

CHAPTER 14 INTERNAL EMPLOYEE RELATIONS

CHAPTER DESCRIPTION

In this chapter, we first discussed the case for and against downsizing. Next, we describe internal employee relations. Then we discuss discipline and disciplinary action. We then describe grievance handling under a collective bargaining agreement and for union-free organizations. This is followed by a discussion of alternative dispute resolution and how termination differs for various groups of workers. Employment at will and demotion as an alternative to termination will then be described. Next, layoffs in today's environment, transfers, promotion, resignation, and retirement are discussed. The last portion of this chapter is devoted to evaluating the human resource management functions.

KEY TERMS

Downsizing: A reduction in the number of people employed by a firm (also known as *restructuring*, and *rightsizing*); essentially the reverse of a company growing and suggests a one-time change in the organization and the number of people employed

Internal employee relations: Those human resource management activities associated with the movement of employees within the organization.

Discipline: The state of employee self-control and orderly conduct; indicates the extent of genuine teamwork within an organization.

Disciplinary action: The invoking of a penalty against an employee who fails to meet organizational standards or comply with organizational rules.

Progressive disciplinary action: An approach to disciplinary action designed to ensure that the minimum penalty appropriate to the offense is imposed.

Disciplinary action without punishment: A process in which a worker is given time off with pay to think about whether he or she wants to follow the rules and continue working for the company.

Grievance: An employee's dissatisfaction or feeling of personal injustice relating to his or her employment.

Alternative dispute resolution (ADR): A procedure agreed to ahead of time by the employee and the company for resolving any problems that may arise.

Employment at will: An unwritten contract created when an employee agrees to work for an employer but no agreement exists as to how long the parties expect the employment to last.

Demotion: The process of moving a worker to a lower level of duties and responsibilities; typically involves a pay cut.

Outplacement: A company procedure that assists a laid-off employee in finding employment elsewhere.

Transfer: The lateral movement of a worker within an organization.

Promotion: The movement of a person to a higher-level position in an organization.

Exit interview: A means of revealing the real reasons employees leave their jobs, providing the organization with information on how to correct the causes of discontent, and reducing employee turnover.

Attitude survey: A survey of employees feelings about topics such as the work they perform, their supervisor, their work environment, flexibility in the workplace, opportunities for advancement, training and development opportunities, and the firm's compensation system.

LECTURE OUTLINE

DOWNSIZING

Downsizing, also known as restructuring and rightsizing, is essentially the reverse of a company growing and suggests a one-time change in the organization and the number of people employed.

INTERNAL EMPLOYEE RELATIONS DEFINED

Internal employee relations consist of the human resource management activities associated with the movement of employees within the firm after they have become organizational members.

DISCIPLINE AND DISCIPLINARY ACTION

Discipline is the state of employee self-control and orderly conduct present within an organization; *disciplinary action* invokes a penalty against an employee who fails to meet established standards.

THE DISCIPLINARY ACTION PROCESS

Consider External and Internal Environment

Set Organizational Goals

Establish Rules

Communicate Rules to Employees

Observe Performance

Compare Performance with Rules

Take Appropriate Disciplinary Action

APPROACHES TO DISCIPLINARY ACTION—Several concepts regarding the administration of disciplinary action have been developed to facilitate the disciplinary process.

Hot stove rule: According to this approach, disciplinary action should have the following consequences: burns immediately, provides warning, gives consistent punishment, and burns impersonally.

Progressive disciplinary action: Intended to ensure that the minimum penalty appropriate to the offense is imposed. Its use involves answering a series of questions about the severity of the offense.

Disciplinary action without punishment: Gives a worker time off with pay to think about whether he or she really wants to follow the rules and continue working for the company.

PROBLEMS IN THE ADMINISTRATION OF DISCIPLINARY ACTION—The reasons managers want to avoid disciplinary action include lack of training, fear, the only one, loss of friendship, time loss, loss of temper, and rationalization.

GRIEVANCE HANDLING UNDER A COLLECTIVE BARGAINING AGREEMENT

If a union represents employees in an organization, workers who believe that they have been disciplined or dealt with unjustly can appeal through the grievance and arbitration procedures of the collective bargaining agreement.

GRIEVANCE PROCEDURE—A *grievance* can be broadly defined as an employee's dissatisfaction or feeling of personal injustice relating to his or her employment relationship.

ARBITRATION—The process that allows the parties to submit their dispute to an impartial third party for resolution.

PROOF THAT DISCIPLINARY ACTION WAS NEEDED—Any disciplinary action administered may ultimately be taken to arbitration, when such a remedy is specified in the labor agreement.

GRIEVANCE HANDLING IN UNION-FREE ORGANIZATIONS

While the step-by-step procedure for handling union grievances is common practice, the means of resolving complaints in union-free firms varies.

ALTERNATIVE DISPUTE RESOLUTION

A procedure whereby the employee and the company agree that any problems will be addressed by an agreed-upon means ahead of time.

TERMINATION

Termination is the most severe penalty that an organization can impose on an employee, and therefore it should be the most carefully considered disciplinary action.

TERMINATION OF NONMANAGERIAL/NONPROFESSIONAL EMPLOYEES—If the firm is unionized, the termination procedure is typically well defined in the labor-management agreement.

TERMINATION OF EXECUTIVES—There is likely no formal appeals procedure for executives.

TERMINATION OF MIDDLE-AND LOWER LEVEL-MANAGERS AND PROFESSIONALS—In the past, the most vulnerable and perhaps the most neglected group of employees with regard to termination has been mid-level and lower-level managers and professionals, who are generally neither members of a union nor protected by a labor agreement.

EMPLOYMENT AT WILL

An unwritten contract that is created when an employee agrees to work for an employer, but there is no agreement as to how long the parties expect the employment to last.

DEMOTION AS AN ALTERNATIVE TO TERMINATION

The process of moving a worker to a lower level of duties and responsibilities, which typically involves a reduction in pay.

LAYOFFS IN TODAY'S ENVIRONMENT

The business news of today seldom is without a report of additional layoffs.

LAYOFF RECALL PROCEDURES—Whether the firm is union-free or unionized, carefully constructed layoff/recall procedures should be developed.

OUTPLACEMENT—Laid-off employees are given assistance in finding employment elsewhere.

TRANSFERS, PROMOTIONS, RESIGNATIONS, AND RETIREMENTS

TRANSFERS—The lateral movement of a worker within an organization.

PROMOTION—The movement of a person to a higher level position in the company.

RESIGNATION—Even when an organization is totally committed to making its environment a good place to work, workers will still resign.

The Exit Interview: Analyzing Voluntary Resignations: A means of revealing the real reasons employees leave their jobs, providing the organization with information on how to correct the causes of discontent, and reducing employee turnover.

Attitude Surveys: A Means of Retaining Quality Employees: Seek input from employees to determine their feelings about topics such as the work they perform, their supervisor, their work environment, flexibility in the workplace, opportunities for advancement, training and development opportunities, and the firm's compensation system.

Advance Notice of Resignation: Most firms would like to have at least two-weeks' notice of resignation from departing workers.

RETIREMENT—Most long-term employees leave an organization through retirement.

EVALUATING THE HUMAN RESOURCE MANAGEMENT FUNCTION

Two basic methods may be used to evaluate human resource management activities: checklists and quantitative measures.

CHECKLIST APPROACH—*The checklist is an evaluation in terms of what should be done and the extent to which it is being done.*

QUANTITATIVE APPROACH—Relies on the accumulation of various types of numerical data and the calculation of certain ratios from them.