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WHEN YOU'RE INNOVATING, RESIST LOOKING FOR SOLUTIONS

by *Bart Barthelemy and Candace Dalmagne-Rouge* (Harvard Business Review)

If someone comes to you with a problem, you start thinking of a solution. That's natural — everyone does it.

But as soon as you start thinking of a solution, you unconsciously begin shutting off possibilities for getting a deeper understanding of the problem and therefore of finding a truly breakthrough solution.

That's why it can often be more productive to avoid "solutions" thinking when a problem arises. It's better to stay in what we call the "problem space" for as long as possible. If that sounds strange, here's an example of what we mean.

A military organization needed help because people who were being observed by pilotless drones were using techniques such as smoke screens to deceive the analyzers of the drones' video and other data. The organization asked for assistance understanding the adversary's deception techniques. But by framing the request that way, the client had already moved from the problem space toward the solution space — the client was specifying the type of solution that was expected.

The client was encouraged to stay in the problem space, sometimes known as the "front end," in order to get a deeper understanding of the problem. The client soon came to see that analysts are deceived because there are limits on their ability to perceive. The real issue is understanding these limits.

To further explore that issue, an off-site was held at which people were brought in (outside the military) who are experts at confusing people, and others who are experts at making



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POLLYANNA WAS NOT AN **OPTIMIST** AND WHY OPTIMISM IS THE BEST STRATEGY

All that most people know about Pollyanna is that calling someone that name is not a good thing. It is an effective way to discourage someone from undertaking something overly optimistic. The reference dismisses optimism as a way to support health and happiness and build success. But few people know the full story and I suggest that Pollyanna was not an optimist at all.

Pollyanna is the main character in the novel *Pollyanna* by Eleanor Porter, published in 1913 and the basis for a 1960 Disney movie. The title character is a young girl who, after both her parents have died, is sent to live with her only remaining relative, a reclusive and stern aunt, who reluctantly takes her into her home.

To everyone she meets, Pollyanna explains "the glad game" that her father taught her before he died. He believed that no matter what happens, there's always something to be glad about. One should always hunt for the positive aspects in seemingly bad experiences. The game

originated one Christmas when Pollyanna, who was hoping for a doll, received only a pair of crutches. Making the game up on the spot, Pollyanna's father taught her to look at the good side of things - in this case, to be glad about the crutches because "we didn't need to use them!"

With this philosophy, and her own sunny personality and sincere, sympathetic soul, Pollyanna brings so much gladness to her aunt's dispirited town that she transforms it into a pleasant place to live. The glad game shields her from her aunt's stern attitude: when Aunt Polly puts her in an ugly attic room with no pictures, rugs or mirrors, she is glad for it. If she had a nice bedroom, she probably wouldn't notice the beautiful trees outside her window. Had her aunt given her a mirror, she would have to look at her freckles. When her aunt tries to punish Pollyanna for

her rapturously because she likes bread and milk, and she likes the servant.

Pollyanna plays the game with others too. When a man breaks his leg walking down the street, Pollyanna reminds him that he should feel glad that he only broke one leg. She tells the gardener who is complaining about his bent back that he should feel glad about it; after all, he does not have to stoop as far to do his weeding because he's already part way there. Her aunt, too - finding herself helpless before Pollyanna's buoyant refusal to be downcast - gradually begins to thaw, although she resists the glad game longer than anyone else.

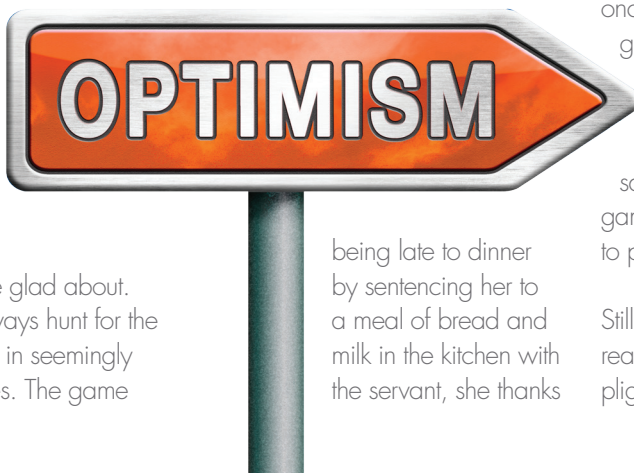
Eventually, however, even Pollyanna's robust optimism is put to the test when she is hit by a car and her legs become paralyzed. Her response, for once, seems realistic. She is grief-stricken and recognizes that it is easier to tell others to feel good about their plight than to tell oneself the same thing. She admits that the game is not fun if it is really hard to play.

Still she is determined to find a reason to feel good about her plight. She decides she is glad

that she cannot walk because her accident has caused her stern aunt to soften up. The novel ends happily: the aunt marries her former lover and Pollyanna is sent to a hospital where she learns to walk again, able to appreciate the use of her legs far more as a result of being temporarily disabled.

