

CENTRALIZATION



EMPLOYEE RELATIONS:

Practices and Trends

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ABOUT THE REPORT

Structuring ER Strategically

Now in its third year, the HR Acuity Employee Relations Benchmark Study has become an essential tool for HR and Employee Relations leaders as they organize their teams and look to establish processes and practices. To that end, when we gather and analyze the data each year, we try to identify areas that will be most relevant and of greatest interest to these practitioners.

While the Employee Relations function has traditionally been organized using one of three models—decentralized, centralized, or mixed (see sidebar), a trend toward centralization has emerged in recent years. Given that the vast majority of participating organizations in this year's Benchmark Study are now using centralized or mixed models, creating the sub-report, *Centralization of Employee Relations: Practices and Trends*, seemed logical. Inside you will find an examination of and insights into organizational resource allocations, caseloads and processes, as well as how technology and metrics can support effective employee relations practices.

Be on the lookout for our next Benchmark sub-report: *Technology & Metrics*, slated for release in early 2019 and the full study results available later in the year. You can also download the previously released special report: *#MeToo in the Workplace* on hracuity.com. And please drop me a note to let me know how these reports help your efforts to shape the ER landscape within your organization.



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About Employee Relations Organizational Models

Centralized: Centralized team of Employee Relations Professionals or Center of Expertise (COE) responsible for managing employee relations issues and conducting investigations across the organization. The team does not have to be geographically centralized.

Mixed: Centralized team for managing some or most of the employee relations cases and investigations with field resources (HR Generalists, Business Partners and/or managers) to 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. There is no centralized team.

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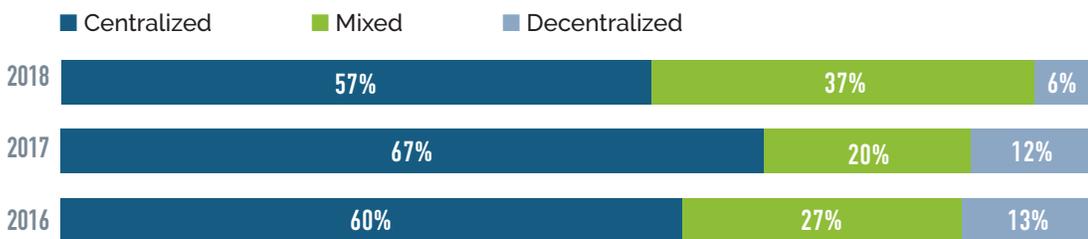
Special thanks to graduate school interns, Elysia Hung and Roshani Karki of the Cornell University School of Industrial and Labor Relations for their help in analyzing the 2018 Benchmark data.

Current Employee Relations Model (US)

HR Acuity Employee Relations Benchmark participants were asked to define the model they use to organize and manage employee relations. The findings in this report focus primarily on those respondents (94%) who defined their organizational model as either centralized or mixed. Unless specifically called out, all data shown is a combination of those two models since both include some aspect of centralization to deliver services to their employees. (See page 2 for organizational model definitions.)



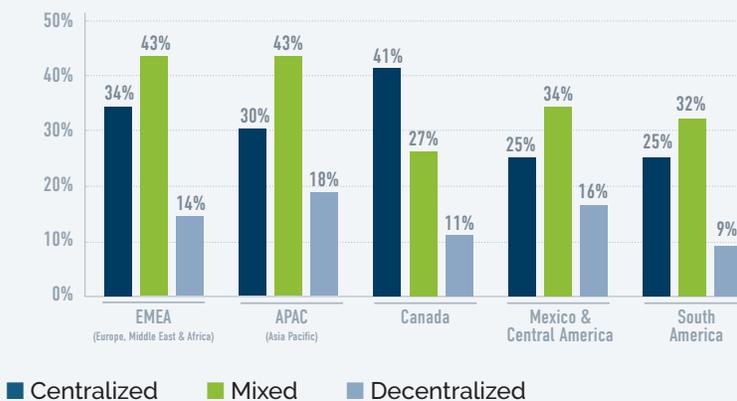
Which statement best describes your current employee relations model in the U.S.?



