of all members of the organization.

# APPENDIX B

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## Frequently Asked Questions

### 1. What is a mission?

A mission statement reflects the essence of an organization's intent and tells when, where and how it will fulfill its purpose. Since the mission statement is specific with regard to its purpose, it can serve as a guide to planning and implementation and to allocation of resources. Strategic goals are even more specific, laying out some limited number of goals (perhaps 3–5) that are considered important to accomplish the mission of the organization.

### 2. What is culture?

Culture is the less tangible, more subjective side of the organization comprised of shared values and beliefs, whether stated or not, that define what is important and how the organization should be conducted. Every organization has specific behaviors and standards of conduct, if only by default.

### 3. What are values?

Values define core principles of the organization and provide a benchmark for guiding the behavior of all members of the organization. Some organizations develop statements of core values or go further and develop a specific code of conduct.

### 4. What is the definition of organization structure?

"Organization structure" can be defined as the formal interrelating of individuals and groupings in allocation of tasks, responsibilities and authority to achieve the goals of the organization.

## 5. What are the different types of organization structures?

**Functional Organization Structures:** This is the most common form for organizations. The organization forms departments of marketing, community relations, accounting, human resources, etc. Each department has a separate function and specializes in that and only that area. Management from above must centrally coordinate the different specialized departments. It is a hierarchical, usually vertically integrated organizational structure. It emphasizes standardization in organization and processes from specialized employees in relatively narrow jobs. Decisions are usually made at the centralized top of the organization.

**Product Organization Structures:** This form is often used after a functional one ceases to be effective. As the organization sees a need to develop new products and services, it may change to a product organization structure. Each product or group of products becomes a separate division or cost center. Each division often has its own research and development, marketing, and other units, which could be helping each other but under this structure do not. In fact, the divisions may be competing against themselves for the same customers.

**Matrix/Project Organization Structures:** Matrix organization structures are a combination of the functional and product organization structures. They have grown out of project structures where teams of employees from different functions formed teams to work on a project until it was completed; then they reverted to their own functions again. Each of the functions is woven into each of the products (or product lines). Organization decisions are usually made at the project leader as well as the top organizational and top function levels. This type of organization requires much in communication skills and adaptability of employees.

**Boundary-less Organization Structures:** To deal with change more quickly than even matrix organization structures can, boundary-less or network organizations have come into existence. This type of structure did not even exist a decade ago. It is an organization where typical barriers and organization boxes are eliminated and inside and outside organization units are connected in effectual and changeable ways. Internal organization barriers between employees (e.g., departments are replaced by teams) and external barriers (e.g., the organization and suppliers work closely together as if all are parts of one organization) are eliminated. This is often more of a theoretical and conceptual goal than an actual organization practice.

**Modular Organizations/Networks/Clusters:** Modular organizations have a core or central hub that coordinates the outside networks of suppliers or specialists that provide parts of the whole product or service. The network parts can be owned by the core organization or be outsourced organizations. The networks are added or subtracted as the need for their services ebbs and flows or changes.

**Virtual Organizations/Partnerships/Alliances:** Where modular organizations were relatively permanent interrelationships among organizations brought together to build products or provide services, virtual organizations are much more temporary. They form a temporary liaison to achieve a goal and when the goal is achieved, they disband. Professional organizations band together to get a law passed. Virtual organizations have less control over the parts of their organization.

**Cellular Organizations:** Some see an organization structured like living cells — able to live alone but also able to join other cells to make higher-order entities in synergistic ways. The employees are in a free-floating cell with minimal rules and constant regeneration (learning) to adapt to the environment. They are free to attach to other cells or units in mutually advantageous ways. All individuals and cells are self-organizing, entrepreneurial, continually learning and improving, and seen as being owned by their employees. They spontaneously connect with others through conferences, electronic mail and other devices to share new knowledge and explore new opportunities. New alliances and relationships are constantly formed both upstream and downstream of the technology, the product and the service.

## 6. What is diversity?

The condition of being different. Differences are based on such things as age, sex, culture, even the way we think, work and act in different ways when presented with the same set of circumstances.

## 7. What are the different interviewing styles?

**Structured interviewing:** Approaching the interview with a pre-planned agenda. The interviewer knows ahead of time what he/she will ask the applicant and tries to stick to the agenda. Some interviewers will ask the questions in order while others will take a more relaxed approach but still be sure to address all of the pre-planned questions. This type of interviewing style generally provides the interviewer with the information needed to make the hiring decision. It is also important as a defense against discrimination in hiring and selection, because all applicants are asked the same questions.

**Unstructured interview:** The interviewer does not have a prepared agenda, but rather allows the applicant to set the pace of the interview. This style of interviewing does not always provide the interviewer with the necessary information. In addition, the lack of structure makes it difficult to compare and rank applicants because they are not responding to the same questions.

