

Personnel policies (1956)



**GUIDEBOOK TO A  
MODERN  
PERSONNEL  
PROGRAM**

PREPARED AND EDITED BY THE PERSONNEL DIVISION

**MUTUAL OF NEW YORK**

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

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Mutual life insurance company of New York. Personnel division.

# GUIDEBOOK TO A MODERN PERSONNEL PROGRAM

*A manual to help you develop  
your personnel policies and procedures.*



**MUTUAL OF NEW YORK**

1740 Broadway, New York 19, New York

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*The human resources of an enterprise, whether such an enterprise is a giant corporation or a small business, are one of its most valuable assets. In recognizing this fact progressive management has developed over the years new techniques, policies, procedures and practices, all designed to assist in conserving, or even improving, these resources. This area of management has come to be known as personnel administration.*

*One of the fundamental requirements of a sound personnel program is fair and consistent written policies. Such written policies, when made available to all employees, give them confidence that the treatment they receive will be the same as that accorded everyone else. Also, as an operating tool, they are an administrative necessity.*

*Because the field of personnel administration has grown to such a great extent and embraces so many functions today, it is difficult for a business man, or office manager, to keep abreast of current policies and practices. This booklet is designed to fill that need. It attempts to give typical policies for every personnel function that is considered within the scope of personnel administration of small as well as of large companies. It is a "how to" personnel policy manual with the purpose of aiding the small business man in developing a personnel program which may be covered by written policy statements.*

*The emphasis in this text is on types of personnel policies, rules and procedures that may be used or considered. Fair and modern, progressive policies are stressed although there may be reasons for deviating radically from them. It may be used by an owner or manager as a yardstick against which to measure established company personnel policy, or as a guide to the development of a set of established policies. With this in mind space has been provided with each section to note pertinent ideas which a company may wish to include as part of its own written personnel policies.*

*The following suggestions are generally included under a sound personnel program. Where a union exists, however, policies may be determined, or modified, by the union contract. No attempt has been made in this booklet to conform it to the various statutory limitations (which may vary from state to state) dealing with the subjects discussed. The objective is to have the employer consider the points as a check list, as he fills out the right hand pages with his individualized program. The result should, of course, be checked by the employer with his attorney to be sure that he has complied with the applicable Federal or State laws. Careful consideration should also be given to the tax aspects of the program selected from the view point of both the employer and employee.*





# 1

## ORGANIZING FOR PERSONNEL ADMINISTRATION

While the type of any personnel organization is directly related to the size of a company, experience has shown that the personnel program is most effective when centralized and headed by one person.

The person heading the personnel activity in smaller companies may be the owner (and President), or Office Manager, or in larger companies, the Personnel Director. If, because of the size and complexity of the organization, the control of the personnel program is delegated to a full-or part-time administrator, it is advisable that this person be responsible only to the top executive in the company, or to his assistant.



## 2 COMMUNICATIONS

The morale of any working group depends to a great extent upon the effectiveness with which a company's policies and operating procedures are communicated throughout an organization. Whether there are 20 employees or 200, they will feel more content and secure in their work situation when they realize they are being kept fully informed at all times about things which affect them or their work. Rumors and the grapevine can quickly and easily destroy goodwill which may have taken years to build up. Where communication between management and the employee is simple and direct, misunderstanding and unrest are less likely to occur.

A company usually selects one or more media most suitable to an organization of its size. Some examples follow, any of which are helpful in bringing information to employees, and from them to management.

... A company or departmental *bulletin board* located in a prominent spot and properly maintained can carry periodic news of policy changes, revised operating procedures, promotions, new employees, etc.

... A *company magazine, or newsheet* in a small organization, may carry social activities and events of interest to all employees, as well as news of new products or policies.

... An employee can be encouraged to submit *suggestions and ideas* for work improvement

which, when submitted in writing to his supervisor, may bring him some degree of recognition.

... *Staff, or group meetings*, of management with supervisors, and of supervisors with employees, are valuable for discussing major organizational changes or other important matters.

... A friendly *discussion with new employees* 3 or 6 months after employment helps them to realize the company's interest in them as individuals, and gives them an opportunity to ask questions or to express their feelings about their work situation.

... A company *handbook* attractively set up and distributed to all employees can present clearly and simply the company's history, its organization and operations, its policies, benefits and opportunities.

... An inclusive and detailed *policy manual* covering each personnel policy and procedure may be made available to all supervisory employees, and through them to all employees.

... The *annual report, or company statement*, may be distributed to each employee, together with periodic announcements of advertising done by the company.

... A *public address system*, if available, may be used for important announcements of general interest.



## COMMUNICATIONS

*policy suggestions for –  
Name of Company:*

*bulletin board*

*company magazine,  
newsheet*

*suggestions;  
other ideas*

*staff or  
group meetings*

*new employee  
discussion*

*company handbook*

*policy manual*

*annual report  
or company statement*

*public address system*

*other*



## 3

## EMPLOYEE SERVICES

It has become the practice for companies to provide or sponsor a number of services for the employees' convenience and welfare, as well as in some instances for the convenience of the employer. While all of the various types below may not be necessary, or even practicable, consideration of some of them may be helpful to employees in an over all program for a particular organization.

### **LUNCHEON**

Company cafeterias have become increasingly popular and provide lunches either at minimum cost to the employee, or free of charge. Where this is not part of the program, a company may wish to ascertain that adequate lunches can either be obtained in the neighborhood, or be delivered to the work area. Also, if it is available, space may be provided for employees who wish to bring their lunches.

