Up✦link

The Peoplelink Online Newsletter

PEOPLELINK STAFFING **25** *years*

How is cloud-based technology changing the onboarding process?

by HR.BLR.COM

Companies of all sizes are using cloud-based technology to augment their onboarding efforts, and, as a result, they are making the process more engaging, fun, and effective, says Karl Mehta, CEO of EdCast, a personal learning network. "Everything is moving to the cloud."

"In the past, training tended to be 'HR centric' or 'course centric,' while the new paradigm is user centric," Mehta says.

By leveraging cloud-based technology and trends in social networking, trainers have opportunities to adopt a "peer-to-peer format," making onboarding "far more fun and engaging than the traditional way learning was delivered."

Many companies using the cloud still conduct in-person onboarding events, but the technology gives them the opportunity to personalize onboarding, he says. For example, if two new hires join a company on the same day but one is a faster learner or more experienced, that individual might feel frustrated learning with a group in a classroom or rehashing information he or she has already mastered.

With cloud-based technology, new hires can proceed with onboarding at their own pace and, once they demonstrate their knowledge in a certain area, the technology allows them to skip over information that less experienced employees would have to complete, he says.

Other benefits include reduced costs for classroom training, the ability for learners to access content anywhere and anytime, and the employer's ability to continuously refresh content, to push information to employees, and to make onboarding "a continuous event," Mehta says.

In addition, cloud-based technology enables employers to leverage social learning—that is, learners can post a question to learn from more experienced employees, making them feel as if they are "already connected to the organization" and have known their colleagues "for years instead of days."

When moving to the cloud, it is important to be open to change. "The main common mistake that we see is to come with the belief that what has worked in the past will continue to work in the present and the future," Mehta says. "You can't take advantage of all the innovation if you have a locked mindset."

RECRUITING
FOR CULTURAL FIT

Culture fit is the glue that holds an organization together. That's why it's a key trait to look for when recruiting. The result of poor culture fit due to turnover can cost an organization between 50-60% of the person's annual salary, according to the Society for Human Resource Management (SHRM). But before the hiring team starts measuring candidates' culture fit, they need to be able to define and articulate the organization's culture – its values, goals, and practices — and then weave this understanding into the hiring process.

The process of defining organizational culture can take many forms, from working with an external consultant to staff-driven focus groups and discussions. And the result could be a formal statement from the CEO defining the organization's culture or a list of operating cultural norms that govern the way staff interacts with one another — or both. What's important is that hiring managers, interviewers, recruiters, and everyone at your company can identify critical characteristics that mesh well with that culture. For example, if a strong sense of entrepreneurism is one of your organization's cultural hallmarks, ensuring that potential candidates are entrepreneurial, with a track record of thriving in similarly

entrepreneurial environments, will be imperative. This would be a key signal of culture fit.

Cultural fit is the likelihood that someone will reflect and/or be able to adapt to the core beliefs, attitudes, and behaviors that make up your organization. And a 2005 analysis revealed that employees who fit well with their organization, coworkers, and supervisor had greater job satisfaction, were more likely to remain with their organization, and showed superior job performance.

There has been a lot of talk recently about how looking for culture fit can lead to discrimination against candidates and a lack of diversity. It's important to understand that hiring for culture fit doesn't mean hiring people who are all the same. The values and attributes that make up an organizational culture can and should be reflected in a richly diverse workforce.

For example, if collaboration is a key organizational value, people who have a genuine, authentic belief in the value of collaborative work will be a stronger culture fit than those who are more comfortable as individual contributors. This doesn't mean that only people who come

from one particular background or have one particular set of experiences are collaborative. A savvy hiring manager knows that a deep-rooted belief in collaboration could just as easily be found in a candidate with a corporate background as a candidate who has worked in the nonprofit sector or a candidate who has spent most of her career in the military.

HERE ARE SOME QUESTIONS THAT WILL HELP ASSESS CULTURE FIT IN AN INTERVIEW:

- What type of culture do you thrive in? (Does the response reflect your organizational culture?)

- What values are you drawn to and what's your ideal workplace?

- Why do you want to work here?

- How would you describe our culture based on what you've seen? Is this something that works for you?

- What best practices would you bring with you from another organization? Do you see yourself being able to implement these best practices in our environment?

- Tell me about a time when you worked with/for an organization where you felt you were not a strong culture fit. Why was it a bad fit?

You can assess the candidates' work ethic and style by honing in on the following: whether they succeed in a virtual environment or with everyone in the same space; if they're more comfortable with a hierarchical organization or can they thrive with a flat structure; and if they tend to collaborate across teams or operate in a more siloed approach.

