

BOSTON COLLEGE CENTER FOR WORK & FAMILY
CARROLL SCHOOL OF MANAGEMENT



Increasing the Visibility of the Invisible Workforce

Model Programs and Policies for Hourly and Lower Wage Employees

FINAL REPORT

Sponsor:



CORPORATE VOICES
for WORKING FAMILIES

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Finally, we would like to thank the employees and managers who spent time telling us about the model programs and policies highlighted in this study. While they may not understand the importance of telling us their stories, it is this information that will enable other organizations to develop similar programs. In addition, describing their experiences will give hope to hourly and lower wage employees in other companies who are struggling on a daily basis to be productive workers, responsible family members, and contributing members of society. We are very appreciative of the time they took from their daily schedules to provide us with their perspectives of the model programs and policies highlighted in this report.

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On a sunny spring day a couple of months ago, Bob S. and Bill H. were traveling from their homes to the workplace when each experienced a similar difficulty – a blown tire. While Bob S. called his automobile association who arrived and installed his spare tire, Bill H. left the car on the side of the road and walked the remaining three miles to work (since he had long ago used his spare as a regular tire and couldn't afford to replace it). During his lunch hour, Bob S. drove to a local tire store and had the tire replaced – grumbling as he paid for it with his credit card. In contrast, Bill H. made a quick call during a break to a friend with a truck, and arranged to have his car towed back to his place of residence. During the next six weeks, he set aside a small portion of his paycheck in order to save for a new tire, even though the money was supposed to be going towards new summer clothes for his children.

For the six weeks that he is saving to buy a new tire, Bill takes the local public transportation system to work. Due to the location of his home, he must walk to a bus stop, take one bus before transferring to a second one, and then take a subway to his workplace. Although the transportation system isn't bad for a city of its size, he often arrives from 15-30 minutes after his usual starting time – causing his supervisor to wonder about his commitment to the job and to re-consider the promotion he had been planning for him.

In the scenario above, Bob and Bill appear to be in very similar situations. Each has been employed by the company for over five years, is married, has young children, and lives about the same distance from the company. However, while Bob is in a professional, salaried position, Bill is an hourly employee who is near the bottom of the pay scale in the company. While a seemingly innocuous incident such as a blown tire is easily handled by Bob the same day it occurs, for Bill the incident results in a complete change in how he gets to work, being late to work on several occasions, and re-consideration of a valued promotion.

INTRODUCTION

While they are sometimes referred to as “the invisible workforce,” hourly and lower wage employees are very often the cogs that turn the wheels of success for companies. The term “invisible workers” refers to those employees who perform their jobs everyday – with little or no recognition from customers, yet who are critical to the success of the business. In many organizations, these are the employees who have direct contact with the customers or products – and can greatly affect consumer loyalty that is related to success.

Often under-valued and overlooked, employees earning less than \$15,000 annually are estimated to make up nearly one-third (32%) of American workers today, with an additional 20% in the \$15,000 – 25,000 earnings category (Carnevale and Rose, 2001). When ideas are discussed about how to attract and retain the best employees as a means of reaching business goals and benefits are developed to work towards these goals, hourly and lower wage employees are usually in line behind higher-paid, technical and professional employees who are perceived to be at the core of the business. While no one would debate the importance of employees who are higher up in the company, the value of hourly and lower wage employees in many organizations seems to be underestimated.

Definition of Lower Wage

Researchers have not agreed upon one definition of “lower-wage” or “low-wage.” In a recent paper published by the Families and Work Institute (Bond, 2003), for analysis purposes a low wage was defined as an hourly earning of \$8.96 per hour (in inflation-adjusted 2002 dollars). For someone who is paid for a 40-hour work week, this is the equivalent of \$18,637 per year (or slightly more in 2003 dollars). However, since hourly wages vary greatly according to geographic region, industry, position, and other factors, in this study we did not limit organizations to programs and policies that are only offered to employees who earn under a specified income level.

Rather, the companies in the study were asked to identify a program or policy that they felt most benefited their employees in the bottom 25% of the pay scale at their organization. We feel that this broader definition is more useful in focusing on benefits that support employees making the lowest wages, without limiting these programs and policies to those intended for workers earning a specific income. Using this guideline, the bottom 25% of employees in companies that reported hourly wages earned an average of \$8.71 per hour (or \$18,125 per year) – very similar to the annual wages reported in the FWI study noted above.

This report presents the findings from a study that identified model programs and policies for hourly and lower wage workers in 15 different organizations – companies that have recognized the value of these employees and who are working to make “invisible workers visible.” The programs and policies described in this report are intentional efforts to reward the contributions of hourly and lower wage employees to the overall success of the organization. These programs represent a variety of resources that can be categorized into three different types of efforts:

- Those that have been specifically developed for, and that are restricted to, lower wage employees only,
- Those that while available to all employees, are mainly utilized by lower wage employees, and
- Those that are utilized by employees of all income levels, but are included because they are generally not available to hourly and lower wage employees in other companies.

The information presented in this report should be enlightening for anyone who is interested in examples of what companies are doing for their lower wage employees, and should be especially useful for two separate audiences. First, the data should be valuable for corporate decision-makers in other organizations who are either thinking about how they can develop programs and policies for their hourly and lower wage employees or who have decided to initiate new programs but would like more information about the best ways to develop these programs.

Second, government policymakers can use the information collected as part of this study to learn more about what some progressive organizations are doing for their hourly and lower wage employees. They can also use the descriptions to determine how government policies can supplement these types of programs or could provide for other needs in the lives of these employees.

In addition to the full report, the information from this study is summarized in corporate and government briefings.

Organization of the report

This paper will consist of the following sections:

- Introduction – why it is important to study hourly and lower wage employees, their value to organizations, and issues faced by this group of employees in attempting to integrate their work and non-work responsibilities
- Methodology – how the organizations were chosen for the study, a description of the companies, and information about the programs that were identified by the organizations as being especially useful to lower wage employees
- Programs – case studies of the 15 organizations in the study, organized according to five different types of programs and policies: Dependent Care, Employee Development, Financial Assistance, Financial Incentives, and Scheduling/Leaves
- Program Comparisons – similarities and differences between the programs, including history, obstacles and how they were overcome, tracking/evaluation, benefits, and recommendations for other organizations
- Other Programs and Policies – in addition to the model program or policy highlighted, other benefits offered by the organizations in the study to their hourly and lower wage employees
- Lessons Learned – what we can learn from the companies highlighted in this report about how to develop programs and policies aimed at hourly and lower wage employees

Why study hourly and lower wage employees?

While hourly and lower wage employees are an integral part of many organizations, very 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. As earlier noted, while there is not a standard definition of what is considered ‘lower wage,’ the percentage of employees in the lower wage brackets is substantial – with the majority of Americans (52%) earning less than \$25,000 in 1998 (Carnevale and Rose, 2001). In terms of households, nearly one out of every six non-elderly Americans lives in a family with an income below twice that of the federal poverty level (Acs et al., 2001). Thus, issues for hourly and lower wage employees are pertinent to many companies in the United States.

As a group, lower wage employees are less likely to be married (and therefore are less apt to have a second earner in the household), are not as educated, have jobs that are less stable and that do not offer comprehensive benefits, and are more likely to work non-standard hours (Acs et. al., 2001). One of the most significant differences between lower and higher income families is the presence of children. While more than 80% of lower income families have children, this is true for just under two-thirds of other families (Acs et al., 2001). In addition, lower income families typically have more children, with higher incidences of chronic illness and learning disabilities – further exacerbating their financial difficulties (Dodson, Manuel and Bravo, 2002).

Lower wage employees generally face more severe work/life conflicts (both financial and emotional) than their higher income counterparts (Dodson, Manuel and Bravo, 2002). Researchers who have documented the insurmountable obstacles facing lower wage workers note that while these individuals are often hard-working and are devoted to their families, they are typically short on time and resources. These authors have recognized the dilemma of lower wage workers as one where these individuals are increasingly “playing by the rules, but are losing the game” (Acs, Phillips and McKenzie, 2001; Dodson, Manuel and Bravo, 2002; Mulligan-Hansel and Norman, 2001).

In addition to their current job situations where they earn lower wages, many of these employees feel ‘stuck’ in lower-paying jobs with little prospect for advancement (Carnevale and Rose, 2001). The most decisive factor in determining job earnings and job advancement is educational attainment. However, in this area lower wage workers are stuck in a difficult ‘Catch-22’ – not having the training to apply for the higher-paying jobs that are more apt to offer additional training. Thus, many lower wage employees have few prospects for advancing in their careers or getting higher paying jobs in the future (Osterman, 2001).

At the same time that hourly and lower wage workers may feel that the future looks bleak, there are several business reasons for employers to support these employees in their work and non-work responsibilities. First, many of the available jobs are positions for hourly and lower wage employees. In fact, nearly 39% of jobs that were available to employees in 1998 were hourly or lower wage positions, a trend that is expected to continue until at least 2008. In addition, it is predicted that lower wage positions will account for 43% of new jobs during this ten-year period. Moreover, lower wage occupations are among the fastest growing job categories, accounting for 16 of the 30 fastest growing jobs (Osterman, 2001). Thus, it appears that organizations will be dealing with the work/life issues of more (not fewer) hourly and lower wage employees in the future.

Another trend that is already having an impact on the lives of lower wage employees is an increase in the number of work hours, fueled in part by the presence of the global economy (Dones and Firestein, 2002). For example, average work hours have increased by nearly a full week since 1990, from 1,942 hours to 1,978 hours (EOI, 2002). While these increases are difficult for all employees, they can be even more stressful for lower wage employees who may work second jobs or count on strict schedules to handle dependent care (for example, when couples work opposite shifts to care for their children).

