

Cornell Roundtable: Flexible Compensation May Conflict with Labor Laws

2008-01-14

Gen Y, meet the Federal Labor Standards Act. Participants in the first Cornell Compensation Roundtable predict that the hospitality industry will need to find novel ways to compensate their diverse workers.

In particular, the industry must be creative in structuring jobs for those born after 1982, commonly called 'Generation Y,' who now constitute about 20 percent of hospitality employees. Moderated by Michael Sturman, associate professor at the Cornell School of Hotel Administration, the event was presented in December 2007 by Cornell's Center for Hospitality Research. The roundtable was hosted by Davis & Gilbert LLP, a partner of the center, at its New York offices.

The key to compensation for Gen Y workers, the panelists agreed, is that these employees are data-driven. They have strong ideas of what they should be paid, based on their research on various websites. But money is not the only factor that motivates this group. They are looking for engagement in the workplace, they are interested in corporate social responsibility, and they want flexibility in the workplace.

"We have 30 to 40 percent of our staff in their twenties. They like informality and they embrace diversity. They need a lot of feedback and direction because they have limited experience, but they are very enthusiastic about learning. The younger folks really want flexibility as well, to be able to travel out of the country, for example, and they expect to completely get away from work during that time," said Margaret Dyekman, president and chief operating officer of WageWatch, a company that is a friend of the center. "Most important, the young people in our workforce want to be treated as individuals. So, if we have ten employees in this group, we have to find out what each person needs-and more money is not always at the top of their lists."

To respond to the demands of this growing segment of the workforce, employers may need to create novel compensation structures. At the same time, employers have to maintain fairness with other employee groups. 'Margins are so tight and our compensation systems are so static that you cannot grant large pay increases,' said Greg Smith, executive vice president of human resources of Denihan Hospitality Group, which is a partner firm of the center. Looking at alternatives to raises, Smith cited the example of a resort operator that found a big response when it paid for lift tickets. 'In posting jobs, you can sometimes partner people together so that the employees can change what they do from time to time,' he added.

A factor that might interfere with employers' creativity is that some innovative practices may conflict with the federal Fair Labor Standards Act of 1938 (FLSA). Making matters more complex, different states have different interpretations of the FLSA standards, and the law itself is not always clear. Thus, as they develop new compensation structures, companies must pay careful attention regarding whether workers are classified as exempt from the FLSA rules or non-exempt. Additionally, rules regarding pooled tipping, work breaks, sick time, and uniforms must be carefully scrutinized in conjunction with FLSA standards.

For information about future roundtables at the Cornell School of Hotel Administration, please visit <http://hotelschool.cornell.edu/research/chr/events/roundtables/>.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article30717.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html