

5.1 EMPLOYEE RELATIONS, HEALTH, AND SAFETY



Objectives

By the end of this section, you should be able to

1. Describe the employee life cycle and explain how it can be used as a tool for evaluating employee relations

Labor Relations



The term "**employee relations**" refers to the working relationship between an employer and employee throughout the time the individual is associated with the organization. The employee life cycle, shown in [Exhibit 5.1](#), is a model that outlines the HR functions an organization performs relative to an individual's employment. Employee relations encompasses all of these functional areas and deals with how to protect the rights of both

the employee and the employer as these functions are performed, how to make fair and consistent decisions regarding employment, and how to resolve any problems or disputes that may arise.

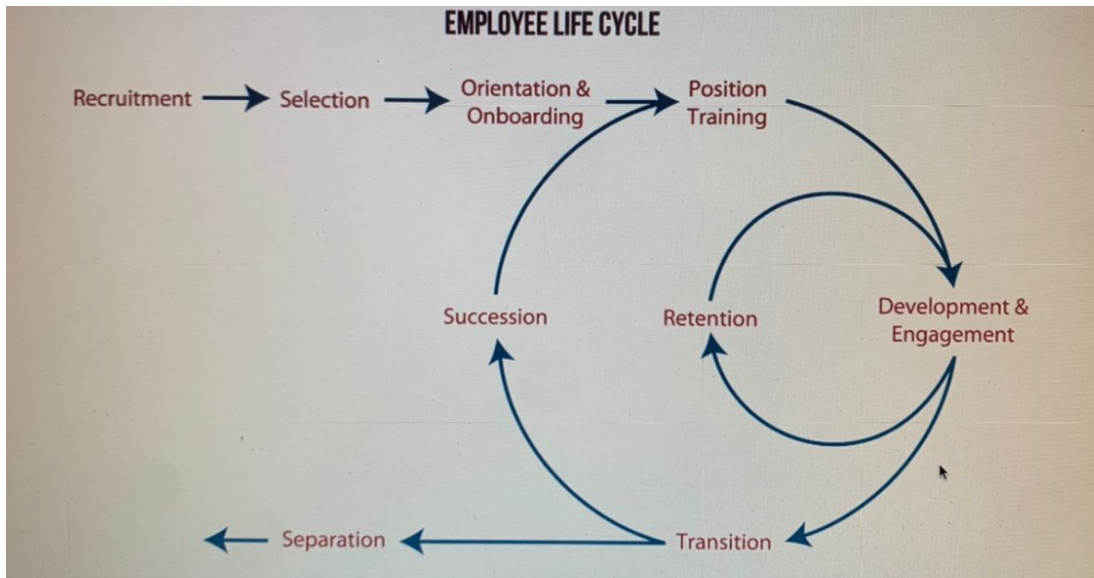


Exhibit 5.1: Employee Life Cycle

The employee life cycle provides a useful tool for examining an organization's employee relations.

- **Recruitment:** Do job postings provide a realistic preview of the job and an accurate portrayal of the organization? Do the organization's recruiting efforts attract a sufficiently diverse pool of candidates? Are all applicants treated with respect?
- **Selection:** Are the organization's selection procedures fair and unbiased? Are all job candidates treated considerately and notified of employment decisions in a timely manner?
- **Orientation and Onboarding:** Are new employees made to feel welcome and wanted? Do employees receive sufficient orientation? Are new employees assigned a helpful and supportive mentor? Do employees have the materials, equipment, tools, supplies, and support they need to be successful?
- **Position training:** Do employees understand their job duties and how their position relates and contributes to the department and the organization as a whole? Do

employees receive the initial training and skill development the need to be successful?

- **Development and Engagement:** Do employees receive ongoing training so they can better perform their jobs? Do employees have opportunities to advance their careers? Are employees enthusiastic about their work? Do employees receive compensation that is secure, fair, and motivating? Do employees feel valued and trusted? Do employees receive recognition for their efforts? Do employees have meaningful interaction with their co-workers? Do employees have a supportive supervisor? Are performance and behavior problems handled in a fair and consistent way? Can employees comfortably balance their work life and family life?
- **Retention:** Do employees feel engaged in their jobs and integrated in the workplace? Do the inducements associated with their jobs persuade employees to stay when they have opportunities to seek other employment?
- **Transition:** Are employment transitions handled in a way that makes employees feel valued?
- **Succession:** Do succession plans provide employees with opportunities for career advancement? Are internal selection procedures free from intentional or unintentional bias? Do employees not selected for promotion find opportunities to grow and develop within their current jobs?
- **Separation:** Are terminations handled in a fair and compassionate way? Are employees notified of layoffs in a timely manner? Are outplacement services provided to help employees find new employment? Are retiring employees provided with counseling and support? Does the organization maintain a relationship with former employees?

Self-assessment

1. I can describe the employee life cycle and explain how it can be used as a tool for evaluating employee relations.

5.2 Employee Engagement



Objectives

By the end of this section, you should be able to

1. define employee engagement and list ways in which engagement can be enhanced
2. describe the methods for measuring job satisfaction

Introduction

Employee engagement refers to the degree to which employees are committed to their jobs and the organization, their willingness to remain with the organization and work hard to make it succeed, and their enthusiasm in completing their own work and helping their coworkers. Engaged employees not only work hard and are loyal to their companies, they are also willing to go above and beyond their job requirements to perform what are called "organizational citizenship behaviors" or "extra-role behaviors." Managers talk about three levels of employee engagement.'

- *Engaged employees* are those who work with vigor (a high level of energy and vitality), dedication (a sense of determination and enthusiasm), and absorption (being deeply engrossed and focused in one's work).
- *Not engaged employees* are those who are putting in their time and going about their work with little energy or passion, but not interfering with others.
- *Actively disengaged employees* are those who are unhappy about their work, who actively murmur and complain about their job and the company, and who undermine what their engaged colleagues are trying to achieve.

Over the past several years, surveys by the Gallup organization indicate that the percentages of employees in these categories have remained relatively stable: about one third are engaged in their jobs, half are not engaged, and one sixth are actively disengaged. The annual costs of employee engagement are roughly estimated to approach \$350 billion.

Employee engagement consists of cognitive, emotional, and behavioral components, and **engagement surveys** generally contain questions that focus on all three of these components. Cognitive questions assess the employees' beliefs about the company, its leaders, and the workplace culture, such as how well employees know what is expected of them, whether they have the information and materials they need to do their work, and whether their ideas and opinions are considered. Emotional questions assess the employees' feelings about the company and their work, such as whether they are satisfied with their jobs, how well they are recognized and appreciated for their work, and how much they are supported by their supervisors. Behavioral questions assess the amount of effort employees are willing to exert, their willingness to display extra-role behaviors, and their commitment to remain with the company.

Research on employee engagement has demonstrated that having a highly engaged workforce is extremely desirable and contributes to organizational effectiveness.

- A study of 132 manufacturing firms found that high-involvement work practices led to significantly higher labor productivity. Engaged employees contributed greatly to their company's effectiveness when they were empowered to make decisions related to their work, when they had access to information about the company's costs and revenues, and when they were rewarded for their efforts.
- A beverage company found that engaged employees had significantly better safety records than non-engaged employees (one-fifth the number of safety incidents), plus they had significantly higher sales (with the differences in the millions of dollars).
- Engaged employees have significantly better health and psychological well-being.
- Engaged employees create significantly better customer loyalty.
- Four months after initiating a program designed to improve employee engagement, Caterpillar Company reported a 70 percent increase in output plus additional savings through decreased attrition, absenteeism, and overtime. The program also led to a 34 percent increase in customer satisfaction.

Human resource policies and practices can do much to either enhance or destroy engagement. Doing the following will generally improve engagement.

- show trust and confidence in employees
- provide the tools, equipment, and environment employees need to excel in their jobs
- recognize employees for their efforts
- empower employees to act
- provide meaningful interactions with co-workers
- assign a supportive supervisor
- help employees balance work and family demands
- provide training, coaching, and other career development opportunities
- solicit and act on feedback from employees
- involve employees in community service projects

Conversely, human resource policies and practices destroy engagement when they limit employees in their work, treat them unfairly, ignore creative ideas, restrict job-related information, isolate them from others, and show a lack of trust.

Employee Attitudes and Satisfaction



Monitoring job satisfaction is an important aspect of employee engagement. The effects of many human resource strategies can be examined with respect to their impact on job satisfaction. Positive job attitudes are generally viewed as an important indication of how well things are going, and they are also viewed as a legitimate "end state," worthy of pursuing for their own sake.

Individuals differ in how they respond to the conditions of work. While some employees may be highly satisfied with a particular job, other employees may find the same conditions extremely dissatisfying. An important issue surrounding every human resource activity is how it will influence job satisfaction: will satisfaction increase or decrease as a result of a different recruiting strategy, a better benefit package, a new training program, or some other change in human resource practices? Low morale contributes to labor problems, attempts to organize labor unions, excessive turnover, labor grievances, and negative organizational climate.

Measuring Job Satisfaction



Grievances, absenteeism, and turnover are frequently used as indirect measures of employee satisfaction. While these variables are usually related, they are also influenced by other economic forces. The best ways to measure satisfaction are either to interview employees or ask them to complete a questionnaire.

Exit Interviews

Exit interviews provide a valuable opportunity for employers to receive feedback on employee morale and to learn about conditions causing problems for employees. The interview should provide a comfortable opportunity for people who are leaving to share their honest feelings about their jobs, their coworkers, their supervisors, company policies, and working conditions.

A member of the human resource staff is typically assigned to conduct exit interviews. However, the interview should be conducted by someone who has not been directly involved in daily contact with the departing employee.

An effort should be made to conduct the exit interview as soon as the employee announces his or her decision to leave. Timely interviews may uncover problems that can be easily corrected, thus enticing employees to remain. However, some departing employees may not be willing to express their actual feelings until they have completely severed their association with the company.

Attitude Surveys

Job attitude surveys should be designed in a way that allows employees to express their opinions on relevant issues. Two methods of assessing employee attitudes are through interviews and questionnaires.

A useful technique for assessing employee attitudes is a non-directive interview that allows employees to talk about the issues that are most important to them. In a non-directive interview, the interviewer asks a general question, such as "What are the most important problems you face in your job?" and then lets the person talk about whatever comes to mind. The interviewer

encourages the employee to continue talking by nodding, encouraging them to go on, and saying things such as "Yes," "I see," and "Can you tell me more about that?"

The advantage of interviews is that they provide "rich" information that includes specific illustrations of important issues and the emotional feelings associated with them. The disadvantage of interviews is that they are very time-consuming and may produce conclusions that are not representative of the entire work group.

A well-designed questionnaire can also provide valuable feedback on employee attitudes. Paper-and-pencil questionnaires, which can also be administered by computer, are the most popular methods of measuring satisfaction because they are relatively short, they can be administered to large numbers of employees simultaneously, and the responses can be compared across jobs and across companies to diagnose problems. Exhibit 5.2 illustrates two popular formats for measuring satisfaction: semantic differential scales and Likert scales.

SEMANTIC DIFFERENTIAL SCALES								
Me at Work - How I Feel Most of the Time								
	Extremely	Quite	Slightly	Neutral	Slightly	Quite	Extremely	
Appreciated	1	2	3	4	5	6	7	Unappreciated
Efficient	1	2	3	4	5	6	7	Inefficient
Penalized	1	2	3	4	5	6	7	Rewarded
Satisfied	1	2	3	4	5	6	7	Dissatisfied
Unproductive	1	2	3	4	5	6	7	Productive
Encouraged	1	2	3	4	5	6	7	Discouraged
Ineffective	1	2	3	4	5	6	7	Effective
Valuable	1	2	3	4	5	6	7	Worthless

LIKERT SCALES					
	Strongly Disagree				Strongly Agree
1. Considering everything about the company, I am very well satisfied with it.	1	2	3	4	5
2. Top management is not very interested in the feelings of employees.	1	2	3	4	5
3. This company is a better place to work than most other companies.	1	2	3	4	5
4. My job is a real drag; I hate coming to work.	1	2	3	4	5

Exhibit 5.2: Illustration of Two Methods of Measuring Job Satisfaction

The disadvantage of a questionnaire is that the conclusions are limited by the design of the questionnaire. Employees can only answer what they have been asked. Therefore, the questionnaire must contain items that measure the relevant issues in the work environment. If the questionnaire fails to address an important issue, employees will be prevented from expressing their feelings on it and they may react critically toward the survey.

A useful method for designing a questionnaire is to interview a small sample of employees using a non-directive interview and record their comments. These comments can then be used to construct questionnaire items using Likert- type scales that range from strongly agree to strongly disagree. Careful interviews from a broad sample of employees increase the likelihood that all of the relevant issues confronting employees will be included on the questionnaire.

A useful addition to any questionnaire is an open-ended section at the end asking employees to write about anything about which they feel strongly. These open-ended comments are often valuable in helping to interpret the results.

Survey Administration

Most job-attitude surveys are administered to the entire employee population because managers do not want to run the risk of offending employees by not inviting them to express their opinions. Including everyone seems reasonable since most questionnaires are short and the incremental cost is negligible, but surveying everyone is not necessary. A chef does not need to eat the entire pot of soup to know if it needs more salt. The chef only needs to stir the pot and take a small random sample. Likewise, managers can obtain adequate employee feedback by surveying a limited number of employees using either a simple random sampling method or a stratified random sampling method.

A **simple random** sample method involves placing all employees in the sample population and drawing the sample at random. The probability of any one person being selected is the same as for every other person. No demographic or job characteristics are used to influence the probability of an employee being selected.

A **stratified random sample** method involves categorizing employees into specified groups according to relevant characteristics, such as job classification or organizational level. Individuals are then selected randomly within each group according to the group size. Later the results are analyzed separately for each group and the size of the group is used to weight the results in order to make inferences about the total population.

Job-attitude surveys should normally be administered on the job since employees should be compensated for the time required to complete them. Occasionally, however, employees want to complete them at home to avoid interruptions or to assure greater anonymity.

Self-assessment

1. I can define employee engagement and list ways in which engagement can be enhanced.
2. I can describe the methods for measuring job satisfaction.

5.3 Alternate Work Schedules



Objectives

By the end of this section, you should be able to

1. list the pros and cons of the various alternative work schedules

Introduction

Flexible work arrangements are of growing importance to employees and job-seekers. A survey revealed that nearly one third of employees had looked for a new job because their current employer didn't provide flexible work options. According to the survey, the most important flexible work options include working remotely, flexible scheduling, and part-time work. Flexible work is more than just an attractive employee perk. If well-implemented, flexible work arrangements can be a valuable part of an organization's human resource strategy that can cut costs and improve productivity while increasing employee satisfaction.

Flexitime



Flexible working hours, or flexitime, is an attractive alternative to the standard workweek. For many years, professionals, managers, salespeople, and the self-employed have had considerable freedom in setting their own hours of work. Flexitime extends this privilege to clerical, production, and other service workers. Flexitime, as a formal innovation, was started in Germany in 1967 and spread rapidly to America. In 2014, 58 percent of employers provided an option for flexitime, an increase of 13 percent from 2011.² Under flexible work hours, employees choose when they arrive at work and sometimes when they depart, subject to limits set by management. Most organizations have a core period in the middle of the day when all employees are expected to be at work, but allow flexible hours at both ends of the working day.

Flexitime is not feasible for certain jobs. Jobs that require continuous coverage, such as those of receptionist and bus driver, make flexitime inappropriate unless employees cover these jobs during their core hours and perform other discretionary activities during their flexible hours. Assembly-line jobs and other activities that require interdependence with other employees also are not appropriate for flexitime. Some of the major advantages and disadvantages of flexitime are presented in [Table 5. 1](#)

Advantages and Disadvantages of Flextime

Advantages	Disadvantages
1. Tardiness is virtually eliminated because employees are not tardy unless they miss the core hours.	1. Communication problems increase because employees frequently need to communicate during the flexible hours.
2. Absenteeism is reduced, especially the one-day absences caused by employees deciding to miss work rather than to come to work late.	2. Keeping attendance records can become a problem. Employees do not like time clocks, but some tend to misrepresent their hours when they are on their own.
3. It is easier to schedule personal appointments and personal time.	3. If administrative decisions need to be made throughout the day, providing supervision for twelve to fifteen hours a day can become a problem.
4. Employees can schedule their work to match their biorhythm or internal clock. Some people work best early in the day, and others work better late in the day.	4. Legislation presents some obstacles to the use of flextime because overtime pay is required for certain jobs that exceed the standard workweek.
5. It reduces traffic congestion and creates less stress in getting to work on time.	5. Utility costs may be higher with flextime because of longer operating hours.
6. It provides greater flexibility in handling uneven workloads.	
7. It provides increased customer service because the company is open longer.	