Use of a centralized model has trended upward over the past several years, but this year's data shows more of a shift to a mixed model which could be based upon the mix of participants in this year's study. The data also supports a year over year decline in the number of organizations using a decentralized approach for employee relations.

The findings include input from 158 enterprise organizations, representing approximately 4.4 million employees globally.

Employee relations model outside the US



While this report is mainly U.S.-focused, it is interesting to see how the larger global regions follow similar trends as the U.S.

ORGANIZATIONAL MODELS (continued)

BY NUMBER OF U.S. EMPLOYEES

	1,000-3,499	3,500-9,999	10,000-19,999	20,000+
CENTRALIZED	75%	55%	48%	56%
MIXED	15%	45%	41%	38%
DECENTRALIZED	10%	0%	11%	5%

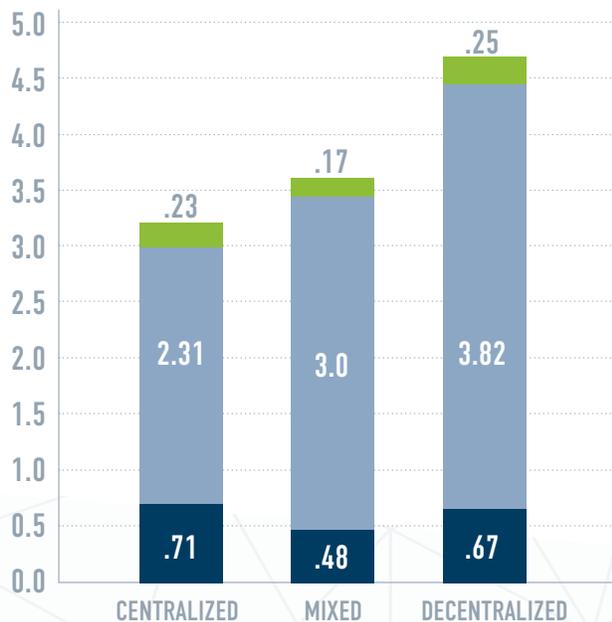
BY INDUSTRY

	Financial Services/ Insurance	Pharmaceuticals/ Medical Devices	Technology	Healthcare/ Hospitals
CENTRALIZED	53%	69%	69%	58%
MIXED	47%	19%	23%	37%
DECENTRALIZED	0%	13%	8%	5%

While organizations within pharma and tech heavily favor a centralized model. None of the participating companies within the financial and insurance sectors and very few within healthcare use a decentralized model. This may be as expected given the regulations within most of these industries.

RESOURCES

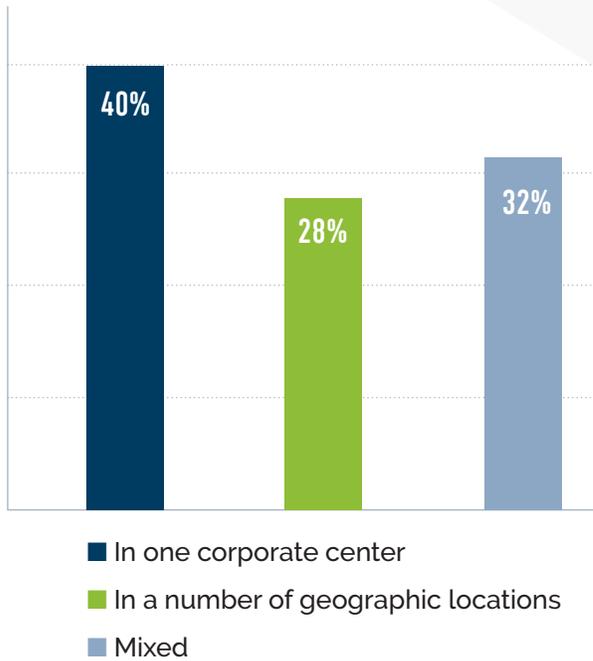
Number of Resources per 1,000 Employees (Median)



The data illustrates that both central and mixed models allow for better utilization of resources. However, further data gathered from the study evokes the question of whether this comes at the expense of high workload. (See page 11)

