Employee Relations Benchmark Study 2016

Executive Summary

HRACUITY™
Your Employee Matters

Overview

The inaugural HR Acuity® Employee Relations Benchmark Study is a groundbreaking study established to identify and define "best practices" in relation to employee relations management in the US. Organizations with more than 1,000 employees across a wide array of industries were asked to provide data on employee relations practices related to their organization model, case management processes, employee issue types, volumes, trends and internal data-driven metrics. In the end, we had 74 organizations participate representing over 870,000 US employees!

The goal of the Benchmark Study was to establish a foundation for the development of a unique set of best practice employee relations benchmarks for organizations. To this end, the Study provides a broad view of the respondent data by presenting the overall data as well as additional insights based upon three cross-sectional data slices:

- Industry
- Employee relations organization model, and
- Number of employees

The vast majority of respondents were senior employee relations or human resources leaders, well positioned to share meaningful insights into their organization's best practices.

On behalf of the HR Acuity® team, I would like to thank the Employee Relations Benchmark Advisory Board for providing their time and insightful expertise toward study and question development. Advisory Board members included employee relations leaders from the following organizations: Adventist Health System, Brown University, Citizens Bank, John Hancock/Manulife, LinkedIn, Medtronic, MetLife, TIAA, and Walgreens.

We had high expectations for the Employee Relations Benchmark Study, and we are delighted at both the participation and the depth of insight that it provides. The HR Acuity® team is already looking ahead to next year's study and watching the many trends highlighted across the employee relations landscape evolve.

To learn more about the HR Acuity Employee Relations Benchmark Study or to inquire about the full results, please contact us as benchmark@hracuity.com or call 888-598-0161.

Deborah J. Muller
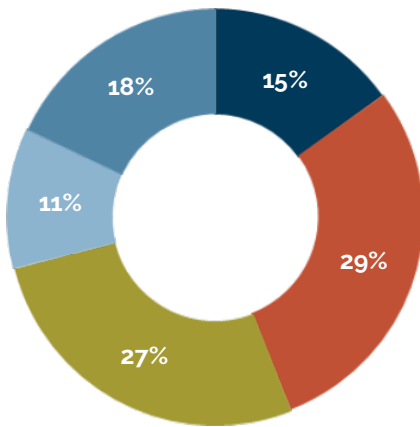CEO, HR Acuity®
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Respondent Profile
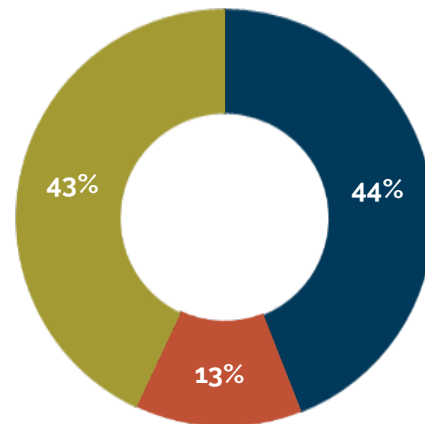
Senior ER and HR practitioners representing 74 organizations with over 870.000 US employees responded to the Benchmark Study call for information.
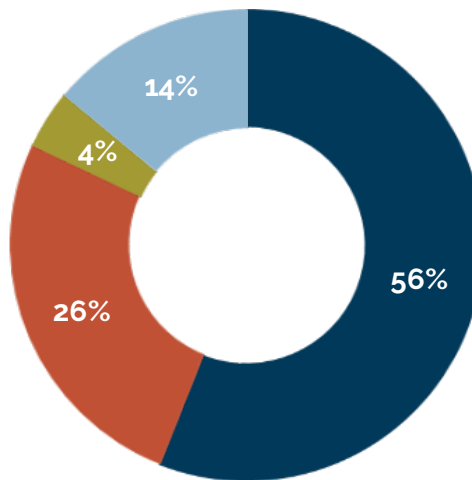
Annual Revenue

- ■ < $100 million
- ■ $100 million to $999 million
- ■ $1B - $5B
- ■ $6B - $10B
- ■ >$10B

Global or US-Based

- ■ Global
- ■ Primarily US-based, but some regional presences
- ■ US-based only

Organization Type

- ■ Public ■ Private ■ Government ■ Nonprofit

Individual respondents to the 2016 HR Acuity Employee Relations Benchmark Study were senior leaders in HR and employee relations, ER business partners, managers of performance and learning, and compliance directors reporting on behalf of organizations with over 1,000 employees
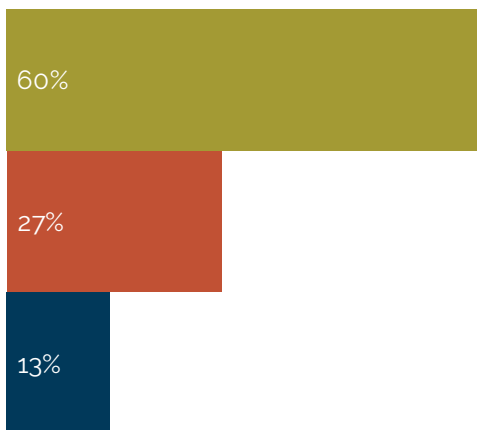
Organizational Model

Organizations are moving toward Centralized or Mixed Models for managing employee relations.

