

HUMAN RESOURCE MANAGEMENT

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HUMAN RESOURCE MANAGEMENT

Notes

OVERVIEW

During the past six decades, the area of human resource management has taken on a whole new meaning, focus and importance. Businesses have become increasingly more aware of the fact that their success is directly related to the management of their human assets—the employees.

The role of the Human Resource function has changed from one of being the record keeper, party and picnic planner, and bowling league coordinator to that of being a key strategic function in the organization. This change is a result of the legislation that has been passed, the economy and labor market trends in the country, and the need for companies to maximize productivity, and maintain or reduce costs.

To achieve this level of productivity while offering excellent customer service, employees at all levels must be able to work efficiently, be motivated, well trained, and ready and willing to make the changes necessary to compete in the new global market.

The banking industry is no different. As the competition from related industries increases, the pace of mergers and acquisitions accelerate and new community banks are chartered, the role Human Resources plays in the success of the banking industry increases. Employees are the primary competitive advantage (or disadvantage) for any bank in selling the bank's products and servicing its customers. Human resource planning, therefore, becomes a key strategic objective that must address hiring, training, compensation and benefit design, compliance with employment laws, discipline, performance reviews and cultural development. Without specific attention to employees, banks risk losing market share and customers to the competition.

Larger organizations may have very structured Human Resource Departments managing the human resource function for the entire organization. These departments may coordinate benefit programs, payroll, employee relations, compliance, and the interviewing and employment process. In very small organizations, one or two people may have responsibilities for various aspects of the human resource function and to ensure compliance with necessary laws and regulations. Many smaller organizations choose to supplement their capabilities by partnering with professional firms that provide payroll, benefits, legal and regulatory updates and often, full service back office HR support.

LEARNING OBJECTIVES

Following the successful completion of this session, you should be able to:

- Identify various management styles and philosophies, organizational structures, and market trends.
- Understand the basic laws and regulations affecting the employment process and management's responsibilities within these laws.
- Understand the importance of the role of the manager in the employment process.
- Identify various factors affecting retention and development of employees throughout the employment process.

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STYLES

Organizations go through life cycles just as humans do. At different stages of this life cycle, different types of management may be more effective than others.

Strategies of Management

Centralization, decentralization and a blended model are three management strategies that can affect an organization's structure.

Characteristics of Centralization

- Authority is concentrated at the top levels of management.
- Economies of scale and uniform policies exist.
- Strategies and goals in separate units that once conflicted are unified.
- Work is performed centrally.
- The management style is typically authoritative.

Characteristics of Decentralization

- Authority is placed at different levels throughout the organization.
- Management is confident of the staff's competency in performing various tasks.
- Tasks performed are unique to different departments
- The management style is typically participative.

Characteristics of a Blended Model

- Authority and decision making is carefully placed at the most efficient level of the organization.
- Management is confident of the staff's competency in performing tasks in efficiently, but develops policies and procedures to ensure consistency of results and consistent customer experiences.
- Tasks may be performed differently in different areas, but the desired outcomes (sales goals, customer service) are clearly defined and followed.
- Managers and supervisors are trained to engage their teams to deliver the desired results while leveraging their unique talents and capabilities.

Consider the following scenario:

The loan department of the bank in a decentralized environment provides the lending officers with the authority to make loans without prior approval from the loan committee up to their legal lending limit. Loan officers may perform their own credit analysis or independently review the credit analysis completed by the credit analyst.

The loan committee may review loans but the commitment has already been made. In this situation loan officers may take more ownership in maintaining the quality of their individual portfolio and be more motivated to work with borrowers to put the deals together.

In this same lending department in a highly centralized environment, the loan officer takes the application and the file is sent to a central location for credit scoring and approval or denial. The loan officer becomes the

messenger for the decision that has already been made. Even though the loan officer may have the ability to “argue the decision”, they typically are not given the ability to change the decision without prior approval. In this environment, the decision-making authority is centralized with a few individuals in certain areas. Several bank offices are able to operate out of one centralized credit scoring area.

In a blended model, the loan officer is highly trained regarding the bank’s desired credit quality and lending terms and has access to centralized statement spreading and analysis. S/he also has a very clear understanding regarding acceptable flexibility and trade-offs, his or her own signing authority and access to more senior lenders to collaborate on larger or more complex deals. Because all standards and procedures are transparent to all personnel involved, including the loan committee, reversals of commitments are rare, if not non-existent. This model benefits the bank by increasing safety and soundness and increasing efficiency while ensuring loan officers are motivated to find ways to satisfy the needs of their customers.

LEGAL ISSUES

Federal regulation during the past six decades has continually worked to ensure employment opportunities to groups that have traditionally been underrepresented in hiring while more clearly defining employees’ rights. In developing employment policies, employers must carefully develop policies and procedures to insure they operate within legal and regulatory guidelines.. The following is a very brief summary of Common Law tort theories and federal laws and regulations that could affect the employment process.

Employers must also be aware of state laws, regulations and enforcement agencies. In many cases, state laws may differ or be more stringent than federal laws. This material does not contain all information necessary to understand the particular regulation or evaluate specific cases and is not a substitute for legal advice.

Common Law Tort Theories

The United States inherited the concept of common law from its British roots. On the federal level, common law dictates that custom and usage have the force of law (generally laws developed by court decisions), even if not specifically found in codified written laws. In terms of employment policy there are five key Common Law concepts:

- **Employment-at-will** is the concept that an employer may terminate an employee at any time for any reason—with or without cause—unless prohibited by law or an employment contract. There are three major exceptions to the employment at will doctrine: 1. public policy exception (43 states), 2. Implied-contract exception (38 states), 3. Covenant-of-good faith exception (11 states). Alaska, California, Idaho, Nevada, Utah and Wyoming recognize all three exceptions. Florida, Georgia, Louisiana and Rhode Island recognize none of the exceptions.
- **Negligent hiring** and retention of employees who engage in misconduct (wrongful acts) both during and after working hours is cause for employers to face an employment lawsuit. The theory is that employers have a duty to protect workers, customers, and visitors from injury caused by employees who the employers know (or should have known) pose a risk. This obligation exists even if the injury occurs miles away from the work site.
- **Defamation** is injuring someone's reputation in the community. It may be verbal (slander) or written (libel). In general, to prove defamation, an employee must show not only that the false report of fact caused harm but that the employer made the statement with malice. In the legal sense, malice refers to making a statement known to be false and acting in reckless disregard as to the statement's truth or falsity.
- **Invasion of privacy** or any unnecessary intrusion into an employee's personal life that has no legitimate business purpose may be considered an invasion of privacy. References or questions about off-the-job conduct frequently fall into this category.
- **Constructive discharge** occurs when an employer makes conditions so intolerable for an employee that the employee must resign. Legally, this is considered an involuntary termination.

Federal Laws and Regulations

In addition to common law, many federal laws and regulations designed to end discrimination have been enacted during the past six decades. Following are some of the laws which apply to employers:

- **Title VII of the Civil Rights Act of 1964** is the cornerstone of federal antidiscrimination legislation and covers employers with 15 or more employees. It prohibits discrimination in all conditions of employment with regard to the following protected classes: race, creed, color, national origin, religion and sex. Sexual harassment is a form of discrimination and therefore prohibited. [Some states add sexual orientation to the list of protected classes.]
- **Executive Order 11246** requires federal contractors and subcontractors with contracts in excess of \$10,000 to comply with Title VII. Contractors with contracts over \$50,000 and 50 or more full-time employees must develop a written affirmative action plan to increase the participation of members of protected classes.
- **Age Discrimination in Employment Act of 1967** prohibits discrimination in employment for persons age 40 and over. The amendments of 1978 and 1986 first raised and then eliminated altogether the age at which employees could be forced to retire, except in certain executive level positions. The act covers employers with 20 or more employees and does not apply if age is a job related occupational qualification.
- **Fair Credit Reporting Act of 1970 and Consumer Credit Reporting Reform Act of 1996 (CCRRA)** requires employers to make a clear disclosure in writing that a report may be obtained and to obtain written authorization from employees and/or candidates for employment before obtaining a consumer report and/or an investigative consumer report. Before taking any adverse action based on the information, employers must provide notice of the adverse action and a copy of the report to the applicant along with a summary of the consumer's rights under the Fair Credit Reporting Act (FCRA).

- **Vietnam-Era Veterans Readjustment Act of 1974** prohibits discrimination against disabled veterans who served in the armed forces on active duty for a period of more than 180 days, any part of which occurred between August 5, 1964 and May 7, 1975 and requires contractors and sub-contractors having federal contracts of \$10,000 or more to have written affirmative action plans. Open positions, except executive and top management, those positions that will be filled from within, and positions lasting three days or less, must be listed with the appropriate local state employment service office nearest the facility where the opening occurs. In 2013, the Labor Department established a benchmark for veterans of 8 percent of an employer's work force or the percentage of former military members in the local workforce.
- **Pregnancy Discrimination Act of 1978** amended Title VII to include pregnancy, childbirth, or related medical conditions and requires employers to treat pregnancy the same as any other temporary disability. Employers must provide access to medical benefits and sick leave. Employees returning to the job after any type of disability leave have a right to be reinstated to the same or similar position without loss of seniority or benefits.
- **Immigration Reform and Control Act of 1986**, as amended in 1990, attempts to deal with problems arising from the flow of immigrants into the U.S., prohibits discrimination against foreign looking job applicants and establishes penalties for hiring illegal aliens. Within three days of hiring, both the new hire and the employer must fill out Form I-9, which verifies the employee's identity and their right to work in the U.S.
- **Drug-Free Workplace Act of 1988** requires Federal contractors with contracts of \$25,000 or more to certify that they maintain a drug-free workplace by following certain policies or procedures, such as: 1) developing a policy prohibiting the unlawful manufacture, distribution, possession, or use of controlled substances; 2) specifying the actions to be taken against those who violate the policy; and 3) providing a copy to all employees.
- **Americans with Disabilities Act (ADA) of 1990** covers employers with 15 or more employees and generally provides that employers cannot discriminate against "qualified disabled persons" because of the disability in any aspect of the employment relationship. Employers are required to make reasonable accommodations for a qualified individual with a disability as long as the "reasonable accommodations" do not

create an “undue hardship” on the employer. An individual is considered disabled if he or she:

- Has a physical or mental impairment which substantially limits a major life activity;
- Has a record of an impairment.
- Is regarded as having such impairment.

It is also unlawful to discriminate against a qualified individual because of their association with a person with a known disability.

A “substantial limitation” of a “major life activity” means that an individual’s activities, such as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working, are restricted as to the conditions, manner or duration which they can be performed as compared to the average person in the general population.

In 2013, the Office of Federal Contract Compliance established a “utilization goal” for people with disabilities at 7 percent of employees in each job category or 7 percent of total workforce. This applies to Federal Contractors or subcontractors with \$10,000 or more annually in government contracts.

- **The Civil Rights Act of 1991** shifts the burden of proof to the employer. Once the employee shows an employment practice has a disparate impact, the employer will have to justify the challenged practice by showing that the practice was required by business necessity. It also added the ability to collect **compensatory damages** (e.g., emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life, etc.) to the already established ability to collect **punitive damages** (violations with “malice” or “reckless indifference” for federally-protected rights, unless committed by governmental body). The Act also allows the plaintiff to demand a jury trial.

Enforcement Agencies

The **Equal Employment Opportunity Commission (EEOC)** was established by the Civil Rights Act of 1964. It has primary authority to enforce antidiscrimination legislation. The EEOC investigates charges of discrimination and makes a determination as to whether there is “reasonable cause” to believe that discrimination has occurred.

The **Office of Federal Contract Compliance Programs (OFCCP)** enforces Executive Orders and laws dealing with federal contractors and subcontractors. The OFCCP is an agency of the U.S. Department of Labor (DOL).

