

**Staffing the Contemporary
Organization:
A GUIDE TO PLANNING,
RECRUITING, AND
SELECTING FOR
HUMAN RESOURCE
PROFESSIONALS,
Second Edition**

*Donald L. Caruth
Gail D. Handlogten*

QUORUM BOOKS

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Preface

Staffing any organization today is a challenging, complex endeavor. Economic changes, demographic shifts, increased multiculturalism, heightened global competition, organizational restructuring, and extended legislation and a host of other factors suggest that this activity will be even more crucial in the years to come. As organizations enter the twenty-first century, it is readily apparent that the acquisition and utilization of human resources is as vital to continued organizational success as the advanced technology required for producing products and providing services. Indeed, technology alone is insufficient since effective use of it depends upon people—the right kinds of people, in the right numbers, performing the right jobs, at the right times. Whether in the past, present, or future, it is *people*—the catalytic resource of any institution—that have, do, and will determine organizational success.

The uniqueness of this book is the integration of topics that are usually the subjects of separate treatment: human resource planning, legal aspects of staffing, recruiting, selecting, performance appraisal, career development, and so forth. It is our belief that the entire range of activities associated with planning for, obtaining, utilizing, and developing human resources must be viewed as an integrated system called “staffing.” We believe that unless staffing is conceived of as a system, or perhaps more accurately as a major subsystem of the entire human resource management process, activities performed in one area of staffing may negate activities performed in another area. While there are other books that purport to deal with staffing in general, we have found none that takes the encompassing systems view that we present to our readers.

This book is written as a working reference for human resource professionals, operating managers, educators, students, and others seeking practical guidance on staffing policies, procedures, techniques, problems, and issues. This book is

based not only on thorough research, but also on our combined fifty-some years of experience as managers, consultants, observers, students, and teachers of human resource management. Our main thrust is practicality—what has worked or will work for organizations—not obtuse scholarship.

This book is written generically so that it can be used by practitioners in all organizations, profit-making and nonprofit, from manufacturing to service. It is also intended to be used as a text or supplement for college and university courses in human resource management and staffing.

A number of significant changes have occurred in human resource management since the first edition of this book appeared in 1988. These changes have further underscored the importance of staffing.

First, new federal legislation has made human resource management more legalistic and complex. We have seen the passage of five critical pieces of federal legislation: the Worker Adjustment and Retraining Notification Act of 1988, the Employee Polygraph Protection Act of 1988, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, and the Family and Medical Leave Act of 1993. As we will discuss in Chapter 3, each of these Acts has had an impact on staffing. As case law continues to develop we will undoubtedly see an even greater effect on human resource management.

Second, additional decisions by the Supreme Court and the Circuit Courts have shed further light on the interpretations of various statutes. For example, *Meritor v. Vinson* and *Harris v. Forklift Systems* have given us a clearer understanding of the courts' position on sexual harassment, especially hostile environment harassment.

Third, concerned with potential employer liability associated with providing references on former employees, many states have passed, and others are considering, reference checking laws to exempt employers from liability when they provide reference information in good faith. These laws will make it easier for employers to obtain more and higher-quality information about potential employees than is the case today.

Fourth, no one could have anticipated, in 1988, the plethora of employment tort cases being filed in the mid-1990s. Their burgeoning numbers are cause for concern that they possibly represent the new frontier in employment litigation.

Fifth, affirmative action was alive, well, and thriving in 1988. Today, its future is cloudy and uncertain. The Supreme Court decision in *Adarand v. Peña*, the Fifth Circuit Court of Appeals decision in *Hopwood v. Texas*, and the passage of Proposition 209 by California voters have muddied the waters of affirmative action. While it is still much too early to predict its ultimate fate, the events that have occurred in the past few years seem to suggest that affirmative action as we knew it in the past will be different in the future. Certainly, this is a matter of concern for staffing specialists.

Sixth, strong and steady economic growth in the 1990s has produced the lowest unemployment rate in over a decade. Consequently, the demand for qualified personnel has intensified the pressure on the recruitment phase of the staff-

ing function. Finding the right people with the right skills has become more and more difficult.

Seventh, global competition has necessitated downsizing, reengineering, right-sizing, fine tuning, and other efforts to turn domestic corporations into leaner, more focused organizations. Additions to staff are increasingly made through the use of temporary workers or independent contractors rather than permanent employees because it is more cost effective to add staff in this manner. In this regard, it is interesting to note that Manpower, Inc. is allegedly one of the largest employers in the United States at the present time.

Eighth, technology has had its effect on staffing, too. Through such devices as video conferencing interviews, faxed resumes, computerized testing, and telephone interviews, even simple applications of technology have affected the manner in which staffing is accomplished. Moreover, the widespread use of technology across industry lines has intensified the competition for technically skilled individuals. In fact, technical recruiters are today some of the highest paid and most sought after of all human resource professionals.

Finally, in their quest for effective, efficient organizational management, corporations are increasingly holding the human resource management function accountable for producing results. Where human resource management cannot produce the desired results at reasonable cost, personnel functions are being outsourced to independent contractors who can perform these services on a cost-effective basis. The emerging view seems to suggest that human resource management is coming to be viewed as a profit center that must justify its existence. Obviously, human resource management must be increasingly concerned with evaluating its performance and demonstrating its effectiveness to management.

All of the aforementioned developments and changes serve to reinforce the central theme of this book, that staffing is a complex endeavor that must be viewed as a system affected by developments both inside and outside the organization itself. Staffing, it seems reasonable to state, has increased in importance since the first edition of this book was published. We expect its importance to grow even more in the years to come.

Any work such as this one depends upon the assistance, encouragement, cooperation, learning opportunities provided by, and inspiration of many people. While it is impossible to acknowledge everyone who, over the years, has had a hand in influencing us, teaching us, and shaping our thinking about human resources, we would especially like to express our appreciation to all of our clients for the many human resource management challenges and experiences they have provided us. A special debt of gratitude is owed to Dr. Frank M. Rachel, Regents Professor of Management, University of North Texas—friend, mentor, consulting partner, and sailing buddy of one of the authors for over 30 years.

This manuscript would never have seen the light of day were it not for Coletta Wright, who worked diligently to get the draft manuscript on disk, and Kendra

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1

Staffing: An Overview

Broadly defined, staffing is the process of determining human resource needs in an organization and securing enough qualified people to fill those needs. Staffing is not, however, as simplistic as that definition implies. It is a complex endeavor involving a number of diverse tasks, ranging from job analysis to performance appraisal, from interviewing to career development, and from hiring to termination. Moreover, to properly execute staffing tasks, organizational members charged with this responsibility must be knowledgeable about the legal, psychological, and environmental contexts of staffing. The tasks that must be performed, coupled with the contexts in which they must be accomplished, make staffing a difficult and challenging activity in contemporary organizations.

The objective of the staffing process is to ensure that an organization continuously has the right quality and quantity of employees in the right place at the right time to successfully perform the work of the institution. Like the definition of staffing, its objective appears to be simplistic, but achieving it effectively is not easy. Diverse tasks must be integrated to create a process that functions smoothly and operates in a timely fashion, and these tasks must be harmoniously coordinated with the environments and contexts in which they occur.

Combining the broad definition of staffing with its objectives, we can define staffing more specifically as the process through which an organization ensures that it always has the proper number of employees with the appropriate skills in the right jobs at the right time to achieve the organization's objectives.

Except in small organizations that do not have a human resource department, the responsibility for staffing is usually shared by line managers and human resource specialists. Personnel professionals develop programs to recruit qualified workers, but operating managers make the final hiring decisions. Staffing specialists create the administrative procedures for such activities as promotions,

demotions, transfers, and layoffs, but line managers determine which employees will be promoted, demoted, transferred, or laid off. Human resource professionals design the performance appraisal system, but line managers actually evaluate the workers. Consequently, staffing is best viewed as a joint activity wherein human resource specialists contribute their knowledge, expertise, and counsel, and line managers make the final decisions. Both groups must coordinate their activities to ensure that the objective of staffing is fulfilled.

Effective staffing plays a crucial role in the short-term as well as the long-term performance, growth, vitality, and success of contemporary organizations. Indeed, it is only through effective staffing that any institution—regardless of size, industry, scope, or objectives—can remain viable.

WHY STAFFING IS IMPORTANT

The activities performed in the staffing process are important to enterprises of all types and sizes because of the relationship these tasks have to the organization's goals, direct staffing costs, indirect staffing costs, organizational impacts, and legal issues of staffing.

Organizational Goals

The most carefully formulated plans, the most logical organizational structures, the most sophisticated marketing programs, and the most advanced computer systems will not, of themselves, assure an institution's success. Plans, structures, programs, and systems are not self-actuating; they can only be implemented, maintained, and realized through people. It is people—the most crucial of resources—who serve as the catalyst, the activating and energizing force, making possible the utilization of all other resources and enabling an organization to achieve its goals. Without qualified human resources available in the right numbers, at the right place, and at the right time, organizational goals and objectives will not be reached. Even in a completely automated manufacturing plant, it is people who press the buttons, program the computers, and make the critical decisions. It is people who wait on customers, answer telephones, and solicit new accounts in a highly computerized service enterprise. Despite computers and automation, it is still *people* who accomplish objectives. Increasingly today, the success of an institution is directly dependent upon the caliber of human resources that are provided through the staffing process. Only by effective staffing can an organization fulfill its mission and achieve its goals.

Direct Costs

Direct staffing costs encompass such items as salaries of staffing specialists, office and equipment expenses, employment advertising costs, employment agency fees, testing expenses, physical examination costs, and relocation ex-

penses. While it is difficult to ascertain with any degree of precision the actual amount of out-of-pocket expenditures directly associated with the staffing process in the average company, one can easily surmise that they are not insignificant. A 1993 nationwide survey conducted by the Society for Human Resource Management (SHRM), for example, ascertained that 19 percent of the human resource management budget and 15 percent of human resource management time is spent on staffing activities.¹

Further indication of direct staffing costs can be inferred from a survey performed by the Bureau of National Affairs. According to this survey, budgets for the human resource or personnel departments in surveyed companies represent a median of 1 percent of the total operating budget, or an average cost of \$804 per worker.² While these figures include all human resource management department expenses and not just staffing costs, it would seem safe to assume that the portion of expenses directly attributable to performance of staffing activities is substantial—especially in light of the survey results published by SHRM.

Staffing costs represent a sizable outlay for many organizations. Consequently, staffing activities must be performed as effectively as possible to ensure that the organization is deriving maximum benefit from these expenditures.

Indirect Costs

The staffing process also includes a number of hidden or indirect costs, such as (1) the time operating managers spend interviewing prospective employees, conducting performance appraisals, making promotion or termination decisions, and documenting staffing actions; (2) the time supervisors or employees spend training new workers or orienting new hires to the workplace; (3) the productivity lost by new employees while they are learning to perform jobs; and (4) the scrappage or wasted materials resulting from new employees' mistakes. Because these costs are buried in normal operating budgets, they are often overlooked as staffing-related expenses. Nevertheless, they are as real as the direct costs. Unfortunately, few studies have been conducted of the indirect costs of the staffing process. It can be assumed, however, that indirect staffing expenditures are considerable.

Organizational Impacts

Performance of the staffing function affects the overall organization in many ways. Some of the obvious areas impacted include morale, employee turnover, productivity, customer service, community relations, employee relations, and corporate image. If staffing is performed effectively, morale will be high, turnover will be low, and productivity will be high. If staffing is performed ineffectively, customer service will suffer, community relations may be negatively affected, corporate image could be tarnished, and employee relations may be poor. Thus, it is extremely important that staffing activities be performed so as

to maximize positive impacts on the organization and minimize negative impacts.

Legal Aspects

While all phases of human resource management have become increasingly legalistic in recent years, staffing is the area that has been most affected by this trend. Since 1964 the overwhelming majority of employment-related federal legislation and court decisions have been directed to various parts of the staffing process. Laws and regulations have imposed new requirements on staffing activities. The potential liability for violations of the law has increased tremendously. Staffing can no longer simply concern itself with securing the right number and quality of employees to perform the work of the organization; it must be carried out in conformance with a plethora of statutory guidelines. Procedures, practices, and policies must conform to the law, or the organization runs the risk of investigations or legal actions.

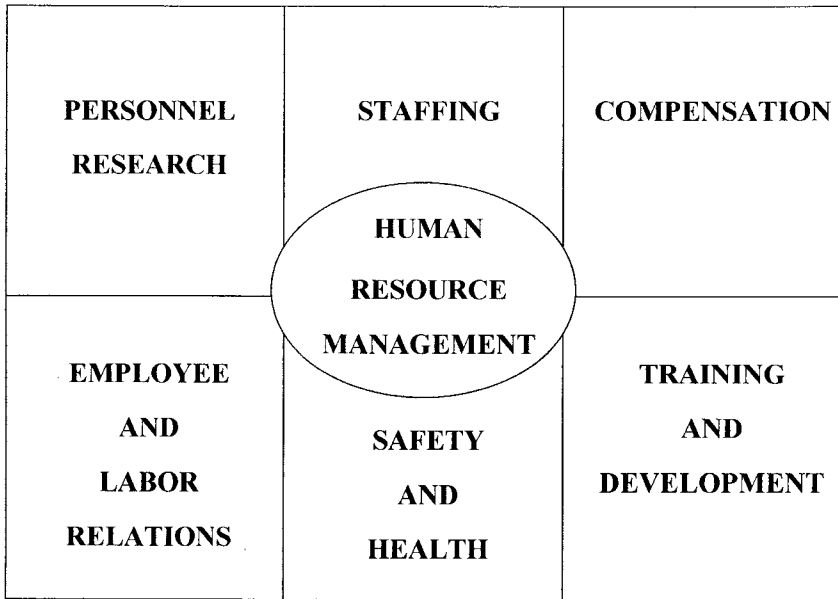
If legal action is brought against a company, the costs involved can be substantial; for example, the largest wrongful termination jury verdict in the United States—\$125 million—was awarded to a former corporate senior executive.³ In 1995, a jury awarded \$50.3 million to a former employee of a major retail department store on the grounds that profane and sexual comments from male co-workers had created unbearable working conditions for her.⁴ Even if an organization escapes without a large settlement, the cost of a court battle can be very expensive. In 1995, International Business Machines Corporation (IBM) was hit with a jury verdict of \$65,000 in a sexual harassment suit—an outcome which IBM considered favorable. Unfortunately, IBM amassed \$1.5 million in attorney fees, the winning plaintiff's attorney's fees (which IBM had to pay) were \$600,000, and IBM's liability for court costs was \$70,000. In other words, IBM incurred costs of more than \$2 million in a suit the company considered it had won.⁵

The importance of the staffing function should not be underestimated. It is critical to the success of the organization; the direct and indirect costs are substantial; the organizational impacts are real; and the legal ramifications are potentially great.

STAFFING AND THE HUMAN RESOURCE MANAGEMENT SYSTEM

The human resource management system in an organization comprises all processes, activities, and tasks concerned with the acquisition, utilization, development, and rewarding of people in the workplace. Broadly speaking, all managers in a company are human resource managers because they have direct responsibility for people. The individual specifically designated as human resource or personnel manager is, in reality, the coordinator of the human resource

Figure 1.1
Human Resource Management System



management system, providing advice, expertise, and assistance to other organizational managers. While the human resource manager is responsible for proper functioning of the system, it is operating managers who implement and use it.

The human resource management system is composed of six major subsystems or processes, as shown in Figure 1.1. Staffing sets the other five processes in motion; staffing also influences, and in turn is influenced by, the other five processes. The relationship between staffing and the other five parts of the human resource management system is described in the following paragraphs.

Compensation

Compensation consists of all of the rewards—tangible and intangible, monetary and non-monetary—that an organization provides its employees in exchange for the work they perform. This definition suggests that compensation is more than just pay, and indeed it is. The three components of compensation are direct monetary rewards (wages and salaries), indirect financial payments (benefits and services), and psychological satisfactions (such as status, recognition, good working conditions, and meaningful work).

A firm's compensation program exerts a major influence on staffing. An inequitable compensation program may make constant recruiting necessary be-

cause employees leave the organization to take higher paying jobs elsewhere. Moreover, a poor compensation plan may make it hard to find enough qualified workers. On the other hand, an equitable compensation scheme can facilitate recruiting and increase the likelihood of hiring and retaining well-qualified employees.

Staffing primarily affects the compensation system through the employees it brings into the firm. If employees are consistently hired at the upper end of the pay scale, the compensation plan may have to be changed frequently to maintain internal equity and external competitiveness. If employees are consistently hired at the lower end of the pay scale, the compensation plan will have to be altered less frequently.

Training and Development

Training and development are concerned with improving the productivity of individuals, groups, and the entire organization. Training normally involves the imparting of skills that help workers perform their present jobs better. Development helps employees realize their full potential. These two efforts begin when an individual joins an organization and continue throughout the person's tenure with the firm.

Training and development have a significant impact on staffing. A company that has gained a reputation for providing excellent training and development—such as Hewlett Packard or Motorola—may find it easier to attract and retain qualified employees. Turnover may also be reduced because workers are reluctant to leave an organization that provides the necessary knowledge, skills, and learning experiences for attaining personal goals. Additionally, productivity is enhanced because employees are better able to perform their current jobs and to assume positions of higher responsibility when these positions become available.

Safety and Health

Safety and health include those things an organization does to protect employees from on-the-job injuries or work-related illnesses and to promote the general physical and mental well-being of employees. While progressive companies have long been concerned with these factors, federal legislation, local regulations, and the development of a health-conscious attitude among the general population have heightened the interest of organizations in safety and health matters.

How does safety and health relate to staffing? Different organizations, obviously, project different images in this area. Some merely adhere to the minimum standards regarding safety and health while others respond vigorously to these concerns. The image that an institution projects and the reputation it has earned can either help or hinder the staffing process. A reputation for being concerned

about safety and health facilitates staffing efforts; a reputation for lack of concern increases the difficulty of finding sufficient numbers of qualified employees to carry out the work of the company.

Employee and Labor Relations

Employee and labor relations are concerned with the way a company manages its work force, and how it interacts with its union, if it has one.

Vitally important to every employee is the concept of fairness in the employment relationship. Although fairness may not mean the same thing to each individual, every employee is concerned, generally speaking, with equity in the workplace. In matters of discipline, promotion, demotion, layoff, termination, and pay, employees tend to place a high value on equity, fairness, and consistency of treatment. Certainly, a firm's reputation in employee relations either facilitates or hinders the staffing process. How management deals with its employees soon becomes public knowledge that either enhances or tarnishes the company's image and consequently affects staffing.

Labor relations refers specifically to the organization's interactions with its union-represented employees. Again, it is reputation or image in this area that impacts the staffing process positively or negatively.

Personnel Research

Personnel research is that human resource management function concerned with the collection, analysis, and interpretation of data. It permeates all of the other processes in the human resource system.

Personnel research provides information that may be used to improve the staffing process. Data on the types of employees who have proven to be the most successful with the organization, and on turnover ratios, attitudes, accident frequencies, and productivity are often of assistance in personnel recruiting, selecting, promoting, and planning. Information gathered through research may be used to change staffing practices, revise procedures, or develop new policies in an effort to increase the staffing effectiveness.

All parts of the human resource management system must be integrated so that they function as a system. Staffing is affected by everything else that occurs in human resource management and, through the people it brings into the organization, staffing affects all other human resource processes. Staffing actions must be carefully thought through to assess their actual or potential impact on other aspects of the effective management of people in the workplace.

THE STAFFING SYSTEM

Although staffing is closely related to other human resource management functions, it can be viewed for purposes of analysis and study as a separate

system with its own activities and objectives. The basic components of staffing are shown in Figure 1.2. Each of these components is briefly described below.

Job Analysis and Design

The activities associated with ascertaining the duties of a job and determining the skills required to perform those duties are referred to as job analysis. Since every process within the human resource management system utilizes and relies upon the information provided by job analysis, this activity can be considered to be the most fundamental of all personnel tasks and tools.

Job design is primarily concerned with how the work to be performed in an organization should be divided into pieces or *chunks* that can be handled by individual employees. Once work is analyzed to find out what has to be done and the kinds of skills required to do it, job design takes over and determines how specific tasks may be accomplished most effectively.

Job analysis answers the questions of “what specific duties must be performed?” and “what human qualifications are needed to perform these duties?” Job design answers the question of how the work can best be performed. Chapter 5 discusses job analysis and design in detail.

Human Resource Planning

Determining the number of employees that an organization will need in the future and the kinds of skills those employees must possess is the task of human resource planning. Before many of the other staffing activities can be undertaken, human resource planning must be successfully completed. Chapter 6 explores this crucial topic.

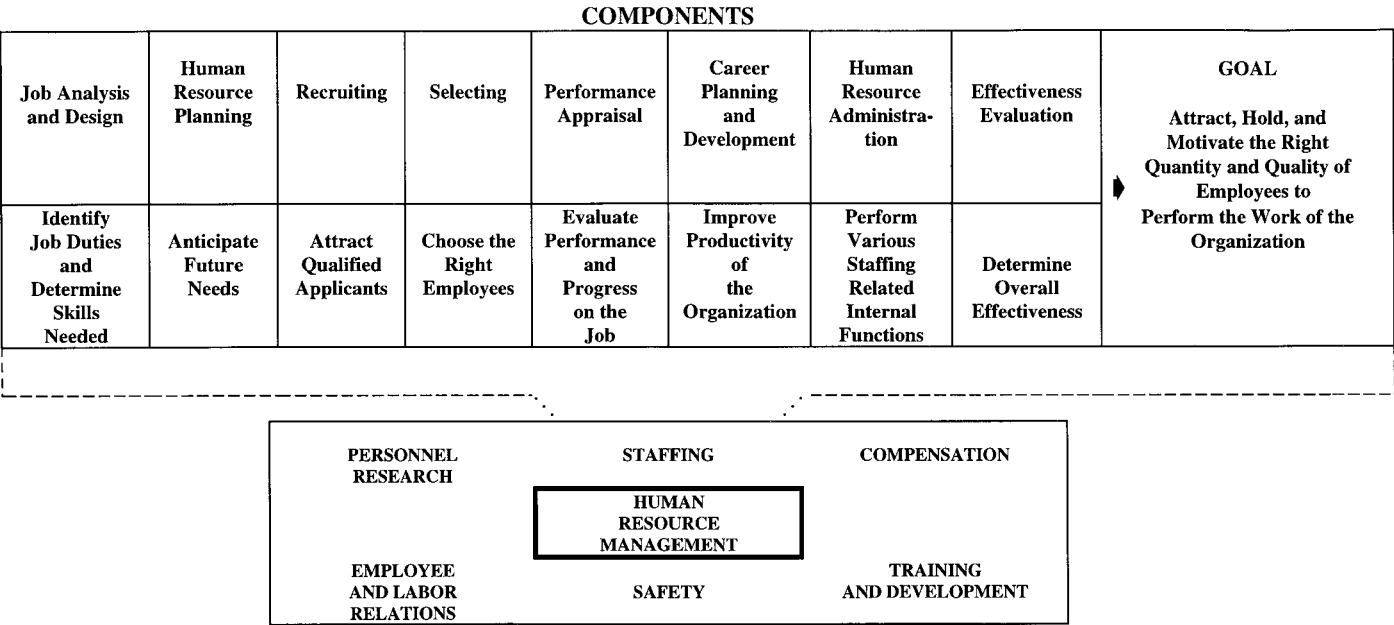
Recruiting

Recruiting consists of those activities undertaken to encourage sufficient numbers of qualified people to apply for employment with an organization. Its primary purpose is to ensure that there is an adequate supply of applicants available at the appropriate time. Recruiting is the subject of Chapter 7.

Selecting

Choosing the most qualified applicant for a particular position is the goal of selecting. Some basic considerations in selecting are presented in Chapter 8. Because of their actual or potential importance in the selection of employees, employment tests are examined in Chapter 9. Interviewing, the most widely used selection tool, and the most imperfectly utilized selection device, is discussed in Chapter 10.

Figure 1.2
The Staffing System



Performance Appraisal

Performance appraisal is basically concerned with determining how well employees are carrying out their assigned tasks. It is also frequently used to identify candidates for promotion or pay increases. Performance appraisal is an integral part of the staffing process for two reasons. First, it is the means through which employees are most often promoted to positions of higher responsibility. Second, it provides feedback information that can be used to evaluate the effectiveness of recruitment and selection activities, approaches, and procedures. Performance appraisal is explored in depth in Chapter 11.

Career Planning and Development

Career planning and development is a formalized approach taken by an organization to ensure that people with the proper qualifications and experience are available when needed. Its emphasis is on meshing the career aspirations of employees with the needs of the company. This topic is the subject of Chapter 12.

Human Resource Administration

This portion of the staffing process involves handling a multitude of administrative details that begin when an employee is hired and continue throughout his or her tenure with the organization. Among the activities included here are promotions, demotions, transfers, resignations, terminations, retirements, and layoffs. Human resource administration is covered in Chapter 13.

Effectiveness Evaluation

Does the staffing process do what it is supposed to do? How well are the various activities carried out? Is staffing performed in a cost-effective manner? These are the kinds of questions that evaluation seeks to answer. The evaluation of staffing is discussed in Chapter 14.

Interrelationships within Staffing

Referring once again to Figure 1.2, we can see that each of the components of the staffing process is related to successful accomplishment of staffing objectives. Job analysis is the most basic component because of its direct impact on every other aspect of staffing. Human resource planning is dependent upon job analysis, but it is also affected by the activities that occur in performance appraisal, career planning and development, and human resource administration. These activities determine the number and kind of employees who are available for movement within the organization. Human resource planning forms the basis

for recruiting additional employees, thus setting the recruiting activity in motion. Recruiting sets the selecting component in motion. The employees a firm hires then affect performance appraisal, career planning and development, and human resource administration. Evaluation of the effectiveness of staffing is influenced by all activities performed in each of the other staffing processes. In short, anything that is done in any of the staffing components has an effect on what is done and how well it is done in the other components. Consequently, to be effective, staffing must be viewed as an integrated activity. Policies, procedures, programs, and practices used in any particular component of the process cannot be developed or implemented without carefully examining their potential impact on other areas of the staffing process.

THE ENVIRONMENTAL CONTEXT OF STAFFING

The entire human resource management system, which includes staffing, is affected by a series of external and internal environmental forces. The external environment consists of those factors that affect a firm's human resource system from outside the boundaries of the organization. Major external forces include the legal system, the economy, the work force and labor market, competitors, customers, technology, unions, and society at large. The internal environment consists of those factors within the organization that affect the human resource system, including the mission and objectives of the organization, corporate policies, organizational climate, management philosophy, and other functional areas within the company such as marketing and finance. Figure 1.3 depicts the various environmental forces.

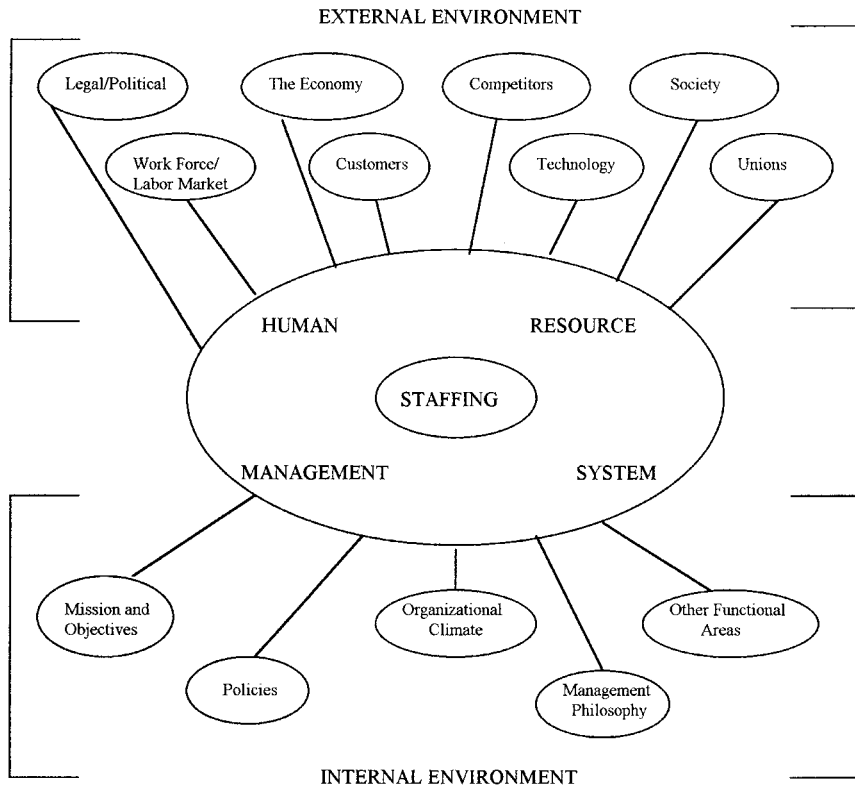
The basic staffing tasks of an organization remain essentially the same no matter what impact is exerted by the external or internal environment. However, the manner in which these tasks are performed may be substantially altered by either or both environments. The ways in which the various environmental forces affect staffing are briefly examined below.

External Factors

Contemporary organizations are increasingly subject to and influenced by outside forces. To a great extent, the way an institution does business and conducts its internal affairs is shaped or even determined, in large measure, by outside influences. Staffing, in particular, is affected by such environmental factors.

The Legal System. The external force that has had—and will continue to have—the greatest effect on staffing is the legal system. Procedures must conform to legally imposed guidelines; policies must reflect the spirit as well as the letter of the law; practices must meet statutory standards; and treatment of employees must be free of tortious acts. The legal system has dramatically altered the staffing process over the last 30 years. While the basic objective of staffing remains the same—securing sufficient numbers of qualified people at the right

Figure 1.3
Environmental Context of Staffing



time—it must now be accomplished in accordance with a number of externally imposed requirements established by statutory as well as common law.

Further compounding the effect of various laws and regulations is the increased willingness of employees or would-be employees to sue organizations over alleged violations of employment rights. The courts also seem more inclined to look with favor upon the claims of employees as evidenced by the number of cases won by employees and the large settlements that firms have been ordered to pay. Therefore, people involved in staffing must be fully cognizant of the legal system and the impact legal developments are having on the staffing function.

The Economy. The economic health of the country has a direct bearing on the accomplishment of staffing tasks. In times of vigorous economic growth, as firms expand, competition for qualified employees intensifies and staffing activities must be increased. Job analysis and human resource planning become more important as new jobs are added and plans must be made for future job increases.

Recruitment efforts are accelerated in the quest for qualified applicants. Selection becomes more difficult because of the wider range of employment opportunities open to applicants. Career planning, with its traditional emphasis on upward mobility in the organization, assumes greater importance as a means of attracting, holding, and motivating workers. Human resource administration activities increase, as more employees are hired, promoted, transferred, or leave the organization.

In times of poor economic health, staffing is also directly affected. Job analysis and human resource planning activities slow down. Recruitment efforts decrease because of the greater number of job applicants available. Selection is improved—at least potentially—due to the availability of a larger pool of applicants. Career planning loses some of its emphasis. Layoffs, retirements, and transfers increase the workload for human resource administration.

In short, the state of the economy tends to increase or decrease the level or intensity of staffing activities and change the priority or importance attached to these activities.

The Work Force/Labor Market. The work force consists of the total number of noninstitutionalized individuals, sixteen years of age and over, who are employed or unemployed but actively seeking employment. It represents the total number of individuals potentially available to all employers within this country. The work force also encompasses the mix of skills available as well as other factors of importance to employers.

The work force is dynamic, changing in numbers and characteristics over time. As these changes occur they affect the staffing process. Shortages of skills in the work force make it more difficult to attract and hold sufficient numbers of employees to perform the work of the organization. Surpluses simplify this task. A scarcity of qualified younger workers alters recruitment, selection, and career planning. An abundance of qualified older workers necessitates changes in staffing practices, policies, and philosophies. As will be seen in a later chapter, anticipating shifts in the work force is one of the tasks of human resource planning. If organizations fail to recognize and plan for changes in the work force, their staffing activities become more difficult.

The labor market is that geographical area—local, regional, national, or international—from which workers are usually recruited by an employer. It is a subset of the work force where supply of, and demand for, individuals with specific skills interact; consequently, it is of critical importance to an organization. For example, if the demand for particular skills is high relative to supply in a given labor market, an intensive recruiting effort may be required. Conversely, if supply exceeds demand, less vigorous recruiting tactics may suffice. Since labor market conditions change frequently (much more rapidly, in fact, than the work force), it is necessary to stay abreast of these changes to ensure continued effectiveness of the staffing process.

Competitors. Unless an organization monopolizes the market it serves, it will be forced to compete for sales with other institutions offering similar products

or services. Likewise, unless an organization is the only user of particular skills in its labor market, it will be forced to compete with other firms for the talent needed to produce its goods or services. The degree of competition in the labor market influences the way staffing is conducted. Intensive competition for workers results in a rigorous approach to staffing; moderate competition produces a much less intensive approach. Moreover, to remain competitive in the skills marketplace, an employer may have to modify its staffing practices in response to effective actions of competing labor market institutions.

Customers. The people who actually use a firm's products or services are a vital part of the external environment. An organization must ensure that its employment practices do not antagonize the market it serves. In some instances consumers have boycotted the products of organizations that paid substandard wages or failed to employ adequate numbers of minority workers. To improve customers' perceptions of its employment practices, an organization may have to revise its staffing practices.

Since customers are constantly demanding high-quality products and efficient service, organizations must strive to employ workers who can provide these products or service levels. Product or service quality is directly related to the skills and qualifications of the institution's employees. Sales may be lost or gained depending upon the quality of a firm's employees. Thus, customers exert pressure on an organization and affect its staffing practices.

Technology. Technology refers to the processes by which an organization converts inputs into goods and services. Computers and automation have drastically changed the conversion processes in most enterprises over the last two decades and will alter these processes even more in the future. Masses of unskilled or semiskilled workers have been replaced by fewer highly skilled workers who program the computers and monitor the automated equipment. New skills are needed today to meet the demands of new technology. These skills are typically in short supply, and it is often difficult to recruit sufficient numbers of qualified individuals for the jobs that are available. Competition in high-technology jobs is intense and employee turnover is usually high. Staffing practices, as a result, have to be changed to ensure that an organization has, and will continue to have, the right kinds of people available when they are needed.

Unions. Unions occupy the anomalous position of being both an external force and an internal force. They are perhaps best viewed, however, as an external force because they are a third party in their dealings with a company.

The manner in which staffing is conducted differs markedly in union and nonunion firms. In a few heavily unionized industries recruiting and selecting is done by the union itself. Human resource administration is often dramatically altered when a company has a union: seniority is of paramount importance; layoff procedures are rigidly specified; *bumping*, or job regression rights, are defined; and terminations are more difficult. Also affected is performance appraisal: many labor agreements preclude its use altogether.

Although effective staffing is still of great importance in a unionized environment, procedures, practices, and policies may be quite different from those in a nonunionized firm and influence the way staffing is accomplished.

Society. Members of society also exert considerable influence on the staffing process. The public at large is no longer content to accept without question the actions of institutions. People have found that changes in organizational practices can be made through the pressure of their voices and votes. This influence is evidenced by the number of regulatory statutes passed since the early 1960s.

The image a firm conveys to the general public can greatly influence staffing effectiveness. A reputation for fairness and integrity in dealing with employees can influence more and better qualified applicants to seek employment with a firm. Likewise, a firm that produces safe, fairly priced products of reasonable quality may attract more employees.

Society generally expects an organization to be a good corporate citizen. To the extent that an organization fulfills this expectation, staffing activities may be facilitated.

The external environment places a great deal of pressure on staffing. There are expectations and demands to be satisfied; there are requirements to be met; and there are challenges to be faced. It is important that the pressures brought by external forces be recognized clearly and that staffing be carried out so as to meet these external demands, pressures, requirements, challenges, and expectations in a positive fashion.

Internal Environment

The internal organizational environment substantially influences how staffing is accomplished. As indicated in Figure 1.3, significant internal factors include mission and objectives, policies, organizational climate, management philosophy, and the other functional areas in the organization.

Mission and Objectives. Mission refers to an organization's overall reason for existence, its general purpose as an entity. Objectives are specific results to be achieved within a designated period of time. Mission and objectives define what an organization does and how it goes about doing it. They provide direction for an enterprise and thus influence and shape all other institutional activities.

Two very simplified examples illustrate how mission and objectives relate to staffing. Company A has the goal of being a leader in its industry with respect to technological advances. Growth is expected to occur through the pioneering of new products and processes. Company B, on the other hand, has the goal of conservative growth with little risk taking. Only after another company's products have proven themselves in the marketplace will Company B commit itself to producing similar products.

In Company A, the firm will need a creative environment that encourages new ideas. Highly skilled, imaginative workers will have to be recruited and

selected to bring about the desired technological advancements. On the other hand, the basic staffing tasks remain the same in Company B, but the objectives of the firm dictate that the tasks be altered considerably. A different kind of work force will need to be recruited and selected. Highly creative individuals are not essential to achieving Company B's goals.

As these simple examples show, overall company mission and objectives influence the staffing process.

Policies. A policy is a general statement that guides thinking in decision making. Organizational policies establish parameters that assist managers and employees in the accomplishment of their jobs. Policies set the tone for what is done in a company, as well as the manner in which it is done.

In a large organization policies are established for every area of operations—marketing, finance, accounting, production, and engineering—but frequently most policies relate to human resource management. Human resource policies reflect the tone of other corporate policy statements and set forth the kinds of actions to be taken relative to people. A company's policies say a great deal about the importance or lack of importance attached to staffing. For example, a promotion-from-within policy underscores an organization's commitment to preparing its present employees for advancement. Absence of such a policy suggests a lack of concern for employee advancement. In either case, policy or lack of policy influences the emphasis given to staffing activities.

Organizational Climate. The psychological atmosphere prevailing in a company is referred to as its organizational climate. An infinite number of possible climates exist. At one extreme is a negative, closed, and threatening climate. At the other extreme is a positive, open, and nurturing climate. The prevalent psychological atmosphere has a direct relationship to employee motivation, work quality, turnover, and absenteeism. A positive climate enhances motivation, improves work quality, decreases turnover, and reduces absenteeism. A negative climate has the opposite effect. In general, a positive climate makes the task of staffing easier while a negative climate makes it more difficult.

Management Philosophy. The prevailing values of management—often referred to as corporate culture—affect everyone and everything in an organization. The way management feels about people and the actions it takes regarding them speak much more loudly than platitudinous pronouncements and pompous policies. Values, philosophy, and culture influence staffing and how it is carried out. Management beliefs and actions that suggest a genuine interest in and concern for employees have a positive impact on staffing. Beliefs and actions that suggest lack of interest and concern have a deleterious effect.

Other Functional Areas. Marketing, finance, production, and all other functional areas in an organization have an effect on the staffing process. For example, if the work performed in the manufacturing area is boring, dirty, or dangerous, staffing specialists may be forced to recruit continuously to ensure that production has sufficient numbers of qualified people because turnover is likely to be quite high. Or, if the product or service of the firm is difficult to

sell, constant recruiting may be necessary to keep the marketing function at full strength. Conversely, if the work performed in finance is challenging and exciting, employee turnover is likely to be low, and there may be a ready pool of applicants to fill any vacancies that do occur. Thus, the actual work that is performed, the way it is performed, and the conditions under which it is carried out may greatly influence the work of staffing.

The internal environment shapes and molds the way staffing is accomplished in a firm; it influences the importance that is attached to each staffing task; it determines to a large extent the effectiveness with which staffing will be performed.

NOTES

1. "Human Resource Practices and Job Satisfaction" (Executive Summary), Society for Human Resource Management, 1993, p. 1.
2. "Human Resources Activities, Budgets, and Staffs: 1992-93," *Bulletin to Management*, May 27, 1993, pp. 1, 15.
3. Richard D. Faulkner, Gail D. Handlogten, and Donald L. Caruth, "Courting Alternatives to the Courtroom," *Restaurants USA*, February 1996, p. 36.
4. "Top 10 Monetary Verdicts of '95," *Dallas Morning News*, January 15, 1996, p. D1.
5. Faulkner, Handlogten, and Caruth, "Courting Alternatives to the Courtroom," p. 36.

2

Staffing Legislation and Regulation

As mentioned in the previous chapter, one of the most important external forces affecting an organization's staffing policies and practices is the legal system. Virtually every phase of staffing—from recruitment to selection, from compensation to termination, and from performance appraisal to promotion—is covered in some fashion by federal legislation, executive orders, or federal administrative regulations. In addition, state and local laws often impact staffing. And increasingly, common law provisions are being applied to staffing issues. The result is that human resource professionals face a plethora of legal complexities. This chapter examines the most prominent federal regulations and common law applications affecting staffing.

FEDERAL LEGISLATION

Prior to the 1930s, with few exceptions, organizations enjoyed wide latitude in employment practices and employee relations. With the coming of the New Deal under President Franklin D. Roosevelt, specific, but still limited, rights of workers began to receive protection under federal legislation. The civil rights movement of the 1960s ushered in a new age of federal protection for employees and job applicants and produced a dramatic revision of staffing practices and employee relations. The late 1980s and the early 1990s saw a resurgence in federal legislation on staffing issues. Described below in chronological order are the statutes that have made staffing the legalistic challenge that it is today.

Civil Rights Act of 1866

The oldest federal legislation affecting staffing is the Civil Rights Act of 1866, which is based on the Thirteenth Amendment to the U.S. Constitution. Specif-

ically, this act provides that all citizens have the same right “as enjoyed by white citizens . . . to inherit, purchase, . . . hold, and convey . . . property, [and that] all persons . . . shall have the same right to make and enforce contracts . . . as enjoyed by white citizens.” As interpreted by the courts, employment as well as membership in a union is a contractual arrangement. Thus, if a black is denied employment, promotion, union membership, or any other employment advantages or opportunities because of his or her race, the courts have held that the right to make a contract has been violated. Whites and Hispanics are also covered by this act if they are discriminated against on the basis of race. Until 1968 it was assumed that the act was applicable only when action by a state or state agency, and not by private parties, was involved. In 1968 the Supreme Court overruled this assumption and broadened the interpretation of the act to cover *all* contractual arrangements. The Civil Rights Act of 1866 has no statute of limitations.¹

Civil Rights Act of 1871

This act is based on the Fourteenth Amendment to the U.S. Constitution, which guarantees all citizens the right to equal protection under the law. Originally referred to as the Ku Klux Klan Act, the Civil Rights Act of 1871 makes it illegal for two or more persons to conspire to deprive any person, or class of persons, of the right of equal protection under the law. It has been held by the federal courts that where two or more officials of a corporation, the employer and its employees, or two or more employees have conspired among themselves to deny equal rights to a person or persons on the basis of race, a violation of this statute has occurred. The act applies to private enterprises and parties as well as states and local governments. While the act has no effective statute of limitations, limitations provided for in Title VII of the Civil Rights Act of 1964, or expressed in state tortious conspiracy laws, are normally followed.²

National Labor Relations Act of 1935

Commonly known as the Wagner Act, this legislation gives employees the right to form unions and requires employers to recognize employee unions and to bargain with them in good faith about wages, hours of work, and other terms and conditions of employment. As specified in the act:

Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

The rights given to employees are protected against interference by employers. Specifically, employers are prohibited from (1) interfering with, restraining,

or coercing employees in their exercise of the right to form unions; (2) dominating a union or interfering in the affairs of a union; (3) discriminating against employees in hiring, job tenure, or any condition of employment for the purpose of encouraging or discouraging union membership; (4) discriminating against or terminating an employee who has filed an unfair labor charge or has given testimony under the act; and (5) refusing to bargain in good faith with its employees' chosen representatives.³

The act created the National Labor Relations Board, which has the responsibility for conducting elections to determine if employees wish to be represented by a union, determining which of two competing unions will be certified as the bargaining agent for a group of employees, preventing unfair labor practices in unionization activities, and investigating reported claims of unfair labor practices.

Social Security Act of 1935, as Amended

This act created the Social Security Administration and established the existing system of old age, survivors, disability, and unemployment compensation insurance.⁴ Employees and employers share equally the cost of old age, survivors, and disability insurance—those items that are commonly described as Social Security. Employers pay the full cost of unemployment insurance, the funding of which is accomplished through a payroll tax. Unemployment benefits are paid through state agencies in each of the 50 states. The act also created a minimum period of 26 weeks of unemployment compensation for employees who meet the qualifications for such compensation.

Fair Labor Standards Act of 1938, as Amended

Popularly known as the Wage and Hour Act, this statute established a minimum wage for the vast majority of workers in the private sector.⁵ It also established the standard workweek of 40 hours. Workers covered by this statute are divided into two categories: exempt and non-exempt. Non-exempt workers must be compensated at a rate of one and one-half times their regular hourly rate of pay for hours worked in excess of 40 during a given workweek. A workweek is defined as a recurring period of 168 hours or seven consecutive 24-hour periods. The workweek does not have to conform to the calendar week, and it may begin at any hour of the day. Exempt employees—managers, administrators, and professionals, for example—are excluded from the overtime pay requirement. Additionally, the act set the minimum working age for covered employment at sixteen; if the work is considered hazardous, the minimum working age is eighteen.

Labor–Management Relations Act of 1947

This statute, an amendment to the National Labor Relations Act of 1935, was enacted with the express intent of restoring a balance of power between unions and management.⁶ Usually referred to as the Taft-Hartley Act, it altered union-management relations by (1) protecting the right of employees to refrain from, as well as engage in, union activity; (2) prohibiting the closed shop (an arrangement that requires all workers to be union members at the time they are hired); (3) narrowing the freedom of the bargaining parties to authorize the union shop (under a union shop arrangement the employer is free to hire anyone it chooses, but all new workers must join the union within a stipulated period of time or they will be terminated); (4) granting the employer greater freedom of speech when faced with an attempt to unionize workers; (5) granting management the right to refuse to recognize or bargain with unions of supervisory personnel; (6) giving employees the right to initiate decertification proceedings should they no longer desire to be represented by a union; (7) providing for government intervention to halt strikes for an 80-day “cooling off” period when such strikes would create a “national emergency” detrimental to the welfare of the country; and (8) giving states the power to enact so-called right-to-work laws precluding the union shop arrangement.

A significant feature of the Labor–Management Relations Act was that it extended the concept of unfair labor practices to unions. Previously, such practices had been limited to management alone. Under the act specific unfair labor practices by unions consist of (1) restraining or coercing employees in the exercise of their collective bargaining rights, (2) causing an employer to discriminate in any fashion against an employee in order to encourage or discourage union membership, (3) refusing to bargain in good faith with an employer, (4) engaging in certain types of strikes or boycotts, (5) requiring employees to pay initiation fees or dues that are excessive or discriminatory, and (6) requiring an employer to pay for services not performed by workers.

The act also created the Federal Mediation and Conciliation Service, which assists employers and unions in negotiating new contracts when the parties have reached an impasse in negotiations and maintains a panel of qualified arbitrators to settle union-management grievances.

Equal Pay Act of 1963, as Amended

This act is an amendment to the Fair Labor Standards Act (FLSA) of 1938 and covers the same employers as FLSA.⁷ The statute makes it illegal for an employer to discriminate in pay on the basis of sex where jobs require equal skill, effort, and responsibility and are performed under similar working conditions. Pay differentials between sexes are permitted when such differences are based on seniority systems, merit systems, production-related pay plans (wage

incentives), or factors other than sex. Premium pay differences for working undesirable shifts are also allowed. In 1972 the act was amended to cover employees in executive, administrative, professional, and outside sales positions, as well as employees in most state and local governments, hospitals, and schools. Over the years, the act has become less significant because a violation of the Equal Pay Act is also a violation of Title VII of the Civil Rights Act of 1964, a broader and more powerful statute.

Title VII of the Civil Rights Act of 1964, as Amended

The statute that has had the greatest impact on human resource management is Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Act of 1972.⁸ Under Title VII it is illegal for an employer to discriminate in hiring, firing, promoting, compensating, or in terms, conditions, or privileges of employment on the basis of race, color, sex, religion, or national origin.

Title VII covers employers engaged in or affecting interstate commerce who have fifteen or more employees for each working day in each of 20 calendar weeks in the current or preceding calendar year. Also included in the definition of employers are state and local governments, schools, colleges, unions, and private employment agencies that procure employees for an employer with fifteen or more employees.

Three notable exceptions to discrimination as covered by Title VII are bona fide occupational qualifications (BFOQs), seniority and merit systems, and testing and educational requirements. According to the act it is not

an unlawful employment practice for an employer to hire and employ employees . . . on the basis of his religion, sex, or national origin in those certain instances where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the particular business or enterprise.

Thus, for example, religious institutions, such as churches or synagogues, may legally refuse to hire individuals whose religious persuasion is different from that of the hiring institution. Likewise, a maximum security correctional institution housing only male inmates may decline to hire females as security guards. The concept of bona fide occupational qualification was designed to be narrowly, not broadly, interpreted and has been so construed by the courts in a number of cases. The burden of proving the necessity for a BFOQ rests entirely on the employer.

The second exception to discrimination under Title VII is a bona fide seniority system such as the type normally contained in a union contract. Differences in employment conditions among workers are permitted “provided that such differences are not the result of an intention to discriminate because of race, color, religion, sex, or national origin.” Even if a bona fide seniority system has an adverse impact on those individuals protected by Title VII (i.e., it affects a class

or group), the system can be invalidated only by evidence that the actual motives of the parties to the agreement were to discriminate.

In the matter of testing and educational requirements, Title VII states that it is not “an unlawful employment practice for an employer to give and to act upon the results of any professionally developed ability test provided that such test, its administration, or action upon the results is not designed, intended or used to discriminate because of race, color, religion, sex, or national origin.” Employment testing and educational requirements must be job-related, and the burden of proof is on the employer to show that a demonstrable relationship exists between actual job performance and the test or educational requirement.

Persons not covered by Title VII include aliens not authorized to work in the United States and members of the communist party. Homosexuals are also not protected under Title VII. The courts have consistently ruled that where the term *sex* is used in any federal statute that term refers to biological gender and not to sexual preference.

The Civil Rights Act of 1964 also created the Equal Employment Opportunity Commission (EEOC) and assigned enforcement of Title VII to this agency. Consisting of five presidentially appointed members, EEOC is empowered to investigate, conciliate, and litigate charges of discrimination arising under provisions of Title VII. Additionally, the commission has the responsibility of issuing procedural regulations and interpretations of Title VII and the other statutes it enforces. The most significant regulation issued by EEOC is the *Uniform Guidelines on Employee Selection Procedures*. This regulation will be discussed in Chapter 4.

When a charge is filed under Title VII, EEOC investigates the evidence to determine if there is a possible violation of the statute. Where there is a state or local agency similar to EEOC that meets EEOC standards, the complaint is first referred to that agency.⁹ The state or local agency (the deferral agency) then has at least 60 days of exclusive jurisdiction over the charge. After 60 days, or if the deferral agency has terminated its proceedings or waived jurisdiction, EEOC assumes jurisdiction over the complaint. Title VII requires deferral to a state or local agency where one exists, and if EEOC fails to defer, it may lose not only its jurisdiction but also its ability to conduct an investigation.

If after investigation, EEOC finds no probable cause, it ends its involvement and notifies the complainant that he or she has the right to pursue the case in federal court. The complainant always retains the right to pursue his or her case in court at any time—before, during, or after EEOC or other agency involvement. If EEOC’s investigation finds that there is probable cause for a discrimination charge, the first attempt at settlement will be through conciliation—a negotiated arrangement among the complainant, the employer, and EEOC that is satisfactory to all parties, adequately compensates the victim or victims of discrimination, and meets the standards set by EEOC.

Failing to achieve a settlement by conciliation, EEOC next has the option to file suit against the employer in federal district court. Whether EEOC will pursue

litigation is usually contingent upon five factors: (1) the number of people affected by the alleged practice, (2) the amount of monetary settlement involved, (3) the number of other discrimination charges brought against the employer, (4) the type of charge, and (5) the opportunity to establish legal principle or precedent in discriminatory matters. Because litigation requires the commitment of considerable resources, EEOC's court actions are generally limited to important cases that are likely to be favorable to the agency and have a far-reaching impact on employment practices. In other words, EEOC does not take court action lightly.

Under Title VII, charges may be filed by any of the EEOC commissioners, any aggrieved person, or anyone acting on behalf of an aggrieved person: for example, an attorney. The time limit for filing charges is 180 days after the occurrence of the alleged discriminatory act. If the complainant is first required to file the charge with a state or local agency, the time limit for filing with EEOC is extended to 300 days.

The Civil Rights Act of 1964 also prohibits retaliation against employees who have opposed an allegedly illegal employment practice. Anyone who testifies, assists, or participates in discriminatory proceedings is also protected.

Currently the Equal Employment Opportunity Commission has a backlog of almost 100,000 complaints.¹⁰

Age Discrimination in Employment Act of 1967, as Amended

This act protects individuals over the age of 40 from discrimination by employers in matters of hiring, job retention, job privileges, and other terms and conditions of employment.¹¹ Covered under the Age Discrimination in Employment Act (ADEA) are employers with 20 or more employees for 20 or more calendar weeks (either in the current or preceding calendar year), unions with 25 or more members, employment agencies, and federal, state, or local governments.

A 1986 amendment to ADEA prohibits mandatory retirement of most private sector employees at age 70; however, high-level executives may be retired at age 65 if they are entitled to immediate, nonforfeitable pensions or deferred compensation of at least \$27,000 annually. A 1978 amendment had previously eliminated the maximum retirement age of 70 for federal employees.

An exception to the provisions of the act provides that age may be used as a bona fide occupational qualification in those instances where youth is reasonably necessary for business operations or safety factors:¹² for example, actors and actresses required for youthful roles, persons employed to advertise or promote the sale of products designed for youthful consumers, or intercity bus drivers. Age is also a bona fide occupational qualification if federal statutory or regulatory requirements impose a compulsory age limitation. For instance, the Federal Aviation Agency requires a ceiling of age 60 for commercial airline pilots.

ADEA differs from Title VII in that it provides for trial by jury and there is

a possible criminal aspect to an age discrimination charge. Trial by jury has significant implications for employers because jurors may have sympathy for older persons who have allegedly suffered discrimination. The punitive aspect means that an employee may receive more than lost wages if discrimination is proven. (Juries tend to perceive corporations, especially large ones, as *deep pockets* and may not hesitate to award large settlements to an aggrieved employee.)

Rehabilitation Act of 1973, as Amended

This statute covers government contractors, subcontractors, or organizations receiving federal monies in excess of \$2,500.¹³ Individuals are considered handicapped or disabled if they have a physical or mental impairment that substantially limits one or more major life activities, have a past history of such impairment, or are perceived by others as having such an impairment. Only physical or mental impairments are covered by the act. Disadvantages arising from environmental, cultural, or economic factors are not covered. Clearly protected, however, are such diseases and conditions as epilepsy, cancer, cardiovascular disorders, AIDS, blindness, deafness, mental retardation, emotional disorders, and dyslexia. Under certain circumstances, alcoholism and narcotics addiction are also protected.

The Rehabilitation Act is administered by the Office of Federal Contract Compliance Programs (OFCCP), which investigates and attempts to settle (normally through conciliation where possible, but through litigation if necessary) complaints of discrimination. There is no private right of action under the act; consequently, the complainant must file a complaint with OFCCP within 180 days of the alleged discriminatory act, at which time OFCCP assumes responsibility for all further action.

There are two primary levels of the act. All contractors or subcontractors exceeding the \$2,500 base are required to post notices that they agree to take affirmative action (that is, positive steps over and above normal practices) to recruit, employ, and promote qualified disabled individuals. If the contract or subcontract exceeds \$50,000, or if the contractor has 50 or more employees, the employer must prepare a written affirmative action plan for review by OFCCP.

Vietnam Era Veterans Readjustment Assistance Act of 1974

This Act, administered by the Department of Labor, covers disabled and non-disabled veterans of the Vietnam era.¹⁴ It applies only to contractors or subcontractors with federal government contracts of \$10,000 or more. Under the provisions of this statute a contractor is precluded from discriminating against any employee or applicant for employment because he or she is a disabled or nondisabled veteran of the Vietnam era. The contractor must take affirmative action to employ, promote, and avoid discrimination against covered individuals

in all areas of employment practices. Honorably discharged veterans and other veterans of the Vietnam era who served more than 180 days on active duty between August 5, 1964 and May 7, 1975 are covered. Disabled veterans are defined as those individuals with a compensable disability rated at 30 percent or more by the Veterans Administration. Also included are those persons whose discharge or release from active duty was for a disability incurred or aggravated in the line of duty. In addition, the person must have separated from the military service within 48 months prior to the alleged violation.

A major provision of the act is that covered organizations must list virtually all job openings with the local state employment office. Organizations with 50 or more employees who have received contracts for over \$50,000 must maintain an affirmative action program. Because of the affirmative action requirement, contractors must provide a schedule for review of all physical and mental job qualifications. This requirement is intended to ensure that all job specifications are actually job-related.

Pregnancy Discrimination Act of 1978

Passed as an amendment to Title VII of the Civil Rights Act of 1964, as Amended, the Pregnancy Discrimination Act prohibits discrimination in employment based on pregnancy, childbirth, or related medical condition such as an abortion.¹⁵ The basic premise of the act is that women affected by pregnancy or related conditions must be treated the same as other applicants and employees not so affected who have similar abilities to work. A pregnant woman, or one affected by a related condition, is therefore protected from being refused a job, denied a promotion, or fired, merely because she is pregnant, has recently delivered, or has had an abortion. An employer generally cannot cause a woman to take a leave of absence as long as, according to her physician, she is able to work. Likewise, an employer cannot require a woman who has delivered to remain off work for a set period of time after delivery. If other employees on disability leave are entitled to return to their jobs when they are able to work again, the same right must be granted to women who have been unable to work because of pregnancy and subsequent delivery.

In the benefits area—health insurance, sick leave, and disability coverage—the same principle applies. A woman unable to work for pregnancy-related reasons is entitled to disability benefits or sick leave on the same basis as employees unable to work for other medical reasons. Any health insurance provided must cover expenses for pregnancy-related conditions on the same basis as expenses for other medical conditions. However, health insurance for expenses arising from abortion is not required, except when the life of the mother would be endangered if the fetus were carried to term, or when medical complications arise from an abortion.

The net effect of the pregnancy discrimination amendments to Title VII has been to raise the cost of employee benefit plans and potentially penalize em-

employers who have vigorously pursued affirmative action plans to hire more female employees.

Immigration Reform and Control Act of 1986

Extremely sweeping in scope, this statute applies to every employer (even those with only one employee) and every employee (full-time, part-time, temporary, or seasonal) in the United States. It was enacted to regulate the increasing flow of illegal immigrants into the United States and to protect legal immigrants against discrimination.

Employers must require all new hires to complete a Form I-9 and provide documentation establishing both identity and authorization to work legally in the United States. The Form I-9 lists the various documents or combination of documents accepted as proof of identity and work authorization. Documents that establish both identity and employment eligibility are United States passports, Certificates of United States Citizenship, Certificates of Naturalization, unexpired foreign passports with attached Employment Authorizations, and Alien Registration Cards with photographs. Documents used to establish identity only are a state-issued driver's license or a state-issued identification card with a photograph or identifying information, including name, sex, date of birth, height, weight, and color of eyes; a U.S. Military identification card; or other similar documents. Documents that establish employment eligibility only are an original Social Security Number Card; a birth certificate issued by a state, county, or municipal authority bearing a seal or other certification; and an unexpired Immigration and Naturalization Service (INS) Employment Authorization. Any document establishing identity may be combined with any document establishing employment eligibility to satisfy the Form I-9 requirements. Employers must retain Form I-9 for three years from the date of the employee's hiring or one year after the employee's termination, whichever is longer.

Failure to comply with the Immigration Reform and Control Act (IRCA) requirements may result in penalties ranging from a minimum of \$100 for failure to document a worker's identity and eligibility, to \$10,000 for multiple offenses of hiring illegal aliens. An employer may also be required to rehire and provide back pay to any worker who is the victim of illegal discrimination. An employer who is found guilty of consistently hiring illegal aliens is subject to imprisonment of up to six months and a \$3,000 fine for each worker hired. In a 1989 South Carolina case, the government imposed a record fine of \$580,000 against a pillow manufacturing company, and a federal grand jury indicted its owners and nine managers on charges of recruiting and hiring 117 illegal aliens. The maximum sentence for these offenses is 653 years in prison, plus fines of \$5.1 million.¹⁶

Employers with four to fourteen employees may not discriminate on the basis of citizenship or national origin. Employers with fifteen employees, as previously discussed, are already prohibited from national origin discrimination under

Title VII. However, an employer may give preference to an applicant who is a U.S. citizen over an alien when the two applicants are equally qualified.

Worker Adjustment and Retraining Notification Act of 1988

This act requires covered employers to give employees, their representatives (if the employees are unionized), state dislocated worker units, and local government officials a 60-calendar-day notice of plant closings or mass layoffs. The purpose of the Worker Adjustment and Retraining Notification Act (WARN) is to provide workers and their families time to adjust to the loss of employment, obtain other jobs, or enter job retraining programs. An additional purpose is to allow state agencies that deal with dislocated workers an opportunity to provide prompt assistance.

An employer is subject to the provisions of this act if it employs 100 or more employees, excluding part-time workers, or if it employs 100 or more employees who work aggregate total of at least 4,000 hours per week, excluding overtime. Under WARN, an employer is defined as a business enterprise, company, firm, or business consisting of one or more employment sites under common ownership or control. Nonprofit organizations are considered employers, but federal, state, and local governments are not.¹⁷

A plant closing is defined as the permanent or temporary shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment, if the shutdown results in an employment loss at the single site of employment during any 30-day period for 50 or more employees, excluding part-time employees. A mass layoff must meet two conditions for the act's notification requirement to apply: it must be a reduction in force that is not a plant closing, and the reduction must result in an employment loss at a single employment site that affects at least 50 full-time employees who comprise at least 33 percent of the full-time work force, or a minimum of 500 full-time employees.

There are several exceptions to the 60-calendar-day notice requirement. If the plant closing was caused by a natural disaster, there is obviously no notice requirement. The closing of a temporary facility, or completion of a project for which employees were hired with an understanding that their employment was temporary, requires no advance notification. Problems caused by strikes, lock-outs, or permanent replacement of economic strikers are not subject to the notification requirement. Nor does the notification requirement apply if the employer is, reasonably and in good faith, forced to shut down the plant quickly to obtain needed capital or business or to cope with unanticipated business circumstances.¹⁸

Any employer who does not furnish appropriate notice of a plant closing or mass layoff is liable, in a civil action, for one day's back pay for each affected employee for each day of violation up to 60 days, plus the value of medical

expenses and other benefits paid directly to affected employees and the value of all actual payments made to third parties on behalf of affected employees. Employers are also subject to fines of up to \$500 per day payable to the appropriate local government if the employer does not continue to pay benefits as required.¹⁹

Employee Polygraph Protection Act of 1988

Once used in American industry as a screening device, the polygraph test was the subject of a study by the Congressional Office of Technology in 1983. In this study, the office found scientific evidence to indicate that the polygraph was not valid for employment screening purposes. Its accuracy rates were estimated to range from 50 percent to 90 percent.²⁰ Moreover, the results of polygraph tests have never been allowed in courtrooms as evidence of guilt or innocence—which casts further doubt on their efficacy as valid and reliable tests.

A polygraph measures three physiological indicators: rate and depth of respiration, cardiovascular activity, and perspiration. Inaccuracies in polygraph results, including a number of false positives, led to passage of the Employee Polygraph Protection Act of 1988, thus effectively putting an end to polygraph use as a selection device and greatly restricting its use for other employment functions.²¹

The act precludes an employer from (1) directly or indirectly suggesting, requesting, or causing an employee to submit to a polygraph or any other similar test; (2) using, accepting, referring to, or inquiring about the results of any polygraph test of any job applicant or current employee; or (3) discharging, disciplining, discriminating against, denying employment or promotion to, or threatening to take adverse action against any current employee or job applicant who refuses to take a polygraph test, or who fails such a test.²²

Certain employers are exempt from these regulations: private employers whose primary business is to provide security services; employers involved in the manufacture, distribution, or dispensing of controlled substances; and federal, state, and local governments.²³ Polygraph tests may also be administered to current employees in private industry under the following conditions: the test is given in conjunction with an ongoing investigation of an economic loss, the employee had access to the property in question, the employer has reasonable suspicion that the employee was involved, and the employee is provided with a statement of the economic loss and the basis for the employer's suspicion. The results of the test may be used to discharge an employee only if the employer has additional evidence of the employee's guilt.²⁴

Violations of the Polygraph Act are subject to fines as high as \$10,000 per violation. The employee must be reinstated, promoted (if applicable), and given back pay and benefits. The act is administered by the Department of Labor through its Wage and Hour Division.

Americans with Disabilities Act of 1990

The Americans with Disabilities Act (ADA) became effective in July 1992 and originally covered employers with 25 or more employees. Since 1994, like Title VII, it has applied to employers with 15 or more employees. It is estimated that 43 million Americans are protected by this act.

The act defines as disabilities (1) a physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as walking, talking, seeing, hearing, or learning; (2) a record of such an impairment; or (3) an assumption by the employer that the individual has such a disability.

Various obligations are imposed on employers under this legislation: (1) employers cannot deny an individual a job if the individual is qualified and can perform the essential functions of the job, with or without reasonable accommodation; (2) the employer must make reasonable accommodation for a qualified individual to perform the job, unless this would result in undue hardship for the employer; (3) employers are not required to lower performance standards to accommodate an individual if the standards are job-related and uniformly applied to all employees; (4) selection criteria that screen out or tend to screen out applicants on the basis of disability must be job-related and consistent with business necessity; (5) tests or procedures used to evaluate qualifications must reflect skills and abilities rather than impairments in sensory, manual, or speaking skills, unless these skills are job-related; (6) pre-employment physicals after a conditional offer of employment is extended are permissible only if all employees must have them; (7) medical information on employees must be kept separate from other personal information; and (8) employers cannot make inquiries about an applicant's past workers compensation claims or disabilities.

Employers may continue to use pre-employment and random drug and alcohol tests, inasmuch as these tests are not considered to be medical examinations. Rehabilitated drug and alcohol abusers are protected. Current drug abusers are not and may be terminated. Alcoholics, however, are protected and must be given the choice of seeking treatment or facing termination.

One of the big impacts of ADA on the human resource function has been in job analysis and job descriptions. Employers must carefully analyze jobs to ascertain essential job and marginal job functions and clearly indicate these items on job descriptions.

Civil Rights Act of 1991

During its 1988–1989 term, the Supreme Court rendered six employment discrimination decisions of such magnitude that a Congressional response was provoked.²⁵ The result was passage of the Civil Rights Act of 1991, a statute some have described as “the most sweeping amendment to employment discrimination regulation since Title VII.”²⁶ The House of Representatives report

accompanying the bill identified two primary purposes of the Act: (1) “to respond to recent Supreme Court decisions by restoring the civil rights protections that were dramatically limited by those decisions,” and (2) “to strengthen existing protections and remedies available under federal civil rights laws to provide more effective deterrence and adequate compensation for victims of discrimination.”

The Act amended five statutes: (1) the Civil Rights Act of 1866; (2) Title VII of the Civil Rights Act of 1964, as Amended; (3) the Age Discrimination in Employment Act of 1967, as Amended; (4) the Rehabilitation Act of 1973; and (5) the Americans with Disabilities Act of 1990. The key provisions of the act are described below.

Monetary Damages and Jury Trials. Individuals who feel themselves to be victims of intentional discrimination predicated on race, gender (including sexual harassment), religion, or disability can seek compensatory damages for pain and suffering and punitive damages as well. These damages are available only from private sector employers and are not applicable to adverse impact cases. (See Chapter 4 for a discussion of adverse impact.) Alleged victims of intentional discrimination have the right to demand a jury trial. The damages that can be awarded depend upon the size of the employer’s workforce and range from \$50,000 for employers with 15 to 100 employees to \$300,000 for employers with 500 or more employees.

Adverse Impact. In an adverse impact case (i.e., one affecting a group or class of people), the plaintiff must identify a specific employment practice as the cause of discrimination. If the employee is successful, the burden of proof then shifts to the employer who must “demonstrate that the challenged practice is job related for the position in question and consistent with business necessity.”

Protection in Foreign Countries. The act amends Title VII and the Age Discrimination Act by extending protection from employment discrimination to U.S. citizens working in a foreign facility owned or controlled by a U.S. company. The employer is not required to comply with U.S. discrimination laws, however, if to do so would violate the law of the host country.

Racial Harassment or Other Post-hiring Conduct. The Civil Rights Act of 1866 was amended to broaden the term “make and enforce contracts” to encompass not only the making, performance, modification, and termination of contracts but also the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship.

Challenges to Consent Decrees. Challenges to consent decrees or other orders by individuals who had notice of the proposed judgment, a reasonable opportunity to present objections, and whose interests were adequately represented and protected by another party who challenged the decree on the same grounds are barred. In other words, non-parties to the original suit cannot mount a legal challenge to previously decided enforcement actions.

Mixed Motive Cases. Under the Civil Rights Act of 1991, a finding of discrimination is not negated even though the employer demonstrates that the same

decision would have been reached without the influence of the discriminatory factor. However, in these cases, the court may not assess damages or require rehiring, reinstatement, or promotion of the plaintiff.

Seniority Systems. Under the act, seniority systems that intentionally discriminate can be challenged within 180 days at any of three points: (1) when the system is adopted, (2) when a protected class member becomes subject to the system, or (3) when a person is actually injured by the system.

Race Norming. The act makes it unlawful “to adjust the scores of, use different cutoff scores for, or otherwise alter the results of employment-related tests on the basis of race, color, religion, sex, or national origin.”

Expert Witness Fees. Expert witness fees are recoverable, along with attorneys’ fees, under Title VII and are not considered separate elements of litigation expenses.

Protection of U.S. Senate Employees and Appointed Officials. The act extends employment discrimination protection to protected class employees of the U.S. Senate, political appointees of the President, and staff members employed by elected officials at the state level.

Glass Ceiling Commission. The Civil Rights Act of 1991 established a Glass Ceiling Commission and charged it with the responsibility of investigating the barriers to advancement of women and minorities in the workplace and making recommendations for the purpose of eliminating those barriers.

The Family and Medical Leave Act of 1993

The Family and Medical Leave Act (FMLA) was the first piece of legislation signed by President Clinton after taking office. Congress had twice passed similar legislation, which President Bush had on each occasion vetoed it.

To be eligible for leave under FMLA, an employee must have been on the job for at least one year and have worked a minimum of 1,250 hours during the preceding twelve-month period. A company may exempt from FMLA coverage the top 10 percent of its highest paid employees. The act guarantees up to twelve weeks of unpaid leave per year for birth or adoption of a child; caring for an ill child, spouse, or parent; or the employee’s own serious health condition. Where practical, employees must give the employer a 30-day notice of intent to take leave. Employers may require that covered employees use vacation and sick leave first, before the period of unpaid leave begins, provided that vacation and sick leave are compensated at normal company rates. Employers must maintain health insurance benefits during the leave period. Additionally, employees are guaranteed the right to return to the same or a comparable job. Employers can require workers to provide medical certification of serious injuries as well as a second medical opinion.

There are four methods of determining the twelve-month period during which FMLA leave may be taken: any calendar year, any fixed-month leave year, such as a fiscal year; the twelve-month period as measured by the employee’s first

FMLA leave; or a rolling twelve-month period measured backward from the date an employee uses any FMLA leave. The calculation method selected must be applied consistently and uniformly to all covered employees.

FMLA applies to private sector firms that employ 50 or more workers, including part-time workers, within a 75-mile radius (i.e., the employees do not all have to work at the same job site for an employer to be covered). Public sector employers, as well as the federal government, are also covered.