60% of organizations reported using a Centralized "Center of Expertise" with another 27% utilizing a hybrid Mixed Model with some centralization supported by field human resource generalists.

Employee Relations Organization Model

■ Centralized: There is a centralized team of Employee Relations Professionals or Center of Expertise ("COE") responsible for managing employee relations issues and conducting investigations across the organization.

■ Mixed: There is a centralized group for managing some or most of the employee relations cases and investigations but field resources (e.g, HR Generalists, Business Partners and/or managers) still manage some employee relations issues.

■ Decentralized: Employee relations issues are managed within the specific lines of business by HR Generalists, Business Partners or Employee Relations Professionals. Employee Relations matters are not centralized.

Respondents noted significant pros and cons to an organization's choice of a Centralized or Decentralized ER Model. The Centralized Model got high marks for consistency, neutrality and expertise but struggled with workload and visibility to business issues. The Decentralized Model scored well for speed of response and alignment with the business but lacked standardization and stretched resources thin. The Mixed Model, described by one respondent as "a centralized strategy with on the ground effectuation and handling of local nuances", also has challenges due to role confusion and lack of coordination.

	Pros	Cons
Centralized	• Consistency • Neutrality • Expertise	• Workload • Visibility to business issues
Mixed	• Centralized strategy with on the ground effectuation	• Role confusion • Lack of coordination
Decentralized	• Speed of response • Alignment with Business	• Lack of standardization • Resources stretched thin

The survey also reviewed any plans by organizations to change their model (move from Decentralized to Centralized). While the majority (61%) said there were no plans under consideration, certain pockets of participants showed trending data.

Resources

Organizations with Centralized ER Models have 25% less ER Professionals and HR Generalists/Business Partners than those with Mixed and Decentralized Models.

While variations exist based upon organizational model and number of employees, on average organizations have 0.67 employee relations professional and 2.22 human resource generalist/ business partners per 1,000 employees.

STAFFING RATIOS BY ORGANIZATIONAL MODEL	ERS PER 1,000 EMPLOYEES	HRG/HRBP PER 1000 EMPLOYEES
Centralized	0.64	1.78
Mixed	0.70	2.68
Decentralized	0.75	2.57
All	0.67	2.22

Of the 68% of organizations that have in-house labor and employment resources to support the HR function, they staff at about 0.17 per 1,000 employees.

IN HOUSE LEGAL COUNSEL BY NUMBER OF EMPLOYEES	LEGAL COUNSEL PER 1,000 EMPLOYEES
<3,500	0.63
3,500 - 9,999	0.36
10,000 - 19,999	0.21
20,000+	0.12
All	0.17

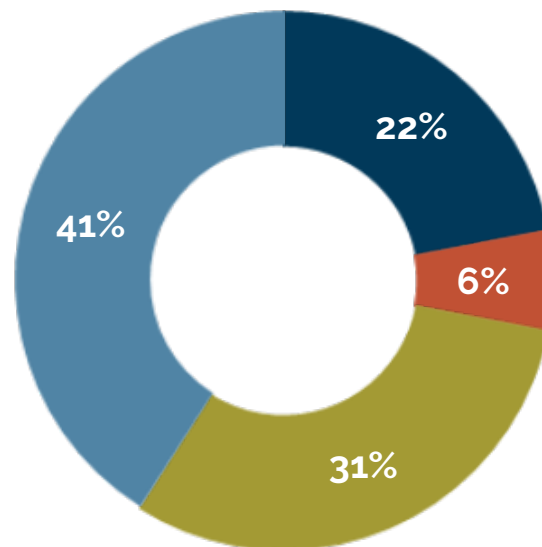# Case Management

Risky trends for storing sensitive employee relations documentation is evident in more than 50% of organizations.

Almost 60% of documentation related to employee relations matters is stored either locally by the HR professional or in some mix of personal files, emails, case management systems and shared drives. In Decentralized environments these numbers were even more troubling as HR Professionals were two times as likely to maintain their own files.

### Storing Employee Relations Documentation

- 22%
- 6%
- 31%
- 41%

■ HRBP or ER Professional maintains own documentation

■ Documentation is maintained on a shared drive

■ Documentation is maintained in an Employee Relations/HR Case Management system

■ Mixed. Some combination of case management system, shared drive or personal storage

Case Management

Enterprise organizations are twice as likely to require specific forms or templates when conducting workplace investigations.