In response to the changes in the work environment and the dilemmas faced by employees in attempting to integrate their work and home lives, strong work/life programs and policies have become an important way for companies to attract and retain good employees (IMPACT, 2003). Yet these programs and policies are not always available to hourly and lower wage employees. The companies highlighted in this report have either developed new programs for this group of employees or

have made sure that their programs and policies are available to all employees. Identifying and highlighting these benefits can go a long way towards the development of similar programs and policies in other organizations.

Value of hourly and lower wage employees to organizations

In many organizations, hourly and lower wage employees represent the ‘face’ of the company – serving as the direct line of interaction with the customer, consumer, or the goods that are being manufactured. Thus, customer loyalty that is so important for the success of the business can be directly impacted by having competent, satisfied employees interacting with the customers.

While some companies have taken the stance that hourly and lower wage employees are easier to replace and cost less to train than other employees in the organization, this attitude works against increased company loyalty among hourly and lower wage employees. Organizations with this philosophy have made fewer efforts to support this group of employees; however, for several reasons this approach may not be in the best interests of the company.

Second, most of the physical labor to produce, package, and deliver goods and services is provided by hourly and lower wage employees. Providing programs to train these workers and to support their work/life needs can only help to increase productivity and the quality of the products being manufactured or the services being delivered.

The value of hourly and lower wage employees to many organizations is only expected to increase in the future. Demographic changes in the United States workforce mean that traditional sources of qualified personnel are less likely to provide an adequate number of skilled entry-level workers (JFF, 2003). In order to stay competitive in an increasingly global economy, employers will need to hire, train, and retain entry-level personnel.

Devoting company energy and resources to training lower wage employees and addressing their work/life conflicts can reduce staff turnover and increase employee commitment to the organization. In addition, these programs can boost productivity by reducing employee absences stemming from illness, child care problems, transportation difficulties, and other issues (HRM Guide, 2003).

While not always recognized as such, 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. In contrast, failure to do so can have devastating and long-term effects – even threatening the survival of the organization.

Issues faced by hourly and lower wage employees

Lower wage employees face significant challenges in the workforce, ones that are magnified by factors such as financial circumstances, child care pressures, and work hours. As mentioned above, work/family conflicts are some of the most pressing issues faced by lower wage workers. For instance, the financial burdens faced by lower wage employees when starting a job can be particularly burdensome, including expenses related to new clothes, transportation, and child care (Rangarajan, 2001).

Due to their marginalized status in the economy, these individuals have to deal with more intense social pressures and often lack the education, skills, training, and on-the-job supports to deal with these competing work and family demands. For example, a 2001 survey by Osterman found that less than 5% of firms offered any form of training for lower wage employees, although close to 40% felt that there was a real need for this type of training. Furthermore, for workers transitioning from welfare to work, there is often a real difference between anticipated and actual work experience (Rangarajan, 2001).

In addition to difficulties with work/life conflicts, lower wage employees may also have fewer interpersonal skills and as a result, may be ill-equipped to handle on-the-job conflicts. These problems may make it more difficult for these employees to keep jobs for extended periods of time, further complicating their lower income status. In one study, 86% of higher wage employees reported having been at their jobs for more than one year – versus 69% of lower wage workers (Acs et al., 2001).

Lower wage employees may also face difficulties in talking to and receiving empathy from their supervisors, who may or may not have been through the challenges that accompany working in lower wage positions. Even managers who began their careers in these types of jobs may have forgotten the daily issues they faced with fewer financial resources – especially if they have been working for a substantial period of time at a higher paid position. Therefore, it is important that managers receive training about the work/life issues of lower wage employees and that assistance is incorporated into the cultural norms of the organization so that employees are not stigmatized when they ask for help.

Lower wage employees face many of the same issues as their higher wage counterparts: food, clothing, housing, transportation, dependent care, and opportunities for new and better jobs. However, due to reduced financial resources they have many fewer options and more sources of conflict such as working a second job or depending on others for help with child care, elder care, transportation, or other needs.

Organizations can go a long way towards ensuring a productive and committed workforce by listening and responding to the needs of all their employees – including their hourly and lower wage workers who can be so vital to the success of the business. In one way or another, all of the companies in this study have done this and are reaping the rewards of providing model programs and policies for their hourly and lower wage employees.

METHODOLOGY

How companies were chosen

1. The potential pool of organizations was identified by Corporate Voices for Working Families (one of the sponsors of the study), the Boston College Center for Work & Family (through its national and regional work and family associations), and by conducting a literature search of companies known for promoting programs and policies for their hourly and lower wage employees.
2. Companies were selected using a quota sample based on the following criteria: type of business, geographic location, program type, program availability, and consent to participate.
3. In order to describe as wide a range of programs and policies for hourly and lower wage employees as possible, efforts were made to include a cross-section of organizations based on these selection criteria.

How data were collected

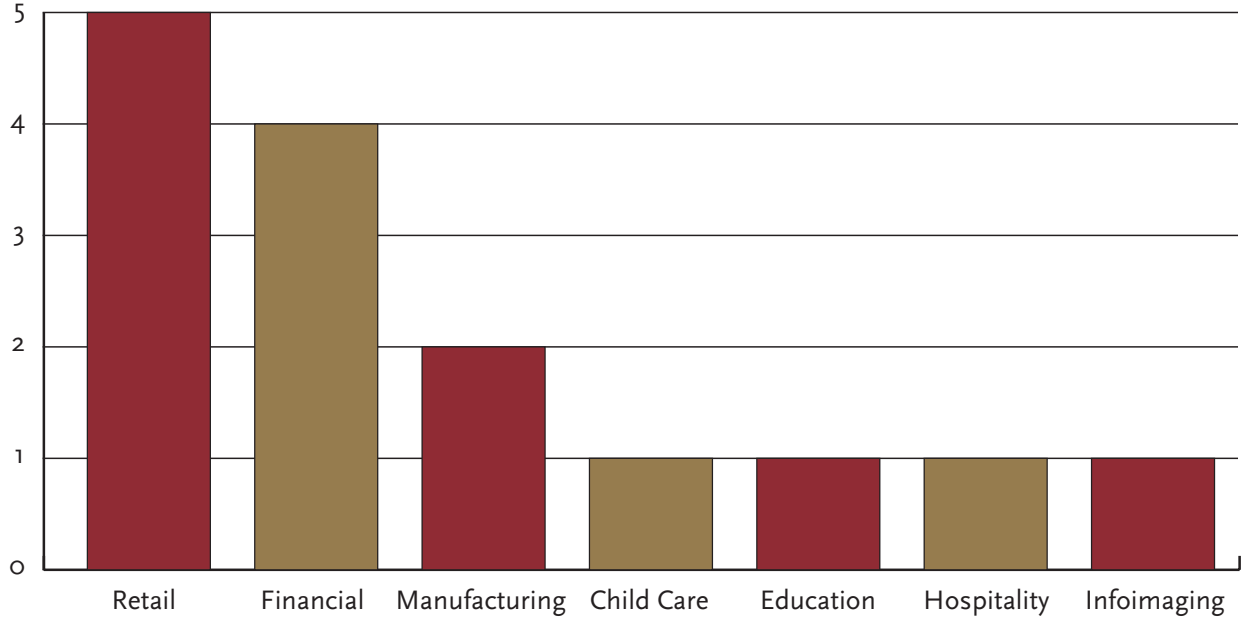
1. Researchers worked with participating organizations to identify the most appropriate program to be highlighted. Companies were asked to identify programs or policies that benefited employees in the bottom 25% of the pay scale at their organization, were not pilot programs, and had been in existence for at least one year. With a few exceptions, the programs in the study met all of these criteria.
2. If the organization had written materials about the program or policy, these were obtained before the interviews were conducted.
3. Interviews were conducted with appropriate HR personnel – either the initial contact person or someone with sufficient knowledge of the program or policy to answer the interview questions.
4. In about half of the participating companies, additional interviews were conducted with managers supervising employees using the programs and with employees who had participated in the programs.

Description of organizations

Type of Business

As Figure 1 indicates, there were a range of businesses among the organizations that participated in the study, with the greatest number of companies from the retail sector, followed by financial institutions.

Figure 1. Types of Businesses Represented by Organizations in the Study



Geographic Location

Similarly, the organizations in the study were located in different regions of the country. Of the fifteen participating companies, the majority had headquarters located in the Northeast (7), followed by the South (4), West (3), and Midwest (1).

Table 1 lists the companies in the study, along with their business type and the location of their headquarters.

Table 1. List of Participating Organizations

Company	Type of Business	Location of Headquarters
Bank of America	Financial	Charlotte, NC
Bright Horizons	Child Care	Watertown, MA
CVS/pharmacy	Retail	Woonsocket, RI
Eastman Kodak	Infoimaging	Rochester, NY
Eddie Bauer	Retail	Seattle, WA
FleetBoston Financial	Financial	Boston, MA
Harvard University	Education	Cambridge, MA
H-E-B Grocery Company	Retail	San Antonio, TX
Home Depot	Retail	Atlanta, GA
Kraft Foods	Manufacturing	Northfield, IL
Levi Strauss & Co.	Manufacturing	San Francisco, CA
Marriott International	Hospitality	Washington, D.C.
Providian Financial	Financial	San Francisco, CA
The TJX Companies, Inc.	Retail	Framingham, MA
Wachovia Corporation	Financial	Charlotte, NC

Description of programs

In addition to a range of businesses and geographic locations represented in the study, there was also a variety of programs and policies provided by the participant organizations. It should be noted that while the researchers discussed the possible programs or policies to be highlighted with the participating companies, the final decision was made by the organizational representative. Thus, the programs represent those that were self-selected by the organizations because they were deemed to be particularly useful for their hourly or lower wage employees.

