1994

Human resources: Management series

American Institute of Certified Public Accountants. Management of an Accounting Practice
Committee

MANAGEMENT SERIES

Human Resources

NOTICE TO READERS

MANAGEMENT SERIES

Cop. 3

Human Resources

Issued by the Management of an
Accounting Practice Committee

American Institute of
Certified Public Accountants

Foreword

This booklet is one of a series on management concepts and skills issued by the Management of an Accounting Practice Committee of the American Institute of Certified Public Accountants. Written for CPA firms' clients, these booklets are easy to read and have a practical emphasis throughout. They provide today's managers with a short course in management techniques that are used to operate successful businesses.

  A portion of chapter 7 is adapted from the AICPA *Management of an Accounting Practice Handbook.* For further reference, a list of relevant books and articles is included in appendix B.

Acknowledgments

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Chapter 1

Introduction

Managing people is a challenge that is greater than ever before in the face of developments such as rapidly evolving technology, global competition, demographic shifts, and growing education and training requirements.

In this environment of rapid change, people are an organization's main asset. The organization's economic success or failure largely depends on how well this asset is managed.

After you have spent time and money acquiring and developing your employees, you should monitor your investment. Is staff turnover high for a particular category of employees? Is it higher than it was last year? Are people under- or overskilled for their jobs? Does your business rely on technical expertise? Are staff members developing skills, which will enable them to cover for each other during vacations and sick leave?

Typically, we measure the value of employees in terms of their cost, which does not address any of these questions. Nevertheless, most managers do intuitively address them. Some organizations go a step further, actually assessing a key individual's value to the business in order to assess the appropriateness of his or her salary. In any case, you should determine whether you have all the information you need and whether you are using it to assess the risk of your investment in personnel.

Note that the laws cited in this handbook are federal. Readers should be aware that state and city laws may exist that give additional protection. Therefore, this handbook on human resource management is not meant to be exhaustive, but it does provide a framework for controlling problems and identifying opportunities.

Chapter 2

Organizational Management

In today's turbulent business climate, a clearly identified human resources strategy for managing change and fostering commitment is needed to maintain a competitive edge.

MANAGING CHANGE

Successful organizations rarely stay static; neither do they change for change's sake. Change, if inadequately handled, can be unsettling, but if properly planned and implemented through effective communication, change can offer stimulation and opportunity.

To plan for change, you must anticipate the future marketplace and the demands it will place on your organization. To better envision the future, solicit planning input from every level of the organization—top management, the shop floor, the sales force, and technical support and administrative staff.

Once you have analyzed the input regarding future opportunities for competitive advantage, senior management should issue a clear mission statement, identifying what your company wants to be and what it wants to achieve. An ambitious mission can be accomplished only when—

1. Top management knows what contributions from its employees will be critical to its future success.

2. The policies and practices that affect the employees benefit the organization and the individual.

3. Managers' everyday actions and decisions support the organization's longer-term aims for its employees.

4. Top management sets a good example.

5. Personnel management within the organization contributes to strategy as well as to its implementation.

6. Education, training, and personnel policies reflect long-term investment in employees.

To pursue your mission, the chief executive and senior management must have not only the competence to set effective directions for the business, but also the ability to develop employees who are capable of making their own creative contributions in pursuit of organizational goals.

FOSTERING COMMITMENT

Many consider the fostering of employee commitment to be a vital strategic component of today's business environment, one that goes hand-in-hand with an organization's competence and capacity for change. To be committed to an organization, employees should individually and collectively—

• Have a sense of belonging to the organization— brought about by being kept informed, by being involved, and by sharing in its successes.

• Have a sense of excitement about their work— brought about through the creation of pride, trust, and accountability, and through the recognition of results.

• Have confidence in management's leadership— brought about through management's exertion of authority and display of dedication and competence.

ORGANIZATIONAL DESIGN

Availability of Resources

Besides reflecting short-, medium-, and long-term objectives, an organization's structure should reflect the skills and other resources that are, or will be, available. Never assume continuous availability of resources. Consider demographic shifts, training requirements, and other rapidly changing variables. Prepare alternative plans with best- and worst-case scenarios.

Simplicity and Flexibility

An organization's design should be simple and flexible. Lines of authority and accountability must be clear, with the smallest possible number of levels of authority whenever possible. Clearly define each job's limits of authority, and ensure that each individual clearly understands job duties and responsibilities.

Give each employee only one supervising manager. One person can effectively supervise a limited number of subordinates, depending on the people involved and on competing activities and relationships. The traditional "span of control" is six to eight subordinates.

Decentralization

An organization's strategic needs (both short- and long-term) dictate whether it adopts a centralized/functional pattern, such as finance, sales, and production, or integrates these elements into a decentralized structure based on profit centers. It may even be appropriate to switch from one approach to another and back again.

View a large organization as a consortium of smaller organizations, groups, or teams wherever feasible. This enables you to assess or maximize the specific needs, abilities, expectations, and capacities of constituent groups separately, simplifying your overall evaluation.

Chapter 3

Recruiting and Selecting Employees

If you are involved in making capital investment decisions, you appreciate the need for careful investment analysis. Investing in people requires the same degree of planning, consideration, and justification. Every decision made in the hiring process is critical, regardless of the level or the perceived importance of the job. Consideration of need, recruitment methods, selection criteria and process, and offer making are equally important. They are all opportunities to reduce the cost and probability of failure, thereby improving the chance for success. If any of these elements receives inadequate attention, the risk of failure, and subsequent business problems, increases.

BEFORE YOU START RECRUITING

Recruiting is very expensive; careful planning can save time and money. The following are items to consider before you start the process.

1. *Think about your needs.* What is the job's real justification? Could the business get by without it? Does the output justify the cost? Could a machine or an outside contractor do the job more cost effectively? Will the job still exist in the relatively near future?

2. *Write a job description.* Include a concise description of tasks, responsibilities, and essential functions, along with the expected results or contributions and the name of the worker's supervisor. If a job description exists, review it—do not assume nothing has changed.

3. *Evaluate the pros and cons.* Consider the alternatives to full-time employment, including

temporary employees, permanent part-timers, or job-sharing.

4. *Consider inside possibilities.* Would the job offer developmental or promotional opportunities to current employees? How could you bring this to their attention? Don't overlook excellent employees who might be leaving soon or who have left recently.

5. *Study the labor market.* Do not assume the job will be easy to fill because of high unemployment. Think about your needs for the future. Despite current high unemployment, fewer graduates will be available during the next decade. At the same time, the number of working women continues to grow. How will these issues affect you, and how should you prepare? Do you want to fill the job or make a long-term investment? Is it the right investment?

6. *Know your needs.* It is very important to understand what you are looking for. List essential and desirable experience, qualifications, and salary range. Be demanding but realistic.