Studies on the effects of flextime have produced generally favorable results. Almost all changes to flextime have created more favorable job attitudes. Employees say that flextime makes them feel more trusted, and they report higher levels of job satisfaction.

The effects of flextime on productivity are not as clear. Most studies have indicated that flextime either increases productivity or has no effect. However, these studies generally relied on the perceptions of employees regarding their performance rather than on objective measures of productivity. Nevertheless, very few companies that have tried flextime have reported undesirable results.

Compressed Workweeks



A compressed workweek consists of scheduling a full-time job in fewer than five working days per week. The most typical compressed workweek consists of four workdays of ten hours each per week. This alternative is usually referred to as the 4/40 alternative. A workweek that is compressed

even further consists of three twelve-hour days. However, this 3/36 alternative has not been as popular.

The advantages of a compressed workweek include the following.

1. It reduces the time and costs of commuting to work.
2. It increases the leisure time of employees.
3. It creates greater job satisfaction and morale for employees who like it.
4. It reduces the set-up and clean-up costs on certain jobs.

The disadvantages of a compressed workweek usually outweigh the advantages. The early proponents of the compressed workweek expected it to increase productivity and lead to higher quality work. The results have suggested just the opposite. Working more than eight hours per day generally creates increased fatigue. An extended schedule of ten-hour days (beyond two or three weeks) often results in less total productivity during a ten-hour day than during a regular eight-hour day. Heavy physical or taxing mental work is generally not suited to a compressed workweek schedule. Accidents and safety violations also are likely to increase with a compressed workweek because of fatigue and carelessness.

The compressed workweek is not popular with some employees. Even though initial responses to a compressed schedule are usually favorable, many workers dislike it after a short time. This schedule is not as popular for working mothers who want a steady daily routine that enables them to handle family responsibilities, or for older employees who are prone to fatigue, or for young employees who do not want long work schedules to interfere with their social lives. A compressed workweek appears to be desired most by middle-aged males, especially those who want to hold a second job. Compressed workweeks usually lead to increased moonlighting.

Compressed workweeks are best-suited for jobs where the responsibility to initiate action comes from the job itself rather than from the worker. Security guards, hospital nurses, and refinery workers who monitor dials are examples of jobs where actions are made in response to a job demand. These jobs are better suited for compressed workweeks than physically tiring jobs that require the worker to initiate action, such as most construction jobs.

Regular Part-time



Part-time employment is defined by the Bureau of Labor Statistics as a job consisting of less than 35 hours per week. Part-time jobs are normally considered temporary until full-time jobs are available. However, a growing number of part-time workers want regular part-time employment, and this group is now recognized by the BLS. Many part-time employees do not consider themselves temporary; working less than 35 hours per week is an ongoing position for them.

One of the reasons for the growth in regular part-time employment is that it fits the needs of people who prefer working shorter hours. Mothers who have children at home and older employees who have less stamina are two groups who especially prefer part-time employment. The major disadvantages of part-time employment are that it creates additional administrative and scheduling difficulties and it increases benefits costs. These problems also occur in job sharing.

To reduce layoffs during the 2008-2010 recession, Germany adopted a "short-work" policy that allows companies to put workers on reduced schedules. Under this policy, called *Kurzarbeit*, companies temporarily move employees onto shorter work schedules when demand is weak, which keeps them employed and makes them available when demand returns. This policy allowed Germany to reduce its unemployment at a time when it was increasing in other countries.

Job Sharing



A variation of regular part-time employment is **job sharing**. Here, a full-time position is divided into two part-time positions, and the duties and responsibilities of the job are assigned to two separate employees. In some cases, the job functions of the two individuals may be distinctly different since each may be responsible for separate activities. Accountability for the total job may be divided between the two sharers, or both may assume equal and full accountability. Job sharing usually involves a splitting of the responsibilities and the accountability between the sharers. When both part-time employees are held responsible for the whole job, it is sometimes called "job pairing."

The initial interest in job sharing was expressed by female professionals who were interested in maintaining a better balance between their career and family responsibilities. Approximately 80 percent of job sharers are females.

Job sharing has been tried successfully in many different jobs, including clerical and office positions, elementary school teachers, district attorneys, librarians, and various production level jobs. In many instances, job sharing has been initiated by two individuals who submitted a proposal to split a job in response to a job opening. Some of the major advantages of job sharing include the following.

1. Productivity is usually higher because two people sharing one job have higher levels of energy and enthusiasm than one full-time person. In an early study of job sharing among social workers, it was found that half-time social workers handled 89 percent as many cases as full-time workers.
2. Increased flexibility in scheduling work assignments allows for better coverage of peak periods.
3. Reduced absenteeism and turnover have resulted from job sharing. Job sharing not only provides more personal time but also provides the option of trading hours between partners during times of crisis or illness.

4. Job training is improved by job sharing. When one member of a team quits, the remaining partner can provide on-the-job training for the new employee. The remaining partner also provides continuity during the transition period.

5. Better employment options are provided through job sharing for people who cannot perform a full-time job, especially for parents and people who are older or disabled.

The most serious disadvantage of job sharing is providing employee benefits. Generally, benefits are divided among them according to the percentage of the job that each performs. If they want full benefits, job sharers are sometimes allowed to pay the additional cost themselves. Job sharers are usually surprised at the costs of benefits and sometimes prefer to take fewer benefits. However, a growing percentage of companies are providing full benefits for part-time employees.

Other disadvantages of job-sharing stem from the fact that employing twice as many people requires greater supervision, additional paperwork, and added communication problems. These problems are usually not very serious, however, if the partners work well together. Most job sharers say that a cooperative working relationship between them is a prerequisite for a successful team. Another problem that has to be resolved in a job-sharing situation is how a team should be promoted, fired, or evaluated. If one member is fired or promoted, what happens to the partner? Can two people sharing the job of a university professor submit combined resumes and expect to be promoted?

Volunteer Programs



Corporate volunteer programs allow employees to volunteer their time and talents for civic and neighborhood improvement projects. Most volunteer programs are brief events, such as a blood drive, cleaning a neighborhood, or a Sub-for-Santa program. Other volunteer programs are ongoing, however, such as a tutoring program for struggling students. Experience indicates that these volunteer programs provide benefits to the community, the employees, and the

companies who sponsor them. Projects sponsored by a company create positive branding and good will in the eyes of the public. Current employees who volunteer through their workplace feel more

positive toward their employer and report greater cohesiveness with their co-workers. Volunteering improves employees' physical and mental health; surveys demonstrate that those who volunteer feel more satisfied with their physical health and a stronger ability to recover from disappointments. Volunteer activities can also contribute to the training and development of employees as they learn new skills and how to respond in unfamiliar and uncomfortable situations.

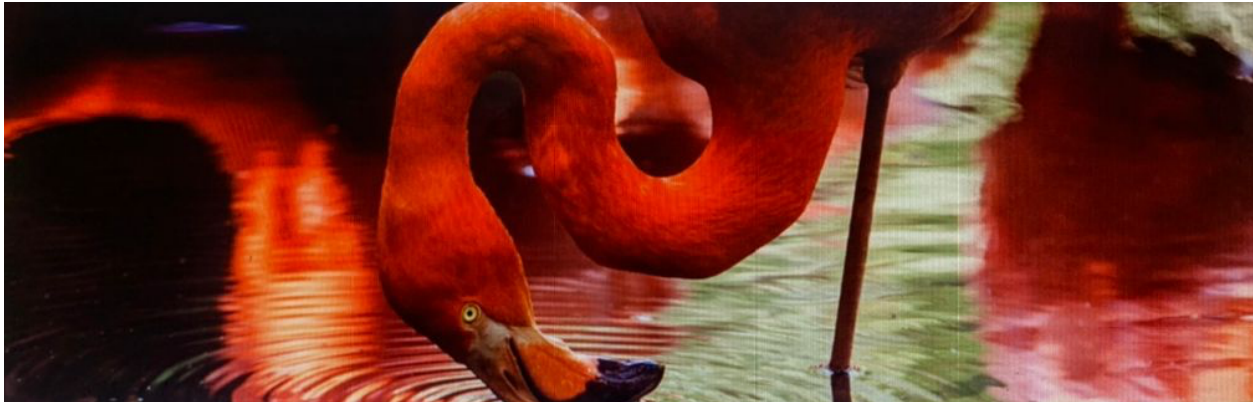
Phased Retirement



A phased retirement program allows workers to reduce their hours at work and gradually prepare for retirement. As they near retirement, some workers prefer reducing their work hours because of declining health or stamina. Other people want a phased retirement option simply because they want to begin developing their leisure interests and hobbies before they actually retire.

A phased retirement program can help reduce a surplus of labor for companies involved in downsizing.

Home-based Work or Telecommuting



One of the best ways to accommodate family demands is to allow employees to work at home. Technological advances in computer networks, email systems, and mobile devices have made it possible for many jobs to be performed at home more effectively and efficiently than at the office. Working at home eliminates the disadvantages of lengthy commutes to work and reduces the number of unnecessary interruptions. In 2020, many workers were required to work from home due to restrictions resulting from the COVID-19 pandemic. For many organizations, these adjustments made it possible to stay in business and to keep their employees on the payroll.

Working at home or at a satellite office and communicating with the home office via phone and computer has traditionally been called telecommuting, or teleworking. Many organizations, however, have begun referring to it as remote work, mobile work, distributed work, or as a WFH (work from home) arrangement. Some companies have found that telecommuting is advantageous to both the employees and the company. About 4.7 million employees in the United States work from home at least half the time, and 50 percent of employees hold jobs that are suitable for telecommuting at least part of the time. Companies save an average of \$11,000 per year for each employee who telecommutes at least half-time. The employees themselves save between \$2,000 and \$7,000 by telecommuting. If all employees with jobs compatible with working from home and who have a desire to telecommute did so half of the time, the savings nationwide would be more than \$700 billion per year.

Surveys indicate that telecommuters tend to be more satisfied with their work and loyal to their employers than employees who have to commute to work. One survey of over 10,000 US workers found that 73 percent of remote and home-based workers said they were satisfied with their company as a place to work, compared with 64 percent of office workers. Other surveys suggest that telecommuters are at least as productive as or more productive than workers in traditional settings. In an experiment at a Chinese travel agency, employees who volunteered to telecommute were randomly assigned either to work from home or in the office for nine months. Those who worked at home had a percent performance increase. Those who worked at home also reported higher work satisfaction, and they had half the attrition rate. Due to the success of the experiment,

the company allowed all employees to choose if they wanted to work from home, and they gave the experimental employees the option to reselect between home and the office. More than half of the experimental group switched, which resulted in an overall performance increase of 22 percent.

Telecommuting is apparently not best for all employees. A survey of employees who work for a major accounting firm found that some prefer to keep their home and work lives separate. For these employees a frequent amount of teleworking led to more conflict between work and family. Thus, it appears that telecommuting is a useful alternative work schedule that most employees would appreciate being offered; but it is not ideal for everyone.

Self-assessment

1. I can list the pros and cons of the various alternative work schedules.



5.4 Grievance Systems



Objectives

By the end of this section, you should be able to

1. explain a typical grievance procedure in a unionized company
2. describe the options for handling grievances in nonunion organizations
3. define and give examples of alternative dispute resolution

Introduction

Every organization ought to have both a grievance procedure and a discipline procedure. Discipline procedures are needed to correct unacceptable behavior and to protect the company. Grievance and complaint procedures are needed to protect employees from inconsistent and unfair treatment. Both procedures are valuable in both union and nonunion companies. Some managers, especially those in nonunion companies, think grievance or discipline procedures are unnecessary, and they rely on the skills of their supervisors to handle employee complaints and to correct problem behavior. However, many supervisors do not have adequate interpersonal skills to resolve employees' complaints. Furthermore, if a supervisor is the cause of the unfair treatment (such as sexual harassment), the employee cannot take the problem back to the supervisor and expect a fair hearing. In such a situation, a higher official is needed so that the employee can appeal the case.

Grievance procedures provide a systematic process for hearing and evaluating the complaints of employees and tend to be more highly developed in union companies than in nonunion companies because they are specified in the labor agreement. These procedures protect the rights of employees and eliminate the need for strikes or slowdowns every time a disagreement occurs about the labor contract. Disagreements are almost inevitable regardless of how well the agreement was written. Even well-written labor agreements leave some issues open to interpretation since the negotiators cannot anticipate all future conflicts.

Formal grievance procedures increase upward communication in organizations and make top management decisions more sensitive to employee feelings. As grievances are expressed, top management becomes aware of the problems and frustrations of employees. Just knowing that there is a formal grievance system usually makes employees feel better because they know others have listened and have tried to understand. Therefore, every organization- union or nonunion- ought to establish a procedure for responding to employee complaints.

Union Grievance Procedures



Grievable Items

A grievance is a work-related complaint or formal dispute that is brought to the attention of management. Union companies sometimes define grievances very narrowly as specific disputes concerning the labor agreement. This definition is restrictive and ignores many relevant criticisms that ought to be considered, even though they are not covered by the agreement. At the other extreme, grievances are sometimes defined very broadly in nonunion companies to encompass any discontent or sense of injustice, even criticisms that are never expressed by employees. This definition is not very useful because complaints have to be expressed before management can be expected to respond to them. Even so, managers need to be sensitive to unexpressed complaints that are evidenced by sullenness, moodiness, criticism, insubordination, tardiness, or declining work performance.

Steps in the Grievance Process

The essence of the grievance procedure is to provide a means by which employees can express complaints without jeopardizing their jobs and by which they can obtain a fair hearing through progressively higher levels of management. Each year thousands of grievances are filed. Without a peaceful process for resolving them, the economic costs of lost output due to strikes or lockouts would be substantial, and industrial relations would be chaotic.

Most unionized companies follow the same general procedure for handling grievances, although specific details may vary from company to company. In larger organizations the process generally contains more steps than in small organizations, as shown in **Exhibit 5.3**.



Exhibit 5.3: Grievance Process for Large and Small Companies

The full grievance procedure consists of these five steps.

1. The first step in most labor agreements calls for the complaint to be submitted to the supervisor. Some agreements require a complaint to be submitted in writing on a prepared form. Other agreements allow employees to express complaints verbally. Employees usually can request the presence of the union steward to support them. The union steward may even take the lead in presenting a grievance. However, the first meeting may involve only an aggrieved employee and a supervisor in an informal exchange. A vast number of workers' complaints are settled satisfactorily by a simple discussion.
2. If an employee is not satisfied with the actions of the supervisor, the grievance can be appealed to step 2. At this point the grievance is almost always written. The employee is represented by the chief plant steward or business agent, and the employer is represented by the superintendent or industrial relations office. In smaller companies, this step is usually bypassed.
3. If the union is not satisfied with the decision of the superintendent or industrial relations office, the grievance can be appealed to step 3. Here, the plant manager or director of industrial relations represents the employer, and the union is represented by the plant grievance committee. In smaller organizations, these groups, as the highest-ranking officers for both management and union, represent the second step in the grievance procedure. Grievances that are not settled at this step may go directly to arbitration.

4. Large corporations may have a fourth step in the grievance process where top corporate officers meet with representatives of the international union to resolve unsettled grievances. The number of grievances that reach this level represents a very small percentage of the total. Only those issues that have a broad and general interest to the union and corporation are usually considered at this level.

5. The final step in the grievance process is binding arbitration by an outside third party acceptable to both management and the union. Both parties agree beforehand to abide by the arbitrator's decision.



Grievance Procedures in Nonunion Organizations



Unlike the well-defined grievance programs in union companies, those in nonunion companies, when they exist, tend to be informal processes. However, a growing number of managers in nonunion companies want to provide better human rights and freedoms for employees. Grievance procedures in non-union companies, which are often referred to as **complaint systems**, include grievance committees, ombudsman offices, grievance appeal procedure, fact-finding committees, and open-door policies.

Grievance Committee

Some nonunion organizations have established a grievance procedure that allows individuals to submit their grievances to a grievance committee. The members of the committee may be

appointed by top management or elected by the employees. Such committees hear the evidence and issue a judgement. In some companies, the grievance committee hears the evidence and makes a recommendation to the president, rather than making a binding decision on its own.

Ombudsman

The term **ombudsman** originally referred to a politically neutral and independent person who represented ordinary citizens in their disputes with government officials. The concept first originated in Sweden and Finland in 1809. In recent years, numerous organizations have appointed one of their employees to be an ombudsman. Such an individual is charged with hearing and attempting to resolve employee issues. While a corporate ombudsman is usually a company employee, the individual is independent of all other departments. Employees can discuss their workplace concerns without fear that the discussion will trigger some sort of corporate response. Meeting with the ombudsman is informal and does not initiate a formal complaint process or an investigation. It is simply an opportunity for employees to discuss their complaints or concerns and learn about their options for resolving them. About 13 percent of corporations in the United States have official ombudsman programs.