Programs and Availability to Lower Wage Employees

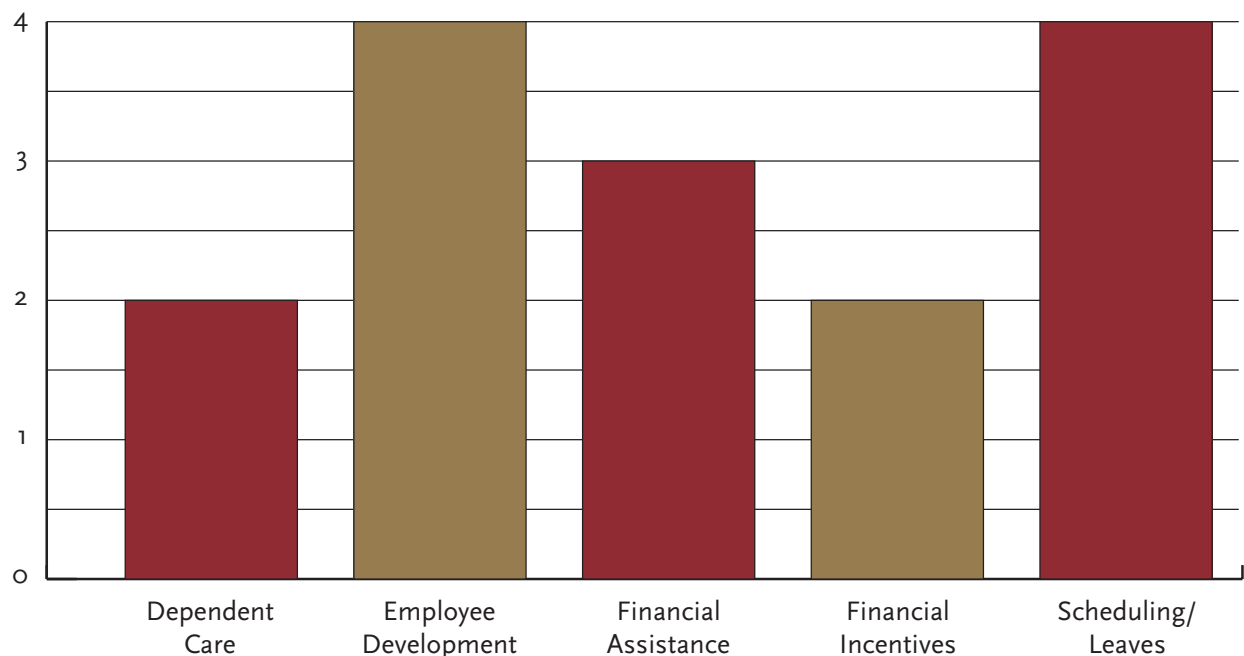
Interestingly, when asked to identify the program or policy that most benefited this group of employees, only four of the employers in the study highlighted a benefit that was only available to their lower wage employees. Rather, they were more likely to highlight a program that was either available to all employees but was mainly used by lower wage employees (six programs), or one that was used by employees of different wage levels but that is not usually available to hourly and lower wage employees (five programs).

Types of Programs and Policies

In working with the organizations in the study, efforts were made to represent a cross-section of different types of programs and policies that assist hourly and lower wage employees. Many of the needs of this group of employees are addressed by the programs in the study, including work schedules and being able to take time-off, initiatives related to financial matters, ways to obtain skills that can help on and off the job, and assistance with dependent care. One type of program that was not highlighted by the organizations in this study was transportation assistance, although this is often an area of need for lower wage employees and should be considered by others who are developing programs for this group of employees.

Although there are different ways that the programs and policies in this study could be conceptualized, five categories were developed to describe the benefits provided by the participating organizations: dependent care, employee development, financial assistance, financial incentives, and scheduling/leaves. Figure 3 depicts the number of organizations providing programs or policies in each of the five types.

Figure 2. Number of Organizations Offering Each Program Type



PROGRAMS – CASE STUDIES

THE BUSINESS CASE

As a result of offering the programs and policies described in this report, the company representatives reported several distinct benefits for the business. First, there was a positive impact on attraction and retention of employees. For example, representatives at Wachovia Corporation noted that it has become easier to fill their entry-level positions since they began a program of flexible work options. Likewise, an employee survey at Bank of America indicated that employees who used their Child Care Plus program were twice as likely to stay with the company as parents who did not utilize the program.

A second benefit for the companies that offer these programs and policies was increased worker productivity – either due to feeling good about the organization and wanting to work harder, or because the program helped them to focus on their jobs since they were better able to integrate their work and home lives. In addition, the “ripple effect” of offering these programs and policies should not be underestimated. For example, the enthusiasm of program participants about the organization often spreads to co-workers – even if they aren’t using the program or policy. Employees who use a program or policy may also recruit others outside the company (e.g., relatives or friends) to work for the organization.

Another benefit experienced by companies as a result of offering certain programs (specifically, those related to training) is having more competent employees who not only excel in their current positions but may also apply for other job opportunities within the organization. These employees then offer improved customer service which results in greater consumer loyalty and immeasurable new “word of mouth” customers who purchase goods and services based on others’ recommendations.

Finally, businesses derive direct benefits from decreased absenteeism related to programs and policies that assist employees with the integration between their work and home lives. For example, programs that help workers hire quality child care or that assist them with emergency loans result in employees who are present in the workplace for a greater number of days and who can better focus on their jobs. In turn, this also results in improved productivity.

As noted in the individual case studies, the company representatives with whom we spoke were very enthusiastic about the programs and policies that were highlighted. They felt that the initiatives they identified were important to the success of the business and while they might not have collected information that would allow them to conduct exact cost-benefit analyses, they knew from anecdotal data and from their experiences at the organization that the program or policy being offered was having a substantial positive impact on the company’s success.

Other organizations and researchers have begun to demonstrate the benefits to the employer of offering specific programs and policies to employees, including reduced absenteeism, improved recruitment and retention, and increased productivity – benefits that are summarized in an excellent article entitled “The Business Case for Work-Life Balance” (HRDC, 2003a). It is possible that in the future the organizations in this study will begin to utilize more of these techniques to demonstrate the business case of these model programs and policies.

THE PROGRAMS AND POLICIES

In the following sections, we provide background information about several of the major challenges facing lower income workers. We also present company best practices that respond to these challenges in the five areas mentioned above: dependent care, employee development, financial assistance, financial incentives, and scheduling/leaves.

The programs and policies described below are only 15 examples of best practices intended to help hourly and lower wage employees, and are by no means a comprehensive list of benefits that assist this group of employees with their work/life integration. However, these programs provide an idea of the range of benefits that can assist hourly and lower wage employees and ultimately have a positive impact on the success of businesses. Combined with the programs and policies highlighted in the paper “Promising Practices” (Kim, Lopez, and Bond, 2003) published by the Families and Work Institute, the reader will have a fairly representative list of best practices offered by organizations to their lower wage employees.

The next four pages present a summary of information about the programs and policies highlighted by the organizations in this study. In addition, descriptions of the initiatives can be found in the Appendix.

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

DEPENDENT CARE

The two most commonly provided forms of dependent care are child care and elder care (in addition to a smaller percentage of adult dependents requiring assistance). Both have enormous financial and emotional costs for lower wage workers, particularly those who hold jobs that do not offer benefits and require them to work non-traditional schedules. Work/family conflicts surrounding dependent care can be especially problematic for female employees who comprise a substantial portion of those working non-standard hours. In this section, we explore the costs of traditional child care and elder care for lower wage employees.

Child Care

The costs of child care are substantial for all working Americans. On average, employees in the United States pay close to 80% of child care costs out of pocket compared to European workers who pay virtually nothing for pre-school age children (3-5 years old) and just 25% of costs for children under two (Dones and Firestein, 2002). For lower wage employees, child care costs and concerns are even more magnified due to fewer financial resources.

While some efforts have been made to help alleviate the financial strains of child care through programs such as the federally-funded Child Care and Development Fund (Dodson, Manuel and Bravo, 2002), a substantial percentage of lower wage employees still face considerable burdens in attempting to provide care for their children. For example, one source estimates the typical cost of a year of child care for one child at \$7,000, or a significant percentage of a minimum wage worker's annual income (Dones and Firestein, 2002). Thus, for many lower wage employees paying for child care is simply not an option.

There are also concerns about the quality of child care available to working parents. For example, one survey of child care centers revealed that one in eight centers provided care that was so inadequate as to threaten the health of young children (Dones and Firestein, 2002). Concerns about the quality of care are not likely to vanish, since the demand for child care continues to increase at the same time that there is a shortage of qualified child care workers. For instance, in 1999 more than 50% of children aged birth to three received some form of child care outside of their parents (AFL-CIO Working Women's Department, 2001a). These concerns are especially relevant for those with the fewest resources to pay for child care – lower wage employees.

The issue of child care is further complicated by the schedules of many lower wage workers; of the more than 14 million full-time workers who work hours outside of the standard workday (i.e., 9 to 5), close to one-half are mothers (AFL-CIO Working Women's Department, 2001a). The number of working mothers with children under 3 years old is also increasing – up 7% from 1990 to 1999 (AFL-CIO Working Women's Department, 2001a).

In addition to the care of younger children, finding care for school-aged children during vacation periods or snow days can be particularly problematic, often creating a choice for working parents of either sacrificing work for family obligations or leaving children under the care of their older siblings. There are also increased instances of children being left home alone; for example, a post-welfare study in Arizona found that 65% of children aged 6-12 were left home with no child care provision, not even informal care by relatives or neighbors (Dodson, Manuel and Bravo, 2002). Lower wage workers are also less likely to have a set child care routine but have arrangements that fluctuate on a daily basis – a

phenomenon that Dodson et al. (2002) termed “patchwork childcare.” These authors noted that this instability in child care can lead to heightened anxiety surrounding the balance of work and family.

