XpertHR Top Challenges Survey

- Conducted October 2019
- 701 organizations participated
- Private employers, public employers and non-profits
- Small, medium and large organizations in all geographic areas
- Gain insight into strategic and compliance challenges
- Compare challenges YOY
From the 12 issues expected to be the most challenging in 2020, respondents ranked this order:

- Recruiting and Hiring: 28.3%
- Benefits: 16.2%
- Pay and Scheduling Issues: 10.1%
- Evolving Workforce: 8.5%
- Workforce Planning: 8.3%
- Diversity and Inclusion: 5.9%
- Leaves of Absence: 5.7%
- Impact of Technology: 6.5%
- Health, Safety and Security: 3.2%
- Harassment: 2.6%
- Immigration: 2%
- Employee Handbooks: 2.4%
Strategic versus Compliance Challenges

**Strategic Challenges**
- Understand societal, cultural and technological changes create employer challenges
- Connect HR strategy to business strategy, goals and priorities
- Recruit and hire with changing workforce demographics
- Ensure talent acquisition, performance management, training, compensation, benefits, and safety and security align
- Utilize analytics to track progress

**Compliance Challenges**
- Shift from traditional HR responsibilities to comply with legal changes
- Comply with various federal, state and local laws and regulations
- Recognize risks of noncompliance
- Keep pace with laws and compliance trends
Strategic Challenge #1: Recruiting and Hiring

Survey Results and YOY Comparison

- 28.4% rank recruiting and hiring as Number 1 challenge
- 50.9% extremely challenged by finding high quality applicants
  - 22.7% → 2017
  - 28.8% → 2018
  - 32.6% → 2019
- 20.6% extremely challenged by eliminating unconscious bias during recruiting
  - 11.6% → 2018
  - 14.1% → 2019
Strategic Challenge #1: Recruiting and Hiring

Survey Results and YOY Comparison

18.8% extremely challenged by aligning talent acquisition strategy with business objectives
11.7% → 2017
9.8% → 2018
8.1% → 2019

17.1% extremely challenged by hiring a diverse workforce
4.9% → 2017
7.4% → 2018
9.5% → 2019

14.4% extremely challenged by predictive analytics and AI in connection with recruiting
9.6% → 2018
9.9% → 2019
Strategic Challenge #1: Recruiting and Hiring

Consider Changing Demographics and Workforce Demands

Create a Comprehensive Recruiting Strategy

- Who/how/where/when will recruit and interview
- Tools/methods to use, different strategies/different positions
- Background screenings
- Predictive analytics

Connect Talent Acquisition to Business Goals

- Right people, right jobs, right cost
- Conduct gap analysis to create action plan
- Compare current state v. future workforce needs
- Evaluate what filled v. what need to fill

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Strategic Challenge #1: Recruiting and Hiring

Find High Quality Applicants

Mobile recruiting

Streamline application process and communication

Build successful brand and culture

Focus on diversity and inclusion

Tap into top talent and referrals

Consider underutilized job markets (vets, older workers)

Consider nontraditional arrangements (gig, job share)

Improve total rewards – (comp, benefits, training)
Strategic Challenge #1: Recruiting and Hiring

Minimize Unconscious Bias
• Provide fair/equal chance - evaluate merit/skills/qualifications
• Interview by diverse panel
• Utilize software/applications/AI
• Avoid stereotyping/steering

Utilize Predictive Analytics
• Review retention rates and apply to hiring decisions
• Track cost per hire and time/money spent to recruit
• Evaluate time to fill position, who leaves and why
• Identify which hiring source gives best ROI
Strategic Challenge #2: Workforce Planning

Survey Results and YOY Comparison

8.3% rank workforce planning as Number 1 challenge

34% extremely challenged by employee engagement, morale and satisfaction
14.5% → 2017
19.7% → 2018
18.5% → 2019

31.2% extremely challenged by employee retention
16.4% → 2017
17.8% → 2018
20.3% → 2019

