

SPARK

Volume 2



The Gender Pay Gap Widens as Women Earn Less Bonus Pay

Diversity and Inclusion: What's the Difference, and How Can We Ensure Both?

The Age of Employment Turnover

FMLA and Rules for Temporary Employees



Always Designing
for People™

Contents:

4 The Gig Economy and Refugee Livelihoods
Here's how hiring refugees can do good, as well as have a positive impact on your business.

7 Improving the Employee Experience: Building HR Technology Trust
The employee experience is now critical in HR technology. How can organizations build trust without compromising corporate strategy?

10 The Gender Pay Gap Widens as Women Earn Less Bonus Pay
New pay equity study shows a vast percentage difference between female and male bonus pay.

12 Gender Pay Equality Infographic
Recent research from the ADP Research Institute® shows where employers are coming up short.

13 Diversity and Inclusion: What's the Difference, and How Can We Ensure Both?
Insight from Rita Mitjans, ADP's chief diversity and social responsibility officer.

15 The Age of Employment Turnover
Employers looking to reduce turnover could benefit from better understanding employees' desires at different stages of their careers.

17 Ask "Addi P." FMLA and Rules for Temporary Employees, Explained
The key to FMLA eligibility is determining whether workers are temporary employees or independent contractors.

19 How Data Becomes Insight: The Right Data Matters
What goes into selecting, gathering, cleaning and testing data for machine learning systems?

21 Three Key HR Components for Successful Mergers and Acquisitions
During mergers and acquisitions, a communication and activation roadmap is critical.

23 Real Stories. Real Impact.
Discover how Victra partnered with ADP to better manage its workforce through strategic staffing and scheduling.



ADP Declares a New Brand Promise ... *Always Designing for People*

Welcome to SPARK Magazine!

This is a particularly exciting time for ADP as we accelerate our efforts to empower the world's increasingly dynamic workforce. Our transformation comes as global businesses are experiencing unprecedented change. What work means and how it gets done is changing. Human Capital Management (HCM) and the function of Human Resources (HR) are also evolving as new resources, skills and operating models emerge.

At ADP, we take pride in anticipating those shifts and designing products and solutions with real people in mind, so that our clients and their employees can fulfill their potential. In keeping with that core belief, we are declaring a new brand promise and sharing it with the world ...

ADP Always Designing for People

ADP was built on this ideal. Now, we are strengthening our commitment to create tools that empower people to do their best work today and into the future. Our job is to remove barriers that get in the way of great work.

Always Designing for People means we're on a path of continuous improvement, anticipating change and preparing ahead of uncertainty — so people can achieve their goals. We know that people work for different reasons, and they all deserve tools that enable their success.

We also want more people to know the full ADP story and to understand the breadth of what we do. Our suite of products and solutions support workers across their career journey — from full-time to freelance and hire to retire. We also offer products, solutions and the expertise to help leaders tap into data and pull actionable insights, allowing them to make better decisions. That's just a snapshot of our capabilities, and we look forward to sharing more in the future.

Thank you for your partnership on this journey to design better ways of working. Please enjoy this issue of SPARK Magazine, where you will find valuable insights on the latest trends affecting the world at work. As always, we welcome you to share your thoughts at insights@adp.com.

Kind regards,

Carlos Rodriguez
ADP President and CEO

Interested in more stories like the ones you've read here?

Visit and subscribe to the SPARK blog for workforce trends and insights [@adp.com/SPARK](https://adp.com/SPARK)



The views expressed in this magazine are those of the authors, and not necessarily those of ADP. The materials in this magazine are for informational purposes only and not for the purpose of providing legal, financial, accounting, or tax advice. The content of this magazine is "as is" and carries no warranties. ADP does not warrant or guarantee the accuracy, reliability, and completeness of the content of this magazine.

The ADP logo, ADP, and Always Designing for People are trademarks of ADP, LLC. All other marks are the property of their respective owners. Copyright © 2019 ADP, LLC. ALL RIGHTS RESERVED.



The Gig Economy and Refugee Livelihoods

Corporate social responsibility (CSR) can be good for business and good for the world. In fact, refugee professionals may already be serving as freelancers in your business service supply chain, creating a situation that we term “inadvertent CSR.” Fostering “refugee livelihoods” may be mutually beneficial for your workforce.

In this article, we look at case examples of organizations that have hired refugees for business reasons, with an eye on how your organization can approach this space.

Across a variety of sectors, many employers have already added refugees into their workforces. By thinking innovatively about this talent pool, organizations have developed programs that provide a novel

solution to business-relevant topics, while also supporting CSR by fostering refugee livelihoods. We describe here three examples of solutions: employee retention, access to high-demand talent and self-sustaining CSR.

1. Employee Retention

In a recent survey conducted by the Tent Foundation,¹ 26 employers across different geographical areas and industries in the United States were asked why they hired refugees. A majority of employers surveyed indicated that there were higher retention rates among refugee employees.

At Chobani, the multibillion-dollar, U.S.-based organization that makes Greek yogurt, refugees comprise nearly 30 percent of the workforce, per cable network, CNBC.² For the founder of Chobani, Hamdi Ulukaya, the hiring decision was based on his need for more workers as the business grew. He has found that refugees are among the “most loyal, hard-working people” within his organization’s workforce.

Chobani uses 16 different translators to train and communicate with 19 different nationalities, Ulukaya told CBS’s “60 Minutes.”³ The language mismatch that refugees face in their host countries can be a significant factor in finding work. By addressing that language barrier for its employees, Chobani’s innovative program has found a low-cost process of hiring and retaining a stable employee base.

