



13

CHAPTER

Employment Opportunities

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| 13.1 | Organizational Structure |
| 13.2 | Human Resources |
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climbing the ladder

From Teller to District Manager

After her first morning of college classes, Beth went to work her shift as a part-time teller. As she had demonstrated a solid understanding of the job and a good work ethic while working at the bank during the summer, the bank had agreed to schedule her for about 20 hours a week. This flexibility enabled her to schedule her classes efficiently.

As a part-time customer service representative/teller (CSR), Beth's responsibilities ran the gamut from processing routine customer transactions, maintaining consistent balances at her station, developing a strong customer rapport, to helping the branch achieve its sales goals by promoting banking products.

After her first four quarters of college, Beth enrolled in the college's cooperative education program. By alternating a quarter of classes with a quarter of full-time professional work, Beth was able to expand her responsibilities at the bank.

During her first two co-op quarters, Beth worked as a lead customer service representative (LCSR). She was responsible for assisting with opening new accounts and safe deposit boxes, training new tellers, delegating daily projects, and finding solutions to customer issues. To address the fears customers had after the credit and mortgage crises, Beth also proactively provided customers with information on the bank's overall stability.

Upon graduation, Beth accepted a position at her bank as an assistant branch manager. In support of the branch manager, her duties included helping the branch staff meet and exceed sales goals, selling to individual customers, meeting compliance requirements, and assuming operational responsibility for the branch in the manager's absence.

After a few years, Beth accepted a cross-town transfer to become a branch manager. Her new duties included achieving financial goals for the branch, expanding her involvement in the community to develop relationships that would bring new business to the branch, managing sales, service and operations for the branch, and protecting the branch's assets and the assets of its customers.

Beth enjoyed working as a branch manager, but believed she had the talent to perform similar functions on a larger scale. Consequently, she applied for and obtained a position as a district manager. In lieu of focusing on a specific branch, her new duties focused on a specific territory. Beth was now responsible for overseeing the sales, service, expenses, operations, and credit controls for her district. With an eye on future business, she was also responsible for community leadership, human resources planning, and developing short- and long-term business objectives for her area.



Upper Rungs to Consider

Although Beth's role as a district manager was challenging, gratifying, and lucrative, she decided to develop a tentative series of new jobs to target. Positions included on that list are private banking relationship manager, senior relationship manager, or a senior sales and leadership coach. Each of the targeted jobs would enable her to make broad-based contributions that would help improve the bottom line of the bank.

Preparing for the Climb

As promotions occur, a broader overview of the business is required. How would obtaining a broad range of experience including assignments dealing with automotive lending, credit card services, retail lending and commercial lending help a candidate prepare for higher-level jobs?



| 3. |

Organizational Structure

goals

- + Explain how banks organize their business by department.
- + Identify jobs that provide operational support at banks.

terms

- + operations
- + departmentalization
- + customer service representative (CSR)
- + integrity
- + teller

Banking Scene

Nathaniel Bryant has just graduated from high school and is looking for a job. He isn't interested in just any job. He wants something that will provide an entry-level position leading to a career. His aunt suggested that he apply at one of the local banks. He wonders what skills are needed for bank jobs. What research should Nathaniel conduct on job opportunities in banking?

DEPARTMENTS IN A BANK

Commercial banks experienced many changes in the last decades of the twentieth century. Some became huge entities operating throughout the country and offering a complete line of financial services. Others remained small, serving only one community and offering highly personalized services. Information and communications technologies created new strategic possibilities. Today's commercial banks are more diverse, although they continue to provide the three traditional deposit-gathering, loan, and trust functions. The deposit-gathering functions establish checking and savings accounts. The deposit and loan functions are closely linked because the deposits provide the funds to lend. The trust area's funds come specifically from the fees it charges customers. Each of these areas may have marketing and operations components. **Operations** provides support services such as bookkeeping.

No matter how big or small the bank or how many services it offers, it must have some type of organizational structure. This **departmentalization**, or division of the bank into departments, can vary as widely as the products and services the bank offers.

Functional Departments

Banks can have many different departments that make up the traditional business of banking. These departments work to meet consumer and business needs. Smaller banks may not have as many departments or offer as many services as larger banks.

Individual or Personal Banking The name of the personal banking department varies from bank to bank. Personal banking, consumer banking, and personal services are some names of the departments that meet the needs of

individual customers. In this department, new account personnel or **customer service representatives (CSRs)** help customers open checking and savings accounts, obtain debit and credit cards, and learn the various options available, such as how to bank, whether in person, through an ATM, by phone, or online. CSRs may also direct customers to departments that offer other services.

