

# UPDATE

AN ELECTRONIC REPORT FROM THE CUNA HUMAN RESOURCE COUNCIL

## A Hot Time in Old San Antone

It wasn't quite bluebonnet season, but that didn't stop 165 credit union HR practitioners from descending on the colorful Riverwalk in historic San Antonio, Texas, for what participants have said is the best CUNA HR Council HR Summit yet. Attendees may have come for the old west ambience and atmosphere, but they stayed to hear some of the leading HR experts share their knowledge and expertise on what is becoming an increasingly complex discipline.

The conference was not without its shining stars on both sides of the dais. That includes such luminaries as Peter Block, author of *Stewardship: Choosing Service over Self-Interest*, who opened the conference. Block's service-driven message gave participants a new perspective on credit union culture. The same was true for closing speaker Libby Sartain, vice president of "people" for Southwest Airlines, who described how the commercial carrier's unique approach to staff management and customer service have helped propel it to its current high-profile within its industry.

In between, Tae Kwan Do instructor Chris

Howey led the group on a journey in business self-defense and consultant Denise Wymore described how to develop the "Wow" organization. Breakout sessions focused on benefits, distance learning and performance management, as well as developing Intranets, managing compensation strategies and coping with the marketplace's impact on hiring. As always, a leading area attorney gave the group an in-depth update on laws and regulations affecting the HR function.

One of the most exciting events at this year's Summit was the social outing held at the Diamond W Ranch, a working longhorn steer ranch that hosted the HR Council to an evening of food, music, rope tricks, six-gun demonstrations and dancing. Check out the fun in the photos located at: [www.cunahrCouncil.com](http://www.cunahrCouncil.com).

And mark your calendars now for the seventh annual CUNA HR Council HR Summit. We'll be convening April 4-7, 2001 at the beautiful Westin Francis Marion in historic Charleston, SC. ♦

## Facts You Should Know About the Hiring Process

By Harris M. Plotkin

For the past 30 years, I have been giving talks, conducting seminars and workshops in how to do a better job of hiring employees. Teaching what's legal, what works, what doesn't work, when and when not to use tests, interviews, reference checks, background checks, drug tests, etc., etc., etc.

Over the course of these many years I have been bothered that too many of the attendees at my sessions lacked important fundamental knowledge of the hiring process. They either had little or no knowledge of some facts or were confused about



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them. The purpose of this article is to unravel the confusion that exists in what you can and can't do in the hiring process.

### **Tests exist**

It is astonishing to find out in these workshops how many attendees do not know that honesty tests exist, that aptitude tests exist, that attitude tests exist, and are widely used by tens-of-thousands of businesses in this country.

Some 15 years ago, one of our first clients used to purchase from us 2000 honesty and 2000 aptitude tests every year. After a few years, we were able to significantly reduce their employee turnover as well as almost wipe out their employee theft. As a result, they now only purchase 100-200 tests per year.

### **Tests are legal to use**

Pre-employment tests are legal to use in every state in this country with the exception of Massachusetts and Rhode Island. In Massachusetts you can not use an honesty test to make a hiring decision but you can use any and all other written tests to do so. In Rhode Island you can not use an honesty test as the only reason for denying an applicant's employment, but you can do so with other tests.

### **Honesty tests are controversial**

Sheer nonsense! Attorneys who do not know employment law have thoroughly confused their clients by making ill-advised statements concerning honesty and personality tests. Rather than have attorneys bare the brunt of my abuse, it should be noted that too many HR people have also not read or are unaware of the Uniform Guidelines on Employee Selection. This is the overriding document on all decisions made regarding employees.

### **Uniform guidelines on employee selection**

This excellent document describes what the government requires any employer to do in not only the hiring process, but in making any decision involving an employee. It is one of the best-written government guidelines I have seen and is quite easy to understand.

Basically, what it says is that whatever you do in the hiring process, be consistent with all applicants that apply for a job in your organization. The process can vary from job to job. Also, whatever you do in the hiring process—interviews, tests, reference checks, background checks—should not have any adverse impact on any minority group and must com-

ply with the 4/5's rule.

### **Civil rights act of 1964, 1991**

It is important to read these two documents. The main message out of both, other than do not discriminate, is that tests from minorities as well as majorities must all be scored the same. You can not score a test differently for any applicant for any reason.

### **Hire for attitude and aptitude, not skills and experience**

Too many clients hire people because of their skills and experience when what is more important is their attitude and aptitude. This is especially true for front-line positions where you don't need a rocket scientist. For most front-line positions you are far better off to hire someone with a good attitude that fits the culture and personality of your organization. They also should have the aptitude for the job so you can teach them what they need to do. If you were to hire an individual who had good skills and good experience for this job and a bad attitude, you would soon be unhappy. But if the applicant had a good attitude and aptitude, you could teach them what they had to know and in the long-term be very happy.