Finally, expose your candidates to a larger picture of what it would be like to work at your organization. Give him or her a tour of the office and a chance to see how employees at all levels interact with one another at meetings or during lunch. Pay attention to the candidate's comfort level and gather feedback from staff. The candidate whose behavior and values are consistent with your organization will naturally rise to the top.

If you assess culture fit throughout the recruiting process, you will hire professionals who will flourish in their new roles, drive long-term growth and success for your organization, and ultimately save you time and money.

Bright Ideas

Influence Others *Even If You Are Not An Expert*

Dorie Clark, HBR

One of the most powerful forms of influence, according to psychologist Robert Cialdini's famous analysis, is authority — often derived from perceived expertise. When a doctor advises us to exercise more, or a Nobel Laureate raises questions about a certain economic policy, we're likely to pay much more attention than if a random person offered the same counsel. In our professional lives, this principle can be a boon: if you have a Ph.D. in a subject, or have worked in the industry for 20 years, or are seen to be an expert because you write for a certain publication, you have an increased ability to influence others.

But what if you don't have those credentials? As I describe in my new book *Stand Out*, when you're just starting out in a field, or lack blue-chip affiliations, it may be hard to persuade others to listen to your ideas, even if they're groundbreaking and valuable. Here are four strategies to help you overcome your perceived lack of expertise and ensure you can make an impact.

The first step, if you aren't yet seen as an expert in your own right, is to borrow others' expertise. If you're a thoughtful curator of the best ideas in your field, even if you're not developing them yourself, others will start turning to you for guidance. "Originality can be overrated," says Des Dearlove, co-founder of Thinkers50.

He cited Malcolm Gladwell and Daniel Goleman (of *Emotional Intelligence* fame) as examples of thought leaders who are actually "synthesizers" of information. Says Dearlove, "These guys bring communication skills and an ability to bring complex ideas and make something out of them, but it's not their [original] research."

Another strategy to gain more influence for your ideas is finding commonality with your audience, a technique that makes them far more receptive to hearing from you. In *Stand Out*, I profile Robbie Kellman Baxter, a consultant who earned her MBA from Stanford and, as an active alumni volunteer, now derives more than half of her business from her fellow graduates. "The reason it's good for your business is that you're able to form genuine relationships with like-minded people very quickly, and to me, that's the definition of good networking," she says. "There's a kind of trust: I know what you went through because I went through it, too."

It's also important to be strategic about how and where you're applying your persuasion techniques. In my previous career as a presidential campaign spokesperson, we frequently created powermaps, which identified who the relevant decision maker was on an issue, who she listened to for advice, and how close we were to those advisers. The goal was to create an "echo chamber" effect, in which – even if we couldn't reach the target directly – we could ensure she would hear about our position favorably from a variety of sources. Powermapping is a highly targeted form of influence that can enable you to bypass objections about your own level of expertise on the subject.

Finally, the best antidote if you're lacking an expert reputation now is to start creating one ASAP. Creating original content is the single most effective way to develop an expert reputation. Though the best channel will vary (photographers and chefs should double down on Instagram, while it's less helpful for attorneys and insurance brokers), blogging is a good bet for most professionals. In just an hour or two a week, you can begin to demonstrate how you think about the issues facing your field and sharing your unique point of view. Your content creation sparks a virtuous circle: because reporters looking for comment almost always start their articles with an online search, if your name keeps coming up as someone writing about the issues, they're likely to contact you, reinforcing your expert reputation with third-party validation.

If you're not yet considered an expert, it's harder to get your ideas noticed — but not impossible. With these strategies, you can begin to overcome others' resistance and make sure your voice is heard.

Meet **KELLY RILEY »**
Regional Vice President
Riley Region

» How long have you been in the staffing business?
I started accidentally in 1988.

» What was your first job? What do you remember most about it? I was hired originally as the front desk/receptionist for a small staffing company in Virginia Beach. It was to cover a maternity leave. The person never came back, and I stayed with the company for 25 years and 3 acquisitions and mergers. What I remember most was during my second week I was assigned my first client – it was a skilled trades company that had 60 people working 2 shifts and had no time for someone without any training or staffing background to call on them!

» Who was the worst boss you ever had and why?
My worst boss – that's easy! She is the reason I left my 25 years employment. What made her the worst is she forgot staffing is a people and relationship industry. She spent her days managing via group emails and saved her personal contact to bully and threaten. Not a very productive work environment. Good news is she is now the COO of one of our competitors! Talk about a differentiator!

» What motivates you each day to sell and service your clients? I genuinely feel that what we offer is a real solution to our client and a great opportunity for our employees. At Peoplelink, we fill a need and help our clients meet their goals. We ARE a premier employer in the markets we serve.

» What are some of your long-term goals? I want to help Peoplelink grow an infrastructure that allows our top performers to grow their careers and advance their responsibility as quickly as they are interested and capable.