The story of *Pollyanna* illustrates the popular conception of "blind optimism." She plays her game insensitively, regardless of the people or the situation. Pollyanna's optimism is mindless and silly. To say "it's going to be alright, you'll be fine" doesn't make sense when someone is very sad about something. When you lose a loved one or something that is dear to you, grief is the appropriate reaction. At such a moment a slap on the back is a naive, irritating and often very offensive response.

As Christopher Peterson and Lisa Bossio wrote in their book *Health and Optimism*, "Optimism is not an exercise in fantasy, but a reality-based belief system that leads us to be active and effective in our lives, working toward good outcomes while avoiding bad ones." Our ability to respond lies at the root of our happiness, health and success. ☺☺



being late to dinner by sentencing her to a meal of bread and milk in the kitchen with the servant, she thanks

American Payroll Association Monthly Meetings

The Local American Payroll Association (APA) holds meetings at Peoplelink every month except for January and July. The Michiana Chapter offers networking, education and a Certified Payroll Professional (CPP) Study Group.

For more information, please contact the Chapter President, Sue Pocijewski, at spocijewski@peoplelinkstaffing.com.

WHEN YOU'RE INNOVATING, RESIST LOOKING FOR SOLUTIONS

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sense of ambiguous information. The first group included an illusionist and a theatrical set designer. The second included a forensics expert and a blind person who was practiced at perceiving whether her guide dog was leading her into safe or unsafe places.

The insights from this "divergent collaboration" of people from disparate walks of life gave the client ideas for new avenues of research. For example, could the analysts' information feeds include other types of data, such as auditory signals, or even smells?

What does all this mean about your own efforts to solve problems and execute on innovation?

First, force yourself to stay in the problem space as long as possible. Obviously, companies sometimes face real restrictions on the types of solutions they can consider. But often those limits are purely psychological, the result of narrow thinking about the nature of the problem.

So go deep. Look for underlying issues. What's the real obstacle you face? Once you've found it, go deeper still. What's the essence of that obstacle?

Then search for different viewpoints on the obstacle. Go far afield. Look for people who have faced that same essential

challenge, and tap their insights. This can be easier than you think. It can be as simple as reading a relevant book or magazine that you've never looked at before. Or call an unfamiliar organization that includes people who face your challenge on a regular basis. Don't be afraid to bring outsiders into the discussion. People from wide-ranging backgrounds are often very willing to help — they find the experience fascinating.

Be thoughtful about the physical environment in which you explore the problem space. A lot of companies do offsites in hotel conference rooms, but those can be mind-numbing. Find something a little more conducive to exchanging ideas, a comfortable setting where you can get away from your day-to-day activities, form and re-form small groups, write on the walls. And plan the sessions carefully. When it comes to mixing and matching ideas, don't trust to luck. Structure conversations so that they're enriching rather than draining.

None of this is easy. Staying in the problem space, in particular, can be very difficult. Sometimes clients feel frustrated that we resist moving from the problem space to the solution space. Even some of the "divergent" collaborators we bring in for additional insights feel frustrated when they hear we're less interested in their proposed solutions to a client's problem than in how they look at the issues involved.

But staying in the problem space is worth the effort. If you rush to a solution, you run the risk of solving the wrong problem. The place to get the problem right is in the problem space, where you're more open to new ideas.



Meet **CORY SKAGGS** » Sales Representative, Trade Management (Peoplelink Owned Company) — Fort Worth, TX

Trade

MANAGEMENT

📌 A Peoplelink Company

» How long have you been in the staffing business?

3.5 years

» What was your first job?

What do you remember most about it? My first job was as a day camp counselor during the summer. I remember it being a lot of fun and how lucky I was that I had landed a job where I didn't have to work weekends since camp was only Monday – Friday!

» What motivates you each day to sell and service your clients?

Money seems like the obvious and simple answer.... but the true motivation for me is knowing that if I am taking care of my customer and their needs, as their partner and not just a service provider, then trust will form and I will be their first call for their next order and when that happens, I get the satisfaction that by doing my job, it opens the door for others to have a job.

» What are some of your long-term goals? In business, I hope to and look forward to growing with Trade Management. Personally, to be able to look back one day many years from now and know that I have done my best as a Mom and my children are healthy and happy.

» What makes Peoplelink unique, from your perspective? It is refreshing that such a large company has allowed Trade Management to continue to operate and maintain



the “small business” feel and “family atmosphere” we had before we were acquired.

» What makes you successful as a Sales Representative? Working hard and always putting the client's needs first.

» What is the best advice you could give to other Peoplelink staff members? “Be hard on yourself and the world will be easy on you.....Be easy on yourself and the world will be hard on you.”

» What is your favorite movie? Lonesome Dove.
Book? Redeeming Love by Francine Rivers

Drink? a super ice cold Dirty Vodka Martini.