Small Business and Consumer Lending Consumer loan specialists, loan officers, financial services representatives, and underwriters explain products to customers interested in starting a small business, buying a new car, buying a home, or financing college tuition. These departments are also called business banking, business services, and small business lending. Some banks have departments dedicated to serving relatively new entrants into the market, including women and minority businesspeople.

Trust Funds In the trust department, sometimes known as wealth management, the trust officer, personal trust administrator, or trust account officer manages assets placed in trust with the bank according to clients' wishes. The assets vary greatly from real estate to money to securities to artwork.

Brokerage Brokers, investment assistants, and financial planners are just a few of the titles of employees who provide financial and investment services to individuals and institutional customers.

Insurance Some banks offer a full-service, independent insurance agency dedicated to serving the needs of their customers. Agents advise personal and business clients about various services and policies to meet their insurance needs.

Operational Departments

Other departments in a bank provide “behind the scenes” operational support for the basic functional departments. In small banks, one or two individuals may provide the operational support. Large banks have entire departments dedicated to various operational activities.

Accounting/Finance Accountants, auditors, and controllers provide critical support. They prepare financial reports and budgets. They also write, analyze, and verify financial reports containing current financial information and check that the records are accurate.

Human Resources The recruiters, job analysts, benefit coordinators, compensation specialists, and trainers in this support area are responsible for hiring and training employees. They also design compensation/benefit programs and maintain personnel records. The responsibility for firing employees, when necessary, also falls to this department.



PHOTODISC/GETTY IMAGES

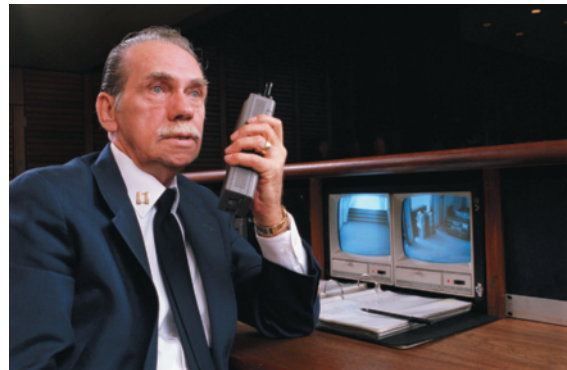
Operations Proof operators, bookkeepers, wire transfer specialists, account research and reconciliation specialists, and statement processors provide “back office,” or operations, support. These employees provide assistance to other employees as needed to help manage customer accounts.

Treasury Management Financial experts in this department manage the bank’s monetary assets/liabilities and financial risks. They manage the bank’s cash and funds in reserves on deposit at the Federal Reserve and in interbank loans to minimize interest expense and maximize interest income. This department is also responsible for placing and liquidating investments and managing foreign exchange and interest rate exposures.

Public Relations/Marketing Marketing coordinators, public relations representatives, and marketing specialists now work at banks to sell the various products and services. They perform market research, set marketing strategy, create advertising and promotions, and inform the public of the bank’s policies, activities, and accomplishments.

Technical Computer operators, programmers, analysts, and support specialists provide critical technological support for the products and services the bank offers. The employees program and service the computers that allow banks to store and manipulate the vast amount of information the bank processes.

Maintenance, Purchasing, and Security These departments provide the support you would expect. Engineers, custodians, plumbers, and so on provide the day-to-day upkeep of the building. Purchasing agents monitor the supplies, from office furniture and computer monitors to paperclips, and purchase them as needed. Security guards or officers patrol and inspect property to protect against fire, theft, vandalism, and illegal activity.



Bank Officers Although these positions don’t really represent a department in banks, officers fulfill the necessary management/oversight function. Large banks may have officers known as president, chief executive officer, chief financial officer, chief operating officer, controller, and vice presidents. Smaller banks will have fewer of these positions.

✓ checkpoint

What is the difference between functional and operational departments?

JOB POSITIONS WITHIN A BANK'S DEPARTMENTS • • • • •

There are several job positions within a bank's many departments. While the tasks and responsibilities that come with these positions may vary, all bank employees are held to the highest employment standards. Honesty and integrity are two characteristics that are especially important for bank employees. **Integrity** is the steadfast adherence to a strict moral or ethical code. An important factor for all bank employees to remember is that banking revolves around people. Thus, good people skills are a must. Detailed below are a few of the more common positions available at banks.

Bank Teller

The **teller** position is the most common one at banks. Tellers are likely to have the most contact with customers. They perform the following duties:

- Balance the cash drawer daily by adding deposits and subtracting withdrawals from the opening cash funds
- Process customer transactions (checking and savings deposits, check cashing, and savings withdrawals)

Banking Math *Connection*

Bank tellers accept credit card deposits from local merchants. Some merchants submit charges to customers' credit cards electronically. The credit card companies automatically deposit funds from the sale into the seller's bank account. This service isn't free. Credit card companies charge vendors a percentage of the sales for providing this convenience.