30.4% extremely challenged by creating a succession plan
16.5% → 2018
19.4% → 2019
Strategic Challenge #2: Workforce Planning

Survey Results and YOY Comparison

- 27% extremely challenged by training and upskilling current employees
  - 2018: 12.5%
  - 2019: 15.5%

- 25.5% extremely challenged by managing performance and professional development opportunities
  - 2018: 11.6%
  - 2019: 13.8%

- 16.9% extremely challenged by aligning compensation strategies with business objectives
  - 2017: 8.2%
  - 2018: 10.2%
  - 2019: 11.3%
Strategic Challenge #2: Workforce Planning

Be Proactive and Address Strategic Business Needs

Training and Professional Development Opportunities

• Provide training/mentoring/professional development opportunities
• Support current roles and advancement
• Identify peak performers → provide opportunities, leadership roles and responsibilities
• Recruit from the inside → invest, train, coach
• Increase retention and reduce turnover → reduce recruiting and hiring costs
Strategic Challenge #2: Workforce Planning

Be Attractive and Address Strategic Business Needs

Engagement Efforts

• Connect employees to mission and business values
• Provide motivating and stimulating work environment
• Align with organization’s vision
• Provide recognition → value and respect
• Involve employees in problem solving efforts/improvements
• Promote transparency/culture of trust
• Address issues/morale
Strategic Challenge #2: Workforce Planning

Be Proactive and Address Strategic Business Needs

Retention Efforts

• Solicit continuous feedback from employees (i.e., exit interviews, informal meetings, employee opinion surveys, focus groups, hotlines and program evaluations)
• Determine where to improve
• Identify employees at risk of losing
• Consider measures to aid retention (i.e., comp, benefits, work/life balance)
• Use analytics
• Recognize negative impact of departing top performers/unwanted turnover
Strategic Challenge #2: Workforce Planning

Determine Succession Planning Tools Dependent on Employer Size, Scope & Goals

1. Review/assess essential positions and senior leadership roles
2. Pinpoint competencies and skills needed to perform roles
3. Identify current employees to take on key roles, motivate and train
4. Create training and development opportunities

- Provide access to internal and external classes, seminars and workshops
- Provide community involvement and mentoring
- Support employees and prepare for additional responsibilities
- Create structured feedback process to individual succession candidates
<table>
<thead>
<tr>
<th>Rank</th>
<th>Percentage</th>
<th>Challenge</th>
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</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>16.2%</td>
<td>Number 1 challenge</td>
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<tr>
<td>Health care costs</td>
<td>50%</td>
<td>Extremely challenged by preparing for the future of healthcare and ACA</td>
</tr>
<tr>
<td>Adjusting benefits</td>
<td>16.1%</td>
<td>Extremely challenging by adjusting benefits for a generationally diverse workforce</td>
</tr>
</tbody>
</table>

Yearly Comparison:
- 2017: 16.7% for benefits, 4.8% for adjusting benefits
- 2018: 19.7% for benefits, 9.7% for adjusting benefits
- 2019: 17.2% for benefits, 12% for adjusting benefits
Strategic Challenge #3: Benefits and the ACA

Survey Results and YOY Comparison

14.4% extremely challenged by determining which voluntary benefits programs provide the best ROI
3.6% → 2017
6.3% → 2018
10% → 2019

12.6% extremely challenged by aligning benefit offerings with business objectives
6.6% → 2017
8.8% → 2018
12.8% → 2019

10.2% extremely challenged by communicating benefits to the workforce
6.2% → 2017
10.8% → 2018
15.3% → 2019
Strategic Challenge #3: Benefits and the ACA

Review Current Benefit Offerings/Consider Trends

- Tuition reimbursement
- College counseling
- Flexible work schedules
- Telecommuting
- Job sharing
- Transportation benefits
- Identity theft protection benefits
- Gym membership
- Wellness programs
- Employee assistance programs
- Concierge services (pet, child, auto, dry cleaning)
- Student loan assistance
- Financial and retirement planning
Strategic Challenge #3: Benefits and the ACA

