



The Center for
Work & Family
BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT

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Increasing the Visibility of the Invisible Workforce

Model Programs and Policies for Hourly and Lower Wage Employees

CORPORATE BRIEFING

Sponsor:



CORPORATE VOICES
for WORKING FAMILIES

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About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work-life practitioner. The Center for Work & Family is committed to enhancing the quality of life of today's workforce by providing leadership for the integration of work and life, an essential for business and community success. Our vision is that companies and communities will work together to ensure their mutual prosperity and the well-being of employees and their families. The Center has three main areas of focus: research, membership, and education. (Website: www.bc.edu/cwf)

About the Sponsor

Corporate Voices for Working Families

Corporate Voices for Working Families is a national non-profit organization that is working to fill an important gap in the national policy debate about the community supports needed to sustain working families. Challenged by Congress to become actively engaged in policy discussions about working families, a group of major corporations joined forces to form this organization in 2001. (Website: www.cvworkingfamilies.org)

INTRODUCTION

What was the purpose of the study?

The purpose of the study was to identify and highlight model programs and policies for hourly and lower wage employees in order to inform corporate decision-makers and government policymakers about initiatives that can help these workers with their work-life integration.

How did we define 'lower wage?'

- Researchers have not agreed upon one definition of 'lower-wage'
- Hourly wages vary widely according to geographic region, industry, position, etc.
- In this study, programs were not limited to those for employees under a certain wage level
- Benefits were identified that assisted employees in the bottom 25% of the pay scale

We feel that this broader definition is most useful in focusing on initiatives that support employees earning the lowest wages.

Why study hourly and lower wage employees?

- Employees earning lower wages make up the majority of the American workforce – with 32% earning less than \$15,000 annually and 20% making between \$15,000 and \$25,000*
- In many organizations, these employees have direct contact with the customers or products – and therefore can affect consumer loyalty that is so critical to success
- Little research has been conducted to examine the work-life needs of this group of employees or to document responses by companies to provide work/life supports

What is the value of hourly and lower wage employees to organizations?

- The work of hourly and lower wage employees is often at the heart of an organization's business goals
- Recognizing the value of this group of employees to the business and responding to their work/life needs can only help to increase the success of the organization
- Failure to do so can have devastating and long-term effects – even threatening the survival of the organization

What issues do hourly and lower wage employees face on a daily basis?

- Lower wage employees face many of the same issues as their higher wage counterparts: food, clothing, housing, transportation, dependent care, and job opportunities
- However, due to reduced financial resources they have many fewer options and more sources of conflict – such as a second job or depending on others for help

How were organizations chosen for the study?

- Potential organizations were identified by Corporate Voices for Working Families, the Boston College Center for Work & Family, and through a literature search
- Companies were selected using a quota sample based on the following criteria: business, geographic location, program type, program availability, and consent to participate

What organizations were studied?

The following organizations are highlighted in the study: Bank of America, Bright Horizons, CVS/pharmacy, Eastman Kodak, Eddie Bauer, FleetBoston Financial, Harvard University, H-E-B Grocery Company, Home Depot, Kraft Foods, Levi Strauss & Co., Marriott International, Provident Financial, The TJX Companies, Inc., and Wachovia Corporation.

*Carnevale, Anthony P. and Stephen J. Rose. 2001. "Low Earners: Who Are They? Do They Have A Way Out?" In Richard Kavis and Marc S. Miller (Eds.) *Low-Wage Workers in the New Economy*. Washington, D.C.: The Urban Institute Press, pp. 45-66.

