

PRESENTATION

Modern Approaches to Managing Workplace Romances, Nepotism, and Conflicts of Interest

Presented by Jennifer G. Hall

BAKER DONELSON

EXPAND YOUR EXPECTATIONS™

Today's Goals

- Review of SHRM survey on workplace romance
- Overview of policy options commonly used by employers
- Identifying the right fit for your company

October 2013 SHRM Survey: Key Findings

- How common is workplace romance?
 - One out of four (24%) employees reported they have been or are currently involved in a workplace romance.
 - Forty-three percent (43%) of HR professionals reported current incidences of workplace romance at their organizations.

Key Findings

- How many organizations have a policy that addresses workplace romance?
 - Overall, more than one-half (54%) of organizations do **not** have a written or verbal policy that addresses workplace romance.
 - However, in 2013, an increasing number of organizations (42%) indicated having a written or verbal policy compared with 2005 (25%).

Key Findings

- **What types of workplace romance are not permitted?**
 - Among organizations that have workplace romance policies, almost all (99%) indicated that a romantic relationship between a supervisor and a direct report is not permitted.
 - Followed by romance between employees of a significant rank difference (45%).
 - Between employees who report to the same supervisor (35%). Consequences for breaking an organization's workplace romance policy vary depending on the type of workplace romance and the rank of employees.

Key findings

- **What consequences have been applied to employees involved in a workplace romance?**
 - The most frequently reported consequence was a transfer of an employee involved in a workplace romance to another department (34%).
 - Next most frequent: Counseling (32%).

Why is workplace romance not permitted?

When it comes to workplace romance, organizations are primarily concerned about:

- real or perceived favoritism (84%);
- potential for claims of sexual harassment (78%); and
- potential for retaliation (72%).

From 2008 to 2013, 40% of organizations had received complaints of favoritism from co-workers of those involved in a workplace romance; nearly one-fourth (23%) had received claims of sexual harassment, and 22% had received complaints of retaliation.

Why is workplace romance not permitted?

Concerns about potential retaliation increased from 50% in 2005 to 72% in 2013.

Concerns about lowered productivity and about workplace romances being viewed as unprofessional decreased from 52% and 58% in 2005 to 29% and 29% in 2013.

How do workplace romances come to light, and which departments are responsible for taking action?

- Office gossip (67%)
- Reports to the HR department (61%)

Whose problem is it?

The vast majority of organizations (89%) indicated that the HR department is responsible for taking action when such suspicion or complaint comes to light.

What are HR professionals' opinions about “love contracts?”

What in the world is a



contract?!

“Love Contract”

- The workplace romantic relationship is consensual;
- The employees involved will not engage in favoritism; and
- Neither will take any legal action against the employer or each other if the relationship ends.

What are HR professionals' opinions about “love contracts” ?

- Only 5% of organizations ask employees involved in a workplace romance to sign a “love contract.”
- A majority (81%) of HR professionals agree that love contracts can provide a forum for them to talk to employees about appropriate and inappropriate workplace behavior.
- 75% view them as ineffective because they make employees more likely to hide their romantic relationships.

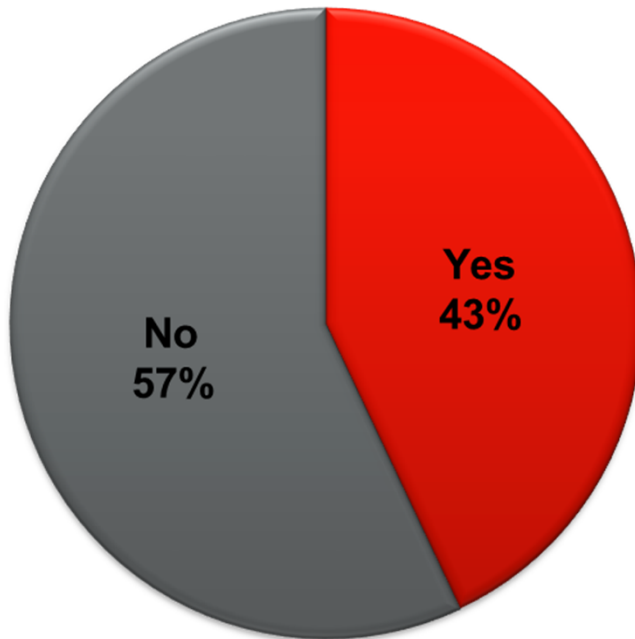
What do these findings mean for the HR Profession?

Trends

- More organizations in 2013 have a written or verbal policy on workplace romance compared with 2005 (42% in 2013 versus 25% in 2005).

Frequency of workplace romance

- HR professionals: Are you aware of any current incidences of workplace romance at your organization?