Elder Care

Many lower wage employees, primarily female workers – as caregivers and part of the “sandwich” generation in which women are having children later and parents are living longer – have the dual concern of not only child care but elder care as well. Elder care comprises a range of activities from physical care to emotional care to providing transportation for elderly relatives and friends. The number of individuals providing care to older individuals has tripled in the last 15 years, from just 8% in 1987 to nearly one quarter of United States households providing informal care for an adult relative or friend over age 50 (AFL-CIO Working Women’s Department, 2001b; EOI, 2002).

Nearly three-quarters of caregivers are women, two-thirds of whom work in addition to providing elder care services (AFL-CIO Working Women’s Department, 2001b). Therefore, many women are devoting a substantial amount of time to helping older friends or relatives, since elder care provision may take more than eight hours per week, depending on the daily needs of the elderly adult.

Balancing elder care and work can prove especially problematic for lower wage employees. Workers often must use sick time or vacation days and either arrive late to work or leave work early in order to attend to elder care crises (AFL-CIO Working Women’s Department, 2001b). For lower wage workers who have little or no job flexibility, these types of adjustments to the work schedule can be job-threatening and can create enormous stress and strain on the employee – both at the workplace and at home.

Dependent Care - Case Studies

Two companies in this study are good examples of how organizations can assist lower wage employees with their dependent care needs – allowing them to work and remain in their jobs over a long period of time. While these companies use two different mechanisms to provide dependent care assistance, the result is an enlargement of the pool of potential employees who can contribute to the success of the organizations. One company (Bank of America) reimburses a portion of child care costs for its employees who are income-eligible (annual wages under a specified amount).

The other organization (Providian Financial) matches employees’ dollars contributed to a pre-tax spending plan called the Dependent Care Flexible Spending Account – so that employees can benefit from the program while not having to provide the entire amount from their own pockets. Most employees use this program to help with child care costs; however, it should be noted that the funds contributed to the account can be used for other dependent care costs – such as elder care. While there are certain tax benefits to the company by having employees contribute pre-tax dollars to a Flexible Spending Account, it is unusual for an organization to turn these savings back to the employees in the form of a company match.

Bank of America: Child Care Plus

Company

Bank of America, one of the world’s leading financial services companies, provides a variety of ways for people, organizations, and institutions to manage their finances. With 140,000 associates in 4,500 locations throughout the

United States and worldwide, Bank of America prides itself in providing accessible, efficient, error-free financial services of all kinds to its customers. Among the 140,000 associates, 98,000 are classified as non-exempt or hourly workers.

Program

Bank of America recognizes that parenting, including child care is central to the lives of many of their employees. To ease the financial burden often associated with child care, Bank of America offers a program that reimburses associates for the costs incurred for child care. This program, called Child Care Plus, helps associates pay for various forms of child care by reimbursing them a portion of the costs for each child receiving care.

The program operates in the following manner:

1. Parents pay for their child's or children's childcare.
2. Each month, parents submit the necessary form requesting reimbursement for all or some of their child care costs.
3. Monthly reimbursement amounts range according to the age of the child and type of care:
 - a. Under age 5 – informal care = \$100; registered care = \$175
 - b. Ages 5-13 – informal care = \$87; registered care = \$152

Child Care Plus is available to eligible employees throughout the United States. Due to the scope of child care assistance, Bank of America spends 75% of its work/life budget on this initiative.

History

Child Care Plus was begun in 1989 as the result of an employee study that discovered a strong link between absenteeism and child care issues. After considering many different alternatives, Child Care Plus was pilot-tested at Bank of America's call centers. As expected, Child Care Plus reduced employee absenteeism considerably and the program was expanded to Bank of America employees nationwide.

Administering Child Care Plus in an efficient and timely manner has been the most challenging obstacle associated with the implementation of the program. Before employees are deemed eligible to receive reimbursement from Child Care Plus, administrative staff must first establish that employees meet the eligibility criteria, including approval and authorization of the child care provider. Bank of America personnel are currently developing a website to make the administration of this program less cumbersome.

Logistics

Eligibility

In order to be eligible for Child Care Plus, Bank of America employees must:

1. Work either full- or part-time (defined as being eligible for benefits or working at least 20 hours per week);
2. Have a base annual salary of \$34,000 or less and a total annual family income of \$60,000 or less;
3. Need child care in order to work at Bank of America and must be

- responsible for the cost of the child care;
4. Have a child 13 years old or younger with whom they live and are entitled to claim as a dependent on federal tax returns; and
 5. Use a licensed, registered, or informal child care provider.

Communications

Employees find out about Child Care Plus in a variety of ways. During the new associate orientation, employees learn about the total Work/Life benefits package – including Child Care Plus. At that time, employees are given a one-page flyer with a description of the program, its eligibility criteria, and its logistics. Employees can also learn about Child Care Plus by logging onto Bank of America’s internal website and within the Bank’s benefits areas. Additionally, well-informed supervisors or current participants may also be a potential resource to eligible employees about Child Care Plus.

Tracking/Utilization

Bank of America estimates that among the 15,000 associates eligible for Child Care Plus that have applied to use the program, approximately 9,000 employees submit claims and receive reimbursements monthly.

Impact

Evaluation

Striving to make a good program even better, Bank of America surveys Child Care Plus participants about the program on a yearly basis. As a result of this evaluation process, the bank has increased the salary cut-off for eligibility and is in the process of establishing a new, streamlined application and monthly reimbursement process.

Benefits

Bank of America’s commitment to attracting and retaining a top-notch workforce has been the key motivator for establishing and marketing Child Care Plus as part of their Work/Life benefits package. Company research data suggests that the strategy is working. For example, in January 2003, employee survey data indicated that Bank of America parents who used Child Care Plus were twice as likely to stay with the company as parents who were not utilizing the program. Moreover, HR staff report that Child Care Plus has reduced absenteeism and increased productivity because parents are less preoccupied with matters related to child care.

One Bank of America employee, a single mother of a child under age 5, stated: “...this is the best one yet! I could not afford to work without child care. It allows me to work without worries. Each pay period I get reimbursed for my child care.” This employee, who has worked at Bank of America and has used Child Care Plus for over two years, reports that having affordable child care has made her feel more dedicated and committed to Bank of America. In addition, she notes a sense of relief at having her child enrolled in a child care setting approved by Child Care Plus, and that as a result she is rarely distracted at work by child care-related matters.

- Recommendations** If companies want to replicate an initiative comparable to Child Care Plus, three issues should be considered:
1. Carefully determine the reimbursement amount, taking into account the salaries of associates, cost of care in the cities in which the company operates, cost of living, and other factors.
 2. Incorporate before and after school programs into the child care reimbursement initiative.
 3. Carefully select a base annual salary and annual family income eligibility criteria that is regionally sensitive.
- Contact Information** Dianna Byers, Vice President of Work/Life Programs
E-mail: Dianna.m.Byers@bankofamerica.com
Telephone: 704-388-1504

Providian Financial: Dependent Care Flexible Spending Account with Company Match

Company Founded in 1984, Providian Financial Corporation is a diversified consumer lender providing services to over 10 million customers. With subsidiaries that include Providian National Bank, Providian Bank, Providian Credit Corporation and Providian Bancorp Services, Providian Financial is a leading provider of credit cards and deposit products. Headquartered in San Francisco, California, Providian has operation centers in Kentucky, New Hampshire, and Texas. Currently, the company has a workforce of more than 6,000 employees.

Program The Dependent Care Flexible Spending Account with Company Match Program is part of Providian's 125 Cafeteria Benefits Plan. Employees who contribute pre-tax dollars to the Dependent Care Flexible Spending Account are matched dollar for dollar up to \$2,000. Therefore, if employees contribute the maximum as permitted by IRS regulations (\$5,000), they would contribute \$3,000 and Providian would contribute \$2,000 as a match. Funds are contributed and are reimbursed each pay period, and employees must submit evidence of day care services to a third party administrator. After the authenticity of the claim is verified by this person, a reimbursement check is forwarded to the employee.

The funds in this program are used to reimburse eligible dependent care expenses, thereby permitting employees to work who would not otherwise be able to do so.

History The program has been in place for approximately 5 years and was developed as the result of a Human Resources task force that researched various options to assist working parents. Of the different options considered, offering a company match through a Dependent Care Flexible Spending Account (FSA) was deemed to be the most preferable. Not only can employees contribute pre-tax dollars but the company is able to enhance the value of the

benefit by matching a certain percentage of contributions. Although the initial match was \$1,000, this has been increased over the years and is currently set at a maximum of \$2,000.

When it was first initiated, the most significant obstacle to the program was helping employees understand how a Dependent Care FSA works. Through the communications methods listed below, this problem has been overcome.

Logistics

Eligibility

The Program is offered to all benefits-eligible employees – i.e., employees who work a minimum of 30 hours per week and have 3 or more months of service.

The IRS determines what is considered to be an eligible dependent care expense and sets the annual contribution limit (currently \$5,000). Since employees can also claim a Child Tax Credit, they must determine whether it is more advantageous to contribute to the Dependent Care FSA or to claim the Child Tax Credit. For most employees, enrolling in the Dependent Care FSA with Company Match is the more valuable option.

Communications

Since the program is part of Providian's 125 Cafeteria Health and Welfare Plan, it is communicated to employees upon their initial hire and each year during the open enrollment period. In addition, details of the Plan are provided on the company's intranet site and at its various Human Resource Centers across the country.