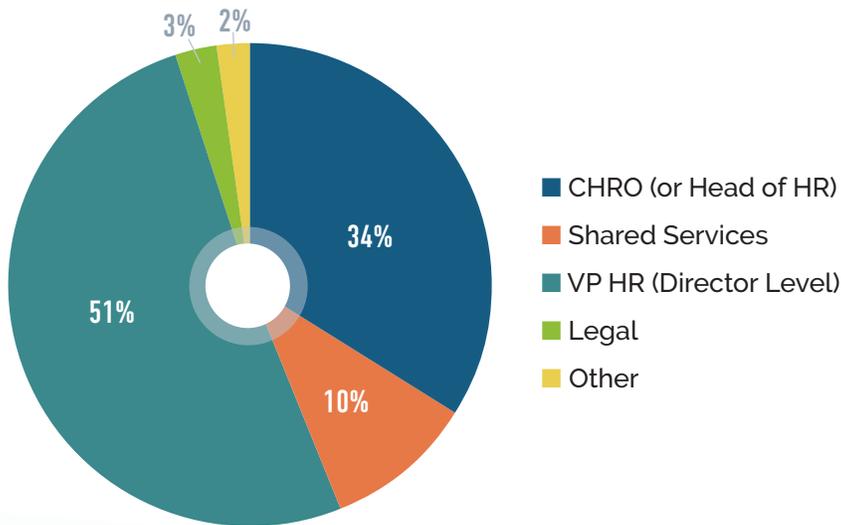
■ Employee Relations Professionals ■ HR Generalist/Business Partners ■ Legal

Within your centralized ER team, where do your Employee Relations Professionals work?



The results seem to support modern workplace culture and technology usage where teams can operate effectively even when not in close physical proximity.

To whom does the centralized ER team report?



More than one-third (34%) of ER teams report to the Chief Human Resources Officer signifying employee relations is now seen as a strategic component of the HR function. It will be interesting to see if this trends upward in the post #MeToo environment as organizations focus to create safer workplaces, proactively identify issues and strive to demonstrate that employee matters will be taken seriously and addressed with consistency and fairness.



Which type of cases generally fall within the scope of your centralized ER team?



DEFINITIONS:

GENERAL POLICY INQUIRIES:

answered based upon standard operating procedures

PERFORMANCE ISSUES:

e.g., performance counseling or discussion with employee, performance advising to manager/supervisor, performance documentation, etc.

BEHAVIORAL ISSUES:

e.g., inappropriate use of social media, electronic communications, code of conduct, confidentiality, theft, fraud, substance abuse, etc.

POLICY VIOLATIONS – NON-ATTENDANCE RELATED:

e.g., inappropriate use of social media, electronic communications, code of conduct, confidentiality, theft, fraud, substance abuse, etc.

LEAVE MANAGEMENT ISSUES:

e.g., FMLA, Disability, Jury, Military, PTO, etc.

INVESTIGATIONS INTO ALLEGATIONS OF DISCRIMINATION/HARASSMENT/RETALIATION:

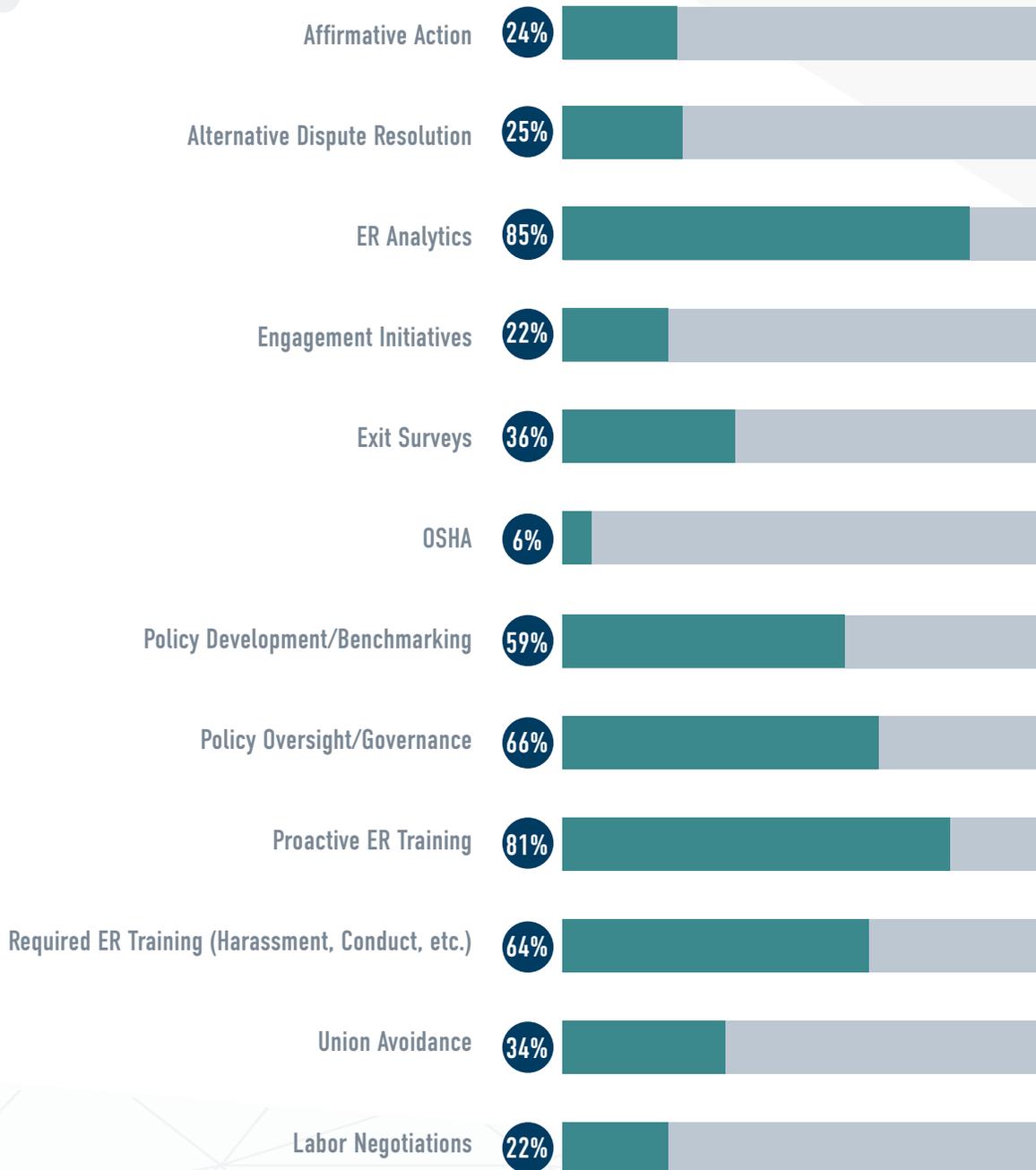
not including any outside charges, e.g., EEOC or other administrative agency or legal inquiry, etc.

INVESTIGATIONS INTO OUTSIDE AGENCY OR PARTY CHARGE:

e.g., EEOC or other administrative charges, etc.

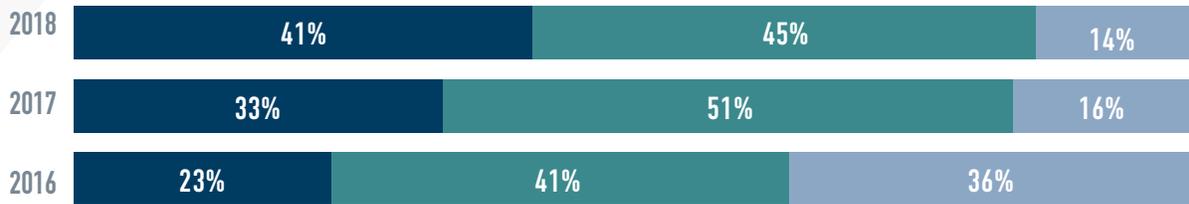


What additional functions are managed by the centralized ER team?