7. *Research opportunities and obligations.* Take advantage of federal or local programs, or grant moneys that support the employment of minorities, people with disabilities, and students. Also, consider any legal obligations you may have to affirmative action, particularly if you are a government contractor.

FINDING THE RIGHT CANDIDATE

Consider all recruiting sources and carefully choose the most appropriate.

Advertising

Perhaps the most obvious, but not always the most appropriate, method is advertising. A possible drawback is that someone must screen the responses, which is time-consuming and often ineffective. If you decide to write your own advertisement, start by thinking about the job and its appeal to prospective candidates; do not just copy other advertisements. Consult one of the many books on creating effective advertisements.

Employment Agencies

Some agencies are very good; others are not. Request recommendations from people you trust. Agencies can be particularly useful in finding administrative and some technical personnel. Check the terms of business: Who pays the fee and under what circumstances? How is the fee calculated? Is it a contingent fee or is a retainer required? Despite hefty fees, an agency that listens carefully and sends only thoroughly screened and appropriate candidates will save you time and money.

Executive Search Firms (Headhunters)

Executive search firms are most useful for very senior assignments and where discretion is important. They may have suitable candidates on file, or they may need to advertise (at your expense). Searches are usually more concentrated and individualized than those of agencies. Ask about terms of business and fees, which are usually substantial. If this is your best option, work to establish a long-term relationship with an individual who is competent and trustworthy. There are also an increasing number of executive temp agencies that provide highly qualified professionals for work on a project-by-project basis.

Friends and Family

A useful source of candidates is friends and family of employees. However, an organization must be careful not to discriminate in their favor.

Current Employees

Current employees often know of good candidates. Some organizations even offer them bonuses for referrals.

Former Employees

Because former and retired employees are known quantities, you might consider inviting them back. If they are not interested, they may be able to recommend others.

Schools

To pursue recent graduates, you should develop useful relationships with career counselors or attend conventions and job fairs.

Unsolicited Applications

Walk-in applicants may be a quick and inexpensive source of candidates. Respond promptly to all applications. State that unsolicited applications will be kept on file no longer than ninety days, which protects your organization from potential discrimination claims during future job searches. Keep the process simple and correspondence to a minimum.

THE DECISION TO HIRE

Done well, hiring is costly, but the cost of bad decisions can be exorbitant. Carefully consider your selection methods and the people who should be involved. Make sure they are aware of their responsibilities and the limits of their authority.

When you find a promising candidate, call to set up an interview. Give your name and title, and send the person relevant information about the job and the organization. If you have never conducted an interview before, prepare yourself by consulting a guide and/or obtaining outside training. Though interviews are essentially simple discussions, they are frequently mishandled. It is possible to spend thousands of dollars on advertising and lose the best candidate because the interviewer failed to sell the job during the interview.

While an interview can help you assess the candidate in terms of job specifications, don't use it simply to deliver a series of rigid questions. Create an open discussion, giving the candidate an opportunity to question you. Let the candidate do most of the talking. You will not find out much if you dominate the conversation!

Though the one-on-one interview is fairly standard, selection tests can be worthwhile to check a specific ability. If used, selection tests must be

statistically valid, strictly controlled, administered by qualified users, and limited to testing a function of the particular job (for example, a typing test for a secretarial job).

If there are delays in the process, stay in touch with the candidate until you decide whether he or she is right for you. At that point, inform the candidate of your decision.

If sending the candidate a rejection letter, never include a reference to possible later consideration. Such a statement could make you vulnerable to a future discrimination claim.

If making the job offer, start and end the offer warmly, ask for a decision, and mention any contingencies, such as references or a medical examination.

Contractual agreements, if appropriate, usually document or make reference to the following:

1. Whether the employment is at-will or for a fixed term
2. Names of employee and employer
3. Date when employment begins
4. Salary and when it is paid
5. Work hours
6. Entitlement to paid holidays
7. Compensation for disability or illness
8. Pension plans
9. Amount of termination notice expected of either party
10. Job title
11. Any applicable disciplinary rules
12. Grievance procedures

A WARNING ABOUT DISCRIMINATION

It is unlawful to discriminate on the grounds of age, sex, marital status, race, religion, ethnic or national origin, union activity, or disability. Here are some practical suggestions to avoid any appearance of discrimination.

- *Job advertisements.* Make sure your ads say you are an "equal opportunity employer." Avoid sexist language or language referring to age. Ensure that illustrations are not biased.

- *Informal recruiting.* Don't rely exclusively on the grapevine, particularly when your employees tend to be primarily of one sex or racial group.

- *Employment agencies.* Don't put pressure, real or perceived, on the agency to discriminate.

- *Selection.* Don't allow the pre-selection of candidates on discriminatory grounds. Check your application to be sure it does not ask questions directly or indirectly about age, sex, marital status, race, religion, ethnic or national origin, or disabilities. Treat and process all candidates in the same way. Keep notes of your reasons for selecting or rejecting a candidate. Don't say that the job is filled if it isn't. Don't give reasons for a rejection other than that the person thought best for the job was selected.

The Americans With Disabilities Act

According to the Americans with Disabilities Act (ADA), a disability is a physical or mental impairment that "substantially limits one or more of the major life activities of the individual," such as self-care, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning—and working. This definition includes AIDS and other debilitating diseases.

The U.S. government spends million of dollars each year in subsidies to people with disabilities, many of whom are unemployed. Statistics suggest that more than 80 percent of them would rather be gainfully employed. By passing the ADA, Congress recognized society's tendency to isolate and segregate disabled individuals, and provided them with legal recourse. *Whether your organization is small or large, the ADA affects you.*

Very generally, the ADA prohibits employers from discriminating against any "qualified individual with a disability" on the basis of that disability; if *reasonable accommodation* would enable the individual to do the job without imposing an *undue hardship* on you, you must provide that accommodation. The ADA further provides aggrieved persons with the same remedies afforded victims of employment discrimination under Title VII of the Civil Rights Act of 1964. If you have 25 or more employees, you were required to comply with the act by July 26, 1992; if you have 15 to 25

employees, compliance is required by July 26, 1994. Even if you have fewer than 15 employees, you must make certain accommodations.

An undue hardship is one that is excessively costly, substantial, or disruptive. *Reasonable accommodation* includes making facilities accessible, including acquiring equipment. Obviously, these definitions are subject to interpretation, but the burden of proof rests on the employer.

Complying with the ADA need not be costly. According to the President's Committee on Employment of People with Disabilities, 69 percent of the accommodations suggested by the Job Accommodation Network cost less than $500, and more than half of them cost less than $50. Tax credits and deductions are available in many instances to help defray some of the costs of complying with the ADA.

Job restructuring and modification of work schedules are other ways to accommodate individuals with disabilities. For example, say that three people (one of whom is deaf) complete spreadsheets 90 percent of the time and answer phones 10 percent of the time. To accommodate the deaf individual, the other employees could trade some spreadsheet work for phone duty. Or a multiple sclerosis sufferer might be allowed to commute during off-peak hours to avoid the rush-hour crush.