Company	Program	Type	Description	Eligibility	History
Bank of America	Child Care Plus	Dependent Care	Employee reimbursement for a portion of child care expenses - amount depends on age of child and type of care	Base salary of < \$34,000, total family income < \$60,000, dependent child < 13	Began: 1989 Why: To address strong link between absenteeism and child care needs
Bright Horizons	Child Development Associate Training Program	Employee Development	Training for national child care certification through Council for Professional Recognition	Employee in good standing, at company for at least 3 months, essay on why employee wants to take course, Director's recommendation	Began: 1998 Why: To address shortage of certified child care teachers
CVS/pharmacy	Regional Learning Centers (RLC's)	Employee Development	Training programs with simulated work experiences (mock stores) for different career tracks	All potential employees who come to RLC sites	Began: 2001 Why: In response to welfare reform legislation challenging companies to hire former welfare recipients
Eastman Kodak	Flexible Work Arrangements	Scheduling/Leaves	Different types of flexible work arrangements: part-time work, job sharing, compressed work week, flextime, telecommuting	Completed application, supervisor permission, demonstration that arrangement will not have an adverse impact on business	Began: 1997 Why: To respond to changing employee needs by allowing workers to alter their work schedules
Eddie Bauer	Store Team Incentive Program	Financial Incentive	Employee sales incentive program with monthly rewards for exceeding store sales goals – amount depends on number of hours worked during prior month	All hourly employees	Began: 1998 Why: To create a user-friendly employee incentive program
FleetBoston Financial	Employee Emergency Loan Program	Financial Assistance	Financial assistance for employees in the case of a “catastrophic, unexpected, or emergency event”	Annual wages < \$50,000, at company for at least 6 months, currently benefits eligible	Began: 2001 Why: In response to financial crises of employees, exacerbated by events of 9/11
Harvard University	The Harvard Bridge to Learning and Literacy	Employee Development	Variety of courses for hourly employees, including literacy, English as a second language, speaking and listening skills	All hourly employees, at Harvard longer than probationary period (30-90 days), complete initial screening process	Began: 1998 Why: To address language needs of non-English speaking employees
H-E-B Grocery Company	MedBank	Scheduling/Leaves	Sick-leave program with paid days off for employee or family member illness, injury, or medical appointment	Full-time employees – inform supervisor two weeks prior to use (for appointments), notify supervisor of progress during absence	Began: 1992 Why: As part of improved work-life policies and to support employees when family members are ill
Home Depot	Success Sharing Program	Financial Incentive	Employee bonuses based on store sales goals, distributed twice yearly – amount based on number of hours worked during previous six months	All hourly employees, at company for at least 90 days	Began: 2002 Why: As motivation for employees to fulfill company's vision of providing great customer service

Obstacles	Benefits	Recommendations	Contact Information
<ol style="list-style-type: none"> 1. Developing efficient administration 2. Establishing eligibility criteria 	<ol style="list-style-type: none"> 1. Decreased turnover 2. Decreased absenteeism 	<ol style="list-style-type: none"> 1. Consider reimbursement amount 2. Cover before and after-school programs 3. Establish regionally sensitive eligibility criteria 	<p>Dianna Byers Dianna.m.byers@bankofamerica.com 704-388-1504</p>
<ol style="list-style-type: none"> 1. Low completion rate 2. Work coverage and support for students 3. Transportation 	<ol style="list-style-type: none"> 1. Better trained workers 2. Employees empowered to further their education 	<ol style="list-style-type: none"> 1. Create good screening process for students 2. Educate about benefits of the program 3. Develop community of instructors 	<p>Katherine Palmer kpalmer@brighthorizons.com 617-673-8143</p>
<ol style="list-style-type: none"> 1. Establishing communication and trust with non-profit agencies that work with welfare recipients 	<ol style="list-style-type: none"> 1. Creates more stable entry-level workforce 2. Government incentives cover most of the costs of the RLC's 3. For employees, job training and guaranteed CVS job if complete program 	<ol style="list-style-type: none"> 1. Consider company's need for hiring entry-level workers and assess company resources 2. Hire a senior-level manager responsible for government initiatives 3. Develop viable community partnerships 4. Make sure community and all partners are on board 	<p>Steve Wing smwing@cvs.com 216-403-5470</p>
<ol style="list-style-type: none"> 1. Educating employees and managers about the need for and use of flexible arrangements 	<ol style="list-style-type: none"> 1. Employees design their own work schedules 2. Increased productivity 	<ol style="list-style-type: none"> 1. Be sure clear work contract is in place 2. Establish mutual trust between manager and employees 3. Educate co-workers about flexible work options 	<p>Tasia McCullough-Johnson tasia.m-johnson@kodak.com 585-724-0761</p>
<ol style="list-style-type: none"> 1. Extent to which sales goals are exceeded dependent on sales environment, location 	<ol style="list-style-type: none"> 1. Maximizes sales 2. Increases retention and employee commitment 3. Employees have increased income 4. Excellent recruiting tool 	<p>No specific recommendations, but would recommend to any retail company interested in financial reward system</p>	<p>Karl Weiss Karl.Weiss@eddiebauer.com 425-755-6850</p>
<ol style="list-style-type: none"> 1. Working out issues related to employee privacy 2. Developing criteria for an "emergency" 3. Determining who makes the lending decisions 	<ol style="list-style-type: none"> 1. Sends message that company cares 2. Reduces employee stress about unexpected financial matters 3. Increases employee loyalty to Fleet 	<ol style="list-style-type: none"> 1. Consider offering both loans and grants (with clear eligibility guidelines) 2. Make counseling available along with loans 3. Develop streamlined application process 	<p>Ellyn Wolfe Ellyn_H_Wolfe@fleet.com 617-346-0019</p>
<ol style="list-style-type: none"> 1. Departments reluctant to let employees participate 2. Need classes for those with higher-level computer skills 	<ol style="list-style-type: none"> 1. More educated workforce, with more confidence and better communication skills 2. Increased employee loyalty 3. Employees have better prospects for job advancement 	<ol style="list-style-type: none"> 1. Make the business case in order to have relevant departments on board and organizational support for the program 	<p>Carol Kolenik Carol_Kolenik@harvard.edu 617-495-2535</p>
<ol style="list-style-type: none"> 1. Management and administration of program 2. Policies that seemed unfair to some employees 	<ol style="list-style-type: none"> 1. Increased employee loyalty to company 2. Powerful recruitment tool 3. Better balance of work/family demands for employee 	<ol style="list-style-type: none"> 1. Sell top executives on issue 2. Get feedback from employees 3. Create system for ongoing assessment 4. Measure results 	<p>Kathy Durbin durbin.kathy@heb.com 210-938-8504</p>
<ol style="list-style-type: none"> 1. Program rolled out in the midst of economic downturn 2. First bonuses delayed, received only after adjusting sales goals to match economy 	<ol style="list-style-type: none"> 1. Increased employee motivation and cooperation among staff 2. Managers more apt to "cultivate" motivated work environment 	<ol style="list-style-type: none"> 1. Receive buy-in from all interested parties, including management and associates 	<p>Layne Thome laynethome@homedepot.com 770-384-3158</p>