All employees receive the same information regardless of title or position, and therefore supervisors receive the same materials about the program as the employees they supervise. The Plan is also referenced in various recruiting literature as well as in the company's Summary Plan Description.

Tracking/Utilization

Due to the company match part of the program and IRS regulations, data about the number of employees using the program and the amounts contributed are tracked by the Human Resource department.

Impact

Evaluation

Regular feedback is collected about the program and each year it is benchmarked against other programs offered by Providian's industry peers. In order to ensure that it is utilized by employees with legitimate dependent care expenses, random audits are conducted. No specific return-on-investment data are tabulated per se, although the company knows that the program is a valuable tool in assisting working parents.

Benefits

Providian Financial feels that the Dependent Care Flexible Spending Account with Company Match Program demonstrates to their hourly workers that they truly value their services and want to provide them with tangible supports so that they can join or continue to be part of the workforce.

The program is designed to make working more cost-effective for parents. Both single and dual-parent families can benefit up to an additional \$2,000 to assist with day care and related expenses. The program generates goodwill from employees by demonstrating that they recognize the challenges facing parents today and are serious in supporting their desire to work. In addition, the company receives certain tax-related benefits.

Recommendations

Providian feels that other companies should seriously consider rolling out similar programs, since the program is relatively easy to administer and benefits both employees and the employer.

Contact Information

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Telephone: 603-225-1000, ext. 8203

EMPLOYEE DEVELOPMENT

Employee development programs can encompass a wide variety of initiatives, focusing both on the development of employees' work skills and the provision of social support. These types of programs can be particularly helpful for lower wage employees since, as previously mentioned, the social and personal pressures they deal with both at work and outside work are magnified by the lack of financial resources to pay for formal supports. Two major types of employee development opportunities are Employee Assistance Programs (EAPs) and on-the-job training.

According to the Employee Assistance Program Association, EAPs are “work-site based programs designed to assist in the identification and resolution of productivity problems associated with employees impaired by personal concerns, including, but not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, stress or other personal concerns which may adversely affect employee job performance” (EAPA, 2003). EAPs are typically provided through a third party vendor that specializes in providing personal and confidential services to employees, and are often made available through a toll-free 24-hour hotline (Rangarajan, 2001).

While Employee Assistance Programs will provide counselors for some issues, many EAP representatives act as liaisons between employees and outside sources of support. In addition, specialized EAPs may be developed about particular topics related to the work environment, such as worker safety. EAP costs vary based on the extent to which employee services are utilized (HRDC, 2003). While the employee benefits from the programs provided by the EAP, the organization also benefits since these programs have been credited with reduced costs related to health care and employee well-being, reduced absenteeism among workers, and increased productivity (EAPA, 2003; HRDC, 2003). Employee Assistance Programs may also increase worker morale and loyalty. In addition to EAPs, personal support is sometimes facilitated through site-based mentors that help employees to better understand company culture and practices (Rangarajan, 2001).

Besides programs that provide personal support for employees, employee development is also sometimes focused on enhancing job skills. While employers recognize a need for better skills within the lower wage sector, very few actually make provisions to provide skills training (Osterman, 2001). This type of training is particularly important to employees in the lower-wage sector who typically begin jobs with few ‘soft’ skills, and for immigrant workers, English language skills can be problematic as well. In each instance, a lack of job skills can hurt the worker’s prospects for promotion and can result in difficulties on the job in communicating and resolving conflicts with co-workers.

Job training traditionally takes two forms – internally sponsored employer training or classes outside the organization, at places such as community colleges and night schools. Training offered during work hours is typically the best choice for employees, since off-site and after-hours training is often difficult due to child care obligations, other responsibilities, transportation, or lack of free time outside of work (Rangarajan, 2001). In addition, some employees may not be able to attend training due to second jobs.

On-the-job training is usually more focused on specific skills that employees need to complete their daily work assignments; therefore, while employees benefit from increased expertise and guidance, specific job training may not be translatable across different job types. However, more basic skills such as reading, writing, and language are sometimes developed in employee training programs as

one way to make skills more portable across job positions. These types of programs increase company flexibility in work assignments, allowing lower wage employees from other divisions and departments to ‘fill in’ when emergency coverage is needed.

Employee Development – Case Studies

In this study, four different organizations provided training for their employees – ranging from child care skills to training for pharmacy positions to language and literacy programs. Bright Horizons offers its newly-hired teachers the opportunity to receive training during work hours, free of charge, which leads to a child development associate certificate. This certificate is granted by a national credential organization and is therefore transferable to any child care center where the teacher may choose to work in the future (not just Bright Horizons centers). In addition, the certificate allows the teacher the opportunity to take on new responsibilities at the Center where she or he is employed.

CVS/pharmacy, in coordination with a federally-funded training program, has developed an interesting initiative to train potential employees in a variety of positions. One of the unique aspects of the learning centers where training is conducted is that they contain full-scale CVS stores – without the customers. CVS demonstrates its commitment to training by offering a guaranteed position in one of their stores to every individual who completes the training program.

Two other programs highlighted in this study offer language and literacy skills to their employees. At Harvard University, hourly employees can take one course each semester for at least four semesters, with additional training available in the form of one-on-one tutoring and a resource center with self-guided materials. Marriott International also offers this type of literacy and language training in the form of Work Specific English courses. While one class offers basic communication skills, a second class teaches either restaurant or hospitality terminology depending on the position of the associate.

Bright Horizons: Child Development Associate Training Program

Company

Founded in 1986, Bright Horizons is the world’s leading provider of employer sponsored child care, early education, and work/life solutions. With 480 Family Centers and 400 clients, including eighty-four Fortune 500 companies, Bright Horizons is committed to providing a variety of flexible child care options for companies and working families, including work-site child care and emergency child care. In addition, Bright Horizons has a comprehensive consulting service as well as Horizon’s Design, a facility development service specializing in the design of environments for children. Named as one of Fortune’s “100 Best Companies to Work For,” Bright Horizons is headquartered in Watertown, Massachusetts and has international locations in Canada, the United Kingdom, and Ireland. The total number of employees at Bright Horizons is 14,485, of whom 88.6% are hourly workers.

Program

The Child Development Associate (CDA) Training Program at Bright Horizons is designed to provide associates with the training they need to meet the qualifications for certification through a national credential program – the Council for Professional Recognition in Washington, D.C. These requirements include

receiving 120 hours of training, passing both written and oral exams, and submitting a portfolio. The CDA training program is implemented somewhat differently across the divisions of the company, with the Chicago, Illinois division having the most well developed program. The curriculum has been designed by Bright Horizons to meet their own as well as external specifications and is offered as a full-day course once per week for 17-18 weeks.

History

The Associate Training Program was begun in the Chicago area in 1998. At that time, there was a large concentration of Bright Horizons family centers in the area, but there was a shortage of certified teachers. Without these teachers, the company could not meet the demand for services and they were losing money. Thus, the program was begun in Chicago in an effort to develop qualified teachers, and it continues to be a very strong program at the Bright Horizons centers in that area.

When the Training Program was first offered, all associates were allowed to join the Bright Horizons CDA Training Program but the retention rate was lower than anticipated. This obstacle was overcome by developing a more thorough screening and selection process. As a result of this adjustment, the completion rates have risen from 64% in 1998 to 87% in 2002.

A second obstacle was related to providing coverage when the associates were attending classes. This obstacle has been overcome because Bright Horizons leadership has committed additional staff resources at participating centers. Directors of Bright Horizons centers have now worked back-up coverage into their employee schedules.

Over time, there has been some experimentation with respect to the optimal class length and number of weeks for the training. For example, in the early stages the course was sometimes offered in an accelerated, 8-week format. However, having associates attend classes once a week for approximately a 17-week period seemed to work best for both the associates and the organization.

There have also been some changes in the curriculum. These improvements in the CDA training program not only meet the CDA requirements but serve to better train the associate teachers regarding Bright Horizons policies, procedures, and learning program. Currently, the CDA Training Program has a standardized body of knowledge that is offered, but there is some flexibility with respect to how the content is delivered based on the needs of the individual centers and divisions.

Other obstacles that have been overcome include the value of having consistent instructors, the time commitment on the part of the associates, and the length of the commute for some associates to attend the training courses. In an attempt to support the students and meet the needs of adult learners who are working fulltime at the centers, each participating center now has trained advisors who are assigned to each student to provide support and guidance.

Logistics

Eligibility

The eligibility requirements for participating in the Child Development Associate Training Program vary by geographic location and are based on the needs of the center. For example, if the Center has a fairly stable staff with little turnover and there is not a need for more certified teachers, then the course may not be run at that time. In order to take the training course, employees must be in good standing, have worked at Bright Horizons for at least 3 months, and want to become teacher qualified. Associates must then complete a short essay describing their reasons for wanting to be enrolled in the training course, and the Center Director must recommend the associate for the program. The Director bases this decision on several factors, including attendance, punctuality, completion of new employee training, commitment to early childhood education, and performance.

Communications

Strategies to provide information about the Child Development Associate Training Program vary by geographic area. However, in the Chicago region this is done by sending e-mails to associates and providing flyers to Bright Horizons centers to post before training sessions are scheduled. In addition, information nights are held annually to publicize the program to associates. Supervisors are also informed about upcoming classes via e-mail, and information is communicated to Directors approximately two months before a session begins. Chicago-area Bright Horizon centers also heavily market the training program to graduating high school students as a recruitment strategy.

Tracking/Utilization

The program is offered to associates at Bright Horizons centers across the country, with 46 participating centers in 9 regions. During the two years that the utilization rate has been tracked, over 200 associates have completed the CDA training course in the Chicago area. Data have shown that the retention rate for those who take the CDA courses is now close to the overall retention rates for associates at Bright Horizons centers. The goal is to increase this rate so that it is actually higher than the company's overall retention rate (which would show that Bright Horizons associates who take the CDA courses are more apt to stay with the company).