It is illegal to directly or indirectly ask about medical history or disability. The only question to ask is "Do you have the ability to do the essential functions of the job for which you are applying?" You must judge candidates solely on their credentials and ability to perform specific jobs. Any questions regarding ability to perform tasks must be extremely specific and relevant. You may make employment contingent on a medical examination only if that is a universal requirement in your organization.

The following are some suggestions on how to comply—

- Carefully train those who are involved in the hiring process. They should clearly understand which questions they can ask. Warn them against making any written notes about disabilities.
- Review written job descriptions. Ideally, you should separate essential tasks from marginal ones. The ADA relies heavily on these descriptions when judging compliance. If you have them, you will be held to them.
- Separate medical records from employee personnel files.
- Review employment applications and other company literature for discriminatory language.
- Identify structural adaptations in your office that would increase accessibility. Whenever possible, structure leases so that the responsibility for compliance with the ADA lies with the landlord.
- Consult people with disabilities. Ask a wheelchair-bound individual to survey your office. Make it clear that you are making a good-faith effort to be as accommodating as possible. Encourage people to complain directly to you before they seek legal recourse. Post a notice on ADA compliance.

The cost of violating the ADA can be significant. The Equal Employment Opportunity Commission (EEOC) or designated state human rights agencies can order hiring, back pay, reinstatement, or other forms of equitable relief. A victim of discrimination is entitled to a jury trial and up to $300,000 in compensatory damages, plus legal fees.

The ADA is extremely complex; its provisions are only broadly outlined in this section. We encourage you to consult the list of additional readings in appendix A, and to consult legal counsel for specific advice and guidance.

Developing Employees

After you invest, you must maintain your asset, keeping it up-to-date and in good working order. Similarly, an organization must maintain and develop the human resources acquired by hiring. To do so effectively requires—

1. The ability to motivate individuals, in addition to a pleasant, congenial working atmosphere.

2. Openness to change—in particular, continual offers of training.

3. Accountability through performance assessment and reward.

4. Open communication with employees and other stakeholders (that is, those with an interest in the organization's performance).

MOTIVATION

People are motivated by many things. Managers must be able to recognize and support the specific factors that motivate their teams.

Self-expression

More than ever, people expect work to allow them self-expression. For some, this means doing work they consider worthwhile—work that is personally satisfying or that provides an opportunity to contribute to society. It can also mean that employees feel less loyal to their employer and more loyal to individuals and colleagues.

Social Relationships and a Pleasant Work Environment

An employee wants to enjoy work, to work in a pleasant environment, and to have social relationships with a small group—perhaps a department or shift. In general, it is difficult to identify with a large, amorphous organization. Therefore, keep up-to-date with your employees; find out and show interest in what motivates each one.

Information

It is vital to communicate objectives and progress. Commitment to the organization is less likely when the headquarters or boss is remote—not just physically, but in terms of communication. People must know where they fit into the organization and what their contributions should be. They also want assessments of their work; some want to be compared with others, while others simply want to know whether they are improving. Give encouragement and immediate recognition of a job well done. Be specific. People generally find comments easier to accept, and their own performance easier to repeat, when praise is clear and focused. When offering criticism, explain why there's a problem, make a plan for improvement, and end on a positive note by consigning the mistake to the past.

Joint Responsibility

People accept added responsibility more readily when their employers are accountable. They want to know how successful the organization is in the marketplace. Share information and involve your staff in as many decisions as possible. Encourage staff to discuss their suggestions and ideas with you, and listen seriously when they do. Then keep them up-to-date on your actions regarding their suggestions.

Personal Development

A thirst for new skills is not necessarily a thirst for power or status. Career development can move a person laterally into a new area. Efforts should extend beyond technical training to the development of personal and managerial skills, which people are often eager to improve. This may mean delegating a number of the interesting parts of your own job. When you delegate, allow autonomy but stay alert for signs of trouble. The opportunity to hone such skills is motivating to employees, who understand that such development enhances their value to the organization. In turn, constantly developing people prepares the organization to cope with unforeseen events, such as the death or resignation of a key employee.

Remuneration

Make no mistake—salary is important. But changing social values and opportunities have placed a greater emphasis on nonpecuniary interests, which can be provided by the creation of non-financial incentives. Allowance for personal growth and a flexible system of remuneration demonstrate recognition that all employees are not alike. This is discussed more fully in the section "Performance—Assessment and Reward" later in this chapter.

TRAINING

By educating your employees, you enhance their ability to perform and increase the value of your investment. Training, therefore, can contribute substantially to productivity and profits.

Training should be ongoing, starting on the employee's first day with the organization and continuing in response to the changing needs of employee and employer. To identify training needs, consider the job description and established performance standards. Compare these with the individual's capabilities to determine what, if any, training is needed. An organization's training needs relate not only to individual performance, but also to achievement of the organization's objectives. These must be reviewed regularly to ensure their relevance to each other.

The first training an employee receives is orientation. The importance of thorough orientation cannot be overstated. It allows new employees to meet standards more quickly and eases their adjustment. Failure to give time and attention to orientation, particularly for young people, can result in early resignations, lack of interest, and a low level of commitment to the organization. Every manager should introduce newcomers, making them a welcome part of the team, and train them appropriately from the start.

Don't forget that every move from one department to another creates a need for training. Allow time for the individual to cope with new concepts, and offer the opportunity to talk with colleagues who have had similar experiences.

To reduce inhibitions and aid learning, arrange for trainees to work in pairs. If a new machine is involved—whether a computer-controlled lathe or a personal computer—introduce it in a safe situation, where errors will not be critical. Monitor the employee's progress continuously rather than through tests or exams. Build on his or her previous experience, relating new skills to familiar tasks. Always explain procedures in advance and make certain that the trainee understands fully. Different employees need to be trained in different ways. Do not assume that the same methods or materials are appropriate for all.

If your organization lacks the appropriate training resources, seek them outside. Always check the credentials of trainers, and be clear about the terms of business and fee structure in advance. But remember, training goes far beyond formal classes. On-the-job training is most important and depends on good, responsible coaching from managers and supervisors.

Investment in training can be substantial and must be carefully considered in terms of financial cost and employee commitment. All training should be planned, justified on a cost/benefit basis, and properly budgeted. Document the training, its cost, and its results. To be justified, training must contribute to the efficiency of the enterprise by improving employees' performance. Verify that results meet objectives. Answer the following questions: What is the evidence of improved performance? What benefits are there to the organization? Are there other benefits? Was the investment worthwhile? What lessons can be applied to future decisions on training?

