

12

CHAPTER

Performance Appraisal

Key Concepts

After completing this chapter, you will be able to define these supervisory terms:

- adjective rating scale
- appraisal process
- behaviorally anchored rating scale (BARS)
- central tendency error
- checklist
- critical incidents
- employee counseling
- extrinsic feedback
- group-order ranking
- halo error
- individual ranking
- intrinsic feedback
- leniency error
- paired comparison
- performance appraisal
- performance feedback
- recency error
- similarity error
- written essay
- 360-degree appraisal

Chapter Outcomes and Learning Objectives

After reading this chapter, you will be able to:

- 12-1. Describe the three purposes of the performance appraisal.
- 12-2. Differentiate formal and informal performance appraisals.
- 12-3. Describe key legal concerns in performance appraisals.
- 12-4. Identify the three most popular sets of criteria that supervisors appraise.
- 12-5. Contrast absolute and relative standards.
- 12-6. List human errors that can distort performance appraisal ratings.
- 12-7. Describe what is meant by the term *360-degree appraisal*.
- 12-8. Describe the purpose of employee counseling.

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Responding to a Supervisory Dilemma



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A review of the topic of employee performance appraisals finds that it is almost universally disliked. Supervisors do not like to give them and employees do not like to receive them. So why do organizations even bother to do them? "...Jim Heskett, writing in the Harvard Business Review, argues that the debate over the utility of performance reviews centers around a 'forced ranking' system, made popular by GE, which not only purports to identify the top performers, but also the underperformers..."* The notion of identifying overachievers and subpar performers in order to deal with them in an appropriate fashion appears to drive the continued use of performance appraisal.

Performance appraisal may be defined as a structured formal interaction between an employee and a supervisor that usually takes the form of a periodic interview (annual or semiannual), in which the work performance of the employee is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. The goal of the review process is to recognize achievement, to evaluate job progress, and then to design training for the further development of skills and strengths. A performance appraisal may stimulate an employee's interest and improve their job performance. The real potential of appraisal is as a tool for motivation and development.

Fortunate or not, supervisors are likely to be the ones doing the review/appraisal. Most supervisors recognize the importance of effective performance management systems in an organization. They know that employee performance is essential to a company's success or failure and that a unified system for performance evaluations should be in place for organizations to give feedback to their employees. The larger the company, the more likely there is a standardized appraisal form and formal procedures to follow. The procedures are critical to ensure equal opportunities are given, and most supervisors would agree that performance appraisals must meet equal employment opportunity (EEO) requirements. That is, they must be administered in such a way that they result in a fair and equitable treatment of all employees in today's diverse workforce.

The performance appraisal should contain standards that are measurable, understandable, verifiable, equitable, and achievable. The performance appraisal should tell employees what they have to do and tell them how well they have to do it. Performance standards should be set and reviewed with each employee so they know what is expected of them. Used effectively, appraisals can be beneficial working documents available for discussion, and not merely paperwork filed in a drawer to be seen only when ratings are required. Additionally, the standards must describe work assignments and responsibilities that are significantly influenced by an employee's work effort and within the employee's control.

Embedded in the document should be statements of quality intended to address how well the employee is expected to perform the work or the accuracy or effectiveness of the final product. The standards for quantity must address how much work the employee is expected to produce, and the indicators for timeliness should be in place to address how quickly, when, or by what date the employee is expected to produce the work. Supervisors should remember that a performance appraisal is a review and discussion of an employee's performance of assigned duties and responsibilities. The appraisal must be based on results obtained by the employee in his or her job, not on the employee's personality characteristics.

*Ray Williams, "Why CEOs need to scrap employee performance reviews," *Wired for Success*, May 17, 2011, *Psychology Today*, <http://www.psychologytoday.com/blog/wired-success/201105/why-ceos-need-scrap-employee-performance-reviews> (accessed May 25, 2011).

Supervisors should plan to provide ongoing feedback to their employees. Designing effective feedback into a performance management program will improve individual performance and make the organization more effective. With effective feedback processes, employees can see their progress and that may motivate them to reach their performance goals. Feedback works best when it relates to a specific goal, and employees should receive information about how they are doing in as timely a fashion as possible. Feedback should be given in a manner that will best help improve performance. In some cases an employee's peers, who work with them on a day-to-day basis, are going to know their job performance and may assist in providing feedback.

No legislative regulations, such as EEO laws, exist to enforce ethical standards in performance appraisal. Thus, the evaluation process may be, and frequently is, lacking in ethical practice. Because of this, there are many who believe that organizations should do away with performance appraisals and evaluations. Because there are gray areas when it comes to evaluations, they may meet legal requirements but verge on questionable practices.

There are many reputable sources—researchers, management commentators, and psychometricians—who have expressed doubts about the validity and reliability of the performance appraisal process. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it.[†] Indeed, even though many supervisors believe the appraisal is an effective tool to evaluate performance and provide feedback that will aid employees in developing their career goals, they acknowledge that many employees focus on their ranking in the metric instead of the recommendations for improvement of their workplace performance. It appears that many employees disregard the teachable moment provided by the appraisal process and either ignore the feedback or defend their performance.[‡]

So what is the answer? Why do supervisors use performance appraisals? Do you feel employee appraisals are a valuable tool in assisting supervisors in understanding how their employees are performing? Do they accomplish their intended goals? What are their real effects? Do supervisors really need performance appraisals? Are there other ways to accomplish these goals? Do you believe an organization can have an effective performance appraisal process without sincerity and honesty dominating the system? How would you handle employee evaluations as the supervisor?

[†]M. G. Derven, "The Paradox of Performance Appraisals," *Personnel Journal* 69 (February, 1990), 107–111.

Additional Sources: See T. Juncaj, "Do Appraisals Work?" *Quality Progress* 35, no. 11 (November 2002), 45–50; M. Brown and J. Benson, "Rated to Exhaustion? Reaction to Performance Appraisal Process," *Industrial Relations Journal* 34, no. 1 (March 2003), 67–81; and B. Erdogan, M. L. Kraimer, and R. C. Liden, "Procedural Justice as a Two-Dimensional Construct: An Examination in the Performance Appraisal Context," *Journal of Applied Behavioral Science* (June 2001), 205–223.

[‡]T. Coens and M. Jenkins, *Abolishing Performance Appraisals: Why They Backfire and What to Do Instead* (San Francisco: Berrett-Koehler Publishers, 2000), http://www.bkconnection.com/static/Abolishing_Performance_Appraisals_EXCERPT.pdf (accessed May 25, 2011).

“I know it’s wrong,” remarked Ron Connors. “I know I should do more in terms of performance appraisals with my employees, but I don’t. As long as my boss doesn’t get on my case, I sort of ignore them. The reason is that when I do appraisals and give people feedback, we almost never agree. Everybody thinks they’re doing an above-average job. How can everybody be above-average? If I believed their self-appraisals, I’d have only three kinds of people working for me—stars, all-stars, and superstars!”

Ron Connors’s comments suggest why a lot of supervisors find appraising employee performance one of their most difficult tasks. In this chapter, we review the performance appraisal and provide you and the Ron Connorses of this world with some techniques that can make the appraisal and performance review a less traumatic experience.

OBJECTIVE 12-1

Describe the three purposes of the performance appraisal.

The Purpose of Employee Performance Appraisals

Thirty-five years ago, the typical supervisor would sit down annually with their employees individually and critique their job performance. Employees who failed to achieve their goals found that performance appraisals resulted in little more than their supervisor documenting a list of their shortcomings. Because the performance appraisal is a key determinant in pay adjustments and promotion decisions, anything to do with appraising job performance struck fear into the hearts of employees. Not surprisingly, supervisors often wanted to avoid the whole appraisal process.

Today, effective supervisors treat the **performance appraisal** as an evaluation and development tool, as well as a formal legal document. It emphasizes positive accomplishments as well as deficiencies. Supervisors also use the performance appraisal to help employees improve future performance. If deficiencies are found, the supervisor can help employees draft a detailed plan to correct the situation. By emphasizing the future as well as the past, employees are less likely to respond defensively to performance feedback, and the appraisal process is more likely to motivate employees to correct their performance deficiencies. Finally, remember from Chapter 5 the issue of employee discrimination. Taking action against an employee for poor performance can create a problem if the problem is not well documented. The performance evaluation serves a vital purpose in providing the documentation necessary for any personnel action that is taken.¹

performance appraisal

A review of past performance that emphasizes positive accomplishments as well as deficiencies; a means for helping employees improve future performance.

OBJECTIVE 12-2

Differentiate formal and informal performance appraisals.

WHEN SHOULD APPRAISALS OCCUR?

The performance appraisal is both a formal and an informal activity. Formal performance reviews should be conducted once a year at a minimum. Twice a year may even be better. Just as students don’t like to have their entire course grade hanging on the results of one final exam, employees don’t want their careers to depend on an annual review. Two formal reviews a year means that less “performance” will be appraised at each one, and lessens the tension employees often associate with the formal review.

Proactive supervisors may establish the practice of having periodic informal reviews instead of waiting for the annual or biannual review. Informal performance appraisal is the day-to-day assessment a supervisor makes of an employee’s performance and the ongoing feedback the supervisor gives the employee about that performance. The effective supervisor continually provides informal information to employees—commenting on the positive aspects of their work and pointing out problems when they surface. So, whereas formal reviews may occur only once or twice a year, informal reviews should be taking place all the time. Moreover, when the informal feedback has been open

¹Material in this chapter is derived from D. A. DeCenzo and S. P. Robbins, *Fundamentals of Human Resource Management*, 8th ed. (Hoboken, NJ: John Wiley & Sons, 2005), Chapter 10.

and honest, the formal reviews will probably be less threatening to the employee and won't present any great surprises. When reviews indicate deficiencies or goals have not been achieved, supervisors may use a coaching process to analyze why and to aid the employee in developing an internal locus of personal accountability. A supervisor may find that employees with an external locus will blame a poor performance evaluation on their boss's prejudice, their coworkers, or other events outside their control, whereas employees with an internal locus of control will explain the same evaluation in terms of their own actions.

What Is Your Role in Performance Appraisals?

The larger your organization, the more likely it is that there will be standardized appraisal forms and formal procedures for you to follow. Even small companies tend to standardize some appraisal procedures to ensure that equal employment opportunity requirements are met.

Will You Be the Sole Appraiser? Most employee performance appraisals are conducted by supervisors. However, in recent years, some organizations have added self-evaluations and peer evaluations to supplement those made by supervisors. Employees themselves often have valuable insights to provide. So, too, do their peers.

Self-evaluations get high marks from employees themselves. They tend to lessen employees' defensiveness about the appraisal process, and they make excellent vehicles for stimulating the job performance discussion. Self-evaluations tend to suffer from inflated assessments, so they should be used to enhance your evaluation rather than to replace it. The use of self-evaluations, however, is fully consistent with viewing performance appraisal as a developmental tool rather than for purely evaluative purposes.

There are some elements of an employee's job that peers are better at judging than you are as a supervisor. In some jobs you don't regularly observe an employee's work because your span of control is quite large or because of physical separation. When work is built largely around teams, team members are often better at evaluating each other because they have a more comprehensive view of each member's job performance. In such instances, supplementing your appraisals with peer evaluations can increase the accuracy of the appraisal process.

appraisal process

The elements of a performance appraisal as defined by the organization; may involve self-evaluation and peer evaluation in addition to a supervisor's input.

What Forms or Documentation Does the Organization Provide? Usually organizations require supervisors to use a standardized form to guide them in doing performance appraisals. In some cases, top management or the human resource department provides an abbreviated form and allows considerable freedom in identifying and assessing job performance factors. At the other extreme, organizations provide detailed forms and instructions that all supervisors must follow (see Exhibit 12-1).

Our point is that you rarely have complete discretion in evaluating your employees. Begin by reviewing any standard forms that your organization uses for appraisals. Familiarize yourself with the information you'll be expected to provide and make sure all of the people reporting to you—especially new employees—understand how and on what criteria they will be evaluated.

How Do You Set Performance Expectations? As a supervisor, you should be involved in determining performance standards for your employees. This relates to the discussion of goal setting in Chapter 3. Ideally, you and each employee should jointly review the employee's job, identify the processes and results needed, and then determine performance standards that will define how well the results are accomplished. Remember, before an employee's performance can be appraised, some standard must exist against which the appraisal can be made. You must ensure that performance expectations have been defined for every employee and that employees fully understand these expectations.

NONEXEMPT PERFORMANCE APPRAISAL

EMPLOYEE NAME: _____ TITLE: _____

REVIEW PERIOD: _____
Month/Year Month/Year

SUPERVISOR'S NAME: _____ TITLE: _____

Writing the Appraisal Performance Ratings

E Exceptional
Consistently exceeds expectations in major areas of responsibility.

C Commendable
Performs the job as it is defined and exceeds expectations in some of the major areas of responsibility.

I Improvement Recommended
Meets minimum requirements in most areas, but needs improvement in select areas of responsibility.

U Unsatisfactory
Does not meet minimum performance requirements. Must improve if present position is to be maintained.

PERFORMANCE FACTORS

Rate employee in each performance category. Include supporting examples for each performance factor.

E = EXCEPTIONAL
C = COMMENDABLE
I = IMPROVEMENT RECOMMENDED
U = UNSATISFACTORY

Performance Factors	E	C	I	U	Comments and Supporting Examples
Quality Consider accuracy, comprehensiveness and errorlessness of work.					
Quantity Consider speed and volume of work produced.					
Initiative Consider the ability to think independently with minimal direction and apply new concepts and techniques.					
Job Knowledge Consider the understanding of the job and the ability to apply knowledge and skills effectively.					
Problem Solving/ Decision Making Consider the ability to identify, analyze and solve problems, suggest viable alternatives, and analyze impact of decisions before executing them.					
Judgment Consider the ability to make logical and sound decisions and to know when to act independently or to seek assistance.					

Performance Factors	E	C	I	U	Comments and Supporting Examples
Punctuality Consider adherence to the work schedule and promptness in notifying supervisor of absence.					
Planning and Organizational Skills Consider the ability to establish priorities, maintain schedules, and manage time effectively.					
Communication Consider the ability to express oneself clearly, both verbally and in writing, and to listen well.					
Interpersonal Skills Consider the ability to interact diplomatically and tactfully with internal and external contacts.					
Dependability Consider adherence to the work schedule, the ability to maintain confidentiality, complete work under deadlines, follow through on assignments, and be reliable and flexible.					
Job Skills Consider skills in areas such as typing/word processing, computer, telephone, etc.					

OVERALL PERFORMANCE RATING

☐ Exceptional
 ☐ Commendable
 ☐ Improvement Recommended
 ☐ Unsatisfactory

Exhibit 12-1

Examples of employee appraisal forms.

performance feedback

Information that lets an employee know how well they are performing a job, may be intrinsic (provided by the work itself) or extrinsic (provided by a supervisor or some other source).

What Is Performance Feedback? Employees can receive **performance feedback** in one of two forms. It can be provided intrinsically by the work itself, or it can be given extrinsically by a supervisor or some other external source (see the section titled "Conducting a Performance Evaluation" at the end of this chapter).

In some jobs, the feedback is built into the job. For example, freight clerks in a shipping department at a trucking company keep an ongoing tally of the number of

PERFORMANCE SUMMARY	
I. Performance vs. Goals for Past Year: Describe how the employee met stated goals for past year and met additional goals if applicable.	
II. Goals for Upcoming Year: List quantifiable goals with timetables for completion.	

PERFORMANCE SUMMARY	
III. Strengths Identify employee unique strengths in relation to performance factors previously listed.	
IV. Areas for Improvement Identify areas in which employee can focus to achieve improved performance.	