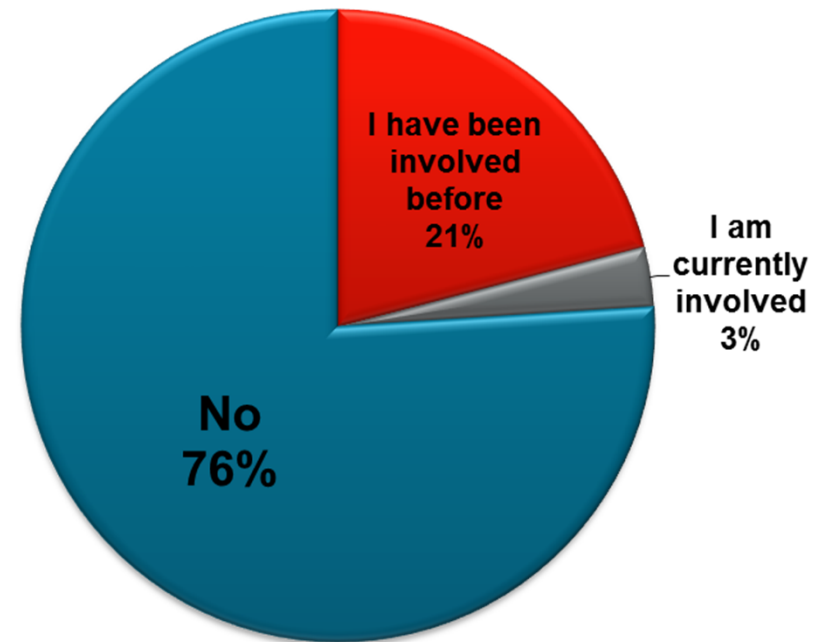
n = 405



Frequency of workplace romance

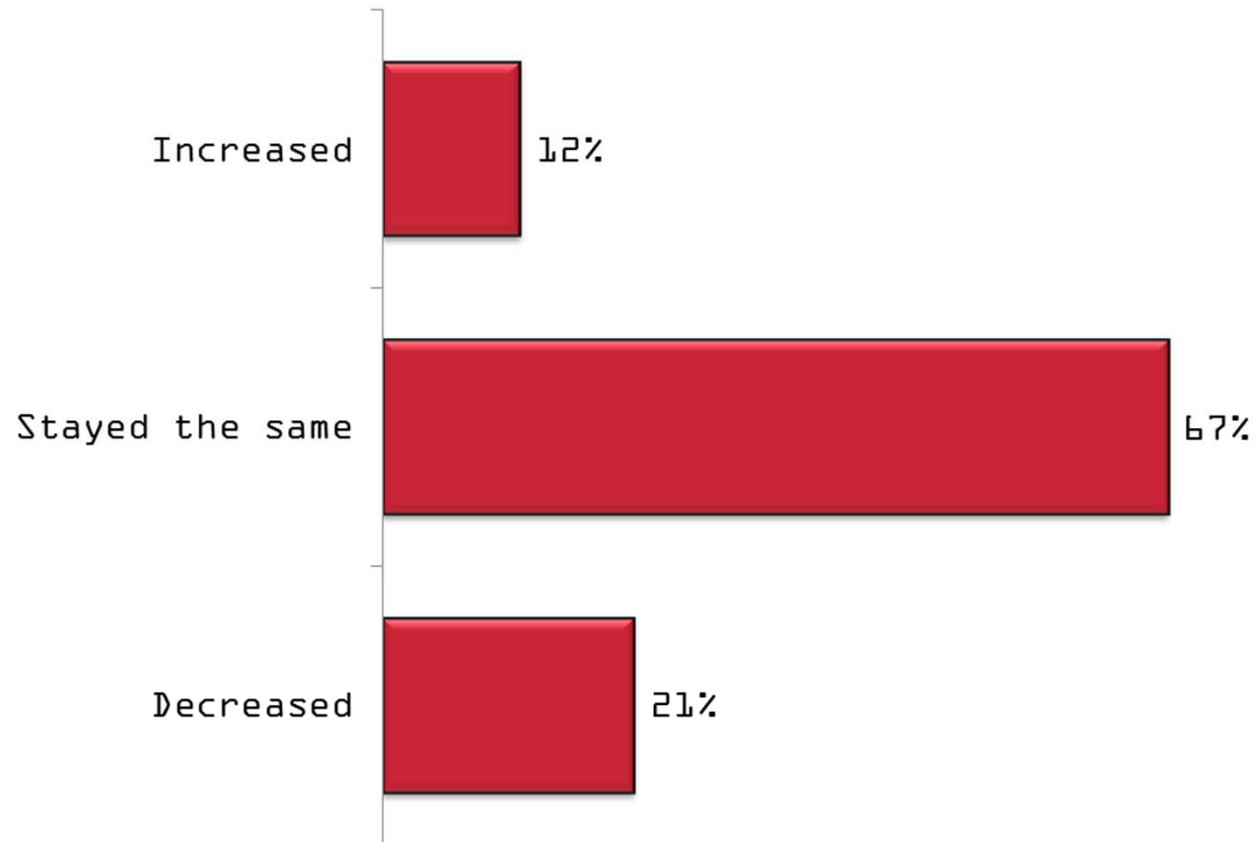


- Employees: Have you ever been or are you currently involved in a workplace romance?



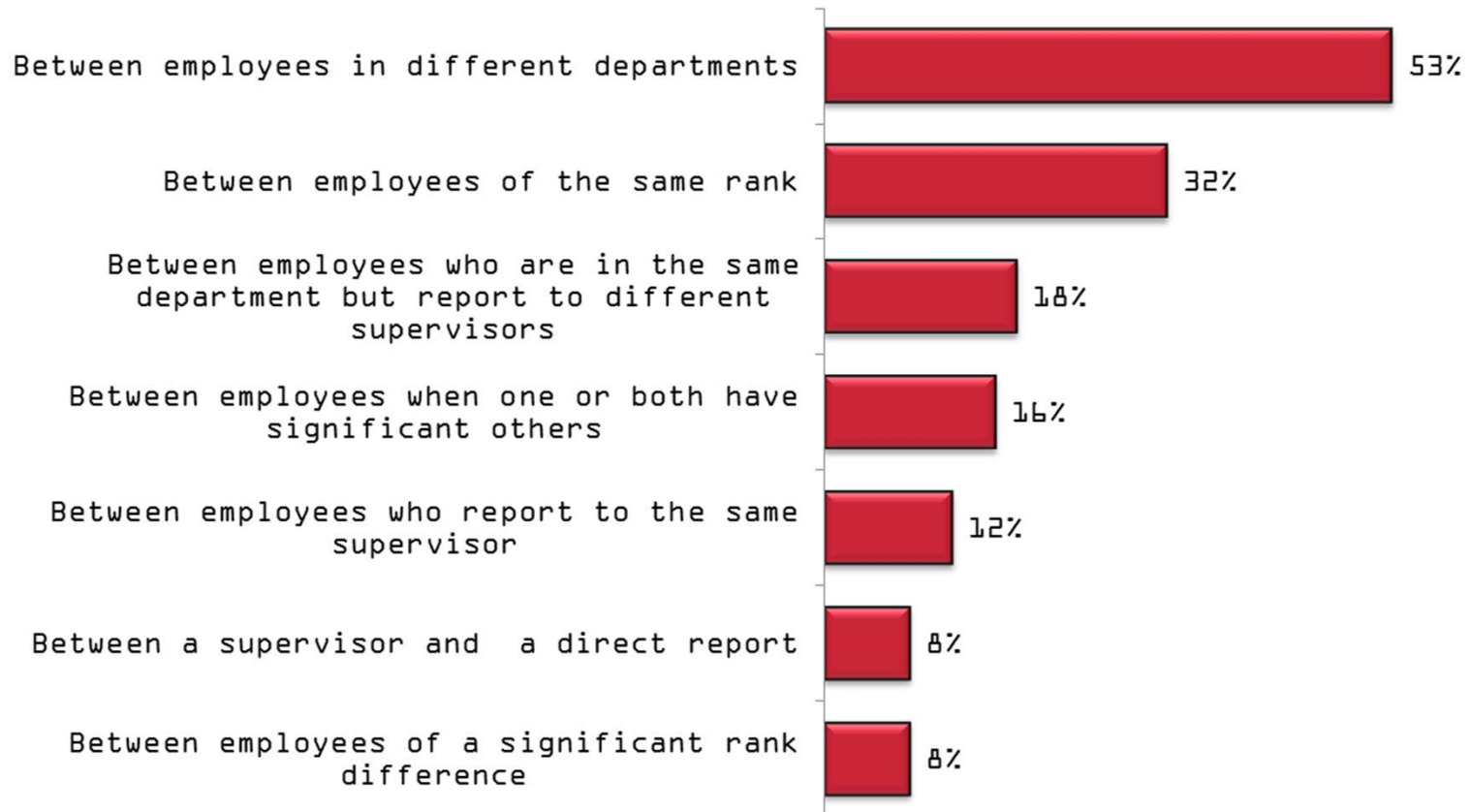
Note: n = 5,004 U.S. employees. Employee data were collected from the 2013 Employee Job Satisfaction and Engagement Survey.