Compensation and Benefits

- **1931 Davis-Bacon Act** established the prevailing wage requirement for contractors paid \$2,000 or more for the construction, alteration, or repair of federal public buildings or public works projects.
- **1934 Copeland Act** prevents employers from receiving kickbacks from employees for wages earned.
- **1936 Walsh-Healy Act** extended the concept of prevailing wage to manufacturers or suppliers of goods for government contracts in excess of \$10,000.
- **1938 Fair Labor Standards Act (FLSA)** is the broadest piece of labor legislation regulating: employee status, child labor, minimum wage, overtime pay, recordkeeping and other administrative concerns. Independent contractors and employees in positions which are legally “exempt” from coverage are not covered by FLSA (**Exhibit 1 – Summary of Exempt/Non-exempt**). Generally, an employer with at least \$500,000 of business or gross sales in a year is covered by the FLSA.

Nondiscrimination Issues

- **1963 Equal Pay Act** amends the FLSA by requiring equal pay for equal work (not to be confused with comparable worth). Equal work is defined by four factors: 1) equal skills, 2) equal effort, 3) equal responsibility and 4) equal working conditions. Exceptions allow the establishment of different wage rates based on such things as seniority, merit, and basically any factor other than sex.

- **1964 Civil Rights Act** defines two types of discrimination in pay—disparate treatment and disparate impact. Disparate treatment occurs when an employee who is a member of a protected class is intentionally paid less. Disparate impact occurs when an apparently neutral compensation practice results in unintentional wage discrimination for a protected group.
- **1968 Wage Garnishment Act** prohibits employers from terminating an employee for one single indebtedness, even if the debt results in garnishments. The **Consumer Credit Protection Act** limits the amount of wages that can be garnished (generally limited to 25% of disposable pay).

Employee Benefits

- **1934 Securities and Exchange Act** created the Securities and Exchange Commission (SEC) to curb malpractice on the stock exchange. This act has an effect on company stock options and employee stock purchase plans, requiring registration of all securities sold on the exchanges and disclosure and trading restrictions whenever “insiders” exercise their stock options.
- **1935 Social Security Act** provides three types of benefits to workers: retirement income, disability, and survivor’s benefits. In the 1960s the Social Security program was amended to provide hospital insurance and medical insurance through Medicare.
- **1973 Health Maintenance Organization Act** or the “dual choice provision” requires that employers of more than 25 employees provide workers with the option of joining a federally qualified health maintenance organization (HMO).
- **1974 Employee Retirement Income Security Act (ERISA)** established basic standards which must be met for benefit programs to maintain their tax-favored status. It covers such areas as eligibility, vesting, years of service, fiduciary responsibilities, funding, plan documentation, and reporting. This act established the Pension Benefit Guaranty Corporation (PBGC).

- **1985 Consolidated Omnibus Budget Reconciliation Act (COBRA)** requires employers with 20 or more employees who provide health care benefits to provide the opportunity for employees to continue group coverage for 18-36 months when employees or family members have a “qualifying event.” A “qualifying event” includes termination of employment, death of a spouse or parent, divorce, eligibility for Medicare, college graduation or the covered dependent ceases to become a qualified participant in the plan.
- **Family and Medical Leave Act (FMLA) of 1993** allows employees of employers with 50 or more employees within a 75 mile radius to take up to 12 weeks unpaid leave during any 12-month period to care for family members or because of a serious health condition. This includes: 1) the birth of a son or daughter; 2) placement of a child with the employee for adoption or foster care; 3) care for the employee’s spouse, child or parent (not a parent-in-law) with a serious health condition; and 4) a serious health condition that makes the employee unable to perform the functions of the position.

PERSONNEL FILES

Records to Be Kept in Employee’s Personnel File

This file may be viewed by the employee or the supervisor with reason to know.

-  Application for employment
-  Resume
-  Offer letter
-  New hire checklist
-  Supervisor’s new hire checklist
-  Acknowledgement of receipt of Employee Handbook
-  Work permit
-  Confidentiality agreement
-  Conflict of Interest Statement

- ☐ Correspondence granting exceptions to policy or outlining negotiated items
- ☐ Notification of appointment/election to officer level
- ☐ Job posting requisitions filed by employee
- ☐ Written notice of resignation
- ☐ Exit interview form
- ☐ Termination of salary form completed by supervisor
- ☐ Relocation checklist (if applicable)
- ☐ Progressive counseling/warning documentation
- ☐ Request to Review File form
- ☐ Performance reviews
- ☐ Forms explaining any transfer, promotion, salary change or other change of status
- ☐ Copies of training/educational records (college transcripts)
- ☐ Information submitted by employee disputing records or some part of file
- ☐ Emergency Evacuation Procedures agreement
- ☐ Preauthorization of medical benefits procedures acknowledgement
- ☐ HRIS data collection form

Benefit/Health Information File

This file may be viewed by the employee only. Supervisors and other personnel do not have access.

- 📁 Proof of age (retirement purposes)
- 📁 W-4
- 📁 Leave of absence paperwork, including FMLA documentation
- 📁 Doctor release forms
- 📁 Workers' Comp Employer's Report
- 📁 Benefit enrollment and change forms
- 📁 Change of beneficiary
- 📁 401(k) forms, hardship withdrawals, loan paperwork, etc.

Employee Data File

This file may be viewed by Human Resources only. Supervisors and the employee do not have access to this file.

- 📁 Credit Bureau reports or correspondence required by Fair Credit Reporting Act
- 📁 Records of Convictions
- 📁 Garnishments or attachments of wages
- 📁 Reference checks, character and credit reports
- 📁 Authorization forms to release information to external parties, i.e., employee consent, information released and receiving parties

Documents to be Removed/Excluded from Employee Files

-  Test scores or evaluations resulting from aptitude, achievement, psychological or other testing process during pre-employment period or employment period.
DO: store in functional file, i.e. keyboarding test file, sales test file, psychological evaluations file, etc.
-  Future job assignments (potential or succession plan documentation)
DO: maintain in departmental files
-  Letters of commendation from customers, co-workers, etc.
DO: return them to the employee
-  Records of arrest
DO: destroy them
-  Photographs of employee
DO: return them to employee
-  United Way/Community Campaign Contribution Cards
DO: maintain a separate United Way Contribution file
-  Insurance and claim form information
DO: return to employee
-  I-9 Forms (Verification of eligibility for employment)
DO: maintain in a separate I-9 file
-  Safety Training Records
DO: maintain in a separate safety training file
-  Invitation to Self-Identify/Applicant Tracking
DO: maintain in a separate affirmative action tracking file

DISCARD all miscellaneous memos, documentation and records not relevant to employment, performance or salary.

Disputes, law suits, EEOC records and any other related legal matters should be retained separately under the control of the HR Manager.

EMPLOYEE HANDBOOKS

Not all banks have employee handbooks. There are advantages and disadvantages to putting policies in writing in a handbook.

Advantages:

-  Employees have more confidence in the integrity and fairness of the employer's policies and that everyone is being treated equally, which can lead to higher morale and productivity levels.
-  Provides guidelines to managers and supervisors helping them to make more informed and consistent decisions when situations occur.
-  Employees have guidelines and know the expectations, rules, and policies.
-  Helps ensure that benefits, both offered and expected, are consistent.
-  Shows the organization's good faith effort to comply with the various regulations regarding equal employment opportunities.
-  Can assist in training supervisors and orienting new employees to the bank.
-  May help employers avoid or defend charges of discrimination.

Disadvantages:

-  Could possibly create an implied contract of employment, which negates the common law theory of employment-at-will. Mitigate this risk by making it clear in the manual that it is not an implied contract.
-  Can result in charges of discrimination because of inconsistent application of policies. It is vitally important regular training and communication occurs to reduce the risk of inconsistent application. Managers and supervisors should be encouraged to check with HR for proper application if a question exists. Also, an open

environment where employees' can question a decision and ask for review without fear of retribution is critical.



Not enforcing or randomly enforcing policies can be worse than having no policies. On the other hand, having no policies virtually ensures that inconsistency of treatment occurs, resulting in potentially larger problems.

Basic Principle...Applicable to all employment law:

If a bank adopts guidelines, policies, rules or standards of conduct, they must be followed consistently. If not followed, or followed in a random manner, it will likely result in potential liability.

Policies to Consider Including in the Handbook

At-Will Employment. A formal policy stating that the employee and/or the bank have the right to terminate the employment relationship at any point in time with or without cause.

Equal Employment Opportunity (EEO) Policy. A formal statement that the bank has adopted an EEO policy and the employer and its employees will not discriminate against any person on the basis of race, creed, color, sex, religion, national origin, age, disability or Vietnam era or disabled vet status.

Employee Performance Reviews. Include information on the frequency and purpose of reviews. It is important for both the employee and the employer that a consistent policy be followed regarding reviews. Employees who receive timely and accurate reviews have a better idea of whether they are meeting expectations in their job performance. If the employee is not meeting the expectations, the reviews provide notice and an opportunity to correct existing deficiencies. Employee reviews can serve as a vital tool in determining promotions, raises and other benefits, as well as providing substantial protection in the event termination of an employee is necessary. Formal reviews should be supplemented with frequent informal feedback, e.g., praise for above-expected performance and/or counseling for improvement in the event of underperformance or unacceptable behavior.

Disciplinary Policy. Keep the policy general enough to allow the employer some room in responding to special situations where it would not be appropriate to proceed under a progressive disciplinary policy. Certain situations may occur in which the nature of the employee's conduct, its

severity, and duration may be better handled by immediate termination instead of following progressive discipline policies. Include language that reserves the right of the employer to use discretion in certain circumstances. It is very important that the employer makes it clear that while progressive discipline policies are generally followed by the employer, the policy itself is discretionary and may be changed with or without notice to the employee.

Harassment. It should be clear that harassment of any kind will not be tolerated, and the policy should specifically address sexual harassment. The complaint procedure should be outlined including at least two persons (position titles) to whom an employee may report any incidents of harassment. The policy should specify that the employer will promptly investigate all complaints, and that no employee will be subject to any form of retaliation or discipline based upon making a complaint or assisting in an investigation.

Alcohol, Substance Abuse. The policy and the consequences of coming to work under the influence, drinking on lunch hours, etc., should be outlined so employees understand and have notice that testing is possible as well as termination.

Disability/Serious Diseases. Provide a guideline that addresses disabilities and serious diseases and the employee's responsibility in making their disability known in order to obtain reasonable accommodation.

Disability Leave. It is important that employers consistently apply a disability leave policy. Pregnancy and related conditions should be included in a disability policy and treated as other disabilities. If parental leave is offered, it must be offered to both male and female employees.

Family and Medical Leave. Under the Family and Medical Leave Act of 1993 (FMLA) an employer with 50 or more employees within a 75-mile radius is covered by the Act and must provide notice to employees of their rights, including providing information in a written handbook. The policy should explain how to request FMLA leave and whether paid leave is required to be used during the leave. There is no requirement that an employer provide paid family or health leave. Leave may consist of paid leave, but whether leave is paid or not is at the employer's discretion. The employer may require the employee to use accrued paid vacation leave, personal leave, sick leave or family leave for any of the 12 weeks used because of birth, adoption, foster care or health care of a spouse, child or parent.

Vacation Pay. The policy should include the amount of vacation accrued, when it accrues, and if it must be used within a certain period of time or whether it can be carried over from year to year. Including the manner in which vacations are scheduled (e.g. seniority) can mitigate understaffing issues during popular vacation windows.

Attendance Policy. An attendance policy, or absence occurrence policy, provides clear expectations of approved absence occurrences and disciplinary actions to be expected in the event of unacceptable absences. The policy should also address tardiness and failure to remain at work. Clearly defining approved and unapproved absences demonstrates that abled and disabled employees are being treated equally.

Disclaimer Language. The handbook should include language indicating there are no promises in the handbook and reserving the right to unilaterally change, delete, alter, or modify any of the terms of the handbook, not subject to notification of or consultation with the employee, and the employer has the right to terminate an employee with or without cause.