On Valentine's Day, Noble's Flowers and Gifts electronically charged \$2,200 of sales transactions. The card companies charge Noble's a 5 percent service fee. How much was deposited in Noble's account from these credit card sales?

Solution

The formula for finding the amount is

$$\begin{aligned}\text{Amount deposited} &= \text{Amount of sales} - (\text{Amount of sales} \times \text{Fee rate}) \\ &= \$2,200 - (\$2,200 \times 0.05) \\ &= \$2,200 - \$110 \\ &= \$2,090\end{aligned}$$

In this example, the 5 percent fee amounts to \$110. This amount is subtracted from the \$2,200 total sales charged to arrive at a total of \$2,090 deposited in Noble's account.



interesting facts

The Bureau of Labor Statistics reports that the banking industry employed about 1.8 million workers in 2006. Of these employees, 72.5 percent worked for commercial banks. ■

- Sell money orders, travelers' checks, and savings bonds
- Accept credit card, mortgage, loan, and utility payments from individuals and bank card deposits from merchants
- Prepare currency and coin for retail customers
- Balance automated teller machines, replenish their cash, and process deposits and withdrawals made through them
- Promote banking services and answer customer inquiries

Other Bank Positions

Space limitations prohibit the listing of all possible jobs in a bank. The following are brief descriptions of common bank positions.

- **Customer service representatives (CSRs)** work directly with customers. CSRs open deposit accounts, interview clients to obtain financial information, explain available services, and help clients solve account problems.
- **Credit analysts** evaluate the financial condition of individuals and businesses seeking credit or a loan. Analysts research the applicant's credit record to gauge whether or not to approve the loan.
- **Trust officers** manage billions of dollars in assets placed in trust with the bank according to clients' wishes. Officers direct trust disbursements according to the terms of the trust or the beneficiary's needs, invest surpluses as the trust directs, and negotiate with public agencies, such as the Social Security Administration, to combine all eligible assets into a trust.



branching out

Tending To Financial Ills

Many banks have expanded their retail presence by establishing branches in nontraditional locations. Some banks put branches in children's hospitals. Providing convenience of services to hospital staff as well as families of patients is a benefit of these branches. From servicing high net worth individuals, including hospital staff who may earn large salaries, to providing loans to families who may need money to help with medical expenses, these branches can offer the same gamut of services as traditional branches. Some hospital websites feature the

branch information on their website. This has the dual benefit of reassuring incoming families that they can access financial information during their stay and provides good publicity for the bank.

Think Critically Why would a bank choose to place a branch in a hospital? How do you think hospital staff feels about having a branch in the hospital? How do you think patient families feel about this?

- **Auditors** maintain and examine the bank's financial records to verify their accuracy. They also look for areas of waste, mismanagement, or fraud. For example, the auditor might check tellers' cash boxes to determine whether their transactions and records are accurate.

- **Job analysts** perform the human resources role of investigating the duties performed in the various banking positions in order to write an accurate, detailed job description. Information in the description details the skills and training required for the job.



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- **Accounting clerks** provide operational support to the bank by keeping its financial records, either in books called *ledgers* or in computer documents. They also prepare financial statements that report its assets and liabilities, which summarize how much the bank earns and spends.
- **Public relations specialists** publicize information about the bank, such as an award it received, a new service it provides, or an educational program it sponsors. They also prepare film, slide, or other visual presentations for meetings.
- **Computer operators** install, modify, clean, and repair computer hardware and software, and they monitor equipment operation. These troubleshooters analyze and fix problems. They also may train computer users to use computer hardware and software.
- **Chief financial officers (CFOs)** are the top financial officers who direct all of a bank's accounting and financial activities. The CFO makes financial plans, such as examining the impact of proposed new functions on the bank's earnings, sets policies, and brings together other managers to develop creative solutions to problems.

✓ checkpoint

What does "balancing a cash drawer" mean?

assessment | 3.1

Think Critically

1. What do you think is the reason for departmentalization in banks?

2. What are some characteristics that bank customer service representatives must have?

3. Why do banks need the services of public relations specialists?

4. Which bank jobs described in this lesson do you think may require college degrees?

Make Academic Connections

5. **BANKING MATH** Happy Trails is a backpacking adventures outfit that accepts credit cards for only those credit card companies that have waived the service fee. In the past year, Happy Trails has noticed that quite a few of its customers have wanted to use a certain credit card that Happy Trails doesn't accept. Happy Trails is reconsidering its policy and making an exception for this card company, which charges a 3 percent fee on sales. Assuming sales for the year charged under this new credit card are estimated to be \$5,600, what is the additional expense that Happy Trails would incur by accepting this card and how much would actually be deposited in its bank account?

