Performance Management and Appraisal

CHAPTER OUTLINE

CHECKLIST OF CHAPTER LEARNING OBJECTIVES

As a result of satisfactory completion of this chapter, readers will be able to:

1. Identify the benefits of a formal performance appraisal program.

2. Explain the rationale for each of the four steps in a progressive disciplinary program:

   Documented oral warning
   Written warning
   Suspension
   Dismissal

3. Describe the role of employee improvement tactics as an integral part of the performance management process.

4. Differentiate between a voluntary and a nonvoluntary employee separation, and explain the function of the exit interview.

5. Identify major legal issues related to performance management and appraisal.

Impact on Human Resources Management

In previous chapters, you learned how hospitality managers recruit, select, orient, and train their employees to help ensure they have the best possible staff. However, these are continual, not static, processes because jobs continually evolve as guests' needs and desires change and new work methods are implemented. Employees and their job performance may also change.

Hospitality managers' activities to improve their employees' job performance must be ongoing and, fortunately, they are typically successful. Sometimes, however, problems with the quality and/or quantity of work outputs arise. In other cases, an employee's work may be acceptable, but difficulties arise about compliance with workplace rules and procedures. Managers must fairly evaluate the quality of their employees' efforts and, if necessary, correct and improve performance.

Most staff members want to do a good job, but concerned and enlightened managers can often help them to do better. Knowing how to objectively evaluate and improve worker performance and, if necessary, to properly terminate employees, are important aspects of an HR manager's job. Actions taken are important because laws related to how and why employees are disciplined and/or terminated are complex. Violation of these laws may cause managers to spend an inordinant amount of time defending their actions, can create substantial financial hardship if fines or penalties are levied, and, if widely publicized, can result in significant adverse publicity.

Performance Management

1. Identify the benefits of a formal performance appraisal program.

Effective hospitality managers provide ongoing performance feedback to their employees. This process is integral to maximizing the effectiveness of an operation's workforce. Documenting performance appraisal efforts may be a human resources responsibility, but those who directly supervise the worker and have firsthand knowledge of the performance often can best perform the evaluation, and they are best able to help employees improve their performance levels.

Performance management and **performance appraisals,** when properly implemented, can help employees do their best.

Performance appraisal is not a new concept, but performance management has only recently become integral to human resources management. As shown in Figure 9.1, performance management is ongoing and includes:

- *Planning* work and setting expectations
- *Monitoring* performance continually

Performance management: A systematic process by which managers help employees to improve their ability to achieve goals.

Appraisal (employee): An objective and comprehensive rating or evaluation of employees.
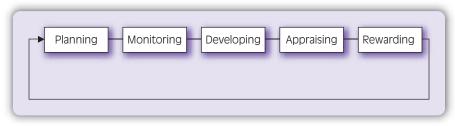
FIGURE 9.1: The Performance Management Process

- *Developing* employee skills
- *Appraising* performance periodically in an objective manner
- *Rewarding* good performance

The distinguishing characteristic of an effective performance management program is its focus on achieving results. It addresses the effectiveness of employees, work processes, and output quality. To illustrate, consider a skilled foodservice employee who chops cabbage quickly and produces a high-quality product. Traditional performance appraisal systems might rate the employee highly because of his or her hard work and efficiency. A performance management system, however, would involve the worker in an objective assessment of effectiveness. Perhaps the cabbage chopping process should be mechanized (new equipment should be purchased) or prechopped cabbage should be used. Then the employee's knowledge and skills might be better utilized. A properly designed performance management system emphasizes goal attainment over employee effort (output).

Traditional performance appraisal systems frequently emphasized employees' negative characteristics. While performance management systems identify and correct employee weaknesses, they also recognize, reinforce, and reward employees' strengths.

Performance appraisal is the employee evaluation component of a performance management process. An effective process yields clear employee goals and an objective rating of goal attainment.

OVERVIEW OF PERFORMANCE APPRAISAL

The most successful performance appraisal programs typically combine four critical characteristics. HR managers should use them as they develop procedures for those who conduct appraisal sessions.

- *Performance goals set by supervisors and employees.* Goals can be short- or long-term and address numerous issues. They should be specific and quantifiable where possible (e.g., completion of a specific task within a defined time at an established quality level). Employees may require additional training or other support to meet their goals. As workplace changes occur, goals should be reviewed and modified, if needed, with employee input.

Quality performance appraisal systems should be designed to recognize and reward employees' strengths as well as identify and correct weaknesses. *Courtesy Digital Vision*

- *Regular, informal feedback from supervisors.* Annual formal appraisals do not allow employees to assess progress toward goal attainment. More frequent input is needed, which occurs as supervisors work closely with employees and provide them with ongoing coaching.
- *A formal method to address performance or disciplinary problems.* Methods used to correct inadequate job performance should be known, fair, and applied equally to all employees. From a legal perspective, this means using a formal method that details, in writing, the procedures and policies to be consistently followed by all managers. Performance problems should be identified as they occur, and a course of action for improvement should be agreed upon. Written procedures should require that managers document the problem and the agreed-upon resolution plan and schedule.
- *Regular and formal appraisal.* Formal reviews that accurately document each staff member's performance should be conducted regularly. In addition to pinpointing improvement concerns, appraisals should identify specific steps for employees to enhance their long-term position with the organization.

Each of these performance appraisal characteristics may appear obvious, but busy supervisors may not receive training in the methods required by the hospitality organization. In large properties, human resources specialists typically work with

department heads, managers, and supervisors to develop property-wide procedures. In small organizations, the general manager and other personnel with human resources duties must ensure that these characteristics are incorporated into the performance appraisal system.

A properly implemented formal performance appraisal system yields many benefits:

- *Recognition of outstanding performance.* In the best appraisal systems, employees learn about those areas in which they excel, which increases their morale and helps reduce turnover. Unless a termination decision has been made, managers should praise desired employee behaviors. Every employee likely has laudable personal work characteristics, such as attendance, punctuality, neatness, adherence to dress code, friendliness, or other traits. Emphasize these because positive reinforcement of employee strengths often makes it easier to achieve improvements in other areas.
- *Identification of necessary improvements.* When an employee knows and can excel in a position, it becomes more enjoyable. Few employees want a job that they do not understand, nor one in which their performance is poor. Some employees may not know about needed improvements. When an unbiased supervisor conducts a regularly scheduled appraisal, employees will learn how their performance can be improved, and both the employee and the operation will benefit.
- *Clarification of work standards.* Well-designed performance appraisal systems emphasize how well employees have attained goals. Sometimes, this is simple. For example, a room attendant's guest room cleaning times can be assessed. In other cases, performance is more difficult to measure. While most hospitality managers agree that helpfulness is an important characteristic of a good hotel concierge, an objective evaluation of this trait is more complex than a timed measurement of task completion. Regardless of measurement difficulty, if friendliness will be evaluated, an employee should understand its importance, how the trait should be displayed, and the expected end results of its display. Guest comments, management observation, and shopper's services can provide input for the appraisal. If a friendliness concept is not communicated clearly, it is questionable whether managers can evaluate its occurrence. Performance appraisal provides the opportunity and responsibility for HR managers to clearly define and communicate job expectations.
- *Opportunity to analyze and redesign jobs.* An effective performance appraisal program can identify the need for job redesign. Consider a situation in which a better way to perform an inventory count is volunteered by an employee who is responding to concerns that his or her performance of this task is below standards. If a specific job should be, but has not been, redesigned, applicable benefits are lost.
- *Identification of specific training and development needs.* A performance appraisal system that identifies deficiencies, but does not address them, is deficient because it creates frustration. Specific steps that an employee and the operation

Performance Management and Performance Appraisal Systems

Performance management systems can help managers deal with changes affecting their employees. Globalization, quality initiatives, changing franchise brand standards, variable product market forms of foods and beverages, telecommuting, and the increased importance of teamwork are some factors changing the world of work in the hospitality industry. Recurring performance appraisal sessions are opportunities for regular examination about how these and other important factors affect employee performance. Professional, respectful, and two-way conversations during appraisal sessions are important and can yield mutual benefits.

should take to improve the employee's skill levels are needed. Opportunities to discuss professional development activities can be part of this dialogue.