In your opinion as an HR professional, have incidences of workplace romance at your organization increased, stayed the same, or decreased in the past five years?



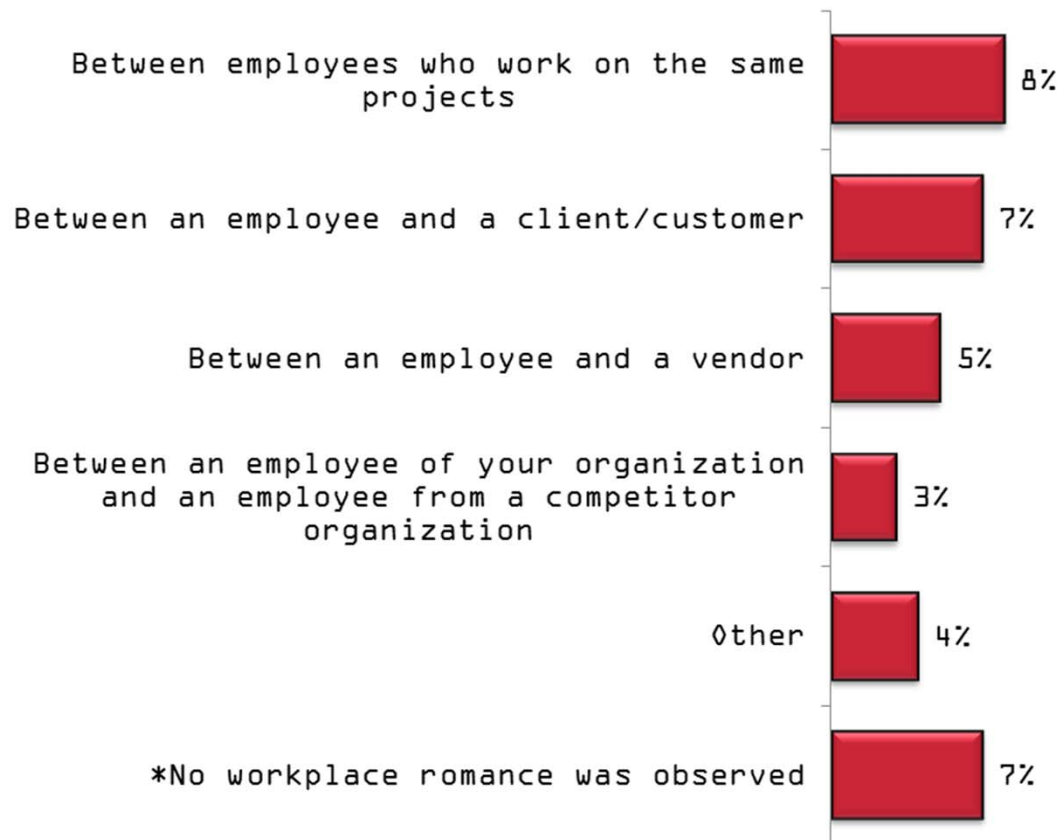
n = 299

Which of the following types of workplace romance are most common at your organization?



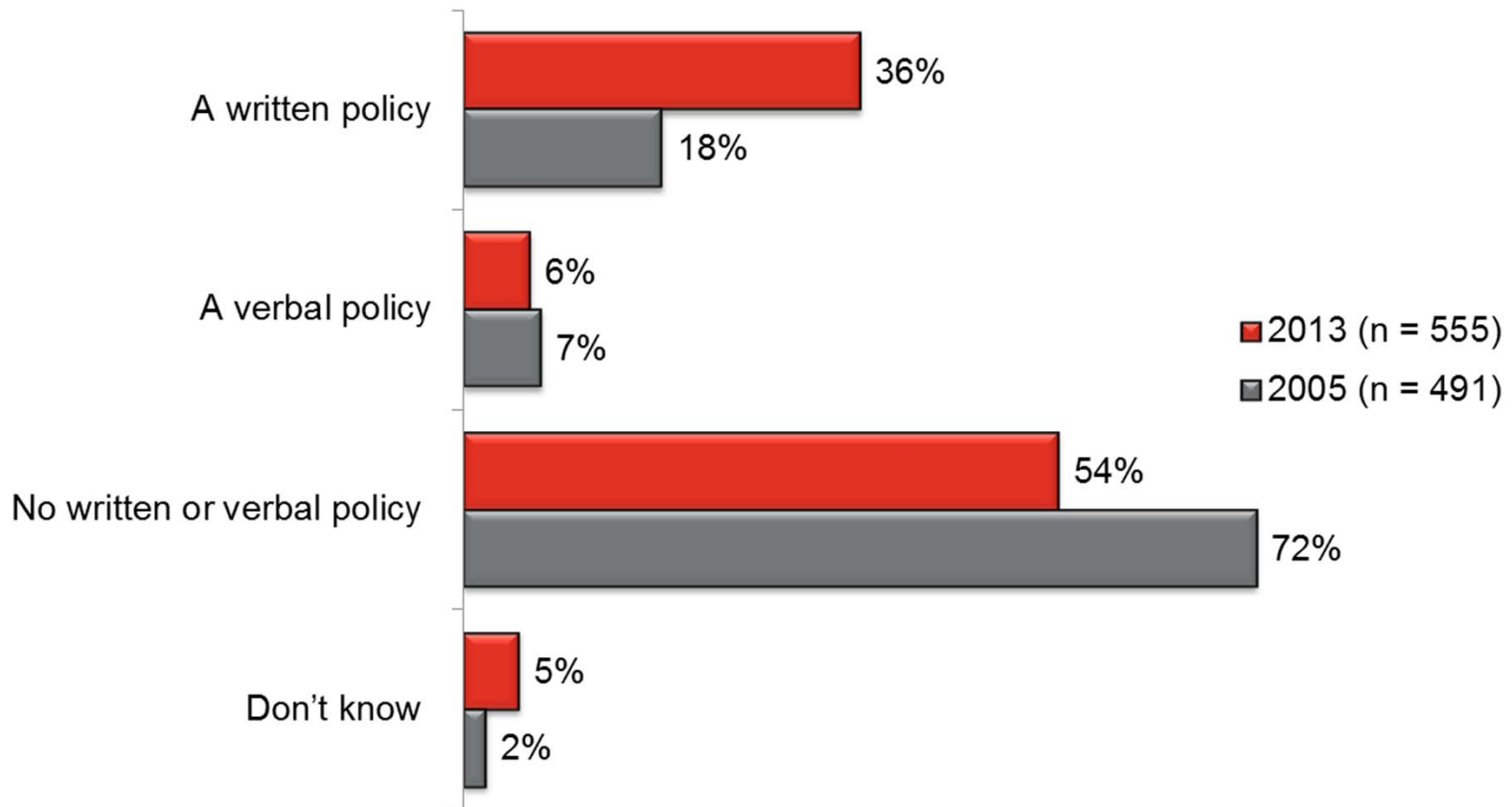
Note: n = 522. Percentages do not equal 100% due to multiple response options. Respondents were allowed to select up to three responses for this question.