Grievance Appeal Procedure

Some companies allow employees to submit grievances to successively higher levels in the organization, as illustrated below.

Complaint Process for a Retail Store

Problem-solving Procedure

Objective: The purpose of this problem-solving procedure is to provide a formal process for solving problems and for protecting the rights of employees.

Step 1: Supervisors are responsible for hearing and resolving work-related problems. The problem should be fully discussed with your immediate supervisor. However, in unusual cases or because of personal conditions between you and your supervisor, you may want to discuss the problem directly with the Employee Relations Office.

Step 2: If your supervisor does not resolve the problem to your satisfaction, it can be appealed to your functional manager. This manager will explore all the facts of the case and render a decision.

Step 3: If you are still dissatisfied with the resolution of your problem, it can be discussed with the plant manager. The employee relations manager will make the appointment for you. After the discussion, the plant manager's decision at this level will be considered final.

The following time limits have been established:

- Step 1, five working days
- Step 2, two to five working days
- Step 3, three to five working days

In some cases, the aggrieved employee is represented by an attorney, a peer, or a member of the human resources office. The hearing is normally conducted by a neutral company executive who hears the evidence and makes a judgment. This procedure is similar to the appeal process in a union agreement, but with two exceptions. First, it is usually an informal appeal system that can be stopped anytime at management's discretion, without a guarantee that the appeal will reach the top officers. Second, ultimate appeal is usually made to top management and does not go to arbitration. Allowing a grievance to go to binding arbitration would make this procedure fairer, but most employees do not have the skills necessary to prepare their own cases nor the resources to pay their portion of an arbitrator's fees, and most companies do not want to relinquish control to an outside party.

Open-Door Policy

The most popular procedure for responding to employee complaints is the open-door policy. Approximately two-thirds of nonunion organizations have explicit open-door policies. Such a policy usually means that all employees, regardless of their positions, have the right to discuss a complaint with top corporate officers without being forced to go through a chain of command. After an investigation of a reasonable complaint has been completed by an executive, the aggrieved employee is informed about the outcome.

Although an open-door policy provides an avenue for employees to express their complaints, it does not always function effectively. The social distance between production workers and the company president is usually exaggerated when viewed from the bottom of the hierarchy, and it can destroy an employee's willingness to share a problem. The open-door policy needs to exist throughout the organization so that complaints can be taken to lower levels of management as well as to higher levels. Many complaints concern day-to-day issues that are far removed from top officers. An open-door policy that requires taking all complaints to the company president for resolution is ineffective and undesirable.

Fact-Finding Method

Approximately half of all organizations have a grievance procedure that provides for some form of fact finding or investigation of employee complaints. The investigation is normally conducted by a human resource executive or by an assistant to either the president or a vice president; a report is then submitted to top management.

Fact finders are usually authorized to examine problems without conducting formal hearings. Informal investigations give fact finders access to information that a complaining party might be reluctant to share in a formal hearing, such as instances of sexual harassment. Fact finders are usually expected to prepare a recommendation such as discipline, transfer, compensation for the victim, or training. The advantages of fact finding are that problems can be addressed quickly and privately.

Effective Grievance Procedures



Protection Against Retaliation

To have an effective grievance procedure employees must believe the following.

1. Their complaints can be presented without a lot of hassle, embarrassment, or paperwork.
2. Their complaints will be evaluated by a fair and impartial third party.
3. They will not be fired or mistreated for submitting their complaints and pressing them to a resolution.

This protection against being fired or mistreated is necessary for the success of both union and nonunion grievance procedures. Union employees usually have greater protection than nonunion employees because their labor agreement is written, and it can be enforced by collective action. But any employee, union or nonunion, can become the object of persecution by managers who want to force the employee to resign. Actions spurred by the vindictive feelings of executives toward subordinates who have submitted grievances are sometimes cruel. An employee who has exposed the wrongdoings of corporate officers may become the object of a campaign of abuse and harassment including false accusations, embarrassing work assignments, and low performance evaluations. The fear of being fired or mistreated for submitting a grievance is a real fear, especially in a nonunion company. Fears of retaliation must be countered before a complaint procedure will function effectively.

When employees in nonunion companies have complaints, they are encouraged to speak up. Many executives claim that their organizations have adequate grievance protection because employees who have complaints are encouraged to say what they think with the assurance that they will be heard. The problem with speaking up, however, is not just a fear of being mistreated but a fear of

being fired. **Whistle blowers**- employees who observe an illegal or immoral action and blowers lose their jobs and most of them do not get their jobs back.

Timely Responses

Most grievance procedures specify time limits for each stage of grievance processing. An agreement may stipulate, for example, that a grievance must be filed within a certain number of days after an alleged violation takes place. The organization is required to respond within a certain number of days at each stage of the procedure. The union also has a time limit for appealing a decision to the next stage if it is not satisfied. Failing to respond within a specified time limit may result in forfeiture of the grievance by the union or in granting the grievance by the company.

Rigid time limits are not encouraged because they tend to increase the probability that employees will pursue expensive civil litigation if they miss a deadline. Extensions of time limits are usually granted upon request for legitimate reasons. Many agreements provide an interval of three to five working days between steps of the grievance procedure; others provide a somewhat longer interval. The purpose of such time limits is to force both the company and the union to address grievances immediately. If grievances are resolved promptly, friction and discontent are reduced.

Fair consideration

To resolve a grievance, both management and union representatives must be willing to discuss the issue rationally and objectively. Both sides must desire to resolve the dispute and to seek a satisfactory solution. A grievance should not be treated as a form of competition in which each side keeps track of its win-loss record. Instead, each side should seek to resolve conflicts and to remove inequities.

Most grievances are resolved at the first step of the process by competent supervisors who are willing to listen and act fairly. To reduce the number of grievances that are appealed, supervisors are encouraged to follow these recommendations.

- Treat all complaints seriously.
- Investigate and handle each case as though it may eventually result in arbitration.
- Talk with an employee as soon as possible about his or her grievance and give the employee a full hearing.
- Correct the problem if the company is wrong.
- Examine the labor agreement carefully, and obtain clarification from the human resource office if necessary.
- Collect evidence and determine if there were any witnesses.
- Remain calm.
- Carefully examine all the evidence before making a decision.
- Avoid lengthy delays. When all the information is in, make a decision and communicate it.

Sometimes a supervisor is not in a good position to resolve a grievance because it concerns a company policy. Such a dispute may have to be appealed to the second, third, or even fourth step

of the grievance procedure before the appropriate people who can change or interpret the policy become involved.

A labor union is frequently placed in the awkward position of having to process a grievance that it does not support. National labor law may require a union to represent all employees in the bargaining unit, even if they are not members of the union. However, a union may understandably feel reluctant to press the grievance of a nonmember because it may involve a costly and time-consuming process. Union leaders also may dislike having to process the grievances of some of their own union members because they do not agree with their complaints. Some employees are chronic complainers who create headaches for both management and unions with their endless strings of grievances.

Since a union has a duty to provide fair and equal representation in the handling of grievances, it can be sued by employees for arbitrary, discriminatory, or unfair conduct. The labor organization is required to accept a complaint for unbiased investigation before declining to process it. But the Supreme Court has ruled that a union does not have to process all grievances, regardless of merit.

Union leaders may try to persuade a member to drop a frivolous complaint, or they may present the grievance to management in a half-hearted fashion. If an employee feels that he or she has not been represented fairly, the employee may sue the company and the union in federal courts or before the NLRB. This situation explains why labor agreements often contain so many legal technicalities -they are partially intended to protect union leaders from the members.

Alternative Dispute Resolution



The enormous time and expense associated with litigation has prompted employers to pursue arbitration and other methods for resolving disagreements. These methods, known generally as **alternative dispute resolution**, include negotiation, mediation, binding arbitration, and even rent-a-judge services. When two parties are unable to peacefully negotiate an acceptable solution, the next step is to ask for the services of a mediator. The mediator examines both sides of the dispute and tries to help both parties understand the other and find an acceptable compromise. If mediation

fails, the parties can agree to submit the issue to binding arbitration and promise to live by the arbitrator's decision.

To overcome delays in arbitration, several companies have developed systems designed to expedite grievance cases as efficiently as possible. Employees in one steel company, for example, can obtain an arbitration hearing within ten days of filing an appeal. An arbitrator selected from a panel of arbitrators hears the case, which is presented by local plant and union representatives and involves no written transcripts or briefs. Since the award is made within 40 hours of the hearing, costs are greatly reduced by this method. Moreover, such a speedy hearing appears to promote better employee relations and seems to lose little in legal thoroughness.

Some companies use peer or management juries to resolve employee complaints and report good results. One of the greatest benefits of peer juries is that the members are well versed in the company culture and how the company operates. Peer review panels are especially useful when making judgment calls in cases assessing whether company policies were followed properly. Another benefit is that employees generally find that the resolutions rendered by a group of their peers are credible and acceptable. Peer reviews also allow employee disputes to be resolved internally rather than in courts or other tribunals. This model appears to be cost effective even though there are added costs associated with establishing a peer review system and training its members. The time the employees spend resolving cases is time away from work. The greatest concern for most managers, however, is the fear of losing control over the complaint system. The fact that this process diffuses a company's decision-making authority by giving employees power to render decisions in workplace disputes is perceived by some as an important threat while others see it as a significant benefit.

Self-assessment

1. I can explain a typical grievance procedure in a unionized company.
2. I can describe the options for handling grievances in nonunion organizations.
3. I can define and give examples of alternative dispute resolution.

5.5 Employee Discipline Systems



Objectives

By the end of this section, you should be able to

1. Describe progressive discipline
2. Define due process and just cause

CERTIFICATION CENTRE

Introduction

Discipline has many definitions. Most people equate discipline with punishment, such as spanking a child or discharging an employee. However, discipline is not synonymous with punishment. A discipline procedure may consist of several different consequences, including training, correction, evaluation, punishment, and ultimate termination. The overall objective of disciplinary action is to remedy a problem and to help employees achieve success in their work. It is to the advantage of both an organization and its employees that a smoothly functioning state of order be maintained. To maintain a state of order, an organization must have an accepted standard of appropriate conduct, a fair procedure for evaluating behavior, and a sequence of progressively more severe penalties for rule violators.

Discipline procedures provide a systematic process for handling problem employees. Employee discipline is one of the most challenging responsibilities of supervisors and human resource managers. The reasons for unacceptable behavior are complex and difficult to diagnose. The goal of a good discipline system is to help employees perform better, but if they fail to respond, a procedure is needed for firing them as a last resort. A good discipline system can make terminations stick without fear that the fired employees will be reinstated.

Progressive Discipline



The disciplinary process should follow a sequence of increasingly severe penalties for wrongdoing. The final step in the disciplinary process is discharge. This process is called **progressive discipline** because the disciplinary actions become increasingly severe. The following five steps illustrate progressive discipline.

1. **Verbal warning:** The first step in the disciplinary process is a simple comment by a supervisor to warn employees that certain acts are not acceptable. The purpose of the warning is to ensure that employees know what is expected of them and that what they are doing is wrong. Nothing is usually recorded, although the supervisor may refer to these discussions in performance appraisals. A verbal warning is frequently used for minor offenses such as infrequent tardiness, discourtesy to customers, horseplay, and obscene language.

2. **Verbal reprimand:** The second step is a verbal reprimand in which the supervisor informs the employee that the situation is not acceptable and that improvement is required. The reprimand should be given in private and should not be an emotional harangue. The supervisor should avoid sarcasm, not use belittling comments, and not try to humiliate the employee. Instead, the focus of the reprimand should be a firm explanation of the rules and expectations. The supervisor should make certain that the employee understands the problem and knows how to correct it. Since the purpose of the reprimand is to correct the problem, the employee should leave the discussion feeling encouraged and committed to improve. The supervisor should make a written note of the conversation in case further discipline becomes necessary.

3. **Written reprimand:** The third step in the discipline process is a written reprimand, which is a written description of the problem and the disciplinary actions accompanying it. This step is more formal than the first two steps, and the way it should be handled is carefully detailed in some labor agreements. The supervisor discusses the problem with the employee once more, reviewing the previous discussions and outlining the history of the problem. This time, however, the supervisor prepares a written record that summarizes what has been said and decided. A course of action should be established for the employee to correct the problem, and the written reprimand should set a target date for the completion of that action. The supervisor should sign the reprimand and ask the employee to sign it as an indication that the employee has read and understood it. If the

employee refuses to sign the reprimand, the supervisor and a witness should sign it and note that the employee received a copy but refused to sign it. Copies of the reprimand are usually given to the employee, to the union steward, and to the human resource office, and a copy is placed in the supervisor's files. Although threats were not appropriate in the first two steps, they are at this step. The employee should be warned about the consequences if he or she does not change.

4. **Suspension:** If an employee fails to respond to the written reprimand and persists in wrongdoing, the next step is a suspension. A suspended employee is not allowed to work for a period of time and his or her compensation may be reduced accordingly. Some companies suspend employees with pay in what is called a "day of contemplation." This one-time decision-making leave forces them to decide whether they are willing to change and become outstanding employees or if they should pursue another career.! The purpose of the suspension is to demonstrate the seriousness of the offense and to reinforce the idea that appropriate behavior is a prerequisite for maintaining a job. The length of the suspension should be considered in light of the seriousness and type of offense. An indefinite suspension leaves the date for returning to work open and is normally used on second or third suspensions. Under certain circumstances second and third suspensions are considered appropriate when an employee is making progress and has a repentant attitude; however, repeated suspensions for violations are not considered very useful. Before an employee is suspended, the employee should know exactly why he or she is being disciplined. The conditions for the employee's return to work need to be carefully explained. Sometimes it is useful to have the employee determine the length of the suspension by telling the employee that the suspension is in effect so many days and to not return unless he or she is committed to improvement. Careful records describing the reasons for suspension need to be maintained in the event that the disciplinary action results in a grievance or goes to civil court as a discrimination charge.

5. **Discharge:** Employees who persist in wrongdoing and who fail to respond to previous disciplinary actions should be terminated. Discharge represents the final step in the disciplinary process. Some managers make the mistake of being too prone to fire employees; they respond as if discharge were the only solution to disciplinary problems. Employees should never be fired on the spot, although they may be ordered to leave the premises for flagrant violations. The final discharge should not be issued until all facts have been gathered and carefully considered and emotions are under control. Other managers make the mistake of waiting too long to terminate a problem employee. Sometimes discharge may be the best solution for both the employee and the company. Sometimes discharge forces an employee to face reality and to find a new job, and the employee frequently responds better in the new environment. At least one study has shown that discharged managers were better off after being terminated because they liked their new jobs better, their salaries were better, and they felt more successful.

Workplace Investigations



Before taking disciplinary action, employers need to make certain that they know what happened and the relevant circumstances surrounding it. Discipline that is taken in haste may result in charges of constructive discharge and create great embarrassment to the company and its employees. All charges of serious misconduct, such as sexual or racial harassment, bullying, and insubordination, need to be taken seriously and investigated carefully, even if the complaint comes from third-party sources. The following guidelines are part of an effective investigation.

- The investigation should be initiated promptly, within a day or two of the complaint, and concluded quickly, within a week or two. Inconsistencies in the statements or a lack of witnesses should not cause an investigation to be postponed or delayed.
 - An investigator should be selected and appointed to conduct the investigation. This person could be a member of the HR staff or another person not connected with the alleged offender. The ideal investigator would be an in-house attorney or the company's outside counsel to preserve the attorney-client privilege should the case be litigated. If allegations include a high-level executive, an outside investigator would be more appropriate.
 - All complaints should be in writing. If the complaining party chooses not to write it, it should be written by another person and signed by the complainant.
 - The investigator should interview the complainant and the offender, plus any people identified by these individuals who may have information to help substantiate or refute the allegations. An investigator lacking eye witnesses should ask the victims if they confided in anyone at work or if anyone saw them upset after an incident. These employees, customers and clients are also witnesses. Electronic communications especially emails and social media can also provide evidence.
-
- The entire process should be documented, including interviews, evidence, and any actions that are taken.
 - Investigators should do everything possible to protect the privacy of the parties involved. Mandating confidentiality can help maintain the integrity of an investigation, preserve

evidence, encourage prompt reporting of incidents, reduce fear of retaliation, and protect the privacy of personal information.

- The personnel files of both the offender and the complainant should be reviewed to check for patterns of behavior.
- After all information has been reviewed, a decision should be made and announced to the respective parties.
- If there is evidence of misbehavior, appropriate disciplinary action should be taken, such as a verbal or written warning, suspension, demotion, reduction in wages or incentives, and possibly termination.
- The complainant should be advised that appropriate disciplinary action has been taken and any retaliatory actions should be reported.
- Periodic follow-up visits should be made to ensure that repeated acts of misbehavior are not occurring.