Choose Your Words Wisely

Including words such as the following could possibly create an implied contract, thereby negating the employment-at-will status:

-  Permanent
-  Job security
-  Reference to partnership/management track
-  Long term growth or relationship
-  “Just cause” when talking about termination
-  Continued employment for specified period of time
-  Statements such as “employee privacy will always be respected”
-  Probationary periods

JOB DESCRIPTIONS

Job Descriptions serve a variety of functions including job evaluation, selection, recruitment, HR planning, training, safety and performance appraisal.

The format of the job description varies; however, the following sections will typically be included: (*See Exhibit 2 – Sample Job Description*)

-  **Summary** – a brief description, summarizing the overall purpose and objective of the position. This section may also cover the primary responsibility of the job, the results the employee is expected to accomplish and the degree of freedom to act (for example, “independently” or “under direct supervision”).
-  **Essential Job Functions** – the fundamental tasks, duties and responsibilities of the position.
-  **Nonessential Functions** – desirable, but not necessary, functions of the job.
-  **Knowledge, Skills and Abilities Required** – the specific competencies required for job performance. For example, the description might specify “how to use Excel” rather than “computer spreadsheet knowledge.” For compliance purposes, it is important to focus on minimum requirements so as not to discriminate against protected groups.
-  **Supervisory Responsibility** – the scope of the person’s authority, including the number of direct and indirect reporting relationships and a list of jobs that report to the incumbent.
-  **Working Conditions** – the environment in which the job is performed, especially any unique conditions outside a normal office environment.
-  **Minimum Qualifications** – minimum education and experience required to obtain the job. Again, it is important to focus on minimum requirements to avoid claims of discrimination.
-  **Physical Demands** – physical requirements in the position, including sitting, standing, walking, hearing, talking, reaching, lifting (up to X pounds), etc.

- ☞ **Other Areas** – other areas which may be included: language skills, math skills, reasoning ability, certificates or licenses required, exempt/nonexempt status, salary level (grade) and range.

Guidelines for Writing Job Descriptions

Job descriptions must be based on real-life positions. Consider the following when developing job descriptions:

- ☞ Give jobs realistic, descriptive titles.
- ☞ Identify the Fair Labor Standards Act (FLSA) exempt or nonexempt status.
- ☞ Keep the summary brief.
- ☞ List only the principal fundamental duties, tasks or responsibilities, identifying the essential job functions for ADA purposes.
- ☞ Validate the knowledge, skills and abilities to ensure they are job related.
- ☞ Secure approvals and dates.
- ☞ Include any disclaimers.

Essential Job Functions and the ADA

Defined by the Equal Employment Opportunity Commission (EEOC) as the fundamental job duties of the position, a function is essential if an employer actually requires employees in the position to perform the functions that the employer asserts are essential.

The following factors will be considered by the courts and the EEOC in determining whether a function is essential:

- ◆ Whether an employee in a specific position is actually required to perform the function.
- ◆ If an employee actually performs the function, the analysis shifts to whether removing the function will fundamentally alter the job.

The EEOC and courts will look at:

- ◆ Whether position exists to perform a particular job;
- ◆ Number of other employees who can perform the job or among whom the job function can be distributed;
- ◆ Degree of expertise or skill required to perform the function;
- ◆ Time spent performing the function; and
- ◆ Consequences of failing to require the employee to perform a certain function.

Actual determination is made on a case-by-case basis. Evidence that will be considered includes:

- ◆ Job descriptions;
- ◆ Terms of a collective bargaining agreement; and
- ◆ Work experience of past employees in the job or of current employees in a similar job.

The EEOC regulations indicate that the “essential function” inquiry is not to second guess employer’s business judgment with respect to production standards or require an employer to lower such standards.

CAREER PATHS

- ☑ **Career Paths** demonstrate to employees the opportunities they have for advancement as they improve their skills. An example would be as follows:

Position

Teller Supervisor
Lead Teller
Senior Teller
Teller
Teller Trainee

INTERVIEWING

Types of Interviews

- ☑ **Prescreening Interviews** are helpful when there are a large number of applicants for a position and telephone or face-to-face interviews are necessary to determine prequalification factors.
- ☑ **In-depth Interviews** vary in style and are usually conducted by line management.
 - ✓ **Structured interview** or repetitive interview asks every applicant the same questions.
 - ✓ **Patterned interview** or targeted interview asks each applicant questions from the same knowledge, skill or ability area but not necessarily the same questions.
 - ✓ **Stress interview** is very aggressive to determine how the candidate responds and reacts to stressful situations.
 - ✓ **Directive interview** is highly structured, asks direct questions.
 - ✓ **Nondirective interview** asks open questions and provides general guidance but allows the candidate to guide the process, e.g., a response to one question indicates the next question.
 - ✓ **Behavioral interview** is based on the premise that past performance is the best predictor of future performance. It focuses on how the candidate actually handled past situations.

Interviewing for Behavior

While there are several types of interviews, as outlined above, behavioral style interviewing is widely used and the most common approach to basic interviewing situations. The past behavior of a candidate in certain situations may be the best predictor of future performance. Develop questions to get specific examples of how the candidate responded in situations or under conditions, which will be experienced on this job. Use the job description to prepare the questions.

- ☑ Tell me about a time you had to deal with a difficult, demanding person or customer. What was the situation? How did you respond? Were you able to resolve the situation?

The ideal response from an applicant for a teller position would be to explain a situation with an angry customer, why the customer was angry, what was said, and how the customer's problem was resolved.

Interviewing Skills and Techniques

- ☑ **Put the candidate at ease.** Establish a pleasant, courteous and professional rapport with the candidate by greeting the person with a firm handshake and making eye contact, displaying a sincere interest in them, and listening carefully to what is being said.
- ☑ **Pay attention and listen.** Through the use of body language and reflective listening techniques which include restating the feeling and/or content of what the speaker has communicated, the candidate will believe that you are paying attention and interested in what they have to say. An example of reflective listening is:

Speaker: "When my supervisor said that to me, it made me feel like she didn't have much confidence in my ability to get the job done."

Listener: "I can understand that, I would feel the same way."
- ☑ **Watch for contradictions in their actions.** By observing their eye contact, voice tone or inflection, facial expressions, gestures, body position, or movement of hands, feet, and head, you may find inconsistencies between what the candidate says verbally and non-verbally. Many applicants are skilled at telling you what you want to hear but they are unable to hide some of these non-verbal cues.
- ☑ **Ask questions.** First ask probing, open ended questions that generally begin with what, where, why, when or how. You may also include phrases like "Tell me about..." or "Describe for me a time when..." Let the candidate do most of the talking before you begin providing information (or the answers) on what you want in the job.
- ☑ **Provide information and sell the bank.** After finding out about the candidate's background experiences and qualifications, explain the job duties, the organization's philosophies and practices and be prepared to answer questions regarding the organization, the job and working conditions. This is the time to sell the candidate on the bank just as the candidate is trying to sell the bank on his or her value as an employee.

- ☑ **Take notes.** Write only job related information on the qualifications of the candidate; do not make notes on personal characteristics or comments. Notes provide documentation to compare qualifications between the candidates and helps prevent confusion between the candidates.
- ☑ **The next step.** Explain to the candidate the next step in the selection process and the expected timeline.

Don't put the applicant in a box...

The way the question is stated is important. Some behavioral questioning borders on psychological testing or entrapment instead of interviewing.

For example:

- ◇ Everyone has made a big mistake somewhere along the way. Tell me about a time you made one.

OR

- ◇ Everyone takes minor items from their employer occasionally. Tell me about a time you took something.

These examples are stated in such a way as to lead the applicant to think that the belief is everyone steals or everyone makes big mistakes. While it may be legitimate to have an interest in an applicant's honesty, asking the applicant to admit they've made a monumental error or taken something in this manner may not get an honest answer.

The applicant is thinking, "If I admit I took home those yellow bar pads for the kids, they're going to think I'm a thief. But, if I don't admit to taking something, they're going to think I'm a liar. A thief or a liar—what's the choice?"

Putting the applicant into a box is playing a game and puts the applicant at a disadvantage. The applicant starts trying to figure out what answer the interviewer is trying to get and may give the "guessed" answer rather than an honest answer.

Instead of saying: Everyone has to bend or break the rules some time. Describe an incident where you found it necessary.

Try saying: Have you ever been put in a position where you found it necessary to make an exception to the rules in order to get your job done? Please describe the circumstances and how you resolved the issue.

OR

Instead of saying: We've all had occasions when we omitted taking care of some important detail. Describe an experience in which that happened to you.

Try saying: Have you ever had an experience in which you were glad you had paid attention to a particular detail? Please describe it.

Legality of Questions

If the question is job related, it is probably legal. If it is **not** job related, be careful! Questions that involve race, creed, sex, national origin, marital status, number of children, disabilities, etc., are illegal. Consider the following chart:

MAY ASK	MAY DISCRIMINATE BY ASKING
<p>SEX & FAMILY ARRANGEMENTS:</p> <ul style="list-style-type: none"> - Does applicant have relatives already employed by the organization? - Any responsibilities that conflict with job attendance or travel requirements 	<ul style="list-style-type: none"> - Sex of applicant - Have children or # of children - Marital status or maiden/previous name - Spouse's occupation or name - Child care arrangements - If covered by spouse's health plan
<p>RACE</p>	<ul style="list-style-type: none"> - Applicant's race or color of skin - Photos to be attached to resume or application form
<p>NATIONAL ORIGIN OR ANCESTRY</p> <ul style="list-style-type: none"> - If applicant has legal right to be employed in the U.S. - Ability to speak/write English fluently (if job related) - Ability to speak/write other language (if job related) 	<ul style="list-style-type: none"> - Whether applicant is citizen of another country - Birthplace of applicant or applicant's parents - Nationality, national origin - Ethnic association of surname - Applicant's native language - Maiden/previous name (when married)
<p>RELIGION</p> <ul style="list-style-type: none"> - Availability for weekend work - Availability to consistently work shift for which being hired 	<ul style="list-style-type: none"> - Religious affiliation - Religious holidays observed
<p>AGE</p> <p>If applicant is over age 18 (if job related)</p> <ul style="list-style-type: none"> - If applicant is over age 21 (if job related) 	<p>Date of birth</p> <ul style="list-style-type: none"> - Date of high school or college graduation - Age
<p>OTHER</p> <p>Convictions if performance related</p> <p>Academic, vocational or professional training</p> <ul style="list-style-type: none"> - Training received in the military - Membership in any union, trade or professional association - Job references 	<p>Number and kinds of arrests</p> <p>Convictions, unless job related</p> <ul style="list-style-type: none"> - Height or weight except if a bona fide occupational qualification - Veteran status, discharge status, branch of service - Contact in case of an emergency

How to Ask Disability Related Questions

Under the ADA, prior to making an offer, employers cannot inquire as to whether an individual has a disability or ask about their workers' compensation history. Employers may ask questions that relate to the applicant's ability to perform job related functions, but these questions should not be phrased in terms of a disability. For example, an employer may ask whether the applicant has a driver's license, if driving is a job function, but may not ask whether the applicant has a visual disability.

Employers may describe or demonstrate the job function and inquire whether or not the applicant can perform that function with or without reasonable accommodation. For example, an employer may explain that the job requires assembling small parts and ask if the individual will be able to perform that function, with or without reasonable accommodation.

Employers may also ask an applicant to describe or demonstrate how, with or without reasonable accommodation; the applicant will be able to perform job related functions. This type of request may be made of all applicants in the same job category regardless of disability. This request may also be made of an applicant whose known disability may interfere with or prevent the performance of a job related function, even if the request is not made of all applicants in the job category.