» What makes Peoplelink unique, from your perspective? Peoplelink is a large national/international employer with a number of fantastic resources; however, we empower our associates to make smart decisions for their offices. Ownership of your market is encouraged

» What makes you successful as a Manager? I am very driven and committed. I want to accomplish things that others aren't even thinking about! I ask questions and reach out to colleagues, peers and managers for help. I learned a long time ago I don't have to know it all, just know who to ask! On a personal level, I'm very committed to my team. I know I am limited on how many associates I can add to my team, and I only want the best. If you are part of my team, you can be 100% certain that I have your best interest at heart!

» What is the best advice you could give to other Peoplelink staff members? I would say think about every situation from the position of "what I CAN do" not "what I CAN'T". No one wants to hear an excuse – they want a solution. Also, whatever your role, be the very best you can be. That's what will get you noticed.

» What is your favorite movie? Funny thing: I can get totally lost in a book, but can't make myself sit through a movie! **Book?** No particular book stands out because I read everything I can get my hands on. **Drink?** Monster Ultra Zero…….with alcohol, yes please.

» If you could have any car you want, what would it be? ？ I owned one for three years and traded it in to be more "practical"……I will own one again! Jaguar XK – not so fancy you can't drive it around town every day (even on short trips) but sporty enough that I felt very cool driving it!

» What is your home city? What is the greatest feature about your home city?
My home city is Virginia Beach, VA, although I was born in Rhode Island. The best thing about it – the beach! I'm about 3 miles away.

» How do you unwind when you're not at the office?
I love live music and go to concerts in the summer – we have tons at the beach and our local amphitheater.

» Anything else you can think of? I am a huge animal lover. I love dogs in particular. I have two Bichon Frises now, but have never seen an ugly dog – I think they are angels on four legs. I've been married to my husband John for 13 years, he is a saint to put up with me.

Employee Job Satisfaction and Engagement
Optimizing Organizational Culture for Success

A Research Report by the Society for Human Resource Management (SHRM)

EXECUTIVE SUMMARY

This year marks the greatest increase in the number of employees satisfied with their current job since SHRM began administering the Employee Job Satisfaction Survey in 2002. Although the degree of the increase may be a bit unexpected, the direction of employee job satisfaction is less surprising. As the economy becomes progressively stable, it may be easier for organizations to acquire additional resources. This allows for more flexibility

---

Respectful treatment of all employees at all levels was rated as "very important" by 72% of employees in 2014, making it the top contributor to overall employee job satisfaction.
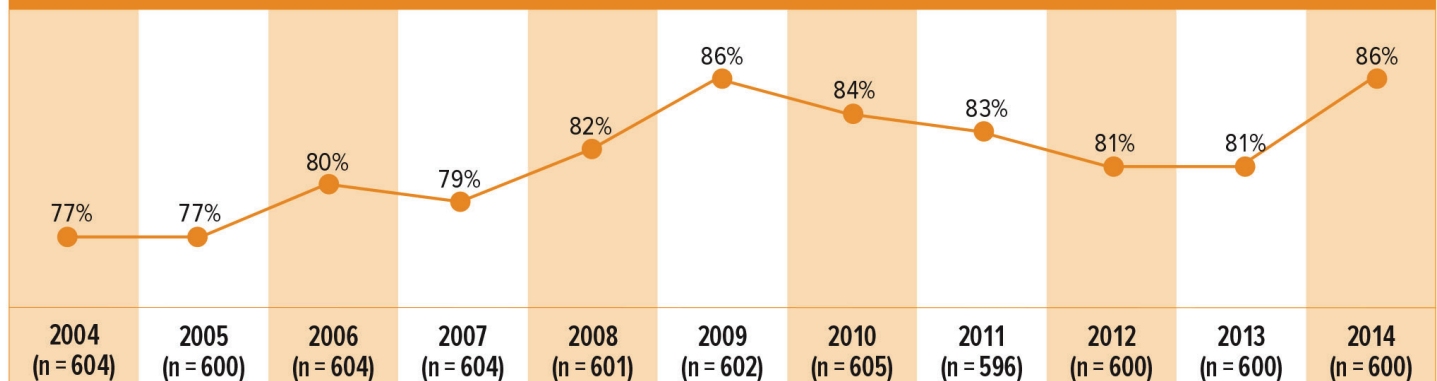
---

in areas such as hiring and organizational development. By the same token, workers are gaining confidence in the labor market and seeking new employment opportunities that are more compatible with their needs and wants. In 2014, 86% of U.S. employees reported overall satisfaction with their current job, an improvement of five percentage points since 2013; of this group, 39% reported being "very satisfied" and 47% "somewhat satisfied." This percentage matches the highest level of satisfaction over the last 10 years, which was in 2009. Between 2009 and 2013, levels of job satisfaction had gradually declined.

