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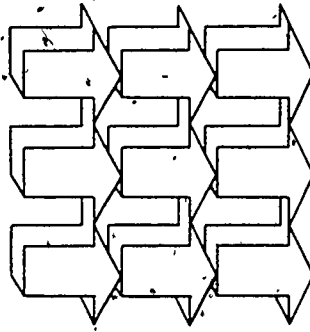
ABSTRACT

This individualized, competency-based unit on managing human resources, the 12th of 18 modules, is on the third level of the revised Program for Acquiring Competence in Entrepreneurship (PACE). Intended for the advanced secondary and postsecondary levels and for adults wanting training or retraining, this unit, together with the other materials at this level, emphasizes the actual application of a business plan. Five competencies are dealt with in this instructional unit, including (1) writing a job description for a position in one's business; (2) developing a training program outline for employees, (3) developing a list of personnel policies for employees in one's business, (4) developing an outline for an employee evaluation system, and (5) planning a corrective interview with an employee concerning a selected problem. Materials provided include objectives, preparation information, an overview, content (with questions in margins that guide the students' reading), activities, assessment forms, and notes and sources. The unit requires using approximately 3 hours of class time. (YLB)

PACE

REVISED

Program for
Acquiring
Competence in
Entrepreneurship



- Level 1
- Level 2
- Level 3

Managing Human Resources

Developed by M. Catherine Ashmore and Sandra G. Pritz

You will be able to:

- **Write a job description for a position in your business.**
- **Develop a training program outline for employees.**
- **Develop a list of personnel policies for employees in your business.**
- **Develop an outline for an employee evaluation system.**
- **Plan a corrective interview with an employee concerning a selected problem.**

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Research & Development Series No. 240 CB 12



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BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.
2. Read the Unit Objectives on the front cover. If you think you can meet these objectives now, consult your instructor.
3. These objectives were met at Levels 1 and 2:

Level 1 -

- Define human resource management
- Explain the importance of human resource management as it relates to the success of a business
- Identify the various responsibilities that make up human resource management
- Describe the obligations employers have to employees

Level 2 -

- Identify the steps involved in hiring employees
- Describe the procedures for developing a training program
- Explain various styles of management
- Describe various techniques that may be used to supervise and motivate employees
- Describe various methods for communicating with employees
- Discuss various alternatives for evaluating employee performance
- Identify the steps in developing a comprehensive employee compensation package

If you feel unsure about any of these topics, ask your instructor for materials to review them.

4. Look for these business terms as you read this unit. If you need help with their meanings, turn to the Glossary in the *Resource Guide*.

job description
performance appraisal
task
termination

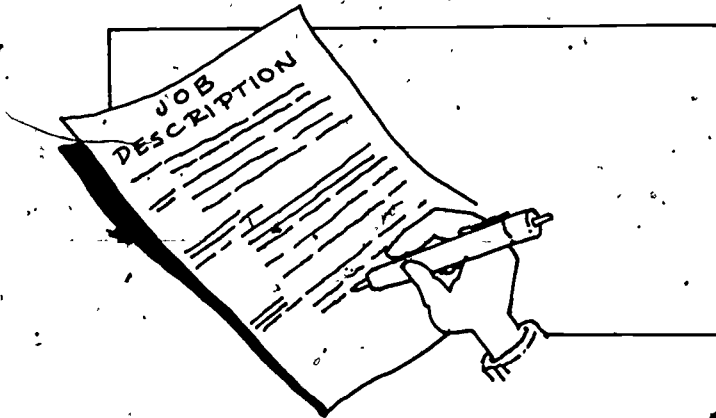
MANAGING HUMAN RESOURCES

WHAT IS THIS UNIT ABOUT?

This unit is about managing people. People are the most important resource in any company. Successful entrepreneurs must be able to manage the people who work for them. Management of human resources includes—

- employment interviewing for selection and placement;
- training and development;
- compensation, services and benefits;
- transfer, promotion and separation;
- payroll and records;
- health and safety.

Whether the business is small or large, managing people is much the same. The examples in the text may not sound just like your company, but you should concentrate on the basic skills involved in the example. The skills needed to correct an employee's behavior, for example, will be the same in manufacturing, sales, services, and retail companies.



