



The ABCs of Using Affirmative Action Software Programs

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You are the Human Resource Manager of a company that has a contract with the U.S. Government. You are assigned the task of developing an Affirmative Action Program (AAP) for your company. Your Director says, "This isn't a big deal. Just buy some AAP software and follow the steps." You survey the software on the market, choose one that fits your company's profile, buy it, populate it, and print your AAP. Project completed and compliance assured, right? Not quite. An up-to-date, well-fitted software program is great for crunching numbers. However, it takes more than number crunching to achieve and maintain compliance with the mandates of the Office of Federal Contract Compliance Programs (OFCCP). This paper outlines the major considerations and decisions a company must make while developing its AAP – with or without the advantages of AAP-specific software.

Organizational Structure

Your organization's structure — or lack of structure — will determine how your AAP is configured. Look at your organization from both the big-picture and individual-location perspectives. Take into account the size and geographical makeup of your company. Ask: How many plans do we need? Can multiple locations be wrapped in a single plan? What are the regulatory requirements for that? Should I organize the workforce by department, by work unit, or by function across geographical areas? If using the latter strategy, beware that special regulations exist for functional AAPs. Organize and enter your data to reflect the configuration you've decided upon. AAP software will portray your company according to your data input. Some software programs provide an organizational chart format. Others use the workforce analysis or spreadsheet-like format. Both formats project a vertical look at your workforce, revealing concentrations and under-representations of minorities or women by department or work unit. That's why you must thoughtfully plan how your organization will be laid out for OFCCP's eventual scrutiny.

Data Integrity

Some AAP software can analyze as many as thirty data elements by different groupings: Employee, department, job group, and geographical location. An AAP software's prime task is to compare a company's workforce to census data in the "recruitment area" for a particular job. The program will identify disparities in gender, ethnicity, and (depending on the program) pay. Additionally, some programs look for disparities in your hiring, promotion, and termination processes. Since the results from all such analyses have the potential to incriminate your organization, it is imperative that your data have the highest integrity possible. The individual responsible for inputting data to the AAP-specific software program needs to be able to recognize data inconsistencies and be able to question data that "just don't seem right." This individual should be able to quickly see the inconsistencies in wording, spelling, use of abbreviations, number formatting, and job classification coding in each data element and across all groupings and company geographical locations. No software program can do this data cleaning for you.

Job Groups

The OFCCP's regulations require Federal contractors to compare the minorities and women in their workforces to those available for employment in the "recruitment area" for a particular job. To prepare for this comparison, one must form job groups based on similar wages, similar job duties and responsibilities, and similar opportunities for training,



promotion, transfer, and other employment benefits. Most AAP software is designed to use EEO-1 job category groups for these analyses, even though that is often not to an organization's advantage. To produce a true picture of your workforce and compensation system, customize and tailor your job groups to match your company's unique structure of jobs, tasks, responsibility level, and compensation system and structure. Use a software's default EEO-1 job categories only if it is to your company's advantage — and only if you have less than 150 employees.

Census Data and Codes

By comparing census data to your workforce numbers, you can see how your company stacks up against what is known as "availability." AAP-specific software users will first need to determine the correct geographical census area for each previously formed AAP job group. When reviewing prospective software packages for purchase, be sure you will receive all the geographical data that you will need. Some software programs include the entire 2000 Census file. Others include a limited number of census locations, with more available for additional cost. Another human task that your AAP software cannot do for you: The mini job evaluation where you assign a census code to every position title in your workforce. This task needs to take into account the specific title, duties, and circumstances of each position — and those especially unique to your particular company.

Compensation

In its compliance review process, the OFCCP looks for gender- and race/ethnicity-based disparities between similarly situated employees in your pay system. Some AAP software will help you do the same. The OFCCP may use a multiple regression statistical analysis to help the agency in identifying systemic pay discrimination. Multiple regression accounts for legitimate factors that influence pay, such as education, prior work experience, productivity, performance, and time in the job. Putting together the appropriate variables to run a legitimate multiple regression analysis requires expertly trained and skilled statisticians — both at the OFCCP and in your company. While several of the off-the-shelf AAP software programs are capable of running such an analysis, we recommend that most HR departments use the simpler (usually included) compensation analysis tools instead. If the results from these simpler tests warrant further investigation, you can make the decision for the multiple regression study at that time.

Program Implementation

Finally, remember: AAP software is not your AA Program. The very essence of affirmative action is in monitoring and record keeping; in hiring, promotion, transfer, and termination policies and procedures; and in the successful implementation of systems and procedures to correct any problems found in that critical self-analysis. Use appropriate data collection tools to track applicants. Document recruiting initiatives. Track changes in your workforce and in the recruiting area populations to see how they may be affecting your AAP placement goals and recruiting statistics. Ensure that each new data/AAP administrator knows exactly what was monitored and reported in the past, how it was documented, and how/where it is maintained today. There is nothing worse than entering an OFCCP audit and no one is familiar with the history or whereabouts of your data.



Without a doubt, an AAP-specific software program is going to make your HR professional life easier. Use it as it is intended and you should be rewarded when the OFCCP comes calling for an audit. Yet do not make the mistake of thinking that AAP software is the cure-all for your AA program. It is just one tool of many needed to become compliant under OFCCP's AAP regulations.



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About Maly Consulting LLC

Maly Consulting LLC is a nationally recognized group of experienced human resource (HR) management consultants specializing solely in technical compliance issues associated with equal employment opportunity (EEO) and workplace affirmative action (AA) regulations. We compile, format, and analyze HR data for government-mandated reports, affirmative action programs (AAPs), and audits with Department of Labor's Office of Federal Contract Compliance Programs (OFCCP). Further, we test clients' compensation systems and employment practices for potential discrimination against minorities, women, and those 40 years of age and over. We prepare, present, and defend (when necessary) clients' AAP documents and data directly to the OFCCP during audits with that agency.

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George Sartor is a Senior Consultant at Maly Consulting LLC, managing client projects nationwide from the firm's California office. He uses AAP-specific software to audit, compile, and analyze client data. He develops and writes client workplace affirmative action programs. He conducts disparate impact studies on employment and compensation data, assists clients either onsite or offsite during compliance reviews with the OFCCP, and advises clients on general EEO/AA regulatory issues. Mr. Sartor is the firm's subject matter expert for AAP requirements for veterans and I-9 reporting. He has a B.S. degree in Business Administration.

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