» If you could have any car you want, what would it be? Shelby Cobra.

» What is your home city? What is the greatest feature about your home city? Houma, Louisiana. Houma is located 50 miles southwest of New Orleans and I'd say the people, the food and the beautiful landscape is what comes to mind when thinking of Houma's “greatest features”.

» How do you unwind when you're not at the office? I enjoy working in the yard,

playing cards and camping, when the time allows.

» What do people like most (least) about you? Like most, I think people know that I really do care and am genuine, what you see with me is what you get. Also, I'm usually always up for whatever....spontaneous or planned. No cheap seats for me, I want to be on the front row of life and do it all!! Like the least, probably that there is not a lot of gray with me, it's either black or white, yes or no, right or wrong. 🧩



Managing Complexity Is the Epic Battle Between Emergence and Entropy

by Julian Birkinshaw (Harvard Business Review)

The business news continues to be full of stories of large companies getting into trouble in part because of their complexity. JP Morgan has been getting most of the headlines, but other banks are also investigation. And many companies from other sectors, from Siemens to GSK to Sony, are under fire.

It goes without saying that big companies are complex. And it is also pretty obvious that their complexity is a double-edged sword. Companies are complex by design because it allows them to do difficult things. IBM has a multi-dimensional matrix structure so that it can provide

coordinated services to its clients. Airbus has a complex process for managing the thousands of suppliers who contribute to the manufacturing of the A380.

But complexity has a dark side as well, and companies like JP Morgan, IBM, and Airbus often find themselves struggling to avoid the negative side-effects of their complex structures. These forms of “unintended” complexity manifest themselves in many ways – from inefficient systems and unclear accountabilities, to alienated and confused employees.

So what is a leader to do when faced with a highly

complex organization and a nagging concern that the creeping costs of complexity are starting to outweigh the benefits?

Much of the advice out there is about simplifying things – delayering, decentralizing, streamlining product lines, creating stronger processes for ensuring alignment, and so on. But this advice has a couple of problems. One is that simplification often ends up reducing the costs and benefits of complexity, so it has to be done judiciously.

But perhaps the bigger problem is this advice is all offered with the mentality of an architect or engineer. It

assumes that Jamie Dimon was the architect of JP Morgan’s complexity, and that he, by the same token, can undo that complexity through some sort of re-engineering process.

Unfortunately, organizational complexity is, in fact, more complex than that. To some extent, organizations are indeed engineered systems – we have boxes and arrows, and accountabilities and KPIs. But organizations are also social systems where people act and interact in somewhat unpredictable ways. If you try to manage complexity with an engineer’s mindset, you aren’t going to get it quite right.

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certain individuals who are much closer to the customer.

But more and more the leader's job is to manage the social forces in the organization. And based on the points made above, it should be clear that this effort can take two very different forms:


Keeping entropy at bay.

This is the equivalent of tidying your teenager's room. It involves periodically taking out layers of management, getting rid of old bureaucratic processes that are no longer fit for purpose, or replacing the old IT system. It is thankless work, and doesn't appear to add any value, but it is necessary.

Inspiring emergent action.

This is the equivalent of giving a bunch of bored teenagers a bat and ball to play with. It is about providing employees with a clear and compelling reason to work together to achieve some sort of worthwhile objective. It isn't easy to do, but when it works out the rewards are enormous.

And here is the underlying conceptual point. The more open the organization is to external sources of energy, the easier it is to harness the forces of emergence rather than entropy. What does this mean in practice? Things like refreshing your management team with outside hires, circulating employees, making people explicitly accountable to external stakeholders, collaborating with suppliers and partners, and conducting experiments in "open innovation".

A lot of these are initiatives companies are trying to put in place anyway, but hopefully by framing them in terms of the battle between emergence and entropy, their salience becomes even clearer. 

There are three processes underway in organizations that collectively determine the level of actual complexity as experienced by people in the organization.

1. There is a design process – the allocation of roles and responsibilities through some sort of top-down master plan. We all know how this works.

2. There is an emergent process – a bottom-up form of spontaneous interaction between well-intentioned individuals, also known as self-organizing. This has become very popular in the field of management, in large part because it draws on insights from the world of nature, such as the seemingly-spontaneous order that is exhibited by migrating geese and ant colonies. Under the right conditions, it seems, individual employees will come together to create effective coordinated action. The role of the leader is therefore to foster "emergent" order among employees

without falling into the trap of over-engineering it.

3. Finally, there is an entropic process – the gradual trending of an organizational system towards disorder. This is where it gets a bit tricky. The disciples of self-organizing often note that companies are "open systems" that exchange resources with the outside world, and this external source of energy is what helps to renew and refresh them. But the reality is that most companies are only semi-open. In fact, many large companies I know are actually pretty closed to outside influences. And if this is the case, the second law of thermodynamics comes into effect, namely that a closed system will gradually move towards a state of maximum disorder (i.e. entropy).

