



## Managing Human Capital

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# Emerging Risks in the workplace

# Emerging

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## Human Capital Risks

- 1 Federal & state legal compliance

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- 2 Leading edge benefits

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- 3 Workplace management

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- 4 Embrace technology

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- 5 Talent Management



# Legal Risks in the Workplace





**No employer runs their business in a way that they think will land them in court.**

Identify Risks That Can Lead to Getting Sued

Steps You Should Consider To Avoid a Claim



# Employment Practices Liability

**47% of claims dollars paid**  
over the last 5 years

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Source: CUMIS Insurance Society, Inc. Management & Professional Liability claims data, 2013-2017



## Employment Practices Risk & EEOC claims

- Easy to file
- Hard to get dismissed
- Plaintiff can recover attorneys' fees (you have to defend your credit union)
- Take a lot of your time

# EEOC Charges

## Top CU Allegations

- ◆ Wrongful Termination ◆
  - ◆ Retaliation ◆
  - ◆ Age Discrimination ◆
- ◆ Disability Discrimination ◆
- ◆ Race Discrimination ◆

Did **sexual misconduct and harassment** charges in the workplace jump in 2018?

EEOC Charge Type	# of Charges Filed in 2018
Retaliation	39,469
Sex	24,655
Disability	24,605
Race	24,600
Age	16,911
National Origin	7,106
Color	3,166
Religion	2,859
Equal Pay Act	1,066
GINA	220

Source: [EEOC Charge Statistics](#), 2018

## Sexual Misconduct & Harassment

- EEOC ranks banking / finance as the industry with the most sexual harassment incidents
- Can have nothing to do with the physical act of sex; wanting to have sex; or being physically attracted to another person
- #MeToo relates to gender equality in the workplace
- A need for stronger education and culture with the expectations of good leadership and more emphasis on the sexual harassment training



#metoo



32 states have introduced over  
**125 pieces of legislation**  
related to sexual harassment

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#MeToo Has Changed Our Culture;  
Now It's Changing Our Laws

# Federal & State Developments

## Federal Challenges

- The Affordable Care Act (ACA) and the uncertain future of health care still remains a chief concern for employers.
- The travel ban and other restrictive policies towards immigration continue to impact employers as workforces have become increasingly diverse and global.
- Hotly debated Supreme Court appointments.
- Additional challenges include:
  - Tax reform change and how that impacts mileage and reimbursement policy
  - Communicating to employees on updates to the Form W-4 in light of new tax legislation,

## State and Local Issues

- Increase training requirements for employees and supervisors
- Prohibit the arbitration of sexual harassment claims
- Prohibit nondisclosure agreements with respect to sexual harassment claims; and extend coverage and statute of limitations for sexual harassment claims
- Additionally, state and local legislatures have been actively working to expand EEO protections for groups such as:
  - Women who are pregnant or breastfeeding
  - Members of the military
  - Domestic violence victims

“ As transgender employees become a greater presence in the workplace; **education and sensitivity** become even more critical in building a safe and compliant environment. ”

The Evolution of Municipal Risk Management - Risk Management Magazine, Rmmagazine.com

# Guidelines for Managing Gender Transition

Who in the credit union is charged with helping a transitioning employee manage his/her workplace transition?

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What can a transitioning employee expect from management?

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What are management's expectations for staff, transitioning employees, and any existing LGBTQ employee group in facilitating a successful workplace transition?

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What is the general procedure for implementing transition-related workplace changes, such as adjusting personnel and administrative records, as well as a communication plan for coworkers and clients?

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Address frequently asked questions about dress codes and restroom use.

# Credit Union Considerations

Monitor existing and emerging federal, state and local laws

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Recognize which state and local requirements apply to your workforce and create a comprehensive strategy to manage conflicting laws

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Determine how state and local differences will be addressed in employee handbooks and workplace policies and decide how to handle these updates

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Train managers, supervisors and employees on any emerging state and local laws





## **Leading Edge Employee Benefits**



Nearly three in five (57%) people report benefits and “perks” being among their top considerations before accepting a job.