PERFORMANCE SUMMARY	
V. Personal Growth and Development Describe activities to be undertaken that will maximize the employee's career development. These may include educational programs, counseling, on-the-job training, etc.	
Supervisor's Signature _____ Date _____	
EMPLOYEE'S COMMENTS Your comments are beneficial to the performance appraisal process. Additional comments may be attached on a separate page if desired.	
THE EVALUATION AND COMMENTS WERE DISCUSSED WITH THE EMPLOYEE	
Employee's signature and date _____	
Supervisor's signature and date _____ Title _____	

Exhibit 12-1 (continued)

boxes they pack and the weight of each. At the end of the day, they total the numbers and compare them to daily goals. These calculations provide them with self-generated or **intrinsic feedback** on how they did that day.

Extrinsic feedback is provided to an employee by an outside source. If the freight clerks' shipping totals are calculated each day by the supervisor and posted on the department's bulletin board, their performance feedback is also extrinsic.

intrinsic feedback

Self-generated feedback. *See also* performance feedback.

extrinsic feedback

Feedback provided to an employee by an outside source. *See also* performance feedback.

Provide your employees with ongoing extrinsic feedback through informal performance reviews—ongoing comments that let an employee know how they are doing—and through formal performance reviews on a semiannual or annual basis.

OBJECTIVE 12-3

Describe key legal concerns in performance appraisals.

WHAT ARE THE LEGAL ISSUES IN PERFORMANCE APPRAISALS?

A great many lawsuits have arisen because supervisors said or did something that their employees believed adversely affected them. One supervisor told an employee that he had downgraded the employee's evaluation because he had taken off work for religious holidays. An employee argued that her supervisor's appraisals were arbitrary and based on subjective judgments. Another employee was awarded damages because his supervisor failed to follow the company's performance appraisal policies and procedures.

Maybe the two most important legal facts you need to keep in mind concerning performance appraisals are the following: (1) Performance appraisal policies and procedures, as set forth in organizational handbooks, are being increasingly construed by the courts as binding unilateral contracts; and (2) you must do everything possible to avoid the appearance of prejudice and discrimination.

If your company has a published handbook describing its performance appraisal procedures be sure you fully understand its contents. The courts, in most states, consider it a binding contract. The organization can be held accountable if those procedures are ignored or followed improperly. If the handbook states that appraisals must be performed annually or that managers will counsel employees to correct deficiencies, then you are obligated to fulfill these commitments. However, the courts have generally supported giving supervisors a wide range of discretion, as long as fairness and equity are not compromised, when their organizations have no published performance appraisal policies.

The second point is a reminder that EEO laws require that all human resource practices be bias-free. The appraisal criteria, methods, and documentation must be designed to ensure they are job related. They must not create a different effect on women or minorities. Appraisal judgments must be neutral regarding an employee's race, color, religion, age, gender, or national origin. An increasing number of organizations are providing supervisory training in the mechanics of performance appraisal to minimize the likelihood that discrimination might occur in the process.

OBJECTIVE 12-4

Identify the three most popular sets of criteria that supervisors appraise.

ARE THERE APPROPRIATE CRITERIA FOR APPRAISING PERFORMANCE?

The criteria that you choose to appraise performance will have a major influence on what employees do. In a public employment agency that served workers seeking employment and employers seeking workers, employment interviewers were appraised by the number of interviews they conducted. Consistent with the thesis that the evaluating criteria influence behavior, employees emphasized the number of interviews conducted rather than the placement of clients in jobs.²

The preceding example demonstrates the importance of criteria in performance appraisal. What should you appraise? The three most popular sets of criteria are individual task outcomes, behaviors, and traits.

What Are Individual Task Outcomes? If ends count, rather than means, you should evaluate an employee's task outcomes. Using task outcomes, carpet cleaners might be judged on the number of square yards they were able to clean per day. Salespeople could be assessed on overall sales volume in their territory, dollar increase in sales, and number of new accounts established.

²P. M. Blau, *The Dynamics of Bureaucracy*, rev. ed. (Chicago: University of Chicago Press, 1963).

Which Behaviors Matter? Evaluating employees on behavior requires the opportunity to observe employees or devising a system for reporting on specific behavior criteria. Using the previous examples, behaviors of a carpet cleaner that could be used for performance appraisal purposes might include promptness in reporting to work sites or thoroughness in cleaning equipment at the end of the workday. Pertinent salesperson behaviors could be the average number of contact calls made per day or sick days used per year.

Often, it is difficult to identify specific outcomes that are directly attributable to an employee's actions. This is true of personnel in staff positions and individuals whose work assignments are part of a group effort. In the latter case, the group's performance may be readily evaluated, but the contribution of each group member may be difficult or impossible to identify clearly. In such instances, it is not unusual to appraise the employee's behavior.

Is Evaluating Traits Useful? When you rate people on the degree to which they are dependable, confident, aggressive, loyal, cooperative, and the like, you are judging traits. Traits are considered inferior to both task outcomes and behaviors as appraisal criteria. Traits refer to potential predictors of performance, not performance itself, and the link between traits and job performance is often weak. Additionally, traits typically have a strong subjective component and your evaluation of someone on a particular trait is largely determined by what the term means to you. Despite the drawbacks of traits as a criterion, they are still widely used in organizations for appraising employee performance.

HOW DO YOU GATHER PERFORMANCE DATA?

The best approach is for a supervisor to gather performance data on a continual basis. Don't wait until a week or so before you are due to formally evaluate an employee to begin gathering your information. You should keep an ongoing file for each of your employees in which you record actual incidents (behaviors or outcomes) that affect their job success or failure. Such documentation reduces the potential for errors caused by overreliance on your recall of events and provides supportive evidence to back up your eventual ratings. Remember, too, that frequency of observation will improve the quality of the data you gather. The more opportunities you have to observe your employees' performance firsthand, the more accurate your performance appraisals are likely to be.

Performance Appraisal Methods

OBJECTIVE 12-5

Contrast absolute and relative standards.

Once you have your data, you can begin your actual performance appraisals. If available, use the forms provided by the organization; otherwise, develop your own rating forms. The object is to replace the "global impression" each of us creates about someone else's overall performance with a systematic procedure for assessing performance. This systematic procedure increases the accuracy and consistency of results.

There are three different approaches for doing appraisals. Employees can be appraised against (1) absolute standards, (2) relative standards, or (3) objectives. No one approach is always best; each has its strengths and weaknesses. Your choice may be dictated, or at least limited, by the human resource policies and procedures in your organization.

What Are the Absolute-Standards Measurements?

The absolute-standards measurement means that employees are not compared against any other person. Included in this group are the following methods: written essays, critical incidents, checklists, adjective rating scales, and behaviorally anchored rating scales.

Exhibit 12-2

Sample items from a checklist appraisal form.

	Yes	No
1. Are the supervisor's orders usually followed?	_____	_____
2. Does the individual approach customers promptly?	_____	_____
3. Does the individual suggest additional merchandise to customers?	_____	_____
4. Does the individual keep busy when not servicing a customer?	_____	_____
5. Does the individual lose his or her temper in public?	_____	_____
6. Does the individual volunteer to help other employees?	_____	_____

written essay

A written narrative describing an employee's strengths, weaknesses, past performance, potential, and suggestions for improvement.

critical incidents

Incidents that focus attention on employee behaviors that are key in making the difference between executing a job effectively and executing it ineffectively.

checklist

A list of behavioral descriptions that are checked off when they apply to an employee.

adjective rating scale

A method of appraisal that uses a scale or continuum that best describes the employee using factors such as quantity and quality of work, job knowledge, cooperation, loyalty, dependability, attendance, honesty, integrity, attitudes, and initiative.

Written Essays The simplest method of appraisal is to write a narrative describing an employee's strengths, weaknesses, past performance, potential, and suggestions for improvement. The **written essay** requires no complex forms or extensive training to complete. A drawback is that the results tend to reflect the ability of the writer. A good or bad appraisal may be determined as much by your writing style as by the employee's actual level of performance.

Critical Incidents **Critical incidents** focus attention on employee behaviors that make the difference between executing a job effectively and executing it ineffectively. That is, you write down anecdotes that describe what the employee did that was especially effective or ineffective. The key here is that only specific behaviors, not vaguely defined personality traits, are cited. A list of critical incidents provides a rich set of examples from which the employee can be shown those behaviors that are desirable and those that call for improvement.

Checklists With a **checklist**, you use a list of behavioral descriptions and check off behaviors that apply to the employee. As Exhibit 12-2 illustrates, you merely go down the list and check off yes or no to each question. Checklists are quick and relatively easy to administer. However, they have drawbacks. One drawback is their cost. Organizations with a number of job categories must develop checklist items for each category. Second, simply checking yes or no provides few data for employees—especially if you expect them to improve their work.

Adjective Rating Scales One of the oldest and most popular methods of appraisal is the **adjective rating scale**. An example of some adjective rating scale items is shown in Exhibit 12-3.

Adjective rating scales can be used to assess factors such as quantity and quality of work, job knowledge, cooperation, loyalty, dependability, attendance, honesty, integrity, attitudes, and initiative. This method is most valid when subjective traits such as loyalty or integrity are avoided, unless they can be defined in specific behavioral terms.

With the adjective rating scale, you go down the list of factors and note the point along the scale or continuum that best describes the employee. There are typically five to ten points on the continuum. In the design of the rating scale, the challenge is to ensure that both the factors evaluated and the scale points are clearly understood by the supervisor doing the rating.

Performance Factor	Performance Rating				
<i>Quality of work is the accuracy, skill, and completeness of work.</i>	1 Consistently unsatisfactory	2 Occasionally unsatisfactory	3 Consistently satisfactory	4 Sometimes superior	5 Consistently superior
<i>Quantity of work is the volume of work done in a normal workday.</i>	1 Consistently unsatisfactory	2 Occasionally unsatisfactory	3 Consistently satisfactory	4 Sometimes superior	5 Consistently superior
<i>Job knowledge is information pertinent to the job that an individual should have for satisfactory job performance.</i>	1 Poorly informed about work duties	2 Occasionally unsatisfactory	3 Can answer most questions about the job	4 Understands all phases of the job	5 Has complete mastery of all phases of the job
<i>Dependability is following directions and company policies without supervision.</i>	1 Requires constant supervision	2 Requires occasional follow-up	3 Usually can be counted on	4 Requires very little supervision	5 Requires absolute minimum of supervision

Exhibit 12-3

Example of adjective rating scale items.

Adjective rating scales are popular because they have a number of advantages. They are less time consuming to develop and administer; they provide for quantitative aggregation and comparison; and in contrast to the checklist, there is greater standardization of items so that comparison with other employees in diverse job categories is possible. Furthermore, having this quantifiable assessment helps supervisors support or defend their personnel decisions when challenged.

Behaviorally Anchored Rating Scales Behaviorally anchored rating scales (BARS) combine major elements from the critical incident and adjective rating scale approaches. You rate your employees based on items along a continuum, but the points are examples of actual behavior on the given job rather than general descriptions or traits.

BARS specify definite, observable, and measurable job behaviors. Examples of job-related behaviors and performance dimensions are found by obtaining specific illustrations of effective and ineffective behavior for each performance dimension. These behavioral examples are then translated into a set of performance dimensions, each dimension having varying levels of performance. The results of this process are behavioral descriptions, such as *anticipates, plans, executes, solves immediate problems, carries out orders, and handles emergency situations*. Exhibit 12-4 provides an example of a BARS for an employee relations specialist.

Studies conducted using the BARS method indicate that they tend to reduce rating errors. But this tool's biggest plus may stem from the dimensions a BARS generates rather than from any particular superiority of behavior anchors over trait anchors. The process of developing the behavioral scales is valuable in and of itself for clarifying to both the employee and the supervisor which behaviors mean good performance and which mean poor performance.

However, the BARS method is not without its drawbacks. It, too, suffers from the distortions inherent in most rating methods. A BARS is also costly to develop and maintain.

behaviorally anchored rating scale (BARS)

A scale that helps a supervisor rate an employee based on items along a continuum; points are examples of actual behavior on a given job rather than general descriptions or traits.

BARS for Frontline Supervisor

This performance dimension scale is designed to measure the ability of the frontline supervisor to focus and guide followers to achieve work objectives.

This frontline supervisor can be expected to:

Rank	Behavioral Description
14	Consistently provide needed feedback to maximize performance of individuals and teams
13	Establish high performance expectations for individuals and teams while creating high levels of commitment and buy-in for results
12	Take action to find resources, training, tools, etc. to support staff needs while remaining accessible to and approachable by staff
11	Consistently emphasize the importance of high quality work while holding subordinates accountable for marginal quality work
10	Coach followers and work with them to create developmental opportunities to expand their knowledge and skill level by providing positive feedback and guidance for career development
9	Monitor employee performance and provide timely, objective, and specific feedback to supplement the annual performance review
8	Work with followers to generate performance goals that are specific, measurable, and time-bound and establish a process to monitor their progress
7	Find opportunities to leverage strengths of team members and manage limitations to facilitate delivery of strong team results
6	Identify appropriate rewards and recognize follower excellence in ways that motivate others
5	Be unwilling or unable to provide followers with regular feedback on work performance
4	Be unable to define and describe expectations of work success
3	Be unapproachable to staff who have questions
2	Be inconsistent in emphasizing the importance of high quality work
1	View the organizational performance appraisal/rating system as an obstacle to completing the work

Exhibit 12-4

Sample BARS for frontline supervisor.

HOW DO YOU USE RELATIVE STANDARDS?

In the second category of performance appraisals—relative standards—employees are compared against other employees in evaluating their performance. We discuss three relative methods: group-order ranking, individual ranking, and paired comparison.

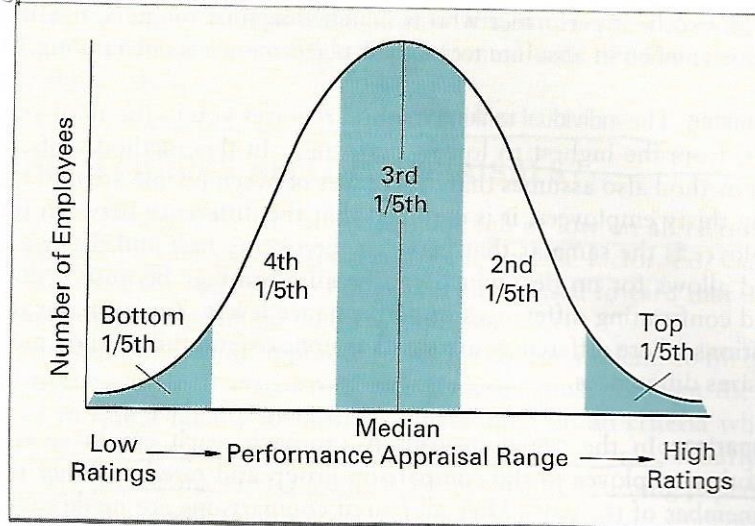
group-order ranking

Placing employees into classifications, such as “top one-fifth” or “second one-fifth.” This method prevents a supervisor from inflating or equalizing employee evaluations.

Group-Order Ranking Group-order ranking requires you to place your employees into particular classifications, such as “top one-fifth” or “second one-fifth.” If you have twenty employees, and you’re using the group-order ranking method, only four of your employees can be in the top fifth, and of course, four also must be relegated to the bottom fifth (see Exhibit 12-5).

The advantage of group ordering is that it prevents you from inflating employee evaluations so that everyone looks good or equalizing the evaluations so that everyone is rated near the average—outcomes that are not unusual with the graphic rating scale. The predominant disadvantages surface when the number of employees being compared is small. At the extreme, if you are looking at only four employees, all of whom may actually be excellent, you are forced to rank them into top quarter, second quarter, third quarter, and bottom quarter. Of course, as the sample size increases, the validity of relative scores as an accurate measure increases.