Prepare for the Future of Healthcare and Costs

• Strike a balance → Provide for aging workforce, keep costs low
• Keep employees healthy/happy but provide raises
• Review demographics → determine most attractive benefits
• Make sure offerings competitive
• Assess vendors → evaluate price, quality, customer service
• Identify benefits with low participation, redesign or eliminate
• Effectively communicate benefits
• Provide employees with decision-making tools
• Consider wellness programs
• Tie to business strategy/company culture/corporate values

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Strategic Challenge #3: Benefits and the ACA

Additional Considerations

Benefits for Different Generations
• Different needs/interests
• Consider customization/personalization, provide freedom/choice

Technological and Scientific Advancements.
• Telemedicine and mobile applications improve access
• Artificial intelligence and chat bots answer → improve decision-making/open enrollment
• Artificial intelligence to evaluate benefit needs
Strategic Challenge #4: Diversity and Inclusion

Survey Results and YOY Comparison

- 5.9% rank diversity and inclusion as Number 1 Challenge
- 37.8% extremely challenged by managing diversity
- 20.6% extremely challenged by eliminating unconscious bias during the recruitment process
  - 11.6% → 2018
  - 14.1% → 2019
Strategic Challenge #4: Diversity and Inclusion

Survey Results and YOY Comparison

17% extremely challenged by hiring a diverse workforce
- 4.9% → 2017
- 7.4% → 2018
- 14.3% → 2019

13.1% extremely challenged by achieving diversity and inclusion goals
- 6.8% → 2018
- 8.4% → 2019

12.4% extremely challenged by aligning diversity and inclusion with business strategy
- 5.6% → 2017
- 4.5% → 2018
- 8% → 2019
Strategic Challenge #4: Diversity and Inclusion

Expanded Definition of Diversity
Strategic Challenge #4: Diversity and Inclusion

Increase and Manage Diversity

Tie Diversity to Business Strategy and Goals
• Obtain buy in of key stakeholders/upper management
• Cast wide recruiting net
• Focus on individual skills and qualifications
• Incorporate into mission statement

Incorporate Diversity into Policies and Practices
• Discrimination/harassment including bullying/abusive conduct
• Leave and time off
• Reasonable accommodation
Strategic Challenge #4: Diversity and Inclusion

Steps to Increase and Manage Diversity

Provide Training
- Train on discrimination, harassment, sensitivity, diversity, bullying and abusive conduct
- Overcome stereotypes and prejudices → encourage civility and respect

Address Complaints
- Multichannel reporting procedure
- Investigate complaints
- Obtain evidence
- Conduct interviews
- Remedial, interim or disciplinary measures
Strategic Challenge #4: Diversity and Inclusion

Enhance Inclusion and Combat Unconscious Bias

- Avoid snap judgments/stereotyping
- Avoid steering to certain positions
- Train recognition of unconscious bias
- Provide with tools to manage interpersonal interactions
- Provide employees of different backgrounds with opportunities to work together
- Create mentoring programs for underrepresented groups
Strategic Challenge #5: Mental Health & Well-Being

Survey Results and YOY Comparison

18.8% extremely challenged by mental health
14.9% → 2018
21.6% → 2019

20% extremely challenged by managing work/life balance
Strategic Challenge #5: Mental Health & Well-Being

Recognize the Importance of Mental Health

Address Mental Health Issues
• Impacts workplace satisfaction, morale and productivity
• Applicable law (i.e., FMLA, ADA, state and local laws)
• Steer clear discrimination, harassment and retaliation
• Train supervisors → be sensitive/recognize red flags

Respond to Accommodation Requests
• Good faith engagement in interactive process
• Undue hardship
Strategic Challenge #5: Mental Health & Well-Being