**Panel interview:** More than one person interviews the applicant. Generally, the interviewers take turns asking questions. Panel interviews can be either structured or unstructured.

## 8. What are job descriptions?

Job descriptions are written documents, composed in plain, clear language, that describe a position's essential job functions and the specific duties, responsibilities and/or other critical features, such as knowledge, skills and abilities (KSAs) and working conditions. They may be specific and detailed or generic and general.

## 9. What is a benefit?

A benefit is a form of indirect compensation designed to provide employees added protection, promote goodwill and reward employment. It usually takes a form other than money. Benefits are typically extended to employees as well as their immediate family members.

## 10. What are mandated benefits?

A number of benefits are required by law to be provided to employees by their employers. There are currently four main categories of benefits required by either federal or state legislation:

- ✓ Social Security/Medicare
- ✓ Unemployment Insurance
- ✓ Worker's Compensation (although this is not mandated by all states)
- ✓ Family and Medical Leave (there are also additional states leave mandates — please check with the specific state(s) where the organization operates)

Some states also mandate short-term disability benefits.

## 11. What are the requirements under the Family and Medical Leave Act (FMLA)?

The FMLA allows eligible employees to take up to 12 weeks of unpaid leave during any 12-month period (the employer designates which fixed or rolling 12-month period it will use) for qualifying reasons. A covered employer is one with 50 or more employees (full or part-time) within a 75-mile radius in the United States. It applies to private employers, nonprofit organizations and government entities, including Congress. An eligible employee is one who has worked for the employer at least 12 months and 1,250 hours before the leave will begin. Qualifying reasons include: 1) birth, adoption or foster-care placement of a child in the employee's home; 2) the serious health condition of a spouse, child or parent; or 3) the serious health condition of the employee.

## 12. What are the requirements of the Health Insurance Portability and Accountability Act (HIPAA)?

HIPAA provides better access to health insurance coverage for workers who change jobs or lose jobs. HIPAA applies to group health plans maintained by employers with two or more current employees. Church plans electing to be covered by ERISA and self-insured plans are covered. Plans maintained by the federal government are exempt.

### **13. What is a health maintenance organization (HMO)?**

The HMO is a specific type of health plan that provides a complete set of services and typically requires treatment at a designated facility and/or with participating network physicians. A primary care physician (PCP) directs care, and a strong emphasis is placed on healthy living and preventive care. For specialty care, a referral by the PCP to a specialist is required for services to be covered by the plan. Out-of-pocket expenses include co-pays and deductibles, which may vary according to plan design. Typically, there are penalties or no coverage for services provided by out-of-network providers or when care is provided that was not directed by the PCP.

### **14. What is a preferred provider organization (PPO)?**

In a PPO plan, participating members choose a physician from a directory of preferred providers with which the insurer or third-party administrator has contracted. This panel of physicians is typically broader than that of an HMO plan. Some PPO plans require the selection of a PCP. Out-of-pocket costs include co-pays, deductibles, and co-insurance.

### **15. What are Section 125 plans?**

The term "Section 125" comes from Section 125 of the Internal Revenue Code, which has provisions that allow organizations to deduct certain employee-paid benefits through pre-tax payroll deductions. An organization can expand their Section 125 coverage from just the pre-tax payroll deductions to flexible spending plans (medical reimbursement and dependent care reimbursement, which are covered under Section 129 of the IRS code) to a full cafeteria plan.

### **16. What are the elements of good employee relations?**

Some managers believe that employee appreciation initiatives are the foundation of their employee relations program. The essence of employee relations is an ongoing, relationship-building process. It takes time, talent and effort to build. Employee relations involve employee and supervisor/manager relationships. Some ingredients that are involved in employee relations are communication, trust, ethics, morals, fairness, feelings, beliefs, expectations, conflict resolution, career counseling, career development, leadership and many other intangibles.

### **17. What are the objectives for performance appraisal?**

Performance appraisal is used for at least three purposes in the organization. These purposes are training and development, compensation, and transfer and promotion. Reduction in force is a fourth, but should only be used in times of economic stress of the organization.



## **18. Why should organizations employ career development programs?**

Career development programs within organizations are effective retention tools and are fast becoming an employee expectation. Internal career development programs may consist of any of the following: individual career counseling, where the employee explores his or her values, skills and interests; the creation of an individual development plan; ongoing training in a variety of areas such as communication, computer software, management and supervision, and technical skills; tuition reimbursement plans; courses that teach employees how to successfully interview for positions within the organization; in-depth orientation programs that inform employees about all aspects of the organization; annual performance reviews; a career information library; coaching and/or mentoring programs; and succession planning programs.

## **19. What is an exit interview?**

An exit interview is an interview conducted at the time an employee is terminating employment with an organization, but it may also be done upon an employee's internal transfer (from one department to another area in the organization). Some organizations have chosen to conduct the interview at some later date following the termination in the hope of gaining additional information without concern by the employee of retribution.

# APPENDIX C

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