2017—2018 HR Practices Report

It seems that Massachusetts employers embody all the ambivalence and contradictions that have marked the longest economic recovery since the Second World War.

On the one hand, the 205 employers who participated in the 2018 AIM HR Practices Survey predict lower salary increases, less hiring, and higher health-care costs for 2018 than this year.

On the other hand, employer confidence in the state economy stands at a 13-year high, the state economy grew at a brisk 5.9 percent pace in the third quarter and unemployment throughout the commonwealth has dropped to 3.7 percent.

The year 2018 promises to be an interesting one.

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Participants in the AIM survey project a 2.66 percent increase in salaries in 2018, down from a 2.75 percent increase in 2017. Non-manufacturing companies are fueling the overall decrease, with an expected increase of just 2.43 percent. Manufacturing companies held steady at 2.70 percent, slightly down from the 2.71 percent increase within this sector in 2017.

Survey participants also project a decrease in recruitment activity in 2018. Last year, 44% of participants projected that recruitment activity would increase over the previous year. This year, only 33% of participants project an increase in recruitment activity.

These lower projections for salary budgets and recruitment activity come at a time of increased confidence in the economy, as measured by AIM's Business Confidence Index. In October 2017, the index reached 62.7%, its highest level in 2017 and an increase of 6.5% since the October 2016 recording of 56.2%. "The acceleration of the Massachusetts economy in the third quarter provided additional fuel to an already solid sense of confidence among employers as we head for 2018," said Raymond G. Torto, chair of AIM's Board of Economic Advisors and a lecturer at Harvard University's Graduate School of Design.

Health-care costs continue to rise for Massachusetts employers. Survey participants report increases in the annual renewal rates for health plans. The average annual premium increase is 7.84%, with higher percentage increases reported for HMOs and consumer-driven health plans. Average premium increases in 2016 were 6.1%.

The Massachusetts state legislature is currently reviewing legislation that would address the overall cost of health care. According to the most recent data available from the Centers for Medicare and Medicaid Services, Massachusetts, at 30% above the national average, is the second highest spending state for health care. In fact, per capita personal health-care spending in Massachusetts increased more than 12% in five years—from $9,417 in 2009 to $10,559 in 2014. AIM will be closely monitoring developments in this area and will advocate for measures that will stem the continuing escalation of health-care premiums.

In response to the escalation of health-care costs, more employers (42%) are limiting the number of health plan options available to employees to just one plan. In addition, more employers are offering high-deductible health plans. Although only 16% of all survey participants offer a high-deductible health plan as the only plan option, these employers represent 38% of participants that offer only one plan. More significantly, for the second year in a row, there has been a 33% increase in the number of companies that provide high-deductible health plans as the only health plan option for employees.

Survey participants also commented on their preparations for compliance with the Massachusetts Pay Equity Act. This law, which takes effect on July 1, 2018, creates a potential liability for employers that pay different rates to men and women who perform comparable work. Employers that perform a self-evaluation to identify and remove gender-based pay inequities can maintain an affirmative defense to employee claims under the act. However, successfully performing a self-evaluation requires an investment in time and resources to build a compliant compensation process.

Despite the impending July 1, 2018, deadline for completing a self-evaluation and implementing remedial actions to secure the affirmative defense, only 19% of survey respondents state that they have completed the self-evaluation. Even fewer participants (12%) state that they have taken remedial actions. Completing self-evaluations may be further complicated by a lack of pay-equity-compliant job descriptions. Fifty-seven percent of participants state that their job descriptions are either out of date or nonexistent. An additional 8% state that while they have updated their job descriptions for pay equity compliance, they do not have job descriptions for all positions.

The act also affects employee recruitment through its prohibition on asking applicants to disclose their current salary or their salary history. While employers acknowledge that this fundamentally changes the recruitment process, 17% of participants state that they do not currently have a plan to comply with this requirement, and another 38% plan to wait until July to remove requests for salary information from their applications.

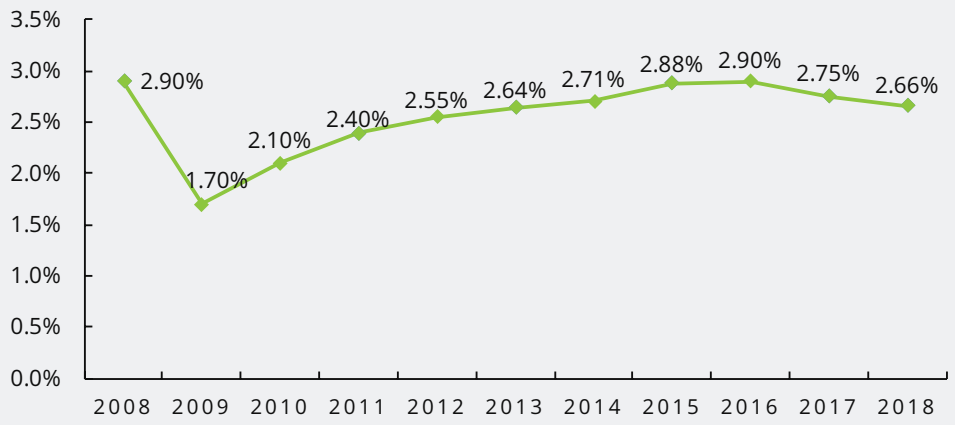
Survey participants see a strong 2018 for their companies, with 82% rating their business conditions as either excellent or good. Addressing pay equity, employee recruitment, limited salary budgets, and increased health-care costs will stretch the capacity of most HR departments as they try to stay ahead of the economic recovery. Employers are encouraged to integrate their compensation, benefits, and recruitment strategies into a pay-equity-compliant value proposition that establishes them as an employer of choice in 2018 and beyond.