Top Five Contributors to Employee Job Satisfaction in 2014

Respectful treatment of all employees at all levels was rated as "very important" by 72% of employees in 2014, making it the top contributor to overall employee job satisfaction. At 64%, *trust between employees and senior management* was the second most important contributor to job satisfaction. This year marks the first year these aspects have been included in this report. With the addition of these two new aspects come changes in the leading five job satisfaction contributors. Because both of these components encourage stronger rapport between employees and uppermanagement, it is not surprising that these factors were rated highly as organizations transitioned out of a period of uncertainty.

FIGURE 1: Employee Job Satisfaction 2004-2014

2004 (n = 604)	2005 (n = 600)	2006 (n = 604)	2007 (n = 604)	2008 (n = 601)	2009 (n = 602)	2010 (n = 605)	2011 (n = 596)	2012 (n = 600)	2013 (n = 600)	2014 (n = 600)
77%	77%	80%	79%	82%	86%	84%	83%	81%	81%	86%

Note: Figure represents respondents who indicated they were "somewhat satisfied" or "very satisfied" with their current job. Percentages are based on a scale where 1 = "very dissatisfied" and 5 = "very satisfied." "Neutral/Neither satisfied nor dissatisfied" responses were excluded from this analysis.

Source: *Employee Job Satisfaction and Engagement* (SHRM, 2015)

Employee Job Satisfaction and Engagement

FIGURE 2: Job Satisfaction Aspects Rated as "Very Important" and "Very Satisfied" by Employees

Importance		Satisfaction
72%	Respectful treatment of all employees at all levels (1)	33%
64%	Trust between employees and senior management (2)	28%
63%	Benefits, overall (3)	27%
61%	Compensation/pay, overall (4)	24%
59%	Job security (5)	32%
58%	Relationship with immediate supervisor (6)	40%
58%	Opportunities to use your skills and abilities in your work (6)	34%
56%	Immediate supervisor's respect for my ideas (7)	37%
55%	Organization's financial stability (8)	33%
55%	Management's recognition of employee job performance (8)	24%
55%	Communication between employees and senior management (8)	23%
53%	Feeling safe in your work environment (9)	48%
52%	Management's communication of organization's goals and strategies (10)	26%
50%	The work itself (11)	36%
48%	Overall corporate culture (12)	31%
47%	Career advancement opportunities within the organization (13)	20%
47%	Autonomy and independence (13)	28%
46%	Meaningfulness of job (14)	35%
44%	Relationships with co-workers (15)	42%
43%	Teamwork within department/business unit (16)	26%
42%	Organization's commitment to professional development (17)	23%
41%	Teamwork between departments/business units (18)	22%
41%	Job-specific training (18)	22%
41%	Communication between departments/business units (18)	21%
39%	Career development opportunities (19)	21%
38%	Contribution of work to organization's business goals (20)	33%
37%	Variety of work (21)	32%
33%	Networking opportunities (22)	21%
31%	Company-paid general training (23)	24%
31%	Organization's commitment to corporate social responsibility (23)	26%
29%	Organization's commitment to a diverse and inclusive workforce (24)	28%
20%	Organization's commitment to a "green" workplace (25)	19%

Note: n = 600. Importance percentages are based on a scale where 1 = "very unimportant" and 4 = "very important." Satisfaction percentages are based on a scale were 1 = "very dissatisfied" and 5 = "very satisfied." Data are sorted in descending order by the percentage of respondents who indicated "very important."

Source: *Employee Job Satisfaction and Engagement* (SHRM, 2015)

Employee Job Satisfaction and Engagement

Overall benefits were the third most important job satisfaction contributor, with 63% of employees rating it as "very important." With the exception of 2012, benefits have been among the top five contributors to job satisfaction since SHRM began administering the job satisfaction survey in 2002. Moving from the fourth position in 2013, this jump is expected as employees are concerned about the cost of health care and their financial readiness. Furthermore, as the economy continues to improve and workers gain more confidence in finding new employment opportunities, organizations will need to develop strategies to retain their top talent—for example, offering a comprehensive benefits package that includes extra incentives that may persuade employees to continue their tenure.

Compensation/pay was reported as "very important" by 61% of responding employees. While compensation/pay was last year's leading job satisfaction contributor, it has fallen to the fourth position in 2014. Seeing as benefits were rated as "very important" by more employees than compensation/pay this year, organizations may want to consider incorporating a total rewards program that includes both aspects instead of relying solely on compensation/pay moving forward.

Job security was rated fifth among the factors reported as "very important" to job satisfaction in 2014; 59% of employees rated it as "very important," unchanged from 2013. Although this aspect continues to remain critical to employees, the importance of other factors has surpassed the importance of job security given the current state of economic conditions.

