



"You can reduce turnover and increase the productivity of your employees."

Focus on Human Resources

By Allan Milder, SP3 Group

Question:

How do I evaluate my employees' satisfaction level with their position and with the Company?

Response:

The fundamental assumption in this response is that the underlying reason for the question is to assess the potential for retention or loss of valued employees as the economy, and the labor market, start to turn around.

There are many theories and models that promote various techniques to deal with retention issues. This article will focus on one such model that was developed and has been successfully utilized by the author in his consulting work with management.

The model is simply based on the notion that people work to meet some combination of six personal needs that are important to them. These needs are not the same for all individuals. In fact, they tend to differ greatly among different people. Further, these needs often may differ within the same individual at different phases of their lives, depending on what is going on for them in their personal and professional journey through life.

The six needs are:

1. Money-nearly everyone who works either needs or wants to make money at it.
2. Self-Esteem-work is one of the primary places where people get a chance to find out what they can do, therefore it is an opportunity for them to raise their feelings of self worth.
3. Challenge-Many people get much greater enjoyment out of their jobs when they feel challenged and have an opportunity to overcome obstacles and barriers in the process of getting things done.
4. Development-People feel more valued when their employer is willing to invest time, effort, and perhaps some money in the belief that the person can develop their talents and become a greater contributor.
5. Socialization-Today more than ever, there are a lot of people whose family and other responsibilities outside of work severely limit their social life. For example, a single mom or dad may get up in the morning, get the kids ready for school, go to work, then come home and take care of the kids in the evening. Their only possible opportunity to socialize with other adults may be at work, and therefore this may be an important source of satisfaction for them.
6. Fun-Most of all, people want to stay where they are having fun. Fun includes enjoying one's job, one's co-workers, one's company, and even perhaps their manager/management.

Diamond Corporate
Services, Inc.
P.O. Box 1587
Manchaca, Texas 78652

Phone:
(512) 431-7620

Fax:
(512) 291-9830

We're on the Web!
www.peosales.com

“PEO’s offer buying power in more ways than you might think.”

There are many ways of assessing how people feel about how well these needs are being met and how important they are to them. But before you ask, make sure you are willing to listen and take action based on what you hear. The worst thing you can do is create expectations for improvements and then fail to deliver. Also, remember that most of these needs can be better met with little or no financial cost to the employer.

A qualified human resources consultant can provide constructive and financially rewarding assistance toward measuring and improving employee satisfaction...engaging such a firm would be a sound investment, not an unrecoverable expense.

This article has been provided compliments of Allan Milder, Vice President of Human Resources Services, SP3 Group, Inc., a Human Resources Consulting Company with its headquarters in Austin, Texas.

Advantages of Using a PEO

Part 3: Buying Power

By Ronald Rice, Diamond Corporate Services

When you think of why you are with a PEO, or considering a PEO, what reasons come to mind? If you are like most business owners, you would think of the payroll function, employee benefits, human resources, and workers compensation. However, using a PEO has advantages within these areas. In some of our articles we have been discussing the hidden benefits of using a PEO. This article discusses buying power issues.

PEO's have generally increased their prices over the last 2 ½ years since 9/11/2001. This is cause for concern among employers who count on their PEO's to help them control their overhead cost. Although 9/11 is not the direct cause of these PEO increases, it is a benchmark because the insurance industry suffered along with the rest of us. It appears that most insurance companies refocused their business strategies around that time. Insurance companies have had high underwriting losses coupled with low interest rates of return on their assets in recent years. The 9/11 tragedy and lower stock prices contributed. In order to satisfy their shareholders, insurance companies increased premiums substantially the last 2 years. You have probably felt these increases in any type of insurance you have, from business insurance, auto insurance, homeowners insurance, health insurance, etc. Ouch!

PEO's have seen increases in their 2 major insurance offerings: workers comp insurance and health insurance. In some cases, insurers have declined to renew PEO's due to high claims or poor internal controls. The best PEO's have learned to survive by being more selective about which employer clients they choose to do business with. To satisfy the insurers and control their costs, PEO's now have a more detailed process of reviewing new clients. Current PEO clients can be thankful they won't have to re-qualify, because the standards today are tougher with most PEO's than they were in 2001. Some clients have attempted to bid insurance products on their own to compare against their PEO's fees. Most have been surprised at the amount of paperwork involved, long waiting times for quotes and higher overall pricing than they expected.

Buying power is still a PEO advantage, especially with workers comp and health insurance. Since the PEO's have insurance policies already in force, their approval time and required paperwork is reduced. The PEO only needs to add a new client location onto an existing policy, instead of creating a brand new policy for each client. Policy issuance has been very slow with many insurers and I've heard several stories where insurance companies have declined clients well after coverage had already been promised and premiums received, putting clients in a non-insured situation. PEO's usually select and approve their new clients so when the PEO says you're covered, you're covered.

