

Human Resources Handbook

For Employers of Small Businesses

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OREGON INSTITUTE OF TECHNOLOGY

MARCH 21, 2018

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Federal Laws

Equal Pay Act

This law states that a company cannot pay their employees **differently based on gender**. This applies to jobs that are considered “equal.” Jobs are considered equal when each job requires the **same skill, effort, and responsibility** and the person is working under the same working conditions in the same establishment. However, the company **is not in violation of this law when it comes to seniority systems, merit considerations, or quantity or quality of production**. **If there is discrimination, the wage with that is lower must be increased; the wage that is more cannot be decreased.**

Civil Rights Act

This law is that there is to be **no discrimination in the workplace based off of race, color, religion, sex, pregnancy, or national origin**. Certain organizations are exempt from having to follow this law, such as

1. U.S. government-owned corporations
2. Bona-fide tax exempt private clubs
3. Religious organizations who hire from a specific religion
4. Organizations hiring Native Americans on or near a reservation

This law was amended to the fact that the agency is allowed to sue the place of employment, if found in violation of this law. The employee does not have to file a lawsuit for the company to get in legal trouble.

Age Discrimination in Employment Act

It is illegal to discriminate against people **who are 40 years old or older** based on this law. This law applies to organizations that have **20 or more employees, unions of 25 or more, employment agencies, and any government job**. This includes being aware of offhand remarks and expressing negative opinion about older individuals. The only exemption from this law is when age is a bona-fide occupational qualification.

Pregnancy Discrimination Act

This law states that **no woman can be discriminated on based on being pregnant**. Companies cannot refuse to hire a woman simply, because she is pregnant. Companies cannot deny pregnancy related sick leave if certain comparable sicknesses like it are allowed, such as, morning sickness and the flu. There are **three main areas of** benefits that this law affects:

1. Hospitalization and major medical insurance
2. Temporary disability and salary continuation plans
3. Sick leave policies

Women cannot be denied these aspects due to their pregnancy; this includes hiring, promotion, or termination.

Americans with Disabilities Act

This law states that companies **cannot discriminate based on physical or mental disabilities, or on chronically ill**. There are **three aspect** that the law defines as a disability:

1. Physical or mental impairment that substantially limits one or more of the major activities
2. A record of such impairment
3. Being regarded as having such impairment

This law does **not cover** current illegal drug use, homosexuality/bisexuality, gender identity, gambling, kleptomania, pyromania, or infectious/communicable diseases of public health significance (such as AIDS). This law requires employers to **make reasonable accommodations** for the employees with disabilities.

Minimum Wage Laws

Federal and State

Employers are to follow **minimum wage laws**, which means they must pay their employees at least the minimum wage. Some states have a higher minimum wage than the federal government has. If the state does have a higher minimum wage than the company must follow their state minimum wage. **Currently the federal minimum wage \$7.25 per hour**. To find your state's minimum wage you can go to <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.

Employment benefits

Worker's Compensation

This is a state mandated law that states companies must provide **private or state-funded insurance to cover injuries at work**. Each state has different regulations about the amount and duration of insurance. This law covers any work related injuries or work related illnesses. These injuries **do not have to happen on the premises**, it can occur when doing work offsite as well. To keep these costs down, actively **focus on having a good safety record**. To find the address of your worker's compensation for your state go to <https://www.dol.gov/owcp/dfec/regs/compliance/wc.htm#OR>

Unemployment Insurance

Unemployment insurance is covered by the Social Security Act which states that any employee that was **laid off may be eligible for 26 weeks of unemployment insurance benefits**. Any employee that wishes to get unemployment insurance benefits must submit an application with their state. The amount of compensation will depend on the **employee's previous wage rates and period of employment**.