Recognize the Importance of Mental Health

Workplace Safety
- Intervene to protect employer, co-workers, third parties, if employee direct threat
- Carefully screen individuals in dangerous or safety sensitive positions
- Comply with privacy and discrimination laws

Company Culture
- Promote wellness programs
- Monitor with employee surveys, absence data, etc.
- Encourage open communication and inclusion
- Foster healthy work-life balance
Strategic Challenge #5: Mental Health & Well-Being

Recognize the Importance of Mental Health

Benefits

- Substance abuse disorder services
- Behavioral health treatments
- Employee assistance programs
- Paid time off/vacation days/personal days
- Access to gyms
- Flexible working arrangements
- Access to counselors (alcohol and drug abuse, stress, depression)
Compliance Challenge #1: Wages & Compensation

Survey Results and YOY Comparison

- 10.1% rank pay and scheduling issues as Number 1 challenge
- 13.3% extremely challenged by the misclassification of exempt and nonexempt employees
  - 2018: 6.6%
  - 2019: 10%
- 12% extremely challenged by equal pay and wage transparency laws
  - 2017: 7.9%
  - 2018: 8.7%
  - 2019: 10.7%
Compliance Challenge #1: Wages & Compensation

Survey Results and YOY Comparison

- 11.5% extremely challenged by proposed changes to overtime regulations
- 9.2% extremely challenged by state and local minimum wage rate increases:
  - 12.9% → 2017
  - 6.9% → 2018
  - 9.7% → 2019
- 8.2% extremely challenged by salary history inquiry restrictions:
  - 5.9% → 2018
  - 7.5% → 2019
Compliance Challenge #1: Wages & Compensation

Understand Minimum Wage and Overtime Changes

Minimum Wage
- For 2020, minimum wage increase in 21 states, many localities
- 20 California localities alone!

Overtime Changes
- Effective January 1, 2020, DOL final rule raises the minimum threshold for mandatory overtime pay under FLSA to $35,568 (or $684 per week) from its current level of $23,660 (or $455 per week)
- Rate covers additional 1.3 million workers previously OT ineligible
Compliance Challenge #1: Wages & Compensation

Respond to Overtime Changes

Reclassify employees as nonexempt

Raise salaries to new minimum or higher to retain exempt status

Adjust work schedules/spread to avoid OT

Reduce or eliminate OT hours

Update wage and hour policies - breaks, timekeeping, telecommuting

Communicate changes

Train supervisors
Compliance Challenge #1: Wages & Compensation

Understand Pay Equity Efforts

- Recognize new laws → equal pay, wage disclosure, salary history
- Audit pay practices, benefits bonuses as well as job advertisements, job descriptions, job applications, salaries to ensure that the employer is not discriminating based on sex, race, national origin or any other protected class, or requesting unlawful information
- Document wage differentials → base on legitimate factors
- Establish clear compensation guidelines for salary increases/bonuses based on predictable, objective and nondiscriminatory factors (i.e., merit, productivity, performance, sales)
Compliance Challenge #1: Wages & Compensation

Address Pay Equity

- Train managers on new laws
- Document decisions regarding hiring pay, performance and promotion
- Institute recordkeeping policies and procedures regarding wage records, job classifications, pay performance and promotion
- Focus on individual skills and qualifications
- Establish range of salaries for each position
Compliance Challenge #1: Wages & Compensation

Respond to Overtime Changes

1. Reclassify employees as nonexempt
2. Raise salaries to new minimum or higher to retain exempt status
3. Adjust work schedules/spread to avoid OT
4. Reduce or eliminate OT hours

- Update wage and hour policies - breaks, timekeeping, telecommuting
- Communicate changes
- Train supervisors
Compliance Challenge #1: Wages & Compensation

Recognize Risks of Noncompliance

• Significant back wages
• Civil penalties
• Criminal prosecution and even imprisonment
• Harm to business reputation
Compliance Challenge #2: Employee Leaves