Which of the following types of workplace romance are most common at your organization? (continued)



Note: n = 522. Percentages do not equal 100% due to multiple response options. An asterisk () indicates that this response option was developed from open-ended responses. Respondents were allowed to select up to three responses for this question.*

Does your organization have a policy that addresses workplace romance?



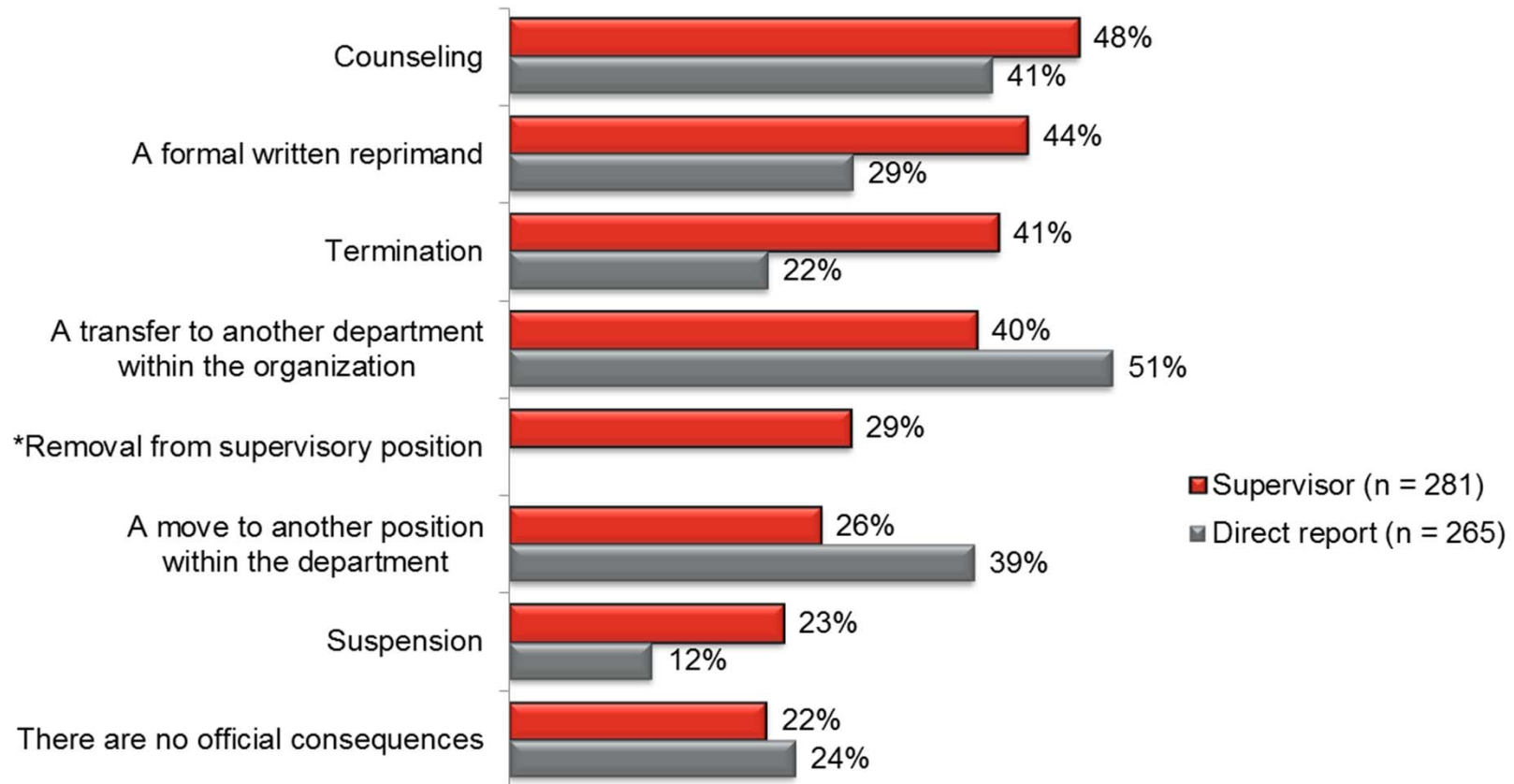
Note: Percentages may not equal 100% due to rounding.

Which of the following types of workplace romance are *not permitted* at your organization?