2. Access to High-Demand Talent

Many CSR programs focus on low-skilled jobs for refugees, since this workforce often has barriers such as the aforementioned language mismatch, uncertainty in their planning and disruption in their professional networks and career progressions.

That focus, however, is leaving higher-skilled talent resources on the table.



An organization called Talent Beyond Boundaries (TBB) has mapped a talent pool of 10,000 refugees in Jordan and Lebanon, with the specific goal of placing high-demand talent with organizations in host countries.

There are many highly educated refugees with professional working experience in their home country, before the disruption that caused their change of circumstance. An organization called Talent Beyond Boundaries (TBB)⁴ has mapped a talent pool of 10,000 refugees in Jordan and Lebanon, with the specific goal of placing high-demand talent with organizations in host countries. Data analyzed from TBB’s personnel database reveals that a large proportion of refugees have a tertiary education in diverse fields.

Capgemini, the French multinational business services firm, has capitalized on the refugee talent pool to meet the demand for IT skills in Germany. Capgemini offered office positions to Syrian refugees in software development. Sissy Tongendorff, a leading Capgemini HR professional in Germany, emphasizes the dual benefits of finding talent for these in-demand skills and fostering a positive sense of participation in the host-country workforce.

“There’s a feel-good factor in recruiting refugees,” she told National Public Radio (NPR), via an interpreter. “By helping these new employees learn German and integrate into the workplace,

our staff feel like they’re doing something to help overcome this huge humanitarian crisis.”

For this forward-thinking program, hiring refugees with high-demand skills has the additional long-term benefit of offering a solution to the projected shortage of skilled workers faced by countries such as Germany, as outlined by German television station, Deutsche Welle.⁵ Another sector that has begun to see the benefit is the elderly-care sector. Refugees have been trained as elderly-care professionals, which, as Deutsche Welle⁶ adds, are in shortage in Germany.

Forbes⁷ reports that LinkedIn For Good has found that more than two-thirds of refugees in Sweden



had skills that matched job vacancies. Platforms such as nonprofit organization, U.S. Committee for Refugees and Immigrants (USCRI)⁸ in the United States and Breaking Barriers⁹ in the United Kingdom, determine employer requirements and link them to the right candidates in the refugee talent pool. Taken together, this means that an interested Chief Human Resources Officer (CHRO) can find an underutilized source of high-demand talent, and even get aid in finding the best candidates for placement.

A well-managed hiring program that looks at refugees as a source of talent can be beneficial for employees, employers and refugees.



3. Self-Sustaining CSR

A well-managed hiring program that looks at refugees as a source of talent can be beneficial for employees, employers and refugees.



Additionally, a survey by the Tent Foundation showed the same businesses that reported lower refugee employee turnover also reported that subsequent hiring of refugees became much easier once the organizations established relationships with the initial hires. This indicates that a program, once set up well, can sustain itself after initial entry into refugee hiring.

In this way, a savvy CHRO may find an innovative and defensible position to gather high-demand skills that are known to be in short supply in some markets — all while creating a CSR program that Tongendorff says has a “feel-good factor” for the whole staff, and simultaneously above-average employee retention.

By thinking outside of the usual box in his or her search for talent, a CHRO can find an underutilized pool of talent — one that is good for the world as well as good for business. Finding a community of scarce talent — like software developers — is a benefit for some CHROs in many sectors. Finding that same pool of scarce talent that is hidden from competing employers by the barriers of a refugee intake program or bias against refugee professionals may mean that your CSR program doubles as a significant strategic advantage for your organization.

Article by Dr. Jennah K. Kriebel, business thought leader on diverse emerging technologies and co-founder of Scaphe Robotics. Written in partnership with Benjamin Nolan and Qiu Quan Kua of the Geneva Consulting Network at IHEID.

1. “Refugees As Employees: Good Retention, Strong Recruitment,” David Dysgaard Kallick, Cyiera Roldan, Fiscal Policy Institute, May 2018.
2. “We need US companies to hire Syrian refugees,” CNBC, July 1, 2016.
3. “Chobani Founder Stands By Hiring Refugees,” CBS Interactive Inc., April 6, 2017.
4. “Mapping Refugee Skills And Employability,” Talent Beyond Boundaries, 2017.
5. “Germany faces huge shortage of skilled workers,” Oliver Ehrentraut, Prognos Research Institute, August 30, 2017.
6. “German organization prepares refugees to care for the elderly,” Wesley Dockery, Deutsche Welle, July 17, 2017.
7. “How Philanthropists And Nonprofits Are Working On The Refugee Crisis,” Kerry A. Dolan, Forbes, April 7, 2016.
8. “Hire Global Talent,” U.S. Committee for Refugees and Immigrants.
9. “Breaking Barriers, Integrating refugees through employment,” WeWork, 1 Mark Square, London EC2A4EG.

Improving the Employee Experience: Building HR Technology Trust

Organizations can't ignore the impact of technology. As noted by GSMA Intelligence,¹ there are now more than five billion active mobile devices worldwide. Recent research from CompTIA² found that more than half of businesses leverage cloud computing to run anywhere from 31 to 60 percent of their IT systems.



The challenge? While consumers enjoy technological choice, employees are compelled to use whatever HR technology their organization buys or builds. As a result, it's critical to design HR systems that both improve the employee experience and enhance user trust. We sat down with Jesse Zolna, Director of ADP User Experience Research, to discover how firms can address staff needs without compromising corporate strategy.

Trust Issues

Users have trust issues with technology. As noted by Scientific American,³ while consumers and employees alike now depend on technology, there's increasing acknowledgment that private data may not be secure. This is especially problematic for HR users since, as Zolna notes, they're effectively a "captive audience." They didn't choose to buy or implement existing HR tools, but are compelled

to use them, even if they have concerns about functionality or security.