Another disadvantage, which plagues all relative measures, is the zero-sum consideration. This means that any change must add up to zero. If there are twelve employees

**Exhibit 12-5***Group-order ranking distribution.*

Comprehension Check 12-1

- Which one of the following is *not* a component of an effective performance appraisal system?
 - Feedback
 - Development
 - Salary increase
 - Documentation
- Self-generated feedback about one's performance is best referred to as
 - extrinsic feedback.
 - supervisory feedback.
 - intrinsic feedback.
 - self-performance feedback.
- The type of appraisal method that involves a narrative of an employee's strengths, weaknesses, past performance, potential, and suggestions for improvement is the
 - critical incident.
 - written essay.
 - checklist.
 - behaviorally anchored rating scale.
- Which one of the following is *not* an absolute-standards measurement?
 - Group-order ranking
 - Critical incident
 - Checklist
 - Adjective rating scale

in your department performing at different levels of effectiveness, by definition, three are in the top quarter, three are in the second quarter, and so forth. The sixth-best employee, for instance, would be in the second quarter. Ironically, if two of the workers in the third or fourth quarters leave the department and are not replaced, then the sixth-best employee now falls into the third quarter. Because comparisons are relative, an employee who is mediocre may score high only because they are the "best of the worst."

individual ranking

A method that requires supervisors to list all employees in order from the highest to lowest performer.

paired comparison

An approach in which each employee is compared with every other employee in the comparison group and rated as either the superior or weaker member of the pair.

In contrast, an excellent performer who is matched against tough competition may be evaluated poorly, when in absolute terms their performance is outstanding.

Individual Ranking The **individual ranking** method requires you to list all of your employees, in order, from the highest to lowest performer. In this method, only one can be “best.” This method also assumes that differences between people are uniform. That is, in appraising thirty employees, it is assumed that the difference between the first and second employee is the same as that between the twenty-first and the twenty-second. This method allows for no ties, which can be an advantage because it doesn’t allow you to avoid confronting differences in performance levels. But its major drawback is that in situations where differences are small or nonexistent, this method magnifies and overemphasizes differences.

Paired Comparison In the **paired comparison** approach, each employee is compared with every other employee in the comparison group and rated as either the superior or weaker member of the pair. After all paired comparisons are made each employee is assigned a summary ranking based on the number of superior scores they achieved. Each employee is compared against every other employee—an arduous task when assessing large numbers of employees.

OBJECTIVES

The final method for appraising performance is by using objectives. This is essentially an application of goal setting, introduced in Chapter 3.

Once you and your employee have established a set of tangible, verifiable, and measurable goals that encompass the key results they are expected to achieve, you have the standard in place against which the employee’s performance can be assessed. At the end of the goal-setting period—which might be monthly, quarterly, semiannually, or annually—you and your employee can sit down and appraise how well they performed. If the goals were carefully chosen to capture the essential performance dimensions in the employee’s job and written so that they can be readily measured, they should provide you with a fairly accurate appraisal of the employee’s overall job performance.

OBJECTIVE 12-6

List human errors that can distort performance appraisal ratings.

Potential Problems in Performance Appraisals

Although you and your employer may seek to make the performance appraisal process free from personal biases, prejudices, and idiosyncrasies, a number of potential problems can creep into the process. To the degree that the following factors are prevalent, an employee’s performance appraisal is likely to be distorted.

WHAT IS LENIENCY ERROR?

Every appraiser has their own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some appraisers mark high and others low. The former is referred to as **positive leniency error**, and the latter as **negative leniency error**. When appraisers are positively lenient in their evaluations, an employee’s performance becomes overstated—that is, rated higher than it actually should be. Similarly, a negative leniency error understates performance, giving the individual a lower appraisal than deserved.

If all employees in an organization were appraised by the same person, there would be no problem. Although there would be an error factor, it would be applied equally to everyone. The difficulty arises when we have different raters with different leniency errors making judgments. For example, assume that Jean and Steven are performing the same job for different supervisors, but they have absolutely identical job performance.

leniency error

Positive or negative leniency that overstates or understates performance, giving an individual a higher or lower appraisal than deserved.

If Jean's supervisor tends to err toward positive leniency, whereas Steven's supervisor errs toward negative leniency, we might be confronted with two dramatically different performance appraisals.

HOW DO HALO ERRORS AFFECT APPRAISALS?

The **halo error** is a tendency to rate an individual high or low on all factors as a result of the impression of a high or low rating on some specific factor. For example, if an employee tends to be dependable, you might become biased toward that individual to the extent that you rate them high on many desirable traits.

People who design teaching appraisal forms for college students to fill out to evaluate the effectiveness of their instructors each semester must confront the halo error. Students tend to rate a faculty member as outstanding on all criteria when they are particularly appreciative of a few things they do in the classroom. Similarly, a few bad habits—such as showing up late for lectures, being slow in returning papers, or assigning an extremely demanding reading assignment—might result in students evaluating the instructor as “lousy” across the board.

halo error

A tendency to rate an individual high or low on all factors as a result of the impression of a high or low rating on some specific factor.

WHAT IS SIMILARITY ERROR?

When appraisers rate other people by giving special consideration to qualities that they perceive in themselves, they are making a **similarity error**. The supervisor who perceives himself as aggressive may evaluate others by looking for aggressiveness. Those who demonstrate this characteristic tend to benefit, whereas others are penalized.

Again, this error would tend to wash out if the same evaluator appraised all the people in the organization. However, multiple-rater reliability obviously suffers when various evaluators use their own similarity criteria.

similarity error

Rating others in a way that gives special consideration to qualities that appraisers perceive in themselves.

WHAT IS RECENCY ERROR?

It's easier for most of us to remember vividly what happened yesterday than what happened six months ago. This creates the potential for recency error to surface in performance appraisals.

Recency error results when evaluators recall, and then give greater importance to, employee job behaviors that have occurred near the end of the performance-measuring

recency error

An error that occurs when appraisers recall and give greater importance to employee job behaviors that have occurred near the end of the performance-measuring period.

Something to Think about (and promote class discussion)

EVALUATING STUDENTS

Nearly everything you've been reading so far in this chapter can be directly applied to your classroom. Every day you come to class, every quiz or test you take, and any assignments you turn in are evaluated in some form. You're being appraised—even if you hadn't thought about it that way.

Let's look at how you are evaluated. More than likely, your instructor has laid out their grading policy in the course syllabus. Is it based on absolute standards, relative standards, objectives—or a combination of all of these? For example, on an exam based on 100 points, your grade on that exam is being rated against an absolute standard (100 points). If your instructor curves the exam, some relative standards are appearing. Maybe the final grade in the course is determined by how well you met certain goals (objectives). Of course, the list could go on. Consider how you are evaluated. Do you believe it meets the three purposes of evaluations—feedback, development, and documentation? If you had the opportunity to redesign the evaluation component of your class, what would you recommend? Of course, you realize that “no evaluation” is not acceptable!

period. If you have to complete an appraisal form on each of your employees every June 1, accomplishments and mistakes that took place in May might tend to be remembered, whereas behaviors exhibited during the previous November tend to be forgotten. Given the reality that we all have good and bad days—even good and bad months—and that they don't occur at the same time for all employees, a semiannual or annual review may be significantly biased by employee behaviors that occurred just prior to the review.

HOW DOES CENTRAL TENDENCY ERROR AFFECT APPRAISALS?

It's possible that, regardless of whom the appraiser evaluates and what characteristics are used, the pattern of evaluation remains the same. It is also possible that a supervisor's ability to appraise objectively and accurately has been impeded by a failure to use the extremes of the appraising scale. This reluctance to assign extreme ratings, in either direction, is the **central tendency error**.

Raters who are prone to the central tendency error avoid the "excellent" category as well as the "unacceptable" category and assign all ratings around the "average" or midpoint range. For example, if you rate all employees as 3 on a scale of 1 to 5, then no differentiation among them exists. Suppressing differences makes employees' work performances appear considerably more homogeneous than they really are.

central tendency error

Appraisers' tendency to avoid the "excellent" category as well as the "unacceptable" category and assign all ratings around the "average" or midpoint range.

ARE YOU INCLINED TO USE INFLATIONARY PRESSURES?

A clerical employee at a large insurance company was disappointed by the small salary increase she received following her recent performance review. After all, her supervisor had given her an 86 overall rating. She knew that the company's appraisal system defined "outstanding performance" as 90 and above, "good" as 80 to 89, "average" as 70 to 79, and "unacceptable" performance as anything below 70. This employee was really bewildered when she heard from some friends at work that her pay increase was below the company average. You can imagine her surprise when, after meeting with the assistant director of human resources, she learned that the "average" rating of clerical personnel in the company was 92!

This example illustrates a potential problem in appraisals—inflationary pressures. Here, you as a supervisor minimize differences among your employees and push all evaluations into the upper range of the rating scale. Inflationary pressures have always existed but have become more of a problem over the past three decades. As equality values have grown in importance, as well as fear of retribution from disgruntled employees who fail to achieve excellent appraisals, evaluators have tended to be less rigorous and to reduce the negative repercussions from the appraisal process by generally inflating or upgrading evaluations.

HOW CAN YOU OVERCOME THE HURDLES?

Just because there are potential hurdles to effective appraisals doesn't mean that you should give up on the process. There are some things you can do to help overcome these hurdles.

Continually Document Employee Performance Keep a file for each of your employees and continually put notes into these files describing specific incidents of accomplishments and behaviors. Include dates and details. When the time comes for you to conduct formal employee appraisals, you'll have a comprehensive history of each employee's performance record during the appraisal period. This will minimize the recency error, increase the accuracy of your ratings, and provide specific documentation to support your assessments.

Use Behaviorally Based Measures Behaviorally based measures are superior to those developed around traits. Many traits often considered related to good performance may

OBJECTIVE 12-7

Describe what is meant by the term 360-degree appraisal.

in fact have little or no performance relationship. Traits such as loyalty, initiative, courage, and reliability are intuitively appealing as desirable characteristics in employees. But the relevant question is, Are employees who are evaluated as high on these traits better performers than those who rate low? We can't answer that question. We know that some employees rate high on these characteristics and are poor performers. We can find others who are excellent performers but don't score well on traits such as these. Our conclusion is that traits such as loyalty and initiative may be prized by organizations, but there is no evidence to support that certain traits will be adequate substitutes for performance in a large cross-section of jobs. Additionally, traits suffer from weak agreement among multiple raters. What you consider loyalty, I may not.

Behaviorally based measures can deal with both of these objections. Because they deal with specific examples of performance—both good and bad—you avoid the problem of using inappropriate substitutes. Moreover, because you're evaluating specific behaviors, you increase the likelihood that two or more evaluators will see the same thing. You might consider a given employee friendly, whereas another rates her as standoffish. But when asked to rate her in terms of specific behaviors, you might both agree that she frequently says "Good morning" to customers, rarely gives advice or assistance to coworkers, and almost always avoids idle chatter with coworkers.

Combine Absolute and Relative Standards A major drawback to absolute standards is that they tend to be biased by inflationary pressures—evaluators lean toward packing their subjects into the high part of the rankings. On the other hand, relative standards suffer when there is little actual variability among the subjects.

The obvious solution is to consider using appraisal methods that combine absolute and relative standards. For example, you might want to use the adjective rating scale and the individual ranking method. It's much more meaningful to compare two employees' performance records when you know that Supervisor A gave Bob Carter an overall rating of 86, which ranked fourth in a department of seventeen, whereas Supervisor B also gave Tina Blackstone an 86 rating, but ranked her twelfth in a department of fourteen. It's possible that Supervisor B has higher-performing employees than Supervisor A. Supervisor B's ratings may also suffer from inflationary pressures. By providing both absolute and relative assessments, it is easier to more accurately compare employees across departments.

Use Multiple Raters The probability of attaining more accurate information increases as more raters are involved. If rater error tends to follow a normal curve, an increase in the number of appraisers will tend to find the majority congregating about the middle. You see this approach being used in athletic competitions in such sports as diving, gymnastics, and figure skating. A set of evaluators judges a performance, the highest and lowest scores are dropped, and the final performance appraisal is made up from the cumulative scores of those remaining. The logic of multiple raters applies to organizations as well.

If an employee has had ten supervisors, nine having rated her excellent and one poor, the one poor appraisal takes on less importance. Multiple raters increase the reliability of results by tending to lessen the importance of rater personal biases such as leniency, similarity, and central tendency errors.

A special case of multiple raters involves a trend in today's organizations referred to as the 360-degree appraisal. The **360-degree appraisal** seeks performance feedback from such sources as oneself, bosses, peers, team members, customers, and suppliers and has become very popular in contemporary organizations.³

In today's dynamic organizations, traditional performance evaluations systems may be archaic. Downsizing has resulted in supervisors having greater work responsibility

360-degree appraisal

Performance feedback provided by supervisors, employees, peers, and possibly others.

³T. J. Maurer, D. R. D. Mitchell, and F. G. Barbeite, "Predictors of Attitudes Toward a 360-Degree Feedback System and Involvement in Post-Feedback Management Development Activity," *Journal of Occupational and Organizational Psychology* 75 (March 2002), 87–107.



WavebreakMediaMicro/Fotolia

As a supervisor appraising this individual's classroom performance, if you give him a positive rating based on his ability to entertain rather than his ability to teach, you may be allowing the halo effect to bias your appraisal.

and more employees reporting directly to them. Accordingly, in some instances, it is almost impossible for supervisors to have extensive job knowledge of each of their employees. Furthermore, the growth of project teams and employee involvement in today's companies places the responsibility of evaluation where people are better able to make an accurate assessment.⁴ The 360-degree appraisal process also has some positive benefits for development concerns. Many supervisors simply do not know how their employees truly view them and the work they have done.

Research studies into the effectiveness of 360-degree performance appraisals are reporting positive results. These stem from having more accurate feedback, empowering employees, reducing the subjective factors in the evaluation process, and developing leadership in an organization.⁵ Moreover, to enhance honesty and efficiency in feedback, some companies have put their 360-degree appraisal on the Internet.

Rate Selectively As an employee's direct supervisor, you are not always in a position to comprehensively appraise all the key aspects of that employee's performance. You should rate only in areas in which you have significant job knowledge and have been able to observe firsthand the employee's job performance. If you appraise only the dimensions that you are in a good position to rate, you make the performance appraisal a more valid process.

If there are important parts of an employee's job in which you aren't able to make accurate judgments, you should supplement your appraisal with self-appraisals, peer evaluations, or even customer appraisals, if that's more appropriate. A number of sales supervisors use customer input as part of their evaluation of sales representatives. Supervisors who have to be away from their work areas frequently, which limits their opportunities to observe their employees' job behavior, use peer reviews to improve the validity of the appraisal process.

Participate in Appraisal Training Good appraisers aren't necessarily born. If your appraisal skills are deficient, you should participate in performance appraisal training because there is evidence that training can make you a more accurate rater.

Common errors such as leniency and halo have been minimized or eliminated in workshops where supervisors practice observing and rating behaviors. These workshops typically run from one to three days, but allocating many hours to training may not always be necessary. One case has been cited in which both halo and leniency errors were decreased immediately after exposing evaluators to explanatory training sessions lasting only five minutes.⁶ However, the effects of training appear to diminish over time, which suggests the need for regular refresher sessions.

⁴C. Hymowitz, "In the Lead: Do 360 Job Reviews by Colleagues Promote Honesty or Insults?" *Wall Street Journal*, December 12, 2000, B-1.

⁵J. S. Miller, P. W. Hom, and L. R. Gomez-Mejia, "The High Cost of Low Wages: Does Maquiladora Compensation Reduce Turnover?" *Journal of International Business Studies* 32, no. 3 (Third Quarter 2001), 585-595.