Administrative Justice: Due Process and Just Cause



A system of administrative justice has evolved over time that is generally accepted in most organizations and formally adopted by collective agreement in many union contracts. The two basic concepts supporting administrative justice are due process and just cause.

The concept of **due process** means that disciplinary actions must follow an accepted procedure that protects an employee from arbitrary, capricious, and unfair treatment. Due process normally involves providing individuals with written statements of the charges against them as well as the reasons for the penalties. The charged employees must have full opportunity to defend themselves - to utilize the formal grievance procedure, if one exists, or to have an impartial hearing if a formal grievance procedure does not exist. The employer is normally expected to bear the burden of proof to show both the evidence of wrongdoing and the need for discipline.

A basic principle surrounding all disciplinary actions is that management should have just cause for imposing a discipline. The concept of **just cause** means that disciplinary action should only be taken for good and sufficient reason. Trivial issues and minor infractions, especially when no harm is done, should not be punished. This standard is written into most labor agreements or read into them by arbitrators. Most agreements merely state that employees have the right to submit grievances if they feel the punishment is unjust. Even in the absence of a labor agreement, the conditions defining just cause should be used to judge whether management acted fairly in enforcing company rules.

Self-assessment

1. I can describe progressive discipline.
2. I can define due process and just cause.



CERTIFICATION CENTRE

5.6 Workforce Behavior Problems



Objectives

By the end of this section, you should be able to

1. describe the process for diagnosing unsatisfactory performance
2. explain the difference between voluntary absenteeism and involuntary absenteeism
3. explain how employers should deal with drug and alcohol abuse

Introduction

Disciplinary problems can be caused by a number of reasons that are not equally serious. Understanding the causes of problems is essential because the causes suggest significantly different implications for managerial action. It makes a big difference, for example, to know whether a machine was damaged by willful destructiveness, simple carelessness, or an unwitting error caused by a lack of training. The cost of fixing the machine will not change, regardless of the cause, but the appropriate disciplinary action should be different depending on the cause. A careful diagnosis of the nature and cause of each wrongdoing should precede any disciplinary action.

Rule Violations



The first category of disciplinary problems consists of violations of company rules. Some companies have general rules that are informally communicated to employees, while others have specific rules that prohibit such things as possession of weapons, use of alcohol or narcotics, abusive or threatening language, insubordination, sleeping on the job, carelessness, smoking in unauthorized places, fighting, gambling, abuse of sick leave, habitual tardiness, and horseplay.

No-smoking Policies

Smoking is increasingly being prohibited at work by both national laws and company policies. The reasons for these restrictions are quite reasonable when the costs of smoking are examined. Smoking is considered the largest single factor in controllable health-care costs and the easiest target for improvement. The average smoker costs employers \$6,000 a year in excess healthcare, absenteeism, presenteeism (lower on-the-job productivity), and smoking breaks.

Many companies either prohibit it entirely or restrict it to enclosed areas that can be directly ventilated to the outside. Some no-smoking policies have been created and implemented by employee committees. Some countries, however, have smokers' rights laws that protect employees from discipline either because they smoke or because they use a lawful product, such as tobacco, outside of work. Consequently, HR managers need to know their company's policy and the laws regarding smoking in the area where they operate and consistently enforce them.

Insubordination

An employee who refuses to follow a supervisor's instruction is guilty of insubordination. Arbitrators rarely reverse disciplinary actions for insubordination, provided that the instructions were clear, that the supervisor was the appropriately designated representative of management, and that the supervisor provided an explicit warning of the consequences of failure to comply with the instruction. However, employees are not required to follow orders that would endanger their health or safety.

Abusive Language

Abusive language usually is considered a legitimate basis for disciplinary action. Arbitrators generally uphold disciplinary actions involving verbal abuse of supervisors, especially if such language was used to embarrass, ridicule, or degrade a supervisor and if other employees were present to hear it. All profane and obscene language will not necessarily lead to dismissal, however. Disciplinary discharges are usually overturned or reduced if the obscene language was a customary part of "shop talk," if it was not directed as a personal attack against the supervisor, or if the employee was provoked by the supervisor.

Bullying

According to a study by the Workplace Bullying Institute, 27 percent of workers say they have been bullied at work. Companies should have clear policies prohibiting bullying. The following list of unacceptable behaviors has been proposed for inclusion in an anti-bullying policy.

- constant and unfair criticism
- excessive teasing
- yelling, shouting, and screaming
- insults and behind-the-back put-downs
- hostile glares and other intimidating gestures
- malicious gossip
- monopolizing supplies and other resources
- aggressive emails or notes
- overt threats, aggression, or violence

An employee who is bullying a co-worker should be subject to disciplinary action. Organization leaders should be particularly vigilant where bullying behavior might also be considered illegal harassment and when bullying could escalate into more serious workplace violence.

Horseplay

Horseplay is a common occurrence in almost any work group. Since it usually adds an element of humor and social interaction, it is not necessarily bad unless it gets out of hand. In determining how to handle incidents of horseplay at work, a distinction must be made between joking that involves only a remote possibility of injury or disruption and acts that seriously disrupt the flow of work or involve a high risk of injury. Conduct of the latter type warrants a serious penalty even if disastrous consequences do not occur. A line has to be drawn by management and arbitrators between simply "kidding around" and dangerous or vicious acts.

Gambling

Gambling of some type is prevalent in many companies, such as a football pool or lunch-hour poker game. Company rules sometimes prohibit all gambling because it infringes on company time and leads to occasional fights. If the company prohibits gambling at work, arbitrators

generally uphold disciplinary actions, providing that good evidence exists. Discharge, however, is normally considered too severe a penalty for a first offense of gambling. But if the employees have been warned previously about gambling, and they are caught gambling again during work hours, discharge is an appropriate action. Discharge is also an appropriate measure when employees are involved in an organized gambling racket.

Fighting

Fights with coworkers or supervisors usually result in some form of disciplinary action, even if fighting is not expressly prohibited in the company rules. Most managers and arbitrators assume that fighting on the job is generally unacceptable. In determining the appropriate discipline for fighting and aggressive behavior, many mitigating circumstances need to be considered.

Unsatisfactory Performance



Some employees are extremely frustrating to supervise because they fail to do their assigned work. It may take them twice as long to do a job as their supervisor expected and perhaps three times as long as it should have taken. Even worse, their work has so many mistakes the entire job has to be redone. Employees who have just entered the workforce are the ones most frequently criticized for poor work habits. Some supervisors have estimated that about one-third of the new workers do not know how to work and do not want to learn. It is not unusual for the fastest employees to produce three to four times as much as the slowest employees.

A useful model for diagnosing the causes of unsatisfactory performance is presented in [Exhibit 5.4](#). This model shows how unsatisfactory performance may be due to several causes that ought to be carefully assessed. If performance is low because employees do not have the appropriate skills and ability, the problem relates to job placement rather than discipline. If unsatisfactory performance is caused by inadequate job knowledge, the problem relates to training. And if

unsatisfactory performance is caused by an inefficient organizational structure, the problem concerns job redesign and organizational structure.

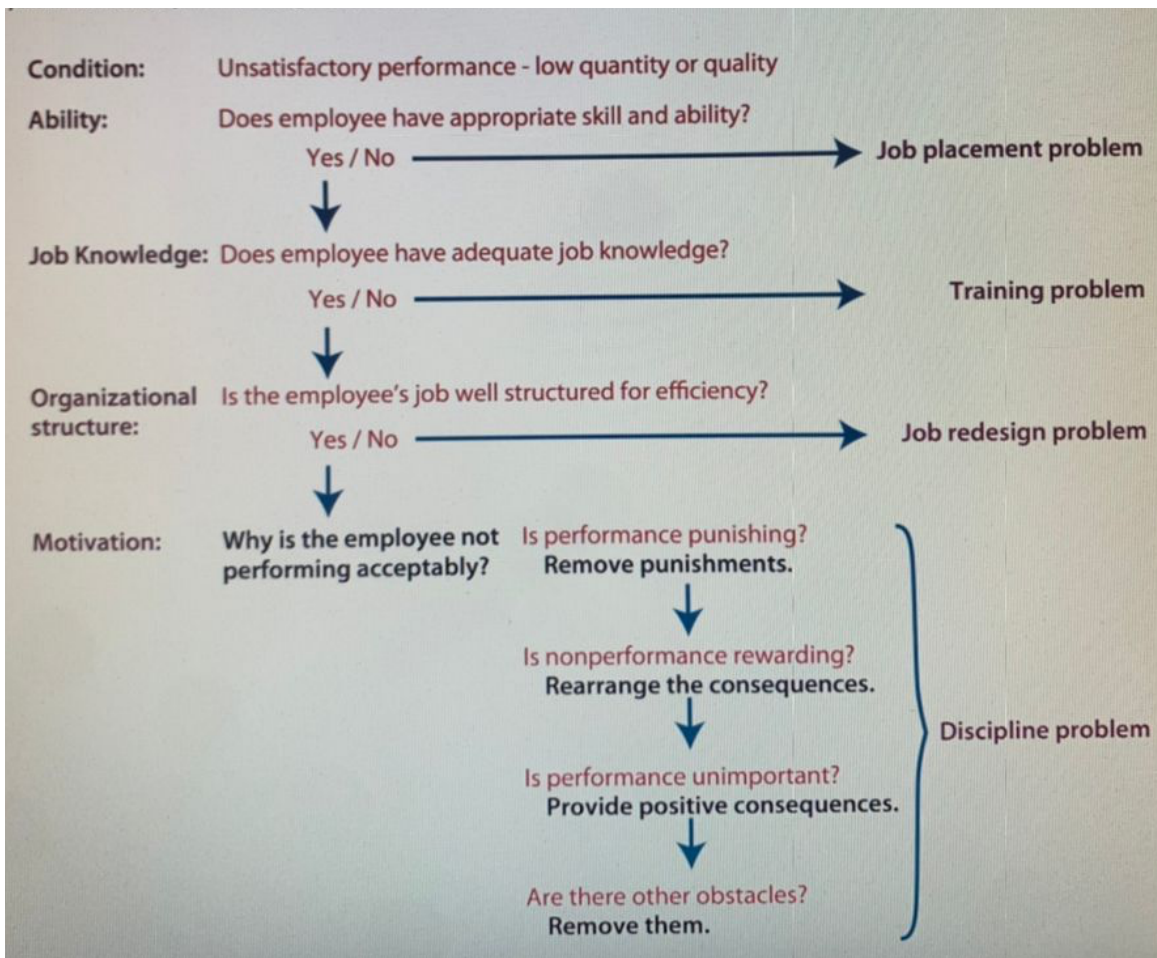


Exhibit 5.4: Diagnosing Unsatisfactory Performance

Unsatisfactory performance should only be viewed as a discipline problem when it is caused by inadequate motivation. Motivation problems are usually solved by rearranging the reinforcement contingencies. Positive rewards should be used to reinforce high-quantity and high-quality performance. Progressively severe punishment, leading ultimately to discharge, should be provided for individuals who do not respond to the positive reinforcement.

Illegal or Dishonest Acts



A serious disciplinary problem for all organizations concerns any form of illegal or dishonest behavior, such as theft, embezzlement, misuse of company facilities, or falsifying records. Statistics show that such dishonest acts have increased dramatically in recent years. White-collar crime is not always in the form of employees stealing from the company. Many white-collar crimes are committed by the top corporate officers on behalf of a company.

When employees are caught stealing, a company faces an uncomfortable dilemma. Prosecution usually consumes time and money and creates adverse publicity. But if theft continually goes unpunished, employees are more inclined to steal. Most companies prefer to quietly dismiss a dishonest employee rather than to prosecute the theft. This leaves the dishonest person free to find another job and to continue stealing. Many companies are surprised to discover when they begin to prosecute a crime that an accused employee has an extensive history of dishonest conduct that they had overlooked.

Even if an illegal act is not prosecuted, the employee committing the act is usually discharged. The official basis for the discharge is sometimes listed as a violation of a company rule rather than as criminal theft. Discharges for theft are almost always upheld by an arbitrator unless a company does not have sufficient evidence. Occasionally, an arbitrator will overturn falsification of a job application if the employee has a history of good job performance. But falsification of work records, time records, expense accounts, and medical records to obtain insurance benefits are usually automatic grounds for discharge if proof exists beyond a reasonable doubt.

Absenteeism



Voluntary Versus Involuntary

Absenteeism is missing work temporarily. Many factors, including poor morale, influence absenteeism. Frustration and conflict are created by conditions away from work as well as conditions on the job. When absenteeism increases, managers need to determine whether the rise is caused by aggravating conditions at work. If so, the high costs of absenteeism are a good justification for improving the workplace. Absenteeism is often used as an indication of organizational effectiveness.

To properly diagnose the problem of absenteeism, a distinction should be made between two types of absenteeism, voluntary and involuntary. **Voluntary absenteeism** occurs when employees have a choice of working or not working and they intentionally decide to miss work." **Involuntary absenteeism** occurs when employees miss work for reasons beyond their control. Some examples of involuntary absenteeism are health problems, the death or serious illness of a family member, transportation problems, and bad weather.

Absenteeism is sometimes divided into four categories to facilitate analyzing it more carefully. Planned absences are those that are scheduled and approved in advance, such as scheduled medical operations. While planned absences can be very costly, they are usually the least disruptive. Unplanned or incidental absences are usually due to illness and are not longer than one week; these are usually the most difficult to analyze. Extended absences last beyond one week and are often unplanned and generally due to a disability or qualifying event under the Family and Medical Leave Act. These leaves are often paid through short-term disability, workers' compensation, or accrued sick days. Intermittent absences are those that last a few minutes, hours, or days, and are caused by a previously certified medical condition. An employer may know in advance when intermittent absences will occur, such as a doctor appointment, or they may be unanticipated, such as a sudden reoccurrence of a disability.

Deciding when an absence is involuntary is not always clear. When is a problem beyond a person's control? Major surgery and serious illnesses may force employees to be absent. but some return to work much sooner than others. Some football players have appendectomies and return only a few days later to play a game. When their cars have mechanical problems, some employees miss several days of work, while others take public transportation, ride a bike, or walk several miles to get to work. For some employees, a heavy snowstorm means getting up an hour earlier to get to work on time; for others, it means sleeping in. Consequently, it is difficult to decide when an absence is truly involuntary or when the employee should have taken an aspirin and gone back to work. Most managers believe that job satisfaction and motivation can make a big difference in situations such as those described.

Measuring Absenteeism

Developing a meaningful measure of absenteeism is difficult because of the problem of distinguishing between voluntary and involuntary absences. Another problem is that absenteeism figures can be seriously distorted by extended illnesses. The **job-absence rate** formula used by most companies and accepted by the Bureau of National Affairs (BNA) in its quarterly survey is

$$\text{Job absence rate} = \frac{\text{number of worker-days lost through job absences during the month} \times 100}{(\text{Average number of employees}) \times (\text{number of workdays})}$$

Reducing Absenteeism

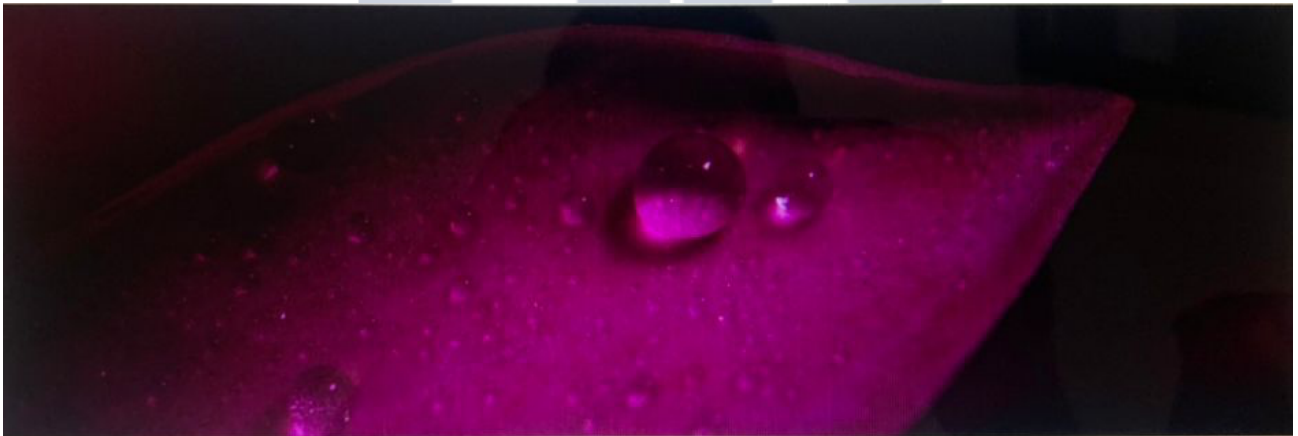
Companies use a variety of programs to reduce absenteeism because it is so costly and the reasons for it seem so manageable. Surveys indicate that on average only about 35 percent of absences are attributable to personal illnesses, while family issues account for about 24 percent, personal needs for 18 percent, stress for 12 percent, and an entitlement mentality accounts for about 11 percent. Equally costly is the practice of coming to work when ill and being unable to work at full capacity, a practice called "presenteeism. It is generally believed that low morale is the most significant variable influencing absenteeism since companies with low morale have absenteeism rates that are about double the rates at companies with high morale.