Impact

Evaluation

Several different methods are used to evaluate the program. Associates complete evaluations about their instructors at the end of the course and about their advisor at the center where they work. Advisors also complete evaluations on a regular basis. In addition, those who run the courses receive ongoing feedback from Directors, teachers, and advisors.

Benefits

The primary benefit of the Child Development Associate Training Program is that the company has employees who are better trained to provide services to the children enrolled in the Bright Horizons child care centers. A secondary

benefit is that the program empowers associates as adult learners, which encourages some CDA graduates to enroll in college courses.

In speaking with managers and employees, their positive feelings about the program were very apparent. One of the benefits noted by a manager at Bright Horizons is the applicability of the information that is taught as part of the CDA training course. This manager talked about “...’World at Their Fingertips’ – that’s our curriculum at Bright Horizons. And I have seen more teachers come back and actually utilize that program, even if that program hasn’t been formally introduced within the Center...Those teachers just jumped right in, and they used the forms, they incorporated all the things that they had learned. I have not had one CDA candidate who has not increased the level of responsibility in their program, or who has not benefited from it. They’ve all learned something and they’ve all brought it back...They have a knowledge base. It’s worked wonderfully in our program, it really has!”

Participants in the training courses were equally enthusiastic. One woman expressed a feeling of greater confidence after taking the class and a confirmation of some of her basic convictions about caring for children based on raising her own. Beyond that, however, she also felt that the class provided a lot of information: “Well, I knew that there was a lot to learn yet. I had never worked at a child care, day care center setting before other than my own home, or watching relatives so it was kind of new to me and I knew I could learn a lot more. It’s better for me to be more educated on how to take care of children...It was definitely something that was...good for the company, good for me, and good for the children.”

A second teacher who took the CDA training course expressed similar views: “Not coming from a child care background, it was very interesting. I learned a lot. I have two children of my own and other children that I’ve taken care of, but it was really nice to have all of that information. It gave me a better focus on what in the day care field you’re supposed to do...you can only get so much information from your boss, her boss, a mentor, another teacher. It was nice to have that information, so I knew kind of like what was expected of me then. I didn’t know what I didn’t know until I took the class.”

Recommendations

There are three basic recommendations for others who are considering the development of a similar training program at their organization:

1. Develop good screening procedures with respect to who can take the training courses – this can greatly affect the percentage of students who complete the classes.
2. Take the time to educate those involved, including Directors, about the advantages of having well-trained employees and how it will benefit them and the success of the organization.
3. Work to develop a community of instructors who can provide consistency to the associates who take the classes.

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CVS/pharmacy: Regional Learning Centers

Company CVS/pharmacy is a retail pharmacy business that opened its first store to sell health and beauty products in 1963 in Lowell, Massachusetts. Four years later, CVS expanded its products to include a pharmacy department. Today, with corporate headquarters in Woonsocket, Rhode Island, it currently has over 4,100 stores in 35 states (including the District of Columbia) and employs 110,000 people. With a mission to help people live longer, healthier and happier lives, CVS is committed to investing in the communities it serves.

Program Regional Learning Centers (RLCs) offer comprehensive training programs with simulated workplace experiences for each of the various career tracks available to potential employees. The primary objective of the RLC is to recruit and train people receiving public assistance for jobs with career paths. However, RLCs will serve anyone who inquires about its programs. The first RLC was established in 2001 in Washington, D.C. and has been replicated in key market areas including: Atlanta, Baltimore, New York City, and Detroit.

The RLCs are freestanding entities that house mock CVS stores and pharmacies for the purpose of providing 'on the job' training to participants. The mock store contains electronic registers, one-hour photo labs, a picture maker copy machine, greeting card section, cosmetic displays, merchandise areas, and pharmacy labs. The only difference between the mock store and an actual CVS store is that there are no real customers present in the mock store.

During the training period, participants learn about particular job functions, basic customer service, and communication, leadership, inventory tracking, and cashier skills. RLCs also include multi-purpose community rooms that are used for continuing education and training about a variety of health and safety issues that may be useful for employees to communicate with customers. RLCs also offer post-employment retention services to employees who have been placed in CVS jobs.

Trainees who complete the program receive a national training certificate that guarantees additional opportunities for career advancement with CVS. Employees who work at least 30 hours per week receive full benefits, including health care, eye care, a 401(k) retirement plan, and a stock option purchase plan. Part-time workers receive a 20% store discount.

History In 1990, CVS established a Government Hiring Program Department. Under the leadership of Steve Wing, the department learned about a range of federal and state corporate tax incentive hiring programs available to companies and

began forging community linkages accordingly. In response to the 1996 welfare reform legislation and President Clinton's Corporate challenge to become actively involved in hiring people receiving public assistance, the main thrust of the Government Hiring Program Office at CVS was the creation of the first Regional Learning Center in Washington, D.C.

One of the biggest challenges in establishing the Regional Learning Centers has been establishing relationships with hundreds of not-for-profit agencies involved in training welfare recipients. According to Ernie Dupont, CVS director of workforce development initiatives, "our relationships are much stronger now because agencies see that we are trustworthy, the program is real, and people can get on a career path."

Logistics

Eligibility

The Regional Learning Centers provide service to anyone who comes to the centers. CVS/pharmacy guarantees that they will hire all eligible participants who receive public assistance and successfully complete one of the seven job-training tracks. Candidates for training programs at CVS are typically but not solely referred from non-profit agencies involved in the training and job placement of public welfare recipients, displaced workers, veterans, ex-felons, mature workers, youth-at-risk, or individuals receiving Vocational Rehabilitation services.

While each RLC operates differently, they all rely on strong partnerships with community social service agencies. Generally, eligible job applicants are referred to the CVS customized training program by community training and education agencies. As part of the CVS partnership agreement, it is the responsibility of the community based agencies to provide recruitment assessment, certification, and referral of potential employees to the CVS customized training program. The social service centers provide case management and other support services to participants enrolled in the CVS training program, including worksite visits with CVS job coaches. Additionally, the service centers have agreed to monitor and conduct follow-up services to ensure long-term retention of new hires.

Using the D.C. flagship program as a model, the CVS Regional Learning Centers usually staff positions that mirror those of key personnel within employment services agencies, encouraging a team approach to success. Thus, the customer learning centers have employment counselors, employment trainers, and job coaches. CVS staff members work hand-in-hand with employment agency staff to teach workers how to do everything from managing inventory to running the photo lab.

In addition, all management up to the director level trains alongside entry-level workers. Both executives and crew members find this practice to be beneficial, providing motivation and examples for entry-level workers, and allowing managers to connect with their employees. According to Steve Wing, "If an employee seems to be having a bad day, or comes in late for work, the employee service personnel are contacted immediately by CVS staff. It's a team effort."

Communications

Communication and collaboration between parties at multiple levels is critical to the success of the Regional Learning Centers. As noted earlier, ongoing, daily communication between employment service personnel and customized training personnel is the key to maximizing employee success. Communication between social service agencies, CVS personnel, and government program representatives is also imperative if such a complex network of services is to operate successfully and smoothly.

Steve Wing and his staff spend an enormous amount of time working with key community leaders to determine whether the 'environment is right' for creating a public-private partnership. As noted by Steve Wing, "...the real secret of the RLC success is CVS' emphasis on developing partnerships with agencies that supply workers and the top-down support of those partnerships."

Tracking/Utilization

Since the program's inception, over 20,000 people receiving public assistance have participated in CVS customized training programs located within the Regional Learning Centers. The retention rate is estimated to be between 65% and 70%, which is in direct contrast to the 200% turnover rate typical for entry-level service jobs. In 2002, the RLC in Washington, D.C. trained 2,099 people and hired 1,287 – or an average of 107 employees monthly. The number of people trained in the D.C. Center increased even more in 2003 – to 2,500 individuals.

Impact

Benefits

Creating a more stable workforce among entry-level positions is one of the primary benefits of this initiative for the organization. Many of the participants of the customized training quickly move out of entry-level jobs into higher-level positions. For example, among the 1,287 D.C.-based trainees hired by CVS in 2002, 812 employees attended upgrade training to move into more specialized areas, such as photography, pharmacy, gift cards, and cosmetics. In addition, the federal tax-incentives that CVS receives for the program cover most of the RLC operating costs.

Employees benefit from the program because they not only receive job training and education, but if they complete the program they are guaranteed a job at CVS with a clear career path.

Recommendations

According to CVS, four primary recommendations should be considered before replicating a program comparable to the Regional Learning Centers:

1. Consider your company's need for hiring entry-level staff. It takes an enormous amount of company resources to create a program like the RLCs at CVS. Thus, it is important to identify the company's present recruiting and retention practices in order to determine whether the implementation of a comparable program would help the company meet its objectives.

2. Hire a senior manager who is solely responsible for government hiring initiatives. This person should become familiar with federal and state programs and determine the advantages and disadvantages to the company's involvement in these types of initiatives.
3. Communicating and establishing trusting community relationships is critical. If your company decides to move forward with a public-private initiative, choose your community-company liaisons very carefully. Your community liaison should be someone who can effectively communicate the vision of your organization, but in a language that non-profit agencies will understand.
4. Never move forward with your initiative if key community partners are not completely on board with the project. Re-evaluate your timeline or postpone the initiative's launch if partners are not fully committed. Prematurely beginning a program without a trusting collaboration between partners will impede the process later in the program's development.