It is estimated that only 5 percent of U.S. employers are affected by FMLA. Approximately 40 percent of all employees are covered.²⁷

As the foregoing review has indicated, the field of human resource management has become quite legalistic. Consequently, a general awareness of the statutory framework is imperative for human resource personnel—especially staffing specialists—to avoid illegal employment practices.

EXECUTIVE ORDERS

An executive order is a directive issued by the President of the United States, without legislative authority, stipulating the terms and conditions under which the federal government will do business with private sector employers or regulating the employment practices of the government itself. Executive orders cover only private employers who do business with the government and have thus entered into a contract whereby they agree, as a condition of the contract, to abide by the terms and conditions set forth by the government.

The executive order that has had the most significant impact on employment practices of firms doing business with the federal government is Executive Order 11246 as amended by Executive Order 11375.

Executive Order 11246, as Amended by Executive Order 11375

Executive Order 11246 was signed by President Lyndon Johnson on September 24, 1965.²⁸ This Executive Order made it the policy of the government to provide equal opportunity in federal employment for all qualified persons. Discrimination in employment because of race, creed, color, or national origin was prohibited. The order also required the promotion of equal employment opportunity in the federal sector through a positive, continuing program of affirmative action in each executive department and governmental agency. The policy of equal opportunity applies to every aspect of federal employment policy, procedure, and practice. The Secretary of Labor established the Office of Federal Contract Compliance Programs (OFCCP) and gave it the power and responsibility for administering and enforcing Executive Order 11246.²⁹

A major provision of Executive Order 11246 requires that all executive departments or agencies that issue contracts to employers, or that administer a program involving federal financial assistance to employers, must make certain those employers adhere to a policy of nondiscrimination in employment as a

condition for the approval of a contract, grant, loan, insurance, or guarantee. The “equal opportunity clause” in the contract or grant stipulates that the employer (1) will not discriminate against any applicant or employee because of race, creed, color, or national origin; (2) will take affirmative action to increase the number of minorities or protected classes in the employer’s work force; (3) agrees to follow the rules, regulations, and requirements set forth by Executive Order 11246; (4) will furnish all information that may be required; (5) will state its policy of nondiscrimination in employment advertisements; (6) will notify any union with which it has a labor agreement of its policy of nondiscrimination and its intention to follow the requirements of the order; and (7) will include an equal opportunity clause in each subcontract that it issues.

Employment practices covered by this regulation include recruitment, employment advertising, selections, promotions, demotions, transfers, layoffs, terminations, rates of pay and other compensation, and selection for training, including apprenticeship programs. Employers are also required to post notices in conspicuous places, such as employee bulletin boards, describing their non-discriminatory policies.

In the event of noncompliance, contracts can be canceled, terminated, or suspended in whole or part, and the contractor may be declared ineligible for further government contracts.

In 1968, Executive Order 11246 was amended by Executive Order 11375. The word “creed” was changed to “religion,” and sex discrimination was added to the other prohibited forms of discrimination.

All first- or second-tier government contractors with contracts in excess of \$10,000 are covered under this regulation. Contractors with contracts of \$50,000 or more must also file EEO-1 reports (to be discussed in chapter 4) and develop a written affirmative action plan. These affirmative action requirements are not established by the Executive Order itself, but by OFCCP regulations. Contractors having contracts of \$1 million or more must meet all of the previous stipulations and undergo an on-site pre-award compliance review.

The OFCCP has set forth regulations that apply to both federal contractors and subcontractors. Under Executive Order 12086, issued by President Carter in 1978, OFCCP has the responsibility for conducting equal employment opportunity compliance reviews for contracts issued by the Department of Defense, the General Services Administration, Housing and Urban Development, the Department of Transportation, the Department of the Interior, the Environmental Protection Agency, the Treasury Department, the Department of Commerce, and the Small Business Administration. When there is reason to believe that a contractor has violated the equal opportunity clause in a contract, the director is empowered to institute proceedings to correct the violation. The contractor must be given a full hearing in front of an administrative law judge before OFCCP can impose any sanctions. As previously stated, OFCCP can cancel or suspend contracts for failure to comply with equal opportunity requirements. OFCCP

also has the power to prohibit federal agencies from entering into new contracts with contractors who have been declared ineligible.

COMMON LAW TORTS

Today's aggrieved employees are increasingly turning to common law torts as a vehicle for redress of their complaints against employers. When the first edition of this text was published in 1988, tort causes of action in employment cases were not typical: most suits were filed under federal or state statutes. Currently common law employment tort cases are no longer unusual. Consequently, human resource professionals must become familiar with yet another facet of the complex, rapidly changing environment of employment law. Common law originated in England and was later applied in the United States. It is based on judicial precedents rather than legislative statutes. Common law is derived from "comprehensive principles based on justice, reason, and common sense [rather than] absolute, fixed, and inflexible rules."³⁰ The principles of common law "have been determined by the social needs of the community and have changed [as] conditions, interests, relations, and usages" have altered in society.³¹ Common law is dynamic and subject to modification as the expectations of society expand. Thus, it is an area of employment law that is expected to be used more widely in the future.

A tort is defined as a non-contractual

private or civil wrong or injury resulting from a breach of a legal duty that exists by virtue of society's expectations regarding interpersonal conduct. . . . The essential elements of a tort are . . . a legal duty owed by a defendant to a plaintiff, breach of that duty, and a causal relation between defendant's conduct and the resulting damage to plaintiff.³²

As applied in employment situations, a tort is a private or civil wrong inflicted by an employer on an employee as a result of a breach of societally imposed obligations owed by the employer to the employee.

Employment torts are of particular concern to human resource managers because not only the organization but also individual managers may be held liable for compensatory, consequential (i.e., damages caused by an injury but not necessarily a result of the injury), and punitive damages.

Types of Employment Torts

There are a number of employment torts frequently used as causes of action by aggrieved employees. Some of the more commonplace are assault, battery,

false imprisonment, invasion of privacy, defamation, negligence, and intentional infliction of emotional distress.

Assault. Assault is defined as “an attempt or threat, with unlawful force, to inflict bodily injury upon another accompanied by the apparent present ability to give effect to the attempt if not prevented.”³³ Even a threat intended as a joke may be considered an assault if the victim is placed in reasonable fear. For example, if a supervisor pulls back a fist and says to an employee, “I’m going to knock some sense into you,” the supervisor has committed an assault if the employee perceives the gesture as a threat accompanied by an ability to carry it out and experiences reasonable fear of harm. In instances of sexual harassment, gestures and statements may be construed as assault.

No actual touching or physical injury is needed to establish an assault. Legally, an assault may be both a civil and a criminal offense.

Battery. This tortious act is defined as the touching of another person, willfully or in anger, against his or her wishes. Battery also extends to “anything so closely attached that it is customarily regarded as part” of the person³⁴ (e.g., the person’s clothing, the person’s automobile, or the person’s desk). Offensive, but harmless, touching may entitle the person touched to nominal damages. A manager who slams an item down on an employee’s desk, or who purposely knocks an item off that desk, may be committing battery. As in assault, battery is both a criminal and a civil offense.

False Imprisonment. False imprisonment occurs when a person is intentionally and unjustifiably detained. Mere obstruction, stopping a person, or locking a person out of his or her office is not sufficient to constitute false imprisonment. The restraint must be so total that it amounts to imprisonment; however, the duration of such restraint may be of any appreciable period of time. The use of physical force is not required to establish a cause of action. If the victim reasonably believes that he or she has been restrained against his or her will, a cause of action has occurred. No actual damages have to be proved in a false imprisonment case.

Invasion of Privacy. Although the U.S. Constitution does not specifically guarantee the right to privacy,³⁵ tort law protects an individual’s private concerns against wrongful intrusion by other individuals or the government. Unwarranted exploitation of personal information, or publicity that causes mental suffering or humiliation, is actionable under tort law. In general, employers are entitled to intrude on an applicant’s or employee’s “personal life no more than is necessary for legitimate business interests.”³⁶ Areas in which employers may find themselves violating an employee’s privacy include credit reports, drug tests, medical records, off-the-job behavior, and unreasonable searches of lockers.

Defamation. The publication of anything injurious to a person’s reputation or good name or anything that tends to bring a person into disrepute constitutes defamation. A defamation in writing is a libel; a defamation delivered orally is a slander. While technically “there is no legal cause of action called defamation,”³⁷ libel and slander as actual causes of action are based on defamation.

Although establishing “a prima facie case of defamation requires a false statement, even a vague statement that casts doubt on the reputation of an individual by inference can cause difficulties for an employer if it cannot be substantiated.”³⁸ Furnishing references is the primary area where employers are at risk for violations of this type. Self-compelled disclosure is another form of defamation that has been more frequently invoked in the past few years. When an employee is given a false or defamatory reason for his or her termination and is subsequently required to reveal this reason to prospective employers, defamation is deemed to have occurred.

Negligence. Negligence is the “failure to exercise that degree of care which a person of ordinary prudence would exercise under the same circumstances.”³⁹ In other words, negligence is conduct that does not provide for the proper protection of others against reasonable risk of harm.

Of particular importance to human resource professionals are the five forms of negligence that have been used as causes of action in cases involving staffing activities: negligent hiring, negligent retention, negligent training, negligent supervision, and negligent referencing.

An employer has a continuous and nondelegatable duty to furnish an adequate force of competent workers for performing the duties of the workplace with relative safety. If an employer hires an individual who is incompetent or unfit for the position for which he or she was hired and thereby poses a potential risk of injury to other workers, other employers, customers, or vendors, the employer runs the risk of a negligent hiring claim. Staffing specialists must exercise due diligence in checking the references and backgrounds of all prospective employees. In the absence of due diligence or reasonable care in hiring, an employer may be open to claims of negligence.

Another possible negligence claim is negligent retention: the failure to terminate an employee once it has come to light that the person poses a risk to others. For example, a taxicab company that knowingly retains a cab driver previously convicted of sexual assault may be liable for negligent retention because the company failed to assume its obligation to transfer, retrain, reassign, reschedule, or discharge an employee who in his present position posed a potential danger to others.

Negligent training may arise in situations in which an employer has provided insufficient training to enable an employee to safely perform job duties without posing a risk to others. Assume that an employee is given 2 hours of training in how to operate a piece of heavy equipment and the normally prescribed training period is 40 hours. Further assume that in using the equipment the employee injures a fellow employee. The employer may be held liable for negligent training because the employer had reason to believe that the shortened training period was insufficient and that injuries could occur if an operator was improperly trained.

Negligent supervision may occur when supervisors fail to provide reasonable care and protection for employees. In one particular case, a supervisor failed to

take steps to prevent “a vicious case of racial harassment” by co-workers of a minority employee. He was held liable because he knew or should have known about the harassment and did not take steps to end it.

Negligent referencing involves the giving of false or misleading information about a former employee when the former employer knew that the information was incorrect and that, if hired by another employer, the former employee would pose a danger to others in the new workplace. For example, if the referencing company fails to reveal that the previous employee has a history of violence, including violence on the premises of the past employer, the company providing the information may be held liable for negligent referencing inasmuch as it knew that it was withholding important information and thereby putting others at risk.

Intentional Infliction of Emotional Distress. This common law tort involves intentional conduct on the part of the employer that is so “extreme and outrageous” as to cause the employee emotional distress. In one case, an employer and an individual supervisor were held liable for intentional infliction of emotional distress after describing an employee’s sales meetings as “cult-like” and “satanic.” An employer exercising its legal right to take action against an employee—such as in a discipline or termination situation—does not intentionally inflict emotional distress even though the employer knows that its actions will cause emotional harm. In other words, an employer’s conduct must be patently egregious for its actions to constitute an intentional infliction of emotional distress.

STATE AND LOCAL LAWS

In addition to federal legislation, administrative regulations, and common law torts governing staffing practices, there are numerous state and local laws that affect human resource management.⁴⁰ Some states, such as Michigan, Wisconsin, Illinois, New York, and California, frequently serve as trendsetters, passing state statutes on employment rights well before Congress enacts similar federal legislation. At times, state legislation is even more stringent than federal legislation. For example, in New York the protected age group is eighteen years of age and older, and an employer cannot discriminate against anyone in that group on the basis of age. Age-based retirement is illegal except in a few occupations. In California there is no top limit on age. However, in the majority of instances, federal legislation sets the pattern for subsequent state statutes.

A number of states and even some cities have passed fair employment practice laws that prohibit discrimination on the basis of race, color, religion, sex, or national origin. Some cities, such as San Francisco, have ordinances that protect individuals from sexual-orientation discrimination. Several states also have antidiscrimination laws protecting the disabled. When federal legislation conflicts with state or local fair employment practices regulations, the law that most favors the employee or the protected class of employees will be followed. In the majority of cases, federal statutes are followed.

Because state and local laws vary greatly, it is outside the scope of this book to attempt to examine or compare them. It is important, though, that human resource personnel (and staffing specialists in particular) familiarize themselves with the numerous state and local regulations covering employment practices in the jurisdictions where their companies do business. Failure to do so may make an already complicated legal environment even more difficult to contend with. Several commercial loose-leaf reference services, such as Clark Boardman Callaghan's *Employment Coordinator*, discuss state regulations in detail. Some of these reference works are also available on CD-ROM.

SUMMARY

This chapter has dealt with a number of federal laws and regulations that are often confusing. To alleviate some of this confusion and to help the human resource professional sift through the complexity involved, Table 2.1 presents a capsule summary of the federal legislation and executive orders that have been discussed. This table shows the major provisions of each regulation, who is covered by each regulation, and the federal agency responsible for enforcement.

NOTES

1. Howard C. Lockwood, "Equal Employment Opportunities," in Dale Yoder and Herbert G. Heneman (eds.), *Staffing Policies and Strategies* (Washington, D.C.: Bureau of National Affairs, 1974), p. 4-252.
2. Barbara Lindemann Schlei and Paul Grossman, *Employment Discrimination Law*, 2nd ed. (Washington, D.C.: Bureau of National Affairs, 1983), p. 692.
3. R. Wayne Mondy and Robert M. Noe, III, *Human Resource Management*, 6th ed. (Upper Saddle River, N.J.: Prentice-Hall, Inc., 1996), p. 467.
4. Donald L. Caruth, *Compensation Management for Banks* (Boston: Bankers Publishing Co., 1986), pp. 252-253.
5. *Ibid.*, p. 253.
6. Mondy and Noe, *Human Resource Management*, p. 468.
7. Caruth, *Compensation Management for Banks*, p. 254.
8. Mondy and Noe, *Human Resource Management*, p. 68.
9. Kenneth J. McCulloch, *Selecting Employees Safely under the Law* (Englewood Cliffs, N.J.: Prentice-Hall, 1981), pp. 182-183.
10. Donald L. Caruth, Gail D. Handlogten, and Richard Faulkner, "Courting Alternatives to the Courtroom," *Restaurants USA*, February 1996, p. 36.
11. Mondy and Noe, *Human Resource Management*, p. 61.
12. Schlei and Grossman, *Employment Discrimination Law*, pp. 507-517.
13. Mondy and Noe, *Human Resource Management*, p. 62.
14. Schlei and Grossman, *Employment Discrimination Law*, p. 276.
15. Mondy and Noe, *Human Resource Management*, p. 62.
16. Wayne F. Cascio, *Managing Human Resources*, 4th ed. (New York: McGraw-Hill, 1995), p. 97.

Table 2.1
Summary of Major Staffing Legislation

Law	Major Provisions	Coverage	Enforcement Agency
Civil Rights Act of 1866	Gives all citizens the same rights as "white citizens."	All employers other than the federal government; unions.	Federal court system after individual files suit.
Civil Rights Act of 1871	Guarantees all citizens the right to equal protection under the law. Makes it illegal for two or more persons to conspire to deprive any person or class of persons of the right of equal protection under the law.	All employers other than the federal government; unions.	Federal court system after individual files suit.
National Labor Relations Act of 1935	Gives employees the right to form unions, bargain collectively, and engage in other activities for their mutual aid and protection. Requires employers to bargain in good faith with unions in matters of wages, hours of work, and other terms and conditions of employment. Establishes mechanisms and procedures for conducting elections to determine if employees wish to be represented by a union, or which of two competing unions will be certified as bargaining agent. Defines unfair labor practices on part of employer. Establishes the National Labor Relations Board.	Most employers and non-managerial employees in private sector.	National Labor Relations Board.
Social Security Act of 1935, as Amended	Creates system of old age, survivors, disability, and unemployment insurance.	All employers and employees.	Social Security Administration.

Fair Labor Standards Act of 1938, as Amended	<p>Sets minimum wage for most workers.</p> <p>Establishes standard 40-hour workweek.</p> <p>Requires time and one-half payment for hours worked in excess of 40 hours per week.</p> <p>Exempts certain classifications of employees from overtime pay requirements</p> <p>Sets minimum age for employment.</p> <p>Sets minimum hourly wage.</p>	Employers involved in interstate commerce with two or more employees and annual revenues greater than \$362,500.	Wage and Hour Division of the Employment Standards Administration, Department of Labor.
Labor-Management Relations Act of 1947	<p>Protects rights of employees to refrain from, as well as engage in, union activity.</p> <p>Prohibits the closed shop.</p> <p>Allows states the right to enact legislation banning the union shop.</p> <p>Gives employers the right to refuse to recognize unions of supervisory personnel.</p> <p>Defines unfair labor practices on part of unions.</p> <p>Defines national emergency strikes and empowers the President to impose an 80-day "cooling off" period to postpone such strikes.</p> <p>Creates the Federal Mediation and Conciliation Service to assist employers and unions in negotiating new contracts and arbitrating grievances.</p>	Most employers and non-managerial employees in private sector.	National Labor Relations Board.
Equal Pay Act of 1963, as Amended	<p>Prohibits discrimination in pay on basis of sex where jobs are performed under similar conditions and require equal skill, effort, and responsibility.</p> <p>Permits pay differentials between sexes where such differences are based on seniority systems, merit systems, wage incentive plans, or factors other than sex.</p>	Same as Fair Labor Standards Act of 1938, as Amended.	Equal Employment Opportunity Commission.

Table 2.1 (continued)

Title VII, Civil Rights Act of 1964, as Amended	<p>Prohibits discrimination in hiring, firing, promotion, compensating, or in terms, conditions, or privileges of employment on the basis of race, color, sex, religion, or national origin.</p> <p>Permits discrimination in employment on the basis of race, religion, sex, or national origin when any of these factors are bona fide occupational qualifications necessary to the operation of an enterprise.</p> <p>Permits bona fide seniority, merit, or incentive systems that have the effect of discrimination provided such systems are not the result of an intention to discriminate.</p>	Employers with 15 or more employees; unions with 15 or more members; employment agencies; state and local governments.	Equal Employment Opportunity Commission.
Age Discrimination in Employment Act of 1967, as Amended	<p>Prohibits discrimination in hiring, job retention, job privileges, and terms and conditions of employment for individuals over the age of 40.</p> <p>Eliminates mandatory retirements of employees at age 70.</p>	Employers with 20 or more employees; unions with 25 members; employment agencies; federal, state, and local governments.	Equal Employment Opportunity Commission.
Rehabilitation Act of 1973, as Amended	<p>Prohibits discrimination in employment on the basis of physical or mental impairment that limits one or more major life activities.</p> <p>Requires affirmative action by employers to hire the handicapped.</p>	Federal contractors and subcontractors with contracts of \$2,500 or more; other organizations receiving federal assistance of \$2,500 or more; federal government.	Office of Federal Contract Compliance Programs, Department of Labor.
Vietnam Era Veterans Readjustment Act of 1974	Prohibits discrimination in employment against veterans of Vietnam era.	Federal contractors or subcontractors with contracts of \$10,000 or more.	Office of Federal Contract Compliance Programs, Department of Labor.
Pregnancy Discrimination Act of 1978	Prohibits discrimination in employment based on pregnancy, child birth, or related medical condition.	Employers with 15 or more employees; unions with 25 or more members; employment agencies; federal, state, and local governments.	Equal Employment Opportunity Commission.

Immigration Reform and Control Act of 1986	<p>Requires employers to establish identity and authorization to work in the United States for all newly hired workers.</p> <p>Establishes penalties for failing to document identity and work authorization ranging from \$100 to \$3,000 per violation and imprisonment of up to six months for each worker hired.</p> <p>Subjects employers to rehire and back pay for any worker who is the victim of intentional discrimination.</p>	Every employer with one or more employees, and every full-time, part-time, temporary, or seasonal employee.	Immigration and Naturalization Service.
Worker Adjustment and Retraining Notification Act of 1988	<p>Requires employers to give employees, their representatives, state dislocated worker units, and local government officials a 60-calendar-day notice of plant closings or mass layoffs.</p>	Employers, both for profit and nonprofit, with 100 or more employees, excluding part-time workers, who work an aggregate total of 4,000 hours per week; federal, state, and local governments are excluded.	Department of Labor.
Employee Polygraph Protection Act of 1988	<p>Precludes employers from using polygraphs and similar tests for all employment reasons unless the tests are being used in an ongoing investigation of economic loss and the employer has reason to suspect that a particular employee or employees is involved in the loss.</p>	<p>Most private employers; (excludes security services firms)</p> <p>manufacturers, distributors, and dispensers of controlled substances;</p> <p>and federal, state, and local governments.</p>	Wage and Hour Division, Department of Labor.

Table 2.1 (continued)

Americans with Disabilities Act of 1990	<p>Prohibits employers from denying jobs to qualified individuals on the basis of disability when those individuals can perform the essential functions of the job with or without reasonable accommodation.</p> <p>Requires employers to make reasonable accommodations for qualified disabled individuals unless such accommodation would result in undue hardship for the employer.</p> <p>Requires that selection criteria that tend to screen out applicants on the basis of disability be job-related and consistent with business necessity.</p> <p>Prohibits tests or procedures that reflect impairments rather than skills or abilities.</p> <p>Permits preemployment physicals after a conditional employment offer has been extended, provided that all employees are subjected to them.</p> <p>Bars inquiries about a job applicant's workers' compensation claims or disabilities in general.</p> <p>Allows employers to use drug and alcohol tests, either preemployment or random, because such tests are not considered to be medical examinations.</p> <p>Protects rehabilitated drug and alcohol abusers from discrimination on the basis of their disability status.</p> <p>Permits companies to terminate current drug abusers but requires that current alcoholics be given treatment options before they can be terminated.</p>	<p>Employers with 15 or more employees; unions with 15 or more members; employment agencies; state and local governments.</p>	<p>Equal Employment Opportunity Commission.</p>
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Civil Rights Act of 1991	<p>Permits individuals who feel they have been intentionally discriminated against to demand jury trials and seek compensatory and punitive damages.</p> <p>Limits the maximum amount of damages according to the size of the employer.</p> <p>Shifts the burden of proof to the employer in an adverse impact charge once the complainant has identified a specific employment practice as the cause of discrimination.</p> <p>Extends Title VII and ADEA coverage to U.S. citizens working in a foreign facility owned or controlled by a U.S. company, provided that such coverage does not violate laws of the host country.</p> <p>Broadens the term "make and enforce contracts" contained in the Civil Rights Act of 1966 to include specifically the making, performance, modification, termination of contracts, and enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship.</p> <p>Prohibits challenges to consent decrees by nonparties to the original suit.</p> <p>Permits the challenge of seniority systems that intentionally discriminate at any point in the system's existence.</p> <p>Outlaws the use of different cutoff scores in employment tests on the basis of race, color, religion, sex, or national origin.</p> <p>Provides for the recovery of attorney's fees and expert witness fees.</p> <p>Establishes the Glass Ceiling Commission to investigate and make recommendations concerning barriers to upward mobility for minorities and women.</p>	<p>Employers with 15 or more employees; unions with 15 or more members; employment agencies; state and local governments; the U.S. Senate; the political appointees of the President; staff members employed by elected state officials.</p>	<p>Equal Employment Opportunity Commission.</p>
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Table 2.1 (continued)

Family and Medical Leave Act of 1993	<p>Requires employers to grant up to 12 weeks of unpaid leave per year for birth or adoption of a child; caring for an ill child, spouse, or parents; or tending to an employee's own serious health condition.</p> <p>Requires employers to maintain health insurance benefits for employees during leave periods.</p> <p>Guarantees employees the right to return to their same jobs or comparable ones after their leaves are over.</p> <p>Allows employers to require the use of vacation time and sick leave before the period of unpaid leave begins.</p> <p>Permits companies to exempt from coverage the top 10 percent of their highest paid employees.</p>	<p>Private sector employers with 50 or more workers within a 75-mile radius; federal, state, and local governments.</p>	<p>Wage and Hour Division, Department of Labor.</p>
Executive Orders 11246 and 11375	<p>Prohibit discrimination in employment on basis of race, religion, color, national origin, or sex.</p>	<p>Federal contractors and subcontractors with contracts of \$10,000 or more; federal government.</p>	<p>Office of Federal Contract Compliance Programs, Department of Labor.</p>

17. *Employment Coordinator* (Deerfield, Ill.: Clark Boardman Callaghan, 1996), p. 124, 311.
18. Steven Mitchell Sack, *From Hiring to Firing* (Merrick, N.Y.: Legal Strategies, 1995), p. 286.
19. *Ibid.*, p. 287.
20. Dawn D. Bennett-Alexander and Laura B. Pincus, *Employment Law for Business* (Chicago: Richard D. Irwin, 1995), p. 401.
21. *Ibid.*
22. *Ibid.*
23. *Ibid.*, pp. 401–404.
24. Mack A. Player, *Federal Law of Employment Discrimination*, 3rd ed. (Minneapolis/St. Paul: West Publishing Company, 1992), p. 45.
25. The six cases are *Wards Cove Packing Co., Inc. v. Antonio*, 490 U.S. 642, 109 S.Ct. 2115, 104 L.Ed.2d 733 (1989); *Price Waterhouse v. Hopkins*, 409 U.S. 228, 109 S.Ct. 1775, 104 L.Ed.2d 268 (1989); *Patterson v. McClean Credit Union*, 491 U.S. 164, 109 S.Ct. 2363, 105 L.Ed.2d 132 (1989); *Martin v. Wilks*, 490 U.S. 755, 109 S.Ct. 2180, 104 L.Ed.2d 835 (1989); *West Virginia Hospitals v. Casey*, — U.S. —, 111 S.Ct. 1138, 113 L.Ed. 68 (1989); and *Lorance v. AT&T Technologies*, 490 U.S. 900, 109 S.Ct. 2261, 104 L.Ed.2d 961 (1989).
26. Bennett-Alexander and Pincus, *Employment Law for Business*, p. 574.
27. *Ibid.*, p. 251.
28. Mondy and Noe, *Human Resource Management*, p. 71.
29. *Ibid.*, pp. 71–72.
30. Steven H. Gifis, *Law Dictionary*, 3rd ed. (Hauppauge, N.Y.: Barron's Educational Services, 1991), p. 82.
31. *Ibid.*
32. *Ibid.*, p. 492.
33. *Ibid.*, p. 30.
34. *Ibid.*, p. 44.
35. *Ibid.*, 372.
36. Barbara Kate Repa, *Your Rights in the Workplace* (Berkeley, Calif.: Nolo Press, 1994), p. 6/2.
37. Gifis, *Law Dictionary*, p. 35.
38. Bennett-Alexander and Pincus, *Employment Law for Business*, p. 315.
39. Gifis, *Law Dictionary*, p. 315.
40. Mondy and Noe, *Human Resource Management*, pp. 69–70.

3

Significant Federal Court Decisions

Because law is dynamic and changes as the courts interpret, reinterpret, and apply it in various cases, human resource practitioners must know much more than just the letter of the law as expressed in employment statutes. They must also understand the spirit of the law as defined by the courts. Interpretation of the law is revised continuously as court decisions are rendered, even though the statutes in question may not have been altered by further legislative action. Consequently, it is imperative for human resource professionals to understand how the courts have applied and interpreted the law in previous situations. Thus, it is appropriate to review some of the more significant federal court decisions and indicate the requirements imposed by these decisions. We will first examine decisions handed down by the Supreme Court and then consider those rendered by the various federal circuit courts.

SUPREME COURT DECISIONS

As the final interpreter of the law, the Supreme Court decides how federal statutes will be applied. Decisions rendered by the Court become, in effect, the *law of the land* and are binding on all entities in the country. It is vitally important, therefore, to understand how the Court has ruled on the application of federal statutes relative to staffing. A review of several major cases will illustrate the Court's interpretation of what it sees as the spirit of the law in employment situations.

Griggs v. Duke Power Company

Decided by the Supreme Court in March 1971, *Griggs* is the landmark case in human resource management and has had the most far-reaching impact on

employment practices of any case decided by the Court. At issue was the question of whether Duke Power Company could use a high school diploma and a passing score on a standardized intelligence test as bona fide requirements for employment or promotion. The plaintiff was able to demonstrate that, in the relevant labor market for the company, 34 percent of white males had a high school diploma, as opposed to only 12 percent of black males. The plaintiff was also able to establish that there were people who were successfully performing the job in question who did not have a high school diploma. Additionally, the plaintiff was able to prove that there was no demonstrable relationship between test scores and job performance.

As it often does, the Court used *Griggs* to broadly interpret existing laws and specify legal principles.¹ The decision affirmed the following points:

- It is not necessary to prove that an employer intended to discriminate in order to substantiate the existence of discrimination. The result of an employment practice, and not the employer's intention, is sufficient to establish the existence of discrimination.
- Employment practices that appear neutral on the surface, or that appear neutral in intent, are illegal if their effect on protected classes is unequal.
- Tests or other employment practices must be eliminated if they discriminate on the basis of race or any other protected classification.
- Tests or other measuring devices can be used only when they can be shown to have a demonstrable relationship to actual job performance.
- It is the responsibility of the employer to show that tests are job-related.

The immediate impact of the *Griggs* decision was felt in the area of pre-employment testing. Many employers abandoned the use of tests altogether; others retained industrial psychologists or psychometrists to establish a statistical relationship between employment tests and actual job performance. Concomitantly, employers began to examine other pre-employment practices that had a tendency to eliminate higher percentages of minorities and women than of white males from hiring consideration.

Overlooked to a great extent in the immediate concern with pre-employment practices was the fact that the Court had laid down requirements for *all* employment practices. Any employment practice, as clarified in later Court decisions, must meet job-relatedness and nondiscriminatory standards.

Phillips v. Martin Marietta Corporation

In another 1971 decision, the Court ruled that Martin Marietta had discriminated against a female because she had young children. This was the first decision involving the issue of *sex-plus* discrimination (i.e., discrimination on the basis of sex due to a subset of gender).

The company had a rule of not hiring women with school-age children; no

such rule was imposed on males. The company argued that it did not preclude all women from job consideration; in fact, the company's work force was 75 percent female. Martin Marietta contended that the rule was a business necessity because women with school-age children were likely to be absent more frequently than those without children.

The Court rejected the company's argument and ruled that an employer cannot have one hiring policy for women and another for men. The major implications of this decision are that hiring standards must be uniform for both sexes and that an employer cannot use a subset of sex (such as having children) unless it is applied equally to both men and women.

Espinoza v. Farah Manufacturing Company

In 1973 the Court ruled that Title VII does not prohibit discrimination on the basis of lack of citizenship. The Equal Employment Opportunity Commission had previously said that it was discriminatory to refuse to hire anyone who was a noncitizen since this selection standard was likely to have an adverse impact on individuals of foreign national origin. Inasmuch as 92 percent of the employees at the Farah facility in question were Mexican Americans or native Mexicans who had become American citizens, the Court held that the company had not discriminated on the basis of national origin when it refused to hire an Hispanic who was not a U.S. citizen.

Albermarle Paper Company v. Moody

In this 1975 case, the Court reaffirmed its position on the use of employment tests by ruling that

- Any test used in selection or promotion must be validated if its use has been shown to discriminate against a protected class.
- The burden of proof for demonstrating that a test is valid rests entirely upon the employer.
- Any selection device used by an employer must be shown to measure what it actually alleges to measure.
- Performance appraisals that do not have a job-related content base have a built-in bias.
- A job analysis conducted by an employer is admissible as evidence that the employer has made an attempt to validate selection and promotion tests.
- Performance appraisals by supervisors that are based on vague and inadequate standards of job-relatedness are open to subjective interpretations and do not meet the guidelines for test validity.

The decision in this case makes it clear that (1) tests must be job-related, (2) performance appraisal is an employment test, and the system of appraisal used

must be validated in terms of actual job content, (3) the employer must substantiate the job-relatedness of any test, and (4) job analysis can be used as evidence to show that performance appraisal, or any other test, measures what it actually purports to measure.²

Washington v. Davis

In 1970 two black police officers in the District of Columbia filed suit alleging that the promotion policies of the District's police department were racially discriminatory. To be accepted by the department and enter an intensive seventeen-week training program, a police recruit was required to satisfy certain physical and character standards, to be a high school graduate or the equivalent, and to receive a grade of at least 40 on Test 21, an examination developed by the Civil Service Commission and widely used throughout the federal service.³

The validity of Test 21, designed to measure verbal ability, vocabulary, reading, and comprehension, was the issue in question. However, the district court noted that, since August 1969, 44 percent of new police recruits had been black. This percentage represented the proportion of blacks on the police force and was roughly equivalent to the percentage of 20- to 29-year-old blacks in the population residing in the department's 50-mile recruiting radius. The district court rejected the contention that Test 21 was culturally biased to favor whites over blacks. It found the test to be reasonable and directly related to the requirements of the police recruit training program and that it was neither designed nor used to discriminate against blacks. The test sampled material that recruits would be exposed to in the training program. Moreover, a positive relationship was found to exist between success in the training program and success on the job. However, blacks and women failed the test at a much higher rate than white males.

The court of appeals overturned the district court ruling and held that lack of discriminatory intent was irrelevant because four times as many blacks than whites failed the test—a disproportionate impact that demonstrated the existence of discrimination.

In 1976 the Supreme Court reversed the decision of the court of appeals and upheld the decision of the district court. It ruled that there was no indication that the test was racially biased, or that it had been used for the purpose of excluding blacks from the police force. A major conclusion in this case is that if a test is specifically job-related and racially neutral, it may be used as a selection device even though it has a disproportionate impact on protected classes.

Dothard v. Rawlingson

In this 1977 case the Court addressed minimum height and weight requirements. Rawlingson, a 22-year-old female college graduate whose major course

of study had been correctional psychology, was denied employment as a correctional counselor trainee because she failed to meet the state of Alabama's minimum weight requirement of 120 pounds for the position of correctional counselor. The Court held that minimum height and weight requirements have a discriminatory impact on females where there is no evidence to attest to the necessity of these requirements for satisfactory job performance.

Regents of the University of California v. Bakke

This highly publicized 1978 case was the first Supreme Court case to address the issue of reverse discrimination.⁴

The medical school at the University of California at Davis had an admissions program wherein a minimum number of places in the first year medical class were reserved for racial minorities. Allen Bakke, a white male, was denied admission to the medical school even though he scored higher on the admission criteria than some minority group members who were admitted. Bakke filed suit in state court charging that he had been discriminated against because of his race. In 1976, ruling in Bakke's favor and issuing a decree requiring his admission to the medical school, the California Supreme Court held that a preferential selection program was unconstitutional. The U.S. Supreme Court, acting on a request from the regents of the University of California, agreed to review the state court's decision.

The Court reached its decision on June 28, 1978. In a 5-to-4 decision, the university was ordered to admit Bakke to medical school. He subsequently received his degree in 1982.

Although deciding in Bakke's favor, the Court failed to clarify or settle the issue of reverse discrimination. On the question of whether or not the racial quota system at the university was acceptable in deciding who should be admitted, four of the Justices said yes. On the question of whether or not an applicant's race can ever be considered in admission decisions, five of the Justices said yes. Apparently, affirmative action programs that require government contractors covered by Executive Order 11246 to utilize racial hiring goals and timetables to correct the past effects of discriminatory practices are acceptable, but individual decisions to discriminate against specific white applicants to remedy past effects of employment practices are not. Rather than saying that no consideration of race is acceptable in hiring or admission programs, the Court seemed to suggest that race may be taken into consideration as a factor as long as it is not the *sole* factor in making a selection decision.

Weber v. Kaiser Aluminum Corporation

In 1974 the United Steelworkers of America and Kaiser Aluminum and Chemical Corporation entered into a master collective bargaining agreement covering the terms and conditions of employment at fifteen Kaiser plants. The

agreement contained an affirmative action plan designed to eliminate racial imbalances in Kaiser's almost exclusively white craft work force. Hiring goals for black craft workers were set at each Kaiser plant. The hiring goals were equal to the percentages of blacks in each of the respective labor markets for the fifteen plants. To enable the plants to meet these goals, on-the-job training programs were initiated to train unskilled production workers, both black and white, in the skills needed to become craft workers. The plan agreed to reserve 50 percent of the openings in these newly created in-plant training programs for blacks.

In 1974 only 1.83 percent of the skilled craft workers at the Gramercy, Louisiana, plant were black, although the work force in the local labor market was approximately 39 percent black. Thirteen craft trainees were selected from Gramercy's production work force for the new training program—seven blacks and six whites. The most junior black selected for the program had less seniority than several of the white workers whose bids for admission were rejected. Brian Weber, one of the rejected white workers, subsequently filed a class action suit alleging that Kaiser and the United Steelworkers had discriminated against him and other white workers.

Although the lower courts agreed with Weber's allegation of discrimination, the Supreme Court did not and reversed the rulings of the lower courts. In reaching its decision, the Court relied heavily upon what it considered to be the underlying intent or spirit of Title VII—the opening of job opportunities for blacks. The Court recognized that, while there was no history of discrimination against blacks at the company, there was a serious underutilization of blacks in the craft work force. Also, the plan had been voluntarily entered into by Kaiser and the United Steelworkers and did not, per se, create a bar to employment or advancement of white workers. Moreover, the plan was temporary in nature and would terminate when the percentage of black workers in the crafts equalled the percentage of blacks in the labor market. Under these conditions, the Court felt that there was no violation of Title VII.⁵

American Tobacco Company v. Patterson

This 1982 decision allows seniority and promotion systems established under Title VII to stand even if they unintentionally affect minority workers adversely. Under *Griggs* a prima facie violation of Title VII may be established by policies or practices that are neutral on their face and neutral in intent but that nevertheless discriminate against a particular protected class. A seniority system would fall under the *Griggs* rationale were it not for Section 703(h) of the Civil Rights Act of 1964. That section provides that

Notwithstanding any other provision of this subchapter, it shall not be an unlawful employment practice for an employer to apply different standards of compensation, or different terms, conditions, or privileges of employment pursuant to a bona fide seniority or merit system . . . provided that such differences are not the result of an intention to

discriminate because of race, color, religion, sex, or national origin, nor shall it be an unlawful employment practice for an employer to give and to act upon the results of any professionally developed ability test provided that such test, its administration or action upon the results is not designed, intended, or used to discriminate because of race, color, religion, sex, or national origin.

Thus, the Court ruled that a bona fide seniority system adopted after Title VII may stand even though it has a discriminatory impact. The Supreme Court has generally taken a *hands off* position where bona fide labor agreements between company and union are involved as long as the agreement does not intend to discriminate.

County of Washington v. Gunther

At issue in this case was the question of whether or not employees who fail to satisfy the “equal pay for equal work” standard of the Equal Pay Act are precluded from pursuing action under Title VII on a claim of sex-based pay discrimination.

A group of women who were employed as guards in the female section of Washington County Jail in Oregon filed suit for back pay and other relief claiming, among other things, that they had been paid lower wages than male guards in the male section of the jail and that part of this differential was attributable to intentional sex discrimination. Based on the county’s own wage and salary survey, male guards were compensated at a rate of 100 percent of the evaluated worth of their jobs. Female guards were compensated at a rate of 70 percent of the evaluated worth of their jobs even though the county had previously determined that their jobs should be compensated at a rate of 95 percent of their evaluated worth. The district court rejected the female guards’ claim, ruling that a sex-based wage discrimination charge cannot be brought under Title VII unless it satisfies the “equal pay for equal work” standard of the Equal Pay Act. “The District Court found that male guards supervised more than ten times as many prisoners per guard as did the female guards, and that females devoted much of their time to less valuable clerical duties.” Since “equal pay for equal work” was not in question because the jobs were unequal, the female guards’ claims were rejected.

The 9th Circuit Court of Appeals reversed the decision, holding that persons alleging sex discrimination “are not precluded from suing under Title VII to protest . . . discriminatory compensation practices” simply because their jobs were not equal to higher paying jobs held by members of the opposite sex.

The Supreme Court ruled on June 8, 1981 in 5-to-4 decision that “claims of discriminatory undercompensation are not barred by . . . Title VII merely because respondents do not perform work equal to that of male jail guards.” In essence, the Court’s decision clearly indicates that gender-motivated pay differ-

ences are a violation of Title VII, even if the work of males and females is not “equal” within the meaning of the Equal Pay Act.

Connecticut v. Teal

In a 1982 decision in which the Court split 5 to 4, the majority opinion stated that “Connecticut’s nondiscriminatory ‘bottom line’ was no answer, under the terms of Title VII, to respondents’ prima facie claim of employment discrimination.” In this case, four black employees of the Department of Income Maintenance of the State of Connecticut had been provisionally promoted to positions as Welfare Eligibility Supervisors and had served in that capacity for almost two years. To attain permanent status as supervisors, however, they had to participate in a selection process that required a passing score on a written examination. On the examination, 54.17 percent of the black candidates and 79.54 percent of the white candidates passed. The four blacks who had been provisionally promoted failed. In April 1979, they filed suit alleging that Title VII had been violated by the state’s requirement, as an absolute condition for promotion consideration, that applicants pass a written test that disproportionately excluded blacks. They further alleged that the test was not job-related.

More than a year after the suit was filed, and approximately one month before the case went to trial, promotions were made from the eligibility list generated by the written examination. In choosing persons for that list, past work performance, recommendations from the candidates’ supervisors, and seniority were considered. As a result, 22.9 percent of the identified black candidates and 13.5 percent of the identified white candidates were promoted. Connecticut argued that it is this “bottom line” result, more favorable to blacks than to whites, that should be considered.

The Court ruled against Connecticut and stated that each step of the hiring process is open to scrutiny and that the final result of the selection process—the “bottom line”—is not sufficient evidence to prove nondiscrimination. In short, the Court ruled that each step in the selection process could be examined to show adverse impact on protected classes.⁶

Newport News Shipbuilding & Dry Dock Co. v. EEOC

In September 1979, one of the male employees at Newport News Shipbuilding & Dry Dock filed a charge with EEOC alleging that the company had unlawfully refused to provide full insurance coverage for his wife’s pregnancy hospitalization. A month later the United Steelworkers of America filed a similar charge on behalf of other employees. The company then filed suit against EEOC, the male employee, and the United Steelworkers, challenging EEOC’s guidelines relative to health care coverage, which state that “Where an employer provides no coverage for dependents, the employer is not required to institute such coverage. However, if an employer’s insurance program covers the medical ex-

penses of spouses of female employees, then it must equally cover the medical expenses of spouses of male employees, including those arising from pregnancy-related conditions.” EEOC in turn filed an action against Newport News Shipbuilding alleging discrimination on the basis of sex against male employees in the provision of hospitalization benefits.

After passage of the Pregnancy Discrimination Act of 1978, the company had revised its health insurance plan to provide its female employees with full hospitalization coverage for pregnancy-related conditions. It differentiated, however, between female employees and spouses of male employees in its provision of pregnancy-related benefits. Female employees were completely covered, while spouses of male employees were fully covered for all reasonable and customary delivery and anesthesiologists’ charges but were reimbursed for only \$500 of their hospitalization expenses.

The company contended that Title VII did not extend to pregnant spouses because that statute applies only to discrimination in employment and the spouses affected were not employees of the company. The district court upheld the lawfulness of the company’s benefit plan and dismissed EEOC’s complaint. On appeal, the 4th Circuit Court of Appeals overturned the lower court’s decision and ruled that “the pregnancy limitation in petitioner’s amended health plan discriminates against male employees.”

On appeal, the question facing the Supreme Court was whether or not the company discriminated against its male employees relative to their compensation, terms, conditions, or privileges of employment because of their sex. The Court ruled that the company’s benefit plan did, in fact, discriminate against male employees on the basis of their sex. According to the Court,

There is no merit to petitioner’s argument that the prohibitions of Title VII do not extend to discrimination against pregnant spouses because the statute applies only to discrimination in employment. . . . The Pregnancy Discrimination Act has now made clear that . . . discrimination based on a woman’s pregnancy is . . . discrimination because of her sex. And since the sex of the spouse is always the opposite of the sex of the employee, it follows inexorably that discrimination against female spouses in the provision of fringe benefits is also discrimination against male employees.

***Arizona Governing Committee for Tax Deferred Annuity and
Deferred Compensation Plans v. Norris***

A female employee of an Arizona state agency filed a class action suit alleging that the State’s deferred compensation plan for its employees discriminated on the basis of sex. Under the plan, employees were given the opportunity to postpone a portion of their wages until retirement. By doing so, participating employees could delay paying federal income tax on the amounts deferred until after retirement. The State selected several insurance companies to participate in this plan. Employees had to select one of the approved insurance companies.

Many of the companies offered three payout options at retirement: (1) a single lump-sum payment, (2) periodic payments of a fixed sum for a fixed period of time, and (3) monthly annuity payments for the remainder of the employee's life. All of the companies selected to participate used sex-based mortality tables that paid larger monthly amounts to males than to females, even when the amount of deferred compensation and retirement age were the same.

The Supreme Court held that this practice constitutes discrimination on the basis of sex and is a violation of Title VII. Several statements from the Court's majority opinion may help clarify its reasoning: (1) "We have no hesitation in holding . . . that the classification of employees on the basis of sex is no more permissible at the pay-out stage of a retirement plan than at the pay-in stage"; (2) "An employer that offers one fringe benefit on a discriminatory basis cannot escape liability because he also offers other benefits on a nondiscriminatory basis"; (3) "Title VII requires employers to treat their employees as individuals, not as simply components of a racial, religious, sexual, or national class"; (4) "If it would be unlawful to use race-based actuarial tables, it must also be unlawful to use sex-based tables"; (5) "A scheme that uses sex to predict longevity is based on sex; it is not based on any other factor than sex"; (6) "Congress has decided that classifications based on sex, like those based on national origin or race, are unlawful"; and (7) "An individual woman may not be paid lower monthly benefits simply because women as a class live longer than men."

It is abundantly clear from *Arizona v. Norris* that employers cannot offer any benefit to one protected class that is not offered on an equal basis to all other protected classes. Furthermore, broadly interpreting the Court's logic in this case, it would appear that any preferential treatment accorded to one protected group cannot be provided at the expense of other protected groups.

Firefighters Local Union No. 1784 v. Stotts et al.

In this 1984 decision the Supreme Court reaffirmed its position that bona fide seniority plans entered into by an employer and a union, in the absence of intent to discriminate, are solid and binding.

In 1977 a black firefighting captain in the Fire Department of the City of Memphis, Tennessee, filed a class action suit charging that the department and certain city officials "were engaged in a pattern or practice of making hiring and promotion decisions on the basis of race in violation of . . . Title VII." The district court combined this suit with that of another black who claimed he had been denied a promotion because of his race. A consent decree was approved and entered by the district court in April, 1980.

The stated purpose of the decree was to remedy hiring and promotion practices of the fire department with regard to the employment of blacks. The city agreed to promote 13 individuals as well as provide back pay to 81 employees of the department. While not admitting to any past violations of applicable laws,

regulations, or rules, the city agreed to adopt a long-term goal of increasing minority representation in each job category in the fire department. An interim departmental hiring goal was established that 50 percent of all new employees hired would be black. Moreover, it was agreed that the department would attempt to promote blacks at a rate of 20 percent in each job category. Unfortunately, the decree did not contain any provisions for layoffs or reductions in force.

When, subsequently, the city announced that budget deficits necessitated a reduction in the number of employees, the district court issued an order enjoining the city from following the seniority system outlined in its labor agreement with the Firefighters Union. The court stated that adhering to that system would have a racially discriminatory impact (more blacks than whites would be laid off) and declared that the seniority system was not a bona fide one. A modified layoff plan was approved whereby white employees with more seniority would be laid off rather than black employees with less seniority. The 6th Circuit Court of Appeals, despite holding that the district court had erred in declaring the seniority system in the labor agreement not bona fide, affirmed the lower court's decision.

The Supreme Court, in a 6-to-3 ruling, reversed the decision of the circuit court. Justice White, delivering the majority opinion, stated that:

Title VII protects seniority systems [and] since neither the union nor the white employees [affected] were parties to the suit when the consent decree was entered, the entry of such decree cannot be said to indicate any agreement by them to any of its terms.

In effect, the Court held that a bona fide seniority system cannot be arbitrarily overturned by a consent decree. All affected parties—employer, union, and employees—must agree to the terms of the decree whenever changes are made in a bona fide seniority plan. Again, the Court clearly stated that labor-management agreements, in the absence of intent to discriminate, must be given great deference.

Meritor Savings Bank, FSB v. Vinson

Mechelle Vinson was hired by Meritor Savings Bank in 1974 as a teller trainee. The supervisor who hired her was also branch manager for that office.

Vinson later testified that during her probationary period the branch manager “treated her in a fatherly way and made no sexual advances. Shortly thereafter, however, he invited her out to dinner and, during the course of the meal, suggested that they go to a motel to have sexual relations. At first she refused, but out of what she described as fear of losing her job she eventually agreed.” Vinson “estimated that over the next several years she had intercourse with him some 40 or 50 times.” Additionally, she claimed that the branch manager “fondled her in front of other employees, followed her into the women’s restroom

... exposed himself to her ... forcibly raped her on several occasions [and] touched and fondled other women employees of the bank.” The supervisor’s actions toward her ceased in 1977 when Vinson began regularly dating someone else.

In the district court, where it was subsequently ruled that the plaintiff “was not the victim of sexual harassment ... and was not the victim of sexual discrimination [because the] relationship was a voluntary one having nothing to do with her continued employment ... or her advancement or promotions,” the branch manager denied all allegations and maintained that he had never had sexual relations with Vinson.

The district court also held that the bank was not liable for the conduct of its supervisor since it had no knowledge of the alleged behavior. The Circuit Court of Appeals for the District of Columbia reversed the decision of the lower court on grounds that the impact of a hostile sexual environment had not been considered. The lower court had considered only *quid pro quo* sexual harassment. The circuit court also maintained that if the evidence indicated that the supervisor made Vinson’s toleration of sexual harassment a condition of her employment, her voluntariness had no materiality whatsoever.

In a June 1986 unanimous decision the Supreme Court upheld the concept of hostile environment sexual harassment regardless of whether or not such harassment is connected to possible economic gain or loss. Under Title VII employees are entitled to a work environment “free from discrimination, intimidation, ridicule, or insult.” However, for hostile environment harassment to occur, such harassment must be sufficiently “severe or pervasive” to alter the victim’s conditions of employment. The Court further stated that “mere utterance of an ... epithet which engenders offensive feelings in an employee” is not sufficient in itself to alter an employee’s terms or conditions of employment.

Once the victim of harassment has indicated that sexual advances are inappropriate, voluntary participation by the victim is no longer an issue. Vinson’s notice to the supervisor that his advances were unwelcome constituted notice to the bank, inasmuch as he was an agent for the bank. According to the Supreme Court, “the fact that sex-related conduct was voluntary in the sense that the complainant was not forced to participate against her will, is not a defense to a sexual harassment suit brought under Title VII.” In determining whether or not sexual harassment has occurred courts must examine “the record as a whole [and consider] the totality of circumstances.” The Court also held that a charge of hostile environment sexual harassment was actionable under Title VII, thus establishing the validity of hostile environment claims in addition to *quid pro quo* causes of action.

In *Meritor* the Supreme Court applied concepts of common law agency principles to determine the culpability of an employer. If an employer has specific policies against sexual harassment and definitive procedures to address any complaints in this area—provided they do not include an initial step of reporting

the harassing behavior to the harasser—the company is absolved from liability. Vinson had not followed the bank's grievance procedure (which was also not specific about sexual harassment) because the first step involved reporting any complaints to her supervisor, who in this instance was also the cause of the problem.

UAW v. Johnson Controls, Inc.

The Supreme Court, in this 1991 decision, reaffirmed its previous position that BFOQs must be narrowly rather than broadly interpreted. At issue was a fetal protection policy Johnson Controls implemented in its battery manufacturing process after eight of its employees became pregnant while maintaining blood lead levels exceeding the standards of the Occupational Safety and Health Administration.

The Court held that “Title VII, as amended by the Pregnancy Discrimination Act (PDA), forbids sex-specific fetal protection policies.” It went on to state that “by excluding women with childbearing capacity from lead-exposed jobs, the respondent’s policy creates a facial classification based on gender and explicitly discriminates against women on the basis of their sex.” Johnson Controls’ policy, according to the Court, was not neutral because it did not apply to males in the same way as females despite evidence about the debilitating effect of lead on the male reproductive system.

The company’s fetal protection policy was not based on the ability or inability of women to perform the job in question: it was based on pregnancy or the ability to become pregnant—a violation of the Pregnancy Discrimination Act. Moreover, the Court dismissed any safety issues by asserting that concern for the unborn fetus was not relevant because the question of safety did not involve third parties or customers. Reiterating its earlier opinion in *Dothard v. Rawlinson*, the Court stated that “danger to a woman herself does not justify discrimination.” Citing other previous cases, it also maintained that fetal safety is best left to the mother not the employer.

Harris v. Forklift Systems, Inc.

Teresa Harris was an equipment rental manager for Forklift Systems, Inc. from April 1985 until October 1987. During her tenure with the company, as established by the district court, the company’s president often insulted her because of her gender and made her the target of sexual innuendoes. On several occasions, the president, in front of other employees, stated, “You’re a woman, what do you know?” or “We need a man as the rental manager.” He once told her she was “a dumbass woman.” In front of others he also suggested that the two of them “go to the Holiday Inn to negotiate [Harris’s] raise.” Furthermore, it was established that the president occasionally asked Harris and other female employees to retrieve coins from his front pants pockets, threw objects on the

ground in front of Harris and other female workers and asked them to pick the objects up, and made sexual innuendoes about Harris's and other women's clothing.

In August 1987, Harris complained to the company president about his behavior. He was surprised that she was offended, claimed that he had only been joking, apologized for his conduct, and promised it would stop. In September, the president's previous behavior surfaced again. In front of other employees, as well as one of Forklift's customers with whom Harris was arranging a deal, he asked her, "What did you do, promise the guy some [sex] Saturday night?" On October 1, Harris collected her paycheck and quit.

Harris filed suit in federal district court claiming that the president's treatment of her constituted an "abusive work environment in violation of Title VII." The court, however, concluded that the comments in question did not create an abusive environment because they were not "so severe as to . . . seriously affect [Harris's] psychological well being" or lead her to "suffer injury." The 6th Circuit Court of Appeals affirmed the decision of the lower court.

On November 9, 1993, in a unanimous decision, the Supreme Court held that "to be accountable as abusive work environment harassment, conduct need not seriously affect . . . psychological well-being or lead the plaintiff to suffer injury." The Court further stated that

Title VII is violated when the workplace is permeated with discriminatory behavior that is sufficiently severe or pervasive enough to create a . . . hostile or abusive working environment. . . . This standard requires an objectively hostile or abusive environment—one that a reasonable person would find hostile or abusive—as well as the victim's subjective perception that the environment is abusive. . . . Whether or not [such an environment exists] can be determined only by looking at all the circumstances [which include] frequency of the . . . conduct; its severity; whether it is physically threatening or humiliating, or a mere offensive utterance; and whether it unreasonably interferes with an employee's work performance. . . . But while psychological harm, like any relevant factor, may be taken into account, no single factor is required.

The Court's decision was intended to offer a middle ground between conduct that is merely offensive and conduct requiring proof of psychological injury. A mere offensive remark is not enough to constitute a cause of action under Title VII, nor must a person wait until psychological damage has been done before filing a complaint or suit. According to the Court, for conduct or behavior to create a hostile or abusive working environment it must be "severe or pervasive." Additionally, the conduct must be of such a nature that a "reasonable person" would find it hostile or abusive. The Court did not, however, define what a reasonable person is. In his concurring opinion, Justice Scalia expressed concern that what a reasonable person would find hostile or abusive was not a very clear standard and would open more "expansive vistas of litigation."

SIGNIFICANT FEDERAL CIRCUIT COURT OF APPEALS DECISIONS

After a case is tried in federal district court, if any party to the case is dissatisfied with the decision, normally the next step is to appeal the decision to a federal circuit court of appeals. There are twelve such courts in this country, and each state, and the District of Columbia, is assigned to one of the circuits. Rulings at this level have a significant effect on employment practices since the Supreme Court hears only the cases it elects to hear. Thus, a circuit court ruling may or may not be open to further appeal. While circuit court decisions are binding only in that particular circuit, they are often used as precedents. Some of the more important decisions to come from these courts are discussed below.

Diaz v. Pan American World Airways

This 1971 decision ruled that being a female is not a bona fide occupational qualification for the position of flight attendant. The *Diaz* ruling established the concept of business necessity as the basis for a BFOQ as opposed to business convenience or customer preference. Discrimination based on sex is valid only when the essence of the business operation would be undermined by not exclusively hiring members of one sex. In addition, the court stressed the importance of making judgments about the qualifications of people as individuals, not as members of a group.

According to the court:

The primary function of an airline is to transport passengers safely from one point to another. While a pleasant environment, enhanced by the obvious cosmetic effect that female stewardesses provide as well as, according to the finding of the court trial, their apparent ability to perform the non-mechanical functions of the job in a more effective manner than most men, may all be important, they are tangential to the essence of the business involved. We do not mean to imply, of course, that Pan Am cannot take into consideration the ability of individuals to perform the non-mechanical functions of the job. What we hold is that . . . Pan Am cannot exclude all males simply because most males may not perform adequately.

Spurlock v. United Airlines, Inc.

In this case the 10th Circuit Court held that United Airlines could use a college degree and a minimum of 500 hours' flying experience as selection criteria even though these requirements eliminated a greater percentage of black applicants than white applicants. United's contention, supported by statistics, was that applicants who have a greater number of flight hours are more likely to succeed in its rigorous training program. The court agreed. The court also accepted United's argument that the high cost of the training program rendered

it necessary to have as many individuals as possible who enter the program complete it. The court also agreed with this line of reasoning as an example of business necessity. Moreover, United was able to show a direct correlation between having a college degree and successfully completing the training program. The court ruled that the airline “met the burden of showing that its requirement of a college degree was sufficiently job related to make it a lawful pre-employment standard.”

Spurlock illustrates that the courts will accept rigorous pre-employment requirements if those requirements are logical and are supported by factual evidence; they will not, however, accept requirements based on subjectivity, intuition, and generalizations.

Richardson v. Hotel Corporation of America

This case, decided by the 5th Circuit Court in 1972, addressed the matter of considering conviction records for specific crimes as a selection criterion. The court found that a hotel did not discriminate on the basis of race when it discharged Richardson, a newly hired black bellhop, after learning that he had previously been convicted of theft and receiving stolen property. The hotel had a policy of rejecting applicants for employment in “security sensitive” positions if they had been convicted of a serious crime. As a bellhop the complainant would have had keys to the rooms in the hotel. The court ruled for the hotel on grounds of business necessity, in spite of the contention that more blacks than whites are convicted of serious crimes and that discharge based upon criminal record is therefore inherently racially discriminatory.

According to the court, (1) people who have been convicted of serious crimes are more likely to engage in future criminal conduct than those who have never been convicted, (2) it is reasonable for the company to require persons having access to valuable property of others to be relatively free from convictions related to theft of property, (3) the hotel applied its policy to both blacks and whites, (4) similar requirements are not imposed on employees who do not have access to property, and (5) the hotel has had an excellent record of providing equal opportunity in jobs at all levels to minority group members.

In short, conviction records can be used as selection criteria or grounds for dismissal if they are job-related.

Rowe v. General Motors Corporation

This 1972 case decided by the 5th Circuit Court involved performance appraisal. The company’s evaluation system was used as the basis for determining promotions, with the immediate supervisor’s recommendation on promotability the key factor. The appraisal standards used were vague, and supervisors were given no written instructions for conducting the appraisals. The decision reached in this case emphasized the following points:

- Subjective, unstructured evaluation systems that result in a disparate adverse effect on minorities have been unanimously condemned by the courts and found discriminatory.
- Objective measures of performance accomplish the goals of performance appraisal better than subjective means such as interviews or vague evaluations by supervisors.
- Written instructions on the use of appraisal criteria and the qualifications for promotion should be furnished to the evaluators.
- Where all of the appraisers are white and all of those being appraised are minority group members, the appraisers cannot be expected to fairly evaluate the performance of those being evaluated. As the court stated, “We and others have expressed a skepticism that black persons dependent on decisive recommendations from whites can expect non-discriminatory action.”
- A review process whereby evaluations given by supervisors are examined by the next level of management provides a safeguard in performance appraisal that may avert discriminatory practices.

Interpreting *Rowe* broadly, it would appear that a firm’s performance appraisal system, if it is to avoid potential discrimination, must be objective, provide written instructions to appraisers, establish a review procedure by another level of management, and exercise care to see that evaluators are not all from one class while those being evaluated are all from another, protected class.⁷

Brito v. Zia Company

In this 1973 case performance appraisals were used as the basis for laying off employees. In a reduction in force, fifteen employees were laid off on the basis of unsatisfactory performance. Twelve had Spanish surnames, and three were whites without Spanish surnames.

The decision by the court indicated that

- Performance appraisals were based on the best judgments and opinions of the evaluators and not on any identifiable quality or quantity of work criteria.
- The subjective appraisal system adversely affected a protected class in determining who would be laid off.
- No performance records were maintained by the company, and there was no documentation to substantiate the ratings given to employees.
- Performance of the employees was not observed on a daily basis by the evaluators.
- Evaluations were neither administered nor scored in a controlled and standardized fashion; thus, they were susceptible to subjective interpretation.
- The company failed to validate its performance appraisal system under EEOC guidelines for test validation.

It is apparent from *Brito* that face or even content validity (see Chapter 9) is not sufficient evidence to demonstrate the validity of a performance appraisal system; the system must be validated in terms of job requirements and content.

Hodgson v. Greyhound Lines, Inc.

In 1974 the 7th Circuit Court ruled that Greyhound did not violate the Age Discrimination in Employment Act when it refused to hire persons 35 years of age or older as intercity bus drivers. The court found that Greyhound had a rational basis in fact to believe that the elimination of its hiring age policy would increase the likelihood of risk or harm to its passengers. The company provided statistical evidence showing that the company's safest drivers are those with between 16 and 20 years of driving experience with the company who are between 50 and 55 years old—a blend of experience with the company and age that could never be attained by hiring applicants who were 40 years old or older. Greyhound also presented evidence concerning degenerative physical and sensory changes that humans undergo at about age 35 that have a detrimental effect upon driving skills and are not detectable by physical tests. Thus, age can be a bona fide occupational qualification where it is reasonably necessary to the essence of the business and the employer has a rational or factual basis for believing that all or substantially all people within the age class would not be able to perform satisfactorily.

Hillebrand v. M-Tron Industries, Inc.

Ernest Hillebrand, a 60-year-old Vice President of Operations for M-Tron Industries, was terminated by the company as part of an alleged reduction in force. Prior to his termination, he had no knowledge of any plans to reduce the size of the workforce. No other top level manager was discharged in 1984, the year of Hillebrand's termination. His responsibilities were assumed by the company's Comptroller, a 40-year-old male who, by his own admission, was not experienced in manufacturing or plant operations.

Hillebrand filed suit under the Age Discrimination in Employment Act of 1967 maintaining that the company's reason for terminating him was "pretextual" inasmuch as no other high-level manager was terminated. He cited instances in which he had been referred as "a gray-haired old man," a person of "questionable usefulness" to the company, and an individual who had "outlived his usefulness" to the organization.

The district court granted summary judgment in favor of the defendant stating that the plaintiff had not established a case of age discrimination.

The 8th Circuit Court overturned the lower court's decision and remanded the case back to the district court for trial. According to the circuit court, "knowing that discrimination is difficult to prove by direct evidence, the Supreme Court has interpreted employment discrimination cases as requiring simplified

proof from a claimant in order to create an inference of discrimination and thereby establish a prima facie case.” The court went on to state that:

Once the inference is created, the law is clear that the burden of proof is placed on an employer to show a non-discriminatory reason, [and] in proving a prima facie case, the plaintiff is not required to adopt as part of his case the reason given by the employer as to the discharge.

The circuit court also ruled, in an age discrimination case, that “a plaintiff need not be replaced by a person outside the protected age group to make out a prima facie case under ADEA; the plaintiff need only be replaced by a younger person.”

This case clearly indicates, first, that neither a preponderance of evidence nor definitive evidence of discriminatory intent is requisite for a person to establish a cause of action in a discrimination case. All the plaintiff need do is establish “an inference” of possible discrimination. Once this inference is created, the burden of proof then shifts to the employer to show that there was no discriminatory intent or impact. Second, in an age discrimination case, the fact that a terminated individual was replaced by another person in the same protected class is insufficient proof for refuting an age discrimination charge.

Wade v. Mississippi Cooperative Extension Service

Unlike most discrimination cases, *Wade* was not filed under contemporary employment statutes; it was filed under the equal protection clause of the Fourteenth Amendment. At issue was the Extension Service’s performance appraisal system. In its decision the 5th Circuit Court ruled that

- In a performance appraisal system, general characteristics such as “leadership, public acceptance, attitude toward people, appearance and grooming, personal conduct, outlook on life, ethical habits, resourcefulness, capacity for growth, mental alertness, [and] loyalty to [the] organization [are] susceptible to partiality and to the personal taste, whim, or fancy of the evaluator [as well as] patently subjective in form and obviously susceptible to completely subjective treatment” by those conducting the appraisals.
- The agency had not consistently used performance evaluation ratings as a basis for promoting employees or adjusting their salaries.
- Trait-rating performance appraisal systems are subjective and biased because they are not usually based on a study of job content.
- When a trait is used in an appraisal system there must be a clear relationship between that trait and the work performed in the job.
- When subjected to legal challenge, the employer must be able to demonstrate the relationship between the performance appraisal instrument used and job content.

Wade emphasizes the requirement for specifically relating performance appraisal factors to actual job content. Broadly speaking, this case also stresses the importance of job analysis, since it is through job analysis that job content is determined.⁸

SUMMARY

This chapter has presented a number of court decisions that illustrate how the law has been applied in specific staffing situations. Table 3.1 summarizes the Supreme Court cases reviewed, showing the key points of each decision and its implications for staffing. Table 3.2 shows the same items for the circuit court of appeals cases. These two summaries will help the reader in reviewing and comparing the various decisions of the federal courts.

NOTES

1. Donald L. Caruth, *Compensation Management for Banks* (Boston: Bankers Publishing Company, 1986), pp. 222–223.
2. *Ibid.*, pp. 225–226.
3. Richard D. Arvey, *Fairness in Selecting Employees* (Reading, Mass.: Addison-Wesley, 1979), pp. 74–76.
4. Barbara Lindemann Schlei and Paul Grossman, *Employment Discrimination Law*, 2nd ed. (Washington, D.C.: Bureau of National Affairs, 1983), pp. 786–802.
5. R. Wayne Mondy and Robert M. Noe, *Human Resource Management*, 6th ed. (Upper Saddle River, N.J.: Prentice-Hall, 1996), p. 68.
6. R. Wayne Mondy and Robert M. Noe, *Personnel: The Management of Human Resources*, 3rd ed. (Boston: Allyn and Bacon, 1987), p. 80.
7. Caruth, *Compensation Management*, pp. 223–224.
8. *Ibid.*, pp. 226–227.