Some of the most popular programs to reduce absenteeism include work-life programs that are designed to attract and retain employees by accommodating their needs and help them be as productive as possible. Employee assistance programs and employee wellness programs are available in about three fourths of companies to help employees solve their personal problems and improve their health. Alternative work schedules and leave for school functions allow parents to accommodate family responsibilities. Some companies offer emergency child care that connects the employee with a contractor that provides such help.

Most companies treat absenteeism as part of their normal discipline system and impose progressively severe penalties for missing work. Most companies also review attendance as part of the annual review program and excessive absenteeism impacts one's pay increase. About 80 percent of companies require employees who say they are sick to verify their illnesses. For example, Wal-Mart uses an automated 1-800 number that requires employees to report their absences to someone less inclined to be understanding and forgiving than their immediate supervisor.

A more positive approach to reducing absenteeism is to offer employees a specified number of personal days or a paid leave bank. Here, employees can miss work for whatever reason they want without having to provide an explanation. This program is especially effective if it is accompanied by a buy back bank which allows an employee with unused leave days at the end of the year to receive full or partial reimbursement for those days. Another positive option is to allow employees to donate their unused earned days to employees with catastrophic illnesses.

Drug and Alcohol Use



Some of the most serious personal problems for employees involve alcohol and drug abuse. These problems are not temporary, and therefore, the worst response the employer can make is to be sympathetic, patient, and understanding. These problems are not solved by ignoring them or by assuming they will be corrected on their own.

The abuse of alcohol is a serious problem affecting employees at all levels in almost every company. Alcoholism, also called alcohol use disorder, increases the rates of absenteeism and tardiness, contributes significantly to accidents at work, and greatly reduces productivity. For many years, companies ignored problems of alcoholism. Corporate attitudes ranged from denial (*"We don't have alcoholics on our payroll"*) to disregard (*"If they really wanted to quit drinking, they could: it's their decision"*) to self-justification (*"We're a business organization set up to make money, not to spend it nursing along alcoholics"*). Most organizations have been slow to respond to alcoholism problems because people generally do not like facing the problem.

Alcoholism is now viewed as a disease- a treatable disease. It is not a disease that will go away by itself; it requires treatment, usually a very confrontive form of treatment. The common signs of alcoholism are consistent tardiness- usually on Monday mornings; excessive absenteeism

accompanied by excuses of minor illnesses; hangover symptoms such as headaches, thirst, shaking, and procrastination; deterioration in quality of work; and off-the-job problems such as debts and family discord. Usually, employees' jobs are the last pillars they cling to as their lives crumble around them due to problems with finances, families, and friends.

Employers have a legitimate and legal right to require competent job performance from alcoholics as well as non-alcoholics, although they are encouraged to offer rehabilitation assistance to those willing to accept help.

The problems created by drug abuse are similar to those created by alcoholism: high rates of absenteeism and tardiness, debts and family discord. Usually, employees' jobs are the last pillars they cling to as their lives crumble around them due to problems with finances, families, and friends.

The problems created by drug abuse are similar to those created by alcoholism: high rates of absenteeism and tardiness, frequent accidents, and reduced productivity. An additional problem related to drug abuse is theft, since most drug users need help supporting their expensive habits. In addition to the direct consequences that drug abuse creates for companies, it presents an additional complication -it is illegal. Most companies have rules against drug abuse, which they aggressively enforce.

Self-assessment

1. I can describe the process for diagnosing unsatisfactory performance.
2. I can explain the difference between voluntary absenteeism and involuntary absenteeism.
3. I can explain how employers should deal with drug and alcohol abuse.

CERTIFICATION CENTRE

5.7 Organizational Exit



Objectives

By the end of this section, you should be able to

1. describe the procedure that might be used for managing an employee's departure from an organization
2. list HR's primary responsibilities during a layoff

Introduction

Organizational exit is the process of terminating an employee's relationship with the organization. This process is sometimes referred to as offboarding. An employee's exit from an organization may be voluntary (the employee initiates the departure) or involuntary (the organization terminates the employment). In either case, the organization should have an established procedure for managing the employee's departure. This procedure may include the following.

- Design a plan to capture the employee's knowledge and expertise before the employee leaves.
- Finalize pay and any benefits due, such as cashed-out vacation or sick leave.
- Disable the employee's access to computer systems, and change passwords on shared accounts.
- Collect any company-owned digital devices and delete company information from personal devices.
- Arrange for the employee to retrieve any personal items from the employee's workspace.
- Collect any uniforms, company equipment, ID badges, security cards, keys, and company credit cards.
- Forward the employee's email to another employee, or delete the account.
- Conduct an exit interview.

- Provide any appropriate counseling (regarding outplacement services, continuing benefits, or retirement)
- Review with the employee any non-compete agreements.
- Update employee directories and re-route phone calls.

Many of these items can be automated using workflow software within the organization's HRIS. Departing employees' contact information can also be stored in an internal database. They can be included in alumni mailings or company newsletters, and they can be contacted regarding future job openings.

Involuntary Terminations



Involuntary terminations typically occur as a result of employment problems- such as poor performance, excessive absenteeism, insubordination, or theft. Employers must ensure that all involuntary terminations occur for job-related reasons and that termination decisions do not violate any contractual commitments with employees.

Before an employee is terminated, employers should have an established procedure whereby a designated person reviews the proposed termination to ensure that all issues have been considered. This review should include the following steps.

- Determine whether there are valid, job-related reasons for terminating the employee. Termination decisions are more easily defended when they are based on just cause.
- If the termination is due to a specific incident, determine whether it has been properly investigated and documented.
- Determine whether the employee was aware that his or her performance was unacceptable.
- Determine whether the termination action is consistent with prior treatment of other employees.
- Review the employee's overall work record and ensure that the employee has received all rights to which he or she is entitled under the company's policies. Explore alternatives to termination, such as transfer, demotion, or counseling.

- Ensure that the employee is not the victim of retaliation for exercising his or her civil rights, such as making a claim of sexual harassment.

An alternative method of terminating employees is to make the work environment sufficiently unpleasant that the employees will quit. Supervisors who want to get rid of unwanted employees sometimes try to make their lives at work so uncomfortable that they choose to leave. If they leave voluntarily, the supervisor is spared the unpleasant chore of discharging them.

Forcing people to quit is not a forthright approach to discipline. Supervisors use this method as an unethical way of getting rid of employees they do not like but have no legitimate basis for terminating through the established discipline system. This method may also be illegal. If it is motivated by factors related to age, race, religion, sex, national origin, or disability the employees can claim that they were the victims of illegal discrimination. After they quit, they can bring a charge of constructive discharge against the company claiming that they were actually forced to quit.

Occasionally, however, inducing people to quit is a supervisor's only recourse for handling an unproductive employee. In education, for example, incompetent teachers may be protected by tenure policies and therefore cannot be terminated easily. Sometimes department heads have told incompetent teachers that if they do not improve and if they refuse to leave, their lives will become very unpleasant: they will be assigned to teach more classes; they will have to teach the classes with the largest enrollments; they will be given smaller offices; and they will not receive any more pay increases.



CERTIFICATION CENTRE

Termination Interviews



Terminating an employee is a difficult challenge and something supervisors and human resource managers do not enjoy doing. The experience is even more painful for the person being terminated. This person will often react with disbelief, anger, and even violence- even when many previous warnings have been given and the person knows the reasons for the termination. Employers should do all they can to reduce the trauma of terminations. Being fired from a job is one of the most traumatic and stressful experiences of life. The following are some guidelines for terminations.

Step 1: Plan the termination interview carefully and be prepared for it. The meeting should be scheduled on a day early in the week and preferably not on a Friday or the day before a holiday vacation. Have employee agreements, releases, and announcements prepared in advance. Ask the employee to come to an interview, preferably in a neutral location and within the next hour. Do not notify the employee of the termination by phone or allow the dismissal to be communicated through the grapevine. A second person should also be present.

Step 2: When the employee reports for the interview, be direct and avoid talking about trivial matters. As soon as the employee enters the room and is seated comfortably, the termination decision should be announced.

Step 3: Describe the decision and the situation leading to it; but do not attack the person's character or discuss personality flaws. Explain why the person's performance was inadequate or why the job is being eliminated. Performance problems should only be briefly described, however, since previous evaluations should have explained the need for improvement.

Step 4: Answer the employee's questions and help the person understand the reasons for termination. Listen attentively and continue the interview until the person appears to be talking freely and reasonably calmly about the dismissal.

Step 5: Explain the severance package, including severance pay, benefits continuation, access to office support people, how future recommendations will be handled, and the availability of counseling or out-placement assistance.

Step 6: Have the person sign any necessary releases and explain what to do next, such as retrieving personal belongings, contacting a counselor, using out-placement services, and obtaining the final paycheck.

It is normally suggested that termination interviews only last 15 minutes and that they should be formal, but kind and respectful of the dignity of the person.

Layoffs and Reductions-in-Force



Layoffs (called "redundancies" in Europe) typically occur when employers need to eliminate positions in order to maintain profitability in the face of declining revenues or intense competition. Layoff decisions are typically based on seniority, performance, or skill needs. Most union contracts call for the least senior employees to be laid off first unless management can demonstrate that these individuals have special skills that are essential to the company.

When making layoffs employers are generally free to base their decisions on the performance and skills of employees, unless these decisions would violate

- the layoff provisions in a valid union contract
- the termination provisions in their employee handbook
- any implied promises and verbal commitments that have been made to individual employees

When basing layoff decisions on performance, the factors that determine who should be laid off should be as objective and job-related as possible. Factors considered as acceptable criteria include

- performance or productivity as recorded in the personnel files
- attendance and tardiness records
- cooperation with coworkers and supervisors
- demonstrated ability to perform crucial operations
- education and experience
- elimination of the position or the availability of funding for the position

Employees should not be terminated because they are overqualified for the jobs that remain or because they are highly compensated.

The biggest challenge when making layoffs is telling employees they have lost their jobs and helping them handle this disappointment. Although managers often want HR to make these announcements, people should be laid off by their managers rather than strangers, preferably in a one-on-one conversation. The primary responsibilities of HR during layoffs include the following.

Prepare instructions for managers: These instructions should include the logistics and timing of the discussions and possibly a brief script of what to say. If severance and outplacement are provided, details of the severance policy and contacts for outplacement should be included.

Prepare individual separation letters: To minimize the perception that the layoff is a personal attack, the letter should begin with a brief explanation for the layoff or merger and the reasons for the reductions in the affected departments. It should identify the effective date of the separation of employment and other information relevant to each employee, such as the number of weeks of severance and how it will be paid, the accrued vacation payout information, and benefits coverage details.

Prepare written questions and answers: Since people are usually too shocked to remember everything they are told; it is useful to have a written list of anticipated questions and answers to let them read later.

Prepare contact lists and phone numbers: The names of people to contact and how to contact them should be provided in case they have questions regarding the layoff and the benefits available to them.

Prepare an exit checklist: This checklist is intended to help the person conducting the layoff interview cover all essential information, such as collecting company property, keys, computers, credit cards, pagers, cell phones, and security access cards. They may also need to discuss outstanding expense reports, outstanding 401 (k) loans, benefits coverage, and unreported overtime.

HR should make certain that this event is handled fairly and competently with respect to severance payments, appropriate notices, and outplacement services. Employers often require employees being laid off to sign a release of claims agreement in return for a severance package. By signing this document, employees agree to waive any legal claims they may have against the employer. To minimize the theft of proprietary information, it is recommended that departing employees be shown copies of the confidentiality agreements they signed when they were employed. Companies that have done so report a 75 percent reduction in data theft.

To help employees who have been laid off find a new job or adjust to retirement, employers often provide outplacement services. Outplacement services usually include career counseling, instructions on how to prepare a résumé, training on interviewing skills, and contacts with job-search professionals. Some employers even help find job openings in the community and assist in scheduling job interviews.

Although downsizing is sometimes essential for the survival of a company, employers should examine the costs associated with involuntary layoffs and consider alternative solutions. The direct and indirect costs of downsizing an employee are roughly equivalent to the employee's annual salary. The direct costs may include severance pay, accrued vacation and sick pay, outplacement costs, pension and benefits payouts, administrative processing costs, the costs of increased voluntary terminations among those who remain and the cost of rehiring former employees. The indirect costs include productivity losses among survivors, potential lawsuits from terminated employees, loss of institutional memory, increases in unemployment tax rates, low morale, and risk-averse survivors who are less creative and innovative.

Unless the firm is facing a permanent economic downturn, it should consider alternatives to downsizing, such as cutting temporary staff, eliminating overtime, offering voluntary retirement, freezing salaries, cutting salaries, delaying raises, freezing hiring, reducing work hours, using temporary furloughs, canceling costly business trips and perquisites, reducing matching contributions to company-sponsored savings plans, eliminating bonuses, allowing work sharing, instituting mandatory holiday shutdowns, redeploying workers, rescinding hiring offers, delaying facility expansions, moving to smaller facilities or home offices, offering unpaid sabbaticals, and bringing outsourced work back in-house.

Managers are often surprised at how well these options are received by employees. In 2009, Honeywell offered its employees unpaid sabbaticals to avoid layoffs and was surprised at how many employees were excited to take advantage of them. When business resumed, Honeywell was able to recall them rather than hiring new workers. Studies that have tracked the performance of firms that downsize versus those that pursue alternative strategies found that the no-downsizers consistently outperformed the downsizers over time.

CERTIFICATION CENTRE

Retirement



Retirement is a voluntary separation initiated by an employee. Employees who retire from companies that have a pension plan typically begin receiving a pension. Some employers also provide a continuation of the regular health and accident benefit plans for retirees. Early retirement programs often provide a convenient way for an employer to achieve a satisfactory reduction in force (RIF). The advantages of an early retirement program are that it reduces the need to involuntarily terminate employees, reduces the employer's exposure to legal liability, and helps preserve employee morale.

Self-assessment

1. I can describe the procedure that might be used for managing an employee's departure from an organization.
2. I can list HR's primary responsibilities during a layoff.

5.8 Safety



Objectives

By the end of this section, you should be able to

1. describe an effective employee safety program

Introduction

We live in an uncertain and increasingly unstable world. Organizations face costly threats, such as accidents, theft, illnesses, violence, cyberattacks, and adverse weather conditions. Risk management refers to the process of assessing and measuring risk and developing strategies to protect the financial interests of a company, including safety, workers' compensation, unemployment insurance, security, loss prevention, emergency preparedness, health and wellness, data management, and privacy protection. These programs are often viewed as HR responsibilities even though many companies assign them to other departments depending on the size of the company and the seriousness of the threat.

Safety and health are vital concerns in every organization. A small company may assign safety responsibilities to the production department and large corporations may have a separate safety department. But regardless of how the responsibility for safety is assigned, every organization is required by law "to assure so far as possible every working man and woman in the nation safe and healthful working conditions and to preserve our human resources.

Effective Safety Programs



Every organization ought to maintain an ongoing safety program. Most large organizations can afford to hire a safety officer and to staff a separate safety department to develop and monitor a safety program. Establishing a safety program is a problem for small organizations, however, because they cannot afford to hire additional personnel. Consequently, safety responsibilities usually are added to the other responsibilities of the present staff in a small company.

Management Support

Safety programs need the support of top management to be effective. When managers are not interested in safety and health, no one else is likely to show much interest either, and the safety program will remain inactive. To stimulate interest in safety and health programs, managers should demonstrate a sincere interest in them by following these procedures.

1. Hold periodic meetings with employees to discuss job safety and health matters.
2. Prepare a policy statement that clearly declares management's concern about safety and health. An example of a policy statement is presented here.

Model Safety Policy Statement

The personal safety and health of each employee of this company is of primary importance. The prevention of injuries and illnesses is of such consequence that it will take precedence over operating productivity whenever necessary.

We will maintain a safety and health program conforming to the best practices available. To be successful, such a program must embody the proper attitudes toward injury and illness prevention on the part of supervisors and employees. It also requires cooperation in all safety and health matters, not only between supervisors and employees but also between employees. Only through a cooperative effort can a safety program in the best interests of all be established and preserved.

Our objective is a safety and health program that will reduce the number of injuries and illnesses to an absolute minimum. Our goal is zero accidents and injuries.