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Harvard University: The Harvard Bridge to Learning and Literacy

Company Established in 1636, Harvard University is the oldest institution of higher learning in the United States. Harvard has 10 graduate and professional schools with degrees in 51 fields of concentration. Employing more than 14,000 people, Harvard has a non-medical faculty of 2,000 and 7,000 faculty appointments in affiliated teaching hospitals. In addition to its academic offerings, Harvard University has an extensive library system and numerous art museums. Located in Cambridge, Massachusetts, Harvard was named one of Fortune's "100 Best Companies to Work For."

Program The Harvard Bridge to Learning and Literacy (also known as the Bridge Program) is an education program at Harvard University for hourly employees. The program is intended to assist workers who would like to improve their skills either in their current jobs or for other positions. Classes are held during work hours at Harvard University with several courses that employees can take, including literacy, ESOL (English to Speakers of Other Languages), Workplace Literacy, Integrated Skills, and Speaking and Listening for ESOL.

In addition, hourly employees can take a course entitled "GED" (General Educational Development) and Academic Prep that prepares them for the GED test and for higher education, as well as a course called "Introduction to Computers." Recently, other courses have been added such as classes on citizenship, personal finance, home buying, career counseling, and stress reduction. Students attend two 2-hour classes per week for sixteen-week semesters. Individual tutoring is also available for those who are waiting for classes

to become available or who need extra help with a class; the number of hours of individual tutoring per week ranges from 2-4 hours.

Since the Bridge Program is available to both Harvard employees and those who work for contractors hired by Harvard, the costs of the program vary. Costs for Harvard employees are covered under the Center for Training and Development, which is part of the Office of Human Resources at Harvard. Contractors are billed for the costs of their employees, which generally include tuition and replacement costs (if another person needs to cover work responsibilities while the contracted employee attends the class). These costs are passed along to the department where the employee works and therefore, there are no costs for the individual employees.

The Bridge Program currently has eight full-time staff, including a Director, five other teachers, and two administrators. Nine part-time teachers who receive stipends supplement these full-time staff members.

History

The Bridge to Learning and Literacy Program began when the current Director of the program was hired in a professional development position and developed the program on her own. She began to think about offering the Bridge Program in October 1998 and a pilot program was conducted at the Harvard Faculty Club in September 1999. The program had 38 employees enrolled in the Institute for English Language (IEL), which is part of the extension school at Harvard. The pilot program was very successful, and it was expanded to other departments after the first year.

Since this was a completely new program, departments were reluctant to let their employees participate because they were worried about work coverage during the times that employees were attending classes. However, this obstacle was overcome through the success of the pilot program and by working with departments to be sure that there is coverage while employees are taking classes. The only future obstacle is that some of the hourly employees, especially from other countries, have very advanced computer skills and it is a challenge to hire instructors with the necessary expertise to teach these students.

Logistics

Eligibility

The program is open to all hourly employees at Harvard University which includes those employed in the following areas: custodian, dining services, shuttle bus drivers, mail personnel, parking attendants, landscapers, laboratory technicians, and those working in art museums. Hourly employees are either Harvard University employees or work for a contractor hired by Harvard (both types of employees are eligible to take courses in the Bridge program). Participants in the program must work at Harvard for longer than the probationary period, which ranges from 30-90 days depending on the department. Hourly employees can take classes for four semesters; however, it is possible to continue beyond this time period under certain

conditions. These include: 1) there is no one on the waiting list, 2) employees take the classes during their own time, or 3) their individualized learning plans recommend that they take additional courses (if they work for a contractor).

Students are selected for the courses using the following selection procedures:

1. an on-site assessment of listening, speaking, writing, and reading skills;
2. assignment to the appropriate class based on the assessment;
3. determination of the best time to take the appropriate class based on the skill level of the student, the shift he/she works, and his/her specific job;
4. development of a schedule that will allow hourly employees to take classes with minimal disruption to the work that needs to be done in the work group; and
5. use of a random system of choosing employees for specific classes if there is a limited number of employees who can attend at the same time (i.e., if it would be too disruptive to the work schedule).

The number of students in each class offered through the Bridge Program ranges from 6-16, depending on the intensity of the class. The larger classes tend to have teacher's assistants to help the teacher – either a graduate student or an administrative assistant from the program.

Communications

Information about the Bridge Program classes is communicated to employees through several different methods:

1. paycheck announcements – about two weeks before registration brightly colored announcements are put in hourly employees' paychecks – with information about the location and times of registration (note: these announcements are translated into several different languages)
2. flyers – flyers about upcoming classes are posted in break rooms for hourly employees to read
3. contacts – the Bridge Program has contacts with 32 different departments (both Harvard and contractors)

The Bridge Program works directly with line supervisors, since they are the ones who must approve employees' participation in the program. These supervisors are asked to tell their employees about the courses that are available through the Bridge Program. While they don't specifically advertise the program outside of Harvard, they have communicated with several other universities who were interested in developing similar programs.

Tracking/Utilization

Due to the classroom nature of the program, it is fairly easy to track employee utilization each semester. Over time, the number of employees taking classes has grown from 38 to 470 – and the Director feels that the maximum number of employees that the program can accommodate is 500. The number of employees taking classes in the Bridge Program has been:

Year 1 (pilot): Semester 1 = 38; Semester 2 = 44
Year 2 = 153
Year 3 = 244
Year 4 = 300+ (including 470 students in the spring, 2003 semester)

Impact

Evaluation

The program is evaluated on an ongoing basis, with weekly meetings held with teachers during the semester to talk about the classes. Teachers are evaluated each semester, and after the semester, students, supervisors, and program directors complete surveys in either English or Spanish. As a result of this information, the curriculum is re-written (as needed) and decisions are made about the books that will be used in future courses.

Benefits

The primary benefit of the Bridge Program is having more educated employees who are more confident and can communicate better. Hourly employees feel more respected because of the program and use the skills they gain through the program to get better jobs. In addition, morale is high among those who have participated and the Program Director feels that this has resulted in more loyal employees who recommend Harvard to other family members.

In fact, one current participant in the program noted that her brother had just begun working at Harvard two months ago as a result of her recommendation, and that she was strongly encouraging him to become involved in the Bridge program. She said that she is clearly more committed to the University as a result of her participation. In addition, she also felt that the program definitely supports the integration of work and family responsibilities. As she put it: "I'm so happy to have the advantage to take a class because I came here and didn't get a chance to go to school because I had to work to help my family. But now we get paid to go to school. It's a free class! For me, I feel good because I didn't think I could do school and work because I have my family."

This participant also expressed the idea that the Bridge program helps both the employees who participate and the University: "My thinking is that (the program) is both a benefit for the employees and for Harvard...It helps Harvard because they can talk to the kids (students). For the employees, to grow and gain confidence...I do love Harvard. They give you the power to do things. This is important!"

Another woman who was currently enrolled in one of the classes offered through the Bridge Program echoed these thoughts about the dual positive impact of the program: "For Harvard, and for the workers, too. Because when the workers understand English, Harvard doesn't have a problem. Everything is o.k. When the worker doesn't speak English, maybe Harvard has a lot of problems. Because they (the employees) don't understand."

From a managerial perspective, the program also offers many positive benefits – as described by one manager who supervises several employees taking classes through the Bridge program. “To me I think the #1 (benefit) is that this is such a self-esteem booster. I have noticed performance-strengthening...it’s just invaluable. Having this type of information and even support system. The Bridge program is available for these folks to help in their personal lives as well as professional development...Having somewhere else where they can go to ask questions I think is wonderful!”

Recommendations The main recommendation for other organizations that are thinking about starting a learning and literacy program is to make the business case. If this can be done, the organization will be much more receptive to beginning a similar program. At Harvard, the Bridge Program has really helped the entire organization and this has been demonstrated.

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Marriott International: Work Specific English

Company Marriott International, Inc., first established in 1927 as a small root beer stand in Washington, D.C., has grown into a worldwide hospitality company with more than 2,600 lodging properties. With its corporate headquarters in Washington, D.C., Marriott employs 152,000 people worldwide, of which 105,000 are employed within the United States. Among U.S. workers, approximately 75% are categorized as hourly workers. Marriott has a long history of providing employee benefit programs to workers in frontline positions, such as food & beverage workers, housekeeping, and rooms operations. The Work Specific English Program continues this tradition.

Program The Work Specific English Program teaches English skills to non-English speaking workers, with an emphasis on the words and phrases that are commonly used in the hospitality industry. Unlike English As A Second Language (ESL) courses, Work Specific English classes have been developed to help employees learn English that is both industry and job-specific. The course runs for two hours per week for 10 weeks. The first level orients workers to basic words and phrases necessary to communicate with customers and co-workers.

The second course concentrates more heavily on job-specific language, and is designed for workers in either rooms or food and beverage areas. For example, employees in ‘rooms’ positions attend classes that focus on learning more complicated words and phrases necessary to fulfill their job requirements within the lodging area of the company. Marriott wants employees to be successful, and feels that helping them to communicate with customers and co-workers is one way of securing this success.

An additional component of the Work Specific English Program is the Train the Trainers Initiative. Marriott employees who are interested in teaching the Work Specific English classes can attend a three-day intensive course which prepares them to teach both levels of the program to their non-English speaking associates.

History

Although Work Specific English classes were first offered in the early 1990's, it was not until later that the classes became more formalized. In order to address the limited English speaking skills of new hires and prospective job applicants, Marriott's Western and Midwestern Diversity Councils considered implementing ESL courses at the worksite. Marriott recognized that if it was to remain competitive, it would need to turn the potential limitation of oral communication skills into an opportunity for employees. As a result, Marriott's Training Department hired a trainer to develop 'ESL-like' materials that were more specific to the industry and less time-consuming. The result of these collaborative efforts between the Training Department and the Diversity Councils was the initiation of Work Specific English classes.