For example, an employer may ask an individual with one leg who applies for a position as a home washing machine repairman to demonstrate or explain how, with or without reasonable accommodation, he or she would be able to transport themselves and their tools down basement stairs. However, the employer may not inquire as to the nature or severity of the disability or ask how the individual lost the leg or whether the loss of the leg is indicative of an underlying impairment.

On the other hand, if the known disability of an applicant will not interfere with or prevent the performance of a job related function, the employer may only request a description or demonstration by the applicant if the request is routinely made of all applicants in the same job category.

For example, it would not be permitted for an employer to request that an applicant with one leg demonstrate their ability to assemble small parts while seated at a table, if the employer does not routinely request that all applicants provide such a demonstration.

After an applicant has inquired about obtaining a reasonable accommodation, it is permissible to ask the applicant what he or she will require to perform the position.

An interviewer **must not ask** about the nature or extent of an applicant's disability during the pre-employment interview.

Sample Interview Questions

Use the following as guidelines and make them fit your particular situation.

About the Job

- Why did you apply for this position?
- This position requires you work some evenings and some weekends. Are you able to work those hours?
- Tell me about your attendance record at your last job.

Applicant's work experience

- Tell me about your current job. What are you responsible for? What's a typical day like?
- What did you enjoy most/least about your last (or current) job?
- What were the biggest pressures on your last job?
- Why did you leave your last job? **or** Why do you want to leave your current job?
- If I asked your boss to evaluate your performance, what would he/she say—strengths & weaknesses?
- Describe the best/worst manager you ever had.

Communication skills

- What type of person is the hardest for you to get along with?
- Tell me about your experience in working on teams.
- What did you contribute to the team?
- How important was communication and interaction with others on the job?

Conflict/Persuasion skills

- Have you ever been in a dispute with a supervisor/co-worker? What was it about and how was it resolved?
- Tell me about a time you came up with a new method or idea, how did it get approved and implemented?
- I would be interested to hear about an occasion when your work or an idea was criticized.

Education and Training

- What subject did you do best in? Why?
- What subject did you have the most trouble with? Why?
- What subject did you like/dislike the most? Why?
- What skills did you learn in school that will help you on this job?
- What kinds of skills were acquired as a result of your training?

Personal Traits

- What makes a job enjoyable for you?
- What qualities would you bring to this job that others would not?
- How do you define doing a good job?
- Tell me about a time when you conformed to a policy with which you disagreed.
- For what have you been most frequently criticized?

Personal Motivation

- What has been your greatest accomplishment in a work environment and why?
- Give me an example of a time when you went above and beyond the call of duty to get something done.
- What motivates you to put forth your greatest effort?
- What have you learned from your mistakes?
- What did you find most frustrating on your last (or current) job?
- Why have you changed jobs so frequently?

ORIENTATION PROGRAMS

Many good employees are lost during the first few weeks or months on the job because of poor orientation techniques. It is important from the beginning to make the new employee feel a part of the organization. Starting off on the right foot with an employee may help reduce turnover, increase efficiency and lower production costs.

There can be several phases to the orientation process:

- ✎ The first day when all the initial paperwork is completed for payroll, benefits, bank policies, personnel records and other necessary data collection, which is usually conducted by Human Resources. If this paperwork is not completed within the first day, it should be done within the first three days.
- ✎ The briefing by the immediate supervisor on the basics of where everything is daily work schedule and work routines. In most cases, this should be done on the first day.
- ✎ The more thorough orientation program to the entire bank or division, including organizational structure, bank history, products and services, goals and self-image. Usually conducted by HR with the assistance of various division managers of the bank. This type of program may take place two weeks after hire or six months, depending on the number of new hires in the company and the logistics of getting all new hires together.
- ✎ On-going training and briefings by the immediate supervisor on the daily expectations and routines of the job. This should happen regularly. Implementing a 30-60-90 day review process for new employees is a good tool for ensuring this communication takes place.
- ✎ Pairing a new employee with a tenured employee in the same or similar job function and organizational level provides a peer resource for simple questions that the new employee may not wish to ask their new supervisor.

Items to Consider for Orientation:

- ✎ A personal welcome from HR representative, CEO, and/or Department Manager, etc. and introduction to peer 'buddy'—see above.

- ↵ Completion of necessary forms for payroll, personnel records, insurance coverage, data collection, etc.
- ↵ Basic information on the performance evaluation system, training programs and advancement opportunities.
- ↵ Review of employee insurance, retirement and leave benefits.
- ↵ Review the content of employee handbook and emphasize the importance of knowing and observing its provisions.
- ↵ Discuss subjects like parking, lunchroom, breaks, etc.
- ↵ Discuss pay policies, including when, how much, and in what form (check, cash, or direct deposit), incentive compensation or bonus plans.
- ↵ Discuss pay for holidays, overtime, shift differentials, etc.
- ↵ Explanation of the bank's:
 - History
 - Growth
 - Trends
 - Goals
 - Priorities
 - Products and services
 - Image
- ↵ How each part of the organization contributes to the overall goals – organizational charts.
- ↵ Describe the performance review system, with an emphasis on what is expected during the initial work period.
- ↵ Review of critical policies in handbook.
- ↵ Review of all insurance benefit programs, claim processes and where to get forms.
- ↵ Names and duties of co-workers.
- ↵ The department's major responsibilities and how they relate to the overall operation.
- ↵ Working hours, shift assignments, breaks, holidays and overtime policies.
- ↵ Where to find lockers, lunchroom, restrooms, elevators and stairs and a tour of the whole facility.
- ↵ What to do in case of illness or lateness.

- ↳ Details of job duties.
- ↳ Whom to see for information or help with problems.
- ↳ General policies such as dress code, safety requirements and responsibility for tools and supplies.
- ↳ Performance expectations during the initial work period.
- ↳ Facts on key managerial staff.
- ↳ Community relations, expectations and activities.

Use of Checklists

With the number of details and critical information that needs to be included in the orientation program, the use of a checklist by HR and/or the immediate supervisor ensures that each topic is covered. Checklists will:

- ↳ Reduce the possibility of a misunderstanding on information.
- ↳ Eliminate the guesswork that a manager may be tempted to substitute for fact.
- ↳ Provide a standard system of induction for newcomers.
- ↳ Ensure that all new employees receive complete and standard information.

Follow Up Regularly

The supervisor needs to follow up on a regular basis after the initial meetings to make sure all questions the employee might have about previous orientation information are answered and to discuss and review expectations.

30-60-90 Day Review

The supervisor should perform appraisal interviews with each new employee on a regular basis, comparing the performance to date with the goals established earlier. The purpose of the 30-day and 60-day reviews is to give both parties a chance to make necessary changes in time for the 90-day review.

The 90-day review comes at the end of the *traditional probation period*, although it should not be described as a probation period to the employee. Some employees believe that they become “permanent” if they pass the probation period, and then can no longer be considered an “at-will” employee.

Remember, a slow start may not necessarily indicate a performance problem. Some employees take longer to adjust than others. Goals should be set during the 30-day appraisal and given careful evaluation at the 90-day session. If performance remains inconsistent and unacceptable, you may have to consider termination or another 30-day training period.

INTERNAL TRAINING PROGRAMS

In addition to employee orientation programs, it is essential that organizations work to provide on-going training opportunities for their employees. Training should include information on specific products and services as well as an overview of their various features and benefits (sales training). Training should also include instruction on how to effectively utilize the data processing system. In addition, it is strongly recommended that supervisors receive training on managing and leading people on a regular basis. Certain training is required by law or regulation to be conducted on a regular schedule. An example is sexual harassment training.

COACHING, COUNSELING AND PERFORMANCE EVALUATIONS

Performance evaluation is a powerful tool for management control. Managers and supervisors need a systematic way of communicating work expectations to employees and to provide follow up. The foundation of effective performance evaluation is the relationship between supervisor and employee and the performance evaluation process is virtually indistinguishable from the process of management. The evaluation process is a fundamental component of effective management.

Coaching and counseling is the ongoing process through the year that leads up to and provides the foundation for the performance evaluation process. Instead of avoiding difficult situations with employees and hoping they will go away, managers should address the issues in a timely manner. The underlying theme to all coaching, counseling and performance evaluations is to be honest, consistent and accurate in your discussions. Furthermore, the manager/supervisor should create an atmosphere where the employee feels they can ask for clarification or help in solving an issue—the essence of effective two-way communication.

The Five R's of Counseling

The Right Purpose:

- To strengthen, maintain or restore a working relationship.
- To motivate employees to greater productivity.
- To resolve personality conflicts.
- To discipline an employee.
- To provide orientation counseling.

The Right Time:

- Don't intervene with counseling until it is necessary.
- Don't initiate a counseling session in an upset, frustrated or angry mood.
- Don't schedule a counseling session during peak workloads; just before lunch, the end of the day or a deadline.
- Don't set up a counseling session too far in advance.

The Right Place:

- Behind closed doors in a private office or conference room.

The Right Approach:

- Invite the person into the office or conference room without a lot of advance notice.
- Start the conversation quickly and don't beat around bush.
- State facts only; do not make accusations.
- Keep a calm, pleasant subdued voice.
- Encourage the employee to talk.
- Don't rush.

The Right Techniques:

- ☑ ***Directive*** – The supervisor does most of the talking and draws a firm line on the direction the conversation will take. Advice or direction is being given. This technique is used:
 - ✓ When there is a violation of bank policies or rules.
 - ✓ When mistakes need to be corrected.
 - ✓ When employee hostility can no longer be tolerated.

An example of directive counseling would be: “You have been keeping your bait money in the top drawer and gave it out by mistake this morning. It is the bank’s policy for tellers to keep their bait money in the bottom drawer and we expect you to comply with this policy starting today and going forward.”

- ☑ ***Nondirective counseling***. The employee is encouraged to talk. This is a soft approach designed to bring out hidden problems and set a climate for free and constructive discussion. This technique is used:
 - ✓ When an employee appears to have lost his/her touch or positive attitude over a sustained period of time.
 - ✓ To strengthen or restore a relationship.
 - ✓ To motivate an employee to greater productivity.

See the next page for an example of non-directive counseling.

Outline for Non-Directive Counseling Discussions (Work Improvement)

Describe current performance and desired performance. This step establishes the subject of the meeting. The employee should come away from this step having recognized that there's a performance problem. If necessary, you may tell the employee the consequences of continuing the current performance; that is, why improvement is necessary. Sometimes, the employee will recognize the problem immediately. Other times, when the employee doesn't understand the need for improvement, some discussion or elaboration may be needed.

Example: "Matt, I want to talk to you about your billing problem. Your error rate for billing is too high. It must come down to our standard rate. When clients get incorrect bills, they get annoyed and may take their business elsewhere."

Help employee decide on action plan. This step gets a firm commitment for improvement from the employee by asking for actions he or she can take to improve. You also may need to encourage the employee as he or she analyzes the problem and develops an action plan.

Example: "What do you think you can do to bring down your error rate?"

Examples: "Well, when do you think you tend to make errors?" "Can you think of anyone you could get help from?"

Set up progress-review checkpoints. This step lets the employee know how and when you'll track performance, and how he or she will know if improvement is taking place. These checkpoints may be decided upon by both the employee and the supervisor, or by just the supervisor.

Example: "I'll check on your progress by spot-checking your bills, say, twice a week. Then, I'll let you know how I think it's going. If the level of errors is down by the next monthly report, we'll know the plan is working."

Discuss possible obstacles and how to overcome them. This step prevents the employee from becoming discouraged and abandoning the plan at the first obstacle.

Example: "What possible problems do you see in trying to check unusual bills with the other clerks?"

Summarize action plan. This step ensures that both parties understand the decisions made in Steps 2, 3, and 4. It may be done by either the supervisor or the employee. If the plan of action is complex, it may be in written form.

Example: "To make sure we're both clear about what's going to happen, I'd like you to summarize how you're going to decrease your billing error rate."