▪ *Determine professional development activities.* Information discussed in a performance appraisal session establishes a foundation to help plan the employee's career. If career goals are known, beneficial educational or training activities can be considered, agreed upon, and used as a benchmark for subsequent performance appraisal. For example, an agreement might be made that an employee will complete an Internet-based course offered by a community college, and the hospitality organization will reimburse the employee if the course is successfully completed. This can be a factor in a subsequent appraisal session, because the manager and the employee agreed that successful completion would be a priority.

▪ *Validation of screening and selection processes.* In Chapter 4, you learned about the importance of proper employee selection. Performance appraisal sessions allow managers to evaluate the effectiveness of these procedures. If employees consistently do not meet expectations, screening and selection tactics may be reasons. Well-managed appraisal systems help managers to pinpoint potential shortcomings.

▪ *Opportunity for employee feedback and suggestions.* The best managers use appraisal sessions to learn about issues that affect guest satisfaction from the employees who actually interact with them. Remember that employees at all levels of the organization serve either **internal customers** or **external customers.** Most employees are eager to share beliefs about how their jobs could be improved and how service to guests can be enhanced.

▪ *Objective method to identify candidates for pay increases and promotion.* Performance appraisal systems commonly yield decisions about which employees will receive compensation increases and promotions. It is a workplace reality that scarce organizational resources must be allocated rationally, and properly designed appraisal systems help with this task.

Customers (internal): Employees of the hospitality operation.

Customers (external): Guests served by the hospitality operation.

Performance Appraisal Systems Must Be Consistent

Basic procedures should be used to evaluate the performance of all employees at the same organizational level regardless of their functional department. HR managers can develop policies and procedures that address concerns such as:

- Specific goals of the appraisal process
- Mechanics of the system
- Frequency of appraisal
- The process, if any, by which appraisal comments are provided to employees before the formal session
- Suggested length of time for the appraisal session
- Disposition of appraisal information (e.g., a copy provided to the employee and included in the staff member's permanent personnel file)

Those responsible for conducting appraisal sessions will likely require training. HR managers should design and implement this training for all new supervisors and managers with appraisal responsibility. Training updates may also become necessary as policies and procedures change, and as new laws and regulations impact the performance appraisal process.

What is the role of human resources personnel in the performance appraisal process? Figure 9.2 addresses this question:

As noted in Figure 9.2, human resources personnel have three primary roles in performance appraisal: (1) advocate for effective appraisal, (2) coordinate process planning and implementation, and (3) determine legal requirements. In efforts to coordinate the planning process, they should evaluate alternative processes. Should an in-house-developed system or an externally purchased system be used? Human resources personnel can assist with the selection decision by providing specialized input and interacting with legal counsel.

After the performance appraisal system is established, the human resources role continues as applicable policies, procedures, evaluation forms, and other documents are developed. Implementation involves communication with affected personnel. Those who will conduct performance appraisals must be trained, and employees must learn about the system. Follow-up tasks, including process evaluation, revision, if necessary, and management of specific ad hoc issues, are required. Also, because appraisal information will become part of the employees' personnel records, information must be collected and managed.
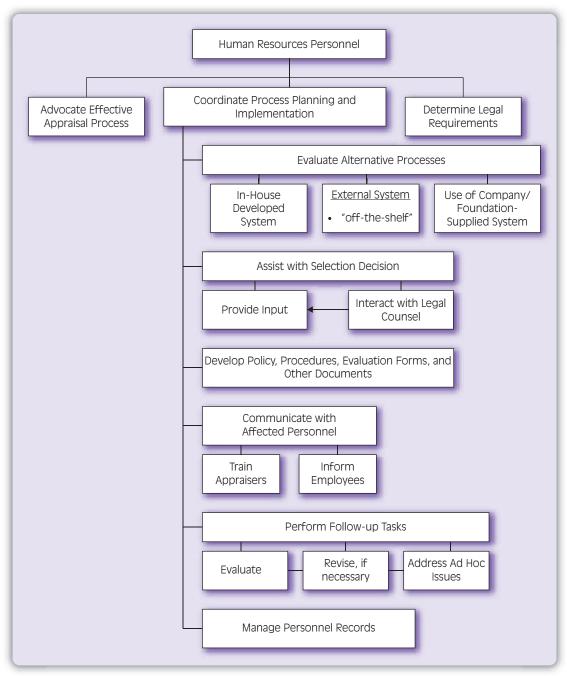
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                    │  Human Resources Personnel  │
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│ Advocate       │   │ Coordinate Process      │   │ Determine Legal  │
│ Effective      │   │ Planning and            │   │ Requirements     │
│ Appraisal      │   │ Implementation          │   │                  │
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Evaluate Alternative Processes

- In-House Developed System
- External System
  - "off-the-shelf"
- Use of Company/Foundation-Supplied System

Assist with Selection Decision

Provide Input ← Interact with Legal Counsel

Develop Policy, Procedures, Evaluation Forms, and Other Documents

Communicate with Affected Personnel

- Train Appraisers
- Inform Employees

Perform Follow-up Tasks

- Evaluate
- Revise, if necessary
- Address Ad Hoc Issues

Manage Personnel Records

FIGURE 9.2: Human Resources Role in Performance Appraisal Process

What About the Money?

Wage and salary increases are often based on performance and thus are discussed during performance review sessions. When should this financial discussion occur? Industry observers make three suggestions. Some say that financial discussions should occur at the beginning of the performance appraisal session. Then employees can focus their attention on the discussion that follows. Others believe that approach is out of sequence, because the compensation decision will (should) have been based on performance, so the appraisal review should precede information about wage/salary adjustments. A third view is to discuss compensation matters in a separate interview/discussion that can occur before or after the performance appraisal session.

There are pros and cons to each of these alternatives. However, the timing of wage and salary change notification is important, and it exemplifies the types of issues that must be considered as performance appraisal procedures are determined.

This brief description of steps in the process of developing and implementing a performance appraisal system suggests that it is complex (many steps are required), and it must be centralized to apply to all personnel. Human resources employees in many organizations are in the best position to assume this coordinating responsibility.

COMMON PERFORMANCE APPRAISAL METHODS

Hospitality organizations can use several approaches and methods for performance appraisal, and HR managers have an obvious role in their selection. Three philosophically different approaches involve absolute standards, relative standards, and targeted outcomes, detailed as follows.

Absolute Standards

Absolute standard (performance appraisal method): Measuring an employee's performance against an established standard.

When an **absolute standard appraisal** method is used, employee performance is compared to an established standard independent of any other employee.

Examples of absolute standard evaluation methods include:

Critical incident. Critical incidents are those specific behaviors essential (critical) to doing a job successfully. With this approach, behavioral traits that employees exhibit on the job (the critical incidents) are documented in writing. For example, an observation about Tonya, a bartender, might be: "Tonya showed poise,

maturity, and patience with an agitated guest after she could no longer serve him alcoholic beverages. She calmed him down, and he ordered coffee."

Note that the incident report focuses on Tonya's behaviors and their results, rather than on Tonya's personal traits. One advantage of this method is that, during a formal appraisal session, the discussion can address specific positive and negative critical incidents to help support an objective evaluation of the employee's performance. A disadvantage is that frequent documentation can be time consuming.

Checklist appraisal. As shown in Figure 9.3, yes or no responses are used to address behavioral factors applicable to the successful completion of tasks identified in a job description. While the checklist can be modified to apply to specific positions, this can become a disadvantage if individualized checklists must be prepared for multiple job categories and positions.

Continuum appraisal. This approach uses a scale to measure employee performance relative to specific factors. The point on the scale that best represents the employee's performance is selected. Figure 9.4 shows a sample of continuum appraisal questions that address two factors: work quantity and dependability. Note that each performance factor is carefully defined to maximize consistency among those conducting the appraisals.

The number of alternative rating choices in a continuum appraisal system usually ranges between four and eight. In Figure 9.4, each of the five rating response categories, like all continuum scales, represents an ordinal (rank or sequence) level of measurement. While the categories represent an inherent order (e.g., more to less, stronger to weaker, or very unsatisfactory to highly satisfactory), the categories do not indicate the magnitude (size of differences) between each level. While the system lacks the depth of analysis found in, for example, a critical incident appraisal system, an advantage is ease of administration. This approach, along with the checklist appraisal system just described, can be used to compare the observed performance of individuals.