PERFORMANCE ASSESSMENT AND REWARD

Assessment

The appraisal process (comparing performance with expectations) is the most important human resource management tool available to an organization. It is also the most misused. To be effective, the appraisal process must be a dialogue between the manager and the team or individual. The appraiser should be the employee's direct supervisor and must be adequately trained in evaluation techniques. It is very important that the appraisal focus on the employee's strengths, weaknesses, and developmental needs. Well-designed appraisal forms help to keep the appraisal on track. Appendix C presents an example of an appraisal form. From the employee's point of view, the appraisal is an opportunity to ask the organization for specific job-related assistance and to appeal any negative conclusions. The appraisal is not the time to discuss raises. The discussion of raises should be scheduled later for two reasons. First, if raises are discussed during the review, the employee will focus mainly on the raise and not on strengths, weaknesses, and development needs. Second, if the appraisal is negative, the employee should be given a chance to improve before his or her raise is determined.

Well-defined performance standards are very important and must be revised regularly to ensure their continued relevance. Performance assessments may be based on individual performance or on team productivity. Team productivity is generally linked to a bonus that is paid when standards are exceeded. A management team might be assessed in these areas:

- Relationships with and responsiveness to employees

- Organizational activities, initiatives, and problem solving

- Application of skill and the use of professional and technical knowledge

- Leadership, motivation of staff, and personal involvement (including planning, organization and project control, and the ability to think, analyze, and use results)

Sometimes one year is not enough time to properly assess performance; use your judgment to determine an appropriate time frame.

Reward

Pay is certainly not the only factor that motivates people, and in many cases, it is not the most important. Obviously, however, it is meaningful. Pay is much more than the amount in a paycheck—it includes pensions (contributory or noncontributory), bonuses, overtime, shift premiums, vacation pay, sick pay, medical care, life insurance, amenities, discounts on products, and other incentives. When putting together a compensation package, consider—

1. Nonpayment of a bonus one year can be a demotivator, depressing morale just when you most need commitment.

2. The market compensation rates and benefits.

3. How individuals or groups will be involved in discussions about pay.

4. How remuneration will affect other people in the organization.

5. How much the organization can afford to pay.

6. How remuneration policies for management compare with those for employees. Management packages can include return on funds invested in the business, tax consequences, and risks borne. Do employees understand this?

Many schemes exist for improving remuneration through performance—a number are directly linked to the organization's performance, others to that of the individual. Linking remuneration to the organization's results gives employees a stake in the business' success or failure, and may contribute to their own fulfillment and commitment. A variety of bonus- and pay-related schemes are available, based on considerations such as profit, sales revenue, improved product quality, customer satisfaction, and cash-flow performance. Certain plans also provide tax advantages.

But do these plans truly motivate employees, particularly in a large organization? Some argue that schemes based on an individual's performance, such as job evaluation and merit scales, are more satisfactory. Because performance-related schemes are meant to improve the quality of service and performance, they depend on objectively measurable goals and achievements. They should judge an individual's progress in a specific environment, rather than compare

him or her with someone else, who may have more innate ability or who may work under very different conditions.

Regardless of the compensation method used, every organization should allow and encourage senior managers to reward outstanding individual and group achievements.

INVOLVEMENT AND COMMUNICATION

Good communication informs, explains, and educates, making it the most challenging management art of all. It includes the ability to listen—vital to anyone, at any level—and to react (including explanations, if appropriate). We must accurately transmit information about decisions to the right people. Good communication helps eliminate unnecessary confusion or worry and builds openness within the organization. Do your utmost to ensure that people don't hear news from or in the presence of third parties.

First and foremost, communicate clearly, in plain English. This can take various forms, including—

- Regular group meetings.
- In-house publications.
- Direct mail.
- Bulletin boards.
- Video and audiocassettes.
- Annual appraisal.
- Counseling.
- Solicitation of suggestions.

One of the most important communications tools available to an organization is the personnel manual. All organizations, regardless of size, should publish a personnel manual outlining employee benefits and general work rules. A personnel manual ensures uniformity and clarity when informing employees of their entitlements and the organization's expectations.

To ascertain staff views on work environment issues, job satisfaction, and management decisions, use employee surveys regularly. Employees' opinions about job security and content, opportunities for personal development, relations with colleagues, and salaries and benefits demonstrate how motivated they are and influence how well they perform. If you conduct a survey, distribute the results and make sure action is taken on particular problems that are identified.

As discussed in the "Organizational Management" chapter, all employees should be involved in the development of a long-term business strategy. Employee participation helps to strengthen commitment while keeping you aware of opportunities for improvement throughout the organization. Furthermore, because the strategy will dictate changes in their jobs, employees must understand the strategy in order to give you the support you need.

You can enhance management's accountability to employees by voluntarily providing information about employment and the organization, both of which relate to employees' interests and future prospects.

Chapter 5

Relocation

Promotion often entails relocating an employee. This can be extremely difficult on many levels, so before proposing it, consider the following:

1. Is the employee obligated to move? If the employee is contractually bound to relocate and refuses, he or she may be dismissed, although personal circumstances might render such action unfair. If the employee is not contractually bound to relocate, you must persuade him or her to do so. Dismissal for refusal will probably not be an option, though the possibility of layoff might arise.

2. What are the costs and inconvenience? Housing costs vary widely. Someone who lives in an inexpensive area may be unable to afford to move to a relatively more expensive area. Conversely, someone in a more expensive area may be reluctant to move to an area where his or her real estate investment would be less valuable, or where schools and public services are inferior.

If relocation is imperative, you must overcome these difficulties. You can arrange and administer a relocation package tailored to the individual, which might include—

- Payment of attorneys', real estate agents', and other professionals' bills.

- Moving expenses.

- Assistance with the sale and purchase of property, such as mortgage financing.

- Payment for temporary accommodation in the new location until the new home is ready. This may include rent for an employee's family, or even travel expenses for the employee to return home on weekends.

- Per diem payment for living expenses, gradually reduced over time.

Because the inconvenience of moving cannot always be compensated financially, you might also consider the following:

1. An employee who is assuming new responsibilities in a new location should not be distracted by house hunting and financial or family worries. Therefore, you may choose to move employees well before they are required to start work. Or you may employ a relocation consultant to handle the logistics of moving (though this may increase your overall costs by roughly 25 percent).

2. Details about the region to which the employee is moving can be very valuable; you might provide a preliminary visit.

3. An employee's spouse may be unable to get a job locally or may be dissatisfied with the new house or school. Consider compensating the employee for his or her spouse's temporary loss of earnings, and providing loans for education if extra costs are likely to be incurred.

Chapter 6

Termination

It is unlawful to terminate an employee because of age, sex, marital status, race, religion, ethnic or national origin, union activity, or disability, or because he or she has charged an employer with discrimination. You must deal very carefully with the termination process, or it will create difficulties for the organization and the individual.