Tips for Conducting Effective Performance Evaluations

1. **Be Prepared** – Collect the work samples and review the data necessary to complete the performance review form. Complete all parts of the form and include written comments to support or clarify a rating. Written comments provide much better feedback than just a circled or checked rating. Thorough preparation will help in conducting a more meaningful performance discussion.
2. **Consider the Full Rating Period** – Don't let recent performance incidents influence the entire review. Remember the full rating period is 12 months. Performance should be rated for 12 months.
3. **Objective Work Data vs. Subjective Criteria** – Give the employee examples using objective work criteria whenever possible. Objective criteria include quantity of work, quality of work, and completion of specific job related goals. Subjective criteria include adaptability, bearing, demeanor, manner, attitude and opinions and should be discussed only if these issues appear to be affecting the objective work criteria.
4. **Plan the Discussion** – Think through the discussion with the employee using the review form to guide the discussion. Think about how the employee might react to the performance ratings and be prepared to respond. If feedback is provided to the employee on a regular basis during the review period through coaching and counseling, there should be no surprises. The performance discussion will be a review of issues already discussed with the employee.
5. **Follow Bank Procedures and Get Approvals** – Follow bank guidelines and definitions for performance ratings. Get required approval from upper management or the human resources department. Many banks require that performance reviews and pay adjustments be approved by upper management prior to a discussion with the employee.
6. **Distinguish Between Levels of Performance** – Mark the ratings accurately on the different performance issues: poor, average or excellent. Everyone has strengths and weaknesses in different areas, so it is unlikely that all duties will be performed at the same level.

7. **Notify Employee** – Notify the employee in advance to schedule the performance review discussion. This will promote more open and positive communications and lets the employee know that the performance discussion and pay issues will be reviewed on a timely basis. It also gives the employee time to prepare their self-evaluation.
8. **Use Work Samples** – Work samples help illustrate the employee's performance, promote more objective evaluations and help justify performance ratings. Work samples focus the discussion on specific job output issues. Constructive suggestions on how to perform tasks more efficiently helps to minimize emotional confrontations.
9. **Allow for Adequate Time** – To have a meaningful discussion, allow adequate time to discuss job expectations and the employee's performance. As a general guide, performance discussions with employees should take approximately one hour. The key factor is to allot sufficient time to discuss job requirements, rate the employee's performance, and suggest ways to improve and to elicit employee response.
10. **Avoid Interruptions** – Pick a time and place where interruptions will be avoided. A private office or conference room, not in a cubicle where others can overhear is ideal. It is distracting to have other employees walking by or coming in to an office during a performance discussion. Telephone calls also disrupt the performance discussion. This is not the time to take the employee to lunch.
11. **Describe the Process** – Explain to the employee what will happen during the performance review discussion. This will help put the employee at ease and reduce some of his or her questions. It also helps the supervisor direct the discussion by defining what issues will be discussed. Advise the employee that salary will not be discussed during the performance evaluation.
12. **Be Friendly, Yet Businesslike** – The tone of the performance review discussion should be friendly, positive and businesslike. Avoid joking or nervous laughter during the discussion. Encourage the employee to relax. If the employee has serious or continuing performance problems, the supervisor's manner should be more firm to convey the seriousness of the employee's poor performance.

13. **Stay On Track** – Keep to the subject at hand. Do not let the discussion wander into unrelated areas. Thorough preparation will help the supervisor discuss specific performance issues and minimize unrelated discussions.
14. **Follow the Appraisal Form** – First, identify the performance factor, then the desired performance norm, and then the rating of the employee's performance. When results of the employee's work are compared to the expected norm, issues can be discussed on a more objective basis. Consider utilizing "Below Expectations, Meets Expectations and Consistently Exceeds Expectations." Avoid personal criticisms or insulting remarks.
15. **Praise Achievements** – Recognition and praise for achievements is an important part of the performance review process. Giving credit, when due, helps the employee know his or her efforts are recognized. Recognition is an effective motivator.
16. **Identify Deficiencies** – Poor performance must be clearly marked on the performance review form and discussed with the employee. Do not "beat around the bush" with vague generalities. Give specific examples of performance problems and then identify the desired level of performance. The employee will assume that performance is satisfactory unless the problems are specifically identified. However, avoid unreasonably harsh treatment of the employee to cause resignation. Deal with deficiencies in a timely, accurate and honest manner.
17. **Sandwich Technique** – A technique called the sandwich technique can be helpful when discussing performance problems. With this technique, the supervisor first compliments the employee on an aspect of good performance, then identifies a performance deficiency, and then follows up with another comment about good performance. This technique softens the effect of discussing poor performance. Avoid overusing the technique. In cases of serious or repeated poor performance, be sure to describe the problem specifically and specify the desired performance.
18. **Maintain Professionalism** – The performance review discussion should be constructive and non-confrontational; pleasant and professional; not a contest of personalities; with an element of empathy rather than emotion. Focus on job tasks, results and accomplishments. Personal attacks on the individual are likely to arouse an argumentative response or result in barriers to communication.

19. **Offer Improvement Suggestions** – Offer specific suggestions on how to improve performance, particularly when identifying performance problems. Performance improvement is not likely to occur merely by identifying the employee’s mistakes. It will more likely occur when the employee understands proper work techniques and expected performance goals.
20. **Set Performance Standards and Objectives** – Defining measurable performance criteria is key to getting improved performance. By defining performance criteria, the employee has a target to work toward. Employees should have input in this process. These targets should be achievable with some extra effort and also provide the basis to evaluate performance during the next rating period.
21. **Discuss Performance** – The performance review process should be a discussion between the supervisor and employee. It is not effective when the appraisal form is handed to the employee to be read or when the supervisor just reads it to the employee. Talk through the responses and ask the employee for their input.
22. **Don’t Discredit the Bank** – Sometimes a supervisor may make a commitment or promise a pay raise or tell the employee that a recommended pay raise was cut by management. When a supervisor discredits the bank or management in this way, it reflects poorly on the supervisor and reduces his/her credibility in the view of the employee. Avoid this by making sure the pay raise or promotion has the necessary approval before communicating it to the employee.
23. **Encourage Employee Comments** – A primary objective of the performance review is communication between employees and supervisors. Encourage employees to react to the performance ratings. The employee may agree, disagree, or offer reasons (sometimes excuses) for performance problems. Listen to and consider the employee’s comments.

Setting Goals

Part of the ongoing process of performance evaluation is establishing performance expectations or measurements – goals for employees to attain.

Performance planning or the establishment of standards and objectives takes place at the beginning of the performance period. The employee and the supervisor discuss and agree on the work to be accomplished.

Throughout the performance period, the employee performs the tasks and the manager monitors the performance. Follow up and coaching meetings should take place between the employee and the supervisor, and as a result, the employee should continue to grow and improve in the position. At the end of the evaluation period, the supervisor will complete the performance evaluation form and then conduct the evaluation meeting with the employee.

Standards and objectives are established at the beginning of the performance evaluation period to measure employee performance against.

Standards are used in situations in which the same measurement criteria can be applied to all employees holding the same job. They don't change from one employee to another or from one performance period to another.

Standards are typically established for non-exempt positions. Examples of standards are:

- Balances cash drawer in five minutes or less.
- Thanks each customer for his/her business at the end of a transaction.

Objectives refer to individual goals that are set separately for each employee in a job category and usually describe results or outcomes the employee is expected to accomplish. For example: two employees with the title of Management Information Supervisor may have slightly different jobs. Individual objectives may take into account the difference in employees' jobs, abilities, work situations and past performance. Therefore, they are usually established through a discussion between the employee and the supervisor, and may change from one performance period to another.

Whether you are setting job standards or establishing individual objectives with an employee, there are four steps to establishing a well thought out standard or objective with a high likelihood of being achieved. They are:

1. Determine the job tasks and/or responsibility.
2. Decide what to measure in terms of quantity, quality and timeliness.
3. Establish the level to be attained for each area to be measured.
4. Test the standard and/or objective for MARC—whether it is:

M = Measurable

A = Achievable

R = Relevant

C = Controllable

A standard/objective should be expressed in the following terms:

- ☞ End Result Oriented – what will the observable differences be if the standard is accomplished?
- ☞ Specific – quantity, quality and cost (budget limitations).
- ☞ Time frame – specify when or how long.
- ☞ A standard that is fair is one which describes the satisfactory level of performing a work requirement.
- ☞ Standards set for each job position should be realistic, not ideal.

SALARY ADMINISTRATION AND INCENTIVE COMPENSATION

Types of Compensation

Flat rate – a single rate of pay is established for each job. Performance and seniority do not influence or affect the rate of pay.

Time-based – length of time on the job determines the salary. The more seniority, the higher the salary. Generally there will be an upper limit for any given position. Once the employee reaches that upper limit, s/he could earn a higher salary by obtaining training or credentials needed to move into a higher pay grade.

Performance based – or merit pay. Individual performance is the basis for the amount of pay increases.

Productivity based – or piece rate systems. Production by the employee determines the level of pay.

Competency- or skill based – the worker with the higher level of skills or knowledge receives a higher level of pay. Job attributes are not a factor.

Salary administration programs and incentive compensation plans take on many different forms and can be developed in many different ways. Typically, a pay structure is developed to bring internal equity to the salary administration program, as well as external equity to ensure competitive

wages with the market. One of the more common methods for developing a salary administration program is as follows.

Job descriptions are used for all positions to point factor the positions. Point factoring involves reviewing each position description and determining how it would be valued in each compensable factor.

Compensable factors may include such things as: education level, years of experience, supervisory/management responsibilities, independence of action or judgment, equipment used, internal vs. external contacts, decision making responsibilities, etc.

An example of the point factoring under education would be:

Education Level Required for the Position	Number of Points Assigned
Less than GED	0
GED/High School	1
HS/some College	3
Assoc. Degree	5
Assoc. Degree +	6
BA/BS	8
BA/BS +	9
MS	11
MS +	12
Ph.D.	15

Once each position (not person) is awarded points in each compensable factor, the points are totaled for each position and positions are put into a pay grade.

Position	Pay Grade
Teller Supervisor	10
Lead Teller	8
Senior Teller	6
Teller	5
Teller Trainee	3

When job openings are posted, the pay grade should be included. This will give employees the opportunity to determine whether the open position

would be a promotion, demotion or lateral move in relation to their current position and pay grade.

A pay grade has a spread of points and may include several different types of jobs. Each pay grade is assigned a salary range based on current market data for similar positions. Employees are then paid within the minimum and maximum of each salary range for the position they hold. Position within the pay grade is determined by individual performance and knowledge, skills and abilities above the minimum required. Salary ranges should be reviewed every one to two years to ensure they stay competitive with the market.

Effective Salary Administration

Effective salary administration means evaluating an employee's skill level and performance to determine where the employee should be paid within the salary range for a specific pay grade. An example would be:

Salary Ranges			
Pay Grade	Minimum	Mid-Point	Maximum
5	\$20,000	\$22,500	\$25,000

Employees evaluated overall as "meeting" the expectations for their Grade 5 position should be in the \$21,000 to \$23,999 range. Only employees evaluated a "consistently exceeding the expectations" for their Grade 5 position, should be in the \$24,000 to \$25,000 range.

Incentive Compensation

The term "incentive compensation" is sometimes used to mean commissions, bonus programs, piece-rate systems, profit sharing and Employee Stock Ownership Plans (ESOP). However, they can be very different.

Commissions are typically paid to an individual as a percentage of the amount of goods sold or the dollar volume sold.

Bonuses are typically given to a group of individuals to reward overall their extra efforts, higher productivity, or departmental or bank goals.

Piece-rate plans pay wages to individuals based on the number of units produced or processed. Because a bank's products are financial, care must be given to create commission-based sales plans that avoid 'gaming' the system. For example, paying a commission on 'new accounts opened' could incent an ambitious sales person to churn accounts by closing active accounts and opening new ones. A better metric might be 'net new accounts' opened.

