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SIP & SEE

The invitations have been sent – have you R.S.V.P.'d? We would love to see you at our Open House on Monday, September 21st as we welcome HRA friends and clients to our beautiful new office in Tigard. From 4:30 P.M. until 7:30 P.M. our doors will be open and our welcome mat dusted off. We hope you can stop by for a chance to see where our workshops will be held and to chat with our staff.

THE PULSE ON HR JOBS

Confidence remains high in the stability of the human resource (HR) profession, and although job opportunities have been flat since the start of 2015, there is increased faith among HR professionals that they can land new jobs in their field, if necessary, according to the Society for Human Resource Management's HR Jobs Pulse Survey.

The survey examines hiring trends in the HR profession as well as HR professionals' faith in their own job security and ability to find work elsewhere. The results from the summer 2015 survey show that many HR professionals are content with their compensation and their ability to balance work and life issues. However, others are not satisfied with their advancement opportunities and their organization's overall culture, leading them to seek new jobs in the near future.

Among the survey's highlights:

More than one out of four HR professionals (27%) had some degree of concern about their job security (23% were "somewhat concerned," and 4% were "very concerned"). Among career-level categories, executive-level HR professionals had the least combined degree of concern (21%), and mid-career level workers had the highest level (31%) of concern with job security.

The vast majority of HR professionals (88%) had some level of confidence that they could land a new position, if needed. Of the 88%, 59% said they were "somewhat confident," and 29% said they were "very confident."

More than one out of three respondents (37%) who said they were looking or planning to look for a new job cited "more compensation/pay" as the reason. Thirty-three percent also pointed to "better career advancement opportunities" as the reason for seeking a new job.

Fewer than three out of ten respondents (27%) said their organizations were hiring for HR positions (21% needed replacement positions, and 6% were creating new HR jobs). The need for HR expertise increases dramatically with company size. Just 1% of small organizations (those with 1-99 of the spectrum, nearly two-thirds (65%) of employers with 25,000 or more workers are now hiring for HR jobs. Among the organizations that are hiring for human resource positions, HR Generalists continue to be in the highest demand (55%).

The median compensation for HR Generalists across all levels of experience also improved at a better rate in 2014 than for HR positions overall, according to the *2014 General Industry Human Resources Compensation Survey Report-U.S.* by Towers Watson. Generalist jobs were paid a median total cash compensation of \$79,200 in 2014, up 6% from 2013.

According to the survey almost one-quarter (24%) of companies are seeking HR professionals with employment/recruitment skills. That category was followed by benefits positions (16% of companies hiring), employee relations (13%), training/development positions (13%), human resource information systems (HRIS) (11%), and other HR function positions (also 11%).

Confidence levels were high among experienced HR professionals: 89% of executive-level, senior-level, and mid-career-level respondents had some degree of faith that they could find work if necessary. Nearly three out of four (74%) early career HR professionals had some level of confidence in finding a new job.

Other data from the survey shows that HR professionals have a wide range of reasons for staying in their current positions. Nearly two out of five (38%) said they continue to work at their current organization because of "flexibility to balance work and life issues." Another 34% pointed to "compensation/pay," and one-third of HR professionals (33%) cited "positive relationships with colleagues/co-workers" as motivation for remaining in their positions.

Portland Office
7650 SW Beveland Street
Suite 130
Tigard, OR 97223
(503) 885-9815

Willamette Valley Office
7287 Park Terrace Dr. NE Ste. 101
Keizer, OR 97303
(503) 463-7269

While some want to stay, some want to go. Nearly three out of 10 (28%) respondents said they were already looking for a new job, either by choice (24%) or involuntarily (4%) due to a layoff, being fired, or another reason.

Apart from that group, another 22% of HR professionals said it was either “likely” or “very likely” that they would voluntarily begin looking for a job within the next 12 months. For all those respondents who indicated they were already looking for or planned to pursue a new job in the next 12 months, 37% cited “more compensation/pay” as the top reason for the job search. Another 33% pointed to “better career advancement opportunities,” and 32% said they were seeking “better overall organizational culture.” Slightly more than one out of 10 respondents (11%) said they were seeking an organization “where HR certifications are more valued and supported.”

Of those respondents who were currently looking or planned to look for a new job, the majority indicated that they would stick with the HR profession, 68% said they would pursue a job that was “same as current HR function,” and 35% said they would apply for a job with a “different HR function.” Another 16% said they would pursue “a non-HR job.”

Many HR professionals also indicated they planned to improve their skills in the near future. Nearly two-thirds (64%) of respondents said they would be focused on developing HR competencies in the next six to 12 months in order to advance their careers. Of that group, slightly more than half (51%) said the primary driver for that decision was their belief that “they needed the development,” and 17% said the “trend in my field indicated the need for specific competencies.”

To achieve that goal, 61% said they would take classes/seminars offered by another body (such as a professional organization, private training organization, or a trade group), and 35% said they would obtain a professional certification. Another 34% indicated they would take classes/seminars at an educational institution.

