

INCREASED REGULATORY ACTIONS SUGGEST THAT COMPANIES
NO LONGER HAVE THE FREEDOM TO TERMINATE
WITHOUT CAUSE OR WITHOUT DOCUMENTED EVIDENCE.

TRAINING FOR TERMINATIONS

BY JAMES W.
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The subject of employee termination has been a popular topic in recent years because of rapidly changing economic conditions and the increased awareness of social issues related to terminations. More importantly, concern with how terminations can be accomplished is evidenced by increasing references in popular and professional literature.

Related to the issue of employee termination is the need for organizations to develop managerial and supervisory skills in making and implementing the termination decision. This process involves many factors including increased knowledge about employee reactions to terminations, possible benefit options, and the widespread popularity of outplacement services. The following paragraphs discuss briefly the popular and professional aspects of termination and present a model for training managers and supervisors in effectively making and implementing the termination decision.

In popular literature, several articles have recently appeared on the effect of being fired on the individual. Highlighted in these articles are stories of how different companies carry out the termination decision, and particularly the impact of the termination on the personal and professional lives of the individuals fired. In "Not Working,"¹ Harry Maurer paints the moving personal picture for individuals fired:

"For many people the experience of unemployment is molded by its first brutal traumatic moment: being fired. The blow frequently comes with no warning after years of service to a company. I realize, after hearing an astonished number of such horror stories . . . that the key questions they raised concern power in the work place: who has it, who doesn't. It is interesting to note that none of the people . . . belong to a labor union which protects them against the companies' power to hire and fire at a whim."²

The loss of professional and personal pride, damage to the individual's self-identity, and the social

and financial burdens placed upon those who have been brutally fired are highlighted in this text.

Professional Aspects

In management and human resources literature, several articles have appeared recently that deal with the termination process and how it might be improved within an organization. The content of the articles ranges from the philosophical position which an organization or an individual takes toward being fired to the development and operation of a company's outplacement program. Donald Sweet, in "What's Wrong With Being Fired?"³ explores the attitudes of individuals and society toward being fired. His major contention is that organizations should take a more positive attitude toward termination of an employee and assist in developing greater individual attitudes.

In "Counseling Strategies for Involuntary Terminations,"⁴ Dennis Kravetz identified different reactions that an employee might have to a termination. Kravetz emphasizes the need to recognize the

stages to effectively terminate an employee and assist in assuring that the employee finds another job quickly. Kravetz supports a termination program that features outplacement services and believes that a company should provide assistance to terminated employees in career decision-making and job hunting skills. The critical element in this process is the initial recognition of the terminated employee's reaction to being fired.

Another component of the termination process is considered by Lawrence M. Baytos in "Easing the Pain of Terminations."⁵ He discusses the techniques available to employers in determining severance benefits in individual cases. Rather than an across-the-board severance policy, for example, one week's pay for each year's work, this policy takes into consideration service, job level and age. He particularly demonstrates the value of considering age as a variable in the severance pay award by proposing an age allowance. In the article he purposes the following considerations:

AGE	AGE FACTOR ALLOWANCE PERCENT OF BASE PAY
Under 40	0%
40-44	25%
45-49	50%
50-54	75%
55-64	100%

Richard G. Vernon and Peter S. Gray, in the Spring, 1980 issue of the *Employee Relations Law Journal*,⁶ put forth a discussion on the legal right to terminate employees at will. While 70 percent of the work force in the private sector have no protection from unjust dismissal, less than one-third of the working population, usually those protected by an organized labor system arbitration, are well protected through the arbitration process. Most other employees are covered by a common-law interpretation that a company can fire someone for any reason. Inroads have been made into this problem by equal employment legislation which protects individuals from unjust terminations based on age, sex, or national origin. However, the courts have shown a general reluctance to change their interpretation of the employer's right to

fire. Future legislation may change on the situation depending on cases which are decided in the next few years.

Outplacement

The most popular topic in the professional literature is the design and structure of outplacement services. These services, often provided by an outside consultant, range from assistance to the company in making the termination decision and carrying out the decision to an in-depth program of career counseling and job hunting assistance for the terminated individual which takes six to 12

months to complete. Fees for programs of this nature range from minimums of \$300-\$500 to programs costing \$2,500 or 15 percent of an individual's salary. Success rates of 85 percent placement are claimed with statements that most terminated employees will be placed in new jobs within the three months compared to a six to 12 month average for "non-outplaced" individuals.

The personnel manager must determine whether to offer the outplacement service internally or provide an in-house service. As expected, this has created a debate over the proper functioning of an

Figure 1. TERMINATION ROLE PLAY

Complete the following information for one of the individuals on the Termination Review—Monthly Record. If the person to be terminated is not assigned to you, select one from those you "approved" for termination.

NAME: _____

POSITION: _____ YEARS OF SERVICE: _____

REASON FOR DISCHARGE: _____

SUPPORTING EVIDENCE: _____

Severance Benefits

Severance Pay: _____ Outplacement Option: _____

Outplacement Features: _____

Termination Interview Plan

Opening Statement: (Include Ice-Breaker and Termination Decision)

Objections: (Identify possible objections and your reactions)

Remember to terminate the job performance, not the man. Make the termination interview constructive.

Explain severance benefits and outplacement services if you feel the terminated employee will benefit from discussion of them at this time.

Closing statement:

Figure 2.
WHAT DO I SAY AFTER "YOU'RE FIRED!"