Profit sharing programs distribute a portion of the bank's profits to all eligible employees.

Incentive compensation is typically tied to goals established over and above normal duties and the standard level of performance expectations. Incentive compensation plans generally are based on annual or multi-year goals, but may be divided into performance time periods that are no less than a quarterly basis.

Designing Incentive Plans

- Employees should see a direct connection between their level of performance and the reward. Avoid 'Santa Claus' bonuses that are surprises and awarded at the whim of management. Since the employee cannot do anything to affect the bonus amount, there is no incentive present. In fact, when the bonus is lower than prior year's or non-existent in a bad earnings year, it may have the effect of creating a culture of mediocrity.
- Whether the incentive is bank wide, within a department, or set for an individual, reward what is important to the bank, not just what is easy to measure, although measurement and the ability to incent specific performance behavior is very important.
- Pay incentives separate from base salaries. If salary and incentive are paid together, the incentive is lost and becomes part of the base and expected rather than earned.
- "Golden Handcuffs" are created when long and short term incentives are paid in an overlapping fashion. Because of this overlapping method of payment, it is difficult for high performers to leave and miss an incentive payment.
- Tailor the incentive to fit the individual bank's culture, strategies, performance expectations, etc.

Other Types of Compensation

- Perks – Typically for executive level employees, includes such things as: car, country club membership, reserved parking places, dry cleaning, dining club membership, tickets for civic or sporting events.
- Golden parachutes – provides continued salary and benefits or lump sum payout in the case of a merger or acquisition by another company.
- Equity Compensation – provides an executive with the opportunity to acquire company stock at a favorable price. Two common types of

equity compensation are Stock Options, which allow the recipient to purchase shares at a certain price within a certain period of time, and Restricted Stock, which awards equity shares where full ownership generally is based on the achievement of certain financial goals.

SUMMARY

1. **The organizational structure, management styles and corporate work environments are changing almost daily. Centralized and decentralized styles both serve a role in today's workplace. However, with virtual offices, work teams,** and the demands of the new work force, companies are being forced to look at innovative ways of structuring reporting relationships structures in order to attract and retain the quality of employee they desire, including a version of the blended model discussed above which combines the benefits of centralized and decentralized styles.
2. The legal liability for companies related to the human resource asset is constantly changing and increasing, forcing more and more organizations to look at the way it manages its most important asset. It is important to have ongoing internal or external employment law expertise available to keep current with constantly changing laws and regulations.
3. Employee handbooks, job descriptions and performance evaluations are tools to be provided to employees giving them guidance on what the expectations are and the measurement that will be used by management in determining whether expectations are being met. The more comfortable employees are with their role in the organization, the more comfortable they will be in providing customers with the level of service they deserve. These documents should be reviewed regularly and updated on an as-needed basis to insure they are current with all applicable laws and regulations. As a practical matter, a loose leaf and/or electronic employee handbook facilitates the need for currency.
4. Effective recruiting requires that the supervisors and managers get the best information possible when interviewing candidates to determine whether their skills and abilities match those needed. It also helps determine whether the candidate will be a good match for the corporate environment. Turnover is expensive and making the right choice the first time benefits everyone. These principles hold true in periods of both low and high unemployment.

5. Providing employees with a reward system that encourages top level performance and going above and beyond creates the environment for motivating employees to do their best and continue to reach new heights. High performing employees who feel valued for the job they do result in higher levels of productivity, better quality production and service, better customer service and higher profitability. Note that a reward system goes well beyond compensation and benefits. Tending to the work atmosphere, training, open communication and teamwork, to name a few 'intangibles', are all critically important to create a high performance culture. If employees (at all levels) don't feel valued or appreciated, no amount of money will motivate them.

Appendix

- **Exhibit 1 – Summary of Exempt vs. Non-Exempt Employees**
- **Exhibit 2 – Community Bank Sample Job Description**
- **Glossary of Terms**

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EXHIBIT 1

Summary of Exempt vs. Non-Exempt Employees

The terms “exempt” and “non-exempt” refer to the overtime and minimum wage provisions of the Fair Labor Standards Act of 1938, as amended and applicable state regulations (most states, if they have provisions, follow the federal rules, but employers need to verify their individual state laws). Paying a white collar employee a “salary” or by the hour is irrelevant. What exempts an employee from the overtime provisions is the nature of the job – his/her duties and responsibilities – not how the worker is paid or what their title may be.

There are five main categories of employees that are considered exempt: executive, administrative, professional, outside sales and computer professionals.

Executive Employees

Under the regulations that became effective January 1, 2020, workers are employed in an executive capacity if they are compensated on a salary basis at a rate of at least \$684 per week. In addition, the workers’ job duties must meet all three of the following criteria:

1. **Their primary duty consists of the management of the enterprise in which they are employed, or of a customarily recognized department or subdivision of it.** Examples of the “management of the enterprise” include interviewing, selecting, and training employees; directing the work of employees; handling employee complaints; determining the type of materials, supplies, machinery, equipment, or tools to be used or merchandise to be bought; planning and controlling the budget; and monitoring or implementing legal compliance measures.

A “customarily recognized department or subdivision” must have a permanent status and continuing function, as distinguished from a “mere collection of employees” assigned sporadically to a specific job.

2. **They customarily and regularly direct the work of two or more full-time employees or their equivalent.** For example, one full-time employee plus two half-time employees equals two full-time employees.
3. **They have the authority to hire or fire other employees, or their suggestions and recommendations are given particular weight concerning the hiring, firing, advancement, promotion, or any other change of status of other employees.** Factors to consider in determining if suggestions and recommendations are given “particular weight” include whether it is part of the employee’s job duties to make the suggestions and recommendations, the frequency with which they are made or requested, and the frequency with which they are relied on.

All executive employees either have the authority to hire and fire or be regularly involved in these types of decisions.

Administrative Employees

Under the regulations implemented in 2020, workers are employed in an administrative capacity if they are compensated on a salary or fee basis at a rate of at least \$684 per week, and their work meets both of the following requirements:

1. **Their primary duty consists of the performance of office or non-manual work directly related to the management or general business operations of their employers or of their employers' customers.** To meet the “work directly related to the management or general business operations” standard, an employee must perform work directly related to assisting with the running or servicing of the business. Examples include work in functional areas such as human resources, tax, finance, accounting, budgeting, auditing, insurance, computer network and database administration, and legal compliance.
2. **Their primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.** This standard requires the comparison and evaluation of possible courses of conduct, and acting or making a decision after the various possibilities have been considered. “Matters of significance” refer to the level of importance or consequence of the work performed. Factors to consider include whether the employee has authority to formulate, affect, interpret, or implement management policies or operating practices; has authority to commit the employer in matters that have significant financial impact; and has authority to waive or deviate from established policies and procedures without prior approval.

These regulations contain several examples of jobs that may meet this exemption, depending on their specific job duties, including human resources managers, executive or administrative assistants to business owners or senior executives, and purchasing agents with authority to bind the employer on significant purchases. These regulations also contain an exemption for employees who perform administrative functions directly related to academic instruction or training in an educational establishment.

Professional Exemption

Workers are employed in a professional capacity if they are compensated on a salary or fee basis at a rate of at least \$684 per week and their primary duty meets either the “learned professional” or the “creative professional” criteria.

1. **Learned professional.** The work requires knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction. The work must be predominantly intellectual in character, and includes work requiring the consistent exercise of discretion and judgment.

A “Field of science or learning” includes law, medicine, theology, accounting, engineering, teaching, various sciences, pharmacy, and other similar occupations. “A prolonged course of intellectual instruction” requires specialized academic training that is a standard prerequisite for entrance into a profession, such as an “appropriate” academic degree. Examples of exempt professionals include registered or certified medical technologists, registered nurses (not licensed practical nurses), dental hygienists, physician assistants, accountants, chefs, and funeral directors.

Any employee actively employed by an educational establishment and who is engaged in teaching, tutoring, instructing, or lecturing in the activity of imparting knowledge also is an exempt professional.

Doctors and lawyers do not have to be paid on a salary or fee basis in order to meet this exemption if they hold a valid license or certificate and they are actually engaged in professional practice. This exemption includes medical interns and residents who have the appropriate academic degrees for the general practice of medicine. In addition, teachers also are exempted from the salary or fee basis requirement if they are actively employed in an educational establishment, regardless of whether they have a certificate.

2. **Creative professional.** The work requires invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. For example, actors, musicians, composers, conductors, painters, cartoonists, essayists, novelists, screenplay writers, and certain journalists generally meet this requirement.

Primary Duty

The executive, administrative, and professional exemptions all specify that the employee’s “primary duty” meet the exemptions’ requirements. Primary duty is defined to mean the principal, main, major, or most important duty the employee performs. Factors to consider include the relative importance of the exempt duties as compared with other types of duties, the amount of time spent performing exempt work, and the employee’s relative freedom from direct supervision.

Computer-Related Employees

To be eligible for the computer-related exemption, workers must be employed in computer systems analysis, programming, software engineering, or other related jobs requiring similarly skilled workers in the computer field. In addition, they must be compensated either on an hourly basis at a rate of at least \$27.63 an hour or on a salary or fee basis of at least \$684 per week. Further, their primary duties must consist of one or more of the following:

1. The application of systems analysis techniques and procedures (including consulting with users) to determine hardware, software, or system functional specifications;
2. The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs (including prototypes) based on and related to user or system design specifications;
3. The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
4. A combination of the duties listed above, the performance of which requires the same level of skills.

Outside Sales

Workers are considered employed in an exempt outside sales capacity if they meet both of the following criteria set out in the regulations:

1. Their primary duty is either (a) “making sales” as defined by the FLSA or (b) obtaining orders or contracts for services, or for the use of facilities, for which a consideration will be paid by the client or customer.
2. They are customarily and regularly engaged away from the employer’s place or places of business in performing their duties.

Highly Compensated Employees

There is a special exemption for “highly compensated” employees. Workers are considered exempt if they meet all of the following three criteria:

1. **They earn total annual compensation of \$107,432 or more, which must include at least \$684 paid per week on a salary or fee basis.** Total annual compensation may include commissions, non-discretionary bonuses, and other non-discretionary compensation earned during a 52-week period.
2. **They customarily and regularly perform at least one of the exempt duties or responsibilities of an executive, administrative, or professional employee.**
3. **Their primary duty includes performing office or non-manual work.** Highly compensated production workers, carpenters, plumbers, construction workers, ironworkers, etc., will not qualify simply because they earn more than \$107,432 a year.

Salary Basis Test

An exempt employee is considered to be paid on a salary basis if he regularly receives a predetermined amount of compensation each pay period on a weekly, or less frequent, basis. This amount cannot be subject to reduction because of variations in the quality or quantity of work performed. In addition, an exempt employee must receive the full salary for any week he performs any work without regard to the number of days or hours worked, although a few exceptions apply (discussed below). Deductions may not be made for absences caused by the employer or by the operation requirements of the business.

Deductions may be made in the following, limited situations:

1. If the employee is absent from work for one or more full days for personal reasons (other than sickness or disability, discussed below);
2. For absences of one or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy, or practice of providing compensation for salary lost due to illness;
3. To offset amounts employees receive as jury or witness fees, or for military pay;
4. For penalties imposed in good faith for infractions of safety rules of major significance; or
5. For unpaid disciplinary suspensions of one or more full days imposed in good faith for workplace conduct rule infractions. This disciplinary deduction provision was added in the new regulations.

In addition, you are not required to pay the full salary in the initial or terminal week of employment, or for weeks in which an exempt employee takes unpaid leave under the Family and Medical Leave Act.

The regulations also include a section addressing improper deductions. If you are considered to have an “actual practice” of making improper deductions from exempt employee pay, you may lose the exemption for all employees who work in the same job classification and are under the manager responsible for the deductions.