As organizations grow larger, they become insular and complacent. People focus more on avoiding mistakes and securing their own positions than worrying about what customers care about. Inefficiencies and duplications creep in. Employees become detached and disengaged. The organization becomes aimless and inert. This is entropy.

The trouble is, all three processes are underway at the same time. While top executives are struggling to impose structure through their top-down designs, and while well-intentioned junior people are trying to create emergent order through their own initiatives, there are also invisible but powerful forces pushing the other way. The result is often that everyone is running very fast just to stand still.

If these three processes are all underway, to varying degrees, in large organizations, what should the leader do? Well, sometimes, a sharply-focused and "designed" change works well, for example, pushing accountability into the hands of

Business & Legal Resources:

2013 Holiday Practices Survey Source: Business & Legal Resources

How many paid holidays do employers offer?

Do employees have to work the day before and after the holiday to receive holiday pay?

2013 holiday season

Thanksgiving

When asked which days will be paid holidays for their employees at Thanksgiving in 2013, 95.5% of survey participants indicated that Thanksgiving Day will be a paid holiday. Additionally, 65.1% will provide the day after Thanksgiving as a paid holiday.

A very small minority, 1.7%, will offer no paid time off during Thanksgiving. With 4.4% of responses, the "other" bucket contains a mish mash of answers, including:

- Exempt employees receive the day after but hourly employees don't
- Half-day Wednesday, the day before Thanksgiving
- The day after Thanksgiving Day is a floating holiday and employees choose one of the three floating day holiday choices for their paid holiday vacation day
- Friday we are closed but not paid
- With our PTO plan, folks choose their own days off

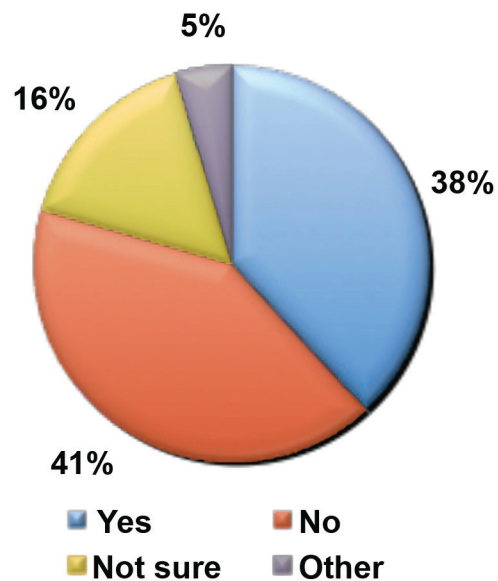
Christmas

For the 2013 Christmas season, 94% of survey respondents will provide December 25th as a paid holiday and 39% (down from 43.6% in 2012) will offer the 24th as well. Boxing Day, December 26th, will be a paid holiday for 5.7% and 3.3% (down from 4.8% in 2012) will provide the entire week off with pay. As in 2012, no paid time will be offered by 1.2%.

The "other" bucket, at 13.2% for this question in our survey, reveals a mixture of paid time off options, including:

- Only salaried employees get paid for Christmas
- Bargaining unit also gets an extra 8 hrs. pay for

Will your employees receive holiday gifts or year-end bonuses in 2013?



Christmas

- Half-day on Christmas Eve
- Either the day before Christmas or the day after depending on how the holiday falls
- If the holiday falls on a day that is not a regularly scheduled workday, no compensation for the day will be paid.
- PTO and time and a half for those who work
- Only corporate employees get paid
- We are closed, employees can take PTO

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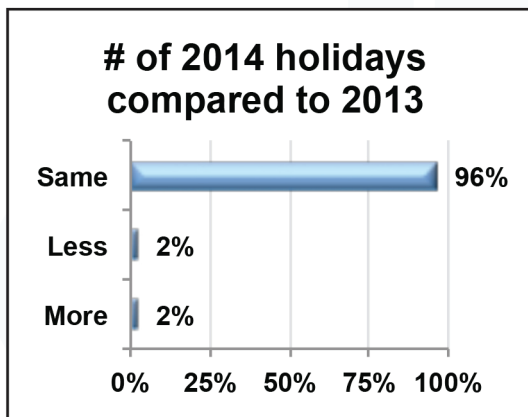
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New Year's

Employers' plans for paid time off during the New Year holiday paint a slightly different picture with 95.2% providing New Year's Day as a paid holiday, but only 16.2% offering New Year's Eve as paid time off.