6. **MEDIA** Collect want ads for banking jobs in the Sunday edition of a local newspaper and on the Internet. List all of the skills required. Make a poster that graphically illustrates various categories of skills.



Human Resources

13.2

Banking Scene

Nathaniel Bryant sees a newspaper ad about an opening for a bank teller at Farmers Bank. He applies and lands an interview. How can he use the information in the job description from the newspaper ad to prepare for the interview? What skills should he emphasize in discussing his qualifications for the position? What else should he do to prepare? How should he dress?

goals

- + Identify the steps that a human resources department takes to hire new bank personnel.
- + List the information that an employee's record should include.

terms

- + job description
- + benefit
- + telecommuting
- + merit-based employment
- + job fair
- + orientation

THE HUMAN RESOURCES DEPARTMENT • • • • •

The heart of any organization is its employees. Employees “put a face on a bank” by answering the questions, accepting the deposits, investing the money, and recording the numerous transactions processed. With today’s emphasis on providing quality customer service, banks seek to hire people who have both technical expertise and the ability to work well with customers at all levels. Most banks seek to fill entry-level positions with people who have good basic math and communication skills, enjoy public contact, and feel comfortable handling large amounts of money. The human resources (HR) department, sometimes called the *personnel department*, establishes the bank’s policies and procedures for hiring, training, and evaluating employees, as well as compensation and benefits. In doing so, HR must be in compliance with government rules and regulations pertaining to hiring and employment practices.

Job Analysis and Description

The human resources (HR) department analyzes each job in the bank. The analysis involves reviewing the position’s responsibilities, the skills required to perform it, its supervisory relationships, and how it fits in the bank’s organizational structure. Using this information, HR then prepares the **job description**, the formal document that factually and concisely identifies the job, responsibilities, work involved, and education required. The multi-purpose job description is used in advertising openings, interviewing applicants, orienting new hires, evaluating employee performance, and making promotions. As an example, a loan officer job description might read as shown on the next page.

Commercial Loan Officer

General Responsibilities: Generating and servicing a wide variety of commercial loans; aggressively seeking and obtaining quality new business through client and prospect calls, referrals, and cross-selling efforts; building and maintaining relationships with a high degree of customer satisfaction.

Job Requirements: Skills and experience in applicant interviewing and perceptive character judgment, loan structuring, credit analysis, and monitoring credit performance; a bachelor's degree and four to five years of credit-associated lending.

Salary: \$40,000-\$55,000

Benefit Establishment

Banks offer competitive benefits. Human resources sets the policies for benefits as instructed by the bank's board of directors. **Benefits** involve matters such as hours of employment and time off for vacation, illness, holidays, and jury duty. Benefits cover health insurance policies, including dental and vision coverage, disability and unemployment insurance, and retirement plans. To become competitive in attracting high-quality employees, large banks have recently offered benefits such as child and elder care, wellness and fitness programs, and flexible benefits plans. Other new benefits include **telecommuting**, which lets employees do some work from their homes via computer. HR managers must be knowledgeable about changing government regulations and legislation that affect the benefits the bank offers.



PHOTODISC/GETTY IMAGES

Compensation Determination

The human resources department sets and maintains policy to ensure that employees receive fair and equitable pay rates. Setting the rates could involve conducting surveys to see how the bank's rates compare with those of other banks. HR also conducts research to ensure that the bank's pay scale complies with changing laws and regulations. In addition, the department oversees the performance evaluation system, and it may design reward policies such as pay-for-performance plans. The Bureau of Labor Statistics reported the following median hourly pay for these banking occupations in 2006.

Occupation	Depository Institutions	All Industries
General and operations managers	\$40.89	\$40.97
Financial managers	34.89	43.74
Loan officers	23.51	24.89
First-line supervisors/managers of office and administrative support workers	19.66	20.92
Executive secretaries and administrative assistants	18.05	17.90
Loan interviewers and clerks	14.35	14.89
Customer service representatives	13.68	13.62
New accounts clerks	13.60	13.65
Office clerks, general	11.82	11.40
Tellers	10.63	10.64

The Hiring Process

The human resources department is in charge of hiring new employees for the bank. It sets policy for **merit-based employment**, that is, selecting the person with the best qualifications for a specific position. The hiring process is somewhat detailed and, depending on the size of the bank and its need, can be long. It begins when an opening is identified.

Advertising The first step in hiring is to advertise the position, both inside and outside the bank. Depending on the specific job, banks may advertise in newspapers, professional publications, or on the Internet. Information about the job in the ad is based on the job description. Some banks hold **job fairs**, which are public employment events at which they can present employment opportunities, requirements, and personnel benefits to a large number of people at one time. Interested fair attendees can apply for a position during the fair or at a later time.