For Zolna, it's often a question of "losing focus on who we're trying to serve." Ideally, HR technology should help practitioners do their jobs, streamline user interaction and support a long-term business strategy.

Three Keys to Better User Experience (UX)

According to Zolna, the current state of affairs creates a "golden opportunity to find ways to bridge trust gaps via the employee's experience with the HR technology" by changing the way staff members encounter and interact with human resource tools and services.



According to Forbes, one of the top employee frustrations with technology is functionality.

But what does that look like in practice? For Zolna, it means addressing three key variables:

Familiarity — How comfortable are users with current systems? Are they easy to use? Straightforward? Is more training required? If staff members aren't comfortable with HR tools, the best-case result is reluctant use at the prodding of HR managers. Worst case? Workarounds that may violate IT policy and could lead to the development of a "Shadow IT" culture.

Credibility — According to Forbes,⁴ one of the top employee frustrations with technology is functionality. Are applications doing what they're supposed to, when and how they're supposed to be doing it? If not, this leads to a crisis of credibility. When staff members can't trust that inputs meet outcomes, they're less likely to trust HR systems.

Language — It's easy for HR systems to get bogged down by language. Zolna points out that teams often "impose language onto the system" — this includes everything from technical terms to acronyms that are familiar to human resource professionals but effectively meaningless to typical end users. This leads to reduced engagement and trickles down to impact overall corporate productivity.

Making the Change

Tackling the issue of employee experience and HR technology means recognizing the inherent business value of better trust. Zolna offers a critical question: "Can trust become an advantage?" It's easy to equate building trust with spending money, but organizations are better served by flipping the script. What happens when staff inherently trust the tools they're working with? Rather than compelling use, because there's no other choice, members may use available services and spend less time finding workarounds.

Specifically, organizations need to address three areas for better UX:

1. Context — How do HR tools fit into everyday processes? What type of data are they using? Why? Transparency is key: users no longer accept the idea that information is inherently secure or used for noble purposes. Make intentions, processes and policies clear up-front to give users much-needed context.

2. Relevance — Zolna references the “WIIFM” acronym: “What’s in it for me?” By ignoring the needs of the market’s biggest labor force — millennials, also known as “Generation Me” — organizations hamper their ability to create staff engagement and interest.

3. Security — Firms understand the need for better security across departments, and HR is also onboard. As noted in HR Technologist,⁵ many enterprises are now leveraging blockchain to secure transactions. While this improves back-end impact, Zolna notes that many employees are caught in a paradox. They’re “freaked out” by ever-present news stories about data breaches, yet simultaneously certain that cloud-based email services are secure.

The result? Building trust into HR technology demands a focus on security. One way might be to start with two-factor authentication. According to Zolna’s research, staff members not only understand the need for another layer of security, but appreciate the effort to put it in place and are willing to put up with minor inconvenience.



Quantity vs. Quality

Also critical in the quest for a better employee experience is *Measurement*. According to Zolna, obtaining HR metrics is a “really hard thing to measure at scale.” While surveys can help — for example, if you’re measuring the likelihood of staff accessing HR tools using desktop versus mobile — organizations are better off doing “more qualitative than quantitative research.” For Zolna, it’s about answering the critical question: what’s the right thing to build? This means obtaining data about what users think, how they feel and what they want tools to do.

Getting this information requires talking to users at every step of the process. Ask users what they want in HR tools and then negotiate with developers to see what’s possible. Create a

When users feel their opinions are heard and respected, they’re more likely to compromise as needed and trust HR tools.

narrative about HR technology that helps build empathy — explain why certain functions are immutable and others can be changed. Offer explanations rather than expectations and be open to making improvements.

Think of qualitative research as the foundation of the bridge that Zolna described earlier. When users feel their opinions are heard and respected, they’re more likely to compromise as needed and trust HR tools.

Bottom line? Staff members are technology consumers when they’re not at the office — and also want HR technology to match outside expectations. While it’s impossible to build the “perfect” employee experience, firms can build a better UX by recognizing inherent trust issues, addressing key concerns and implementing qualitative research practices.

1. GSMA Intelligence Infographic, GSMA Intelligence, June 15, 2017.

2. “2018 Trends in Cloud Computing,” Research Report, CompTIA, May 2018.

3. “Trust in Digital Technology Will Be the Internet’s Next Frontier, for 2018 and Beyond,” Bhaskar Chakravorti, The Conversation US, January 4, 2018.

4. “Digital Disappointment: Your Employees’ Top Five IT Frustrations,” Vincent Bieri, Forbes Community Voice, May 23, 2018.

5. “Establishing Trust Through Technology - Why HR Departments Can Rely on Blockchain,” Alan Heppenstall, January 23, 2018.



The Gender Pay Gap Widens as Women Earn Less Bonus Pay

Women, on average, earn a 17 percent (\$15,000) lower salary than men. However, when factoring in the gender pay gap for bonus pay (69 percent), the total earnings pay gap widens to 19 percent (\$18,500).

These are the surprising findings from a new study¹ released recently by the ADP Research Institute® (ADP RI). Titled *Rethinking Gender Pay Inequity in a More-Transparent World*, the ADP Research Institute studied both salary and bonus pay between genders at time of hire and at six years of tenure within the same firms. This new gender pay data shows that pay continues to worsen for women due to disparity in bonuses.

According to Ahu Yildirmaz, co-head of the ADP Research Institute, this study is unique in that it looked at pay equity through the lens of incentive pay and moment of hire, together. The data isolates specific gender bias, which directly correlates to employer recruiting practices and, consequently, impacts performance management and promotional practices.