However, the regulations also create a “safe harbor” that allows you to preserve your exemptions if you inadvertently make improper deductions or if the deductions are isolated. This safe harbor applies only if you (1) have a “clearly communicated” policy that prohibits improper deductions and includes a compliant mechanism, (2) reimburse affected employees, and (3) make a good faith effort to comply in the future.

EXHIBIT 2
Community Bank
Sample Job Description

Job Title: Loan Review and Compliance Officer
Employee Name: Pat Smith
Location: Main Office
Shift: 8:00 a.m. – 5:00 p.m.
Division: Lending
Salary Level: 09
Department: Lending
Reports to: Karen Johnson, CEO
FLSA Status: Exempt
Prepared By: Pat Smith
Prepared Date: 03/01/2019
Approved By: Karen Johnson
Approved Date: 03/01/2019

SUMMARY

Under the administrative direction of the Bank’s CEO and the functional direction of the Board of Directors responsible for the internal, independent review of the bank’s loan portfolio on a continuing basis in order to prevent or reduce loan losses; assures documentation is in compliance with loan policy and state and federal regulations; assists in the detection of deterioration in loan quality; assists in recommendations of collection activity; assists in evaluation of loan proposals; reviews and ensures compliance policy objectives are met.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

- Performs the full range of supervisory/managerial duties of the Loan Review and Compliance function including complete adherence to all policies and practices of the Bank and its applicable regulatory and governmental agencies.
- Responsible for implementing a system of credit analysis and control of quality for all loans made; ratings assigned quarterly in conjunction with the loan loss reserve review.
- Examines files systematically for adequacy of credit and collateral documentation, regulatory compliance, and loan policy conformance; reviews technical exceptions and deficiencies; reports continued outstanding exceptions to the Board of Directors.
- Prepares written analyses on all large loans, large aggregate lending to one borrower, complex loans, and weak loans for the benefit of the officer servicing the loans; assists in evaluating merits of new loan proposals.

Human Resource Management

- Identifies problem loans, develops and maintains a “watch loan list” that is reviewed quarterly with the Board of Directors; discusses the status of problem loans with the Senior Commercial Officer and may make recommendations regarding the handling of those loans; identifies loans meeting non-accrual or charge-off criteria.
- Analyzes the adequacy of the allowance for loan and lease losses for discussion with the Board of Directors.
- Prepares appropriate monthly/quarterly/annual Board of Directors reports.
- Prepares periodic studies of various portions of the loan portfolio including past due reports, concentrations of credit, etc., for the benefit of supervisory and executive officers.
- Provides overall direction to the Bank’s compliance activities. Chairs the Compliance Committee meetings. Assists Compliance Committee members in their effort to initiate and maintain compliance in their assigned areas. Coordinates regulatory compliance examinations.
- Based on compliance or loan reviews and the dissemination of other pertinent materials, evaluates and recommends policy or procedure changes.
- Serves on Asset/Liability Committee.
- Provides assistance to co-workers with difficult internal problems or customer inquiries or problems.
- Assists in the development of manuals and supporting documentation to accomplish tasks/duties inherent in this position.
- Maintains education and professional expertise through attendance at job related seminars, conferences and workshops and involvement in professional civic and community groups in leadership positions.

NON-ESSENTIAL DUTIES AND RESPONSIBILITIES:

- Performs inventory of safe deposit boxes when required.

SUPERVISORY RESPONSIBILITIES:

- Directly supervises one non-supervisory employee serving as administrative assistant to the department.
- Carries out supervisory responsibilities in accordance with the organization’s policies and applicable laws.

- Responsibilities include interviewing, hiring, and training employees; planning, assigning and directing work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems.

KEY CONTACTS:

- Reporting Relationships: Reports to CEO and Board of Directors
- Internal: Has frequent contact with the Senior Credit Officer, Senior Commercial Officer, Senior Retail Officer and other loan officers.
- External: Has periodic contact with external auditors and examiners. Has occasional contact with regulators and legal counsel to determine interpretations of requirements.

QUALIFICATIONS

- To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

EDUCATION and/or EXPERIENCE

- Bachelor's degree (B.A.) in business from four-year college or university; or three to four years' bank loan review and/or compliance experience and/or training; or equivalent combination of education and experience.

LANGUAGE SKILLS

- Ability to read, analyze, and interpret general business periodicals, professional journals, technical procedures, or governmental regulations.
- Ability to write reports, business correspondence, and procedure manuals.
- Ability to effectively present information and respond to questions from groups of managers, clients, customers, and the general public.

MATHEMATICAL SKILLS

- Ability to calculate figures and amounts such as discounts, interest, commissions, proportions, percentages, area, circumference, and volume.

REASONING ABILITY

- Ability to solve practical problems and deal with a variety of concrete variables in situations where only limited standardization exists.
- Ability to interpret a variety of instructions furnished in written, oral, diagram or schedule form.

OTHER SKILLS AND ABILITIES

- Must be able to operate PC, typewriter, credit report machine, payment calculator, check encoder, fax and copy machines and telephone.
- Uses Jack Henry & Associates, Bankers Systems Loan Processing and Microsoft Office software.

Position requires the ability to attend meetings before or after normal business hours and may require occasional overnight travel.

CERTIFICATES, LICENSES, REGISTRATIONS

- Must have valid driver's license, credit life and A&H insurance licenses.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to sit and talk or hear. The employee frequently is required to stand and walk. The employee is occasionally required to use hands to finger, handle, or feel and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and ability to adjust focus.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is occasionally exposed to outside weather conditions. The noise level in the work environment is usually moderate.

COMMENTS

This position may require work before or after normal business hours to meet with clients or attend bank meetings. The position may require some overnight travel to attend conferences or education programs.

GLOSSARY OF HUMAN RESOURCES TERMS

AFFIRMATIVE ACTION PLAN (AAP). A detailed document outlining a company's employment plans in order to remedy results of past discrimination and/or to ensure equal opportunity in the future. Employers with 50 or more full-time employees are required to have one plan for minorities and females, one plan for veterans and one plan for disabled employees.

AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA). Prohibits discrimination in employment of persons age 40 and over and eliminates the age at which employees can be forced to retire, except in executive level positions.

AMERICANS WITH DISABILITIES ACT (ADA). Provides that employers cannot discriminate against "qualified disabled persons" because of the disability in any aspect of the employment relationship and requires employers to make reasonable accommodations for a qualified individual with a disability as long as the "reasonable accommodations" do not create an "undue hardship" on the employer.

BEHAVIORAL INTERVIEW. Based on the premise that past performance is the best predictor of future performance; focuses on how the candidate actually handled situations in the past.

BONA FIDE OCCUPATIONAL QUALIFICATION (BFOQ). A legitimate reason or actual qualification of performing the job that allows an employer to discriminate against persons who are in a protected class. For example, it may be legal to require an employee to be a member of a particular religion to work in a religious order.

BONUS. Compensation given to a group of individuals for the overall efforts, higher productivity, or attainment of department or bank wide goals. Individual efforts towards attainment of the bank wide goals may or may not play a role in determining the amount of bonus given to each individual. An individual's performance plan ideally contains goals for which s/he is individually responsible and team, department or bank wide goals, providing incentive for individual excellence while contributing to goals and objectives of the larger group.

BUSINESS NECESSITY. A term used by the courts to describe a possible justification for unintentional discrimination. The adverse impact of an otherwise neutral personnel practice may be justified by an essential business need.

CAREER PATH. A normal progression from a trainee position, to a trained position, to a senior position within a specific work area. An example would be Teller Trainee, Teller, and Senior Teller.

CENTRALIZED MANAGEMENT. Most of the authority is concentrated with top management.

CIVIL RIGHTS ACT OF 1964. Title VII came out of this making various forms of discrimination illegal. Established the Equal Employment Opportunity Commission.

CIVIL RIGHTS ACT OF 1991 (CRA). Shifts the burden of proof to the employer to justify a practice claimed to have a disparate impact, by showing that the practice was required by business necessity. Enables the plaintiff to collect compensatory damages in addition to punitive damages, as well as the ability to demand a jury.

COLLECTIVE BARGAINING AGREEMENT. An agreement resulting from the process by which wages, working conditions, etc., are negotiated and agreed upon by the union and employer for all employees under the union's jurisdiction.

COMMISSIONS. A percentage of the amount of goods sold or the dollar volume sold.

COMMON LAW THEORIES. Inherited from our British roots, says that custom and usage can be enforced just as if they were laws, even if not specifically found in codified written laws.

COMPARABLE WORTH. The theory that jobs requiring comparable knowledge, skills, and abilities should be paid similarly.

COMPENSATORY DAMAGES. Payment awarded for emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life, etc.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA). Requires employers who provide health care benefits to offer continued group coverage to employees or family members when a "qualifying event" occurs, such as termination of employment, death of a spouse or parent, eligibility for Medicare, divorce, college graduation, or marriage of a dependent.

CONSTRUCTIVE DISCHARGE. Is a termination of employment that is the result of making the employee's working conditions so intolerable that the employee feels compelled to leave. This is an exception to the "Employment-at-Will Doctrine".

CONSUMER CREDIT PROTECTION ACT. Limits the amount of wages that can be garnished (generally limited to 25% of disposable pay).

CONSUMER CREDIT REPORTING REFORM ACT (CCRRA). Requires employers to obtain written authorization from employees and/or candidates for employment before obtaining a consumer report and/or an investigative consumer report. Before taking any adverse employment action based on the information, employers must provide notice of the adverse action and a copy of the report to the applicant along with a summary of the consumer's rights under the Fair Credit Reporting Act of 1970 (FCRA).

CONSUMER REPORT. Written, oral, or other communication of information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living that is used or expected to be used in establishing the individual's eligibility for employment purposes.

COPELAND ACT. Prevents employers from receiving kickbacks from employees for wages earned.

CREED. An accepted system of religious or other belief.

CULTURAL NOISE. A response that is given to be socially acceptable but may not necessarily be an accurate reflection or belief of the person speaking. {I don't think this adds any value to this document. It seems to be just another way to say PC or politically correct speech. Recommend deleting.}

DAVIS-BACON ACT. Established the prevailing wage requirement for contractors paid \$2,000 or more for the construction, alteration, or repair of federal public buildings or public works projects.

DECENTRALIZED MANAGEMENT. Authority is spread throughout the organization, not just with top management.

DEFAMATION. Injuring someone's reputation in the community through reporting false facts in either written or verbal form and making the statement with malice.

DIRECTIVE INTERVIEW. Highly structured interview with questions designed to elicit specific information..

DISABILITY. As defined by the Americans with Disabilities Act, a physical or mental impairment that substantially limits one or more of the major life activities of the individual; a record of such an impairment; or being regarded as having such an impairment.

DISCRIMINATION. The use of any test or criteria that adversely affects hiring, promotion, transfer or any other employment or membership opportunity of protected classes unless the test has been validated and is job related, and/or an employer can demonstrate that alternative hiring, transfer, or promotion procedures are unavailable.

DISPARATE IMPACT. Unintentional discrimination against a protected group resulting from an apparently neutral employment practice.

DISPARATE TREATMENT. An employee who is a member of a protected class is treated differently or discriminated against because of a particular employment practice.

DRUG FREE WORKPLACE ACT. Requires Federal contractors of \$25,000 or more to certify that they will maintain a drug free workplace and that they will take specific steps to meet that goal.

EEO-1 REPORT. An annual report filed with the Joint Reporting Committee (EEOC and OFCCP) detailing the race, ethnic, and sex composition of an employer's work force by job category.

EMPLOYMENT-AT-WILL. The employer and the employee have the right to terminate employment at any time for any reason—with or without cause—unless prohibited by law or an employment contract.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC). Established by the Civil Rights Act of 1964, it has primary authority to enforce anti-discrimination legislation, investigates charges of discrimination, and makes a determination as to whether there is “reasonable cause” to believe that discrimination has occurred.

EQUAL PAY ACT. Requires equal pay for equal work with exceptions based on such things as seniority, merit, and basically any factor other than sex.