3. Include job safety and health topics in conversations with employees.

4. Review all inspection and accident reports and check to make certain that hazards are eliminated.

5. Participate actively in labor-management safety committees.

Training

For a safety program to be effective, all employees, supervisors, and managers must receive adequate safety training. Employees should never perform a job until they have been authorized to do it and have received adequate job instruction. Accident statistics indicate that new employees are much more likely than long-term workers to be involved in an accident. Workers who have been employed between one and three months suffer three times as many injuries as workers with one to three years of work experience, and eight times as many injuries as workers with 20 or more years of experience. Furthermore, new employees are not as likely as long-term employees to recognize and report hazardous conditions.

First Aid Training

Employers must ensure prompt first aid treatment for injured employees, either by providing for the availability of a trained first aid provider at the worksite, or by ensuring that emergency treatment services are within reasonable proximity of the worksite. For serious injuries such as those involving stopped breathing, cardiac arrest, or uncontrolled bleeding, first aid treatment must be provided within the first few minutes to avoid permanent medical impairment or death. Every workplace should have one or more employees who are trained and certified in first aid, including CPR.

Communications

Each company should examine its working conditions and potential hazards and develop a list of rules that will ensure the safety of its employees. These safety rules should reduce the likelihood of accidents and injuries by focusing on the potential hazards unique to that company. All employees should know these rules and be required to follow them.

The success of a safety program largely depends on whether the employees support it. Safety training and job instructions are useless if employees disregard them. Employees need to be motivated to follow safe working practices. They must be made aware of the requirements, accept them in their work, and participate actively in the safety program.

Recognition

Several strategies have been used to motivate employees to work safely. One of the most common methods of increasing employee awareness is a large billboard advertising how many accidents occurred in the previous year, how many have occurred in the year to date, and how many days have elapsed since the last lost-time injury. Some organizations have safety contests in which departments compete against each other for the best safety records. Another method is to have work groups compete against their own previous accident records.

The incentive for most of the contests is some form of recognition on a bulletin board, in a company newsletter, or in a personal letter. Specific feedback and comments by superiors about safe practices are also valuable incentives. Reinforcement theories suggest that rewards for working safely should decrease the number of accidents, and some studies have demonstrated the effectiveness of safety incentives. The results of one study indicated that safety training and positive reinforcement in the form of verbal praise and feedback significantly improved the safety record in a food manufacturing plant. When the safety program was implemented, accidents were reduced. When the program was terminated, the number of accidents returned to the former level.

Incentives

Financial incentives and other extrinsic rewards apparently can be used to reduce the number of accidents." Employers must take care, however, that the incentives are defined by safe workplace behaviors, rather than being based on reports of accidents or illness. OSHA's rule 1904.35 prohibits taking adverse action against an employee for reporting work-related injuries or illnesses. Withholding an incentive because an employee reports an injury or illness violates this rule. However, an employer could withhold an incentive from employees who fail to follow a workplace rule or who don't participate in a safety program.

Safety Committees

Some organizations have found that the best way to identify unsafe working conditions and control hazards is to use a safety committee. The members of the committee may be trained safety experts who are permanently assigned to inspect the workplace on a systematic basis. There are advantages, however, to having at least some members of the committee selected from the various departments on a temporary basis. By giving many employees the opportunity to serve on the safety committee, new ideas and different perspectives are contributed. One of the best reasons for having a rotating membership is that more employees have an opportunity to serve and thus become committed to safety.

Self-audits: Some companies have safety committees that are responsible for conducting periodic safety inspections. These self-audits can do much to increase safety awareness and safe working practices, especially when the reports are published throughout the company and significant rewards or penalties are tied to the results. A helpful procedure for identifying and controlling hazards is to develop a checklist of safety practices. This checklist could be used by the safety committee as it conducts periodic inspections. Supervisors and employees also could be asked to complete the checklist on a weekly or monthly basis so that they become more aware of the need for safety.

Self-assessment

1. I can describe an effective employee safety program.

5.9 Health



Objectives

By the end of this section, you should be able to

1. list the characteristics of an effective employee assistance program
2. describe the types of programs typically offered in an employee wellness program

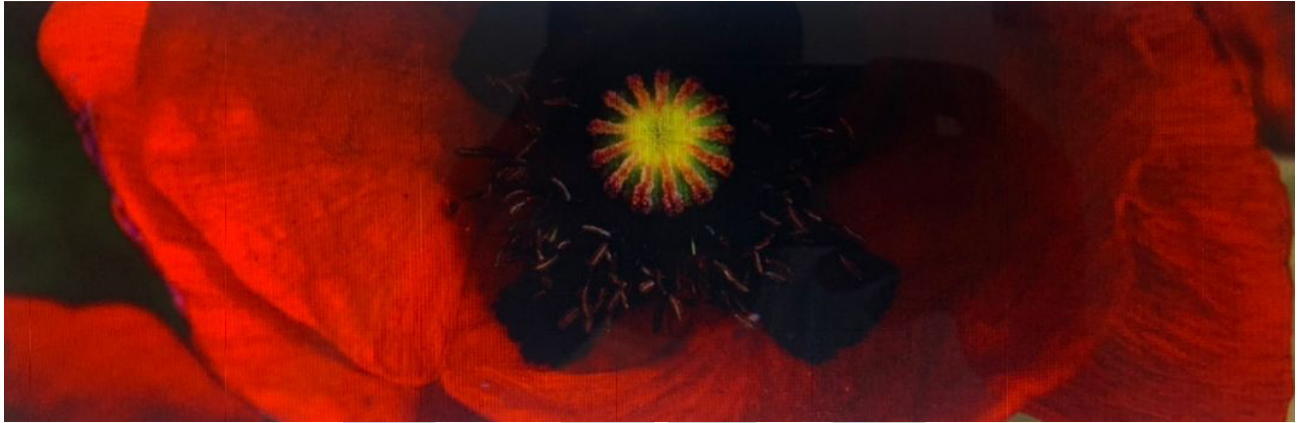
Introduction

Most countries have health and safety laws that require employers to provide both a safe and healthy workplace. Some of the major health hazards caused by toxic and hazardous substances are regulated. In some companies, however, the concern for employee health has gone far beyond just controlling toxic materials. Many organizations have developed extensive programs to improve both the physical and mental health of their employees.

The motives for these programs are partially altruistic; employers are genuinely concerned about the health and well-being of their employees. However, these programs also are self-serving since managers are primarily concerned about their own health. Some health programs are designed exclusively for managers, while other programs are open to all employees.

Regardless of management's motives, health programs can be justified economically. Poor health represents an enormous cost to employers. These costs are caused by excessive absenteeism and tardiness, premature death and disability, reduced productivity, and higher health insurance premiums.

Employee Assistance Programs



Many organizations recognize the need for special programs to help employees with personal problems. These programs are typically called **employee assistance programs**. More than 97 percent of large companies (more than 5,000 employees) have employee assistance programs (EAPs).

Employee Counseling

The performance of employees can be seriously impaired by personal problems. Fortunately, most personal problems are only temporary, and employees can solve them with their own resources and a little time. When problems get too big to handle, however, an individual usually needs professional help. Some of the most difficult personal problems include alcoholism, drug abuse, marital conflict, and financial difficulties.

Many informal sources of help in the form of friends and acquaintances are usually available; however, well-meaning friends may do more harm than good. Supervisors and co-workers may be able to help with small problems by being sympathetic, listening, and providing emotional support; however, supervisors are not encouraged to get involved in counseling subordinates about serious personal problems.

Administration

An essential component for successful treatment is the desire to be helped. If employees are unwilling to admit they have a problem and resist help, efforts to assist are wasted. The futility of unwanted help is especially obvious with problems of alcohol and drug dependence.

Alcoholics generally are unwilling to admit they have a drinking problem, and they tend to endlessly rationalize their conduct. For this reason, most organizations have learned that a very

tough-minded approach is necessary to help alcoholic employees. If employees refuse to admit they have a drinking problem and claim they are only heavy social drinkers, the company should document their performance deficiencies. Unsatisfactory performance is a sufficient justification for terminating an employee, especially when poor performance has been documented and the employee has been warned.

In-House Versus Contract

Two methods are used to provide professional assistance. Many organizations operate their own employee assistance programs as part of their human resource services. Large organizations are able to afford a professional staff with counselors and psychiatric social workers. However, some organizations, both large and small, prefer to pay for the services of an outside professional organization of counselors to provide a program.

Referral Process

Employee assistance programs are designed to provide professional assistance for employees with virtually any conceivable problem, even a small problem if it persists longer than it should. Some problems are handled by members of the employee assistance program staff. Problems that the staff is not equipped to handle are referred to professional services in the community. When an employee requests help, the person handling the case must be able to diagnose the real problem, decide whether it needs to be referred to an outside agency, and know which services are available in the community and how to make contact with them. Helping employees use community services is a simple process for a professional counselor who is familiar with the services, but getting personal help can be a bewildering nightmare for certain individuals- especially for those who are dependent on alcohol or drugs. Therefore, when employees know they can call one number for any kind of problem at any time of the day or night and receive professional, confidential help, they often are encouraged to request help before a situation becomes desperate.

Certain types of employee problems and conduct should be handled as a security issue, rather than by referring the employee to an EAP. For example, if an employee exhibits angry and aggressive behavior towards others, especially if the behavior includes direct or implied threats, the situation should be addressed with a workplace threat assessment.

Confidentiality

Employee assistance programs need to follow careful guidelines to avoid legal risks regarding privacy, malpractice, or coercion. The privacy of employees must be protected, including the confidentiality of information revealed to an EAP counselor. An EAP program also has a potential liability for malpractice if an employee sustains harm through an EAP counselor's negligence. Finally, a variety of unfair charges could be made if EP services are used as an alternative to disciplinary action or as a step in the disciplinary process. Enrolling in an EAP may be part of the solution to an employee's problem, but an employee's misconduct should not be automatically excused because the employee agrees to accept help.

Costs and Benefits of EAPs

The value of EAPs was demonstrated in an evaluation of the Employee Counseling Services Program of the U.S. Department of Health and Human Services. Data from the program at several major sites were analyzed to determine the impact on job performance and reduction in administrative expenses. The analysis found that the program produced a 1:7 return after subtracting the actual costs of the program.

Employee Wellness Programs



Rather than waiting for employees to get sick and then offering assistance, many companies take a preventive posture by trying to help employees avoid illness and other unhealthful conditions. These programs are referred to as employee wellness programs because they focus on trying to keep employees well. An employee wellness program may include the following components:

- Disease management
- Employee assistance programs
- Exercise programs and activities
- Fitness courses
- Health screenings/risk appraisals
- Nutrition education
- Onsite medical program
- Personal wellness profile
- Smoking cessation

- Stress management programs
- Vaccination clinics
- Weight management
- Wellness activities and challenges
- Wellness education and communication
- Wellness rewards or incentives
- Work/life balance

According to the CDC's Workplace Health in America survey, 92 percent of worksites with 500 or more employees have a health promotion program, but just 17 percent have a comprehensive employee wellness program. Organizations that have a designated wellness staff member with a budget allocated for health promotion are significantly more likely to have a comprehensive program.⁵ Collectively, companies in the United States spend more than eight billion dollars a year on employee wellness programs.

Types of Programs

Some employee wellness programs include physical exams to assess employee health and health education to teach proper dietary habits. Other wellness programs are designed to help employees stop smoking or to eliminate alcohol and drug use. Efforts to get employees to stop smoking have included both incentives in the form of sizable financial rewards and punishments in the form of threats of being fired for violating a no-smoking rule.

The most important element in employee wellness programs may be a weight management program. Not only do overweight workers have higher health-care costs (42 percent higher, according to one report), but a recent study shows that heavier workers are more likely to have work-related injuries. The heaviest workers have 13 times more lost workdays due to injuries than fit employees.

Many companies include weight management in their employee wellness program. Some companies contract with outside providers to provide education and support. Others provide in-house programs, including on-site fitness centers, health counselors, and healthy food options in vending machines and cafeterias.

Promoting Wellness Programs

All efforts by employers to educate and motivate employees to improve their health, or to make available physical exercise opportunities, contribute to healthier habits and lifestyles. Some of the specific programs employers might consider include

- physical examinations and screenings, including pap tests and mammograms for women and PSA (prostate specific antigen) tests for men
- educating employees about monitoring their own health, such as measuring their blood pressure and cholesterol

- levels and examining themselves for signs of skin or breast cancer
- physical fitness facilities and equipment
- self-help programs to help employees lose weight or stop smoking
- nutrition classes that teach how to make fresh, low-fat, low-sodium meals and snacks
- a health advocacy service that helps employees navigate the health care system and understand the services
- provided in the company's wellness program
- providing wearable fitness bracelets that track employees' sleep and exercise habits
- preventable disease awareness workshops (including STDs, vaccine-preventable diseases, and lifestyle-related diseases)

Companies may manage and promote their wellness program via an online wellness portal. Through this portal, employees can find information about health issues, learn about and enroll in company-sponsored health programs, track their participation in wellness activities, schedule appointments with healthcare providers, access telehealth sessions, take wellness classes, and store test results and medical records.

A business case can be made for companies to encourage women to breastfeed their newborn infants and to make breastfeeding more convenient. Such policies benefit both moms and infants. Breastfed infants are healthier and their moms typically take less time off work. One-day absences to care for sick children occur more than twice as often for mothers of infants who are primarily fed formulas

Five of the most successful approaches employers can use to encourage employees to participate actively in these wellness programs are

- financial incentives for participation, such as ten cents per mile for joggers, 50 cents per mile for swimmers, and \$500 for employees who quit smoking
- additional contributions to FSAs and HAs or reductions in benefit costs, such as lower co-payments
- goal setting and reporting, such as charts on the bulletin board where employees publicly record their participation
- free time during work hours or the lunch hour when employees can exercise
- on-site facilities that are readily accessible to employees, such as a jogging track or an exercise room with weight-lifting equipment

Incentives

Employee participation in wellness programs tends to increase when they are rewarded for participating in them; but significant improvement in achieving healthy lifestyles does not happen unless employees are rewarded for achieving measurable goals, and this is what most employers want.

An increasing number of companies use penalties to lower their health-care costs and encourage a healthier lifestyle. According to a study of 800 mid- to large-size companies, sixty percent of

employers plan to impose penalties on employees who do not take measures to improve their health.

Measuring Cost Effectiveness

Corporate wellness programs cost organizations more than \$60 billion per year worldwide. 14 Whether the programs are producing outcomes that justify these costs is an important question. Employee wellness programs can be beneficial to employers if they result in lower absenteeism, reduced health insurance costs, and increased productivity. Some studies have shown that the benefits of employee wellness programs are far greater than the costs. Organizations that experience a good return on their investment in wellness are more likely to expand their programs and offer employee incentives.

The costs of employee wellness programs are fairly easy to measure; they include the expense of wellness program staff salaries, the cost of facilities, the fees for health assessment tools, and the amount paid out in incentives. Also included are the opportunity costs of lost production while employees are participating in the programs during work hours. The savings from wellness programs, however, are not as easily quantified. Most companies base their savings estimates on medical expenses not incurred, reduced insurance premiums, reduced absenteeism and tardiness, longer life expectancies, and (most importantly for the company) increased productivity.

Chemical Dependency



Drug Testing

In an effort to reduce drug use in the workplace, some employers are using drug testing to screen job applicants, and, in some cases, current employees. 17 Drug testing programs have been controversial, however, and employers must use caution in designing legal and defensible programs.

Drug testing programs have been controversial because some people claim that testing violates their personal rights, that it is an invasion of personal privacy, that the tests are unreliable, and that

drug use off the job does not impair job performance. On the other hand, employers may be liable for the improper acts of employees who use drugs if they knew or should have known that an employee's condition, propensity, or history created a serious risk and failed to take precautions. Therefore, the decisions of an employer can be challenged for either acting or failing to act against drug users. These competing forces require employers to use caution in designing legal and defensible drug testing programs.

The legal status of drug testing varies from country to country. Some countries allow it under certain conditions, while others consider drug testing a violation of basic privacy rights.

Self-assessment

1. I can list the characteristics of an effective employee assistance program.
2. I can describe the types of programs typically offered in an employee wellness program.

5.10 Security



Objectives

By the end of this section, you should be able to

1. describe the process of conducting a vulnerability analysis
2. explain signal detection theory

3. list the provisions that should be included in an organization's emergency preparedness plan
4. explain the elements of an effective anti-fraud program

Organization of Security



The responsibility for security is assigned to the human resource department in most small and medium-sized companies. But as companies become larger and more vulnerable to thefts, they are more likely to establish a separate security department. Most retail stores, for example, have a separate loss prevention department that reports directly to top management rather than through the human resource department.

Vulnerability Analysis

The first step in developing a security system for a company is to perform a needs assessment, often referred to as a risk analysis or **vulnerability analysis**. This analysis includes identifying the company's assets and analyzing potential threats to these assets.