Table 3.1
Summary of Significant Supreme Court Cases

Case	Key Points of Decision	Implications for Staffing
Griggs v. Duke Power Company	<p>It is not necessary to show intent to discriminate in order to substantiate existence of discrimination.</p> <p>Employment practices that appear neutral on the surface, or in intent, are illegal if their impact on protected classes is unequal.</p> <p>Tests or other measuring devices can be used only when they have a demonstrable relationship to actual job performance.</p> <p>Employer bears the burden of proof in showing that tests are job-related.</p>	<p>Increases the importance of a systematic, periodic review of all employment practices and policies to ensure that they are free of discriminatory impact.</p> <p>Necessitates the validation of tests, measuring devices, and selection requirements in terms of actual job performance or relationship to job content.</p> <p>Requires maintaining adequate documentation to demonstrate that tests and other employment practices are nondiscriminatory.</p>
Phillips v. Martin Marietta Corporation	<p>Employer cannot have one hiring policy for females and another hiring policy for males.</p> <p>Employer cannot use a subset of sex as a selection criterion unless applied equally to both sexes.</p>	<p>Increases the importance of a systematic, periodic review of all employment practices, policies, and hiring standards to ensure that they are uniform for both sexes.</p>
Espinoza v. Farah Manufacturing Company	<p>Title VII of the Civil Rights Act of 1964 does not prohibit discrimination against individuals who are not citizens.</p>	<p>Allows employers to use authorization to work in the U.S. status as a selection criterion.</p>

Albermarle Paper Company v. Moody	<p>Any test used in selection or promotion must be validated if its use has been shown to discriminate against a protected class.</p> <p>The burden of proof for demonstrating test validity rests entirely upon the employer.</p> <p>Performance appraisals that do not have a job related content basis possess a built-in bias.</p> <p>Job analysis studies are admissible as evidence in support of an attempt to validate selection and promotion tests.</p> <p>Performance appraisals based on inadequate standards of job-relatedness do not meet the guidelines for test validity.</p> <p>A test that is specifically job-related and racially neutral may be used as a selection device even though it adversely affects protected classes.</p>	<p>Necessitates the validation of tests in terms of actual job performance or relationship to the job content.</p> <p>Increases the importance of job analysis as a means of validating selection or promotion tests.</p> <p>Requires that performance appraisal systems or instruments be recognized as tests that are subject to the same validation requirements as other kinds of tests.</p>
Washington v. Davis		<p>Requires that tests be specifically job-related and racially neutral. Allows employer to use job-related and racially neutral tests even if such tests have an adverse impact on minorities.</p> <p>Necessitates the validation of tests in terms of actual job performance, relationship to job content, and racial neutrality.</p> <p>Increases the need for job analysis to determine necessity for, or to validate, height and weight requirements as selection criteria.</p>
Dothard v. Rawlingson	<p>Minimum height and weight requirements for jobs have a discriminatory impact on females.</p> <p>Employer must prove necessity of minimum height and weight requirements for successfully performing jobs where these requirements are used as selection criteria.</p>	

Table 3.1 (continued)

Regents of the University of California v. Bakke	<p>Affirmative action plans favoring minorities are acceptable if used to correct the effects of past discriminatory practices.</p> <p>Race may be taken into consideration in selection decisions provided it is not the sole factor used.</p>	<p>Allows employer to use racial hiring goals and timetables in affirmative action plans designed to correct the effects of past discriminatory practices.</p> <p>Precludes discrimination against specific white applicants in order to remedy effects of past discriminatory practices.</p> <p>Permits employer to take minority status into consideration as a selection criterion provided it is not the only criterion used.</p>
Weber v. Kaiser Aluminum Corporation	<p>Affirmative action plans entered into between a company and its union are permissible even if there is not evidence of past discrimination.</p> <p>Affirmative action plans that do not create a bar to employment or advancement of white workers are acceptable.</p> <p>Affirmative action plans intended to correct underutilization of minorities are permissible.</p>	<p>Permits companies and unions to enter into mutually agreed upon affirmative action plans even though there is no past history of discrimination.</p> <p>Requires careful design of affirmative action plans to avoid the possibility of creating a barrier to employment or advancement of whites.</p>
American Tobacco Company v. Patterson	<p>Bona fide seniority, promotion, and merit systems enacted after passage of Title VII of the Civil Rights Act of 1964 are permissible even though they may unintentionally discriminate against protected classes.</p> <p>Intention to discriminate must be absent for a labor agreement to be considered bona fide.</p>	<p>Permits companies and unions to enter bona fide labor agreements that may have a discriminatory impact provided it was not the intention of the parties to discriminate.</p>

County of Washington v. Gunther	<p>Employees alleging sex discrimination in compensation are not precluded from pursuing action under Title VII even if the jobs in question are not equal.</p> <p>Gender motivated pay differences are a violation of Title VII.</p>	<p>Broadens the concept of gender pay discrimination to include jobs outside the "equal pay for equal work" standard promulgated by the Equal Pay Act.</p> <p>Necessitates review of all compensation plans and structures to assure that they are free from gender bias.</p> <p>Reemphasizes the need for careful job evaluation, especially in situations where a specific gender dominates one or more job categories or classifications.</p> <p>Increases the importance of a systematic, periodic review of each step in the selection and promotion process to ensure that there is no discriminatory impact at any step.</p>
Connecticut v. Teal	<p>The "bottom line" is not sufficient evidence to refute a charge of discrimination by a protected class.</p> <p>Each step in the selection and promotion process is subject to examination and may be used to show adverse impact on protected classes.</p>	<p>Invalidates the use of the "bottom line" defense as the sole factor attesting to absence of discrimination in the total selection and promotion process.</p>
Newsport News Shipbuilding & Dry Dock Co. v. EEOC	<p>Discrimination against female spouses of male employees in the provision of benefits is sex discrimination against the male employee.</p> <p>Pregnancy health insurance benefits extended only to female employees, and not to female spouses of male employees, are discriminatory.</p> <p>Benefits extended to spouses cannot differ on the basis of sex, either the sex of the employee or the sex of non-employee spouse.</p>	<p>Increases the importance of carefully scrutinizing all employee benefit programs to assure equality of coverage of male and female employees and their spouses.</p> <p>Precludes employers from providing greater benefits to one sex.</p> <p>Increases the importance of periodically examining all employee benefit programs for potential discrimination.</p> <p>Suggests that any program designed to retain an organization's employees must be carefully designed.</p>

Table 3.1 (continued)

Arizona Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans v. Norris	<p>Any benefit plan based on sex is discriminatory.</p> <p>All fringe benefits provided to employees must be provided on an equal basis to both sexes.</p> <p>Employees must be treated as individuals rather than as members of a class.</p> <p>Sex-based actuarial tables are discriminatory.</p> <p>Any classifications based on sex are unlawful.</p>	<p>Increases the importance of examining all terms, conditions, privileges, and benefits of employment to assure that they are provided equally to all employees.</p> <p>Suggests that preferential treatment of one employee class cannot be provided at the expense of another class.</p>
Firefighters Local Union No. 1784 v. Stotts et al.	<p>Bona fide seniority plans entered into by a company and its union are valid and binding in the absence of intent to discriminate.</p> <p>Title VII protects valid seniority systems even if they adversely affect protected classes.</p> <p>Valid seniority systems cannot be overturned by a consent decree; employer, union, and employees must agree to any changes.</p>	<p>Permits companies and their unions to enter into valid and binding seniority plans as long as there is no intent to discriminate.</p> <p>Suggests that great care be exercised in the design of seniority systems.</p>

<p>Meritor Savings Bank, FSB v. Vinson</p>	<p>Employees are entitled to an environment free from discrimination, intimidation, ridicule, or insult.</p> <p>Charges of hostile environment sexual harassment are actionable under Title VII.</p> <p>Hostile environment sexual harassment can exist in the absence of any connection to possible economic gain or loss for victim.</p> <p>For a hostile sexual environment to exist, the harassment must be "severe or pervasive" enough to alter the victim's conditions of employment.</p> <p>Once the target of the alleged harassment has indicated that sexual advances are inappropriate, the apparently voluntary future participation of the victim does not negate the harassment.</p> <p>Notice to a supervisor or manager of inappropriate sexual advances, even if that person is the alleged harasser, constitutes proper notice of sexual harassment to the organization.</p> <p>If an employer has proper sexual harassment policies and procedures in place, the company is absolved from responsibility for the actions of its supervisors or managers.</p>	<p>Emphasizes the need for comprehensive sexual harassment policies and training for all supervisors and managers.</p> <p>Compels the development of sexual harassment policies and procedures that include an initial step of reporting such behavior to an individual who is not the supervisor or manager of the employee alleging the sexual harassment.</p> <p>Underscores the need for increased sensitivity to the sexual harassment issue, both quid pro quo and hostile environment.</p>
<p>UAW v. Johnson Controls, Inc.</p>	<p>BFOQs must be narrowly, not broadly, interpreted. Title VII, as amended by the Pregnancy Discrimination Act, prohibits sex-specific fetal protection policies. Excluding women from jobs that expose them to hazards or dangers is discrimination on the basis of sex.</p>	<p>Nullifies company policies that exclude women from hazardous or dangerous jobs.</p>

Table 3.1 (continued)

<p>Harris v. Forklift Systems, Inc.</p>	<p>A sexually hostile or abusive working environment need not seriously affect the psychological well-being of the complainant or cause that person to suffer injury for it to be considered a hostile environment.</p> <p>Title VII is violated when the workplace is permeated with discriminatory behavior that is “severe and pervasive.”</p> <p>A mere offensive remark is not enough to constitute a cause of action under Title VII.</p> <p>A hostile or abusive working environment can be determined only by examining all the circumstances involved.</p> <p>Establishes the standard of “reasonable person” as the criterion for determining whether a working environment is offensive or hostile.</p>	<p>Underscores the necessity for comprehensive sexual harassment policies that include appropriate procedures for reporting alleged acts of harassment.</p> <p>Emphasizes the need for, and importance of, thorough ongoing sexual harassment training for supervisors and managers.</p> <p>Mandates swift action in response to any allegation of sexual harassment.</p>
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Table 3.2
Summary of Significant Circuit Court of Appeals Cases

Case	Key Points of Decision	Implications for Staffing
Diaz v. Pan American World Airways	<p>Discrimination based on sex is valid only when necessary to the essence of business operations.</p> <p>Business necessity is the basis for establishing a bona fide occupational qualification.</p> <p>Business convenience or customer preference do not constitute business necessity.</p> <p>Selection judgments relative to people must consider people as individuals not as members of a group.</p>	<p>Increases importance of job analysis as a means of determining and validating bona fide occupational qualifications as business necessities.</p> <p>Requires employers to substantiate a bona fide occupational qualification in terms of job duties or performance, not convenience or customer preference.</p>
Spurlock v. United Airlines, Inc.	<p>Rigorous selection requirements are permissible if those requirements are logical and supported by factual evidence of their necessity.</p> <p>Selection requirements based on subjectivity, intuition, and generalizations are not acceptable.</p> <p>Selection standards must be sufficiently job-related, and supported by evidence to that effect, for them to constitute legally usable standards.</p>	<p>Requires employers to substantiate selection requirements with factual evidence demonstrating their business necessity and job relatedness.</p> <p>Precludes the use of selection requirements based on subjectivity, intuition, and generalizations.</p>
Richardson v. Hotel Corporation of America	<p>Criminal convictions may be used as selection criteria or grounds for dismissal if they can be shown to be sufficiently job-related.</p>	<p>Allows the use of criminal conviction records as selection criteria or grounds for termination where previous convictions are reasonably related to a particular job.</p>

Table 3.2 (continued)

Rowe v. General Motors Corporation	<p>Subjective, unstructured performance appraisal systems that have a disparate adverse impact on minorities are discriminatory.</p> <p>Evaluators should be given written instructions on the use of performance appraisal criteria.</p> <p>Where all of the appraisers are white and all of the appraisers are minority group members, the appraisals are likely to be discriminatory.</p> <p>Performance appraisals should be subject to review by the next higher level of management as a safeguard against discriminatory practices.</p>	<p>Stresses the importance of developing objective, job-related performance appraisal systems and instruments.</p> <p>Points out the need for building a review or audit procedure into the performance appraisal system.</p> <p>Indicates the necessity of formalizing a performance appraisal system by writing and furnishing guidelines to appraisers to avoid possible subjectivity and discrimination.</p> <p>Suggests that care be taken to assure that appraisers are not all from one group while appraisees are from a different or protected group.</p>
Brito v. Zia Company	<p>Face or content validity is not sufficient evidence to demonstrate the validity of a performance appraisal system.</p> <p>Performance appraisal systems must be validated in terms of job requirements and content under EEOC guidelines for test validation.</p>	<p>Requires employers to recognize that performance appraisal is a form of employment test that must be validated, as are other tests, in terms of job requirements and job content.</p>
Hodgson v. Greyhound Lines, Inc.	<p>Age may be used as a bona fide occupational qualification where it is reasonably necessary to business operations and can be rationally or factually supported.</p>	<p>Permits an employer to use age as a bona fide occupational qualification where the employer can factually or rationally support it as a business necessity.</p> <p>Increases importance of job analysis as a means of determining and validating the use of age as a bona fide occupational qualification.</p>

<p>Hillebrand v. M-Tron Industries, Inc.</p>	<p>Discrimination cases require only simplified proof to establish a prima facie case.</p> <p>Once a prima facie case has been established, the burden of proof shifts to the employer.</p> <p>A plaintiff is not required to adopt the reason given by the employer as to the employee's termination.</p> <p>A standard of "younger person" replaces the previous standard of someone outside the protected age class in an age discrimination case.</p> <p>A reduction in force affecting only one person or a very limited number of people in a protected class is "pretextual" in nature and constitutes prima facie indication of discrimination.</p>	<p>Increases the importance of being able to demonstrate non-discriminatory reasons for any personnel action adversely affecting protected class members.</p> <p>Indicates that reductions in force must involve a sufficient number of people so as not to give the appearance of being used discriminatorily as a means of terminating only a few selected employees.</p>
<p>Wade v. Mississippi Cooperative Extension Service</p>	<p>Trait rating performance appraisal systems are generally suspect because they lack a job content basis.</p> <p>The burden of proof for demonstrating the relationship between a performance appraisal system and actual job content rests entirely on the employer.</p>	<p>Suggests very strongly that employers develop performance appraisal systems and instruments that have a job content basis.</p> <p>Indicates the necessity for closely examining trait-rating performance appraisal systems to determine their relationship to job content.</p> <p>Places the burden of proof on the employer for demonstrating the relationship between the performance appraisal and actual job content.</p> <p>Increases the importance of job analysis as a means of determining job content for use in performance appraisal.</p>

4

The *Uniform Guidelines*, Adverse Impact, and Affirmative Action Programs

While an understanding of employment legislation, executive orders, and federal court decisions is imperative for staffing specialists, additional knowledge is required to ensure that employment practices, policies, and procedures are implemented and followed in a manner that reflects not only the letter but also the spirit of the law. Staffing specialists must have a thorough understanding of the Equal Employment Opportunity Commission's guidelines for lawful employment practices, the definition and interpretation of adverse impact, and the meaning and application of affirmative action programs. These three broad areas are the subject of this chapter.

UNIFORM GUIDELINES ON EMPLOYEE SELECTION PROCEDURES

Prior to 1978, employers had to comply with several different sets of employment and selection guidelines promulgated by different federal agencies. To eliminate this confusing situation and provide employers with a single set of standards, in 1978 the Equal Employment Opportunity Commission (EEOC), the Office of Personnel Management (formerly the Civil Service Commission), the Department of Justice, and the Department of Labor adopted and issued the *Uniform Guidelines on Employee Selection Procedures*. The *Guidelines* cover the major federal equal opportunity statutes and Executive Orders. They do not apply to the Age Discrimination in Employment Act of 1967, as Amended; the Rehabilitation Act of 1973; or the Americans with Disabilities Act of 1990. While the courts are not bound by the *Guidelines*, they do tend to afford these interpretive rules “great deference” in their decisions.¹

The *Guidelines* set forth a single set of principles designed to assist employ-

ers, labor organizations, employment agencies, and licensing and certification boards in complying with requirements of federal law prohibiting employment practices that discriminate on the basis of race, color, religion, sex, and national origin. They are designed to provide a framework for determining the proper use of tests and other selection devices and procedures. The *Guidelines* provide a basis for making lawful employment decisions about hiring, promotion, demotion, referral, retention, licensing, and certification. Recruiting procedures, under the *Guidelines*, are not considered selection procedures and are therefore not covered;² however, inferences can be made from the *Guidelines* that suggest what is proper or improper practice in recruiting.

One of the most important clarifications contained in the *Guidelines* is the definition of an employment test:

Any measure, combination of measures, or procedures used as a basis for any employment decision. Selection procedures include the full range of assessment techniques from traditional paper and pencil tests, performance tests, training programs, or probationary periods and physical, educational, and work experience requirements through informal or casual interviews and unscored application forms.³

Under this broad, comprehensive definition, virtually *any* factor used in making *any* employment decision is a test. From the time a person's resumé or application crosses the organization's threshold to the time that person leaves the institution, any evaluation for any purpose—hiring, promoting, appraising, rewarding, training, terminating—is, in fact, an employment test under the *Guidelines*. Unfortunately, many organizations apparently have not fully grasped EEOC's all-inclusive definition of employment test.

Prior to the issuance of the *Guidelines*, the only means for establishing the job-relatedness of a test was through validation of each test used. The *Guidelines* do not require validation in all cases. The fundamental principle underlying the *Guidelines* is that employer policies or practices that have an adverse impact on employment opportunities for classes of individuals protected under Title VII or Executive Orders are illegal unless justified by business necessity. Adverse impact occurs when members of a protected class receive unequal consideration for employment. As specifically defined by the *Guidelines*, adverse impact occurs if protected groups are not hired at a rate of at least 80 percent of the rate for the best achieving group. This 80 percent selection factor is also known as the four-fifths rule. Groups identified for analysis in determining if adverse impact has occurred are (1) blacks, (2) American Indians, (3) Asians, (4) Hispanics, (5) females, and (6) males.

Assuming that adverse impact has been shown, employers have two avenues available to them if they still desire to use a particular selection device, procedure, or standard. First, employers may validate the selection device to show that it is indeed a predictor of success on the job. When the device has been proven to be a valid, reliable indicator of on-the-job performance, an employer

has established business necessity. If the firm's selection tool has not been validated, business necessity may be demonstrated in another manner. The employer can show that there is a strong relationship between the selection device and job performance and that, without using this specific selection procedure, the firm's training costs would be prohibitive.

The second avenue available should adverse impact be shown is the bona fide occupational qualification (BFOQ) defense. The BFOQ defense means that certain qualifications are needed for job performance, and that the majority of the members of one or more protected classes cannot reasonably be expected to possess the necessary qualifications. The BFOQ defense has been narrowly interpreted by the courts because it has often been based on stereotyping and vague generalizations. For example, the courts have rejected the contention that, since most women cannot lift 150 pounds, all women can be excluded from consideration for a job involving such lifting requirements. Employers electing to use the BFOQ defense for their selection procedures must have significant evidence to substantiate their position.

Creators of the *Guidelines* adopted, in essence, a "bottom line" approach in assessing whether a firm's employment practices are discriminatory. If a number of selection procedures are used in making a selection decision, for example, the enforcement agencies are likely to focus (notwithstanding *Connecticut v. Teal*) on the result of the combined practices to determine the existence of adverse impact. Essentially, EEOC is more concerned with what is occurring—the "bottom line"—than with how it occurred. Admitting that discriminatory practices may exist that cannot be validated by an employer, EEOC's focus tends to be on the net effect produced by the procedures.

ADVERSE IMPACT

Three approaches have been developed to determine the existence of adverse impact: the four-fifths rule, the standard deviation method, and the Chi-Square test.

The four-fifths or 80-20 rule is outlined in the *Guidelines* and should generally be used first since it is accepted in most instances by both EEOC and OFCCP. If adverse impact is shown under the four-fifths rule, other statistical methods may then be used. It should be remembered that the 80-20 rule is itself a rule of thumb; it is not a hard-and-fast criterion. Some courts have adopted it as an appropriate standard, while "others have criticized the rule as an arbitrary standard that fails to take into account deficiencies in sample sizes and test results in the applicant population."⁴ The Supreme Court clearly stated in *Watson v. Fort Worth Bank and Trust Co.* that it has never relied on mathematical precision to determine adverse impact but that it does rely on significant statistical evidence.

A second method for assessing adverse impact is the standard deviation approach. This method was tested in the Supreme Court decision in the case of

Hazlewood School District v. United States. The Chi-Square Test, the third possible method of measuring adverse impact, has not yet received widespread judicial acceptance, but it is a test of statistical significance that may be used by employers.

Establishing Job Pools

The first step in conducting an adverse impact analysis is to establish job pools. A job pool is a group of jobs having essentially the same minimum level of qualifications. An organization may decide to create separate pools for accountants, systems analysts, machine operators, or salespeople. The key to establishing a reliable job pool is the similarity of minimum qualifications for each job in the pool. Computer operator and computer programmer jobs, for example, would not be placed in the same pool because qualifications for these two types of jobs are dissimilar.

Once pools have been identified, the second step is to collect data on (1) the total number of qualified applicants in the pool, (2) the number of applicants selected, (3) the number of applicants classified as to protected class status and majority status (usually whites), and (4) the number of applicants selected by protected class status and majority status. These data are then analyzed to determine the existence or nonexistence of adverse impact.

Four-Fifths Rule

The general formula for computing adverse impact using the four-fifths, or 80-20, rule is

$$\frac{\text{Protected Group Selection Rate}}{\text{Best Achieving Group Selection Rate}} = \text{Protected Group Selection Ratio}$$

The selection rate for protected class applicants is determined by dividing the number of protected class members hired by the total number of qualified protected class applicants within a given period of time. Selection rates should be calculated for all protected classes for the same periods of time.

To illustrate how the four-fifths formula for calculating adverse impact works, assume that during a twelve-month period 400 individuals were hired for the job of machine operator. Of the total number hired, 300 were white males and 100 were black males. There were 1,500 applicants: 1,000 white males and 500 black males. The selection rate for white males is 30 percent ($300 \div 1,000 = .30$), and the selection rate for blacks is 20 percent ($100 \div 500 = .20$). Applying these numbers to the formula for calculating adverse impact we arrive at a selection ratio of 66.67 percent for the protected class.

$$\frac{\text{Protected Group Selection Rate}}{\text{Best Achieving Group Selection Rate}} = \text{Protected Group Selection Ratio}$$

$$= \frac{20\%}{30\%} = 66.67\%$$

Inasmuch as the selection ratio for black males is 66.67 percent of the selection ratio for white male machine operators, adverse impact exists under the four-fifths rule, which requires a selection ratio for protected classes of 80 percent of the selection ratio for the best achieving group.

Evidence of adverse impact is, obviously, more than the number of protected class workers hired. The number of applicants is also important. Assume, for instance, as a second example of the four-fifths rule, that 300 black applicants were hired and 300 white applicants were hired, but that 1,500 blacks and 1,000 whites applied for job openings. Using these numbers we see that adverse impact still exists:

$$\frac{300}{1,500} = 20\% \text{ Black Selection Rate}$$

$$\frac{300}{1,000} = 30\% \text{ White Selection Rate}$$

$$\frac{20\%}{30\%} = 66.67\% \text{ Protected Group Selection Ratio}$$

Even though 200 more blacks were hired in the second example than in the first example, there were 1,000 more black applicants. Thus, the selection ratio indicates that black applicants still are not hired at a rate that approaches 80 percent of the selection rate for white males. The total number of protected class members hired is insufficient evidence to refute a claim of adverse impact. EEOC is concerned with the comparative rate, not the sheer numbers, at which protected class members are hired.

It must be emphasized again that the four-fifths rule is intended to be a guideline, not a hard-and-fast indicator of adverse impact. Protected class selection ratios well below 80 percent may be acceptable in some cases, while selection ratios considerably above 80 percent may not be acceptable in other cases. According to the *Guidelines*:

Smaller differences in selection rate may nevertheless constitute adverse impact, where they are significant in both statistical and practical terms or where a user's actions have discouraged applicants disproportionately on grounds of race, sex or ethnic group. Greater differences in selection rates may not constitute adverse impact where the differences are based on small numbers and are not statistically significant, or where special recruiting or other programs cause the pool of minority or female candidates to be atypical of the normal pool of applicants from the group.⁵

For all practical purposes, EEOC reserves the “right to excuse an employer that fails the four-fifths rule or hold in violation an employer that satisfies the four-fifths rule.”⁶

What determines how the rule will be applied? In essence, it is the number of applicants involved. When the number is small, statistical chance alone may produce a violation of the four-fifths rule. But, with a large number of applicants, adverse impact may exist even if the selection ratio for protected classes is considerably above 80 percent.⁷ In the latter instance, EEOC may conclude that systemic discrimination is present in the organization and adversely affects a significant number of people in protected classes. Consequently, an employer must pay attention not only to the rate at which protected class members are selected but also to the overall number hired, using the four-fifths rule as a baseline for the likely acceptance of selection practices by EEOC.

Standard Deviation Formula

As previously indicated, the standard deviation formula has been court-tested as a method for determining adverse impact. The standard deviation approach uses the following formula:

$$\text{Standard Deviation} = \sqrt{\frac{\text{Total Black Applicants}}{\text{Total Applicants}}} \times \frac{\text{Total White Applicants}}{\text{Total Applicants}} \\ \times \text{Total Number of Workers Selected}$$

This formula is known as a two-tailed standard deviation formula in that it indicates whether there has been discrimination against either the protected group or the group used as the basis for comparison.⁸ The expected number plus or minus two standard deviations constitutes the acceptable hiring range for employers. Two standard deviations are used because, statistically speaking, the possibility of error due to chance is reduced to 4.6 times out of 100 occurrences. The *Guidelines* suggest that at least a .05 error rate be used; consequently, two standard deviations are within the suggested range of error.

An example will illustrate how this formula is applied in actual practice. Assume that there were 300 applicants for a particular job. Of the total number of applicants, 100 were black and 200 were white. Assume also that 90 individuals were hired: 25 blacks and 65 whites. Inserting these numbers into the formula we would arrive at the following:

$$\begin{aligned} \text{Standard Deviation} &= \sqrt{\frac{100}{300}} \times \frac{200}{300} \times 90 \\ &= \sqrt{20} \\ &= 4.47 \end{aligned}$$

The number of blacks we would expect this employer to hire, on the basis of the indicated selection ratio, is 30. ($90 \div 300 \times 100 = 30$). Therefore, the acceptable hiring range would be $30 \pm (2 \times 4.47)$, or 21.06 to 38.94. Since the actual number of blacks hired was 25, a number that falls within the acceptable range, no adverse impact exists. If the number hired was less than 21, the conclusion would be that adverse impact exists. Because two standard deviations are used, if the number of blacks hired was outside the range of 21.06 to 38.94, there would be less than a 5 percent probability that it was due to chance.

Chi-Square Test

When the Chi-Square test of adverse impact is used, the selection rates of various subgroups are compared. This test assists in determining if differences exist between the selection rates for subgroups. An advantage of the Chi-Square approach is that it is sensitive to differences in sample size. Unfortunately, the four-fifths rule does not distinguish between a selection rate of 10 out of 20 or 1,000 out of 2,000.⁹

In using Chi-Square, a contingency table is prepared that shows the number of individuals in the various subgroups. Such a table might look like the following:

	Selected	Not Selected
Men	A	B
Women	C	D

The formula for calculating Chi-Square would be:

$$\text{Chi-Square} = \frac{N(AD - BC)^2}{(A + B)(C + D)(A + C)(B + D)}$$

Assume that, for the position of machine operator, 50 men and 50 women apply. Of this total number of applicants, 9 men and 6 women are hired. Using these figures in the Chi-Square Test would result in the following:

	Selected	Not Selected	Total
Men	9	41	50
Women	<u>6</u>	<u>44</u>	<u>50</u>
Totals	15	85	100

$$\text{Chi-Square} = \frac{100(396 - 246)^2}{(50)(50)(15)(85)} = 0.71$$

The calculated value must be interpreted based upon degrees of freedom, which may be found in most statistics textbooks. For one degree of freedom, Chi-Square values of less than 3.84 are not considered to be statistically significant at the .05 level since 5 times out of a 100 the difference may be due solely to chance. Because the *Guidelines* advocate a .05 significance level and the Chi-Square value in this example is less than 3.84, it is apparent that the selection rates for men and women are not significantly different. Therefore, there is no indication of adverse impact.

ADDITIONAL GUIDELINES

After the publication of the *Uniform Guidelines* in 1978, a number of modifications were made to the stipulated regulations. Some of these changes resulted from Supreme Court decisions; others were made in an attempt to clarify further, or add to the interpretation of, the *Guidelines*. Topics covered in these modifications include sexual harassment, discrimination based on national origin, and religious discrimination. Each of these three subjects is addressed in a separate set of *Guidelines*.

Interpretive Guidelines on Sexual Harassment

The Equal Employment Opportunity Commission published its *Guidelines on Discrimination Because of Sex* in 1980. The Office of Federal Contract Compliance Programs issued similar guidelines in 1981. The EEOC developed these sexual discrimination guidelines because of the belief that sexual harassment is a widespread problem in the workplace.¹⁰ Attesting to this problem is one study that reported that 59 percent of the female employees surveyed said they had experienced one or more incidents of sexual harassment in the workplace.¹¹ This particular issue is of growing concern today and is anticipated to remain an area of major importance in the years to come because of the increasing numbers of women in the workplace.

Sexual harassment is defined by EEOC as:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature . . . when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.¹²

As further clarified by the courts and the EEOC, sexual harassment may take one of two forms: *quid pro quo* or hostile environment. In *quid pro quo* (a Latin term meaning *something for something*), the employee is forced to engage in

some form of sexual activity in exchange for some benefit such as promotion, pay increase, training, or continued employment. This is a direct form of harassment that is not difficult to recognize. Hostile environment sexual harassment is an indirect form of harassment that produces a work climate that is offensive or abusive. Obscene jokes, loud and vulgar remarks, sexual references to anatomy, and displays of pin-up calendars are some of the elements that may create a hostile environment. For the courts to uphold a finding of hostile environment, several conditions must be met: (1) the harassment must be unwelcome, (2) it must be based on gender, (3) it must be severe or pervasive enough to create an abusive work environment, (4) it must affect a term or condition of employment, and (5) the employer knew of the hostile environment and took no action.

According to the *Guidelines*, employers are totally responsible for the acts of their supervisors and managers with respect to sexual harassment, regardless of whether the employers were aware of such acts. Where co-workers are concerned, the employer is responsible for acts of sexual harassment if it knew or should have known of the harassment conduct, unless the employer can show that it took immediate and appropriate corrective action to deal with the problem once it was made known.

Another interesting aspect of the *Guidelines* is that employers may also be responsible for sexual harassment acts committed in the workplace by non-employees—such as vendors, consultants, and delivery people. To be held responsible for the acts of non-employees, however, the employer or its supervisors must have knowledge of the conduct or should have known that such conduct was occurring and failed to take immediate corrective action. In determining the liability of the employer for the acts of non-employees, EEOC will take into consideration “the extent of the employer’s control and any other legal responsibility which the employer may have with respect to the conduct of such non-employees.”¹³

There have been a number of court cases involving sexual harassment in the workplace. In *Miller v. Bank of America*, the U.S. Court of Appeals for the 9th Circuit held the employer to be liable for a supervisor’s sexually harassing behavior, even though the employer had a policy prohibiting such conduct and had no knowledge of the harassment. The Court “reasoned that, just as an employer is liable for the negligence of its employees in operating motor vehicles, an employer should be held liable for adverse action taken by its supervisors because of sexual harassment.”¹⁴ In *Barnes v. Costle*, the Circuit Court for the District of Columbia ruled that the employer was not entitled to exoneration because the supervisor’s behavior was, in the eyes of the employer, a “personal escapade.” The importance of immediate and appropriate action in dealing with sexual harassment once the employer has knowledge of it was underscored in *Tompkins v. Public Service Electric & Gas Co.* The 3rd Circuit Court held that the employer’s failure to take action was a sufficient basis to establish a claim against the company. In *Meritor Savings Bank, FSB v. Vinson*,

the first sexual harassment case to reach the Supreme Court, the Court affirmed the use of hostile environment as the basis for sexual harassment claims. Hostile environment was more recently addressed in *Harris v. Forklift Systems, Inc.*, in which the Supreme Court ruled that the standard for determining hostile environment was what a “reasonable person” would find offensive; however, the Court did not articulate a definition of reasonable person.

In general, the courts have held that sexual harassment in and of itself is a violation of Title VII. Victims, moreover, are not required to prove that they resisted sexual harassment or that they were penalized if they did offer resistance.¹⁵

Company policy statements and training programs dealing with sexual harassment are essential. According to the *Guidelines*:

Prevention is the best tool for the elimination of sexual harassment. An employer should take all steps necessary to prevent sexual harassment from occurring, such as affirmatively raising the subject, expressing strong disapproval, developing appropriate sanctions, informing employees of their right to raise and how to raise the issue of harassment under Title VII, and developing methods to sensitize all concerned.¹⁶

Firms must investigate all formal and informal complaints alleging sexual harassment and, after investigation, take prompt and appropriate action to correct the situation.¹⁷

An interesting question that has yet to be clearly resolved is whether or not a member of one sex can harass a member of the same sex. Although in 1995, fifteen federal district court decisions ruled that same-sex harassment is not prohibited under Title VII, a decision of the U.S. District Court for Southern New York in the same year ruled that for a supervisor to harass an employee of the same gender is just as hostile and abusive for him or her as it would be for someone of the opposite sex.¹⁸ Until this matter is resolved, employers would be wise to consider same-sex harassment as a form of sexual harassment.

Interpretive Guidelines on National Origin Discrimination

Guidelines on Discrimination Because of National Origin was issued by the Equal Employment Opportunity Commission in 1980. Title VII, while establishing national origin as a protected class, does not define what is meant by the term; thus, between 1964 and 1980 there was confusion as to discrimination on the basis of national origin. It was this confusion the EEOC sought to eliminate with its new interpretive *Guidelines*, which broadly define national origin discrimination as including, but not limited to, the denial of equal employment opportunity because of an individual's, or his or her ancestor's, place of origin; or because an individual has the physical, cultural, or linguistic characteristics of a national origin group.¹⁹

Both EEOC and the courts have interpreted national origin protection under Title VII as extending far beyond discrimination against individuals who came

from, or whose forebears came from, a particular country. National origin protection also covers (1) marriage or association with a person of a specific national origin; (2) membership in, or association with, an organization identified with or seeking to promote the interests of national groups; (3) attendance at, or participation in, schools, churches, temples, or mosques generally used by persons of a national origin group; and (4) use of an individual's or spouse's name which is associated with a national origin group.²⁰

Because height and weight requirements tend to exclude some applicants on the basis of national origin, employers must evaluate these items for adverse impact. In effect, height and weight requirements are exceptions to the "bottom-line" concept normally adhered to by EEOC.

Two other selection criteria that may be discriminatory on the basis of national origin are fluency in English and training or education requirements.

Certainly, a questionable practice is denying employment opportunities to individuals because of their accent or inability to communicate fluently in English. In instances where this practice is continually followed by employers, EEOC's position is that the practice is a presumed violation of Title VII warranting further investigation. An employer may require, however, that employees speak only in English at certain times if it is necessary to the performance of the employee's duties and thereby constitutes a business necessity.

Denying employment opportunities to individuals because of their foreign training or education or requiring individuals to be foreign trained or educated may also be the basis for a charge of discrimination on grounds of national origin, if adverse impact on a particular national origin group can be shown, and if the requirements are not job-related.

Harassment on the basis of national origin, such as ethnic slurs or derogatory remarks, is also interpreted as a violation of Title VII if such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment, interferes with an individual's job performance, or adversely affects an individual's employment opportunities with an organization.²¹ Generally speaking, the same standards are applied to national origin harassment as are used in sexual harassment.

Interpretive Guidelines on Religious Discrimination

The third set of guidelines issued by the Equal Employment Opportunity Commission in 1980 was *Guidelines on Discrimination Because of Religion*. Under the 1972 amendments to Title VII, "the term 'religion' includes all aspects of religious observance and practice, as well as belief." EEOC defines religious practices as including moral or ethical beliefs that are held with the strength of traditional religious views.²²

The 1972 amendments to Title VII also require that employers make reasonable accommodations for employees' religious practices and observances unless

the employer can demonstrate that accommodation would place undue hardship on conducting the business.

In determining whether an accommodation would constitute undue hardship, EEOC will give consideration to the size and operating costs of the employer as well as the number of individual employees who actually need the accommodation. The *Guidelines* recognize that regular payment of premium wages in the form of overtime compensation would constitute undue hardship, whereas such payments on an infrequent or temporary basis would not. Undue hardship would likewise exist if the accommodations required the employer to deviate from its seniority system under the terms and conditions of a bona fide union contract.

The *Guidelines* identify several methods for accommodating religious practices. Some of the methods suggested are (1) voluntary substitutes (one employee electing to work in the place of another employee who needs time off for religious purposes); (2) flexible scheduling that allows an employee to take a particular day off and work another day in its place; (3) lateral transfers to units where work schedules do not interfere with religious observances; and (4) changes in job assignments.

Some collective bargaining agreements include a provision that each employee must join the bargaining unit or pay the union a fee equivalent to the amount of dues for the union's bargaining services. When an employee's religious practices or beliefs do not permit compliance with this provision, the labor union should make an attempt to accommodate the employee by allowing him or her to donate an equivalent amount to a charitable organization of the individual's choosing in lieu of union dues.

DISPARATE TREATMENT AND ADVERSE IMPACT

Unlawful employment discrimination, as established through various Supreme Court decisions, can be divided into two broad categories: disparate treatment and adverse impact. Disparate treatment is the most easily understood form of discrimination. An employer simply treats some people less favorably than others because of race, religion, sex, national origin, or age. For example, males are treated differently than females; whites are treated differently than blacks. The crux of disparate treatment is different treatment on the basis of some non-allowable criterion. It may be thought of as direct discrimination. Common forms of disparate treatment include selection rules with a racial, sexual, or other premise; prejudicial actions; unequal treatment on an individual basis; and different hiring standards for different groups.

McDonald v. Santa Fe Trail Transportation Company offers an excellent example of disparate treatment. Three of the company's employees, two whites and one black, had allegedly misappropriated 60 gallons of antifreeze. Santa Fe took disciplinary action against the workers by terminating the two whites, but not the black employee. The discharged white workers filed suit against the

company, charging that their termination violated both Title VII and the Civil Rights Act of 1866. The Supreme Court, in a 1977 decision, agreed with the plaintiffs that they had been the recipients of unequal treatment on the basis of their race.

Central to disparate treatment is the matter of proof. The plaintiff must first establish a *prima facie* case, and second, establish that the employer was acting on the basis of a discriminatory motive.

Adverse impact or disparate impact, as discussed throughout this chapter, occurs when facially neutral or neutrally applied employment procedures affect different groups differently. Unlike disparate treatment, adverse impact does not require proof of a discriminatory motive or intent on the part of the employer. It is only necessary to show that employment practices affect different groups differently.

RECORD-KEEPING REQUIREMENTS

Employers are required to maintain considerable records as a result of the *Uniform Guidelines*. Even if no adverse impact exists, employers with 100 or fewer employees are required to have certain records available for each year. As specified in the *Guidelines*, the following data must be maintained and available: (1) The number of persons hired, promoted, and terminated for each job, by sex, and where appropriate by race and national origin; (2) the number of applicants for hire and promotion by sex, and where appropriate by race and national origin; and (3) the selection procedures utilized (either standardized or unstandardized).²³

Employers with more than 100 employees are required to maintain records showing whether their selection process has had an adverse impact on any job groups. Adverse impact analysis must be conducted annually for each protected class that constitutes at least 2 percent of the labor force in the relevant labor market or 2 percent of the applicable workforce. However, it is not necessary to maintain records by race or national origin if one race or one national origin group in the relevant labor market does not comprise at least 2 percent of the labor force.

EEOC suggests that required records be kept for a minimum of two years. Certainly, it is in the best interest of an employer to have adequate documentation on hand that can be used to refute a potential discrimination claim.

Simply because certain records must be maintained for a stipulated period of time does not mean that the employer has to keep these records under active consideration or in an active file. For example, employment applications must be retained, but the employer has no obligation to continue active review of them beyond its customary period of 30 to 60 days.

Moreover, because documents must be maintained does not mean that all of the documents “should be made available to any investigator from any agency.”²⁴ An EEOC investigator who is examining a claim of sex discrimi-

nation is not automatically entitled to see company records pertaining to racial composition of the workforce, promotion rates by race, or other relevant factors.

AFFIRMATIVE ACTION

The term *affirmative action* was first used informally during President Dwight Eisenhower's administration. The first official use of the term occurred in March 1961, when President John Kennedy signed Executive Order (EO) 10925 directing all federal contractors to "take affirmative action to ensure that all applicants are employed, and that employees are treated, during employment, without regard to their race, creed, color, or national origin."²⁵

The Civil Rights Commission currently defines affirmative action "as encompassing any measure . . . to provide opportunities to a class of qualified individuals who have either historically or actually been denied these opportunities, and to prevent the recurrence of discrimination."²⁶ The Commission's definition unequivocally refers to "a class of qualified individuals." Consequently, affirmative action should not be viewed as either a mandate to employ the unqualified or to afford preferential treatment for one protected class at the expense of another protected class. An affirmative action plan, therefore, is any program undertaken by an organization to improve job opportunities for and increase the utilization of protected classes in its work force. Such a program may be originated voluntarily by a company (or a company and its union) or imposed by federal regulations, court order, or EEOC action.

An organization may elect, on its own, to initiate an affirmative action plan to correct imbalances in its work force such as underutilization of minorities in certain jobs or occupations. By doing so, the organization is not admitting to discriminatory practices; rather, it is attempting to correct deficiencies in the hiring and promotion of women and minorities that have resulted from legitimate selection procedures. A voluntary program is likely to be based on an employer's recognition of its social responsibility to the community in which it operates.

There is, however, a risk attached to a voluntary affirmative action plan: the possibility of reverse discrimination. While as discussed in Chapter 3 the Supreme Court has addressed the issue of reverse discrimination twice (Regents of the *University of California v. Bakke* and *Weber v. Kaiser Aluminum Corporation*), it has yet to give a clear-cut answer on this issue. Nevertheless, the majority opinion in *Weber* would appear to lay down certain principles to which voluntary affirmative action plans must adhere:

- The plan must be remedial in nature and designed to open job opportunities in occupations that have traditionally been closed to minorities.
- The plan must not "trammel" the interests of white employees.
- The plan must not create a bar to the advancement of white employees.

- The plan must not require the discharge of whites to create job openings for minorities.
- The plan must be temporary in nature.

Inasmuch as *Weber* addressed the issue of reverse racial discrimination, the terminology used by the Court in specifying plan requirements reflects racial considerations. It seems clear, however, that the guidelines promulgated in the majority opinion apply equally to other protected classes.

While the potential for charges of reverse discrimination exist in any voluntary affirmative action plan, the charges are almost certain to come from majority employees since “employers can be sure the federal government is not going to prosecute them for reverse discrimination because it has never done so.”²⁷

The vast majority of affirmative action plans are originated under mandatory requirements. There are three situations that require employers to develop such plans: (1) the employer is a government contractor with a contract of \$50,000 or more, in which case the need for such a plan is mandated by EO 11246, as amended by EO 11375; (2) the employer has been found guilty of discrimination and ordered by a federal court to develop and implement a plan; or (3) a discrimination suit brought against the employer by EEOC shows the existence of discrimination, and the employer has entered into a consent decree with EEOC whereby the employer will establish an affirmative action plan.

CONTENTS OF AN AFFIRMATIVE ACTION PLAN

The procedures established by the Office of Federal Contract Compliance Programs (OFCCP) for developing and implementing affirmative action programs were published in the *Federal Register* on December 4, 1974. These regulations are known as Revised Order Number 4. OFCCP is very specific as to what should be included in an affirmative action plan. Although the following discussion is based on the requirements for affirmative action outlined by OFCCP, the same requirements would generally apply to plans mandated under different regulations or by other agencies.²⁸

Development and Reaffirmation of Equal Opportunity Policy

The organization’s policy statement should reflect the employer’s attitude regarding equal employment opportunity, assign overall responsibility for equal employment opportunities (EEO) within the company, and provide for monitoring and reporting procedures. The policy should state the firm’s intentions to recruit, hire, train, and promote persons in all job titles without regard to race, color, religion, sex, age, disability, veteran status, or national origin, except where sex is a bona fide occupational qualification. It should also state that all employment decisions will be made in accordance with equal employment opportunity principles. Moreover, the policy should ensure that promotion deci-

sions are based on valid requirements. Finally, the policy should guarantee that all personnel actions in such areas as compensation, benefits, transfers, layoffs, returns from layoff, company-sponsored training, education, tuition assistance, and social and recreational programs will be administered without regard to protected class status.

Dissemination of Policy

Revised Order No. 4 is quite specific about the dissemination of an organization's equal employment opportunity policy. The organization should:

- Include it in the company's personnel manual and its policy manual.
- Conduct special meetings with executive, management, and supervisory personnel to explain the intent of the policy and individual responsibility for effective implementation and clarify the chief executive officer's attitude on equal opportunity.
- Schedule special meetings with all other employees to discuss the policy and explain individual employee responsibilities.
- Discuss the policy thoroughly in both employee orientation and management training programs.
- Meet with union officials to inform them of the policy and request their cooperation.
- Include non-discrimination clauses in all union agreements and review all contractual provisions to ensure that they are non-discriminatory.
- Publish articles in company publications covering EEO programs, progress reports, promotions, and other relevant issues concerning protected classes.
- Post the policy on company bulletin boards.
- Feature both minority and non-minority men and women in product or consumer advertising, employee handbooks, or similar publications.
- Ensure that all employees are aware of the organization's affirmative action program and have the opportunity to avail themselves of its benefits.

There are also additional requirements for disseminating the policy externally. These are:

- Inform all recruiting sources, verbally and in writing, of the organization's policy, stipulating that the organization will actively recruit and refer protected classes for all positions listed.
- Incorporate the equal opportunity clause in all purchase orders, leases, and contracts covered by Executive Order 11246, as amended, and its implementing regulations.
- Notify minority and women's organizations, community agencies, community leaders, secondary schools, and colleges of company policy, preferably in writing.
- Ensure that prospective employees are aware of the organization's affirmative action program and have the opportunity to avail themselves of its benefits.

- Picture both minority and non-minority men and women in consumer or help-wanted advertising.

Responsibility for Implementation

An individual should be appointed as director or manager of the organization's equal employment opportunity program. This person should be accorded the necessary top management support to effectively accomplish this assignment. Revised Order No. 4 specifies the minimum level of responsibility associated with the task of EEO manager. These tasks include:

- Developing policy statements, affirmative action programs, and internal and external communication techniques.
- Assisting in the identification of problem areas.
- Assisting line management in arriving at solutions to problems.
- Designing and implementing audit and reporting systems.
- Serving as liaison between the organization and the enforcement agencies.
- Serving as liaison between the company and minority organizations, women's organizations, and other community action groups concerned with employment opportunities for protected classes.
- Keeping management informed of the latest developments in the field of equal employment opportunity.

Revised Order No. 4 also imposes some requirements on an organization's line management. These include:

- Assistance in the identification of problem areas and establishment of local and unit goals and objectives relative to equal employment.
- Active involvement with local minority organizations, women's organizations, community action groups, and community service programs.
- Periodic audits of training programs and hiring and promotion patterns to remove impediments to the attainment of goals and objectives.
- Regular discussions with local managers, supervisors, and employees to ensure that the company's equal opportunity policies are being followed.
- Review of the qualifications of employees to ensure that protected classes are given full opportunities for transfers and promotions.
- Career counseling for all employees.
- Periodic audits to ensure that each location or company facility is in compliance with the affirmative action plan.
- Ensuring that supervisors understand that their work performance is evaluated on the basis of their equal employment opportunity efforts and results as well as other criteria.

- Ensuring that supervisors understand that it is their responsibility to take action under the affirmative action program to prevent harassment of employees assigned to their units.

Utilization Analysis

An acceptable affirmative action program must include an analysis of areas where the organization is deficient in its utilization of protected classes. The first step in conducting a utilization analysis is to complete a work force analysis. Each job title is listed as it appears in applicable collective bargaining agreements or payroll records and ranked from the lowest-paid job to the highest-paid job within each department or other similar organizational unit. For each job title, the total number of incumbents for each of the following groups must be given: black males and females, Spanish-surnamed American males and females, American Indian males and females, and Oriental males and females. The wage rate or salary range for each job title must also be given.

The second step involves an analysis of all major job groups at each facility or location at which the company operates, with an explanation if minorities or women are underutilized. A job group, for this purpose, is defined as one or more jobs, or groups of jobs, having similar content, wage rates, and opportunities. Underutilization is defined as having fewer minorities or women in a particular job group than would reasonably be expected by their availability in the labor market. Utilization analysis is important to the affirmative action concept because the percentage figure calculated will determine whether underutilization exists. For example, if the utilization analysis determines the availability of blacks for a certain job group to be 30 percent, then the organization must have at least 30 percent blacks in that job group. If at least 30 percent of the job group is not black, underutilization exists, and the company must set a goal of reaching the 30 percent utilization level.

In determining whether there is underutilization of minorities, the Office of Federal Contract Compliance Programs states that the organization should consider the following factors:

1. The minority population of the labor market surrounding the facility.
2. The extent of minority unemployment in the surrounding labor market.
3. The percentage of the minority work force compared to the total work force in the immediate labor area.
4. The general availability in the immediate area of minorities with requisite skills.
5. The availability of minorities with requisite skills in the geographical area from which the company can reasonably be expected to recruit.
6. The availability of promotable and transferable minorities within the organization.
7. The existence of training institutions capable of training people in the requisite skills.

8. The degree of training the company is reasonably able to conduct to make all job classes available to minorities.

In determining whether there is underutilization of women, OFCCP takes a slightly different approach and considers the following factors:

1. The size of the female unemployed work force in the labor area surrounding the facility.
2. The percentage of the female work force compared to the total work force in the immediate area.
3. The general availability in the immediate area of women with requisite skills.
4. The availability of women with requisite skills in the geographical area from which the company can reasonably be expected to recruit.
5. The availability of women seeking employment in the labor market or recruiting area of the organization.
6. The availability of promotable and transferable female employees within the organization.
7. The existence of training institutions capable of training people in the requisite skills.
8. The degree of training the company is reasonably able to conduct to make all job classes available to women.

If underutilization of minorities or women is occurring, a further study should be made to identify the cause of the problem. Revised Order No. 4 identifies nineteen possible types or causes of underutilization:

- Underutilization of minorities or women in specific job groups.
- Lateral and/or vertical movement of minority or female employees occurring at a rate lower than that of non-minority or male employees.
- A selection process that eliminates a significantly higher percentage of minorities or women than non-minorities or men.
- Application forms or other pre-employment forms not in compliance with federal legislation.
- Job descriptions that are inaccurate in relation to actual job duties and functions.
- Formal or scored selection procedures that are not validated as required by the *Uniform Guidelines*.
- Test forms that are not validated by location, work performance, and failure to include minorities and women in the sample.
- Referral ratio of minorities or women to the hiring supervisor or manager that indicates that a significantly higher percentage are being rejected as compared to non-minority or male applicants.
- Minorities or women excluded from or not participating in company-sponsored activities or programs.

- De facto segregation that is still in existence in some facilities.
- Seniority provisions that contribute to overt or inadvertent discrimination; that is, a disparity by minority group status or sex between length of service and types of jobs held.
- Nonsupport of company policy by managers, supervisors, or employees.
- Minorities or women underutilized or significantly underrepresented in training or career improvement programs.
- No formal techniques established for evaluating the effectiveness of EEO programs.
- Lack of access to suitable housing that inhibits recruiting efforts or employment of qualified minorities.
- Lack of suitable transportation, either public or private, to the workplace.
- Failure to notify labor unions and subcontractors of their responsibility for affirmative action efforts.
- Purchase orders not containing an EEO clause.
- Equal employment opportunity posters not prominently displayed.

Establishment of Goals and Timetables

Central to any affirmative action program is the concept of goals and timetables. These goals and timetables represent minority and female hiring or promotion levels that are realistic and attainable in terms of the organization's utilization deficiencies and its affirmative action program. In establishing goals and setting timetables, the organization should consider the results that it can reasonably expect to achieve by putting forth good faith, positive efforts to increase the size and utilization of its minority and female work force.

Both human resource managers and line managers should be involved in the process of developing goals and timetables. There are two goals that must be established regarding underutilization: an annual goal and an ultimate goal. The annual goal is one that moves toward elimination of underutilization, whereas the ultimate goal is, of course, the abolishment of any underutilization. Both of these goals should be specific in terms of planned results and related to realistic timetables for their accomplishment. However, goals should not be so rigid that inflexible quotas are established. Rather, they should be reasonably attainable targets that can be met through positive action by the employer.

Development and Execution of Programs

Employers should conduct detailed analyses of job descriptions to ensure that they accurately reflect job requirements and content. In other words, an effective affirmative action program requires a comprehensive job analysis program. Additionally, all job specifications should be validated in terms of the job. Special attention should be given to academic background, experience, skills, and physical requirements. If a job specification screens out a disproportionate number

of protected class members, the requirement must be validated in accordance with the procedures specified in the *Universal Guidelines*.

When a job opening occurs, all members of management who are involved in the recruiting, screening, selecting, and promotion process should be notified. Also, any individual involved in recruiting, screening, selecting, promotion, disciplinary actions, and related processes should be carefully trained so as to eliminate bias in any personnel action.

The organization's entire selection and employment process should be carefully evaluated to ensure freedom from discrimination or bias. Any procedures that adversely affect the hiring of protected classes must be scrutinized, and revised or eliminated if there is a possibility that such procedures result in unfair discrimination or exclusion of these classes from employment opportunities.

Particularly important in an effective affirmative action program are efforts to increase the number of protected class members who apply for job openings. Revised Order No. 4 suggests some techniques that are designed to improve recruitment efforts and increase the flow of minority and female applicants. These actions include:

- Identifying referral organizations for minorities and women.
- Holding formal briefing sessions with representatives of referral organizations.
- Encouraging minority and female employees to refer applicants to the company.
- Including minorities and women on the human resource staff.
- Encouraging minorities and women to participate in career days, youth motivation programs, and related activities in their community.
- Actively participating in job fairs and giving company representatives the authority to make on-the-spot commitments to qualified minorities and women.
- Actively recruiting at schools having predominantly minority or female enrollments.
- Utilizing special approaches to recruit minorities and women at other schools.
- Using special employment programs, such as co-op programs, after school jobs, work-study jobs, and summer employment, that increase employment opportunities for protected classes.
- Using pictures of minorities and women in recruiting brochures.
- Placing help-wanted ads in minority news media and women's interest media.

To ensure that minorities and women are given equal opportunity for promotion within the organization, OFCCP suggests that companies do the following:

- Post or otherwise announce promotional opportunities.
- Inventory current minority and female employees to determine academic backgrounds, skills, and experience levels.
- Initiate necessary remedial, job training, and work-study programs.

- Develop and implement formal employee evaluation programs.
- Validate all job specifications in terms of job-related performance criteria.
- Require supervisory personnel to submit written explanations when apparently qualified minorities or females are passed over for promotion.
- Establish formal career counseling programs.
- Review seniority practices and seniority clauses in union agreements to ensure that such practices or clauses are non-discriminatory and do not have a discriminatory effect.
- Ensure that facilities and company-sponsored social and recreational activities are integrated and actively encourage all employees to participate in all company-sponsored events and activities.
- Encourage child care, housing, and transportation programs appropriately designed to improve employment opportunities for minorities and women.

Internal Audit and Reporting System

Organizations should monitor records of referrals, placements, transfers, promotions, and terminations at all levels to ensure that a non-discriminatory policy is carried out. Additionally, the company should require formal reports from unit managers on a regularly scheduled basis specifying the degree to which corporate or unit goals and timetables for affirmative action are met. Report results should be reviewed with all levels of management.

RECENT DEVELOPMENTS IN AFFIRMATIVE ACTION

In the mid-1990s three events occurred that will undoubtedly affect affirmative action plans in the coming years. First, in 1995 the Supreme Court held in *Adarand Constructors, Inc. v. Peña* that, in federal government affirmative action programs, race preferences created by the government will be subjected to “the strictest judicial standard,” and programs that do not meet the standard of “compelling governmental interest” violate the Constitution. While the decision in *Adarand* does not apply to private organizations and thus has limited practical significance for the private sector, it suggests that the courts may in the future be more willing to apply strict standards to other affirmative action plans.

Second, on June 10, 1996 the Supreme Court refused to hear an appeal of the 5th Circuit Court’s decision in *Hopwood v. State of Texas* and thus let stand a decision that prohibits consideration of race in higher education admissions, scholarships, and loans. Cheryl Hopwood, a white female, and three white males had sued the University of Texas claiming that the Law School’s admission process violated the Fourteenth Amendment by giving raced-based preferences exclusively to blacks and Mexican Americans. The circuit court agreed. Although the decision applies only to states in the Fifth District—Texas, Louisiana, and Mississippi—it may eventually have broader implications.

Third, on November 5, 1996 voters in the state of California approved, by a margin of 57 percent to 43 percent, Proposition 209, an initiative to end state-sponsored race and sex preferences in public hiring, contracting, and education. According to the *Wall Street Journal*:

The California Plan, if upheld by the courts, could spawn similar measures in other states, [and] given California's position as the nation's most populous state and its reputation as a bellwether for political change, the results are bound to influence politics elsewhere.²⁹

At the present, the enactment of Proposition 209 has been enjoined by the court system.

While no definite conclusion can be drawn from these three events, it seems safe to suggest that affirmative action will be the subject of continued discussion in the coming years.

NOTES

1. *Employment Discrimination Coordinator* (Deerfield, Ill.: Clark Boardman Callaghan, 1995), pp. 25, 102.
2. Ibid.
3. *Uniform Guidelines on Employee Selection Procedures*, Section 1607.16Q.
4. *Employment Discrimination Coordinator*, pp. 25, 125.
5. *Uniform Guidelines*, Section 1607.4D.
6. James Ledvinka and Vida G. Scarpello, *Federal Regulation of Personnel and Human Resource Management*, 2nd ed. (Boston: PWS-Kent, 1991), p. 144.
7. Ibid.
8. Kenneth J. McCulloch, *Selecting Employees Safely Under the Law* (Englewood Cliffs, N.J.: Prentice-Hall, 1981), p. 68.
9. Robert J. Haertel, "The Statistical Procedures for Calculating Adverse Impact," *Personnel Administrator*, January 1984, pp. 56-58.
10. Michelle Hoyman and Ronda Robinson, "Interpreting the New Sexual Harassment Guidelines," *Personnel Journal*, December 1980, p. 996.
11. Barbara Hagler, *Testimony before House Judiciary II Committee*, State of Illinois, March 4, 1980, p. 5.
12. *Guidelines on Discrimination Because of Sex*, Section 1604.11.
13. Ibid.
14. Barbara Lindemann Schlei and Paul Grossman, *Employment Discrimination Law*, 2nd ed. (Washington, D.C.: Bureau of National Affairs, 1983), p. 423.
15. Ledvinka and Scarpello, *Federal Regulation*, p. 74.
16. *Discrimination Because of Sex*, Section 1606.1.
17. R. Wayne Mondy and Robert M. Noe, III, *Personnel: The Management of Human Resources*, 3rd ed. (Boston: Allyn and Bacon, 1987), p. 83.
18. *Employment Coordinator*, November 30, 1995, p. 5.
19. *Guidelines on Discrimination Because of National Origin*, Section 1606.1.
20. Schlei and Grossman, *Employment Discrimination Law*, p. 306.
21. Mondy and Noe, *Personnel*, p. 84.

22. Schlei and Grossman, *Employment Discrimination Law*, p. 207.
23. *Uniform Guidelines*, Section 1607.15A.
24. McCulloch, *Selecting Employees Safely*, p. 300.
25. Nancy Kruh, "Insight Politics," *The Dallas Morning News*, July 11, 1996. p. 4.
26. Ibid.
27. Ibid.

28. Discussion on Affirmative action programs is based on material extracted from Office of Federal Contract Compliance Programs' Revised Order No. 4, Revised Order No. 14, and OFCCP Compliance Manual.

29. Bob Davis and G. Pascal Zachary, "Affirmative Action, Shareholder Lawsuits, and Tax Increases Are Rejected by Voters," *Wall Street Journal*, November 7, 1996, p. A17.

5

Job Analysis

Broadly defined, job analysis is the process of collecting, interpreting, and reporting pertinent facts about the nature of a specific job. A job analyst determines job duties and responsibilities; identifies the skills, abilities, knowledge, experience, and other attributes required of a worker to perform the job; and prepares job descriptions and job specifications.

Job analysis is the most fundamental of all human resource management activities because all other personnel functions, and especially staffing, depend to a large extent on the successful execution of this one activity. Human resource planning requires job analysis data to determine the types of jobs and skills that will be needed by the organization in the future. Recruiting needs job analysis information to be able to attract people with the proper experience and skill mix. Since selection of employees, for logical as well as legal reasons, must be based on job-related criteria, job analysis is essential to effective selection. Career planning and development, performance appraisal, and human resource administration also require information provided by job analysis.

OVERVIEW OF THE JOB ANALYSIS PROCESS

Before considering the job analysis process, an explanation of some of the terminology used in this activity is necessary. Three terms that warrant definition are task, position, and job.

A *task* is a duty; it exists whenever effort must be expended for a specific purpose such as typing a letter. A *position* is a group of tasks assigned to one employee. In any organization, there are as many positions as there are workers. A *job*, on the other hand, is a group of positions that are identical as far as their

major or significant tasks are concerned. In a small organization, where every position differs from every other position, a position is also a job.¹

Job analysis, in essence, consists of four major components: (1) identification of each job in the organization; (2) collection of information about the duties, responsibilities, and working conditions of the job, including delineation of essential functions and marginal functions; (3) determination of the human qualifications needed to perform the job; and (4) preparation of job descriptions and job specifications.

Job Identification

Before any job can be analyzed, it is necessary to determine how many and what kind of jobs exist in the organization. To do this, a list of all positions is compiled. In a large organization the list would be assembled department by department; in a small organization, the list would be compiled for the entire company. There are several ways this list can be constructed: by studying the organizational chart, by reviewing payroll records, by examining personnel directories, by talking to supervisors and managers, or by observing the actual work performed in each organizational unit. The final list of positions should equal the total number of employees in each department, if it has been compiled department by department; or it should equal the total number of employees in the organization if it has been compiled in aggregate fashion.

Once the list of positions has been completed, the next step is to develop a list of jobs. If, for example, an organization has six employees who function as accounting clerks and they all perform the same duties, it is clear that *accounting clerk* constitutes one job. But, if an organization has three individuals designated as *engineer* and one performs electrical engineering duties, one carries out mechanical engineering duties, and the other performs chemical engineering duties, it is clear that there are three separate jobs, not one. Should any doubt exist as to whether two or more positions are actually similar in nature, they should be listed as separate jobs pending further analysis.

After the tentative list of jobs has been completed, it is good practice to standardize job titles so that they conform to universally accepted and recognized titles. Frequently, organizations create job titles that are unique to the organization and have little or no meaning outside the institution. The *Dictionary of Occupational Titles*, a publication of the U.S. Department of Labor, contains a list of standardized, commonly used, and widely accepted job titles. Whenever possible, these titles should be used.

Collection of Data on Job Duties and Responsibilities

After determining which jobs exist in an organization, the major task of analysis begins—ascertaining the specific duties, responsibilities, essential functions,

and marginal functions of each job. Techniques for accomplishing this vital function are examined in subsequent sections of this chapter.

Determination of Needed Human Qualifications

One of the most difficult parts of job analysis is determining the skills, abilities, experience, and other qualifications needed to perform a job. A great deal of judgment, discretion, and expertise is required of the individual performing the job analysis. While input from supervisors and managers is helpful, there is a tendency for these individuals to describe the qualifications that an ideal job incumbent should possess. Employees, especially those who have been performing a job for a while, also tend to overstate the qualifications needed. The task of the job analyst is to sort through preferred qualifications and determine the minimally appropriate level of skills needed for successful job performance.

Preparation of Job Descriptions and Job Specifications

The final phase of job analysis is to prepare written documents that enumerate the duties, responsibilities, and functions of the job (job descriptions) and specify the skills, abilities, and other qualifications needed to perform the job (job specifications).

The following sections cover the purposes and uses of job analysis information. Later sections examine in greater detail how the information is gathered and reported.

PURPOSES AND USES OF JOB ANALYSIS

As a basic tool of human resource management, job analysis provides information that can be used in a number of ways to satisfy organizational purposes. The information provided through this activity can be used to:

- Assist in human resource planning. Through job analysis, data relative to future skills needs are collected. The organization knows not only what jobs will be needed in the future but also the qualifications individuals will need to successfully fill these jobs.
- Establish definitive criteria for making staffing decisions. Under the provisions of Title VII and the *Uniform Guidelines*, all selection standards and procedures must be job-related. Job analysis is the vehicle through which this is accomplished.
- Indicate the need for training of present as well as future job incumbents in the performance of job duties and responsibilities.
- Establish a basis for appraising the performance of employees in terms of actual job duties.
- Assist in the career planning and development process by identifying the qualifications employees must have to progress to positions of greater responsibility.

- Reallocate work from one job to another if the workload is too heavy in one job or if it could be performed better in another job.
- Correct unsafe or undesirable working conditions before such conditions cause injury or illness to workers.
- Identify the jobs that are exempt from the requirement to pay overtime
- Evaluate jobs relative to each other, thereby establishing a system of internal equity that can be used for compensation purposes.
- Establish groups or classes of similar jobs for compensation or performance appraisal purposes.
- Create a factual basis for determining promotions, transfers, terminations, or demotions.
- Establish a basis for research efforts that attempt to distinguish successful from less successful employees.
- Protect the organization in the event of legal challenge. The courts have typically held that a job analysis made in good faith is admissible as evidence that the organization has attempted to validate certain of its personnel procedures and practices.²

The preceding list is intended to be illustrative rather than exhaustive. However, it demonstrates that there are a number of reasons why all organizations should perform job analysis. Not only is this process a useful tool for human resource management, it is also the first line of defense for legal challenges to employment practices.

IMPACT OF THE AMERICANS WITH DISABILITIES ACT ON JOB ANALYSIS

The Americans with Disabilities Act of 1992 (ADA) has had a significant impact on the preparation of job descriptions. This act requires that *essential functions* of a job be differentiated from *marginal functions*. Essential job functions are those job duties that are intrinsic to the position. They are, in essence, the reasons a position exists. Evidence of an essential function in a particular job would include the following: (1) the employer's judgment of its essentiality, (2) written job descriptions that suggest the essential nature of a job function, (3) the amount of time a job incumbent spends performing the specified function, (4) the consequences of not requiring the employee to perform the function, (5) the work experience of previous employees in the job, and (6) the current work experience of employees in similar jobs.³ Marginal functions of a job may be performed but are not important aspects of the job.

The ADA precludes employers from discriminating against qualified individuals with disabilities who can, with or without reasonable accommodation, perform the essential functions of the job. Therefore, since its enactment, it has become incumbent upon employers to separate essential job functions from marginal job functions. As stated in Section 101(8) of the ADA,

Consideration shall be given to the employer's judgment as to what functions of a job are essential, and if an employer has prepared a written job description before advertising or interviewing applicants for the job, this description shall be considered evidence of the essential functions of the job.

Well-written, comprehensive job descriptions that separate essential from marginal job functions help protect an organization from charges of disability discrimination in hiring, promotion, transfer, or other employment decisions.

TYPES OF JOB ANALYSIS INFORMATION

A thorough, effectively performed job analysis can collect a wealth of information. The specific information generated depends largely upon its potential uses. As a general rule, it is preferable to collect as many job facts as possible so as not to overlook any important items. Table 5.1 presents examples of the types of data, by category, that can be gathered.⁴

Job duties, responsibilities, essential functions, and marginal functions are the most crucial items that must be identified, but it is also important to identify job qualifications, as well as the relationships and contexts in which the job is performed.

TRADITIONAL JOB ANALYSIS METHODS

Over the years, four traditional methods of job analysis have evolved: (1) questionnaires, (2) interviews, (3) observation, and (4) some combination of the preceding methods. These approaches, despite their deficiencies, are still the ones most commonly used by organizations.

Questionnaires

One of the simplest and quickest ways to collect a substantial amount of data on many jobs simultaneously is to administer a structured questionnaire to employees. Questionnaires may also be the most economical data collection method. With this approach each employee in a job—or if there are many employees performing the same job, a representative sample of employees—is given a questionnaire and instructed to provide certain kinds of information about his or her job. While the specific data requested depend upon how the organization plans to use the job analysis, the worker is typically asked to elaborate on the types of information shown in Table 5.1.

Administering a job analysis questionnaire to employees is done in one of three ways: (1) the job analyst meets with all employees of a work unit and explains how to complete the questionnaire; (2) the job analyst meets with work unit supervisors to explain how to complete the instrument and the supervisors, in turn, explain it to their employees; or (3) the questionnaire is distributed with

Table 5.1

Types of Information Collected by Job Analysis

1. Job Duties

- General purpose of the job.
- Duties performed daily and the approximate time spent on each.
- Duties performed only at stated periods, such as once a week or once a month and the approximate time spent on each.
- Duties performed infrequently or irregularly, such as fill-in for another worker, and the approximate time involved.
- Most difficult or complex parts of the job, and why they are difficult or complex.
- Essential functions of the job: those duties that are the basic purpose of the job.
- Marginal functions, or peripheral duties, that are not the primary reason for the job's existence.

2. Job Responsibilities

- Nature and extent of responsibility for money, property, equipment, or other types of assets.
- Nature and extent of responsibility for materials or supplies.
- Nature and extent of responsibility for people.
- Number of workers supervised, directly or indirectly.
- Job title of workers supervised, directly or indirectly.
- Nature and extent of access to or usage of classified, confidential, or proprietary information.
- Nature and extent of decision-making authority.

3. Machines, Equipment, Tools and Materials Used

- Machines and equipment operated and degree of proficiency required.
- Tools used and degree of proficiency required.
- Types of materials used, how they are used, and what is done to them.

4. Controls over Work

- Type of instructions received on how work is to be performed, and from whom they are received.
- Tasks that must be checked by others, and by whom and how they are checked.
- Decisions that must be referred to supervisor.
- Policies or procedures used.

Table 5.1 (continued)

5. Performance Standards or Output Expectations

- Output requirements.
- Quality requirements.
- Time schedules, deadlines, or other time requirements that must be met.

6. Interactions with Others

- Nature and frequency of contacts with co-workers or other organizational personnel.
- Nature and frequency of contacts with people outside the organization.
- Types of circumstances under which contacts within or outside the organization are normally made.
- Number of people contacted in a typical workday.

7. Organizational Relationship

- Job title of immediate supervisor.
- Department and unit to which job is assigned.
- Type of supervision received.
- Type of supervision given.
- Job from which individual is typically promoted to present job.
- Job to which individual is typically promoted from present job.

8. Physical Factors and Job Environment

- Percentage of time spent sitting, standing, and walking.
- Amount and type of physical exertion required.
- Environmental conditions in which work is performed.
- Typical work schedule, including overtime requirements.
- Job factors that produce fatigue.

9. Education, Training, Experience, and Personal Requirements

- Minimum level of education needed.
- Specialized courses required.
- Licenses or certifications required.
- Minimum level of experience required.
- Types of jobs in which required experience is usually gained.
- Personal requirements needed, such as oral or written communication skills, and mathematical or mechanical aptitude.
- Other qualifications, skills, or characteristics.

an accompanying memorandum that contains instructions for completing it. From an effectiveness standpoint, the first approach would seem to be the best since it offers the greatest opportunity to answer questions, provide clarification, and eliminate problems that may affect the quality or quantity of information collected. Once the employee completes the questionnaire, it is usually reviewed by his or her supervisor for completeness and accuracy and then returned to the job analyst.

Designing a questionnaire that will produce the data needed for a thorough analysis of jobs is not easy. The types of information needed, how the information will be used, and other factors must be considered before a sound instrument can be constructed. In many instances, one questionnaire cannot be used for all the jobs in an organization; several may be required. It may be necessary, for example, to design one questionnaire for production workers, another for clerical employees, and another for technical personnel.

Obviously, the questionnaire approach to job analysis has some disadvantages: (1) it may interfere with normal work routine because employees will typically complete it during working hours; (2) it may produce inaccurate information due to the tendency of employees to overstate the importance of their jobs; (3) it may generate insufficient data if employees completing the instrument are not verbally facile; (4) it may be viewed by some employees as an imposition or interference with their normal work; and (5) it may, if used for a large number of jobs at once, produce a mass of data for a job analyst to examine, interpret, synthesize, and report in meaningful fashion.⁵ Nevertheless, the questionnaire remains a widely used job analysis method.

Interviews

The second traditional method of conducting job analysis is to interview employees performing the work. When this method is used, a structured interview guide is utilized so that the same questions are asked of each job incumbent. Such a guide is especially critical when several individuals will be doing the interviewing. In effect, the interview method is much like the questionnaire approach, except that the information is given to the analyst orally instead of in writing.

Job analysis interviews may be conducted in several different ways. They may be held with an individual employee, a group of employees performing the same job, the supervisor of a section or department, the individual employee and then the supervisor, or a group of employees and then the supervisor.⁶ The most common procedure is to interview the job incumbent individually and then verify the information received by interviewing the worker's supervisor.

Interviews can be a very effective means of collecting job analysis information because most workers enjoy talking about their jobs. A skillful interviewer can often probe a worker in much greater depth than could ever be achieved through a questionnaire approach.

Interviews have certain limitations: (1) they are time-consuming and therefore more expensive than questionnaires; (2) the quality of the information gathered is highly dependent upon the interviewer's skill; (3) they are often disruptive to the work routine because they take employees away from their assigned tasks; (4) they may be viewed as threatening by employees; and (5) even though the interviewer may be highly skilled, the quality and quantity of information obtained may suffer if the employee is not articulate.⁷ Yet in most instances, the information provided by interviews may be superior to that collected by questionnaires.

Observation

Job analysis can also be conducted by observing employees as they perform their jobs. The analyst simply watches the worker and records information about the various tasks being performed and the kinds of skills used to perform them. To avoid missing infrequent or irregular tasks, the analyst may observe many work cycles over an extended period of time. The biggest advantages of observation are that the analyst can see firsthand the conditions under which the work is performed, note the level of complexity or difficulty involved, and may gain greater insight into the job than with other methods.

On the other hand, relying solely upon observation as a job analysis method has serious drawbacks: observation requires a highly trained individual who can recognize task difficulties and variations of skill requirements; it is easy to overlook infrequently performed job duties that require greater skill and effort than those performed on a daily basis; observation can be very time-consuming and thus expensive; observation can be threatening to employees; and observation may disrupt normal work routine, not only for the worker being observed but also for others in the work unit who are uncomfortable with an outside observer in their midst.

Certainly, there is a place for observation in the collecting of job analysis information, but its place is secondary rather than primary.

Combination

Of all the traditional approaches to job analysis, a combination method is probably the best because it minimizes the disadvantages and maximizes the advantages of any one approach used by itself. Of the possible combination approaches, the most common are (1) questionnaires and interviews, and (2) questionnaires, interviews, and observations.

As indicated earlier, one of the advantages of the questionnaire is that it produces a lot of data rather quickly. But the job analyst often has trouble analyzing or interpreting questionnaire data. Employees may use jargon, shop talk, or technical terms that mean little to the analyst. In addition, employees may provide very sketchy information that has little or no value to an outsider.

Interviews, conducted with the questionnaire in hand, give the analyst an opportunity to seek clarification or obtain additional job information.