⁶C. P. Neck, G. L. Stewart, and C. C. Manz, "Thought Self-Leadership as a Framework for Enhancing the Performance of Performance Appraisers," *Journal of Applied Behavior Science* 31, no. 3 (September 1995), 278-302.

Conduct Performance Appraisals of Teams Performance appraisal concepts have been developed almost exclusively with the individual employee as the focus point. This reflects the historic belief that individuals are the core building block around which organizations are built. Recently, as we've noted a number of times in this book, more and more organizations are restructuring themselves around teams (see "News Flash! Performance Appraisals in Contemporary Organizations").

In team-based departments, job performance is a function of each individual's contribution to the team and their ability to be a good team player. Both of these performance dimensions are often better assessed by the team's members than by the team's supervisor. We suggest, therefore, that you include peer evaluations from team members in the performance appraisals of those whose jobs are inherently designed around teamwork. This enhances the autonomy of the team, reinforces the importance of cooperation, and increases the validity of the appraisal process. Additionally, consider the benefits of downplaying individual contributions by substituting group performance measures. When teams have clear responsibilities for achieving specific objectives, it makes more sense to appraise the team's overall performance than to focus on its individual members.

RESPONDING TO PERFORMANCE PROBLEMS

Whenever one of your employees exhibits work behaviors that are inconsistent with the work environment (e.g., fighting, stealing, or unexcused absences) or is unable to perform their job satisfactorily, you must intervene. But before any intervention can begin, it is imperative for you to identify the problem. If you realize that the performance problem is ability related, your emphasis becomes one of encouraging training and development efforts. However, when the performance problem is desire related, whether the unwillingness to correct the problem is voluntary or involuntary, **employee counseling** is the next logical approach.⁷

OBJECTIVE 12-8

Describe the purpose of employee counseling.

employee counseling

An emphasis on encouraging training and development efforts in a situation in which an employee's unwillingness or inability to perform their job satisfactorily is either voluntary or involuntary.

News Flash!

PERFORMANCE APPRAISALS IN CONTEMPORARY ORGANIZATIONS

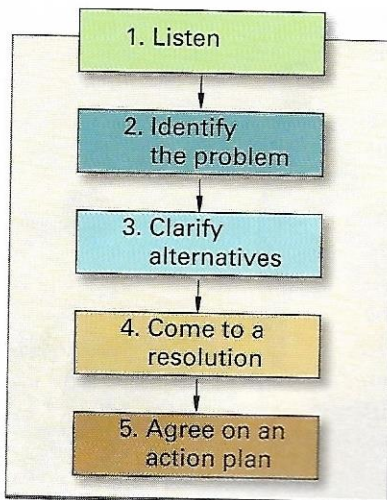
The foundation of the performance appraisal process is the concept that performance standards are clearly identified. This fundamental fact implies that for workers to perform effectively, they must know and understand what is expected of them. This concept, however, applies only where clear job descriptions and specifications exist, and where variations to the job are minimal. In other words, conventional performance appraisals were designed to fit the needs of the traditional organization. But what happens to these when the organization is far from traditional? Let's look at some possibilities.

First, setting goals for an employee could become a thing of the past. Your workers may go from project to project, with the demands and requirements of their work rapidly changing. No formalized performance appraisal system may be able to capture the complexities of the jobs being

done. Second, employees will likely have several bosses, not just you. Just who, then, will have the responsibility for the performance appraisal? It is more likely to be the team members themselves—setting their own goals and evaluating each other's performance. One can even speculate that this will take the format of an ongoing informal process, rather than some formal "ritual" held every twelve months.

All in all, although we surmise a drastic change in the performance appraisal process, you should not infer that you will become less concerned with evaluating employee performance. On the contrary, individual performance will still matter most. The major difference is that employee performance information is likely to be collected from a number of sources—from anyone who's familiar with the employee's work.

⁷M. Scott, "7 Pitfalls for Managers When Handling Poor Performers and How to Overcome Them," *Manage*, February 2000, 12–13.

**Exhibit 12-6***The counseling process.*

WHAT DO YOU NEED TO KNOW ABOUT COUNSELING EMPLOYEES?

Although employee counseling processes differ, some fundamental steps should be followed when counseling an employee (see Exhibit 12-6).

Listen to What the Employee Has to Say You can't effectively counsel others unless you listen to what they have to say. Your actions should be tailored to the needs, demands, and personality of your employee. These factors can't be accurately assessed without active listening.

When you sit down with your employee, demonstrate your willingness and desire to be helpful. Then, listen to what they have to say. Also listen to what is not being said. How is the employee framing the problem? Who does the employee think is to blame? Are their emotions driving out rational thinking? Don't make judgments too quickly. Try to grasp the employee's perception of the situation without agreeing or disagreeing with that perception. At this point, it's not so important to determine whether the employee is right or wrong as it is to try to fully understand the problem from their point of view.

Identify the Problem After you've listened to your employee's initial assessment of the situation, begin the search to identify the problem and its causes. What does the employee think is the problem? Who or what is the cause? How is this problem affecting the employee? What, if any, responsibility is your employee taking for the problem? You must remember, though, you're attacking some behavior, not the employee!

Clarify Alternatives Problems come with options. In most cases, a number of alternatives can correct the problem. These need to be explored and clarified. This is a point at which a participative approach can be particularly valuable because you may see and know things that escape the employee's perception. As a result, merging your insights and the employee's can result in a greater number of quality options.

Once alternatives are identified, they need to be evaluated. What are the strengths and weaknesses of each? Again, two heads are better than one. Your goal should be to have the employee weigh the pluses and minuses of each course of action.

Come to a Resolution What's the best option for the employee? Remember, the best option for one employee is not necessarily the best option for another. The solution should reflect the unique characteristics of the employee. Ideally, both you and the employee will agree on the solution. You want to be sure the employee buys into the final choice, whether that final choice was made by you, by the employee, or jointly. A terrific solution that's not accepted by the employee is unlikely to result in any meaningful change.

Agree on an Action Plan Finally, the employee needs to develop a concrete plan of action for implementing the solution. What, specifically, is the employee going to do? When will they do it? What resources, if any, will be needed?

It's usually a good idea to end a counseling session with the employee summarizing what has taken place and the specific actions they plan on taking. Establish a follow-up point at some specific date in the future for reassessing the employee's progress. If a formal meeting isn't needed, request a short memo from the employee updating you on their progress. This can be effective as a reminder to the employee that progress is expected and as a control device for you to assess the employee's progress.

IS YOUR ACTION ETHICAL?

What business do you have delving into an employee's personal life? That's a valid question and requires us to look at the ethics of counseling. Employees bring a multitude of problems and frustrations from their personal lives to their jobs. They have difficulty finding quality day care for infants. A teenage child is expelled from high school.

They have fights with their spouses. A family member suffers a nervous breakdown. They get behind in their bills and they're harassed by creditors. A close friend is seriously hurt in an automobile accident. A parent is diagnosed with Alzheimer's disease.

It may seem wise to keep your nose out of your employees' personal lives, but that is often unreasonable. Why? Because there is no clear demarcation that separates personal and work lives. Consider the following scenario involving one of your employees, Denise. Denise's son was arrested last night for possession of drugs. She spent most of the night with police and lawyers. Today, at work, she is tired and psychologically distant. She has trouble concentrating. Her mind is not on her job. It's naïve to believe that employees can somehow leave their personal problems at the door when they come to work each morning.

Do employees have a right to privacy? Absolutely! However, when personal problems interfere with work performance, you should not consider it beyond your jurisdiction to inquire about the problem, offer yourself as an open ear, and genuinely seek to help with the problem. If your offer is rejected, don't push. If the employee understands how their personal problem is affecting work performance, and you make clear what the consequences will be if the work performance doesn't improve, you've reached the ethical limit of your involvement. If the employee is protective of their personal life, your rights as a supervisor don't extend to helping solve their personal problems. However, you do have the right and the obligation to make sure employees understand that if personal problems interfere with their work, they need to solve those personal problems—and you're there to help, if asked.

Comprehension Check 12-2

5. The type of performance appraisal error that overstates or understates performance based on the rater's value system is called
 - a. similarity error.
 - b. recency error.
 - c. halo error.
 - d. leniency error.
6. Central tendency is
 - a. rating others in a way that gives special consideration to qualities that appraisers perceive in themselves.
 - b. a tendency to rate an individual high or low based on the impression of some specific factor.
 - c. assigning all ratings as average.
 - d. none of the above.
7. Which one of the following is *not* a recommendation for overcoming performance appraisal hurdles?
 - a. Use single raters
 - b. Use behaviorally based measures
 - c. Rate selectively
 - d. Train appraisers
8. An emphasis on encouraging training and development efforts in a situation in which an employee's unwillingness or inability to perform their job satisfactorily is either voluntary or involuntary is descriptive of
 - a. performance feedback.
 - b. employee counseling.
 - c. 360-degree appraisal.
 - d. discipline.

THINKING CRITICALLY

► Case 12-A: Stop and Go at J.C. Penney Company

Things haven't been looking so good for J.C. Penney Co. and its new CEO, Ron Johnson.⁹ Johnson arrived with much acclaim from being the head of Apple's successful retail operations. At Penney's, he immediately began one of retailing's most ambitious overhauls trying to position the company for success in a very challenging and difficult industry. His plans included a "stores within a store" concept, no sales or promotions, and a three-tiered pricing plan. He suggested that "Penney needed a little bit of Apple's magic." From the start, analysts and experts questioned whether Penney's customers, who were used to sales and coupons, would accept this new approach. Long story short...customers didn't. For the full fiscal year of 2012, Penney had a loss of \$985 million (compared to a loss of \$152 million in 2011). Now, you may be asking yourself, what does this story have to do with human resources management? Well, a lot it turns out! When a company is struggling financially, it is going to impact its people.

And for J.C. Penney employees, that impact came in the form of a "traffic light" color-coded performance appraisal system. In a companywide broadcast, supervisors were told that they should categorize their employees by one of three colors: Green, their performance is okay; Yellow, they need some coaching to improve performance; and Red, their performance is not up-to-par and they need to leave. Many employees weren't even aware of the system and supervisors were given no guidance one way or the other regarding whether to tell them about it, although company headquarters chose not to disclose the light system to employees.

Although the uncertainties over how to inform or even whether to inform employees about this human resources (HR) initiative is troubling, communication and HR experts say there are other problems with this green/yellow/red approach. One is that it's insensitive to "approach the livelihoods of human beings" this way. The easy-to-understand simplistic nature of green, yellow, and red colors doesn't translate well to what will be a tremendously personal and difficult situation for many employees, especially those with a "red" appraisal. Another problem is that labeling employees can create difficult interpersonal situations. The labels can become a source of humor and teasing, which can deteriorate into hurt feelings and even

feelings of being discriminated against. "No matter how benign a color-coding system may seem, it's never going to work." This doesn't mean that employers don't evaluate employees. But companies should be open about it. Employees should know that they're being rated, what the criteria are, and if they have a poor rating, what options they have for improving. There should also be a fair process of appeal or protest if an employee feels the rating was unfair.

Epilogue: Ron Johnson stepped down as CEO of J.C. Penney in April 2013.

RESPONDING TO THE CASE

- 12-14. Many supervisors say that evaluating an employee's performance is one of their most difficult tasks. Why do you think they feel that way?
- 12-15. What can supervisors do to make performance appraisal an effective process?
- 12-16. What could J.C. Penney leadership have done to make this process more effective?

⁹Source: based on "Latest Layoffs at Penney Hit Back Office, District Office Workers," Reuters, www.reuters.com, March 7, 2013, <http://www.reuters.com/article/2013/03/07/us-jcpenney-layoffs-idUSBRE92610620130307> (accessed June 7, 2014); K. Bhasin, "JCPenney Is Firing More Store Employees After a 'Secret Broadcast,'" [businessinsider.com](http://www.businessinsider.com/jcpenney-layoffs-2013-3), March 7, 2013, <http://www.businessinsider.com/jcpenney-layoffs-2013-3> (accessed June 7, 2014); M. Wilson, "JC Penney's Traffic-Light System Under Fire," www.ragan.com, March 7, 2013, http://www.ragan.com/Main/Articles/JC_Penneys_trafficlight_layoff_system_under_fire_46330.aspx# (accessed June 7, 2014); D. Mattioli, "Board's Patience With CEO Wears Thin at J.C. Penney," *Wall Street Journal*, March 6, 2013, p. B1; D. Mattioli, "J.C. Penney's Losses Snowball," *Wall Street Journal*, February 28, 2013, pp. B1+; S. Clifford, "Chief Talks of Mistakes and Big Losses at J. C. Penney," *New York Times Online*, February 27, 2013, http://www.nytimes.com/2013/02/28/business/jc-penneys-chief-says-his-mistakes-led-to-big-loss.html?_r=0 (accessed June 7, 2014); D. Mattioli, "For Penney's Heralded Boss, The Shine Is Off the Apple," *Wall Street Journal*, February 25, 2013, pp. A1+; and K. Bhasin, "Inside JCPenney: Widespread Fear, Anxiety, and Distrust of Ron Johnson and His New Management Team," [businessinsider.com](http://www.businessinsider.com/inside-jcpenney-2013-2), February 22, 2013, <http://www.businessinsider.com/inside-jcpenney-2013-2> (accessed June 7, 2014).

► Case 12-B: Performance Appraisal at the Athletic Shoe Shop

At the Athletic Shoe Shop, formal performance appraisals are conducted annually. Each supervisor is expected to conduct a performance review for every employee during October—in time to recommend end-of-the-year employee bonuses. As a supervisor, it is essential that Bill Martin take this responsibility seriously.

After Bill and his area manager discuss the review for each employee in his store, Bill is expected to sit down with each employee individually to go over his or her performance review. He is expected to have these appraisal feedback meetings during November. This face-to-face meeting gives each employee feedback about performance and also addresses areas of performance that could be improved.

The company uses a standard form to evaluate employees. The form was developed by a group of employees representing all levels of workers in the company. It includes the following elements: job knowledge and skills, quality of work, productivity or quantity of work, following company policies and procedures, planning and organizing work, prioritizing work assignments, communication in speaking and writing, attitude toward job, teamwork and working with coworkers, cooperation and loyalty, adaptability to change, dependability and punctuality, and initiative and resourcefulness.

It is now time for Bill to evaluate his employees. He really doesn't like this aspect of his job because it is so hard to be objective. He distinctly remembers last year's meeting with his boss, Leslie Hines. Bill can still hear her saying, "It is remarkable that all of your employees rate so high in all areas. How can this be?" Bill knew that he had difficulty responding to her not-so-subtle way of telling him he was not adequately evaluating his personnel. He didn't want a repeat performance of that incident this year.

RESPONDING TO THE CASE

- 12-17. Why do you think Bill Martin is so concerned about his meeting with his area manager? Should he change the rating methods he uses to evaluate his employees? Why or why not?
- 12-18. What are some of the benefits Bill Martin's employees get from their performance reviews? What are some drawbacks?
- 12-19. What could Bill do to improve the performance evaluation process in his store?
- 12-20. What are the legal issues Martin and other supervisors need to consider in conducting performance appraisals? Develop a list of guidelines Bill could follow to avoid legal problems.

13

CHAPTER

Workplace Health and Safety

Key Concepts

After completing this chapter, you will be able to define these supervisory terms:

- carpal tunnel syndrome
- employee assistance program (EAP)
- imminent danger
- incidence rate
- *karoshi*
- musculoskeletal disorders (MSDs)
- National Institute for Occupational Safety and Health (NIOSH)
- Occupational Safety and Health Act
- repetitive stress injuries
- sick buildings
- stress
- stressors
- wellness program

Chapter Outcomes and Learning Objectives

After reading this chapter, you will be able to:

- 13-1. Discuss the supervisory effects of the Occupational Safety and Health Act.
- 13-2. List the enforcement priorities of the Occupational Safety and Health Administration (OSHA).
- 13-3. Describe what supervisors must do to comply with OSHA record-keeping requirements.
- 13-4. Explain what punitive actions OSHA can impose on an organization.
- 13-5. Describe the leading causes of safety and health accidents.
- 13-6. Explain what supervisors can do to prevent workplace violence.
- 13-7. Explain how a supervisor can create a healthy work site.
- 13-8. Define *stress*.
- 13-9. Describe the purposes of employee assistance and wellness programs.