This unit will focus on how to write a job description based upon the tasks done in the job; design an effective training program; establish a listing of your personnel policies; develop an outline for employee evaluation; and learn to do a corrective interview with an employee.

WHAT IS A JOB ANALYSIS?

The first step in writing a job description is to identify the exact tasks that must be performed in a job. This is called job analysis.

Before you hire a new person, you must know exactly what work you want that person to do. You must also ask yourself, "Do I have too many employees? Too few? Am I expecting people to do more than they possibly can?" The answers to these questions can be found by analyzing the tasks each person does.

To do job analysis, interview the person doing the job now and list the tasks performed such as "writes monthly report to president to inform him/her on status of projects." Task statements begin with an action verb (the action performed) and include a phrase that tells why that task is performed (the purpose). A list of the tasks that make up a job describes in very specific terms the activities required to do that job.

After you have interviewed the person doing the job now, compile the list of tasks and check it again with the person doing the job. Next, check it with his or her supervisor(s) and subordinates. Ask them these questions:

- Is this task done in this job?
- Are other tasks done in this job that are not listed?

Revise the list as needed until you have agreement on what tasks are done in the job.

To create a job description for a new position, list all the tasks to be done by the new employee. This list will then guide you in advertising the position and in selecting the right person for the job.

Take the time to do job analysis carefully. It is important because once you have the task statements you can use them to—

- write a job description;
- guide you in the selection interview;
- orient new employees;
- develop performance appraisal;
- compare compensation levels;
- design employee development activities;
- help employees who wish to transfer to understand other jobs in the company.

One other important consideration is that in doing job analysis, you are putting your personnel functions on a logical, fair, and legally defensible foundation. You will have made your personnel decisions job related.

HOW DO YOU WRITE A JOB DESCRIPTION?

Now you are ready to write a job description. The job description should list the tasks done in the job, the duties and responsibilities, and the equipment operated on the job.

The following is a good example of format for a job description:

NAME OF YOUR COMPANY:

TITLE OF JOB:

DATE:

GENERAL STATEMENT OF DUTIES:

A sentence or two of general description, such as "This employee types letters and reports, answers the telephone, and does general office work."

EXAMPLES OF WORK PERFORMED:

This is where you list the task statements.

MATERIALS, TOOLS, EQUIPMENT, WORK AIDS USED:

Every job uses tools, machines, or special materials. Don't forget to include the obvious ones.

SUPERVISION RECEIVED:

Do they work independently, or are they closely supervised?

SUPERVISED EXERCISED:

Will they have subordinates? How many?

REQUIRED EXPERIENCE:

Educational or work experience necessary to performing this job.

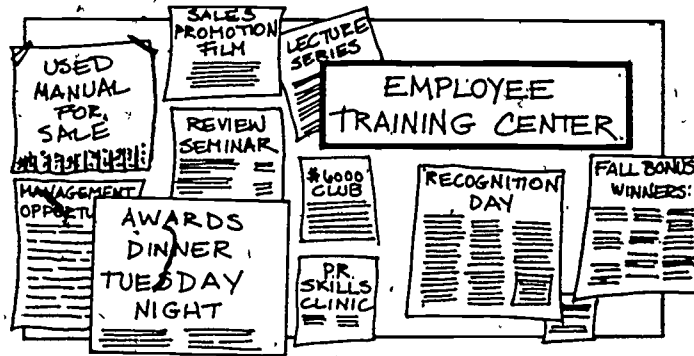
OTHER REQUIREMENTS:

Special requirements like having a driver's license, able to be bonded, special certification, etc.

Prepared by _____

WHAT IS A TRAINING PROGRAM?

A training program can be on-the-job or it can be a classroom program. It may be a combination of both. You may wish to hire a specialist to do the training or you may do the training yourself. Whatever way you do it, remember that training programs are a means to an end. Employees are trained with specific objectives in mind; not just because training is a "good thing to do." Upon completion, training programs should be evaluated in terms of how well they met the desired objectives. Do not spend your resources on training that does not address a specific need in your company.



WHAT IS NEEDS ASSESSMENT?