Compensation Practices

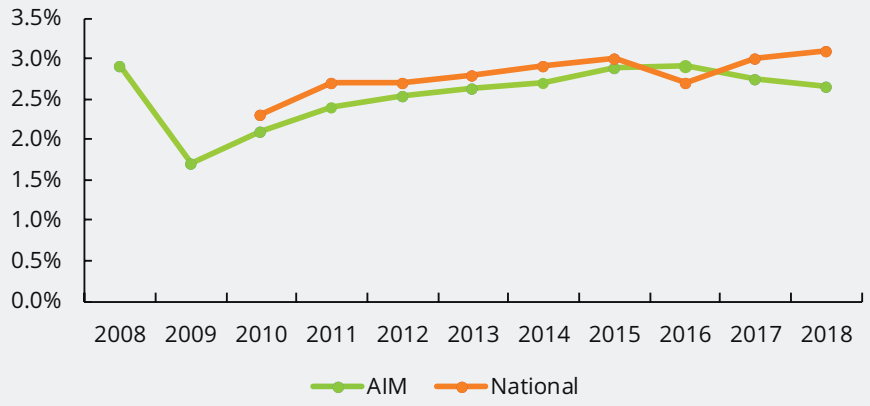
Survey participants project lower salary increases for 2018. Salary increase budgets for 2018 are projected at 2.66 percent, down from 2.75 percent in 2017. This is the second year in a row that the projected salary increase has declined for AIM survey participants, down from 2.90% in 2016. National merit increase projections have risen from 2.90% to 3.10% over the same two-year period.

The minimum wage in Massachusetts increased from $8.00 an hour in 2014 to $11.00 an hour effective January 1, 2017. It is unclear whether survey participants have accounted for the adjustments to minimum wage in their calculation of projected merit increases and whether the financial impact of minimum wage adjustments has limited the dollars available for merit budgets.

AIM Salary Increase Trends 2008-2018



Massachusetts and National
Salary Increase Trends 2008-2018



Average salary increases projected for 2018 *(including companies planning 0% increases)*		
Employee Classification	**# Companies**	**Average Salary Increase**
Executive	112	2.71%
Exempt	148	2.66%
Salaried non-exempt	69	2.54%
Hourly non-exempt	151	2.71%
Union	18	2.18%

2018 Projected salary increase by industry					
Industry	**<2.5%***	**2.5%–2.99%**	**3.0%**	**>3.0%**	**Average 2018 Projected Increase**
Manufacturing (n = 86)	20%	13%	57%	10%	2.70%
Non-manufacturing (n = 26)	36%	14%	36%	14%	2.43%
Service (n = 43)	26%	19%	36%	19%	2.72%

*Data includes companies reporting a 0% merit increase.

For 2018, the average merit increase excluding companies reporting a 0% merit increase is 2.87%.

- 7% of companies (14 out of 205) are planning to offer a 0% salary increase to executive employees.
- 4% of companies (9 out of 205) are planning to offer a 0% salary increase to exempt employees.
- 3% of companies (7 out of 205) are planning to offer a 0% salary increase to salaried non-exempt employees.
- 3% of companies (7 out of 205) are planning to offer a 0% salary increase to hourly non-exempt employees.

Key Findings

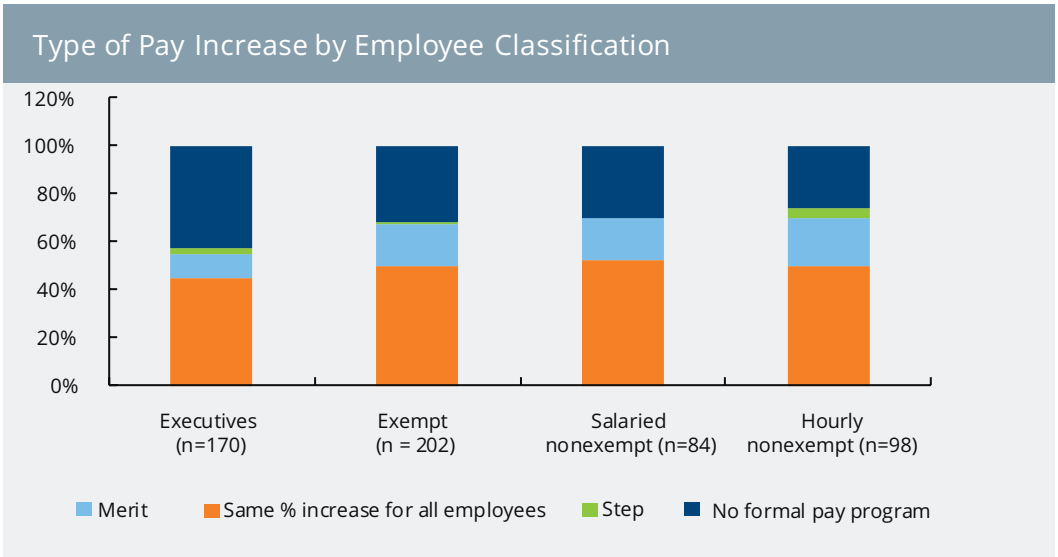
- The projected increase for non-manufacturing companies (including construction, high tech, retail, and transportation) decreased from 2.78% in 2017 to 2.43% in 2018, while other industries did not show any significant change.
- 67% of manufacturing companies plan a salary increase of 3% or greater in 2018. This is an increase from 57% in 2017.
- 14% of non-manufacturing companies report projected increases of 4% or higher for 2018, consistent with what was projected for 2017; however, 18% of non-manufacturing companies are predicting a 0% increase for 2018.

Predicted 2018 merit increases based on business conditions	Excellent	Good	Fair	Poor	Total Respondents
Executives	2.70%	2.86%	2.31%	*	170
Exempt	2.87%	2.67%	2.40%	*	202
Salaried non-exempt	2.41%	2.57%	2.60%	*	84
Hourly non-exempt	2.97%	2.73%	2.42%	*	198
Total Respondents	28	129	33	2	

*Fewer than 5 responses.

Key Findings

- Companies rating business conditions as excellent or good trend higher on salary budgets than those that rate business conditions as fair:
  - 68% of companies (78% in 2017) that rate business conditions as excellent project a salary increase of 3% or higher.
  - 63% of companies (59% in 2017) that rate business conditions as good project a salary increase of 3% or higher.
  - 43% of companies (33% in 2017) that rate business conditions as fair project a salary increase of 3% or higher.
- Only two companies identified business conditions as poor.



Key Findings

- Merit increases are the most common pay increases for all employee classifications, followed by no formal pay program.
- In all employee classifications, at least 25% of participants have no formal pay increase program. With the pay equity law becoming effective on July 1, 2018, these participants will be hard pressed to explain any practices that result in gender-based pay inequities.

Formal Incentive Program

Fifty-nine percent of respondents (n = 202) offer some type of formal incentive program (bonus, profit sharing, safety bonus, stock awards). Of those companies offering a formal incentive/bonus program, an annual bonus program was the most common. (Note: companies could select more than one type of bonus plan.)