Survey Results and YOY Comparison

5.7% rank leaves as Number 1 challenge

28.9% extremely challenged by keeping up with rapidly changing leave laws
11.2% → 2017
19.5% → 2018
26.5% → 2019
(state laws)
9.9% → 2017
18.6% → 2018
24.9% → 2019
(municipal laws)

23.1% extremely challenged by administrative burden of managing leaves
10.9% → 2017
15% → 2018
21.4% → 2019
Compliance Challenge #2 Employee Leaves

Survey Results and YOY Comparison

- **18.7% extremely challenged by paid medical/ family/ parental leave**
  - 6% → 2017
  - 8.9% → 2018
  - 9.9% → 2019
  (paid family and medical leave)

- **16.5% extremely challenged by determining overall business strategy for leave**
  - 8.8% → 2017
  - 14.2% → 2018
  - 15.8% → 2019

- **16.1% extremely challenged by determining which leave law requirements apply**
  - 8.3% → 2017
  - 14.3% → 2018
  - 21.8% → 2019

- **11.4% extremely challenged by leave as a reasonable accommodation**
  - 9.4% → 2018
  - 12% → 2019
Compliance Challenge #2: Employee Leaves

Comply with Leave Laws

Address Leaves
• Determine applicable law
• Understand how laws work together/which can use concurrently
• Document leave

Comply with Rapidly Changing Leave Laws
• Designate point person to track
• Offer standard leave benefits or tailor depending on location/eligibility
• Provide benefits to improve morale/engagement, reduce turnover/absenteeism
Compliance Challenge #2: Employee Leaves

Comply with Leave Laws

Create Policies to Address
• Types of leave entitled to/ how it accrues
• How time off requested and used

Train supervisors
• Handle leave requests in a nondiscriminatory manner
• Track, document, manage and schedule leaves
• Engage in a good faith discussion regarding leave requests
• Don’t wrongfully deny/punish for legitimate absences

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Compliance Challenge #2: Employee Leaves

Respond to Leave Requests

- Ascertain if eligible for leave
- Determine if paid/unpaid
- Request additional documents
- Document all aspects of process
- Recordkeeping requirements - track / record time taken
- Arrange for proper coverage
- Communicate with employee to secure return to work
Compliance Challenge #3: Employee Handbooks

Survey Results and YOY Comparison

2.4% rank employee handbooks as Number 1 challenge

26.3% extremely challenged by ensuring handbooks read and understood
- 18.1% → 2017
- 17.9% → 2018
- 23.7% → 2019

21.3% extremely challenged by keeping handbooks current
- 13.2% → 2017
- 18.3% → 2018
- 23.7% → 2019

16.3% extremely challenged by managing handbooks as multistate employer
- 6.8% → 2017
- 13.8% → 2018
- 21.1% → 2019
Compliance Challenge #3: Employee Handbooks

Survey Results and YOY Comparison

15.6% extremely challenged by incorporating local requirements
- 6.6% → 2017
- 11.2% → 2018
- 16.3% → 2019

15.6% extremely challenged by aligning handbooks with business objectives
- 8% → 2017
- 8.8% → 2018
- 13.5% → 2019

10.8% extremely challenged by NLRB impact on handbook policies
- 7% → 2017
- 7.3% → 2018
- 9.5% → 2019
Compliance Challenge #3: Employee Handbooks

Craft the Right Approach

Ensure Handbooks Read and Understood
- Provide handbook and training
- Require acknowledgment
- Provide context → practical examples/hypotheticals/visuals

Determine Optimal Organization for Multistate Employer
- Develop general handbook with federal requirements, provide state supplements
- Use separate handbooks for each state
- One handbook with uniform policies for all states/greatest benefits
Compliance Challenge #3: Employee Handbooks

Update Certain Policies Frequently

- Harassment
- Discrimination
- Accommodations
- Smoking
- Predictable scheduling
- Leave and time off
- Safe driving
- Salary history
Compliance Challenge #3: Employee Handbooks