Before you do training of any kind, you must decide what training your employees really need. There are several ways to assess these needs:

- Analyze personnel records to see what training people have already had and what they still need. Pay particular attention to performance appraisal (evaluation) notes, as training may have been promised during an employee's evaluation session.
- Discuss needs informally with your employees; listen to complaints and compliments. If you hear that "Scott won't do an interview and he's the one who should do it," you'll know that Scott is a candidate for a training on interview skills.
- Survey employees and supervisors (or just supervisors). This is a frequently used method for determining training needs. Ask what training they feel is needed. Make a list of all their answers and send it back asking that they set priorities for these training needs.
- Interview employees and their supervisors.

All of these methods amount to the same thing: finding out what the people who do the work need to know in order to do a better job.

The next step is to compare the training priorities to your organizational objectives and goals, budgets, and time commitments. Reconcile these needs and decide which training programs will be offered.

7
HOW SHOULD THE TRAINING PROGRAM BE OUTLINED?

You are now ready to outline your training program. Here are the steps:

1. Define what is to be learned in the training program. If you are giving on-the-job training to a new employee, refer to the job description. If you have defined a problem, focus the training on the solution. For example, you may feel that your employees aren't very productive, though they always seem to be busy. You decide to provide a course on time management with the objective of "developing strategies for making better use of time."
2. Choose a time, a place, and a person to do the training. The time and place should be convenient and comfortable for employees. Training away from work has fewer interruptions and seems more special. Training at work, however, will be more productive for learning other tasks (especially those that are specific for your equipment) and is usually cheaper.

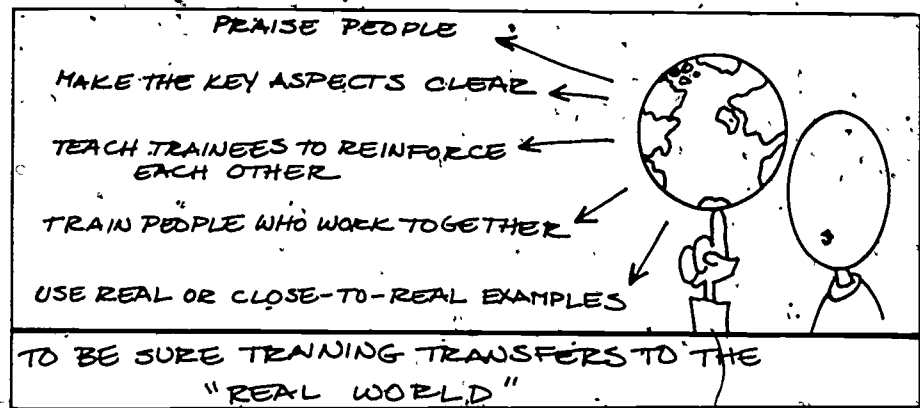
Tell employees in advance—

- who should come (why me?);
 - where to come (address, room number, and so on);
 - the time that training will start and when it will end;
 - how to dress;
 - what they will learn.
3. Plan the instruction outline. Start the training with an introduction. Review what is to be learned and the schedule for the day. Encourage a relaxed and friendly relationship and encourage participation. Help the participants get to know each other. Include time for breaks as people need time to absorb new information. Refreshments will also be helpful.
 4. Present the information in a careful and interesting way. Make certain each step is understood before going to the next one. Watch facial expressions and query the person if you think he or she really wants to make a comment. Answer questions and allow time to practice the skill. If possible, let participants watch someone do it the right way. This could be a demonstration, role playing, a film, or video tape. Offering a model for doing it the right way greatly aids learning.

To be sure that the training transfers to the "real world" be sure to—

- train together people who work together;
- use real or close-to-real examples;
- praise people for each small step toward learning the new behavior;

- teach trainees to reinforce each other for doing the new behavior;
 - make clear the key aspects in the performance of the new behavior.
5. Follow up after training to be sure the employee has transferred the training to the job. Make corrections, answer questions, and reaffirm that the training was important and that you expect the employee to continue the new behavior.



After the training session you will want the participants to give you written (and perhaps anonymous) feedback. This evaluation can be a few questions such as these:

- Was this training needed?
- Do you feel you learned what you were supposed to learn?
- Was the instructor prepared?
- Was the room adequate?
- Was the learning objective relevant to your job?