VOLUNTARY TERMINATION

Most employees leave voluntarily, sometimes for clear and unavoidable reasons, such as retirement or lifestyle changes. Because there are also times when the reasons are *not* clear, or when it is impossible to convince an employee to stay, you should hold an exit interview as soon as possible after receiving a note of resignation. Try to identify any problem as early as possible and to help the employee overcome his or her difficulty. Has a promotion prospect been overlooked? Has there been a mistake about pay? Is there a personality problem that could be solved by a move within the company? Could the employee work part-time? Do health problems suggest another job that might be more manageable? If you can discover the reason he or she is leaving, you may be able to prevent a good employee from going elsewhere.

DISMISSAL

Your primary objective in carrying out a dismissal is to demonstrate fairness. "Increasingly, . . . terminated employees are suing and collecting from former employers. . . . Employees who win such suits can win big—reinstatement, back pay, future lost pay, damages for pain and suffering, and if a jury thinks the employer acted wilfully or maliciously, even punitive damages. . . . All this means that every termination must be treated as if it could be attacked in court."[1]

In certain cases, an organization may offer the employee or employees the option to leave voluntarily in exchange for a severance package and release from potential liability. To make sure the release is valid, you must ensure:[2]

1. Employee understanding of the release. Recommend that the employee consult with an attorney.

2. The termination is voluntary. Give enough time for the employee to consider all options.

3. The employee receives additional valuable compensation (cash, benefits, outplacement assistance, etc.) over and above those to which he or she would otherwise have been entitled.

4. If the employee is over forty, that the requirements of the Older Workers Benefit Protection Act of 1990 (P.L. 101-433) are met. This means that the release should be written in understandable English, state that rights under the Age Act are being waived, that future rights are not being waived, give the employee at least 45 days to consider whether to accept, provide a seven-day revocation period, and advise the employee in writing to consult with an attorney.

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[1] Peter M. Panken, Esq., *How To Keep A Firing From Backfiring* (New York: Parker Chapin Flattau & Klimpl, 1993).

[2] Adapted from Peter M. Panken, Esq., *How To Keep A Firing From Backfiring* (New York: Parker Chapin Flattau & Klimpl, 1993).

By taking careful action at each stage of the firing and hiring process, you can minimize terminations, make the best of an uncomfortable situation, and avoid litigation. Dos and don'ts to observe throughout the process include the following.

Dos

- Do avoid discriminatory questions or comments at all times. Eliminate subtle forms of stereotyping and other discrimination.

- Do discuss employment terms in advance, and document agreements in writing. Properly execute employment contracts, ensuring that each party initials any changes. Consider introducing a reasonable restrictive covenant that prevents employees from working for competitors, starting competing businesses, or using confidential information to their own advantage. Avoid even casual promises of job security.

- Do hold managers responsible for properly managing employees and for properly evaluating their performance. Provide them with the skills they need to supervise effectively, and train them to scrupulously avoid anything that could be construed as discrimination at any stage.

- Do discuss any problem with the person concerned as soon as it becomes apparent. At the same time, avoid accusations, particularly in front of third parties (otherwise, you invite a claim for defamation). Review your policy manuals, and ensure that you comply with them.

- Do be sure employees know exactly where they stand and are clear about performance standards. If the problem is incompetence, determine whether standards have been raised; if they have, provide appropriate retraining or investigate the possibility of finding the employee a more suitable job.

- Do give honest, uninflated performance appraisals.

- Do keep careful records of all significant disciplinary or supervisory interactions with employees.

- Do develop culture-sensitive general work rules and spell them out in the company manual. Then develop consistent, nonpunitive disciplinary systems to enforce the rules. Issue a statement outlining these disciplinary procedures to each employee or post it in common areas. The procedures should incorporate progressive discipline through increasingly severe warnings and by stating that any further offense could lead to further disciplining up to and including discharge. For example, give an oral warning for the first offense, a written warning for the second, suspension for the third, and dismissal for the fourth. Systematically dismiss the worst offenders first. An employee should rarely be dismissed for a first offense, but there are a few justifications for instant dismissal. Conviction for a serious crime committed outside the organization is usually a good reason for termination, particularly if it demonstrates a person's incapacity to be trusted.

- Do quickly consult an attorney or a human resources professional when a real problem develops. An attorney can often nip it in the bud by taking a relatively innocuous action, such as sending a letter, that demonstrates the employee's risk and cost, along with the organization's willingness to defend itself.

- Do scrutinize any document you receive from an employee; clarify in writing anything you disagree with. Failure to reply may be construed as acceptance of the employee's terms. But remember that everything you write may be used against you.

- Do provide an opportunity for the employee to present his or her case at each stage of arbitration. Continue to monitor the employee's progress. Investigate fully before terminating.

- Do carefully consider employee statements denying culpability and be sure that you have the facts.

- To justify a summary dismissal (immediate dismissal without notice or pay), do be completely satisfied with the evidence of gross misconduct, such as theft. Always obtain legal advice.

Don't

- Don't ask about, hire, or fire on the basis of age, sex, marital status, race, religion, ethnic or

national origin, child-care requirements, medical history, arrest record, former drug use, or disability.

When deciding on appropriate action, consider the following:

1. Length of service
2. Performance
3. Nature of the problem
4. Attitude
5. Any recent improvement or deterioration
6. Effect of the shortcoming on other employees or on the department's efficiency
7. Action being taken with other employees who have similar or worse problems
8. The organization's legal position
9. Timing of the action in relation to the date and nature of the last warning
10. Whether you can help the employee after termination

SUSPENSION

You may suspend an employee with or without full pay during an investigation, while deciding whether or not to dismiss, or during an appeal procedure. An employee's absence may, of course, draw attention to the problem and make reinstatement more difficult, particularly if the employee is a manager.

Suspension without pay is a form of punishment and a valuable step in progressive discipline. If the employee is exonerated you can provide the back pay. For employees who earn commissions, you must make an additional payment to compensate for those that would have been earned. Nevertheless, you should obtain legal advice before taking this action, and you must pay for any days worked.

MANAGING LAYOFF

Layoffs occur when jobs simply no longer exist. A layoff is not a euphemism for dismissal. Although this section addresses mainly large-scale layoffs, the same ideas apply equally to the layoff of one individual. Above all, management should be conscious of its responsibilities to employees and the local community.

Announcement

Give as much notice as possible—from six months to a year. Draw up an action plan, and clearly assign responsibilities for who makes what happen when. Encourage employees to draw up their own plans, and help them to do so.

If a recognized trade union is involved, you must follow specific bargaining procedures (there are exceptions). In general, you must comply with the Workers Adjustment and Retaining Notification Act (WARN Act), which requires 60 days' notice for employees and their unions and notice to local and state governments when the layoff involves a plant closing or 30 percent or more of your workforce during a specified period. Consult your attorney, because the WARN Act is complicated.

