

# Human Resources

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## HR Reality Check: *Yep, the Stories are True!*



### HR CASE STUDY #9

### SCENARIO: Remember David Jackson from case study #8?

*(Visit [www.americanfuneraldirector.com](http://www.americanfuneraldirector.com) to read the case study.)*

Jackson owns a three-location funeral business in the central United States employing more than 20 people. The primary location serves more than 400 families per year, the second location serves about 60 families and the third location, a brand-new business, served 30 families last year.

If you recall, this past summer David brought on a part-time employee (Jessica) to assist with administrative tasks. Her main assignment was to file the large amount of backlogged paperwork that existed at his primary location. Unfortunately, Jessica felt free to read everyone's personnel file as she filed other paperwork. Even worse, she then shared salary information

with certain employees about their co-workers in similar positions.

Jessica was unaware of confidentiality issues with personnel files, and case study #8 explained how David addressed Jessica's actions. However, part of the fallout from Jessica's actions was that the funeral home's only female funeral director confronted David upset that she was paid less than her male counterparts. Gloria is location manager of the second location serving approximately 60 families per year. David assured Gloria that he would review all the funeral directors' salaries to determine if they were appropriate based on experience, skills and responsibilities.

Given the seriousness of the breach

of confidentiality and the risk of potential litigation from Gloria, David reached out for assistance to resolve the issue. This case study will focus on how David resolved the equality of pay issue between employees of different genders in similar positions.

#### What are the Rules?

The Equal Pay Act of 1963 amended the Fair Labor Standards Act prohibiting wage disparity based upon gender. More specifically, the act states that employers cannot set wages based on an employee's gender when such employees are employed within the same business performing equal work, which requires equal skill, effort and responsibility

performed under similar working conditions.

There are exceptions to this rule, whereby an employee's compensation can be influenced by an employee's seniority, the use of a merit pay system or a system that measures earnings by quantity or quality of production. There are also several other acts that prohibit compensation discrimination on the basis of race, color, religion, sex, national origin, age or disability. These are Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967 and Title I of the Americans with Disabilities Act of 1990. For the purposes of this case, I will be focusing on the Equal Pay Act and its implication in this specific situation.

### **Did the Employer Make any Mistakes?**

To evaluate if the employer has made an error, it is necessary to determine the specific job duties, work environment, skills and experience of the employees in similar job classifications and whether gender was a determining factor in compensation.

David was correct in telling Gloria that he would review all the funeral directors' salaries to determine if they were appropriate based on experience, skills and responsibilities. To avoid the appearance of bias, David had an outside HR professional do this evaluation and identify any potential problems with current salaries.

*Note: Please see case study #8 to see if David made any mistakes with Jessica.*

### **Resolution of the Issue:**

In this case, job descriptions did not exist, and David established compensation based on an employee's experience and skills. The HR professional worked with David to create

job descriptions for each position within the overall organization. The job descriptions identified the specific duties required, as well as the skill set and experience needed to perform the associated tasks.

Additionally, the working conditions of each location were also considered for all the positions. It became very clear that each location had specific working conditions. For example:

- The primary location experienced high volume and high stress requiring many employees to serve the families. This location had multiple licensed funeral directors, one of which was a funeral location manager whose primary responsibility was to supervise all the other funeral directors at the facility.

- The secondary location (Gloria's) was a small location in a small community that did a lower volume of cases each year. This location only had one licensed funeral director and an administrative person. If needed, part-time staff could be called in to help. The licensed funeral director was the funeral location manager.

- The last and newest location was a true startup business in a mid-sized town. This location also had one licensed funeral director who was the funeral location manager as well as an administrative person. While the location had similar staff to the second location, the expectations of that staff was very different. The funeral location manager was not only the funeral director but also charged with the responsibility to grow the business and was assigned specific growth targets on which their performance was evaluated.

Based on the working conditions and responsibilities at each location, the skill set and experience of the funeral location managers varied significantly. The primary location required the funeral location manager to have at least 10 years of

funeral experience as well as five years of experience managing staff. The secondary location only required two to five years of funeral experience and no experience managing other staff. And the last location needed not only a manager with 10 years of funeral experience but also marketing skills as well as experience in business development.

Based on the new job descriptions and the HR professional's recommendations, David met with each funeral location manager and provided them a job description and discussed their compensation. Salaries were adjusted based on the specific job description (none of them experienced a cut in pay).

While Gloria believed that she should be compensated exactly the same as her male counterparts, David was able to illustrate very clearly that her specific responsibilities, seniority, skills and experience were not equal to the other funeral location managers' job descriptions. In fact, Gloria had five years less industry experience and had limited experience managing other staff (she had never managed anyone until she took the position with David) compared to the other funeral location managers. David did give her a raise based on the new job description and Gloria appeared satisfied with that resolution. He does not expect her to file any formal complaints or litigation. And if she did so, David has provided a clear foundation on which compensation has been based.

### **Preventive Measures**

This was a complicated case, but much heartache might have been prevented if clearly written job descriptions had existed prior to this incident. Job descriptions are the most valuable HR document you can have. If you don't have job descriptions, reach out to us for assistance. •

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