The interview itself can be conducted more expeditiously when workers have already supplied written material because the analyst does not have to cover every aspect of each job but only those parts where additional explanation is needed. Interview time is likely to be 50 percent less when the discussion with the worker is conducted from a completed job analysis questionnaire.⁸

A job analysis that combines questionnaires, interviews, and observation of the job and physical environment collects the most complete information. Observation often reveals factors about a job that may not be uncovered through questionnaires or interviews: for example, poor lighting, an inefficiently designed workstation, excessive or irritating noise, or unusual physical motions required for task performance.

Utilizing questionnaires, interviews, and observations provides the advantage of seeing a job from different perspectives; consequently, the information obtained in this fashion not only tends to be more complete but also more valid.

THE PRODUCTS OF JOB ANALYSIS

Two major written products result from job analysis: a job description and a job specification. The job description delineates duties, responsibilities, essential functions, and marginal functions; the job specification sets forth the human skills and qualifications needed to perform a specific job. In actual practice, job specifications are commonly included as a section in the job description. However, it is beneficial from a conceptual viewpoint to envision these two end products as separate items that serve different purposes. By doing so, greater emphasis is placed on describing the job and accurately specifying the skills required for job performance.

Job descriptions and job specifications are crucial to effective staffing; they serve as guidelines for hiring that ensure an organization is selecting the right kinds of individuals to perform the work of the institution. Additionally, job descriptions establish a factual basis for determining rates of pay and establishing performance standards.

Job Descriptions

“Writing a good job description is not a simple matter. A job description must be specific, concise, complete, accurate, meaningful, and readable.”⁹ Whoever writes the description—job analyst, manager, or supervisor—must have an understanding of the content needed, the manner in which the information is to be presented, and effective writing techniques.

Content. The specific content of a job description varies from company to company, depending upon the uses to be made of the description, the format selected, and the nature of the job being described. Despite content differences,

three requisites must be satisfied: job identification, job definition, and job delineation.

Job Identification consists of information that differentiates one job from another. Commonly used identifiers include job title, departmental location, specific unit assignment, exempt or nonexempt status, and title of the position to which the job reports. In large organizations additional identifiers may also be used: for example, job number, labor grade or job class, and number of job incumbents.

Careful thought should go into selecting a job title since it is the primary job identifier. The title chosen should reflect as clearly as possible the nature of the work performed, be distinct enough to differentiate the job from other similar jobs, and be consistent with other titles used in the organization. Job titles, unfortunately, are often misleading. An *executive secretary* in one organization may be little more than a highly paid keyboardist, while a job with the same title in another organization may identify an incumbent who is an administrative assistant to a chief executive officer and does little or no keyboarding. One source of information that can be of invaluable assistance in standardizing job titles is the *Dictionary of Occupational Titles (DOT)* published by the U.S. Department of Labor. This book contains almost 25,000 standardized job titles as well as job descriptions. Each job title includes a numeric code that categorizes a job by different dimensions, such as major job category; subsection of the major category; the job's relationship to data, people, and things; and an alphabetical listing within the job category. Wherever possible, an organization should use the titles and codes contained in the *DOT*.

Job definition is usually accomplished through a summary of the job that sets forth the purpose or nature of the job, why it exists, and how it relates to other organizational jobs. A good job summary provides, in about two to four sentences, a succinct statement of the job's function and assists in differentiating it from other jobs in the company.

Job delineation is the actual heart of the job description; it is the section in which duties, responsibilities, essential functions, marginal functions, reporting relationships, and other tasks or functions are enumerated. It is, obviously, the longest part of the overall description. Sufficiently detailed information must be provided about actual job duties, but the temptation to be verbose or pompous must be vigorously resisted. The job should be described so that duties, responsibilities, essential functions, and marginal functions can be clearly understood by users of the job description.

Format. There is no universal job description format; nevertheless, the three requisites for job content—job identification, job definition, and job delineation—provide a reasonable indication of the basic format that should be followed.

Variations in job description format are most frequently found in the job delineation portion. Often, duties, responsibilities, and functions are subdivided into several sections to provide clarity and call attention to important job fac-

tors—financial responsibility, decision-making authority, controls over work, and interactions with others, for example. This is a sound practice because it not only clarifies duties, responsibilities, and functions but also improves the readability of the job description.

The format should be consistent from job to job for each particular group of jobs; for instance, all production jobs should be described according to the same format, and all managerial jobs should be described according to the same format. Additionally, the format used should parallel the use for which the description is intended. If the job description is to be used as the basis for job evaluation, each compensable factor in the job evaluation plan must be clearly addressed in the job description; if the job description is meant to be used as a basis for performance evaluation, each performance factor must be covered.

Writing Techniques. Many job descriptions are poorly written; they are wordy, imprecise, or difficult to read. A job description should be an action-oriented document that states precisely, concisely, and clearly the duties performed and responsibilities carried out in a particular job. Careful attention to clarity is absolutely essential. The following guidelines should be followed when writing a job description:

- Start each duty or responsibility statement with an action verb such as *analyze, calculate, compute, file, issue, prepare, reconcile, sort, tabulate, or transmit*. Words of this kind identify what is actually done in a job.
- Avoid imprecise terminology. Words such as *handles, coordinates, or deals with* are vague and open to different interpretations by different readers.
- Avoid shop talk, jargon, or acronyms because they are confusing to people who are not intimately familiar with the job.
- Use short, easy-to-read sentences.
- Use a style that specifies *who* does *what*, *when* it is done, *why* it is done, *where* it is done, and *how* it is done.
- Be detailed but not wordy. Verbiage not only tends to confuse but may also imply a degree of complexity that does not exist in a job.
- Use an outline form. With the exception of the job summary, which is normally in paragraph form, a job description is not a narrative. Each job duty, responsibility, or function-identification statement should make a specific point.
- Enumerate each duty and responsibility in the general order of its overall importance to the job.
- Accurately differentiate essential from marginal functions.
- Keep the user in mind. In the staffing process one of the key users of the job description is likely to be the screening interviewer, who must make a quick decision as to whether an applicant is sufficiently qualified for further consideration. If the job description is not clear, qualified candidates may be eliminated, and unqualified candidates may be recommended for further consideration.¹⁰

Figure 5.1 presents a job description that follows the preceding guidelines. While the job described is not specific to any organization, the same style and format can be used for almost any job.

Job Specifications

Job specifications outline the minimum qualifications, such as education, experience, or skills, a person should possess to perform a job satisfactorily. Job specifications should always reflect the minimum, not the ideal, qualifications for a particular job. Because the information on job qualifications is usually gathered from supervisors or employees, organizations tend to overstate qualifications. Supervisors may describe the ideal candidate, while employees may describe their own skills. Several problems may result if specifications are inflated. First, if specifications are set so high that they systematically eliminate minorities, women, individuals with disabilities, or other protected class members, the organization runs the risk of discrimination charges. Second, compensation costs will increase because ideal candidates have to be compensated more than candidates with minimum skills. Third, job vacancies will be harder to fill because ideal candidates are more difficult to find than minimally qualified candidates.

Ascertaining the appropriate qualifications for a job is undoubtedly the most difficult part of job analysis. It requires much probing by the job analyst as well as a broad understanding of the skills needed to perform varieties of work. Because of the problems associated with job specifications, it is preferable for an organization to underspecify rather than to overspecify qualifications.

Figure 5.2 shows the specifications for the position of *Administration, Human Resources* that was described in Figure 5.1.

OTHER JOB ANALYSIS METHODS

Although the majority of organizations in the United States use the traditional approaches to job analysis described earlier in this chapter, there have been attempts to develop more systematic, standardized approaches to improve the quality and consistency of job analysis information. Three of these approaches—the Position Analysis Questionnaire (PAQ), the Job Analysis Schedule (JAS), and Functional Job Analysis (FJA)—are described in this section. Other new approaches have been developed; however, the PAQ, JAS, and FJA are the most widely recognized and frequently used nontraditional job analysis methods.

Position Analysis Questionnaire

The PAQ was developed at Purdue University. It is the result of more than ten years of research by psychologists who studied thousands of jobs.¹¹ The PAQ is a structured job analysis questionnaire that uses a checklist to identify

Figure 5.1
Job Description

Human Resource Management Systems

Job Description

Position Title: Administrator

Reports To: Director

Department: Human Resources

Date Prepared: February 8, 1997

FLSA Status: Exempt

Job Code: HRMS-HR001

Purpose of Position: Responsible for assisting with a comprehensive human resource function including employment, employee benefits, compensation, training and development, employee relations, and records management. Encourages understanding, cooperation, and support; recognizes employees as individuals with emotional and practical needs and seeks opportunities to build alignment among the people resources and the company's mission. Brings focus to the countless personal and compelling issues that each individual employee encounters and assures that the Firm expresses itself as a caring employer through equal employment opportunities, compensation and benefits programs, employee training and professional development objectives, proactive employee relations practices, health and safety programs, and records management.

Essential Functions:

- 1) Handles daily activity regarding insurance questions and insurance paper flow between employees and carriers to insure efficient use of employee benefits.
- 2) Assists with the preparation of human resource forecasts to project future employment needs.
- 3) Handles recruitment, screening, interviewing, applicant referrals, and placement in compliance with current litigation in order to effectively staff with the most qualified employee.
- 4) Maintains records of applicant flow to determine results of recruitment and selection programs in accordance with Firm's EEO objectives and applicable employment regulations.
- 5) Plans and conducts new employee orientation programs.
- 6) Assists with the development and implementation of the compensation program. Maintains salary administration program and pay policies, performance appraisal program, and communication of the employee benefit program in order to retain a highly qualified staff in compliance with Department of Labor and ERISA regulations. Coordinates the Firm's professional development and employee training programs to maintain optimal performance and motivation.
- 7) Maintains personnel records related to promotions, transfers, disciplinary action, and terminations.
- 8) Maintains a proactive approach to employee relations by (1) conducting exit interviews to determine reasons for separations, (2) maintaining two-way communication with departments, (3) acting as liaison between top management and employees with regard to employment issues, and (4) promoting continual communication efforts at all levels. Provides assistance in identifying, evaluating, and resolving work-related problems within the company to facilitate communication, improve employee relations, and achieve optimum employee performance.
- 9) Develops and maintains a human resource information system to meet the needs of key managers and supervisors for reports and reporting purposes.
- 10) Maintains and communicates human resource policies and procedures to promote equal employment opportunities and to ensure company-wide compliance.
- 11) Oversees the analysis, maintenance, and communication of records required by law or by local governing bodies to ensure compliance.
- 12) This job description includes, but is not limited to, the above functions. May temporarily perform other assigned duties to maintain operations and services.

Marginal Functions:

Marginal Functions will vary with the specific assignment and depend on the particular unit or function for which the person is responsible. Consideration will be given on a case by case basis and reassignment of marginal duties will be made when appropriate.

Supervision of Personnel:

None.

Figure 5.2
Job Specification

Human Resource Management Systems

Job Specification

Knowledge, Skill, Abilities and Other Requirements:

A bachelor's degree in human resource management or related field required. Must have a minimum of two (2) to three (3) years working experience in human resources as a generalist or one (1) to two (2) years working experience as a specialist in benefits. Certification as a Professional in Human Resources (PHR) preferred. Individual with strong computer skills helpful. Good communication skills, both written and oral, essential.

- **Normal Ambulatory Requirements:** Ability to move in and around personal work space and to and from other areas of the office or building using wheelchair or other aid to attend meetings, deliver or retrieve materials, conduct interviews, or other activities outside of personal work space.
- **Normal Cognitive Requirements:** Ability to learn, remember, and integrate rules, policies, or practices guiding the performance of an activity.
- **Normal Speech/Communication Requirements:** Ability to communicate verbally with supervisors, co-workers, and clients to gather information and/or explain procedures.
- **Normal Written Communications Requirements:** Ability to continually record information such as draft correspondence/reports/documents/policies/procedures, conduct interviews recording information, prepare case narratives, or prepare other lengthy documents using handwritten or mechanical means.
- **Normal or Corrected Reading Vision Required:** Ability to read with attention to details.
- **Normal or Corrected Hearing Required:** Ability to hear and understand speech to interact with co-workers/clients/customers on a routine or frequent basis with the use of amplifying equipment/hearing aids.

Physical/Mental/Environment:

- **Physical Demands:** Normal office activity of sitting, standing, walking, and carrying small items.
- **Environment/Hazard Demands:** Pleasant working conditions.
- **Travel Demands:** Moderate travel requirements, ability to travel for activities such as out-of-town meetings or training sessions.
- **Lifting Demands:** May lift office equipment and supplies on occasion.

job elements. It is based on 194 job descriptors that relate to job-oriented or worker-oriented elements. Proponents of the PAQ believe that the ability of the checklist to identify job elements, behaviors required of job incumbents, and other job characteristics makes it possible to use this procedure for virtually any type of job.¹²

The 194 job elements in the PAQ are grouped into 27 division job dimensions and 5 overall job dimensions. These 32 dimensions are further divided into 6 major job activities: information input, mental process, work output, relationships with other persons, job context, and other job characteristics. Each job descriptor is evaluated on a specified scale such as *extent of use*, *importance of job*, *possibility of occurrence*, and *applicability*.

With a computer, each job can be scored very quickly on the 32 job dimensions. The overall score represents a profile of the job that can be compared with standard profiles to group the job into known job families, that is, jobs of a similar nature. In essence, the PAQ identifies significant job behaviors and classifies jobs. Using the PAQ, job descriptions can be prepared based on the relative importance and emphasis given to various job elements.

The PAQ is completed by an employee or employees familiar with the job being studied—typically an experienced job incumbent or the immediate supervisor. The profiles and job descriptions are then prepared by job analysts. As can be deduced from this brief description, the PAQ is a comprehensive, complex form of job analysis that requires an individual trained in its use if it is to produce the desired results.

Department of Labor Job Analysis Schedule

For many years, the U.S. Department of Labor has worked on the development and refinement of a systematic instrument for analyzing and classifying job content: the Job Analysis Schedule (JAS)¹³ Many federal, state, and local governmental agencies as well as private enterprises use this approach or some variation of it.

The JAS is an instrument for gathering data on five categories that can be used to define satisfactory job performance: worker functions; work fields; machines, tools, equipment, and work aids; materials, products, subject matter, and services; and worker traits.

Worker functions are what workers do, in the performance of a job, with data, people, and things. The JAS includes a scale of values that ranks the complexity of worker functions. The 24 identifying activities for the three worker function areas are shown in Table 5.2. The highest combination of the three areas establishes the relative importance of the job. Normally, reading down a column, each successive function incorporates each lower function. For example, in the column *Data*, if the highest activity identified was compiling, it would be assumed that the job also required computing, copying, and comparing. Note that the numerical values assigned to the functions are the reverse of what might be

Table 5.2
Job Analysis Schedule Worker Functions

<u>Data</u>	<u>People</u>	<u>Things</u>
0 Synthesizing	0 Mentoring	0 Setting-up
1 Coordinating	1 Negotiating	1 Precision Working
2 Analyzing	2 Instructing	2 Operating-Controlling
3 Compiling	3 Supervising	3 Driving-Operating
4 Computing	4 Diverting	4 Manipulating
5 Copying	5 Persuading	5 Tending
6 Comparing	6 Speaking-Signaling	6 Feeding-Offbearing
	7 Serving	7 Handling
	8 Taking Instruction and Helping	

expected in a typical value scale. With JAS, the lower the numerical value, the higher the level of activity.

The work fields, which are classified into 99 different categories, describe the mechanical, technological, or socioeconomic requirements of the job. The category of machines, tools, equipment, and work aids identifies the instruments and devices of a mechanical nature that are used to carry out the job. The category of materials, products, subject matter, and services describes the type or kind of materials worked on, the end products, the knowledge required to perform the job, and the nature of the services rendered. Worker traits are primarily concerned with job specifications. They are divided into five components: training time, aptitude, temperament, interests, and physical demands. Obviously, effective use of the JAS requires a highly trained and skilled job analyst.

Functional Job Analysis

This approach to job analysis, a modification of the JAS, is a comprehensive approach that concentrates on the interactions among the work, the worker, and the work organization.¹⁴ Functional Job Analysis (FJA) is a worker-oriented approach to job analysis that identifies what a worker actually does, rather than what the worker is responsible for.

FJA utilizes a modified version of the worker functions scales contained in the job analysis schedule. In fact, the two scales are almost identical except that

the FJA adds a *no significant relationship* to the data, people, and things categories of worker functions and reverses the numerical coding.

The basic premises and fundamental elements of FJA are:

1. A distinction is made between what gets done and what a worker must do to get it done. As far as job analysis is concerned, it is probably more important to know the latter. For example, an airline pilot does not fly passengers; he or she performs a multitude of tasks to take an airplane from one location to another.
2. What a worker does in a job is related to only three basic elements: data, people, and things. These are, in fact, the materials, as well as the results, of all work that is performed.
3. In relation to data, people, and things, workers function in unique ways. In essence, *data* draw on mental resources; *people* draw on interpersonal resources; and *things* draw on physical resources.
4. Every job requires that a worker relate to data, people, and things.
5. Although worker behavior or task performance can be described in an almost infinite number of ways, there are only a few definite and identifiable functions connected with data, people, and things. These basics are shown in Table 5.2.
6. The functions performed by workers proceed from the simplest to the most complex. For instance, the least complex form of *people* activities would be *serving* while the most complex would be *monitoring*. Consequently, if an upper-level function is required, all of the lower-level functions are also required.
7. The three hierarchies for data, people, and things provide two measures for a job: level and orientation. Level is a measure of complexity in relation to data, people, and things. Orientation is a measure of involvement with data, people and things.¹⁵

Proponents of the FJA claim that, in addition to being a useful means of analyzing jobs, it also establishes criteria that can be used to evaluate the worth of a job (set compensation rates) and appraise the performance of workers in each job.

As with the other newer approaches to job analysis, FJA is more complex than the traditional methods and requires a well-trained job analyst.

NOTES

1. Donald L. Caruth, *Compensation Management for Banks* (Boston: Bankers Publishing Company, 1986), pp. 37–38.

2. R. Wayne Mondy and Robert M. Noe, III, *Human Resource Management*, 5th ed. (Boston: Allyn and Bacon, 1993), p. 112; Caruth, *Compensation Management*, p. 37.

3. Joan Ackerstein, *The Americans with Disabilities Act: What Supervisors Need to Know* (Burr Ridge, Ill.: Business One Irwin/Mirror Press, 1994), p. 22.

4. Caruth, *Compensation Management*, pp. 256–262.

5. *Ibid.*, p. 40.

6. *Ibid.*

7. Ibid., p. 41.
8. Ibid., p. 43.
9. Ibid., p. 44.
10. Ibid., pp. 46–47.
11. Ernest J. McCormick, Paul R. Jeanneret, and Robert Mecham, “A Study of Job Characteristics and Job Dimensions as Based on the Position Analysis Questionnaire (PAQ),” *Journal of Applied Psychology*, August 1972, pp. 347–368.
12. Joseph Tiffin and Ernest J. McCormick, *Industrial Psychology*, 6th ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1974), p. 53.
13. U.S. Department of Labor, Manpower Administration, *Handbook for Analyzing Jobs* (Washington, D.C.: U.S. Government Printing Office, 1972).
14. Mondy and Noe, *Personnel*, pp. 108–109.
15. Ernest J. McCormick, “Job Information: Its Development and Application,” in Dale Yoder and Herbert S. Heneman (eds.), *Staffing Policies and Strategies* (Washington, D.C.: Bureau of National Affairs, 1974), p. 458.

6

Human Resource Planning

In far too many instances human resources do not receive the same meticulous attention that management devotes to other organizational resources. Nowhere is this more evident than in planning for future personnel needs. Physical and financial resources are usually planned for well in advance. The need for new facilities, equipment, or capital may be anticipated years ahead of the time they will actually be required. Costs will be calculated, sources will be determined, rates of return will be computed, and other analyses will be performed. But when it comes to people resources, it is common to find many organizations relying on the “faith principle”—the assumption that sufficient quantities and qualities of human resources will be available as needed to staff the new facilities and operate the new equipment. In most cases, people planning occurs after the fact. The new plant is opened, the new machinery is installed, and the scramble is on to find employees to staff the facility and operate the equipment. To neglect planning for human resources, however, is to invite disruptions and delays if sufficient numbers of properly trained people do not materialize when they are needed.

Fortunately, a number of organizations have recognized, and others are beginning to recognize, the essentiality of planning for personnel needs. The reason, according to one author, is that “strategic planning for human resources makes good business sense [because many institutions] have at least half of their financial resources continuously committed to the acquisition, development, maintenance, and use of human resources.”¹

DEFINITION OF HUMAN RESOURCE PLANNING

Human resource planning may be defined in several ways. It may be thought of as (1) “the process of analyzing an organization’s human resource needs

under changing conditions and developing the activities necessary to satisfy these needs”;² (2) “a systematic process for setting policies governing the acquisition, use, and disposition of personnel in order to achieve organizational objectives”;³ or (3) “the process of systematically reviewing human resource requirements to ensure that the required number of employees, with the required skills, are available when they are needed.”⁴ Some common threads are apparent in each of these definitions. First, human resource planning is a process, that is, an ongoing activity. Second, the purpose of human resource planning is to aid the organization in reaching its goals and objectives. Third, human resource planning is not haphazard; it is a systematic, analytical activity. And fourth, the goal of human resource planning is to have the right people in the right jobs at the right time.

By combining these definitions and their common elements, human resource planning can be more specifically defined as a systematic, ongoing activity that ensures that an organization has the right number and kind of people in the right jobs at the right time so that the institution can achieve its stated objectives.

STRATEGIC BUSINESS PLANNING AND HUMAN RESOURCE PLANNING

The determination of future personnel requirements logically stems from the organization’s strategic business plan—the document that identifies the direction in which the firm intends to move, in the long run as well as the short run.

Through strategic business planning, the institution clarifies its mission and purpose, sets its goals and objectives, and develops courses of action that it hopes will lead to goal accomplishment and mission fulfillment. In the past, it was not unusual for the human resource manager to be left out of the strategic planning process or for human resource planners to forecast personnel requirements without referring to the business plan. Nor was it unusual for management to formulate goals and strategies without explicit information on the potential availability of human resources to carry out the firm’s plans. Today, this situation is changing. More organizations are recognizing that well-formulated business plans cannot be developed without input from human resource professionals. Strategic planning and human resource planning are being increasingly viewed as interactive processes that rely heavily upon each other. To construct viable plans, strategists need information on the availability of personnel; to forecast requirements and availability of personnel, human resource planners need information on anticipated expansions or contractions of the organization. Only through an interactive linkage can both strategic planning and human resource planning become truly effective.

In recent years many organizations have wrestled with the issue of determining the appropriate size for the institution. *Downsizing*, *restructuring*, and most recently, *rightsizing* have become commonplace terms in management journals and newspapers. By whatever term they may be called, changes in size are a

result of organizational efforts to create effective, efficient, streamlined organizations that employ the right number of people—no more and no less—needed to achieve established goals. As a result, human resource planning has increased in importance as a vehicle for ascertaining appropriate institutional size.

THE HUMAN RESOURCE PLANNING PROCESS

Figure 6.1 shows a generalized model of the human resource planning process. After the organization's strategic plan has been developed—with the full participation of the human resource department—the determination of specific future personnel needs can begin.

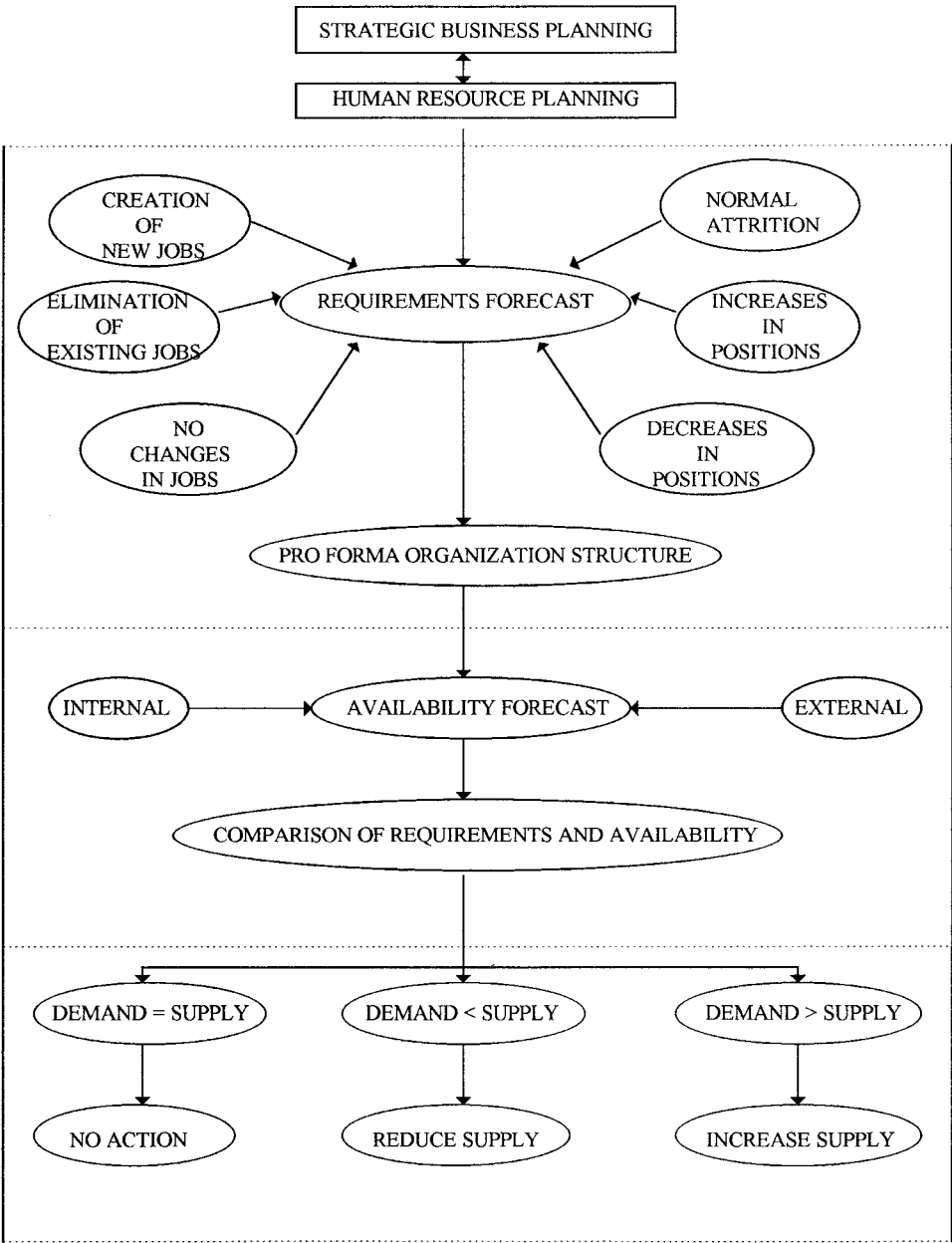
As the model indicates, there are three basic phases in human resource planning. The first phase is concerned with identifying the number and kind of employees the firm will need in the future. This is the requirements forecasting stage. The strategic business plan may necessitate the creation of new jobs, the elimination of existing jobs, no changes in jobs, or increases or decreases in organizational positions (that is, number of employees). Additionally, the requirements forecast must consider the number of employees who will be lost through normal attrition, such as terminations and retirements. After all the factors that influence requirements have been considered, and the human resource planners have ascertained the personnel required to accomplish the business plan, the anticipated organizational structure of the future is created.

The second phase of human resource planning entails the determination of the availability of qualified people to staff the organization of the future. Here planners must look inside the enterprise to identify individuals who could be promoted or transferred to new jobs or positions; they must also look outside the firm, through the examination of demographic data and other factors, to forecast the number of qualified individuals who will be available to meet future staffing needs. Personnel requirements are then matched with personnel availability. Although all steps in the human resource planning process are crucial, comparing needs and availability is especially important because it identifies the staffing situation that will confront the organization in the future and suggests actions that will have to be taken to equate the demand for and supply of human resources.

The final phase of human resource planning is the development of specific courses of action to assure the institution that it will have the appropriate number and kind of people in the right places at the right time to carry out the strategic business plan.

Each phase in the human resource planning process requires careful thought and analysis. Some steps are very complex and require the use of statistical methods. Other steps are highly subjective and depend upon the exercise of creativity. Different approaches to planning may be used at different times or by different organizations. In some instances, planning may be carried out entirely by specialists. In other cases, operating management may bear the bulk

Figure 6.1
The Human Resource Planning Process



of the responsibility. The following sections examine the human resource planning process in greater detail.

REQUIREMENTS FORECASTING

A requirements forecast is an estimation of the number and kind of employees the organization will need at future dates to meet its objectives. It is important to remember two points about forecasting personnel requirements. One, while estimating the total number of employees that will be needed is necessary, a forecast that provides only a total number and does not furnish a breakdown of that number, job by job, is an incomplete forecast. The mix of jobs is critical; the combination of needed skills lays a foundation upon which effective staffing activities can be built. Although the discussion of forecasting presented in this chapter will tend, for the sake of clarity and simplicity of presentation, to center on obtaining a single number, in reality forecasting results in a series of job-by-job numbers that reflect the diversity of future personnel requirements. Two, even with the most sophisticated computerized statistical techniques, forecasting is an imprecise endeavor at best. There is no generalized procedure or set of techniques that automatically produces usable results. Judgment plays a sizable role in forecasting and influences the usefulness of the results.

Human resource forecasting techniques may be divided into two broad categories: subjective and quantitative. Subjective techniques rely heavily on qualitative information supplied by managers, supervisors, human resource planners, and others to develop an estimation of personnel needs. Quantitative approaches utilize mathematical procedures to predict requirements.

Subjective Techniques

Managerial estimates and zero base forecasting are two subjective approaches used by organizations to forecast human resource requirements. The most widely used is managerial estimates. While both of these techniques depend on informed judgment, they may also employ quantitative data to substantiate or support subjective findings.

Managerial Estimates. This is essentially a *bottom up* approach to determining personnel requirements. It is based on the premise that each individual manager in an organization is the person most knowledgeable about the number and kind of people needed to run his or her unit effectively at various levels of activity. Beginning with the lowest-level work units in the organization, each unit manager makes an estimate of human resource needs for the period of time encompassed by the planning cycle. As the process moves upward in the company, each successively higher level of management in turn makes its own estimates of needs, incorporating the input from each of the immediately preceding levels. The result, ultimately, is an aggregate forecast of needs for the entire organization. This process is often highly interactive; estimated requirements from the

previous level are discussed, negotiated, and reestimated with the next level of management as the forecast moves upward through the institution. The interactive aspect of managerial estimating is one of the advantages of this procedure because it requires managers to justify their anticipated staffing needs.

Figure 6.2 is an illustration of a typical form used at the work unit level to estimate personnel needs. This example deals only with total requirements. In actual practice, estimates would be made for each job in the unit and then combined into one document that enumerates requirements job by job, as well as by total work unit. The supervisor or manager, in order to make realistic estimates, will have to have information about such factors as future production levels, changes in products or functions, and turnover rates. The needed information will normally come from the strategic business plan and from human resource specialists.

In Figure 6.2 the supervisor of the unit in question anticipates losing seven employees over the course of the planning period—six through normal attrition and one through a reduction in the number of positions in the unit. At the same time, however, changes in products or services will result in the creation of two new jobs. Since the supervisor anticipates that one employee will be transferred into the unit and another one will be promoted into the unit, three additional employees will have to be hired to achieve the projected staffing level of 37 employees.

Admittedly, this example is very simple, but it does indicate the basic thrust of managerial estimating. If supervisors and managers have sufficient information on which to base their anticipated requirements, and the process is interactive and adequately justifies projected staffing levels, this approach can provide an organization with reasonably accurate forecasts of human resource requirements.

Zero Base Forecasting. This technique uses the organization's current staffing level as the starting point for estimating future requirements.⁵ The key to zero base forecasting is the necessity of justifying, quantitatively or otherwise, the filling of any vacant position or the creation of any new positions or jobs. If any employee leaves the organization for any reason, the vacant position is not automatically filled. The supervisor or manager must conduct an analysis and offer substantive justification for filling the position. Likewise, when a new position is created, justification for its existence must be provided, or the position will not be approved. The primary advantage to this approach is the thorough analysis of human resource needs required for additions to staff or replacements to current staffing.

As yet, this technique has not become a popular procedure for forecasting human resource requirements. It is more commonly used in combination with other approaches.

Figure 6.2
Human Resource Forecasting Form

I.	<u>CURRENT STAFFING</u>			35
II.	<u>ANTICIPATED LOSSES</u>			
	1. Normal Attrition			
	(1). Terminations	- 1		
	(2). Retirements	- 3		
	(3). Deaths	- 0		
	(4). Lateral Transfers out of unit	- 0		
	(5). Promotions out of unit	- 2		
	(6). Demotions out of unit	- 0		
	Attrition Losses	- 6		
	2. Changes in Staffing			
	(1). Reductions in Positions	- 1		
	(2). Job Eliminations	- 0		
	Staffing Losses	- 1		
	3. Total Losses	- 7		
III.	<u>ANTICIPATED GAINS</u>			
	1. Attrition replacements: internal			
	(1). Lateral transfers into unit	+ 1		
	(2). Promotions into unit	+ 1		
	(3). Demotions into unit	+ 0		
	Internal Gains	+ 2		
IV.	<u>NET HIRING NEEDS</u>		+ 5	
V.	<u>POSITION AND JOB INCREASES</u>			
	1. Increases in positions	+ 0		
	2. Anticipated new jobs	+ 2		
		+ 2		
VI.	<u>TOTAL HIRING NEEDS</u>		+ 7	
VII.	<u>PROJECTED STAFFING LEVEL</u>			37

Quantitative Techniques

Although the use of judgment in forecasting human resource requirements has been pointed out in this chapter, quantitative approaches can provide a more solid basis for making good judgments. The primary quantitative technique used in organizations is correlation and regression analysis. Some large institutions, because of the number of jobs and the complexity of forecasting requirements, use computer simulation models to predict personnel needs.

Correlation and Regression Analysis. Correlation measures the relationship between two or more variables. Regression analysis measures the value of one variable in terms of the value of another variable. Because there is often a direct relationship between employment levels and a firm's sales, output, or assets, correlation and regression analysis can be used to determine the degree of relationship and forecast the number of employees that will be required at different levels of sales, output, or assets.

An example will show how these statistical procedures work. Assume that a firm believes its staffing requirements are dependent upon total sales. The first step is to test that assumption to determine whether there is a direct relationship between the dependent variable (number of employees) and the independent variable (sales). This is done through correlation. The degree of relationship is expressed as a coefficient of correlation (r) in terms of a value of 1.0. A coefficient of 0 would indicate no relationship exists between the variables while a coefficient of +1.0 or -1.0 would indicate a perfect relationship—the first completely positive and the second completely negative.

Table 6.1 contains all of the data that will be used in this correlation and regression analysis example. The first two columns contain data on the number of employees and sales volumes for ten periods. The other columns contain calculations that will be used in the correlation and regression formulas.

The statistical formula for calculating the coefficient of correlation is

$$r = \frac{n(\Sigma XY) - (\Sigma X)(\Sigma Y)}{\sqrt{[n(\Sigma X^2) - (\Sigma X)^2][n(\Sigma Y^2) - (\Sigma Y)^2]}}$$

Inserting the values from Table 6.1 into this equation would result in: $r = +0.91488$. Inasmuch as a perfect positive correlation has a value of +1.0, we now know that there is an extremely strong positive relationship between sales and the number of employees; that is, the number of employees the firm needs is linked very closely to variations in sales volume. Thus, sales dollars are likely to be a good predictor of human resource requirements for this organization.

Having established the usefulness of sales as an indicator of personnel needs, the next step is to calculate a regression line that establishes the linear relationship between changes in sales and employee requirements. To do this a scatter diagram such as the one shown in Figure 6.3 is constructed. Then a line of *best*

Table 6.1
Correlation and Regression Analysis Data

Period	Number of Employees Y	Sales in (00,000) X	<u>XY</u>	<u>X²</u>	<u>Y²</u>
1	10	15	150	225	100
2	16	19	304	361	256
3	20	30	600	900	400
4	28	22	616	484	784
5	32	41	1,312	1,681	1,024
6	42	40	1,680	1,600	1,764
7	42	50	2,100	2,500	1,764
8	47	53	2,491	2,809	2,209
9	49	45	2,205	2,025	2,401
<u>10</u>	<u>61</u>	<u>53</u>	<u>3,233</u>	<u>2,809</u>	<u>3,721</u>
Σ	347	368	14,691	15,394	14,423

fit is computed to graphically show the relationship of employees to sales. The most frequently used method for determining this line is the *least squares* method, which minimizes the sum of the squares of the distance between each unit of data and its corresponding point on the assumed line. The basic formula for a straight line is

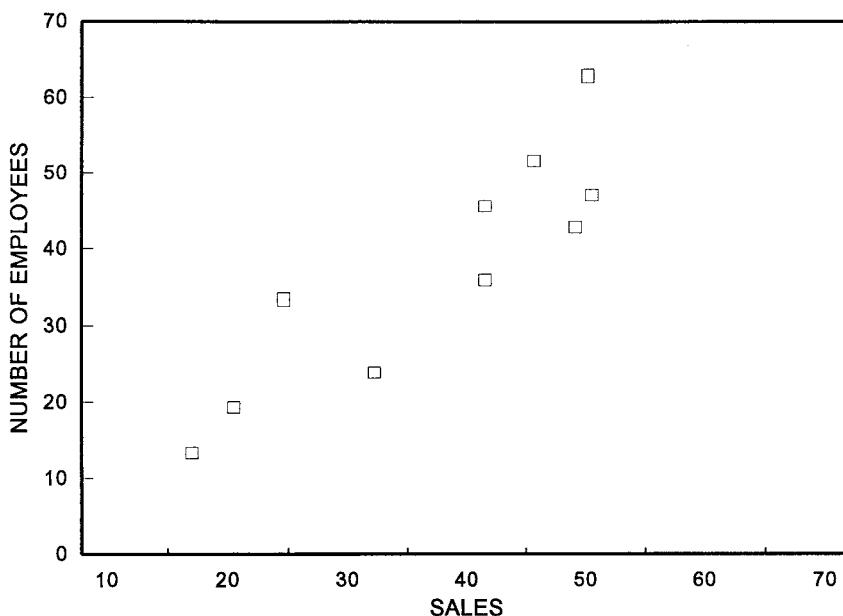
$$Y = a + bX$$

where

Y = number of employees
a = the point of origin of the line
b = the rate of change
X = sales

To solve for *a* and *b* the following formulas are used:

Figure 6.3
Scatter Diagram



$$a = \frac{\Sigma Y - b \Sigma X}{n}$$

$$b = - \frac{n(\Sigma XY) - (\Sigma X)(\Sigma Y)}{n(\Sigma^2) - (\Sigma X)^2}$$

Using the data in Table 6.1 to solve these equations, we would find that

$$a = -3.58725$$

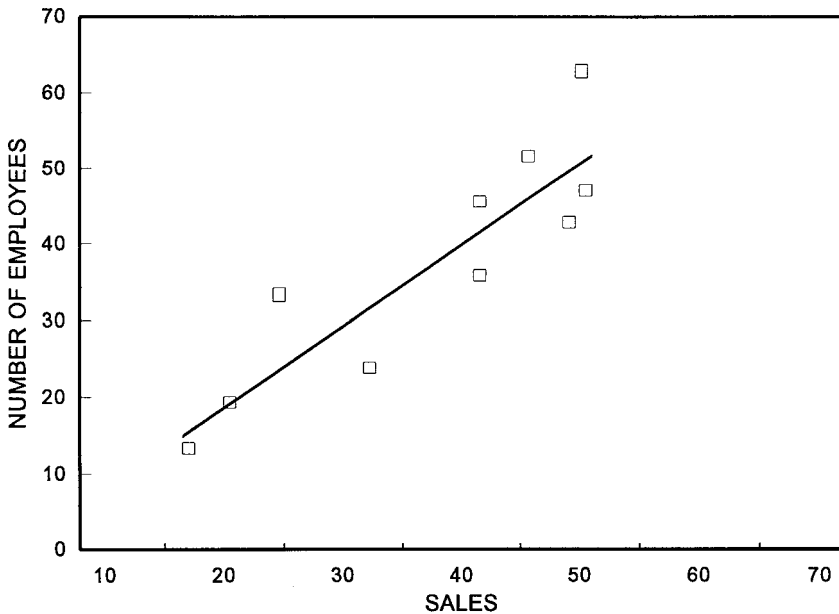
$$b = 1.037697$$

A line can now be drawn through the data as shown in Figure 6.4.

Once the regression line has been statistically fitted to historical data it can then be extrapolated into the future to show potential staffing needs at different sales levels. Figure 6.5 shows that when sales reach \$6 million, 60 employees will probably be needed.

Although the calculations for correlation and regression analysis seem laborious (in fact, they are if done manually), statistical software packages put this approach to forecasting human resource requirements within the reach of practically every manager. (All of the calculations used in the preceding example,

Figure 6.4
Scatter Diagram with Regression Line



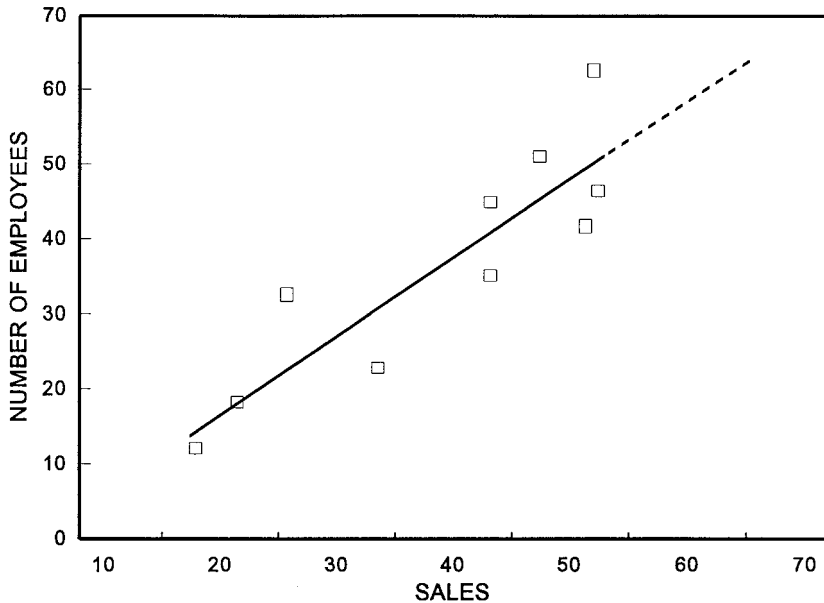
including the scatter diagram and the regression line, were generated on a personal computer and printed in hard copy within a matter of minutes.)

The principal disadvantage of correlation and regression analysis as a forecasting technique is that staffing projections are based on the assumption that the future will resemble the past. In many cases, because of technological changes, economic conditions, strategic maneuvers, or a host of other factors, this may not be a valid assumption. Yet statistical forecasting does establish a sound point of departure upon which anticipated staffing changes can be based.

Simulation

Simulation relies on the use of models to forecast human resource requirements. A model, defined quite simply, is a representation of reality that includes key features or variables of what it purports to represent. In simulation, a computer is used to assist in duplicating a real-world situation through mathematical logic and manipulating important variables so that an approximation of reality under varying conditions can be predicted and analyzed. Simulation assists human resource planners in answering “What if” questions. Typical questions of this nature which impact the numbers of people employed are “What if sales increase by 15 percent?”; “What if 20 percent of the work force is put on overtime?”; “What if a policy of no new hiring is implemented?” By devel-

Figure 6.5
Extrapolated Regression Line



oping a model that shows the many complex interrelations between a variety of variables, human resource planners can obtain insights into many staffing situations before they actually occur. However, the quality of these insights depends on the sophistication of the model and the identification and quantification of the variables that influence staffing levels.

Simulation is not an approach that can be used by all organizations. It requires a powerful computer to manipulate a number of variables under different conditions. Furthermore, the process of building an accurate model is time-consuming and expensive, and it depends on the expertise of individuals skilled in both human resources and computer programming. More widespread use of this approach is expected in the future, but at the present it remains primarily a forecasting option for large institutions.

The Pro Forma Organization Structure

After human resource requirements have been determined, the next logical step in the forecasting process is to develop an organizational structure or series of structures that reflects the form the enterprise will assume in the future. The strategic business plan may necessitate creation of new departments or geographical units, elimination of existing offices, or a variety of other changes. The purpose of the pro forma structure is to show not only these changes but also

Figure 6.6
Staffing Table

WORK CENTER: Final Assembly	PRODUCTION VOLUME									
DEPARTMENT: Production	NUMBER OF UNITS ASSEMBLED									
STAFFING REQUIREMENTS	(In Thousands)									
	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9
Supervisor	1	1	1	1	1	1	1	1	1	1
Assistant Supervisor	-	-	-	-	-	-	-	1	1	1
Leadperson	-	-	-	-	1	1	1	1	1	1
Clerical Assistant	-	-	-	-	1	1	1	1	1	1
Expeditor	-	-	-	-	-	1	1	2	2	2
Inventory Control Clerk	1	1	1	1	1	1	1	1	1	1
Assembler "A"	9	9	9	10	10	11	11	12	12	13
Assembler "B"	4	4	4	4	4	4	4	4	5	5
Assembler Trainee	-	1	2	2	2	3	3	3	4	4
Total Staff	15	16	17	18	20	23	23	26	28	29

the human resource needs required to accommodate them. While the organizational structure of the future may resemble the traditional organizational chart, effective human resource planning carries the chart one step further: it identifies, function by function, department by department, and unit by unit, the number and kind of jobs made necessary by the future structure. To accomplish this task, staffing tables, such as the one presented in Figure 6.6, are often created for each existing or anticipated organizational unit.

Even though the staffing table shown is simple, close examination reveals its usefulness in identifying the points at which jobs will be created, or additional employees will be needed for existing jobs. This knowledge permits an organization to begin its requisite staffing activities well in advance of actual need, thereby ensuring that sufficient qualified people will be available when needed.

AVAILABILITY FORECASTING

The requirements phase of the human resource planning process provides the organization with knowledge of how many and what kind of employees will be needed and when they will be needed. But the organization must also determine if it will be able to obtain employees with the necessary skills and from what sources these individuals may be secured. This is the task of availability forecasting. The demand for employees may be met by obtaining people from within the company or resorting to external sources of supply, or both.

Internal Sources

Many of the employees who will be needed for future positions are already employed by the institution. Through transfer and promotion these individuals can be shifted laterally to other jobs or elevated to positions of greater responsibility. The major problem for large firms is being able to identify available internal talent so this talent can be matched with the company's needs. Two approaches that are valuable in the identification and matching process are skills inventories and management inventories.

Skills Inventories. Information maintained on nonmanagerial employees about their availability and preparedness to move into higher-level or lateral positions is referred to as a skills inventory. The purpose of the inventory is to enable the organization to readily determine which employees may be shifted from one job to another to meet the changing employment needs of the firm. Essential data maintained in such a record would include, but not be limited to, the following:

- Educational background.
- Work experience in the organization or elsewhere.
- Specific work skills, such as the ability to operate particular pieces of equipment.
- Licenses or certifications held.
- Biographical data, including protected class status.
- Previous performance appraisal evaluations.
- Internal or external training programs completed.
- Career goals and aspirations.

Essential information on employee skills can easily be maintained and updated on computerized human resource information systems; in smaller organizations it can be maintained on manual systems. With this information, the organization is not likely to overlook the best source of employees for future positions—those already employed by the enterprise.

Management Inventories. Managerial talent is a critical resource for every organization. Thus it is more common for firms to maintain data on managers than it is for them to keep the same detailed records on lower-level employees. A management inventory, defined very simply, is a collection of data that is used in determining the potential of present managers to progress to positions of greater responsibility.⁶ Essentially, this type of inventory provides information for replacement and promotion decisions. It differs from a skills inventory primarily in terms of the amount of information maintained and the detailed nature of that information. Typically included in a management inventory would be data pertaining to

- Work history and experience.
- Educational background.
- Assessment of strengths and weaknesses.
- Developmental needs.
- Promotional potential at present or with further development.
- Current job performance.
- Field of specialization.
- Job preferences.
- Geographical preferences.
- Career goals and aspirations.
- Anticipated retirement date.
- Personal history, including any psychological assessments.

As with the employee skills inventory, this information can be maintained electronically or manually.

Both skills and management inventories are valuable tools that assist a company in making the best use of its present human resources. Effectively utilized, inventories can also have a positive effect on morale because they signify an organization's interest in, and commitment to, a promotion-from-within policy. Inventories help ensure that talented employees will not be overlooked when promotional opportunities become available. For these tools to function properly, however, the informational databases must be kept current through frequent updating.

On-going Training and Development Programs. Where organizations have various training programs in operation, program graduates can fill new job openings. While these programs are frequently technical in nature and designed for operative-level employees, on occasion in-house programs are used to develop new supervisors or lower-level managers.

External Sources

Since not all demands for human resources can be met internally, the organization will, from time to time, have to resort to external sources for skilled workers. Anticipating the number and kind of skilled people who will be available is no easy task for human resource planners. Many environmental factors influence the potential availability of employees. Planners must carefully analyze each factor and assess its likely impact on the supply of workers the firm may need. Among the items that must be considered are:

- Population changes.
- Population shifts from one part of the country to another.

- Changes in the total work force.
- Composition of the work force.
- Increasing educational levels.
- Societal attitudes toward particular careers, industries, and institutions.
- Economic conditions.
- Technological changes.
- Political conditions.
- Governmental regulations.⁷

Much of the needed information is available from federal agencies such as the U.S. Bureau of Labor Statistics, which publishes monthly, quarterly, and annual reports on current and expected conditions in various labor markets; or the U.S. Census Bureau, which issues periodic reports and projections on population changes and many other items of interest to human resource planners. Many trade associations also publish data on trends in specific industries. The task of the human resource planner is to sift through a tremendous amount of information to determine how the future availability of personnel for a particular organization is likely to be affected by changes in the overall environment. Of necessity, forecasting availability of employees is a continuous function of human resource planning. Rapid employment of new employees is difficult; consequently, a firm must be capable of determining not only the number of employees required but also where and when they can be obtained. Specific external sources of supply are discussed in detail in the following chapter.

Requirements and Availability Comparison

Although a rather simple step in the planning process, the requirements-availability comparison is nevertheless quite important because it reveals the staffing situation that will confront the enterprise in the future. Knowledge of the impending situation then sets the stage for taking appropriate action to ensure that the organization will have the right number and kind of individuals in the right jobs at the right time.

The comparison may reveal that (1) the demand for employees will be equal to the supply, (2) the demand for personnel will be less than the supply, or (3) the demand for human resources will be greater than the anticipated supply. Since the basic purpose of human resource planning is to equate labor demand to labor supply, each of these three situations calls for developing different courses of action. Specific actions that may be taken are described in the following section.

EQUATING HUMAN RESOURCE DEMAND TO SUPPLY

The first two phases of human resource planning are analytical and conceptual. The third phase is action-oriented; steps are formulated and implemented

to obtain a balance between the number and kind of employees needed and the number and kind available.

Demand Equals Supply

Should labor demand equal labor supply—a situation that could occur in very small firms operating in a stable environment but is not likely to happen in large organizations facing dynamic conditions—no action need be taken. The company can simply continue doing what it is doing; nothing else is required, at least in the short run. No intensification of recruiting is needed; no layoffs are necessary; no additional training programs have to be implemented; no early retirements have to be encouraged. Maintenance of the status quo is sufficient.

Demand Is Less Than Supply

As more and more large organizations down-size, restructure, right-size, and streamline to cut costs, increase efficiency, improve productivity, and remain competitive,⁸ the potential for the demand for employees to be less than the available supply is a distinct possibility. In such a situation, a firm must focus on maintaining sufficient people in the organization to produce its goods or services, while simultaneously reducing the total number of employees. Several methods are available for equating demand and supply when faced with this condition.

Restricted Hiring. A simple way of reducing the number of employees, provided the surplus is not too great, is to let normal attrition take its course and not replace employees who leave the company. Knowledge of the attrition rate would indicate how long it should take to achieve the desired reduction in force by this method. Exceptions will, of course, have to be made to a no-hiring policy. The criticality of the position is the deciding factor in determining which departing employees will be replaced. For example, the loss of one production worker would likely pose no problem because the slack could be picked up by other workers. But the departure of a tool and die maker might cause disruptions in the production process. Workers essential to maintaining company operations would be replaced under a hiring freeze, others would not. Where the surplus of personnel is large, other measures will have to be taken in addition to restricted hiring to reduce the firm's employment level.

Reduced Hours. Reductions in hourly workers can be effectively accomplished without cutting the work force by simply reducing the number of hours worked. Instead of continuing a standard workweek of 40 hours, a workweek of 35 hours could be instituted. A cut in working hours of this magnitude is tantamount to a 12.5 percent decrease in the total number of salaried employees.

Job Sharing. A relatively new approach to achieving work force reductions is job sharing wherein two employees work half-time to staff one position. An obvious drawback to this approach is the drastic reduction in income each

worker experiences; consequently, this approach is best used only in short-term situations.

Early Retirement. Reductions in the number of employees can also be accomplished through the use of incentives that encourage employees to retire at an earlier than normal age. An additional advantage to this approach is that employees who are eligible to retire early are generally higher-paid employees; consequently, the organization not only reduces the number of workers but also reduces its higher personnel expenses.

Layoffs. When faced with an acute surplus of personnel, an organization may have no choice other than a layoff. Layoffs may be used in an across-the-board fashion (commonly referred to as a reduction in force)—in which case a stipulated percentage of employees in each department is laid off—or used only to reduce the number of workers in specific departments where excess personnel can be readily identified. In nonunionized firms, layoffs can be used at the discretion of the employer; in unionized companies, strict procedures, as spelled out in the labor agreement, must be followed.

Personnel reductions are extremely sensitive matters that may affect an organization's future staffing efforts. They should always be approached carefully and deliberately so as to minimize the potential impact of unsought consequences.

Demand Is Greater Than Supply

Faced with a shortage of personnel, an organization must intensify its efforts to obtain the necessary supply of people to meet the needs of the firm. Several actions may be taken.

Creative Recruiting. A shortage of personnel may mean that new approaches to recruiting will have to be tried. The organization may have to recruit in different geographical areas than in the past, explore new methods, and seek different kinds of candidates. Creative recruiting may take many forms. For example, a large builder of single-family homes in the Southwest, faced with a serious shortage of construction workers, experimented with several approaches. This company broadened its recruiting area for skilled workers from its normal local area to locations across the country where there were surpluses of workers. The company advertised its hiring needs on radio stations and billboards. These efforts, unusual for a local construction company, secured employees who otherwise might not have applied for jobs with the organization.⁹

Compensation Incentives. With other firms competing for skilled workers in a short-supply, high-demand situation, a firm may have to rely on compensation incentives. Premium pay is one obvious method; however, this approach may trigger a bidding war that the organization cannot sustain for an extended period. More subtle forms of rewards may be required to attract employees to a firm, such as four-day workweeks, flexible working hours, telecommuting, part-time

employment, and child care centers. The number of incentives that could be offered is limited only by the imagination of human resource specialists.

Training Programs. Acute shortages of personnel may necessitate the implementation of special training programs to prepare previously unemployable individuals for positions with a firm. Remedial education and skills training are two types of programs that may help attract individuals to a particular company. The construction company mentioned above, in addition to its creative recruiting efforts, also implemented its own in-house ten-week training program to satisfy the need for bricklayers to build its tract homes. This unique effort, reported in the media and spread by word of mouth, resulted in additional applicants seeking employment with the company to take advantage of its skills-training program.

Different Selection Standards. Another approach to dealing with shortages of required human resources is lowering of employment standards. Selection criteria that screen out certain workers may have to be altered to ensure that enough people are available to fill jobs. This means of coping with a personnel shortage may be coupled with training programs to ensure that employees are qualified to perform the jobs for which they are hired.

SUMMARY

Human resource planning is a complex but essential endeavor for organizations in today's uncertain environment. Admittedly, this chapter has only scratched the surface of what is involved with anticipating personnel requirements and ensuring that those requirements are met. The pivotal point is that requirements must be anticipated and actions taken to ensure that an organization will have the requisite human resources on hand when they are needed. All other staffing activities depend upon the accuracy of information on personnel requirements.

NOTES

1. Donald W. Jarrell, *Human Resource Planning* (Englewood Cliffs, N.J.: Prentice-Hall, 1993), p. 109.

2. James W. Walker, *Human Resource Planning* (New York: McGraw-Hill Book Company, 1980), p. 5.

3. Guvenc G. Alpander, *Human Resources Management Planning* (New York: AMACOM, 1982), p. 2.

4. R. Wayne Mondy and Robert M. Noe, III, *Human Resource Management*, 5th ed. (Boston: Allyn and Bacon, 1993), p. 146.

5. *Ibid.*, p. 150.

6. *Ibid.*, p. 154.

7. Walker, *Human Resource Planning*, pp. 24–46.

8. John B. Miner and Donald P. Crane, *Human Resource Management: The Strategic Perspective* (New York: HarperCollins College Publishers, 1995), p. 52.

9. Based on one of the author's experiences as a manager with this organization.

7

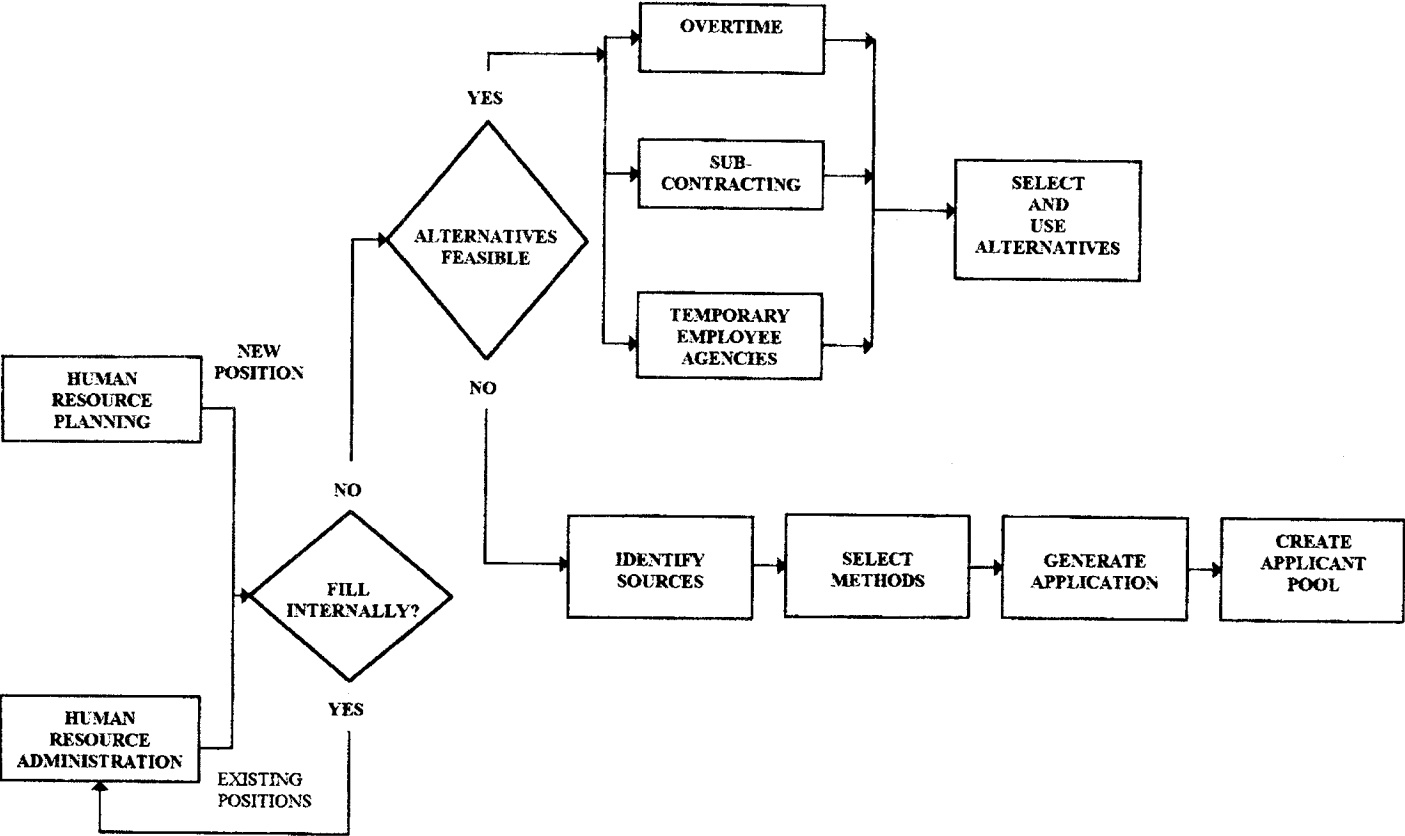
The Recruiting Process

Recruiting involves locating individuals, with appropriate qualifications and in sufficient numbers, and encouraging them to apply for jobs with a particular organization. The basic purpose of recruiting is to ensure a sufficient pool of applicants from which the most qualified individuals may be selected. Recruiting is an essential activity for any firm regardless of size. In most medium and large organizations, the human resource department is responsible for all recruiting activities. In small companies, individual managers often conduct their own recruiting efforts. Whether conducted by operating managers or staffing specialists, effective recruiting is crucial because sufficient qualified applicants are needed to ensure that selection can be successfully accomplished.

A GENERALIZED RECRUITING MODEL

Figure 7.1 depicts a basic model of the recruiting process. The need to recruit is triggered by either the human resource planning function or the human resource administration function. The former provides information on the number and kind of new positions to be filled, while the latter identifies existing positions that must be filled due to terminations, promotions, retirements, and the like. New or open positions may be filled from inside or outside the organization, or by using alternative methods, such as overtime, contracting, or temporary employees secured from external agencies. If positions cannot be filled from within, or if alternative methods are not feasible, the organization must look to the labor market for the people it needs. Sources of employees must be identified, methods to reach these sources must be selected, and qualified individuals must be encouraged to apply for job openings in order to create a sufficient pool of applicants.

Figure 7.1
A Model of the Recruiting Process



Typically, the first step in filling a position is for a department manager to initiate an employee requisition. This document specifies relevant details, such as job title, department, date employee is needed, and justification for filling the position. A copy of the job description and job specifications is often attached to the requisition, particularly if the position is new. This information then sets in motion the series of actions leading to filling the job.

ALTERNATIVES TO RECRUITING

When there is a need for additional or replacement employees, a firm may explore alternatives to recruiting. Recruitment costs can be high. Moreover, once employees are placed on the payroll, they may be difficult to remove, even if their performance is marginal. Consequently, an organization is well advised to consider alternatives to adding full-time staff members. Three viable options are increasing the use of overtime; contracting work to other organizations (frequently today, the use of outside contractors, subcontractors, and consultants is referred to as *outsourcing*); and utilizing temporary employees provided by firms specializing in this service.

Overtime

The most common approach to meeting requirements for additional personnel, especially when the need is generated by short-term increases in work volume, is overtime. Both employer and employee may benefit from overtime: the employer avoids the cost of recruiting, selecting, and training, while the employee gains an increase in compensation.

Overtime, however, is not without its disadvantages. Many managers feel, and justifiably so, that when employees are required to work extra hours over an extended period of time, the organization pays more, and receives less, production per hour in return. This situation may become worse if excessive overtime is required; employees may become fatigued and lack the energy to perform at normal levels.

Two other potential problems are related to prolonged overtime. First, consciously or unconsciously, employees may pace themselves during normal hours so they can get overtime. Second, employees tend to become accustomed to the added income and, as a result, may elevate their standard of living. When overtime is no longer required and the paycheck shrinks to its normal level, employees may become disgruntled at what they perceive as a cut in pay.

Today many employees, particularly those who are young, do not want to work more than 40 hours a week. Due to changes in values, leisure time is more important to a growing number of workers than the prospect of earning additional income by working longer hours.

Despite its potential drawbacks and unpopularity among some workers, over-

time offers an alternative to increasing an organization's full-time staff and should be carefully considered when the need for additional employees arises.

Contracting

When faced with an increased demand for its goods and services, an organization may decide against expanding its work force and opt to contract work to another company. This alternative becomes particularly attractive when the increased demand is expected to be short-term. Even in the long run, contracting can be an effective way to avoid hiring more workers.

Two essential considerations in the use of contracting are the costs involved and the maintenance of quality standards. To be a feasible alternative, contracting should be cost-effective; that is, it should cost less than the salaries the employer would have to pay new employees to perform the same work. The contractor must also be capable of maintaining the quality levels specified by the using organization. It would be self-defeating to attempt to save staffing costs if the result was an inferior product or service.

Increasingly today, American companies are contracting out all or most of their manufacturing operations because they can be performed at lower costs in other countries. Nike, Inc., one of the most widely recognized athletic apparel and footwear companies in the United States, does not manufacture a single item of apparel or a single pair of shoes; all manufacturing for Nike is done by other companies.

Many organizations use contracting not only for major products or services (including the entire human resource management function) but also for ancillary activities such as in-house cafeteria operations, security work, and custodial services—functions that are frequently performed more efficiently and inexpensively by outside firms. Increasingly too, professional services such as human resource management are being contracted out or *outsourced*.

The use of consultants on a project basis is another form of contracting that enables a firm to keep from expanding its core workforce. Consultants can be retained to provide a specialized service such as development of a salary administration plan or installation of a computer system. They bring needed expertise to an organization, focus on a specific assignment, and leave when the assignment is completed.

Temporary Employees

Another alternative to work force expansion, especially in the short run, is the use of temporary help. It is estimated that as many as nine out of ten companies in this country have used temporary help firms as sources of employees.¹ Temporary help companies usually assist their client organizations by assigning their own employees to handle excess or special workloads for the client. Technically, the employee works for the temporary help firm, but he or she does not

get paid until given an assignment with a client. The temporary help firm fulfills all employer obligations. The user organization avoids the expense of recruitment and the cost of employee benefits as well as absenteeism and turnover.

Not all aspects of using temporary help are positive. Temporary employees may lack required specialized training. Providing this training may take more time than can be justified and also cause feelings of resentment among regular employees who have to conduct the training. Moreover, since temporaries are not on the client's payroll, their loyalty or commitment to the organization may not be as strong as that of regular employees.

One very positive benefit of using temporaries, however, is that it gives the company an opportunity to preview and evaluate the performance of individuals. Many companies end up hiring temporaries as regular employees. In 1995 about 6.5 million workers moved into permanent positions from temporary jobs, and for more than 5.5 million workers their new jobs were full-time. Over 50 percent of these workers felt that their temporary experience was directly responsible for helping them move into permanent positions.²

A variation of the temporary help firm is the *job shopper*—an independent worker who takes assignments with organizations on a contractual basis. The job shopper is usually a skilled professional, such as an engineer, draftsman, systems analyst, or computer specialist, who is willing to work on a temporary basis because of the high rate of pay. Job shoppers are very prevalent in aerospace, defense, and high-technology industries, where companies often face the need for additional highly skilled employees on a short-term basis to meet project deadlines or demands.

Temporaries, job shoppers, subcontractors, and consultants comprise approximately 25 percent of the country's labor force today. It is estimated that by the year 2000, at least half of American workers will have joined the ranks of the contingent work force.³

INTERNAL ENVIRONMENTAL RECRUITMENT FACTORS

An organization's internal practices and policies affect the recruiting process. A major factor in the success of a recruiting program is whether the firm engages in human resource planning. In most instances, an organization cannot attract sufficient job applicants with the required skills overnight. It takes time to determine appropriate sources for applicants and the most productive methods for encouraging individuals to apply for open positions. Once the best alternatives have been identified, recruiting plans may be made. Thus, effective human resource planning that indicates in advance when employees will be needed and what kinds of skills they must possess greatly facilitates recruiting efforts.

An organization's promotion policy can also have a significant impact on its recruiting program. Basically, there are two approaches an organization may follow. It can either stress a policy of promotion from within or a policy of

filling the majority of positions from outside the company. There is a logical rationale for each approach.

When an organization emphasizes promotion from within, its employees have an increased incentive to strive for advancement. As they witness promotions occurring within the company, employees become increasingly aware of their own opportunities. Consequently, a promotion-from-within policy enhances motivation and leads to a relatively high level of morale. However, a strictly applied promotion-from-within policy is not always possible or practicable because a firm may need fresh ideas or new skills that can be obtained only from outsiders. In any event, a promotion policy that first considers insiders, before looking at outsiders, boosts morale and motivation and should be standard practice for all organizations.

A distinct advantage of filling positions internally is that the institution is already aware of its employees' capabilities. While past performance in a given job may not, by itself, be a reliable criterion for promotion, nevertheless, a current employee has established a track record with the company. An outsider is always an unknown quantity to some extent.

Yet it is unlikely that any firm can, or would, desire to rigidly adhere to a practice of promotion from within; such a practice eventually leads to inbreeding, a lack of new ideas, and a lack of creativity. Management may believe that new blood is badly needed to provide new ideas and innovation. In such cases, even organizations that emphasize internal promotion have to periodically look outside for new talent.

Another problem of promotion from within is that it may trigger a series of promotions, thus necessitating additional efforts to fill other positions vacated by promoted individuals. If so, the organization is faced with the need of identifying not just one, but two or more candidates for vacant positions. In addition, every time a person is promoted, he or she has to be trained in the new job. Promotion from within may create the need for training several individuals in their new job duties.

METHODS USED IN INTERNAL RECRUITING

Management must be able to identify current employees who are capable of filling higher-level positions as these positions become available. Helpful tools used for internal recruitment include management and skills inventories and job posting and bidding procedures. As mentioned in Chapter 6, management and skills inventories permit organizations to determine whether needed qualifications are possessed by current employees. As an internal recruitment device, these inventories have proven to be extremely valuable to organizations in locating talent, provided that inventories are maintained on an up-to-date basis. Also, their use strongly supports the concept of promotion from within.

Another excellent internal recruiting approach is a job posting and bidding system. The purpose of job posting is to communicate job openings to employ-

ees. Job bidding permits individuals in the organization to apply for any job for which they believe they have the qualifications. Some firms provide their employees with a weekly list of jobs available within the organization. Typically today, this is done through computers or automated telephone *job lines*. Other firms post lists of job openings on bulletin boards. Job posting and bidding minimizes the complaint commonly heard in many companies that insiders never hear of an opening until it has been filled with an outsider. Many organizations require a job to be posted for a specified length of time, usually two weeks, before any effort is made to fill the vacancy from outside.

When properly administered, a job posting and bidding system reflects a management philosophy of openness and genuine interest in the advancement of its employees. Additionally, this system can often assist in outside recruitment efforts because it demonstrates a firm's interest in career advancement and individual growth of its employees. Job posting and bidding also increase upward mobility opportunities for an institution's protected classes.

EXTERNAL SOURCES OF JOB APPLICANTS

Inevitably, an organization must look to outside sources for additional employees. This is especially true when a company is permanently expanding its work force. The following circumstances generally necessitate external recruiting: (1) creation of new entry-level jobs, (2) vacancies in entry-level jobs created by internal promotions, (3) need to acquire skills not possessed by current employees, (4) desire for new ideas, (5) opening of additional facilities, (6) expansion into new product or service lines, and (7) expansion into new geographic areas.

Some of the most common sources of new employees are high schools, community colleges and vocational schools, colleges and universities, competitors and other organizations, and unsolicited applicants.

High Schools

High schools are one of the major sources of applicants for entry-level or unskilled positions. Many schools sponsor career days in which local area employers visit the school and explain career opportunities in their organizations. Cooperative education programs, in which a student goes to school part of the day and works the remainder of the day, also afford employers the opportunity to tap this source of employees. Some companies find it advantageous to familiarize high school counselors with job opportunities.