Good communication ensures that everyone affected is given some advance warning. Time the announcement to inform simultaneously all those who need to know. Those who definitely need to know on or before the day of the announcement are—

1. Line management.
2. Employees' representatives in trade unions (if applicable).
3. Employees.

Those who may also need to know are—

1. Local authorities.
2. Press (local and national).
3. Local employers (especially those in comparable areas of business) and their networks.
4. Customers.
5. Suppliers.
6. Community groups.

Good public relations provide the chance for organizations to move off the defensive. All the above groups can be allies if they are informed correctly.

Decide whether you should use specialized consultants. Do you have the time, money, personnel, and expertise to tackle the task, or would it be handled more efficiently by an outside firm?

Who Goes?

Follow (for example, with a trade union) any customary arrangement or agreed-upon procedure

regarding implementation of layoff. If there is no such procedure, you may face the problem of selection. Organizations have three basic methods for selecting which people leave.

1. *Voluntary.* Most organizations would prefer to offer severance packages and lay off those who are prepared to volunteer, rather than those who want to stay. Be clear about which individuals you want to retain. Be prepared to acknowledge their skills and qualities by paying retention bonuses. Voluntary layoff is completely ruled out by some companies. But there is evidence that employees who know their own shortcomings may wish to volunteer rather than suffer the embarrassment of being laid off.

2. *Seniority.* In recent years, "last in, first out" (LIFO) has become less significant as a determining criterion, but it remains a major factor. The principle survives because it is considered fair, is often preferred by employees, and is easy to apply.

3. *Performance.* It can be argued that skills, aptitude, and work record are as important as seniority—particularly if the business is struggling to survive. It is important to remember to apply objective selection criteria fairly and to select from among a sufficiently large number of employees.

To maximize the efficiency achieved through layoff, it may not be sufficient just to cull from the affected department. Capable employees could, for example, be reassigned to other jobs.

Possible alternatives to layoff include—

- Employment elsewhere in the organization (at the same or a different location).
- Early retirement.
- Retraining.
- Part-time work.
- Becoming a freelance supplier to the organization.

Advice and Help

Not everyone who is laid off will seek another job, but everyone should benefit from individual counseling to ascertain his or her wishes, hopes, and fears. You should also consider the impact on the employee's spouse and family, and make counseling available to them as well. As a rule, outplacement help is money well spent, because ex-employees who find work quickly may be less likely to sue. Organizations can also offer—

1. Help with moving, including moving expenses; allowances, if the move is to a more expensive area; and reconnaissance visits to the new location.

2. Capital for start-up businesses, in addition to or as part of the layoff package.

3. Free-lance work.

4. Special terms on equipment.

At what point should an organization sever its connections with former employees? It is best not to establish a formal relationship, but to make it understood that people whose work is known and respected will be considered when their services are needed.

FINANCIAL ASPECTS

Termination often has financial consequences, such as compensation awarded as severance pay by an arbitrator, as well as tax implications. It is important that both employer and employee understand these consequences.

Generally, payments made by an organization to employees or their families as a result of termination are taxable. Nevertheless, because there are exceptions, check with your CPA or financial adviser.

Termination is tricky and complicated. In many cases, particularly when union workers are involved, there is only one sensible thing to do: call your lawyer.

Chapter 7

Special Circumstances

AIDS

To respond compassionately to the illness and suffering that result from AIDS (Acquired Immune Deficiency Syndrome), employers must take a leadership role in meeting the needs of employees with AIDS, combating the prejudices and apprehensions of coworkers, and minimizing disruption. Individuals with AIDS are protected by the Americans With Disabilities Act (discussed on page 6) and the Family and Medical Leave Act (discussed on page 18). Outlined below are some additional preliminary legal guidelines, along with pointers for conducting an educational meeting on AIDS.

Professional Advice

Because the scope of your obligations and the rights of AIDS victims continue to evolve, consult your attorney on any decision to hire, not hire, terminate, or demote anyone known to have AIDS. In evaluating whether an employee with AIDS can continue to perform his or her job satisfactorily, you can also rely on the medical opinions of your organization's physicians and those of the employee.

Confidentiality

You may not directly ask current employees whether they have AIDS or have tested positive for HIV, the virus that causes AIDS. If an employee volunteers the information, it must be kept strictly confidential. No one, including other employees or clients, may be informed of any current or prospective employee's AIDS-related condition without his or her written permission.

Performance Evaluation

Hold an evaluation meeting if diminished performance has been verified or if an employee tells you that he or she has AIDS. Discuss the organization's policy regarding leaves of absence, short- and long-term disability benefits, and provisions of the Consolidation Omnibus Budget Reconciliation Act (COBRA) that allow continuation of insurance upon termination. To avoid discrimination, treat AIDS like any other medical disability. It may be necessary to meet regularly, perhaps monthly, with the infected employee to discuss health, work arrangements, responsibilities, workload, and stress.

Coworkers

You may not allow coworkers to refuse tasks because they fear contracting HIV. Since there is no evidence that HIV can be transmitted by casual contact, it is unlikely that an employee could prevail in a lawsuit against an organization that has followed all necessary protective measures. Review this issue with your attorney to ensure that you meet or exceed any current requirement concerning protective measures that are accepted by the medical community.

Testing

States are divided on this issue. They either absolutely prohibit HIV testing at work or limit it to cases where the prospective or current employee consents to testing or the public health is involved. Since the results can never be used in employment decisions, HIV testing can be more of a hardship than a benefit. For example,

if confidentiality is breached, the organization becomes susceptible to litigation.

AIDS Education

Despite the media's vigilance, many people remain uninformed about AIDS. As indicated by the legal considerations described in the preceding sections, failure to raise AIDS awareness may adversely affect bottom-line profits. Suggestions for running a successful AIDS education meeting include the following.

Mandatory Attendance. Mandatory attendance prevents employees from jumping to conclusions about why other employees choose to attend and ensures that the entire organization becomes educated on the subject. Provide advance notice of the time (during work hours), place, and agenda.

Privacy. State, in the notice and at the beginning of the meeting, that the meeting is not intended to probe into the personal lives of staff.

Policy. At the beginning of the meeting, state that the organization will not tolerate any AIDS-related discrimination.

Health Care Professional. Retain a credible outside professional to present the medical information. Your insurance company, city, county, or state health department, Employee Assistance Program (EAP) provider, or the Centers for Disease Control (the national AIDS hotline number is 1–800–342–AIDS) can assist you in finding a speaker.

Format. Your speaker's presentation should address all aspects of the disease. Nevertheless, restrict any questions or comments to facts about the virus in the workplace. This approach can reduce the organization's risk of being sued at a later date by an employee claiming that his or her discharge was based on an assumption of high risk stemming from questions or comments he or she posed to the speaker.

Follow-Up. Provide employees with a list of HIV testing sites, clinics, and organizations where they can obtain confidential information on the disease. For brochures, call the National AIDS Information Clearinghouse at 1–800–458–5231.

