

TRENDLINES

The Employers' Association's monthly whitepaper on essential Business/Human Resources practices

The Employers' Association (TEA) delivers reports for businesses that contain relevant and up-to-date information based on our work with hundreds of employers each month. TEA is known to produce a number of essential benchmark survey reports every year and we also compile data and observations that provide organizations practical perspectives on important business trends.

Affirmative Action Plans as Business Intelligence

What you should know

According to the Office of Federal Contract Compliance Programs (OFCCP) (source – <https://www.dol.gov/agencies/ofccp/faqs/general-aaps>):

Each non-construction contractor and subcontractor with 50 or more employees is required to develop a written **Affirmative Action Program (AAP)** for each of its establishments within 120 days from the start of the federal contract, if it:

- Has a federal contract or subcontract of \$50,000 or more;
- Has government bills of lading which in any 12-month period total, or can reasonably be expected to total, \$50,000 or more;
- Serves as a depository of federal funds in any amount; or
- Is a financial institution that is an issuing and paying agent for U.S. savings bonds and savings notes in any amount.

There are four Plans that need to be developed - one for Women & Minorities as well as a one for Protected Veterans and another one for Individuals with Disabilities. These Plans analyze employment data to focus efforts where there could be potential adverse impact based on race and/or sex in employment decisions as well as establish placement goals based on the job and the recruitment areas' population statistics when there is underrepresentation in particular groups of employees. This is a tool the federal government uses to ensure equal employment opportunity is being adhered to.

Business Intelligence (BI) refers to the systems/technology as well as the strategy used to gather and analyze business information and turn it into actionable data. The results are used to make data-driven decisions that help organizations achieve their Mission and Vision. It provides a much more complete picture of the decisions and outcomes than simply one or two perspectives and guides both strategic and tactical work. BI generates multiple types of reports to “display” the data (dashboards, charts, graphs, raw numbers, and other analyses). These systems/technologies may be very sophisticated but can also be less high tech through more simple data analysis (with many points of quality data). Business Intelligence should never replace WHY we do business but does provide valuable measurement tools that help track progress towards the accomplishment of goals.

Affirmative Action Plans gather data regarding multiple employment decisions during a one-year period and produce reports that are used to guide future decision making (and address any issues found). Although these

reports are required for federal compliance they can function as Business Intelligence since many organizations do not naturally compile and fully analyze these type of employment data.

What we know

Most businesses use multiple points of data when making decisions and determining the quality of past decisions. The use of Business Intelligence is growing due to the ease of access to big data within an organization's multiple databases (and the software available to gather and analyze these data points).

The Employers' Association has helped many organizations develop AAPs and we have found that because the data may be in multiple systems (or simply kept in spread sheets), it can be very time consuming to compile all the required information. Some information may be in Payroll, some in a separate Human Resources Information System (HRIS), some in the Learning Management System (LMS), and other information may be stored within homegrown systems. These systems generally do not "talk" with each other and so the data is spread around and must be pulled and compiled into a single source in order to prepare required documents.

Data regarding recruitment/outreach/applicants, hires, promotions, terminations, training, compensation, availability/utilization, and others can provide a well-rounded picture of employment practices. For example, a return on investment can be done when examining recruitment and outreach efforts compared to applicants who are hired. Analyses can be done on the types of employees who advance through the organization more quickly or if there is a glass ceiling (or sticky floors) for groups of employees. It is always a good idea to ensure that an organization's compensation practices are non-discriminatory and competitive. As businesses compete for the best employees, having quality data available to ensure there are no inappropriate barriers to success is more necessary than ever before. We also know that creating and maintaining an effective compensation administration system that is externally competitive will help to eliminate many internally inequitable compensation issues.

What it means

In our work with organizations, we have not found that employers are deliberately discriminating in their employment practices. All of those we develop Affirmative Action Plans for have a commitment to Equal Employment. In reality, when analyzing the data, there are times when there are adverse impacts as a result of decisions (i.e. a layoff list may adversely impact a particular racial group more than others). This does not necessarily mean unlawful discrimination but it is something that should be examined to ensure it is the best option. Other times, there may be underutilization of particular groups based on their availability in the recruitment areas (i.e. based on race, sex, veteran status, or disabilities). It is important to be sure that outreach efforts, the interviewing process, onboarding, and development opportunities are not limited but open and without inappropriate bias.

Making efforts to find and keep the best employees is good business. When casting a wider net there are opportunities to tap into more high quality applicants and employees. Without truly analyzing the data, organizations cannot be sure they are maximizing their efforts and may in fact be hindering themselves (and others).

What you can do

Federal Contractors that are required to develop Affirmative Action Plans should ensure they do so to remain compliant. Analyze the data and create plans to identify then address any issues. DO NOT just put the plan on a shelf (figuratively speaking – although in the “old days,” when they were printed and put into binders, that is exactly what many employers did). It would be a shame, after all the work to develop it, to have all that valuable data ignored. Most businesses would not spend the time and money to gather data on other business decisions and then ignore it. It is valuable information, even if it was required to be done. Since you have the data available after developing a plan, use it to maximize your abilities to accomplish your objectives in a fair, consistent, profitable and effective manner.

Consider how and where the existing information is stored. Is that the best way to do it? Are there other systems that can be used to collect and retrieve this valuable information? Is the same information used for any other decisions? The data used for Affirmative Action Plans is valuable for more than just compliance. Does your organization use it wisely?

The Employers’ Association is here for your business success. Please contact us to learn more about how we can help your organization stay in compliance as well as provide practical advice on many business challenges.