While just under a quarter of respondents reported their organization requiring specific forms or templates when conducting a workplace investigation, organizations with 20,000+ employees required them 53% of the time. Conversely small organizations (less than 3,500 employees) provided no guidelines at all 48% of the time.

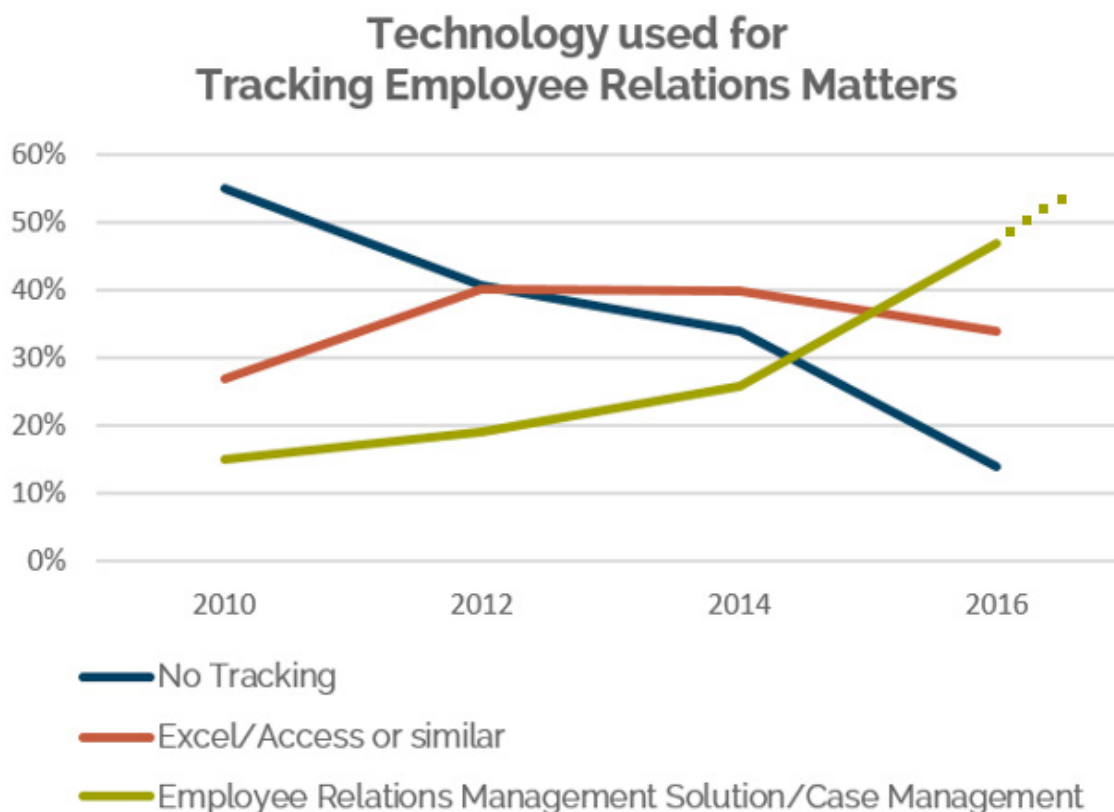### Method for Conducting Workplace Investigations

- 23%
- 41%
- 36%
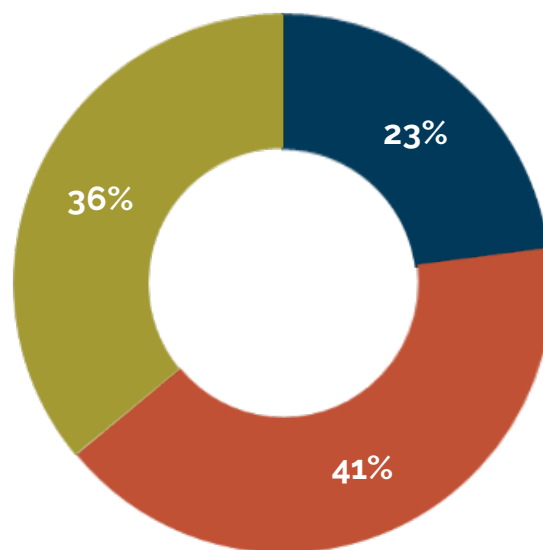
■ Required Forms and templates

■ Suggested forms and templates

■ No specific guidelines

Case Management

Organizations are steadily increasing their reliance on the real-time metrics and trending data available from employee relations management systems.

When we started surveying organizations in 2009, less than 15% used an employee relations management system and over 50% didn't track at all. The tide has been turning over the past seven years and this year it almost totally flipped.