FLSA UPDATE

The recent proposed changes to the Fair Labor Standards Act have certainly generated a lot of conversation and concern. For more detail update on the comments that the DOL has been receiving, you may wish to check out this SHRM information. <http://tinyurl.com/ojvnrba>

EMPLOYMENT LIABILITY CONCERNS

In HR, we are often talking about reducing risk and liability on a variety of levels. Many organizations will take steps via training, policies, etc. to reduce their risk, including opting for having some sort of employment-related liability insurance. What is important to remember is that all policies are not created equal. Knowing which liabilities are covered by which policies—and what to do when potential liability arises—is critical to maximizing your insurance recovery.

The best place to start is by understanding the different types of coverage. First is Commercial General Liability (CGL) coverage which is often a staple in many companies’ insurance portfolios, but as broad as such coverage may be, most CGL policies afford only limited coverage for employment-related liabilities. Next is Employment Practices Liability Insurance (EPLI) which can bridge any gaps that might exist for claims brought by current or former employees. Finally, there is Directors and Officers Liability (D&O) which is designed to protect the organization as well as its individual directors and officers.

Below are key areas of potential employer liability and the considerations that come into play in determining what is covered by insurance.

1. Wage and Hour Claims. Violations of the Fair Labor and Standards Act (FLSA)—and wage and hour claims in particular—are on the rise. Such claims may arise out of a variety of scenarios, such as when employers alter time records to avoid paying overtime; misclassify exempt and nonexempt employees and independent contractors; fail to provide rest and meal periods; or receive a harassment claim or a wrongful termination claim.

Defense costs for these lawsuits can be substantial, particularly if they become class actions. Consequently, many employment practices liability insurers now specifically exclude coverage for wage and hour claims, among other types of FLSA violations. Nevertheless, as with whistle-blower and retaliation claims, wage and hour claims may still be entitled to the cost of their defense under many EPLI poli-

Editor: Deborah Jeffries, PHR, CPC. Advantage is published monthly and is designed to provide information on regulations, HR practices and management ideas and concerns. The intended audience is managers, supervisors, business owners, human resource and employee relations professionals. If you have questions about the content, an opinion about the information, questions about your subscription, or if you need additional Advantage binders, please give us a call at (503) 885-9815 or e-mail djeffries@hranswers.com.

cies' broad "duty to defend" language. Likewise, the wage and hour claim may implicate coverage where the claim is itself based on a generally unfair business practice that is otherwise covered under the policy. This is especially true if the claim includes a protected class status as the reason underlying the wage claim.

2. Class Actions. Wage and hour and other claims have the potential to affect large groups of individuals and thus incur hundreds of millions of dollars in liability. Earlier forms of EPLI specifically excluded coverage for these types of claims. However, as such claims have become more frequent, insurers have introduced endorsements designed to afford coverage for defense costs. It is important for policyholders to know in advance whether their policy also affords indemnity coverage for any ultimate liability.

3. FMLA Violations. With an aging workforce and many employees deferring retirement, employers are seeing more requests for medical leave and more reasons for those requests. Some requests present clearly justifiable grounds for leave; others, not so much. Any denial of leave presents potential for a claim against the employer or, worse, the individual supervisor or HR professional.

In fact, many courts have ruled that individual liability attaches to those involved with Family Medical Leave (FMLA) decisions that affect aggrieved employees based on the FMLA definition of "employer," which allows for personal liability of managers and company officials. Insureds, therefore, should look to their EPLI and D&O coverages to respond to such claims.

4. Whistle-Blower Actions. The number of whistle-blower and retaliation claims continues to rise as workplace regulations intensify and whistle-blower protections multiply. Coverage for these claims, including the often-substantial cost of defense, is typically available under EPLI.

5. Data Breaches. With corporate data breaches becoming more common, employers and executives are increasingly taking the blame—and incurring the liability. Suits are diverse, ranging from shareholder derivative actions to ordinary lawsuits seeking consequential damages. Claims against corporate boards and executives should be covered under most D&O policies, which typically do not contain data-breach or cyber exclusions, whereas claims against negligent employers or supervisors may trigger ordinary CGL or EPLI coverages.

6. Social Media. All forms of social media are growing by the millions, daily! What this means for employers is that a comment or post about an employee has the potential for "viral" explosion. Sadly, more and more employees are using social media to defame, disparage, or harass organizations and co-workers. Usually EPLI does not cover disparaging or defamatory comments made by employees against one another. However, it may protect employers when an employee harasses or defames a co-worker and that co-worker sues the employer for failing to prevent such harassment.

Likewise, EPLI will typically protect the employer when a manager is responsible for the inappropriate post, tweet, or tag. Protection may also be available under CGL policies if the alleged offense comes within the scope of the policy's personal injury coverage.