FAMILY CARE AND MEDICAL LEAVE

If your organization has fifty or more employees, the Family and Medical Leave Act of 1993 (FMLA) requires you to make available up to twelve weeks of unpaid leave per year to eligible employees for the purpose of child care, adoption, or medical leave. Child-care leave can be used for either the birth of a child or the placement of an adopted or foster-care child. Medical leave can be used either to care for a child, spouse, or parent with a serious health condition or when a serious illness prevents the employee from performing his or her job.[3]

UNEXPLAINED ABSENCE

If a person is absent from work without a good cause, termination may be justified. First, however, you should try to discover the reason for the absence in one of the following ways: make a home visit or send a letter asking the employee to either report for work or provide up-to-date evidence of medical or other legitimate reasons for the absence by a certain date.

DISHONEST CONDUCT

Common examples of dishonest conduct on the job include—

- Pocketing money paid by customers.
- Taking goods out of the business or using services without paying for them.
- Leaving the company cafeteria without paying for a meal.

It is wise to take preventive measures, such as not tempting employees unreasonably.

You should not take disciplinary action or charge an employee with an offense until you have held a formal interview. Nevertheless, before the interview with the alleged offender, speak with any other people involved in the incident, as well as the police or a lawyer, if necessary. While this investigation is under way, the suspected person should be suspended (with pay), unless you are able to conduct the interview immediately.

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[3] Peter M. Panken, Esq., and Christine L. Wilson, Esq., *The Family and Medical Leave Act of 1993* (New York: Parker Chapin Flattau & Klimpl, 1993).

If an employee is found guilty in a court of law of an offense that has occurred outside the organization, it may be grounds for dismissal, but you must decide what the chances are that it will directly affect the employee's work. Remember that every case is different.

SEXUAL HARASSMENT

The Civil Rights Act of 1964 and the U.S. Equal Employment Opportunity Commission's (EEOC's) Guidelines on Discrimination Because of Sex make it clear that sexual harassment will not be tolerated in the workplace. Damage awards are being granted to successful claimants with greater frequency. These can be substantial, and when staff turnover and lost productivity are considered, the ultimate cost of harassment to an organization can be tremendous. Moreover, good managers want to protect employees from sexual harassment.

Organizations must protect themselves from the liabilities of sexual harassment by implementing, enforcing, and monitoring an effective harassment policy. A well-publicized program serves a dual purpose by simultaneously recognizing the serious violation of the harassed employee's rights and the serious repercussions for the accused and the organization.

The policy should contain features that eliminate harassment and address complaints, including—

- A clear, unambiguous declaration that sexual harassment in any form will not be tolerated.

- A definition of sexual harassment, including verbal, nonverbal, and physical harassment. The EEOC rules define sexual harassment as any unwelcomed sexual advance that is related to employment status.

- A choice of channels for filing a complaint that enable victims to bypass those involved in the harassment while maintaining confidentiality to the extent possible.

- Remedies for the victim and disciplining of anyone who engages in harassment.

- A delineation of the responsibilities of management with respect to detecting and addressing instances of harassment.

- A prohibition against sexual harassment of staff by customers, clients, and suppliers.

Provide each employee with a copy of this policy. If a complaint is filed, the organization must conduct an unbiased investigation in which the accused is informed of the complaint and told that he or she could be subject to the disciplining described in the policy. If harassment has occurred, the person responsible should be disciplined. In some cases, a written reprimand, suspension, or training session may be appropriate. In others, transfer of the offending employee may resolve the issue. If the employee continues the harassment after a transfer, this places the firm at considerably greater risk of liability. Discharge may be the only appropriate remedy if the harassment has been pervasive or aggressive.

VIOLENCE

Employees rely on management to maintain order in the workplace and to protect them from violent coworkers. If management fails to do this, its authority can be undermined.

Violence is never acceptable and employees who commit acts of violence should not be retained. Nevertheless, you should consider how other employees judge a colleague who is involved in a violent incident. Termination may be neither necessary nor wise if the majority favors retention or if it is unlikely that the participants will be involved in such an incident again—with each other or with other employees. Obviously, your response will depend on the gravity and nature of the offense.

Appendix A

The Americans With Disabilities Act

Much of the information about the Americans With Disabilities Act (ADA) was taken from "The ADA: How it Affects Businesses and Their Employees," by John Lewison, *The Journal of Accountancy*, May 1992, and "Americans With Disabilities Act (ADA)," by Howard A. Levy, *Small Business Reports*, March 1991.

For the full text of the ADA, send $1.50 to:

Superintendent of Documents
Government Printing Office
Washington, DC 20402

For the technical assistance manual for the ADA, prepared by the EEOC, contact:

Equal Employment Opportunity Commission
Office of Communications and Legislative Affairs
1801 L St., NW
Washington, DC 20507
(800) 669-3362
(800) 669-3302 (Telecommunications Device for the Deaf—TDD)

For the "ADA Checklist," designed to help you evaluate your current policies and procedures ($1.40), and "Part of the Team," a video that profiles successful working relationships between employers and disabled employees ($17), write to:

ADA Resources
National Easter Seal Society
70 East Lake St.
Chicago, IL 60601

Other resources:

Office on the Americans With Disabilities Act
Civil Rights Division
U.S. Department of Justice
P.O. Box 66118
Washington, DC 20035-6118
(800) 514-0301
(800) 514-0383

National Institute on Disability
  and Rehabilitation Research
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202-2572
(202) 205-8135

National Association of the Deaf
814 Thayer Ave.
Silver Spring, MD 20910
(301) 587-1788

National Association of the
  Physically Handicapped
Bethesda Scarlet Oaks, No. 117
440 Lafayette Ave.
Cincinnati, OH 45220-1000
(513) 961-8040

National Association for the Visually Handicapped
22 West 21 St.
New York, NY 10010
(212) 889-3141

National Amputation Foundation
73 Church St.
Malverne, NY 11565
(516) 887-3600

United Cerebral Palsy Association
1522 K St., NW, Suite 1112
Washington, DC 20005
(202) 842-1266

The President's Committee on Employment of
  People With Disabilities
1331 F St., NW
Washington, DC 20004-1107
(202) 376-6200
(202) 376-6205 (TDD)

For additional information on the ADA, consult the following:

Frierson, James G., coauthor, *The Americans With Disabilities Act: A Practical and Legal Guide to Impact, Enforcement and Compliance,* Bureau of National Affairs, 1990.

Frierson, James G., *Employer's Guide to the Americans With Disabilities Act,* Bureau of National Affairs, 1992.

Schneid, Thomas D., *The Americans With Disabilities Act: A Practical Guide for Managers.* New York: Van Nostrand Reinhold, 1992.

Appendix B

Further Reading

Gardenwartz, Lee, and Anita Rowe. *Managing Diversity: A Complete Desk Reference and Planning Guide*. Homewood, IL: Business One Irwin, 1993.