Community Colleges and Vocational Schools

Typically, community colleges serve two functions: preparing students for completion of a four-year degree program, or preparing students for a specific

occupation such as auto mechanic, draftsman, secretary, or computer programmer. Many of these colleges have done an outstanding job of defining the employment needs in their areas and have designed programs that produce students to fill these needs. Often, these colleges work in conjunction with local employers so that the courses students take fit the needs of specific occupations. Employers frequently offer internship programs to enable students to gain practical work experience. For many entry-level jobs, community colleges are an excellent source of potential employees.

Vocational schools train individuals for specific occupations. Because they normally offer placement assistance to their students, vocational schools maintain working relationships with local employers, thus functioning as a good source of trained applicants for entry-level positions—especially in technical jobs.

Colleges and Universities

Colleges and universities represent a major source of recruitment for many organizations. A substantial number of entry-level professional, technical, and managerial employees are found in these institutions. College recruiters who visit campuses on an annual or semiannual basis are commonly used to reach this source of potential employees. Because schools differ widely in curricula and specifications, it is important to determine which colleges or universities provide the proper training or educational experiences to fulfill the organization's employment needs.

Placement directors, faculty, and administrators are potentially helpful to organizations attempting to take advantage of this source of applicants. For instance, the large retailer, Bloomingdale's, has improved its credibility on college campuses by making personal contacts with business professors, providing grants for studies, and offering internships. The company has also used alumni to establish relationships with college placement offices and recruit students.⁴

Since college recruitment is mutually beneficial, both employers and universities should take steps to develop and maintain close working relationships. Once a company has established a college recruiting program, it is important that contacts and visits be continued year after year to ensure an effective relationship.

Competitors and Other Organizations

Competitors and other organizations in the industry or in the area are the most important sources of applicants for positions requiring experience. It is estimated that at any given time about 5 percent of the working population is actively seeking, or is receptive to, a change in employment. Furthermore, one out of every three currently employed people—especially managers and profession-

als—change jobs every five years.⁵ These facts underscore the importance of other employers as a potential source of applicants.

Even where promotion from within is the rule, organizations are sometimes forced to *raid* other organizations to fill important positions or acquire expertise that is not available internally. This practice is not a rare occurrence nor is it an unethical one, per se. Small firms in particular look for employees who have been trained by larger organizations with the resources to support extensive training and development programs.⁶

It is common for organizations to recruit professionals and managers from the public accounting and management consulting firms that provide services to these organizations. As one executive with an international accounting firm once confided to one of the authors, “We run the world’s largest employment agency. We didn’t plan it that way. It just happened.” Accountants or consultants familiar with an organization are, potentially, a good source of employees.

Unsolicited Applicants

If an organization is well known, has high visibility, or a reputation as a good place to work, it will usually be able to attract prospective employees without engaging in extensive recruiting efforts. High-quality individuals may seek out a specific company on their own initiative to apply for a job. Unsolicited applicants often prove to be a valuable source of potential employees for positions ranging from entry-level to top-level managers. However, it is not advisable for an organization to rely on this source exclusively. Unsolicited applications are likely to be an intermittent source; they may not appear when employees are needed or they may appear in great numbers when an organization has no job openings.

EXTERNAL RECRUITING METHODS

An analysis of recruitment sources enables organizations to determine where potential job applicants are likely to be found. Recruiting methods are then used to encourage potential candidates to seek employment with the company. Recruiting methods such as advertising, employment agencies, and employee referrals may be effective in attracting virtually any type of candidate. College recruiting programs, job fairs, and internships are basically designed to attract entry-level professionals, although job fairs may also be used for high-level technicians and professionals. Executive search firms and professional associations are helpful for recruiting managerial and professional employees.

Advertising

One of the most widely used recruiting methods is advertising, primarily in newspapers. The answers to several questions provide the basis for successful employment advertising planning. These questions include:

- Who does the organization want to hire?
- How many applicants must be attracted to ensure a sufficient applicant pool?
- When will the new employee(s) be needed?
- What message should the advertising convey?
- Which journals or publications should be used?
- What has been the organization's previous experience with advertising?
- What is the anticipated cost-effectiveness of advertising?

Job descriptions and specifications answer the first question. The organization's past experience, based on the typical ratio of hires to qualified applicants, assists in determining the number of responses needed to achieve an adequate applicant pool. While advertising produces a number of applicants, not all of them will be qualified; thus, previous experiences relating to the number of qualified applicants is more important than simply the total number of responses produced.

When employees will be needed is contingent upon human resource planning or the existence of vacancies within the organization. Recruitment through advertising should be planned well in advance of anticipated openings, when possible, to avoid the crisis situation of needing employees *yesterday*. Selections made under the pressure of time often result in poor employment decisions.

In determining the content of the advertising message, an organization has to decide upon the image it wants to project. Obviously, prospective applicants should be given a clear and honest picture of the job and the organization—something that may be difficult to achieve in a short piece of advertising copy. At the same time, the organization should design the advertisement to appeal to the self-interest of potential applicants. The advertisement must communicate to the prospect why he or she should be interested in the job and the organization. The message should also clearly indicate how the applicant is to respond; that is, in person, by submitting a resume, by telephone, by letter, or by fax.

The advertising medium to be used is purely an organizational decision. The firm's previous experience with various media suggests which publications to use, and which approaches to take, for specific kinds of jobs.

Newspaper advertising is usually the most cost-effective approach; it is inexpensive and typically generates the most responses. The biggest problem with this approach, however, is the number of responses from individuals who are not qualified for the position. However, although each response will have to be evaluated, an organization will not have to respond to each individual if it uses a blind box number in its advertisement. But with a blind box number the organization does not have the advantage of using its name in the advertisement.

An effective employment advertisement should avoid generalities and provide concise information about the job, the organization, and possibilities for career mobility. It is not enough to simply say that the company has a particular po-

sition open; advertisements must be written with considerable thought if they are to be effective in producing sufficient responses from qualified applicants.

Advertisements placed in publications such as the *Wall Street Journal* are reserved for managerial, professional, and high-level technical positions. The reading audience of this periodical is largely composed of individuals who are likely to be qualified for these kinds of positions. Consequently, there is less likelihood of receiving responses from marginally or even totally unqualified applicants when this publication is used for these types of job openings.

Virtually every professional group publishes a journal or newsletter that is widely read by its members. When advertising for human resource executives, for example, *HR Magazine* and *Resource*, both publications of the Society for Human Resource Management, are excellent media for reaching the desired target audience.

Trade journals are widely used for employment advertising, but this medium is not without problems. For example, since regional editions are not usually available, these journals may not be very useful to employers desiring to avoid relocation expenses. Also, journals lack scheduling flexibility: deadlines for black and white copy are usually 30 days prior to the issue date and may be even further in advance for four-color copy. Since staffing needs cannot always be anticipated far in advance nor can long delays be tolerated in filling positions, the use of trade journals for recruiting may at times be inappropriate.

Recruiting advertisers assume that qualified employment prospects read newspapers and trade journals and that they are somewhat dissatisfied with their jobs. This is not always the case, particularly for those individuals who are not currently considering a job change. Therefore, in high-demand situations, a firm should consider all available media, not just newspapers and journals.

Other advertising media that can be used for recruiting purposes include radio, billboards, handbills, television, and increasingly, the Internet. While some of these approaches may be more expensive than newspapers or journals, they have been used quite successfully in certain situations.⁷ A regional medical center, for instance, was able to attract registered nurses by using billboards. A large manufacturing firm was successful in attracting production trainees with radio spot advertisements. An electronics firm used television advertising to attract experienced engineers when the company opened a new facility and needed a number of engineers immediately. In situations where hiring needs are urgent, radio and television can provide much faster results than print media. However, radio broadcasting used alone may not be sufficient. It can alert people to the fact that an organization is seeking recruits, but it is limited in its ability to provide data such as company address, telephone number, and contact person because many people are not prepared to write these items down when they are listening to the radio. For this reason, broadcasting and print are often used in conjunction with each other.

While most organizations use advertising in their recruiting efforts, evidence

suggests that it may be somewhat ineffective. It is estimated that less than 40 percent of all job openings are filled through recruitment advertising.⁸

Private Employment Agencies

A private employment agency is a company that assists firms in recruiting employees and, at the same time, aids individuals in their attempts to locate jobs. Agencies perform many recruiting and selecting activities for employers, such as advertising job openings, reviewing resumes, helping prospective employees fill out application blanks, conducting screening interviews, and testing.

Private agencies are used by companies for filling virtually every type of job opening, although they are best known for their role in recruiting white-collar personnel. Although the private employment agency industry has an unfavorable reputation in some respects, there are a number of highly reputable agencies that have been in operation for decades. However, there are few industry standards. The quality of a particular agency is dependent upon the professionalism of its management and employment counselors.

Regardless of problems, private agencies are a method for bringing qualified applicants and job openings together. Because of the recruiting and selecting functions it performs, an agency can save an employer a great deal of time in finding potential employees.

Agencies work on a fee basis, charging either the company or the individual a certain percentage of annual gross salary of the position being filled. In the past, this fee was normally paid by the employee, but increasingly today employers pay the fee.

In using private agencies, organizations may list job openings with several agencies or use one agency exclusively. Using several agencies tends to broaden the scope of recruiting efforts. Working with a single agency allows a company the opportunity to develop a relationship that may lead to better referrals from the agency since the agency comes to know more about the company and the kinds of employees it needs.

Public Employment Agencies

While public employment agencies are operated by each state under guidelines set by that state, they receive overall policy direction from the U.S. Employment Service. Historically, public employment agencies have been best known for their efforts in recruiting and placing individuals in blue-collar jobs. Recently they have become increasingly involved with filling technical, professional, and managerial positions. Thus, public agencies now represent a good source of applicants for all types of positions—a source that should not be overlooked by employers in their recruiting efforts.

Public agencies perform many of the same recruiting and selecting activities for employers as are performed by private agencies. In some instances comput-

erized job matching systems are used to facilitate the recruiting process. The services provided by public agencies are supported by payroll taxes levied on employers. The employer pays no additional charge for listing job openings and securing employees through this source. The services are provided free of charge to job seekers.

Company Recruiters

The most common use of company recruiters is with vocational schools, community colleges, and colleges and universities. The key contact for the recruiter is usually the director of student placement at the school. The placement director assists the recruiter by identifying qualified candidates, scheduling interviews, providing interviewing facilities, and, in some cases, maintaining student files that include resumés, references, and other relevant information.

The company recruiter obviously plays a vital role in attracting applicants. The recruiter's actions may be viewed by students as reflecting the attitudes, philosophy, and character of the company the recruiter represents. If the recruiter is dull, the company represented may be considered dull; if he or she is apathetic, discourteous, or vulgar, all of these negative characteristics may well be attributed to the firm. It is imperative that both company and recruiter be aware of the potential impact that may be made when recruiting on school campuses.

Recruiters determine which individuals possess the required qualifications and encourage them to continue exploring job opportunities with the organization. In achieving this purpose, the recruiter becomes involved in a two-way communication process when providing information about the company, its products or services, its general organizational structure, its policies, the duties and responsibilities of the job to be filled, and compensation and benefits.

Considering the importance of the occasion, the campus interview is often extremely short, averaging about 30 minutes. Thus, it is important that:

- The interview begin on time.
- The recruiter be well prepared.
- The interview take place in an area free from distractions.

It is important that recruiters be thoroughly trained to seek useful information from applicants and keep the interview focused on obtaining this information. The recruiter should gather information on personal attributes, such as aptitude, motivation, judgment, analytical ability, and interpersonal skills.⁹

Special Events

The two most commonly used special events in recruiting are job fairs and open houses. Job fairs are normally sponsored by a group of organizations that

pool their efforts to bring together a large number of applicants at the same time and place in a convention-like atmosphere. The advantage to the job seeker is obvious: he or she can visit with a variety of institutions in a short time. The advantage to employers is that more applicants are generated than could be generated by any one employer alone. Newspaper ads, radio spots, and billboards are the normal vehicles for announcing a job fair.

An open house is a special event conducted by a single company. Typically, an open house is held on a Saturday to ensure maximum turnout of applicants. Company representatives from different departments are available to explain various job opportunities. Newspaper ads and radio spots are also used to alert applicants to an open house.

Special events are best suited for use as recruiting methods when a company needs to employ substantial numbers of people relatively quickly.

Internships

Internships are recruiting methods that have value not only to the firm involved, but also to students and schools. Internships may consist of temporary jobs during the summer, part-time jobs during the school year, or alternating periods of employment and school attendance, in which case the internship is called a co-op arrangement. Often, interns are paid for the time they work; in some instances, they are not. During the period of working with a company, students are given the opportunity to learn something about a particular business as well as make a contribution to the company by performing needed tasks. Through this relationship, the student can determine whether the organization would be likely to be a suitable employer after graduation. Likewise, the organization can make a better judgment about the qualifications of the individual because it has the opportunity to evaluate the person in the work situation.¹⁰ This method of recruiting is limited in scope since any one organization can utilize only a limited number of interns at one time. Moreover, it is not feasible for many types of jobs. It can be highly effective, however, where it is practicable.

Executive Search Firms

Executive search firms are used by organizations to locate experienced professionals and top-level executives. These firms “are retained to search for the most qualified executive available for specific positions, only on assignment from the company seeking a specific type of individual.”¹¹

Over the past quarter of a century, the executive search industry has evolved from a basic recruitment service to a highly sophisticated profession filling a greatly expanded role. Search firms are now serving as sounding boards to assist organizations in determining their human resource needs, establish compensation ranges, and provide advice concerning organizational structures.¹²

Executive search firms differ from employment agencies in that they do not work for individuals; they are retained and compensated by the client organizations they serve. Firms in this business often visit their clients' offices to interview company management. This enables them to gain a clear understanding of company goals, requirements of the position, and qualifications needed by a candidate. After this information is obtained, the search firm seeks out potential candidates, reviews their resumé, conducts interviews, and performs background checks. As a general rule, the best three or four candidates will be referred to the client organization for the actual selection decision.

The search firm's fee is usually a stipulated percentage of the individual's annual income. However, the manner in which the fee is earned may differ from firm to firm. Some firms operate on a contingency basis, receiving their fee only if the organization hires one of the referred candidates. Other firms agree to furnish three or four well-qualified candidates, and the organization agrees to pay the search fee regardless of whether or not it actually hires one of the candidates. Some firms charge an hourly rate for the actual hours expended on the search. Expenses incurred in the search are customarily added to any agreed upon fees.

Perhaps the key problem in executive searches is poor communication between the client and the search firm. Reaching agreement on job specifications and qualifications is absolutely essential if the search firm is to do its job effectively.

Professional Associations

Associations in business professions such as finance, marketing, computer systems, and human resources frequently provide placement services on a national, regional, or local basis for their members. (For example, the Dallas Human Resource Management Association provides a Resume Book Service for its members wherein members seeking employment send copies of their resumé to a central source for consideration by member companies seeking human resource professionals.) Associations act as clearinghouses and maintain lists of positions that member companies are attempting to fill and lists of individual members seeking new jobs. The association's role is limited to one of simply providing information. Where an opening needs to be filled in a specific profession, companies may want to consider this low-cost method of recruiting.

Employee Referrals

Many organizations have found that their employees can assist in the recruitment process by actively soliciting applications from friends and associates. Some organizations reward referrals by paying the referring employee a bonus if the applicant is hired and stays on the job for a stipulated length of time. Although more research is needed to substantiate this finding, some studies

indicate that employee referrals are among the best sources of long-tenure employees.¹³

One potential problem with referrals is that they tend to perpetuate the current composition of the work force; that is, if the present work force is largely composed of white males, the majority of referred applicants will be white males because people tend to refer others who are similar to themselves.¹⁴ As one company discovered to its dismay in a groundbreaking case, relying solely on referrals can result in a situation that has discriminatory impact even though there is no intent to discriminate.¹⁵

MATCHING METHODS TO SOURCES

Organizations differ widely and, because they do, the types and qualifications of workers needed to fill various positions also differ. Recruitment efforts, if they are to be successful, must be tailored to meet the specific needs of an organization. Realistically, each job opening may require identifying different sources of potential employees and using different methods of recruiting.

A staffing specialist must first identify the source—where people are likely to be found—before the methods—how to attract people to the organization—can be chosen. Suppose, for example, that a large firm has an immediate need for a computer systems manager with a minimum of five years' experience in managing a substantial computer operation. Studying the sources, it is clear that this individual must come from competitors or other companies. Once the source of recruiting has been identified, the staffing specialist must next choose the method or methods of recruiting that will have the best chance of encouraging qualified candidates to apply for the job. Several choices are available in this example: (1) an advertisement in the employment section of the *Wall Street Journal*, (2) an ad in *Computerworld*, (3) attending meetings of professional associations, (4) an executive search firm, or (5) employment agencies that specialize in computer systems management personnel. Some methods would not be appropriate for trying to fill this position: public employment agencies, college recruiters, special events, internships, and employee referrals.

On the other hand, suppose that a firm has a need for an entry-level machine operator, and the firm is willing to train the person to operate the equipment. High schools, vocational schools, and unsolicited applicants are likely recruiting sources. Effective recruiting methods might include newspaper advertisements, public employment agencies, employee referrals, and recruiter contact with schools.

The specific methods used in recruiting also depend upon external environmental factors, such as labor supply and demand. Because of the differences in companies, some methods may prove satisfactory for one organization but virtually useless for another. To effectively match methods to sources, each organization should maintain records on recruiting efforts and conduct research to determine the best methods for specific job categories.

RECRUITMENT RESEARCH

If a company has information revealing where its employees were recruited, statistics on present and past employees may be used to indicate the best sources of recruiting. For instance, a firm may discover that graduates from a particular college or university adapt well to the firm's environment. One large farming equipment manufacturer has achieved excellent results by recruiting from schools in rural areas. Managers in this firm believe that since many of the students in these schools come from a farming environment, they can adapt more quickly to the firm's operations.

Other organizations have identified sources of employees by determining where their current employees live. This type of research, however, is likely to be more revealing where entry-level production or clerical workers are concerned. If a firm discovers that the majority of its lower-level employees reside within 20 miles of the workplace, recruiting efforts for this kind of employee should be concentrated within that geographical area.

Recruiting research can assist not only in identifying sources of employees but also in predicting which types of individuals are more likely to succeed in the organization. When a regional medical center, located in a small town environment, reviewed its personnel records, it discovered that registered nurses who were born and raised in smaller towns adapted better than those who grew up in large metropolitan areas. Based on this study, the hospital modified its recruiting efforts.¹⁶

Examples of improper recruiting are numerous. Managers of a large convenience store, for example, were disturbed about their high employee turnover. Upon analyzing their recruiting efforts, they learned that the majority of short-term employees had merely seen a sign in the store window advertising a job opening. The individuals hired in this manner were often unemployed and highly transient. The source of supply and the recruiting method practically ensured a high turnover rate. Once this was discovered, new sources of supply and new methods were used, and employee turnover decreased significantly.

Because recruiting is expensive—in terms of both direct and indirect costs—it is essential that organizations conduct research in this area to ensure that recruiting efforts are as effective as possible.

EQUAL EMPLOYMENT OPPORTUNITY AND RECRUITING

Although recruiting is not expressly mentioned in Title VII of the Civil Rights Act of 1964, as Amended, the manner in which recruiting is carried out can potentially lead to discrimination or to the perpetuation of historical patterns of discrimination. When an organization operates under an affirmative action plan, the recruiting effort must not only be free from discrimination, but it must also include actions greater than those normally employed to attain sufficient utilization of protected classes in the work force.

Analysis of Recruiting Procedures

To ensure that its recruiting program is non-discriminatory, a firm must thoroughly analyze its recruiting procedures and practices. It might, for example, be unwise to use employee referrals as a primary method and unsolicited applicants as a main recruitment source. These actions tend to perpetuate the traditional composition of an organization's work force. Particularly where protected classes are not well represented at all organizational levels, the courts have ruled that reliance on these practices is discriminatory.

In identifying sources of continuing discrimination, it is helpful to develop a record of applicant flow. (Such a record may be a requirement if an organization has to file an EEO-1 Report, has been found guilty of discrimination, or operates under an affirmative action plan.) This record should include minority status and job-related data concerning each applicant; it should indicate whether a job offer was extended. If no job offer was made, a written explanation must be provided. Records including this kind of information facilitate the analysis of recruiting practices that affect protected classes and enable an organization to modify these practices.

Utilization of Protected Classes

Each individual who engages in recruiting must be trained to use objective, job-related standards, such as specific skills and work experience. Recruiting based on objective standards goes a long way toward eliminating discrimination.

Recruiters play a critical role in encouraging protected class members to apply for employment. Therefore, qualified minorities and women should be utilized as much as possible in key recruiting activities. Using minorities as college recruiters or in job fairs and open houses is a way of suggesting to other minority group members that they are also potential candidates for employment with the organization. Pictures of protected class employees in employment advertisements and recruiting brochures also help an organization establish credibility as an equal employment opportunity employer.

All of these things must, however, be underscored by a genuine commitment on the part of management to increase protected class participation.

Advertising

With few exceptions, jobs must be open to all individuals. Consequently, all advertisements must be free from discriminatory preferences unless the reason for preferring a particular type of individual has been firmly established as a bona fide occupational qualification. Some of the terms that must be avoided in employment advertising are:

- Young
- Boy
- Girl
- Age 25 to 35
- Age over 50
- Attractive lady
- Real sharp girl
- Career-minded men
- College student
- Recent college graduate
- Retired person

The courts have ruled that each of the preceding terms is discriminatory either on the basis of sex or age.¹⁷ The Equal Employment Opportunity Commission has issued policy statements concerning age and sex referent language in employment advertising. The use of both blatant and subtle trigger words in advertising is banned. *Junior executive, energetic, meter maid, and patrolman* are examples of words and phrases that would discourage potential applicants from applying because of their age or sex.¹⁸

To ensure that advertisements reach enough minorities, organizations must do more than place a help-wanted ad in the major local newspaper; they must advertise in places and through media that will reach the target group. Potentially effective media include ethnic newspapers, urban contemporary radio stations, and Hispanic radio stations.

All advertising copy used in print media should also contain the phrase “Equal Opportunity Employer, M/F” to convey the message that job opportunities are available not only to traditional minorities but also to women. Many people have the mistaken impression that “EEO Employer” suggests only racial non-discrimination.

Employment Agencies

An organization should emphasize its non-discriminatory recruitment practices when placing job orders with employment agencies. Inasmuch as employment agencies are covered under Title VII, the potential employer cannot go so far as to say, “We want a black, or an Hispanic, or a woman, or someone over 50, for this position.” By specifying the protected class status desired for a job opening, the organization is open to discrimination charges. Likewise, the agency that screens individuals on this basis is engaging in discriminatory practices. Complete non-discrimination must be the rule in recruiting.

Jobs at all levels should also be listed with the local state employment agency.

Often, these agencies can provide valuable assistance to organizations seeking to fulfill affirmative action goals.

Other Affirmative Action Recruiting Approaches

Personal contacts should be made with counselors and administrators at high schools, vocational schools, and colleges with large minority or female enrollments to indicate that an organization is actively seeking minorities and females for job openings. The possibilities of internships and summer employment for students of these schools should be carefully explored and provided wherever possible.

Organizations engaged in affirmative recruitment should develop positive working relationships with minority, women's, ethnic, and other community organizations. While the most productive sources may vary in each locality, some helpful organizations to contact include the National Association for the Advancement of Colored People, the National Urban League, the League of United Latin American Citizens, the American Business Women's Association, the American Association of University Women, the Federation of Professional Women's Talent Bank, the National Council of Negro Women, and the local office of Veterans Affairs. Regional offices of the Equal Employment Opportunity Commission will assist employers in locating appropriate agencies.

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8

The Selecting Process

Selecting is the process of choosing from a group of applicants that individual deemed to be best qualified for a particular job opening. An organization's success in its recruiting activities significantly affects the efficiency and effectiveness of selection. An adequate pool of applicants provides an organization greater latitude in choosing employees; an inadequate pool reduces latitude and may result in the employment of marginally qualified candidates.

Selecting is, at best, a difficult process because it requires making judgments about people. Three essential questions must be answered if the most qualified person is to be selected: "What is the applicant's *can do* ability?"; "What is the applicant's *will do* ability?"; "How well will the applicant *fit* into the organization?" *Can do* ability refers to the experience and education required to perform a specific job; *will do* ability refers to the level of motivation the person will actually exhibit in performing the job; *fit* refers to how well the individual will conform to the sociopsychological environment or culture of the organization. Making these determinations requires skill, effort, and time. Moreover, in an effective selecting process, such decisions are carefully made.

Mistakes in selecting can be costly. Hiring individuals who cannot, or will not, do their jobs leads to output and quality problems, and ultimately to employee turnover. Hiring individuals who do not fit into the organization well leads to the same problems and may also adversely affect the morale of other employees. Consequently, selecting must be done carefully in order to minimize potential negative impacts, financial and otherwise, on the organization.

As emphasized throughout this book, the entire human resource management function operates in an increasingly legalistic environment. Nowhere is it more open to potential discrimination charges and lawsuits than in selection. The challenge to an organization in selecting employees thus is twofold: one, to

select the best qualified individual and two, to make the selection decision in accordance with the letter and spirit of the law.

Selecting is such an important activity that three chapters of this book are devoted to it. This chapter presents an overview of the entire selecting process. The following two chapters examine crucial elements of the process: testing and interviewing, respectively.

A GENERALIZED SELECTING MODEL

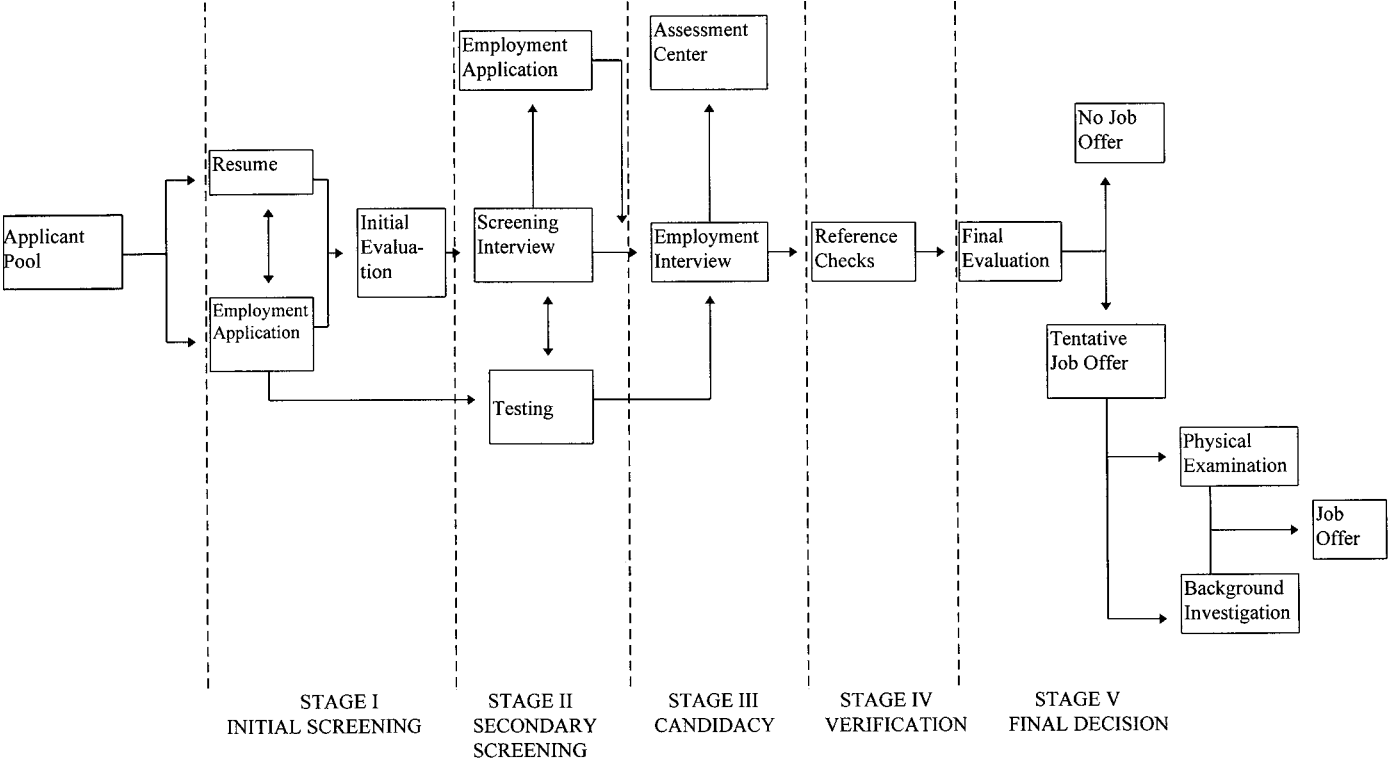
A generalized model of the selecting process is depicted in Figure 8.1. Selection begins where recruitment ends—with the applicant pool—and proceeds through five stages: initial screening, secondary screening, candidacy, verification, and final decision. Selection procedures vary from organization to organization; consequently, the steps outlined may not be followed in the described sequence by every firm. Moreover, an applicant may be rejected at any point during the first four stages. The purpose of the model is to illustrate the basic steps, in a logical sequence, that are typically followed in evaluating and ultimately hiring a job applicant.

Once individuals are interested in applying for employment, they may do so by submitting a resumé (a common procedure for technical, professional, or managerial positions) or by completing an employment application (standard procedure for entry-level, operative, clerical, or other non-exempt positions). The majority of applicants will be screened out at this point based on an individual evaluation of the resumé or the employment application. Applicants who submitted a resumé may be asked to complete an employment application if their credentials survive the initial review.

The two components of Stage II are the screening interview and testing. The purpose of the screening interview is to eliminate from further consideration those individuals whose qualifications, although passing preliminary inspection, do not measure up to the standards of the position. Based on the screening interview, applicants for certain types of positions may be asked to take employment tests. Applicants passing the screening interview who have not yet completed an employment application will be asked to do so at this stage. On occasion, applicants may move from completion of the employment application in Stage I directly into employment testing before the screening interview takes place—a common procedure for keyboardists or machine operators. If the test results are favorable, the screening interview then takes place.

Since the vast majority of applicants are eliminated in Stages I and II, if selection procedures are working effectively, only genuinely qualified candidates enter Stage III. The basic component of this stage is the employment interview or series of employment interviews, which focus on an in-depth evaluation of the applicant's qualifications. In some organizations, individuals successfully completing their employment interviews are sent to an assessment center where they may complete batteries of tests and engage in various simulations to further

Figure 8.1
A Model of the Selecting Process



assess their capabilities. Applicants completing Stage III are potential employees.

Stage IV is concerned with verifying the reference information furnished by the applicant. Due to the increasing number of negligent hiring cases, organizations must be careful to exercise due diligence in verifying and documenting references.

Stage V is the decision-making stage. The information furnished by the applicant and gathered by the organization is evaluated. If the information is favorable, a job offer is made; if the information is unfavorable, no job offer is extended. The tentative job offer is subject to a physical examination (typically including a drug screen) and a background investigation. If the candidate successfully completes these two final hurdles, a final job offer is made. The physical examination is delayed until this stage so as to avoid any possible discrimination based upon disability. The background investigation is delayed for similar reasons—to avoid any potential charge of discrimination based on non-job-related factors.

In reviewing the generalized selecting model, note that the least time-consuming, least expensive selection activities are performed first. The most time-consuming, most expensive activities are performed later in the process. This sequencing helps assure the cost-effectiveness of selection.

FACTORS AFFECTING THE SELECTING PROCESS

While a generalized selection model is helpful in showing the series of logical steps that are usually taken in choosing employees, specific procedures vary from firm to firm. Additionally, there are other organizational variables and influences, as discussed below, that may affect the process.

Organizational Hierarchy

The selection process would be greatly simplified if a single standardized procedure could be developed—and followed—for all applicants. Deviations from predetermined steps, however, are often necessary to accommodate specific situations. In particular, variations are appropriate, even required, when filling positions at different levels in the organizational hierarchy. For instance, consider the differences that exist in hiring a top-level executive as opposed to a secretary. Exhaustive interviewing of the potential executive followed by extensive background checks to verify experience, education, and personal impeccability are essential for a senior-level position. On the other hand, an applicant for a secretarial position may only take a keyboarding test and be subjected to a short employment interview.

As a general rule, the higher, or the more sensitive, the position, the more involved and complicated the selection process. The lower the position, the less likely the full series of steps specified by the model will be followed.

Speed of Decision Making

The time available for making a selection decision can also exert a major influence on the selecting process. Suppose, for instance, that a firm's only two quality assurance technicians terminate without advance notice. Filling these positions immediately is a matter of critical importance. Consequently, the algorithmic steps in the selection process are likely to be truncated. Since speed is of the essence, a few telephone calls and two short interviews may comprise the entire selection process. Conversely, when the need for filling a position is known well in advance, more time can be spent rigidly following the normal selection procedure steps.

Applicant Pool

The number of applicants for a particular job also affects the selecting process. An organization can be highly selective if there are many applicants for a specific position. It cannot be as selective, or uncompromising in its requirements, if few applicants are available. In the latter case, selection becomes largely a matter of choosing whoever is available.

The number of persons hired for a particular job compared to the number of qualified individuals in the applicant pool is known as the selection ratio. This ratio is determined as follows:

$$\frac{\text{Number of individuals hired for a particular job}}{\text{Number of qualified applicants available}} = \text{Selection Ratio}$$

A selection ratio below 1.0 indicates that there are more qualified applicants than there are jobs; a selection ratio above 1.0 indicates that there are more jobs than there are applicants. Obviously, the lower the ratio, the more choice an organization has; the higher the ratio, the less choice it has. Thus, the applicant pool generated by recruiting has a significant impact on selection.

Type of Organization

The specific kind of enterprise in which individuals are to be employed—private, not-for-profit, or governmental—can also affect the selection process. A business in the private sector is profit-oriented, and prospective employees—especially professionals and managers—are likely to be screened with regard to potential contributions they can make toward helping the organization achieve its profit objectives. Profit-making enterprises, consequently, are apt to be more stringent in their selection criteria.

Governments—federal, state, and local, but especially federal—typically identify qualified applicants through competitive examinations. Often, the hiring

manager is permitted to select only from the three top qualifying applicants for a given position. A manager in the governmental sector may not have the prerogative to interview candidates other than the top scorers on the competitive examination.

In not-for-profit organizations, such as the American Heart Association, the Boy Scouts of America, or the YWCA, the situation is different. Because salary levels in these types of organizations are not normally competitive with those in industry or government, selection must focus not only on the applicant's qualifications for job performance but also on an assessment of the applicant's dedication to the kind of work the institution does.

Clearly, the type of organization involved affects both the sorts of individuals who will be attracted as well as the selection criteria that will be used in making a hiring decision.

Probationary Period

Many organizations use a probationary period that provides for evaluation of an employee's ability to perform, before longer-term employment is offered. The probationary period may be a substitute for, or supplement to, the use of other selection procedures. The rationale for using a probationary period in lieu of other selection measures is that if a person can successfully perform the job during the trial period, tests or other predictors of success are not needed. However, accurate measures of performance are essential to use of a probationary period.

Even though a firm may be unionized, a new employee typically is not protected by the labor-management agreement until after completing a probationary period—usually 30 days. During this time, the employee may be terminated with minimum justification. However, once the probationary period is over, it may prove to be quite difficult to terminate even a marginal employee who belongs to a union. Selection under these conditions requires careful identification of qualified workers and realistic evaluation of their performance during the probationary period.

EMPLOYMENT APPLICATIONS

For the majority of positions, the selecting process begins with the prospective employee completing an application form. The application is then reviewed (either by someone in the human resource department or by the hiring manager, depending upon how selection is carried out in a particular organization) to determine if there appears to be a possible match between the applicant and the open position.

The specific types of information requested on employment applications vary from company to company, and even by job groupings within an organization. Sections of an application typically include personal data such as name, address,

and telephone number; educational background; work experience; specific job qualifications; and possibly military service. It is becoming increasingly important, because of possible legal ramifications, to include several consent or acknowledgment statements on the application just above the applicant's signature. These items are (1) an acknowledgment of job status as employment-at-will (i.e., the organization has the right to terminate employees at any time); (2) consent to drug and alcohol testing prior to employment or during employment; (3) consent to undergo physical testing where the job has physical requirements that are essential to effective performance; (4) permission for the organization to conduct a background investigation; (5) permission to conduct a credit investigation (provided that an applicant's credit record is directly related to the job); and (6) an acknowledgment that any false, inaccurate, omitted, or misleading statements or information are grounds for rejection of an application or termination of employment.¹

The employment application must reflect the firm's informational needs and also adhere to federal legislation and the Equal Employment Opportunity Commission's (EEOC) *Guidelines*. An illustration of a properly designed application is provided in Figure 8.2. Note that many traditional informational requests that are potentially discriminatory have been eliminated. Among the missing items are such things as sex, race, age, number of children living at home, and credit references. Questions relating to a person's arrest record are illegal, and if they appear on an application they may be regarded as a prima facie violation by EEOC. While there are no other questions that are illegal per se, there are numerous informational requests and questions that may expose an organization to discrimination charges. Some of the items and questions that should be considered inappropriate for an employment application are:

- Race
- Sex
- National origin
- Religion
- Disability status
- Date of birth
- Height
- Weight
- Number of children
- Dependents other than children
- Physical defects
- Past or present injuries
- Hearing impairments
- Vision impairments

Figure 8.2
Employment Application

Human Resource Management Systems

519 Interstate 30, Suite 242 Rockwall, Texas 75087 (972) 771-2371 Fax (972) 722-8938

Application For Employment

These instructions must be followed exactly. Fill out application form completely. If questions are not applicable, enter "NA." Do not leave questions blank. Be sure to sign when completed. Human Resource Management Systems (HRMS) is an Equal Opportunity Employer and does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services. You may make copies of this application and enter different position titles, but each copy must have an original signature. Resumes will not be accepted in lieu of applications, unless specially stated in the job vacancy notice. This application becomes the property of HRMS.

Name:

Last

First

Middle

Social Security:

Mailing Address (Current):

Street

Apt. #

City

State

Zip Code

Daytime Phone:

List any other names used if different from name given on this application:

List exact title of position for which you wish to apply:

Salary Desired:

Full-Time

Part-Time

Other:

Date available for work:

Have you ever applied with us before?

Yes

No

 If "Yes," provide date(s):

Are you at least 17 years of age?

Yes

No

Have you ever been convicted of a felony?

Yes

No

If your answer is "Yes," explain the conviction(s) in concise detail on a separate sheet of paper, providing the dates and nature of offense(s), the name and location of the court(s), and the disposition of the case(s). A conviction may not disqualify you, but a false statement will. (NOTE: Some departments may require additional information related to convictions of misdemeanors and deferred adjudication.)

Do you have any relatives working for Human Resource Management Systems?

Yes

No

If "Yes," list names, relationship, and city where employed:

Military Service: (NOTE: A copy of a report of separation may be required.) Dates of Service: (From/To)

EDUCATION Did you graduate/achieve GED?

Yes

No

Circle highest grade completed: 1 2 3 4 5 6 7 8 9 10 11 12

Type of School	Name and Location of School	Sem/Clock Hours Completed	Graduated Yes/No	Expected Graduation Date	Type of Diploma /Degree	Major/ Minor
Under-graduate School						
Graduate School						
Technical or Business School						

If a license, certificate, or other authorization is required or related to the position for which you are applying, complete the following:

License/Certificate (Attorney, C.P.A., etc.)	Date Issued	Issued By	License No.	Location of Issuing Authority

(NOTE: Applicants may be required to provide proof of diploma, degree, transcripts, licenses, certifications, and registrations.)

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Figure 8.2 (continued)

Special Skills/Qualifications: (NOTE: List all special skills you possess and machines or office equipment you can use, such as calculators, printing or graphics equipment, computer equipment, types of software and hardware, etc.)

Approximate words per minute accurate typing: (NOTE: If required for this position.) _____

Do you speak a language other than English? (NOTE: If required for this position.) Yes ☐ No ☐

If "Yes," what language(s) do you speak? _____ How Fluently? Fair ☐ Good ☐ Excellent ☐

**Please Read The Following Statements Carefully And
Indicate Your Understanding And Acceptance By Signing In The Space Provided**

1. I certify that all the information provided by me in connection with my application, whether on this document or not, is true and complete, and I understand that any misstatement, falsification, or omission of information shall be grounds for refusal to hire or, if hired, termination.
2. I understand that, as a condition of employment, I will be required to provide legal proof of authorization to work in the U.S.
3. I understand that some departments will check with the Texas Department of Public Safety and/or the Federal Bureau of Investigation for any criminal history, in accordance with applicable statutes.
4. I authorize any of the persons or organizations referenced in this application to give you any and all information concerning my previous employment, education, or any other information they might have, personal or otherwise, with regard to any of the subjects covered by this application, and I release all such parties from all liability from any damages which may result from furnishing such information to you. I further understand that any offer of employment tendered me is contingent upon my agreement to abide by the rules and regulations of Human Resource Management Systems.
5. I understand it is a policy of Human Resource Management Systems to investigate potential employees. I authorize Human Resource Management Systems to conduct reference checks, credit checks, and employment checks. You are authorized to contact my current employer. Yes ☐ No ☐
6. Positions for which there is no written contract are considered "at-will." This means the employee can be terminated at any time for any reason. Any oral or written statements to the contrary are repudiated and not to be relied upon.

Signature/Date

Figure 8.2 (continued)

E M P L O Y M E N T	<p>This information will be the official record of your employment history and must accurately reflect all significant duties performed.</p> <ol style="list-style-type: none"> 1. Indicate <u>ALL</u> employment. Begin with your current or last position and work back to your first position. 2. Employment history should include each position held, even those with the same employer. 3. Give a brief summary of the technical and, if appropriate, the managerial responsibilities of each position. 4. For supervisory/managerial positions, indicate the number of employees you supervised. <p>If you need additional space, you may attach an employment history providing the same information in the same format.</p>	
	Company Name:	Telephone Number:
	Address:	Employed (Month/Year):
	Name/Title of Supervisor:	FROM _____ TO _____ Beginning/Ending Salary:
	Job Title and Specific Job Description:	Reason For Leaving:
	Company Name:	Telephone Number:
	Address:	Employed (Month/Year):
	Name/Title of Supervisor:	FROM _____ TO _____ Beginning/Ending Salary:
	Job Title and Specific Job Description:	Reason For Leaving:
	Company Name:	Telephone Number:
	Address:	Employed (Month/Year):
	Name/Title of Supervisor:	FROM _____ TO _____ Beginning/Ending Salary:
	Job Title and Specific Job Description:	Reason For Leaving:
	Company Name:	Telephone Number:
	Address:	Employed (Month/Year):
	Name/Title of Supervisor:	FROM _____ TO _____ Beginning/Ending Salary:
	Job Title and Specific Job Description:	Reason For Leaving:
	Company Name:	Telephone Number:
	Address:	Employed (Month/Year):
	Name/Title of Supervisor:	FROM _____ TO _____ Beginning/Ending Salary:
	Job Title and Specific Job Description:	Reason For Leaving:

Figure 8.2 (continued)

Voluntary Applicant Information

This information is requested strictly on a voluntary basis for Affirmative Action and Equal Employment Opportunity purposes and will not be considered as part of the application for employment.

Name: _____ **Social Security Number:** _____

Address: _____ **Phone Number: ()** _____

Sex: **Male** ☐ **Female** ☐ **Birthdate:** _____

Ethnic Origin: (Check Preferred)

White ☐ Black ☐ Hispanic ☐ Asian/Pac. Islander ☐ Am. Ind./Alaskan ☐ Other ☐

How did you find out about this vacancy?

Current Human Resource Management Systems Employee ☐

Job Fair Professional Publication ☐**Recruitment Poster** 

Newspaper ☐ **Which one?:** _____

Human Resources Department ☐Texas Employment Commission

Other ☐

Applicant Signature/Date

Equal Employment Opportunity Employer

Figure 8.2 (continued)

Human Resource Department Use Only
Do Not Write On This Page

Interviewed By/Date _____

Remarks: _____

Interviewed By/Date _____

Remarks: _____

Interviewed By/Date _____

Remarks: _____

Hired: Yes ☐ No ☐

If “Yes,” list for Department: _____ Position: _____

Will Report: _____ Monthly Salary \$ _____ Exempt ☐ Non-Exempt ☐

Approved By: _____ Date: _____

Approved By: _____ Date: _____

Department of Human Resources Signature/Date: _____

- Speech impediments
- General physical condition
- Spouse's name
- Spouse's place of employment
- Spouse's position
- Length of time on job for spouse
- Marital status
- Credit references
- Nature of military discharge
- Native language
- Date graduated from high school
- Date graduated from college

The information in a completed employment application should be compared with the job description and job specifications to determine the degree of match between applicant and job. This is often a difficult task. Applicants may exaggerate their qualifications to present themselves in a more favorable light. Also, it is hard to compare duties and responsibilities of previously held positions with those of the position the applicant is seeking. Job titles can also be misleading. A person who has the title of vice president in one organization, for example, may actually perform few managerial tasks, while a person with the same title in another organization may have extensive managerial responsibility.

The purpose of reviewing the application is not, however, to make a selection decision. It is to eliminate from further consideration those applicants who do not possess the minimum qualifications.

RESUMÉ ANALYSIS

Resumés often play a significant role in the selection process. For managerial, professional, and technical positions they are commonly the first information received from job applicants. A resumé is a relatively short, detailed account of the candidate's work history, educational background, and other qualifications.

A common mistake in reviewing a resumé is to assume that all of the data shown are factual.² In fact, it is estimated that as many as four out of every five resumés contain false job history information, and about 30 percent provide inaccurate educational data. Seminars attended, for example, may show up on a resumé as certifications. Consequently, resumé reviewers should not accept a resumé at face value. Rather, they should examine it carefully, note any inconsistencies or questionable data, and identify other items that warrant later verification.

There are several things that should be viewed as *red flags* in a resumé sig-

nalling the need for a closer inspection of the information (or lack thereof) presented.

Among the most prominent of these red flags are:

- Incomplete information
- Gaps in employment history
- Frequent job moves
- Several job moves for lesser pay
- Short periods of employment
- Regression in job titles or job duties
- Obscure colleges or universities attended
- Questionable certifications
- Non-pertinent certifications or degrees
- Poor presentation: appearance, paper quality, grammar, non-reverse chronology, or misspellings

Each of these items is an indication that the resumé should be examined very closely. Their existence is not, however, a sign that the applicant should not be considered for employment.

The major thrust in reviewing a resumé is the same as for an employment application: does the applicant apparently possess the necessary qualifications for the job? Job descriptions and job specifications are used to compare the person's experience and background with the requirements of the position for which he or she is applying.

A resumé should also be viewed as an advertising brochure. The reviewer should evaluate how well the applicant presents himself or herself in print. Thus, there are some other considerations the reviewer should note to determine if the resumé is worthy of in-depth review.³ These are:

- *Positive image conveyed.* Does the applicant present positive factors first? Is the overall tone positive or is it negative? What is the general appearance of the resumé?
- *Evidence of contributions.* Does the applicant emphasize the contributions he or she has made to previous organizations? Or does the applicant simply list job duties?
- *Logical presentation.* Are the data presented in a logical, easy to follow manner? Is work history listed in reverse chronological order so that most recent experience is shown first?
- *Carefully written.* Is the resumé carefully written and free of grammatical mistakes and typographical errors? Or does it appear to be hastily compiled with little thought given to writing style?
- *Specifics rather than generalities.* Does the resumé deal with previous experience in terms of specifics, or does it deal with experience in vague generalities that could be interpreted several ways?

THE SCREENING INTERVIEW

The purpose of the screening interview is to identify tentatively viable employment candidates. A review of the employment application or the resumé eliminates many applicants; those not eliminated by this review process are then screened to see if they do, in fact, possess the necessary qualifications. The screening interview reduces the number of applicants to a more manageable number.

The typical screening interview is relatively short. In fact, one of the authors once witnessed a screening interview that could not have lasted over fifteen seconds. At the end of the interview, the applicant was referred to the hiring supervisor for a final interview and employment decision. A few straightforward questions are asked: “Do you know how to—? Have you ever operated a—? What is your experience with—? Do you have a—?” If the applicant does not have the required experience, know-how, or background, any further consideration in the employment process would benefit neither the individual nor the organization.

In addition to quickly eliminating obviously unqualified job applicants for specific positions, screening interviews may produce other positive benefits. It is likely that the position for which the individual is applying is not the only one available. In the process of screening for one position, a skilled interviewer may be able to identify prospective employees for other open positions. The fact that the applicant does not qualify for one job does not mean that he or she is not qualified for other jobs. For example, an applicant may be obviously unqualified to fill the position of senior programming analyst but may well possess the necessary skills to work as a computer operator. The person doing the screening must remember that his or her responsibility is not only to eliminate candidates for one position but also to identify candidates for other positions. Recognizing this dual responsibility, the interviewer can build goodwill for the employer as well as maximize recruiting and selecting efforts.

EVALUATING BACKGROUND AND BIOGRAPHICAL DATA

Over the years, there have been many studies of the relationship between application form data and success or failure in particular jobs. These studies suggest that the employment application can be a valuable predictive device for certain types of positions. Personal factors such as hobbies (if not related to sex, race, religion, national origin, or age, years of education, and work experience have been found to be predictive of length of service and success on a job. One large firm, for example, discovered that the single most reliable indicator of a college graduate’s success in the organization was the person’s rank in his or her graduating class. Additionally, this firm found that class ranking was even more important as a predictor than the actual college attended.⁴ The weighted

Figure 8.3
Example of a Weighted Application Blank Question

<u>Item</u> <u>Years on Last Job</u>	<u>Number of Responses</u>			<u>%</u> <u>Long-term</u> <u>Employees</u>	<u>Weight</u>
	<u>Short-term</u> <u>Employees</u>	<u>Long-term</u> <u>Employees</u>	<u>Total</u> <u>Employees</u>		
Less than 1	18	3	21	14%	1
1 to 1 1/2	42	12	54	22%	2
1 1/2 to 2 1/2	46	23	69	33%	3
2 1/2 to 3	17	13	30	43%	4
More than 3	<u>10</u>	<u>11</u>	<u>21</u>	52%	5
Total	133	62	195		

application blank and regression analysis, two specific approaches to evaluating background and biographical data, are discussed below.

Weighted Application Blank

The oldest and perhaps best known technique for identifying factors that differentiate between successful and less successful employees is the weighted application blank (WAB). When the WAB is used, an attempt is made to identify factors on the application that differentiate between long- and short-term employees, productive and less productive employees, or satisfied and less satisfied employees. One such variable, "years on last job," is shown in Figure 8.3.

Although any of several techniques can be used for calculating the weights to be used, the simplest approach is the horizontal percent method.⁵ In using this method, a large sample of current employees is used to construct weights which are then used as means of assessing later applicants for employment. Examining Figure 8.3, we can see how the calculations are made. The two groups of employees are classified as to the length of time spent with their previous employer. Short-term employees are those who left previous organizations after a limited tenure, usually within the first year of employment, or possibly, the first two years. Long-term employees are those who stayed on the job longer than one or two years. The percentage of long-term employees is then determined by years spent on last job. In this example, we see that only 14 percent of the long-term employees were with their last employer less than one year, whereas 52 percent had three or more years of job service with their last employer. The weight for each category of years on last job is determined by moving the decimal point one place to the right; thus, less than one year on

the previous job has an actual weight of 1.4. To simplify weighting, the number is customarily rounded off to the nearest whole number.

Once weights for all variables on the application blank have been computed, applicants can be screened based on the point total they receive on the WAB. Applicants with the highest point totals are considered to have the highest potential for success on a particular job or with the organization.

In specific instances, the WAB has been very accurate; at other times it has been only marginally useful. Consequently, the vast majority of companies continue to use the traditional application form rather than the WAB.

Regression Analysis

Regression analysis, mentioned in Chapter 4 as a human resources planning technique, has also been used successfully for evaluating employment application data. Regression analysis establishes the relationship between two or more variables so that one variable can be predicted from the other variables.⁶

In some instances organizations may desire to determine if employee productivity can be estimated from information on the employment application. In regression analysis terminology, the productivity level, in this example, is referred to as the dependent variable. Any item or items on the application used to predict or estimate the productivity level are called independent variables. Commonly used independent variables that may be predictive of productivity are work experience and education.

Although the potential for successful use of regression analysis in the selection process appears to be significant, it is used by few organizations. One limitation of regression analysis is that a significant database is required for statistical significance to be established. Moreover, since regression analysis should be conducted on specific jobs or job categories, only very large companies are able to accumulate sufficient data.

Another problem of regression analysis is that a model developed for one company cannot be used by another company; the model must be tailored to fit each organization. When utilized in different geographical areas, a regression model becomes less accurate because of cultural or labor market factors. The model must also be continually updated with current employment applications data or its accuracy is likely to diminish. Despite the problems associated with this analytical tool, it can be of assistance in making selection decisions.

EMPLOYMENT TESTING

Testing is frequently used early in the selecting process to determine if an applicant is qualified for a particular job. Keyboarding or other work sample tests are commonly used for lower-level positions. Because of the complex issues involved in employment testing, the following chapter is devoted to an

examination of this area. As a step in the selection process, testing may help verify specific skills.

THE EMPLOYMENT INTERVIEW

One of the most critical steps in the selection process is the employment interview. Applicants reaching this step are considered to be qualified for a position; unqualified or marginally qualified applicants have already been eliminated from serious consideration. The employment interview is essentially an in-depth probing of the candidate's background that provides substantial evidence upon which to base the hiring decision. Employment interviewing is examined in chapter 10.

ASSESSMENT CENTERS

An assessment center is a selection technique for identifying management potential. Because of its expense, this technique is primarily utilized as an internal selection and development device for managerial positions. However, it is sometimes employed in the selection of external candidates.

In assessment centers, candidates are subjected to a variety of exercises constructed to simulate the job for which they are applying. These exercises, which include test batteries on occasion, are developed through thorough job analyses of positions. Candidates participate in a series of activities similar to those they may be expected to encounter in the actual job. Commonly used activities include in-basket exercises, management games, leaderless discussion groups, mock interviews, and other simulations. A team of assessors observe and evaluate the participants.

The time and costs involved severely limit assessment centers as a means for selecting new employees. It is estimated that the cost of an assessment center is between \$750 and \$1,000 per hire.⁷

REFERENCE CHECKS

As indicated earlier, job applicants sometimes record inaccurate information on employment applications and resumé to present a more positive image. The purpose of reference checks is to verify the accuracy of the data furnished. Typically, applicants are required to furnish names of previous supervisors or names of several business references. Checks on these references are then made by letter or telephone. Because of possible legal ramifications, reference information provided by one organization to another organization is usually limited to neutral information such as job title, dates of employment, and possibly pay. When conducted by telephone, other information may be furnished: for example, absentee record, promotions and demotions, compensation, and stated reasons for termination. Even though limited information may be obtained through ref-

erence checking, it is essential that an organization make a good faith effort and exercise due diligence in checking all employee references to protect itself against possible lawsuits from employees alleging negligent hiring and negligent referencing.

Employers are very concerned about the legal ramifications of providing information about the performance of former employees, fearing that release of sensitive information could lead (as it often has) to charges of defamation or self-compelled defamation by previous employees who receive a less than satisfactory recommendation. Several states have recognized this employer dilemma and have passed legislation to exempt employers from liability in providing information as long as they are acting in good faith. Delaware, Illinois, Wisconsin,⁸ Idaho, Michigan, South Dakota,⁹ Alaska,¹⁰ Florida, and Oklahoma¹¹ have passed legislation protecting employers from civil liability in releasing reference information when they act in good faith. Georgia also has a reference checking law, but it is limited to hospitals, health care institutions, schools, public health facilities, day care programs, and child care centers.¹² Rhode Island, Kentucky, and South Carolina are considering similar legislation.¹³

Since the passage of the Federal Privacy Act of 1974, a person who has been employed by the federal government has the legal right to review reference checks that have been made concerning his or her employment unless the person has waived this right. There have been instances where applicants have sued and won court cases when it was proven that the reference information given out was biased or incorrect. Because of the possible extension of the Privacy Act to the private sector, many firms and individuals are now reluctant to provide negative reference information about former employees or business associates.

Another problem with references is that the applicant normally provides them. Applicants may selectively choose their references to ensure that only positive information is furnished. It is unlikely, except where the names of previous supervisors are requested, that an applicant would list anyone who might give an unfavorable report. Thus, references tend to be biased in a positive manner.

Because some individuals are reluctant to state their opinions about former employees or colleagues in writing, many organizations prefer to use the telephone when checking references. Since there is no written record of the conversation, more information may be collected. However, there is still a potential problem with bias—the individual providing the reference is just as likely to offer a negatively biased as a positively biased opinion.

Some suggestions for improving the reference checking process are:

- *Train employment specialists.* Telephone interviewing techniques, how to ask questions, and how to probe for information are some of the topics that should be covered.
- *Communicate preferences to applicants.* Indicate the kind of references preferred, for-

mer supervisors or business colleagues. Tell the applicant how references will be contacted.

- *Communicate preferences to recruiting sources.* Outside parties such as employment agencies can often obtain additional reference information on applicants if they know the kind of information the organization is seeking.
- *Provide feedback to references.* Thank-you letters build goodwill for the company and help ensure cooperation from those who may be regular suppliers of reference information.¹⁴

THE SELECTION DECISION

After all information has been obtained from appropriate selection devices, the most critical step in the entire process—the decision to hire or not to hire—takes place. The other stages in the selecting process have been used to narrow the number of candidates. The final decision is made from among those individuals who are still being considered after reference checks, background investigations, physical examinations, and drug and alcohol screening have been completed.

The human resource department is normally involved in all phases leading up to the final employment decision. The selection decision is usually the prerogative of the operating manager, who may or may not seek the advice of staffing specialists. The rationale for permitting the manager or supervisor to make the final selection decision is obvious: this is the individual who will be responsible for the new employee. Yet there are times when it is a collective decision, most notably when an employee will have to interface with others across organizational lines.

In some cases, the human resource manager may have a strong influence on the decision. If the organization is attempting to meet minority hiring goals under an affirmative action plan, a recommendation from the personnel manager may have considerable bearing on the candidate hired. It is important that the human resource manager refrain from exerting too much pressure on the decision because this may undermine the operating manager's authority.

Making a Job Offer

Once the decision to hire has been made, the candidate is customarily notified by telephone and then sent a letter confirming in writing all of the aspects of the job offer, such as starting date and rate of pay. If the individual is currently employed by another firm, the reporting date must be set far enough in advance so that the person can give his or her current employer sufficient notice of termination—two weeks in most cases, but possibly much longer for high-level professional or managerial positions. Even after this notice, the individual may need some personal time to prepare for the new job, especially if the job requires moving to another city.

The firm may also want to delay the date of employment. If the new employee's first assignment upon joining the firm is to attend a particular training school, the organization may request that the person delay joining the firm until perhaps a week before the school begins. This prevents having idle, non-productive, and potentially bored employees on the payroll.

Because there is no guarantee that the person offered the job will accept, the organization should make sure that it has placed candidates in rank order. If the first candidate declines the offer, the offer can then be extended to the second-ranked applicant.

Rejecting Candidates

Applicants may, of course, be rejected at any stage of the selection process. If the process is functioning properly, only a few candidates—ideally three to six—will reach the selection decision stage.

When an individual makes an application for employment, he or she is essentially saying, "I think I am qualified for this job. Will you hire me?" Tension increases as the applicant progresses through the selection process. If the person is eliminated early in the process, there is likely to be only a minimum amount of ego damage to the individual. The company, in fact, may even be able to inform the individual of other jobs in the organization that better match his or her qualifications.

For many people, the employment interview is not a pleasant experience. Taking tests that affect a person's career can also cause high anxiety. Suffering through all of these experiences only to be told at the end, "There does not appear to be a proper match between your qualifications and our needs," may be extremely painful. Many firms recognize these facts and take deliberate actions to protect the applicant's self-esteem. Still, it is quite difficult to tell people that they are not going to be hired.

All organizations should recognize that both firm and candidate have invested considerable time in the selection process. Rejected candidates are entitled to some explanation as to why they were rejected. Form letters or callous expressions that imply don't call us, we will call you must be avoided. The treatment afforded a rejected applicant can have an impact on company goodwill as well as on future recruiting efforts. Organizations should remember that today's rejected candidate may be tomorrow's stellar employee.

Rejections can be handled effectively in one of three ways: personal conference with the applicant, telephone conversation, or personalized letter. The most effective practice is the personal conference. It is also the most time-consuming and expensive. At times, it may not even be practicable because of the geographical separation between applicant and company. When it can be used, it offers the opportunity to carefully explain why the applicant was not hired. It provides information to the applicant that may be useful in further job searches,

and it suggests the organization's genuine interest in people. Unfortunately, this approach is the very rare exception rather than the rule in American industry.

Personal telephone calls serve essentially the same purposes as the conference approach, offering an opportunity for explanation and building goodwill for the company.

If for some reason applicants must be rejected by letter, the letter should be personalized; it should be written so as to reduce the stigma of rejection and lessen the chance that the applicant will resent the firm's actions. Postcard notices of rejection, which have become very common, should be avoided at all cost because they make rejection a matter of public knowledge, especially in small communities where postal employees may read them.

No matter which rejection method is used, rejected candidates should be notified as quickly as possible so that they may pursue other employment opportunities. All too often, organizations keep candidates in a state of suspense before informing them they will not be hired.

PHYSICAL EXAMINATIONS

One of the final steps in the selecting process is the physical examination. (In fact, under current legislation it is advisable to use physical examinations only after a tentative job offer has been made.) This examination serves three purposes. First, it screens out individuals who have contagious or communicable diseases that make them unfit for the work to be performed—an applicant for the position of salad chef who has hepatitis or tuberculosis, for example. Second, the examination assists in determining if an applicant is physically capable of performing the work. In the construction industry, where some jobs involve considerable bending, stooping, lifting, and carrying, spinal x-rays are customarily taken to see if the applicant's back is free of defects that might preclude performing the job. Third, physical examination information can be used to determine if there are certain physical capabilities that differentiate between successful and less successful performers. Because of the requirements of Title VII and the Americans with Disabilities Act, if a physical quality is specified in the job description, it must be shown to be job-related. The examination is a means of collecting data to make this sort of determination.

Physical examinations are increasingly being used for drug and alcohol screening, particularly in the federal government and the defense industry. Applicants for positions that require the operation of public vehicles—taxis, buses, trains, trucks, ships, and airplanes—are also required to be screened for drug usage at the time of employment and on a random basis thereafter.¹⁵ The intent of such testing is to eliminate applicants who potentially pose a risk to themselves or to others, or who pose a risk to security. Drug and alcohol screening has become an issue of major national importance. It is likely that in the near future the majority of private sector organizations in this country will require

such testing for all applicants, either as a pre-employment requirement or as a condition of continued employment.

BACKGROUND INVESTIGATIONS

Although a reference check often provides information to verify certain statements on an employment application or resumé, there are times when it does not. Often, it is necessary to perform a background investigation of the applicant's past employment history. Two key reasons for conducting background investigations are to (1) verify the accuracy of all information provided by the applicant, and (2) uncover derogatory information such as a criminal record, a bankruptcy, or a suspended driver's license.¹⁶ This investigation may be helpful in determining if past work experience is related to the qualifications needed for the new job. As noted previously, job titles are quite deceptive when attempting to evaluate past work experience.

In the defense industry, background investigations are required if the individual must have a security clearance to perform job duties. This type of investigation is quite thorough and includes checking into the personal life and habits of the person. The federal government also conducts extensive background checks for many of its positions.

Background investigations have become more important lately because of the increasing number of incidents of credential fraud.¹⁷ It is estimated that between 7 and 10 percent of job applicants are not what they present themselves to be, claiming degrees, certifications, and other credentials that they do not possess.¹⁸ Many employers, unfortunately, still accept such misrepresentations even when simple logic might suggest otherwise. For example, in a particular governmental agency, a person reporting directly to the president of that institution claimed to have a certification in employment law even though the person was not an attorney and had, in fact, only attended a five-day seminar open to the general public and received a certificate of completion. The facts, in this instance, should have spoken for themselves inasmuch as one cannot have a legal certification of any kind without first having a law degree and passing a state bar exam. Background investigations are useful in combating this kind of misrepresentation.

JOB OFFER

After completion of the physical examination and background investigation, the organization, if the applicant passes both of these requirements, finalizes its job offer to the candidate. If the applicant does not pass one of the two examinations, the tentative job offer is rescinded and the candidate is not offered employment. Placing the physical examination and background investigation at the end of the selection process protects the organization from charges of discrimination that might arise if physical limitations or other non-job-related items

were taken into consideration before the extension of a tentative job offer. In effect, the organization first makes a hiring decision based on the applicant's qualifications and then extends a final job offer after physical limitations or other background factors have been eliminated.

REALISTIC JOB PREVIEWS

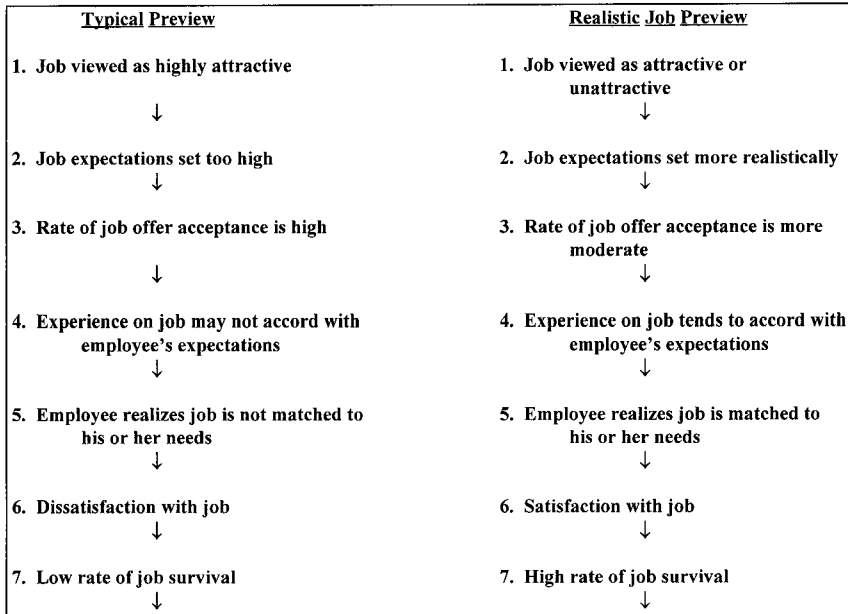
Many candidates have unrealistic expectations about a prospective job or employer.¹⁹ These inaccurate perceptions can have negative consequences for an organization if such candidates are hired: for example, job dissatisfaction, absenteeism, and turnover. Unrealistic expectations are often created by hiring organizations as they attempt to portray the company and the job in the most favorable light possible. To correct this situation, at some point in the selection process applicants should be afforded a realistic preview of both job and company. This preview may take place either before or during the employment interview. It is crucial, however, that it occur before a job offer is made.

A realistic job preview conveys important job and organizational information to an applicant in an unbiased manner so that both positive and negative aspects of the job and company are presented objectively. Describing negative and positive features allows applicants to develop a more accurate perception of the job and the firm. Research studies indicate that newly hired employees who receive realistic job previews have greater job survival and higher job satisfaction rates. At the same time, this approach does not reduce the flow of qualified applicants. A comparison of the results of traditional job preview procedures with those of realistic job preview procedures is shown in Figure 8.4. Certainly, every organization desires to present itself in a positive manner. But it should not overemphasize positive aspects nor should it downplay negative features. Realism in describing the employment situation must always be the objective.

NOTES

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Figure 8.4
Comparison of Results: Typical versus Realistic Job Previews



Source: Adapted from John P. Wanous, "Tell It Like It Is at Realistic Job Previews," *Personnel*, July–August, 1975, p. 54.

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9

Selection Tests

Psychological tests are objective, standardized measures of samples of behavior. The types of behavior measured may range from general intelligence to interests, from aptitudes to levels of achievement, from personality to eye-hand coordination. When used in the selection process, tests measure behavior that indicates which individuals possess the needed skills or qualifications for specific jobs. The extent to which psychological tests are used in the private sector as selection aids is not known. However, the use of such devices had been declining until the mid-1990s because rigid government standards concerning tests created a situation in which potentially useful instruments had been discarded along with the poor ones. Because of the more recent concern with workplace violence, there is some reason to believe that tests have reemerged as potentially useful selection devices.

Passage of the Civil Rights Act of 1964 and subsequent court interpretations of its provisions produced a sharp decline in the use of employment tests. In the landmark *Griggs v. Duke Power Company* decision, as discussed earlier, the Supreme Court ruled that selection tests must show a relationship to job performance. In *Albermarle v. Moody*, the Court again ruled that any test used in selection or promotion decisions must be validated if its use has had an adverse impact on protected classes. Additionally, the *Uniform Guidelines* promulgated standards for non-discriminatory tests. In the wake of these decisions, many employers, rather than conduct validation studies, dropped selection testing altogether, while others cut back on test usage.

By curtailing use of what are commonly considered tests, some employers apparently felt that their selection procedures would be immune from validation studies or legal challenge. However, as the *Uniform Guidelines* make abundantly clear, any selection device, not just psychological instruments, is subject to the

same validation requirements as paper-and-pencil tests. While many staffing specialists distrust tests, and many organizations are fearful of potential legal implications in their use, tests may well be one of the most valid predictors of job success. Recognition of this fact, coupled with increased awareness of the interview's fallibility and heightened concern with the legal ramifications of hiring individuals with a propensity for violence, has recently produced a resurgence of test usage in the selection process.

Research suggests several things about test usage: (1) tests are more widely used in the public sector than they are in the private sector, (2) large to medium companies are more likely to use tests than small companies, (3) large firms are more likely to have trained specialists running their testing programs than are other companies, and (4) tests are more apt to be used to fill office positions than other types of jobs. In one study, more than 80 percent of the companies surveyed used them for office jobs, 20 percent used them for production jobs, and only 10 percent used them for sales and service jobs.¹

ADVANTAGES OF SELECTION TESTS

Selection tests, used as one of several, and not the sole, criteria for hiring, are valuable in the overall selection process because their judicious use can assist an employer in making better hiring and placement decisions. Among the advantages claimed for tests are:

- *Objectivity.* Test results are not influenced by the test evaluator or scorer. Thus, they are not prone to subjective interpretation as are other parts of the selection process, such as the interview. The test scores speak for themselves.
- *Cost-effectiveness.* Tests can be an inexpensive way to choose workers and improve organizational productivity. Cognitive ability tests used by the Philadelphia Police Department to select officers are reported to have saved the department some \$18 million in labor costs annually.² Another study suggested that if all computer programmers employed by the federal government had been selected through a specific test, there would have been a gain in productivity of about \$1.2 billion.³
- *Quality of information.* Tests can provide information about individuals that cannot be adequately acquired through other selection devices. Aptitudes, abilities, and skills are not always uncovered by resumés, application blanks, or interviews. On the contrary, they can be misrepresented, faked, or even omitted. Tests offer a method of determining what an individual can really do and whether the person has the necessary qualifications to successfully perform the job.
- *Validity.* Because tests provide quantitative data, they lend themselves more readily to objective statistical validation than do other selection approaches.
- *Legally defensible.* If validation studies that establish a demonstrable relationship between test scores and job performance are conducted, the organization has a solid basis for defending any legal challenges to its tests. The same cannot be said as definitively for other selection methods.

It is important to remember that tests can serve a useful purpose in selection decisions. Their use should not be avoided simply because of certain limitations placed on their role in selection by the courts or federal agencies.