7. Alternative Work Arrangements. Alternative working arrangements, such as telecommuting, compressed workweeks, and staggered schedules continue to increase in popularity. The arrangements may give rise to a host of employer liabilities, from FLSA violations based on nonexempt employees working longer days, to discrimination in the selection of employees to be afforded alternative work arrangements, to claims of missed promotion opportunities. Such claims may amount to "wrongful acts" entitling the employer to coverage under EPLI. Likewise, liability occurring offsite but within the scope of the employment relationship may implicate coverage under the employer's CGL policy. Don't forget the Workers' Compensation implications of these work arrangements.

8. Discrimination. The Equal Employment Opportunity Commission (EEOC) has changed the litigation landscape by filing the first two lawsuits in its history challenging transgender discrimination under the Civil Right Act. EPLI policies typically cover claims alleging employment-related discrimination based on the violation of any federal, state, or local law that prohibits discrimination on the basis of race, sexual orientation, color, marital status, creed, national origin, religion, gender, age, military service, disability, or pregnancy.

Many EPLI policies also contain provisions that more generally extend coverage to "other protected classes." For example, a policy may afford coverage for claims based on nondiscriminatory "discrimination." D&O policies also may apply when the discrimination emanates from corporate mandates. CGL policies come into effect when the discrimination results in a form of personal injury.

9. Sexual Harassment. Claims alleging sexual harassment are typically covered under EPLI policies. The facts of each claim will determine whether the claim implicates CGL personal injury coverage. In addition, because these claims often include alleged failures at the corporate level regarding the enactment of workplace safeguards and policies, such claims may implicate D&O coverage as well. Review your notices to see if they require certain actions to establish an "affirmative defense" in order for the policy to provide coverage.

10. Gender and Sexual Orientation Claims. The last couple of years have seen a rapid increase in the protections afforded to lesbian, gay, bisexual, and transgender (LGBT) individuals. These additional discrimination protections could affect the scope of insurance covering employment discrimination claims. With the recent Supreme Court Ruling and a steady increase in the number of states recognizing

same-sex marriages, procuring insurance that covers such discrimination is increasingly important. Newer EPLI policies explicitly cover discrimination based on sexual preference or orientation. Older policies may not be so clear. It is important, therefore, that policyholders **continually review and update their EPLI and other insurance** to ensure that it encompasses the organization's current risk portfolio.

CHARGING ADMINISTRATIVE FEES TO TERMINATED PLAN PARTICIPANTS

If you have former employees who have left their balances in your organization's employer-sponsored retirement or pension plans, you do have some options. First, you may be able to force anyone with a vested balance of less than \$5,000 to take a distribution, depending on the "force-out" provision adopted in your plan document. Many plan documents even require that these participants be forced out each year.

But what about those with a vested balance over \$5,000, who the law says must be allowed to remain in the plan even if they left their employment years ago? It still adds an administrative burden to have their accounts active, and may add to your plan's administrative costs as well. To offset this, the IRS and Department of Labor (DOL) allow you to adopt a provision charging a "reasonable" administrative fee to the accounts of terminated employees.

What is considered reasonable? The legal guidelines don't set a number in stone. The idea is that the fee amount should offset any costs (both in-house labor and third-party vendor fees) incurred by the plan sponsor for maintaining the account, but should not be used as a way of generating revenue. The fee must be stated in the participant fee disclosure, and the plan sponsor should maintain documentation on how the fee amount was calculated. Generally, a fee in excess of \$100 per year would not be considered reasonable.

How can you start charging this fee? The first step will be to contact your plan third-party administrator (TPA) to discuss your plan provisions and options. The plan document may or may not need to be revised, and you will need to send updated disclosures to all eligible participants anytime the plan's cost structure changes.

Once you have the green light from your TPA, it's time to set your administrative procedure for how and when to charge the fee. While it is possible to set a rule such as "the fee will be charged on the anniversary of your termination date," it could make a lot of extra work for you to be tracking all those dates. The simplest thing is to choose one day a year on which all the fees will be charged.

You'll also want to set a rule for who the fee will be charged to – for example, if you charge the fees on May 1, it might not be fair to include someone who just left their employment on April 15 and hasn't had much time to consider or act on their distribution options yet, especially since someone who leaves employment on May 15 would get almost a full year to act before being charged.

Most commonly, plan sponsors choose to assess the fee sometime in the spring, around March or April, to anyone who terminated on or before December 31 of the previous year. You can use a rule like this as a guideline and adjust the specific dates to fit your business needs. The details of the rule you choose are not as important as making sure that it's fully documented and applied consistently and equally so that there's no appearance of discrimination.

How does charging the fee work? The actual process will vary depending on your plan's investment provider. A couple of things are correct pretty much across the board, though:

1. It will be the plan sponsor's responsibility to set and follow the administrative procedures. Neither your plan's investment provider, financial advisor, nor third party administrator will track whether the fee is being charged.
2. It's best to send out a notice each year at least 30 (but not more than 90) days before charging the fee, encouraging participants to take a distribution to avoid it. This might spur some of them to action so that your list of ex-employee accounts grows shorter over time.
3. The plan's investment provider will have their own specific form or Letter of Instruction format that they will want to receive from a plan trustee each time with specific instructions on who to charge, how much to charge, and what to do with the money.