EQUAL WORK. Defined by the Equal Pay Act as equal skills, equal effort, equal responsibility, and equal working conditions.

EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA). Established standards which must be met for benefit programs to maintain their tax-favored status and established the PBGC (Pension Benefit Guaranty Corporation).

ESSENTIAL JOB FUNCTIONS. The fundamental job duties of the employment position; does not include marginal functions of the position.

ETHNIC. Pertaining to or characteristic of a group of people sharing a common and distinctive culture, religion, language, etc.

EXECUTIVE ORDER 11246. A Presidential Order that requires written affirmative action plans by maintained by government contractors and subcontractors with 50 or more employees and \$50,000 or more in contracts or purchase orders.

EXEMPT EMPLOYEES. Employees working in jobs that are not subject to the overtime pay provisions of the Fair Labor Standards Act. Most professional, executive, administrator, and outside sales positions are classified as exempt.

FAIR CREDIT REPORTING ACT (FCRA). Summarizes the consumer’s right to obtain information in the credit report and outlines the information which must be provided.

FAIR LABOR STANDARDS ACT (FLSA). Regulates employee exempt/non-exempt status, child labor, minimum wage, overtime pay, record keeping, and other administrative concerns.

FAMILY AND MEDICAL LEAVE ACT (FMLA). Allows qualified employees of qualified employers to take up to 12 weeks unpaid leave during any 12 month period to care for family members or because of a serious health condition.

FLAT RATE PAY. Regardless of performance and/or seniority, a single rate of pay is established for each job.

FORM I-9. All new employees must complete within 3 days of hiring to verify the employee’s identity and their right to work in the U.S.

GARNISHMENT. A portion of an employee's wages withheld as a result of a court action to pay a debt owed a creditor.

HARASSMENT. To disturb persistently, torment, pester or persecute; to trouble by repeated attacks resulting in a hostile work environment or fear of retribution on the part of the target of the harassment. See also SEXUAL HARASSMENT.

HEALTH MAINTENANCE ORGANIZATION ACT. Sometimes referred to as the "dual choice provision," requires employers provide workers with the option of joining a federally qualified health maintenance organization (HMO). DOES THIS NEED TO BE REPLACED OR SUPPLEMENTED WITH THE RULES FROM THE ACA?

HRIS – HUMAN RESOURCE INFORMATION SYSTEM. A computerized employee data base management system that allows for the tracking of employee data and generation of reports.

IMMIGRATION REFORM AND CONTROL ACT (IRCA). Prohibits discrimination against foreign looking job applicants and establishes penalties for hiring illegal aliens. Within three days of hiring, both the new hire and the employer must complete Form I-9 which verifies the employee's identity and their right to work in the U.S.

IMPLIED CONTRACT. To indicate or suggest without explicitly stating that a contract or length of term of employment exists.

INCENTIVE. Compensation or reward that is "earned" by an employee as a result of their extra efforts over and above the basic level of job performance.

INVASION OF PRIVACY. An unnecessary intrusion into an employee's personal life that has no legitimate business purpose.

INVESTIGATIVE CONSUMER REPORT. Contains information on a consumer's character, general reputation, personal characteristics, or mode of living as obtained through personal interviews with neighbors, friends, associates, or others with whom the individual is acquainted.

JOB CATEGORIES. Nine designated categories of the EEO-1 report: officials and managers, professional, technicians, sales workers, office and clerical workers, craft workers (skilled), operatives (semi-skilled), laborers (unskilled), and service workers.

JOB DESCRIPTION. A document outlining the essential and non-essential duties of a position and the skills and abilities necessary to perform those duties.

LIBEL. Defaming someone's reputation in the community through written communication.

MAJOR LIFE ACTIVITY. Defined under the Americans with Disabilities Act as an individual's activities, such as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

MALICE. Making a statement known to be false and acting in reckless disregard to the statement's truth or falsity.

NEGLIGENT HIRING. Employers have a duty to protect workers, customers, and visitors from injury caused by employees who the employers know (or should have known) pose a risk. This obligation exists even if the injury occurs miles away from the work site.

NON-DIRECTIVE INTERVIEW. Questions are very open and provide general guidance to the interview conversation but allows the candidate to guide the process; a response to one question leads to the next question.

NON-ESSENTIAL JOB FUNCTIONS. Tasks or duties that are desirable, but not necessary, aspects of the job and could be performed by someone else.

NON-EXEMPT EMPLOYEE. Employees working in positions that are subject to the minimum wage and overtime pay provisions of the Fair Labor Standards Act. Office and clerical workers, skilled craft workers, semi-skilled operatives, unskilled laborers, and service workers are examples of non-exempt employees.

OBJECTIVE. Individual goals that are set separately for each employee in a job category and usually describes results the employee is expected to accomplish.

OBJECTIVE CRITERIA. Things such as quantity of work, quality of work, and completion of specific job related goals used in evaluating employees' job performance.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS (OFCCP). An agency of the U.S. Department of Labor, enforces executive orders and laws dealing with federal contractors and subcontractors and audits Affirmative Action Plans.

OPEN ENDED QUESTION. A question that requires a response other than a "yes" or "no" or some other single word response.

OVERTIME. Pay received at the rate of time and one-half for hours worked over 40.

PATTERNED INTERVIEW. (Also Targeted Interview) Questions are asked from the same knowledge, skill, or ability area but the questions are different.

PAY GRADE. The level of a position in an organization relative to all other positions in the organization. An example would be Teller Trainee – Grade 3, Teller – Grade 5, Senior Teller – Grade 6 and Chief Executive Officer – Grade 21.

PERFORMANCE-BASED PAY. (Also Merit Pay) Individual employee performance is the basis for the amount of pay increases.

PIECE RATE PAY. Pay based on the number of units produced or processed.

POINT FACTORING. A method used to assign points to a job description based on the education, experience, human relations, equipment, decision making, accountability and authority involved with the position.

PREGNANCY DISCRIMINATION ACT. Amended Title VII and makes it unlawful to discriminate on the basis of pregnancy, childbirth, or related medical conditions and requires employers to treat pregnancy the same as any other temporary disability, to provide access to medical benefits and sick leave, and to reinstate returning employees to the same or similar position without loss of seniority or benefits.

PRODUCTIVITY-BASED PAY. (Same as Piece Rate Pay). The number of units produced or processed determines pay.

PROFIT SHARING PROGRAM. A portion of the bank's profits are distributed to all eligible employees.

PROTECTED CLASS. (Also Protected Group). Any of the protected groups covered by Title VII or other regulations, including race, sex, age, national origin, creed, color, disability, Vietnam Vet status, religion, pregnancy, etc.

PUNITIVE DAMAGES. Payment awarded for violations with "malice" or "reckless indifference" for federally protected rights, unless committed by governmental body.

QUALIFYING EVENT. Under COBRA includes such things as loss of employment, divorce, birth, marriage, etc., which allows a person to continue their insurance coverage.

REAL DISCRETION AND JUDGMENT. Defined by the Fair Labor Standards Act, as the comparison and evaluation of possible courses of action without the benefit of structured operating procedures, and a decision regarding the appropriate course of action free from direction or supervision.

REASONABLE ACCOMMODATION. As defined by the Americans with Disabilities Act: modifications or adjustments to a job application process that enable a qualified applicant with a disability to be considered for the position such qualified applicant desires; or modifications or adjustments to the work environment, or to the manner or circumstances under which the position held or desired is customarily performed, that enable a qualified individual with a disability to perform the essential functions of that position; or modifications or adjustments that enable a covered entity's employee with a disability to enjoy equal benefits and privileges of employment as are enjoyed by its other similarly situated employees without disabilities. Includes such things as making existing facilities used by employees readily accessible to and usable by individuals with disabilities, and such things as job restructuring, part-time or modified work schedules, reassignment to a vacant position, acquisition or modification of equipment or devices, appropriate adjustment of examinations, training materials or policies, or the provision of qualified readers or interpreters.

REFLECTIVE LISTENING TECHNIQUES. Restating the feeling and/or content of what the speaker has communicated.

SALARY. Payment to an employee that is the same set amount from pay period to pay period.

SALARY RANGE. The minimum and maximum salary for a specific job description or responsibility grade.

SANDWICH TECHNIQUE. Putting a corrective comment between two positive comments to make the corrective comment more acceptable.

SECURITIES AND EXCHANGE ACT. Created the Securities and Exchange Commission (SEC) and effects company stock options and employee stock purchase plans, requiring registration of all securities sold on the exchanges and disclosure and trading restrictions whenever “insiders” exercise their stock options.

SEXUAL HARASSMENT. Conduct on the part of any employee that is of a sexually harassing nature, which is unwelcome, and which creates an offensive and hostile work environment for the victim. Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: 1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment; or 2) submission to or rejection of such conduct by an individual is used as the basis for an adverse employment decision(s) affecting the individual; or 3) such conduct has the purpose or effect of substantially interfering with an individual’s work performance or creating an intimidating, hostile, or offensive work environment.

SKILL. The application of knowledge, techniques, procedures or specified standards.

SKILL-BASED PAY. The higher the level of job related skills or knowledge, the higher the level of pay.

SOCIAL SECURITY ACT. Provides retirement income, disability, survivor’s benefits to employees, and hospital insurance and medical insurance through Medicare.

SLANDER. Verbally defaming someone’s reputation in the community.

STANDARD. A measurement metric, usually for all employees holding the same job, used to measure an employee’s performance against. Typically established for non-exempt positions.

STRESS INTERVIEW. Very aggressive, putting pressure on the candidate to determine how the candidate responds and reacts to stressful situations. Several people at the same time may be interviewing one candidate.

STRUCTURED INTERVIEW. Every applicant is asked the same set of questions.

SUBJECTIVE CRITERIA. Things such as adaptability, bearing, demeanor, manner, social behavior, and subjective opinion of supervisors used in evaluating employees' job performance.

SUBSTANTIAL DISCRETION. As defined by the Fair Labor Standards Act, work directly related to the employer's management policies or general business operations.

SUBSTANTIAL LIMITATION. Unable to perform a major life activity that the average person in the general population can perform or significantly restricted as to the conditions, manner or duration which an individual can perform a major life activity as compared to the condition, manner, or duration under which the average person in the general population can perform that same major life activity as defined by the Americans with Disabilities Act.

SURNAME. Family name, typically the last name of a person in the United States.

TIME-BASED PAY. Length of time on the job determines the level of salary.

TITLE VII. A part of the Civil Rights Act of 1964 which when enacted prohibited discrimination in all conditions of employment based on race, creed, color, national origin, religion and sex. (Other protected groups have been added through amendments.) It also established EEOC and made that agency responsible for enforcement of the statute.

UNDUE HARDSHIP. As defined by the Americans with Disabilities Act, significant difficulty or expense incurred, considering such things as: the nature and cost of the accommodation, the availability of tax credits, deductions, or outside funding, the overall financial resources of the facility, the overall size of the business, the effect on expenses and resources, or the impact of the accommodation on the operation of the facility.

VIETNAM-ERA VETERANS READJUSTMENT ACT. Prohibits discrimination against disabled veterans who served in the armed forces on active duty for a period of more than 180 days, any part of which occurred between 8/5/64 and 5/7/75, and requires open positions be listed with the appropriate local state employment service office nearest the facility where the opening occurs. Also requires contractors and sub-contractors having federal contracts of \$10,000 or more to have written affirmative action plans.

WAGES. Payment to an employee calculated based on the amount of time worked.

WAGE GARNISHMENT ACT. Prohibits employers from terminating an employee for one single indebtedness, even if the debt results in garnishments to the employee's wages.

WALSH-HEALY ACT. Extended the concept of prevailing wage from just contractors to manufacturers or suppliers of goods for government contracts in excess of \$10,000.

WORKERS' COMPENSATION. Benefits provided to an employee injured on the job.

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