Image Source/InStock/Alamy



Responding to a Supervisory Dilemma



ColorBlind/The Image Bank/Getty Images

A trend occurring in organizations today continues to raise important questions for a number of people. Indeed, workplace wellness programs encourage people to take steps to prevent the onset or worsening of a health condition or sickness and to adopt lifestyles that are healthier. Some organizations have comprehensive workplace wellness programs, whereas others achieve savings or increase productivity with relatively easy activities designed to promote healthier lifestyles.

Workplace wellness programs are an effective tool in slowing the growth of health-care costs by providing health options that may reduce a worker's chances of suffering from illness. Less illness means lower health plan utilization, and that can lower health benefit costs for organizations while consequently increasing earnings. Research shows that medically high-risk workers are medically high-cost workers because they use additional health care and generate higher claims.

The fact that smoking can create health problems has been well documented. Accordingly, health insurance premiums, as well as other premiums such as life insurance, are significantly higher for those who light up. And in most cases, employers have passed these increased premium costs on to the worker. Companies have become more stringent in developing policies on smoking, and many have banned smoking on company premises altogether. Clearly, the smoker today is disadvantaged, but how far can that go? Can supervisors refuse to hire people simply because they smoke? Depending on the organization, the requirement of the job, and the state in which one lives, they might have that right! Even so, some employers may take this one step further. Companies may, in fact, be able to terminate an employee for smoking off the job—on the employee's own time. Do you agree with an organization's right to terminate an employee for smoking off the job?

The Wellness Council of America (WELCOA) was established as a national not-for-profit organization in the mid-1980s. WELCOA believes healthcare costs are an issue of significant concern and that a healthy workforce is essential to the continued growth and prosperity of the United States. Their belief is that much of the illness in the United States is directly preventable and the workplace is an ideal setting to address health and well-being. Their vision is that workplace wellness programs can transform corporate culture and change lives.*

In an attempt to change its corporate culture, Rothman Gordon, a law firm, paid about \$3,750 for health club privileges for its thirty-one lawyers and more than thirty support personnel. The facility is open to members twenty-four hours a day, seven days a week so they can work out before, after, or even during office hours. The managing shareholder Bill Lestitian believes that it is a smart and effective way to boost employee wellness and morale. Other on-site wellness programs include yoga and smoking cessation. Lestitian feels that in the long run it could help reduce the firm's medical costs.[†] Is this a better way to control the wellness of employees? What about employees who do not lead a healthy lifestyle? They may not participate in the wellness program regardless of its cost.

The Bryan/College Station Chamber of Commerce states that when it comes to workplace wellness at least 50 percent of an organization's healthcare costs are driven by the lifestyle-related behaviors of employees, such as smoking, poor diet, and lack of

*Wellness Council of America, "Creating Well Workplaces," <http://www.welcoa.org/wellworkplace> (accessed May 16, 2011).

[†]J. Gannon, "Companies Offer Wellness Programs to Cut Insurance Costs," *Pittsburgh Post-Gazette*, May 11, 2008, <http://www.post-gazette.com/pg/08132/880660-28.stm#ixzz1MTakApni> (accessed May 16, 2011).

exercise. However, in the past ten years, the annual return on investment for worksite wellness programs has been as much as six dollars saved for every dollar spent and the average reduction in health plan costs, sick leave, disability costs, and workers' compensation is more than 25 percent for well-designed worksite wellness programs. Their thought is that workplace wellness initiatives improve company productivity by attracting superior quality staff, thereby reducing the rate of absenteeism and time lost, which in turn results in enhanced on-the-job time utilization and decision making that leads to improved worker morale, which in turn lowers turnover.[‡]

The Centers for Disease Control and Prevention encourage businesses to invest in a workplace wellness program and help the United States achieve two of its major Healthy People 2010 workplace objectives: to have 75 percent of all employers, regardless of size, provide a wide-reaching staff workplace wellness program; and to have 75 percent of all company staff participate in employer-sponsored workplace wellness program activities.[§]

So, do you believe companies have the right to dictate what employees do outside of work? If an organization can take action against employees for smoking, and justify it on the grounds that it creates a health problem, what about other things we do? Should employees be disciplined for eating too much fatty food? Should they be fired for having a glass of wine with dinner, or drinking a beer at a sporting event? Smoking a cigar? If these are the policies you must abide by as a supervisor in the organization, would you be willing to discipline or even terminate an employee you saw violating rules outside of the workplace? What do you think? How far should we go in regulating "wellness" in our organizations?

[‡]Bryan/College Station Chamber of Commerce, Bryan, TX, <http://www.bcschamber.org/LiveWork/HealthWellness> (accessed May 16, 2011). U.S. Department of Labor, "Training Requirements in OSHA Standards and Training Guidelines," 1998, <http://www.osha.gov/Publications/OSHA2254.pdf> (accessed May 18, 2011).

[§]Centers for Disease Control and Prevention, "About Healthy People 2010," http://www.cdc.gov/nchs/healthy_people/hp2010.htm (accessed May 16, 2011).

Supervisors have a legal responsibility, if not a moral one, to ensure that the workplace is free from unnecessary hazards and that conditions surrounding the workplace are not hazardous to their employees' physical or mental health. Of course, accidents can and do occur. A preliminary total of 4,383 fatal work injuries were recorded in the United States in 2012 according to results from the Census of Fatal Occupational Injuries (CFOI) conducted by the U.S. Bureau of Labor Statistics.¹ Nearly 3 million nonfatal workplace injuries and illnesses were reported by private industry employers in 2012.² The medical costs associated with occupational disease and injury (\$67 billion) are very large, but are exceeded by the productivity costs (\$183 billion), which include current and future lost earnings, fringe benefits, and home production (e.g., cooking, cleaning, rearing children and doing home repairs).³ Heartless as it sounds, supervisors must be concerned about their employees' health and safety if for no other reason than that accidents cost money.

¹U.S. Bureau of Labor Statistics, "Census of Fatal Occupational Injuries Summary, 2012," 2012, <http://www.bls.gov/news.release/cfoi.nr0.htm> (accessed May 12, 2014).

²U.S. Bureau of Labor Statistics, "Workplace Injuries and Illnesses—2012," 2012, <http://www.bls.gov/news.release/osh.nr0.htm> (accessed May 12, 2014).

³J. P. Leigh, "At \$250B, costs of occupational injury and illness exceed costs of cancer," *The Economic Policy Institute Blog*, January 3, 2013, <http://www.epi.org/blog/250b-costs-occupational-injury-illness-exceed> (accessed May 12, 2014).

Occupational Safety and Health Act

A law that enforces, through standards and regulations, healthful working conditions and preservation of human resources.

OBJECTIVE 13-1

Discuss the supervisory effects of the Occupational Safety and Health Act.

imminent danger

A condition under which an accident is about to occur.

OBJECTIVE 13-2

List the enforcement priorities of the Occupational Safety and Health Administration (OSHA).

From the turn of the last century through the late 1960s, remarkable progress was made in reducing the rate and severity of job-related accidents and illnesses. Yet the most significant piece of legislation in the area of employee health and safety was not enacted until 1970. This law is called the Occupational Safety and Health Act.⁴

The Occupational Safety and Health Act

The passage of the Occupational Safety and Health Act (OSH Act) dramatically changed the role that supervisors must play in ensuring that physical working conditions meet adequate standards.

OSH Act legislation established comprehensive and specific health standards, authorized inspections to ensure that standards are met, empowered the Occupational Safety and Health Administration (OSHA) to police organizations' compliance, and required employers to keep records of illnesses and injuries and to calculate accident ratios. The act applies to almost every U.S. business engaged in interstate commerce. Organizations not meeting the interstate commerce criteria of the OSH Act are generally covered by state occupational safety and health laws.

The safety and health standards the OSH Act established are quite complex. Standards exist for such diverse conditions as noise levels, air impurities, physical protection equipment, the height of toilet partitions, and the correct size of ladders. Furthermore, OSHA researches repetitive stress (or motion) injuries, problems associated with the eyestrain that accompanies video display terminal use, problems of needle-sticks in healthcare activities, and developing training and education programs for businesses.

The initial OSH Act standards took up 350 pages in the *Federal Register*, and some of the annual revisions and interpretations are equally extensive. Nevertheless, supervisors are responsible for knowing these standards and ensuring that those that apply to them are followed (see Exhibit 13-1).

Job Safety and Health
It's the law!

OSHA
Occupational Safety and Health Administration
U.S. Department of Labor

EMPLOYEES:

- You have the right to a safe workplace. You may ask OSHA to keep your name confidential.
- You have the right to request an OSHA inspection if you believe that there are unsafe and unhealthy conditions in your workplace. You or your representative may participate in that inspection.
- You can file a complaint with OSHA within 30 days of retaliation or discrimination by your employer for making safety and health complaints or for exercising your rights under the OSH Act.
- You have the right to see OSHA citations issued to your employer. Your employer must post the citations at or near the place of the alleged violations.
- Your employer must correct workplace hazards by the date indicated on the citation and must certify that these hazards have been reduced or eliminated.
- You have the right to copies of your medical records and records of your exposures to toxic and harmful substances or conditions.
- Your employer must post this notice in your workplace.
- You must comply with all occupational safety and health standards issued under the OSH Act that apply to your own actions and conduct on the job.

EMPLOYERS:

- You must furnish your employees a place of employment free from recognized hazards.
- You must comply with the occupational safety and health standards issued under the OSH Act.

This free poster is available from OSHA.
The Best Resource for Safety and Health

Free assistance in identifying and controlling hazards or complying with standards is available to employees without citation or penalty through OSHA-supported consultation programs in each state.

1-800-321-OSHA (6742)
www.osha-slc.gov
www.osha.gov

WHAT ARE THE OSHA ENFORCEMENT PRIORITIES?

Enforcement procedures of OSHA standards vary depending on the nature of the event and the organization. Typically, OSHA enforces the standards based on a five-item priority listing. These are, in descending priority, as follows: imminent danger; serious accidents that have occurred within the past eight hours; a current employee complaint; inspections of target industries with a high injury ratio; and random inspections.

Imminent danger refers to a condition in which an accident is about to occur. Although this is given top priority and acts as a preventive measure, imminent danger situations are hard to define. In fact, in some cases, the definition of imminent danger appears to be an accident in progress, and interpretation leaves much to the imagination. For example, suppose you were withdrawing cash at an ATM. As you remove your cash, you are grabbed by an individual who places a gun in your face and angrily demands your cash. Are you in imminent danger? Of course, most of us would say, absolutely! But according to one interpretation of imminent danger, you may not be in "imminent" danger. That state would not exist until the assailant pulled the trigger of the weapon, and the bullet was rifling through the barrel. Tragically, by that time it is too late to worry about imminent danger. One's safety has already been threatened.

This has given rise to priority-two accidents—those that have led to serious injuries or death. Under the law, a supervisor must report these serious

Exhibit 13-1

OSHA poster.

Note: Original poster is available as PDF file at www.osha.gov/Publications/poster.html.

⁴The material in this chapter is adapted from D. A. DeCenzo and S. P. Robbins, *Fundamentals of Human Resource Management*, 8th ed. (Hoboken, NJ: John Wiley & Sons, 2005), Chapter 13.

accidents to the OSHA field office within eight hours of occurrence. This permits the investigators to review the scene and try to determine the cause of the accident.

Priority three, employee complaints, is a major concern for any supervisor. If an employee sees a violation of OSHA standards, that employee has the right to call OSHA and request an investigation. The worker may even refuse to work on the item in question until OSHA has investigated the complaint. This is especially true when there is a union. For instance, in some union contracts, workers may legally refuse to work if they believe they are in significant danger. Accordingly, they may stay off the job with pay until OSHA arrives and either finds the complaint invalid or cites the company and mandates compliance.

Next in the priority of enforcement is the inspection of targeted industries. With several million workplaces in the United States, inspecting each would require several hundred thousand full-time inspectors. OSHA, however, has limited resources, and its budget has been significantly cut in the past decade. So, to have the largest effect, OSHA began to partner with state health and safety agencies, who together direct their attention to industries with the highest injury rates—industries such as chemical processing, roofing and sheet metal, meat processing, lumber and wood products, mobile homes and campers, and stevedoring.

A new rule established in 1990 also requires supervisors whose employees handle hazardous waste (e.g., chemicals and medical waste) to follow strict operating procedures; such supervisors are required to monitor employee exposure, develop and communicate safety plans, and provide necessary protective equipment.

The final OSHA priority is the random inspection. Originally, OSHA inspectors were authorized to enter any work area premise, without notice, to ensure that the workplace is in compliance. In 1978, however, the Supreme Court ruled in *Marshall v. Barlow's Inc.*⁵ that a supervisor and his or her organization are not required to let OSHA inspectors enter the premises unless the inspectors have a search warrant. This decision, although not destroying OSHA's ability to conduct inspections, forces inspectors to justify their choice of inspection sites more rigorously. But don't let the warrant requirement mislead you into a false sense of security. If needed, an OSHA inspector will obtain the necessary legal document. For example, when inspectors attempted to evaluate conditions at the Hollywood, Florida, Hotel Diplomat construction site, the general contractor would not let them in. A few days later, however, the OSHA inspectors returned with warrant in hand.⁶

Attorneys who deal with OSHA suggest that supervisors cooperate rather than viewing this event as confrontational. This cooperation focuses on permitting the inspection, but only after reaching consensus on the inspection process. That's not to say, however, that you can keep inspectors from finding violations. If they are found, inspectors can take the necessary action. Finally, it is recommended that any information regarding the company's safety program be discussed with the OSHA inspector, emphasizing how the program is communicated to employees and how it is enforced.

Should supervisors feel that the fine levied is unjust, or too harsh, the law permits the supervisor and the organization to file an appeal. This appeal is reviewed by the Occupational Safety and Health Review Commission, an independently operating safety and health board. Although this commission's decisions are generally final, employers may still appeal commission decisions through the federal courts.

HOW DOES A SUPERVISOR KEEP OSHA RECORDS?