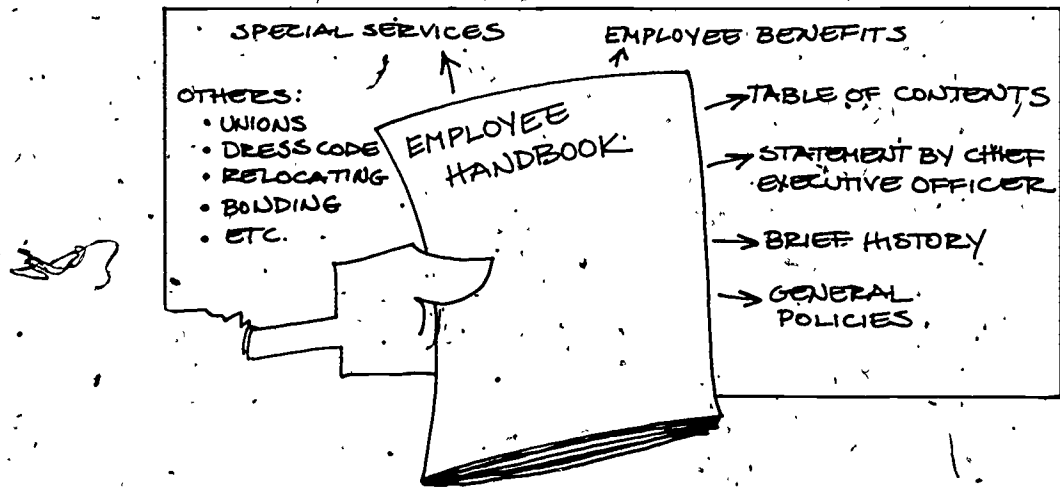
The evaluation form will help you to know how to improve your training outline and performance. It is especially important for you to have if you hire a training specialist.

You may also want to assess what the participants learned. Ask them to respond to questions such as "How much did you know about this before the training?" "How much did you learn during the training?"

In addition to the trainees' feedback, you need to determine whether or not the new behaviors are meeting the need. In the earlier example, the learning objective was to make better use of time. Are your employees who went through the training making better use of their time? Can they get more work done?

WHAT ABOUT PERSONNEL POLICIES?

As soon as you hire your first employee, you begin to have personnel policies. How you select and manage your employees is critical to your success. It is best to write down your personnel policies in a handbook so that each employee has the same information. This puts your policies "on the record" and makes it easier for you to enforce them and to treat everyone fairly. It is also very useful in the orientation of a new employee.



The following subjects should be included in your handbook:

1. Table of contents
2. A statement by the chief executive officer that the company values its employees and appreciates their work. Welcome new employees.
3. A brief history of the company.
4. General policies (be exact—include copies of reporting forms if you refer to them). These policies should cover—
 - working hours,
 - the person responsible for personnel administration,
 - statement of nondiscrimination,
 - reporting to work,
 - rest periods,
 - absence from work,
 - employment records,
 - evaluation of performance,
 - pay periods,

- shift premiums,
 - safety and accident prevention,
 - use of telephone,
 - how to make suggestions/complaints.
5. The benefits for employees (use only those that apply to your company) cover areas such as—
- vacations,
 - holidays (specify dates),
 - group insurance (name administrator),
 - sick leave,
 - parking,
 - training program,
 - bonus plan,
 - profit-sharing plan,
 - suggestion awards,
 - jury duty,
 - military leave,
 - pension plan/Social Security benefits,
 - unemployment compensation,
 - service awards,
 - counseling,
 - expertise and travel procedures,
 - legal services.
6. A section on special services for employees should include—
- credit union,
 - education plans,
 - company cafeteria and/or coffee service,
 - magazine subscriptions,

- company sponsored events,
 - termination policy.
- 7.. Other sections you may wish to include are—
- conformity with government regulations,
 - union activity,
 - invention ownership/patent policy,
 - communication policy (bulletin board rules, “open door policy”, and so on),
 - dress code,
 - relocation policy,
 - bonding.