Top Aspects Contributing to Employee Engagement in 2014

Employee engagement may or may not be aligned with employee job satisfaction, as engagement is tied to employees' connection and commitment to their work and their particular organization.

Employee engagement is typically defined by the actual conditions in the workplace (the environment and the work itself) and workers' *opinions* and *behaviors* (how the employees perceive their relationship with their work, as well as how they view others around them relating to their work).

79% of employees were satisfied with their relationships with co-workers.

The top engagement factors for work conditions included the following:

- 79% of employees were satisfied with their relationships with co-workers.

- 76% of employees were satisfied with contribution of their work to their organization's business goals.

- 75% of employees were satisfied with the meaningfulness of their job.

TABLE 1: Top Five Aspects of Job Satisfaction Rated as "Very Important" by Employees: 2004-2014

	2004 (n = 604)	2005 (n = 601)	2006 (n = 605)	2007 (n = 604)	2008 (n = 601)	2009 (n = 601)	2010 (n = 600)	2011 (n = 600)	2012 (n = 600)	2013 (n = 600)	2014 (n = 600)
Respectful treatment of all employees at all levels	—	—	—	—	—	—	—	—	—	—	72% (1)
Trust between employees and senior management	—	—	—	—	—	—	—	—	—	—	64% (2)
Benefits, overall	68% (1)	63% (1)	65% (2)	59% (1)	57% (2)	60% (2)	60% (2)	53% (5)	53%	53% (4)	63% (3)
Compensation/pay	63% (2)	61% (2)	67% (1)	59% (1)	53% (3)	57% (3)	53% (5)	54% (4)	60% (3)	60% (1)	61% (4)
Job security	60% (4)	59% (4)	59% (3)	53% (2)	59% (1)	63% (1)	63% (1)	63% (1)	61% (2)	59% (2)	59% (5)

Note: A dash (—) indicates the question was not asked on that year's survey. Table represents the percentage of respondents who rated each aspect as "very important" to their job satisfaction. Percentages are based on a scale where 1 = "very unimportant" and 4 = "very important."
Source: *Employee Job Satisfaction and Engagement* (SHRM, 2015)

Employee Job Satisfaction and Engagement

Employee engagement factors were also analyzed according to a variety of demographics, including gender, age and job level. Statistically significant differences revealed from these analyses are shown in the Appendix.

The top engagement factors as they related to behaviors and *opinions* included the following:

- 92% of employees were confident they could meet their work goals.

- 88% of employees were determined to accomplish their work goals.

- 76% of employees had a clear understanding of their organization's vision/mission.

TABLE 2: Top Five Employee Engagement Conditions				
	2011 (n = 600)	**2012** (n = 600)	**2013** (n = 600)	**2014** (n = 600)
Relationship with co-workers	76% (1)	79% (1)	73% (1)	79% (1)
Contribution of work to organization's business goals	71% (4)	72% (3)	66% (4)	76% (2)
Meaningfulness of the job	69% (5)	70% (5)	64%	75% (3)
Opportunities to use skills/abilities	74% (2)	75% (2)	70% (2)	74% (4)
Relationship with immediate supervisor	73% (3)	71% (4)	70% (2)	73% (5)
The work itself	76% (1)	70% (5)	68% (3)	73% (5)
Organization's financial stability	63%	63%	65% (5)	73% (5)

Note: Table represents the percentage of respondents who indicated they were "somewhat satisfied" or "very satisfied" with each employee engagement condition. Percentages are based on a scale where 1 = "very dissatisfied" and 5 = "very satisfied." Respondents who indicated "Not applicable" were excluded from this analysis.
Source: *Employee Job Satisfaction and Engagement* (SHRM, 2015)

TABLE 3: Top Five Employee Engagement Opinions and Behaviors				
	2011 (n = 600)	**2012** (n = 600)	**2013** (n = 600)	**2014** (n = 600)
I am confident I can meet my work goals.	—	—	—	92% (1)
I am determined to accomplish my work goals.	—	—	—	88% (2)
I have a clear understanding of my organization's vision/mission.	—	—	—	76% (3)
I am highly motivated by my work goals.	68% (4)	67% (3)	64% (4)	74% (4)
I frequently feel that I'm putting all my effort into my work.	70% (2)	77% (2)	69% (2)	69% (5)

Note: A dash (—) indicates the question was not asked on that year's survey. Table represents the percentage of respondents who indicated they "agree" or "strongly agree" with the statements regarding employee engagement. Percentages are based on a scale where 1 = "strongly disagree" and 5 = "strongly agree."
Source: *Employee Job Satisfaction and Engagement* (SHRM, 2015)

Employee Job Satisfaction and Engagement

What Do These Findings Mean for Organizations?