Henderson, Richard L. *Compensation Management: Rewarding Performance*. 6th ed. Englewood Cliffs, NJ: Prentice Hall, 1994.

Levesque, Joseph D. *The Human Resource Problem-Solvers Handbook*. New York: McGraw Hill, 1992.

Levesque, Joseph D. *Manual of Personnel Policies, Procedures, and Operations*. 2nd ed. Englewood Cliffs, NJ: Prentice Hall, 1993.

Rock, Milton L., ed. and Lance A. Berger, ed. *The Compensation Handbook: A State-of-the-Art Guide to Compensation Strategy and Design*. 3rd ed. New York: McGraw Hill, 1991.

Tracey, William R., ed. *Human Resources Management & Development Handbook*. 2nd ed. New York: AMACOM, 1993.

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Appendix C

Sample Appraisal Form

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Performance Planning and Review

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Employee Name: _____ Department: _____

Employee # _____ Division/Facility: _____

Employee Title: _____

Supervisor Name: _____ Supervisor Title: _____

Review Period: Start _____ / _____ / _____   End _____ / _____ / _____

PART I—RESPONSIBILITIES	PART II—PERFORMANCE CRITERIA	PART III—ACHIEVEMENTS
List the employee's major job responsibilities that can be accomplished during the review period.	List specific statements for each responsibility that describe the key results or goals the employee can reasonably be expected to achieve during the review period. State in terms of measurable results (i.e., quantity, quality, or completion dates).	Describe the actual results achieved for each responsibility/criterion.

PART IV—PERFORMANCE FACTORS

These ratings provide insight as to how employees carry out their responsibilities and may be used to guide the preparation of the Development Plan. (Complete for all employees.)

Using the rating categories provided, indicate the level of the employee's skill or ability in terms of the "actions" or "behaviors."

RATING CATEGORIES AND DEFINITIONS		
Outstanding Level of Performance	O	Consistently accomplished all job responsibilities. Has set and completed challenging objectives. In most cases has surpassed the desired performance level.
Above Desired Level of Performance	A	Consistently accomplished all job responsibilities and objectives. In many aspects has surpassed the desired level of performance.
Meets Desired Level of Performance	M	Consistently accomplished all job responsibilities and objectives. May occasionally surpass the desired performance level.
Below Desired Level of Performance	B	Results meet some, but not all, of the position requirements.
Unacceptable Level of Performance	U	Performance consistently fails to meet position requirements.

Performance Factors Select Only Those Relevant to This Position	Rating	Focus for Improvement	Comments are always appropriate but necessary where "Outstanding Level of Performance" or "Unacceptable Level of Performance" is indicated.
Written Communication: Effectiveness in presenting thoughts, judgments, and information in written form.			
Oral Expression: Effectiveness of spoken expression in individual or group situations (formal or informal); also includes gestures and nonverbal communication.			
Interpersonal Relationships: Effectiveness in dealing with others at all levels positively, constructively, and with sensitivity.			
Problem Analysis: Effectiveness in identifying problems and possible causes, obtaining and evaluating data and drawing logical conclusions.			
Decision Making: Making prompt, timely decisions after considering all relevant factors and evaluating probable outcome of alternatives.			
Planning: Effectiveness in establishing an appropriate course of action for self and/or others to accomplish goals.			
Organizing: Arrangement of work for most effective handling and elimination of unnecessary activities.			
Initiative: Effectiveness as a self-starter in actively influencing events rather than passively accepting; takes action beyond what is necessarily called for in carrying out and completing assignments.			

(Continued on next page)

Performance Factors Select Only Those Relevant to This Position	Rating	Focus for Improvement	Comments are always appropriate but necessary where "Outstanding Level of Performance" or "Unacceptable Level of Performance" is indicated.
Equipment Knowledge: Uses specific equipment commonly found in office settings and/or required on the job, e.g., typewriters, calculators, copiers, computers, printers and peripherals.			
Quantity of Work: Volume of work done in relation to the job performed.			
Quality of Work: Produces results at a quality level with a minimum of errors.			
Stress Tolerance: Effectiveness (stability) of performance under pressure and/or opposition.			
Outside Relations: Effective relations with other departments, customers, and other outside contacts, and a sufficient knowledge of the Company and its objectives to represent it effectively.			
Self-Development: An awareness of strengths, weaknesses and interests. Demonstrates efforts towards self-improvement.			

Complete for Staff With Supervisory Responsibility:

	Rating	Focus for Improvement	
Leadership: Effectiveness in getting ideas accepted and guiding individuals (subordinates, peers, superiors, or group) toward task accomplishment.			
Management Control/Delegation: Effectiveness in utilizing staff and resources to accomplish goals, and in developing procedures to monitor and/or regulate processes, responsibilities, and job activities of subordinates.			
Decisiveness: Readiness to make decisions, take action or commit self.			
Resource Utilization: Optimizing the use of subordinates or other resources available to complete a task.			
Time Management: Meeting deadlines and utilizing time effectively for maximum output.			
Evaluating: Completes performance reviews in an objective and consistent manner.			
Developing People: Recognizing the potential for growth in subordinates. Affording them opportunities for development. Skill in coaching and resolving difficult personnel problems.			

PART V—OVERALL RATING

Considering the employee's actual achievements and dimension ratings, check the definition that best describes this employee's overall performance during the review period.

☐ Performance is exceptional in all areas and is easily recognizable as being far superior.

☐ Performance exceeds most position requirements. Performance is of high quality and is achieved on a consistent basis.

☐ Competent and dependable level of performance. Meets all performance standards and exceeds the requirements in some areas.

☐ Performance is acceptable. Results achieved consistently meet the requirements of the job.

☐ Performance is marginal. Results achieved do not consistently meet the requirements of the job.

☐ Performance does not meet the requirements of the job. Results are unacceptable and require immediate improvement. No merit increase is recommended at this time.

PART VI—COMMENTS

Employee Review

Optional Comments: If the employee wishes to do so, any comments concerning the evaluation (for example, agreement or disagreement) may be indicated in the space below (or attach additional comments).

PART VII—DEVELOPMENT PLAN

Reviewing the dimensions, actual achievements and the appraisal interview discussion, record below the specific activities that the supervisor and employee have planned to assist in improving effectiveness or likelihood for advancement. These activities may include: (1) specific on-the-job assignments (e.g., a special project, task force participation, or change in responsibilities); (2) attendance at in-house training programs; (3) outside training programs and seminars, educational courses, etc.

Development Activities

Follow-up dates, completion dates, and who is responsible for taking action.

On the Job:

In-House Training:

Outside Training Seminars/Educational Activities:

I have reviewed this document and discussed the contents with my supervisor. I have been advised of my performance status and received a copy of this form on _____.

_____		_____
Ratee's Signature		Date
_____		_____
Rater's Signature		Date