If you are starting a new company, you need to think seriously about the benefits and services you can offer employees. These benefits and services are a part of the employees' total compensation. They will increase your operating expenses, so you must make this decision very carefully. You can always increase benefits. However, employees will not appreciate losing benefits.



As an employer, you must provide some services. One such service is worker's compensation insurance. Worker's compensation insurance is required by law in almost every state. If any of your employees is injured or killed as a result of their job, the employee (or beneficiary) becomes eligible for benefits.

The way new employees are trained to operate a machine is critical to their operating the machine in a safe manner. A comprehensive program of safety education for all employees would be a good investment if you are in a business with high accident rates. If your type of business has low accident rates, a less formal program would be enough. For example, you might post safety signs in strategic places. Inform all employees of fire safety routes and the location of alarm boxes and/or fire extinguishers.

In 1970, the Occupational Safety Health Act became law. The Act requires employers to provide safe and healthful work places. Failure on the part of the employer to use the necessary safeguards to protect the health and the lives of the employees makes the employer subject to liabilities for damages if an injury occurs. Many states also have laws for additional protection of workers. Practically every worker, other than domestic and household workers and miners, is protected.

WHAT ABOUT UNION ACTIVITY?

The main function of unions is to improve employee working conditions, salaries, and benefits. Small business is generally less unionized than large business. Employees of manufacturing, printing, and construction companies; trucking firms; and barber shops, however, are likely to be members of unions.

Employers take different sides of the union question. Some entrepreneurs cooperate with employees and unions while others assume a very antiunion position. The owner of a small business may view union activity as a personal affront to management. However, responsible employers working with responsible unions will implement effective employee personnel programs.

WHAT IS AN EMPLOYMENT AGREEMENT?

An employment agreement is a contract between the company and each employee, or class of employees. You can save many problems later by having each new employee sign an agreement. Or you may restrict the use of the agreement to a certain level of employees such as professional employees. Your public library's reference room will have information and sample forms to help you draft the agreement.

Your most important responsibility to your employees is to be "The Boss." They look to you for leadership, example, and guidance. A boss who is too busy to show an employee how to correct a mistake is perceived as a boss who doesn't care.

HOW DO I EVALUATE AN EMPLOYEE'S PERFORMANCE?

Employee evaluation is a special kind of discussion between supervisor and subordinate that allows employees to understand how they are doing their job and what they can do improve their performance.

The discussion can also give the supervisor important feedback about morale and problems in the job. An important plus is that you may get creative suggestions for product or work place improvement.

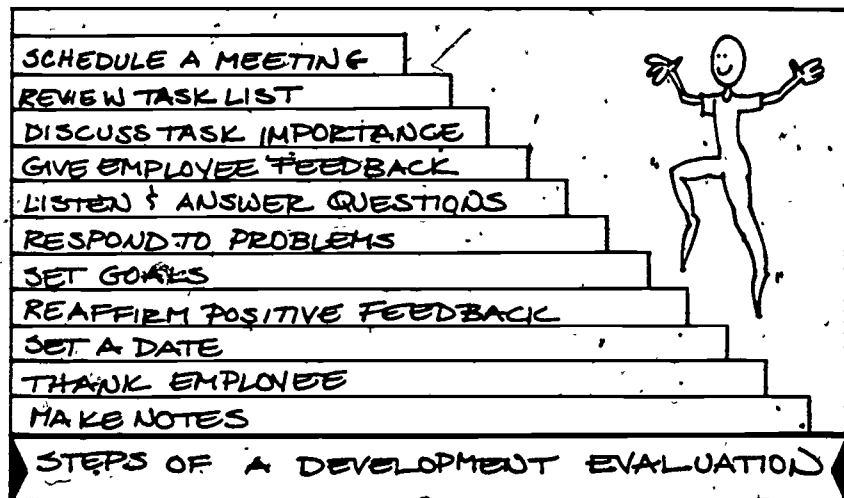
Don't dread these evaluations; look forward to them. Like a good coach, you owe your employees feedback that will allow them to improve.

Evaluations are used to (1) give developmental feedback to the employees and (2) provide a basis for "merit pay," bonuses, and promotions.

The best way to accomplish both purposes is to do two evaluations at different times. Do the compensation evaluation three to six months after the development coaching. If the bottom line is, "Do I get a raise, or not?" the development coaching is forgotten.

