

## HR NEWS

Waldthausen & Associates, Inc. is a Retained Executive Search firm with the focus on recruiting managers that influence a company's result and earnings. The firm focuses on recruiting professional managers for US subsidiaries with parent companies located in central Europe.

### Firms Spur Retention with Successful Communication of Health Benefits

Effective messages about the value of health benefits can do more to retain top-performing employees than the richness of those benefits, according to a new analysis by the consulting firm Watson Wyatt. Among employers that provide rich benefits, but have poor communication practices, the average turnover rate for top-performing employees is 17 percent, compared to 12 percent for employers that offer less costly benefits, but communicate them successfully. Watson Wyatt found. Furthermore, combining rich benefits with effective communication yields an average turnover rate of only 8 percent for top performers.

Communicating benefits effectively means having a documented communications strategy, keeping workers informed continuously, and educating managers, so they can reinforce that information with workers, notes John Finney, senior communications consultant at Watson Wyatt, which surveyed about 12,000 employees. "A small investment in communication has a significant payback in employee satisfaction and retention," he says.

Kathryn Yates, global director of communication consulting at Watson Wyatt, observes, "If their employees aren't aware of the cost, or don't appreciate the value of the benefits, (employers) aren't going to see a return on their investment" in health benefits. "Spending more on health benefits won't necessarily increase retention if it squeezes other types of compensation," she adds.

Ever considered using the "Total Compensation Statement" approach to communicating the true value of an employee's overall benefit package? On as little as a single page, these benefits statements can provide employees with a snapshot of all company-paid benefits. Each can be personalized to reflect individual compensation, benefit elections and employer and employee contributions to the cost of each benefit and account balances.

### Expanding Age Discrimination Protection

The Supreme Court has ruled 5 to 3 that workers 40 and older can file lawsuits claiming an employer's policy – while neutral on its face – has a disproportionate adverse effect on them, according to Reuters news service.

Lower courts had been divided on the issue of whether the federal Age Discrimination in Employment Act (ADEA) allows disparate-impact claims. In disparate-impact claims, plaintiffs argue that the consequences of an employer's policy or practice are discriminatory rather than argue that the motives behind it are discriminatory.

While the Supreme Court ruled that such claims are allowed under ADEA, it said the plaintiffs in the specific case before it failed to prove that they had a valid disparate impact claim.

In the case, 30 police officers and dispatchers over age 40 in Jackson, Mississippi, said the city's pay policy was discriminatory because it gave workers with five or fewer years of tenure proportionately larger wage increases than workers with more seniority. The city argued that the policy was implemented to remain competitive with surrounding communities in attracting and retaining officers.

"The city's decision to grant a larger raise to lower echelon employees for the purpose of bringing salaries in line with that of surrounding police forces was a decision based on a reasonable factor other than age that responded to the city's legitimate goal of retaining police officers," wrote Justice John Paul Stevens for the majority.

The Bloomberg news service reports that in the ruling, the court said ADEA has a narrower scope for disparate-impact claims than Title VII of the Civil Rights Act of 1964 has for disparate-impact claims in race- and gender-bias cases.

"Except for the substitution of 'age' for 'race, color, religion, sex, or national origin,' the language of ADEA and Title VII is identical. Unlike Title VII, however, ADEA significantly narrows its coverage by permitting any 'otherwise prohibited' action 'where the differentiation is based on reasonable factors other than age,'" wrote Stevens. (*Business & Legal Reports*)

### All Work and No Play Makes for Bad Business

America's overworked employees could be hurting the bottom line for employers, suggests research from the nonprofit Families and Work Institute. One in three employees is chronically overworked, according to a poll of 1,000 wage and salaried workers. The overworked are more likely to make mistakes on the job, resent their coworkers, experience stress and depression, and neglect their health; all of which spell higher business and benefit costs for employers.

Like athletes in training, employees need to rest between periods of exertion in order to do their best work, observes Ellen Galinsky, president of New York-based institute. "Having time off, even in short spurts or through a vacation or workplace flexibility, is beneficial because people come back refreshed and ready to focus on work in a more creative way." Employers can help, she says, by creating a culture that values downtime. Some firms have already gotten that idea. Cary, NC-based software company SAS Institute has a 35-hour work week. To discourage employees from working overtime, the company shuts its campus gates at 6pm. The consulting firm Deloitte, headquartered in New York City, lets top performers take up to five years off to pursue personal interests, such as raising a family. (*Benefit News Connect*)

Kurt G. Waldthausen  
Waldthausen & Associates, Inc.  
[KWaldthausen@waldthauseninc.com](mailto:KWaldthausen@waldthauseninc.com)