Additionally, while it has been believed that part of wage disparity is due to women assuming the role of family caregiver and leaving the workforce, findings show there is minimal evidence women are more likely to quit their jobs, compared to men.

Differing Gaps Exist Across Age Groups

When categorizing new hires by age and income, women ages 20 to 30 with a low starting salary had base pay nearly equal to men; however, the base salary gap worsened for women after six years. Additionally, when bonuses are factored in, young women fared the worst with a 21 percent lower bonus-to-base ratio compared to their male counterparts.

For the 40-50 age group, men and women started their careers with almost no base salary gap for all income groups, and women did well keeping up with men in base salary growth for the next six years. In fact, in most groups, they closed the base salary gap. The disparity here is with incentive pay, especially with the lower income group. In the \$40,000 to \$60,000 income range, female workers received an average bonus of 8.5 percent, whereas men received an average bonus of 11.4 percent — making the women's bonus-to-pay ratio 74 percent of the men's.

Pay Gaps Fluctuate Across Industries

When looking across industries, incentive pay made some very distinct impacts. Women working in the Information sector make seven percent more in bonus-to-base ratio than men — which helped to improve their overall gap in total earnings. In contrast, women in the Finance and Real Estate industry are earning 21 percent less in their bonus-to-base ratio compared to men. The industry has the largest pay gap for women with and without incentive pay.

The average bonus amount for women was less than two-thirds the amount paid to men who had equivalent base pay, age and tenure. This incentive pay disparity was observed across all age, salary and industry groups from moment of hire and persisted throughout the six-year study window.

In conclusion, a gap in bonus pay during hiring may represent only a small fraction of total

As men and women establish proficiency in their current roles, the lower incentive pay assigned to a woman may create a natural barrier to promotion, while higher incentive pay may confer a natural advantage to the male co-worker.

income in the first year. Down the road, however, the incentive pay gap continues and may create a significant shortfall in total average earnings over five to 10 years.

As men and women establish proficiency in their current roles, the lower incentive pay assigned to a woman may create a natural barrier to promotion, while higher incentive pay may confer a natural advantage to the male co-worker.

More About the Gender Pay Gap in Bonuses

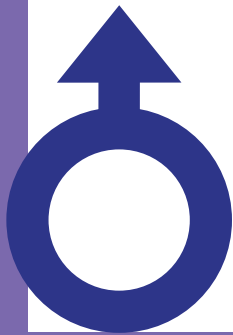
To see detailed pay equity bonus study components — including data broken down by gender, age and industry — please see the ADP RI study,² *Rethinking Gender Pay Inequity in a More Transparent World*.

1. "Rethinking Gender Pay Inequity in a More Transparent World," ADP Research Institute, 2018.

2. "Rethinking Gender Pay ...," ADP Research Institute, 2018.

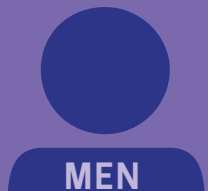
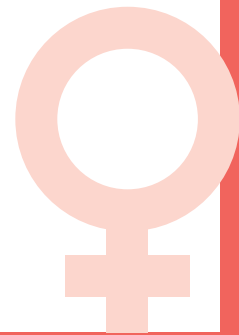
Gender Pay Equality

Where employers are coming up short



Most employers consider themselves fairly enlightened when it comes to compensating men and women fairly. So why is eliminating the gender pay gap so problematic?

Recent research from the ADP Research Institute® examined newly hired employees over a six-year period — all similar in age and salary, which suggests similar education and experience — to spot where compensation disparity starts, and how the gap continues to widen.



\$75,162

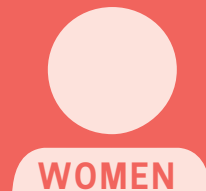


Base
pay at
hiring

18%
gap

DIFFERENCE

\$13,640



\$61,522



\$98,598

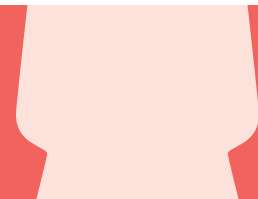


Average
annual
total
earnings

19%
gap

DIFFERENCE

\$18,513



\$80,085



\$11,843



Average
annual
bonus

31%
gap

DIFFERENCE

\$3,656



\$8,187



When an employee is hired at a lower salary, it seems to pose an insurmountable obstacle to catch up, even over the course of an entire professional career.

Shifting the equation for true pay parity

While there are many reasons behind pay disparity, there are actions employers can take to address variations in base pay, incentives and total compensation — and combat the ethical, legal and reputational ramifications that can accompany inconsistent pay practices.

Diversity and Inclusion

What's the Difference, and How Can We Ensure Both?

How diverse is your workplace? And how inclusive is it? While many organizations may feel prepared to answer the first question, the second often causes a bit of confusion. Isn't it just the same question rephrased?

Thrown together, and they often are, diversity and inclusion are distinct terms for different concepts. Yet, both are critical to developing a healthy workforce. How so? Rita Mitjans, ADP's chief diversity and social responsibility officer, explains.¹

Let's begin with the basics: What's the difference between diversity and inclusion in the workplace?

Mitjans: Diversity is the "what"; inclusion is the "how." Diversity focuses on the makeup of your workforce — demographics such as gender, race/ethnicity, age, sexual orientation, veteran status, just to name a few, and inclusion is a measure of culture that enables diversity to thrive.

Why is it important for workplaces to focus on both diversity and inclusion?

Mitjans: Great talent is always in demand, and organizations are in competition for top talent. Candidates evaluating whether to join an organization want to see others who look like them at the top and work in a culture that values different perspectives and supports authentic, respectful behaviors. All generations appreciate a culture of respect, fairness and inclusion — but millennials are particularly drawn to this idea.