Evaluation or appraisal of employee performance based upon the job description is far superior to rating based upon personal traits like "initiative" or "attitude." This focuses the appraisal on the tasks done on the job and not on the person. It is therefore job related—not person related.

A discussion of the success of an employee's performance based on observable tasks is much more useful to the employee, is much easier and less threatening for the supervisor, and is much less likely to result in disagreement.



WHAT ARE THE STEPS OF A DEVELOPMENT EVALUATION?

The steps in a development evaluation are as follows:

1. **Schedule a meeting.** Tell the employee the purpose of the meeting and schedule it in a private place. Provide for adequate time. Try to avoid interruptions if possible.
2. **Review the task list together.** Are each of the tasks currently being performed? Should they be? Add new tasks if necessary.
3. **Discuss the importance of each task.** Is a certain task critical to the job? Is it not very important? How often is the task done? Evaluate together the importance and frequency of the tasks.
4. **Give the employee feedback.** Discuss the employee's performance of the tasks. Be specific. "I like your work" doesn't communicate anything about the worker. But, "You do a good job of focusing on doing the most important things first," specifically addresses the task of setting priorities to maintain an even work flow.
5. **Listen and answer questions.** Answer questions directly and honestly. Don't get "wishy-washy" or overly authoritarian.

6. **Respond to problems.** If you were unaware of situational problems, respond honestly. Specify what you will do to correct the situation, and indicate by what date you will do it.
7. **Set goals.** Review the areas in which you want the employee's performance to improve. Will training be needed to accomplish this? More education? Does the company have resources to provide training and/or tuition payment? If not, how will the employee get the necessary training? Set reasonable goals and specify steps that will be taken to reach them.
8. **Reaffirm positive feedback.** Review the areas where the employee's performance is good and set the expectation that performance will continue at such a high level.
9. **Set a date.** State the time when the next developmental evaluation will be. Make a note in the file.
10. **Thank the employee.** Respond to any last minute questions or comments the employee has. Thank the employee for talking with you.
11. **Make notes.** Next year it will be hard to remember what goals were set—so be sure to take good notes.

**WHAT ARE THE STEPS OF A
COMPENSATION
EVALUATION?**

The steps in a compensation evaluation are these:

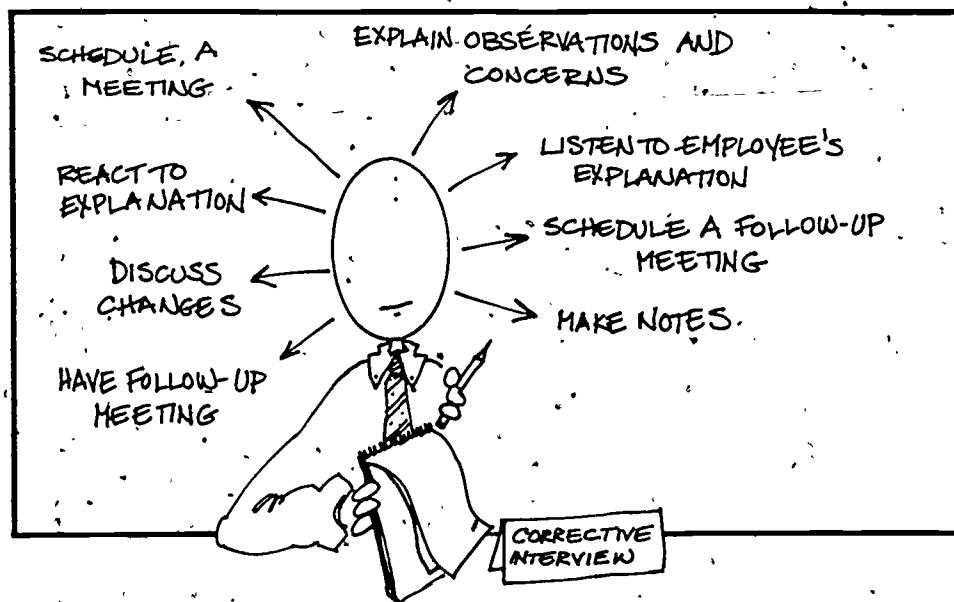
1. **Schedule a meeting.** Select a private place and arrange a convenient time for the employee.
2. **Deliver the news first.** Not everyone gets a raise every year, but everyone hopes for it. Don't keep employees in suspense—tell them promptly whether or not they got a raise.
3. **Explain your decision.** Company policy, economic considerations, poor performance are but a few of many reasons why raises aren't given each year. It is important to state whether the employee has not performed well enough to advance, or if the reasons are outside of the employee's control.