If you are considering adopting a terminated employee fee, or if you have already adopted one and need some help with setting your policies and assessing the fee when the time comes, email The Commerce Company at 401k@thecomco.com, and they will be happy to assist.

Content prepared by The Commerce Company founded in Portland in 1995 and provides corporate retirement and investment planning for small to mid-sized businesses. They can be contacted at www.thecomco.com or 503-203-8585.

ATTRACT CANDIDATES AND RETAIN TALENT

Recently HRA staffers have been asked to speak on the subject of recruiting (hiring, interviewing). These requests and this topic are always a good indicator that the economy is improving because this means employers are hiring. We thought we would take this opportunity to share some observations with you from our presentations. *(We also thought it was a good idea to remind you that HRA has a staffing and recruiting division which can partner with you on your hiring activities. Just give us a call. We can save you some time and energy.)*

As the U.S. economy improves, job candidates are more discriminating when evaluating career/job opportunities, making the search for outstanding talent increasingly challenging. In a competitive and dynamic environment, the key to successfully hiring exceptional talent begins well before an actual staffing need surfaces. Here are several strategies that you can implement now to improve your organization's future recruiting ROI:

- 1. Ensure your organization's written mission statement, values, and objectives are well-defined, relevant, and up-to-date.** Mission statements, values, and objectives provide a clear picture of your organization's direction and serve as a road map for future decision-making and strategic initiatives. By publishing your organization's mission statement and values on your website, you allow prospective candidates the opportunity to determine if their own personal values align with your organization. Employees who have similar values as their employer are found to be more engaged, productive, and invested in their jobs.
- 2. Ensure your organization's culture embraces diversity and your leadership team appreciates differences in ethnicity, gender, age, national origin, disability, sexual orientation, education, religion, lifestyles, personalities, and skills.** A culture of inclusion begins with your leadership team and its ability to make certain every employee has the opportunity to reach his or her full potential. Be sure to look at your website from the perspective of a candidate to see if your leadership team reflects diversity in all ways: cultural, generational, etc.
- 3. Review your employment branding to ensure your organization is perceived as an employer of choice.** Does your organization have an Employer Value Proposition (EVP)? If not, you may want to consider developing and publishing an EVP. An EVP outlines your unique offerings, which are considered valuable by prospective candidates and current employees. It can provide a consistent, positive message internally and externally about the benefits of joining your organization. This can include how the organization gives back to the community, social views, sustainability, etc.

According to the 2015 Employer Branding Study (1,300 job seekers and 218 HR and talent acquisition professionals representing employers of all sizes) released by CareerArc found job seekers expect employers to have a strong online presence. Upon hearing of a job opportunity, a majority of the job seekers, 52%, seek out an organization's online properties first, such as websites and social media channels, to learn more about the employer's brand identity and company culture. Below is a list ranking the first go-to sources job seekers turn to when evaluating employer brands:

- 52% of job seekers first visit online properties to view an organization's website and social media
- 17% first turn to individuals in their personal and professional network
- 15% first visit employer review sites
- 9% first research news articles
- 7% reported other first sources.

The percentages below reflect the amount of job seekers who reported they were likely to visit the specified social media platform to learn more about an employer's brand:

- Facebook: 70%
- LinkedIn: 67%
- Google+: 61%
- Twitter: 41%
- Instagram: 29%.

- 4. Reduce the number of potential hiring mistakes.** There are two kinds of hiring mistakes: hiring the wrong candidate and not hiring a potential superstar. While many hiring managers understand the costs associated with hiring the wrong person, they don't realize that it can be just as costly to overlook a candidate. Be sure to train your hiring managers to review resumes and applications with an open mind. Frequently, recruiters make incorrect assumptions about a candidate based on their resume alone. A phone screen can uncover additional useful information that may qualify the candidate for an in-person interview, and ultimately, lead to a great hire.
- 5. Establish consistent hiring practices and procedures that take into consideration both the candidate's and your organization's perspectives.** Too often, employers are so focused on whether a candidate is a good fit that they forget the candidate's decision to switch employers is just as important. Make sure every interaction with a candidate reflects a positive and professional image of your organization. Even if you don't extend an offer to a candidate, the candidate serves as your mini-marketing

department. Make sure your hiring activities include enough time for an overview of the organization, realistic job preview, site visit, and the opportunity for the candidate to ask questions. Not only do candidates want to hear about the benefits of joining your organization, but they also want to hear about the challenges they may encounter. It is better to tell them upfront so that they know what to expect on their first day of employment. The interview is the first step in building trust between you and your future employee and it is the first steps in retention. Prospective employees also want to see where their office/cubical will be located so that they can see if this is the type of environment they can see themselves working in. Be sure to move quickly as possible through the hiring process while maintaining your hiring steps and activities. It is usually when we short-change the process that we forget a step and then we make an offer that later we have to rescind or worse - we have to let the person go because of our missteps. PLEASE keep candidates informed along the way. As soon as you know a candidate is not moving forward in the process, you should notify them. It is a kind and courteous step that we all must do!