	YES	NO
1. Laundry supervisor's instructions consistently followed	_____	_____
2. Quantity of work performed consistently acceptable	_____	_____
3. Quality of work performed consistently acceptable	_____	_____
4. Work area consistently kept clean	_____	_____
5. Dryer maintenance (lint filters cleaned) consistently performed	_____	_____
6. Responds willingly to special linen and terry cleaning requests	_____	_____

FIGURE 9.3: Partial Laundry Worker Checklist Evaluation

PERFORMANCE FACTOR:	Quantity of work (the volume of work done in a normal workday)			
PERFORMANCE RATING	(check one):			

Consistently unsatisfactory	Occasionally unsatisfactory	Consistently satisfactory	Sometimes excellent	Consistently excellent
_____	_____	_____	_____	_____

PERFORMANCE FACTOR:	Dependability (following directions and company policies without supervision).			
PERFORMANCE RATING	(check one):			

Requires constant supervision	Requires occasional supervision	Usually can be counted on to perform	Requires very little supervision	Requires minimum supervision
_____	_____	_____	_____	_____

FIGURE 9.4: Sample Continuum Appraisal Questions

Forced-choice appraisal. This appraisal method is a special checklist in which the evaluator must choose between two (or more) alternative statements that describe two (or more) opposing choices. Alternative statements may be favorable or unfavorable, and the appraiser selects the statement that is most descriptive of the employee being evaluated. An example of this approach follows:

Which of the following tasks is best performed by the employee?:

☐   Those involving detailed guest-service interaction
☐   Those involving detailed non-guest-service duties

Because there is no right answer associated with questions of this type, these appraisal systems can only be properly scored by professionals who are very familiar with the device's specific design and intent.

Relative standard (performance appraisal): Measuring one employee's performance against another employee's performance.

Relative Standards

When HR managers use a **relative standard** of performance appraisal, they compare one employee's actions to those of another employee.

The two most common approaches to this appraisal alternative are group order ranking and individual ranking.

Group order ranking. Group order ranking requires the evaluator to place the employee into a specific classification, such as the top 10 percent or lower 50 percent. This approach is often used when evaluating employees for possible promotion.

Assume that Julia is the dining room supervisor at a restaurant and that she supervises 20 servers. She must rank (compare to each other) all 20 employees. For example, if the system asks Julia to identify her top 10 percent of employees, she must identify only her top two employees (10 percent of 20 employees = 2 employees).

One advantage of this appraisal system is that raters cannot inflate evaluations, so everyone is rated above average, nor can they rate nearly all employees as average (outcomes that are not unusual with the continuum appraisal systems described earlier).

A disadvantage, especially with small groups of employees, is that some individual or individuals must always be rated in the below-average group, regardless of their actual talent level. A second disadvantage is that a supervisor with clearly inferior workers will still generate groups of best and worst staff members (although the best employees may simply be the best of the worst!). Conversely, a supervisor with a group of outstanding employees must still rank some of them in a below-average group.

Individual order. This ranking method requires supervisors to rank employees in order, from highest to lowest. Only one employee can be rated as best, and ties are typically unacceptable. This system tends to work best with smaller groups of workers. However, because this system also represents an ordinal level of measurement, the rank achieved does not indicate the magnitude (size) of differences between the ranks. For example, if 10 employees are ranked, there is no real rationale for believing that the difference between the first- and second-ranked employees is equal to the difference between the ninth- and tenth-ranked workers. The system is simple, but it is a subjective, not objective, system.

Targeted Outcomes

A third approach to employee evaluation involves the identification of **targeted (achieved) outcomes.** Employees are evaluated based on how well they accomplished a specific set of objectives deemed critical to successful job completion. For example, restaurant managers might be evaluated primarily on whether they did (or did not) achieve preestablished food and/or labor cost percentages and net operating income targets.

Among increasingly popular targeted outcome appraisal systems are those utilizing rating scales designed to award employees for the exhibiting specific behaviors. Behaviorally Anchored Rating Scales **(BARS)** and Behavioral Observation Scales **(BOS)** both seek to rate employees along a continuum; however, the

Targeted outcome (performance appraisal): Measuring the extent to which specified goals were achieved.

BARS: Short for Behaviorally Anchored Rating Scales, an appraisal system in which employees are evaluated based on their display of definitive, observable, and measurable behaviors.

BOS: Short for Behavioral Observation Scale, a type of appraisal system in which judgments about employee performance are related to a series of statements describing specific examples of observable behaviors.

Management by objectives: A plan developed by an employee and his or her supervisor that defines specific goals, tactics to achieve them, and corrective actions, if needed.

Peer evaluation: An appraisal system that utilizes the opinions of coworkers to evaluate an employee's performance.

Upward assessments (appraisal system): An appraisal system that utilizes input from those staff members who are directly supervised by the staff member being evaluated.

360-degree appraisal (performance appraisal system): A method of performance appraisal that utilizes input from supervisors, peers, subordinates, and even guests and others to provide a comprehensive evaluation of a staff member's performance.

points on the continuum represent examples of actual behaviors on a specific job, rather than general descriptions or traits.

Management (hopefully in conjunction and consultation with employees) should set and communicate the employee's targets or goals, whether they are of a financial, attitudinal, or behavioral nature. An inherent advantage of this approach is that those employees who know their goals and who participate in establishing them will more likely work diligently to achieve them. *Note*: Goal setting and goal achievement measurements and rewards are not new concepts. **Management by objectives (MBO),** the concept of using identifiable objectives to measure performance and to assign employee rewards, is decades old.

Essentially, a targeted outcome appraisal system requires four components:

- Identification of potential performance targets
- Employee input in final target selection
- A defined time period for target completion or achievement
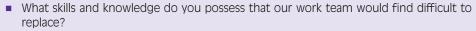- Performance feedback (appraisal)

Properly managed, targeted outcome appraisal systems can be successfully implemented at all levels of a hospitality operation.

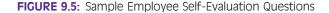## OTHER PERFORMANCE APPRAISAL METHODS AND ISSUES

Several other methods can be used for performance appraisal or, more typically, can be used in conjunction with other approaches. While performance appraisal is primarily a managerial task, employees can play a valuable role in their own performance evaluations. While many employees believe their input would be helpful, few managers seriously consider self-evaluation information. This is often a mistake because valuable information can be lost. Consider a current or previous job you have held, and then think about the self-appraisal questions in Figure 9.5. How much would a manager learn about your work performance if you could address such questions?

Guests can provide additional information helpful for performance appraisal. Consider, for example, comments that guests might make on guest comment cards or in surveys in response to questions designed to solicit this input. In addition, some hospitality organizations utilize **peer evaluation** information to generate the perspectives of those at the same organizational level and **upward assessments** that involve feedback from one's subordinates. These methods can be combined with a traditional appraisal approach involving the perspectives of one's own supervisor with a **360-degree appraisal** method.

Some industry observers forecast the role of employee teams to increase in importance in the future. As this occurs, teams may be involved in determining work responsibilities and schedules, performance standards, and even play an increased role in compensation and team peer evaluations. Team members might

- What skills and knowledge do you possess that our work team would find difficult to replace?
- What have you done, on your own, in the past six months to maintain your job knowledge?
- What have you done in the past six months to fine-tune your work skills?
- Identify specific instances when, in the past six months, you have gone beyond what persons in your position are expected to do to directly benefit our company and our goals?
- In one sentence, how would you describe the main reason you contribute to our team's long-term success?
- Describe some instances when you have gone beyond what you are expected to do to help team members accomplish their goals.
- What specific traits make you better than average at what you are assigned to do?

FIGURE 9.5: Sample Employee Self-Evaluation Questions

use factors such as initiative, creativity, teamwork, communication skills, and collegiality to evaluate their peers.

HR managers may purchase performance appraisal tools from companies that specialize in their development, or they may create their own assessment devices internally. A primary consideration in their use remains the same: to adopt a system that is fair to the employees, that benefits the organization, and that meets applicable legal requirements.

Any tool used for performance appraisal must be reliable and valid. In this context, **reliability** and **validity** have very specific meanings.

Reliability (measurement tool): The ability of a measuring tool to yield consistent results.

Validity (measurement tool): The ability of a measuring tool to evaluate what it is supposed to evaluate.

Reliability refers to the degree to which a measurement tool delivers consistent and dependable measurements. A performance appraisal instrument is reliable if it consistently measures the employee trait being evaluated. Assume you are preparing a recipe for a dessert, and exactly one tablespoon of flour is needed. A reliable measuring device (a one-tablespoon measure), if properly used, will consistently (reliably) measure exactly one tablespoon of flour. Contrast that situation with the use of a one-cup measuring device, in which you must guess the amount to put into the cup to yield one tablespoon. A reliable measurement device is available in the first example, but not in the second case.