PEO's pay the insurers a huge premium for thousands of employees enrolled. Thus the insurers have a lower administrative burden in billing and collections. Insurers also receive help from PEO's in underwriting clients and in gathering information about workers comp claims. PEO often review credit histories of clients and send a representative to visually inspect the client's worksite. These safeguards help the insurer reduce losses. Good experience with a PEO improves the relationship and holds down costs. Health insurance can be a huge advantage under a PEO. If one of your employees, or a dependent, has a catastrophic illness your group is very difficult to insure on your own. In Texas, for example, a health insurer can apply up to a 66.7% increase over their standard rate to adjust for any known health conditions in a small group. With a PEO, the group is rated as a large group and is less likely to see a large "rate-up". From year to year, PEO rates on health insurance have been more stable than small employer group rates.

Buying power also pertains to specialized resources the PEO has that you don't have. Most PEO's have experienced HR professionals, CPA's, licensed benefit specialists, and safety experts on staff to serve you. The large number of clients justifies the PEO hiring these staff.

Hiring & Firing Advice

From the The 'Lectric Law Library - www.lectlaw.com

Hiring: Hiring, in many cases, begins with a job application. Many of the questions found on traditional applications for employment have become sources of discrimination suits. A non-discriminatory job application should not contain questions about the following:

- Race, age, sex, religion and national origin. An employer may ask if an applicant is 18 years of age or older and has a legal right to work in this country either through citizenship or status as a resident alien.
- Marital status, maiden name, number, names, and ages of children or other dependents.
- Employment of the spouse and child-care arrangements unless such queries are made of both male and female applicants.
- A women's pregnancy or related condition.

"Let's improve our skills and avoid unnecessary lawsuits."

- Arrest records which did not result in convictions. It is permissible to inquire about convictions or pending felony charges.
- The existence, nature or severity of a disability. An employer can ask about an applicant' ability to perform specific job functions.
- An applicant's height and weight, except in specific professions such as law enforcement, where valid guidelines are in place.
- Organizational affiliations, except those pertaining to professional memberships related to the specific job.
- Military history unless the job requires such a background.
- Status as a high school graduate. It is permissible to request the applicant to supply the details of his or her educational background.

An interview can often be more litigiously threatening than the employment application, because uniformed interviewers often ask seemingly harmless questions which may, in fact, be discriminatory. An interviewer may casually ask a 32-year-old female applicant if she anticipates having a family. If she responds affirmatively and subsequently is not hired, she could file suit for discriminatory hiring practices. Experts say the general rule of thumb is: if a question does not have anything to do with the job, or is not vital to determining the applicant's ability to perform the responsibilities associated with the job, do not ask it.

Firing: Improperly handled employee terminations generate a significant number of lawsuits against corporations. Complete and accurate records of such actions protect the interests of both the employer and the former employee.

Firing generates stress for the employee being discharged, the individual who does the terminating and the employees who remain with the company. There are several concepts to consider before, during and after the discharge is completed which can significantly affect vulnerability of the employer.

Before Firing an Employee:

- Be sure the action is approved by top management and conforms to written company policy. Corporate legal advice may be sought regarding severance conditions for higher-level employees.
- Except in a for-cause dismissal, an employee is entitled to a documented, concise explanation of the reasons for his her dismissal. Plan the interview carefully to anticipate responses and diffuse reactions.
- Federal law requires a 60-day advance notification of employees affected by layoffs and plant or office closings. Prematurely early notification may significantly affect production and possibly invite undesirable reactions.
- Consider the possibility of an irrational response by a dismissed employee. Take the necessary precautions to change security codes, access codes to computers and entry to the company offices.

Handling a Termination:

- Be honest and completely clear about the reasons for discharge. Avoid personal statements which might degrade or humiliate the individual, or vague statements which might suggest that the situation is reversible.
- It is sometimes helpful to have another individual, such as a professional from human resources, present as a witness and a support for the employee, particularly if emotional reactions are anticipated.
- Present a precise explanation of severance pay procedures, benefits continuation forms, pension or profit-sharing payouts and other available assistance, such as outplacement counseling.
- Allow the individual to remove personal belongings at a low-visibility time, after hours or on a weekend. Prepare a checklist of company property that should be accounted for, including keys, credit cards, ID cards, computer disks.
- Respond to all questions and discuss the cover story to be presented when future employers inquire about the individual. Be prepared with a version that is supportive of the employee but does not threaten the company's credibility.

After Firing an Employee:

- Document the termination in writing immediately, detailing conversation, reactions and emotional tone of both parties. This is essential for response to any future challenge to the termination.
- Inform the staff or co-workers of the termination by word of mouth or by memo. In the case of for-cause termination, the incident should be mentioned only briefly, in a non-defamatory manner. If performance is the reason, experts suggest that simply stating that the employee and the organization have agreed to part company should suffice.
- In the case of staff reduction or layoffs, the remaining staff should be assured that downsizing was warranted and that no additional layoffs are anticipated at this time (if that is the case).
- Invite employees who have additional questions and concerns to meet with specified representatives of the company privately.
- Inform clients or customers who deal with the discharged individual that the company will continue to serve their needs. When necessary, name a specific individual who will replace the terminated employee.