Employee Classification	Annual Bonus	Company Stock Option/ Grant	Profit Sharing	Deferred Compensation	Spot Bonus	Total Respondents
Executives	55%	6%	29%	7%	4%	135
Exempt	51%	3%	34%	1%	11%	153
Salaried non-exempt	45%	3%	38%	2%	13%	64
Hourly non-exempt	38%	2%	38%	2%	20%	126
Union	25%	0%	67%	0%	8%	12

Compensation strategies 2016–2018

	Pay as Normal	Reduce	Freeze	Delay	Eliminate
2018 Salary Increases	87%	4%	4%	4%	1%
2017 Salary Increases	87%	1%	4%	7%	1%
2016 Salary Increases	86%	6%	1%	6%	1%
2018 Bonus Payments	87%	4%	3%	3%	3%
2017 Bonus Payments	87%	3%	5%	1%	4%
2016 Bonus Payments	82%	6%	5%	3%	4%
2018 Promotional Increases	92%	2%	2%	3%	1%
2017 Promotional Increases	92%	1%	2%	3%	2%
2016 Promotional Increases	85%	6%	1%	5%	3%

Key Findings

- 4 out of 5 companies report that they will continue to pay salary increases, bonus payments, and promotional increases as normal.
- Consistent with the findings showing a lower planned merit increase, 4% of respondents report reducing salary increases for 2018.
- The number of companies freezing salaries has again increased.

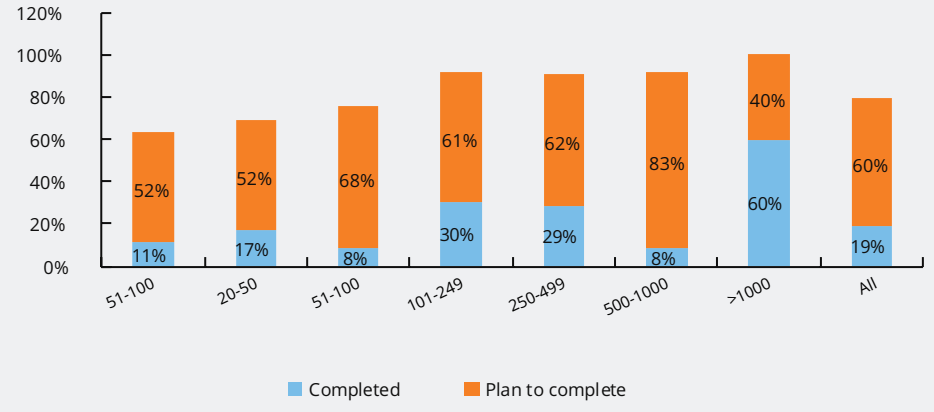
Pay Equity

In August 2016, Governor Baker signed the Massachusetts Pay Equity Bill. The law, which becomes effective July 1, 2018, prohibits employer discrimination in any way on the basis of gender in the payment of wages, or pay for any person in its employ at a salary or wage rate less than the rates paid to its employees of a different gender for comparable work.

The more significant aspects of the law include the following:

- Equal pay for "comparable" as opposed to "equal" work
- "Comparable work" defined as work requiring the same skill, effort, and responsibility performed under the same working conditions
- Identification of six factors upon which an employer can justify variations in wages
- Opportunities for employers to gain a defense against actions by performing self-evaluations to identify variations in wages and implementing steps to remove them
- Pay transparency requirements prohibiting adverse actions to employees asking about or sharing pay information
- Limitations on pre-employment inquiries on an applicant's pay history

Companies That Will Conduct a Self-Evaluation of Pay Practices Before July 1, 2018



While the law does not become effective until July 1, 2018, organizations must begin to evaluate their current pay practices and, if necessary, plan to remedy gender-based pay differentials.

- 19% of companies (n = 197) have already completed a self-evaluation of pay practices, while another 59% plan to do so before July 1.
- 12% of companies (n = 197) have developed a plan to remedy gender-based pay differentials, and 53% plan to develop a plan before July 1.
- Overall, 21% of companies (n = 197) do not yet have a plan for compliance with the pay equity law.
  - 22% of manufacturing companies, 21% of non-manufacturing companies, and 17% of service organizations do not have a plan for pay equity compliance.

The Massachusetts Pay Equity Act also prohibits employers from seeking the wage or salary history of any prospective employee from the prospective employee or from any current or former employer. To comply with this aspect of the law (n = 192):

- 45% of companies plan to remove requests for salary information from employment applications and to stop asking applicants for salary history immediately.
- 38% of companies plan to wait until July 1, 2018, to comply.
- 17% of companies do not currently have a plan on how they will comply with this requirement.

Employers must also educate their workforce, particularly their management team, on the requirements of the pay equity law, such as prohibiting salary inquiries before an offer of employment is made and retaliation against employees who share compensation with other employees.

- 24% of companies plan to conduct in-house training to ensure compliance.
- 14% of companies plan to attend public training sessions.
- 62% of companies do not currently have a plan to inform employees about the new law.

Another crucial component toward compliance with the pay equity law is the creation of well-crafted, current job descriptions. Ideally, these descriptions will detail the skills, effort, responsibilities, and working conditions for each position. In addition, each description should detail whether the position is exempt from overtime as well as the mental and physical requirements for compliance with the Americans with Disabilities Act. Employers should update all job descriptions before the July 1, 2018, effective date.

Current status of job descriptions (n=198)

Salary Structure	Average Salary Increase
We have job descriptions for all or most positions, and we have updated them for pay equity compliance.	35%
We have job descriptions for some positions, and we have updated them for pay equity compliance.	8%
We have job descriptions for all or most positions, but we have not updated them within the past two years.	49%
We do not currently have job descriptions for any positions.	8%

Health Care—Health Insurance

AIM's commitment to helping member employers control the cost of health insurance continued throughout 2017. The efforts included the following:

- Leveraging the expertise of the AIM Health Care Cost and Policy Advisory Committee, which includes a broad range of employers and health-care industry experts
- Educating employers on compliance with Affordable Care Act reporting requirements
- Supporting implementation of Massachusetts's health-cost control law, especially meeting the benchmark limitations for state medical spending growth
- Advocating for employer- and employee-friendly proposals within the Massachusetts Section 1332 ACA Waiver to avoid health insurance premium increases for employers and to preserve the state's success insuring 97% of residents
- Working with health plans to ensure that cost and quality transparency tools are accessible and provide data enabling consumers to manage their health care costs
- Partnering with A.I.M. Mutual Insurance Companies, Best Doctors, and Tufts Health Plan to offer employers with more than 50 employees access to health plan options usually reserved for much larger employers

Ninety-nine percent of companies (n = 200) participating in the 2017 AIM HR Practices Survey offered health insurance to their employees.