### **MORNING COFFEE**

The "coffee break" has now become a recognized fact, particularly in large metropolitan areas. All types of vending machines are available for purchase, and in some localities arrangements can be made to have coffee delivered directly to the work area. While these breaks usually come in the morning, there are companies which have found an afternoon break beneficial as well.

### **COMPANY STORES**

Some companies offer to employees through a company store, their own products or other

goods at a discount. Establishing a store of this type involves such considerations as: the extent or variety of products to be offered, prices to be set, hours during which store will be open, and who will be in charge.

### **RECREATION ACTIVITIES**

Athletic events, dances, picnics, holiday parties are often sponsored, and frequently partially financed, by a company. In addition, wherever possible, recreational rooms are provided for off work periods.

### **CLINIC**

Periodic physical examinations, medical treatment and other health programs may be provided. Where there is no company physician or nurse available for services, arrangements may be made by a company with local doctors or hospitals.

### **SERVICE AWARDS**

It has become the custom in many companies to recognize long service employees with testimonial dinners, gifts, cash awards and extra vacations. Although awards generally start with 20 or 25 years of service, there are companies which consider some small token of recognition starting at 5 years. In addition, it is usually the practice to continue this recognition at intervals beyond the original service award date.



## **EMPLOYEE SERVICES**

*luncheon*

*morning coffee*

*company store*

*recreation activities*

*clinic*

*service awards*

*other*



## 4 EMPLOYMENT

It is essential today for every company to have, in writing, an established employment procedure and policy, in line with fair employment practice acts and other similar restrictive legislation. Subject to this limitation, basic employment policies might include statements on the following subjects:

- ... Differences between full-time, part-time and temporary employees.
- ... The minimum educational, training and skill requirements for certain types of workers.
- ... The employment of relatives of present employees.
- ... The reemployment of former employees.
- ... Consideration of all applicants regardless of race, color, and creed.
- ... The employment of married women.
- ... Consideration of applicants under age 18 for full-time employment (with working papers).
- ... Age limits.

### **RECRUITING**

Recruiting candidates for positions may be done by:

- ... Direct contact with high schools, trade and business schools.
- ... Direct contact with colleges and universities.
- ... The use of local employment agencies and state employment services.
- ... Referral by friends.
- ... Advertising (usually most productive through local newspapers).

### **SELECTION AND PLACEMENT**

... *Application for Employment.* As a guide

in interviewing candidates for employment, and for reference, every company, no matter what its size, will find useful a simple application requesting basic information regarding personal history, education, previous employment and qualifications.

... *The Interview.* A thorough personal interview by a trained interviewer, reviewing carefully a person's background, is desirable, and in small companies may be sufficient for a final decision. Written comments and evaluation by the interviewer are helpful in comparing applicants and in recalling them for future openings.

... *Tests.* Skills, intelligence, interest and general aptitude tests are helpful if administered and interpreted by a qualified person. Assistance in using tests or setting up a testing program most suitable to a particular organization may be secured from companies or individuals professionally competent in this field. Indiscriminate use of tests, however, should be avoided, and emphasis placed rather on a good interview.

... *Placement.* Final placement of a *qualified* applicant is most satisfactory when the applicant has had an opportunity to see the work area, discuss the job duties with the supervisor, and express a real interest in the job.

### **INDUCTION OF NEW EMPLOYEES**

It is important that some person be assigned to each new employee as he starts work, not only to teach him the duties of his job, but also to brief him thoroughly, but gradually, on company personnel policies and practices relating to:

*policy suggestions for—*

*Name of Company:*

*employment policies*

*recruiting*

*selection and placement  
application for employment*

*the interview*

*tests*

*placement*

*induction of  
new employees*



Hours of work  
Overtime  
Payday  
Holidays  
Vacation

Illness allowance  
Pension plan  
Performance rating  
Hospitalization,  
group insurance  
Job grades, salary  
minimums and  
maximums

Social Security number  
Working papers  
Federal Withholding Tax  
Form, W-4

Transcripts of  
school or college  
marks  
State income tax  
forms  
Bonding forms

**MISCELLANEOUS EMPLOYMENT  
REQUIREMENTS**

There is certain information necessary on all new employees in order to put them on the payroll of an organization, some of which would include:

There are also additional questions which may arise in employment policy with regard to the administration of employee benefit programs :

- ... Will the company want a physical examination on each employee?
- ... Will continuous service be granted on re-employment?
- ... Will proof of age be requested?

*continued*

**EMPLOYMENT**

*miscellaneous employment  
requirements*



## 5

## GRIEVANCES

A grievance is any complaint or feeling of dissatisfaction on the part of the employee. It signifies a negative employee reaction which in time will probably result in reduced efficiency. It follows, therefore, that it is advisable to handle any grievance that arises as quickly as possible.

Although the degree of formality in handling grievances is generally determined by the size of the company, the following points usually apply :

... All grievances should be dealt with, whether valid or invalid. An imaginary grievance can be just as serious to a company as a real one.

... Management should honestly support grievance solving. It is not enough merely to sell the company's point of view. If an inequity exists, management should be prepared to correct it.

... Although a grievance program is usually part of a company's over-all personnel pro-

gram, the person in charge of personnel, or the Personnel Department, should participate only in an advisory capacity or on an appeal basis. It is advisable that grievances be settled whenever possible by the line supervisor, or first level of supervision in an organization.

... It is desirable to have a formal procedure, perhaps along the following lines :

1. Grievances should be put in writing by the employee's superior if they go above the first level of supervision.
2. A procedure should be set up for submitting a written grievance.
3. The series of levels through which a written grievance goes to the top for review should be standardized throughout an organization and be kept as few as possible.