Types of workplace romance	2013 (n = 209)	2005 (n = 127)	2001 (n = 78)
Between a supervisor and a direct report	99%	80%	64%
Between employees of a significant rank difference	45%	16%	12%
Between employees who report to the same supervisor	35%	13%	15%
Between an employee and a client/customer	31%	13%	18%
Between employees who work on the same projects	25%	6%	12%
Between employees who work in the same department but report to different supervisors	22%	24%	31%
Between an employee and a vendor	21%	4%	6%
Between employees in different departments	12%	*	*
Between an employee of our organization and an employee from a competitor organization	11%	4%	4%

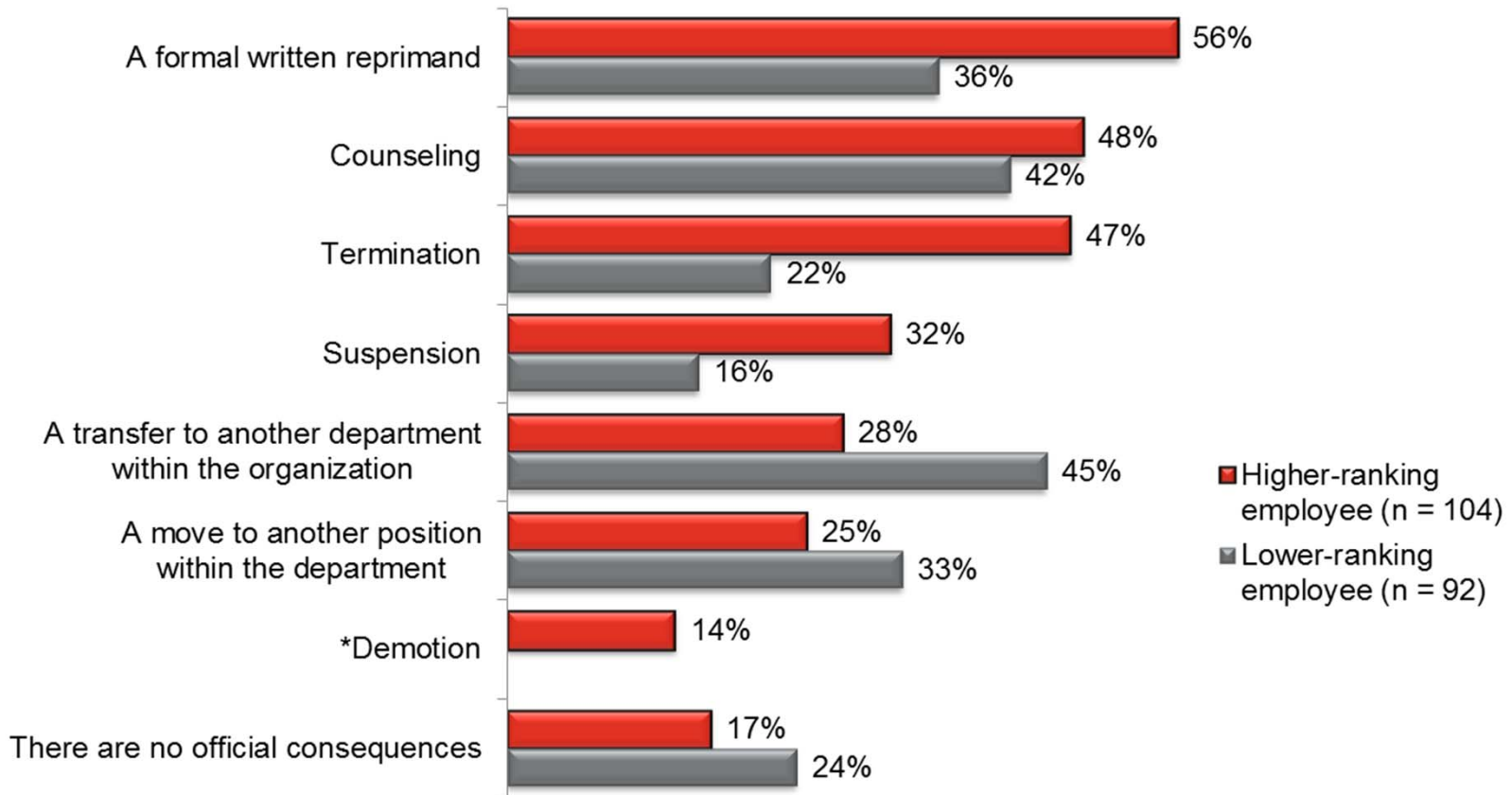
Note: Percentages do not equal 100% due to multiple response options. Respondents whose organizations do not have written or verbal policies on workplace romance were excluded from this analysis. An asterisk () indicates that this response option was only provided in the 2013 survey.*

What consequences do employees face when a supervisor and his or her direct reports break your organization's policy and are involved in a workplace romance?