- 46% offered one plan
- 35% offered two plans
- 12% offered three plans
- 4% offered four plans
- 3% offered five or more plans

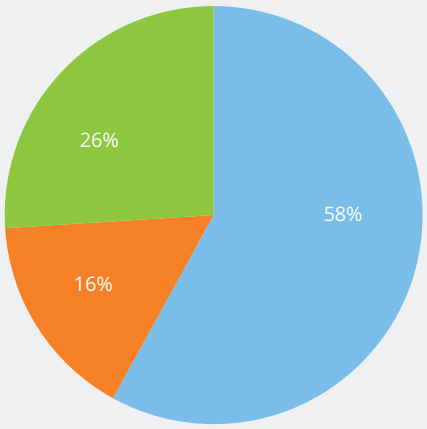
For the past several years, we have tracked employer commitment to controlling health care costs. One aspect of this commitment is the selection of traditional versus cost-containment plans. Traditional plans include health maintenance organizations (HMOs) and preferred provider organizations (PPOs) with lower deductibles and out-of-pocket expenses.

Cost-containment plans include high-deductible health plans (HDHPs) that meet the minimum deductible levels as set forth in the following table, that may or may not be combined with either a health reimbursement account (HRA) or a health savings account (HSA) as well as tiered and limited network plans.

Contribution and out-of-pocket limits for high deductible health plans and health savings accounts

	For 2018	For 2017	Change
HDHP minimum deductibles	Individual: $1,350 Family: $2,700	Individual: $1,300 Family: $2,600	Individual: +$50 Family: +$100
HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums)	Individual: $6,650 Family: $13,300	Individual: $6,550 Family: $13,100	Individual: +$100 Family: +$200
HSA contribution limit (employer + employee)	Individual: $3,450 Family: $6,900	Individual: $3,400 Family: $6,750	Individual: +$50 Family: +$150
HSA catch-up contributions (age 55 or older)	$1000	$1000	No change

Types of Health Insurance Plans Offered in 2017



- Traditional plans only (i.e., HMOs, PPOs)
- Cost-containment plans only (i.e., high-deductible health plans, consumer-driven health plans, tiered networks
- A combination of traditional plans and cost containment plans

Forty-two percent of employers offer a cost-containment plan to their employees, either as a sole option or in combination with a traditional health plan. There has been a slight decrease in the number of companies offering only traditional plans.

Health insurance plan types offered compared to previous years

Type of plan	2017	2016	2015
Traditional plans only (i.e., HMOs, PPOs)	58%	61%	60%
Cost-containment plans only (i.e., HDHPs, consumer-driven health plans , tiered and limited networks).	16%	12%	9%
A combination of traditional plans and cost-containment plans.	26%	27%	31%

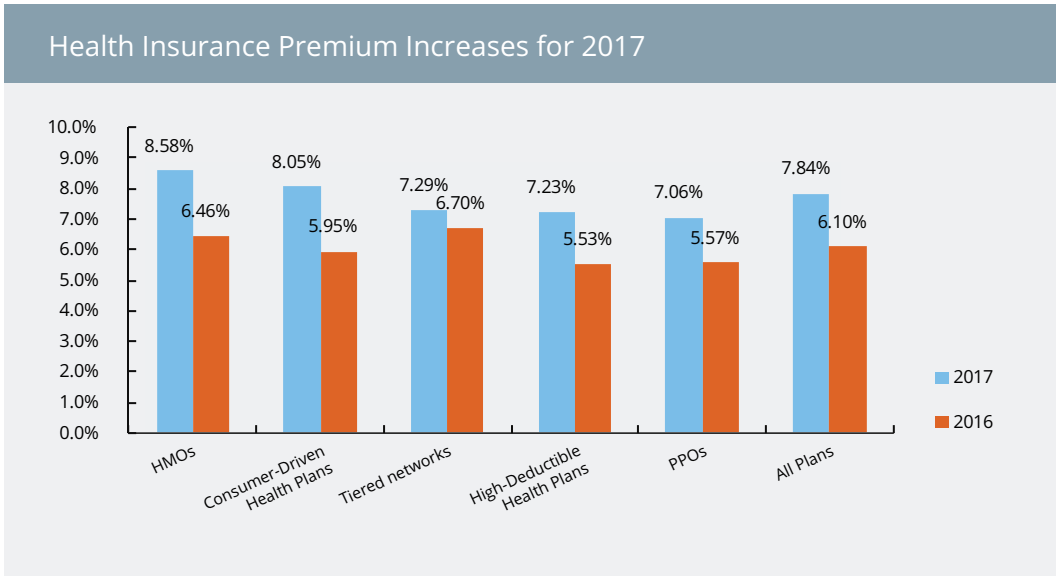
Employers with less than 20 employees are more likely to offer a traditional plan than companies with 20 or more employees.

Health insurance plan types offered by employer size

Type of plan	Fewer than 20 employees (n = 29)	20–50 (n = 49)	51–100 (n = 40)	101–249 (n = 46)	250–499 (n = 22)	500–1,000 (n=12)	More than 1000 employees (n=5)
Traditional plans only (i.e., HMOs, PPOs)	76%	61%	52%	59%	55%	58%	20%
Cost- containment plans only (i.e., HDHPs, consumer-driven health plans , tiered and limited networks)	21%	12%	15%	15%	14%	17%	20%
A combination of traditional plans and cost-containment plans	3%	27%	33%	26%	31%	25%	60%

2017 Average Health Insurance Premium Increase

Across all plan types, companies are experiencing higher health insurance premium increases, with the largest premium increases occurring in HMOs. This continues the trend in which the premiums for HMOs—once the low-cost alternative to PPOs—have equaled or exceeded the premiums for PPOs. The higher renewal increase reflects higher claims per premium dollar under the HMO plans, casting doubt on their cost-saving ability.



Note: A high-deductible health plan (HDHP) is any plan with a minimum individual and family in-network deductible of $1,300 and $2,600 (respectively) in 2017, and $1,350 and $2,700 in 2018. A consumer-driven health plan (CDHP) is an HDHP with either a health savings account (HSA) or a health reimbursement account (HRA).