Reviewing Applications After the *closing date*, which is the last day applications are accepted, they are reviewed and screened. Candidates who are most qualified are identified and invited to interview for the position.

Accountant/Bookkeeper

Center City Bank, a leader in banking in the state, has an opening for an accountant/bookkeeper, 8 AM–5 PM, M–F. Accounts payable, accounts receivable, general ledger, and Excel experience required. Competitive salary matched to experience. Apply by March 25. Send resume to Center City Bank, 1504 Riverside Drive, Center City, Attn: Human Resources

An equal opportunity employer



Ethics in Action

Many human resource departments face ethical issues concerning their personnel files. Space constraints create the need to dispose of them after employees leave the firm. Also, many companies now require any documents relating to an employee's medical history be removed from the personnel file.

Think Critically

What are the ethical concerns regarding the disposal of personnel files, which are confidential? Why do you think medical-related documents should not be in the personnel file?

Interviewing Depending on the individual bank's practice, the interview may be conducted by a human resources representative, the manager of the department in which the job is located, or both. The interview focuses on the elements in the job description, which include the position's responsibilities, requirements, reporting relationships, salary, benefits, and advancement opportunities. Only job-related questions that help assess the candidate's experience, skill, and training may be asked. The applicant discusses his or her qualifications for the position and any related experience. Persons applying for the position should be prepared to ask specific questions about the bank, working conditions, special training required, and so on.

Conducting Preemployment Testing Banks may require applicants for certain jobs to take tests as part of the process of determining job suitability. Some tests determine a candidate's current level of skills, and others evaluate the person's aptitude or potential ability to perform the duties required. The test should be carefully prepared to ensure that it focuses on the skills and knowledge required to perform the job. For example, tellers might be tested on their mathematical ability. Results of such tests help the employer make unbiased decisions and distinguish between similarly qualified applicants.

Verifying Application Information and Checking Backgrounds Before making hiring decisions regarding employment at any level in the bank, the human resources department will check an applicant's references. The inquiries are made in a professional manner and may request only factually verifiable and job-related information. As technology has advanced, it is fairly common for the hiring process to include browsing personal information in publicly available online formats. Be prudent in online information that you post. Before posting any online personal information ask yourself "how would a prospective employer regard this information"?



PHOTO/ISC/GETTY IMAGES

Orienting New Hires The next step in the hiring process is **orientation**, which welcomes new employees to the bank and helps them understand its policies and how it operates. The orientation will reflect the individual bank's personality. A general session covers the bank's philosophy, a detailed explanation of the various benefits it offers its employees, and the bank's expectations of its employees. At this time, a bank that has a written employee handbook may distribute copies to the employees. The presentation of its expectations should include these topics:

- Importance of customer service and other areas that the bank emphasizes
- Rules concerning attendance and punctuality
- Standards of performance
- Performance review process, including the frequency with which an employee's performance is evaluated
- Training opportunities
- Promotion
- Salary increases
- Safety and security measures

Training New employees learn the procedures, rules, and regulations that apply to their jobs through a combination of formal instruction and on-the-job training. They are often paired with an experienced employee who instructs them in the steps and processes required in the position. More formal instruction is provided through workshops, seminars, and training sessions, which can be held on-site or off-site.

Banks in general encourage employees to advance their careers by developing their job skills and learning new ones by taking approved courses. Some banks offer their own programs, such as those that lead to *teller certification*. Other banks provide opportunities for employees to take courses through the Center for Financial Training (CFT), a nationally recognized training group. There are many CFTs around the country, offering a wide variety of public and distance learning programs. Many CFTs are associated with community colleges, offering courses with transfer credit arrangements. Bank employees can locate the CFT office closest to them by visiting the national website at www.cftusa.org or calling toll free 888-628-5238 or 888-NATLCFT.

checkpoint

Why is checking an applicant's job and educational background important?

interesting facts

In November 2008, *The Wall Street Journal* reported the results of a survey of 358 high-level personnel in various industries that revealed at least 7 instances where executives had misrepresented their academic credentials. Irregularities were found in firms ranging from Herbalife, to MIT, to RadioShack, to the U.S. Olympic Committee. In most instances, when the inaccuracies surfaced, the executives either resigned or were dismissed. ■

NETBookmark

Many standard human resources functions have been highly automated. Access www.cengage.com/school/pfinance/banking and click on the link for Chapter 13. Visit the Atlas Business Solutions site and investigate their Staff Files software. How would the functionalities of the program, ranging from providing job description templates through employee emergency contact info through exit interview documentation, streamline the work of a human resource department?