These suggestions may be useful where there is no union. Where a union exists, however, grievances may be subject to union procedure, dependent on the union contract.



## **GRIEVANCES**

*policy suggestions for –*

*Name of Company:*

*grievance*

*procedure*



## 6 INSURED EMPLOYEE BENEFIT PROGRAMS

During the past 10 years a new payroll philosophy has developed . . . that an employee must earn not only his wages and insurance premium, but also a contribution towards his future pension. All of these items thus become charges against production cost. Today more than 50,000,000 Americans enjoy the benefits of group insurance and over 13,000,000 employees are covered by pension plans other than Social Security.

An employer establishes an Employee Benefit Plan in order to eliminate the problem of what the business will do should an employee die, become disabled, or retire. Every organization has some type of benefit program in case of death, disability, or retirement. It is just a question of whether the plan is on a "pass the hat" basis, a "do it yourself" basis where the employer pays out of current income the expenses involved in a given employee problem, or he insures the risk. By insuring the risk, the employer has the advantage of formalizing the various Employee Benefit Plans in his organization so that there is no misunderstanding as to what benefits are provided. He also accepts the fact that it is sound business to recognize these contingencies and gear the price of his products to cover the cost of these contingencies.

In addition, a formalized Employee Benefit Plan offers other advantages:

1. It provides the employer with the necessary fringe benefits, so that he is in a position to compete in the labor market. Of course, the wage scale of the organization has to be in line with other companies in the area.
2. Reduced employee turnover usually results

from a properly designed Employee Benefit Plan.

3. Employee morale usually improves, because their security problems are reduced and the employee appreciates the interest that the employer takes in regard to this problem. Better morale means increased productivity.
4. The cost of training replacements can be reduced, because of the reduction in turnover that usually results.
5. Since the cost of providing coverages for employees (including retirement income provided under a pension plan that has been approved by the Treasury Department) under an Employee Benefit Plan is tax deductible, the employer has the advantage of utilizing money today that otherwise would have to be paid in taxes to solve a very definite problem in his organization.

### **BASIC EMPLOYEE BENEFITS**

1. Life insurance.
2. Disability income and medical care coverages. Medical care coverages are also usually applied to the employees' dependents. Both these coverages are usually non-occupational in nature, since Workmen's Compensation provides the occupational coverage.
3. Retirement income benefits.

It is not always practical to adopt all of these coverages when a program is initiated. Usually first consideration is given to the life insurance and medical care benefits with disability income coverage being provided as soon as it is possible. Life insurance is the primary coverage. It is just a question of



**INSURED EMPLOYEE  
BENEFIT PROGRAMS**

*policy suggestions for—*

*Name of Company:*

when a person will die; and death benefit protection while he is employed is essential. However, in all other types of coverage, protection will only be provided *if* an employee or his family become disabled or the employee retires. In addition, almost all negotiated Employee Benefit Plans include life insurance coverages. It is now possible to obtain these coverages on a group type basis for organizations which employ at least 5 employees, including the owners of the organization.

#### **COST**

The cost of an employee benefit program may be as little as 1% or 2% of payroll for a modest plan without retirement income. The cost of an average retirement income plan will be about 10% of eligible payroll. A liberal program providing pensions, group life and accident and sickness coverages may run up to 20% of payroll.

Generally the employees will be willing to share the cost of the program through payroll deductions. Employees are especially willing to contribute toward the cost of disability income and medical care expense benefits. Sometimes the employees pay all of the cost of insurance for their dependents.

In deciding how much the employees should be expected to pay toward their insurance, it is again important to consider the whole program. What appears to be modest contributions for individual coverages may add up to a total which will keep many employees out of the plan.

#### **DESIGNING THE PLAN**

1. *Eligibility:* In many group insurance plans

there is no waiting period for coverage for those employees employed when the plan is installed, but for future employees there is usually a two or three month waiting period. Retirement plans usually have much stricter eligibility requirements, ranging up to five years of service and being age 30 or 35 before an employee can be eligible for coverage. In addition, employees over age 55 or 60 are sometimes excluded from a pension plan because of the cost factor, although this is not recommended in most instances. Pension plans today can be designed so that the high cost factor for older employees can be alleviated.

There are situations where only certain classes of employees are covered by an Employee Benefit Plan, i.e., only the salaried employees, or just the hourly paid group, etc.

2. *Retirement Age and Vesting:* For a retirement plan, it is also necessary to determine what the retirement age will be. This is generally set at age 65. Vesting applies to retirement income benefits, and states the requirements (in terms of length of service and attained age) which determine whether a terminating employee is entitled to benefits purchased by the employer's contributions.

3. *The Amount of Benefits:*

a. Life insurance and disability income coverage are usually related to either salary or position. It is not unusual to have life insurance coverage equal to approximately one year's salary. Retirement income is usually related to a combination of salary and length of service.

b. Medical care benefits are generally the same for all employees and their dependents,

*continued*



**INSURED EMPLOYEE  
BENEFIT PROGRAMS**

and should take into consideration the cost of medical care in the area in which the business is located. In groups of 25 lives or more, it is possible to provide major medical coverage in order to adequately provide for cases involving catastrophic expense. Major medical plans usually involve the principles of a deductible, which the employee must pay, and also a coinsurance feature where, on expenses in excess of the deductible, the employee will pay 20 or 25% of the expense. The coverages under a major medical plan are much broader than the standard medical care program. Thus, this type of plan should be seriously considered.