- 6. Train your hiring managers on how to conduct effective behavioral-based interviews.** Behavioral-based interviews are based on the premise that the best predictor of future performance is past performance. They are more effective than traditional interviews if skillfully administered. Providing hiring managers with a list of behavior-based interview questions is a good starting point; however, training managers how to appropriately probe, clarify, and ask follow-up questions will help your organization gain vital information to make more informed hiring decisions. Good questions are important, but knowing the answer that you are looking for is even more important. What are you looking for that will be the best fit for the position, the supervisor, and for the organization?
- 7. Invest in technology, if needed.** When assessing job offers, candidates compare compensation, benefits, and advancement opportunities, while also looking at the resources provided to them to ensure they have the tools necessary to be successful in their new role. If you have outdated computer software and hardware, now may be a good time to upgrade (again, a time to up front with your candidate).

These are just some suggestions and are not intended to be all-inclusive. So help us out. We would love to hear your ideas on attracting candidates and retaining talent.

TAKE CORRECTIVE (NOT DISCIPLINARY) ACTION

Ah Fear! It is what constrains us the most. And it is definitely one of the reasons supervisors, managers, and leaders don't fulfill their responsibility to counsel (take corrective action) against employees who are underperforming or violating workplace rules.

The usual questions pop up: What do I say? How do I prepare? When should I do this? Who should be present? Maybe it will just go away and I won't have to say anything. Sound familiar?

Counseling is corrective action; formerly known as disciplinary action. If you haven't already, PLEASE get rid of the term "disciplinary action" in your workplace. It makes the supervisor and managers sound more parental. If you want to create a professional environment that employs adults, then treat your employees like adults. Coach and counsel them to "correct" their behavior, instead of punishing them. Employees need to hear the feedback. Besides, they cannot change what they do not know.

With corrective action, you are going on record, in a verbal or written format, to make an employee aware of what must be improved to remain in good standing; to remain employed. Why must you go through this agony? Here are several reasons why:

1. Believe it or not, the employee wants you to. Employees want their leaders to lead and to coach. Dedicated and motivated employees (the ones you should have hired) want your feedback, even when it is something that might be hard to hear. It is easy for an employee to go through the motions so many times they lose their way. Maybe they didn't even realize that their tone of voice had deteriorated when talking to customers or other employees. You won't know how to diagnose and fix challenges without having the conversation. Do I still have to go on record and write down that verbal counseling took place? YES! Why? Because it might happen again and then what will you do? What will you refer to?
2. It's your responsibility to protect the organization. When you fail to take some form of action (in a timely manner) to combat instances of policy violations or poor job performance you are unnecessarily exposing the organization and co-workers to risk. What risk? Lower productivity, lost sales, decreased revenue. How? What do the other above-average employees think when they see a co-worker being allowed to break rules or slack off without consequence? What happens when you are at your wits' end and want to fire the employee? Your ability to defend your actions through an unemployment claim (or worse) rests in your corrective action documentation trail; those papers that the employee hopefully signed, acknowledging they were told what they were doing wrong and that it must be fixed. Don't let your fear bring down morale or hinder your organization's ability to defend itself.
3. For your credibility. Maybe you always wanted to be a manager. Or maybe you got lucky and were given a chance to manage because your productivity was so high. Regardless of how you made it into a leadership position, no one wants to be seen as a bad manager. Some may joke or make light of it, but is that a good strategy? Especially when years of research tell us that the

most talented employees leave because they dislike their bosses, not because they don't like their job. If turnover is costly, and all your best sources of creativity and initiative leave, what will become of the organization? If you want to be credible as a manager and as a leader, then face your fears of hard conversations head on. Managers who can have the hard conversations in a manner that coaches employees to success will be running the department with all the talent. What happens next? How does job satisfaction, a thriving career, and promotions sound?

HRA HAPPENINGS

We want to say "good bye" to Susan Harris. For the last couple of years, she has been serving as our Recruiting Coordinator. As of Sept 1st she has taken another job with a small firm in town serving as their Recruitment and Retention Specialist. We wish her well!

And that means we say "hello" to Laura Morton. We are excited to welcome her aboard! She will be working with Lauren Francis in our Recruiting and Staffing Division. You will be able to meet and talk with both of them at our Open House on September 21st from 4:30-7:30pm.

HR BY THE NUMBERS

86% of consumers are put on hold every time they contact a business. In fact, the average person spends almost 43 days of their entire life on hold. Not surprisingly, customers say their biggest frustration when phoning a contact center – by a whopping 43% – is being put on hold.