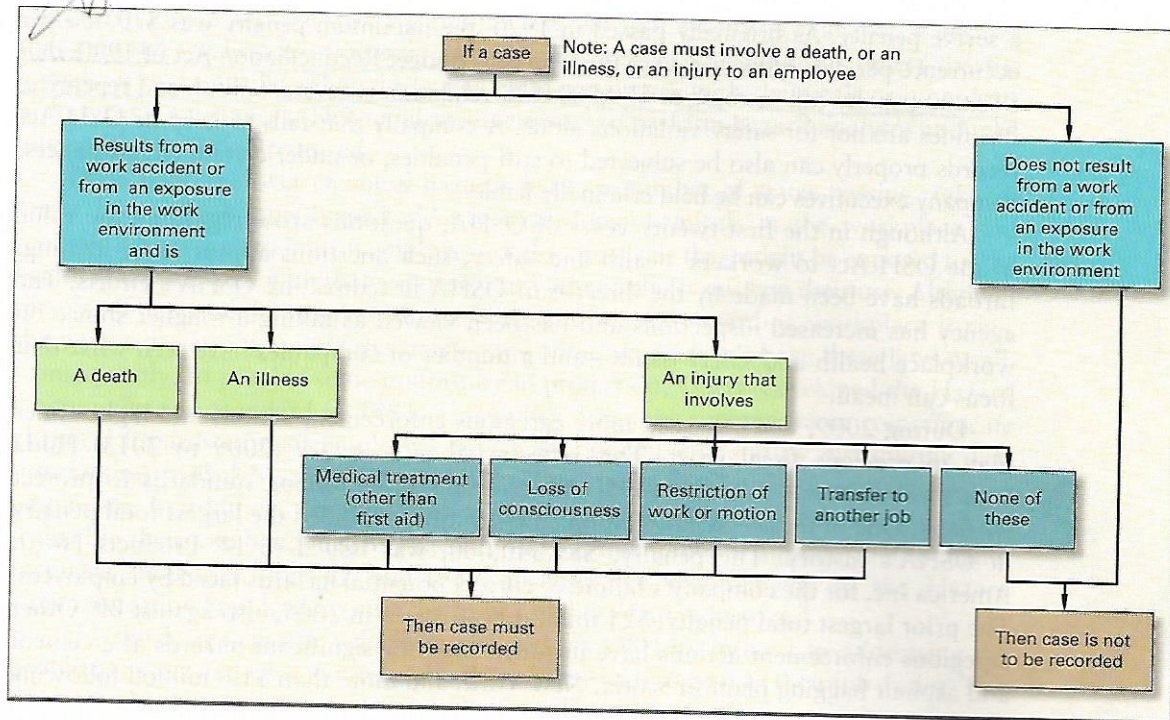
To fulfill part of the requirements established under the OSH Act, supervisors in industries where a high percentage of accidents and injuries occur must maintain safety and health records. It's important to note, however, that organizations that are exempt from record-keeping requirements—such as universities and retail establishments—still must comply

OBJECTIVE 13-3

Describe what supervisors must do to comply with OSHA record-keeping requirements.

⁵*Marshall v. Barlow's Inc.*, 436 U.S. 307 (1978).

⁶"OSHA Inspection Delay Is Legal," *ENR*, May 3, 1999, 21.

**Exhibit 13-3**

Determining the recordability of cases under the OSH Act.

Incidence rate

A measure of the number of injuries, illnesses, or lost workdays as it relates to a common base rate of 100 full-time employees.

are reported only when they require medical treatment (besides first aid), involve loss of consciousness or restriction of work or motion, or require transfer to another job.

Supervisors can decide whether an event should be recorded by following the OSHA schematic diagram (see Exhibit 13-3). If so, the supervisor must record it under one of three areas: fatality, lost workdays, or neither fatality nor lost workdays. Part of this information is then used to determine an organization's incidence rate. An **incidence rate** reflects the "number of injuries, illnesses, or (lost) workdays related to a common exposure base rate of 100 full-time workers." This rate is then used by OSHA for determining industries and organizations that are more susceptible to injury. Let's look at the incidence rate formula and use it in an example.

To determine the incidence rate, the formula $(N/EH) \times 200,000$ is used, where

- N is the number of injuries or illnesses or lost workdays.
- EH is the total hours worked by all employees during the year.
- 200,000 is the base hour rate equivalent (100 workers $\times$ 40 hours per week $\times$ 50 weeks per year).

In using the formula and calculating an organization's incidence rate, assume we have an organization with 1,800 employees that experienced 195 reported accidents over the past year. We would calculate the incidence rate as follows: $(195/3,600,000) \times 200,000$.⁷ The incidence rate, then, is 10.8. What does that 10.8 represent? That depends on a number of factors. If the organization is in the meatpacking industry, where the industry average incidence rate is 32.1, then they are doing well. If, however, it is in the oil and gas extraction industry, where the industry incidence rate is 4.1, then a 10.8 indicates a major concern.

WHAT ARE THE OSHA PUNITIVE ACTIONS?

An OSHA inspector has the right to levy a fine against an organization for noncompliance. Although levying the fine is more complicated than described here, if supervisors and their organizations do not bring a "red-flagged" item into compliance, they can be assessed

OBJECTIVE 13-4

Explain what punitive actions OSHA can impose on an organization.

⁷The number 3,600,000 is determined as follows: 1,800 employees, working 40-hour weeks, for 50 weeks a year $[1,800 \times 40 \times 50]$.

a severe penalty. As originally passed in 1970, the maximum penalty was \$10,000 per occurrence per day. However, with the Omnibus Budget Reconciliation Act of 1990, that \$10,000 penalty can increase to \$70,000 if the violation is severe, willful, and repetitive. But fines are not for safety violations alone. A company that fails to keep its OSH Act records properly can also be subjected to stiff penalties, or under certain circumstances, company executives can be held criminally liable.

Although in the first twenty years of OSHA, questions arose regarding the value of the OSH Act to workers' health and safety, such questions appear to be abating. Inroads have been made by the director of OSHA in redirecting OSHA's efforts. The agency has increased inspections and has been viewed as taking a tougher stance on workplace health and safety issues—and a number of companies have seen what that focus can mean.

During 2009, OSHA issued more egregious enforcement actions and higher fines than in previous fiscal years. This reflects Labor Secretary (2009 to 2013) Hilda Solis's commitment to refocus OSHA's priorities on enforcing standards to protect workers. One of these egregious enforcement actions included the largest total penalty in OSHA's history. The penalty, \$81,340,000, was issued to BP Products North America Inc. for the company's failure to correct potential hazards faced by employees. The prior largest total penalty, \$21 million, was issued in 2005, also against BP. Other egregious enforcement actions have included fines for significant hazards at a cement and asphalt bagging plant in Scotia, New York, and more than \$1.6 million following the death of a teen worker at a grain storage site. In 2010, OSHA conducted 40,993 total inspections. This number includes 164 significant and egregious (instance-by-instance) enforcement actions, each resulting in a total proposed monetary penalty of more than \$100,000. In addition, OSHA conducted 24,759 programmed (aimed at specific high-hazard industries, workplaces, occupations, or health substances or other industries identified in OSHA's current inspection procedures) inspections. These inspections indicate that OSHA devoted more resources to proactively target the industries and employers that experienced the greatest number of workplace injuries and illnesses. OSHA also conducted 16,234 unprogrammed (based on complaints, accidents, referrals, reports of imminent danger, reports of fatality/catastrophe, or follow-up) inspections.⁸

DOES OSHA WORK?

The OSH Act has had a direct and significant effect on almost every organization and every supervisor in the United States. In some of the largest organizations, an additional administrator has been created who is solely responsible for safety. The impact of the OSH Act standards has made organizations more aware of health and safety.

Over the next decade OSHA will continue to concentrate on safety and health violations in organizations. OSHA will focus on problems associated with contemporary organizations, concentrating its efforts through the **National Institute for Occupational Safety and Health (NIOSH)** for research and setting standards in such areas as blood-borne pathogens and chemical process safety. It is also intent on preventing Lyme disease in workers who work in areas where exposure to ticks carrying the disease is high. Similarly, OSHA continues to explore motor vehicle safety, as well as focusing on fitting the work environment to the individual.

Setting standards for blood-borne pathogens is designed to protect individuals such as medical personnel from becoming infected with such diseases as AIDS and hepatitis. In doing so, OSHA has established guidelines regarding protective equipment

National Institute for Occupational Safety and Health (NIOSH)

The government agency that researches and sets OSHA standards.

⁸U.S. Department of Labor, Occupational Safety and Health Administration, "OSHA Enforcement: Ensuring Safe and Healthy Workplaces," http://www.osha.gov/dep/2009_enforcement_summary.html (accessed May 18, 2011) and U.S. Department of Labor, Occupational Safety and Health Administration, "OSHA Enforcement: Committed to Safe and Healthful Workplaces," http://www.osha.gov/dep/2010_enforcement_summary.html (accessed May 18, 2011).

(e.g., latex gloves and eye shields), and in cases where a vaccine is available, it ensures that exposed workers have access to it. Chemical processing standards reflect specific guidelines that must be adhered to when employees work with chemicals or other hazardous toxic substances. This requires supervisors to perform hazard analyses and take any corrective action required.

These concerns over chemical hazards led to a number of states passing *right-to-know laws*. These laws helped identify hazardous chemicals in the workplace and required supervisors to inform employees of the chemicals they might be exposed to, the health risk associated with that exposure, and other policies guiding their use. Although these state laws made progress in providing information regarding workplace toxins, there were variations among the states—and some states didn't have these laws at all. Consequently, to provide some uniformity in protection, OSHA developed the Hazard Communication Standard in 1983. This policy "requires supervisors to communicate chemical hazards to their employees by labeling containers, and by distributing data information (called Material Safety Data Sheets) provided by the manufacturer" to employees. In addition, employees exposed to various hazardous chemicals must be trained in their safe handling. As enacted in 1983, this standard applied only to manufacturing industries. But by mid-1989, meeting the requirements of the Hazard Communication Standard became the responsibility of all industries.⁹

The third area, motor vehicle safety, reflects OSHA's interest in addressing the problems associated with workers who drive extensively as part of their job duties. This interest exists, in part, because nearly half of all worker deaths in any given year are attributed to motor vehicle accidents. Accordingly, emphasis is placed on substance-abuse testing of drivers, safety equipment, and driver's education.

Fourth, OSHA has been continuing its efforts in studying the proper design of the work environment such that it is conducive to productive work, called *ergonomics*. OSHA has established a website (<https://www.osha.gov/SLTC/ergonomics>) that helps organizations understand how ergonomics operates and how it can help. We come back to ergonomics later in this chapter.

Finally, OSHA is interested in employee training and has basic requirements for employees based on the job in question. General training categories may pertain to multiple jobs. However, most requirements pertain to general safety and health provisions, medical services and first aid, gases, vapors, fumes, dusts and mists, fire protection, fall protection, general protection requirements, ladders, electrical equipment, as well as hand and power tools. Some occupations require additional training. For example, construction positions demand training on demolition, scaffolding, and excavations. In general, OSHA requirements demand employers to establish and supervise programs for the education and training of employees. Employees are expected to be able to recognize, avoid, and prevent unsafe conditions. Supervisors should be trained in all areas demanded of the employee before instructing them. Employees require training in regulations applicable to their work environments to control or eliminate potential hazards or exposure to possible illness or injury. OSHA's training guidelines follow a model that consists of the following steps:

1. Determine if training is needed.
2. Identify training needs.
3. Identify goals and objectives.
4. Develop learning activities.
5. Conduct the training.
6. Assess and evaluate training program effectiveness.
7. Improve the program based on the assessment.¹⁰

⁹See U.S. Department of Labor, Occupational Safety and Health Administration, *Hazard Communication Guidelines for Compliance* (Washington, DC: Government Printing Office, 2000).

¹⁰U.S. Department of Labor, Occupational Safety and Health Administration, "Training Requirements in OSHA Standards and Training Guidelines," 1998.

Comprehension Check 13-1

1. A condition in which an accident is about to happen is called
 - a. an OSHA violation.
 - b. imminent danger.
 - c. serious injury or death.
 - d. none of the above.
2. A "standard" metric used to compare injuries, illness, or lost workdays in organizations is the
 - a. incidence rate.
 - b. work-related injury log.
 - c. recordability metric.
 - d. OSHA Form 100.
3. The maximum fine imposed by OSHA on an organization should the violation be severe, willful, and repetitive is
 - a. \$10,000.
 - b. \$25,000.
 - c. \$55,000.
 - d. \$70,000.
4. Laws that help to identify hazardous chemicals in the workplace and require organizations to inform employees of potential exposures are called
 - a. right-to-work laws.
 - b. right-to-know laws.
 - c. right-to-life laws.
 - d. rights and ethics laws.

Job Safety Programs

Businesses are concerned with efficiency and profits and they spend money to create safe conditions exceeding those required by law because of the profit motive. The cost of accidents can be, and for many organizations is, a substantial additional cost of doing business. The direct cost of an accident to an employer shows itself in the organization's workers' compensation premium. This cost is largely determined by the insured's accident history. Indirect costs also must be paid by the employer. These include wages paid for time lost as a result of injury, damage to equipment and materials, personnel to investigate and report on accidents, and lost production as a result of work stoppages and personnel changeover. The impact of these indirect costs can be seen in statistics that describe the costs of accidents for U.S. industry as a whole.

As we mentioned at the beginning of this chapter, accidents cost employers additional billions of dollars in wages and lost production. The significance of this latter figure is emphasized when we note that this cost is approximately ten times greater than losses caused by strikes.

OBJECTIVE 13-5

Describe the leading causes of safety and health accidents.

WHAT CAUSES WORK-RELATED ACCIDENTS?

The cause of an accident can be generally classified as either human or environmental. Human causes are directly attributable to human error brought about by carelessness, intoxication, daydreaming, inability to do the job, or other human deficiency. Environmental causes, in contrast, are attributable to the workplace and include the tools, equipment, physical plant, and general work environment. However, in terms of

Education	Create safety awareness by posting highly visible signs that proclaim safety slogans, placing articles on accident prevention in organization newsletters, or exhibiting a sign proclaiming the number of days the plant has operated without a lost-day accident.
Skills Training	Incorporate accident prevention measures into the learning process.
Engineering	Prevent accidents through both the design of the equipment and the design of the jobs themselves. This may also include eliminating factors that promote operator fatigue, boredom, and daydreaming.
Protection	Provide protective equipment where necessary. This may include safety shoes, gloves, hard hats, safety glasses, and noise mufflers. Protection also includes performing preventive maintenance on machinery.
Regulation Enforcement	The best safety rules and regulations will be ineffective in reducing accidents if they are not enforced. Additionally, if such rules are not enforced, the employer may be liable for any injuries that occur.

Exhibit 13-4*Accident prevention mechanisms.*

numbers, the human factor is responsible for the vast majority of accidents. No matter how much effort is made to create an accident-free work environment, a low accident rate record can be achieved only by concentrating on the human element.

One of the main objectives of safety engineers is to scrutinize the work environment to locate sources of potential accidents. In addition to looking for such obvious factors as loose steps or carpets, oil on walkways, or a sharp protrusion on a piece of equipment at eye level, safety engineers seek those that are less obvious. Standards established by OSHA provide an excellent guide in the search for potential hazards.

HOW CAN ACCIDENTS BE PREVENTED?

What traditional measures can supervisors look to for preventing accidents? The answer lies in education, skills training, engineering, protective devices, and regulation enforcement. We have summarized these in Exhibit 13-4.

HOW DO SUPERVISORS ENSURE JOB SAFETY?

One way supervisors can be assured that rules and regulations are being enforced is to develop some type of feedback system. This can be provided by inspecting the work surroundings. Supervisors can rely on oral or written reports for information on enforcement. Another approach is to get firsthand information by periodically walking through the work areas to make observations.

Although safety is everyone's responsibility, it should be part of the organization's culture. Top management must show its commitment to safety by providing resources to purchase safety devices and maintaining equipment. Furthermore, safety should become part of every employee's performance goals. As we mentioned in Chapter 12 on performance evaluations, if something isn't included, there's a tendency to diminish its importance. Holding employees accountable for safety issues by evaluating their performance sends the message that the company is serious about safety.

Another means of promoting safety is to empower the employees so that they can take action. In organizations, such employee groups are called safety committees. Although prevalent chiefly in unionized settings, these committees serve a vital role in helping the company and its employees implement and maintain a good safety program.

News Flash!