#### **OUTSIDE ASSISTANCE**

The preceding paragraphs do not list in detail all of the coverages that can be included in an Insured Employee Benefit Program. The employer who is thinking in terms of installing or revising a program, should consult an experienced insurance agent who can present to him the products that are designed to solve the employer's particular problem. It is important to deal with an insurance agent who is in a position to properly service the plan once it is installed. This is particularly important in the small and medium sized organization where a well informed agent can continually sell to the employees the benefits of the plan provided by the employer. If this is done properly, the employer will receive a much greater return on his investment in the Employee Benefit Plan, because the employees will be always aware of its value. An insurance agent is in a much better position to communicate these thoughts to the employees, because he can present them in a manner that

would be awkward for an employer to do, since the employer would be talking about his organization and himself.

#### **ADMINISTERING THE PLAN**

Even in the smallest company, it is important that the administration of the plan be assigned to a competent employee. The most soundly designed plan will not obtain satisfactory results if it is not well administered.

The insurance company will help in administering the plan. Individual certificates or policies will be given to the covered employees to inform them of their benefits. This written material should always be supplemented by an oral presentation. In small and medium sized organizations, it is best to have the plan presented to each employee and preferably by a competent insurance man.

The insurance carrier will provide a written procedure to be followed in transmitting changes in insured status. It is important that these procedures be followed exactly, since this provides the employer with a more effective plan and also helps the insurance company to operate more efficiently, which may be reflected in larger dividends or lower premium rates or both. Claims administration is especially important. The employee who is responsible for plan administration should help claimants to accurately complete the necessary forms. He should take all reasonable steps to satisfy himself that the claims are legitimate. Of course, if there is any doubt as to whether or not a loss is covered, it should be submitted to the insurance company with a full explanation of the circumstances. The insurance carrier will be anxious to pay all legitimate claims.

*continued*



**INSURED EMPLOYEE  
BENEFIT PROGRAMS**

**SUPPLEMENTARY COVERAGES**

An employer can do a great deal to encourage his employees to supplement the company program through individual purchases of insurance by permitting a competent local agent to talk to his employees during business hours and by setting up payroll allotment procedures to pay premiums. As the agent discusses the company benefits with the employees, he can

also show them how they can most efficiently arrange their own insurance to dovetail with the employer's program. This helps to avoid gaps in coverage which might cause dissatisfaction when an uninsured loss is incurred. After all, one of the key objectives of a plan is employee satisfaction and this is no less valuable to the employer if it is partly obtained by the employees' own efforts.

*continued*



**INSURED EMPLOYEE  
BENEFIT PROGRAMS**



It has long been the practice of companies to observe the major holidays by closing and paying employees for the day. A common exception to this is where the type of business prevents closing. Companies observe anywhere from 6 to 12 holidays, depending generally on the custom and statutory requirements in their particular geographical areas. Among those commonly observed are:

New Year's Day      Washington's Birthday  
Lincoln's Birthday      Good Friday

Memorial Day      Election Day  
Independence Day      Veterans' Day  
Labor Day      Thanksgiving Day  
Columbus Day      Christmas Day

When a holiday falls on Sunday, many companies close Monday. When a holiday falls on Saturday, usually no additional time is allowed. When a holiday falls during a work week, it is often the practice for employees to be paid for the holiday only if they work the preceding and the next working day.



**HOLIDAYS**

*policy suggestions for –  
Name of Company:*

*days to be  
observed*



Official hours of work are generally established by a company and clearly stated in terms of hours per day and days per week.

For example:

*Work day.* The company work day for full-time employees is from 9:00 A.M. to 5:00 P.M., with one hour for lunch, for a net of 7 hours.

*Work Week.* The company work week for full-time employees is from Monday through Friday, for a total of 35 hours.

*Variations.* Variations in the hours of work or the work week may be made:

... For hourly, part-time or temporary employees.

... Where work schedules may require either a staggering of hours or the establishment of separate work shifts for full-time employees. In this case, the total number of hours worked generally remains the same.

... Where a company works 6 days, or a split week.

#### **LUNCH PERIOD**

Time for lunch is not generally included in the total number of hours worked and is, therefore, not paid-for time. The amount of time (1 hour, 45 minutes or 30 minutes) of the lunch period should be specified, and employees told when the period starts and when it ends in their particular sections or departments.

#### **REST PERIODS**

Short periods of rest during the day are desirable, depending on the nature of the work. They may be informal with no specific time set, or it may be more practical to establish formal schedules, especially for certain types of machine jobs, or those involving monotonous repetitive work. In some states rest periods are required for women employees.



## HOURS OF WORK

*policy suggestions for—*

*Name of Company:*

*work day*

*work week*

*variations*

*lunch period*

*rest period*

Many companies have found that a continuous inventory of all authorized positions in an organization is a useful control device. The method consists of keeping a record of each authorized position (by title, type, location, or other classifications) and of posting the record when each job incumbent changes. The number of filled jobs and the number of non-filled jobs are then known at all times.

#### **A JOB CONTROL SYSTEM**

... points up jobs that remain open for long periods of time. In this situation they usually

are not needed, and executive action should be taken to abolish them. Unnecessary salary expense can be prevented if this condition is analyzed continuously.

... can prevent the transfer of jobs and people from unit to unit thus preventing the build up of unnecessary work functions.

... permits an organization to know what types of jobs are needed at any time in its growth or contraction.

... can prevent organizational units from creating jobs without proper justification as to need.



**JOB CONTROL**

*policy suggestions for—  
Name of Company:*



# 10

## MILITARY SERVICE

Compulsory military training has made it desirable for industry to adopt certain rules and policies, beyond those of the reemployment provisions of the Selective Service Act, covering employees entering on active duty, either voluntarily or involuntarily, with one of the branches of the Armed Forces.