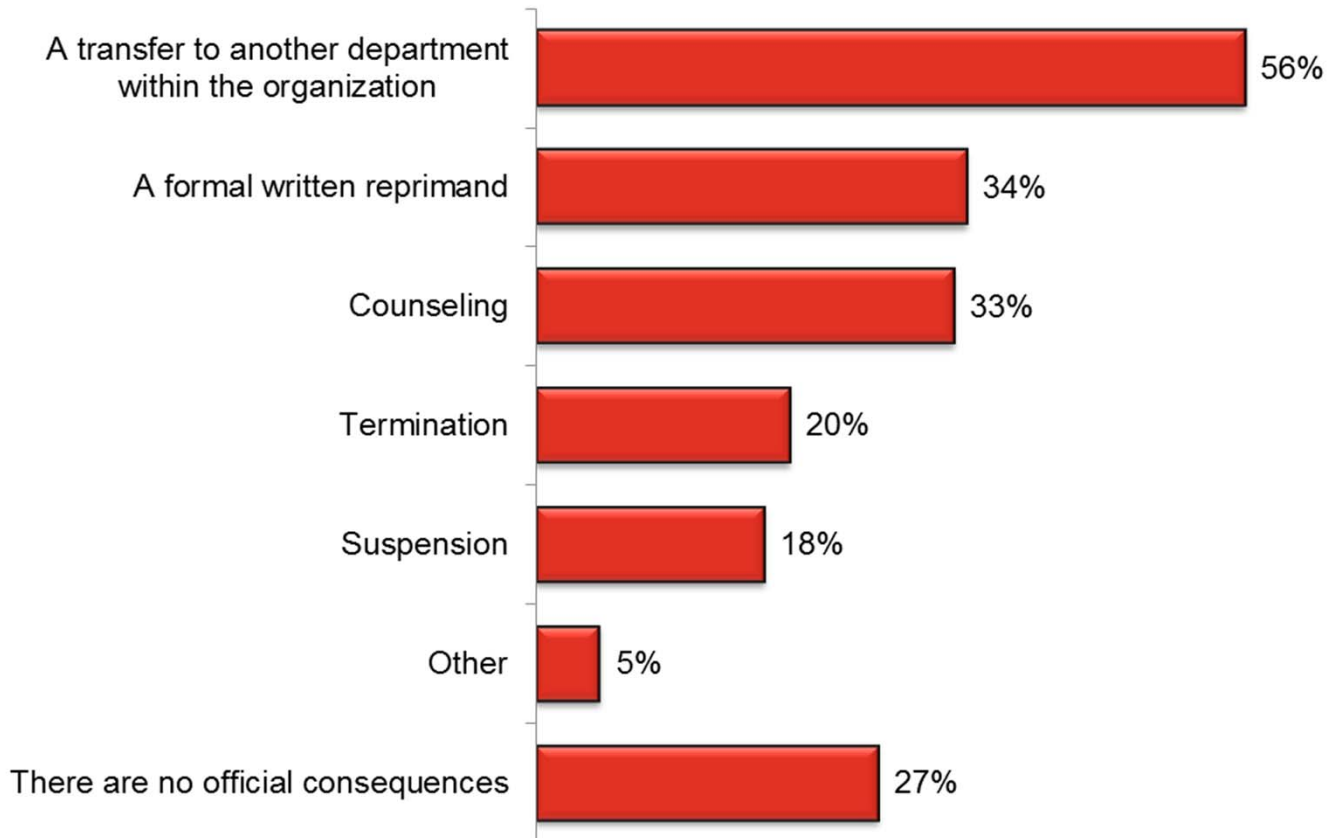
Note: Percentages do not equal 100% due to multiple response options. An asterisk (*) indicates that this response option was only provided in relation to supervisors.

What consequences do employees face when those of a significant rank difference break your organization's policy and are involved in a workplace romance?



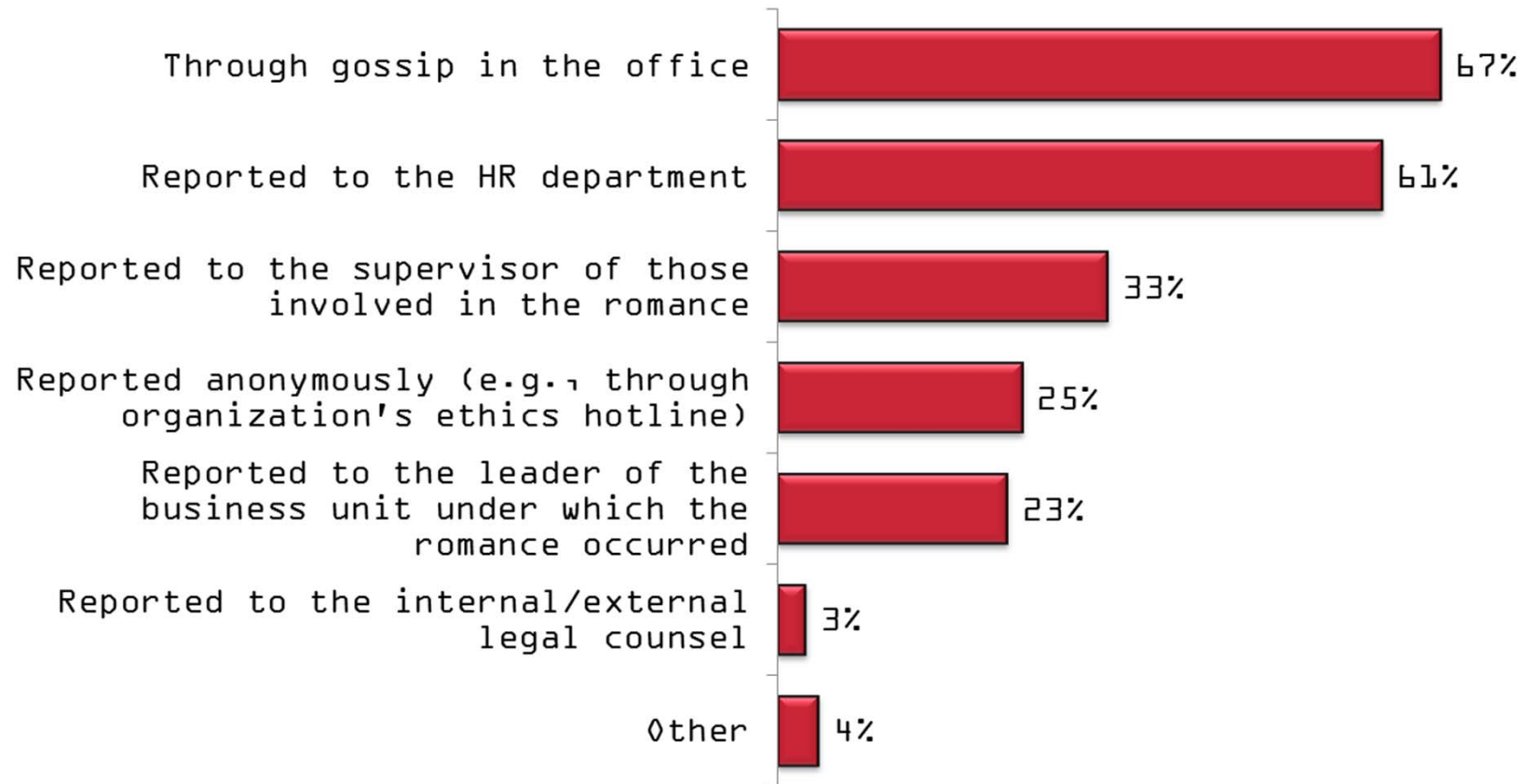
Note: Percentages do not equal 100% due to multiple response options. An asterisk (*) indicates that this response option was only provided in relation to higher-ranking employees.

What consequences do employees face when those who report to the same supervisor break your organization's policy and are involved in a workplace romance?