What sort of initiatives can organizations put in place to ensure both diversity and inclusion, including for LGBTQ individuals?

Mitjans: Sponsoring employee resource groups, including one for LGBTQ individuals, is a great start. Developing a baseline and goals for diversity and inclusion, and integrating those with current talent and business processes, is key. What gets measured gets done.

Ensuring leaders and talent acquisition partners are trained in unconscious bias and setting the expectation that there are diverse slates for openings and diverse interview panels also helps. Updating employment brand materials and language to reflect a diverse workforce. Implementing a voluntary self-identification program that allows employees to confidentially share their demographics, including sexual orientation and identity. Also, establishing recruiting partnerships with organizations like Out & Equal, the National LGBT Chamber of Commerce, and LGBTQ and other diverse student groups at college campuses ensures you have access to a diverse talent pool.

While one can imagine ways of measuring for diversity, how do you measure for inclusion?

Mitjans: Inclusion is about belonging. There are numerous questions in engagement surveys that measure whether employees feel they belong, such as "My ideas and suggestions count," "This organization values my contribution" and "My

manager treats me with dignity and respect." You can also look at turnover data with a diversity lens to see if there is a disproportionate number of women or ethnic minorities, for example, leaving the organization compared to the majority group. Exit interviews and Glassdoor reviews are also indicators of how inclusive an organization's culture is. Employee relations complaints (both in type and in volume) are also an indicator of inclusion.

What should diversity and inclusion goals look like for organizations?

Mitjans: Every organization is in a different part of the journey — and it is a journey, which means it's an ongoing process. Having specific goals for diversity and inclusion, and regularly measuring progress, is key. I would look to a few indicators: Does the leadership of the organization reflect the available talent pool in the marketplace? Are women and people of color advancing at the same rates as white men? Do our hires reflect the available skilled talent in the market across all roles? Do our pay practices support pay equity? Do all employees feel like they're treated fairly, and is the organization committed to advancing diversity and inclusion?

What challenges exist for workplaces implementing diversity and inclusion initiatives?

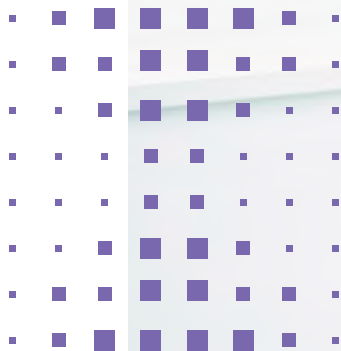
Mitjans: With all the focus on advancing diversity, organizations also run the risk of backlash from majority groups. It's important to acknowledge this as a challenge and call out the elephant in the room. For example, white men make up only 37 percent of the population but over 70 percent of senior leadership, and it's even higher for CEOs. If we are looking to have leadership reflect the population, that will mean a rebalancing of those opportunities, resulting in a perceived loss for the in-group. This is where education and awareness come in. The business case for diversity and inclusion is about ensuring that all qualified talent has the opportunity to contribute, grow and thrive, because the population we serve and who consumes our products and services is diverse, and innovation by definition requires a different way of thinking.



1. "Diversity And Inclusion: What's The Difference, And How Can We Ensure Both?" Natalie Burg, ADP BrandVoice on Forbes.com, June 25, 2018.

The Age of Employment Turnover

There is an intense struggle for talent among employers in America today. The dramatic shift in the labor market over the past decade has created an employee retention crisis. In May 2018, there were 6.6 million job openings in the United States and an unemployment rate of 3.8 percent — an 18-year low, according to the U.S. Department of Labor.¹



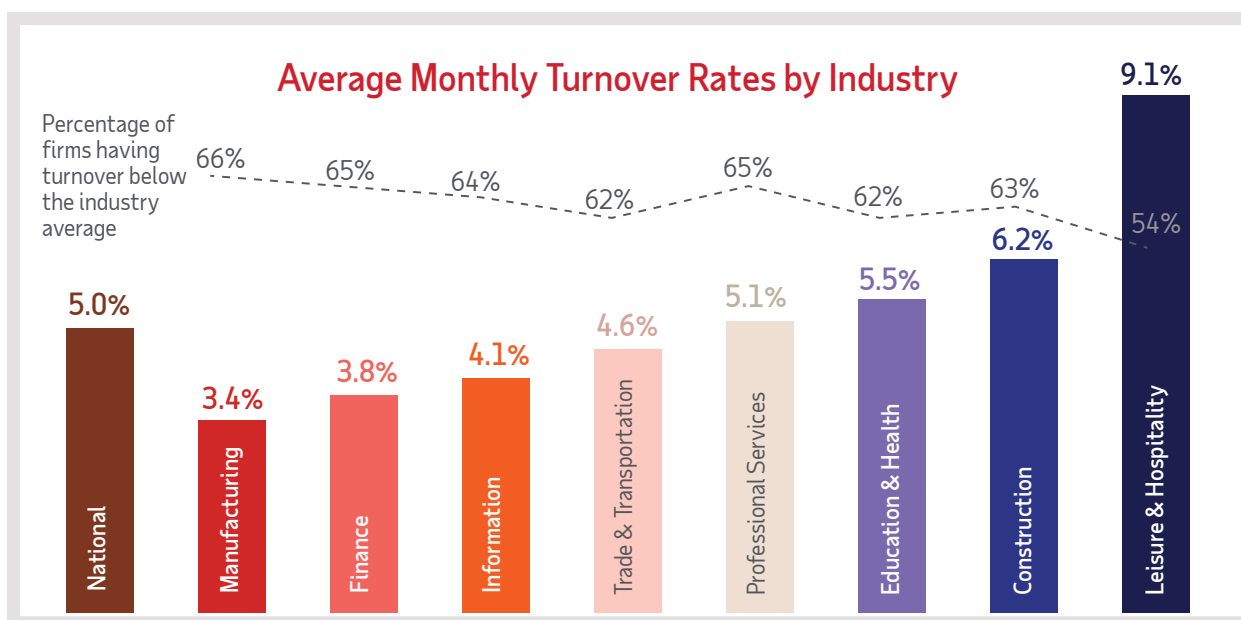
The ADP Research Institute® (ADP RI) report, *Revelations From Workforce Turnover. A Closer Look Through Predictive Analytics*,² says employee turnover is averaging 60 percent annually in the United States, with even greater rates seen in industries such as construction and leisure/hospitality.