Policies which an employer may wish to consider in drafting rules for Military Service follow:

### **REEMPLOYMENT RIGHTS**

Employees, other than temporary or part-time, who enter the Armed Forces and:

- ... Who are honorably discharged,
- ... Who still qualify to perform the duties of their positions, and
- ... Who make application for reemployment within the specified period (normally 90 days) after being relieved from active duty will be offered reemployment in the same position or in another position of like seniority, status and pay, unless the operations of the company make it impossible or unreasonable to do so.

(It is, of course, assumed that the employer already has a practice for handling employees

leaving for military service which complies with the Selective Service Act and related legislation. These comments should in no way be considered as an outline of such requirements, or a basis for meeting such requirements. They are rather intended as additional points which the employer might consider in his Military Service policy.)

### **EXTRA COMPENSATION**

A company may wish to give to employees who enter the Armed Forces, a lump sum salary payment of 1, 2, 3 or 4 weeks based on length of service. Any extra compensation in connection with either active or inactive military duty may be governed by the length of company service and by the pay or allowances given by the government.

### **TIME ALLOWANCE**

Time off for service in the Reserves or other branches of the Armed Forces may be granted, in addition to other time allowances, not to exceed a specified amount of time in any calendar year. A company's vacation policy should also be considered in relation to anyone entering the service.



## MILITARY SERVICE

*policy suggestions for –*  
*Name of Company:*

*policy*

*reemployment*

*rights*

*extra compensation*

*time allowance*



Every employee wants to know, and every employee has a right to know, how he is making out on his job. Performance rating, whether informal or formalized in a tailor-made plan, provides a more equitable way of review than an opinion or off-the-cuff judgment often given in haste by a superior. Its uses are manifold and will be helpful:

- ... In determining salary increases.
- ... In further training.
- ... In promotions, transfers, and demotions.
- ... In pointing out weak points, or specific problems such as excessive lateness and absence, etc.
- ... Potentials for the future.

There are many types of programs which may be set up, ranging from an informal ranking of a small group of employees to an established plan based on a point system of evaluation. Careful consideration should first be given to gearing any plan toward:

- ... The size of the company.
- ... The size of the group to be reviewed.
- ... The purpose for which the rating will be

used.

After a decision has been reached on the type of performance review to be used, it is desirable to discuss further details:

- ... Who will be rated? Will any limitation be placed on the group to be rated, and how? (Salary, job level, etc.)
- ... What will the plan cover? Overall performance ranking, or a breakdown into factors of quantity and quality of work, potentials, lateness and absence?
- ... Who will do the rating?
- ... How often will ratings be made, and when?
- ... Will any special treatment be given new employees, such as interim ratings? employees close to retirement? employees promoted to new positions?
- ... If supervisors are to be included, will any additional information be necessary on the rating form?
- ... Will the employee sign the form? or otherwise indicate his performance has been reviewed?



**PERFORMANCE RATING**

*policy suggestions for –  
Name of Company:*

The following procedures should be considered in operating a plan which has once been decided upon and set up for an organization:

... It is advisable to have one person responsible for operating the performance review and following it up periodically to see that it is running smoothly.

... The part played by the Personnel Department should be decided upon. Where a Person-

nel Department exists, it should probably be responsible for establishing and running a plan, in conjunction with the supervisors.

... Results of each review or rating should be recorded for future reference.

... A manual of instructions (and forms) should be made up.

... A training program should be set up for raters.

*continued*



**PERFORMANCE RATING**



## 12

### PERSONNEL RECORDS

Properly maintained personnel records besides being needed under federal and state labor laws, are the tools of good personnel administration, with complete and readily available records permitting proper evaluation of every phase of personnel activity. The purpose of maintaining personnel records that provide facts in concise form is to:

- ... Provide data for considering promotions and changes in employees' status and salary.
- ... Justify company's actions when audited by federal or state labor boards, by accredited agents for federal or state income tax purposes, and by the company's own accountants for expense reports and yearly statements.
- ... Justify company's actions in discussions with department heads, supervisors, or a union committee.

There are a variety of methods to set up and maintain personnel records, depending on requirements of a company:

... One method provides that all records be kept in an employee folder, filed so that they are readily available. This arrangement is frequently used in small organizations where records maintenance is restricted to one employee.

... A second method is the use of an 8½" x 11" employee history card which provides space for recording personal and family history, educational achievement, salary changes, performance rating, job characteristics, and retirement plan information. In most cases, the employee history card is used in combination with the employee folder.

... A third method is the Visual Kardex file, which is used for large groups of employees

and affords instant reference to data. Such an installation condenses all pertinent personnel information on a 5" x 8" employee history card. Separate 5" x 8" educational and job cards may also be used if an organization wishes an extremely refined records system.

The following personnel records are usually considered essential in setting up a system:

(Fair Employment Practice Acts in many states limit the information an employer may obtain from a prospective employee. The employer in a state having legislation of this kind should become familiar with the restrictions in his state.)

#### **EMPLOYMENT APPLICATION**

The application for employment is generally the employee's first contact with an organization, and becomes part of his permanent record with the company.

#### **INDIVIDUAL EMPLOYEE FOLDERS**

It is usually helpful to make up a folder on each employee, into which is placed his employment application together with other information such as confidential papers, letters of recommendation, birth certificate, high school records, and test papers.

#### **JOB CONTROL CARD**

In an organization which has a job evaluation program, including job descriptions or specifications and job grades, job cards enable anyone to see at a glance, not only the grades, but also where each job is located, when each job was authorized, and its title. The same card can also give a history of each employee who has held the position, the date he was appointed, and the date he left the position, as well as starting and final salaries.