What method best describes how investigations are conducted within your organization?

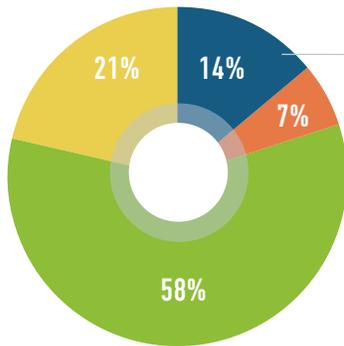


- Required process including forms and templates for conducting investigations
- Suggested/sample forms and templates for conducting investigations, not required
- No specific guidelines or processes for conducting investigations

It is good to see that the trend toward required investigation processes continues. According to responses from our **#MeToo In the Workplace Special Report**, this number will continue to rise as 10% of organizations reported plans to implement such requirements for harassment allegations within the next 12 months.



How often are investigators trained on proper investigation techniques?



A deeper look at the data illustrates that 50% of the organizations with more than 20,000 employees conduct investigation training annually.

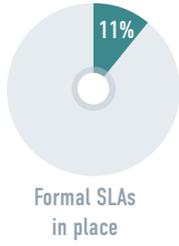
- Annually
- Every two years
- As needed
- No formal training/rely on experience

More than half of participating organizations reported training their investigators on an “as needed” basis. What is unclear is how organizations define “as needed.” In today’s environment of increased allegations, organizations may want to consider a more proactive approach. Ongoing or periodically scheduled training ensures that investigators are always equipped to handle even the most complex investigations, experience fewer surprises and realize improved outcomes. The **#MeToo in the Workplace** data shows that 49% of organizations initiated or plan to make changes to improve their investigation training within the next year.

SERVICE LEVEL AGREEMENTS



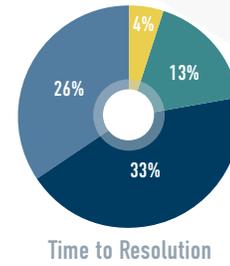
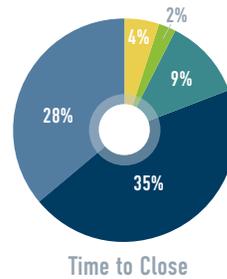
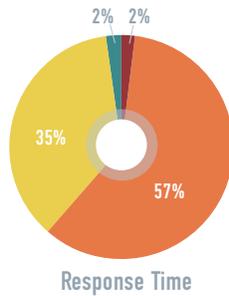
Does your centralized ER team use Service Level Agreements (SLAs)?



Nearly half (46%) of the companies using SLAs have more than 20,000+ employees.

Please indicate what is measured related to your SLAs and the associated time frames.

- Same day
- Within 24 hrs/1 business day
- 2 - 3 days
- <1 week
- 1 - 2 weeks
- 2 - 4 weeks
- 4+ weeks

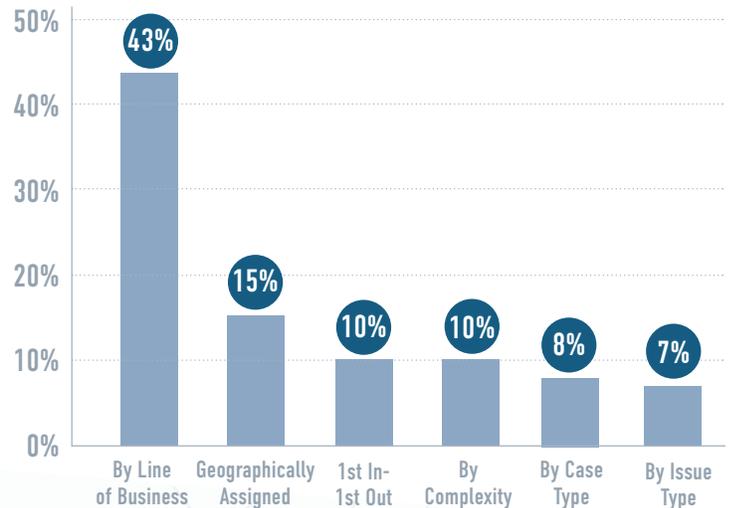


CASE MANAGEMENT



What is the primary method used for assigning cases within the centralized ER team?