www.cengage.com/school/pfinance/banking

MAINTAINING EMPLOYEE RECORDS • •

Keeping proper records is a requirement for employers. It makes good business sense to have accurate and organized information when needed. In addition, federal and state governments require certain employee data to be kept on record. The human resources department fulfills a critical organizational and legal function by keeping a personnel file for each employee. The file is updated as needed. The file typically includes the original or a copy of these items:

- Personal information including employee's full name, address, telephone number, Social Security number, and name of person to contact for emergency purposes
- Application information (resumes, references, and so on)
- Wage or salary information, including the basis on which wages are calculated (hourly or weekly, for example), the pay rate, pay record by pay period including overtime earnings if applicable, and all additions to or deductions from the employee's wages
- Job description of original and any new position as well as any changes in responsibilities
- Education information (transcripts, certificates, credentials, training)
- Federal/state documents (forms W-4 for tax withholding, I-9 regarding immigration and naturalization), and any later changes
- Performance evaluations, including the required documentation signed by the employee and supervisor
- Benefits forms

Human resources specialists must understand all legal regulations governing today's workplace. They must know, for example, the types of questions they can and cannot ask during an interview, the privacy issues concerning the employee personnel folder, and the appropriate uses of the information in the folder.

✓ checkpoint

Why would HR want to include education information in an employee's personnel folder?

assessment 13.2

Think Critically

1. From an employer's perspective, what are some advantages of allowing employees to telecommute?

2. What is the importance of merit-based hiring in the employment process?

3. What are the problems that could result from "beefing up" or exaggerating duties of a job when the company advertises it? What would the company hope to gain by this practice?

4. Why is the process of setting employee pay rates a crucial activity?

Make Academic Connections

5. **PROBLEM SOLVING** Working in groups, list the characteristics that you believe a human resources specialist in a bank should have. Then design a form to be used during an interview to help uncover an applicant's strength in those areas.
6. **CONSUMER AFFAIRS** On the Internet, find at least three banks that offer call center services. What do these centers do? What department would supervise the call center? Summarize your findings.



3.3

Employee Evaluation

goals

- + State the objectives of employee performance evaluations.
- + Describe the employee discipline process.

terms

- + performance standard
- + evaluation form

Banking Scene

Nathaniel Bryant has been hired as a teller at Farmers Bank. All new employees are hired on a probationary period and are evaluated six months after their hire date. How might Nathaniel prepare for the performance evaluation process?

EMPLOYEE PERFORMANCE EVALUATION • • • • •

One way to ensure that employees are meeting the bank's goals is to make sure that they understand their responsibilities and are performing at an expected level. Banks, like other businesses, periodically conduct formal employee reviews. These reviews should come at regularly scheduled intervals, such as every six months or every year, or at the end of the probationary period if the employee is on probation. Of course, effective supervisors bring obvious problems to an employee's attention as they occur rather than waiting for a formal assessment.

Employment performance evaluation can be a sensitive area. Although both the evaluator and the employee might feel awkward or uncomfortable, the review is a crucial part of the employment process. It is only fair for supervisors to let employees know how they are performing and what they need to do to improve.

Objectives

In general, employee performance evaluations have these objectives:

- To assess actual performance and accomplishments against the duties, responsibilities, and standards of the employee's position as stated in the job description
- To identify the employee's potential and interests and assist her or him in setting goals for job improvement and professional growth
- To provide a written record of employee performance to support future personnel decisions related to salary, promotion, increased responsibility, reassignment, transfer, reemployment, or disciplinary action
- To provide a communication tool through which to recognize the employee's special talents, capabilities, and achievements and identify any areas of job performance that need to be improved

Performance Standards

To ensure that evaluations are fair and objective, standards must be established related to job duties and responsibilities. **Performance standards** define for both supervisors and employees the expectations for completing a job's essential functions and tasks. For example, bank tellers may be evaluated on their ability to count money, keep the cash drawer in balance, and process customer transactions accurately. An understanding of the standards provides the basis for ongoing feedback and performance counseling between assessments as well as for formal evaluation.

Numerous methods can be used to develop standards. Traditionally, the human resources department identifies the standards in consultation with management. A collaborative approach involves both supervisors or HR personnel and employees. Employees bring valuable insight about their jobs to the process, and they are more likely to support the final standards that they helped define. Specific standards focus the discussion on specific elements of the employee's performance.

Evaluation Forms

In an effort to make their performance evaluations fair and objective, many banks use standardized forms, called **evaluation forms**, on which to record employee assessments. It is probably best for a bank to develop its own form so that it reflects that bank's standards, but many different versions are available for sale. An effective form includes the following:

- Employee's name and job title
- Name and position of person making the evaluation
- Scale used for evaluation, such as outstanding, very good, satisfactory, development needed, or a scale of 1 to 10

tech talk

Virtual Tellers

IBM recently introduced interactive bank kiosks. Tellers at brick-and-mortar banks can remotely service customers with the help of webcams. With technology conveying the voice and image of both the teller at his or her workstation and the customer at a kiosk, the majority of customer-to-teller services can be performed via the virtual teller. Cash transactions cannot be handled through the virtual teller. Current expectations are that virtual tellers will provide an additional service option for customers. It is not expected that virtual tellers will replace live tellers.