Technology used for Tracking Employee Relations Matters

Legend:
- No Tracking
- Excel/Access or similar
- Employee Relations Management Solution/Case Management

Over 45% of organizations now use some form of an employee relations management solution or case management system while only 12% reported not tracking at all. Further, 49% of the respondents currently without a system confirmed their intention to transition to one in the future. 100% of technology companies plan on making the move.

Case Trends and Volume

Case complexity and load increases across the board.

Regardless of organizational model, HR Professionals are feeling the burden of both high caseloads and a broad spectrum of general employee relations responsibilities. One respondent said, "Can barely handle the volume of issues let alone analytics." Forty percent of respondents were managing 11 to 25 issues and another 31% were managing six to ten issues at any time. Respondents reported experiencing increased levels of case complexity almost across the board.

Average Number of Cases Per ER Professional

■ <5 ■ 6 to 10 ■ 11 to 25 ■ 26 to 35 ■ 36+
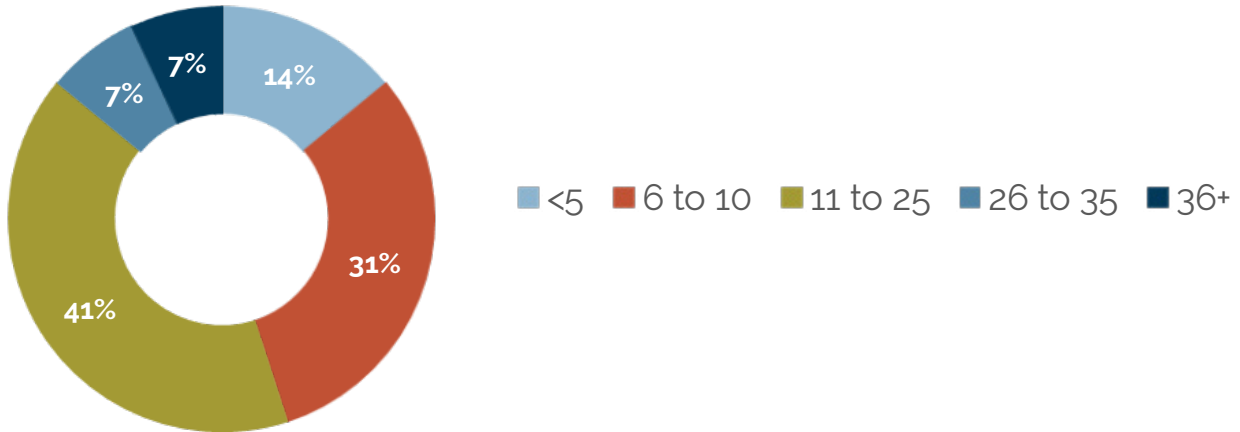
For every 1,000 employees, organizations will receive approximately 4.44 allegations of discrimination or harassment. This is in addition to approximately 1.26 EEOC or other administrative charges made against an employer.

Performance-related and behavioral issues consume time at a rate of approximately 200 cases per 1,000 employees.

Requests for accommodations are continuing to rise. Respondents report managing the interactive process for approximately 35 accommodation requests annually for every 1,000 employees.

Number of Issues Per 1,000 Employees	
Performance-Related	170.39
Behavioral	31.71
Policy Violations	94.5
Leave Management	67.46
Accommodations	35.6
Terminations - Voluntary/Mutual	88.59
Terminations - Involuntary with Severance	8.15
Terminations - Involuntary without Severance	44.33
Allegations of Discrimination or Harassment (not including any EEOC or admin charges)	4.44
Regulatory Matters(FLSA, OSHA, Workers Comp, Unemployment)	20.69
EEOC or Other Administrative Charges	1.26

HR Acuity® is the leading provider of employee relations and workplace investigation solutions. By combining its "HR-First" methodology and state of the art software, HR Acuity® enables organizations to reduce costs and mitigate the legal, financial and reputational risks associated with adverse employee-related events.

Our award winning Employee Relations Management System

HRACUITY™
On-Demand

standardizes how employee-related events are managed, documented, and followed-through to completion.

Structured Investigations

The HR Acuity® 3-Step Investigation Process provides HR Professionals with a dynamic blueprint for conducting thorough and accurate fact finding.

Consistent Documentation

Proper and consistent documentation of employee issues ensures fair treatment of employees and protects your organization.

Powerful Analytics, Proactive Intelligence

Instantaneous and flexible analytics enable objective and proactive analysis of employee behaviors, managerial impact and workplace engagement.

Engaging the Workforce from Start to Finish

The Post-Hire and Exit Interviews provide an effective way to capture invaluable information from your new and departing employees.
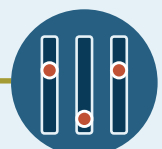
THE HR ACUITY®
3-STEP PROCESS:

PLAN — INVESTIGATE — DETERMINE

HR Acuity® is certified as a Women's Business Enterprise by the Women's Business Enterprise National Council.

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