Overwhelmingly participants shared that cases are assigned by line of business. While this may help employee relations professionals get to know the business issues on a more intimate level, it can also make it difficult to predict case volume creating unbalanced workloads across the team. A few participants also questioned whether this assignment method could dilute neutrality, often touted as a benefit within the centralized model.



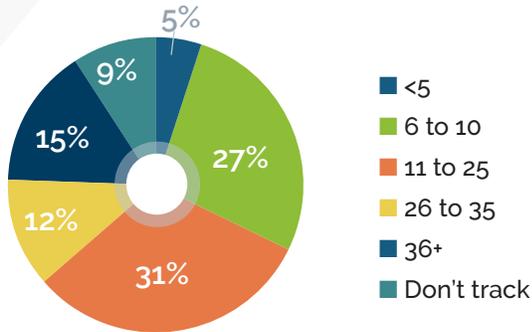
ER managers sometimes grow too comfortable with the business and make assumptions without realizing it. As a result, they may not be as thorough when documenting or investigating an issue. We rotate alignment every 18 months or so to ensure our team is less prone to developing bias for managers they support.

CASE MANAGEMENT (continued)

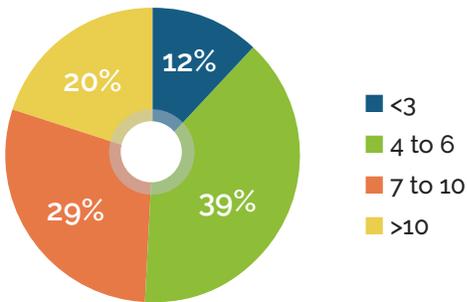
NUMBER OF CASES AT ANY ONE TIME

EMPLOYEE RELATIONS PROFESSIONALS WHO HANDLE ALL ER ISSUES

(including performance and investigations)

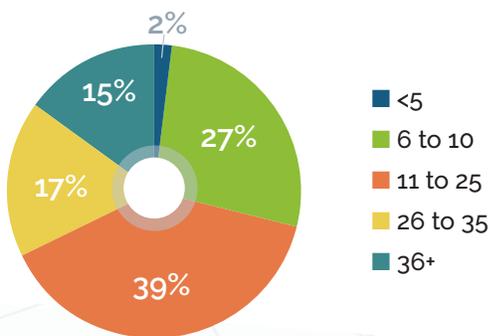


EMPLOYEE RELATIONS PROFESSIONALS WHO ONLY CONDUCT INVESTIGATIONS



EMPLOYEE RELATIONS PROFESSIONALS WHO HANDLE ONLY ER ISSUES

(including performance, but not investigations)



Across the board, Employee Relations Professionals experience heavy workloads. Of those who only conduct investigations, 49% have on average seven or more open investigations at one time—and almost half of those have more than ten. Considering that each investigation may involve multiple parties, interviews, and detailed documentation, it is unknown how this impacts the integrity, timeliness and thoroughness of each review.

Expectations for the number of Employee Relations Professionals (FTE) over the next 12 months