Think Critically What type of customer is mostly likely to seek the help of a virtual teller? How will bank personnel react to this new technology?





- A sample performance appraisal is shown on the next page. At the end of the review, both the employee and the supervisor should sign the form, indicating their agreement as to the information it contains. Employees who disagree with anything in the review should have a specific procedure through which to appeal the process.

Banks should establish standard procedures by which employees can appeal some or all of their performance evaluation. These procedures are generally detailed in the bank's employee handbook. Appeals may be made verbally or in writing, although it is generally preferred to have a written statement. A written appeal states the reason for which the employee is contesting the evaluation and any supporting information or documentation. The appeal advances through the established channels until it is resolved.

Why do you think it is better to appeal a job evaluation in writing?

Most employers are careful to provide employees detailed descriptions of their job duties and responsibilities and the proper way to perform them. Banks are no exception. Many of them provide handbooks or other written documents that explain the behavior and performance expected of their employees. These documents also explain disciplinary procedures and reasons for termination. Discipline can include informal warnings, formal written warnings, suspension without pay, and termination if the employee does not solve the problem.

Minor problems, such as tardiness, failure to cooperate with employees, or forgetting to sign documents, can result in a verbal warning after the supervisor has discussed the problem with the employee. Although this is considered informal, it is recorded in the employee's personnel file.

Performance Appraisal—Teller I

Employee's Name _____

Supervisor's Name _____

Performance Review Date _____

Rating Performance Level

- 7 **Outstanding:** Outstanding total performance. Consistently completes duties in an outstanding manner.
- 6 **Exceptional:** Very good performance; exceeds standards generally and expectations continuously.
- 5 **Very good:** Performance above standard at times.
- 4 **Satisfactory:** Overall satisfactory performance meeting the job's requirements.
- 3 **Borderline:** Performance unacceptable at times and requires improvement.
- 2 **Poor:** Performance often below expectations; inconsistent and unacceptable in many areas.
- 1 **Unsatisfactory:** Consistently unacceptable performance.

Standards

- _____ Demonstrates understanding of job requirements and implements that knowledge in performing duties
- _____ Balances the cash drawer daily
- _____ Is able to process customer transactions (checking and savings deposits, check cashing, and savings withdrawals)
- _____ Sells money orders, travelers' checks, and savings bonds
- _____ Accepts credit card, mortgage, loan, and utility payments from individuals and bank card deposits from merchants
- _____ Prepares currency and coin for retail customers
- _____ Balances automated teller machines, replenishes their cash, and processes deposits and withdrawals made through them
- _____ Promotes banking services and answers customer inquiries
- _____ Demonstrates customer-service orientation in working with customers

For areas rated 1–3, these specific actions should be taken to improve performance _____

Improvement required by (date) _____

Employee Signature _____ Supervisor Signature _____

“communicate”

Use the Internet to investigate employee discipline problems. Write a brief summary about a problem that was in the news recently and discuss it in class.

Formal Warning

When an employee commits a serious breach of the bank's policy or fails to show improvement after an informal warning, the supervisor discusses the problem with the employee, citing specific occurrences. The employee may explain any special circumstances regarding the violation. The supervisor considers the facts and may decide that a formal warning is warranted. The supervisor explains the reason for the decision, describes in detail the performance changes necessary to correct the situation and a timeframe in which the performance must change, and the consequences if the employee does not meet the expectations, including dismissal. A copy of the formal warning is placed in the employee's personnel file.

Suspension or Dismissal

An employee who does not improve his or her performance or repeats the offensive action within the specified time may be suspended or dismissed. A hearing including members of the management team, the personnel department, and the immediate supervisor is generally held. All special circumstances are considered. If the decision is to suspend the employee, employment will be discontinued for a time specified by the bank's policy. The written notice is added to the employee's file.

If the decision is made to dismiss the employee, he or she is given the reasons. This decision is confirmed in writing, and the employee is given a termination notice. Some misconduct is so serious that the required disciplinary action is immediate dismissal. This gross misconduct includes:

- Refusal to comply with an instruction
- Failure to follow safety rule(s)
- Theft, fraud, or deliberate damage to bank property
- Alcohol or drug intoxication on bank property
- Violent behavior or threats to coworkers, management, or customers

Appeal

Disciplinary procedures must be followed to protect the employer from charges that its actions are either unfounded or performed improperly.