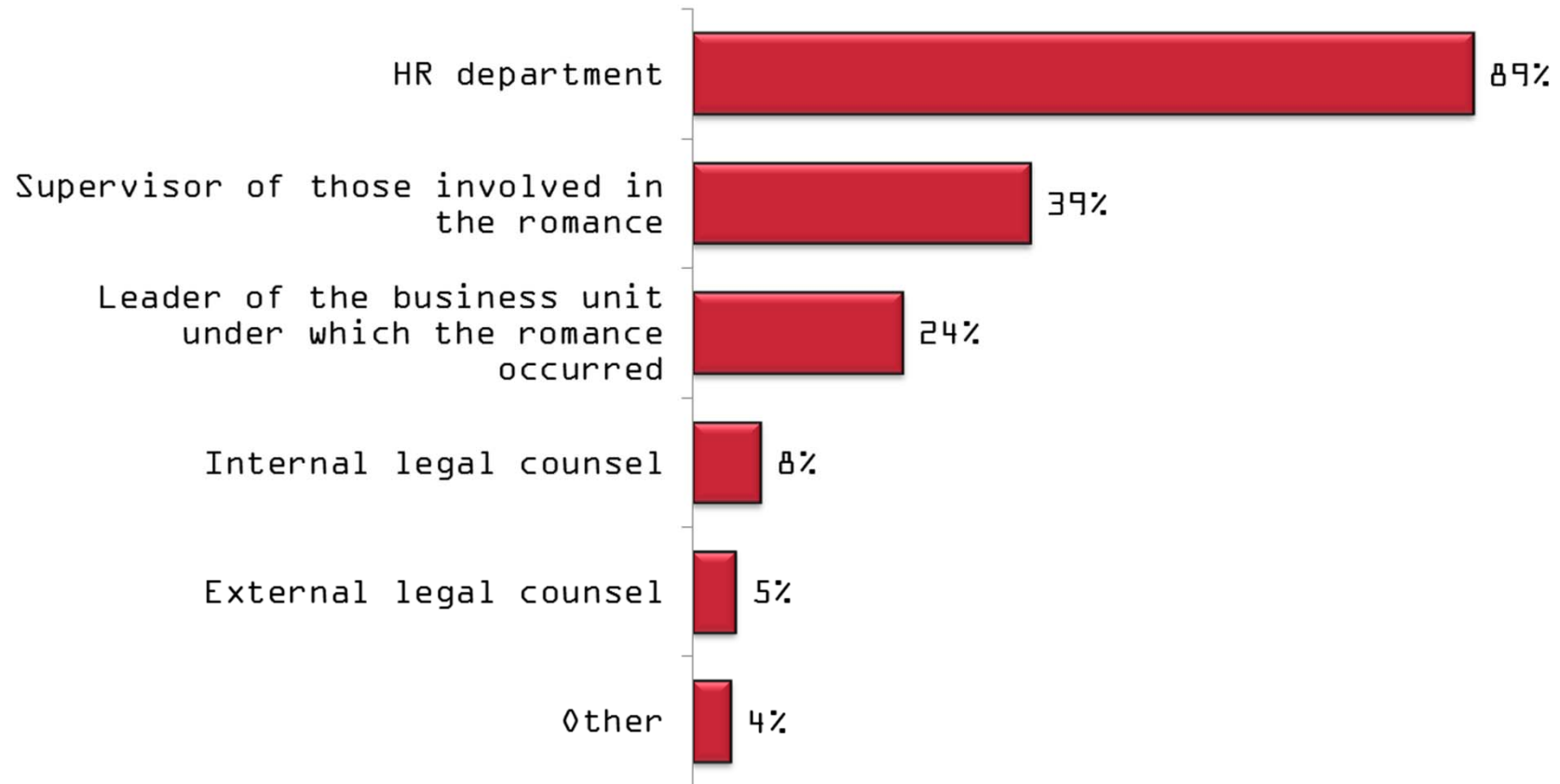
Note: n = 98. Percentages do not equal 100% due to multiple response options.

Generally, how are suspicions or complaints about workplace romance revealed at your organization?



n = 392

If there is a suspicion or a complaint about a workplace romance between employees at your organization, who is responsible for taking action?



n = 411

Demographics: Organization Industry

	Percentage
Professional, scientific and technical services	18%
Health care and social assistance	16%
Manufacturing	15%
Government agencies	10%
Finance and insurance	10%
Educational services	7%
Retail trade	7%
Transportation and warehousing	7%
Information	6%
Construction	5%
Utilities	4%

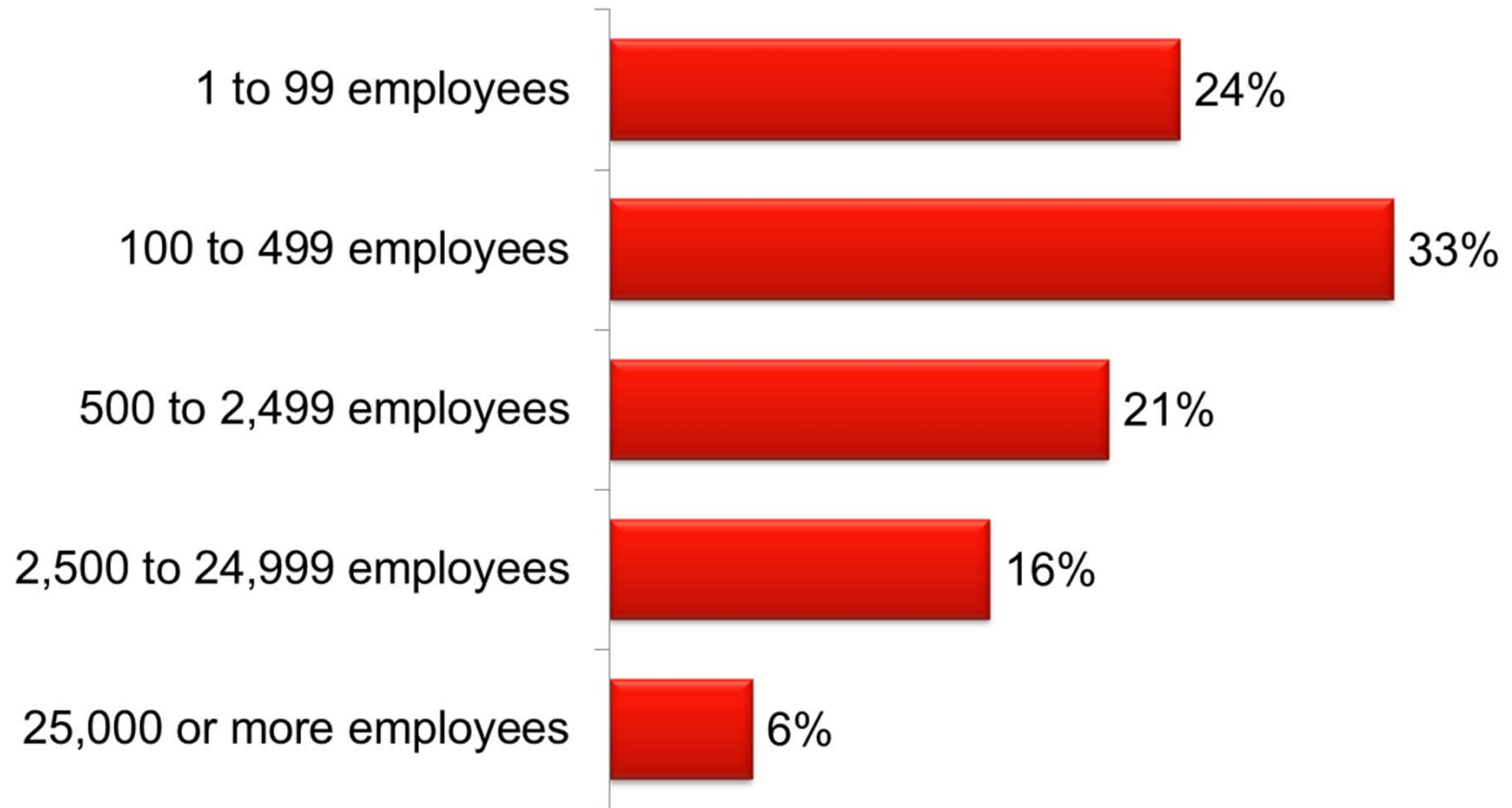
Note: n = 384. Percentages do not equal 100% due to multiple response options.