43%
INCREASE

2%
DECREASE

47%
SAME

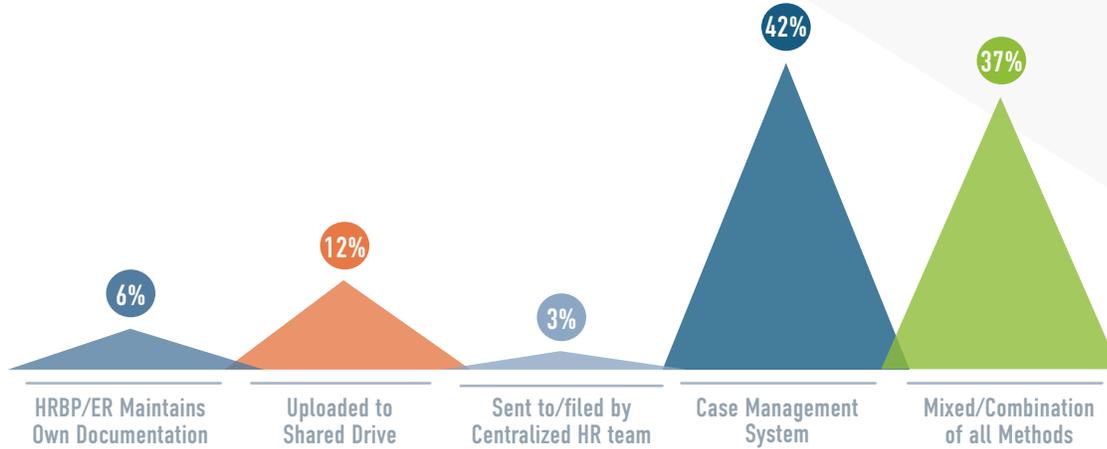
8%
UNSURE

Many organizations (43%) report that they will add resources in the next year. It is unclear whether the purpose is to address growth projections or expected increases in harassment allegations, a trend to watch in the future.

TECHNOLOGY



How does your organization primarily store documentation created as a result of an employee relations issue or investigation?



The trend to use case management technology in centralized or mixed teams continues as 42% of respondents are currently doing so. However, 58% of organizations are still using other methods that can compromise consistency and security, and provide little opportunity for reporting and insights.



How does your organization primarily track employee relations issues and investigations in the U.S.?



Half of all organizations (50%) are using some sort of case management system to track employee relations issues, and more than two-thirds of those (70%) are using technology specifically designed to address the unique needs of employee relations. We expect this trend to continue as organizations look to minimize risk and avoid being thrust into the spotlight due to poorly managed issues. In addition, it is expected that the percentage of organizations that do not track at all (5%) and those that continue to use spreadsheets or document management systems to track ER issues and investigations (23%) will also continue to decrease.

BENEFITS AND CHALLENGES

The number of comments respondents made regarding specific benefits and challenges using centralized or mixed models were relatively even. For the most part, the differences between these frameworks were not significant.

BENEFITS Responses shared that the greatest benefit by far for both models is consistency (see sidebar). One perceived benefit the mixed model has over a centralized approach is proximity to the businesses.



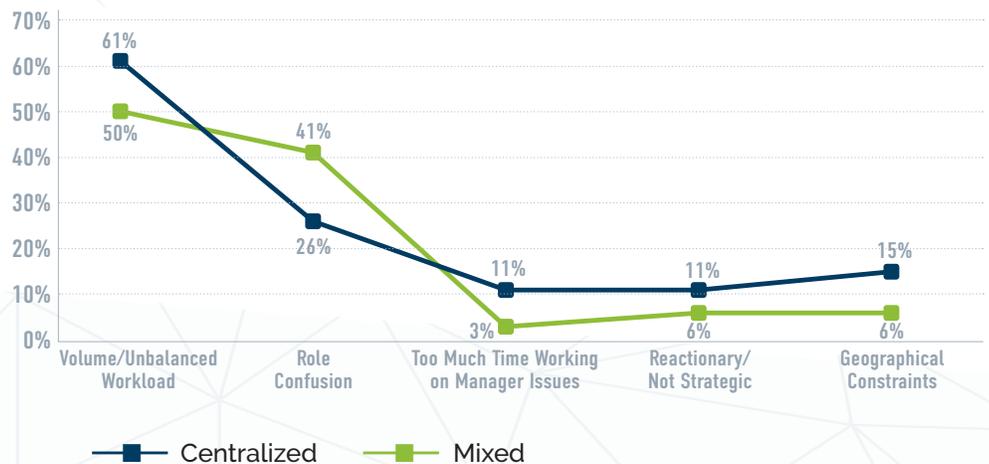
Consistencies commonly cited:

- processes and practices
- case tracking and data management
- resolution and remediation
- employee expectations and experience

CHALLENGES The most common challenges identified with a centralized or mixed model are heavy and unbalanced caseloads (see sidebar). Counter to the benefits within a mixed model, centralized organizations cited geographic constraints as problematic. Those using a mixed model see greater role confusion within the ER team, as well as among their clients and stakeholders.