Only 1.1% will offer New Year's week as paid time off and 2% will offer no paid holiday. The ubiquitous "other" bucket at 7.1% contains a plethora of responses, including:

- Leave early on New Year's Eve
- New Year's Eve is a "Floating Holiday" employees may choose as their Floating Holiday (3 of 3)
- Only Salaried Employees get paid for New Year's Day
- One location of a multilocation corporation will receive pay for New Year's Eve
- Full-time employees that work the holiday may take another day in lieu
- If working after 3 on New Year's Eve, time and a half, same for New Year's Day
- With our PTO plan, folks choose their own days off
- Monday and Tuesday (12/30 and 12/31) are paid holidays for employees who have worked two Saturdays during the calendar year

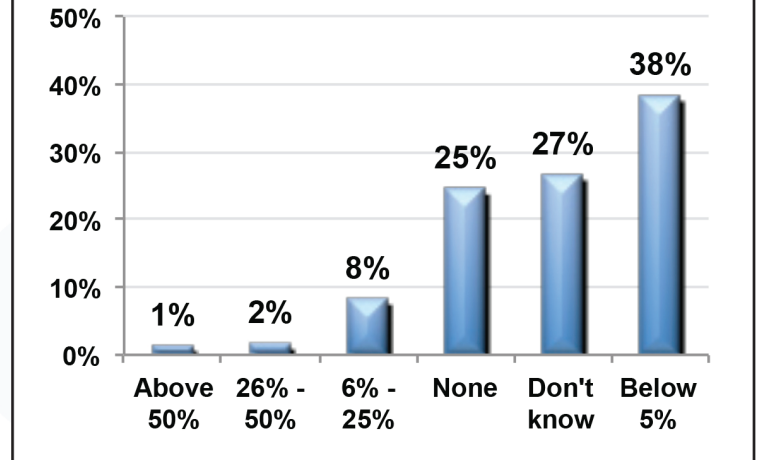


2014 Paid Holidays

How many holidays

When asked how many paid holidays their employees will receive in 2014, 2.9% of survey participants indicated their employees will receive 1-5 days, 35.4% will receive 6-8 paid holidays, and 45.1% will receive 9-11 days.

Percent of employees that use paid time off for religious days that aren't paid holidays



Twelve or more paid holidays will be on deck for 13.2% and 1.2% will not receive paid holidays in 2014.

Which holidays

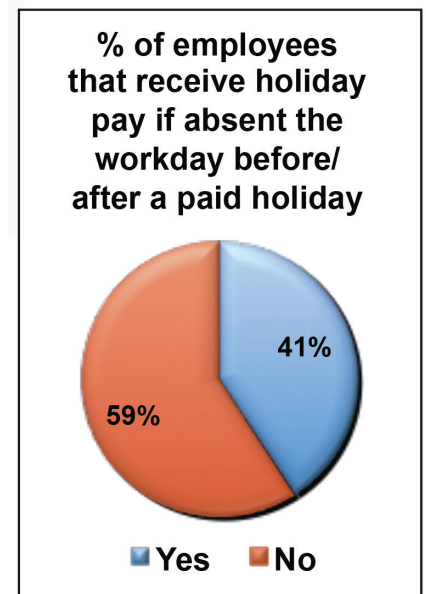
Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and New Year's Day will be offered as paid holidays by at least 94% of survey participants in 2014.

Martin Luther King, Jr. Day and Presidents' Day will be paid holidays for 32% and 32.2%, respectively. Columbus Day is a paid day off for 12.5% and Boxing Day will qualify as a paid holiday for 9.2% (up from 4.3% in 2013).

A peek into the "other" box, selected by 19.2% of survey participants, reveals myriad paid holidays, including:

- 4 hours of Christmas shopping
- Arbor Day
- Cesar Chavez Day
- Civic Day
- Day after Independence Day

% of employees that receive holiday pay if absent the workday before/after a paid holiday



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- EE Appreciation Day
- Employee's birthday
- First day of hunting season
- Friday before Labor Day
- Lincoln's Birthday
- Mardi Gras Day
- Solar Appreciation Day
- Take a Hike Day

Holiday Practices

Holiday gifts

Only gifts of nominal value may be accepted by employees from parties outside their organization (e.g., vendors, clients, etc.) for 54.6%. No employee gift policy is the norm for 25.4% and no gifts may be accepted is the rule for 16.6%.

Holiday pay

No employees work on holidays for 29.6% of survey participants. Employees do work on holidays and receive holiday pay plus time and a half for hours worked for 24% and 7.9% pay holiday pay plus double time. Only regular pay is received for 14% and another day off with pay is the norm for 8.2%.

Who gets first dibs?

When it comes to deciding which employees get priority in deciding their days off during the holidays, 25.1% leave it up to the supervisor and 23.8% go with

whoever asks first. It's not a problem and everyone gets what he or she wants for 13.9%, but for 9.4%, employees take turns from year to year. A formal system based on seniority is in place for 8.5% and 10.6% use an informal seniority/ranking system.

Unrecognized holidays

Less than 5% of employees use paid time off for religious days not recognized as paid holidays for 38.3% of survey participants and no employees use such time for 24.5%.