Company	Program	Type	Description	Eligibility	History
Kraft Foods	Fast Adapts	Scheduling/ Leaves	Options for manufacturing workers to increase flexibility: shift swapping, single-day vacations, relative policy, leave of absence, job share policy, tuition remission for internet courses	All hourly employees – must be conducive to the employees' specific work process, plant policy, or union contract	Began: 2003 Why: To raise level of job satisfaction among manufacturing workers
Levi Strauss & Co.	Red Tab Foundation	Financial Assistance	Short-term loans and grants to employees and retirees in times of financial hardship	All employees and retirees	Began: 1981 Why: To provide loans and grants to employees and retirees requiring emergency financial assistance
Marriott International	Work Specific English	Employee Development	Two courses to teach English skills: basic communication and terminology for restaurant or hospitality positions	All workers for whom English is not their first language, complete pre-test to determine skill level	Began: 2000 Why: For company to remain competitive by addressing limited communication skills of employees
Providian Financial	Dependent Care Flexible Spending Account with Company Match	Dependent Care	Dollar-for-dollar match of employee contributions to Dependent Care Flexible Spending Account – maximum of \$2000 employer contribution	All benefits-eligible employees, at company for at least 3 months	Began: 1998 Why: To assist working parents with the costs of child care
The TJX Companies, Inc.	TJXtra!	Financial Assistance	Information intended to raise awareness among "income-eligible" employees about available government benefits – packaged in central location at each store or distribution center	All employees	Began: 2002 Why: To support workers who had been on welfare by educating them about public assistance programs
Wachovia Corporation	Flexible Work Options	Scheduling/ Leaves	Different types of flexible work options: job sharing, flextime, compressed work week, reduced work schedule, phase-in after leave, alternative workplace	All employees can apply – must be performing at acceptable levels, not on probation, receive manager and supervisor approval	Began: 1996 Why: To address recruitment, retention, and turnover issues