DISADVANTAGES OF SELECTION TESTS

If selection tests were perfect indicators of job performance, there would be little or no need for interviews, reference checks, or other selection techniques. There are, however, definite disadvantages to using selection tests:

- Tests do not measure motivational levels. Successful performance on any job is basically dependent on two variables: *can do* ability and *will do* ability. The first ability refers to the skills necessary to perform the job, while the second refers to the person's motivation to get the job done. Tests are more accurate in measuring *can do* than *will do*. In almost every organization there are many individuals who have the ability and potential to succeed in a job but for some reason never do. Lack of motivation, poor relationships on the job, personal problems, and other factors that are not readily measurable through testing, not lack of ability, account for unwillingness to perform the job at the expected level.
- Tests are more accurate at predicting failures than successes. Studies can establish the minimum level of ability needed to perform a job and indicate that people with less than this level of ability are apt to fail. But, as mentioned above, tests may be totally inadequate measures of who, on an individual basis, will actually succeed in a job.
- Tests are more predictive for groups than they are for specific individuals. Again, this is primarily related to motivational level. Of a total group of people taking a test, the test can reveal with some certainty which subgroup is likely to perform well, but it cannot identify which individuals are most likely to perform well.
- Some tests are susceptible to dishonesty. Personality tests, interest inventories, or honesty tests, for example, may not be responded to truthfully. The test taker may answer the questions so as to convey the impression he or she wants to create or in accordance with the answers he or she believes the organization desires. Although some tests have lie detection scales, the problem of faking answers still exists.
- Some people get test anxiety. Individuals seeking employment may become nervous or tense when confronting another hurdle that could eliminate them from further employment consideration. Consequently, test results may not accurately reflect the actual abilities of certain individuals.
- Tests are subject to legal challenge. Perhaps because they are highly visible, or because many applicants are suspicious of them, tests are often open to charges of discrimination.

In deciding whether to use selection tests as part of the overall selection process, organizations should carefully weigh their advantages and disadvantages. Even with the best tests, errors in predicting job success will be made. Nevertheless, tests may provide additional information that can be used effectively in conjunction with other criteria.

CHARACTERISTICS OF PROPERLY DESIGNED TESTS

A well-designed selection test is one that is standardized, objective, based on sufficient normative data, reliable, and valid. Tests that do not possess these five characteristics should never be used in the selection process.

Standardization

Standardization refers to the uniformity of the procedures and conditions involved in administering and scoring tests. For the results to be useful, the test should be given to all individuals under conditions that are as similar as possible. Even the physical environment of the testing room should be the same for all test takers. If some individuals take the test in a noisy, drafty, or poorly lit room, while others take it in a quiet, pleasant atmosphere, test results may be distorted. Standardization also means that each time the same materials must be used, the same time limits employed, and identical instructions given. Even the way oral instructions are given, and the test takers' preliminary questions are answered, should be identical.⁴ Ensuring standardized conditions is the responsibility of the test administrator—a responsibility that requires detailed advance preparation.⁵

Objectivity

Objectivity refers to the scoring of test results. If all persons scoring a given test obtain the same results, the test is said to be objective. The most objective employment tests use multiple-choice or true-false answers: the test taker either chooses the correct answer or the wrong answer. Scoring, in this instance, is largely a clerical process that can be performed by individuals with little training. Often, tests of this nature are machine-scored.

There are some tests—not widely used in the selection process—that result in highly subjective scores. The Rorschach inkblot test and the Thematic Apperception Test (TAT) are both subjective instruments open to different interpretations by different scorers. With the Rorschach, the applicant is shown a series of cards containing inkblots of varying sizes, shapes, and colors and asked to offer an explanation of what he or she perceives in them. Obviously, there can be no uniform scoring because there are no “right” answers. The scorer has to interpret the applicant's answers. In the TAT, applicants are shown pictures of real-life situations and asked to provide their interpretations of each picture. Again, there are no standardized answers. The scorer utilizes a great deal of judgment in deciphering the responses. The highly subjective nature of these tests requires trained psychologists as scorers or interpreters, and even so, the psychologists often differ in their interpretations. Such tests are not looked upon with great favor by EEOC and should be avoided in the selection process.

Normative Data

Normative data provide a frame of reference for comparing an applicant's performance on a test with that of a representative group of similar individuals who have previously taken the test. The test performance of the representative or sample group thus becomes the standard or norm by which the scores of future test takers will be evaluated or interpreted. More specifically, norms reflect the distribution of many scores obtained from a sample group.

Typically, the scores from the sample group will be distributed according to a normal probability (bell-shaped) curve with approximately 68.3 percent of the scores falling within one standard deviation of the mean (arithmetic average). Applicants scoring within one standard deviation—a measurement of the dispersion of the data from the sample group—would be considered average relative to the sample population. Applicants scoring outside the range of two standard deviations would be considered to be potentially poor performers if the two standard deviations were less than the mean or potentially excellent performers if the standard deviations were more than the mean.⁶

Normative data may also be developed by using percentile scores. Percentile scores are expressed in terms of the percentage of the sample group who fall below a specified raw score on the test. A percentile ranking thus indicates the test taker's relative position in terms of the sample group taking the test. Percentile standings are calculated from the bottom up, so that the lower the individual's percentile, the lower the person's standing compared to the sample population; the higher the individual's percentile, the higher the person's standing relative to the group.

Developers of commercially distributed employment tests usually provide employers with detailed normative data, since this adds to the usefulness of the instrument as a selection device. Organizations with enough employees performing similar work may elect to develop their own norms, although this is not usually the case. If the test developers have computed statistically sound norms, these are generally used. In any event, a test must have sufficient normative data for it to be considered a usable selection tool.

Reliability

The reliability of a selection test is the extent to which it provides consistent results. If a person takes the same test several times, his or her actual scores will, of course, vary; this variance is referred to as the standard error and is a measurement of the extent to which differences in scores are due to chance error. The closer the scores are to each other in repeated test takings, the more reliable the test; the farther apart the scores, the less reliable the test. If a test has low reliability, its usefulness as a predictor of job success will be questionable, inasmuch as the applicant takes the test only once, and his or her actual score may not be reflective of actual ability: it may be due entirely to chance

error. Reliability of a test is expressed as a coefficient of correlation. Ideally, this coefficient should exceed $+0.801$ for a test to be considered reliable enough to be used as a selection instrument.⁷

The actual reliability of a particular instrument can be determined in one of three ways: test-retest, equivalent forms, or split-halves.

Test-Retest. This method of reliability determination requires giving the test twice to the same group of people and correlating the scores from the two testing instances. A perfect positive correlation would be $+1.0$, indicating that the instrument is as reliable as possible, statistically speaking. The closer the reliability coefficient is to $+1.0$, the more consistent the test results and, therefore, the more useful the test as a method of selection.

There are several problems associated with the test-retest method: the costs of administering the test twice, the necessity of ensuring that group composition is identical on both occasions, the possibility that test takers may recall test questions if the retest is given too soon after the original test, and the learning that may have taken place between test administrations. Despite these problems, this is a sound method for ascertaining reliability.

Equivalent Forms. A second method of determining reliability involves using two tests that are similar but not identical. The scores on each test are then correlated to establish the reliability of the first instrument. While this method overcomes some of the difficulties associated with test-retest, it is difficult to find or develop two tests that are essentially the same, yet not the same.

Split-Halves. This method examines the reliability of a test by dividing it into two parts and then correlating the results from each half. In its simplest form, odd-numbered items from the test constitute the first half, and even-numbered items constitute the second half. The two scores for each person taking the test are then correlated to arrive at a reliability coefficient.

Unmistakably, such an approach can eliminate the problems involved with either test-retest or equivalent forms. The biggest difficulty is ensuring that the two halves are equal in content, difficulty, and nature.

Validity

The sine qua non of any test, psychological or otherwise, is that it actually measures what it purports to measure. This is referred to as validity. If a selection test does not actually measure ability to perform a job, it is useless as a selection tool and, as stated previously, is vulnerable to successful legal challenge in the courts under existing federal statutes and the *Uniform Guidelines*. Test validity is, has been, and probably always will be a proper concern of organizations using selection tests. In recent years, because of the focus on employment of women and minorities, greater emphasis has been placed on establishing test validity.

Validity is usually expressed as a correlation coefficient that indicates the relationship between two variables: test scores and actual job performance. A

coefficient of 0 would indicate no relationship between the variables while a coefficient of +1.0 or -1.0 would indicate a perfect relationship—the former completely positive and the latter completely negative. Certainly, no selection test will ever be 100 percent valid, but organizations using tests should strive for the highest possible coefficient of validity. If a test is designed to be a predictor of job success and validity studies show a high correlation coefficient, an organization can be reasonably assured that applicants who score high on the test are apt to be successful on the job. Valid tests enable an employer to select better qualified, potentially more productive workers.

Employers are not automatically required to validate the selection tests they use. Generally, validation is required only when the instrument used, or the selection process as a whole, results in adverse impact on a protected class.⁸ While validation of selection tests is expensive, it is something that must be done. Otherwise, an organization cannot know whether a test is actually measuring the qualities and abilities that it is supposed to measure.

VALIDATION STUDIES

The *Uniform Guidelines* identifies three methods that may be used to validate selection tests: criterion-related validity studies, content validity studies, and construct validity studies.

Criterion-Related Validity

Criterion-related validity indicates the efficacy of a test in predicting an individual's performance in specified situations. Performance on the test is compared with a criterion—an independent measure of what the test is designed to predict.⁹ If, for example, a typing test is used, the criterion might be subsequent job performance. A high correlation between the test score and both work volume and work quality would suggest that the test is valid.

The two basic forms of criterion-related validity are concurrent validity and predictive validity. With concurrent validity, the test scores and the criterion information are collected at basically the same time. Assume, for the sake of illustration, that a company wants to validate a mechanical aptitude test for use in selecting machine operators. The concurrent methodology would entail giving the test to all currently employed machine operators while at the same time collecting information about each operator's job performance. The test scores and job performance criterion would then be correlated to determine their relationship. If the correlation coefficient is high (that is, workers who score high on the test are the most productive, and workers who score low on the test are the least productive), the test would be a valid predictor of job success or performance. If there was little or no relationship between test scores and job performance, the test would not be valid.

A potential problem that could affect the results obtained from this validation

procedure comes from changes that may have occurred within the work group before the study was conducted. The less productive employees may already have been terminated because of poor performance, while the most productive workers may have been promoted out of the group.¹⁰

The major difference between concurrent and predictive validity studies is the time interval between administering the test and collecting the criterion data.¹¹ For example, a particular test might be given to all computer programmers hired, but the test results would not be used in making selection decisions. At a later time, performance data would be collected and correlated with test scores to ascertain whether the employer could predict success on the job from the test scores.

Predictive validity is considered by some to be the soundest method for assessing the validity of a test,¹² but there are problems associated with this approach. First, many organizations do not have the time or the resources to conduct a study that extends over a long period. Second, if legally challenged on the use of a test, a company may have to establish the test's validity very quickly. The longitudinal nature of the predictive validity method precludes obtaining results quickly.

Content Validity

Content validation involves the systematic examination and analysis of test content to determine whether the test covers a representative sample of the behaviors, skills, and knowledge required for job performance. The classic example of content validity is a typing test in which an applicant would be required to type samples of the same kind of items that would be typed on the job.

A content validity study normally involves three steps.¹³ First, a thorough job analysis is conducted to identify basic tasks, responsibilities, and skills involved in the job. The relevancy, importance, and frequency of task performance and skill usage are also determined. Second, test items are written, or representative *work samples* of the job are developed. Third, the test items or work samples are reviewed by individuals familiar with the job to determine if the test items are accurate reflections of job content.

Although content validity is far less statistically oriented than the other two approaches, many human resource practitioners believe it to be a more sensible approach to validation.¹⁴

Construct Validity

Construct validity is a method used to determine the extent to which a test measures some theoretical construct or trait such as intelligence, mechanical comprehension, or verbal ability.¹⁵ Because it deals with fairly abstract behaviors, "construct validity requires the gradual accumulation of information from a variety of sources."¹⁶ While several different techniques may be used to val-

idate a construct, the complexity of this approach, its time-consuming nature, and the degree of psychometric expertise required make it an unpopular procedure for the validation of employment tests.¹⁷

ESTABLISHING CUT-OFF SCORES

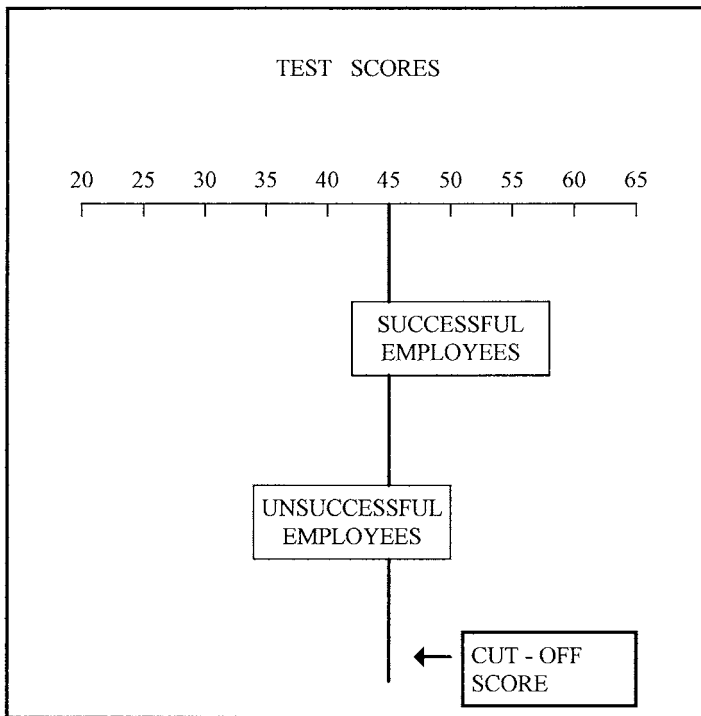
Once a test has been validated, it is necessary to set an appropriate cut-off score. The cut-off score is that test score below which an applicant will not be accepted. The cut-off score used on a particular test may be altered from time to time, depending upon the organization's selection ratio. When there are a lot of job applicants, higher cut-off scores will be used because the firm can afford to be more selective in the employees it hires. When there are fewer applicants, the cut-off score may be lowered so that job vacancies can be filled. Regardless of where they are set, cut-off scores should always reflect a reasonable expectation of success on the job.

Establishing cut-off scores is not as easy as it may seem. Validation studies will typically show that some employees who scored low on a test are actually successful on the job while some employees who scored high were unsuccessful. Figure 9.1 illustrates the nature of the problem. In examining the data presented, it can be seen that successful employees scored between 40 and 60 on the test and unsuccessful employees scored between 25 and 50. The area of overlapping scores produces the difficulty in setting a cut-off score. In this example, several possibilities exist. One, the organization could set the cut-off score at 50, thereby assuring that it would be hiring only employees who would be good performers. But, setting the score at this point would also eliminate a sizable percentage of other applicants who are likely to be successful. Two, the organization could set the cut-off at 40—the lower limit for successful employees—but if it did so it would hire many applicants who would be poor performers. Third, the organization could compromise and set the cut-off score somewhere between 40 and 50, recognizing that some successful performers will be eliminated by the test and some unsuccessful performers will not. In the illustration it is this third option that has been exercised. With a cut-off score of 45 the majority of unsuccessful employees will be eliminated by the test along with a few successful ones.

Obviously, since no test is a perfect predictor, establishing a cut-off score is a grey area. When tests are used, therefore, they should be used as only one of several selection criteria and not as a sole basis for the selection decision.

Prior to 1991 it was not unusual to find organizations using different cut-off scores for different protected class groups—a practice referred to as *race norming*. At this time, the Equal Employment Opportunity Commission was supportive of differential test validation (validation for the overall testing population as well as minority subgroups) and the use of adjusted cut-off scores.¹⁸ The Civil Rights Act of 1991 prohibits this practice. It is no longer legal to use cut-off scores based on race, gender, religion, or national origin. If adverse

Figure 9.1
Cut-off Score for a Validated Test



impact occurs, however, “employers of 100 or more employees are required to maintain records to ascertain the validity of tests and their impact on various populations.”¹⁹

TECHNICAL STANDARDS FOR VALIDITY STUDIES

The bulk of the *Uniform Guidelines* consists of the federal government’s interpretation of standards for conducting validation studies. According to the *Guidelines*, there are certain minimum standards that should be met in performing a validity study. The standards established cover all three accepted procedures: criterion-related, content, and construct validity.²⁰

Criterion-Related Validity Studies

The following factors apply in conducting criterion-related validation studies: *Technical Feasibility*. Employers electing to validate a test by criterion-related procedures should determine if it is technically feasible to do so. For a mean-

ingful study to be conducted there should be (1) a sample of individuals large enough to achieve findings of statistical significance, (2) a sufficient range of test scores and job performance measures to produce representative results, and (3) unbiased, reliable, and relevant measures of job performance or employee success.

Criterion Measures. The criteria used should represent important work outcomes or behaviors. Typical items that might be used are production rates, error rates, tardiness, absenteeism, and length of service. Other measures may be used where appropriate, including performance in a training program.

Representativeness of the Sample. Whether the validity study is predictive or concurrent, the sample should be as representative as possible of the candidates normally available in the relevant labor market for the job or jobs in question. To the extent feasible, the sample should approximate the mix of protected classes normally found in the relevant labor market.

Statistical Relationships. Professionally acceptable statistical procedures must be used to determine the degree of relationship between test scores and criterion measures. A statistically significant relationship is said to exist at the 0.05 level of significance; that is, the relationship is sufficiently high enough to have occurred by chance only once in 20 times.

Operational Use of Selection Procedures. Generally, the greater the correlation between test performance and one or more job performance factors, and the greater the number and importance of job performance factors covered by the criteria, the more likely it is that the test will be appropriate for use in selection. While there are no minimum correlation coefficients applicable in all employment situations, low correlations that result in adverse impact will be subject to close review by EEOC. Likewise, reliance on a single test that is related to only one of many job performance factors will be subject to close scrutiny.

Overstatement of Validity Findings. Reliance upon a few selection procedures or criteria of acceptable job performance, when many selection procedures or criteria have been studied, may tend to inflate validity findings that result from chance error. To safeguard against this possibility, large samples should be used, and cross validation studies should be conducted.

Fairness. When members of a protected class score lower on a test than members of another group, and the difference in scores is not reflected in job performance, use of the instrument is questionable, since protected class members are denied job opportunities. When a test results in adverse impact and the group affected is significantly represented in the relevant labor market, the employer should investigate the situation further if it is technically feasible to do so. If unfairness is demonstrated by showing that members of a particular group perform better or worse on the job than their scores on the selection test would indicate, the employer may either revise or replace the test.

Content Validity Studies

The eight factors that should be applied in conducting content validity studies are described below.

Appropriateness. A test can be supported by a content validity procedure to the extent that test questions representatively sample job content. The content validity approach is not appropriate for validating tests that measure traits or constructs such as personality, intelligence, or aptitude. Nor is it a proper procedure when the test measures skills, abilities, or knowledge that the employee will be expected to acquire on the job.

Job Analysis. A job analysis should always be conducted to identify work behaviors and their relative importance to the job; the analysis should cover work products resulting from these behaviors. It should only measure critical behaviors that constitute the bulk of the job.

Development of Selection Procedures. A test designed to measure work behavior may be developed from job analysis or may have previously been developed by the employer, other users, or by a test publisher.

Standards for Demonstrating Content Validity. To establish the content validity of a test, the employer should show that the behaviors of the job in question, or the test itself, represent actual job behaviors or work products. When a test measures knowledge, skill, or ability, the item being measured should be operationally defined. Knowledge is that body of learned information that is used in, and is a necessary prerequisite for, job performance. Skill or ability relates to observable aspects of work behavior or job performance. Any test that measures knowledge, skill, or ability should cover a representative sample of attributes that are required to perform the job.

Reliability. Whenever possible, statistical estimates of the reliability of the job content test should be made.

Prior Training or Experience. Requirements for prior training or experience should be justified on the basis of the relationship between the content of the training and experience and the actual content of the job for which such training or experience is required.

Operational Use. A selection test that is supported on the basis of content validity may be used if it represents critical work behaviors that constitute most of the important parts of a job.

Ranking Based on Content Validity Studies. If an employer can show that a higher score on a content-valid test is likely to result in better job performance, the results of the test may be used to rank individuals who score above minimally acceptable levels. When a test supported solely or primarily by content validity is used to rank job applicants, the test should differentiate among the various levels of job performance.

Construct Validity Studies

When a test is validated by construct validity procedures the following factors should apply:

Appropriateness. Construct validity is a more complex method than the other two forms of validation. Moreover, it is a relatively new and emerging procedure in the employment field. It is difficult to obtain sufficient empirical support for such studies. They are based on a series of research studies that may utilize both criterion-related and content validity studies. Particular care should be taken in utilizing this method because of the lack of research supporting its use in the selection process.

Job Analysis. Job analysis is absolutely essential when construct validity is used. The analysis should show the work behavior required for successful job performance, the critical or important work behaviors in the job, and an identification of the construct or constructs believed to underlie these critical or important work behaviors. Each construct should be named and clearly defined.

Relationship to the Job. A selection test should be identified or developed that measures the construct believed to be crucial to successful performance of the job. The relationship between the construct and job performance should be supported by empirical evidence.

Use of a Construct Validity Study without New Criterion-Related Evidence. Federal agencies will accept a claim of construct validity without a criterion-related study only if the selection test has been used elsewhere, and a criterion-related study has been conducted that lends itself to the test and situation at hand. If construct validity is to be generalized to other jobs or groups of jobs not included in the original criterion-related study, additional empirical research evidence is expected.

As the preceding standards for test validation indicate, the *Uniform Guidelines* require rather stringent, methodical procedures for validating tests. While these requirements may seem burdensome, time-consuming, and expensive, they are necessary to ensure the fair, non-discriminatory usage of selection instruments.

TYPES OF PSYCHOLOGICAL TESTS

Psychological testing is basically concerned with identifying and measuring differences between individuals. Five differences that are important in the employment setting because they relate to success or failure on the job are cognitive abilities, psychomotor abilities, job knowledge, interests, and personality. Over the years, various tests have been developed to measure these differences.²¹

Cognitive Aptitude Tests

Cognitive aptitude, or ability is a person's capacity to learn or to perform a job that has been previously learned. Tests that measure this characteristic are

most often used in the selection of employees who have had little or no job experience. Aptitudes or abilities may be broken down into many factors, but the ones that are most often job-related are verbal, numerical, perceptual, spatial, and reasoning.

Verbal Ability. Verbal aptitude refers to an individual's ability to use words in thinking and communication. Managerial, technical, and sales positions are jobs for which verbal ability is crucial. Conversely, it is relatively unimportant for manual or operative-level production jobs. Measurement of a person's ability in this area is usually accomplished by a vocabulary test.

Numerical Ability. Numerical aptitude is the ability to perform the basic arithmetic functions of adding, subtracting, multiplying, and dividing. These abilities are essential in engineering, accounting, and similar jobs.

Perceptual Speed. This is the ability to identify similarities and differences rapidly, accurately, and in detail. Tests that measure this aptitude typically utilize pairs of numbers and names. The individual must make a quick comparison and indicate if a pair is identical or not. Perceptual speed is most likely to be used to ascertain clerical aptitude.

Spatial Ability. This ability is concerned with visualizing objects in space and determining their relationship to each other. Jobs that may require this aptitude include design engineer, tool and die maker, aviation mechanic, and assembler.

Reasoning Ability. Reasoning is the ability to analyze items or facts and make correct judgments based on their logical implications. Reasoning ability may be measured relative to very concrete things or it may be measured relative to abstract concepts. Because of its relationship to decision making and conceptualization, this aptitude is critical for executive, managerial, or sales jobs.

General Intelligence. Intelligence refers to an individual's overall mental abilities. Tests used in this area attempt to arrive at some global estimate of a person's intellectual performance or aptitude. Normally, they provide a single score such as an IQ. Although general intelligence tests have existed for many years and have been widely used in selection in the past, their use as employment devices is highly questionable today. In the first place, intelligence consists of a number of separate abilities that do not lend themselves to the development of a single composite score.²² Second, EEOC regards intelligence tests with great disfavor since they tend to adversely impact certain protected classes. Third, intelligence tests often contain items that are unrelated to successful job performance. Consequently, if an organization chooses to use an intelligence test, it should proceed with great caution, making absolutely certain that the test has been validated in terms of job-relatedness and performance.

Psychomotor Abilities

Psychomotor abilities refer to strength, dexterity, coordination, and other aspects of physical performance. Tests that measure these abilities are very important for selecting the most appropriate employees for some jobs. In the

electronics industry, for example, workers may assemble components that are so tiny that the operation has to be performed under a high-powered magnifying glass using very delicate instruments. Particular psychomotor abilities are crucial to performance of this kind of work.

There are a number of abilities that may be measured in the psychomotor area. Finger dexterity is the ability to make precise, skillful, coordinated manipulations of small objects with one's fingers. Manual dexterity refers to the ability to make skillful, coordinated, well-directed movements of the hands and arms. Wrist-finger speed is the ability to make rapid movements such as those involved in tapping. Aiming is the ability to move the hands and fingers rapidly, accurately, and successfully from one location to another. Arm-hand steadiness is the ability to make precise positioning movements with minimal strength and speed. Reaction time is the speed with which an individual responds to a stimulus.

Job Knowledge Tests

Job knowledge tests measure an applicant's understanding of the duties and responsibilities of the position for which he or she is applying. Although there are commercially available tests, a test for any specific organizational job can be designed based on the data gathered from an in-depth job analysis. These tests may require written responses, or they may be administered orally. Normally, these tests are short, consisting of a few key questions that readily distinguish experienced from inexperienced applicants. A primary advantage of the job knowledge test is that it is by definition job-related.

Work Sample Tests

A work sample test is one in which the applicant completes a task or series of tasks that are representative of, or actually a part of, the job for which the person is applying. A typing test is probably the most common work sample test.

Evidence suggests that work sample tests can produce high predictive validities and reduce adverse impact.²³ Moreover, they tend to be more acceptable to applicants than other forms of testing. There are, however, problems associated with work samples. First, it may not be feasible, if operation of a large piece of equipment is involved, to have the machine available in the human resource department so that the applicant can demonstrate proficiency in operating it. Second, assuming that the person is taken to the shop floor to demonstrate ability to operate a machine, there is the potential risk of damage to the equipment or injury to the individual. Third, work sample tests do not lend themselves readily to group administration. Rather, they have to be given individually and are thus more expensive than tests that can be given to a group.

Vocational Interest Tests

Interest tests are designed to measure the degree of interest a person has in various occupations. Theoretically, the higher the level of interest, the more likely the individual would be to succeed in that field of endeavor. Most of these tests determine occupational interest by comparing the test taker's scores with those of a representative sample of people already in particular jobs.

Interests should not be confused with aptitudes or abilities. It is very possible that a person may have a high interest in a given career field, yet lack the basic abilities to perform well in that field. Consequently, interest measures should always be used in conjunction with aptitude and ability tests.

Test dishonesty can be a major problem in using interest tests because answers can be faked to display a high degree of affinity for the position under consideration. While it is possible that interest tests may have some application in employee selection, their primary use is in career counseling and vocational guidance.

Personality Tests

Personality tests have extremely limited use as selection devices. These tests are often low in both reliability and validity. Inasmuch as some personality instruments require a subjective interpretation, when they are used the services of a trained psychologist are needed. There are also questions about the job-relatedness of personality tests. Considerably more research on these instruments is needed before they can be used with confidence as selection criteria. For now, their use in selection should be avoided.

ESTABLISHING A TESTING PROGRAM

The first step in establishing a selection testing program is job analysis. Through analyzing, examining, and carefully studying the jobs in an organization, data can be developed that indicate the behaviors and abilities needed for successful performance on a specific job or a group of similar jobs. After this has been accomplished, the proper test or tests can be either developed by the organization or selected from those already commercially available.

There are advantages and disadvantages to developing organization-specific tests as well as to using tests that have already been developed. Perhaps the biggest advantage of using an available test is cost. Test development is expensive; thus, from a cost standpoint, an organization may find it more economical to buy a test than to develop one. Also, if a firm needs to begin testing applicants immediately, there may simply be insufficient time to develop a test because development is usually a lengthy process. On the other hand, it is possible that an existing test that has been demonstrated to be valid for one organization may not be valid for another. One or more factors may account for this phenomenon;

for example, the jobs in one company may be subtly different from those in another firm, jobs that have the same title in two organizations may be entirely different, or applicants from different regions of the country may possess different characteristics and motivations.

While historically it has been held that test validity must be established on a situation-specific basis and that a test validated for one location may not be valid in another, a new concept is emerging. This development stems from the *Uniform Guidelines*, in which methods necessary to generalize validity results from one set of jobs to similar jobs are explained. Court decisions have also embraced the concept of validity transportability. For example, in *Pegues v. Mississippi State Employment Service*, the plaintiff questioned the use of aptitude tests that had not been validated for a specific set of tasks, location, and applicant population. The court found in favor of the organization and held that generalized validity evidence was acceptable.

Developing Selection Tests

In preparing a new selection test, a human resource specialist—normally a psychologist trained in tests and measurements—must develop appropriate items (questions) from job analysis data. Once the test has been prepared, its validity for a specific purpose must be determined. In validating the instrument, the designer conducts an item-by-item analysis to determine how well each item distinguishes between those individuals who scored high on the overall test and those who scored low. A test question that is perfectly valid is one that was answered correctly by all those scoring high on the total test and was incorrectly answered by all those scoring low. Only items that have a high validity correlation coefficient would be included in the final version of the test.

Another question that must be addressed by the test designer is the difficulty of each question. If test questions are too easy, most individuals taking the test will score high; if the questions are too difficult, most test takers will score low. In either case, it would be hard to distinguish between extreme and moderate ability levels on the basis of the test results. Thus, establishing the appropriate level of difficulty is a major challenge for the designer.

In continuing the validation study, the previously discussed procedures for ascertaining reliability and validity would be used.

Selecting an Existing Test

Thousands of tests are commercially available for use in selecting employees. In fact, about 300 publishers in the United States distribute printed tests of various kinds.²⁴ Needless to say, not all the tests offered for sale have been properly developed or validated. Some are worthless.

In searching for appropriate selection tests one of the most important sources of information is the series of *Mental Measurements Yearbooks* edited by Oscar

Buros. Each of the periodically published *Yearbooks* describes tests published during a specific span of time, thus supplementing each of the earlier volumes. Almost all of the commercially available psychological, educational, and vocational tests printed in English are included in this series.²⁵ Information on publisher, price, and usage, as well as critical reviews by test specialists, is included for each test. Any tests not discussed in the *Yearbooks* should be approached with great skepticism.

Because all tests are not reliable or valid, caution must be exercised in choosing proper instruments. Staffing specialists play an important role by assisting organizations in identifying tests that provide a sound basis for selection decisions.

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10

Employment Interviewing

The most basic selection tool, used by virtually every organization for filling every job opening, is the employment interview. The interview is a significant step in the selection process because it is the point at which a decision will be made concerning an applicant's suitability for a particular position. Applicants who reach this stage are obviously viable candidates; they have survived the screening interview, scored satisfactorily on selection tests, and fared well on reference or background checks. Consequently, candidates reaching the employment interview appear to be qualified, at least on paper. Every experienced manager knows, however, that appearances can be deceiving. By means of the interview, additional information is gathered to determine if the candidate can actually perform the job, is willing to exert the effort necessary for successful performance, and can adapt to the environment of the job and the company.

THE EMPLOYMENT INTERVIEW DEFINED

The employment interview is a directed, goal-oriented discussion in which the interviewer and the applicant exchange relevant information so that both parties can make an intelligent decision about a job opening. The interviewer's purpose in this interactive process is to determine if the applicant is right for the position and the company. The applicant's purpose is essentially the same except that it is highly personal.

The employment interview has three general objectives. The first is to obtain additional, specific information from applicants so that their suitability for a particular position can be meaningfully evaluated. Resumés, employment applications, test results, and other similar devices provide, at best, only a sketchy

profile of an applicant. The interview extracts more detailed information, clarifies particular points, and educes additional facts about the applicant.

The second general objective of the interview is to give the applicant information about the job, the company, co-workers, benefits, and other relevant matters. This information should be truthfully conveyed; both positive and negative aspects should be shared with the candidate.

The third objective of the interview is to create a positive feeling toward the prospective employer, regardless of the outcome of the interview. If the applicant leaves the interview with a negative impression of the organization, he or she is unlikely to consider the company for any future employment opportunities. Moreover, the individual may be adversely influenced as a consumer of the firm's products or services or may be unwilling to refer other applicants to the organization.

Clearly, the interview must be carefully planned and conducted if it is to fulfill its objectives.

RESPONSIBILITY FOR THE EMPLOYMENT INTERVIEW

The employment interview is typically conducted by the supervisor or manager for whom the applicant will be working. Other managers may also participate, depending upon the level of the position to be filled. For some types of clerical or entry-level production jobs, it is not unusual for the human resource manager or a staffing specialist to handle the interview and actually make the hiring decision.

For professional and managerial positions, multiple interviews are generally the rule. These interviews may include the immediate supervisor, the next higher manager, and possibly other managers as well. Because professionals and managers frequently interface across departmental or organizational lines, the viewpoints of several managers may be desired to assure a more objective decision about the candidate. While the opinions of all interviewers are important, the judgment of the manager for whom the applicant is to work will likely carry the greatest weight in the final selection decision.

Although the immediate supervisor may have primary responsibility for the employment interview, the human resource department is typically responsible for developing and monitoring the interview process. A key concern is that interviews be conducted in a consistent manner throughout the organization and adhere to the legal requirements imposed on interviewing.

LEGAL IMPLICATIONS OF INTERVIEWING

As mentioned in the preceding chapter, following the Supreme Court decision in *Griggs v. Duke Power Company*, many employers abandoned the use of selection tests altogether and relied almost exclusively upon employment interviews. This abrupt switch in personnel practices occurred primarily because of

the false assumption that the Court decision requiring validation of tests applied only to paper-and-pencil tests and not to other selection devices.¹ But, as pointed out in chapter 4, under the *Uniform Guidelines on Employee Selection Procedures*, a test encompasses “any measure, combination of measures, or procedure used as a basis for any employment decision.” Hence, the interview is definitely a test and is subject to the same validation requirements as any other test or step in the selection process, should adverse impact on a protected class be shown. For the interview, the matter of validation presents special difficulties. Few firms are willing to pay the cost or put forth the necessary effort for validating interviews. Interviews can be validated only by a follow-up method that requires collecting data over a fairly long period of time. For any test to withstand legal challenge, it must also be reliable; that is, it must measure what it purports to measure. However, there is significant evidence that if two managers in a firm interview the same applicant at different times, the outcomes will differ.²

The interview is perhaps more open to potential charges of direct discrimination than any other selection tool, although few court cases have been concerned solely with the employment interview. In the majority of instances, there is little or no documentation of the questions asked or the answers received. Since most interviews take place in a private one-on-one setting, there is little or no organizational control over the type of questions the interviewer may pose to an applicant. Interviewers may ask totally irrelevant or blatantly discriminatory questions. Some interviewers are inclined to ask questions that are not job-related but reflect their personal biases, believing that this practice will remain free of criticism or challenge because there is no documentation of what occurred in the interview.

The legal risks associated with employment interviewing are real; consequently, it is imperative that anyone conducting interviews knows what can and cannot be asked in an interview. Table 10.1 at the end of this chapter shows the types of questions that should be avoided in conducting a non-discriminatory employment interview.

Although some organizations have tried, the give-and-take nature of the interview does not realistically permit the formulation of a completely standardized list of questions that can be asked of each prospective employee. No effective interview can be subjected to such rigidity, nor does any existing federal equal employment opportunity legislation or guidelines require it. Observance of the spirit of the law in interviewing is more important than imposition of a mechanistic list of questions from which an interviewer cannot deviate.

PLANNING FOR THE INTERVIEW

Planning is absolutely essential for conducting effective employment interviews. As a prerequisite to planning the interview, the interviewer must have a basic understanding of the job for which an applicant is applying, a knowledge

of the company and the environment in which the candidate may be working, and an insight into human behavior.

Assuming the interviewer has the necessary background information, the first step in planning is to develop a set of specific objectives to be accomplished during the interview. These objectives shape the questions that are asked to obtain information from the applicant and the information that is provided to the applicant. Because of the time constraints typically imposed on an interview, the interviewer must have a specific idea of what questions to ask and what information to furnish. By clarifying in his or her own mind the objectives of the interview, the interviewer is more likely to conduct an effective interview and make efficient use of the time available.

During the interview, the interviewer becomes the personification of his or her organization. The impression conveyed by the person conducting the interview may far outweigh any other factors such as physical facilities, impressive brochures, or annual reports of the company's operations. It is important that interviewers recognize their role as company representatives and conduct the interview in a highly professional manner that will convey the proper impression to the candidate.³

Inasmuch as questions asked in the interview must be job-related, each interview should be structured to some extent and tailored to the specific job to be filled. The interviewer must be familiar with the major duties of the job and the qualifications necessary for successful job performance. To accomplish this, the interviewer should obtain a copy of the job description and the accompanying job specifications and familiarize himself or herself with both duties and qualifications. The interviewer should thoroughly understand such items as job content, education and experience requirements, and personal characteristics required.

Additionally, the interviewer must review the applicant's resumé (if one has been provided), employment application, test scores, reference checks, and other relevant information to form a general impression of the individual's qualifications and background. This review frequently provides an indication of the candidate's potential interest in the position as well as areas to be probed in determining the person's potential for performing the job satisfactorily.

Another planning concern is the physical location of the interview. Ideally, the interview should be conducted in a place that ensures privacy, is relatively quiet, and is free from disruptions of any kind. (The primary disrupting factor in many interviews is the telephone; thus, interviewers must make certain that they will not be required to answer any telephone calls during the interview.) While the physical environment need not be plush—an impossibility in many organizations—it should at least be comfortable enough to alleviate as much of the interviewee's anxiety as possible.

The importance of sound planning cannot be overemphasized. The interview must be a well-planned event, not just a casual happening.

INTERVIEW TYPES

Interviews may be classified by the degree to which they are structured. At one end of the spectrum are those that are highly structured, with practically every question, and the precise order in which it is to be asked, specified in advance. At the other end of the spectrum is the completely non-structured interview, in which questions are posed as they occur to the interviewer. In actual practice, most interviews fall somewhere between these two extremes, but with tendencies toward one side or the other. Regardless of which approach is used, the interview must always gather three basic types of information from the applicant: ability to perform the job, motivation to stay on the job, and adaptability to the job situation and organizational environment.⁴ Obviously, the structured interview is much more likely to secure this information than the non-structured interview.

Some interviewers may oppose the structured interview because they feel it restricts their freedom to ask questions or explore areas that might be of personal, although not job-related, interest. The non-structured interview, on the other hand, poses a risk for the organization: if there is no structure the wrong questions may be asked, including those that expose the organization to discrimination charges. Consequently, a total lack of structure in the interview is not recommended. There is, however, a middle ground between structure and non-structure that allows the interviewer some freedom as to the types of questions that may be asked and the order in which they may be posed: the non-directive interview. In the following paragraphs this type of interview as well as the structured interview will be described.

The Non-directive Interview

This type of interview is comprehensive and may cover a broad range of topics. Probing, open-ended questions are one of its main features. The responsibility of the interviewer is to keep the applicant talking as much as possible. The assumption is that as the applicant responds to open-ended questions, he or she is likely to reveal information that might not otherwise be elicited. Typical questions used in this interview format include:

- Could you tell me something about yourself?
- Why do you want to leave your present job?
- What do you consider to be some of your most important accomplishments?
- What are your primary strengths?
- What are your primary weaknesses?
- What contribution do you feel you can make to this organization?
- Describe the best boss you ever had. What do you think made this person a good boss?

- Describe the worst boss you ever had. What do you think made this person a bad boss?
- What do you consider to be your most significant contribution to your last employer?
- Where do you see yourself five years from now?
- What are some other things I should know about you?

As these questions suggest, the intent of the non-directive interview is to get applicants to reveal as much about themselves as possible. Often, the answers to the questions are not as important as the way in which the questions are answered and the thought processes utilized in formulating responses.

Because of the nature of the questions asked, the non-directive interview is generally much more time-consuming than a more structured approach. Yet, some interviewers believe it is extremely effective in obtaining significant information. For this type of interview to be really effective, however, a highly trained and skilled interviewer is required.

The results of the non-directive interview may be difficult to summarize objectively. Different candidates respond in different ways to the questions asked. The appraisal of candidates may, therefore, be highly subjective. The verbally facile candidate is likely to receive a higher evaluation than the candidate who has trouble expressing himself or herself, even though the latter may be more qualified for the job than the former.

Research on selection interviews, such as the non-directive interview, indicates that they have low reliability and little or no validity.

The Structured Interview

The structured interview consists of a series of job-related questions—with predetermined acceptable answers—that are consistently posed to each applicant for a particular job.⁵ This kind of interview is more reliable and accurate than more traditional interview approaches. The advantages of structure are diminished, however, if the interviewer asks each of the questions in a perfunctory manner. The structured interview may also easily result in an overly formal or cold atmosphere that severely impedes the candidate's ability or desire to respond.

A structured interview typically contains four types of questions: situational, job knowledge, job simulation, and worker requirements.⁶

Situational questions pose a hypothetical job situation to determine what the applicant would do in a particular situation. For example, "If the main valve on the hydro-impulse regulator malfunctioned, what action would you take to correct the problem?" Theoretically, questions of this kind provide information on the applicant's ability to recognize and deal with problems that might actually occur on the job.

Job knowledge questions assess the applicant's grasp of requisite background knowledge for performing a job. These questions may be related to basic edu-

cational skills or complex scientific or managerial skills. For instance, “How do you determine the radius of a circle?”

Job simulation questions may require the applicant to actually perform a sample task from the job, such as demonstrating how to operate a machine or typing samples of letters. When physical performance of activities is not feasible, some other kind of simulation of critical job aspects may be used.

Worker requirements questions seek to determine the applicant’s willingness to conform to the requirements of the job. The applicant may be asked, for example, about his or her willingness to perform repetitive work, travel extensively, relocate, or work weekends. These questions, centering as they often do on the negative aspects of the job, are attempts to ascertain the applicant’s motivational level and tolerance for adverse job aspects. They also serve as realistic previews of the job and afford the candidate the opportunity to evaluate whether he or she really wants the job.

A properly designed structured interview contains only job-related questions. Each question has a specific purpose.

INTERVIEW METHODS

Several different methods may be used for conducting employment interviews. These range from the traditional one-on-one method to the controversial stress method, each of which has certain advantages and disadvantages. The choice of method usually depends on the specific job to be filled, its level in the organization, and the preferences of those conducting the interviews.

One-on-One Interviews

By far the most widely used interview method is the one-on-one approach in which applicant and interviewer meet in private. The interview is often a highly emotional experience for the job applicant; however, this is probably the least threatening interview method. The disadvantage of this method is that evaluation of the candidate is the responsibility of a single interviewer, unless a series of interviews is incorporated into the selection procedure.

Group Interviews

In a group interview several applicants interact in the presence of one or more company representatives. This method may provide useful insights into the candidates’ interpersonal competence as they engage in group discussion. An advantage of this approach is that it saves time for the interviewer, since several applicants can be evaluated at once. Two major disadvantages are (1) the interview is hard to control (the candidates may, in fact, take charge of the interview and prevent the interviewer from getting to pertinent questions and issues); and (2) the situation may be highly threatening to the candidates because they know

they are competing with each other for a job opening. The group interview is best used in conjunction with, and not to the exclusion of, other methods. Also, it is normally suited only for those jobs that require many interpersonal activities.

Panel Interviews

In a panel interview, one candidate is questioned by several interviewers sitting as a board. This approach allows for a thorough examination of the applicant because several interviewers are more likely to cover all significant areas than is a single interviewer. On the other hand, the panel may be very intimidating or threatening to the interviewee. Also, this type of interview may be time-consuming and costly because several company representatives are tied up at the same time. In actual practice, the panel method is usually reserved for higher-level positions or for positions where the applicant would have to interact frequently with members of the panel.

Stress Interviews

While most interviews attempt to alleviate discomfort and threat for the applicant, the stress interview intentionally creates a stressful—sometimes hostile—environment for the candidate. The purpose is, of course, to see how the applicant reacts to and deals with the pressure of the situation.

Advocates of this method say that many jobs involve dealing with stressful situations and that it is better to discover how a person will react to an unfavorable environment before that person is placed in the job. For example, some companies subject applicants for sales positions to stress interviews that attempt to simulate actual job conditions. In the first interview the exchange of information may progress very smoothly. The candidate is led to believe that practically all he or she has to do is come back for the second interview and a job offer will be made. However, on the second interview the candidate may be kept waiting in an outer office for a long time before the interview begins—a tactic that may cause the individual's anxiety level to increase. Once the interview begins, the interviewer may open the conversation by very curtly stating, "Mr. Hargett, I appreciate your time and interest, but I don't feel there is any need for further discussion. It's obvious that your qualifications just don't match our current needs." The purpose of this approach is to test the applicant's reaction to a totally unexpected situation. Some interviewers believe that candidates who are able to turn such a situation around are likely to become good sales representatives inasmuch as this is a common situation in sales work.

Does the stress interview actually achieve its purpose? Research suggests that it does not. The information exchanged in a stress situation can be distorted and misinterpreted—hardly the type of information upon which to base a selection decision.⁷ Moreover, the stress interview is apt to create ill will among job

applicants, even those who may be hired. Bad feelings about the company and the way it treats applicants may impede recruiting efforts as candidates share this information with outsiders. Consequently, it seems clear that the stress interview is completely inappropriate for almost all situations.

CONTENT OF THE INTERVIEW

The specific content of an employment interview varies greatly by organization and job level. However, the following general topics are the ones most commonly covered: work experience, educational background, interpersonal skills, career orientation, and personal qualities. Because of the potential for discrimination the interviewer should cover only job-related information.

Work Experience

Exploring an individual's previous work experience provides an indication of the applicant's skills, abilities, and willingness to handle the duties and responsibilities of the position for which he or she is applying. Although good performance in one job does not guarantee good performance in the next job, it is an indication of the applicant's capabilities. Areas of work experience that should be explored in the interview encompass the following:

- The degree to which previous work experiences are similar to the requirements of the open position.
- Any qualifications or skills acquired in previous jobs that will be important to successful performance in the new job.
- Level of performance and significant accomplishments in previous positions.
- The situation and organizational context in which experience was gained and the relevance of this background to the organization and work climate of the prospective employer.
- Ability of the candidate to transfer, generalize, and capitalize on earlier work experiences throughout his or her career.⁸

The most important questions concern previous work experience. In hiring a person an organization is, in reality, buying skills, abilities, talents, and knowledge; consequently, a complete, probing investigation of previous experience is essential to determine if the applicant possesses what the organization actually needs. Moreover, questions relating to work experience are the safest questions (that is, the most non-discriminatory) that can be asked.

Educational Background

Although an applicant's educational record is usually shown on the employment application or resumé, a mere listing of schools attended or courses taken does not provide much assistance in making effective hiring decisions. It is the interviewer's responsibility to pursue a line of questioning that will uncover the relevance of the candidate's educational background for the position under consideration. Some useful questions to ask would include the following:

- How would you describe your educational background?
- How has this background prepared you for the position for which you are applying?
- In college, what were your favorite courses? Why did you like these courses best?
- In college, what courses did you dislike? Why did you dislike these courses?
- What was your major field of study? Why did you choose that field?
- How would you compare your academic performance with other students at your school?
- Since graduating from college, what other education or training have you received? How does this education or training relate to the job you are seeking?
- What are your future educational or training plans?

Note that the general purpose of the preceding questions is to obtain the applicant's assessment of the relevance of his or her education and training to the position under consideration. A secondary purpose is to identify the applicant's interests and motivation. People with degrees in business, engineering, or computer science do not always have strong interests in these fields. Nor does a degree in a particular field guarantee that the applicant has acquired the skills and knowledge necessary for successful job performance.

Interpersonal Skills

The major reason for job failure is not lack of technical competence; it is inability to work effectively with other people. Thus, the interviewer should attempt to determine how well the applicant can relate to and work with others.⁹ Questions aimed at making this determination include:

- How well do you feel you get along with other people?
- How well do you feel other people get along with you?
- What are some of the major factors that influence your ability to get along with others?
- What is your usual way of interacting with others?
- How would you describe the kinds of people you get along with most effectively?
- How would you describe the kinds of people that irritate you the most?

- Do you feel that you work best in groups or in one-on-one situations? Why?
- How would you describe your relationships with the people on your last job?

The interviewer may also want to pose questions concerning the applicant's interpersonal relations with family, friends, or in social or civic situations. This line of questioning should be pursued carefully, however, because it may lead into areas where charges of discrimination could arise.

Career Orientation

Questions about a candidate's career objectives may aid the interviewer in determining the degree to which an applicant's aspirations are realistic. Hiring applicants with unrealistic expectations usually results in fairly rapid dissatisfaction with the organization and increases employee turnover. Some useful questions in this area are

- Where do you see yourself in this company in the next two years? Five years?
- What do you consider to be your ultimate career objective?
- What kinds of things might you like to do in future jobs?
- What kinds of things might you like to avoid in future jobs?
- What are you doing now to prepare yourself for future positions?
- Assuming that your progress in this organization is not as rapid as you might desire, what would you be most likely to do?

In addition to determining the applicant's career goals, the interviewer should present an honest, accurate description of advancement and career prospects in the organization. Complete honesty is essential on this point. The candidate should not be led to believe that opportunities exist when, in fact, they do not. Deception is counterproductive because when the truth unfolds the applicant is certain to become dissatisfied with the organization and is likely to leave. If so, the firm has lost a substantial investment in the individual's recruitment, selection, and training.

Personal Qualities

Personal qualities that are normally observed during the interview encompass such factors as physical appearance, speaking ability, vocabulary, poise, attitude, motivation, and assertiveness.¹⁰ Some of these qualities may be job-related; many may not be. Because all interviewers have personal biases and prejudices, care must be exercised to prevent the interviewer's biases from interfering with a factual assessment of the applicant. Unless a particular personal quality can be substantiated as a bona fide occupational qualification, it should not be a major influencing factor in the selection decision.

Questions that may be used to gather information about an applicant's personal qualities include the following:

- What sort of things seem to motivate you the best?
- What is your usual reaction when you encounter setbacks on a job?
- What do you consider to be your three best personal qualities?
- What work-related professional groups do you belong to? What is the extent of your participation in these groups?

CONDUCTING THE INTERVIEW

A job interview is a stressful situation for most individuals. The interviewee is apt to be tense and anxious. Thus, the first requirement for the interviewer is to alleviate this tension and create an atmosphere conducive to discussion. A warm, natural, friendly, and sincere welcome for the candidate helps. Also helpful is the use of an *ice breaker*, a brief discussion or question about something non-threatening to the candidate, for example, the weather, some event on television the previous night, or the candidate's flight from Chicago to visit the company. The ice breaker usually requires no more than a minute or so, but accomplishes three purposes: it relaxes the applicant, it eases the interviewer into the interview, and it creates an environment for a more pleasant exchange of information.¹¹

Since superficial data on the candidate are available on the employment application or resumé, the interviewer's task is to seek additional information, gather explanations of experience and background, and fill in gaps. A critical mistake that some interviewers make is to ask questions that have already been answered on the application or resumé. For example, "I see you attended Elon College" or "Your last job was with Henson and Bedges, wasn't it?" or "You have a degree in horticulture, don't you?" Spending time on such matters does not generate any new information and should be avoided. Moreover, it may be annoying to the interviewee.

At first the interviewer should ask only general questions. Then, as the interview progresses, the questions should become more specific. Using the previously suggested interview content as a basis, it is appropriate for an interview to proceed along the following lines:

1. Discussion of work experience
2. Exploration of educational background
3. Examination of interpersonal skills
4. Discussion of career orientation
5. Examination of personal qualities

6. Description of the job and the company
7. Asking if the applicant has any questions

While it is not absolutely essential that strict adherence to this sequence be observed, all of these topics should be covered in the interview. Observing the suggested progression will introduce structure into the interview and keep it from going off on tangents.

When the necessary information has been obtained, and the applicant's questions have been answered, the interview should be concluded. At this point, the applicant should be told when and how he or she will receive notification of the company's decision. An inconclusive response such as, "We will be contacting you at a later date," should be avoided. It is far more preferable to say, "We are interviewing two other candidates for this position. We will call you next Tuesday to let you know of our decision." The organization should not keep the candidate hanging, nor should it run the risk of hurting its reputation by being ambiguous about when an employment decision will be made.

After each interview, the interviewer should prepare a written assessment of the candidate. This assessment need not be elaborate but should reflect the interviewer's evaluation of the applicant's work experience, educational background, interpersonal skills, career orientation, and personal qualities, and the overall impression created by the applicant. Many organizations use an evaluation form similar to the one shown in Figure 10.1. Use of an appraisal form helps ensure that all interviewers are evaluating on the same criteria. Furthermore, it documents the reasons for making employment decisions—a practice that is important should claims of discrimination arise.

POTENTIAL PROBLEMS IN INTERVIEWING

As perhaps the most fallible process in human resource management, employment interviewing contains a number of potential problems or pitfalls, especially for the untrained interviewer. It is important therefore, for all interviewers to be fully aware of these potential problems.

Lack of Goals

An axiom in management says that clearly stated goals are essential if meaningful activity is to take place. The requirement for goals or objectives is no less essential for the interviewing process. Goals for the selection interview are tied to both the job to be filled and the qualifications of the applicants being considered. It is unfortunate, but often true, that individuals are selected on the basis of whim, with less consideration for specifications (skills, abilities, and knowledge) than is typically given for the acquisition of a personal computer or other non-human asset.

Figure 10.1
Applicant Evaluation Form

APPLICANT _____ **INTERVIEWER** _____
POSITION _____ **DATE** _____

FACTOR	COMMENTS		RATING
	FAVORABLE	UNFAVORABLE	
EXPERIENCE			1 2 3 4 5
EDUCATION			1 2 3 4 5
INTERPERSONAL SKILLS			1 2 3 4 5
CAREER ORIENTATION			1 2 3 4 5
PERSONAL QUALITIES			1 2 3 4 5
OVERALL EVALUATION			1 2 3 4 5

To effectively conduct an interview, the interviewer must have a good understanding of the duties and responsibilities of the job to be filled and the human qualifications necessary for satisfactory job performance. The goal of the interview is, quite simply, to find the best qualified person to perform the job. But unless the interviewer understands the job and the qualifications needed, it is unlikely that an effective match between job and individual will be made. The information needed to establish clear-cut goals for the interview can be obtained from the job description and the job specifications.

Premature Judgments

One of the easiest traps to fall into when interviewing is to prematurely judge the applicant in the first minute, or even the first seconds, of the interview.¹²

Physical appearance, speaking voice, height, weight, and similar factors may lead the interviewer to immediately form an opinion about the applicant and spend the remainder of the interview attempting to validate this first impression. The interviewer must remember that first impressions are likely to be wrong because they are based on feelings, not information. Thus, a more appropriate approach is to deliberately suppress one's first impression, objectively collect the needed information, analyze this information, and then make a final evaluation.

Interviewer Domination

When interviewers dominate the conversation, the collection of job-related information about the candidate is severely hindered. In an effective employment interview, the applicant should be permitted to talk about 75 percent of the time. This probably does not happen in the vast majority of interviews. The objective of the employment interview is to acquire sufficient information for making an informed selection decision; when the interviewer dominates the conversation this objective cannot be met. The interviewer's primary responsibilities are to pose questions and gather information from the applicant, not to do all of the talking.

Inconsequential or Trivial Questions

Without a somewhat structured approach or specific goals for an interview, the interviewer is likely to succumb to asking questions that have little or no bearing on the position to be filled. These questions may be asked because the interviewer does not know what to ask, or they may be asked simply to kill time. Inconsequential or trivial questions are risky because they frequently lead into discussions of areas where the potential for discrimination exists. For example, the statement "Tell me about your family" is inconsequential because it is not job-related; it is potentially discriminatory because it may lead to a discussion of national origin, religious preference, or a subset of sex, such as number of children or marital status.

Halo/Horns Error

This is a type of bias that is manifested when an interviewer is overly impressed (halo effect) or overly repulsed (horns effect) by one or more personal characteristics of the applicant and allows this bias to unduly influence his or her opinion of the candidate. An interviewer who places a high value on neatness and conservatism in dress, for example, may automatically favor candidates who rate high in this area and just as automatically underrate those who do not meet his or her standards of dress—regardless of skills, abilities, or other job-related factors. As with other forms of bias, the interviewer must recognize his or her

prejudices and make a conscious effort to withhold judgment about the applicant until sufficient information has been collected.

Contrast Effects

A contrast effect is an error in judgment that occurs when an interviewer meets with one or more poor or marginally qualified candidates and then interviews a candidate who, without benefit of comparison with the previous applicants, would be considered only fair in skills and abilities. By comparison, however, the last applicant may appear to the interviewer as a *superstar* because previous applicants have been so poorly qualified. Realistic, objective, written evaluations of candidates are crucial for combating this kind of error.

Stereotyping

Stereotyping is another form of interviewer bias. It usually occurs when the interviewer has a preconceived notion of the ideal candidate. Some interviewers may believe, for example, that women or minorities are not qualified to handle executive or professional positions because they do not fit the interviewer's preconceived idea of the ideal candidate—a white male. Some interviewers still think of women or minorities as being more suited for secretarial, clerical, or menial jobs. While actions taken on the basis of stereotyped views are illogical and clearly illegal, they do occur, and as a result interfere with the selection of qualified candidates.

Lack of Interviewer Training

Lack of training is a serious interviewing problem.¹³ Many organizations do not provide any interviewing training for their managers. Without training, there is a tendency for interviewers to emulate the approaches used by others who have interviewed them—a practice that would be acceptable if there were more well-trained interviewers around to serve as role models. Because of the lack of training, goals are not set for the interview, the wrong questions are asked, the right information is not secured, discriminatory areas are explored, biases are not controlled, and poor selections are made.

Behavior Sample

At best, an employment interview is a very small sample of an applicant's behavior. Moreover, the candidate's behavior during the interview is seldom typical or natural due to the stress of the situation. Unfortunately, this problem will always exist in interviews. It is incumbent upon interviewers to recognize that they are dealing with behavior samples. Emphasis should be placed on

gathering factual information; even then the sample may be too small to make a totally accurate evaluation.

Interpretation of Behavior

An extension of the previous problem is that of assessing the behavior that is observed in the interview. If an applicant constantly fidgets or continually shifts his position in the chair during the interview, how should this behavior be interpreted? As a sign of anxiety? As tension? Or as an indication that the applicant is afraid that something will slip out that he doesn't want known? If the applicant slouches in a chair and casually answers questions without much elaboration, should this be viewed as a sign of disinterest? No one, including the experts in interviewing, has satisfactorily solved the problem of interpretation. Because the interview is an unnatural situation for the applicant, it is probably best for the interviewer to withhold judgment on these kinds of behaviors and concentrate on evaluating the candidate's qualifications.

Inappropriate Questions

A basic requirement in employee selection is that all information requested be job-related. This is as true for the interview as it is for any other selection device or procedure. Employers must be extremely cautious in asking questions that are risky from a legal point of view. Unfortunately, illegal questions are still being asked in interviews today. Table 10.1 shows the kinds of questions that should be avoided.¹⁴ Careful examination of the table will show that none of these questions are job-related.

THE IMPORTANCE OF LISTENING

A large part of the interviewer's job is to listen effectively. To accomplish this the interviewer must learn to listen empathetically and attempt to put himself or herself in the applicant's place so that what is being said can be more readily understood. Empathic listening requires that the listener put aside his or her own biases and frames of reference. While all communications from the applicant must ultimately be evaluated, the evaluation should not be made prematurely but should be delayed until the entire message has been received and a sincere effort has been made to fully comprehend what the applicant has said. Some helpful guidelines for the interviewer to follow are:¹⁵

- *Allow sufficient time.* The specific amount of time allotted to an interview will vary, depending primarily upon the level of the position to be filled. Lower-level positions may require only a half-hour or less while executive-level positions may require several hours or more. An interview should never be rushed, because the quality and quantity of information gathered will suffer if the interviewer hurries through the interview.

- *Remove distractions.* Noise, interruptions, or physical discomfort create difficulties for both interviewee and interviewer and interfere with the effective two-way exchange of information. Take steps to assure privacy and a distraction-free environment. By all means make certain that the interview is not interrupted by the telephone or drop-in visitors.
- *Be patient.* People do not always answer questions as directly as we might like. Do not attempt to finish the other person's sentence; allow the person to communicate in his or her own way; do not try to fill in those moments of dead silence that may occur in an interview. (In fact, it is often in these moments of silence that significant information is discovered as the interviewee rushes to eliminate the silence and the accompanying awkwardness.)
- *Listen with the proper attitude.* Show the person that you are interested in listening to what is being said. Look at the person. Concentrate on what you are hearing. Keep an open mind and do not overreact to what is being said. Reassure the person through positive body language such as the use of head nods. Restate what has been said to make sure that it has been completely understood.
- *Empathize with the interviewee.* Try to put yourself in the interviewee's position. Recognize that the person may be tense or anxious. Empathizing helps the interviewer understand more clearly what is being said; proper understanding is crucial to effective interviewing.
- *Avoid argument and criticism.* Arguing and criticizing puts the candidate on the defensive and often leads to a complete halt in the flow of information. Let the person talk, even if it is obvious that what is being said is incorrect. Evaluation comes after the interview, not during.
- *Guard against your biases.* Even the most experienced interviewers have biases. The way an interviewer feels about certain individuals or groups of people, and personal qualities such as attire, physical appearance, and grooming can affect what happens in the interview. It is important to recognize biases and take steps to prevent them from prejudicing interview results.
- *Question effectively.* Use the types of questions previously described in this chapter as effective. Avoid questions such as those listed in Table 10.1. Do not *grill* the candidate with question after question in staccato fashion. Always allow time for sufficient responses between questions.

Effective listening is crucial to interviewing. It is also hard work. It is a task, however, at which every interviewer must become proficient.

MAKING THE HIRING DECISION

Once the candidates for a position have all been interviewed, a decision must be made as to which candidate is the best for the job and the organization. At best, any hiring decision is a trade-off because there is no such thing as the ideal candidate. Experience, education, and other selection factors must be carefully weighed. Certainly, any applicant hired must possess the skills and knowledge to perform the job—*can do* ability. The applicant, at the same time, must

Table 10.1
Selected Questions to Avoid in Interviewing

<u>Question</u>	<u>Discriminatory Potential</u>
Have you ever been arrested?	Race; National Origin
Did you receive an honorable discharge from the armed services?	Race
Have your wages ever been garnished?	Race; National Origin
What is your credit rating?	Race; National Origin
Do you own a car?	Race; National Origin
Do you have a telephone?	Race; National Origin
Do you have a high school diploma?	Race; National Origin
Do you have a current driver's license?	Race; National Origin
Do you own your home?	Race; National Origin
Have you ever been refused a surety bond?	Race; National Origin
To what social organizations, clubs, or societies do you belong?	Race; National Origin; Religion
Do you have relatives from a foreign country?	National Origin
How did you learn to speak Spanish, Polish, etc.?	National Origin
Where were you born?	National Origin
What is your native language?	National Origin
What is the nationality of your parents?	National Origin
Do you attend religious services on Saturday or Sunday?	Religion
Do you attend church regularly?	Religion
Are you married?	Sex
How many children do you have?	Sex
What are the ages of your children?	Sex
Do you plan to have any more children?	Sex
How reliable are your arrangements for child care?	Sex
Are you pregnant?	Sex

Table 10.1 (continued)

Do you prefer to be addressed as Ms. or Mrs.?	Sex
Where does your spouse work?	Sex
What is your maiden name?	Sex
How does your husband feel about your being away from home overnight?	Sex
How old are you?	Age
What is your date of birth?	Age
When did you graduate from high school? From college?	Age
Are you disabled in any way?	Disability
Do you have any physical defects?	Disability
What is the general status of your health?	Disability
What is your corrected vision?	Disability
Would you need a reasonable accommodation to perform this job?	Disability
How many days were you ill last year?	Disability
Have you ever filed for workers' compensation?	Disability
What medications are you currently taking?	Disability
Does stress affect your ability to be productive?	Disability

possess sufficient motivation to want to perform the job—*will do* ability. Additionally, the person hired should be one who will reasonably *fit* into the work unit and the organization. Assessing all of these factors is always difficult but can be made somewhat easier if all interviewers have completed applicant evaluation forms for each person interviewed. The one cardinal rule in making a hiring decision is this: if there is *any* doubt about the candidate's ability to perform, or if there is *any* doubt about the candidate's motivation to perform, do not hire that person.¹⁶ Doubts about a candidate too often become self-fulfilling prophecies.

THE NEED FOR INTERVIEWER TRAINING

Because of the importance of interviewing in the selection process as well as the potential legal ramifications involved, it is imperative that organizations provide sufficient training in interviewing for managers who must perform this vital

task. For small organizations, training can be provided through public seminars. Large organizations may wish to consider offering their own in-house programs. The following list shows the kinds of topics that should be included in an employment interviewing training program:

- Overview of the Interviewing Process
- Definition and Purpose of the Employment Interview
- Preparing for the Interview: Establishing Objectives
- Establishing and Maintaining Rapport
- Structuring and Controlling the Interview
- Methods for Obtaining Information: Questioning Techniques
- Methods for Obtaining Information: Listening Techniques
- Note Taking
- Closing the Interview
- Interpretation of Interview Data
- Problems to Avoid in Interviewing
- Practice Exercises in Interviewing
- Legal Issues in Interviewing

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11

Performance Appraisal

Individuals working in an organization perform at varying levels of proficiency. Some use their skills, energy, and time effectively and efficiently. Others do not. Some display an abundance of initiative and seek opportunities for additional responsibilities. Others do not. Decision making in many areas of human resource management depends upon management's ability not only to recognize such differences in individual performance but also to accurately measure them. This is the task of performance appraisal.

Performance appraisal is by no means a simple task, yet it is crucial. Decisions made in this area affect other parts of the human resource management system as well as the organization itself. Compensation, promotion, career development, job design, selection criteria, and training are some of the areas directly influenced by the appraisal process. Consequently, a sound, effective approach to determining how well employees are performing their jobs is essential to organizations of all types and sizes.

PERFORMANCE APPRAISAL DEFINED

Performance appraisal may be defined as “an on-going, systematic evaluation of how well an individual is carrying out the duties and responsibilities of his or her current job. Additionally, it typically includes an assessment of the individual's need or potential for further development.”¹

Four key terms in this definition merit further consideration because they indicate the nature of an effective approach to assessing employee performance. These terms are (1) *ongoing*, (2) *systematic*, (3) *evaluation*, and (4) *development*.

Performance appraisal is an *ongoing* activity, not something that is done once a year when a supervisor or manager completes an employee evaluation form.²

Monitoring and assessing the efforts expended and results produced by employees must be done, if it is to be accomplished effectively, on a daily, weekly, and monthly basis. The culmination of this continuous process is the completion of a written report or form. The completion of the formal document, however, is not performance appraisal. Rather, it is a recapitulation of the many individual evaluations of how an employee has carried out the duties and responsibilities of his or her job over the entire period covered by the report. In fact, were it not for the continuous evaluations made of performance, the formal report could not be completed accurately.

Performance appraisal is, or should be, *systematic* in nature. It should be a logical, objective assessment of how well an employee has performed a job. Effective performance appraisal depends upon well-defined standards of accomplishment that are measured in accordance with a methodical approach that eliminates—or severely reduces—subjectivity. Job standards are the yardsticks by which job accomplishments are measured; a consistent procedure for comparing accomplishments with standards establishes the necessary system for accurate, effective performance appraisal.

Performance appraisal is an *evaluation*. In this case, evaluation means the determination of how much work is actually accomplished. Measurements are crucial to evaluation. Without measurements and standards, there can be no evaluation. There can be only guesses, subjective opinions, and estimations.

Finally, performance appraisal, if it is to be fully effective as an internal staffing tool, must include a *development* aspect. The focus of development is twofold: identifying current needs for employee growth and improvement on the present job, and identifying employee potential for promotion to positions of higher responsibility. The developmental aspect of performance appraisal looks at what the employee has done and seeks to determine what he or she needs to be able to perform the job better and how the employee could be better utilized to his or her own personal advantage as well as the organization's benefit.

Performance appraisal, in essence, has a bi-directional focus. It objectively evaluates what has been accomplished in the job by the employee and then looks to the future by describing individual developmental needs.

USES OF PERFORMANCE APPRAISAL

Unfortunately, most managers—and employees—have a very narrow view of performance appraisal, visualizing it as merely the means whereby increases in compensation are awarded. But performance appraisal, used to its fullest extent, is much more than a wage and salary administration device. It can be used as a mechanism for:

- Providing feedback to employees on how well they are accomplishing job duties and responsibilities.

- Identifying individuals whose present performance and future potential warrant promotion to positions of greater responsibility.
- Identifying individuals whose inability to perform on the present job indicates the need for demotion to a position of lesser responsibility, lateral transfer, or termination.
- Identifying training needs of individual employees or work units.
- Verifying the effectiveness of the selection process. (If new hires consistently perform below expectations, inappropriate selection criteria are possibly being used.)
- Determining the need for disciplinary action because of low output, poor quality of work, or frequent infraction of company rules, procedures, or policies.
- Determining the extent of an employee's progress in performing job duties.
- Identifying employees who have potential that could be significantly increased through additional training or other developmental activities.
- Increasing communication between the supervisor and the employee about job performance.
- Providing a basis for determining which employees should be granted pay increases.³

Relating these uses of performance appraisal to the staffing process, it is apparent that performance appraisal yields valuable data for decision making in human resource planning, recruiting, selecting, career planning and development, and human resource administration.

Human Resource Planning

To accurately assess an organization's internal supply of human resources for planning purposes, data must be available that describe the promotability and potential of all employees, especially high-level professionals and managers. An effective performance appraisal system is one means by which these data are derived. In short, a well-designed appraisal system provides a profile of an organization in terms of the strengths, weaknesses, and potentialities of its current work force and establishes a basis for filling future personnel needs.⁴

Recruiting

Performance evaluations can provide information that can be used to improve an organization's recruiting efforts. For example, an analysis of high performing employees or managers may reveal that they received their training at particular schools, majored in certain disciplines, or were recruited from the same sources. Such information could certainly influence a firm's approach to recruiting, allowing it to concentrate more of its efforts on the most productive sources and approaches.

Selecting

Performance appraisal is crucial for validating the use of certain selection standards. Validation requires the identification of successful and unsuccessful performers and a correlation between success on the job and the selection standard or test used. An accurate performance appraisal system is essential not only for identifying successful and unsuccessful performance but also for establishing a reliable database to make the required correlations. If the performance appraisal system is inaccurate, attempts to validate selection devices will fail.

Career Planning and Development

Whether viewed from an individual or an organizational perspective, effective career planning and development is heavily dependent upon performance appraisal information. Managers need information about the strengths, weaknesses, and potentialities of their subordinates to counsel and assist them in developing and implementing their career plans. Likewise, employees need the information provided by performance appraisal to make personal decisions about their own career aspirations.

Human Resource Administration

Performance appraisal data are the basis for making a number of administrative decisions in an organization. Decisions concerning promotions, transfers, demotions, terminations, and layoffs are frequently based on performance appraisals.

Promotions. While an individual's performance in one position is not necessarily an accurate predictor of success in a position of greater responsibility, it is a useful indicator that is widely used. Through performance appraisal an employee's ability to handle particular types of tasks well is identified, as are other kinds of skills. This *track record* gives an organization a reasonable basis for making promotion decisions.