Increased rates of employee turnover have been propagated through mobilization, the Glassdoor

generation and the normalization of job-hopping. These factors, in combination with today's booming economy, have made the retention of talent an organizational priority.

The ADP Research Institute: Revelations From Workforce Turnover

The shift of prioritizing employee retention is not without merit. High levels of employee turnover



and job vacancy rates can hinder a business's ability to increase margins, optimize efficiency, grow revenue, drive employee performance and engagement, increase sales and new business growth, affect product and service quality, and remain competitive in the marketplace.

The millennial generation, in particular, has been stigmatized as job-hoppers. Seventy-five percent of millennials believe job-hopping can be good for their careers, staffing firm Robert Half³ found — that's 16 percent higher than

The millennial generation, in particular, has been stigmatized as job-hoppers.

people ages 35-54 and 24 percent higher than people ages 55 and older. The U.S. Department of Labor data demonstrates, however, that the generational stereotype itself is unwarranted and the nature of their turnover is attributable more to age than the dynamics of their generation.

Across the past 30 years, the median tenure of each age group has held fairly steady, with some slight tenure decreases in the 45-54 and 55-64 age groups. In 2016, the median tenure of millennials — then ages 20-35 — mirrored

or even exceeded the median tenure rates seen in previous generations, as reported by the Department of Labor in 2002, 2014 and 2016.

For employers looking to reduce turnover, it's important to recognize the dynamics of age on tenure, to understand the wants of your employees at different stages of their careers and to incorporate all considerations into a compelling and authentic Employer Value Proposition (EVP).

EVP is the reason a quality employee would want to work for a business. This impacts talent attraction, engagement and retention. It encompasses a broad range of employer offerings including — but not limited to — pay, benefits and total rewards, organizational culture, career growth and development, recognition, job purpose and even societal influence by the employer. A successful EVP will enable an organization to get the most from their talent, and is a large part of the complex puzzle of employee retention.

Replay our Relmagine Series webcast⁴ on Creating a Multi-Generational Employee Retention Strategy to learn more about the impacts of age and EVP on employee retention, and how to incorporate these considerations effectively into your employee retention strategy.

1. <https://www.bls.gov/cps/>

2. "Revelations from Workforce Turnover. A Closer Look Through Predictive Analytics," ADP Research Institute, 2018.

3. "Should You Job Hop?" Robert Half, April 4, 2018.

4. "Creating a Multi-Generational Employee Retention Strategy," (Webcast), www.adp.com/resources/events, September 19, 2018.

Ask Addi P.:

FMLA and Rules for Temporary Employees, Explained

Meet “Addi P.,” our virtual columnist who addresses real-life questions from practitioners and employees at companies of all sizes. Her advice comes from ADP experts who have a deep understanding of the issues and a passion for helping leaders create a better workforce.



Dear Addi P.,
I'm trying to figure out the rules regarding the Family and Medical Leave Act (FMLA) and temporary employees. My business employs temporary workers as well as independent contractors. Do either of these types of employment count toward FMLA eligibility? If so, what considerations should I make?

TEMPorarily Confused

Dear TEMPorarily Confused,
A bit of confusion is understandable when it comes to the FMLA and temporary employees. The key is determining whether these workers should be considered temporary employees or independent contractors. Before we dive into that question, let's revisit some FMLA basics.

General FMLA Coverage Rules

As the U.S. Department of Labor (DOL)¹ states, this federal law provides eligible employees up to 12 weeks of unpaid leave each year for:

- The birth and care of a newborn
- The placement of a child for adoption or foster care
- The care of an immediate family member who is seriously ill

- The care of an employee's own medical condition that makes them unable to do their job
- The active-duty military status of the employee or a close family member

The employee's job and any applicable group health benefits are protected while they're on leave.

The FMLA applies to private companies with 50 or more employees, as well as to all public agencies and both public and private elementary and secondary schools. Any employee who has worked for your company for at least 12 months — and for at least 1,250 hours over the past 12 months — is eligible for FMLA leave, provided they work at a location that has 50 or more employees within 75 miles. That includes work performed by temps.

Employee or Independent Contractor?

Temporary workers may be eligible for leave under the Family and Medical Leave Act if they meet certain criteria, but independent contractors are never eligible. The key to staying on the right side of the rules is to make sure you don't mix up the two categories of workers, even if you've hired them through a temporary employment agency or professional staffing firm.

Unfortunately, there is no single, uniform test that can be applied to determine whether someone is an employee or an independent contractor. In general, the distinction depends on how much control you have over the workers and how they do their work. If you get to decide only what the results of the work will be, but have no right to dictate what the person must do to achieve that

If you get to decide only what the results of the work will be, but have no right to dictate what the person must do to achieve that outcome, then those workers might be independent contractors ...

outcome, then those workers might be independent contractors — but use caution when making that determination.