2018 Plan Design Changes

Although the difference between renewal rates for 2018 and 2017 was highest among CDHP plans, due to the lower premiums for these plans, their dollar increase would be lower than the dollar increase on the other plans. The percentage increase does, however, indicate that loss ratios, the measurement of claims paid divided by total premiums, in these plans are similar to that of traditional plans.

On average, employers contribute 70% toward health care premiums.

Sixty-eight percent of companies (n = 182) contribute the same percentage to all participation levels (individual through family), while 24% contribute a higher percentage for employee-only participation than for family participation. Only 8% contribute the same flat-dollar contribution to all participation levels.

Of those companies offering more than one health care option (n = 116):

- 58% contribute the same percentage toward the premium for all plan options

- 33% set their contribution level for the lower-cost plan and allow employees to "buy up" and pay for the additional cost of more expensive plan(s)
- 9% contribute the same flat-dollar amount toward the premium for all plan options

Companies make decisions each year regarding plan changes, cost-shifting strategies, and cost sharing. By plan type, the percentage of companies planning to make changes is listed below:

Statistics regarding other health care cost-containment initiatives:

- 35% of companies educate employees on their ability to positively affect future premiums through consumer-based health care decisions (e.g., using in-network physicians and shopping for lower-cost MRIs)

Percentage of companies planning to make changes by plan type

Plan change	PPO	PPO (n=112)	HDHP w/ HSA (n=77)	HDHP (n=46)	Tiered (n=30)
Increase co-payments	19%	22%	29%	16%	32%
Increase deductibles	14%	18%	26%	27%	11%
Increase employee cost	23%	21%	17%	14%	18%
Increase out-of-pocket expenses	14%	14%	5%	11%	18%
Increase in-network deductible	6%	6%	2%	5%	4%
Increase RX co-payments	11%	13%	10%	7%	18%

- 22% of companies implement wellness programs, such as exercise programs, smoking cessation, and preventive screenings.
- 15% of companies provide incentives to employees to complete personal health assessments.
- 12% of companies prohibit spouses from enrolling in health insurance coverage if they have access to coverage through their own employer, while another 12% of companies are considering this change.
- 10% of companies implement health savings accounts to offset high deductible and coinsurance plans.
- 18% of companies do not plan to implement any cost-containment strategies.

Making Health Care Decisions

Companies were asked who had primary responsibility for health-plan decisions.

Respondents most commonly identified their human resources manager/director/VP (25%), CEO/president (24%), or broker (23%) as having primary responsible for health plan decisions.

The Affordable Care Act

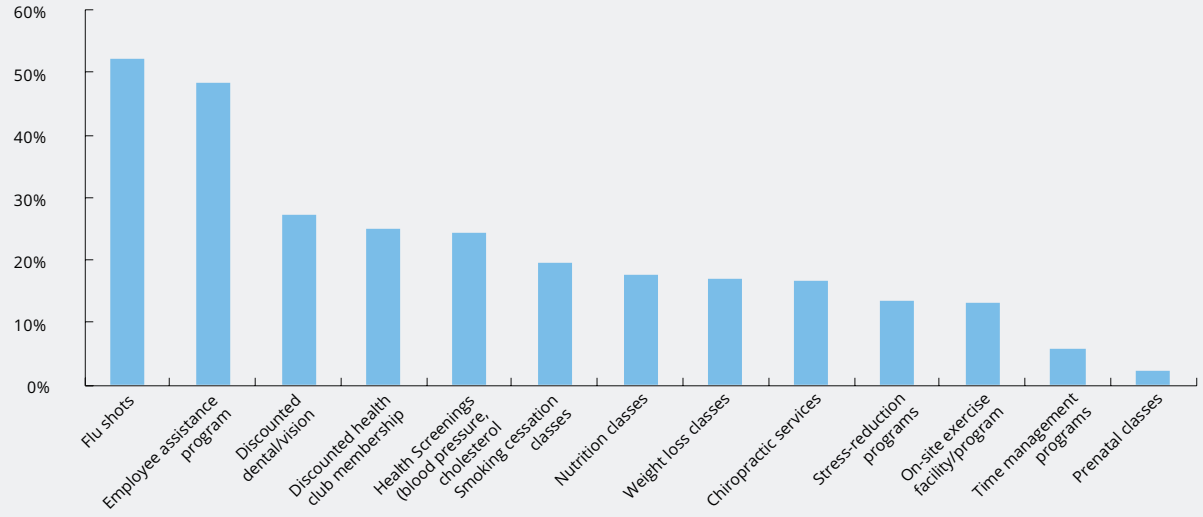
The status of the Affordable Care Act (ACA) continues to evolve and challenge employers. In October 2017, President Trump announced the suspension of cost-sharing reduction (CSR) payments to insurance companies. These payments, authorized by the ACA, have been a subject of litigation due to the failure of past Congresses to appropriate funds. Many health care experts predict spiking premiums and destabilization of the individual health care market. A bipartisan proposal in the Senate would continue appropriations for CSR payments. However, at the time this report went to publication, the proposal had yet to reach the Senate floor.

Despite efforts to repeal, replace, or defund the ACA, employer reporting requirements have not been changed. As a result, employers will have to file form 1094-C with employees by January 31, 2018, and with the IRS by February 28, 2018 (March 28, 2018, if filing electronically).

Wellness Programs

Companies report offering the following programs as part of their overall wellness plan (n = 204). In August 2017, the U.S. District Court for Washington, D.C., ordered the Equal Employment Opportunity Commission (EEOC) to review its rules on wellness plan incentives. Specifically, the court stated that the EEOC had "failed to adequately explain its decision to construe the term 'voluntary' in the ADA [Americans with Disabilities Act] and GINA [Genetic Information Nondiscrimination Act] to permit the 30% incentive level adopted in both the ADA rule and the GINA rule." Employers should evaluate their wellness plan incentive and determine if the amount of the incentive passes a threshold at which participation might not be construed as voluntary.

Wellness Programs Offered



Recruitment

Referral Bonuses

Forty-two percent (n = 206) of companies report using an employee referral bonus.

Referral bonus offered by employee classification

Type of Position	Number	Average	Range Paid
Executive	37	$774	$100–$2,000
Exempt	60	$735	$100–$3,000
Non-exempt	31	$701	$150–$3,000
Hourly	81	$589	$100–$3,000

Companies often place restrictions around referral bonuses.

