

Affirmative Action Industry Profiles— Understanding the Different Compliance Needs in the Manufacturing, Healthcare, and Finance Industries

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Different Industries, Different Needs

When it comes to effective affirmative action compliance—one size doesn't always fit all. Depending on the industry, affirmative action compliance and planning can vary greatly. This is especially true when it comes to the needs, expectations, requirements, industry trends, and solutions for best practices. Three industries that must comply with affirmative action regulations, but have differing concerns and requirements, are the manufacturing, healthcare, and financial industries.

Affirmative Action and the Manufacturing Industry

According to economywatch.com, the manufacturing industry refers to “those industries which are involved in the manufacturing and processing of items, and indulge in either creation of new commodities or in value addition. The manufacturing industry accounts for a significant share of the industrial sector in developed countries. The final products can either serve as finished goods for sale to customers, or as intermediate goods used in the production process.”

Companies in the manufacturing industry have similar issues and concerns when it comes to effective affirmative action planning. Usually companies in the manufacturing industry have many employees based on operative and labor needs. Because of this, high turnover in necessary positions can become a big factor. It is essential these companies have an automated system, or Human Resource Information System (HRIS), to track necessary data to ensure compliance standards are being met, but many manufacturing companies lack an efficient HRIS to meet their unique needs. It's important to take the time to research systems being offered, and find the one that fits best. Manufacturing firms should look for a system that streamlines their processes, and easily allows for affirmative action plan (AAP) data extraction.

Another issue many companies in the manufacturing industry face is attracting and retaining females in the workplace. Because of the nature of the industry, companies have a hard time finding females that are not only qualified, but willing to do the job. In order to remain in compliance, diverse hiring practices are necessary. One way manufacturers can remain in compliance is to broaden their recruitment efforts to directly source female applicants in their industry. This can be done through targeted job descriptions and job postings. Another option is to train the current workforce on the positions available, and recruit internally.

Manufacturing companies also have a heavy union presence, which dictates compensation and promotional tracks. This can inadvertently lead to compliance issues due to a lack of understanding. It is extremely important the Affirmative Action Officer and the Union Representative have a clear understanding of both sides of the regulations, allowing them to work together to keep compliance

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at the forefront when making personnel decisions. Salaries are also dictated by collective bargaining agreements and may skew results in salary analyses. To avoid potential liability, compensation analyses must be reviewed by breaking out the union jobs from the non-union jobs to account for the differences in compensation.

When it comes to affirmative action compliance, another issue manufacturing companies face is their heavy reliance on temporary agencies to provide candidates to fill open positions. Many of these individuals progress from temporary to regular employees, and this poses a challenge, since the temporary positions are not typically captured in the applicant flow data. In order to rectify this, companies need to establish a process to account for applicant flow when hiring from temporary agencies. Not capturing this data could cause a negative impact when it comes to compliance efforts.

It's important to be aware of these unique compliance needs and hurdles faced in the manufacturing industry to ensure proper affirmative action planning and avoid liability.

Affirmative Action and the Healthcare Industry

The Bureau of Labor Statistics, when describing the healthcare industry, states, "Combining medical technology and the human touch, the healthcare industry diagnoses, treats, and administers care around the clock, responding to the needs of millions of people—from newborns to the terminally ill. About 595,800 establishments make up the healthcare industry; they vary greatly in terms of size, staffing patterns, and organizational structures. About 76 percent of healthcare establishments are offices of physicians, dentists, or other health practitioners. Although hospitals constitute only one percent of all healthcare establishments, they employ 35 percent of all workers."

When it comes to affirmative action compliance, companies in the healthcare industry have their own set of unique concerns and requirements. It is important to be aware of these to proactively combat liability and maintain a fair and equitable workplace.

One of the top issues facing the healthcare industry is high turnover. With the rapidly moving and changing employee life cycle in this industry, it is important to keep accurate data in order to ensure compliance. High turnover can greatly influence adverse impact results, leading to red flags and liability. In order to collect the appropriate data necessary for an AAP, companies should adopt an efficient applicant management system to automate their processes. Companies can also work towards lowering high turnover. To do so, they can conduct

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exit interviews to pinpoint the reasons for employee departures, and institute programs to decrease the turnover based on the results found. Companies can also provide on-the-job training to encourage employee growth while increasing retention.