Transfers. As with promotion decisions, an employee's performance record in one job may be useful for determining his or her ability to perform in another job of equal importance. While this may not be a prime factor when transfers are used solely for the purpose of employee development, it is important when making lateral moves to fill job vacancies.

Demotions. Unfortunately, an employee is sometimes placed in a position that requires greater skill than he or she possesses, a fact that is revealed through performance appraisal. Demotion to a job more commensurate with the employee's level of skills and abilities may be in order when this happens. Inability to perform one particular job well does not mean that an employee is incapable

of successfully performing other jobs. Demotion can be a viable means of salvaging an organization's investment in a person.

Terminations. Performance appraisal data are frequently used to make termination decisions. When an employee cannot perform and there are no lower-level jobs to which he or she can be demoted, when an employee's work is completely unsatisfactory, or when an employee commits serious or repeated violations of company rules, he or she may have to be terminated. Because of the increasingly complex legalities involved in discharging employees, an accurate performance appraisal system is rapidly becoming necessary as a source of documentation to support a termination action.

Layoffs. When it becomes necessary for an organization to reduce its work force because of economic factors, performance appraisals provide a rational basis for determining which employees will be laid off. Obviously, marginal performers should be laid off, and more productive workers should be retained.

When employees are working under a labor agreement, however, layoffs are determined on the basis of seniority, not performance, and management is deprived of its flexibility in deciding which people to lay off.

PERFORMANCE APPRAISAL METHODS

Over the years several different methods of formally appraising performance have been developed. The seven most commonly used approaches in organizations today are (1) rating scales, (2) ranking, (3) checklists, (4) behaviorally anchored rating scales, (5) work standards, (6) essays, and (7) management by objectives.

Rating Scales

The single most widely used method of appraising the performance of non-exempt employees is some form of rating scale. Perhaps as many as 50 percent of all organizations with performance evaluation systems use this approach.⁵ This method is popular because it is simple and quick.

With rating scales, employees are evaluated according to a set of predetermined factors such as quantity of work, quality of work, or absenteeism. Each evaluation factor is ranked from the lowest level of performance to the highest into as many as fifteen categories. Many rating scales use five categories. In some instances, definitions of the evaluation factors are printed on the evaluation form itself; in other instances, only the name of the factor is shown.

To complete a performance appraisal using a rating scale, the evaluator simply checks the degree of each factor that is most descriptive of the employee's performance during the period covered by the appraisal. Figure 11.1 shows a fairly typical rating scale. Often, numerical values are assigned to each factor degree so that the evaluator can quickly compute a mathematical average performance rating.

Figure 11.1
Typical Rating Scale

PERFORMANCE FACTORS	Below <u>Minimum</u> (unacceptable)	Below <u>Expectations</u> (marginal)	Meets <u>Expectations</u> (normal)	Exceeds <u>Expectations</u>	Clearly <u>Outstanding</u>
JUDGMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INITIATIVE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CREATIVENESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PROBLEM SOLVING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
THOROUGHNESS & ACCURACY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QUANTITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMMUNICATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
JOB KNOWLEDGE/SKILL IMPROVEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
WORKING WITH OTHERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LEADERSHIP ABILITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ADVANCEMENT POTENTIAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ADAPTABILITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ABSENTEEISM/PUNCTUALITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ATTITUDE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Many rating scale forms also include a comments section below each factor so that the appraiser can provide written justification for the factor degree assigned. Other rating scale forms provide a comments section at the end of the form, allowing the evaluator to make general comments supporting the overall appraisal.

Advantages. There are several advantages to rating scales as a method of performance appraisal: (1) they are easy to use, (2) they do not take much time to complete, (3) a set of standardized factors can be developed to cover all jobs in an organization, and (4) when numerical values are assigned to factor degrees, an average performance rating can be quickly calculated.⁶

Disadvantages. Although rating scales are probably the oldest approach to performance appraisal still in use, they have significant disadvantages: (1) factors and degrees are often vaguely defined, if they are defined at all; (2) lack of factor and degree definitions may produce highly subjective supervisory evaluations; (3) there is usually no factual basis for the evaluation; (4) frequently the factors contain items that are, at best, tangentially related to the job; (5) central tendency errors are likely to occur because it may be difficult for the appraiser to factually justify a rating above or below acceptable performance; and (6) the courts have usually taken a jaundiced view of rating scales because the factors often include personality traits.⁷

Ranking

The simplest approach to performance appraisal is the ranking method. In its most elementary form, ranking entails placing all employees into a specific order based on their overall performance, from the highest or best performer to the lowest or worst performer. In a group of seven employees, for example, the best performer would be designated one, the next best performer two, and so on. To determine the rankings, evaluators frequently use an alternation ranking procedure: the evaluator first selects the best performer and then identifies the worst performer; next, the second best performer is selected and the second worst performer is identified. This alternation is continued until all employees have been put into rank order.

As typically used, ranking involves no specific criteria or performance guidelines; it relies entirely upon the appraiser's (or evaluator's) judgment for determining the order of employee performance.

Advantages. Ranking, it is claimed, has several advantages as a performance appraisal method: (1) it is inexpensive; (2) it is easy; (3) it eliminates the problem of central tendency error because it forces the appraiser to place employees into a ranking based on overall performance; (4) it does not require extensive evaluator training; and (5) since employees and supervisors naturally tend to

rank individuals in some order of performance anyway, it legitimizes an already existing informal procedure.⁸

Disadvantages. Unfortunately, no simple approach to dealing with a complex process is without its shortcomings. The disadvantages to ranking are (1) there are usually no objective criteria for determining an employee's position in the rank order; (2) it may be difficult to explain his or her ranking to an employee because most employees consider themselves to be above average in performance; (3) ranking may produce morale problems among employees who are not rated at or near the top of the list; (4) performance comparisons across departmental lines are impossible, since a lower-ranking employee in one unit may actually be superior in performance to a higher-ranked employee in another work group; (5) ranking forces a distribution of performance that may not fit a work group because it is possible that all employees may be superior or all may be inferior; and (6) ranking does not provide the evaluator with useful information for counseling employees about their performance.⁹

Checklists

Performance appraisal checklists provide the evaluator with a series of statements, phrases, or adjectives that describe employee performance. These statements may be subdivided into specific factors, such as quantity of work or quality of work, with the descriptors listed under each category. Occasionally, the phrases or adjectives are simply listed without categorization. The appraiser marks the statement or adjective considered to be most descriptive of the employee's performance during the period covered by the appraisal. Figure 11.2 shows a typical checklist.

There are two variations to the straight checklist method. One variation is the forced choice technique. In this approach, the appraiser reviews a series of statements about an employee's performance and indicates which statement is most descriptive or least descriptive of that individual's performance. Figure 11.3 is an example of a forced choice checklist. After the checklist is completed, the evaluator reviews all of the behaviors checked and composes a written description of the employee's performance.

A second variation of the checklist is the weighted checklist. It is very similar to the forced choice method except that weights have been assigned to each possible response. Normally the weights, developed by the human resource group, are not known to the evaluator. This approach, it is believed, tends to reduce bias on the part of the person conducting the appraisal.

Advantages. Proponents of checklists claim that this method offers the following advantages: (1) the evaluation is not as vague as in the rating approach because actual job behaviors are described in the checklists, (2) evaluator objectivity is greater than with rating scales or rankings because appraisers have to evaluate specific job performance behaviors, (3) the evaluator tends to act

Figure 11.2
Typical Checklist

QUALITY OF WORK (Disregard Quantity)

☐ Extremely neat and accurate.

☐ Good accurate worker. Makes few mistakes.

☐ Adequate but some improvement would be desirable.

☐ Barely up to minimum standards. Often inaccurate.

☐ Below minimum standards. Complete checking required.

QUANTITY OF WORK (Disregard Quality)

☐ Outstanding volume.

☐ Well above average volume.

☐ Adequate volume.

☐ Barely up to minimum standards.

☐ Below minimum standards. Needs much improvement.

JOB KNOWLEDGE (Technical)

☐ Expert. Has superior knowledge.

☐ Well-rounded knowledge. Seldom needs assistance.

☐ Possesses acceptable knowledge.

☐ Knowledge is adequate to perform minimum job requirements.

☐ Very limited knowledge. Needs frequent assistance.

RESPONSIBILITY (Ability to Plan and Direct Work)

☐ Plans and carries out own work in superior manner. Self-sustaining.

☐ Plans and carries out work well. Requires little supervision.

☐ Requires occasional work direction.

☐ Carries out only the most obvious tasks without follow-up.

☐ Always waits to be directed.

more as a recorder of observed behaviors than as a judge, and (4) checklists are typically developed for groups of similar jobs so that evaluation factors are more job-specific than the general ones used in rating scales.¹⁰

Disadvantages. The shortcomings of checklists include: (1) it takes time and money to develop statements for job groups that truly reflect job performance; (2) appraisers often have difficulty interpreting the statements because some items appear to be virtually identical; (3) when the weighted checklist is used, the appraiser has no knowledge of the assigned weights and may give an em-

Figure 11.3
Forced Choice Checklist

Most Descriptive	Least Descriptive
<input type="checkbox"/>	<input type="checkbox"/> Seldom makes mistakes
<input type="checkbox"/>	<input type="checkbox"/> Fails to follow through on assignments completely
<input type="checkbox"/>	<input type="checkbox"/> Always meets deadlines
<input type="checkbox"/>	<input type="checkbox"/> Constantly seeks help on routine assignments
<input type="checkbox"/>	<input type="checkbox"/> Does not plan ahead
<input type="checkbox"/>	<input type="checkbox"/> Grasps instructions quickly
<input type="checkbox"/>	<input type="checkbox"/> Seldom wastes time
<input type="checkbox"/>	<input type="checkbox"/> Communicates well
<input type="checkbox"/>	<input type="checkbox"/> Leader in group activities
<input type="checkbox"/>	<input type="checkbox"/> Spends too much time on trivial matters
<input type="checkbox"/>	<input type="checkbox"/> Patient with others
<input type="checkbox"/>	<input type="checkbox"/> Industrious worker

ployee a different evaluation than intended; (4) factual data to support the assigned evaluation is usually lacking; (5) lacking knowledge of which items are the most heavily weighted, the appraiser may be at a disadvantage in counseling the employee about his or her job performance; and (6) there is little evidence to indicate that checklists are an improvement over other appraisal methods.¹¹

Behaviorally Anchored Rating Scales

Behaviorally anchored rating scales (BARS) are basically a more detailed and refined version of the traditional rating scale. The implementation of BARS begins with a detailed analysis of a job and a precise identification of specific effective and ineffective job behaviors. Once each performance factor has been identified, descriptive statements for each level of performance for each job factor are then arranged on a scale in rank order. Typically, the scale provides for seven descriptive statements for each performance factor, although sometimes points along the scale will not have a behaviorally descriptive statement

Figure 11.4
Behaviorally Anchored Rating Scale

Job: Payments Cashier

Factor: Customer Relations--includes all those behaviors the cashier demonstrates when dealing with the customers.

<input type="checkbox"/> 7 Clearly Outstanding Performance	Carefully explains company services to customers and attempts to cross-sell services whenever possible.
<input type="checkbox"/> 6 Excellent Performance	Answers all questions knowledgeably and occasionally attempts to cross-sell one or two services.
<input type="checkbox"/> 5 Good Performance	Answers most customer inquiries knowledgeably and courteously.
<input type="checkbox"/> 4 Neither Good Nor Bad Performance	Is friendly toward customers and answers some questions correctly.
<input type="checkbox"/> 3 Slightly Poor Performance	Answers questions by referring customers to another department.
<input type="checkbox"/> 2 Poor Performance	Responds to customers inquiries grudgingly and lacks adequate knowledge of company services.
<input type="checkbox"/> 1 Very Poor Performance	Indifferent to customers' needs.

attached to them. Figure 11.4 provides an example of a behaviorally anchored rating scale for the performance factor “Customer Relations” in a payments cashier’s job.

BARS was developed to overcome weaknesses in other performance appraisal methods by addressing specific job behaviors and performance expectations. While research has been conducted on the effectiveness of BARS compared to other methods, such as rating, the results appear to be mixed.¹² It does not appear, though, that this approach has fulfilled earlier expectations about its effectiveness.

Advantages. Proponents of BARS claim several advantages for this method: (1) it is job-based inasmuch as each job must be carefully studied to identify specific behaviors that will be used to assess performance, (2) it is more objective than other methods because specific behavioral statements rather than vague descriptions of performance are used, (3) its validity is superior to methods that rely on worker traits or personality factors that may not be job-related, and (4)

it provides for an easier communication of job expectations to employees since these expectations are specifically identified in advance.¹³

Disadvantages. As a performance appraisal device, BARS have the following disadvantages: (1) they are expensive and time consuming to develop since each job must be studied in detail; (2) their development normally requires professional expertise because of the extensive job analysis entailed; (3) there are usually little or no backup data to support the evaluator's assessment of performance; (4) problems of evaluator bias are not eliminated because judgment still plays a significant part in the evaluation; and (5) there is no clear-cut evidence that this method, although more detailed and expensive, is superior to other commonly used approaches.¹⁴

Work Standards

In the work standards approach to performance appraisal each employee's output is compared to a predetermined level of output of acceptable quality. Standards, established through work measurement techniques such as time study, work sampling, or predetermined time systems, reflect the amount of work that a qualified employee working at a normal rate of speed under normal conditions could produce within a specified period of time.¹⁵ This method is most commonly used in manufacturing where output is readily quantifiable but is also found in clerical or other non-manufacturing environments.

Advantages. Where work standards can be used, they offer distinct advantages: (1) they are objective, quantifiable criteria for determining performance; (2) they provide for the easy identification of high as well as low performers; (3) they establish a definitive basis for relating merit pay increases to performance; and (4) they set expectations that can be communicated to employees.¹⁶

Disadvantages. Some of the drawbacks of work standards include the following: (1) the standards used to measure output must be very accurate,¹⁷ (2) standards cannot be applied to jobs where there is no readily quantifiable output, (3) this approach typically does not provide developmental data that can be used by a supervisor for counseling employees, (4) workers must be convinced that the standards are fair, and (5) any changes made in the standards may have an adverse impact on employee morale.

Essays

Free-form essays are another performance appraisal method. In their simplest form, the evaluator merely writes a brief narrative describing the employee's performance, usually elaborating on strengths as well as areas where the individual needs to make improvements. This method tends to focus on extremes in an employee's behavior rather than routine day-to-day performance because extremes are more easily remembered by the appraiser. Evaluations of this nature, obviously, depend quite heavily upon the writing ability of the evaluator.

However, some managers believe that this method is the best approach to performance appraisal because there are no constraints on the subjects that can be covered in the evaluation. Essays are most often used in conjunction with other appraisal methods rather than as the sole method. They are also more common for managerial than for operative-level jobs.

Advantages. The advantages claimed for the essay approach include (1) the thoughtful attention an appraiser must give to writing a report that is truly reflective of an employee's performance, (2) the wide latitude given to the evaluator to cover items that may not be included in a set of predetermined evaluation factors, (3) the attention that must be given to citing specific examples of demonstrated performance in order to compose an accurate narrative, and (4) the kind of information provided to the employee that may help the individual improve his or her performance.¹⁸

Disadvantages. Essays have several inherent drawbacks when used as the only means of performance appraisal. Among these are (1) the quality of the evaluation is more often than not a function of the appraiser's ability to write well rather than of the employee's ability to perform a job successfully; (2) the method can be very time-consuming if it is given the attention it deserves; (3) inasmuch as essays require time, supervisors may be inclined to perform them perfunctorily if several employees are being appraised at once; (4) the evaluator tends to concentrate more on behavioral extremes than examples of day-to-day performance; and (5) comparisons of employee performance across departmental lines are difficult because appraisers do not all cover the same aspects of performance or possess the same writing skills.¹⁹

Management by Objectives

Management by objectives (MBO) is both a management philosophy and an approach to performance appraisal. As a management philosophy, it utilizes employee participation in setting meaningful, attainable goals for each individual. These individual goals are directed toward departmental goals and ultimately toward the overall goals of the organization.

As an approach to performance appraisal, MBO is a results-centered technique that does not attempt to evaluate traits or personality characteristics; its focus is entirely on actual accomplishments measured in terms of expected achievements set by employees themselves. With MBO the focus of the appraisal process shifts from evaluation of the worker's personal attributes or tangentially related job factors to actual job accomplishments. The appraiser's role changes from that of performance judge to one of counselor, mentor, and performance facilitator. The employee's involvement in the appraisal function becomes one of active participator rather than one of passive bystander.

In an MBO appraisal system, the employee and his or her supervisor mutually set goals that the employee will achieve during the next evaluation period. These

goals then become the standards by which the employee's performance will be measured. While goals are normally set in quantitative terms that lend themselves to clear-cut measurement, qualitative goals that are not as easily measurable are often used too. At the conclusion of the appraisal period, the employee and the supervisor meet to discuss the extent to which stated goals have been achieved and review further actions that may be necessary to accomplish goals that were not met in the current appraisal period. In this review session, goals for the next period are usually established. With MBO, the supervisor keeps communication channels open and attempts to assist in any way possible to see that the employee actually achieves the goals that have been set.

Advantages. MBO has been touted as a performance appraisal system for over 40 years. Among the advantages claimed for it are: (1) it increases the employee's involvement in setting performance objectives and concomitantly increases the motivation required to reach those objectives; (2) it offers an objective, factual basis for measuring accomplishments; (3) it emphasizes results, not traits or personality characteristics; (4) it is entirely job-centered; (5) it establishes the appraiser as a facilitator of performance rather than as a critic of performance; (6) it assures the organization that all employees are working toward a common purpose; and (7) it supports the psychological concept that people will exercise self-direction and self-control in the accomplishment of organizational objectives they have participated in setting.²⁰

Disadvantages. While the advantages of management by objectives as a performance appraisal system are real, it also has disadvantages that are just as real. For example: (1) MBO is incompatible with certain managerial styles: it will not work under authoritarian conditions; (2) it is an organizational philosophy: it cannot operate at one organizational level without operating at all levels; (3) installing a truly effective MBO approach is time-consuming: it requires an installation period of at least five years before it can permeate the entire organization; (4) MBO cannot be implemented at all organizational levels simultaneously nor can it be implemented from the bottom up: it must begin at the very top of the organization and work its way down; (5) it requires a total and sizable commitment of management support, interest, and time if it is to succeed; (6) it does not lend itself to all types of jobs: individuals performing routine, repetitive, or machine-paced jobs are better appraised by another method; and (7) employees require extensive training before they normally will respond in a positive fashion to MBO.²¹

This brief discussion of performance appraisal methods demonstrates that there is no perfect approach to assessing employee job performance. Some methods are decidedly better than others; some are clearly deficient. Specific approaches employed by an organization must take into consideration several factors: the uses that will be made of the results, the organization's philosophy and climate, the types of jobs being evaluated, and the time and expense that will be required to furnish the organization with an effective system.

PROBLEMS IN PERFORMANCE APPRAISAL

As pointed out in previous chapters, many human resource practices and procedures are imperfect at best. Performance appraisal is no exception. Many of the problems in performance appraisal occur not so much from the method used (although some methods are more susceptible to problems than others) but from the way that it is used. Often problems occur because supervisors and managers are largely untrained in how to appraise employee performance. Even when appraisers are trained, they frequently find it difficult to accurately and effectively assess the accomplishments of their subordinates. Some of the most commonly encountered problems are described below.

Perfunctoriness

For many supervisors, performance appraisal is a task they find difficult and unpleasant. Some view it as too time-consuming; some see it as an unnecessary administrative function the human resource department requires; others do not relish the thought of having to explain or discuss an evaluation with an employee. Therefore, it is not unusual to find the appraisal handled very superficially. The form is completed without much thought; any discussion with the employee is cursory. While it is important to both employee and employer, performance appraisal is often handled as if it is not important.

One of the authors once witnessed an annual performance review discussion with a relatively high-level professional employee that took place in a hallway and was concluded in no more than 30 seconds. Granted, this is an extreme example, yet it is indicative of the superficiality with which many appraisals are handled. The fact that it transpired in one of the largest defense contractors in the country is astonishing.

Lack of Objectivity

An obvious weakness of many performance appraisal systems is their lack of objectivity. Rating scales, for example, commonly use personality traits or characteristics, such as attitude, loyalty, appearance, resourcefulness, and personal conduct, that are not only difficult to measure but are also open to completely subjective interpretation. In addition, these and similar factors may have little or nothing to do with job performance. As discussed in Chapter 3, the courts have taken a dim view of subjective appraisal systems.

While some element of subjectivity probably exists in even the best of systems, a definite attempt must always be made to ensure that objective factors—quantifiable, measurable, and job-related—are stressed in the appraisal method. Lack of objective criteria place the evaluator and the employer in an untenable position if the performance appraisal system is challenged by an employee.

Central Tendency

One of the most common errors in appraising performance is central tendency: rating all employees as average or at the middle value of a numerical scale. This problem may occur for three reasons. First, it is the most expedient way for supervisors to do appraisals, especially when many employees have to be evaluated at the same time. Second, rating scales have a built-in tendency that forces ratings toward the center rather than toward the outer limits. Third, evaluating an employee as average relieves the appraiser of having to explain or justify high or low evaluations. Appraisers committing central tendency errors are seeking to avoid controversy, criticism, or lengthy discussions.

Halo/Horns Effect

A halo effect refers to the tendency to rate an employee high on all aspects of performance, even though actual performance has not been uniformly high, because the evaluator places an extraordinary importance on one factor on which performance has been high. For example, if an evaluator places great importance on quantity of work produced, the employee who turns out the most items will tend to receive a higher rating on quality of work than is justified by the actual quality level. Likewise, other factors will receive a higher rating than can be factually supported.

The horns effect is the opposite of the halo effect. Poor performance on one highly valued aspect of performance leads to lower than deserved ratings on all other performance factors.

Leniency and Strictness

Leniency, sometimes referred to as *evaluation inflation*, is the giving of undeserved high ratings. Research on performance appraisal suggests that where the evaluators are required to discuss evaluations with employees there is a tendency to overrate actual performance.²² In many instances, the evaluator simply gives the employee the benefit of the doubt. In one study it was discovered that more than 50 percent of the employees in a particular organization were rated in the most favorable category possible, “Excellent.”²³ Leniency obviously eliminates the necessity to discuss any unpleasant aspects of performance with the employee. The problem of overrating is more apt to occur when subjective appraisal factors are used.

Strictness refers to the problem of being unduly critical of an employee’s work performance. Unfortunately, supervisors sometimes use performance reviews to enumerate all of an individual’s deficiencies, weaknesses, and developmental needs—ostensibly, of course, for the employee’s own good. When performance appraisal is used in this manner, the result is likely to be a much lower than warranted evaluation.

Personal Biases

An evaluator's personal feelings about the person being appraised can significantly affect a performance appraisal. Appearance, mode of dress, hair styles, mannerisms, and a host of other factors may cause an evaluator to like or dislike particular employees and produce negatively or positively skewed appraisals. Individuals of particular religious affiliations, ethnic groups, sex, age, or disability status, although protected by law, do not always receive fair evaluations because of personal biases of the supervisor conducting the appraisal. Personal biases are often subconscious prejudices that are difficult to eliminate or control.

Recent Behavior Bias

This type of bias occurs when the appraiser takes into account only the latest performance of the employee and fails to consider performance over the entire evaluation period. Since the normal appraisal period is one year it is difficult, in the absence of detailed documentation, to remember what has happened in the earlier part of the period; thus, the appraiser tends to focus on the most recent and easiest to remember aspects of performance.

Employees also contribute to this problem. Employees are very aware of when they are scheduled for a performance review, and while their actions may not be intentional, their behavior and productivity tend to improve right before the scheduled evaluation. Consequently, the supervisor's memory of recent behavior is even more positively reinforced.

Guessing

In the absence of quantitative, objective performance measures, evaluators may resort to guessing about what an employee has or has not done during the appraisal period. Lacking sufficient documentation about accomplishments, appraisers may simply make assumptions about an individual's performance. Usually these guesses are incorrect.

Use Bias

The way in which performance appraisal is used in an organization may introduce another form of bias into the process. If the primary purpose of the evaluation is for awarding merit pay increases, appraisers may display a tendency to rate poor performers as average so as not to deny them raises. In times of high inflation, supervisors may also tend to overrate performance so that employees receive raises that are more commensurate with inflation rates.²⁴

Conversely, where the emphasis of performance appraisal is on helping the employee to develop and improve job skills, evaluators may tend to be more

stringent in their performance assessments because they are concerned with assisting employees to develop their talents more fully.

Lack of Documentation

A major problem with most appraisal systems is that they do not require continuous documentation of employee performance. When documentation does exist, it is often inadequate to support an accurate assessment of employee accomplishments. Nonexistent or inadequate documentation leads supervisors to commit many of the performance appraisal errors described above.

Lack of Appraiser Training

Many organizations offer little or no training in how to evaluate performance and conduct performance appraisal interviews. It often seems that firms believe promotion to a supervisory or management position automatically gives an individual the ability to perform all managerial functions without the benefit of formalized training. Most of the aforementioned performance appraisal problems could be eliminated through proper training—training that begins with promotion to a supervisory position and training that is reinforced through at least annual updating sessions.

CHARACTERISTICS OF AN EFFECTIVE APPRAISAL SYSTEM

It is highly unlikely that any performance appraisal system will be totally free from criticism or immune to legal challenge. However, systems that possess certain characteristics are more likely to be defensible legally and to produce useful results for an organization, its managers, and its employees. Described below are twelve characteristics that an effective performance appraisal system should possess.

Consideration of these characteristics will make another significant point abundantly clear: development of an effective appraisal system is not an easy task nor does it happen overnight. An effective performance appraisal system is the result of hard work and careful planning.

Formalized

The first requirement for an effective performance appraisal system is that it be formalized in writing. There should be definite policies, procedures, and instructions for its use. Written guidance should be furnished to all appraisers, either in the organization's personnel policy handbook or in a separate document. General information about the system should be given to all employees in an employee handbook or in a separate memorandum if there is no handbook.

Formalizing the system forces an organization to think through all facets of performance appraisal and to clarify what it wants the system to achieve and how it will achieve it. Many potential problems can be eliminated by reducing the system to writing.

Job-Related

All factors used to evaluate performance must stem from the jobs that are being appraised. Inasmuch as performance appraisal is an employment test according to the definition of test given in the *Uniform Guidelines on Employee Selection Procedures*, general traits, personality characteristics, and tenuously related job factors should be scrupulously avoided. Only appraisal factors that account for success or lack of success in performing a job should be used. These factors must be susceptible to standardized definition and uniform interpretation.

Developing job-related performance factors may necessitate creating different sets of factors for different groups of jobs. Because jobs are dissimilar in their content and expected results, it is difficult to develop a single set of performance appraisal factors that will adequately cover every job in an organization.

Based on Standards and Measurements

Standards are expectations, norms, desired results, or anticipated levels of job accomplishment that express the organization's concept of acceptable performance. To set standards an organization must carefully examine each of its jobs and determine reasonable expectations that are acceptable to both the institution and the employees performing the jobs. This is not an easy task, but it is one that must be accomplished if performance is to be meaningfully evaluated.

Once standards have been set, some method of measuring actual results must be developed. In many cases, measurements are difficult to establish because the jobs do not lend themselves to easy or meaningful quantification. Yet comparisons with an established standard must be based on measurements. Even an imperfect measurement is better than no measurement at all.

Establishing standards and measurements is difficult and challenging. It is a necessary task, however, if job performance is to be accurately evaluated.

Valid

Any test is valid if it measures what it purports to measure. In performance appraisal, the system employed or the method used is valid if it measures what it is designed to measure—actual job performance.

Establishing the validity of performance appraisal actually begins with job analysis, the process wherein job performance factors are clearly identified. These factors may include such items as quantity of work, quality of work,

meeting deadlines, and adhering to prescribed procedures. The factors must be quantifiable and specifically defined so as to reflect expected outcomes.

In performance appraisal, there should be a reasonably high relationship between the evaluation an employee has received on a particular performance factor and the actual results the individual has achieved as measured by that factor. Employees who consistently produce high volumes of output should consistently receive higher ratings on this performance factor than employees whose output is lower.

Unfortunately, most current performance appraisal systems have not been subjected to statistical validity studies as required by the *Uniform Guidelines*.

Reliable

Reliability, statistically speaking, refers to the ability of any test or measure to yield consistent results. A performance appraisal system that does not consistently measure work performance accurately cannot be considered effective. Assume, for example, that an employee's actual work performance on a particular job factor or a whole series of factors is considerably above expectation for three evaluation periods, but that the individual received an average rating on the job factor or factors for the first period, a high rating for the second period, and a below average rating for the third period. A performance appraisal system producing such results could not be considered reliable: there is an absence of consistency. In a reliable performance appraisal system, high performance consistently receives a high rating, and low performance consistently receives a low rating.

If definitive standards and measurements are not used, reliability problems often arise in performance appraisal because supervisors lack objective criteria for evaluating performance. Thus they may commit performance evaluation errors that produce inconsistent, unreliable results.

Open Communication

All employees have a strong psychological need to know how well they are performing. An effective performance appraisal system ensures that feedback is provided continuously—not in an annual written evaluation, but in daily, weekly, and monthly comments from a supervisor. The annual evaluation and its accompanying interview or performance discussion must be devoid of surprises. While the interview presents an excellent opportunity for both parties to exchange ideas in depth, it is not a substitute for day-to-day communications about performance.

Trained Appraisers

Essential to the effectiveness of performance appraisal is thorough training—as well as updating and retraining—of all individuals who conduct evaluations.

Classroom training is especially important when a new or revised system is being installed; it is also essential for all new managers and supervisors. An organization must not assume that, because performance appraisal information is contained in a supervisory handbook or is included in the company personnel policy manual, supervisors will automatically be able to conduct effective appraisals.

An organization should also incorporate opportunities for coaching and counseling by the appraisers' immediate supervisors into the performance appraisal procedures. Such personal sessions often permit the discussion and resolution of appraisal problems in their incipiency. Moreover, by actively involving each level of management in teaching performance appraisal, the system becomes more strongly imbedded in the organization as a vital function of human resource management.

Easy to Use

A performance appraisal system does not have to be complex to be effective. In fact, the simpler and easier a system is, the more readily it can be understood by evaluators, and the more likely it is to be used in the manner intended. If the system is firmly based on standards and measurements, it will not only be easier to use but also more valid and reliable than many other performance appraisal methods.

Employee Access to Results

As a result of the Federal Privacy Act of 1973, employees of the federal government and of federal contractors must be given access to their personnel records, including all files or other data pertaining to their performance appraisals. Presently, this requirement does not apply to private sector employees. Even if this legislation is not extended to private industry, there are other reasons for allowing employees to examine their job performance records. First, secrecy breeds suspicion about the fairness of the system. Second, concern about the fairness of the system could lead to lawsuits. Third, fairness in dealing with employees suggests that they have an implicit right to certain information that directly affects them on their jobs. Fourth, permitting employees to review their performance records builds a safeguard into the system because employees then have the opportunity to detect evaluation errors. Finally, since one of the purported goals of performance appraisal is employee development, employees must have access to performance records so they can try to improve their job performance.

Confidentiality

The results of performance appraisals must always be kept confidential. Certainly a supervisor or manager should never share one employee's performance

appraisal with another employee. Nor should a supervisor discuss the results of his or her employees' performance with other supervisors—except in a joint appraisal process. While the appraiser may be required to discuss individual results with his or her immediate superior, performance appraisal is best viewed as a strictly private matter in which access to individual results is closely controlled.

Review Mechanism

To eliminate any problems of bias, discrimination, or favoritism, a performance appraisal system should include a review mechanism. Each evaluation of an employee should be automatically reviewed by the next higher level of management—usually the evaluator's immediate supervisor. The purpose of this review is not to have the superior perform a second appraisal. Rather, it is to audit the evaluation for fairness, consistency, accuracy, and to make certain that the evaluator has objectively carried out the appraisal tasks. While review by the immediate superior increases the time that must be devoted to the performance appraisal process, it protects both the employee and the organization by ensuring fairness and consistency in employee evaluations.

Appeal Procedure

An accepted principle of American jurisprudence is the right of due process. Unfortunately, in a number of organizations there is no procedure whereby an employee can appeal what he or she considers to be an unfair or inaccurate performance appraisal. The employee is simply stuck with the immediate supervisor's evaluation. In such situations, the employee has few options other than living with the unfavorable review or leaving the organization for employment elsewhere. There have even been instances where employees whose performance was acceptable for years were summarily discharged on the basis of one bad performance appraisal. Now that an employer's right to fire at will is being challenged more and more in the courts—often successfully—the need for a clearly delineated appeal procedure in the performance appraisal system seems clear. (It should be noted that organizations having to deal with unions have long had well-established appeal mechanisms in the form of grievance procedures.)

The number of steps that should be contained in an appeal procedure depends on the size of the organization. At a minimum, there should be two steps: an appeal to the next higher level of management and an appeal to the level above that. In larger organizations, the human resource department would be included at some point in the process—possibly the third or fourth step. The procedures by which an employee can appeal an unfavorable review should be clearly spelled out in the formalized policies and procedures of the performance appraisal system and in the employee handbook.

An appeal process serves three purposes: it protects the employee, it protects the organization, and it helps ensure that supervisors do a more conscientious job of evaluation because they know their appraisals are subject to scrutiny and interpretation by others in the organization.

THE PERFORMANCE APPRAISAL INTERVIEW

Once the appraisal forms have been completed and the necessary documentation prepared, the evaluator faces what is often the most difficult of all performance appraisal tasks: the appraisal interview.²⁵ Many evaluators consider the interview or performance discussion an unpleasant task, particularly if the employee has not performed up to standard. Others view the discussion as simply an organizational requirement that should be disposed of as quickly as possible. A more realistic perspective of the interview, however, would suggest that it is an opportunity for *both* evaluator and evaluatee: an opportunity for the evaluator to coach, counsel, and assist the employee to improve his or her performance; an opportunity for the evaluatee to recognize his or her areas of strength and potential growth and development opportunities. Conducted properly, the performance appraisal interview can increase organizational effectiveness.

Preparing for the Interview

An effective performance appraisal interview is not something that just happens; it must be carefully planned. To prepare for the interview, the evaluator must clarify in his or her own mind and outline the following:

- The favorable aspects of performance that will be covered in the discussion.
- The areas of performance deficiencies or areas where improvement is needed.
- The anticipated reaction of the employee to discussion of both areas of strength and areas of improvement.
- The employee's likely emotional or personal reaction to the performance discussion.
- The specific facts to present during the discussion and the order in which they will be presented.
- The specific suggestions and assistance that will be offered to the employee.
- The follow-up action that will be taken to ensure that improvements in performance take place.²⁶

Types of Performance Appraisal Interviews

Performance appraisal interviews are of two types: the direct method and the indirect method.²⁷

The direct method is more structured, deals primarily with facts, and is closely

controlled by the supervisor through the use of direct questions or statements. The tone of the interview is set by the evaluator, and the employee has little opportunity to do more than answer questions or respond to statements. Specific areas of interest to the employee are covered only to the extent that the supervisor's structured questions permit. Frequently, this type of performance interview places the employee in a defensive position and the interviewer in a judgmental role. Yet the direct method is commonly used because supervisors find it easier to discuss performance when they are in control of the discussion. The biggest drawback to the direct interview method is that little is learned of the employee's ideas about areas of desired personal growth, development, and improvement.

The indirect interview, on the other hand, is an interactive approach that encourages the employee to talk as much as possible. It is an attempt to explore performance areas with the employee, to uncover reasons for good as well as poor performance, and to discover the employee's ambitions and perceived developmental needs.

Comparing the two types of interviews, it is obvious that improvements in performance are more likely to come from the indirect approach than from the direct approach. Since the employee is an active participant in the indirect interview, he or she is more apt to accept suggestions for improvement and recognize developmental needs. Additionally, a sense of joint responsibility for performance may develop from the discussion. The indirect interview will, however, require much more time than the direct interview, but this time will have been well spent if performance actually improves as a result.

Guidelines for Conducting the Interview

Performance appraisal interviews are not easy. They have to be well planned and carefully thought out. If handled improperly, they can create poor morale, misunderstanding, or even outright hostility on the part of the employee. Some suggestions for conducting an effective performance interview include the following:

- *Prepare the employee.* Notify the individual far enough in advance so that he or she can come to the interview prepared to meaningfully discuss performance.
- *Establish the proper climate.* Create an atmosphere that suggests the discussion is important.
- *Compare actual performance to standards or expectations.* Use specific examples. Avoid vague generalities.
- *Bite the bullet.* If performance has been unsatisfactory, address the subject directly. Don't try to evade the issue by attempting to cover up poor performance with insignificant items of good performance.

- *Comment on improvement.* Recognize areas in which the individual has improved and express appreciation for the improvement.
- *Avoid sitting in judgment.* The rightful role of the evaluator is coach, counselor, mentor, and facilitator, not judge.
- *Listen and ask questions.* Give the employee sufficient opportunity to discuss areas that he or she thinks are important.
- *Ask what you can do to help the person improve.* Offer assistance to facilitate performance and growth.
- *Work with the person to establish new performance goals.* Make this a joint effort so that the employee becomes more committed to actually achieving the goals.
- *Allow sufficient time.* Never rush the interview. Make certain that the discussion will not be interrupted.²⁸

Keeping these points in mind when discussing a performance appraisal will help ensure that the discussion achieves its objectives.

OTHER PERFORMANCE APPRAISAL CONSIDERATIONS

Three final considerations that must be taken into account in designing and operating an effective performance appraisal system are: assigning the responsibility for conducting the appraisal, determining the length of time to be covered by the appraisal period, and establishing the point in time at which the appraisal will occur.

Responsibility for Appraisal

Typically, the human resource department is responsible for designing and administering the performance appraisal program. Responsibility for actually conducting the appraisals, however, is assigned to others within the organization. Several possibilities exist for fulfilling this responsibility.

Immediate Supervisor. The most logical choice for conducting a performance appraisal is the employee's immediate supervisor because this individual is in the best position to know the most about the employee's performance level. The immediate supervisor is also the most common choice in organizations. One study disclosed that 96 percent of the firms surveyed assign the responsibility for appraisal to the immediate supervisor.²⁹ Three reasons favor the supervisor's handling of the appraisal: (1) he or she normally observes the employee's performance on a day-to-day basis, (2) assigning the responsibility to someone else seriously erodes the supervisor's authority as manager of a work unit, and (3) one of the primary functions of any supervisor is training and development of his or her people—a function that is inextricably tied to performance appraisal.

Throughout this chapter it has been assumed that the immediate supervisor will conduct the evaluation.

Subordinates. Can a supervisor or manager be effectively evaluated by his or her subordinates? The conclusion reached by a limited number of firms is that they can. Subordinates are in a unique position to view the overall effectiveness of their managers; they can sometimes recognize strengths or weaknesses not seen by others. Managers who advocate this approach suggest that evaluations by subordinates will make supervisors more conscientious in carrying out their responsibilities. On the negative side, ratings by subordinates may cause a supervisor to become excessively concerned with popularity rather than effective performance of the work unit.

Peers. Evaluation by one's peers may be feasible in limited instances. Where employees must work closely together as a team, it is possible that co-workers would know more about an individual's work performance than the unit supervisor. The fact that evaluation is seldom performed by peers would seem to suggest that this approach is not considered a viable alternative by the vast majority of organizations.

Team Appraisal. This form of evaluation occurs when two or more supervisors who are familiar with an employee's performance jointly appraise his or her performance. In many instances, an employee actually works for two or more supervisors; in other cases, the employee works for one supervisor but interfaces across organizational lines with several supervisors or managers. Under these conditions, a collective appraisal would probably be more accurate and objective than one by a supervisor who has not had sufficient opportunity to observe the employee's work in all areas. Perhaps the biggest disadvantage to this approach is that it potentially undermines supervisory authority and responsibility.

Self-appraisal. Another appraisal possibility is to have each employee evaluate his or her own performance. If individuals truly understand the objectives they are expected to reach and the standards by which their accomplishments will be measured, they may well be in the best position of all to appraise their performance.³⁰ Moreover, since all development is essentially self-development, appraisal by employees themselves may lead to greater levels of motivation.

Combinations. Often some combination of the approaches mentioned above is used. The combination used most frequently is some form of self-appraisal and appraisal by the supervisor. With this approach, the employee is asked to complete an evaluation form and the supervisor does likewise. Then the two parties meet to discuss their separate appraisals, resolve any discrepancies, and complete a mutually agreed-upon evaluation. This approach works well because it involves the employee in the process and reemphasizes the joint responsibility for effective performance.

The Appraisal Period

Annual is usually a word that is attached to formalized performance appraisal and is probably a fairly good indicator of how often appraisals are conducted. But is an annual appraisal enough? There are two schools of thought on this matter. One maintains that performance feedback should be provided more frequently, especially if the primary purpose of the appraisal is employee development. The other school of thought maintains that if the system is operating effectively, feedback will be provided on a daily, weekly, and monthly basis, and that there is no need for a formal appraisal more than once a year.³¹

In the case of new employees, exceptions should be made to the annual review. Good human resource practice suggests that a new employee should be given a formal evaluation at the end of his or her probationary period—the juncture at which the organization makes the decision as to whether the individual will be retained. A review at this point can also relieve anxiety for employees who pass the probationary period because they know that they are performing at an acceptable level.

When to Appraise

Assuming that formal evaluations will occur annually, there is still the question of precisely when the evaluations will take place. There are two approaches to solving this problem: evaluate all employees on a fixed date or evaluate each employee on the anniversary date of his or her employment. The latter approach appears to be the most feasible. Conducting a performance appraisal properly and discussing it thoroughly with an employee is time-consuming. For a supervisor to have to evaluate all employees on a fixed date leads to rushing through the process and not accomplishing it effectively. Consequently, the recommended approach is the employment anniversary date method since the supervisor will have fewer evaluations to conduct at any specific time and can give each one the thorough attention it deserves.

NOTES

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12

Career Planning and Development

Today most employers need formalized career planning and development activities. The work force is becoming more highly educated and has greater occupational expectations. With slower economic growth and reduced promotion opportunities in contemporary organizations, there is a recognition that “job security died with the 1980s.”¹ Additionally, compliance with equal employment opportunity and affirmative action requirements necessitates that positive steps be taken to ensure adequate career progression for minorities, women, and other protected classes. Once considered a luxury useful for only a limited number of large organizations, career planning and development is now becoming an essential activity for companies of all sizes and types.

CAREER PLANNING AND DEVELOPMENT DEFINED

Several definitions are in order before examining career planning and development in detail.² A *career* is a course of occupational action pursued by a person over the span of his or her working life. *Career planning* is the procedure whereby an individual establishes career goals and identifies ways these goals can be accomplished. The organization’s role in career planning is one of helping individuals achieve a better match between personal aspirations and opportunities that are available in the organization. One way of doing this is by developing *career paths*, or lines of job progression, through which employees typically move. *Career development* includes all activities undertaken by the organization or the individual to prepare a person for successful progression along a particular career path.

As the preceding definitions suggest, effective career planning and development is, ideally, a joint effort. While the primary responsibility for career plan-

ning rests with the individual inasmuch as work choices and occupational pursuits are personal matters, organizations can help employees make better decisions by acquainting them with various options and providing avenues through which their choices can be pursued. Although each individual has a personal responsibility for undergoing the preparation required for a particular line of work, career development can be facilitated by the organization as it offers formal and informal means of acquiring needed skills and experiences. Organizations that assist their employees in career planning and development benefit themselves as well as their employees.

PURPOSES OF CAREER PLANNING AND DEVELOPMENT

Organizations typically have several purposes when they implement career planning and development programs—purposes that serve institutional needs as well as the needs of employees. These basic purposes are described below.

Organizational

There are nine specific organizational purposes of career planning and development programs. In general, these purposes center around having sufficient numbers of qualified people available so that the company can fulfill its mission and goals.

Improve Utilization of Personnel. Talent is not always obvious. Often, developmental activities are necessary to bring out the latent abilities in people. The first purpose of career planning and development, therefore, is to ensure that an organization is effectively utilizing the human resources already employed by the firm.

Reduce Turnover. Companies that display an active interest in fostering career development have a much greater chance of retaining skilled personnel. Employees are more likely to remain with a firm that is genuinely interested in providing opportunities for career advancement. Thus, the organization benefits in two ways: turnover expenses are reduced and qualified employees are available for advancement to positions of greater responsibility when vacancies occur.

Increase Motivation and Commitment. By providing opportunities to gain new skills and experiences, companies enhance employee motivation and loyalty. Knowing that their efforts will be recognized and rewarded with chances to further their careers, promotions, and higher salaries, employees are apt to perform at higher levels and remain committed to an organization. The organizational payoff is increased productivity and job tenure.

Reduce Employee Obsolescence. Because of technological and scientific advancements, many careers for which people spend years in training become obsolescent in a relatively short time. Unless an organization takes positive developmental actions to counter this possibility, it may find itself with a number

of employees whose skills are no longer appropriate for essential tasks. In effect, a company may find itself burdened with employees who can no longer make a contribution to achieving the objectives of the enterprise. Career planning and development is one solution to this problem. For example, at Texas Instruments all employees must complete 40 hours of training each year in order to stay knowledgeable and competitive in their fields.³

Increase Organizational Effectiveness. The effectiveness of any institution is increased by having thoroughly trained individuals continuously available to perform necessary activities. Career enhancement is a means of accomplishing this. Developmental activities improve the utilization of employees, reduce turnover, increase motivation and commitment, alleviate problems of obsolescence, and substantially improve the company's effectiveness in achieving desired results.

Assist in Recruiting Highly Talented People. Given a choice, talented individuals will seek employment with a firm that offers opportunities for advancement and growth. Career planning and development is, therefore, a recruiting tool that aids a company in attracting skilled applicants.

Assist in Equal Employment Opportunity and Affirmative Action. Goals in these areas include more than merely hiring sufficient numbers of protected class applicants. They also include upward mobility for minorities, women, and others. Career planning and development is one way an organization can help protected classes progress within the company. In fact, programs may be designed to address specific training and experience needs of protected class individuals.

Eliminate Barriers to Upward Mobility. In many organizations, there are often subtle, or not so subtle, barriers to progression. One purpose of career planning and development is to identify and eliminate these obstacles.

Be Socially Responsible. In an era of downsizing, restructuring, and layoffs, there is growing concern that, as part of their responsibility to society in general, organizations should offer their resources so that employees remain employable.⁴ With uncertain organizational futures many employees will undoubtedly need career assistance to assure their mobility between organizations. From society's point of view, it is incumbent upon organizations that they view career development not only from a perspective of corporate self-interest, but also from the standpoint of what is in the best interests of society at large. In the long run, neither corporations nor society benefits from having a large number of individuals who cannot be gainfully employed.

Individual

An organization usually implements career planning and development because it desires to achieve the purposes described above. At the same time, it generally has in mind some other purposes that directly relate to employee satisfaction.

As far as individual employees are concerned, career planning and development programs serve five essential purposes.

Encourage Growth. Developmental activities cause employees to grow, to acquire new abilities, and to become more capable. Career-focused activities help bring out the full potential of employees.

Develop New Skills. Systematic career planning and development, in conjunction with human resource planning, seeks to identify the skills that employees will need in the future and provide opportunities to acquire these skills.

Alleviate Plateauing. In any organization there are always employees who seem to progress well up to a certain point and then remain at that plateau. There is a point beyond which many people are not able to advance; however, these individuals can often be utilized more effectively in other lateral positions. With individualized training and development, some might even be capable of further advancement. Career planning and development addresses this problem and attempts to assure that employees are not victims of artificial plateauing.

Satisfy Employment Expectations. Every employee entering a firm has certain expectations about his or her employment opportunities. These expectations may include advancement, learning and growing in the job, or opportunities for new experiences. Career planning and development can assist in satisfying these desires.

Increase Employability. Proper career planning and its accompanying developmental activities increase the employability of individuals. Indeed, this should be of paramount concern to all employees. If sufficient opportunities are not available with the current employer, an employee may be able to get a job with another employer based on the skills and knowledge acquired at the current job.

A well-planned, carefully designed career planning and development program can produce substantial benefits for an organization as well as its employees; it can increase organizational effectiveness while satisfying basic psychological needs of the firm's employees.

BARRIERS TO UPWARD MOBILITY

In the absence of career planning and development, there are usually a number of barriers that impede upward mobility in an organization. The major barriers are described below.⁵

Lack of Career Paths

One of the major factors limiting employee progression is lack of career paths. When organizations have not thought about how jobs relate to each other, and the sequence in which employees should move from one job to another to gain experience, progression opportunities are severely limited. Promotions or transfers, consequently, are likely to be made haphazardly. Higher-level positions

tend to be filled externally because current employees have not been sufficiently trained to move into jobs of greater responsibility.

Inflated Job Specifications

The necessity for developing realistic job specifications that set forth the minimum human qualifications for satisfactory job performance has been addressed in a previous chapter. Unfortunately, specifications are sometimes inflated. This can seriously inhibit promotional opportunities for employees and result in positions of higher responsibility being continuously filled from outside because insiders do not meet the overstated specifications.

Lack of Internal Recruiting Programs

In the absence of career planning and development programs, organizations are unlikely to have definite procedures for recruiting current employees to fill job vacancies. Skills and management inventories, two basic tools for internal recruiting, may not be utilized. If so, systematic identification of internal talent is impossible, and the organization will have to look outside for the skilled human resources it needs when new jobs are created or vacancies occur.

Lack of Job Posting and Bidding

A common complaint of many employees is that they did not know that a higher-level position for which they considered themselves qualified was vacant until someone was brought in from outside to fill it. Organizations should post all job openings at prominent locations and encourage employees to bid for these jobs. Present employees are the greatest potential source of candidates for higher-level jobs, but if they don't know about the jobs they can't apply for them.

Lack of Training and Development Programs

Training programs impart skills for performing the present job or another job. Development programs, in essence, are attempts to bring out the full potential in individuals so that they can progress as far as possible within the organization. Where these kinds of efforts are lacking, another barrier to upward mobility exists.

Inadequate Performance Appraisal

Failure of the performance appraisal system to accurately evaluate performance on the present job or to identify areas where an employee needs to improve, or already possesses needed strengths, creates a mobility barrier. An

inadequate system provides no usable basis for making promotion or transfer decisions. Excellent performers may be completely overlooked.

Managerial Indifference

One of the most important tasks of a manager, but one that is often overlooked, is training and development of subordinates so that they are fully productive in their present jobs and prepared to move up to other jobs when vacancies arise. When managers are indifferent to this training and development task, mobility is tremendously hampered. Employees are effectively stuck in their present positions.

Discrimination: The Glass Ceiling

Despite the advances that have been made in creating equal employment opportunities since the 1960s, discrimination—subtle and insidious—still exists in many organizations. Minorities, women, and other protected class members rise only so high in an organization and go no further. They encounter what has been described as a *glass ceiling*—an invisible but real barrier to upward mobility. Organizational culture, managerial attitudes, stereotypical thinking, and similar factors are the components from which the glass ceiling is constructed. Obviously, when an institution precludes individuals from advancing as far as their talents could take them, both the organization and the individuals lose. Companies must take extra care to assure that a glass ceiling curbing career advancement does not exist.

Career planning and development is an effective way of eliminating the foregoing mobility barriers. Indeed, they must be eliminated if career planning and development is to be successful.

CONSEQUENCES OF NOT PLANNING AND DEVELOPING CAREERS

Organizations that do not make conscious efforts to assist their employees in career development decrease their overall effectiveness and seriously impair the staffing process.⁶ Excessive turnover, increased recruiting costs, underutilization of talent, employee dissatisfaction, stymied career progression, poor promotion decisions, and potential discrimination are some of the most significant effects on the staffing process.

Excessive Turnover

Employees who find themselves in dead-end jobs, or who discover that promotional or lateral movement opportunities are severely limited, are prone to leave an organization fairly early in their employment experience, usually within

the first six months or so. In one organization that did not have a career planning and development program, turnover of hourly personnel ran as high as 250 percent annually.⁷ Certainly, not all of this turnover was the direct result of the lack of a career development program, but undeniably the existence of a number of dead-end jobs and lack of promotional opportunities was a contributing factor to the conservatively estimated \$6 million in annual turnover costs incurred by the company.

Increased Recruiting Costs

Excessive turnover increases recruiting costs: constant and sometimes intensive efforts are required just to keep positions filled. If a company gains a reputation for lack of interest in the careers of its employees, the recruiting task becomes more arduous and more expensive.

Underutilization of Talent

In the absence of career-centered developmental activities, available talent is highly susceptible to underutilization. Employees may be hired to do a particular job, with little or no thought given to other jobs for which they could be trained and developed. Under these conditions, overall organizational effectiveness suffers, and the human resource department bears the burden of excessive turnover and increased recruiting expenses.

Employee Dissatisfaction

When employment expectations are not adequately fulfilled, employees become dissatisfied, motivation decreases, and productivity typically declines. Dissatisfied employees often quit. Those who stay may become organizational deadwood.

Stymied Progression

For every employee whose upward mobility is precluded, one or more other employees cannot progress because the employee whose progress is stymied blocks the promotion channel. Organizations sometimes hold an employee in a particular position because of the claim that no one else could take their place. This usually means that an organization has not taken steps to develop or identify replacements. By holding one individual in place, promotional opportunities are also being denied to other employees—a situation that may cause dissatisfaction and increased turnover.

Poor Promotion Decisions

Lack of career planning and development may result in poor promotion decisions that are based on favoritism, politics, and other inconsequential factors, rather than on performance, preparation, and organizational needs. When the wrong people are promoted—for the wrong reasons—there is a negative impact on institutional effectiveness. Morale, motivation, and commitment are likely to decrease.

Potential Discrimination

In the absence of formalized career planning and development, promotion decisions may tend to be made on the basis of non-relevant job factors—stereotypes, friendships, or “the good old boy network.” Qualified individuals in protected classes may be overlooked. This situation could result in charges of discrimination.

This brief review of the consequences of not engaging in career planning and development has underscored the need for a formalized program. Career management should not be left to chance; the organizational risks of doing so are too great.

RESPONSIBILITY FOR CAREER PLANNING AND DEVELOPMENT

As mentioned earlier, career planning and development is a joint responsibility involving the individual employee and the organization. The following sections cover the roles each party must fulfill for this activity to be accomplished effectively.

Organizational

The organization’s principal responsibilities are to develop and implement the career planning and development program, ensure that it produces results, and assist employees through formal as well as informal means. Top management, human resource management, and the firm’s immediate supervisors each play an important part in seeing that the program is successful.

Top Management. Although not involved in the day-to-day operation of the program, top management’s role in career planning and development is crucial. Management must support the program by emphasizing its importance to all staff, committing adequate resources to its operation, and evaluating the overall results. The program will not work without strong backing from the top echelon of the organization.

Human Resource Management. Personnel administrators have a number of responsibilities in career planning and development. These include: (1) designing

the overall system, (2) developing policies and procedures, (3) formulating career paths in conjunction with other managers, (4) selecting developmental methods, (5) training managers and supervisors for their responsibilities in career management, (6) designing and maintaining replacement tables (see page 267) (7) designing and maintaining skills and management inventories, (8) designing the performance appraisal system and instrument, (9) designing and offering training and development programs, (10) counseling employees, (11) coordinating the program, and (12) evaluating program effectiveness.

Immediate Supervisors. Much of the success of a career planning and development program rests with an organization's supervisors. Without the support and active participation of supervisors, these programs will not work. Supervisors must be able to counsel their staff about career opportunities and developmental needs, and they must be committed to providing needed training even if this means that the work unit loses some employees to promotions or transfers. A career planning and development program places an additional training responsibility on first-line management. Upper-level management should find ways to reward supervisors who do an outstanding job of developing employees for progression through the organization.

Individual

Ultimately, the one individual who has the greatest responsibility for career development is the employee. As Peter Drucker says succinctly, "Development is always self-development."⁸ This is not to say that the organization cannot assist development through work experiences, courses, seminars, or other actions. It does suggest, however, that whether developmental opportunities are successful or not depends upon the individual and his or her willingness to take advantage of these opportunities by recognizing the personal responsibility to learn and grow. All workers should become life-long learners, continually seeking to maintain and improve their job skills. The organization can provide guidance and assistance, but the employee must recognize the responsibility for undertaking the training and development necessary to progress along a chosen career path.

An effective career planning and development program can help stimulate employee interest in development by emphasizing the necessity for learning and growing in a particular job. Training opportunities can also stimulate interest in career management. Reward systems that recognize developmental efforts of employees can, additionally, encourage employees to prepare themselves for current and future opportunities. But ultimately the burden of development rests with the employee.

CAREER PLANNING AND DEVELOPMENT TOOLS

Many tools and methods are used in the career planning and development process. These devices run the gamut from very structured, formal approaches,

such as career paths and replacement tables, to unstructured, informal approaches, such as coaching, counseling, and mentoring.

Career Paths

The most basic career management tool for organizations is the career path—the line of job progression along which an employee typically moves during his or her tenure with a company. Depending upon the organization and the nature of the jobs involved, one of three types of career paths may be used: traditional, network, or dual. Examples of these types of paths are illustrated in Figure 12.1.

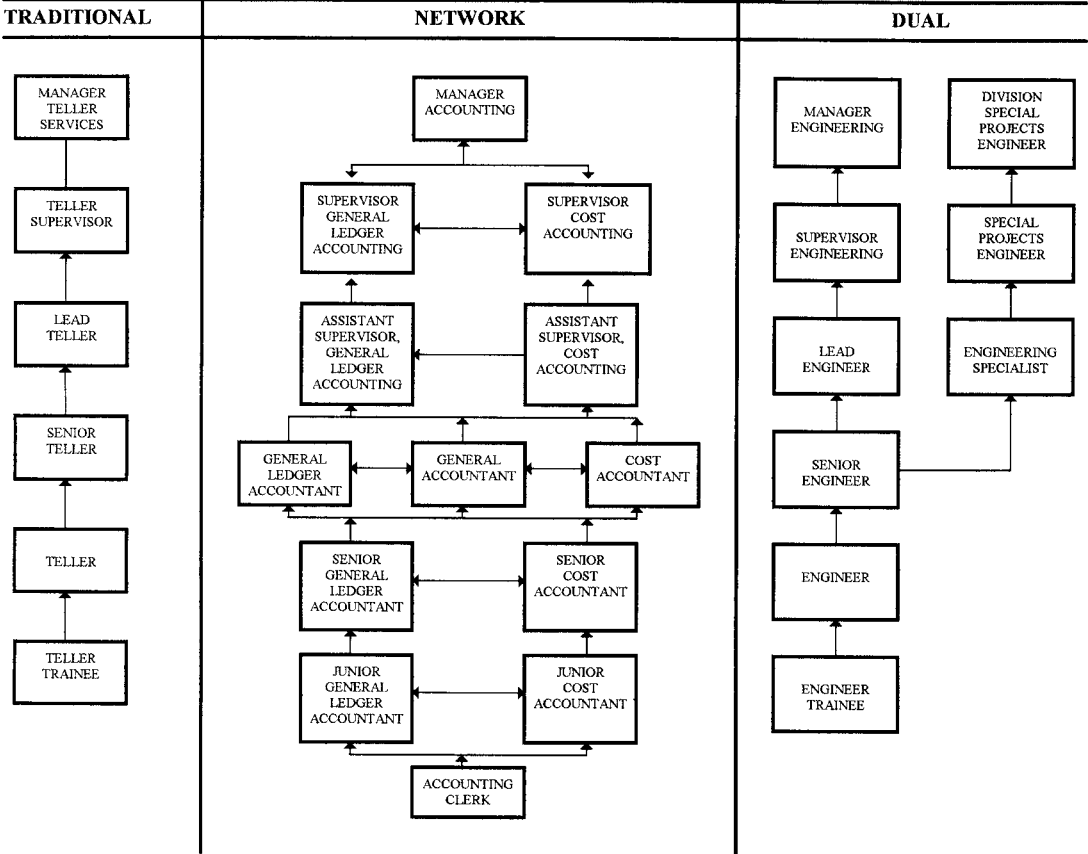
Traditional. In the traditional career path an employee moves along a vertical line of progression from one specific job to the next specific job. Figure 12.1 depicts the route a person might take from an entry-level position of teller trainee to an ultimate position of manager of teller services. The traditional career path assumes that each preceding job is essential preparation for the next higher-level job. Consequently, an employee must move step by step from one job to the next to gain needed experience and preparation. This career path is most likely to be found in clerical or production operations functions. However, it may not be as viable as it once was. In fact, former Labor Secretary Robert Reich has said that “[traditional] career paths are now gone.”⁹ Consequently, the alternative career paths discussed below will probably continue to increase in use.

One of the biggest advantages of the traditional career path is its straightforwardness: the path is clearly laid out and the employee knows the specific sequence of jobs through which he or she must progress. However, this progression ladder fails to recognize that other organizational jobs may provide equivalent or even more substantial experience that could enable an employee to advance without having performed certain jobs in the specified linear sequence. Another potentially serious disadvantage of the traditional career path is that of blockage; that is, a long-tenured employee at one level who is not capable of being promoted to the next level may retard the progress of other employees in lower positions.

Network. The network career path, or lattice as it is sometimes called,¹⁰ contains not only a vertical sequence of jobs but a series of horizontal options as well. Figure 12.1 shows a fairly typical network career path for jobs in an accounting department. Vertically, there are seven levels of jobs through which an employee progresses before becoming manager of the accounting department. At five of these levels there may be lateral movement between two or more jobs before moving upward to the next level, or there may be no lateral movement before progressing vertically. The network career path recognizes two things: the interchangeability of experience at certain levels and the need to broaden experience at one level before promotion to a higher level.

The network path is a more realistic representation of jobs in an organization than the traditional career path. Moreover, it provides more opportunities for employee development. The network’s vertical and horizontal options make

Figure 12.1
The Three Types of Career Paths



it less likely that one employee will block the progression of other employees. A minor disadvantage of this type of career path is that it becomes more difficult to explain to employees the specific route their careers may take within a given line of work.

Dual. The dual career ladder was originally developed to deal with the problem of technically trained employees who had no desire to move into management—the normal procedure for upward mobility in an organization. The dual career path recognizes that technical specialists can and should be allowed to continue to contribute their expertise to a company without having to become managers. Consequently, it provides an alternative progression route whereby an employee such as a scientist or engineer can increase his or her knowledge of a specialized field and make contributions to an organization that are just as valuable as those made by managers. This type of path is also shown in Figure 12.1. After an individual reaches the position of senior engineer, his or her career can be pursued vertically along a management path or it can be pursued vertically along a technical path. Compensation is the same at both the management and the technical sides of the path.

The dual career path is becoming increasingly popular today. In a high-tech world, specialized knowledge is as important as managerial skill. Rather than creating poor managers out of competent technical specialists, the dual career path permits an organization to have both skilled managers and highly competent technical people.

Career paths are very important to successful career planning and development. Not only do they identify typical lines of progression, but they also suggest the developmental experiences and activities that are needed for employees. They are essential for preparing today's employees for tomorrow's jobs.

Replacement Tables

Another career management tool—one that is often valuable in human resource planning—is the replacement table. Due to the time and expense of preparation, replacement tables are usually used only for management or high-level professional positions. Replacement tables generally resemble an organizational chart in that they identify positions and reporting relationships. But the resemblance ends there, for the replacement table contains substantial evaluative information that is used to identify potential successors, assess their current performance, estimate when they may be ready for promotion, and specify developmental needs. Figure 12.2 presents such a table for the position of division manager. The sensitive and confidential nature of the information displayed practically dictates the use of a coding system.

Information for developing a replacement table may come from several sources: the performance appraisal system, reports from a manager's superior, or assessments made by the human resource department. To be used effectively

Figure 12.2
Typical Replacement Table

Position ⇒	6-21-19XX						⇐ Date Prepared
	Division Manager						
Incumbent ⇒	B. P. Willis	2-101	5	5	N	58	0
	J. C. Peckins	2-102	5	5	N	47	1,3
	L. O. Stone	2-102	5	5	1	59	1,2,5
Potential	G. D. Gladden	1-101	4	4	1	49	1,2,3
Replacements ⇒	S. S. Wycowsky	1-101	4	4	2	35	1,2,3,4
	A. J. Martinez	1-102	4	3	3	42	1,2,5,6,7
	Current Position Code ↑		↑	↑	↑	↑	Current Age
			Performance in Current Position	Advancement Potential	When Ready for Advancement		⇐ Developmental Needs

EXPLANATION OF CODES				
Current Position	Performance in Current Position	Advancement Potential	When Ready for Advancement	Developmental Needs
2-101 Division Manager	5 Excellent	5 Unlimited	N Now	0 None
2-102 Assistant Division Manager	4 Outstanding	4 Excellent	1 Within 1 Year	1 Contract Administration
1-101 Department Manager	3 Acceptable	3 Good	2 Within 2 Years	2 Contract Negotiation
1-102 Assistant Department Manager	2 Needs Improvement	2 Limited	3 Within 3 Years	3 Cost Control
	1 Unsatisfactory	1 None	4 Within 4 Years	4 Delegation
				5 Motivation
				6 Communication
				7 Planning

in career planning and development, the information must be updated at least annually.

Replacement tables require an organization to analyze its previous employee developmental efforts and evaluate the extent to which specific individuals have responded to those efforts. In addition, they help an organization discover other experiences and training that individuals may need to prepare them for upward progression.

Skills Inventories

Skills inventories were discussed in Chapter 6 as a human resource planning tool; they are also useful devices for career planning and development. Where skills inventories are maintained on a current basis, they can be used as a means of internal recruiting, thereby ensuring that current employees are not overlooked when promotional opportunities arise. Analysis of the data maintained in the inventories can also be useful for determining what kinds of training or developmental experiences should be provided specific employees or groups of employees.

Management Inventories

Management inventories were also discussed previously as a human resource planning tool. They, too, are extremely beneficial in career planning and development. In fact, they are essential in developing replacement tables inasmuch as some of the information needed for table construction is derived directly from the inventory. Additionally, they serve the same basic career management functions as skills inventories, except at a higher level where development may be extremely crucial to organizational success.

Job Rotation

If carefully planned, job rotation is an excellent way to develop both employees and managers. Through rotation of job assignments, individuals can gain experience in different areas or fields, broaden their backgrounds, and gain a better perspective of company operations. For example, an engineer who knows little about sales or marketing may be given an assignment in the marketing department so that he or she can gain insight into how products are sold, how customers use the products, and problems customers encounter in using them.

For job rotation to be a successful development tool, several principles must be observed. First, each assignment must be planned so that it adds to, or fills in gaps in, the person's background. Therefore, the individual's previous education and experience must be carefully analyzed so that the rotational assignment increases the employee's capabilities. Job rotation that adds little in the way of new skills and experiences is of dubious value. Second, assignments

must entail responsibility and the requirement for performance on the job. Rotation that is merely an observational tour, while interesting to the persons involved, is not development. Meaningful development comes only through responsibility for performance. Third, each assignment must be long enough to provide the employee with in-depth knowledge of the job and the department. While short assignments may be helpful in understanding what goes on in a particular area, and their use for this purpose should not be precluded, longer assignments are required if significant development is to take place.

Coaching

Coaching is an on-the-job development approach in which a supervisor teaches, trains, counsels, and explains how things are done and why they are done that way. It differs from the typical job instruction approach in that it is highly interactive: the supervisor shares his or her experiences with the employee, and the employee asks questions and shares viewpoints with the supervisor.

Because effective coaching is time-consuming, it is not used with all employees in a work group; it is normally reserved for those who show the greatest potential for career development and advancement.

At the managerial level, coaching is frequently referred to as mentoring. An experienced manager takes a subordinate manager under his or her wing and attempts to impart insights and techniques that will make the subordinate a better manager.

A problem that frequently confronts women and minorities is that there are few managers who are willing, or able, to serve as mentors for them. Although conscious efforts on the part of organizations are beginning to address this situation, it still remains a problem that must be solved if mentoring is to be an effective career development tool for protected classes. Mentors are more likely to be willing to work with individuals who are like themselves: typically male, white, and conservative. This preference may not reflect prejudice. Rather, mentors may simply feel that they can't relate to or understand the career development problems of protected class members. Obviously, increased training in cultural sensitivity is needed.

Counseling

Closely allied to coaching is counseling. Counseling differs from coaching in that it is specifically related to career opportunities or discussion of areas in which an employee needs to make improvement. Much of the responsibility for counseling falls on the first-line supervisor. However, the human resource department should also be involved in the process, especially as it relates to career progression or development.

Training and Development Programs

Another essential career development tool is training and development. Programs offered in this area may be directly related to employees' jobs or they may be oriented to career-related topics. Obviously, job-related programs could cover almost every aspect of a person's duties and responsibilities. Career programs are usually directed to increasing a person's knowledge of self, aptitudes, interests, and similar attributes. The purpose of job-related programs is to improve present or future work performance; the purpose of career programs is to make the employee more aware of his or her potential so that appropriate career fields within the organization can be pursued.

Performance Appraisal

A performance appraisal system that encourages employees to work toward specific goals, identifies strengths and weaknesses, and accurately measures current performance is important to career development. Feedback from the system may lead to a great deal of self-development, or it may require the organization to initiate specific training activities to assist in developing employees.

Special Projects/Work Teams

In recent years, work teams have become popular and have been used with employees, professionals, and even managers. Undoubtedly, the widespread use of Total Quality Management in organizations has focused interest on the organizational as well as individual benefits to be gained from participating in teams. Teams, or special projects, expose employees to different situations and different people while providing them the opportunity to solve problems, make decisions, and meaningfully participate in important organizational activities. By working on different teams, an individual can increase his or her understanding of the organization, its processes, its problems, and its people, thereby adding to the individual's career mobility opportunities.

Ideally, any organization truly interested in furthering the careers of its employees would use all of the career planning and development tools available. This would ensure that the organization is fulfilling its role and that managers and supervisors are prepared to carry out their roles in support of the career management endeavor.

REQUIREMENTS FOR A SUCCESSFUL PROGRAM

Most of the requirements for a successful career planning and development program can be deduced from the material that has already been presented in this chapter. But for the sake of emphasis, the essential ingredients for an effective program will now be specifically delineated.

- *Top management commitment.* No major organizational program can be successful without the full support and commitment of top management. This commitment is more than just allocating resources to implement and operate the program. It entails a belief in the value of human resources and a recognition of the organization's responsibility to itself and its people to take positive steps to help employees reach their full potential.
- *Formalization.* Career planning and development is too important and too complex to be handled informally. The program must be carefully thought out, policies and procedures developed, and responsibilities assigned. Needless to say, it must be written down and communicated to all concerned parties.
- *Promotion-from-within policy.* Such a policy is one of the cornerstones of effective career planning and development. This policy must be adhered to as assiduously as possible. Failure to follow the policy will cast serious doubts on the organization's interest in the careers of its employees.
- *Job posting and bidding system.* Concomitantly with promotion from within, the organization must have an effectively functioning job posting and bidding system that clearly provides current employees the right and the opportunity to apply for job vacancies (promotional or lateral) before efforts are initiated to fill positions from external sources. The right to bid for job openings signifies the organization's interest in the progression of its employees.
- *Training and development programs.* Training and development opportunities of all kinds are requisites for effective career planning and development. Workshops, seminars, skills training sessions, educational assistance, and many similar endeavors are necessary to develop employees to their fullest potential. These programs are also tangible evidence of the organization's commitment to its human resources.
- *Training of managers and supervisors.* Support for a career planning and development program must not come just from the top of the firm; it must also come from the operating managers and supervisors who coach, counsel, and assist employees in their development. All managers must be thoroughly trained to fully and effectively carry out their responsibilities in the program.
- *Communication.* Communication of the program must be accomplished through any and all means possible—personnel policy manuals, supervisory handbooks, employee handbooks, bulletin boards, and periodic announcements. Free and open communication is another indication of the company's interest in and commitment to the program.