Reliable appraisal tools must also possess validity. Validity is the ability of a measuring tool to evaluate (measure) what it is actually supposed to evaluate. Even with use of a reliable measuring device, the cook could accurately and dependably measure the wrong thing. Consider the previous example: assume a one-tablespoon measure was used to measure salt instead of flour. While the measuring device was reliable, it would consistently measure the wrong ingredient if salt, not

flour, were added to the recipe. In this case, the recipe results would not be good, despite the reliability (but not validity) of the measuring device.

To better understand the validity concept in performance appraisal, assume that a supervisor is evaluating a front desk agent relative to the employee's speed when guests are being checked out of the hotel. On a personal level, this employee appears not to care for the supervisor very much, and thus rarely engages the supervisor in general conversation (e.g., "How are you today?", "How was your weekend?", and other general comments of that nature).

Halo effect: The tendency to let the positive assessment of one individual trait influence the evaluation of other, nonrelated traits.

Pitchfork effect: The tendency to let the negative assessment of one individual trait influence the evaluation of other, nonrelated traits.

If the supervisor can ignore this less than friendly (to the supervisor) trait, and focus solely on evaluating the speed of the employee when checking out guests, that measurement will be valid. If, however, the supervisor (because of the employee's lack of sociable conversation) subconsciously deflates the speed of check-out score, then the supervisor is most likely assessing friendliness to him or her, rather than speed, and thus the speed of check-out score would not be valid.

Reliability and validity can be complex concepts. Some companies use sophisticated procedures to calculate the reliability and validity scores of the performance

1. Basing evaluation scores on the employee's most recent behavior rather than evaluating the entire performance period
   For example, rating a usually outstanding employee negatively based on a recent argument.
2. Allowing irrelevant or non-job-related factors to influence the evaluation
   For example, evaluating physical appearance or disabilities, race, social standing, participation in employee assistance programs, or use of excused time-off instead of actual performance.
3. Failing to include unfavorable comments on the evaluation, even when justified
   For example, not wishing to offend an employee by not discussing undesirable traits, such as poor personal grooming or consistent display of a negative attitude.
4. Rating all subordinates at about the same point on a ranking scale, usually in the middle
   For example, the tendency of supervisors, because they want to be liked by all employees, to avoid strong negative (or even positive) statements about their employees.
5. Judging all employees too leniently or too harshly
   For example, the tendency of some supervisors, wanting to enhance their own credibility, to unfairly criticize (or praise) the performance of those they are evaluating.
6. Permitting personal feelings to bias the evaluation process
   For example, the tendency of some supervisors to rate employees they like very highly, while rating employees they dislike much lower.
7. Allowing one very good (or very bad) trait to affect all of the other ratings of the employee (the **halo effect** and the **pitchfork effect**).
   For example, rating an employee with one exceptional (or unfavorable) trait as equally exceptional (or unfavorable) in all other measured criteria.

FIGURE 9.6: Threats to Fair Performance Appraisals

appraisal devices they use, but others do not. Those using the results of unreliable and/or invalid assessment devices to make decisions about employee promotion, discipline, and/or termination risk significant legal liability.

Human resources managers should know about additional challenges related to the legitimate measurement of employee performance. Some evaluation actions, if taken, can threaten and even invalidate the results. Figure 9.6 presents seven significant threats to legitimate appraisal and specific examples of their occurrence.

Progressive Discipline

2. **Explain the rationale for each of the four steps in a progressive disciplinary program:**

   Documented oral warning

   Written warning

   Suspension

   Dismissal

Discipline (management action): Any effort designed to influence an employee's behavior.

Disciplined (workforce description): The situation in which employees conduct themselves according to accepted rules and standards of conduct.

Discipline (positive): Any action designed to encourage proper behavior.

Discipline (negative): Any action designed to correct undesirable employee behavior.

Progressive discipline: A program designed to modify employee behavior through a series of increasingly severe punishments for unacceptable behavior.

To many, **discipline** implies reaction to an employee's improper behavior. While this is necessary, a broader view considers discipline to be any effort to influence an employee's behavior. Managers should reinforce desired behavior and discourage undesirable actions. The term **disciplined,** as used in the military (e.g., a disciplined squad or platoon is one in which soldiers follow orders and perform in a way that enhances the ability of the unit to achieve its objectives), is appropriate to the hospitality industry. Disciplined staff members follow the established set of rules and regulations, and thus a disciplined workforce is to be highly desired.

Positive discipline is used to encourage desired behavior, while **negative discipline** is used to discourage improper behavior. Both human resources and supervisory personnel should be concerned about the proper use of a property's discipline efforts.

Managers use direct instruction, written directions, employee manuals, role modeling, and, often, organizational tradition to relay their expectations about employee behavior. Most employees will carefully adhere to behavioral standards when they know what is expected of them.

Unintended mistakes and occasional errors do occur, and coaching activities can typically correct these actions. However, intentional and repetitive noncompliance with standards should result in preestablished consequences that are identified in a **progressive discipline** program.

The consequences of noncompliance with appropriate behavior should follow the "hot stove principle" explained by Douglas McGregor, the well-known management theorist. He points out that, when one touches a hot stove, the consequence is immediate: a burn, and there is no doubt about what caused the pain.

The typical reaction is not to be upset with the stove. Instead, a rational reaction is to question why it was touched and to avoid the clearly foreseen consequences of touching it again.

Humans have emotions and cannot typically remain neutral and consistent like a stove. However, a consistently applied progressive discipline program lets employees know, in advance, the consequences of unacceptable behavior, which become more serious as the behavior is repeated. For this approach to be effective, the subordinate must view the consequences of repeated behavior to be undesirable. If they are not, behavior is unlikely to change.

Figure 9.7 reviews the human resources role in the progressive discipline process. Similar to that required to develop and maintain the performance appraisal process (Figure 9.2), human resources managers typically perform coordination, communication, and administration responsibilities.

As you review Figure 9.7, note the role of human resources personnel in advocating for an effective progressive discipline process and determining the basic legal requirements to be incorporated into it. Coordinating efforts include soliciting input from top-level property leaders, managers, and supervisors, and, hopefully, the employees themselves. Proposed procedures must be developed, reviewed, and revised, and input from legal counsel is required as a final step before process adoption. Then, policies, procedures, and necessary documents must be developed and used in communication efforts with affected personnel. Follow-up tasks, including evaluation, revision, if necessary, and the possibility of addressing unanticipated issues, if any, are possible tasks. Finally, information from the progressive discipline process must be managed as it is entered and maintained in personnel records.

A commonly used four-step progressive discipline program includes documented oral warning, written warning, suspension, and dismissal. Coaching to correct behavior may precede the documented oral warning, especially if a one-time occurrence does not create significant difficulties (e.g., an initial violation of a policy regarding use of solid-toed shoes in the kitchen).

DOCUMENTED ORAL WARNING

Documented oral warning: The first step in a progressive discipline process: a written record is made of an oral reprimand given to an employee.

Reprimand: A formal criticism or censure by a person with authority to do so.

The first step (mildest) in this form of employee discipline is the **documented oral warning.**

The written record of an oral warning should include the employee action that preceded the warning, the date of the incident and of the oral warning, and the name of the supervisor issuing the **reprimand.** Figure 9.8 illustrates the format for an oral reprimand record.

Some managers believe that initial discipline activity should not become part of the employee's permanent personal file but instead should be maintained in a separate manager's file. Other managers document the issuance of an oral warning,
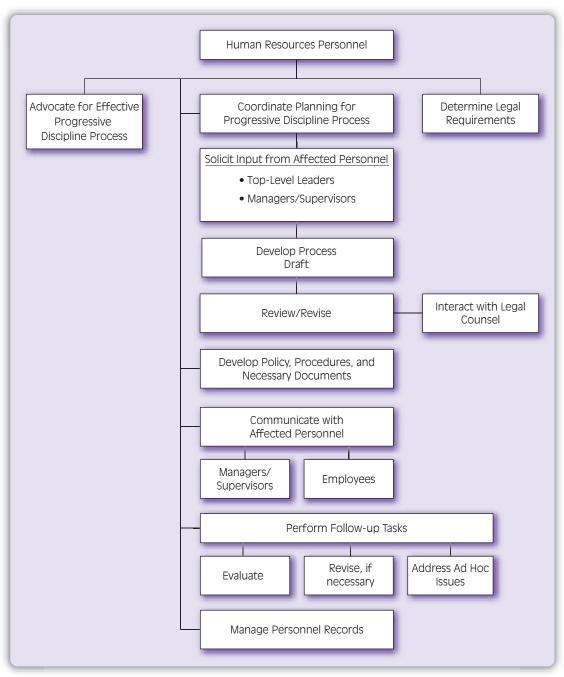
FIGURE 9.7: Human Resources Role in Progressive Discipline Process

DISCUSSION RECORD

Name of Employee: _____

Discussion Date: _____ Time: _____

Incident Date: _____

Incident Description: _____

_____

_____

_____

Follow-up action(s): _____

_____

_____

Employee's Signature: _____ Date: _____

Supervisor's Signature: _____ Date: _____

Note: A copy of this discussion record will be included in the personnel file and is available for the employee upon request.