Asset definition involves more than just listing all the buildings, equipment, and supplies. It includes an identification of all the company's assets that need protection, including physical assets, intellectual properties, information, and future economic activity.

An analysis of potential threats involves examining the criminal, natural, accidental, and operational problems that could place the assets at risk. This analysis utilizes past incident reports, area crime information, site inspections of all areas of the company, and interviews with a broad cross-section of employees. Some risks are obvious, such as a facility located on a flood plain or in a high crime area. Other risks are not as apparent, such as the consequences of a power outage to unsaved data files or the potential destruction caused by a disgruntled employee who bombs the building. The company's neighborhood and surroundings should also be examined to assess the likelihood of theft and vandalism.

A vulnerability analysis requires managers to ask 'What if?'

- What if we were out of electricity or water for an extended time?

- What if the alarm systems were inoperative?
- What if we were required to move cash or sensitive equipment to another location?
- What if we experienced severe weather conditions, such as a hurricane or heavy snowfall?
- What if our employees could not get to work, or what if they could not get home?
- What if an infectious disease outbreak disrupts our operations?

Not all risks are the same, nor are all operations of a company equally vulnerable. For example, a power outage can have a significant impact on the immediate operations of a company, especially if it disables the computer systems. Obviously, the most serious potential loss is the loss of life.

Planning

After examining the vulnerability of a company's assets, the next step is to determine the overall strategy of the security system. The philosophy and importance of security to the organization is a significant factor in the design of a security system. Security systems range from very simple procedures, such as locking doors, to very elaborate systems using electronic surveillance.

Once a company identifies its risks, it can begin to design a security procedure that includes both technical security systems and the administrative processes to manage them. Increasingly, security systems are being integrated with computer systems that are linked and controlled from one central security location.

Technical security systems may include

- access control
- surveillance
- alarm systems
- locks and locking mechanisms
- central security stations
- patrol services

Plans need to be created and communicated to all employees informing them how to respond to emergency situations such as fires, earthquakes, hurricanes, and employee violence. Fire drills that require employees to practice exiting a building are not just for grade-school children. After an explosion or when a building is engulfed in flames it is too late to present training on emergency exits and how to find them.

Evaluation

In evaluating a security system, managers need to assess the level of risk and the frequency of incidents. Four different conditions may occur; these conditions are represented in the matrix in [Exhibit 5.5](#).

		RISK	
		Low	High
FREQUENCY	Low	LF-LR	LF-HR
	High	HF-LR	HF-HR

Exhibit 5.5: Frequency/Risk Matrix

1. **Low Frequency-Low Risk (LF-LR):** These incidents are often ignored since the risks are trivial and losses
2. **Low Frequency-High Risk (LF-HR):** These incidents are frequently the focus of civil litigation and the parties look for deep pockets and anticipate large settlements
3. **High Frequency-Low Risk (HF-LR):** These incidents are usually handled with standard security systems that require little attention
4. **High Frequency-High Risk (HF-HR):** These incidents warrant careful attention from top management, the human resource department, and the security staff.

Protection of Employees Against Kidnapping

A concern for the welfare of employees has been prompted by the kidnapping of several employees who have been assigned in foreign countries. Although the threat of kidnapping is quite remote, it is an increasing risk, especially for executives and others who might be seen as a symbolic representative of a company or a country. Advance planning and precautionary measures ought to be taken. Advanced planning usually involves having electronic surveillance equipment available to record phone conversations and trace phone calls and arranging to secure sufficient cash to gain the immediate release of the employee.

Precautions include having employees use random routes as they travel to and from the office and avoid following regular patterns in their daily schedules, providing security escorts during commutes, establishing travel policies and procedures, and installing home and office security systems.

Transportation Security

Significant amounts of theft and fraud are associated with the transportation of products and these losses are difficult to prevent. In many cases, thefts are not discovered until the shipments fail to reach their final destination, making it almost impossible for the transportation company to pinpoint the exact location of the theft.

Control Systems



Physical Security

Physical security systems are designed to protect a company's buildings, equipment, and other assets. The first line of defense is a perimeter fence with locked gates that only allow authorized people to enter. The trend is to have more locked gates and doors and to limit access only to authorized people. Individual cards and access codes have simplified the process of limiting access to approved areas.

Some companies maintain surveillance by using a closed-circuit television (CCTV) system that is monitored from a central area with dozens of monitors. Some CCTV systems are constantly operating, while others only operate when they are activated with an alarm or a sensing mechanism triggered by movement. Recordings can be made from the CCTV system and retained for a period of time. These recordings can be very useful in identifying thieves, especially at convenience stores, gas stations, and other vulnerable establishments. Recordings have contributed greatly to the apprehension and prosecution of shoplifters and armed robbers.

CCTV equipment designed to observe what is happening is often installed in full view of the public. A visible system also serves to deter crime by letting subjects know they are under surveillance. Occasionally, however, a covert installation is more useful. For

example, in the produce departments of grocery stores, where sprinkler systems are used, about 90 percent of the slip-and-fall claims are fraudulent and can be exposed by a hidden camera. Using a hidden camera makes it more likely that an unsuspecting violator will be viewed, recorded, and apprehended while committing the act. Covert installations also avoid changing the aesthetics of a building or room. The most common covert systems use lenses that are mounted behind pinholes or mirrors in walls, camouflaged in ceiling-mounted sprinkler heads, or positioned in dome-shaped mirrors where they can be directed. Using fiber-optics, the lens can be located several feet from the camera, such as on the other side of a thick wall or in a different room.

Disturbance

Disturbances present difficult challenges to security personnel because the disturbance may be caused by the company's own employees. Strikes and picket lines often result in disturbances that lead to violence and damage. Companies have an obligation to protect both their assets and the lives of their employees, some or all of whom may be causing the disturbance.

Parking and Traffic

Parking areas are most dangerous at night in high crime areas. Lighting is one of the most effective deterrents to crime in parking lots. If employees come to work or leave work at times when they would have to find their cars in a dark parking lot, employers should provide lighted parking areas. Employees who feel unsafe should be able to ask for someone to accompany them to their cars. Closed circuit television also adds to the security of a parking area.

If employee parking lots are located in areas where parking is limited, access to the employee parking area should be restricted to those who are authorized to park in that area. Access can be limited by gates and barricades that are activated by an electronic card.

Entry Systems

Entry systems are involved in controlling the ingress and egress of people using physical controls, identification systems, and security points. Typical control points include driveways, walkways, perimeter lines, front doors, back doors, and loading docks. A typical access system requires a card that is electronically coded.

Recent developments in biometrics can allow or restrict the entry of people based on their fingerprints, the iris and retina their eyes, or their voice. These biometric features are

unique to each person, especially fingerprints, the iris, and the retina. In no case have duplicates been documented in these three features. The disadvantage of **biometric access** devices is that the instruments for reading them are considered slow, unreliable, and intrusive.

A theory for evaluating and improving the accuracy of entry systems is called "**signal detection theory**." This theory is a systematic approach for studying human vigilance and categorizing the kinds of mistakes human monitors are likely to make. [Exhibit 5.6](#) is a two-by-two matrix that shows the four kinds of decisions that can be made by a human monitor, such as an officer monitoring a metal detector at an airport.

		ENVIRONMENTAL SITUATION	
		Actual Threat	No Threat
OFFICER'S ACTION	Detects Threat	Hit	False Alarm
	No Action Taken	Security Breach	True Miss

Exhibit 5.6: Signal Detection Theory

According to signal detection theory, two factors influence the accuracy of a human monitor's performance: the detectability of the target and the monitor's bias or expectancy that the target will appear. The detectability of the target (such as a gun or an unauthorized person trying to enter a facility) is influenced by the amount of "background noise" associated with the target. Background noise could be glare on an x-ray screen, weapons with too little metal to detect, forged passes. Or large crowds of people trying to enter. Accuracy depends partly on the signal-to-noise ratio: as the signal from the target decreases or the amount of noise increases.

The bias or expectancy of discovering the target influences the likelihood that the monitor will actually see it. If the target rarely appears, monitors become accustomed to not seeing it and are more likely to miss it. If the expectancy of seeing a target increases, however, the monitor will be more likely to report seeing it both when it is there and when it isn't.

According to signal detection theory, people differ in their ability to detect visual signals within a visual background and people with this aptitude should be selected for these kinds of monitoring jobs. The performance of monitors can also be improved with frequent reinforcement, including record keeping and expressions of appreciation.

Electronic Security Devices

Numerous electronic devices have been designed to make companies more secure. In deciding whether to use an electronic security device it is important to remember their limitations.

- Alarms do not prevent trouble; they only detect trouble.
- No alarm is useful if there is no person to respond to it.
- Alarms do not replace guards; they only assist guards.

Many different kinds of alarms are available to increase the security of assets, and choosing the best alarm depends on the purpose of the alarm and the nature of the threat.

Privacy Protection



The issue of privacy in the workplace has been a growing concern because modern technology allows for the storage and retrieval of extensive information. Through background investigations, reference checks, and psychological testing, the privacy of an individual can be so thoroughly invaded that more information can be made public about a person than the person even remembers. In addition, many organizations provide wearable devices, such as fitness bracelets, to their employees. These devices track employees' movements on the job, as well as their sleep and exercise habits. The staggering amount of personal information collected by these devices creates concerns about data security and the protection of employee privacy.

Unless an employer states otherwise, most employees have a legitimate expectation of privacy regarding areas assigned to them, such as lockers, desks, and offices. The following types of activities are considered a violation of an employee's right of privacy.

- Any intrusion into an employee's private activities that would cause mental suffering, shame, or humiliation to a person of ordinary sensibilities, such as wiretapping, videotaping, or inspecting a person's locker or desk.
- Making offensive and untrue statements about one's characteristics, conduct, or beliefs.
- Distributing information about a person's private affairs to people who do not have a legitimate need to know this information.
- Exploiting an individual's personality, such as using a person's name, picture, or likeness in advertising without the person's consent.

Protection of Proprietary Information



Computer Security

Employers should have security protocols in place to protect information stored on computer systems. This includes conducting **computer security audits**, which consist of carrying out security vulnerability scans, reviewing system access controls, and evaluating physical access to systems. Personal computers, servers, mainframes, network routers, switches, and devices connected via Wi-Fi should all be included in the security audit. Inadequately protected systems are vulnerable to the following types of security threats.

- unauthorized access by hackers, thieves, and other outside people
- unauthorized access by internal people who breach internal security or access areas they are not supposed to access because no internal security exists
- equipment failures, such as a hard disk crashing
- power outages that result in the loss of information
- theft of computers or software
- viruses, worms, and spyware

Companies use **firewalls** to reduce the danger of security breaches that could occur as company-sensitive information is accessed via the internet. A firewall is a collection of network components

placed between two networks that reduces the risk to a single system in a multi-system environment. A firewall blocks and checks all incoming network traffic and permits only authorized users to obtain or transmit privileged information. The three properties of a firewall are

1. All traffic between the internet and the organization's internal network must pass through the firewall.
2. Only authorized traffic, as defined by the organization's security policy, is allowed to pass through.
3. The firewall itself should be immune to penetration. However, some computer experts claim they can penetrate any firewall and when they have been challenged, they have succeeded.

To control for viruses, worms, and spyware, Local Area Networks should have a virus check installed on the system to check for both viruses and unauthorized programs each time a user logs onto the system. Viruses can be very disruptive and costly if they corrupt or destroy programs or data files. But even if they are friendly viruses that simply create a nuisance, they can be very frustrating and time-consuming to eradicate. Unauthorized programs can likewise be very costly if they are being used in violation of a valid copyright.

Industry Guidelines: The computer industry suggests these security guidelines.

- Companies should have comprehensive written policies and procedures regarding their computer security.
- Protection against fire should be provided by ensuring that buildings comply with fire codes and employees are trained in fire drills.
- Air conditioning systems should be maintained and alternative sources of electricity should be available when normal power is lost.
- Information system facilities should not be located below flood levels, near railroad lines, or by busy highways.
- Employees should be trained about security policies and procedures, such as log-on and password procedures and protection of computer hardware and data assets.
- Sensitive systems should be identified and users of those systems should be issued one-time passwords. Users of other systems can be issued reusable passwords that should be changed monthly.
- Qualified and experienced analysts should review the system for service interruptions, data disclosure, and risks of fraud
- Sensitive data should be encrypted and interpretation keys kept secure.
- Access to the internet must be secure to prevent outside parties invading internal files.
- All data and system files should be regularly backed up according to a written schedule, and backup files should be stored at a separate location.
- Regular checks should be made for viruses.

Data breaches: While reports of notoriety-seeking hackers are more likely to make the news, 80 percent of data breaches are perpetrated by organized crime not for celebrity, but for the purpose of stealing money, intellectual property, and sensitive information. Most computer break-ins are

due to human error. In fact, nearly 30 percent of all data breaches are a result of phishing attacks, where the criminals trick those with system access into revealing their login information.

Ransomware attacks are increasing both in frequency and in the amount extorted from organizations. Cybercriminals gain access to an organization's computer system, lock out the legitimate users, and demand payment to relinquish control. Ransomware attacks cost organizations millions of dollars in ransom payments and lost revenue.

While firewalls and virus scans are essential, vigilance by an organization's employees is the most important deterrent against cybercrime. Everyone with computer access should be trained to recognize potential threats.

Data theft by employees: Less than 20 percent of data breaches are perpetrated by employees," but exit interviews indicate that a significant percent of departing workers take some form of proprietary or confidential data with them. Data theft is particularly troublesome during layoffs since unhappy employees often think they have nothing to lose by stealing proprietary data. Since data can be easily stolen using small devices such as flash drives, employers need to take special precautions to protect proprietary information and other intellectual property.

During exit interviews with departing employees, they should be shown confidentiality agreements that they signed earlier and be reminded of their commitment. They should be asked to sign a document saying that they have returned all computers and electronic storage devices and that they have not made copies of such records. In their severance agreement, they should be reminded about post-termination restrictive covenants, intellectual property assignments, and non-solicitation agreements.

When data theft is suspected, employers need to act quickly to investigate and protect their data. A computer forensics expert should be contacted immediately to gather evidence before it is destroyed. The company's legal counsel should also be involved early to protect the attorney-client privilege and ensure that the investigation follows legal procedures. Each step of the investigation should be documented since this information may later be needed in a trial.

When data theft is suspected, information from multiple sources should be examined to form a picture of what has happened. Key sources of information include email records, website logs, cell-phone logs and telephone bills, office telephone logs, office access logs, subscriber identity module (SIM) cards and other electronic storage media, text files, and video-recorded surveillance records of the building and parking garage. Potential witnesses should be identified and interviewed.

Electronic Data Retention: The Federal Rules of Civil Procedure's e-discovery rule requires employers involved in litigation to preserve and release relevant electronic documents, including instant messages and email messages. Human resource managers should help develop document retention policies that define where and how long documents, will be stored and how those documents will be destroyed at the end of the retention period. Email can present an especially difficult issue for employers. Companies should have comprehensive email policies that define the proper use and content of email messages, along with establishing guidelines for their retention.

Companies should inform employees that personal email and instant messages stored on work computers may be considered relevant business documents in cases of employment litigation, and employers should have policies regarding personal electronic communication.

Crisis Management and Contingency Planning



Part of an employer's obligation to provide a safe and healthful work environment is ensuring that the company has an emergency preparedness plan for handling such emergencies as fires, explosions, earthquakes, chemical spills, and acts of terrorism. An effective plan includes at least the following provisions.

1. **Clarify the chain of command:** In times of emergency, people must know who to contact and who has authority to make critical decisions. Backup positions should be designated and clearly defined in the event the individual in a leadership role is killed, injured, or not in a position to give instructions.
2. **Employee accounting:** Someone in the company, with a backup, should be responsible for accounting for all employees when an emergency strikes. All employees should know who to contact to report their status and what they know about others.
3. **Communications center:** A command center should be established to coordinate communications. A designated center is necessary to receive incoming communication and dispense information. Provisions should be made for establishing alternative communication procedures since normal communications systems may be destroyed.
4. **Employee training:** Employees should know what to do when an emergency strikes. All employees need to know such things as emergency evacuation procedures, alarm systems, fire drills, reporting procedures, shutdown protocols, and procedures for identifying and accounting for employees. OSHA recommends this training occur annually.

5. Medical assistance: Employers should have first aid kits and medical supplies available. Specially trained employees should be available to render medical assistance in emergencies. Protective clothing should be available in areas where it may be needed. Water fountains for flushing an employee's eyes should be located in areas where chemical spills are likely.

6. Emergency team: A team of healthy and capable employees should be specially selected as an emergency response team and trained in the following.