For many Americans, cell phones are always present and rarely turned off — and this constant connectivity creates new social challenges. Some 92% of U.S. adults now have a cell phone of some kind, and 90% of those cell owners say their phone is frequently with them. 31% of cell phone owners say they never turn their phone off and 45% say they rarely turn it off. It turns out that people think different kinds of public and social settings warrant different sensitivities about civil behavior. For instance, fully 77% of all adults think it is generally okay for people to use their cell phones while walking down the street and 75% believe it is acceptable for others to use phones on public transit, but only 38% think it is generally okay for others to use cell phones at restaurants and just 5% think it is generally acceptable to use a cell phone at a meeting.

According to a study by Georgetown University's Center on Education and the Workforce, the U.S. economy now has about 1 million more jobs in occupations that rank in the top third of income and 800,000 more in the bottom third. The middle third, however, has yet to recover the jobs lost during the recession. The report provides evidence that the middle of the U.S. labor market is hollowing out. Good jobs are primarily available to college graduates – of the 2.9 million higher-wage jobs added since 2010, the authors estimate that 2.8 million went to work with at least a bachelor's degree.

According to TINYpulse's poll of 5,000 engineers and developers, tech workers are less happy than workers in other sectors in every key category. For example, only 36% of tech workers say they see opportunity for professional growth, compared to 50% of other workers. There is widespread workplace dissatisfaction in the tech space, and it's undermining the happiness and engagement of these employees, the survey concludes. The low numbers point to a disconnect between the individual IT worker and their company as a whole, so it's vital that managers reach out to find out what they think. Don't let a rift open up between you and your workforce.

In a review of 17 studies covering 528,908 men and women who were tracked for an average of 7.2 years, the longer workweek was linked to one-third greater risk of strokes. The elevated risk remained even when smoking, alcohol consumption, and level of physical activity were taken into account. The study, published in the journal *The Lancet*, found that people who worked between 41 and 48 hours weekly had a 10% higher stroke risk, while for those working 49 to 54 hours, the risk jumped by 27% as compared with people who logged a standard week.

Working 55 hours or more per week increased the risk of having a stroke by 33%, the study showed. The long workweek also increased the risk of developing coronary heart disease by 13%, even after taking into account risk factors including age, sex, and socioeconomic status.

Global mergers and acquisitions are on pace this year to hit the highest level on record, thanks to a buying spree from organizations on the hunt for growth. Takeover-deal announcements would reach \$4.58 trillion this year if the current pace of activity continues, according to data provider Dealogic. There is no assurance the intensity will continue. For now, though, deal makers are in heady times. The tie-ups come as companies, after years of cost-cutting during the recession, search for ways to boost growth and find further cost savings in an overall sluggish economic environment.

Organizations that plan to terminate or lay off employees may also need to plan for potential backlash, according to the 2015 Employer Branding Study released by CareerArc. The survey found one in three respondents, 38%, who have been terminated or laid off had left one negative review of that former employer on a review site, social media, or with a personal or professional contact. The survey also found 54% of those who have been let go at least once in their career reported that the layoff or termination had negatively impacted their perception of their previous employer.

Relocation is rarely the most desirable option for job seekers. There is a lot of cost and risk involved. However, moving is proving to be on the rise for senior employees. An average of 15% of job-seeking managers and executives moved for new positions over the last two quarters of 2014, according to the new report by Recruiting Trends. That was up from an average of 11.4% in the first two quarters of the year. In 2013, the relocation rate among job seekers averaged 13%.

CLIENT ACCOLADES

HRA is immensely pleased to share the news about one of the firm's friends. *Best Lawyers in America* named **Tom Kramer at Bullard Law** the **2016 Lawyer of the Year** for Employee Benefits (ERISA) Law for the Portland Metro area!

Only one attorney in each practice area is honored each year for this prestigious accolade. Tom received exceptional recognition during peer-review assessments, indicating he has earned a high level of respect among other leading lawyers in our community.

Tom joins 12 other Bullard Law attorneys to tout the Lawyer of the Year title this year! What an astounding achievement for this firm! **Well done, Everyone!**

HRA would also like to recognize long-standing client **Lummi Nation**. *Portland Monthly* posted an article about the 6,000 mile journey being taken by tribal representatives along with a 20-foot totem pole as a symbol of protest against the many proposed fuel transport terminals in the Pacific Northwest. Portland Mayor Charlie Hales spoke in support of Lummi Nation and its representatives at a ceremony of nearly 500 attendees on August 31.

If you haven't noticed, the changes occurring at **Rose Villa** adjacent to the City of Milwaukie, then you have missed a major remodeling project. The grounds, the apartments, the amenities, and the décor have all been upgraded to better fit the needs and wants of the next generation of people who desire to spend their later years with more support and friends. Congrats on the upgrade and helping those with the desire to live in an adult community have easy access to all the necessities of being active, but getting older.

THOUGHTS TO THINK ABOUT

"Don't worry about failures, worry about the chances you miss when you don't even try."

– Jack Canfield

"The pain you feel today is the strength you feel tomorrow. For every challenge encountered there is opportunity for growth."

– Unknown

"Build your own dreams, or someone else will hire you to build theirs."

– Farrah Gray

"The only thing that stands between you and your dream is the will to try and the belief that it is actually possible."