Too often businesses make short-term decisions and bring people aboard to fill a vacuum and later regret it. If you want to reduce turnover, you need to make good long-term decisions. This may require extra time to train somebody who lacks all the skills and experience, but who has the right attitude and aptitude for the job. Remember it is not the people you fired who give you stress, it is the people you should have fired who are still here who give you stress. In summary, "you can't turn frogs into princes" or put square pegs in round holes.

### **Employee theft top claim**

The National Association of Fraud Examiners estimates that the average employee steals \$9 a day. Other statistics show that employees steal over \$400 billion annually, and basically twenty times as much as robbers.

It is hard to understand why all businesses do not use honesty tests to deal with this issue. It is a simple, effective, and proven method of minimizing employee theft. It may be that some organizations think background checks, criminal convictions, and credit checks serve to identify whether an individual is honest. Nothing can be further from the

truth. The primary purpose of background checks is to reduce negligent hiring lawsuits as well as to reduce the likelihood of hiring somebody who could cause sexual harassment or acts of violence in the workplace. Credit checks mean little. A person can have outstanding credit because they stole money from their employer to pay off their debts. All that credit checks show is that the applicant has paid or not paid off their debts. Honesty tests tell you whether their attitude is good or bad towards honesty.

### Can test on phone, on a computer, on paper, or on the internet

Testing is available not only in its usual paper and pencil format, but in many cases can also be given on the phone, and even taken on computers. Tests are now being offered on the Internet. However, it is too early to tell whether this can be an effective and safe tool to utilize.

### Designing a hiring process

You need to know what's legal, what's not, what works, what doesn't. You need to decide

whether you want to save yourself time or money so that you can design a process that does the least expensive most accurate step first. After you have implemented your process, it should be reviewed at the end of the year to see if it had any adverse impact on any of the minority groups, as well as did it accurately predict what it said it would do. Also, did it reduce employee theft and turnover, and get the right person into the right job with the attitude and competency you want them to have. You can then modify the hiring process to make it even better.

If you are confused, not clear, about anything I have written or have questions I have not dealt with, I would be happy to assist you in any way possible. Please call us at 800-877-5685.

*Harris Plotkin is the author of the recently published book about the hiring process, BUILDING A WINNING TEAM, and creator of the ABOVE and BEYOND customer service training program. For more information about employment tests, call Harris Plotkin at (800) 877-5685. ♦*

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## Tips on Employee Legal Training

*by Michael Patrick O'Brien, Jones, Waldo, Holdbrook & McDonough, Salt Lake City, Utah*

### Violence Against Women Act (VAWA) Under Review

Any time now the United States Supreme Court will rule on the constitutionality of the VAWA. The VAWA allows a person to assert a civil lawsuit for damages against any person who commits a gender-based act that could be a felony under state law. It is now common to see VAWA claims asserted against employers along with sexual harassment claims that involve any element of alleged improper touching or groping. The VAWA permits greater recovery and risk to employers than does traditional federal remedies for sexual harassment. If the law is upheld, employers

will face greater exposure to liability for sexual harassment than ever before.

### Discrimination Lawsuit Standard Under Review

By the way, in a case called *Reeves v. Sanderson Products Inc.*, the Supreme Court is also reviewing the standards for summary judgment in age bias claims and its ruling could have far-reaching impact on how all types of employment discrimination lawsuits are resolved. In an employment discrimination lawsuit, the employer typically has a burden of stating a legitimate business reason for its actions, e.g. a discharge.

As an indirect way of proving bias, a discrimination plaintiff must then show that the stated reason is a lie, sham or a pretext.



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The current debate is over whether this showing of mere “pretext” is enough for the plaintiff to win or if the plaintiff must show “pretext plus”, i.e. not just that the employer’s reason is a pretext, but also that the real reason for the action was discriminatory. If mere pretext is enough, more cases will likely go to a jury trial and be decided in favor of plaintiffs, thus this position is supported by the Equal Employment Opportunity Commission and the American Association of Retired Persons. If the applicable standard is “pretext plus”, employers will likely win more cases on summary judgment motions, thus this position is supported by groups like the Chamber of Commerce.

### Speaking of Sexual Harassment

Yet another court has taken an employer to task for failure to conduct a proper investigation in a sexual harassment claim. Even though the plaintiff never complained to the employer about the alleged illegal harassment, the court ultimately held the employer liable for the same because: (1) its policy covered only conduct such as sexual advances and did not cover gender harassment, such as sexist comments that were not like sexual advances or dirty jokes; the company did not squarely address the issue of possibly illegal harassment and instead focused on the problem as one of management style; and (3) the employer did not institute an effective remedy for the illegal harassment.