Likewise, if you are granting a raise, it is important to specify why. Has the employee taken on more work? More responsibility? Has efficiency or productivity increased? Has a degree or certification been earned? These are typical factors that receive additional compensation.
4. **Answer questions.** Be patient and sensitive with the employee's questions. These are important issues to both of you.
5. **Set a date.** State when the next compensation evaluation will be and make a note of it in the employee's file.

6. **Make notes.** Make brief notes on the level of compensation and the reasons for it. Note the employee's comments. Be sure to note any promises you make.

HOW DO YOU CONDUCT A CORRECTIVE INTERVIEW?

It is safe to say that every manager has to correct an employee's behavior from time to time. The first time you do this it will be hard—but it doesn't have to be.



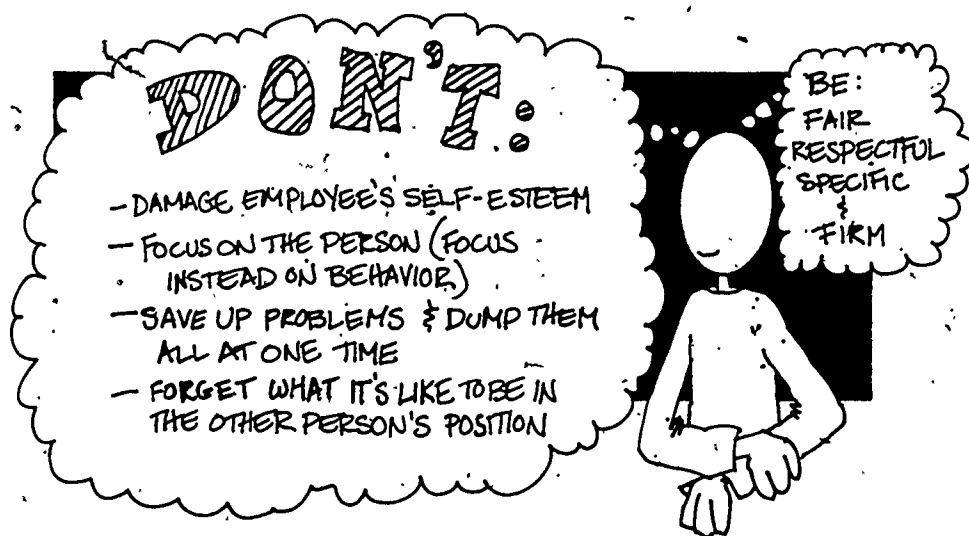
When you observe an employee breaking the company rules, not working to your expectations, or interfering with others' work, you need to take some action. Write down what behavior you observed, the date, and any other information you feel is important. Then take the following steps:

1. **Schedule a meeting** with the employee to discuss the problem. Have the meeting in a private place.
2. **Explain what you observed and why it concerns you.** Refer to your notes for details.
3. **Listen to the employee's explanation.** Remain calm and don't allow yourself to be put on the defensive.
4. **React to the explanation.** Ask questions to probe key statements. "Tell me more about. . . ." Take the time to be sure you understand.
5. **Discuss what needs to change.** Usually the employee's behavior needs to change. Be specific about what you expect. It is important that the employee agrees to change.
6. **Schedule a follow-up meeting.** The purpose of this future meeting will be to follow up on the results of the first

meeting, to reinforce the new behaviors, or to take further corrective action.

7. **Make notes.** Don't trust your memory. If there are further incidents, add them to your list.
8. **Have a follow-up meeting.** Use your notes to remind both of you what has happened. If the behaviors have been changed, praise the employee. If there have been further incidents, discuss them as before, but set a time limit. Discuss what options you will consider at that time, such as disciplinary measures, transfer to another position, or termination if the problem warrants it.