- administering first aid and cardiopulmonary resuscitation (CPR)
- initiating shutdown procedures
- organizing evacuation procedures
- using respirators and oxygen systems
- using fire extinguishers
- searching and rescuing employees, especially the disabled
- shutting off utilities
- assessing when evacuated buildings are safe to reenter

7. **Continuity and recovery plans:** Organizations should have contingency plans for reestablishing critical organizational functions after an emergency situation. As the scope of a disaster becomes clear, a recovery plan should be created to address the needs of the specific situation.

Emergency Preparedness

Although some companies have comprehensive plans for what to do in case of emergencies, most companies only have partial plans and their employees have not been adequately trained in how to respond to crisis situations. It is difficult to anticipate all possible emergency situations and each crisis could call for a different response; extreme weather conditions, fires, and terrorist acts would require very different training. However, employees can be trained to respond to general emergencies and can also be given specific training to deal with scenarios that are more likely in their area. For example, companies in the midwestern United States should train their employees on the proper response to a tornado alert, and those located in coastal areas should be prepared to deal with hurricanes.

Companies should implement these steps.

- Develop an executive policy regarding emergency responses.
- Appoint a program coordinator to oversee the development and implementation of a plan.
- Create an advisory committee.
- Conduct a risk assessment.
- Develop a plan.
- Continually evaluate and modify the plan in response to emerging risk factors.

- Communicate the plan to employees and train them how to respond.

Communicating with Employees during an Emergency

Developing a communication plan is an important aspect of emergency preparedness. Receiving timely information in the event of an emergency can help keep employees safe and provide peace of mind. The following are suggestions for managing emergency employee communication.

- Develop an emergency communication plan that describes how employees will be contacted given various scenarios and what type of information will be shared. While not all circumstances can be anticipated, a general plan with several contingencies will give organization leaders a head start when an emergency strikes.
- Disseminate information as soon as possible. Silence from an employer following an emergency can be disconcerting to employees. Even a message from the employer saying that the situation is being evaluated and that updates will be sent soon can provide reassurance. Accuracy should not be sacrificed for speed, however.
- Provide the information most relevant to the employees, including updates about facility closures, recovery plans, work schedule changes, and the condition of affected coworkers.
- Test the emergency communication system periodically to ensure that information can get to the employees accurately and efficiently.
- After an emergency situation, evaluate communication with employees to assess what went well and what can improve.

Protecting International Employees

Companies with employees who live in or travel to foreign countries, especially countries with higher levels of terrorist activity or political unrest, must have plans for protecting their employees. Effective security plans should include an assessment of the potential risks, measures to mitigate those risks, and crisis strategies that include plans for emergency medical treatment, including medical evacuation, if necessary; plans for dealing with conflict situations, such as war, terrorist attacks, and political upheaval; and plans for responding to natural disasters.

Employers have a "duty of care" responsibility that has been defined by legislation in many Western Europe and North American countries plus Australia and New Zealand. This duty of care obligation includes responsibilities for injuries and illnesses to employees and their family members.

Workplace Violence

Workplace violence is defined more broadly than just acts of violence; it refers to any act taken by an employee that undermines the purpose for which an enterprise exists.¹⁵ OSHA's definition of

workplace violence includes assault, criminal mischief, disorderly conduct, harassment (which includes using abusive or obscene language, following someone, and behavior that alarms or seriously annoys another person), larceny, menacing, reckless endangerment, robbery, and sex offense 16 The form of violence that has received the greatest attention, however, is random, premeditated killing by disgruntled or former employees.

When workplace violence occurs, the human resource department is usually expected to account for all employees and restore calm in the aftermath of an emergency. Human resource managers are expected to have a program for preventing violence, as well as a plan for responding to violent episodes after they happen. Companies should implement workplace violence policies that include the following.

- **Zero tolerance:** A prohibition of workplace violence, including verbal threats, physical violence, and non-work-related weapons.
- **Prevention:** Strategies and training to prevent workplace violence and help managers, supervisors, and co-workers recognize danger signs and respond appropriately before violence erupts.
- **Crisis management:** Plans for responding to threats and violent confrontations.
- **Recovery:** Counseling and support for victims and other employees who may have been traumatized by an incident of workplace violence.

Violence usually occurs when troubled employees experience an adverse event at work. The most severe adverse events are disciplinary actions and layoffs. Disciplinary actions are more likely to lead to violence if they are harsh, unreasonable, or unfair, but even proper discipline can make employees angry. To reduce the likelihood that a disciplinary action will turn violent, managers should do the following.

- Avoid disciplining a worker in public; talk with the worker in private and try to keep the problem a private matter.
- Make certain that workers have an opportunity to describe their side of the story and explain any extenuating circumstances.
- Do not allow managers to discipline workers when the managers are angry or out of control.
- Do not give supervisors the authority to fire an employee on the spot. Even if an employee's conduct is egregious and the employee must be removed from the work site, such as for fighting or theft, the issue should be reviewed later and a termination decision made at that time.
- Avoid letting angry workers leave alone. Try to calm them by talking about the issue or arrange for a friend or family member to accompany them.

Layoffs can be extremely threatening, especially when workers are ego-invested in their jobs or when they have no other alternatives. Fears of financial insecurity and being unable to support a family can be absolutely terrifying. Corporate downsizing often results in layoffs, which lead to increased animosity among both terminated and remaining employees.

Terminated employees occasionally try to damage the company out of a feeling of revenge. Therefore, it is often recommended that terminated employees be handled in a way that protects the company's files, business secrets, and computer equipment. Some companies confiscate the employees' keys, access cards, and employee ID badges immediately and then allow them only a few minutes of supervised time to remove their personal belongings from their offices. Security officers escort them out of the building to ensure that no acts of vandalism occur.

Although these procedures protect the company's assets, they are very demeaning to employees and tend to create hostile feelings. The following suggestions may reduce these feelings of hostility.

- Explain why the employee is being terminated and describe the specific details of severance packages, unemployment benefits, and out-placement services. Prepare written notes for the employee and offer to explain this information again later when the employee feels less threatened.
- Always have two representatives of the company present to substantiate what is said and reduce the likelihood of disseminating incorrect information.
- Tell the employee what he or she is expected to do next, such as "When you leave here, go back to your office and take time to pack your belongings and say good-bye to whomever you like. We will ask one of your co-workers to help you. You should leave this morning. We suggest that you go home and discuss what has happened with your family. Call us tomorrow, and we will review what we have said about your severance package and the available out-placement services.
- If the employee is suicidal or depressed, help from the employee assistance program should be offered. A friend from work or a family member could accompany the person home.

Some workplace violence stems from the personal problems of employees rather than from adverse events at work. Managers and supervisors need to be able to recognize troubled employees and try to respond to their needs before they resort to violence. Some of the major conditions that lead to violence include the following.

- Alcohol and drug use: Rational thought processes can be impaired by alcohol and drugs. Employees who use alcohol or drugs may display violent and irrational behaviors that they would never do if they were not impaired.
- Paranoia: People who are paranoid believe that someone or something is out to get them. One of the most extreme forms of paranoia occurs when people hear "command hallucinations of voices telling them to do something violent. Paranoid people often talk about their fantasies and anxieties, which may provide a warning of trouble and a call for help.
- Obsessive disorders: Romantic feelings can become obsessive disorders when workers allow their fantasies to go unchecked and become irrational desires. A worker may first send love notes or strange email messages and then begin stalking another employee. When such a person is rejected, there is a possibility that the person will become violent. Stalking is itself harassment and should be stopped before it turns violent.

- Neurological disorders: Various neurological disorders contribute to rage reactions and displays of violence. Some people who use medication to control their emotional reactions become violent when they fail to take their medications.
- Intermittent explosive disorders: Some people fail to restrain their angry feelings and allow their anger to explode into rage. They typically become even more angry when they are restrained. This self-defeating spiral of anger often results in violence and injury.

Active Shooter Situation

Recent events underscore the importance of preparing for active shooter situations as part of an overall emergency action plan. An active shooter is an individual engaged in attempting to kill people in a confined space or populated area, typically using firearms. In a work setting, active shooters may be employees, former employees, relatives or acquaintances of employees, individuals for whom an organization provides services (i.e., customers, clients, patients, students), or individuals entirely unrelated to the organization. Active shooter situations are unpredictable and evolve quickly and are often over within 10 to 15 minutes.

Human resource managers may help reduce the likelihood of an active shooter situation and can mitigate the seriousness of any incident that does occur by doing the following.

- Screen potential employees carefully, including thorough background checks.
- Create a system for reporting signs of potentially violent behavior, which may include angry outbursts, direct or indirect threats, noticeable decrease in attention to appearance and hygiene, suicidal comments, statements about "putting things in order," paranoid behavior (i.e., saying "everybody is against me"), and sudden changes in behavior and work performance.
- Provide counseling services to employees.
- Develop an emergency action plan which includes procedures for dealing with an active shooter situation, including replanned evacuation routes, emergency communication procedures, and contingency plans.
- Establish access controls (i.e., keys, security systems, pass codes).
- Assemble crisis kits containing floor plans with evacuation routes, emergency contact numbers, employee lists, radios, flashlights, and first aid kits.
- Provide training to managers and employees for dealing with an active shooter situation, including simulations and action plans (i.e., run, hide, fight).

After an active shooter has been apprehended or incapacitated and is no longer a threat, human resource managers should do the following.

- Account for all individuals to determine who, if anyone, is missing or potentially injured.
- Notify families of individuals affected by the active shooter, including any casualties.
- Assess the psychological state of individuals at the scene, and refer them to health care specialists accordingly.
- Identify and fill any critical personnel or operational gaps left in the organization as a result of the active shooter.

- Create a report of the incident to document response activities, to identify successes and failures in dealing with the event, and to provide an analysis of the effectiveness of the existing emergency action plan and how to improve it.

Terrorism

Terrorism is the use of force or violence against persons or property in violation of the criminal laws of the United States for purposes of intimidation, coercion, or ransom. Terrorists use threats and violence to create public fear, to discredit the government, or to generate publicity for their causes.

A terrorist attack can take many forms, depending on the technological means available to the terrorist, the nature of the political issue motivating the attack, and the points of weakness in the terrorist's target. Bombings are the most frequently used terrorist method. Other possibilities include attacks on transportation facilities, attacks against utilities or other public services, or incidents involving chemical or biological agents.

Because human resource managers are expected to manage crisis situations, they should learn about the nature of terrorism. Terrorists often choose targets that offer little danger themselves and areas with relatively easy public access. Foreign terrorists look for visible targets where they can avoid detection before or after an attack such as international airports, large cities, major international events, resorts, and high-profile landmarks.

HR managers should prepare to deal with a terrorist incident by adapting many of the same techniques used to prepare for other crises.

- Learn about the different types of terrorist weapons including explosives, suicide bombers, kidnapping, hijackings, arson, shootings, and biological weapons.
- Be alert and aware of the surrounding area. The very nature of terrorism suggests that there may be little or no warning.
- Take precautions when traveling. Be aware of conspicuous or unusual behavior. Do not accept packages from strangers. Do not leave luggage unattended.
- Learn where emergency exits are located. Think ahead about how to evacuate a building, subway, or congested public area in a hurry. Learn where staircases are located.
- Assess your immediate surroundings. Be aware of heavy or breakable objects that could move, fall, or break in an explosion.

The use of explosives by terrorists can result in collapsed buildings and fires. People who live or work in a multi-level building should do the following.

- Review emergency evacuation procedures.

- Know where fire exits are located. Keep fire extinguishers in working order. Know where they are located and how to use them.
- Learn first aid.
- Contact the local chapter of the Red Cross for additional information.
- Keep the following items in a designated place on each floor of the building: a portable, battery-operated radio and extra batteries; several flashlights and extra batteries; a first aid kit and manual; several hard hats; and fluorescent tape to rope off dangerous areas.

Fraud and Loss Prevention



A serious disciplinary problem for all organizations concerns any form of illegal or dishonest behavior- including theft, embezzlement, misuse of company facilities, or falsifying records. Statistics show that such dishonest acts have increased dramatically in recent years. White-collar crime is not always in the form of employees stealing from the company. Many white-collar crimes are committed by the top corporate officers on behalf of a company.

Fraud

Organizations lose a substantial amount of assets each year to fraud. Manufacturing, banking, and insurance are the most susceptible industries, and employees in accounting and upper management are the most likely offenders. The association has found that in most cases one or more behavioral red flags were present that could have warned of the potential for fraud. In 81 percent of fraud cases, at least one red flag was displayed. The most common warning signs were living beyond one's means and personal financial difficulties.

A model explaining the causes of fraud suggests that the decision to commit fraud is determined by an interaction of three forces.

1. **Situational pressure:** the immediate pressures that individuals experience in their environment, such as high personal debts and financial losses.

2. **Opportunity to commit fraud:** opportunities that individuals create for themselves, such as gaining control of critical financial operations, and those that are created by an organization, such as having poor internal accounting procedures or allowing related-party transactions.

3. **Personal integrity:** the personal code of ethical behavior adopted by an employee.

According to the model, companies can reduce illegal and dishonest acts by reducing the situational pressures, by making opportunities less convenient, and by increasing or reinforcing personal integrity.

Investigations

When employees are suspected of stealing, a company faces an uncomfortable dilemma. Investigation and prosecution usually consume time and money and create adverse publicity; however, if theft continually goes unpunished, employees are more inclined to steal. Most companies prefer to quietly dismiss a dishonest employee rather than to prosecute the theft. This leaves the dishonest person free to find another job and to continue stealing. When they begin to prosecute a crime, many companies are surprised to discover that an accused employee has an extensive history of dishonest conduct that they had previously overlooked.

Even if an illegal act is not prosecuted, the employee committing the act is usually discharged. The official basis for the discharge is sometimes listed as violating a company rule rather than as criminal theft. Discharges for theft are almost always upheld by an arbitrator unless a company does not have sufficient evidence. Occasionally, an arbitrator will overturn falsification of a job application if the employee has a history of good job performance. But falsification of work records, time records, or expense accounts, or falsifying medical records to obtain insurance benefits, are usually automatic grounds for discharge if proof exists beyond a reasonable doubt.

The following principles are recommended for investigating internal fraud and thefts.

- Use an outside investigator when allegations involve senior management or the crime involves advanced technology, such as computer security or network hacking.
- Eliminate the possibility of external theft before concluding that it is a case of employee theft.
- Create a list of all possible suspects and rank them according to their likelihood of guilt.
- Interview the suspects beginning with the least-likely suspect and proceeding to the person most likely to have committed the crime.
- Every suspect should be asked the same questions initially. Later questions can probe areas of uncertainty or vulnerability.
- Ask employees to make a detailed written description of their daily duties and examine how their activities could have allowed them to commit the crime.
- Individuals who are highly suspected of the crime should be interrogated to obtain a confession. Even if firm evidence exists, it is better to have a signed confession to make prosecution easier.
- Interrogations should not create undue duress. Since the interrogation involves accusations, the suspect must be free to leave at any time, to get a drink of water, or to go to the restroom.

The interrogation should not last more than four hours. The questioner should face the suspect, approximately five feet away and with nothing between them. Witnesses should be present for interrogations among members of the opposite sex.

- Confessions should be written and signed. The statement should say that no promises or threats were used to obtain the confession and that the suspect knowingly committed the crime. Details of the crime should be included and a third party should sign the document as a witness.
- Appropriate law enforcement officials should be notified of the crime.

Loss Prevention

Companies that have a high risk of theft and fraud, such as retail firms, often have a separate loss prevention department assigned to protect their assets and cash. Retail stores measure their losses in terms of **inventory shrinkage**, which refers to the amount of inventory they actually have relative to what they should have based on the inventory they purchased and what has been sold.

The most frequent kinds of retail thefts include employee theft, shoplifting, and vendor theft. Theft by a firm's own employees accounts for the greatest percent of the losses. It is estimated that employee theft accounts for about 50 percent of inventory shrinkage, while shoplifting by customers' accounts for about 30 percent, and vendors steal about five percent. The remaining 15 percent is due to paperwork errors, such as failing to account for damaged or returned merchandise.

Some suggestions for reducing losses and improving the security of vulnerable firms include

- Carefully screen all employees who will occupy positions of trust by conducting background investigations and using honesty tests.
- Carefully monitor all business transactions of customers, buyers, and vendors and maintain accurate written records.
- Use surveillance cameras when necessary to observe cash register transactions, refunds, and voided sales.
- Maintain comprehensive and accurate accounting records and have them periodically audited by professional auditors.
- Establish a physical security system to protect the company's assets, such as with Electronic Article Surveillance (EAS) systems, Point of Sale (POS) systems, or dye tags.
- Eliminate "blind spots," areas in a store where customers cannot be easily observed.
- Provide adequate sales associates to assist and observe customers.

Self-assessment

1. I can describe the process of conducting a vulnerability analysis.
2. I can explain signal detection theory.
3. I can list the provisions that should be included in an organization's emergency preparedness plan.
4. I can explain the elements of an effective anti-fraud program.



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