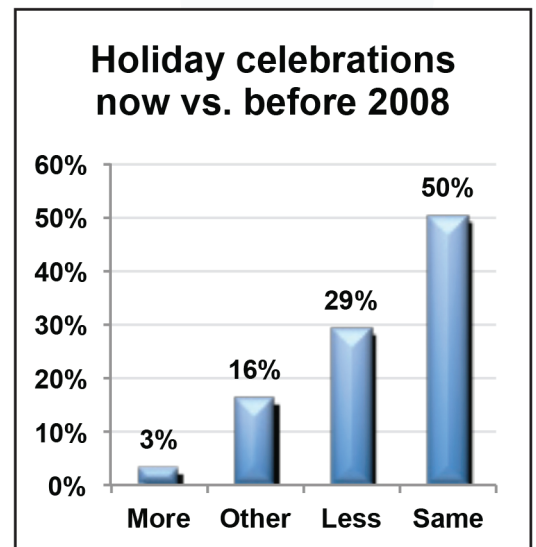
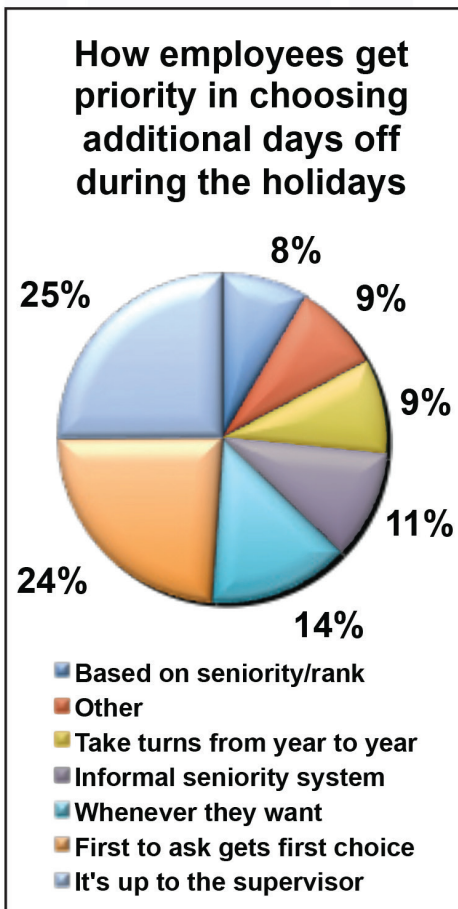
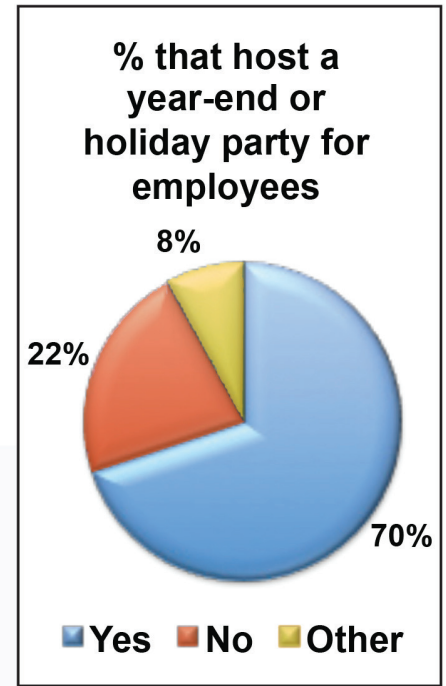
Deck the halls

If their holiday decorations are within reason, 82.6% of survey participants allow employees to display them. Another 12.1% allow employees to display whatever they want. Only 3.2% forbid employees from holiday decorating.

Along those same lines, 47.9% provide/display holiday themed decorations in common areas at their facility and 34.1% do so only during Christmas. No company-sponsored decorations are displayed by 15.5%.

Party time

Of the 70% of survey participants that host year-end or holiday



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parties for their employees, 57% go off-site and 36% keep the festivities in-house. Alcoholic beverages are available for 49% and 46% allow spouses and/or significant others to attend the celebration. How organizations celebrate the holidays hasn't been impacted by the economic downturn of 2008 for 50%.

Some of the ways survey participants will be celebrating the holidays this year include:

- We designate a day for each department to bring food for the five days before Christmas. For example, Accounting brings something on Monday, Operations brings something on Tuesday, and so forth.
- Year-end/Christmas celebration is now onsite with a potluck for employees only. We were going to switch back to a restaurant dinner, but employees requested to stay with the potluck lunch on site.
- We have a talent competition for employees that has been very positively received and attended. We expect to continue this annual event.
- We create a company float for the annual Christmas parade of lights. Employees and families help build, decorate, and ride on the float. Then a pizza/pasta party after the parade at our main office.