Family and Medical Leave Act

This Act applies to any **company with 50 or more employees**. This law states that employers must provide **12 weeks of unpaid leave in a 12 month period** for one or more of the following reasons:

1. Birth or care of a newborn
2. Adoption or foster care placement of a child
3. Care for immediate family member with a serious medical condition
4. Serious health condition of the employee

Employers can request a certification provided by a health care provider. **Employers cannot punish employees for taking FMLA**, and must restore his or her original job or a job that is equivalent to their original job.

Job Description

Job Description has three main parts:

1. Job title
2. Job ID
3. Job duties

Job Title

It provides **status** and will typically work better when the title is more appealing. The title can help indicate what **duties the job will entail**. It also can help indicate what **level the job** is in the organization's hierarchy.

Job ID

This section will provide information on **what department** the job is located in and who **the employee will report to**. An important part of this section is that, you must put the **date that the posting was last revised**.

Job Duties

Every job duty that will be required and expected of the person who receives the job should be put in this section. They need to be **listed in order of importance**. Each duty's responsibility should be stressed during this section. Make sure you list only the essential functions. In this section there is also a job specification, which should include the skills that is required for this job. This includes, any **physical demands** the job will need, **education** required, and any **interpersonal skills**.

Tips

- Eliminate unnecessary words/phrases
- Present tense verbs
- Tasks used once in a while use the term "occasionally"
- Tasks performed by some workers on the job used the term "may"
- Small businesses should be specific about writing

Interviewing Methods

Nondirective Interview

This is when the interviewer lets the **applicant run the interview**, meaning that there is no structure and there are not required questions. The key to this is the **interviewer should refrain from influencing the applicant's remarks**. **The reason why this method is a positive method to use is, because will bring forward attitudes, information, or feelings that might have been hidden in normal interviewing methods**. Important aspects for the interviewer should know is that they should **listen carefully**. They should **not argue, interrupt, or change the**

subject suddenly throughout the interview. In order to get information needed to make a final decision, use **following up questions**.

Structured Interview

This method is when the **interview is structured** and the interviewer should ask specific questions. **The key to this method is that it should be organized and the same questions should be asked every time.** There are a couple of aspects that need to be considered when preparing for this type of interview. The first aspect is that the questions should be **based on job duties and requirements**. There are a couple of types of questions to consider; **situational, job knowledge, job sample, and worker requirements**. The interviewer needs to be prepared and have a system to **rate the responses**. Make sure that the **same procedures** are used for every applicant. **Take notes and document the interview, this will help with future references and any legal challenges if necessary.**

Behavioral Description Interview (BDI)

This interview focuses on **incidents that have occurred in the applicant's past**. The interviewer will ask questions based on these incidents. The reason for this is because **past actions** are typically the **best indication for future actions**. This is **better used for higher level positions**.

Panel Interview

Multiple people are involved in interviewing each applicant, typically **three to five interviewers**. Interviewers will each ask questions when they see fit. Afterwards the interviewers **discuss thoughts and scores**. This provides **higher reliability** than a single one-on-one interview. Panel interviews also allows for **shorter decision making**. Shorter decision making is important, because the longer a company spends on interviewing and choosing a candidate, the more money they are using.

Computer and Virtual

Computer interviews are **multiple choice questions** that are tailored to the specific job. This method allows the company to **review information from the test easier** than if they were

to conduct face to face interviews. It will allow a company to issue multiple tests at once, rather than interviewing one applicant at a time. Company is able to **save time and money** this way.

KEY: Companies can use multiple ways of interviewing. They do not have to use just one.

Training Interviewers

Establish a Plan

The interviewer needs to make sure that they are well prepared. They have to know what the **purpose of the interview** is and **know the specific questions** that they need to ask. Every interviewer should **review the applicant's application** before they begin the interviewing process. They should also **review the job description** to make sure they are clear on what the tasks that will be required of this applicant.

Establish and Maintain Rapport

Prepare a quick overview of what the interview should consist of and inform the applicant when he or she arrived. **Non-job-related conversations should be kept to a minimum**, and if at all possible, avoid. A key thing to remember is to not just hire people that are similar to who the interviewer is. All interviewers should be aware of this and should try to take themselves out of the equation.