Consider National Labor Relations Board

- Clear and unambiguous language
- Don’t make too broad/restrictive
- Do not interfere with employee rights
- Consider rule/policy’s impact on employee rights
- Provide legitimate business justification for work rule

Use Caution with Certain Policies

- Contact with the press
- Confidentiality
- Investigations
- Employee communications
Compliance Challenge #4: Marijuana & Drug Use

Understand the Legal Landscape

- Medical marijuana legal in more than 30 states and recreational marijuana use (within specific parameters) legal in over 10 states including DC
- 24.6% extremely challenged by medical and recreational marijuana laws
  - 5.7% → 2017
  - 10.9% → 2018
  - 19.5% → 2019
- Marijuana remains classified as a Schedule I controlled substance and illegal under federal law
Compliance Challenge #4: Marijuana & Drug Use

Conduct Employer Assessment

- Understand applicable law
- Determine if medical/recreational use permissible and parameters
- Reasonable accommodations to medical marijuana users?
- Employees in safety-sensitive positions?
- Subject to the Drug-Free Workplace Act?
Compliance Challenge #4: Marijuana & Drug Use

Determine Approach

- Dependent on applicable law, industry, employees position/job duties and responsibilities
- Consider reasons for testing should be job-related/consistent with business need
- Notify applicants/employees regarding method and manner of testing
- Create relevant policies → drug-free workplace, drug testing, disciplinary, smoking
- Train supervisors to recognize signs/symptoms of marijuana (i.e., decreased productivity and focus, bloodshot eyes, slurred speech or a distinct odor) and identify signs under the influence
- Provide accommodations if legally required to do so (disability or state law)
- Be careful about taking disciplinary action → protected class or off duty conduct
- Ensure legitimate/documented non-discriminatory reason for the adverse action
Compliance Challenge #5: Cybersecurity

Survey Results and YOY Comparison

- 29.8% extremely challenged by preventing cyber breaches and maintaining data security
  - 13.6% → 2017
  - 27.5% → 2018
  - 21.5% → 2019

- 21.7% extremely challenged by responding to cyber breaches

- 18% extremely challenged by processing and protecting employee data
Compliance Challenge #5: Cybersecurity

Understand Risks

Information to Protect
• Intellectual property
• Data and confidential information
• Employer, employees and customers

Legal Obligations
• State data breach laws
• GDPR
• California Consumer Privacy Act
Compliance Challenge #5: Cybersecurity

Identify and Control Access to Information

- Background screens if accessing sensitive information (i.e., financial, payroll)
- Red flags (previous fraudulent or dishonest conduct)
- Limit access to confidential information
- Link to job duties
- Dispose information not using
- Conduct exit interviews and return access to information
Compliance Challenge #5: Cybersecurity

Develop and Implement Policies and Agreements

- Confidentiality policies and agreements
- Privacy policies
- Mobile device policies
- Social media policies
- Employee conduct policies
- Business ethics policies
Compliance Challenge #5: Cybersecurity

Train Employees and Supervisors

- Take safety measures re: confidential data – passwords, encryption
- Recognize obligations and penalties for disclosure
- Avoid clicking on suspicious links
- Identify suspicious emails/phishing
- Don’t mix personal and work-related
- Don’t download suspicious apps/docs/files
- Secure mobile devices
- Actively monitor employee and supervisor activity
Compliance Challenge #5: Cybersecurity

Address Data Breaches and Coordinate with IT

1. Determine what occurred
2. What information compromised
3. Which policies violated
4. Determine who is at fault
5. Determine what discipline to impose
6. Determine steps to remediate
7. Determine policies to amend/change
Final Thoughts

- Connect HR to business goals and strategies
- Develop, implement and enforce policies and procedures
- Train employees and supervisors
- Investigate complaints and concerns
- Create a diverse, inclusive, respectful and transparent workplace
- Use predictive analytics to track and evaluate progress over employee life cycle