**PERSONNEL RECORDS**

*policy suggestions for—  
Name of Company:*

Where this procedure is used, it is desirable to have a job control card for every employee history record.

**EMPLOYEE HISTORY CARD**

Employee history cards may be obtained which provide ample space to record name, address, marital status, Social Security number, employee reference or payroll number, date of birth, and date of employment. On a card of this type may be posted, in chronological order, each change in status or salary, thereby providing a permanent and complete record of the employee while he is with the company.

**INDEX CARDS**

It is also desirable in any size organization, to set up a 3" x 5" card file that gives the employee's name, his supervisor, telephone extension, department, and home address. This file is used as a cross reference to any main card file and for supplying information on request.

**EDUCATION AND SKILLS CARD**

If a company wishes to refine its records to include additional information, an education or skills card may also be used to record primary skills, vocational interest, educational achievement, performance ratings, and test results. Such records of skills and interests are extremely helpful in transferring and promoting employees.

**CHANGE OF STATUS FORM**

In all but the smallest of organizations, it is generally necessary to record every personnel action or decision to provide a permanent record for future reference. A multi-part carbon form can be used to advise not only the Personnel Department of such changes as new employments, job grades, terminations, transfers, leaves of absence, salary increases, requests for additional jobs, residence, etc., but also to advise any other interested department or section such as Payroll or Accounting.

*continued*



**PERSONNEL RECORDS**



# 13

## PROMOTIONS AND TRANSFERS

To make best use of employees' skills and experience, and to strengthen employee morale, many companies have found it desirable to promote from within the company, rather than to employ experienced people from the outside to fill higher level positions. The size of a company in terms of the number of people available for promotion is a factor to consider in determining whether or not such a policy is feasible.

If a promotional policy is established, two of the most important factors to consider are merit and seniority:

- ... Whether merit is the first basis for consideration of candidates, and seniority applies only when candidates are equally qualified, or
- ... Whether seniority should be the first basis for consideration, regardless of merit.

Other factors to consider are:

- ... Sources for recommendation of candidates: supervisors, department heads, Personnel Department.
- ... Establishment of specified training period on new job.
- ... Whether promotional salary increases

should be given at time of promotion, or after training period.

... Steps to be taken should an employee not meet new job requirements after a training period, return to his former position, to a position of equal level, retraction of any salary increase.

Occasionally, employees may wish to be considered for positions on the same level if they are interested in changing to a different type of work, and are qualified for it.

It may also become necessary to move an employee to a lower grade position, either through changes in work procedure, or because the employee is not capable of meeting the job requirements. Such cases are generally considered on an individual basis, keeping in mind the possibility of a reduction in salary, perhaps as follows:

- ... When a demotion is necessary through no fault of the employee, efforts are usually made to maintain his present salary.
- ... When a demotion is necessary because of an employee's performance, or at the employee's request, a reduction in salary may be advisable.



**PROMOTIONS AND  
TRANSFERS**

*policy suggestions for –  
Name of Company:*



For many years, safety has been a subject for management concern, particularly in those industries which involve hazards to the worker. The importance of safety should be emphasized and covered in a statement to employees, explaining that it is the policy of the company to provide the safest possible working conditions for its employees, and that the highest protective standards are set in the design, purchase, guarding and operation of machinery and other mechanical or electrical devices.

Operating rules and procedures (including recommendations or requirements as to type of dress where necessary) should be set up with full regard to the safety factor. These may include rewards, or penalties for infractions of rules. In addition, training in safety should be included in the over-all company training program.

Standard procedures for reporting accidents and for setting up and maintaining records usually include the following provisions:

... Employees should report any injury, however slight, to their supervisors.

... If medical attention is necessary, a doctor or nurse should be called as soon as possible.

... Arrangements should be made with a local hospital to cover emergency situations of a serious nature.

... Written instructions should be made up for completing the necessary records and for notifying the safety committee, insurance carriers, etc.

As a part of any company's safety program, a safety committee composed of employees is frequently organized to cooperate closely with management. The duties of the committee include:

... The consideration and formulation of safety ideas and activities, with effective follow-up.

... The planning and supervision of publicity, including safety contests.

... The investigation of all past accidents and hazardous conditions, with recommendations for their prevention.

... Assistance in the solution of problems arising through the application of safety standards to operating methods.

*policy suggestions for—*

*Name of Company:*

A sound salary program usually consists of three parts: salary standards, policies governing individual salaries, and control of salary expense.

#### **SALARY STANDARDS**

Setting salary standards means determining the proper salary which should be paid for each job. This is done by (1) analyzing the work of the company to determine how many different levels of difficult or responsible work there are; and (2) setting salary rates for each job based on its relative importance and on the rates generally being paid for that kind of work in the local labor market. In larger companies, job descriptions may be written and salary ranges determined by means of job evaluation techniques.

To allow for varying degrees of performance by individuals, it is desirable to establish salary *ranges* instead of single rates for each job. The maximum of a salary range should be about 40% above the minimum for most kinds of jobs, for example, the lowest range might be generally from \$50. to \$70. a week. Each succeeding salary range should be 10 to 15 percent higher than the previous minimum and maximum. (In certain kinds of work, single rates, rather than salary ranges, may be customary.)

#### **SALARY POLICIES**

Policies should govern the determination of individual salaries within the framework of the established salary ranges. Typical policies to consider in this regard are:

... Starting salaries will be based on a new employee's special ability, training or experi-

ence in relation to the requirements of the job.

... Each new employee will be considered for a salary increase after (3 months service) (6 months service) (other period).

... Increases in salary for meritorious work will be considered for all employees (each year on the anniversary of employment) (on January 1st of each year) (twice each year) (other specified period).