- **Pay is important, but culture may mean more.** Compensation and benefits are always ranked highly by employees when evaluating satisfaction with their jobs. However, there is increased evidence that corporate culture and relationships with co-workers and managers are held in higher esteem by workers. Nearly three out of four respondents to this survey indicated that respectful treatment of employees at all levels was "very important" when ranking job satisfaction. Knowing this, HR professionals should ensure that their workplace culture and employee engagement strategies are of equal importance to compensation, benefits and other responsibilities.

- **When forming a compensation and benefits strategy, be flexible.** As hiring activity continues to increase in the U.S. labor market, HR professionals must craft competitive pay packages in order to retain and recruit top talent. More workers are seeking flexible schedules in order to better balance their careers and time away from the office, and this change should be taken under consideration, if possible. More than

one-half (56%) of respondents to this survey indicated that they would be unlikely or very unlikely to look for a new position outside of their organization in the next year. The leading reasons these employees expected to remain at their current organization were compensation/pay (45%) and flexibility to balance work and life issues (42%). Aside from a competitive base salary, HR professionals should also leverage benefits, such as flexible work arrangements, as a means of attracting workers at all levels of their organization.

- **Define workers' roles in your organization and promote interaction**. Employee engagement is defined, in part, by the conditions in the workplace, and workers have shown an increased preference for knowing their role and where they fit into the success of the organization. HR professionals should make the goals of their organization clear to all workers and then illustrate how those workers' responsibilities contribute to the achievement of organizational goals. This can be achieved in a collaborative environment that encourages regular feedback and interaction among co-workers, as well as between employees and their supervisors.

People*link* Processes.

Better sourcing. Better screening. Better planning. By implementing better operating procedures, People*link* can give you access to a deeper pool of talent, reduce the risk of hiring mistakes, and make sure you get the people you need – where and when you need them.

Our patented, 6-step, candidate evaluation process, Assure*link*®, allows People*link* to deliver all this and more by digging deeper to obtain more information about each candidate.

We also go the extra mile to combine successful placements with extensive assignment tracking, reporting, and follow-up processes – all customized to meet your unique staffing needs.

By taking a more thorough approach to hiring, we can consistently deliver the right people – and the best results, every time.

For more information, call Jeannine Victor at 574.232.5400 x 261.

SHINING STAR 2015

Each year, the U.S. celebrates the accomplishments of its contingent workforce during National Staffing Employee Week – September 28-October 4. In honor of National Staffing Employee Week, Peoplelink is happy to announce our Shining Star of the Year, Anthony Rodriguez.

Anthony has worked at Plasti-Paint for nearly 10 months and achieved perfect attendance. His responsibilities include loading parts for quality onto a line and inspecting them. Anthony's Supervisor, Erin Smith, is impressed with the perfect quality of his work, his willingness to assist in other areas of the line, and his efforts to help prepare packaging for the next shift.

While on the job, Anthony enjoys sanding and packing. In his free time, he enjoys watching sports.

Thank you to Anthony for your commitment to excellence and Congratulations on being People*link's* 2015 *Shining Star of the Year*!

Anthony Rodriguez

HR News

Pre-hire assessments have Target Corp. on the hook for $2.8M

By Christian Schappel, HR Morning

The EEOC has found some of Target Corporation's pre-hire assessments wanting.

The EEOC investigated the Minneapolis-based retail corporation's hiring practices after hearing reports of possible violations, and the federal agency claims to have found several things that are illegal.

For starters, the EEOC said three pre-hire employment assessments Target used disproportionately screened out applicants for exempt professional positions based on race and sex. It's estimated the number of those affected was in the four-figure range.

The EEOC said the tests weren't sufficiently "job-related and consistent with business necessity" to pass muster under the Civil Rights Act.

To make matters worse, the EEOC said one of those assessments also violated the ADA. It said that assessment was performed by psychologists and qualified as a pre-employment medical exam, which are prohibited by the ADA. Only after being given an offer of employment can an employee be asked to undergo a medical exam, and it has to either be part of a voluntary wellness program or "job-related and consistent with business necessity."

Finally, the EEOC claimed that Target committed record-keeping violations by failing to maintain records sufficient enough to assess the impact of its hiring procedures.

The EEOC likely would've filed suit against Target for the alleged offenses, but it's first required to enter into its conciliation process.

During that process, Target agreed to settle for $2.8 million, which will be distributed to those individuals deemed to have been adversely affected by its hiring processes.

Target spokesperson Molly Snyder told *Fortune* that the company decided to settle with the EEOC because of the significant resources that would be required if the case were to go to court.

As part of the agreement, Target has said it will also:

- not use the assessments in question again
- change its applicant tracking system to ensure the collection of data is sufficient to assess adverse impact
- perform a predictive validity study for all assessments currently in use and any new assessments it expects to use in the future
- monitor assessments for adverse impact, and
- provide the EEOC with a detailed summary of the company's studies and any adverse impact analysis it completes.