### Remember the Seinfeld Case?

Here’s an update on a jury verdict that a few years ago sent shock waves through the human resources profession. A few years ago, a Milwaukee brewery was hit with a \$26 million adverse verdict after firing an executive who allegedly had sexually harassed a female

employee by telling her about a sexually graphic episode of the *Seinfeld* show. Commentators wondered why an employer should be held liable for doing what federal law required, i.e. remedying possible harassment. Last month, an appeals court vacated the huge verdict given to the fired alleged harasser. Despite the reversal in favor of the employer, prudent employers will not forget the valuable lesson of the *Seinfeld* case. It is very important to deal with sexual harassment problems but employers must continue to assure that accused harassers are treated with appropriate respect and fairness during the process of investigating and remedying a sexual harassment claim.

### Home Workers and Safety

In the face of public outcry and threatened Congressional action, the United States Department of Labor Occupational Safety and Health Administration (OSHA) has now formally and finally rescinded its opinion letter requiring employers to inspect the home offices of telecommuting employees. OSHA did reserve the right to inspect home offices if it learns of circumstances that pose imminent risks of physical harm in manufacturing-at-home situations. Meanwhile, the Utah Court of Appeals has awarded worker’s compensation benefits to a home worker injured while working at his home office set up by his employer. The employee was injured and paralyzed after falling in his own driveway waiting for a package to be delivered to his home office. Thus, despite OSHA’s decision to stay out of the home safety business, employers must not ignore the worker’s compensation problems that may result from telecommuting and home workers. ♦

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## Don’t Forget About Career ExCELL<sup>SM</sup>

If you have been struggling to update job descriptions, post an ad for a new employee, give staff reviews or direct your own career, perhaps Career ExCELL is what you are looking for! Career ExCELL will provide you with the tools to perform a variety of tasks including information to better perform in your own career. Want to move up the chain or move into a new position? This system will show you which competencies



you will need to excel! You can learn more about this exclusive council benefit by visiting [www.cuna.org](http://www.cuna.org), click on “Councils” and then on “Career ExCELL”. To place your order, call CUNA Customer Service at 1-800-356-8010, extension 4157. Council members, this system was developed just for you! ♦

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## For Your Information

### Does your credit union make loans to staff members for personal computers?

This question recently generated some interest on the HR Council's Listserv. Below you will see some of the responses that were shared.

*"We are interested in learning if other credit unions provide personal computer loans to their employees, or offer a special payroll deduction program for computer purchases."*

Alvarita Allen  
Harborstone Credit Union

*"We offer a special loan rate for employees who purchase PCs. 3% for 24 months by payroll deduction. We also have a program for branch/department/ senior managers—they may use a credit union owned PC at home to encourage use of the PC. We do a lot of in-house PC training and expect our managers to assist in that training."*

Frances Jennings  
Finance Center FCU

*"We offer our employees a 3%, 3yr, up to \$3,000 loan through payroll deduction. We work with one company that gives our employees a great deal because we order all our PCs for the organization through them."*

Vicki Roessler  
Wood Products CU

*"Yes we do offer interest free computer loans to our employees after 1 year of full time employment. The maximum loan is \$3,000 and the maximum term is 3 years."*

Jarie Wilburn  
Chaco Credit Union



*"We offer a 0% PC Loan as a benefit for employees who have completed at least 6 months of service with us. The minimum amount is \$500 and the maximum is \$3,000. The loan must be repaid within 24 months; most use payroll deduction. Employees may receive a loan through this program once every 36 months. We do have to calculate imputed interest for every payment and credit that to the employee's total compensation on a quarterly basis."*

Sarah Yoder  
DuTrac Community  
Credit Union

This is just a sample of the excellent information that is available on the HR Council Listserv. If you haven't tried it you really ought to! To participate in an on-line discussion or ask a question of your own, please go to the HR Council home page at [www.cunahrCouncil.org](http://www.cunahrCouncil.org) and click on "Access the CUNA HR Council Members area". It is easy, informative and fun! Thanks to everyone that participated in this discussion. Great ideas! ♦



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CUNA HR Council Update is a web-based newsletter published bi-monthly. Send news and HR Council information to: Todd Surline, VP/HR, MSU FCU, Lansing, MI, phone: (517)333-2201, fax: (517) 333-2223, e-mail: [surline@msu.edu](mailto:surline@msu.edu); or Kent Streuling, HR Administration, America First CU, Riverdale, UT, phone: (800) 999-3961, ext. 8634, fax: (801) 778-8447, e-mail: [gkstreuling@americafirst.com](mailto:gkstreuling@americafirst.com). For Council membership and administrative information, contact Pam Lee, manager of CUNA Council Administration, phone: (800) 356-9655, Ext. 4141, fax: (608) 231-4061, e-mail: [pllee@cuna.com](mailto:pllee@cuna.com).



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