Obstacles	Benefits	Recommendations	Contact Information
<ol style="list-style-type: none"> 1. Getting union approval 2. Communicating information about new program to employees 	<ol style="list-style-type: none"> 1. Better integration of the work and home lives of employees 2. Scheduling flexibility 	<ol style="list-style-type: none"> 1. Engage employees 2. Require accountability 3. Consider a trial period 	Charsetta Henderson cmhenderson@kraft.com 847-646-8928
No known obstacles	<ol style="list-style-type: none"> 1. Employees – provides financial safety net 2. Company – cultivates a sense of community 	<ol style="list-style-type: none"> 1. Establish and communicate clear criteria for the types of financial circumstances covered 2. Educate supervisors and plant managers about the program 3. Consider other initiatives to help employees manage money effectively 	Ann Ure aure@levi.com 415-501-6362
<ol style="list-style-type: none"> 1. Financial constraints due to downturn after 9/11 2. Communicating the benefits of the program to employees and managers 	<ol style="list-style-type: none"> 1. Builds employee confidence in their language abilities on the job 2. Helps employees' relationships with their managers and co-workers 	<ol style="list-style-type: none"> 1. Identify language skills of employees in order to teach those with comparable language skills in the same class 2. Communicate the purpose of the program and its potential benefits to managers 3. Distribute materials about the program in a variety of languages 	Nina Madoo nina.madoo@marriott.com 301-380-7846
<ol style="list-style-type: none"> 1. Helping employees understand how a Dependent Care FSA works 	<ol style="list-style-type: none"> 1. Greater mutual commitment between organization and workers 2. Workers are better able to handle dependent care expenses 3. Company benefits from tax breaks as a result of offering plan 	No specific recommendations, but other organizations should consider developing because program: <ol style="list-style-type: none"> 1. is easy to administer 2. benefits employees 	Kathy Bogle-Shields Kathy_Bogle-Shields@providian.com 603-225-1000, ext. 8203
<ol style="list-style-type: none"> 1. Developing the administrative capacities of the program 2. Creating a generic program that would work in different stores and distribution centers 	<ol style="list-style-type: none"> 1. Helps associates, family members, and friends get information about programs for which they are entitled 2. Serves as a motivator for associates because it shows them that the company cares 3. Helps with employee retention rates 	<ol style="list-style-type: none"> 1. Make as many contacts as possible – talk to people in the community who know about government programs that might be useful for “income-eligible” employees 	Patrick Flavin Patrick_Flavin@tjx.com 508-390-3639
<ol style="list-style-type: none"> 1. Rolling out the program so that it was not too overwhelming, confusing, or costly 	<ol style="list-style-type: none"> 1. Easier to recruit and retain employees, fill entry-level positions 2. Employees better able to align work with personal and family lives 	<ol style="list-style-type: none"> 1. Examine work situation from multiple perspectives 2. Involve all team members 3. Encourage employees to be flexible and to develop back-up plans 	Ingrid Shelton Ingrid.Shelton@wachovia.com 704-383-1610

SUMMARY OF FINDINGS

What employees were allowed to participate in the programs?

- Most – open to all full-time employees in good standing
- Some – restricted to hourly employees or to employees earning under a specific wage
- Others – not restricted, but mainly used by lower wage employees

How long had the programs been in existence?

- Range of years that programs and policies had been in existence
- Most – started between 1998 and 2002
- Earliest – 1981; Levi-Strauss – Red Tab Foundation offers emergency grants and loans
- Latest – early 2003; Kraft Foods – Fast Adapts program offers flexibility options

Why did the companies start the programs?

Variety of business reasons for starting the initiatives:

- Most frequently listed reason – to attract and retain “best and brightest”
- Training programs developed to help employees do their jobs better – benefiting the organization and the employee
- Other business reasons included tax benefits for the organization and a reduction in absenteeism
- All companies – goal is to have employees who are able to come to work and focus on their jobs, are satisfied with their jobs, and who want to continue to work at the company

What obstacles did organizations face in developing the programs?

There were three main obstacles noted by the companies when they were starting the programs:

- Manager support – supervisors are sometimes reluctant to have employees participate in a new program or policy without knowing its exact impact
- Financial issues – either related to funds needed to begin the program or problems related to a weaker economy
- Communications – informing employees and managers about the details of the new program or policy was another common obstacle

How were these obstacles overcome?