"We applaud Target for taking corrective action to ensure the validity of their hiring practices," said EEOC Chair Jenny R. Yang in a statement released by the agency. "This resolution demonstrates the benefits of working with EEOC and serves as a model for businesses committed to effective and lawful selection procedures."

Snyder went on to tell *Fortune* that despite the fact that the EEOC found tests that had potential adverse impact on applicants, no disparities in Target's hiring practices were found.

What you can — and can't — do with leftover FSA contributions

By Jared Bilski, HR Morning

When employees leave unused FSA funds on the table, that money goes to the company. But there are a number of rules that dictate how those funds can be used. And not following those rules can be costly.

'EXCLUSIVE BENEFIT RULE'

According to the IRS' proposed regulations on the subject, employee FSA forfeitures can be:

- retained by the company
- used to reduce required salary reduction amounts for the immediately following plan year, on a reasonable and uniform basis
- used to increase the annual coverage amount, or
- used to defray administrative expenses.

While these options are pretty straightforward, employers also need to be aware of the ERISA impact.

The majority (but not all) of health flex spending accounts are subject to ERISA's fiduciary duty rules, which include the "exclusive benefit rule."

That rule essentially says that plan assets — in this case leftover FSA funds — must be used for the exclusive purpose of providing benefits to participants/beneficiaries and paying reasonable administration expenses.

So despite IRS regs on retaining funds, the exclusive benefit rule may create situations where firms aren't able to simply retain this money.

HANDLING THE LEFTOVERS

After determining whether the FSA is subject to ERISA, employers should take these steps with leftover funds.

First, review the plan document. It may spell out exactly how

forfeitures should be handled and what steps you must take.

The next step is documentation. If you decide to use to workers' leftover funds to pay FSA administration expenses, you'll need detailed records showing exactly how the payments relate to the FSA.

You'll also want documentation on the nature/amount of the expenses and the date they were incurred and paid.

Why More Employees Are Going Back to Their Old Jobs

Rebecca Greenfield, Bloomberg Business

Gone are the days of a burned employer writing off an employee who decides to leave for a different company. So-called boomerang employees—workers who return to a former employer—are on the rise.

In a survey of more than 1,800 human resource professionals, managers, and employees by Kronos and Workplace Trends, 76 percent said they're more accepting of hiring former employees than they were five years ago. Nearly two-thirds of managers agreed. Employees also reported feeling less anxiety about returning to a company, with 40 percent of those surveyed saying they would consider boomeranging.

Despite changing attitudes, the phenomenon is still relatively uncommon. Only 15 percent of employees surveyed said they had returned to a former employer.

"What we're seeing at the workplace level is a fundamental shift in [the] employee-employer relationship that is at the root of this," says Dan Schawbel, the founder of WorkplaceTrends. "It used to be that the control was with the employer. You got to work here, it was coveted. You were lucky to have a job," he adds. "I think that has changed quite a bit, driven by the war for top talent in the marketplace."

Multiple surveys put retention as the top issue for human resources. Losing employees is expensive, and finding replacements means time and money. Of course, for someone to boomerang back to a company, he or she has to leave, which is exactly what HR departments don't want. But volatility is the reality of today's workforce. Young workers job hop more than older ones, moving an average of every three years.

"The No. 1 benefit that boomerangs have is that they're familiar with the organization's culture, it's easier to integrate them back to the culture," says David Almeda, the chief people officer at Kronos. It costs less to recruit, hire, and train someone who has already worked in an organization. When such employees come back, they also bring institutional knowledge from competitors. And if that rehire is a high performer, it can boost company morale.

The reasons employees leave and return can vary. A 2013 study of 15,000 employees found that 20 percent who returned to their old jobs had left to take a break, such as to have a baby or to go to graduate school. Almeda confirms that he is seeing these "life-situation things" more often in his research on boomerang employees. People will leave to spend time with their families and come back once they feel more settled. He has also identified two other kinds of returnees—people who left to get more skills and returned at a higher level, and those who had been at a company for a long time and felt an itch to try something else.

A notable group not on that list? People who quit dramatically and then told HR how much they hated their boss. Now that employers are softening their rehiring policies, consider this a friendly reminder that it's never smart to burn a bridge.

> *"Gratitude can transform common days into thanksgivings, turn routine jobs into joy, and change ordinary opportunities into blessings."*
>
> **William Arthur Ward**

Court Rules Employers Liable for Poor Cybersecurity

by Roy Maurer, SHRM

On top of suffering financial and reputational loss, employers are now open to being punitively charged with neglecting due diligence in protecting the digital security of consumers.

