

HR Trends Update

February 2010

DOL tightening interpretations of administrative and sales exemptions

A series of cases ruled on by The Department of Labor suggest that the DOL may be looking at administrative and sales exemptions more narrowly. Recent rulings involving sales managers and pharmaceutical representatives suggest that the exemption status of sales positions may be in question. Also, according to SHRM, the DOL is intending to make it harder for most employees to qualify for the administrative exemption. It is strongly suggested that employers look more closely at how administrative and sales employees are classified.

Source: SHRM (2010). DOL Interprets FLSA Exemptions More Narrowly.

College graduate recruiting rises, hiring and salaries down

According to the National Association of Colleges and Employers, college recruiting appears to have increased within the first two months of the year, but the hiring of graduates is down among employers. Possible reasons for this trend may include the fact that many employers are planning to maintain or increase temporary employment of college students/graduates (internships or coops) but not fully employ them. In addition, while the overall average offer to a bachelor's degree graduate (\$48,351) was down 2% from 2009, technical degrees (IT, engineering) saw salary increases. Accounting/finance degrees, however, experienced slight decreases.

Source: National Association of Colleges and Employers (2010). 2010 Salary Survey.

Employees are happier with pay when it is better communicated

A recent study released by the Corporate Executive Board shows that only one in 10 managers are effective when having conversations with employees about pay-related issues, however, pay conversations between managers and employees were found to be three times more important than pay conversations between HR and employees. The study also found that more than half of the impact of workplace initiatives surrounding compensation comes from the way it's implemented, implying that compensation procedural factors are significant.

Source: Corporate Executive Board (2010). Compensation Roundtable Survey.

Telecommuting usage rises

According to the most recent census released by the Department of Labor, the number of home-based workers has risen dramatically since 1999 by nearly 1.8 million. The most common professions that report working from home include professional, executive, sales, and administrative occupations. Most have an associate's degree or higher, in terms of educational background. The majority of home-based workers are between the ages of 35-54 years, suggesting a trend of telecommuting at the mid-career level particularly.

Source: Department of Labor (2010). Decennial Censuses on Working at Home.

Strategic workforce planning becoming the focus for employers

According to a recent study by the Conference Board, employers are shifting focus to workforce planning efforts, working to preserve talent and invest in their workforces. Employers will take into account such factors as which skills will be critical to business success and which roles will be hardest to fill in planning their unique talent needs. The Conference Board attributes this trend to workforce planning becoming the focus among employers prior the recession and now making a comeback during the recovery period.

Source: Conference Board (2009). Strategic Workforce Planning in Global Organizations.

Empowering leadership linked to employee creativity

A new study published in the Academy of Management Journal shows that empowering leadership influenced employees' intrinsic motivation and creative process engagement. Empowering leadership, defined as enhancing meaning, promoting participation, expressing confidence, and providing autonomy was positively related to empowerment behaviors which were found to be further related to creative process engagement, specifically problem identification, information searching, and idea generation.

Source: Zhang, X. & Barton K. (2010). Linking Empowering Leadership & Employee Creativity. Academy of Management Journal.

Employers increase communication practices and plan to enhance social media usage

According to a new study released by Watson Wyatt, significant correlations between those companies that have strong communication practices and those that meet their financial targets were found. The study showed that employers have enhanced their communication practices as 78% increased the volume of their electronic communications, 55% increased face to face communication, and 48% decreased use of print communications. In addition, 65% of employers plan to increase their use of social media in 2010, according to the study.

Source: Watson Wyatt (2010). 2009/2010 Watson Wyatt Communication ROI Study.

Employers revisit health care strategies

According to a new study published by Price Waterhouse Coopers, employers want more meaningful and high quality data to help control costs and keep workers healthy. Employers want insurance companies to play an active role in waste reduction and be consistent and transparent in their health plans. Overall the study suggested that insurers advocate that employers' health strategies provide a comprehensive view of the health of organization's workforces, and provide clear and actionable information that shows employers how they can improve health and wellness in their organizations.

Source: Price Waterhouse Coopers (2010). What Employers Want from Health Insurers in 2010: Better Information, More Value.

Average health care costs per employee reach \$8,945

According to a recent study by Mercer, group health care costs per employee averaged \$8,945 in 2009, up 5.5% (\$453) from \$8,492 in 2008. In addition, the median deductible for individual coverage was \$1,096 up from \$1,001 in 2008 while the deductible averaged \$2,515 for family coverage.

Source: Institute of Management & Administration (2010). The Controllers Report.

Discrimination claims rise

The U.S. Equal Employment Opportunity Commission announced recently that 93,277 workplace discrimination charges were filed with the federal agency nationwide during 2009, the second-highest number ever. Alleged discrimination based on disability, religion and/or national origin hit record highs. The EEOC says that employers must exercise more diligence in fostering discrimination-free workplaces.

Source: BNA Bulletin to Management (2010). January Edition.

IRS initiating audits

The IRS will randomly select 2000 employers in the next three years for tax audits to be focused on worker classification (employee versus independent contractor), fringe benefits (proper classification as fringe benefits – company cars, plans, vacation properties, and others), executive compensation, and employee expense reimbursement plans (accountable and non-accountable plans). The IRS will specifically be investigating if these are being included on W2s.

Source: BNA Bulletin to Management (2010). January Edition.

H-1B site visits increase

The government is stepping up on its enforcement of H-1B employers. The government has not only started to increase the level of work-site raids and investigations conducted among these employers, but has also begun to more aggressively review the work status and working conditions for foreign-national employees who have been sponsored for H-1B work visa.

Source: Workforce Management (2009). Don't Be Surprised by H-1B Site Visits.