FIGURE 9.8: Oral Reprimand Record

but do not include the actual reprimand in the employee's permanent file. The property's progressive discipline program should explain the disposition of this documented record so all employees receive identical treatment.

To illustrate this initial progressive discipline step, assume that Sam, a new cook in a hospital, has been late twice in the last week and has been coached about the problem by Ajay, his supervisor. When the problem next occurs, Ajay meets privately with Sam to explain why punctuality is important. Ajay should then allow Sam to respond. Ajay may discover that Sam did not understand some aspect of the expected behavior, or learn that a legitimate reason existed for the late arrival.

Ajay and Sam should mutually develop and agree upon an appropriate solution, and Ajay should tell Sam about the consequences of further late arrivals. An oral reprimand record can be completed and signed by Ajay and Sam to finalize the oral warning process. Hopefully, this will resolve the problem. If not, the next step in the progressive disciplinary process is necessary.

Written warning: The second step in a progressive discipline process that alerts an employee that further inappropriate behavior will lead to suspension.

WRITTEN WARNING

A **written warning** is a document that becomes part of an employee's permanent file.

The content of a written warning is similar to that of the oral written warning (see Figure 9.8). It should include the employee's name, date of the incident, the name of the supervisor issuing the written warning, and the plan to prevent further

occurrences. It also typically permits the employee to provide his or her own version of the incident. Signatures of the supervisor and the affected employee will be required.

Human Resources MANAGEMENT ISSUES   (9.1)

"Let me see if I understand," said Allisha, the Food and Beverage Director at Foxwoods Country Club, as she reviewed the employee file of Lani Meier, a dining room server. "Lani has worked here for five years with no write-ups. Now, in the two weeks since you have become her supervisor, Lani is at stage three of our progressive discipline process, and your recommendation is suspension."

"She did it to herself, Allisha," replied Michelle, a former dining room server and Lani's new boss. "Lani never liked me. I think she is jealous of me, but I played it straight up. Every write-up I give is legitimate. She needs to be suspended or fired, because I don't think she'll ever change."

Allisha reviewed the file one more time. Lani's first written oral warning, dated 10 days ago, was for returning from her unpaid lunch period 10 minutes late. Lani stated that she had gone to the bank and was caught at a train crossing returning to work, which delayed her timely return.

The written warning followed two days later, when Lani was reprimanded for being out of uniform. In fact, in the written report, Lani admitted that she was working without a nametag, but that she was on her way to the locker room to put it on when a club member asked her some questions. While Lani was responding to the member, Michelle noticed she was "working while out of uniform," verified that Lani had already punched in, and, as a result, wrote her up.

The suspension that Michelle was now proposing was the result of an incident yesterday when, as required by the employee handbook, Lani failed to notify her supervisor four hours before her shift began that she would not be at work as assigned on the schedule.

Interestingly, Allisha had talked to Lani earlier in the day, and Lani mentioned she had taken her son to the emergency room on the previous morning. She was scheduled to work at 7 A.M. and had left a voice mail on Michele's office phone at 5 A.M. That was two hours later, Michele now pointed out, than the time allowed by the employee manual, and so it justified the suspension.

QUESTIONS

1. Do you think Allisha should support Michelle's recommendation that Lani be suspended? Why or why not?
2. Do you believe Michele is following a progressive disciplinary process? Why or why not?
3. What do you think is happening in this situation? How would you address it if you were Allisha?

The written warning step must be done correctly to protect the organization if the employee later challenges the legitimacy (legality) of the progressive disciplinary process. The employee behavior leading to this step should relate to that exhibited in the first step. Managers should remember that the courts view the term *progressive* as generally meaning "related to the same."

Returning to the example of Ajay and Sam, assume that Sam neglected to properly label and date a pan of food before placing it in the cooler, and that this action resulted in loss of the product. It would not be appropriate to issue a written warning to Sam for this behavior, because it does not relate to his late arrival behavior. Because this is a first offense, an oral written warning may be necessary. Is an incident one in a series or the beginning of a new series of incidents? This sometimes difficult question must be answered to determine the appropriate management action.

It is a good rule to praise in public and to reprimand in private. However, many progressive discipline processes require an observer to be present at the second and later steps in the process. Co-managers, supervisors, or others can monitor the discussion and serve as an eyewitness.

SUSPENSION

Suspension: The third step in a progressive discipline process: a period off from work resulting from ongoing inappropriate behavior.

Suspension is the third step in the progressive discipline process, and it should only be undertaken when the previous steps have not resolved the problem. A suspension may be for any period deemed appropriate by management. Suspensions, however, should be applied consistently: if one employee is suspended for a specific period for a particular behavior, then all other employees suspended for the same behavior should be suspended for the same length of time.

An action to suspend an employee must be documented, and the information should be placed in the employee's permanent file. Some employees may refuse to sign the document. Despite an employee's view that an unsigned document will somehow invalidate it, this refusal carries virtually no meaning if the employee had the opportunity to sign it. If an employee refuses to sign a discipline report, then the observer should sign the document and note the employee's refusal to do so.

An employee's suspension, with or without pay, is a serious step. It should signal that the employee's behavior is clearly not acceptable and that he or she is in danger of losing the job. If the employee's behavior is not corrected at this step, dismissal is likely.

DISMISSAL

Dismissal: An employer-initiated separation of employment.

Dismissal is the final step in the progressive discipline process and should only be implemented for serious infractions. Unfortunately, in some cases, this step may be management's only alternative. Later in this chapter, you'll learn more about the specific issues related to employer-initiated dismissals. In the context of a progressive disciplinary program, dismissal represents not only a final step in the process, but also a failure on the part of both the employee and the employer.

From an employee's perspective, dismissal means that even after repeated warnings, the organization's behavioral norms were not met. From the employer's perspective, dismissal means that the manager was unable to persuade the employee to modify his or her behavior sufficiently to maintain the job.

Effective progressive discipline programs modify and improve employee behavior. Too often, however, the focus is on the past, rather than the future. During counseling sessions that should occur at each stage in the discipline process, managers should carefully explain the predictable consequences of continued negative behavior. They should convey this information as a factual statement rather than as a threat.

Behavior Improvement Tactics

3. **Describe the role of employee improvement tactics as an integral part of the performance management process**.

Discipline was defined earlier to involve efforts to reinforce acceptable behavior and to eliminate unacceptable behavior. These are the topics of this section.

REINFORCEMENT OF ACCEPTABLE GOOD BEHAVIOR

When managers encourage employees to perform in specific ways and the employees can do so, the desired behavior is reinforced, and it will occur more frequently. Even when the employee cannot perform a task, enthusiastic encouragement can cause performance improvement.

Most staff members, like all people, respond to praise and encouragement. It feeds their self-esteem and ego, and pushes them to achieve more and to try harder. However, many managers focus on poor performance and ignore the employee's internal and fundamental motivators. Recognizing the efforts (not just the results) can elevate a manager to a position of greater leadership.

Here are examples of specific tactics to reinforce positive behavior:

■ *Saying more than "thank you" or "good job."* The best managers encourage specific behaviors. For instance, assume you are a hotel manager, and Carol, your director of sales, has just completed a phone conversation with a difficult customer: You could say:

"Carol, I heard your conversation, and I really liked how you handled it. You kept calm and focused on resolving the complaint, and you paraphrased the client to show you were listening to the concerns."

Note that Carol will be encouraged with specific mention of actions that you want to affirm and see repeated.

■ *Doing it on the fly*. The best managers do not wait to encourage employees until it is less hectic. Encouragement only takes an extra moment, and busy, chaotic times are when employees typically most need encouragement. When managers only praise employees during formal performance reviews, the employees may feel cheated the rest of the year.