The United States Court Of Appeals for the Third Circuit ruled Aug. 24, 2015, that the Federal Trade Commission (FTC) has the authority to sue companies that experience data breaches and can proceed with its case against Wyndham Worldwide Corp.

"The ruling that the FTC has a right to ensure the security of American citizens when traversing the digital commons of corporate America is significant," said Tom Kellermann, chief cybersecurity officer at security software provider Trend Micro.

"Now there's a much bigger incentive for companies to secure data and that's a good thing," agreed Stu Sjouwerman, founder and CEO of security software and training firm KnowBe4.

The appeals court affirmed a lower court's decision that the FTC has the authority to regulate companies' data security practices under the "unfair practices" prong of Section 5 of the FTC Act.

The court stated that "A company does not act equitably when it publishes a privacy policy to attract customers who are concerned about data privacy, fails to make good on that promise by investing inadequate resources in cybersecurity, exposes its unsuspecting customers to substantial financial injury, and retains the profits of their business."

Since 2005, the FTC has settled over 50 cases against companies related to data security, mostly resolved through consent orders requiring companies to enhance its security practices. Wyndham is one of the few to challenge the agency's authority.

The court dismissed Wyndham's arguments that the FTC lacks the authority to regulate cybersecurity practices and sent the case back to the lower court.

"What's going to change, is at a minimum, companies will invest more in cybersecurity, and more in line with how data breaches are occurring," Kellermann said. "Hopefully this can be a rallying cry. A consumer should feel the same modicum of security when visiting a corporate website to engage in e-commerce that they feel when walking into a brick and mortar business."

BACKGROUND

The FTC filed a complaint in 2012 against Wyndham for failing to protect consumers' personal information and alleging that the company's privacy policy was deceptive after it was hit with three data breaches in 2008 and 2009. In total, hackers stole personal and financial information from hundreds of thousands of consumers leading to over $10.6 million dollars in fraudulent charges, according to the complaint.

"Since April 2008, Wyndham engaged in unfair cybersecurity practices that, taken together, unreasonably and unnecessarily exposed consumers' personal data to unauthorized access and theft," the FTC charged.

According to the FTC, Wyndham's lax data security practices included storing payment card information in readable text, allowing easily guessed passwords, neglecting to use firewalls, neglecting to ensure that hotels implemented adequate information security policies and procedures, and failing to restrict access from third-party vendors, employ detection measures and follow incident response procedures.

The FTC further claimed that "After discovering each of the first two breaches, defendants failed to take appropriate steps in a reasonable time frame to prevent the further compromise of the network."

FTC Chairwoman Edith Ramirez said "it is not only appropriate, but critical, that the FTC has the ability to take action on behalf of consumers when companies fail to take reasonable steps to secure sensitive consumer information."

Referring to the breaches at issue, Wyndham spokesman Michael Valentino said in a statement that "Once the discovery process resumes, we believe the facts will show the FTC's allegations are unfounded. Safeguarding personal information remains a top priority for our company and, with the dramatic increase in the number and severity of cyberattacks on both public and private institutions, we believe consumers will be best served by the government and businesses working together collaboratively rather than as adversaries."

COMPARE YOUR POLICIES TO YOUR PRACTICES

Experts agree that it's critical to review data security and privacy policies, and compare them to actual business practices. "Look at what you're promising in your privacy policy and can you actually deliver on that promise," Sjouwerman said. If you promise and don't deliver, that's a surefire way to attract a class-action lawsuit, he added.

"It's critical to note that these actions relate more to promises about security than defects in security," remarked Douglas F. Brent, chair of the Privacy & Information Security practice at Stoll Keenon Ogden PLLC. "The main thing to remember is the Wyndham decision is likely to influence not only lower federal courts, but also the FTC's own appetite for pursuing businesses that claim broad privacy policies but fail to back them with robust security."

Compliance does not equal security, reminded Kellermann. "Being merely compliant with existing standards may not be sufficient. Many of the standards that have been created are outdated," he said, pointing to mobile and cloud infrastructure as being the primary attack vectors in the current environment.

Brent agreed that "promising 'industry standard' cybersecurity can be a huge mistake if the standard evolves after you make the initial promise, yet you fail to evolve. If a court accepts the premise that your customers chose to deal with you because you said you would protect them from computer-based fraud, you could wind up in trouble when the promised protection fails."

Companies have been underinvesting in cybersecurity and at the same time embracing more technology for a long time now, Kellermann said. "Hopefully the FTC will engage in raising the bar and eliminate plausible deniability, which is rampant in corporate America as it relates to this problem. For years now, corporate America has not invested in understanding where its security gaps are because they weren't regulated outside of the health care, financial and energy sectors. I think that's going to change now, with the FTC being empowered to ensure not only the privacy of U.S. citizens but also their security."