– Joel Brown

"Self confidence is the most attractive quality a person can have. How can anyone see how awesome you are if you can't see it yourself?"

– Unknown

"We learn something from everyone who passes through our lives...Some lessons are painful, some are painless... but, all are priceless."

– Unknown

"Being happy doesn't mean that everything is perfect. It means that you've decided to look beyond the imperfections."

– Unknown

Q & A

Q: What is a compensation philosophy? Why does my organization need one?

A: A compensation philosophy is simply a formal statement documenting the organization's position about employee compensation. It explains the official pay strategy and helps ensure consistency. The objective is to show how the pay program fits into your business strategy. The philosophy also may establish the factors used to determine employee base pay, variable pay (such as bonuses) and how adjustments can be made. In addition, it may lay out how market compensation surveys are used to set salary ranges.

The compensation philosophy serves as a guideline to a manager who wants to offer more pay to a job candidate or an employee who believes he or she should be paid more. And, when followed consistently, a compensation philosophy may help serve as a safeguard to defend against pay claims.

Compensation philosophies are typically developed by HR in collaboration with the executive team. The philosophy is based on many factors, including the organization's financial position, the size, the business objectives, salary survey information and how difficult it is to find qualified talent in that industry.

Some important questions to discuss with the leadership team are:

- Does the organization want to lead, lag, or meet the market in terms of compensation?
- Is the organization having trouble hiring and retaining the employees it needs to be competitive?
- Is the overall compensation program perceived as fair by employees?
- Is it legally compliant?

The compensation philosophy should be reviewed periodically and modified as needed. For example, market conditions may make it difficult to find qualified talent in a particular specialization, and employers may need to pay a premium for these candidates. If the employer's current compensation philosophy doesn't support this value, the organization may need to change it. A written compensation philosophy is most beneficial when it's followed diligently, communicated clearly, and understood by all employees. Share it through the organization's intranet, the employee handbook, policy manuals, and bulletin boards as well as at employee orientation sessions and staff meetings. It is important to coach managers on how to answer questions from employees. In short, a compensation philosophy answers the question, "What do we want compensation to do for us?"

CREATION OF JOBS, AFFECTS YOUR UI TAX RATES

Last June, the number of full-time (35 hours or more) jobs in the United States finally got back to the same level as the beginning of 2008. It has been a long road and this year we are up an additional 3 million more.

Since full-time jobs are now increasing, this is a good time to consider how job creation impacts your exposure to UI taxes.

The immediate first year result of your organization creating a job is an increase in your UI taxes because of the increase in taxable payroll. In all states except four (NH, NJ, TN, VT), UI tax rates are assigned for a calendar year, so any new hires this year could not affect your UI tax rate calculation until 2016 at the earliest and more like 2017 if you hire in the second half of the year. In reserve ratio states, the second year impact of creating a job can also be adverse. A reserve ratio is simply an organization's reserve account balance divided by a measure of its taxable payroll. A higher reserve account balance, in relation to payroll, results in a lower tax rate. For an organization with a positive reserve account balance, creating a job often dilutes the reserve ratio (the reserve account balance grows at a slower pace than the taxable payroll). This can keep the tax rate elevated for an extended period when a company is growing rapidly because the increased taxable payroll makes your reserve ratio a smaller fraction (assuming you have a positive reserve account balance).

The reverse is true in benefit ratio states and benefit wage ratio states. A benefit ratio is a measure of benefit charges resulting from approved claims (usually three to five years of charges) divided by a measure of taxable payroll for the same time period. Creation of jobs translates into a smaller, more favorable benefit ratio or benefit wage ratio, because taxable payroll is the denominator of the ratio, and a lower UI tax rate is assigned, all other factors remaining unchanged. UI tax rates in benefit ratio states and benefit wage ratio states generally respond more quickly (for better or for worse) to changes in taxable payroll.

Regardless of the state, your organization will benefit from other organizations creating jobs as well. As jobs are created, UI claimants are able to find a new job sooner, and the average duration of a UI claim decreases. Your UI benefit charges will be reduced when another organization hires your former employee sooner.

advantage

SUI tax rates in most states remain elevated today. However, the state unemployment trust funds are growing, in part because of the increased revenue generated by elevated tax rates. As more jobs are created, the elevated tax rates are applied to more taxable payroll, thereby accelerating the improvement in trust fund solvency (at your expense, of course).