- Pilot programs were sometimes used to convince managers in other departments that the initiative was not disruptive to the business and that it could achieve its intended results
- Creative funding options helped to ‘jump start’ new programs or policies – such as using a previously untapped budget as a source of revenue
- Multiple existing communications channels were very useful to ‘get the word out’ about new programs and policies

What systems were used to track and evaluate the programs?

- Nearly all of the programs had tracking systems to determine utilization rates and to collect specific information about the participants
 - Tracking systems varied and depended on the nature of the program or policy
 - Data were either collected centrally or by business unit
 - Frequency of data collection depended on how often the program was offered
- About half of the organizations conducted formal evaluations, including participant surveys and meetings among program administrators

What were the benefits for the organizations and the participants?

- Creates a “win-win” situation for organizations and employees – especially when training programs teach skills that can immediately be used on the job
- Develops a more confident workforce – directly benefiting the success of the business
- Sends a message that the company cares – resulting in a more loyal workforce and increasing retention of valuable employees

What recommendations did the organizations have for others who might want to start similar programs?

- Key recommendation – communicate the details of the program or policy to managers and employees
 - Managers – need to understand the business case
 - Employees – need to feel that they can use the benefit without being penalized
- Benchmark with others who have similar programs or policies
- For programs that involve external relationships, establish as many community contacts as possible and wait to implement the program until these relationships are in place

LESSONS LEARNED

- 1. There are a variety of programs and policies that can be offered to hourly and lower wage employees to enhance their employment options and to support the integration between their work and home lives.**

While the programs and policies highlighted in this report are not an exhaustive list of the benefits that can be offered, they were chosen because they represent different types of efforts for hourly and lower wage employees. For additional examples, the reader is directed to a paper published by the Families and Work Institute entitled “Promising Practices: How Employers Improve their Bottom Lines by Addressing the Needs of Lower-Wage Workers” (2003).

- 2. Some of the programs and policies that benefit hourly and lower wage employees are inexpensive – or may produce cost savings so that they pay for themselves.**

While the definition of expensive will depend somewhat on the size and fiscal viability of the organization, several of the programs and policies highlighted in this study did not require substantial costs. Others may create tax breaks for the company that can help to pay for the program.

- 3. Organizations may develop special programs or policies for their lower wage employees, extend their other benefits to these workers, or have programs that are mainly used by this group of employees.**

Although some companies had programs that were restricted to employees below a specific income level, most were either primarily used by lower wage employees or were available to all employees (in contrast to other companies where these benefits were not offered to their lowest paid workers).

- 4. The look and feel of the programs and policies that most benefit lower wage employees are often quite similar to the other benefits offered by organizations.**

This was true both in terms of their reasons for developing the programs and the obstacles to their implementation. Many of the programs were developed as the result of one individual’s persistence, and the main obstacles were financial resources and convincing managers that participation would result in increased productivity and the overall success of the organization.

- 5. Communication is one of the keys to success for benefits directed at lower wage employees.**

In order for new programs or policies to succeed, it was necessary to communicate the details of the initiative to managers and employees throughout the company. Often, organizations used existing communication channels to ‘get the word out,’ such as regular newsletters, company websites, and existing meetings or forums.

6. Participants know that the programs for lower wage employees more than pay for themselves in terms of attraction, retention, and having a more loyal workforce.

Despite this lack of ROI data, the company representatives who described the programs were quite outspoken about their positive impacts – giving examples of employees who came to the company because of the program or who stayed at the organization due to their participation. The knowledge that employees felt better about the company and worked harder as a result of the program was enough for them to successfully advocate for its continuation.

7. Lower wage employees who used the program or policy were very enthusiastic about their participation and about the organization.

Employees who had used the program or policy were very excited about their participation and looked forward to continuing to use the benefit. In some cases, their description of the program approached disbelief that the company offered the benefit to hourly and lower wage employees.

8. In general, companies lack information about how their hourly and lower wage employees feel about their organizations.

While some of the organizations in the study routinely collected information through company surveys, they did not usually analyze these data according to wage categories.

This study examined the details of model programs and policies for hourly and lower wage employees. Based on the data provided by company representatives as well as interviews with employee participants and managers who supervise these employees, we have little doubt that the programs and policies identified in this study are having very positive results – both for the organizations and the employees. As a result, other companies may want to explore the possibility of developing and implementing similar benefits for their own employees.