

# HRA

HRA Services, Inc.

# Fact Finder

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"...helping organizations to find solutions to people related problems"

## **NEW EMPLOYEE HANDBOOK POLICIES**

Soon to be effective labor law revisions may affect the language in your employee handbook, but certainly will affect how you do business with regard to employee absence and other issues. For example, the Department of Labor has issued final regulations under the Family and Medical Leave Act (FMLA). The new regulations allow employers more influence over when employees can take leave and certain other conditions. They also cover recently enacted leave for family members of seriously injured or ill service members and National Guard and Reserve members called to federal service.

Here are some highlights of the new changes, which become effective January 19:

- Employees have to follow the employer's call-in policies when they are planning to miss work. Now employees have up to two days after a business absence to notify the employer of the need for leave.
- To claim a chronic condition that qualifies under FMLA leave, employees will have to certify doctor visits at least twice a year for that condition.
- To protect employee privacy, supervisors are prohibited from getting an employee's medical information when FMLA certification is required.
- The new regulations clarify how to implement the expanded twenty-six weeks of unpaid FMLA caregiver leave for relatives of seriously injured or ill service members.
- New rules allow HR professionals to contact an employee's health care provider for the purpose of clarifying medical certification.
- Final rules also extend the time for employers to provide various notices under the Act from two business days to five business days.

Let us know if we can assist you in reviewing your employee handbook to be sure

your policies reflect these new changes and your personnel practices are consistent with the latest revisions.

### **GEARING UP FOR POLITICAL CHANGE**

Here are a few legislative initiatives that will have big implications for American employers under the new administration and congress. If you are unfamiliar with these, you might want to check in with you local or national chambers of commerce and business to get to know what they portend for you business.

More importantly, you should waste no time in letting those bodies and individuals representing you and your business know what you stand for before it's too late and you end up fighting political, organizational, and philosophical issues on a case-by-case basis.

Here is a sampling of potential legislation. These potential new laws would:

- Eliminate secret-ballot union elections and make it much easier for workers to form unions. The Employee Free Choice Act would allow a simple card-check authorization--not a secret election--to authorize a union.
- Prevent employers from establishing mandatory arbitration agreements with employees.
- Repeal the caps on damages for federal discrimination lawsuits filed under Title VII.
- Extend the statute of limitations for employees and ex-employees to file pay-discrimination lawsuits.
- Hand down penalties to companies that move jobs overseas or offer incentives to keep jobs here.
- Ban the long-term replacement of employees who go on strike for economic reasons.

### **COMPENSATION PLANNING—TOOLS THAT WORK**

Out of the now near-forgotten fears, fires, excesses, and oversights of the increasingly

obscure, one-time role model Enron Corporation, came new demands and standards for corporate governance and rigorous regulation and oversight. Boards of directors created governance committees with bright new shining charters, and compensation committees were conferred new duties and responsibilities to police the CEO and the corporate conscience. Somehow concomitant with that same period of increased rigor and regulation, we have managed to slide not-so-gracefully into a downward spiral of economic chaos and despair. One doesn't have to look far to discover irony of gargantuan proportion. Despite the pain and agony that mismanagement has brought us, there continues a national interest on the part of the press and others in favoring form over substance, rhetoric over meaning, and lamentation over accountability. Until we find a way to build realistic public and private systems that truly promote and execute accountability, we will continue to wander through a maze of symptomatic fault-finding and finger-pointing, where traction is simply a concept devotedly to be wished.

In the meantime, a recent article in the *WorldatWork Journal* points up innovative thinking that organizations, and specifically compensation committees, can apply in taking more realistic, effective approaches to executive compensation, especially for CEO's. The concept, referred to as internal pay equity, suggests that compensation for CEO's should be determined using a combination of factors rather than relying principally on the external peer-group that has prevailed in the past. They point out that the peer-group selected by compensation committees, boards, and/or CEO's is done with considerable subjectivity and is rarely reflective of the organization they purport to mirror. Peer-group selectees may serve very different markets, have a very different mix of products and services, and have vastly different internal organizational characteristics, structures, and resources. The article further suggests that the internal relationship between CEO compensation and compensation of others on the management team at various levels is a more realistic, viable, and measureable standard for determining CEO compensation. Instead of considering the compensation of subjectively selected "peer-group" CEO's, the emphasis using the internal pay equity approach is to look at the relationship or ratio between say the next level of management's compensation and the CEO's. While there is no magic formula

or ratio, comp committees and boards are encouraged to developed approaches that reflect the philosophy, culture, and objectives of their own organization in terms of how they want the CEO and the company to perform over time.