FOR YOUR CALENDAR

Open up your Daytimers, Outlook, Palm Pilots, and all those Smart Phones. The following is a look at upcoming events, special days and other diverse and fun activities you will want to be aware of and get scheduled. **To register for our workshops, please call any of our offices, or send an e-mail to Bryse Bishoff at bbishoff@hranswers.com, or fax it to (503) 352-5582.**

SEPTEMBER

Happiness Happens, National Win with Civility, What Will Be Your Legacy, Hispanic Heritage, National Cholesterol Education, National Drug and Alcohol Addiction Recovery, National Honey, and National School Success Month

- Sept 7 Labor Day, HRA office closed
- Sept. 11 HRA offices will be closed for the day for our All-Staff Retreat
- Sept. 21 HRA Open House – Come see our new digs
4:30pm-7:30pm**
- Sept. 23 UEA and HRA Workshop - Tigard
Safety Series – Class 1
Managing an Effective Safety Committee &
Safety Programs
9:00am – 12:00pm**
- Sept. 25 UEA and HR Answers Workshop – Tigard
Oregon Legislative Update
8:30am – 10:30am**
- Sept. 30 HR Lunch Bunch – CCBI, Salem
Micro-Inequalities
12:00pm –1:00pm

Coming Up:

- Oct. 5-7 NHRMA Regional Conference – Portland
We will be attending – Come see us at booth #72
- Oct. 7 No Portland HR Lunch Bunch (hope you will be attending the NHRMA Conference)
- Oct. 14 HRA Workshop – Tigard
Improving Your Interview Skill with
Behavioral Interviewing
8:30am – 12:00pm**
- Oct. 21 UEA and HR Answers Workshop – Tigard
Safety Series – Class 2
OSHA Inspection and Documentation
9:00am – 12:00pm**

Oct. 28 HR Lunch Bunch – CCBI, Salem
Topic: Organization – Time & Space
12:00pm –1:00pm

**Oct. 29 HRA Workshop – Tigard
HR - Ripped From the Headlines
9:00am – 12:00pm**

Planning Ahead:

- Nov. 4 HR Lunch Bunch – Tigard
Topic: Hot Topics in HR – Open Forum for Your Questions
12:00pm –1:00pm
- Nov. 18 HR Lunch Bunch – CCBI, Salem
Topic: Older Workforce
12:00pm –1:00pm
- Nov. 18 UEA and HRA Workshop – Tigard
Safety Series – Class 3
Hazardous Communication & OSHA 300 Logs
9:00am – 12:00pm**
- Nov. 19 HRA Workshop – Tigard
Getting Organized
8:00am – 12:00pm**
- Dec. 2 HR Lunch Bunch – Tigard
Topic: Real Coaching Practices for HR
12:00pm –1:00pm

ON MY SOAPBOX

I was part of a panel presentation not too long ago and thought the moderator had a unique way of introducing us. He asked the four of us to provide our names, our company affiliation, our title, and our favorite scientific law. Honestly, I have never been asked that before. I was glad that I was the last to have to introduce myself so that I had a bit more time to figure out if I even had a favorite scientific law to offer. I tried to recall what I learned in my science classes and all I could think of was the dissection projects which seemed highly inappropriate. Then in a flash, I realized that one of my favorite sayings was a scientific law and felt a huge sense of relief. I had something to say when it came my turn.

What was this saving revelation? Simply this...Nature abhors a vacuum! Next question...why is it one of my favorite sayings? The answer is because it is a short-hand reminder of a concept that encompasses many HR principles.

When employees are not given complete information about an event, a business plan, an issue that has cropped up, or anything of importance happening in the organization, they will take whatever information they have and try to connect the dots. They fill the voids with their own assumptions and beliefs based on their history with that organization or other employers. This generates gossip and rumors based on supposition, not facts. And once a comment has been made three times as a possibility, it turns into a “fact” or a “truth.” It goes from “Do you suppose it could ...” to “I heard this is what they are doing...” In other words, since they abhor a vacuum created by incomplete information, they fill it with what might be the connecting tissue and the rationale for a decision or direction.

This process of supposition becoming “fact” can cause enormous difficulty. First, it is hard to change employees’ minds once they have convinced themselves of something. Secondly, it is even harder to chase down where the wrong information came from and how it became a “truth.” The lack of initial information can result in mistrust, a sense that the employer is trying to keep employees in the dark, and a belief that employees must not matter because only surface information is being shared. The absence of information makes employees feel as though they are not being treated as adults or that the company doesn’t trust them to act appropriately with sensitive information.

If managers are not provided complete information, then there is a risk that employees will feel as though their manager cannot be trusted or is incompetent. This can affect the relationship and cause employees to wonder about the capability of their supervisor. Supervisors who can’t answer employee questions are seen as ineffective. This results in employee concerns and also, and perhaps even more importantly, manager concerns. Managers may feel that the organization doesn’t really value them and their work, or that the organization doesn’t have faith in their discretion or their ability to determine what should be shared with others.

The reticence to be transparent, the withholding of information, the failure to connect the dots for people in our organizations means that people operate with incomplete data. They can’t make good decisions. They can’t offer relevant suggestions. They can’t provide information about possible implications or hurdles that may be encountered. And they don’t feel important or essential to the organization’s future or its success.

So, that scientific law that was requested could be easily and appropriately be modified to be a law of workplaces. “Employees at all levels abhor incomplete information and feel that it compromises their ability to perform and their work relationships.”

- Judy Clark, President



ANSWERS, Inc.
“Whatever the Question”

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