- 47% of companies require new employees to remain employed for 60 days before payout.
- 12% of companies limit the referral bonus to specific positions within the organization.
- 7% of companies require new employees to remain employed for 30 days before payout.

Online Recruitment Boards

Eighty-eight percent of companies (n = 206) report using online recruitment boards. This is a 27% increase over last year, when 61% of companies reported using online recruitment boards.

Of those using recruitment boards (n = 187):

- 73% of companies place job postings on Indeed, up from 69% in 2016.
- 33% of companies place job postings on Monster, and 16% use CareerBuilder.

Social Media

Sixty percent of companies (n = 206) use social media for recruitment. Again, this is a significant increase from 2016, when 31% of companies reported using social media for recruitment.

Of those using social media for recruitment (n = 124):

- LinkedIn is used by 87% of companies, and Facebook is used by 35% of companies.

Temp to Perm

Companies may hire employees through an agency on a temporary to permanent basis. Temporary to permanent arrangements are less often used for executive (13%), exempt (28%), and salaried nonexempt (27%) employees. Companies are more likely to use temp to perm arrangements for non-exempt/hourly (73%) employees.

Length of temporary assignment prior to change to permanent status

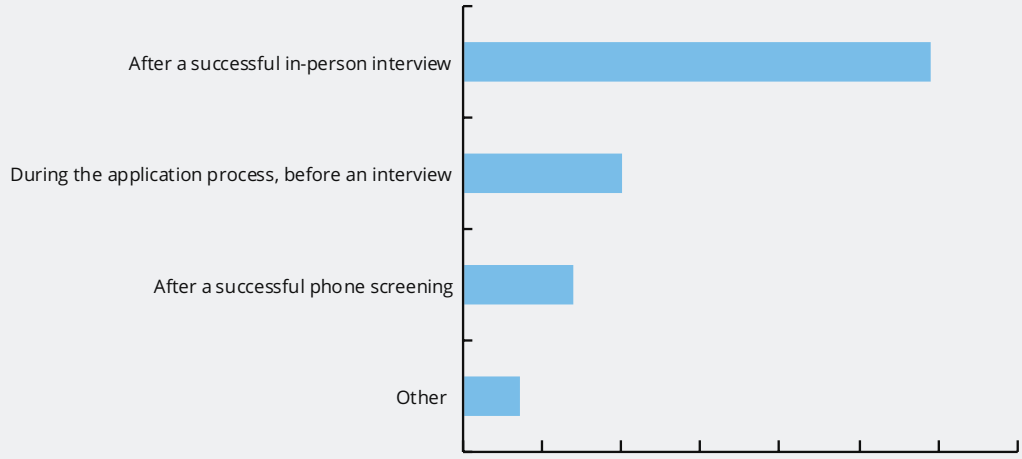
Type of Position	< 30 days	31–90 days	3–6 months	> 6 months	Does not use temps for this classification	Count
Executive	3%	6%	4%	0%	87%	131
Exempt	3%	14%	10%	1%	72%	149
Non-exempt	0%	16%	10%	1%	73%	140
Hourly	5%	28%	30%	10%	27%	162

Prolonged temporary assignments may lead to the inclusion of the temporary employee in employer benefits eligibility, FMLA eligibility, workers' compensation coverage, and even pay equity.

Candidate Testing

Thirty percent of companies (n = 196) conduct behavioral or skills assessments on candidates before making an offer of employment.

Timing of Behavioral or Skills Assessments by Companies



Of those companies conducting behavioral or skills assessments (n = 59), the following tests are conducted:

- 58% conduct ability testing (math, grammar, technical skills)
- 56% conduct behavior/personality testing
- 17% request writing samples for some positions
- 17% conduct formal assessments (problem solving, role playing)

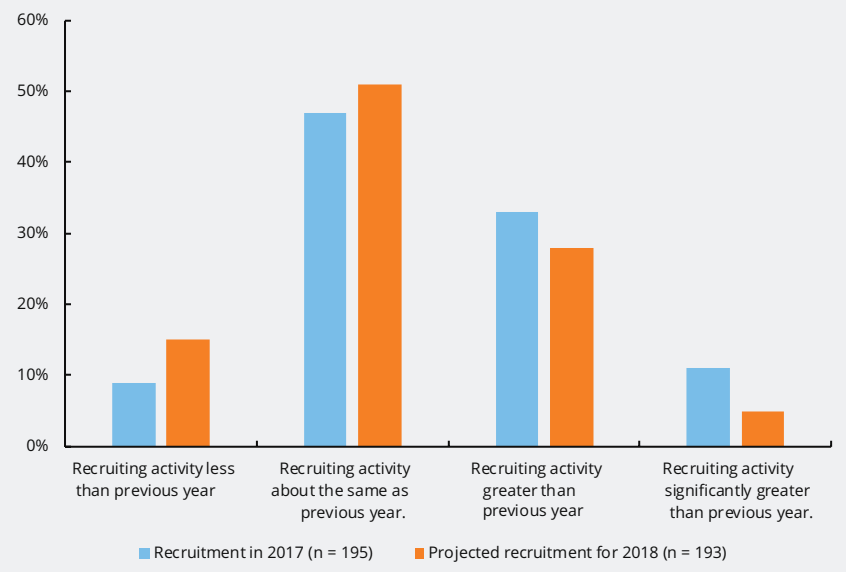
Reference Checking

Companies more frequently conduct reference checks for executive and exempt employees than for salaried non-exempt and hourly non-exempt positions. Other levels of background checks—including social security number traces, CORI checks, and education verification—are consistently applied across all employee classifications.

Type of reference check	Executive (n = 174)	Exempt (n = 206)	Salaried non-exempt (n = 85)	Hourly non-exempt (n = 203)
Professional reference	77%	73%	67%	55%
Criminal background checks	45%	46%	44%	39%
Social security number trace	34%	35%	35%	32%
Education verification	29%	32%	27%	13%
Criminal Offender Record Information (CORI)	28%	26%	29%	27%
Driving-record check	14%	18%	12%	18%
Credit check	17%	12%	6%	7%
Other required background check for industry	10%	13%	13%	15%

When asked to compare projected recruiting activity for 2018 to actual experience in 2017, 66% of respondents stated that 2018 recruiting activity would be equal or less than that in 2017.