Source: Top 5 job trends to watch, Glassdoor

Program	Cost to Google	Cost to Googler	Benefits to Googlers or Google
Massage chairs	Negligible	Free	Efficiency
Nap pods	Negligible	Free	Efficiency
Onsite laundry machines	Negligible	Free	Efficiency
Take Your Child to Work Day	Negligible	Free	Community
Take Your Parent to Work Day	Negligible	Free	Community
Talks @Google	Negligible	Free	Innovation
Loaner electric vehicles	Modest	Free	Efficiency
Massage	Modest	Yes	Efficiency
Free food	High	Free	Community; innovation
Shuttle service	High	Free	Efficiency
Subsidized child care	High	Yes	Efficiency

A sampling of Google's perks. © Google, Inc.

## Some highly publicized “perks”

- Netflix offers unlimited employee maternity and paternity leave for the first year after a child's birth or adoption
- Airbnb gives employees an annual stipend of \$2,000 a year to travel anywhere in the world
- Asana employees have access to executive and life coaching services outside of the company
- Zillow allows employees who are traveling to ship their breast milk home for free.

# Employer Considerations by Employee Benefits

## Most Desirable Employee Benefits

Health Insurance



Dental Insurance

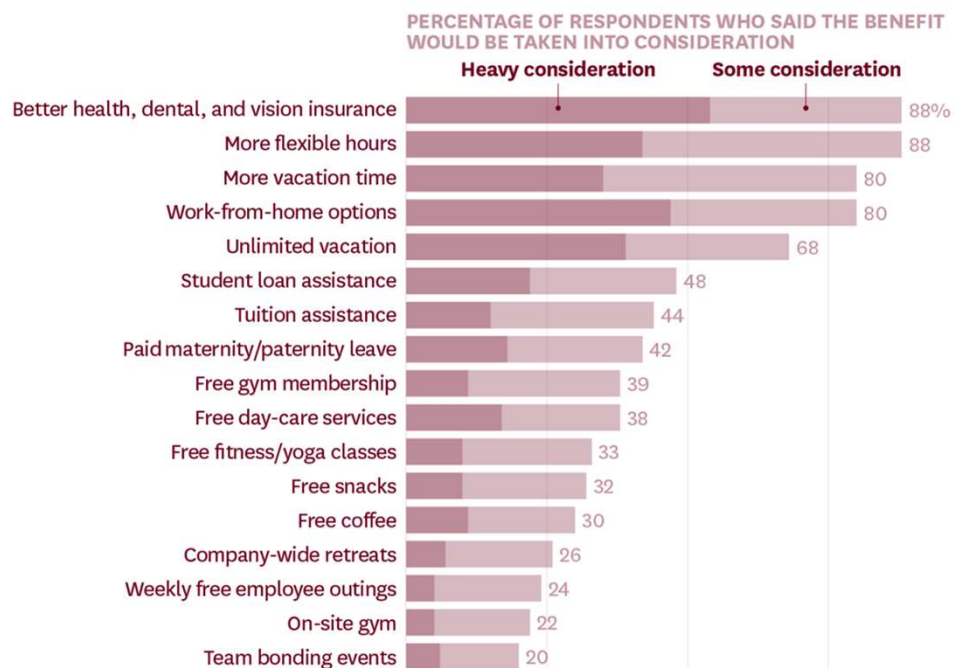


Vision Insurance



### Which Benefits Are Most Valued by Job Seekers?

When choosing between a high-paying job and a lower-paying one with better benefits, respondents said health insurance and flexible hours might tip them toward the latter.



SOURCE: FRACTL SURVEY OF 2,000 U.S. WORKERS

© HBR.ORG

Source: Most Desirable Employee Benefits, Harvard Business Review

# The cost and Value of Employee Perks



Fully paid health care  
\$11,394



16 weeks paid  
parental leave  
\$1,250



Onsite Gym  
\$253



Free snacks  
\$650



Self Development  
\$1,000

Annual cost of \$60,000 employee





# Workforce management

# UNDERSTANDING WORKFORCE PLANNING

Strategic Workforce Planning connects human capital strategy and practices to business strategy



# Culture Management

- How are you managing your credit union culture?
- Do you know and understand your employees' behaviors?
- Do your employees' behaviors align with your credit union culture?
- How are you addressing red flags?

80 %

of companies say they conduct employees satisfaction surveys.