If you have a union contract, follow the rules. Your notes will provide documentation for dealing with the union representative. You can demonstrate the fairness of your approach and your conclusions. By following this procedure, you have taken effective measures to correct a problem. If an employee is unwilling or unable to change, you have followed a fair procedure that protects the employee as well as the employer.



As you go through the process of correcting an employee's behavior, keep these "don'ts" in mind:

- Don't damage the employee's self-esteem.
- Don't forget to focus on the behavior—not on the person.
- Don't save up problems and dump them all at once. Deal with them one at a time.
- Don't forget what it's like to be in the person's position. Be fair, respectful, specific, and firm.

ACTIVITIES

Are you able to apply these principles of managing human resources to your business aspirations? Are you now knowledgeable in this area? The following activities should help you check your knowledge about managing human resources.

INDIVIDUAL ACTIVITY

Cite the reasons why it is important to do a corrective interview.

INDIVIDUAL ACTIVITY

Describe the kinds of problems that might be corrected through a training program.

CASE STUDY

Read the following case study and then respond to the questions that follow.

Ed Katz operates a small trucking business. He has lots of problems with the drivers, but the three people in the office don't give him any grief. The office isn't fancy; in fact, some of the equipment is ancient.

The office runs so smoothly that Ed can pretty much forget about it. But not today. It's time to do Jane's annual performance review. Jane supervises the office. Ed meets with her at her desk and says, "You're doing a good job. I'll give you a raise. O.K.?" Jane says, "Yes . . . fine." Ed leaves because he is already late for a meeting downtown.

1. List the things that are wrong with this evaluation.
2. How could it have been done better?
3. What long-term results will there be, in your opinion?

ASSESSMENT

Directions: Read the following questions to check your own knowledge of these topics. When you feel ready, ask your instructor to test you on your knowledge of them.

1. Do a job analysis for your job, one position you supervise, or one you know well. Include the following:
 - Indicate which tasks are critical.
 - Indicate the percentage of time spent on each of the tasks.
 - Write a job description for the position.
 - List five important skills or abilities you would want to see in a person you are hiring for this position.
2. Plan a training program to teach a new employee how to perform one of the jobs you supervise.
3. Cite the reasons why written personnel policies are important. What policies would you include in your company handbook for employees?
4. Plan an employee evaluation interview for one position you supervise.
5. List the steps in a corrective interview.

**SOURCES USED TO DEVELOP
THIS UNIT**

Bank of America. "Small Business Reporter, Personnel Guidelines."

Meyer, H.; Kay, E.; and French, J. "Split Roles in Performance Appraisal." *Harvard Business Review* 43, 1965: 123-129.


Rowland, K.M., and Ferris, G.R. *Personnel Management*. Allyn & Bacon, 1982.

U.S. Small Business Administration. *Employee Relations and Personnel Policies*. Business Basics no. 1023. Washington, DC: U.S. Government Printing Office.

U.S. Small Business Administration. *Training and Developing Employees*. Business Basics no. 1022. Washington, DC: U.S. Government Printing Office.

For further information, consult the lists of sources in the *Resource Guide*.

PACE

- Unit 1. Understanding the Nature of Small Business
- Unit 2. Determining Your Potential as an Entrepreneur
- Unit 3. Developing the Business Plan
- Unit 4. Obtaining Technical Assistance
- Unit 5. Choosing the Type of Ownership
- Unit 6. Planning the Marketing Strategy
- Unit 7. Locating the Business
- Unit 8. Financing the Business
- Unit 9. Dealing with Legal Issues
- Unit 10. Complying with Government Regulations
- Unit 11. Managing the Business
-  Unit 12. Managing Human Resources
- Unit 13. Promoting the Business
- Unit 14. Managing Sales Efforts
- Unit 15. Keeping the Business Records
- Unit 16. Managing the Finances
- Unit 17. Managing Customer Credit and Collections
- Unit 18. Protecting the Business

Resource Guide

Instructors' Guide

Units on the above entrepreneurship topics are available at the following three levels:

- Level 1 helps you understand the creation and operation of a business
- Level 2 prepares you to plan for a business in your future
- Level 3 guides you in starting and managing your own business



The Ohio State University