- *Telling them directly*. Managers may tell those around them how much they appreciate an employee, but they sometimes feel uncomfortable telling that employee directly. Employees will not get inflated egos or expect a raise if they are complimented. The more likely case is that they will be thrilled when their effort is noticed, and they will work even harder to justify their manager's continued appreciation.
- *Meaning what is said*. A manager's tone of voice, eye contact, and body language can enhance or detract from a message. Managers must be sincere, make eye contact, and take the time to stop and look at the employee when conversing. Insincere praise is worse than no praise at all!
- *Putting it in writing*. Encouraging words need not be typed and formal. A short, handwritten note is fast and easy. A complimentary note from one's boss can be shared proudly with family members and friends. A written compliment is a source of pride to nearly every employee and demonstrates the power of recognition.

ELIMINATION OF UNACCEPTABLE BEHAVIOR

When employees exhibit unwanted behavior, it is usually because they don't know the desired behavior, know it but do not know how to perform it, or know it and do not want to perform it.

In the first case, behavior improvement may involve careful explanation about the performance standard. In the second case, skills training is likely required (see Chapter 6). In the third case, a progressive discipline process is likely the appropriate response, and **counseling** is an important tactic in the process.

Counseling (employee): A process to assist employees in overcoming performance problems.

Effective employee counseling assists workers in making their own good decisions from among available choices. To plan counseling to overcome employee performance problems, the manager requires a list of concerns about the employee's performance, including times, dates, and other information about unsatisfactory behavior. Time when uninterrupted conversation with the employee is possible should be arranged. The employee should receive sufficient notice about the meeting and subject matter to prepare for it.

During the counseling session, focus on the behavior, not the person or his or her attitudes. For example, managers should not say: "Sam, you are totally irresponsible. You arrive late nearly every day!" Rather, the comment could be: "Sam, you have been arriving at work late nearly every day, and this causes a problem for our operation. What is the reason for your lateness?"

Listening to the employee helps him or her feel valued and understood. Employees should be encouraged to talk and to explore and explain their behavior. Hopefully, options can be considered, and a realistic solution to the performance problem will be proposed. Then clear objectives can be developed, specific action plans can be identified, and the manager will commit to supporting the employee's improvement efforts.

In some cases, undesirable employee performance may result from forces beyond his or her control. Financial difficulties, marital traumas, family

emergencies, death of parent, spouse or child, substance abuse, and legal issues are examples of factors that can negatively affect performance. Despite management admonitions that employees must leave their personal problems at home, employees cannot always do so. Notwithstanding the desire of caring managers to want to help in these and related situations, comments should be limited to the employee's performance. Some off-job factors affecting employees may be the result of poor lifestyle choices, whereas others will be caused by circumstances the employees legimately could not control. In all cases, when external factors are the prime reasons for unsatisfactory performance, the best course of action is to refer the employee to an effective internal or external employee assistance program (EAP; see Chapter 10).

Employee Separation

4. **Differentiate between a voluntary and a nonvoluntary employee separation, and explain the function of the exit interview.**

Turnover: The replacement of one employee by another.

Despite the costs and disruption that occur when an employee leaves a job, in some segments of the hospitality industry, **turnover**, as measured by the business's turnover rate, is exceptionally high.

The inevitable result of turnover is an increase in managerial time and other real financial costs. In a 2006 survey of more than 400 HR managers, 15 percent said that the cost to replace the average employee was about equal to the employee's annual wage; 42 percent said that the cost was equal to two times the worker's annual salary; 26 percent said three times; and 17 percent said four or more times the annual wage! All managers agree that costs associated with employees who do not remain with the organization are high, and they should be avoided when it is possible to do so. Then HR managers will not need to continually recruit new staff members and move them through the expensive and time-consuming orientation and training processes.

Some turnover is inevitable and is good for a business, because new staff members with diverse attitudes and ideas can be recruited. However, excessive turnover rates are detrimental to an operation's ability to maintain quality standards and costs and, sometimes, to remain financially viable.

Employee separations can be viewed as voluntary or involuntary, and both types are discussed in the information that follows.

VOLUNTARY SEPARATION

Voluntary (separation): An employee-initiated termination of employment.

Voluntary employment separations are inevitable. Employees graduate from school, retire, move away, and, for numerous other reasons, elect to resign from a job.

While these employee-initiated separations are often inconvenient, they rarely cause significant replacement issues. In the best-case scenario, the employee will

Human Resources Managers and Counseling Sessions

It is unlikely that many supervisors promoted to their positions after successful performance in entry-level jobs will be able to conduct effective counseling sessions without training in how to conduct them. Communication and counseling skills can be addressed in a basic supervisory training program. These can be enjoyable sessions, when, for example, role-play and dialog training activities allow the new supervisors to practice basic skills taught during these sessions.

Many hospitality industry observers believe that numerous problems are caused by managers, not by those whom they supervise. Human resources managers must assume their responsibility to help supervisors become successful, and training to assist them in interacting with their staff members is, perhaps, their most important training responsibility.

Human Resources Management:
CURRENT EVENTS 9.1

IT'S NONE OF YOUR BUSINESS, OR IS IT?

Despite an interest in maintaining their focus on employees' work performance, many HR managers are asked for advice about the personal lives of their staff members. Some managers readily provide it; others feel it is best to keep an arm's-length distance from non-work-related issues.

In her extremely popular book, *Nickel and Dimed; On (Not) Getting By in America*, essayist and cultural critic Barbara Ehrenreich researched the lives of low-wage-earning employees. In 1999 and 2000, Ehrenreich worked as a waitress in Key West, Florida, as a cleaning woman and a nursing home aide in Portland, Maine, and in a Wal-Mart in Minneapolis, Minnesota. Her book details what she did and what she saw in the lives of her fellow workers.

Despite your agreement or disagreement with her conclusions, her book should be required reading for those who are not aware of the challenges faced by many of the working poor. *Note*: In 2008, the take-home pay for a full-time federal minimum wage worker supporting one child was less than the federal poverty level. Experienced HR managers know that utility shutoffs, jail time for relatives, personal or family member substance abuse problems, transportation crises, immigration issues, and the stress of past-due rent are just some of the harsh realities of life for many workers. An appreciation of the issues they face is helpful to HR managers who want to assist these workers to navigate real challenges in their personal and professional lives.

inform managers about the pending departure in enough time that a replacement can be recruited and trained.

INVOLUNTARY SEPARATION

Involuntary (separation): An employer-initiated termination of employment.

Involuntary employment separations are frequently caused by poor employee performance. However, management may also have failed to properly select, orient, train, and direct the work of these employees.

Involuntary employee separations affect more than just immediate employee replacement and training costs. In most states, employees who are involuntarily separated qualify for unemployment compensation payments. While there are exceptions (e.g., for employees dismissed for theft, assault, or other illegal activities), significant increases in payments to employees who are involuntarily

- What is your primary reason for leaving?
- Did anything specific make you decide to leave?
- What did you like best about working here?
- What did you like least about working here?
- Were your job duties the same as you anticipated when you were hired? (If not, how were they different?)
- Did you receive enough training?
- Did you receive enough feedback about your performance from your supervisor?
- Did this job help you advance in your long-term career goals?
- Are there any current employees you feel would perform well in your job?
- Do you have any tips to help us find your replacement?
- What would you do to improve our operation?
- Were the pay, benefits, and other incentives in our operation fairly administered?
- What was the quality of your supervision?
- Based on your experience with us, what does it take to succeed at this company?
- Did any company policies or procedures (or any other problem) make your job unusually difficult?
- Would you be leaving this job if your pay was higher?
- Would you consider working for our company in the future (or at another location)?
- Would you recommend working for this company to your family and friends?
- What does your new job offer that this job does not?
- Can this company do anything to encourage you to stay?
- Did anyone in this company discriminate against you, harass you, or cause you to feel hostility in your working conditions?
- Is there anything you would like the owners (managers) of this operation to know about their business that they may not currently know?

FIGURE 9.9: Sample Exit Interview Questions

separated will result in an increase in the amount the employer must pay into the state's unemployment compensation accounts.

We have examined employment separation from the perspectives of employees who leave the organization for good reason and those who are asked to leave. A third case, however, is the employee who leaves voluntarily but does so involuntarily! In other words, the employee decides to leave the job, but the reason relates to the job.