NOTES

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10. Elmer H. Burack and Nicholas J. Mathys, *Career Management in Organizations: A Practical Human Resource Planning Approach* (Lake Forest, Ill.: Brace-Park Press, 1979), p. 141.

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Human Resource Administration

Human resource administration begins when an employee is hired and continues throughout his or her tenure with the organization and even beyond. Human resource administration encompasses a multitude of activities, such as issuing payroll checks, processing insurance claims, maintaining time and attendance records, updating employee files, and revising compensation rates. Every functional area in an organization's personnel system affects, and is in turn affected by, human resource administration. This chapter, however, covers only those administrative activities directly and importantly related to the staffing function. These activities are: (1) employee orientation, (2) promotions, (3) transfers, (4) demotions, (5) resignations, (6) layoffs and reductions in force, (7) terminations, (8) retirements, and (9) provision of references to other employers. While line management has the responsibility for carrying out most of these activities, the personnel department develops the policies, procedures, and guidelines for ensuring that the activities are accomplished in a logical, consistent, equitable, and legally defensible fashion. Personnel also has the responsibility for maintaining adequate records about these activities.

EMPLOYEE ORIENTATION

Orientation is the process whereby a new employee is familiarized with the organization, job, work group, and the terms and conditions of employment. It is both a formal and an informal process. Formally, the human resource department may conduct classes that introduce the worker to company history, policies, codes of conduct, health and insurance benefits, and other items of importance; or the new worker's supervisor, following a prescribed format, may introduce the employee to the requirements of the job, departmental operations,

and other employees. Informally, rather than conducting classes, personnel staff may simply explain important policies and procedures to a new worker on a one-on-one basis and provide an employee handbook. Or without adhering to any formalized procedure, the supervisor may explain the job and introduce the worker to others in the work group.

Purposes of Orientation

Formal and informal employee orientations have five purposes: (1) to introduce the employee to the organization, its history, traditions, and culture; (2) to create a favorable impression of the organization; (3) to help the employee adjust to the organization; (4) to provide information about the job and performance expectations; and (5) to furnish information on policies, rules, employee services, and employee benefits. An effective orientation accomplishes each of these purposes.

Introduction to the Organization. Every organization has its history, traditions, and culture—its own way of doing things. An essential purpose of orientation is to give new employees a sense of what the institution is about, what it values, where it has come from, where it is now, and where it is going. Whether it is the “HP Way” or McDonald’s “four key values,”¹ new employees need to understand organizational culture and how they will fit into it.

Favorable Impression. A second purpose of orientation is to create a favorable impression of the organization and the job. It is not unusual for a new employee to have doubts about the organization and the new job even after learning about its history, traditions, and culture. Consequently, the orientation process must attempt to demonstrate that the organization is a good place to work and that each job is vital to successful operation of the firm. A work of caution is in order, however. It is very easy, and perhaps too tempting, to go overboard in this area. The impression conveyed to the new worker should be honest. If it is not, the employee will soon discover the truth and become disillusioned.

Adjustment to the Organization. For many people, the first days on a new job can be a frightening, tension producing, or anxiety-laden experience.² There is much to be learned—new procedures, new methods, and new requirements. There are new people to meet and new customs and traditions to absorb. Unless the organization makes a deliberate attempt to ease the transition into the job, the new employee may feel at a loss.

The immediate supervisor plays a large role in helping the employee make the initial adjustment to the organization. Explanations of the job, introductions to members of the work group, familiarization with the physical surroundings, and information about everyday activities, such as break times and lunch times, are a few of the basic things a supervisor needs to do to help the new worker feel comfortable with the job and organization.

Integration of the new employee into the formal work group is also important. Often, this can be best accomplished by assigning the new person to work with

a senior employee who not only trains the new hire but also introduces him or her to the other workers and generally sees that the person is made to feel part of the total work group.

Of special concern is easing the adjustment of women or minorities to the work group, particularly where the group has been predominantly white males. Without proper introduction to the work group, employee turnover may be higher for members of protected classes than for those in the more traditional work group.³ A supervisor has the additional responsibility in these cases to prepare the work group in advance for the arrival of the protected class employee. The supervisor should reiterate the organization's policy on equal employment and state his or her expectations of behavior from current employees.

Information About the Job and Performance Expectations. Another purpose of orientation is to give the new employee specific information about how the job is to be performed, the quantity of work expected, and the quality level that must be maintained. People cannot be fully productive unless they completely understand what is expected of them. Not knowing what is expected, they may set their own performance standards, which may be either too high or too low. Or they may grow frustrated with the job and become another number in the organization's turnover statistics. The immediate supervisor must ensure that each new employee has a thorough understanding of what is to be done on the job, how it is to be done, why it is to be done, when it is to be done, and where it is to be done. Proper explanation of these matters not only reduces turnover but also assists employees to become productive workers as rapidly as possible.

Information on Rules, Policies, and Benefits. The final purpose of orientation is to furnish the worker with information about a host of items that are important to both the employee and the organization. Among these are: (1) policies about promotion, vacation eligibility, outside employment, and ethics; (2) work rules concerning time clock procedures, labor hour reporting, and absence reporting; (3) employee services, such as discounts on merchandise, tuition refund programs, recreational opportunities, and child care centers; and (4) benefits provided, such as health insurance, life insurance, profit sharing, retirement plans, and other forms of indirect compensation. Some of this information will come from the supervisor, while the rest will come from the human resource department.

It is estimated that between 60 and 80 percent of the current work force in an organization is not only new to the organization but to the job market as well. The new work force includes either late entries or reentries of women, people who were formerly self-employed, recent high school and college graduates, and individuals who have made career changes.⁴ Undoubtedly, many of these individuals have anxieties about entering an organization—anxieties that can be alleviated through an effective orientation program.

Stages in Effective Orientation

An effective employee orientation program has four stages. These are described below in the order in which they typically occur.

Personnel Department Overview. For the vast majority of employees, the first day on a new job begins in the human resource department. The new worker must complete forms, select from insurance options, designate beneficiaries, and attend to other administrative details. At this time, the employee is usually given some general information about the company, its policies, procedures, compensation, and benefits. An employee handbook may also be given to the new hire. Some companies use new employee checklists such as the one shown in Figure 13.1 to ensure that personnel representatives cover all basic information with the worker. Additionally, information may be provided about the company's products, services, locations, subsidiaries, and other matters pertaining to the overall organization.

Supervisory Indoctrination. The employee's supervisor is responsible for the second stage of the orientation program. Items covered include an overview of the department, job requirements, safety procedures, break and lunch times, specific work rules, location of restrooms and cafeterias, a tour of the department, and personal introductions to other employees. It is also beneficial to use a checklist here so the supervisor does not neglect to mention any item of importance. A supervisory orientation checklist is shown in Figure 13.2. Comparing this figure with the previous one reveals that the immediate supervisor must explain a number of job-related details, whereas the human resource department is basically concerned with benefits, services, and company overview. It cannot be emphasized too strongly that the key role in successful orientation is performed by the supervisor.

Formal Orientation. Formal orientation takes place in a classroom and is conducted by a member of the human resource staff. These sessions may be as short as one or two hours or as long as a full day, depending upon the importance the organization attaches to orientation. Shorter sessions generally focus on benefits and employee services; longer sessions tend to include company history, products, processes, and even presentations by high-ranking company representatives. Orientation classes fulfill two general purposes: they provide an in-depth explanation and discussion of matters that are important to new employees, and they introduce new employees to each other so that the new person's acquaintances are not limited merely to his or her department or sphere of operations.

Employee orientation classes usually occur after a person has been on the job for a while—at least a few days and sometimes several weeks. Some experience with the organization and the job affords the new worker time to formulate questions that might not otherwise surface if formal orientation was held the first day. While it is critical that an employee be given adequate information

Figure 13.1
New Employee Orientation Checklist

EMPLOYEE	_____	EMPLOYMENT DATE	_____
JOB TITLE	_____	DEPARTMENT	_____
PAY GRADE	_____	SUPERVISOR	_____

I. INFORMATION PROVIDED

- ☐ 1. COMPANY ORGANIZATION
- ☐ 2. BASIC INSURANCE BENEFITS
 - ☐ Medical ☐ Dental ☐ Life
 - ☐ Disability ☐ Travel
- ☐ 3. OPTIONAL INSURANCE BENEFITS
 - ☐ Additional Life Insurance
 - ☐ Comprehensive Medical
- ☐ 4. PAYMENTS FOR TIME NOT WORKED
 - ☐ Holidays ☐ Vacations
 - ☐ Sick Leave ☐ Miscellaneous Time Off
- ☐ 5. EMPLOYEE SERVICES
 - ☐ Tuition Reimbursements ☐ Products Discounts
 - ☐ Recreational Facilities ☐ In-House Medical Services
 - ☐ Training Programs ☐ Retirement Program
- ☐ 6. COMPENSATION
 - ☐ Salary range ☐ Performance Review
 - ☐ Pay Periods
- ☐ 7. OTHER
 - ☐ Equal Employment Opportunity
 - ☐ Promotion Policy
 - ☐ Suggestion System

II. MATERIALS PROVIDED

- ☐ 1. Orientation Packet
- ☐ 2. I.D. Card
- ☐ 3. Employee Handbook
- ☐ 4. Labor Agreement
- ☐ 5. Insurance Handbook

The employee has been given the information and materials indicated above.

Human Resource Representative

Date

I have received the information and materials indicated above.

Employee

Date

Figure 13.2
Supervisor's Orientation Checklist

<hr/>	
Employee_____	Employment Date_____
Job Title_____	Department_____
Pay Grade_____	Supervisor_____
<hr/>	
I. General Information	
<input type="checkbox"/> Departmental Organization	
<input type="checkbox"/> Products or Services	
<input type="checkbox"/> Relationship to Other Departments	
II. Employer's Job	
<input type="checkbox"/> Job Description	
<input type="checkbox"/> Relationship to Other Jobs	
<input type="checkbox"/> Performance Expectation	
III. Working Conditions	
<input type="checkbox"/> Hours of Work	<input type="checkbox"/> Time Cards
<input type="checkbox"/> Employee Entrances	<input type="checkbox"/> Lunch Hours
<input type="checkbox"/> Break Periods	<input type="checkbox"/> Restroom Locations
<input type="checkbox"/> Cafeteria Location	<input type="checkbox"/> Overtime Requirements
IV. Work Rules	
<input type="checkbox"/> Absences	<input type="checkbox"/> Tardiness
<input type="checkbox"/> Personal Phone Calls	<input type="checkbox"/> Safety Procedures
<input type="checkbox"/> Probationary Period	
V. Introductions	
<input type="checkbox"/> Co-Workers	
<input type="checkbox"/> Trainer	
<input type="checkbox"/> Union Representative	
<hr/>	
Employee's Signature	Date
<hr/>	
Supervisor's Signature	Date
<hr/>	

about the company and job on the first day, information overload may occur if too much is provided at that time.

Follow-up. For orientation to be completely effective, there must be some form of follow-up and evaluation. During the first few weeks on the job, the immediate supervisor should work very closely with the employee to clarify any misunderstandings and see that the employee is properly integrated into the work group. The human resource department also plays a part in follow-up, either by working with the supervisor or by directly contacting the employee.

Training Supervisors for Their Role in Orientation

Of critical importance to any successful orientation program is training for supervisors so that they can carry out their key role. The human resource department can provide the new employee with a great deal of organizational information, but only the supervisor can fulfill the function of integrating the employee into the work group.

In training supervisors, the following points about orientation should be emphasized:

- Orientation is an investment in people since it prepares them for organizational entry and successful job performance.
- Effective orientation reduces employee turnover, thereby saving money for the organization.
- Proper orientation enables employees to become productive more quickly.
- Both positive and negative features of the job should be explained to the employee.
- Orientation is not limited to the employee's first day on the job: nurturing and support may be needed for several weeks.
- The supervisor should explain his or her likes and dislikes that relate to job performance.
- All questions, comments, and concerns of the employee should be considered important and appropriately addressed.
- Introductions to other employees are crucial and should not be handled perfunctorily.
- Details—location of restrooms, lunch periods, time clock procedures, and so forth—should not be overlooked: little things can make a big difference to a new employee's adjustment to the organization.

PROMOTIONS

Promotion, the upward movement of an employee to a position of greater responsibility and compensation, is another crucial human resource administration activity. Promotions have a direct impact on staffing because they are signals to employees that growth and advancement are realities within an organization. Decisions as to promotion criteria and who will be promoted are made by line management, usually with assistance from human resource specialists. In a unionized organization, seniority is normally the ruling criterion;

in a nonunionized organization, work performance—or some combination of performance and seniority—is generally the basis for making such decisions.

One major problem associated with promotions—one that may necessitate counseling with employees or other efforts to retain productive workers—is that not everyone can be promoted. It has been estimated that once beyond entry-level positions, only one out of every seven employees will receive a promotion.⁵ Thus, for every elated employee who is promoted, there may be six other disappointed employees for line management and the human resource department to placate. Clear promotion policies and criteria make promotion decisions more palatable to those who are not promoted. Therefore personnel administrators can be of invaluable assistance to supervisors and managers who must make promotion decisions.

In the future, promotions may be even harder to obtain than they are today. Changes in work force demographics, elimination of the mandatory retirement age, organizational downsizing, outsourcing, and global competition will restrict higher-level promotional opportunities. Additionally, greater numbers of women and minorities vying for positions denied them in the past will place limitations on promotional opportunities for white males.⁶

Considering the changes that are likely to occur in promotional opportunities, human resource specialists may be well advised to consider two alternatives to traditional promotions. First, they could place a greater emphasis on learning, growth, and development in the present job through various types of training efforts. Second, they could develop dual promotion ladders that reward creative, technical, or professional personnel with financial rewards similar to those paid to people in management positions. The dual promotion ladder supports the first alternative by allowing individuals to grow in their own fields without having to switch into management positions—the typical promotion route for many employees. The individual can advance in his or her own area of expertise and reap the normal rewards of promotion but continue doing the same type of work. Currently, dual ladder promotion is being used in high-tech companies to keep engineers and scientists in areas where they are vitally needed, but it is also being increasingly used in other industries, such as publishing and banking.⁷

TRANSFERS

A transfer is the lateral movement of an employee from one job to another of equal responsibility and compensation. Transfers may be initiated by the organization or by the employee. They are neither promotions nor demotions; they are shifts in jobs.

Transfers serve several useful purposes. First, they are a means of developing employees by giving them experience in different functional areas. An employee's knowledge of the organization can be broadened, or an employee's skills can be sharpened, by lateral movement through meaningful job assignments. In essence, transfers can serve training as well as career development purposes.

Second, transfers are often necessitated by reorganizations. As offices and

departments are created, it may be imperative to transfer employees to fill positions. By the same token, when positions are eliminated, management may find transfers a good way to retain valued employees who might otherwise be terminated.

A third reason for transfers is to satisfy the needs or desires of employees. Personal reasons for wanting to transfer are numerous and include to reduce commuting time, to learn a new job, to use different skills, to work with new people, and to experience a new working environment. By accommodating the employee's wishes, the organization can retain productive workers who might otherwise quit.

Another reason for using transfers is to open up promotional opportunities. Productive employees who are unpromotable may retard the upward mobility of lower-level workers who are qualified for advancement. To retain qualified workers, it may be necessary to transfer unpromotable employees.

Finally, transfers may be utilized to eliminate personality clashes. An employee may not be able to work effectively for a particular supervisor or with other members of a work group. By shifting the person to another position, this problem may be eliminated.

Transfers can serve the best interests of both employee and organization. However, clear and specific transfer policies must be developed. This is one of the functions of human resource administration.

DEMOTIONS

A demotion is the movement of an employee to a job of lesser responsibility or lower-level duties. Typically, a reduction in compensation accompanies a demotion. There are three conditions that may require the use of demotion as a staffing tool: promotion of an individual beyond his or her level of capabilities, reduction of the organization's work force, or poor performance of an employee the company does not want to discharge.

Promotions are normally made on the basis of performance or seniority in the current job—neither of which may be valid indicators of a person's potential performance in a higher-level position. If an employee cannot perform satisfactorily at a higher level of responsibility, it is not the worker's fault; it is management's fault. To terminate an employee who was productive in the previous job would be unjust and could even make other employees reluctant to take promotions. Consequently, it is better to move the employee back to the level at which performance was satisfactory.

Work force reductions may also require demotions. For example, if two similar units are combined into one, one supervisory position will be eliminated. Instead of terminating the unneeded supervisor, the organization may elect to demote that person to retain his or her skills and abilities. If later the organization expands, a qualified person is already available for a higher-level job.

For long-tenured employees, demotion may be successfully used as an alter-

native to termination. An employee may have performed well in a position for a number of years but due to physical or other reasons is no longer capable of performing at the same level. In these cases, a demotion is much fairer and more humane than a termination.

In a unionized environment, demotion policies and procedures are clearly delineated in the labor-management agreement. In a nonunionized organization, they may or may not be delineated, depending upon the consideration that has gone into formulating comprehensive personnel policies. Demotion, however, is too much of an emotionally charged process to be handled on a case-by-case basis; there should be definitive policies defining its usage.

RESIGNATIONS

Even in the best of organizations, it is inevitable that employees will resign. A certain amount of turnover is beneficial for a company because it provides an opportunity to bring in new people with fresh ideas and approaches, creates promotional opportunities for current workers, rectifies poor selection or placement decisions, and helps prevent organizational stagnation. But too much turnover can be disruptive and expensive. Unfortunately, no one has yet established how much turnover is good and how much is bad. The Bureau of National Affairs (BNA), however, publishes a quarterly report on job absence and turnover that provides baseline information organizations can use to compare their turnover rates with other institutions. BNA's report shows turnover by organizational size, industry, and region. While these figures encompass both voluntary and involuntary turnover, the report offers data that a company can use to establish what it considers to be a reasonable resignation rate.

Why Employees Leave

Employees may choose to leave an organization for a variety of reasons. Table 13.1 shows the major causes of resignations and suggests actions that can be taken to deal with each.

While understanding the general causes of resignations is an excellent starting point, an organization should conduct its own analysis to isolate specific causes so that it can initiate corrective actions.

Analyzing Resignations

Two techniques for determining the reasons behind voluntary resignations are exit interviews and post-exit questionnaires. Often, they are used in combination with each other.

Exit Interview. An exit interview is conducted while the employee is still on the payroll. It is normally the last formal contact the employee has with the organization. The responsibility for conducting the interview usually rests with

Table 13.1

Why Employees Leave and What to Do About It

<p>1. Poor Selection or Mismatching</p> <ul style="list-style-type: none">• Develop job descriptions and job specifications.• Train interviewers.• Use appropriate selection tests.• Check references carefully.• Use employment agencies for screening. <p>2. Lack of Opportunity for Advancement</p> <ul style="list-style-type: none">• Use realistic job previews.• Develop career progress ladders.• Use a job posting and bidding system.• Provide training and development opportunities. <p>3. Poor Supervision</p> <ul style="list-style-type: none">• Provide interpersonal skills training.• Reward supervisors for turnover reduction.• Replace ineffective supervisors. <p>4. Inadequate Compensation</p> <ul style="list-style-type: none">• Implement a compensation plan.• Conduct compensation surveys to assure competitiveness.• Review compensation and benefits on regular basis.• Use a performance appraisal system. <p>5. Insufficient Training</p> <ul style="list-style-type: none">• Provide thorough orientation.• Implement formal training programs.• Train supervisors to be trainers and coaches.	<p>6. Monotonous Work</p> <ul style="list-style-type: none">• Use realistic job previews.• Redesign jobs to enrich content.• Use a job rotation system.• Pay premium compensation. <p>7. Inadequate Grievance Procedures</p> <ul style="list-style-type: none">• Implement a formal system for handling complaints.• Maintain open communications.• Develop an open door policy.• Use an ombudsman. <p>8. Personal Problems</p> <ul style="list-style-type: none">• Train supervisors to be listeners and counselors.• Train supervisors to watch for warning signs.• Implement an employee assistance program. <p>9. Low Work Group Morale</p> <ul style="list-style-type: none">• Provide interpersonal skills training for supervisors.• Train supervisors to be listeners.• Train supervisors to watch for warning signs.• Conduct attitude surveys on a regular basis.• Maintain good physical surroundings. <p>10. Labor Market Conditions</p> <ul style="list-style-type: none">• Stay attuned to changes in supply and demand for various skills.• Implement a compensation plan.• Conduct compensation surveys to assure competitiveness.• Review compensation and benefits on a regular basis.
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Source: Donald Caruth and Frank Rachel, “Why Employees Leave and What to Do About It,” unpublished working paper, November 1986.

the human resource department inasmuch as the employee is more likely to respond in a free and open fashion to a personnel specialist than to an immediate supervisor or other manager. In conducting the interview, the interviewer typically adheres to the following pattern:

- Establishes rapport with the employee.
- Explains the purpose of the interview.
- Assures the employee of confidentiality.
- Solicits attitudes about the old job.
- Solicits attitudes about the company.
- Explores the employee's reasons for leaving.
- Asks the employee to compare the old job with the new job.
- Asks the employee to suggest any changes he or she would recommend for the job or the organization.
- Concludes the interview on a positive note.⁸

An effective exit interview focuses on job-related factors and probes in depth for the real reasons the employee is leaving the company. While one specific interview may not provide much eye-opening information, a series of interviews conducted over time can identify patterns that indicate weaknesses in the human resource management system or the organization's methods of operating. On the basis of this information, appropriate corrective actions can be taken.

Post-exit Questionnaire. The second method for uncovering causes of resignations is the post-exit questionnaire. When this approach is used, former employees are sent a questionnaire to complete and mail back to the company. The instrument is usually sent two to three weeks after the employee has terminated. The advantage of this method is that, since the person is no longer with the organization, he or she may respond more candidly, thereby revealing the real reasons for leaving. When a questionnaire is used, it should be carefully constructed so that it provides sufficient information and can be completed fairly quickly. Ample blank space should be included to allow the former employee to express his or her feelings about the job, supervisor, or company.

To obtain the most complete resignation information possible, both the interview and the questionnaire should be used.

Resignation Policies

Two personnel policy areas that merit attention are advance notification of intent to resign and whether or not the terminating employee will be allowed to remain on the job until the resignation is effective. Organizational practices in these areas vary considerably.

Normally, organizations request that employees give two weeks' notice when

resigning. It is not unusual to find firms that request a month's notice from professional or managerial employees. Advance notice gives the organization time to seek a replacement. When advance notice is requested, the organization typically pays the individual for the stipulated period even if it does not allow the person to remain on the job. Of course, an employee is always free to quit without any notification whatsoever, in which case the company is not obligated to compensate the employee further.

Should the departing employee be allowed to remain on the job for the length of the notification period? There are two sides to this issue. On the one hand, the employee may be needed to perform important work or to help train a replacement. On the other hand, a terminating worker can create problems by becoming non-productive; or the worker, if resentful of the company or the supervisor, can be disruptive and cause morale problems among other employees. As a general policy, it is preferable to keep the worker in the job, but exceptions will have to be made if problems arise.

LAYOFFS AND REDUCTIONS IN FORCE

A layoff is a temporary or indefinite termination of an employee because of economic reasons. In the mid-1990s corporate layoffs in the United States involved some 420,000 workers per year.

Although being laid off is not the same as being fired because the worker does have the hope of being recalled at some future time, the short-term effect is the same: the person is unemployed. In a sense, a layoff may be more devastating to an individual than a termination. When a person is terminated, the relationship with the organization is permanently severed, and the former employee is completely free to seek other employment. In a layoff, the individual still has ties to the company. Moreover, the person may find job search opportunities hampered because other organizations are unwilling to hire someone who may leave shortly to return to his or her former job.

In a union contract, layoff and recall procedures are clearly spelled out. Employees are laid off in inverse order of seniority and recalled on the basis of seniority. Typical contract procedures provide for *bumping rights* or job regression; that is, when a senior-level position is eliminated, the person occupying the position has the right to bump an employee with less seniority from a lower-level position. The worker who is bumped may, in turn, bump another worker. Thus, in a unionized company, a layoff may drastically alter the composition of the work force.

In a nonunion environment, layoff policies and procedures are more likely to be ill-defined, with factors other than seniority deciding which workers go and which workers stay. Productivity or performance may be the biggest consideration. To avoid charges of favoritism or discrimination, union-free organizations should establish definitive policies and procedures regarding layoffs and for-

mulate a layoff plan to protect themselves and assure compliance with both federal and state statutes. The layoff plan should answer the following questions:

- What cuts in the workforce are actually required?
- Which jobs or functions are involved?
- How will employees be selected for layoff?
- Will the layoff be done all at once or in stages?
- When will the layoff occur?
- How will the company communicate its layoff plans to employees, the community, and other stakeholders?
- What assistance will be available to laid-off employees?
- What will be included in the severance package?
- What will be done to assure that operations run smoothly during the layoff period?
- What policies will be adopted for rehiring laid-off employees?
- What consequences must be dealt with to ensure normal operational functioning after the layoff has been completed?⁹

Spurred by the success of Japanese companies in providing what is tantamount to lifetime employment, some American companies have adopted a no layoff policy as a means of maintaining a stable workforce. Considering the number of layoffs and the size of workforce reductions announced each year, however, it seems doubtful that an employment guarantee policy will become a trend among U.S. companies.

A reduction in force differs from a layoff in that it is a permanent separation from the company. Today, reductions in force are euphemistically referred to as *downsizing*, *rightsizing*, or *reengineering*. Permanent reductions in staff may be necessitated by: (1) elimination of certain company operations or departments, (2) subcontracting functions to other companies, (3) increased automation, (4) the need to cut costs to remain competitive, (5) relocation of a plant from one geographical area to another, (6) changes in customer demand for products or services, (7) corporate reorganizations, or (8) mergers and acquisitions.

Under the Worker Adjustment and Retraining Act of 1989 (WARN), employers with 100 or more full-time employees are required to notify workers 60 days in advance of any intended plant closing or mass layoff. This notice must be in writing and must be given to state officials and all employee representatives or, if there is no employee representative, directly to the employees themselves.¹⁰

Many of the questions listed above that must be answered in layoffs must also be addressed when a reduction in force occurs.

TERMINATION

Termination, the permanent severing of the relationship between organization and employee, is the most severe penalty a company can impose on an individual. It is usually a drastic step for the organization and a traumatic experience for the employee. The employee is likely to feel angry, hurt, depressed, shocked, and concerned about the future. The supervisor or manager making the termination is apt to be tense and anxious as well.

While there are a number of similarities in the termination of employees at any level in the organization, there are also distinct differences between the discharging of operative-level employees, managers and professionals, and executives.

Termination of Operative Employees

Generally, the policies and procedures for terminating operative employees are well-defined and outlined in personnel policy manuals or employee handbooks. Most organizations are careful to delineate the types of offenses or behavior that will result in immediate discharge. These typically include:

- Theft of company or another employee's property.
- Appropriation or misappropriation of company funds.
- Possession, use, or being under the influence of alcohol or drugs on the organization's premises.
- Deliberate falsification of personnel records, such as employment applications or time cards.
- Willful abuse or deliberate damage of company property.
- Immoral conduct or indecency.
- Insubordination, or willful failure to perform assigned tasks.
- Fighting on company premises.
- Job abandonment—absence without notice or approval for three consecutive working days.
- Revealing proprietary information to a competitor.

Repeated violations of other work rules may also constitute grounds for immediate termination: for example, sleeping on the job, soliciting political contributions, or leaving the premises without permission during working hours.

Termination of Managers and Professionals

Perhaps the most vulnerable group of organizational employees is managers and professionals. These individuals may be discharged for a wide variety of

reasons—both those that apply to operative-level employees and those that apply to executives. Managers and professionals lack the political clout of executives, they are not protected by labor agreements, the reasons for their terminations are not clearly defined, and they often are not inclined to seek protection under anti-discriminatory statutes. Undoubtedly, managers and professionals are more likely than operative employees or executives to be fired on the basis of whim or caprice.¹¹ Definitive policies are needed for the termination of managers and professionals.

Termination of Executives

Discharging an executive is quite different from terminating other types of employees. In most instances, there are no identified policies, procedures, or grounds for termination, nor is there an appeal mechanism. The primary reasons for firing an executive are:

- *Lack of fit*: the executive has a personality conflict with another executive, is not considered a *team player*, or has philosophical differences with other officials concerning the operation of the company.
- Reorganization: mergers, acquisitions, or realignments may result in elimination of the position.
- Economics: adverse business conditions may force the elimination of high-level jobs.
- Decline in performance: inability to produce the results desired by the organization, inability to generate new business, failure to meet deadlines, and the like may necessitate the removal of an individual.

The primary reason for executive terminations is usually *lack of fit*.¹² At other levels, people are usually terminated because of poor performance or job elimination, whereas at the executive level personality, politics, and other personal factors are the predominant causes of discharge.

Increasingly, contemporary organizations are taking a socially responsible attitude concerning executives—and other personnel, for that matter—who are terminated, by assisting them in finding further employment. This effort, known as outplacement, will be discussed in a subsequent section.

General Guidelines for Termination

Terminating an employee, regardless of the individual's level in the organization, is a necessity at times—a necessity that is in the best interest of the organization as well as the employee. The basic problem is how to preserve the dignity of the person and the reputation of the organization. The starting point is the development of policies that clearly state the organization's position on termination. The next step is the establishment of procedures on how the actual

termination will be handled. The biggest difficulty in terminating anyone is the face-to-face meeting in which the person is informed that his or her services are no longer needed. The following are some guidelines for effectively handling a termination:

1. Document the reasons for the termination. Include accounts of all previous performance or disciplinary discussions.
2. Do not terminate in haste or while under emotional stress. Discharging workers on the spot may result in serious legal repercussions.
3. Do not terminate an employee on Friday afternoon (the most typical termination time) because the individual cannot initiate efforts to secure new employment over the weekend and may even resort to forms of non-productive behavior—excessive consumption of alcohol, for example—to relieve his or her frustrations. The individual's family may also have to suffer through a weekend of anxiety, depression, dread, anger, and tension.
4. Terminate early in the week, preferably on Monday or Tuesday, and do it early in the morning. This gives the individual the opportunity to begin a job search immediately.
5. Always terminate an employee in the superior's office, not at the person's work station or at a neutral site. This practice ensures more privacy in handling a delicate matter.
6. Once the discussion begins, terminate the employee quickly—in the first five minutes or so—and leave the remainder of the time for the employee to talk.
7. Do not become emotional; be businesslike and to the point.
8. Explain the termination decision, but, to help avoid an argument, don't attempt to justify it or defend it.
9. Be prepared and organized; know in advance what you are going to say.
10. Keep the discussion short. Thirty minutes should be the absolute maximum. In most cases, no more than fifteen minutes will be needed.
11. If assistance is to be provided for securing further employment, outline what the organization is prepared to offer.
12. At the conclusion of the session, write an accurate record of the termination discussion.¹³

As these guidelines suggest, termination should be planned in advance, documented thoroughly, given thoughtful consideration, and concluded as quickly as possible. The terminated employee should be escorted from the premises as soon as the meeting is over to avoid any problems that might be caused by the discharged worker talking with other workers or damaging company property.

Outplacement Services

When terminations occur because of management decisions and not because of violations of work rules (theft, drunk on the job, fighting, etc.), many organizations elect to assist the terminated employee, especially at the executive or managerial level, in the search for new employment. Outplacement is a systematic process designed to help the discharged employee find suitable employment with another organization within a reasonable length of time and with a minimum of psychological trauma.¹⁴ This process normally utilizes an outside consultant, who counsels the former employee, assists in determining job interests, helps prepare resumés, offers training in how to be interviewed, assists in identifying potential employers, and is available to assist the individual in other ways.¹⁵

Outplacement services typically are provided on an individual basis to executives, managers, and professionals. If they are offered to operative-level employees, the services are usually provided on a group basis. Outplacement services tend to take some of the sting out of termination, while creating a favorable reputation for the company. The benefit for individuals is that professional assistance and support are available to reduce the trauma of termination and aid them in locating new jobs. The benefit for the organization is that it is acting in a socially responsible manner that enhances its image as an employer.

Employment-at-Will

Under common law the courts have traditionally held that an employer could discharge an employee for any one of three reasons: good cause, bad cause, or no cause. This, in essence, is the concept of employment-at-will. The United States legal system has long held that the employment relationship is tenuous and subject to severance at any time by either party with or without reason.¹⁶ Consequently, employment has been viewed as an agreement rather than a contract; the employee agrees to work for an employer for a stipulated amount of compensation, but neither party makes a commitment as to how long the agreement is expected to remain in force.

With the exception of the state of Montana, which in 1987 passed legislation requiring employers to show “just reason” when terminating workers, the employment-at-will concept is still the standard interpretation of the employment relationship in this country.¹⁷ However, there is an emerging trend that is redefining what is meant by employment-at-will. In the majority of states, judicial interpretation or legislative intervention has affected the application of the employment-at-will concept.¹⁸ So far, four exceptions to the rule have been identified. These involve terminations that are contrary to public policy, abusive discharge, the implied guarantee of employment unless there is just cause for discharge, and the theory that there is an implied covenant of good faith and fair dealing contained in the employment relationship.¹⁹ Additionally, of course,

if there is a discriminatory motive for the discharge, exceptions to employment-at-will can be made under federal statutes.

Public Policy. In many instances, state courts have ruled that when an employee is discharged under conditions that are contrary to established public policy, the concept of employment-at-will does not apply. The most frequent application of this exception has been in cases where an employee has been terminated for filing a workers' compensation claim.²⁰ The exception has also been applied where so-called whistle-blowing has been involved: that is, reporting violations of state or federal statutes by the organization or by fellow employees, or refusing to perform an illegal act when requested to do so by one's supervisor or manager.

The public policy exception is generally interpreted very narrowly and is applied only when the discharged worker can establish that his or her termination was contrary to some well-established public policy and that no other remedy is available to protect either the individual involved or society.²¹

Abusive Discharge. Retaliatory discharges have also been the basis for exceptions to employment-at-will. If, for example, an employee is terminated for refusing to do personal favors for a supervisor that are outside the scope of normal job duties, the courts may rule that wrongful discharge has occurred.²² If an employee is transferred to an untenable job situation and subsequently quits, the courts may rule that "constructive discharge" has occurred because the company intentionally forced the employee into a situation where it had good reason to believe the employee would terminate his or her employment. In this instance, a tort law exception to employment-at-will has been created.

Implied Guarantee of Employment. Heretofore the employment relationship has been viewed as an agreement, but the courts are increasingly interpreting it as a form of contract requiring just cause for termination. In some cases, statements made by the hiring manager or contained in company personnel policy manuals and employee handbooks have been cited as evidence that discharge can occur only for just cause and not at the whim or caprice of the employer. Essentially, either oral or written statements to the effect that the employee has a job as long as he or she performs satisfactorily have been viewed as implying a continuation of employment that can be broken only for good cause.²³ Likewise, classifying a worker as a permanent employee can be construed as a guarantee of employment.

Good Faith and Fair Dealing. In the employment relationship, it is assumed that each party will deal fairly and in good faith with the other. Where organizations have acted conversely, state courts have held that an exception to employment-at-will has occurred. In *Fortune v. National Cash Register Co.*, the firm allegedly terminated a salesman in order to deny him bonuses and other benefits that were due him. A Massachusetts court ruled that the company had acted in bad faith and solely for its own benefit in discharging the employee.²⁴ Consequently, an exception to the employment-at-will concept was allowed.

Federal Statutes. As discussed in earlier chapters, there are numerous statutes that protect employees from termination on a variety of discriminatory bases.

Thus, federal law provides a firm, identifiable foundation for exceptions to the employment-at-will doctrine if protected classes are involved.

In summary, employment-at-will has long been considered legally sacrosanct. This is no longer the case. It is not an inviolable concept in today's employment environment. To withstand legal challenges, organizations must develop policies that specifically state their positions on job security or permanent employment. If an organization chooses to follow an employment-at-will policy, it must clearly identify its intentions and avoid any implications suggesting job security or employment permanency. A statement to this effect on the application form, signed and dated by every job applicant, is a starting point. Training of those involved in the hiring process is another step.

RETIREMENT

Since employee turnover rates tend to decrease as length of service with the organization increases,²⁵ the majority of long-term employees will leave a company through retirement. Although under the 1986 amendments to the Age Discrimination in Employment Act most employees cannot be forced to retire at any age, organizations usually stipulate that an employee may elect to retire at a certain age, or after a certain number of years with the company, or at some combination of age and years of service. Upon retirement, provided the firm has a pension or retirement system, former employees receive a pension payment each month for the remainder of their lives.

It is still too early to speculate just what impact removal of the mandatory retirement age will have on organizations and the composition of their workforces. Conceivably it could clog promotion channels, making it more difficult for younger workers to advance; or it could increase insurance costs. This issue is one that staffing specialists must watch very closely because it will affect the manner in which traditional staffing activities are conducted.

Two other issues that must be addressed in the retirement area are early retirement and retirement planning.

Early Retirement

A policy that permits workers to retire before reaching the customary age or length of service requirements serves five purposes. First, early retirement can be used as an alternative to layoff. When a product line is discontinued, a plant is closed, or economic conditions cause a business downturn, an organization may have to lay off employees. Allowing eligible workers to retire early benefits both employees and the organization. The employee is ensured some continuity of income, although at a reduced rate, and the organization enhances its reputation as a socially responsible institution that cares about its workers—a positive image that may affect future staffing efforts in a positive manner.

Second, early retirement may be used to cut an organization's operating expenses. Firms with many long-tenured employees may find that their compen-

sation costs are higher than other companies in the same line of business, thereby placing the firm at a competitive disadvantage in pricing its goods or services, or eroding profit margins if competitive pricing is maintained. One solution to this problem is to encourage early retirement.

Third, early retirement is an alternative to termination. When a long-term employee's performance falls below an acceptable level, an organization may find itself in a dilemma. Termination of the individual might result in discrimination charges, seriously affect work group morale, or tarnish the company's reputation in the human resource area. Rather than discharge such an individual, the person may be encouraged to retire early.

Fourth, too many long-service employees in an organization may seriously hamper promotional opportunities for highly qualified employees—a blockage that can be alleviated through an early retirement option.

Finally, early retirement benefits the employee by providing him or her with a means of making a career change without having to undergo severe financial strain. Second careers are becoming more common and popular—a trend that early retirement has certainly contributed to, and one that human resource planning must take into consideration.

Retirement Planning

Although a worker may have looked forward happily to retirement for many years, the actual experience of retiring can be emotion-laden. Leaving one's career, on-the-job friends, and familiar organizational environment can be a frightening experience. Questions concerning money, how time will be spent, and whether the adjustment to retired life can be made successfully may be of concern to the employee as the retirement date approaches. Just as a well-planned and executed orientation program eases the transition of a new hire into the organization, company-sponsored retirement planning programs help ease the transition of the employee from work to leisure.²⁶

Retirement planning programs provide information on finances, housing, relocation, family relations, adjustment to a nonorganizational setting, legal affairs, and similar matters.²⁷ In large organizations where groups of employees may be retiring at about the same time, formal classroom sessions may be conducted. In small organizations, retirement planning is more likely to be a one-on-one situation handled by a member of the personnel department.

Retirement is a major event in a person's life. Organizations can help the individual make the transition more smoothly by offering the assistance needed to make the change.

REFERENCES: PROVIDING INFORMATION TO OTHER EMPLOYERS

Even after an employee leaves an organization the employment relationship has not totally ended. From time to time employers will be asked to furnish

reference information about former workers. In recent years many employers have become reluctant or even unwilling to give information to other employers, fearing that former workers who receive a negative reference may sue for defamation. On the other hand, some courts have found previous employers guilty of negligent referral when injury results from the former employer's failure to disclose information about an ex-employee.

To deal with these situations organizations may take either of two approaches: a no reference policy or a consent to release reference information policy.

No Reference Policy

Many organizations consider a no reference policy to be the safest course of action to pursue when confronted with requests for information about former employees. Under such a policy the information released is limited to: (1) dates of employment, (2) job title, (3) salary, and (4) job location. Providing any other information could be construed as an invasion of the former employee's privacy.

To enforce this policy, all supervisors and managers must be instructed to refer every reference request to the human resource department. Organizations checking references often attempt to speak directly to the person's former supervisor because this individual may be more candid. Human resource administrators must emphasize to supervisors and managers that they personally, as well as the organization collectively, can be sued for defamation if they divulge the wrong kind of reference information.

Consent to Release Reference Information Policy

A second approach to handling references is to have each employee sign a consent form authorizing the employer to release additional information (other than dates of employment, job title, etc.), as specified by the employee in the consent document.²⁸ According to a 1991 survey of human resource managers by the Society for Human Resource Management, only about 4 percent of organizations allow employees to determine what kinds of reference information will be disclosed.

When a consent to release information policy is adopted, it is essential that certain guidelines be rigidly adhered to:²⁹

1. To assure consistency in the information provided to other employers, only designated human resource representatives should be permitted to give references. Supervisors and managers must be instructed to refer other employers to the human resource department.
2. All documentation should be complete and thorough.
3. Information provided should be limited to facts. Opinions should not be offered.
4. Oral references should never be given. Employers requesting information should be

told to do so in writing. This practice assures confidentiality as well as release of the information to proper parties.

5. Information provided should be truthful. A former employee should not be described as good when, in fact, the person was an unsatisfactory performer.
6. Only current information should be disseminated—typically what happened in the last three to five years of the employee's tenure.
7. Negative information should not be volunteered.
8. Remarks should be balanced; both strengths and weaknesses should be identified.

Because reference checking has become a major problem for hiring institutions as well as referencing companies, state legislators are increasingly providing legal protection to employers who release information in good faith. As of August 1996, 26 states had enacted reference protection legislation.³⁰

NOTES

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13. Adapted from James Walsh, *Rightful Termination* (Santa Monica, Calif.: Merritt Publishing, 1994), pp. 266–268 and Morin, *Successful Termination*, pp. 7–27.

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15. William J. Morin, "Outplacement Counseling: What Is It?" *The Personnel and Guidance Journal*, May 1977, p. 555.
16. Lorance Z. Lorber, J. Robert Kirk, Kenneth H. Kirschner, and Charlene R. Handorf, *Fear of Firing: A Legal and Personnel Analysis of Employment at Will* (Alexandria, Va.: ASPA Foundation, 1984), p. 1.
17. Walsh, *Rightful Termination*, p. 2.
18. *Ibid.*, p. 16.
19. *Ibid.*, pp. 96–97.
20. *Ibid.*, p. 99.
21. *Ibid.*
22. *Monge v. Beebe Rubber Co.*, 114 N.H. 130, 316A. 2d 549, 1974.
23. David P. Twomey, *A Concise Guide to Employment Law, EEO & OSHA* (Cincinnati: South-Western Co., 1986), p. 99.
24. *Fortune v. National Cash Register Co.*, 373 Mass. 96, 364 N.E. 2d 1251, 1977.
25. Guvenc G. Alpander, *Human Resources Management Planning* (New York: AMACOM, 1982), p. 115.
26. Mondy and Noe, *Personnel*, p. 653.
27. Marilyn Merikangas, "Retirement Planning with a Difference," *Personnel Journal*, May 1983, p. 420.
28. *Ibid.*, p. 146, 803.
29. Adapted from Walsh, *Rightful Termination*, pp. 266–268 and *Employment Coordinator*, pp. 146, 802–146, 803.
30. "Reference Checking," *State Insider*, August 31, 1996, p. 1.

14

Evaluating the Staffing Function

The success of any organization depends not only on the formulation and execution of well-thought-out plans but also on the continuous evaluation of progress toward accomplishment of specified goals and objectives. For individual functional units within the organization, such as the human resource department, evaluation may be more difficult because of the absence of quantifiable measures that indicate whether the unit is fulfilling its mission. Yet the need for evaluation is just as important in these units as it is in the organization as a whole.

It is increasingly important today to periodically examine the human resource management function to assure that all activities are being carried out completely, effectively, efficiently, professionally, and are consonant with the spirit and letter of the law. Feedback from a periodic assessment of staffing will enable adjustments and corrective actions to be taken before any seemingly minor deficiencies become serious problems.

How often should the staffing function be evaluated or audited? Ideally, it should be formally examined once a year. While it may not be practicable to completely audit every aspect of staffing with such frequency, the major functions within staffing—legal compliance, job analysis, recruiting, and selecting, for example—should undergo an annual review. The other functional components could be audited less frequently, perhaps every 18 to 24 months. Staffing is a critical function. Therefore, evaluations should never be spaced more than 24 months apart.

How should an organization evaluate its staffing function? Are there particular measures or indicators that reveal how well this function is carrying out its responsibilities and supporting the overall organization's efforts to reach planned objectives? These are the two questions this chapter will attempt to answer.

There are two basic methods that may be used to evaluate the effectiveness

of staffing activities: checklists and quantitative measures. The checklist approach poses a number of questions that can be answered either *yes* or *no*. This method focuses on whether important activities have been recognized and, if so, whether they are being properly performed. Essentially, the checklist is an evaluation in terms of what should be done and the extent to which it is being done. The more *yes* answers the better the evaluation; *no* answers indicate areas or activities where follow-up or additional work is needed to increase staffing effectiveness. The checklists presented below should be viewed as representative, not inclusive. Organizations opting to use this evaluation approach will undoubtedly discover many questions of their own that can be added. The checklist method is solely an internal evaluation device; it is not a vehicle for comparing one company with another company.

The second method for evaluating the performance of staffing activities is quantitative: it relies on ratios computed from numerical data. Numerical data is mainly used to indicate activity levels and important trends. Ratios show the volume of activity or results of activities. These summary measures are important in themselves and, when maintained over a period of time, reveal critical trends. In some instances, quantitative measures may be used for comparisons with other organizations. However, since very few performance standards exist for the human resource function, external comparisons should always be interpreted in light of the organization's own situation. For example, two areas in which the most external comparative data are available are employee turnover and absenteeism. It may be tempting to evaluate a specific organization's turnover or absenteeism in terms of the industry average or with companies of comparable work force size. Such comparisons may be meaningless, however, because of the variables that affect a specific organization's turnover, such as economic conditions, the nature of the local labor market, the number of long-tenured employees on the staff, the ability of the firm to pay competitive rates of compensation, and the reputation the company has gained as an employer. On the other hand, there is one measure that can truly be considered standard: the four-fifths or 80-20 rule that measures the selection rate of protected class employees against other employees. Generally, as discussed in an earlier chapter, this ratio should approximate 80 percent; but even so, there are exceptions to this standard based on the specific situation. In short, while quantitative data may be useful for external comparisons with other similar companies, it is probably most helpful in establishing internal baselines for comparisons with later data.

It is not the intent of the authors to promulgate or even suggest performance standards for the staffing function. Our purpose is to enumerate various criteria that can be used to determine how well staffing is performed in an organization. The qualitative and quantitative factors outlined below should be viewed in light of an organization's specific goals and situation. Some of the evaluation criteria will be pertinent to all organizations; other criteria will not. Each company must make its own assessment as to what is relevant; each company must make its

own determination as to what answers to the checklist questions actually mean; each company must decide for itself what the quantitative data and ratios really indicate.

In the following sections, both checklists and quantitative measures for each of the various staffing activities described in this book, as well as the legal compliance area, will be presented. A total of 163 questions and 76 statistical items are suggested for use. The suggestions offered should encourage human resource practitioners to undertake a needed, but often neglected task: the evaluation of staffing.

LEGAL COMPLIANCE

The risks associated with noncompliance with federal and state statutes dealing with employment practically dictate that this area be the first one evaluated for effectiveness. Any deficiencies that show up here should be immediately addressed.

Checklist

The following questions indicate the areas and activities to be addressed in evaluating the legal compliance portion of the staffing function:

1. Have all managers and supervisors been informed of their responsibilities under federal and state equal employment opportunity and anti-discrimination statutes?
2. Have all managers and supervisors been informed of their responsibilities under employment law torts?
3. Are all legally mandated reports submitted to requiring agencies on time?
4. Are all jobs properly classified as to exempt and non-exempt status?
5. Are data necessary for filing EEO-1 reports (if required) maintained on a current basis?
6. Is an applicant flow analysis conducted on a periodic basis?
7. If required, does the organization have a current affirmative action plan?
8. Is progress toward accomplishing affirmative action goals evaluated on a regular basis?
9. If progress toward accomplishing affirmative action goals is deficient, has corrective action been taken to assure the necessary degree of progress?
10. Does recruitment advertising conform to legal and affirmative action standards?
11. Is a four-fifths rule analysis performed on a regular basis?
12. Is the organization's equal employment opportunity policy posted in conspicuous places?
13. Are adequate safeguards taken to ensure non-discrimination against protected classes?

14. Is executive-level management committed to and fully supportive of equal employment opportunity?
15. Has a policy on sexual harassment and other forms of harassment (age, religion, disability, etc.) been developed?
16. Have managers and supervisors received training concerning their responsibilities for enforcing sexual and other harassment policies?
17. Have policies and procedures been developed to ensure reasonable accommodation of the religious practices of employees?
18. Has information about the organization's affirmative action program been disseminated to all appropriate parties?
19. Is a utilization analysis of minorities and females conducted on a regular basis?
20. Have the causes of underutilization of minorities, females, and other protected classes been identified?
21. Have appropriate corrective actions been taken to remedy any underutilization problems?
22. Have all selection tests and procedures been validated as required by the *Uniform Guidelines*?

Quantitative Measures

To comply with federal and state statutes and regulations, organizations must accumulate data; consequently, they may have a lot of quantitative information available for evaluating the staffing function. Some of the data useful in evaluation include the following:

1. Total Number of Applicants
2. Number of Applicants Classified by Protected Group Status
3. Total Number of Employees Hired
4. Number of Employees Hired Classified by Protected Group Status
5. Total Number of Employees Promoted
6. Number of Employees Promoted Classified by Protected Group Status
7. Total Number of Employees Involuntarily Terminated
8. Number of Employees Involuntarily Terminated Classified by Protected Group Status
9. Number of Discrimination Charges Filed
10. Number of Wage and Hour Complaints Filed
11. Number of Employment Law Tort Cases Filed

The preceding data provide an organization with the raw material necessary to analyze trends and perform analyses in the compliance area.

The following ratios provide additional means of evaluation:

12. $\frac{\text{Protected Group Selection Rate}}{\text{Best Achieving Group Selection Rate}} = \text{Protected Group Selection Ratio}$
13. $\frac{\text{Protected Group Promotion Rate}}{\text{Best Achieving Group Promotion Rate}} = \text{Protected Group Promotion Ratio}$
14. $\frac{\text{Protected Group Termination Rate}}{\text{Majority Group Termination Rate}} = \text{Protected Group Termination Ratio}$
15. $\frac{\text{Number of Minorities and Women Hired}}{\text{Total Number of Employees Hired}} \times 100 = \text{Minority and Female Hiring Percentage}$
16. $\frac{\text{Number of Minority and Female Employees}}{\text{Total Number of Employees}} \times 100 = \text{Minority and Female Work Force Percentage}$
17. $\frac{\text{Number of Minority and Female Employees Protected}}{\text{Total Number of Employees Protected}} \times 100 = \text{Minority and Female Work Force Protection Percentage}$

JOB ANALYSIS

The criticality of job analysis has been emphasized many times throughout this book. As the cornerstone on which many other human resource activities depend, it is important that the effectiveness of this process be carefully evaluated.

Checklist

The following are some questions that may be used to assess the effectiveness of job analysis:

1. Have formalized procedures and methods been developed for conducting a job analysis?
2. Is the most appropriate method or combination of methods being used to conduct job analyses?
3. Have all jobs in the organization been analyzed?
4. Are standardized job titles from the *Dictionary of Occupational Titles* used to identify all jobs?
5. Have job descriptions been prepared for every job in the organization?
6. Are all job descriptions current?
7. Do all job descriptions clearly identify essential functions?
8. Have job specifications been prepared for every job in the organization?
9. Are all job specifications current?

10. Do all job specifications reflect minimum rather than ideal human qualifications necessary for satisfactory job performance?
11. Do all employees have copies of their job descriptions?
12. Are all job descriptions reviewed at least annually to determine if they are accurate and up-to-date?
13. Are all job specifications reviewed at least annually to determine if they are accurate and up-to-date?
14. Have procedures been developed whereby managers and supervisors can request reanalysis of a job when changes occur in that job?
15. Are job descriptions and specifications written in readable, usable formats?
16. Is the job analysis process effectively integrated with other human resource management processes?

Quantitative Measures

Suggested quantitative evaluations of job analysis include:

1. Total Number of Jobs Analyzed
2. Number of New Jobs Created
3. Number of Job Analysis Requests by Managers and Supervisors
4. $\frac{\text{Number of New Jobs Analyzed}}{\text{Number of New Jobs Created}} \times 100 = \text{Percentage of New Jobs Analyzed}$
5. $\frac{\text{Number of Job Analysis Requests Completed}}{\text{Number of Requests for Job Analysis}} \times 100 = \frac{\text{Percentage of Job Analysis Requests Completed}}{\text{Completed}}$
6. Number of Job Descriptions Audited
7. $\frac{\text{Number of Job Descriptions Audited}}{\text{Total Number of Job Descriptions}} \times 100 = \text{Percentage of Total Job Descriptions Audited}$

HUMAN RESOURCE PLANNING

Perhaps one of the most difficult areas of staffing to evaluate is human resource planning. Even though planners customarily deal with statistical data in forecasting requirements and availability, many subjective judgments are required. Moreover, the best laid plans may be negated by unanticipated changes in the economy, technology, or other external or internal forces. Yet, despite the difficulties, this functional area needs to be evaluated as much as the other staffing processes.

Checklist

These are some essential questions that must be asked about human resource planning:

1. Is human resource planning interactively involved with the strategic business planning process?
2. Are human resource requirements forecasts made at least annually?
3. Are appropriate quantitative and qualitative techniques used in conjunction with each other to forecast human resource requirements?
4. Do operating managers participate in the development of requirements forecasts?
5. Are requirements forecasts used to develop a pro forma organizational structure?
6. Are requirements forecasts used to develop staffing tables that reflect human resource needs at various levels of organizational activity?
7. Are human resource availability forecasts made at least annually?
8. Are skills inventories maintained on all employees?
9. Are management inventories maintained on all managerial personnel?
10. Are skills and management inventories updated at least annually?
11. Are skills and management inventories used in the human resource planning process to assist in determining the internal availability of personnel?
12. Are sufficient demographic, economic, and other data maintained in current fashion for forecasting the availability of personnel from external sources?
13. Does the organization have standing plans, policies, and procedures for dealing with anticipated shortages or surpluses of personnel?

Quantitative Measures

The effectiveness of human resource planning, from a quantitative viewpoint, can best be judged by the accuracy of requirements and availability forecasts. The closer the forecasts approximate reality, the more effective the planning process. Thus, two key measures are:

1. Requirements Forecast Compared to Actual Personnel Needs
2. Availability Forecast Compared to Actual Availability of Personnel

RECRUITING

Recruiting is the most publicly visible of all staffing activities. By its very nature it is concerned with communicating the availability of open positions to many individuals and agencies. Recruiting is much like advertising and public relations in that it creates both an image and awareness of an organization in

the external environment. Obviously, the high visibility of this function warrants a careful evaluation of its effectiveness.

Checklist

In evaluating recruiting it is necessary to examine its internal as well as its external effectiveness. The following questions may be helpful:

1. Does the organization have policies and procedures governing the use of alternatives to recruiting?
2. Is the recruiting process effectively integrated with human resource planning?
3. Does the organization have a promotion-from-within policy?
4. Does the organization typically adhere to the promotion-from-within policy before looking to external sources to fill vacancies?
5. Is a job posting and bidding system used to fill vacancies from internal sources?
6. Have all recruiters been thoroughly trained?
7. Have the most likely external sources from which candidates may be recruited been properly identified?
8. Have each of the most likely external sources of candidates been evaluated to determine their effectiveness in furnishing qualified candidates?
9. Is there a formal procedure whereby managers and supervisors may request authorization to hire an employee?
10. Have appropriate recruiting methods been identified and analyzed?
11. Has each recruiting method been evaluated to determine its effectiveness in generating sufficient quantities of qualified candidates?
12. Are recruiting methods effectively matched to sources of qualified candidates?
13. Have sources of minority, female, and other protected class candidates been properly identified?
14. Have sources of minority, female, and other protected class candidates been evaluated to determine their effectiveness in furnishing qualified candidates?
15. Are special methods used to reach minority, female, and other protected class applicants?
16. Does the recruiting program utilize affirmative action to attract minority, female, and other protected class applicants?
17. Are minorities and females used as recruiters?
18. Does recruitment advertising conform to applicable legal and affirmative action standards?
19. Is recruitment advertising done in a fashion that creates a favorable image for the organization?
20. Are different advertising media used in conjunction with each other?

Quantitative Measures

Because many organizations are required to maintain data on applicant flow, statistical information may already be available to assist in evaluating recruiting effectiveness. Additionally, identification of recruiting costs can also provide relevant analysis data. Items that may be used for evaluation purposes include:

1. Total Number of Job Applicants
2. Number of Applicants Classified by Protected Class Status
3. Employment Advertising Expenses
4. Employment Agency Fees
5. Executive Search Firm Fees
6. Number of Applicants Generated by Source
7. Number of Applicants Classified by Protected Class Status by Source
8. Total Recruiting Function Costs
9. $\frac{\text{Total Recruiting Costs}}{\text{Number of Applicants}} = \text{Average Recruiting Cost per Applicant}$
10. $\frac{\text{Total Recruiting Costs}}{\text{Number of Employees Hired}} = \text{Average Recruiting Cost per Employee Hired}$
11. $\frac{\text{Total Employment Agency Fees}}{\text{Number of Employees Hired from Agencies}} = \frac{\text{Average Cost per Employee Hired from Agencies}}{\text{Agencies}}$
12. $\frac{\text{Total Relocation Expenses for New Hires}}{\text{Number of Employees Hired Receiving Relocation}} = \frac{\text{Average Relocation Cost for New Employee Receiving Relocation}}{\text{Employee Receiving Relocation}}$
13. $\frac{\text{Number of Applicants Hired by Source}}{\text{Number of Applicants Generated by Source}} \times 100 = \text{Recruiting Source Hiring Percentage}$

SELECTING

One of the most sensitive areas of staffing is selection. It is here that an organization frequently opens itself to charges of discrimination. In fact, the majority of the court cases examined in Chapter 3 center on charges of discrimination in the selection process. Consequently, this area of staffing should be subjected to rigorous evaluation of its effectiveness and its adherence to statutory and regulatory requirements.

Checklist

A great many questions can be asked about selection, beginning with the employment application and proceeding all the way through the organization's

ability to retain the employees it hires. The following are a few of the questions that could be posed:

1. Does the application form conform to applicable legal and affirmative action standards?
2. Has the feasibility of using a weighted application blank been investigated?
3. Does the employment application contain an employment-at-will clause?
4. Are references systematically checked before an employment offer is extended?
5. Where appropriate, are background investigations conducted?
6. Where appropriate, are physical examinations of potential new hires required after an employment offer is extended?
7. Have policies and procedures for conducting employment interviews been developed?
8. Have all managers and supervisors received training in interviewing?
9. Do all managers and supervisors understand the legal ramifications of employment interviewing?
10. Do all managers and supervisors understand the types of questions that can, cannot, or should not be asked in an employment interview?
11. Is an applicant evaluation form used in the interviewing process?
12. Are realistic job previews given during the employment interview?
13. Are job descriptions and specifications used during interviewing to assist in determining an applicant's qualifications?
14. Are rejected candidates promptly notified of the organization's decision not to extend an employment offer?
15. Are candidates who are rejected for one job encouraged to apply for other organizational jobs for which they may be qualified?
16. Are selection ratios calculated on a regular basis?
17. When necessary, is selection ratio information used to evaluate and revise selection criteria?
18. Are all selection criteria realistic and job-related?
19. Are all selection criteria reviewed on a regular basis to ensure that they are non-discriminatory?
20. Are appropriate selection tests used to evaluate candidates?
21. If tests are used, are the results utilized as one of several selection criteria and not as the sole basis for selection?
22. Have all employment tests been validated in accordance with the requirements of the *Uniform Guidelines*?
23. For all employment tests, have reasonable cut-off scores been established?
24. Is a four-fifths rule analysis performed on a regular basis to determine how protected classes succeed in the selection process?
25. Are turnover statistics used to evaluate or revise selection criteria?

Quantitative Measures

As in recruiting, the necessity of maintaining statistical records for EEO, OFCCP, or other reporting purposes means that quantitative data may be already available for analyzing and evaluating selection activities. Potential evaluative data encompasses such items as:

1. Total Number of Employees Hired
2. Number of Employees Hired Classified by Protected Class Status
3. Number of Positions Filled Internally
4. Number of Positions Filled Externally
5. Number of Employment Offers Extended
6. Number of Employment Offers Accepted
7. Total Testing Costs
8.
$$\frac{\text{Protected Group Selection Rate}}{\text{Best Achieving Group Selection Rate}} = \text{Protected Group Selection Ratio}$$
9.
$$\frac{\text{Number of Employees Hired}}{\text{Number of Applicants}} = \text{Selection Ratio}$$
10.
$$\frac{\text{Number of Positions Filled Internally}}{\text{Number of Positions Filled}} \times 100 = \text{Percentage of Positions Filled Internally}$$
11.
$$\frac{\text{Number of Positions Filled Externally}}{\text{Number of Positions Filled}} \times 100 = \text{Percentage of Positions Filled Externally}$$
12.
$$\frac{\text{Total Testing Costs}}{\text{Number of Applicants Tested}} = \text{Average Testing Cost per Applicant}$$
13.
$$\frac{\text{Total Testing Costs}}{\text{Number of Tested Employees Hired}} = \text{Average Testing Cost per Employee Hired}$$

PERFORMANCE APPRAISAL

Possibly one of the most neglected areas of staffing evaluation is performance appraisal. It is not unusual for organizations to develop and implement appraisal systems and subsequently do little or no follow-up to determine if these systems are working as planned or producing the anticipated results. Furthermore, few organizations recognize performance appraisal as a type of employment test that should be validated in terms of job content. Effective evaluation of this staffing area is long overdue.

Checklist

Valuable insight into performance appraisal effectiveness can be gained by simply asking questions about the system and the instrument used. Some relevant questions are as follows:

1. Are all employees and managerial personnel appraised at least annually?
2. Are all new employees appraised at the end of their probationary period?
3. Are performance appraisal results integrated with the human resource planning process?
4. Are performance appraisal results used in the career planning and development process?
5. Is performance appraisal information used to assist in evaluating the recruiting and selecting processes?
6. Have formalized policies and procedures been developed for using performance appraisal?
7. Have all appraisers received training in performance appraisal?
8. Has the performance appraisal instrument been validated in terms of actual job content?
9. Are different appraisal instruments used for different levels of jobs, such as operative employees, professionals, and managers?
10. Does the performance appraisal instrument rely on objective standards and measures rather than subjective factors such as worker traits or personality characteristics?
11. Do the system and the instrument produce reliable results?
12. Is a periodic audit of performance appraisal results performed to determine if evaluation inflation or deflation is occurring?
13. Is the performance appraisal instrument easy to understand and use?
14. Are promotion, transfer, demotion, termination, and layoff decisions based on performance appraisal information?
15. Does the system contain an appeal procedure whereby an employee may challenge an unfavorable review?
16. Does the system contain a review procedure wherein the next higher level of management is required to review the results of each employee's appraisal?
17. Are managers and supervisors required to discuss appraisal results with employees?
18. Do managers and supervisors spend sufficient time discussing appraisal results with employees?
19. Do employees have access to their performance records?
20. Are appraisals conducted in accordance with a predetermined schedule?

Quantitative Measures

While performance appraisal may not be as amenable to statistical evaluation as other staffing areas, there are some indicators that can shed light on how well the system is working. Among these are:

1. Correlation of Performance Appraisal Results with Actual Job Performance Measures
2. Average Performance Ratings by Job, Work Unit, and Department
3. $\frac{\text{Number of Appraisals Performed}}{\text{Number of Appraisals Scheduled}} \times 100 = \text{Percentage of Required Appraisals Actually Completed}$
4. $\frac{\text{Number of Employees Rated at Below Standard}}{\text{Number of Employees Appraised}} \times 100 = \text{Percentage of Employees Rated Below Standard}$
5. $\frac{\text{Number of Employees Rated as Excellent}}{\text{Number of Employees Appraised}} \times 100 = \text{Percentage of Employees Rated in Highest Performance Category}$
6. $\frac{\text{Number of Appraisals Appealed}}{\text{Number of Appraisals Completed}} \times 100 = \text{Percentage of Appraisals Appealed}$

CAREER PLANNING AND DEVELOPMENT

Assessing the effectiveness of career planning and development is sometimes difficult. This is particularly true of the developmental portion of the process. Since development is essentially self-development, results are not always obvious in the short run. Years may elapse before it becomes apparent that development is actually occurring. However, if an organization is going to invest time and money in efforts to assist employees in their careers, this activity must be carefully examined to determine whether it is producing the desired results.

Checklist

The following are representative questions that can be used to evaluate career planning and development:

1. Have career paths or ladders of job progression been identified?
2. Where appropriate, have dual career ladders been developed?
3. Is career planning and development integrated with human resource planning as a means of identifying personnel available in the organization for promotion or transfer?
4. Are skills inventories maintained on all employees?
5. Are management inventories maintained on all managerial personnel?

6. Are skills and management inventories used to assist employees and managers in developing their careers within the organization?
7. Are career opportunities clearly communicated to all employees and managers?
8. Is a promotion-from-within policy used to foster career development with the organization?
9. Does the organization typically adhere to a promotion-from-within policy?
10. Does the organization offer formal career planning and development assistance to employees?
11. Do managers and supervisors understand their roles in career planning and development?
12. Are replacement tables used to assist in career planning and development?
13. Is job rotation used as a means of developing employees and managers?
14. Are employees and managers encouraged to participate in internal and external workshops, seminars, or other programs to enhance their career potential?

Quantitative Measures

Quantitatively, some indication of the effectiveness of career planning and development can be ascertained through measures of employee retention and upward mobility. These include:

1. Number of Positions Filled Internally
2. Number of Promotions Made
3. Number of Employees Promoted Classified by Protected Class Status
4. Number of Transfers Made for Developmental Purposes
5. Number of Employees Transferred for Developmental Purposes Classified by Protected Class Status
6. Number of Voluntary Terminations
7. Number of Voluntary Terminations as a Percentage of Total Terminations
8. Number of Employees with One or More Years' Service as a Percentage of Total Employees
9. Employee Turnover Rates by Job, Work Unit, Department, and Protected Class
10. Number of Employees and Managers Attending Workshops, Seminars, and Other Developmental Programs
11. Number of Positions Filled Internally as a Percentage of Total Positions Filled
12. Number of Positions Filled Externally as a Percentage of Total Positions Filled

HUMAN RESOURCE ADMINISTRATION

As discussed in the preceding chapter, human resource administration encompasses a broad range of activities. While the performance of each of these activities is important, this evaluation section will focus only on staffing functions.

Checklist

Human resource administration is very susceptible to evaluation by checklist. A performance audit of this area would involve asking the questions listed below.

1. Does the organization have a formal employee orientation program?
2. Are orientation checklists used by the human resource department to provide new employees with an overview of the organization?
3. Are orientation checklists used by the new employee's immediate supervisor to ensure that the employee is familiarized with the job, the work unit, and other items of importance?
4. Have supervisors received training in how to carry out their orientation role?
5. Does the human resource department have policies and procedures for orientation follow-ups after new employees have been on the job for a stipulated period of time?
6. Have policies and procedures on promotions been developed?
7. Have policies and procedures on transfers been developed?
8. Have policies and procedures on demotions been developed?
9. Have policies and procedures on layoffs been developed?
10. Have policies and procedures on involuntary terminations been developed?
11. Have policies and procedures on promotions, transfers, demotions, layoffs, and terminations been clearly communicated to all employees?
12. Are these policies on promotions, transfers, demotions, layoffs, and terminations consistently followed?
13. Have the reasons for termination of employees been identified and stipulated?
14. Have the reasons for voluntary terminations been identified and analyzed?
15. Are exit interviews used to identify causes of resignations?
16. Are post-exit questionnaires used to identify causes of resignations?
17. Have appropriate corrective actions been taken on the basis of information gathered from exit interviews and post-exit questionnaires?
18. Are outplacement services provided for employees?
19. Are outplacement services provided for managers and professionals?
20. Are outplacement services provided for executives?
21. Have policies, programs, and procedures on retirement been developed?
22. Have policies, procedures, and programs for early retirement been developed?

23. Are retirement planning programs and services provided for employees and managers?
24. Are organizational climate surveys conducted on a regular basis?
25. Is the information from organizational climate surveys used to take appropriate corrective actions?
26. Are employees, supervisors, and managers informed of the results obtained from organizational climate surveys?
27. Are employee turnover data maintained on job, work unit, departmental, functional, and organizational bases?
28. Is employee turnover analyzed on a regular basis?
29. Is appropriate corrective action taken on the basis of analysis of employee turnover data?
30. Are employee absenteeism data maintained on job, work unit, departmental, functional, and organizational bases?
31. Is employee absenteeism analyzed on a regular basis?
32. Is appropriate corrective action taken on the basis of analysis of employee absenteeism data?
33. Are all personnel records maintained in accordance with a prescribed records retention schedule?

Quantitative Measures

Because of the all-inclusive nature of human resource administration, many measures can be used to evaluate the performance of this activity. In fact, most of the quantitative measures suggested for the evaluation of other staffing processes can be used to evaluate the effectiveness of the administrative function. Thus, rather than repeat previously enumerated measures, this section will present only a few critical indicators relative to employee turnover and retention.

1. $\frac{\text{Number of Terminations from All Causes}}{\text{Average Number of Employees}} \times 100 = \text{Turnover Percentage}$
2. $\frac{\text{Number of Terminations from All Causes} - \text{Number of Voluntary Terminations}}{\text{Average Number of Employees}} \times 100 = \text{Unavoidable Turnover Percentage}$
3. $\frac{\text{Number of Voluntary Terminations}}{\text{Average Number of Employees}} \times 100 = \text{Avoidable Turnover Percentage}$
4. $\frac{\text{Number of Employees with One or More Years' Service}}{\text{Total Number of Employees}} \times 100 = \text{New Hire Retention Percentage}$
5. $\frac{\text{Number of Employees Leaving within First Year}}{\text{Number of Employees Hired in One Year}} \times 100 = \text{Percentage of New Hires Lost}$

$$6. \frac{\text{Average Number of Employees Absent}}{\text{Average Number of Employees}} \times 100 = \frac{\text{Average Annualized Employee Absenteeism}}{\text{Percentage}}$$

SUMMARY

Staffing is critical to the success of contemporary organizations. It promises to become even more so as global competition heightens and American enterprises endeavor to remain leaders in effectiveness, efficiency, and productivity. Having the right people in the right places at the right time—the basic objective of staffing—is imperative in today's rapidly increasing competitive struggle.

For staffing to be totally effective, it must be viewed as a system that is fully integrated within itself and also fully integrated within the entire human resource management system of an organization. Each staffing activity must be performed as effectively as possible; each staffing activity must be continuously evaluated to eliminate deficiencies and enhance strengths. This is the challenge of today as well as tomorrow. It is a challenge that can and will be met as the importance of staffing as a component of organizational viability becomes more fully recognized.

Selected Bibliography

The following bibliography has been compiled for the individual who desires to pursue staffing further. The references cited will help the reader acquire more detailed and technical information as well as gain a better understanding of staffing problems and their potential solutions. Included are classic reference works in the field and contemporary texts. The bibliography is representative rather than exhaustive. Journal articles have been omitted in order to reduce the length of the reference list and make it more manageable for the working human resource management professional.

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