	ACTION		SEVERENCE PAY			OUTPLACEMENT OPTIONS				
	Terminate	Refer Back	None	Base Pay	Base + Age Allowance	Option 1 (\$0)	Option 2 (\$350)	Option 3 (\$900)	Option 4 (\$1500)	Option 5 (\$2500)
EMPLOYEE #1	97%	3%	50%	50%		29%	15%	29%	6%	0%
EMPLOYEE #2	97%	3%	0%	38%	62%	3%	15%	21%	44%	17%
EMPLOYEE #3	40%	60%		100%		0%	14%	57%	7%	22%
EMPLOYEE #4	97%	3%		11%	89%	3%	9%	0%	29%	59%
EMPLOYEE #5	97%	3%	38%	59%	3%	15%	29%	38%	15%	3%
EMPLOYEE #6	89%	11%	3%	40%	55%	0%	6%	23%	39%	32%

outplacement activity and its logical location within the company. John Scherba argues in "Outplacement: An Established Personnel Function"⁷ that the advantages of an in-house placement service are greater than hiring a consultant and that personnel departments have the experience to properly conduct the activity. Still, many firms prefer to provide this activity through outside firms.

While many of the consulting firms provide guidelines for selecting services, it is still a difficult decision for a manager to make. There are fine lines between categories and certain assumptions which need to be made concerning the terminated employee's attitude and their level of job hunting skills. It is also apparent that the link between their reaction to termination and the need for outplacement assistance needs to be clearly understood.

Training Technique

The complexity of the termination decision and its implementation makes the training of managers and supervisors involved in a termination environment a critical concern. Elements in the training program need to be integrated and, to be most effective, designed in an experiential mode. The training should include a termination decision, selection of severance and outplacement benefits, and practice in implementing the termination decision. The following materials demonstrate such an approach.

STEP 1: Understanding the Termination Decision — The importance of making the right deci-

sion in a termination situation is obviously complicated by the different factors discussed.

The difficulty of making termination and outplacement work is complicated in a declining economy. Keys to the successful completion of the activity rest in the planning taken for each of the four main steps.

The preparation leading up to the termination decision focuses on the proper evaluation of the employee's performance and circumstances surrounding the need to terminate. In cases involving a cutback for economic reasons, evidence supporting the need for a staff reduction and exploring the possibility of alternative solution needs to be well documented, particularly in the case of an individual termination. Careful documentation of incidents including dates, witnesses, etc. needs to be kept. Policies and procedures must be developed in an organization to prevent terminations based solely on emotional outbursts. Such terminations can only result in bad feelings, charges of possible discrimination, and unnecessary unemployment claims.

STEP 1: A Case — Despite the continued growth of the company, terminations have always been part of the organization's commitment to effective human resources management. With the growth of the company including so much emphasis on acquisition, the company has found it necessary to terminate several individuals.

This situation made it necessary to formulate a company policy on termination which allows for re-

view of individual cases, a variable severance policy, and use of outplacement services provided by a national consulting firm. It provides for final review of all terminations by the corporate Human Resources Department for personnel in all positions above operating personnel. A monthly "Termination Review" is created as part of the Human Resources Information System. Although you have the right to refer a termination recommendation back to the manager for possible consideration of a re-assignment, re-training, or other alternative, this is rarely done. In most cases, the termination is simply reviewed and approved. It is your responsibility, however, to assess severance benefits and whether or not to offer the terminated employee outplacement services.

EMPLOYEE NO. 2 — Joyce Sloan, 53, has spent 32 years with Tennis Dynamics in a variety of positions varying from file clerk to her current position as Administrative Support Manager at an annual salary of \$24,000. In the last five years, her performance has slipped significantly as she failed to keep up with technological improvements, particularly in word processing. Attempts to retrain her have been made unsuccessfully and she has refused re-assignment to a lower position.

Recommendation of administrative vice president: *Termination.*

STEP 2: Determining Benefits — The second planning step is the determination of benefits associated with the termination. The techniques discussed by Baytos indicate possible benefits in adding an

age allowance to the base pay as part of the severance allowance. The amount of outplacement services is also a critical decision that needs to be well thought out based on the employee's needs and possible costs/benefits to the organization.

STEP 3: Planning the Interview — The third planning step involves preparation for the termination interview. If based on the careful analysis of the situation, the person carrying out the termination interview will be aware of the factors that might lead to a psychological response as identified by Kravetz. If the termination decision is reviewed by personnel or another senior level manager not directly involved with the situation, all emotional components are eliminated. The person informing the employee of the termination can be prepared for different reactions and be ready to deal with them with appropriate responses and information. Figure 1 shows a planning for the termination interview.

STEP 4: Implementation of the Decision — Once the planning pieces have been put together, implementation of this information is still critical. The ability to successfully terminate an employee, even with careful planning, puts special pressure on the interpersonal skills of the supervisor or personnel manager. Practice does not necessarily make a manager skilled in this activity because of the personal factors involved in any given case.

The variety of decisions and responses are indicated by the results of a training session illustrated in Figure 2. Awareness of the issues and planning suggested here is the first step in such an action.

Companies or individuals unwilling to assume responsibility for implementing a termination decision should strongly consider a referral process with the use of a professional consultant.

Summary

Increasing awareness of the complications of termination, their

impact on financial operations of the company, and the costs charged to society all point to greater consideration of the termination decision and greater attention to the termination process. Increased regulatory actions suggest that companies will no longer have the freedom to terminate without cause or without documented evidence.

The result will probably include more systematic approaches to termination, greater use of termination considerations like outplacement, greater training on termination process and procedures, and most important, better employee relations even when terminations for cause occur.

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