Volume/Workload Challenges commonly cited:

- inconsistent caseload volume
- unpredictable nature of volume
- geographical placement of resources
- reactive due to inadequate resources



In addition to the benefits of consistency and the challenges of workloads volume, here are some additional comments associated with a centralized approach.

Our
streamlined process offers consistency in how an investigation is conducted, helping to align on consistent outcomes for similar behaviors.

Benefits:

- ▶ Centralization supports our self-service model, allowing us to scale and meet the needs given rapid organizational growth.
- ▶ Aligning teams by market group has allowed us greater visibility into the business in our attempt to achieve business intimacy.
- ▶ The model allows us to provide broader and more highly trained ER professionals to not just investigate ER matters but also provide other services, such as education and training to both the general HR community as well as teams and senior leaders.
- ▶ It has created greater trust in the team, especially at the staff level, as the employee relations team and the function are viewed as independent and not tied to leadership.
- ▶ Organizing investigators by subject matter creates subject matter experts, who are familiar with the investigative process for each allegation type. This reduces organizational risk, time to close and improves the quality of the investigation.
- ▶ Alignment by business line but also by case type ensures that ER team members never manage performance cases and complaints for the same individual, so they can be objective on investigations and accommodation concerns.

Challenges:

- ▶ Providing ER training for managers and supervisors, as well as establishing and maintaining strong working relationships with supervisors, can be difficult due to their geographical dispersion.
- ▶ Striking the optimal balance between risk-mitigation and efficiency with the need to be flexible, responsive and proactive to meet rapidly evolving business needs.
- ▶ HRBPs are not always willing to let go of work.
- ▶ There is added complexity with global implementation regarding country laws, language and culture.
- ▶ Work/life balance is a challenge given the stress of the job, workload, resiliency, and managing turnover.

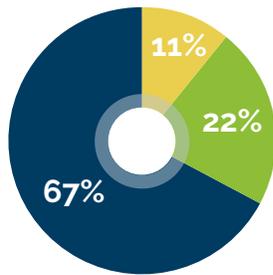
There is a tendency to work in silos within the COE. The challenge is how to share information across the various HR COEs to be a united front.

MORE ABOUT THE HR ACUITY® EMPLOYEE RELATIONS BENCHMARK STUDY

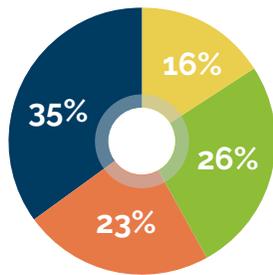
RESPONDENT PROFILE

Total number of participating enterprise organizations: 158

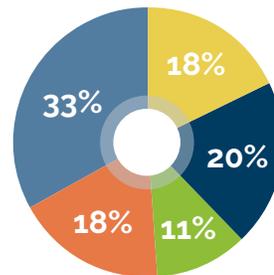
Total number of employees represented globally: approximately 4.4 million



- Fortune 100
- Fortune 500
- Other



- 1,000-3,499
- 3,500-9,999
- 10,000-19,999
- 20,000+



- Financial Services or Insurance
- Healthcare or Hospitals
- Pharmaceuticals or Medical Devices
- Technology
- Other

The *Centralization of Employee Relations: Practices and Trends* report is part of the 2018 HR Acuity Employee Relations Benchmark Study. Conducted annually, the study was established to identify and define best practices regarding employee relations management, as well as to highlight trends across this evolving landscape. Enterprise organizations across a wide array of industries provide data on employee relations practices related to their organizational model, case management processes, employee issue types, volumes, trends and internal data-driven metrics.



The entire Benchmark Study Results will become available over the next few months. To learn more or find out how to participate in next year's study, please contact us at benchmark@hracuity.com.

CENTRALIZATION

HRACUITY®

While you can't prevent every employee relations issue, you can change how you respond.

HR Acuity is a technology solution that combines documentation, process, and human expertise so organizations can meet the challenge of managing employee relations in the modern world.

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