Change in Recruitment Activity from 2016



Work Environment/Employee Relations

Companies more frequently conduct reference checks for executive and exempt employees than for salaried non-exempt and hourly non-exempt positions. Other levels of background checks—including social security number traces, CORI checks, and education verification—are consistently applied across all employee classifications.

As companies work to improve overall morale and limit turnover in their organizations, human resources is often faced with a myriad of employee questions and concerns. These concerns are handled either proactively, through employee opinion surveys, training, and notification of company policies and procedures, or in response to a specific complaint.

Only six percent of companies (n = 193) have an employee advisory committee; however, employers gauge their employee job satisfaction through a variety of methods:

- 62% rely on informal feedback
- 54% conduct exit interviews
- 30% use employee opinion surveys
- 19% have a confidential suggestion process
- 11% use focus groups

Ninety percent of companies maintain an employee handbook.

All companies have some type of complaint resolution process, but only 52% have a formal written policy.

Ninety-five percent of companies (n = 193) offer some sort of social event(s) for their employees:

- 76% of companies have a holiday party.
- 50% of companies have a summer party.
- 14% of companies have a monthly social, either during the workday or after work.

Flexible Work Arrangements (n = 194)

- 48% of companies offer flexible work schedules.
- 36% of companies offer the ability to work remotely.
- 16% of companies offer a shortened work week.

Training and Development

Enacted in 1998 and financed entirely by employers, the Workforce Training Fund Program (WTFP) provides resources to businesses to train current and newly hired employees.

Express Grant Program

A company is eligible for an Express Grant if there are 100 or fewer employees in all locations in Massachusetts. The limit on Express Grant funds is $3,000 per trainee per course and $30,000 per company per calendar year. This program is designed for small employers to quickly and easily provide training for employees. The program uses existing training courses for which a pricing structure is already in place.

Fifty-one percent of eligible companies (n = 131) have applied for an Express Grant through the WTFP. Fifty-eight percent of those were approved.

General Grant Program

Training grants are awarded to employers, employer organizations, labor organizations, and training providers. Companies of any size are eligible to apply. Training grants range from $2,000 to $250,000. Grant approval decisions are made approximately 60 days after the application deadline.

The General Grant Program focuses on the following areas:

- Projects that result in job retention, job growth, or increased wages
- Projects through which training would make a difference in the company's productivity, competitiveness, and ability to do business in Massachusetts
- Projects for which the applicant has made a commitment to provide significant private investment in training for the duration of the grant and after the grant has expired

Thirty-one percent of respondents (n = 195) say they have applied for a General Grant. Ninety-five percent of those were approved.

Of the 135 companies that have not applied for a WTFP grant,

- 29% did not know about the program
- 26% felt the application process was too difficult
- 12% did not meet eligibility requirements
- 33% had other reasons, including hesitancy to provide financial data and no need for training

The Direct Access Grant Program addresses smaller-scale training needs by making training slots available free of charge to businesses that are eligible for the Workforce Training Fund.

Businesses should consider the pilot program when:

- The scope and scale of training needs are smaller than what would be proposed in a General Program application.
- Training needs cannot be easily met by a consortium or Express Program grant.

Ten percent of respondents (n = 195) have applied for a Direct Access Grant.

Employers identified the following as their preferred methods of training delivery (respondents could select more than one answer) (n = 182):

- 54% prefer on-site training conducted by a third party
- 52% prefer on-site training conducted by an internal trainer
- 50% prefer Webinars
- 36% prefer self-guided e-learning
- 31% prefer cross-training/mentorship
- 28% prefer public training
- 4% other

While only 22% of employers (n = 186) have their own internal training departments, 30% have an established training budget.

Twenty-seven percent of participants (n = 204) report having an annual training budget per employee (n = 56). Budgeted training per employee breaks out as follows:

- 25% (14 employers) $1 to $250 per employee per year
- 32% (18 employers) $251 to $500 per employee per year
- 16% (9 employers) $501 to $1,000 per employee per year
- 27% (15 employers) $1,001 or more per employee per year

Impediments to offering employee training (n = 178)

Issue	Percentage of Companies
Can't afford to take time away from work	66%
Tuition cost of sending the employee to training	38%
Not a priority for the organization	26%
Desired programs are not offered in employer's geographic area	24%
Not sure which programs to send employee to	11%
Other	6%

Thirty-two percent of responding participants (n = 187) state they have an annual training needs assessment process (e.g., succession planning or development planning to identify educational needs).

Training identified for 2017 or planned for 2018 (n=206)		
Training	**2016**	**2017**
Harassment Prevention	43%	44%
Supervisory Skills	27%	33%
Management Skills	27%	32%
Front-line Leadership	25%	29%
Team Building	20%	27%
Technical Skills Training	27%	26%
Employment Law Compliance	23%	24%
Customer Service	24%	22%
Software Skills	18%	20%
Performance Management Skills	17%	20%
Lean Concepts	16%	18%
Interviewing Skills	13%	17%
Project Management	12%	14%
Diversity and Multicultural Training	13%	13%
Time Management	12%	13%
Change Management	11%	13%

More companies report using online training for their employees in 2017, 73%, than in 2016, 63%. Participants using technology to deliver training (n = 138) were more likely to apply the technology to training programs for management and office staff.

- 80% have used online training for management
- 79% have used online training for office staff
- 36% have used online training for warehouse and production staff
- 33% have used online training for sales staff
- 21% have used online training for remote workers

Those who don't use online training gave the following reasons (n = 69):

- 29% are not convinced of its value
- 23% have no access to computers
- 12% don't know which programs to use
- 4% are unsure of how to track attendance, course completion, and outcomes

E-learning is an available option to learning and development when time away from the office is a barrier. AIM HR Solutions maintains a growing library of e-learning topics from leadership and HR topics to cybersecurity, finance, and operations. We've also produced our own harassment prevention programs delivered in an e-learning environment by Tom Jones, Esq.

Succession Planning

Succession planning is the process, formal or informal, of identifying key employees to fill critical roles within your organization. Identification of the skills, experience, and training required to meet the needs of a future leadership role are all part of a succession plan.

Seventy-eight percent of employers (n = 193) do not have any formal succession plan.

Of those that do have a succession plan (n = 42),

- 51% include all management and key contributor positions, whereas 49% have succession plans only for executive team positions
- 33% include diversity initiatives in their succession plan

Less than half of the companies (n = 188) identify top performers and develop and execute a retention strategy for them.