KEY: Document everything during the interview

Be an Active Listener

Being a good listener means they are able to **understand, comprehend, and gain insight** to what has been suggested or implied.

Pay Attention to Nonverbal Cues

It should be noted that this applies to both paying attention to the **applicant's nonverbal cues** and the **interviewer's nonverbal cues**. Focus on **facial expressions, gestures, body position, and any movement** that may occur during the interview. Interviewer should be aware what message their nonverbal cues are sending to the applicant.

Provide Information

Interviewers should feel free to **answer fully and honestly** about the job at hand. The interviewer needs to create a **realistic picture of the job** for the applicant. Once again, non-job-related topics should be kept to a minimum, and the interviewer should never bad mouth anyone or anything involving the company.

Use Questions

In order to get the best and honest answers, **questions should be phrased objectively**. Interviewers **should not try and lead the applicant** to any specific answer.

Separate Facts from Inferences

During the interview, the interviewer should **focus on the facts**. Any inferences or interpretations of the applicant should be written after the interview.

Recognize Biases and Stereotypes

All interviewers should be aware of their biases and stereotypes. Stereotypes include gender, race, or ethnic background. They should also be aware of both the **halo error and the horn error**. The halo error is when a person is judge positively based on one positive aspect or attribute. The horn error is the opposite, where someone is judge negatively based on one negative aspect or attribute. Interviewers should also be aware of **beautyism** which is when people view “attractive” people as more likeable.

Control the Interview

Every interviewer **should have a plan and they should not vary from the plan**. The interviewer should provide the **applicant plenty of opportunity to talk**, but the **interviewer needs to maintain control** of the entire interview. This will allow them to reach the ultimate goal which is to find out if this applicant is right for the job.

Standardize the Questions

In order for the interview to be reliable, the **same questions** need to be asked during each interview. This will **help eliminate discrimination**, because the interviewer will be focusing on the answers not necessarily the person.

Questions that cannot be asked in Interviews

- Anything to do with kids or planning on having kids
 - This includes childcare
- Age
- Gender or sexual orientation
- Marital status
 - Or if they plan on getting married
- Race, where they are from, anything to do with their origin
- Religion or religious holidays
- Whether they smoke or drink
- Any physical defects or anything to do with them seeing a doctor
 - This includes illnesses
 - Also their height or weight
- Politics
- Debt that they might have
- If they have been “arrested”
- Discharge from the military

Terms and Questions to ask Instead

- Disabilities that might inhibit your job performance
- Are you over 18?
- Legal right to work in the US
- Use “convicted of a crime”
- Discuss what days the company will expect them to work

Recruitment

Internet

Most commonly used by companies today. This can provide a **cheaper, faster, and potentially more effective** approach to recruiting qualified candidates. There are multiple free websites that companies can advertise on, but this does not mean they will get applicants. Using social media can be an effective way to connect with potential applicants. **Social media is free**, meaning that using it can cost the company less money than if they were to hire an outside

source. Another thing to consider if the company decides to recruit online is **using a university's career services website.**

Unsolicited Applications

People may walk in and provide a resume or fill out an application without the company looking for people. Unfortunately, these resumes **may or may not be from good potential applicants.** Do not overlook these people. Typically, individuals who contact employers on their own accord turn out to be better employees in the long run. **The key is to treat these people with respect.** A company may not know if these people will be helpful in the future. Instead of declining someone's resume or application, tell them that at this point you are not hiring, but that you will keep their application on file. **Word of mouth is a powerful thing,** and a company does not want word to go around that they are rude to potential applicants.

Promote from Within

When looking for managers, **look within the people the company already has.** These people have been trained inside the business, and knows how it runs. Allowing people the opportunity to move up will increase the likelihood that **employees will stay** with the company. It will **save the company money** by having someone who already knows how the business runs and knowing the people in it already. One thing to be concerned about is making sure the other employees recognize and treat the **inside promotion with respect and authority.** It can be hard for some people to view someone who once was on their level as their superior.