Sharing

Though 8% have yet to decide about this year, charitable activities are sponsored by or participated in for 65%. The types of activities are varied with sponsoring a food drive topping the list at 55%. Volunteer work or visits by employees during working hours ends the list at 21%. The complete list follows:

- Food drive, 55%
- Toy drive, 50%
- Angel tree and/or adopt a family, 41%
- Monetary donation from company, 29%
- Monetary donation collected from employees, 29%
- Clothing drive, 25%
- Volunteer work or visits by employees during working hours, 21%
- Other, 10%

"Other" includes activities such as operating a "Holiday Store" for homeless families to provide gifts

for their children, adoption of families within the company that are in need, company match of employee donations, donate gift certificates for prizes at charity auctions, and gifts for nursing home residents.

Survey participants

A total of 3,804 individuals participated in this survey, which was conducted in October 2013. Of those who identified themselves, 54.3% represent privately owned companies, 10.7% are with public entities, and 27.6% work for government or nonprofit organizations.

The majority (64%) of our survey respondents provide HR services to a workforce of 1-250 employees. Another 12.7% provide guidance to 251-500 employees at their organizations and 9.1% have a workforce of 501-1,000 employees. Companies with more than 1,000 employees account for 14.2% of survey participants.

Less than 8% of the employers surveyed have a 50-100% unionized workforce. Also, 86.1% have a workforce that is less than 10% union employees. Less than 26% of the respondents have a workforce of more than 50% exempt employees.

Over half (65.3%) of the participants are in service industries; 22.5% are in agriculture, forestry, construction, manufacturing, or mining; 8.1% are in wholesale, retail, transportation, or warehousing; and 4.1% are in real estate or utilities.

HR managers and directors account for 46.5% of the survey participants who self-identified, other HR professionals make up 26.6%, 5.1% are benefits professionals, and 21.9% are in other areas with HR responsibilities.

3,804

individuals participated in this survey



Karen Quinn

Peoplelink is pleased to announce that Karen Quinn has been chosen as our November *Shining Star* employee. Karen is a Second Shift Operator at Nelson Global Products. She reports to the Fort Wayne, Indiana Peoplelink branch.

Karen has worked at Nelson Global Products for the past 8 months. During that time, her responsibilities have included operating machines, doing quality and inspection of finished parts, and packaging finished products. According to her Supervisor, Jamey Jacobs, the quality of

Karen's work is second to none. She is a quick learner who consistently maintains a positive attitude. He hopes she will become a permanent member of the Nelson Global team soon.

While at work, Karen likes the team environment at Nelson Global. She is happy to work overtime. When not on the job, Karen enjoys spending time with her family.

Congratulations to Karen for being Peoplelink's November *Shining Star* employee!

Find your shining star! Contact Peoplelink at 574.232.5400.

OSHA Releases Most-Cited Workplace Safety Violations

For a second straight year, fall protection was the most-cited violation.

Max Mihelich, Workforce.com

The Occupational Safety & Health Administration released its annual list of most-cited workplace violations on Oct. 1.

For a second straight year, fall protection was the most-cited violation. Hazard communication, scaffolding and respiratory protection violations remained the second-, third- and fourth-most-cited violations, respectively, as well.

In an effort to lower workplace deaths, OSHA levies heavy fines against violators. OSHA assigns the highest penalties for fall-protection violations. For example, Canton, Ohio-based Republic Steel was fined \$1.1 million this year for 24 serious safety violations, 15 of which were fall-protection violations, according to OSHA. Republic Steel did not respond to a request for comment.

“A serious violation occurs when there is substantial probability that death or serious physical harm could result from a hazard about which the employer knew or should have known,” according to OSHA.

From Oct. 1, 2012, through Oct. 1, 2013, there were 882 workplace fatalities in the United States.

Employers say stress is top workforce risk issue

Source: Staffing Industry Analysts

Stress is the top workforce risk issue, ranking above physical inactivity and obesity, according to the Towers Watson survey *Staying@Work*. Seventy-eight percent of U.S. employers identified stress as the biggest lifestyle risk factor that is a workforce issue.

“Employees seem to be saying, ‘support me, pay me and direct me,’ but employers are focused on other stress factors,” said Shelly Wolff, senior health care consultant at Towers Watson. “Stress has a strong link to physical health, emotional health, personal purpose and community — all contributing factors to workplace performance. Employers that fail

to understand employees’ views on stress risk diverting time and resources to fixing the wrong problems and, at the same time, alienating employees.”

Lifestyle risk factors identified by employers as a workforce issue in the U.S.:

- Stress: 78 percent
- Obesity: 75 percent
- Lack of physical activity: 73 percent
- Poor nutrition: 57 percent
- Tobacco use: 32 percent
- Presenteeism: 21 percent
- Substance abuse: 13 percent

Employers and employees reported different opinions on the causes of employee stress. U.S. employers ranked lack of work/life balance as the top driver of stress, while employees surveyed in our 2013 Global Benefits Attitude Survey ranked it fifth in importance. Employees ranked the workplace experience — inadequate staffing, low pay or low pay increases, unclear or conflicting job expectations, and organizational culture — as their top stressors, while employers ranked those factors slightly lower or very low.