... A salary increase will be given when an employee is promoted to a job with a higher salary range.

... No salary increases will be given which will bring the salary beyond the maximum for the established salary range.

... Decreases in salary may be made when an employee is demoted for reasons within his control, or if the demotion is at the employee's request.

#### **CONTROL OF SALARY EXPENSE**

Salary expense may be controlled by budgeting in advance for salary increases. The usual method of budgeting is to allocate a percentage of the payroll for such increases for a specified period, generally one year. Many factors affect the percentage so allocated; company income, other fringe benefits, current economic conditions, labor supply, turnover rate in the company, etc., but a figure of 3 to 6 percent is generally used.

#### **OVERTIME**

Employees covered by the Federal Wage and Hour Law must be paid time and one-half for hours worked beyond 40 in any work week. Supervisors are exempt from this law, but a



**SALARY  
ADMINISTRATION**

*policy suggestions for—  
Name of Company:*

*continued* 15  
**SALARY  
ADMINISTRATION**

policy of paying first-line supervisors for overtime (perhaps to a limited extent) is desirable so that a reasonable differential between the supervisor's earnings and those of his workers is maintained. It is also customary to pay supper allowance to anyone required to work a specified number of extra hours beyond the normal quitting time.

\*The word "Supervisor" is used in its broad sense. In individual cases working supervisors, and even some others receiving salaries below specified rates will be held to come within the coverage of the Federal Wage and Hour Law. The employer who has employees covered under this law should become acquainted with its effect on his operation.

*continued*



**SALARY  
ADMINISTRATION**

*policy suggestions for –*

*Name of Company:*

A written termination policy, including statements on lay-off and discharge as well as on voluntary quits, is a protection to a company and assures employees that they will all receive equitable treatment.

#### **VOLUNTARY TERMINATION**

It is considered good business etiquette to give an employer the courtesy of two weeks notice before any voluntary termination.

#### **LAY-OFF**

It may become necessary because of a decrease in business, a change in work procedures, or other reasons, to terminate an employee's services. Every effort should be first made to place a satisfactory employee elsewhere in the company. It is desirable, in case of a lay-off, to give sufficient advance notice to employees, and it has become traditional also for an employer to give additional salary payments, usually based on length of service.

A permanent lay-off may be accompanied by termination pay according to a specific schedule, which may be set up as follows:

- ... 10 years service — 2 weeks salary
- ... 11 years service — 3 weeks salary
- ... 12 years service — 4 weeks salary

#### **DISCHARGE**

An unsatisfactory employee should be warned and placed on probation for a specified period. If satisfactory improvement is not made with-

in a set period of time, he may then be recommended for discharge. It is usually advisable to put any warning or other action of this type in writing, and to file it in the employee's personnel folder.

#### **EXIT INTERVIEW**

In all cases of termination it is sound practice to interview those leaving, especially those terminating voluntarily, to give them an opportunity to express privately, any thoughts they may have about company practices or policies.

#### **MATERNITY**

Where no leave of absence is granted by a company for maternity, an employee leaving for this reason terminates her services, usually no later than at the end of 5 months. A company may reserve the right to ask an employee to leave earlier should she be unable to perform her duties satisfactorily. A company that has a policy of reemploying former employees, may also wish to offer a satisfactory employee, terminating for maternity, an opportunity to return. If this is the practice, it is advisable to leave open any definite promise as to salary and type of position.

#### **PAY FOR EARNED VACATION**

An employee who terminates from a company for any reason should be paid for vacation accrued under the company's vacation policy, and not taken before he leaves.



## TERMINATIONS

*policy suggestions for—*

*Name of Company:*

*voluntary  
termination*

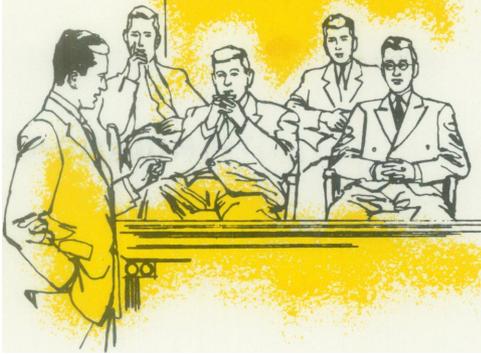
*lay-off*

*discharge*

*exit interview*

*maternity*

*pay for  
earned vacation*



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## TIME ALLOWANCES

(Excluding Vacation and Holidays)

Business and industry recognize that there are occasions when employees may need time off from work in addition to holidays and regular vacations. These occasions, some of which are listed below, are generally paid for by a company.

### **ILLNESS ALLOWANCE**

It is the practice for companies to allow employees paid-for time off because of personal illness, and to include in such a policy, a statement of a specified number of days per year for which they will be paid when absent for illness. (Companies with pension plans frequently include a detailed illness program as part of other security benefits.) In addition to any full payment for illness, consideration should also be given to granting additional time off at partial salary for an extended illness.

### **JURY DUTY**

Employees called for jury duty may be granted either:

- ... The difference between what they receive for jury duty and their normal salary, or
- ... Full pay for the time served.

### **PERSONAL**

There are times when emergencies, such as sickness and death in the family, or other personal affairs, may require employees' absence from work. A company may wish to consider:

- ... Whether such absences will be with or without pay.
- ... If the absence is with pay, what will be the maximum number of days allowed per year; 3, 4, 5 or more.
- ... Whether additional time over and above

the maximum will be considered for exceptional cases, with or without pay.

... Whether such additional time will be charged to employees' vacation.