Demographics: Organization Industry (continued)

	Percentage
Accommodation and food services	3%
Mining, quarrying, and oil and gas extraction	3%
Religious, grant-making, civic, professional and similar organizations	3%
Wholesale trade	3%
Repair and maintenance	2%
Real estate and rental and leasing	2%
Administrative and support and waste management and remediation services	1%
Agriculture, forestry, fishing and hunting	1%
Arts, entertainment and recreation	1%
Personal and laundry services	1%
Other industry	5%

Note: n = 384. Percentages do not equal 100% due to multiple response options.

Demographics: Organization Staff Size



n = 384

SHRM Survey Findings: 2013 Workplace Romance

Survey Methodology

- Response rate = 13%
- 384 HR professionals from a randomly selected sample of SHRM's membership participated in this survey
- Margin of error +/- 5%
- Survey fielded July 9-26, 2013

CONFLICTS OF INTEREST

- The appearance of a conflict can be just as damaging to the individual and the company as an actual conflict.
- Some examples of potential conflicts of interest:
 - Managers directly supervising family members.
 - An employee's spouse works for a competing company.
 - An employee serves on the board of directors or volunteers for a nonprofit charity that actively lobbies against the company's best interests.
 - An employee uses his or her influence to steer a company contract to a relative or close friend.
 - An executive uses his authority within the company to get his child an internship, bypassing the normal company process for hiring interns.

NEPOTISM

- **nep-o-tism** *noun* \ 'ne-pə- ,ti-zəm\ : the unfair practice by a powerful person of giving jobs and other favors to relatives



NEPOTISM

- Studies indicate that up to 40 percent of American companies prohibit nepotism in some form.
- Approximately 40 percent of Fortune 500 firms are family-owned. Many of these companies have always employed multiple family members, and this is part of their company culture.

SAMPLE POLICIES

Nepotism, Employment of Relatives, and Personal Relationships

- The Company wants to ensure that corporate practices do not create situations such as conflict of interest or favoritism. This extends to practices that involve employee hiring, promotion and transfer. Close relatives, partners, those in a dating relationship or members of the same household are not permitted to be in positions that have a reporting responsibility to each other. Close relatives are defined as husband, wife, domestic partner, father, mother, father-in-law, mother-in law, grandfather, grandmother, son, son-in-law, daughter, daughter-in law, uncle, aunt, nephew, niece, brother, sister, brother-in-law, sister-in-law, step relatives, cousins and domestic partner relatives.
- If employees begin a dating relationship or become relatives, partners or members of the same household and if one party is in a supervisory position, that person is required to inform management and Human Resources of the relationship.
- The Company reserves the right to apply this policy to situations where there is a conflict or the potential for conflict because of the relationship between employees, even if there is no direct-reporting relationship or authority involved.

SAMPLE POLICIES

Conflicts of Interest

- Employees must avoid any relationship or activity that might impair, or even appear to impair, their ability to make objective and fair decisions when performing their jobs. At times, an employee may be faced with situations in which business actions taken on behalf of the Company may conflict with the employee's own personal interests. Company property, information or business opportunities may not be used for personal gain.

Conflicts of interest could arise in the following circumstances:

- Being employed by, or acting as a consultant to, a competitor or potential competitor, supplier or contractor, regardless of the nature of the employment, while employed with the Company.
- Hiring or supervising family members or closely related persons.
- Serving as a board member for an outside commercial company or organization.
- Owning or having a substantial interest in a competitor, supplier or contractor.
- Accepting gifts, discounts, favors or services from a customer/potential customer, competitor or supplier, unless equally available to all company employees.

Employees with a conflict-of-interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their manager or the Human Resource department.

SAMPLE POLICIES

Outside Employment

Employees are permitted to engage in outside work or to hold other jobs, subject to certain restrictions as outlined below.

Activities and conduct away from the job must not compete with, conflict with or compromise the company interests or adversely affect job performance and the ability to fulfill all job responsibilities. Employees are prohibited from performing any services for customers on nonworking time that are normally performed by the Company. This prohibition also extends to the unauthorized use of any company tools or equipment and the unauthorized use or application of any confidential information. In addition, employees are not to solicit or conduct any outside business during paid working time.

Employees are cautioned to carefully consider the demands that additional work activity will create before accepting outside employment. Outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel or refusal to work overtime or different hours. If the Company determines that an employee's outside work interferes with performance, the employee may be asked to terminate the outside employment.

Employees who have accepted outside employment may not use paid sick leave to work on the outside job. Fraudulent use of sick leave will result in disciplinary action up to and including termination.



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