When it comes to tracking positions within the healthcare industry, many companies have problems with accurate data for primary and secondary job coding. In hospitals, it is common for an employee to have a primary job code, plus one or more secondary job codes so they can fill in, or work extra shifts. To combat this issue, companies should utilize a tracking system that accounts for each position an employee holds. The company can use full-time equivalency values to slot employees into multiple jobs. This will help with any confusion, and lead to more accurate data for compliance use.

Healthcare companies are now being faced with another important issue regarding AAP compliance. It is important for them to determine if the hospital receiving payments from a health plan providing medical services to U.S. government employees are federal subcontractors required to comply with OFCCP requirements. In order to do so, employers should review their vendor agreements to determine whether the goods or services being provided establish federal subcontractor status, subjecting them to affirmative action obligations. Companies also need to investigate if they have contracts with organizations setting up health maintenance organizations for federal government employees, or with Tricare, providing care for military personnel and their dependents. If so, and they meet the 50 employee and \$50,000 standards, then an AAP needs to be implemented.

Oftentimes, determining whether to do a multi-plan or single plan, especially if the company is in a city with multiple establishments, becomes a question of concern in the healthcare industry. Any physical establishment with more than 50 employees should have an AAP. Companies need to review locations and employee counts to determine the number of plans required, as well as which AAP employees in physical locations of less than 50 should be included in.

Along with planning expectations, healthcare companies often experience several mergers and acquisitions. To maintain proper compliance, companies should discuss separating new hires from acquisitions when pulling AAP data. It's important to re-evaluate the number of plans needed after a merger or acquisition.

Because healthcare companies are constantly hiring nurses, they leave the job requisitions open all year. This can cause issues with applicant tracking, especially

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with adverse impact by increasing the applicant pool to very large numbers. It also increases the pool of individuals affected if there is a case for discrimination in hiring. Healthcare companies need to define a method to create applicant pools for specific requisitions. They could use timeframes to group applicants into requisitions for analyses.

The availability of registered nurses (RN), licensed practical nurses (LPN), and certified nursing assistants (CNP) positions is very high for women. Many companies invariably face statistically significant placement goals, even though they may have a very high employment rate of females because these groups are so large and the external availability is extremely high. Companies often accept the result because it is in conflict with diversity goals to have a fair mix of men in RN, LPN, and CNP categories. They understand having men in their business is a necessity based on patient preference.

There are many issues, recent regulation changes, and challenges healthcare industries must face to remain compliant, and it's important they consider their unique needs when it comes to effective affirmative action planning.

Affirmative Action and the Finance Industry

According to Silver Career Management, "a financial institution acts as an agent that provides financial services for its clients. Common types of financial institutions include banks, insurance, securities, stock brokerages, and similar businesses."

Like the healthcare industry, the finance industry faces many mergers and acquisitions. To combat these changes, finance companies must separate new hires from acquisitions when pulling AAP data. They should also re-evaluate the number of plans needed after a merger or acquisition.

The finance industry also faces a lower number of female applicants for positions. To combat this issue, companies should proactively broaden recruitment searches to capture a more diverse group of candidates. Internal training should also be offered to promote people within the company.

Another option to attract and retain minorities and women in this profession is offering benefits such as tuition and certification reimbursement, on-the-job training, and mentoring programs.

In the finance industry, it is very important companies understand the issues that impede their compliance efforts to protect themselves from potential liability.

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Find the Right Compliance Fit

With differing industries and compliance requirements, it is important for every company to assess how to strategically implement best practices when it comes to affirmative action. To learn more about how your company can ensure its compliance and create a truly effective affirmative action plan based on its unique needs, please contact Berkshire Associates at 800.882.8904 or email bai@berkshireassociates.com.

About Berkshire

Berkshire Associates is a human resources consulting and technology firm specializing in helping companies build the ideal, balanced workforce. As an industry leader, Berkshire provides the latest tools and services for affirmative action, applicant management, compensation management, workforce planning, diversity, and professional training. For over 25 years, Berkshire has serviced the nation's most recognizable companies; and as a result has mastered providing clients with cost-effective solutions to everyday human resources challenges.

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