It is critical to understand that the determination of whether a particular worker is an independent contractor or a temporary employee requires a nuanced, fact-specific analysis that takes into account your location as well as the unique facts and circumstances of your workplace and the individual's responsibilities. Employers are strongly advised to seek the advice of experienced legal counsel when making such a determination.

Primary vs. Secondary Employers

There's another issue to consider when it comes to the FMLA and temporary workers. If you hire temporary workers through an agency, they might have a joint employment relationship with your company and the agency. According to DOL regulations,² the agency is usually considered the primary employer, while your company is the secondary employer, but this may vary depending upon particular circumstances.

As the primary employer, a temporary or staffing agency is responsible for providing FMLA leave, maintaining the appropriate records, and ensuring other employee protections under the law. If you are the secondary employer in the joint employment of a temporary worker, you cannot interfere with that worker's right to any FMLA leave granted by the primary-employer agency. So even if your business is exempt from the FMLA because it doesn't meet the size threshold, you may have temporary workers who are entitled to leave because they are jointly employed by an agency that is covered. If you are a regular client of the agency, you

will likely have to give those employees the same or an equivalent job when they return from leave.

Further, it is important to remember that the time an individual works for you as a temporary employee through an agency must be counted when determining their FMLA eligibility if you later directly hire that person as a regular employee. For example, let's say Pat works for you doing bookkeeping through an agency from January 1 through March 31. You then hire her as a regular employee beginning on April 1. If Pat requests FMLA leave from you on January 2 of the following year, the time she spent working for you through the agency must be included when determining whether she is eligible for FMLA.

You're also not totally off the hook for record keeping when you work with an agency: The law requires you to keep payroll and identifying data on jointly employed temporary workers.³

That's a basic breakdown of some important things you should know about the FMLA and temporary employees. For additional information, you should visit the DOL's Wage and Hour Division.⁴

Take care,
Addi P.

1. <https://www.dol.gov/whd/regs/compliance/whdfs28.htm>

2. <https://www.dol.gov/whd/regs/compliance/whdfs28n.pdf>

3. "Protecting Your Business: Guidelines for Hiring Temporary Workers," David Rodick, ADP SPARK Magazine, September 2018.

4. <https://www.dol.gov/whd/fmla/index.htm>



How Data Becomes Insight: The Right Data Matters

It's not enough to have a lot of data and some good ideas. The quality, quantity and nature of data is the foundation for using it effectively.

We asked Marc Rind, Vice President of Product Development & Chief Data Scientist — ADP® Analytics and Big Data, to help us understand what goes into selecting, gathering, cleaning and testing data for machine learning systems.

How do you go from lots of information to usable data in a machine learning system?

Marc: The first thing to figure out is whether you have the information you want to answer the questions or solve the problem you're working on. So, we look at what data we have and figure out what we can do with it. Sometimes, we know right away we need some other data to fill in gaps or provide more context. Other times, we realize that some other data would be useful as we build and test the system. One of the exciting things about machine learning is that it often gives us better questions, which sometimes need new data that we hadn't thought about when we started.

Once you know what data you want to start with, then you want it "clean and normalized." This just means that the data is all in a consistent format so it can be combined with other data and analyzed. It's the process where we make sure we have the right data, get rid of irrelevant or corrupt data, that the data is accurate and that we can use it with all our other data when the information is coming from multiple sources.

A great example is job titles. Every company uses different titles. A "director" could be an entry-level position, a senior executive, or something in between. So, we could not compare jobs based on job titles. We had to figure out what each job actually was and where it fit in a standard hierarchy before we could use the data in our system.

This sounds difficult.

Marc: There's a joke that data scientists spend 80 percent of their time cleaning data and the other 20 percent complaining about it.

At ADP, we are fortunate that much of the data we work with is collected in an organized and usable way through our payroll and HR systems, which makes part of the process easier. Every time we change one of our products or build new ones, data compatibility is an important consideration. This allows us to work on the more complex issues, like coming up with a workable taxonomy for jobs with different titles.

But getting the data right is foundational to everything that happens, so it's effort well spent.

If you are working with HR and payroll data, doesn't it have a lot of personal information about people? How do you handle privacy and confidentiality issues?

Marc: We are extremely sensitive to people's privacy and go to great lengths to protect both the security of the data we have as well as people's personal information.



With machine learning, we are looking for patterns, connections or matches and correlations. So we don't need personally identifying data about individuals. We anonymize the information and label and organize it by categories such as job, level in hierarchy, location, industry, size of organization, and tenure. This is sometimes called "chunking." For example, instead of keeping track of exact salaries, we combine them into salary ranges. This both makes the information easier to sort and protects people's privacy.

With benchmarking analytics, if any data set is too small to make anonymous, meaning it would be too easy to figure out who it was, then we don't include that data in the benchmark analysis.

Once you have your initial data set, how do you know when you need or want more?

Marc: The essence of machine learning is more data.

We want to be able to see what is happening over time, what is changing, and be able to adjust our systems based on this fresh flow of data. As people use the programs, we are also able to validate or correct information. For example with our jobs information, users tell us how the positions in their organization fit into our categories. This makes the program useful to them, and makes the overall database more accurate.

As people use machine learning systems, they create new data which the system learns from and adjusts to. It allows us to detect changes, see cycles over time, and come up with new questions and applications. Sometimes we decide we need to add a new category of information or ask the system to process the information a different way.

These are the things that keep me up at night and make it exciting to show up at work every day.



Three Key HR Components for Successful Mergers and Acquisitions

Winning a three-legged relay race requires teamwork. The running speed of each individual means nothing. To win, communication between each participant must be clear and timely, so they can develop the best gait possible in the shortest amount of time.