Tips for Small Towns:

- Go to local events
- Show what the town has to offer
- Talk to current employees
- Incorporate the town's values

Expansion on Tips for Small Towns

- You want your company to be known around town. If you are a **valued member of the community,** people are more likely to stand behind you and recommend your place of employment.

- For new applicants, make sure you show them what they would be getting if they came to work for you. Show them **what there is to love** about living and working in a small town.

- **Current employees** are going to be one of your **strongest allies**. They will know more people and when they believe in the company, they are going to bring in people who will actually help.
- Much like going to local events help, incorporating your town's values will help feel the town included. A lot of people either move to small towns because they are from a small town originally or they have lived there their entire lives. Make sure you **target the love for small towns** in your company and with your applicants.

Selection

There are two aspects that need to be considered when selecting a new employee. The first one is **“can-do” factor** which includes what the candidate's knowledge and skills. It is about **the potential that a person to be able to acquire new knowledge**. The second factor the **“will-do”** which a person's **motivation and personality**. *These two factors should be used when figuring out if the candidate is the best for the job.*

Clinical and Statistical Approach

These are a way is analyze a candidate. Clinical has to do with **reviewing the data on the applicants**. This includes their understanding of the job and whether or not the interviewers believe the candidates will succeed in this position. Statistical approach **involves the test scores** if applicable and how they compared to other people. *The key is to focus on facts rather than stereotypes or biases.*

Training

Good Training Environment

There are **six main factors** that need to be considered when creating a effective training environment.

1. Positive reinforcement
2. Eliminate threats and punishment when training
3. Be flexible
4. Participants set personal goals

5. Design interesting instructions
6. Break down physical and psychological obstacles to learning

With these factors, **the key is to focus on the trainee** rather than the trainer or the training topic itself.

Effective Training Programs

Goal Setting

- Trainers should set goals for the trainees and they should **set a specific time frame**. Setting goals will typically increase the trainee's **level of interest, understanding** of the material, and the **effort** they put into the training. These do not have to be large goals, it can simply be that they learn the main objectives of their job. **The key though is to not forget about these goals, and to go back to them and set new goals.**

Meaningful Presentation

The **topic itself might not be interesting**, but the presentation of the information should be appear meaningful towards the trainees. The trainees should feel like they connect with it. This can occur by giving examples that **catch the trainees' attention**. The material should **precede on the previous information**.

Modeling

An important thing to remember when training is that people **learn by watching**. Companies should incorporate **real-life demonstrations**. This does not mean that you have to only should them physically what they need to do. Learning by watching can include **pictures and drawings as visual aids**.

Individual Differences

Companies should remember that people **learn at different rates and in different ways**. Some people are more **visual learners** while some can learn by just **hearing the information**. This should be considered when planning training programs. Trainers should be patient when they are training.

Active Practice and Repetition

Trainees should not just be told the information. They need to be allowed **frequent opportunity to practice the tasks** that they are expected to perform. The company ultimately wants the **tasks to become second nature**, and that is the value of practice. As the saying says “practice makes perfect.”

Parts vs. Whole

Tasks should be **broken down into parts**, not just discussed as a whole. This will allow trainees to have a better understanding of the tasks and the different parts that go into these tasks. Some aspects of the job might be more difficult than others, meaning that **trainers will need to spend more time on teaching different parts**. This should be considered before training starts, but know that training can always be adjusted if needed.

Feedback and Reinforcement

Feedback should be given frequently during the training program in order for the trainees to know **what they are doing right and wrong**. Feedback should not only be what the trainees are doing wrong. **Verbal encouragement** is a key factor in maintaining and reinforcing the positive behaviors or actions that the trainee is doing. **The key to both feedback and reinforcement is that it should be given, if possible, immediately after the trainee does the specific task.**

Trainers Affect Trainees

There are a couple of characteristics that good trainer's should have.