Consider Stella, a good employee who likes her job, but who is leaving for another job doing the same work at the same rate of pay. She feels her manager does not appreciate her, and recognition of a job well-done is important to her (as it is to many employees). Because Stella does not receive the recognition she seeks, she will leave the organization. Often, the motivations of employees like Stella remain unknown. In other cases, exit interviews can help uncover reasons for the involuntary/voluntary separation of employees.

EXIT INTERVIEWS

Exit interview: A meeting between a representative of the organization and a departing employee.

Exit interviews are typically utilized when an employee voluntarily resigns. Then HR managers ask questions while taking notes, or request that the employee complete a questionnaire or a short survey.

Exit interviews can yield vital workplace information and, sometimes, can prevent the loss of employees who really want to remain at the job, but feel they cannot. Figure 9.9 lists examples of questions that may be asked of separating employees during a well-planned exit interview.

No organization wants to lose good employees. Well-designed exit interviews are an effective tool in helping HR managers reduce the loss of their good employees by identifying and eliminating, wherever possible, those factors that cause these employees to resign.
Courtesy Image 100 Ltd.

IT'S THE LAW!

In many cases, employers justify the nonvoluntary separation of their employees based on the at-will employment doctrine discussed in Chapter 4. In most cases, at-will employment laws allow employers great latitude to terminate employees with or without cause. There are at least five exceptions to these statutes, however, and if evidence of any one of these exceptions is documented in the appraisal process or elsewhere, it is likely that the affected employee could win a wrongful termination lawsuit.

Contractual relationship. Employees may not be terminated at will if there is a contractual relationship. A contractual relationship exists when employers and employees have a legal agreement regarding how employee issues are handled. Under such contracts, discharge may occur only if it is based on just cause.

Implied contractual relationship. An implied contract is any verbal or written statement made by members of the organization that suggests organizational guarantees or promises about continued employment. These statements are most often found in employee handbooks that have not been carefully reviewed to ensure there is, in fact, no implied contractual relationship.

Public policy violation. An employee cannot be terminated for refusing to obey an order from an employer that is considered an illegal activity (e.g., being asked to bribe a public food safety inspector to receive a higher kitchen inspection score). Furthermore, employees cannot be terminated for exercising their individual legal rights, such as agreeing to serve on jury duty or filing a complaint against an employer with a governmental entity, even if that complaint ultimately is dismissed because it was unfounded.

Statutory considerations. Employees may not be terminated if doing so would result in a direct violation of a federal or state statute. For example, an employer may not terminate an employee for reasons that would violate either the Civil Rights or Age Discrimination Acts. Thus, an employer who terminates a female employee in preference of a male employee is in violation of a federal mandate that such gender-based employment decisions are not permitted.

Breach of good faith. While it is difficult for employees to prove breach of **good faith** on the part of an employer, the courts have determined that the at-will employment concept does not allow employers total freedom to terminate. For example, if the national director of sales for a large hotel company secures a contract with a very large organization, the employer may not, to avoid paying the legitimately earned, but significant-sized, bonus due to the salesperson, terminate that person's employment. In such a case, the courts would take the position that the employee worked on the sale in good faith (expecting to earn the commission), and the employer cannot use the at-will employment doctrine to avoid paying the commissions because doing so would not be acting in good faith.

Legal Considerations of Performance Management and Appraisal

5. **Identify major legal issues related to performance management and appraisal.**

Good faith: The honest intent to act without taking an unfair advantage over another person.

As you have learned, employers have great latitude in how they design and administer their performance management and appraisal systems. They are not, however, free to terminate employees in violation of the laws specifically enacted to ensure fairness in these systems. While the laws vary greatly based on the country in which the business operates (as well as local laws), in the United States, several laws directly affect performance appraisal and termination systems.

TITLE VII OF THE CIVIL RIGHTS ACT

Title VII of the Civil Rights Act (1964) specifically prohibits employers from using non-job-related factors for employee evaluation, promotion, or termination. While most of today's hospitality employers are too sophisticated to formally and blatantly utilize individual characteristics such as race, religion, or gender when evaluating or terminating employees, equally sophisticated HR managers responsible for administering the process should be alert for the following signals that an informal discrimination system is in place:

Protected class: A group of workers with a characteristic specifically identified by an employment-related law or ordinance as protected.

- The underrepresentation of workers in specific **protected classes** in highly desired jobs
- Variations in performance appraisal scores based on a worker's membership in a protected class
- Variations in employee pay based on a worker's membership in a protected class
- Variations in employee promotions based on a worker's membership in a protected class

For example, under the Civil Rights Act of 1964, the characteristics of age, color, disability, national origin, race, religion, and sex designate protected classes of workers. Employees in protected classes cannot be treated differently from other employees, discriminated against, fired, or laid off because of their protected class status.

THE EQUAL PAY ACT

The Equal Pay Act (1963) requires equal pay for men and women doing equal work, if the jobs performed require equal skill, effort, and responsibility, and if they are performed under similar working conditions. Surprisingly, some hospitality managers perceive some jobs to be best suited for men, while they believe other jobs are best suited for women. Women working in these operations are often

Human Resources MANAGEMENT ISSUES   (9.2)

"**W**e need to reduce payroll during the holidays, when our business drops off," said Penny, the Landmark Restaurant's manager.

Mark, the kitchen manager, was discussing staffing in his department.

"Well," he said, "the two people I could lay off are Nita and Nate. They both are in the pre-prep area, and when it gets slow, I really only need one of them."

"Which one will you keep?" asked Penny.

"They both are equally good," replied Mark, "but Nate has a wife and family to support, and Nita lives at home with her folks. She'll be okay with the layoff; Nate would have more problems getting by."

QUESTIONS

1. Do you think Mark's proposed decision is a violation of either the Civil Rights Act or the Equal Pay Act (or both)? Why?
2. Do you believe Penny should allow Mark to go forward with his layoff plan? Why or why not?
3. As an HR manager what would you advise Penny to tell Mark?

evaluated in a way that disallows them from qualifying for the higher-paying jobs considered best suited for men. In nearly all cases, this approach to employment is a clear violation of the Civil Rights Act and is typically accompanied by compensation and performance appraisal systems that violate the Equal Pay Act. Enlightened HR managers should be constantly aware of signs that might indicate the existence of hidden gender-based bias in their operations.

AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) affects the hiring of workers in this protected class, and it also directly affects the manner in which managers evaluate workers with disabilities. The Act prohibits managers from considering disability when evaluating worker performance. For example, a worker possessing limited hearing ability who is hired for a job in which hearing level is immaterial may not be evaluated lower than his or her coworkers, based solely on the employee's hearing limitation.

An employer can, however, hold employees with disabilities to the same standards of performance as other employees without disabilities for performing essential job functions with or without reasonable accommodation (see Chapter 2). More complex, however, are issues related to employee evaluations that consider

employee behaviors that, in fact, may be disability-based, but are unacceptable. Assume a manager first learns during an appraisal review that an employee believes his disability is the cause of his poor performance or misconduct. Must the manager excuse the poor performance? The answer is "no." As long as managers treat these employees in exactly the same manner as they would any other employee who performed poorly or violated conduct rules, they are not in violation of the ADA, even if the employee has a disability.

If a performance appraisal system uncovers a previously undisclosed disability, however, management action may be required. Assume that Shondra cleans floors and bathrooms for a restaurant. She did not disclose any disability when she was hired. During her appraisal review, however, her supervisor discusses performance problems. Shondra states that she has a learning disability and does not always understand instructions. She asks that instructions be given to her both orally and in writing so she can review them carefully. Her manager may legally address her current poor performance through the regular appraisal process, but the manager

Human Resources Management:
CURRENT EVENTS 9.2

While the ADA's noncoverage of employees engaging in illegal drug use is clear, the Act's impact on those disabled by alcoholism is less straightforward. Assume that a manager sees a bartender stealing and consuming alcohol while on the job. Assume also that the bartender is covered under the ADA because of alcoholism. In this situation, the manager suspends the bartender and later decides to terminate the employee. The employee claims he or she cannot be terminated because of an alcoholism-related disability, and an employee may not be terminated for a previously disclosed, and covered, disability.