During a successful merger or business acquisition, this analogy holds true. Effectively recognizing the synergies within a newly melded workforce means learning the nuances of the combined entity at a breakneck pace.

Organizational leaders simply can't wait a year to find synergies and address conflicts in their newly combined team. Huron Consulting Group¹ reports that, "the 33-year average tenure of companies on the S&P 500 in 1964 narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027." Clearly, leaders need to address efficiency right away to help ensure success. An integrated, well-thought-out approach to a merger relies on three key components:

- Establishing a strong people strategy
- Overcoming cross-border compliance and visibility challenges
- Embracing rapid and continuous transformation

The Mergers and Acquisitions Road Map Begins and Ends With Your People

Your people are what drive your transformation. When you have attrition, it disrupts your outcome. Willis Towers Watson² reports that Fortune 500 CFOs believe that mergers and acquisitions often fail due to a lack of buy-in from involved employees. Business leaders must work to ensure employees feel that they know the plan for mergers and acquisitions, as communication fosters a feeling of security. When handled poorly, turnover can skyrocket.

"Everything you do to build employee confidence is completely eroded the moment employees feel they're being undervalued and treated differently, and this puts both your pre-merger and newly acquired employees at a disadvantage, which could cause flight risks ... That's why a communication and activation roadmap is critical," says Christopher Imm, ADP® Global M&A Support Practice Leader.

"Coworker communication is at their fingertips, on their phones via social media, and no longer at the water cooler — which makes effective, timely and ongoing communications vital to informing and engaging your employees and maintaining their morale," says Imm.

This is where an external business process outsourcing (BPO) partner can be helpful, since the BPO model, by its nature, applies the same standard to all employees. BPO can deliver much-needed impartiality along with a framework of best practices.

A Smooth Business Acquisition is About Assessing and Activating Talent

Oftentimes, a merger happens specifically because one organization wants access to the talent of the other. Activating your talent, both new and old, requires quickly assessing your workforce and identifying areas that need to change.

According to research from The Marcus Buckingham Company®, an ADP Company, organizations must give their leaders the ability to focus on three core areas to activate talent and drive productivity. This is especially true during a merger. As Amy Leschke-Kahle, Vice President of Performance Acceleration at ADP, explains, "The world's best leaders need to know three things and do one. They need to know the strengths of their people, the work they are focused on and their level of engagement. Then, they need to check in with their people to align what they are working on, how they are feeling and how they can help. This reduces confusion, increases collaboration and turns talent

into performance by giving team leaders what they need to help individuals do more of their best work."

Cross-Border Mergers Supercharge the Challenges

Every HR concern inherent to mergers and acquisitions becomes more pronounced for global firms that operate in multiple legal jurisdictions. Global acquisitions can make it harder to identify commonalities between the existing organizations, since cultural and employment standards can be wildly different. If you don't have a specialist with expertise in all jurisdictions, it becomes necessary to maintain HR and Payroll specialists on both sides of the international merger, even after it's completed. BPO can help companies centralize global payroll and compliance functions, and is often the ideal answer to addressing the need for global compliance with local governance.

Transform or Be Left Behind

The business world is changing faster than it ever has, making adaptability crucial. In the beginning, everything was done on paper. Then it was all just Excel spreadsheets. Now, everything from payroll to benefits to employee metrics require a complex technological solution to keep up – and while technology accelerates the speed at which synergies can be achieved, modern processes require dedicated solutions. That's why it's so important for companies considering an M&A strategy to focus on all of HR's many roles, including communication, payroll and benefits and process management — so they can employ the right technologies to support their transition.

When you begin to combine teams, you are entering a very precarious three-legged race. Only those who can quickly recognize strengths and address inefficiencies in their structure without delay will be able to successfully integrate their workforces. If your organization can quickly activate and engage talent across the globe and implement HR technology solutions to sprint forward at the speed of modern business, you can be in a much better position for success.



Learn additional strategies during this RelImagine Series webinar(ADP.com/RelImagineCapital) on how to best put your capital to work with current market opportunities created by tax reform, related to M&A and investing in internal operations.

1. "2018 Corporate Longevity Forecast: Creative Destruction is Accelerating," Scott D. Anthony, S. Patrick Viguerie, Evan I. Schwartz and John Van Landeghem, Innosight, 2018.
2. "The importance of HR in M&A," Willis Towers Watson, December 15, 2016.

Real Stories. Real Impact.



Driving Sales and Customer Satisfaction with Optimized Scheduling

Discover how Victra partnered with ADP to better manage its workforce through strategic staffing and scheduling.

To learn more: adp.com/victrastory

Headquarters: Raleigh, North Carolina

Industry: Retail

Employees: 6,000

Website: victra.com

Challenges Victra faced:

- Manually scheduling almost 6,000 employees in an effective way
- Efficient management of overtime spending and labor costs

How ADP helped:

- Provided a workforce management tool to help Victra schedule and staff more strategically, resulting in a 4.5 percent increase in customer conversions and a 6.5 percent increase in Net Promoter Score (NPS)
- Offered Victra sophisticated reporting, robust labor forecasting algorithms, a tailored budgeting solution and a powerful scheduling solution that can help store managers more easily generate quality schedules – with the right people, in the right place, at the right time, for the right cost



“

I've been in the business for a while, and I can say this with sincerity – I'm not sure that I've ever experienced the support from any other vendor that comes close to the level of what I've received from the ADP team. I'm extremely pleased.

DAVID GAMINDE, VP of Operations, Victra



What are you #WorkingFor?

The things we work for are what define us.

At ADP we're designing a better way to work,
so you can achieve what you're working for.

Discover HR, Talent, Benefits & Payroll, informed by data and
designed for people. Learn more at design.adp.com



Always Designing
for People™