

Human Resource strategies for the new pro-labor era

BY CARL KLEIMANN

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After a mere two months on the job, President Obama's administration has brought about sweeping changes to the employment landscape. The United States clearly has entered a pro-labor era that will inevitably test the will of small businesses already struggling to survive our weak economy. Employers will face unprecedented pressure to comply with a host of new rules and regulations that are difficult to interpret and implement, and will pay big fines and penalties when they fall short of doing so.

So what is an employer to do? Consider these nine human resource strategies for the new pro-labor era.

1. Leverage your resources. In today's challenging economy, consider outsourcing HR and other administrative functions so you can focus on your core business. Not only will this improve your efficiency, it also will allow you to leverage the expertise, systems, and scale of highly specialized service providers.

In order to maintain profit margins, businesses must deliver more without increasing overhead. Outsourcing gives you the ability to scale up or down without dramatic changes in your overhead structure.

2. Communicate frequently. Particularly in today's economy, where organizational change is commonplace, communication is critical. Employees need to know what the future holds for them. They are keenly aware of the uncertainty of the economy and may be more committed than ever to your goals and objectives.

3. Invest in training. Training, particularly for front-line managers, is no longer just a recommendation but is imperative in today's complex employment environment. Courts have held compliance training to be one of the best elements of an affirmative defense. Reduced workloads may also present a great opportunity to review the skill-sets of employees and allocate time for training. Remember, the economy will rebound and when it does, human capital will once again be at a premium.

4. Investigate grievances quickly and objectively. Ensure your grievance procedure is compliant, employees understand it and you and your managers follow it. This is an important component of HR best practices and applies in any economy and any labor environment. Ensure the fair and equitable treatment of employees by acknowledging and responding to issues in a prompt, serious and fair manner.

5. Review your employee policies and procedures. The cost of non-compliance and inefficiency is rising dramatically. A number of rules and regulations have changed and may require amendments to your employee handbook. Make certain that you have a formal process for getting employees on-board and ensuring that they are familiar with these policies and procedures.

6. Review your compensation practices. The new Lilly Ledbetter Fair Pay Act greatly expands an employee's ability to bring claims based on discriminatory pay practices, and also allows for challenges to promotion, discipline and hiring and firing decisions. Therefore, it's imperative that employers conduct an audit of their compensation, promotion, discipline and hiring and firing practices. All commission agreements should be documented and employees should authorize all voluntary payroll deductions.

7. Take your fiduciary responsibilities seriously. A 2008 ruling by the U.S. Supreme Court (LaRue vs. DeWolff) has serious implications for employers that sponsor 401(k) plans.

The high court ruled that individual employees can now sue to recover losses resulting from the acts or errors of plan fiduciaries. Consider creating an investment committee to monitor each investment option, the risk associated with each investment option, and the fees charged to participants. Failure to do so could result in personal liability on the part of plan fiduciaries.

8. Get the most out of your employee benefits. Don't make assumptions about what is important to your employees. Conduct an annual survey to determine what they want from their employee benefit plans. You may think that you are doing them a favor by providing a "rich" health plan when in fact, you may be making dependent coverage unaffordable. Employees may be willing to forego certain benefits if it means they get to keep their job or retain their year-end bonus.

9. Consider alternatives to a lay-off. It goes without saying that times are tough for small businesses. If you are faced with the possibility of a layoff, consider your alternatives. Could you offer flexible work schedules or a reduced work week? Can you require employees to take unpaid days off beyond vacation time, or implement salary or bonus freezes? Challenge your employees to find ways to reduce expenses, and remember that big changes like these make communication critical.

Carl Kleimann is president of Odyssey OneSource.

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