CAUSES OF WORKPLACE VIOLENCE

Undoubtedly, employee stress caused by job uncertainties, declining value of retirement accounts, long hours, information overload, other daily interruptions, unrealistic deadlines, and uncaring managers play a role. Even office layout designs with small cubicles where employees work amidst the noise and commotion from those around them have been cited as contributing to the problem.¹¹ Other experts have described dangerously dysfunctional work environments characterized by the following as primary contributors to the problem:¹²

- Employee work driven by TNC (time, numbers, and crises)
- Rapid and unpredictable change in which instability and uncertainty plague employees
- Destructive communication style in which managers communicate in excessively aggressive, condescending, explosive, or passive-aggressive styles; excessive workplace teasing or scapegoating
- Authoritarian leadership with a rigid, militaristic mind-set of managers versus employees; employees not allowed to challenge ideas, participate in decision making, or engage in team-building efforts
- Defensive attitude with little or no performance feedback given; only numbers count; and yelling, intimidation, or avoidance as the preferred ways of handling conflict
- Double standards in terms of policies, procedures, and training opportunities for managers and employees
- Unresolved grievances because of an absence of mechanisms or only adversarial ones in place for resolving them; dysfunctional individuals protected or ignored because of long-standing rules, union contract provisions, or reluctance to take care of problems
- Emotionally troubled employees and no attempt by managers to get help for these people
- Repetitive, boring work and little chance for doing something else or for new people coming in
- Faulty or unsafe equipment or deficient training, which keeps employees from being able to work efficiently or effectively
- Hazardous work environment in terms of temperature, air quality, repetitive motions, overcrowded spaces, noise levels, excessive overtime, and so forth; to minimize costs, a failure to hire additional employees when workload becomes excessive leading to potentially dangerous work expectations and conditions
- Culture of violence perpetuated by a history of individual violence or abuse, violent or explosive role models, or tolerance of on-the-job alcohol or drug abuse

Reading through this list, you surely hope that workplaces where you'll spend your professional life won't be like this. However, the competitive demands of succeeding in a twenty-four/seven global economy put pressure on organizations and employees in many ways. What can supervisors do to deter or reduce possible workplace violence?

OBJECTIVE 13-6

Explain what supervisors can do to prevent workplace violence.

A Special Case of Safety: Workplace Violence

Growing concern for the job safety of workers has resulted in a greater emphasis being placed on the increasing violence that has erupted on the job. No organization is immune from it, and the problem appears to be getting worse.¹³ A truck driver for a

¹¹C. Cosh, "Keep a Close Eye Out for the Signs," *Macleans*, December 27, 2010, p. 24; and R. McNatt, "Desk Rage," *BusinessWeek*, November 27, 2000, p. 12.

¹²M. Gorkin, "Key Components of a Dangerously Dysfunctional Work Environment," *Workforce Online*, www.workforce.com (December 3, 2000), <http://www.workforce.com/articles/key-components-of-a-dangerously-dysfunctional-work-environment> (accessed June 11, 2014).

¹³D. Costello, "Stressed Out: Can Workplace Stress Get Worse? Incidents of 'Desk Rage' Disrupt America's Offices—Long Hours, Cramped Quarters Produce Some Short Fuses; Flinging Phones at the Wall," *Wall Street Journal*, January 16, 2001, B-1.

beer and wine distributor facing dismissal fatally shot eight coworkers outside Hartford, Connecticut, on August 3, 2010. On July 12, 2010, a man opened fire at his former company in Albuquerque, killing two people and wounding four others before fatally shooting himself. On November 5, 2009, at Fort Hood, Texas, an Army psychiatrist fatally shot thirteen people and injured thirty-two. On June 25, 2008, in Henderson, Kentucky, an employee at a plastics plant returned hours after arguing with his supervisor over his not wearing safety goggles and for using his cell phone while working on the assembly line. He shot and killed the supervisor, four other coworkers, and himself. In April 2007, the same month in which the Virginia Tech shootings occurred, a gunman at his former workplace in Troy, Michigan, and one at NASA in Houston shot and killed a person. On January 30, 2006, a former employee who was once removed from a Santa Barbara, California, postal facility because of "strange behavior" came back and shot five workers to death, critically wounded another, and killed herself. On January 26, 2005, an autoworker at a Jeep plant in Toledo, Ohio, who had met the day before with plant managers about a problem with his work, came in and killed a supervisor and wounded two other employees before killing himself.¹⁴

The latest data available (2011) on workplace violence showed that 17 percent of work-related deaths in the United States were workplace homicides.¹⁵ But workplace violence doesn't just include homicides. NIOSH says that each year, some 2 million U.S. workers are victims of some form of workplace violence such as verbal abuse, yelling at coworkers, purposeful damage of machines or furniture, or assaulting coworkers. In an average week, one employee is killed and at least twenty-five are seriously injured in violent assaults by current or former coworkers. According to a Department of Labor survey, 58 percent of firms reported that supervisors received verbal threats from workers.¹⁶ Anger, rage, and violence in the workplace are intimidating to coworkers and adversely affect their productivity. The annual cost to U.S. businesses is estimated to be between \$20 and \$35 billion.¹⁷ The issue for supervisors, then, is how to prevent violence from occurring on the job and to reduce their organization's liability should an unfortunate event occur.

Circumstances vary, so a specific plan of action for companies to follow is difficult to detail. However, several suggestions can be made. First, the organization must develop a plan to deal with the issue. This may mean reviewing all corporate policies to ensure that they are not adversely affecting employees. In fact, in many cases where violent individuals caused mayhem in an office setting and didn't commit suicide, one common factor arose: These employees were not treated with respect or dignity. They were laid off without any warning, or they perceived that they were being treated too harshly in the discipline

¹⁴L. Waldman and T. El-Ghobashy, "Work Shooting Kills Nine," *Wall Street Journal*, August 4, 2010, p. A3; D. Leinwand, "Shooter Kills Two, Then Self at N.M. Plant," *USA Today*, July 13, 2010, p. 3A; R. Lenz, "Gunman Kills Five, Himself at Plant," *Associated Press, Springfield, Missouri, News-Leader*, June 26, 2008, p. 6A; S. Oppermann, "Violence in the Workplace: Is Your Agency Prepared?" *FedSmith*, www.fedsmith.com (May 30, 2007), <http://www.fedsmith.com/2007/05/30/violence-workplace-your-agency-prepared> (accessed June 11, 2014); F. Grace, "Former Postal Worker Kills 5, Herself," www.cbsnews.com/stories (January 31, 2006), <http://www.cbsnews.com/news/former-postal-worker-kills-5-herself> (accessed June 11, 2014); C. Lagorio, and "Autoworker's Grudge Turns Deadly," www.cbsnews.com/stories (January 27, 2005), <http://www.cbsnews.com/news/autoworkers-grudge-turns-deadly> (accessed June 11, 2014).

¹⁵BLS News Release, "National Census of Fatal Occupational Injuries in 2011 (Preliminary Results)," www.bls.gov/iif/oshohics.htm, September 20, 2012, http://www.bls.gov/news.release/archives/cfoi_09202012.pdf (accessed June 11, 2014).

¹⁶J. McCafferty, "Verbal Chills," *CFO*, June 2005, p. 17; S. Armour, "Managers Not Prepared for Workplace Violence," July 15, 2004, pp. 1B+; and "Workplace Violence," *OSHA Fact Sheet* (U.S. Department of Labor, Occupational Safety and Health Administration, 2002).

¹⁷"Ten Tips on Recognizing and Minimizing Violence," *Workforce Online*, www.workforce.com (September 3, 1999) <http://www.workforce.com/articles/ten-tips-on-recognizing-and-minimizing-violence> (accessed June 11, 2014).

process. Sound human resource management practices can help ensure that respect and dignity exist for employees, even in the most difficult issues such as terminations.

Supervisors must also be trained to identify troubled employees before the problem results in violence.¹⁸ *Employee assistance programs (EAPs)* can be designed specifically to help these individuals. Furthermore, if supervisors are better able to spot the types of demonstrated behaviors that may lead to violence, those who cannot be helped through the EAP can be removed from the organization before others are harmed. Organizations and their supervisors should also implement stronger security mechanisms. For example, many women who are killed at work following a domestic dispute die at the hands of someone who didn't belong on company premises. These individuals, as well as violence paraphernalia must be kept from entering the facilities altogether.

Sadly, no matter how careful the organization is, and how much it attempts to prevent workplace violence, some will occur. In those cases, supervisors must be prepared to deal with the situation and, together with their company leaders, offer whatever assistance they can to deal with the aftermath.

OBJECTIVE 13-7

Explain how a supervisor can create a healthy work site.

sick building

An unhealthy work environment.

Maintaining a Healthy Work Environment

Unhealthy work environments are a concern for every supervisor. If workers cannot function properly at their jobs because of constant headaches, watering eyes, breathing difficulties, or fear of exposure to materials that may cause long-term health problems, productivity will decrease. Creating a healthy work environment not only is the proper thing to do but also benefits the organization. Often referred to as sick buildings, office environments that contain harmful airborne chemicals, asbestos, or indoor pollution (possibly caused by smoking) have forced employers to take drastic steps. For many, it has meant the removal of asbestos from their buildings. Because extended exposure to asbestos has been linked to lung cancer, companies are required by various federal agencies such as the Environmental Protection Agency (EPA) to remove it altogether, or at least seal it so that it cannot escape into the air. Germs, fungi, mold, and a variety of synthetic pollutants cause problems, too.

Although specific problems and their elimination go beyond the scope of this text, here are some suggestions for keeping the workplace healthy:¹⁹

- **Make sure workers get enough fresh air.** One simple tactic: unsealing vents closed in overzealous efforts to conserve energy.
- **Avoid suspect building materials and furnishings.** A general rule is that if it stinks, it may be unhealthy. For instance, substitute tacks for smelly carpet glue or natural wood for chemically treated plywood.
- **Test new buildings for toxins before occupancy.** Most consultants say that letting a new building sit temporarily vacant allows the worst fumes to dissipate.
- **Provide a smoke-free environment.** If you don't want to ban smoking entirely, establish an area for smokers that has its own ventilation system.
- **Keep air ducts clean and dry.** Water in air ducts is a fertile breeding ground for fungi. Servicing the air ducts periodically can help eliminate the fungi before they cause harm.
- **Pay attention to workers' complaints.** Have a designated employee record dates and particulars. Because employees are often closest to the problems, they are a valuable source of information.

¹⁸P. Falcone, "Dealing with Employees in Crisis: Use This Blueprint for Proactive Management Intervention," *HR Magazine*, May 2003, 117-122. For another insight into this matter, see E. Roche, "Do Something—He's About to Snap," *Harvard Business Review*, July 2003, 23-30.

¹⁹See M. Conlin and J. Carey, "Is Your Office Killing You?" *BusinessWeek*, June 5, 2000, 114-128; R. Schneider, "Sick Buildings Threaten Health of Those Who Inhabit Them," *Indianapolis Star*, September 23, 2000, A-1; and F. Rice, "Do You Work in a Sick Building?" *Fortune*, July 2, 1990, 88.

Whereas these suggestions are important to follow, one in particular is noteworthy for us to explore a bit further: the smoke-free environment.

HOW DO YOU CREATE A SMOKE-FREE ENVIRONMENT?

Should smoking be prohibited in a public place of business? The dangers and health problems associated with smoking have been well documented, and this is translating into increased health insurance costs. Furthermore, smokers have been found to be absent more than nonsmokers, to lose productivity as a result of smoke breaks, to damage property with cigarette burns, to require more routine maintenance (ash/butt cleanup), and to create problems for other employees through secondhand smoke. Recognized as a means to control these maladies associated with smoking, in conjunction with society's emphasis on wellness, smoke-free policies have appeared. In fact, most U.S. organizations have banned smoking altogether, or significantly restrict smoking to designated areas.

Although many nonsmokers would agree that a total ban on smoking in the workplace is the most desirable, it may not be the most practical. For employees who smoke, quitting immediately may be impossible because of their nicotine addiction. Accordingly, a total ban on smoking should be viewed as a phased-in approach. This gradual process may begin with the involvement of representative employees to determine what the organization's smoke-free goals and timetables should be. Will the organization ban smoking altogether over a period of time, or will special areas be designated as smoking rooms? Smoking rooms must be properly ventilated to keep the smoke fumes from permeating other parts of the facility.

Consequently, the organization needs to look at incentives for getting people not to smoke. Because healthcare premiums and the costs of life insurance policies for smokers are significantly higher than those for nonsmokers, employers may decide to pay only the non-smoking premium, and pass the additional premium costs on to the smokers. Companies also need to offer various options for individuals to seek help, including wellness programs and smoking-cessation classes. These efforts show the organization is making a deliberate commitment to eliminate the problems associated with smoking in the workplace.

Something to Think about (and promote class discussion)

SAVE LIVES, SAVE MONEY: MAKE YOUR BUSINESS SMOKE-FREE

Think of a lit cigarette as a miniature toxic waste dump. Its secondhand smoke contains more than fifty cancer-causing chemicals, and the toxins in secondhand smoke can cause heart disease and lung cancer in nonsmokers. In fact, breathing secondhand smoke for even a short time could have immediate effects on blood and blood vessels, potentially increasing the risk of a heart attack.

The American Productivity Audit, a national survey of more than 29,000 workers, found that tobacco use was a leading cause of workers' lost production time, even greater than alcohol abuse or family emergencies. One large company found that their employees who smoked had more hospital admissions (124 versus 76 admissions per 1,000 workers) and a higher average insured payment for health care (\$1,145 versus \$762) than their nonsmoking employees in an eleven-month period. However, quitting smoking, or even just cutting back, improves a worker's productivity.

Going smoke-free lowers the risk of fires and accidental injuries, which can reduce insurance costs. Many smoke-free businesses have negotiated for lower fire and property insurance premiums, with some businesses winning reductions of 25–30 percent.

Going smoke-free also reduces cleaning and maintenance costs. The Building Owners and Managers Association, a national trade group, reports that indoor smoking increases cleaning costs and states "secondhand smoke does not belong in buildings." Unigard Insurance, in Seattle, WA, saved \$500 a

(continued)

Continued

month after going smoke-free when its maintenance contractor reduced its monthly fee because the staff no longer had to clean ashtrays, dust desks, and clean carpets or furniture as often.

Going smoke-free reduces potential legal liability. Nonsmokers harmed by secondhand smoke at work have won lawsuits and disability claims against their employers under a variety of legal remedies. Everyone benefits when the air is cleared of secondhand smoke, including smokers, some of whom will quit or at least cut back. In a smoke-free environment workers become healthier, and healthier workers miss less work, are more productive, and have lower health care costs.

Sources: Centers for Disease Control and Prevention, "Save Lives, Save Money: Make Your Business Smoke-Free," Atlanta, Georgia: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, June 2006, http://www.cdc.gov/tobacco/basic_information/secondhand_smoke/guides/business/pdfs/save_lives_save_money.pdf (accessed May 18, 2011).

repetitive stress injuries

Injuries sustained by continuous and repetitive movements of a body part.

musculoskeletal disorders (MSDs)

Continuous-motion disorders caused by repetitive stress injuries.

carpal tunnel syndrome

A repetitive stress injury of the wrist.

WHAT ARE REPETITIVE STRESS INJURIES?

Whenever workers are subjected to a continuous motion such as keyboarding, without proper workstation design (seat and keyboard height adjustments), they run the risk of developing **repetitive stress injuries**. This phenomenon is referred to as **musculoskeletal disorders (MSDs)**. These disorders, which account for nearly 40 percent of annual workplace illnesses, result in headaches, swollen feet, back pain, or nerve damage and cost U.S. companies several billion dollars annually. The most frequent form of this disorder, found in the wrist, is called **carpal tunnel syndrome** and affects thousands of workers. Given the magnitude of problems associated with MSDs, OSHA issued its final ergonomics standards in late 2000 to combat this workplace problem; standards that will hopefully save nearly \$10 billion in reduced work-related injuries.²⁰

One chief means of reducing the potential effects of repetitive stress injuries for an organization is through the use of **ergonomics**. Ergonomics involves fitting the work environment to the individual. Reality tells us that every employee is different—different shape, size, height, and so on. Expecting each worker to adjust to "standard" office furnishings is just not practical. Instead, by recognizing and acting on these differences, ergonomics looks at customizing the work environment so that it not only is conducive to productive work but also keeps the employee healthy.