But ... most admit **they cannot interrupt** the results

# Notable workplace challenges



- Keeping employees engaged
- Coping with organizational changes pertaining to mergers or acquisitions
- Identifying talent and leveraging the use of social media for recruiting while avoiding the pitfalls
- Determining what employees should be paid
- Finding affordable, interactive and engaging employee compliance training (e.g., harassment, ethics)
- Succession planning and developing individuals to take on leadership roles
- Addressing changes in leadership as many transition into retirement
- Addressing the exit of Baby Boomers from the workforce

## Workplace Demographics

Take a long-term, strategic look at hiring policies and make it a priority to prepare for the workforce of tomorrow.

- **5-7 different generations** may work at your credit union at one time in the future
- Integrate work styles and habits
- Create an environment that effectively fits each generation







An increase in semi-enclosed and small focus rooms for 1-3 occupants



Fewer executive suites



An increase in usable square footage per work seat in activity-based working environments



An increase in both amenity and wellness spaces



An increase in egalitarian seating that supports a more transparent culture

## Modern workspace trends for new workforce

# Pros and Cons of “Hot Desking”

## Pros

- ✓ Efficiency
- ✓ Cost effective
- ✓ Allows for additional spending on breakout areas and other office features or “perks”
- ✓ More collaborative environment
- ✓ Increases interaction between staff
- ✓ Minimalist appearance
- ✓ Solution for remote office workers and consultants
- ✓ More equal office environment

## Cons

- ✓ Staff can miss having personalized space
- ✓ Disruption to the office hierarchy
- ✓ The business may need to increase IT resources to deal with hot desking
- ✓ Accommodation issue for employees who have particular needs
- ✓ Uncleanliness
- ✓ Generational conflict



# Embrace technology

# Employee experience affects member experience

Leaders say they're choosing tech with their people in mind, but employees don't agree



Employees' take on tech is different from their leaders'



**90%** of C-suite executives say their company pays attention to people's needs when introducing new technology.

**53%** of staff say the same.

■ C-suite Executives ■ Staff

Base: 12,287 full-time employed adults. Q: Rate the degree you agree or disagree...My company pays attention to people's needs when introducing new technologies. Source: PwC's Consumer Intelligence Series, October 2018.

# 4 technologies

to foster  
employee engagement



1. Collaboration tools
2. Encourage BYOD “safely”
3. Employee recognition platforms
4. Gamification



# The Psychology of Gamification: Why It Works

Give users the motivation to do something (the chance to win, receive rewards or gain recognition)

Give users the ability to carry out a task – by facilitating it, or breaking each task into bite-size chunks, increasing the perceived capability for the user

Give the user a trigger or cue to complete the action

The process of adding games or game like elements to something (such as a task) so as to encourage participation

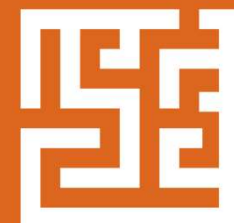
Learning and Development - employees can use games to learn new skills. The gamification of learning platforms can improve retention and results.

Member Support - Achievements and rewards through gamification can encourage employees to help members more efficiently and with higher quality

Improving Sales - Gamification can improve collaboration between salespeople. It rewards not just the final sale, but all the steps it takes to get to the final sale.

Creativity - Employers can reward employees for thinking of innovative ideas.

Corporate Culture - Gamification can help spread the culture of the company through different projects and programs and it can make information about the company and its values more accessible.



Focus areas where you  
can use gamification



# Talent Management

“I’m in business of  
recruiting and hiring, but  
I’m [really] in the business  
of making memories.”

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*Brendan Brown- LinkedIn’s Head of Talent Acquisition*

## The evolution of talent matching

Leading organizations are starting to leverage new technologies such as machine learning to improve specific areas of the talent matching process

These include optimizing job descriptions, enhancing the candidate experience, expanding the sourcing pool, improving effectiveness of internal sourcing, and eliminating bias in the recruiting process.