Procedures also serve to protect the employee from having unjustified action taken against him or her. An employee who has been given a formal warning, a suspension, or a termination notice has the right to appeal the decision according to the policies that the bank has established.



Why is a standardized process needed for disciplining and dismissing employees?

assessment | 3.3

Think Critically

1. Why is it unwise for a supervisor who is aware of an employee's performance problem to wait to bring it to the worker's attention until the formal job review?

2. In what way does an employee evaluation act as a communication tool?

3. Why is it important for job descriptions to be updated regularly?

4. What is the purpose of using suspension without pay as a disciplinary measure?

Make Academic Connections

5. **RESEARCH** The Bureau of Labor Statistics is an excellent source of information about the banking industry. Use information you obtain from its website to prepare a one-page report on the working conditions in banking.
6. **ECONOMICS** Analyze the impact of the use of online services on the banking industry.



chapter 13 assessment

Chapter Summary

13.1 Organizational Structure and Employees

- A. Banks are organized by departments. Titles of departments vary. A typical bank is structured around the deposit-gathering, loan, and trust functions. Other departments support these functions.
- B. Many different positions provide the services that banks offer. A wide range of skills and responsibilities is involved.

13.2 Human Resources

- A. Human resources departments at banks establish the policies and procedures related to hiring, training, evaluation, compensation, and benefits.
- B. The HR department maintains confidential employee records according to legal requirements and bank guidelines.

13.3 Employee Evaluation

- A. To ensure that employees understand their responsibilities, perform them as required, and have a gauge as to their performance level, banks conduct periodic employee assessments.
- B. From time to time, a bank must discipline and even dismiss an employee. In doing so, it must follow specific steps and perform certain procedures aimed at protecting the employer and the employee.

Vocabulary Builder

Choose the term that best fits the definition. Write the letter of the answer in the space provided. Some terms may not be used.

- ___ 1. The most common position at banks
- ___ 2. Provides support to all functional departments
- ___ 3. A form on which to record employee assessments
- ___ 4. An event at which banks present information about employment to a large group of people
- ___ 5. Involves policies concerning hours of work, vacation and sick time, and insurance and retirement plans
- ___ 6. The adherence to a strict moral or ethical code
- ___ 7. States a job's duties and the skills and education required to perform those duties
- ___ 8. Creates an organizational structure for a bank by dividing it into departments
- ___ 9. Defines the expectations for completing a job's essential functions and tasks
- ___ 10. Allows an employee to work from home via computer
- ___ 11. A process that occurs at the beginning of employment that welcomes new employees and helps them understand a bank's policies
- ___ 12. Selecting the most qualified candidate for a specific position
- ___ 13. Account personnel that help customers open a variety of new accounts

- a. benefit
- b. customer service representative (CSR)
- c. departmentalization
- d. evaluation form
- e. integrity
- f. job description
- g. job fair
- h. merit-based employment
- i. operations
- j. orientation
- k. performance standard
- l. telecommuting
- m. teller

Review Concepts

14. List three primary activities or functions of a bank.

15. What is the difference between the functional and operations areas of banks?

16. What is a financial statement?

17. List the various uses of a job description.

18. What is a job fair?

19. What is the reason for preemployment testing?

20. List the documents that a personnel file typically includes.

21. What are the objectives of employee evaluation?





22. What is the purpose of performance standards?

23. What are the stages in employee discipline?

24. List three actions for which an employee could be dismissed immediately.

Apply What You Learned

25. Why is integrity an essential characteristic for all bank employees?

26. Why must all bank employees have good “people” skills?

27. Why is it improper for an interviewer to ask a job applicant about his or her child care arrangements?

28. Why should the personnel file be kept confidential?

- 
29. What do you think is the purpose of having an employee sign the employee evaluation form?

30. What should employees do if they believe their performance evaluation contains inaccurate information?

31. Give examples of what employee issues would prompt an informal warning and then what problems would necessitate a formal warning.

Make Academic Connections

32. **RESEARCH** Choose one of the job positions discussed in Lesson 13.1. Investigate the job tasks, salary, and job outlook. Write a two-page report on what you learn.
33. **BANKING MATH** At the beginning of the work day, a teller's cash drawer has a total of \$5 in loose change, 50 one-dollar bills, 50 tens, 30 twenties, 10 fifties, and 10 hundreds. During the day, the teller had deposit transactions totaling \$3,150 and withdrawals of \$4,300. At the end of the day, the drawer contains \$1,060. Is the drawer in balance?

34. **COMMUNICATION** Use the Internet to find samples of resumes. Compile a resume that you can use when applying for banking jobs.
35. **CAREERS** Interview a bank's auditor or accountant about the position's responsibilities. Learn about the person's daily business activities and recent technological advances that have affected the job. Present your findings to the class in an oral report.