The survey was completed between May and July 2013 in North America, Latin America, Europe and Asia by a total of 892 employers. In the U.S. Towers Watson and the National Business Group on Health jointly sponsored the survey, which included 199 participants in the U.S.

FUTA costs going up in 13 states

Source: Staffing Industry Analysts

Companies in 13 states and the U.S. Virgin Islands will have to pay more in federal unemployment taxes for 2013, according to data released by the U.S.

State	Credit Reduction
Arkansas	0.9%
California	0.9%
Connecticut	0.9%
Delaware	0.6%
Georgia	0.9%
Indiana	1.2%
Kentucky	0.9%
Missouri	0.9%
New York	0.9%
North Carolina	0.9%
Ohio	0.9%
Rhode Island	0.9%
Virgin Islands	1.2%
Wisconsin	0.9%

Source: U.S. Department of Labor

Department of Labor. And that may point to higher contingent labor costs in those states.

Employers in those states are losing a portion of their standard tax credit on the Federal Unemployment Tax Act (FUTA). The reduction comes because those states have unpaid balances on funds borrowed from the federal government to pay unemployment benefits.

The FUTA rate is 6.0 percent on the first \$7,000 of wages. However, employers generally receive a credit of 5.4 percentage points, for an effective tax rate of 0.6 percent.

That FUTA credit is reduced by 0.3 percent-points when a state has two consecutive years of unpaid borrowings as of Jan. 1, and the full amount of the loans are not repaid by Nov. 10, according to the IRS. The credit is reduced again each following year until state borrowing is repaid. For example, employers in a state with outstanding loans after two years would have a federal tax

Number	Violation	Times Cited
1	Fall protection	8,241
2	Hazard communication	6,156
3	Scaffolding	5,423
4	Respiratory protection	3,879
5	Electrical, wiring methods	3,452
6	Powered industrial trucks	3,340
7	Ladders	3,311
8	Lockout/tagout	3,254
9	Electrical, general requirements	2,745
10	Machine guarding	2,701

Source: Occupational Safety & Health Administration

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credit of 5.1 percent instead of the standard 5.4 percent, thus raising the effective tax rate to 0.9 percent. The credit would be reduced to 4.8 percent if there are still funds that have not been paid back in the next year.

"Any increased FUTA tax liability due to a credit reduction is considered incurred in the fourth quarter and is due by Jan. 31 of the following year," according to the IRS.

Comp-Time Bill Introduced in U.S. Senate Family Friendly and Workplace Flexibility Act considered

By **Bill Leonard** (SHRM)

Legislation that would give employers the option to offer hourly workers compensatory time in lieu of overtime pay

was introduced Oct. 30, 2013, in the U.S. Senate.

The *Family Friendly and Workplace Flexibility Act (S. 1626)* is the Senate version of a similar "comp time" bill that the *House of Representatives (H.R. 1406)* passed in May. Senate Minority Leader Mitch McConnell, R-Ky., is the key sponsor of the Senate measure.

"The Family Friendly and Workplace Flexibility Act will help provide America's workers with the flexible work arrangements they need," McConnell said in a news statement. "While Congress can't legislate another hour in the day, we can help working Americans better balance the demands of work and family."

Federal wage and hour laws prohibit employers from offering comp time to workers who are not exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). S. 1626 would amend the FLSA and allow private employers to offer hourly workers 1.5 hours of compensatory time for every hour of overtime worked.

The changes to the law would give employees the option of choosing either money or comp time as overtime compensation. The Senate bill closely resembles the House-passed version except for a provision that would allow employers to create voluntary flexible credit-hour programs. These programs would give part-time workers or those who typically don't work overtime the option to earn credits for hours worked in excess of their normal weekly schedules. Workers who participate in the programs would accrue credit hours and then be able to use them as leave.

Supporters of the bill point out that federal government employees are eligible to receive comp time and can participate in flexible credit-hour arrangements.

"This legislation extends the same options currently available to those in the public sector to working families in the private sector," said Sen. Kelly Ayotte, R-N.H., a co-sponsor of S. 1626. "Comp time/flex time would enable employees and employers to choose to enter into voluntary agreements that would allow greater flexibility for those who want to better

balance their work-life demands."

Business and employer-advocacy groups, such as the U.S. Chamber of Commerce, the National Association of Manufacturers and the Society for Human Resource Management (SHRM), support the passage of S. 1626. However, sources familiar with the issue agree that the measure faces an uncertain future and an uphill battle in the Senate.

Labor unions strongly oppose the bill, and many Democratic leaders in the Senate, such as Tom Harkin of Iowa, are longtime supporters of organized labor. Harkin, who is chairman of the Health, Education, Labor and Pensions Committee, will play a pivotal role in deciding if S. 1626 has any chance of advancing in the chamber. When the House passed its version of the legislation, in May, White House officials indicated that President Obama would veto the measure if it passed both houses of Congress.

Merry Christmas and a Happy New Year!

— from the Peoplelink Staffing Family