1. Knowledge of the subject
2. Adaptability
3. Sincerity and patient with trainees
4. Sense of humor
5. Interest in the subject
6. Able to give clear instructions
7. Provide individual assistance

Types of Training Programs

On-the-Job (OTJ)

This is the most common method of training, but typically for non-managerial employees. It allows the trainees to receive **hand on experience in real life conditions**. It can also be the most poorly implemented training method. There are three drawbacks that all companies should be aware of which are **lack of structure**, **poor training skills** of the trainers, and **absence of well-defined job performance criteria**. Ways to improve OTJ training program include, **setting realistic goals**, **plan ahead** including time to provide feedback and evaluations, establish a **nonthreatening atmosphere**, and **continue evaluations even after training** is complete.

Classroom Instructions

This is when people are in a classroom setting, and are learning from **demonstrations and instructions**. This type of training allows for the **maximum number of trainees to learn from the minimum number of trainers**. Classroom training is still the number one training method, even with the rise of the different types.

E-Learning

This method uses **web, computer based training, and virtual classrooms**. E-Learning can provide many different ways of teaching and different forms at providing information. Companies are beginning to use this more, because it is **cheaper** and they are able to **customize the different programs**. E-learning allows the company to **bring the training to the trainees** rather than bring the trainees to the training.

Cross Training

Companies should consider cross training their employees. This is where each **employee learns how to perform different jobs** within the organization. When employees are able to do multiple jobs, the company is able to have **more flexible capacity**. It will also help **keep workers motivated and interested in their jobs**, because it will not seem like a dead-end job. Typically when companies cross train, they **cut turnover, increase productivity, decrease labor costs, and lay a foundation for a career** for their employees.

Orientation

This is a formal process of **familiarizing new employees with the organization, their job, and their new coworkers**. Orientation programs will **help to retain and motivate employees**. This is because the more time the company spends with new employees, the more they will identify as a valued member for the organization. Orientation should **not only be for new employees**, but if **new policies, plans, and procedures change**, old employees should be formally trained in them as well. Companies should carefully plan their orientation programs in order to make them the most effective they can be.

Checklist for Orientation

- Introduce new employee to others
- Outline training
- Talk about expectations for attendance, conduct, and appearance
- Discuss pay periods and hours
- Explain the job duties, standards, and appraisal criteria
- Discuss safety regulations
- List the chain of command
- Explain the organization's purpose and strategic goals

Termination

At-Will States

At-will states allow employers to **terminate workers for any reason and without prior notice**. They are also allowed to change wage rates, remove benefits, or decrease amount of paid time-off at any given time. The only time that this law **does not apply** in an at-will state is **when there is a contract** between the employer and employee.

There are three exceptions to at-will states:

1. Public Policy Exception is that employees cannot be fired or discharge if it would violate the doctrine of public policy for that state.
2. Implied Contract is when there is an implied contract between the employee and employer. If there is a written contract, then there cannot be an implied contract.
3. Implied Covenant of Good Faith and Fair Dealing is that the people involved with the contract will deal with each other honestly and fairly.

Each state has their own law on whether or not they have these exceptions. To find your states regulations go to <http://www.ncsl.org/research/labor-and-employment/at-will-employment-exceptions-by-state.aspx>.

Informing a Terminated Employee

1. Come to the point of the meeting within **2-3 minutes**.
2. Be **straight forward** and stick to your decision.
3. Make sure to do this conversation in a **private, business location**.
4. Try **not to sugarcoat** the problem. This will send the employee mixed messages.
5. Avoid **making accusations or injecting your personal feelings** in the discussion.
6. Avoid bringing up any personality differences.
7. Provide any information **concerning severance pay** and the status of benefits and coverage if this applies.
8. Explain how you will handle any **inquiries from future employees**.
9. **Never provoke employee**.
10. If employee become **hostile or belligerent, stop the meeting immediately**.
11. Never **bad mouth or discuss the terminated employee** to customers, employees, or anyone else.