HR Recordkeeping

Frequency that companies review/audit and update specific documents					
	Annually	Every 2 Years	After law or regulatory changes	No schedule	Total
I-9 Forms (auditing forms only)	38%	6%	22%	34%	190
Employee Files	31%	9%	9%	50%	191
Employee Applications	24%	5%	31%	41%	191
Data Security	42%	4%	13%	41%	187
Job Descriptions	23%	14%	10%	53%	191
Employee Handbook	32%	16%	23%	29%	190
Posters	56%	3%	33%	8%	193

A disciplined biennial audit process of all documents is the best practice to ensure compliance.

Affirmative Action Plans

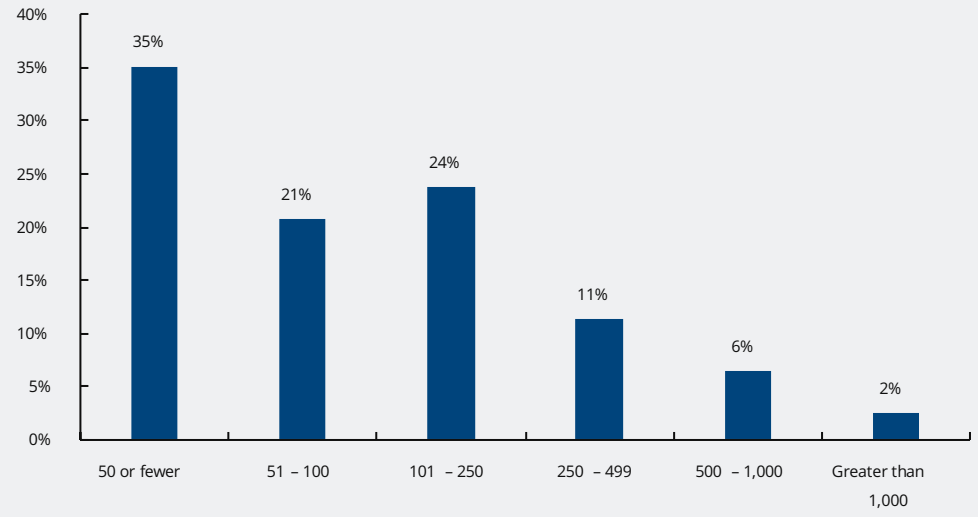
Executive Order 11246 requires federal contractors and subcontractors to take affirmative action in the recruiting and advancement of qualified minorities, women, persons with disabilities, and covered veterans.

Employers with written affirmative action programs must implement them, keep them on file, and update them annually. Of those organizations required to have an affirmative action plan (n = 70), only 80% have an affirmative action plan in place.

Survey Participant Demographics

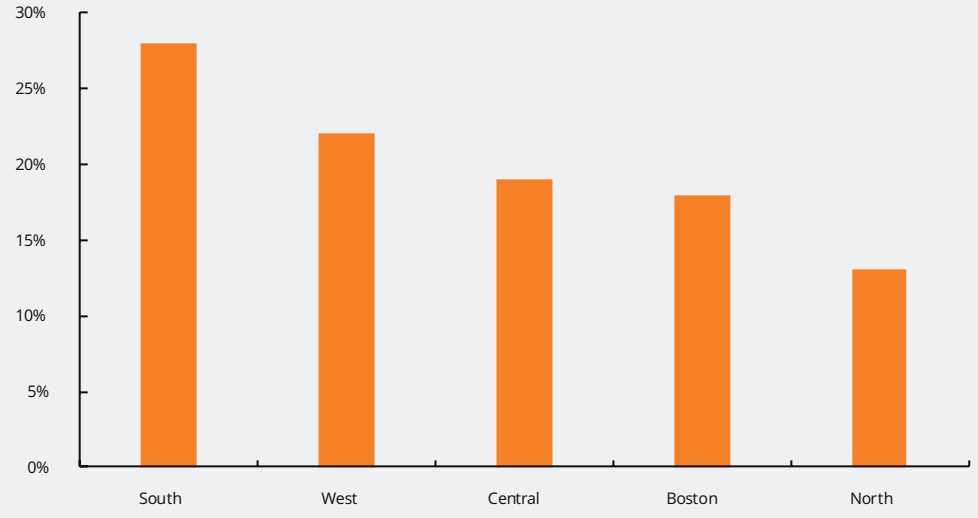
Two-hundred and six companies participated in this year's HR Practices Survey.

Participation by Employer Size

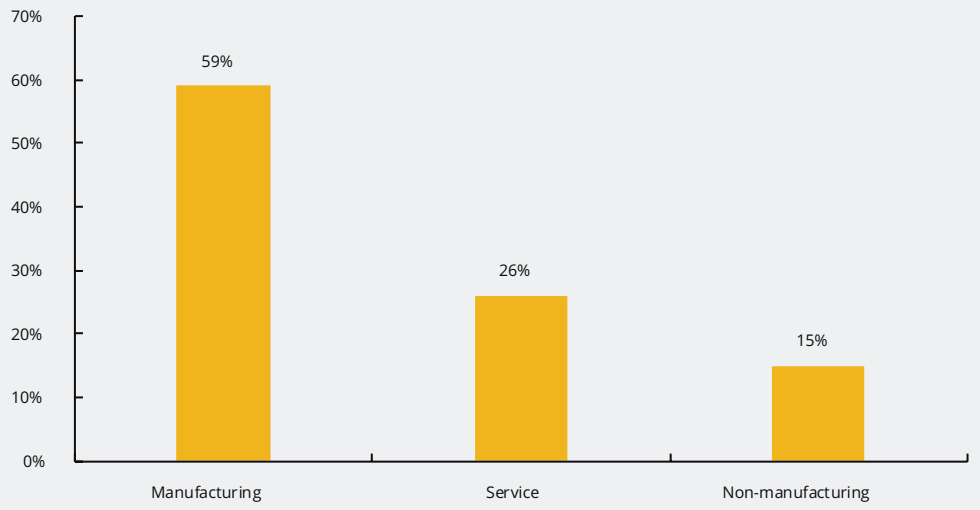


Survey participants are located in all regions of Massachusetts.

Participation by Region



Participation by Industry



Business Conditions by Industry

2017–2018 HR Practices Report

info@aimnet.org
617.262.1180
www.aimnet.org