When we speak of ergonomics, we are primarily addressing two main areas: the office environment and office furniture. Organizations are reviewing their office settings, their work environment, and their space utilization in an effort to provide more productive atmospheres. This means that new furniture designed to reduce back strain and fatigue is being purchased. Properly designed and fitted office equipment can also help reduce repetitive stress injuries.



Donna Cuic/Shutterstock

Repetitive stress injuries and related musculoskeletal disorders caused by improper workstation design have been reduced by adherence to OSHA-issued ergonomic standards.

²⁰See Occupational Safety and Health Administration, *OSHA's Ergonomics Enforcement Plan* (Washington, DC: Government Printing Office, March 6, 2003); and OSHA, "Protecting Workers from Ergonomic Injuries," *Job Safety and Health Quarterly*, <https://www.osha.gov/Publications/JSHQ/spring2002/protwork.htm> (accessed June 11, 2014).

Furthermore, companies are using colors such as mauves and grays, which are more pleasing to the eye, and experimenting with lighting brightness as a means of lessening employee exposure to harmful eyestrain associated with today's video display terminals.

Stress

Stress is a dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what they desire, and for which the outcome is perceived to be both uncertain and important. Stress is a complex issue and can manifest itself in both positive and negative ways. Stress is said to be positive when the situation offers an opportunity for one to gain something; for example, the "psyching up" that an athlete goes through can be stressful, but this can lead to maximum performance. But when constraints or demands are placed on us, stress can become negative. Let us explore these two features—constraints and demands.

Constraints are barriers that keep us from doing what we desire. Purchasing a hybrid sport utility vehicle (SUV) may be your desire, but if you cannot afford the \$38,000 price, you are constrained from purchasing it. Accordingly, constraints inhibit you in ways that take control of a situation out of your hands. If you cannot afford the hybrid SUV, you cannot get it. Demands, on the other hand, may cause you to give up something you desire. If you wish to go to a movie with friends on Tuesday night but have a major exam on Wednesday, the exam may take precedence. Thus, demands preoccupy your time and force you to shift priorities.

Constraints and demands can lead to potential stress. When they are coupled with uncertainty about the outcome and importance of the outcome, potential stress becomes actual stress. Regardless of the situation, if you remove the uncertainty or the importance, you remove stress. However, when constraints or demands have an effect on an important event and the outcome is unknown, pressure is added—resulting in stress.

Whereas we are not attempting to minimize stress in people's lives, it is important to recognize that both good and bad personal factors may cause stress. Of course, when you consider the changes, such as restructuring, that are occurring in U.S. companies, it is little wonder that stress is so rampant in today's companies. Just how rampant? Stress-related problems cost U.S. companies hundreds of billions of dollars annually! And stress on the job knows no boundaries. In Japan, worker stress has been identified in nearly three-fourths of workers. In fact, in Japan there is a concept called karoshi, which literally means "death from overwork," and as Japanese multinational companies expand operations to China, Korea, and Taiwan, it's feared that the karoshi culture may follow.

OBJECTIVE 13-8

Define *stress*.

stress

Something an individual feels when faced with opportunities, constraints, or demands perceived to be both uncertain and important. Stress can show itself in both positive and negative ways.

karoshi

A Japanese term for sudden death caused by overwork.

ARE THERE COMMON CAUSES OF STRESS?

Stress can be caused by a number of factors called **stressors**. Factors that create stress can be grouped into two major categories—organizational and personal (see Exhibit 13-5). Both directly affect employees, and ultimately their jobs.

Many factors within the organization can cause stress. Pressures to avoid errors or complete tasks in a limited time period, a demanding supervisor, and unpleasant coworkers are a few examples.

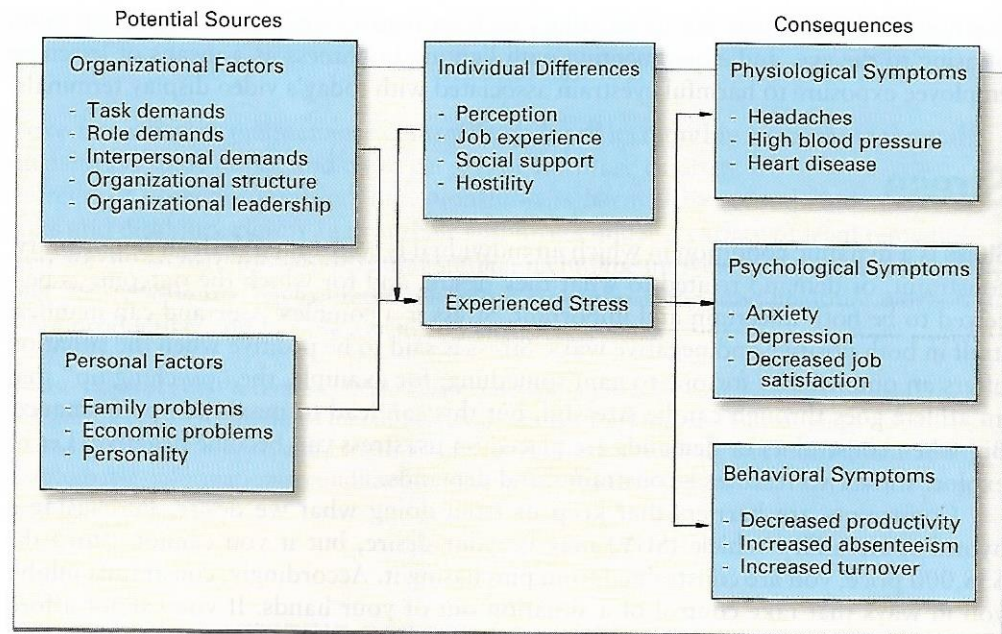
stressors

Conditions that cause stress in an individual.

WHAT ARE THE SYMPTOMS OF STRESS?

What signs indicate that an employee's stress level might be too high? Stress reveals itself in three general ways: physiological, psychological, and behavioral symptoms.

Most of the early interest in stress focused heavily on health-related or *physiological concerns*. High stress levels result in changes in metabolism, increased heart and breathing rates, increased blood pressure, headaches, and increased risk of heart attacks. Because detecting many of these requires the skills of trained medical personnel, their immediate and direct relevance to the supervisor is negligible.

**Exhibit 13-5**

Potential sources of stress.

Of greater importance to supervisors are psychological and behavioral symptoms of stress—symptoms that can be witnessed in the person. The *psychological symptoms* can be seen as increased tension and anxiety, boredom, and procrastination—which can all lead to productivity decreases. So too can *behavioral symptoms*—changes in eating habits, increased smoking or substance consumption, rapid speech, or sleep disorders.

HOW CAN STRESS BE REDUCED?

Reducing stress presents a dilemma for supervisors. Some stress in organizations is absolutely necessary. Without it, people have no energy. Accordingly, whenever one considers stress reduction, what is at issue is reducing its dysfunctional aspects.

One of the first means of reducing stress is to make sure that employees are properly matched to their jobs, and that they understand the extent of their “authority.” Furthermore, letting employees know precisely what is expected of them can reduce ambiguity. Redesigning jobs can also help ease work overload–related stressors. Employees should have some input in those things that affect them. Their involvement and participation have been found to lessen stress.

Supervisors must recognize that no matter what they do to eliminate organizational stressors, some employees will still be “stressed out.” Supervisors simply have little or no control over the employee’s personal factors. Supervisors also face an ethical issue when personal factors cause stress—just how far can one intrude on an employee’s personal life? To help deal with this issue, many companies have started employee assistance and wellness programs. These employer-offered programs are designed to assist employees in areas where they may be having difficulties, such as financial planning, legal matters, health, fitness, and handling stress.²¹

OBJECTIVE 13-9

Describe the purposes of employee assistance and wellness programs.

Helping the Whole Employee

No matter what kind of organization or industry one works in, one thing is certain: At times, employees will have personal problems. Whether that problem is job stress, legal, marital, financial, or health-related, one commonality exists: If an employee experiences

²¹See Institute for Management Excellence, “Reducing Stress in the Workplace,” October 2002. www.itstime.com/oct2002.htm (accessed June 22, 2008).

a personal problem, sooner or later it will manifest itself at the workplace in terms of lowered productivity, increased absenteeism, or turnover (behavioral symptoms of stress). To help employees deal with these personal problems, more and more companies are implementing **employee assistance programs (EAPs)**.

employee assistance program (EAP)

A program designed to act as a first stop for individuals seeking help with the goal of getting productive employees back on the job as swiftly as possible.

WHERE DID EAPS COME FROM?

EAPs, as they exist today in about half of U.S. organizations, are extensions of programs that had their birth in U.S. companies in the 1940s.²² Companies such as DuPont, Standard Oil, and Kodak recognized that a number of their employees were experiencing problems with alcohol. To help these employees, formalized programs were implemented on the company's site to educate these workers on the dangers of alcohol and to help them overcome their addiction. The premise behind these programs, which still holds today, is getting a productive employee back on the job as swiftly as possible. Let's examine this for a moment.

Suppose you have a worker, Robert, who has been with you for a number of years. Robert has been a solid performer for several years, but lately something has happened. You notice his performance declining. The quality of his work is diminishing, he has been late three times in the past five weeks, and rumor has it that Robert is having marital problems. You could, and would have every right to, discipline Robert according to the organization's discipline process. But it is doubtful that discipline alone would help. Consequently, after a period of time, you may end up firing him. You've now lost a once good performer and must fill the position with another—a process that may take eighteen months to finally achieve the productivity level Robert had. However, instead of firing him, you decide to refer this individual to the organization's EAP. This confidential program works with Robert to determine the cause(s) of the problems and seeks to help him overcome them. Although Robert meets more frequently at first with the EAP counselor, you notice that after a short period of time Robert is back on the job, and his performance is improving. After four months, he is performing at the level prior to the problem getting out of hand. In this scenario, you now have your fully productive employee back in four months, as opposed to possibly eighteen months had you fired and replaced Robert.

WHY PROVIDE WELLNESS PROGRAMS?

When we mention **wellness programs** in any organization, we are talking about any type of program that is designed to keep employees healthy. These programs are varied and may focus on such things as smoking cessation, weight control, stress management, physical fitness, nutrition education, blood pressure control, violence protection, and work team problem intervention. Wellness programs are designed to help cut employer health costs and to lower absenteeism and turnover by preventing health-related problems.²³

It is interesting to note that, similar to EAPs, wellness programs don't work unless employees view them as having some value. Unfortunately for wellness, the numbers across the United States are not as promising. Less than one-fourth of all employees use them. To help combat this low turnout, a number of key criteria must exist. First of all, there must be top supervisory support. Without supervisors' support in terms of resources and in personally using the programs, the wrong message may be sent to employees. Second, there is a need to have the programs serve the family

wellness program

Any type of program that is designed to keep employees healthy, focusing on such things as smoking cessation, weight control, stress management, physical fitness, nutrition education, blood pressure control, and so on.

²²F. Hansen, "Employee Assistance Programs (EAPs) Grow and Expand Their Reach," *Compensation and Benefits Review*, March/April 2000, 13; "EAPs with the Most," *Managing Benefits Plans*, March 2003, 8; and K. Tyler, "Helping Employees Cope with Grief," *HR Magazine*, September 2003, 55–58.

²³C. Petersen, "Value of Complementary Care Rises, But Poses Challenges," *Managed Healthcare*, November 2000, 47–48.

as well as the employees themselves. This not only provides an atmosphere where families can get healthy together, but it also reduces possible medical costs for the dependents. And finally there is the issue of employee input. If programs are designed without considering employees' needs, even the best ones may fail. Supervisors need to invite participation by asking employees what they'd use if available. Although many supervisors know that exercise is beneficial, few initially addressed how to get employees involved, but after finding out that employees would like such things as on-site exercise facilities or aerobics, they were able to begin appropriate program development.

Comprehension Check 13-2

5. Which one of the following is *not* an accident prevention mechanism?
 - a. Skills training
 - b. Protection
 - c. Valid selection criteria
 - d. Regulation enforcement
6. Workplace homicide is the number _____ cause of work-related deaths in the United States.
 - a. four
 - b. three
 - c. two
 - d. one
7. An unhealthy work environment is best described as a(n)
 - a. OSHA violation.
 - b. sick building.
 - c. imminent danger.
 - d. none of the above.
8. Injuries sustained by continuous movements of a body part are called
 - a. musculoskeletal problems.
 - b. carpal tunnel syndrome.
 - c. eye-hand coordination disease.
 - d. none of the above.
9. What two factors must be present for stress to exist?
 - a. Importance and uncertainty
 - b. Importance and certainty
 - c. Unimportance and certainty
 - d. Unimportance and uncertainty

III.C.2: How Stressful Is My Life?

Instrument

Review the following list of life events. Identify those that you have experienced in the last 12 months.

<u>Life Event</u>	<u>Mean Value</u>
1. Death of spouse	100
2. Divorce	73
3. Marital separation from mate	65
4. Detention in jail or other institution	63
5. Death of a close family member	63
6. Major personal injury or illness	53
7. Marriage	50
8. Being fired from job	47
9. Marital reconciliation with mate	45
10. Retirement from work	45
11. Major change in health or behavior of a family member	44
12. Pregnancy	40
13. Sexual difficulties	39
14. Gaining a new family member	39
15. Major business readjustment (merger, reorganization, bankruptcy, etc.)	39
16. Major change in financial state (positive or negative)	38
17. Death of a close friend	37
18. Changing to a different line of work	36
19. Major change in the number of arguments with spouse	35
20. Taking out a mortgage or loan for a major purchase (home, business, etc.)	31
21. Foreclosure on a mortgage or loan	30
22. Major change in responsibilities at work (promotion, demotion, transfer)	29
23. Son or daughter leaving home	29
24. In-law troubles	29
25. Outstanding personal achievement	28
26. Spouse beginning or ceasing work	26
27. Beginning or ceasing formal schooling	26
28. Major change in living conditions (building new house, remodeling, deterioration of neighborhood)	25
29. Revision of personal habits	24
30. Troubles with the boss	23
31. Major change in working hours or conditions	20
32. Change in residence	20
33. Changing to a new school	20
34. Major change in usual type and/or amount of recreation	19
35. Major change in church activities	19

36. Major change in social activities	18
37. Taking out a loan for a lesser purchase (car, TV, etc.)	17
38. Major change in sleeping habits.	16
39. Major change in number of family get-togethers	15
40. Major change in eating habits	15
41. Vacation	13
42. Christmas	12
43. Minor violation of the law (traffic tickets, disturbing the peace, etc.)	11

Source: T.H. Holmes and R.H. Rahe, "The Social Readjustment Rating Scale," *Journal of Psychometric Research*, 1967, pp. 213-18.

Scoring Key

To calculate your score, add up the mean values for the events that you've experienced in the past year.

Analysis and Interpretation

Life change events build up and create stress. This instrument weighs the events you've experienced in the past year in terms of their potential to create stress-induced illnesses or injuries during the next two-year period. Notice that positive events (marriage, a promotion, an inheritance) as well as negative ones can create stress.

A cumulative score of 150 or less indicates a low susceptibility to stress-induced illnesses or injuries. A score of 151 to 300 indicate a 35 to 50 percent probability of stress related health changes in the next two-year period. And scores of over 300 indicate an 80 percent chance of stress-induced health changes.

This instrument dramatizes that changes accumulate and, if they accumulate too much, they can overtake your body's ability to adjust. Some events are uncontrollable by you. Others, however, are within your control. Don't try to undertake too much change too fast. Of course, different personality types handle stress differently. Hardy-types seem to do better at dealing with change and stress. These are people who believe they can control the events they encounter, are extremely committed to the activities in their lives, and who treat change in their lives as a challenge. If you're a hardy-type, a high score on this instrument may not lead to negative health changes.