## Enhance Your Recruiting Strategy

The employee experience begins during talent attraction and sourcing, even before a potential candidate applies for a job



**01**

### Skills Gap Analysis

The best hiring strategies begin by identifying gaps you need to fill



**02**

### Job Title & Descriptions

Choose an appropriate job title and include clear job descriptions with must haves and "wish lists"



**03**

### Easy Application Process

Provide easy navigation to careers page with clear application instructions. Avoid passwords and offer LinkedIn or resume parsing



**04**

### Avoid Salary History

Don't ask for salary history and if you must, do not include it as a required field



# Employment Trends

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## Other Considerations



Self-  
directed  
learning



Transparent  
goals and  
projects



Understanding  
parallel  
objectives



Flexible  
talent  
networks



Rethinking  
drug screening  
methods

# Drug Testing / Substance Abuse



- Use of recreational marijuana and opioid addiction has forced workplaces to adapt policies to ensure they are keeping pace
- 71% of employers agree prescription drug misuse is a disease that requires treatment; however, 65% feel it is a justifiable reason to fire





## Potential liabilities related to drug testing and substance abuse

- Review drug testing / substance abuse policies and procedures to adhere to the laws in states where they have branches
- Maintain a detailed policy addressing coming to work, under the influence of drugs and alcohol, and the consumption of drugs and alcohol while in the workplace
- Address illegal drugs and prescription drugs
- Do not formally hire someone until the results of the drug test have been received

Q & A

## Looking for additional assistance



CUNA Mutual Group

# Risk & Protection Response Center

# 800.637.2676

Select you're a credit union, then choose option 4

[riskconsultant@cunamutual.com](mailto:riskconsultant@cunamutual.com)

[Ask a Risk Manager](#) interactive form


# Stay on top of emerging risks

- RISK Alerts – **Warning** ♦ **Watch** ♦ **Awareness**
- Loss Prevention Library (whitepapers, checklists)
- Webinars & Education
- Risk Assessments
- Peer Data

Protection Resource Center @ [www.cunamutual.com](http://www.cunamutual.com)

## RISK Alert

ACTIONABLE INSIGHTS FOR BOND POLICYHOLDERS.



Alert Type: **Awareness** Watch Warning

### Labor Law Changes in 2018 to Impact Your Employee Handbook

With the new year quickly approaching, your credit union's HR, risk, and compliance departments should carefully review and understand upcoming labor law changes that will take effect in 2018. In addition, you should ensure that your credit union's policies and employee handbook reflect the latest laws and changes that are occurring at state and local levels. Some of the changes that could impact your handbook include leave, equal pay, reasonable accommodations, and weapons in the workplace.

[Access this Guide](#) to help you develop and update your employee handbook.


#### Details

Several new laws and changes are expected to take place at state and local levels in 2018 that will affect workplace policies. These changes will require you to review your job applications, hiring processes, employee handbooks, other employment-related forms, and training.

Some of these laws include:

- Leave laws, especially those on the state and municipal level, such as paid sick leave, safe leave, organ donor leave, or leave to serve in the military including Guard and Reserve have changed. For example, California passed a New Parent Leave Act effective January 1, 2018.
- Equal pay and wage discrimination passed in a number of states and cities to significantly expand equal pay provision and promote wage transparency to close the wage gap. Some that have already enacted pay equity laws include California, Massachusetts, Oregon, New York City, and Delaware.
- Reasonable accommodations and compliance with the Americans with Disabilities Act (ADA) continues to make headlines. Several states have enacted or expanded reasonable accommodations for women who are pregnant or breastfeeding as well as expanded required accommodations for individuals who identify as transgender.

Date: December 12, 2017  
Risk Category: Employment Practices; Human Resources; Compliance  
States: All  
Share with:  
 Board of Directors  
 Executive Management  
 Human Resources  
 People Leaders  
 Risk Manager



To share risk insights or gain additional assistance:

- [Report a RISK Alert](#)
- [Ask a Risk Consultant](#)
- Contact a CUNA Mutual Group Risk & Compliance Consultant
  - 800.637.2676
  - [riskconsultant@cunamutual.com](mailto:riskconsultant@cunamutual.com)

# Employment Practices resources

Practical & actionable resources to keep you current on legislation, employment, and workplace trends

- [www.epl-risk.com](http://www.epl-risk.com)
- Articles / News Briefs / Checklists
- Training modules
- 100+ template policies & procedures
- Model handbook: 300+ pages

Available to credit unions with CUNA Mutual Group's EPL coverage



# CUNA MUTUAL GROUP

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