The internal pay equity approach provides not only more realism and organizational specificity, but also lends itself to a more comprehensive and accurate assessment of market compensation by including more measureable positions in the compensation mix. For example, using a variety of salary data for other top management team positions such as finance, sales, marketing, production, lending, human resources, etc., which have many more incumbents in the market, gives a broader view of value than just looking at other CEO positions. The article also suggests considering other management level comparisons, such as the third-level down, as this provides an additional perspective, greater labor-market observations, and represents a critical level of organizational supervision.

### **EMPLOYMENT TRANSITION IN TURBULENT TIMES**

Whether the reason is staff reductions, reorganization, poor job fit, or simply the rigors of current economic times, terminating employees is always difficult. HRA's Employment Transition Support Services help you deal with and resolve tough issues and get valuable results.

In light of today's uncertain economic picture, you, as an employer, might rightly ask, why would I consider spending more dollars when my projected finances are necessitating these terminations in the first place?

The benefits to you are several and not least of which is the impact providing assistance to displaced employees will have on those who continue with your company. Even those who don't get caught in the cross-fire care about their colleagues and you as the company's leader benefit in terms of future loyalty and support. Here are additional important benefits to you and your organization:

- Reduced legal exposure;

- Professionally managed termination process;
- Enhance your company image from both a public and employee relations perspective; and
- Help managers effectively and sensitively deal with releasing employees.

How do HRA's Employment Transition Support Services help your displaced employees? It provides:

- An in-depth self-assessment process, resulting in specific career planning and direction;
- Professional, objective support in transition planning;
- Realistic, effective tools that generate results; and
- A comprehensive, focused, systematic process to the next opportunity.

Remember that job loss, especially in an environment like today's, tops the list of traumatic life events. Don't let those who have given you their devoted support face that prospect alone.

### **WHO'S ON FIRST?**

Since the September economic crisis began, organizations have continued to re-examine their earlier 2009 compensation budgets. Recent surveys indicate that about one-third of those companies surveyed plan to decrease 2009 compensation budgets developed in the spring and summer of 2008. About ten per cent plan to eliminate planned increases or freeze salaries altogether. About one-third of those surveyed remain undecided about any changes to 2009 compensation budgets, preferring to wait and see how events unfold in coming months. Many organizations are continuing to focus on short-term incentives or variable pay options since these provide motivation, flexibility, and the opportunity to equitably recognize top performers.

With what appears to be a time of extended economic uncertainty, it is especially important to manage your compensation plans with great care. On one hand, freezing or cutting pay below market heightens the chance of losing valued employees and makes it difficult to attract top talent. On the other hand, simply sticking with last year's budget may put you in jeopardy in light of pressing needs to reduce overall expenses.

The next six to twelve months will require careful attention to external market and internal employment trends, as well as creativity and agility in managing the compensation process. We will do our best to keep you informed and advised of changing patterns and help you stay viable and competitive. Don't hesitate to call us if you face challenges where our experience and expertise would be helpful.

### **HOW DOES DEVELOPMENT WORK ANYWAY?**

Many of us have had some experience with profiling. Too often, however, you may remember it as something someone, usually an HR person, did to you as a new employee. When asked what do you remember about your profile, you might well answer, "Well, I think I was a \_\_\_\_\_. I guess they put it in my personnel file." Profiles of whatever derivation are meant to be working documents for day-to-day behavior and performance, not records for the personnel file. Organizations that understand and value this observation put profiles to work to create better individual performance, better supervisor-employee relationships, and better teams.

Beyond these important applications, profiles provide a perfect platform on which to base employee development plans, an area many supervisors find especially difficult and confounding when it comes to practical ways to discuss improved performance and professional individual and team development. The important point to understand here is that all too often the supervisor tries to approach employee development from the perspective of her own style, strengths, and weaknesses—taking a kind of "if I were you" perspective. Even though she means well, this approach has almost nothing to do with the employee's needs and style and is therefore doomed to failure. Studying and understanding the individual's profile reveals clear paths to pursue in individual and professional development. The Personal Profile and related diagnostic assessment tools provide powerful resources for designing a developmental path the supervisor and the employee can move along together with clear sign-posts of developmental success and progress. It is in each case an individually tailored

process and journey. The potential results, however, are well worth the time and effort.

If you're seriously interested in a professional approach to individual development in terms of optimizing your current resources, please let us show you how to make professional development real, meaningful, and lasting.

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