### **MARRIAGE**

When an employee marries, consideration may be given to granting extra time as follows:

- ... Whether or not such time will be granted, and if so, will it be with or without pay.
- ... How much time will be allowed, a maximum number of days, perhaps based on length of service.
- ... Will time off for marriage be granted to those employees who terminate from the company?

### **RELIGIOUS OBSERVANCE**

Consideration may be given to time off for the observance of religious holidays:

- ... Will time off be granted, and if so, will it be with or without pay?
- ... How much time will be allowed with pay? without pay?

### **VOTING**

Consideration must be given to granting employees time off to vote — consistent with any state legal requirements.

### **ATTENDANCE AWARDS**

To help control absenteeism, some companies have found it desirable to reward employees for perfect attendance. For example, employees with perfect attendance records for a specified period of time (3 months, 6 months) may be granted ( $\frac{1}{2}$  day, 1 day) in addition to vacation or other time off.



## **TIME ALLOWANCES**

*policy suggestions for –*

*Name of Company:*

*illness allowance*

*jury duty*

*personal*

*marriage*

*religious observance*

*voting*

*attendance awards*

**LEAVES OF ABSENCE WITHOUT PAY**

Leaves of absence without pay are also considered by companies for special purposes, such as:

- ... Further education.
- ... Additional vacation.
- ... Maternity.

- ... Extended illness.
- ... Sickness in family.

In granting leaves of absence, consideration should be given to length of service with an organization, and to setting maximum limits beyond which it is preferable for employees to terminate their services.

*continued*



**TIME ALLOWANCES**

*policy suggestions for –*

*Name of Company:*

*leaves of absence*

*without pay*



Training is necessary in all companies, large and small, regardless of whether such training is done on an informal on-the-job basis, or in a more formalized way. By helping employees to develop their skills, a company also automatically increases its own production. Following is a general policy statement with brief descriptions of the more prevalent types of training programs:

#### **POLICY**

It is the policy of the company :

- ... To offer employees adequate training, both on-the job and in formal programs, and
- ... To encourage employees to continue their personal education.

The purpose of such a policy is to assist employees in attaining proficiency in their present duties, and to help them advance within the company through education and training.

#### **INDUCTION PROGRAM**

An induction program is designed to welcome new employees and to acquaint them with the customs, general policies, and operations of the company. It usually consists of from 1 to 2 hour lectures given early in the employee's career.

#### **MANAGEMENT TRAINEE PROGRAM**

A management training program attempts to develop and maintain an adequate source of potential supervisory, administrative, and technical personnel. Trainees are recruited and selected from within a company and from without (from institutions of higher learning), according to established company standards, and are carefully trained over a period

of from 2 to 5 years in various phases of the operation, with emphasis on management and administrative duties. Trainees may be encouraged, or required, to take certain outside courses.

#### **SUPERVISORS' TRAINING PROGRAM**

The purposes of this program is to train supervisors and potential supervisors in the basic concepts of supervision, and to suggest workable methods for putting them into effect. The program includes such major subjects as conference leadership, training workers, company policies, morale and human relations. It may consist of as few as 2 or as many as 15 sessions.

#### **OFFICER TRAINING**

This program is presented to provide junior and senior officers of a company with specific opportunities and assignments at top staff levels in order to widen their spheres of interest and their background, and to assist them in developing more creative and effective thinking.

#### **EDUCATIONAL REFUND PLAN**

The purpose of this plan is to provide help and encouragement to those employees who wish to pursue courses of study and subjects (approved by the company) which may be of help to them, either directly or indirectly, in their progress with the company. Employees successfully completing courses under such a plan receive financial assistance on a definite schedule, one example of this being the company and the employee both paying half of the cost.

*policy suggestions for—*

*Name of Company:*

*policy*

*induction program*

*management  
trainee program*

*supervisors'  
training program*

*officer training*

*educational  
refund plan*



# 19

## VACATIONS

Vacations from work are traditional in American industry and are beneficial to both the employee and employer. Vacations are normally allowed for all full-time employees and are customarily taken during the summer months. It is becoming increasingly popular, however, for employees to take vacations at other times during the year. Where this is feasible, it frequently prevents too many employees from being away at one time during the summer. Company service is the usual determinant for the length of vacation. A typical schedule of vacation allowances may be as follows:

COMPANY SERVICE	VACATION ALLOWANCE
Under 1 year	1 day for each month of service (Maximum of 10 working days)
1 year but less than 10 years	2 weeks
10 years but less than 20 years	3 weeks
20 years or more	4 weeks

The length of vacation allowance and the service requirements may be varied in accordance with individual company preference. In addition, 3 week or 4 week vacations are sometimes given to company officers, supervisors, or those earning above a specified salary, even if they do not qualify on the basis of service.

When this policy prevails, it should be so stated in writing.

Some of the other typical policies and rules which are a necessary part of a vacation policy statement are as follows:

... Vacation pay is (or is not) allowed for vacation not taken.

... Service calculations for purpose of vacations are made as of a specific date, such as July 1st.

... A vacation "week" is considered 5 working days.

... An additional vacation day will (or will not) be allowed when an observed holiday falls within the vacation period.

... If an employee is ill during vacation, an illness over a certain length of time (e.g. 3 days or more) should be considered sick leave and not vacation.

... Salary advances to employees may be considered if a payday falls within vacation period.

... Split vacations are (or are not) permitted.

... Vacations must be taken during (calendar year), (June to September), (other specified period).

... Seniority and work requirements are determining factors in scheduling vacation periods.

... Accrued vacation pay may be granted to terminating employees; for example, a percentage of their regular vacation for each completed month of service.



## VACATIONS

*policy suggestions for –  
Name of Company:*



## NOTES