The bartender in this example may be technically correct, but should still lose the job because the employer has, in fact, acted legally. While a current illegal user of drugs is not protected by the ADA, a person who currently uses alcohol is not automatically denied protection. An alcoholic is a person with a disability and is protected by the ADA if he or she is qualified (as is true in this case) to perform the essential functions of the job. In fact, an employer may even be required to provide a reasonable accommodation to an alcoholic. However, an employer can discipline, discharge, or deny employment to an alcoholic whose use of alcohol adversely affects job performance or conduct. An employer also may require that employees do not work under the influence of alcohol. Furthermore, ADA-covered employees are not immune from workplace rules. If drinking on the job is prohibited, then all employees are affected, and unfortunately for the bartender in this scenario, employees who steal are not permitted to do so under the guise of ADA provisions!

must now consider providing a reasonable accommodation to enable Shondra to meet performance standards in the future. Before providing an accommodation, the manager may require Shondra to provide medical documentation to establish that she, in fact, has a disability and needs a reasonable accommodation.

Here's a final example of how the ADA should be considered when evaluating and terminating (if necessary) a disabled employee: assume that Nestor, a hotel's swimming pool attendant, is observed by several other employees and his manager to be smoking marijuana in the employee locker room. When he originally applied for his job, Nestor disclosed that he was recovering from a drug addiction, so he was covered by ADA provisions. However, Nestor may be terminated because any person currently engaging in the illegal use of drugs is specifically excluded from the definition of a "qualified individual with a disability" protected by the ADA. Nestor's employer can take action against him based on his confirmed illegal drug use. In fact, under the circumstances in this example, *failure* to terminate Nestor for illegal drug use could, because of the nature of his job, subject the employer to charges of negligent retention (see Chapter 4) if an accident that Nestor should have prevented resulted in serious injury or death to a guest.

AGE DISCRIMINATION IN EMPLOYMENT ACT

The Age Discrimination in Employment Act (ADEA) prohibits organizations with 20 or more employees from treating workers aged 40 and older differently (including in the areas of appraisal and performance management) from other workers based on their age. While most hospitality managers understand that age discrimination is illegal, they should carefully monitor their own operations for telltale signs that age discrimination may be occurring.

The EEOC is responsible for ADEA enforcement. The following situations indicate activities that could lead the EEOC to conclude that age discrimination is present in a hospitality operation:

- The boss wanted younger-looking, more attractive females (or males) for front-of-house positions, so older workers were not hired.
- The boss selected workers for advanced training based on his view of which employees would be with the company for a long time and were, therefore, worth the significant investment required. As a result, older workers closer to retirement age were not selected for the training.
- Money was tight, so the boss fired older, higher paid workers to keep younger workers who are paid less.
- The boss intentionally gave older workers lower employee evaluation scores, and then used the record of these employees' allegedly poor performance to justify terminating them.
- The boss turned down an older, more experienced worker for a promotion and, instead, hired someone from the outside who was younger because he said the company "needs new blood."

Managers assigned to evaluating older workers must be careful to focus only on job performance, and not on negative stereotypes that illegally discriminate against them. *Courtesy PhotoDisc/Getty Images*

In these cases, it is possible (and probable!) that bosses engaging in such activities are practicing illegal age discrimination and should be prohibited from doing so by their supervisors.

HUMAN RESOURCES TERMS

The following terms were defined in this chapter:

Performance management

Appraisal (employee)

Customer (internal)

Customer (external)

Absolute standard (performance appraisal method)

Relative standard (performance appraisal method)

Targeted outcome (performance appraisal method)

BARS

BOS

Management by objectives

Peer evaluation

Upward assessment (performance appraisal method)

360-degree appraisal
    (performance appraisal
    method)
Reliability
Validity
Halo effect
Pitchfork effect
Discipline (management action)
**Disciplined (workforce
    description)**
Progressive discipline
Oral warning (documented)

Reprimand
Warning (written)
Suspension
Dismissal
Counseling (employee)
Turnover
Separation (voluntary)
Separation (involuntary)
Exit interview
Good faith
Protected class

For Your Consideration

1. Some managers maintain that employee rating and appraisal systems must include the evaluation of subjective employee characteristics such as personality, attitude, appearance, demeanor, friendliness, and social behavior. Other managers maintain that these characteristics most often do not reflect a worker's ability to successfully perform a job. In addition, they point out that an overreliance on subjective factors can undermine employee morale and lead to perceptions of unfairness. What role do you believe subjective factors should play in evaluating hospitality employees? Explain and defend your answer.

2. Some forms of undesirable employee behavior are so serious that they warrant immediate termination, despite the existence of a progressive disciplinary program. Examples could include on-the-job fighting or intoxication. Consider the case of theft by an employee. Should such behavior result in the use of progressive discipline, or should it always result in immediate termination? Would the item or dollar amount taken by the employee affect your decision? Why or why not?

3. When being evaluated by their bosses, most employees say they prefer a system that treats each employee in exactly the same manner. Interestingly, however, these same employees believe bosses should consider the individual circumstances of an incident when evaluating objectionable behavior. As an employee, which system would you prefer your boss use? Explain your answer.

Case Study: Human Resources Management in Action

"The problem, I'm afraid, may just be her age," Lisa Oliver, the executive housekeeper, said to Ashley Austin, the hotel's general manager.

"What do you mean?" asked Ashley.

"Well, Paula Cooper has worked as a housekeeper in this hotel for more than twenty-five years and has always done an excellent job. Recently, she has had trouble cleaning her rooms in the time allowed. Some room attendants are complaining because, after they finish their own rooms, they must help Paula. They think it's unfair to make them do her job."

"She tries hard," continued Lisa, "but as you know, room cleaning is a tough, physically demanding job. With our chain's new bedding standards, even lots of the younger room attendants are challenged. In Paula's case, she knows what to do, but she cannot do it as fast as she used to. The room inspectors find her work acceptable; it's the quantity that is the problem. She almost never meets the 30-minute-per-room standard anymore. I just wonder how long we can keep her."

Dimension: Performance Appraisals

Review the conversation described in the case:

1. What do you believe is the most likely cause of Paula's substandard work performance?
2. Assume you are the hotel's general manager. Do you believe your executive housekeeper is evaluating Paula's work performance any differently than that of other room attendants based on her age? Why or why not?
3. What would you, as the hotel's general manager, advise Lisa to do about Paula? Explain the intended goal of each recommended step.

Dimension: Responsibility to the Team

Review the conversation described in the case:

1. What obligation does Lisa have to be fair to the other employees in her department? Justify your answer.
2. Is the fact that Paula now works slower than her peers inherently unfair to the other employees? Explain your position.
3. Many hotels and restaurants utilize a work system that essentially requires all team members to complete the tasks assigned to its members (e.g., cleaning up at the end of a shift, cleaning all guest rooms, and preparing all menu items) before any person leaves work. Other managers allow individual team members who complete their work ahead of their teammates to leave when they are finished. Identify at least one advantage and one disadvantage of each approach.

Dimension: Responsibility to the Individual

1. Should Paula's length of employment affect the manner in which her current work performance is evaluated? Explain your position.
2. Assume you operate a business in which there are some jobs that most younger workers can do more easily than older workers. Should your employee compensation programs reflect such differences? Would such an approach be fair? Explain.

3. Identify at least two legal issues inherent in the human resource dilemma identified in this case.

INTERNET ACTIVITIES

1. The Internet is a good source of information and products related to employee evaluation systems. To see an example, go to: http://www.360degreeassessment. info/products/stperf.html
   a. Click on "Products."
   b. Click on "Total Performance."
   c. Click on "Video Tour."

   Review the characteristics of this employee performance tool. Identify the specific features it offers that were topic areas in this chapter. Which features might you add to address your interests in the hospitality industry?

2. In the hospitality industry, many managers with responsibility for evaluating staff members may have limited or even no previous experience doing so. Some professional appraisal training companies offer assistance to such managers and supervisors. To view one such company's offering, go to: *www.performance-appraisal.com/training.htm*.
   a. Review the topics covered in the company's "Performance Appraisal" seminar offering.
   b. Review the cost(s) per participant.
   c. Review the other training session information supplied by Archer North.

   Would you likely choose to utilize the services of such a company? Why or why not?

3. Many hospitality managers lament that they simply cannot get their employees to consistently exhibit the behaviors they seek. Some companies specialize in helping managers modify employee behavior in positive ways. To view one such company, go to: *www.gbehavior.com.*
   a. Click on "Behavior Modification."
   b. Scroll down to review this company's "SMART" performance objectives.

   Based on the "SMART" performance objectives, would you hire such a company to assist your own operation? What factors might cause you to do so?