The first group of classes was rolled out in the Western Region of the United States. By the end of 2000, nearly 150 hotels had a certified trainer on property and 85 sites had offered the first course of the Work Specific English Training Program. The goal was to continue rolling out the training initiative throughout the western part of the United States. However, financial constraints placed on the industry and the company after 9/11 forced the program to slow down the course rollouts. Marriott plans to develop Work Specific English courses at new properties in the very near future. Currently, the Mid-Atlantic Regional Human Resource Leadership Team has under consideration a proposal to make WSE a mandatory program at all managed properties.

In addition to financial constraints, a second obstacle was letting managers know about the program. "Getting the word out was a little difficult at first," reported a Marriott manager familiar with the program. However, she reported that once supervisors recognized the value and benefits of the program, they began steadily referring employees to it.

Logistics

Eligibility

All workers for whom English is not their first language are eligible to attend the 10-week Work Specific English training course. Employees complete a pre-test to determine their language skill level, with the results used to determine the course that is most appropriate for them. If employees have a reasonable knowledge of conversational English, they often test out of at least the first course. Once they successfully complete the first course, employees take the next higher level course.

Communications

Work Specific English class offerings are advertised in multiple languages in all staff areas throughout the property. Additionally, supervisors are asked to

communicate the course offerings to the employees they supervise. A short educational video was created as a tool to educate property managers, supervisors, and employees about the benefits of participating in the program.

Tracking/Utilization

The properties that instituted the Work Specific English initiative had an overwhelmingly positive response. Once the word circulated among workers, the classes were often full to capacity. The coordinator of the training program reported that the results were clearly noticeable. “Almost immediately, employees started feeling more confident about their language skills and as a result, more confident in their jobs.”

One senior manager remarked on the impact of the program: “All the participating hotels have experienced quick and measurable results in the language skills of their associates.”

Impact

Benefits

“Unlike other traditional language programs, this one teaches specific work related language,” reported a Vice President at Marriott. As designed, the Work Specific English Program creates the opportunity for employees to learn words and expressions that they can directly apply to work as soon as they leave class.

Several employees who were interviewed about their involvement in the Work Specific English Program reported that the program had a very positive impact on their attitudes towards work. Here are a few examples of employees’ responses:

“After I learned the language, I was more comfortable to do my work on a daily basis.”

“Work Specific English has given me a foundation to learn the language. My job is much easier than when I first came and started a new life in this country.”

“I enjoyed the program and later on I was feeling very confident with myself asking for towels and blankets and soap.”

The benefits of the program appear to be multi-faceted, as summarized by one of the Work Specific English trainers, “Learning to speak English not only helps the company but it helps the relationship with co-workers and managers. I do not know how to express the importance of learning English.”

Recommendations

According to Marriott personnel, three key factors are important to consider when thinking about implementing a similar program:

1. Identify the language level of employees at the designated sites. The program is more effective when English skills are comparable among all the

participants. Thus, offering the program to properties near one another allows for a larger pool of employees who may have more comparable language skills.

2. Communicate the program's purpose and its potential benefits to property managers. If they understand the benefits, property managers will tell line supervisors, who will then encourage those employees who need the program the most to participate.
3. Distribute flyers and hang posters in a variety of languages to ensure that all employees at the worksite know about the program.

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FINANCIAL ASSISTANCE

The financial constraints facing lower wage employees can be potentially overwhelming. For example, the costs of beginning a new job – arranging transportation, finding adequate clothing, and other work-related costs – can be particularly problematic for lower wage workers who usually have less significant savings or cash flow to compensate for outgoing expenses (Rangarajan, 2001). These employees may also have difficulty obtaining credit, making a credit card an unavailable option for paying start-up expenses.

In addition, lower wage workers generally allot a significant portion of their paycheck to basic costs of living, such as housing, transportation, and child care. This makes it extremely difficult to establish savings for emergencies, such as unforeseen transportation problems (e.g., flat tires) or child care issues. One solution to unforeseen financial difficulties for lower wage employees is for organizations to provide emergency loans or short-term grants, programs that two of the companies in the study have established for their employees.

For workers who are transitioning from welfare to work, companies may assist by providing information about the federal earned income tax credit (EITC) and advanced pay option (Rangarajan, 2001). Many employees do not understand the intricacies of income and state taxes, and educating them about their financial situations may be one way to help workers benefit the most from their lower wages. Providing publicity about existing community or government programs to those who may be eligible can also greatly benefit lower wage employees.

Financial Assistance – Case Studies

FleetBoston Financial established an emergency loan program in 2001 for employees who earn under a certain income to borrow up to \$7500 at 0% interest. Employees must complete a full loan application that is considered by a special emergency loan committee. In deciding whether to grant the loan, one of the main criteria that committee members use is the extent to which it will actually help the employee on a long-term basis (as opposed to creating additional financial difficulties).

Levi Strauss & Co. used a slightly different approach to provide a similar type of financial assistance to its employees and retirees. By establishing the Red Tab Foundation (named after the tag on the back of its infamous jeans), they established a procedure whereby employees can apply for financial help which can be provided either in the form of a loan or a grant. The Foundation has also started a “Money School” where they provide information about budgeting, saving money, and establishing financial goals. In addition to being available to Levi retirees, The Red Tab Foundation is used by hourly employees who work in the company’s distribution centers and in a ‘shared services center’ that handles financial and customer service work (e.g., payroll, accounts payable and receivable, etc.).

A third company in the study that provides a more indirect but equally important form of financial assistance is The TJX Companies. This organization has established a company-wide program called “TJXtra!” that informs associates about government programs for ‘income-eligible’ employees (income levels vary by program). Each store or distribution center has a separate location where materials about the government programs are displayed. Employees are encouraged to make this information available to other family members or friends who might be able to use the government-sponsored benefits.

FleetBoston Financial: Employee Emergency Loan Program

Company

Headquartered in Boston, Massachusetts, FleetBoston Financial is the seventh-largest financial holding company in the United States, with assets of \$190 billion. Providing personal, small business, and commercial financial services as well as investment management services, Fleet has over 20 million customers in more than 20 different countries. With 50,000 employees worldwide and over 1,500 branch locations in the United States, Fleet places a strong emphasis on diversity and community involvement.

Program

Fleet's interest-free Employee Emergency Loan Program helps employees in times of temporary, catastrophic, financial crisis. Employees can borrow up to \$7500 and can choose repayment terms of between one and five years. Employees must exhaust all other resources before applying for a loan and must complete a regular loan application that is submitted to a special six-member Emergency Loan Committee.

Loans cannot be secured for "self-imposed" financial situations, such as credit card debt, loan payoffs, debt consolidation, or tuition expenses. According to written materials that are given to employees describing the program, the loan must be for "catastrophic, unexpected emergencies." It is up to the employee (when determining whether to apply) and then to the Emergency Loan Committee to decide whether an event is "catastrophic." A major consideration for approval is whether the loan will help employees get back on their feet in the long-term.

Examples of approved emergency loans are: domestic violence situations, fires, long-distance travel to funerals, medical emergencies, and car repairs (necessary for travel to work). Once a loan has been approved, it is forwarded to Fleet's Loan Processing Department and the employee generally receives the funds within 48 hours.

History

The Emergency Loan Program began in October 2001. Although it had been in the planning stages since July of that year, the events of 9/11 expedited the program's launch. Fleet granted its first emergency loan to an employee who lost a brother on 9/11. The Director of Human Resources read about a similar program at another company and advocated for Fleet to begin its own emergency loan program. In addition, the CEO was very supportive of the program.

The greatest obstacle Fleet faced when establishing the program was determining its administrative logistics. The company had to work out some issues surrounding employee privacy, criteria that constitute an emergency, and ultimately, who makes the lending decisions.

Logistics

Eligibility

The Employee Emergency Loan Program is available to all U.S. full-time and part-time employees earning less than \$50,000 per year who are benefits-eligible and have worked at Fleet for at least six months.

Communications

When the program was first begun, all employees were sent a memo describing it. Currently, managers are told about the existence of the program as part of general informational sessions. In addition, Employee Relations is trained to encourage employees with financial needs to call HR On Call (the central HR information center) to request an application if they have an unplanned, temporary financial crisis. The program is not usually publicized outside of the company, since it is an internal program that is intended to benefit Fleet's employees in their times of greatest need.

Tracking/Utilization

Human Resources tracks the number of loan applications received, the number approved, the amount of money loaned, and the default rate. Although there were a large number of applications at the program's inception, the average number has decreased to about two applications per month. The members of the Emergency Loan Committee attribute this decrease to employees' learning that the application is just like any other loan application for which documentation is necessary to demonstrate catastrophic need.

Impact

Evaluation

The Emergency Loan Committee meets on a regular basis to review the program and to determine whether changes are needed. For example, during the period of time that the loan program has been in existence, the maximum level of income for an employee to qualify for an emergency loan has been reduced from \$75,000 to \$50,000, while the maximum amount for the loan has been increased from \$5,000 to \$7,500.

Benefits

The emergency loan program is intended to provide lower-wage earners with the financial resources to help them better manage an exigent personal or family situation. One employee who used the program to obtain a loan to repair her car noted: "It was unexpected, unique, timely, and most appreciated!" This employee secured a loan after working at the company for only six months, and felt that "it was the turning point in relation to my outlook regarding Fleet." She felt that the loan helped her to reduce stress and increase productivity, and that it had done this for others who used the program – regardless of the reason for the loan. In addition, she thought that it definitely increased her loyalty towards the company, since she now does all her financial business with Fleet.

The emergency loan program also provides managers with a retention tool to assist lower wage employees with financial problems. In reflecting on the positive impact of the program, one manager mentioned attraction and reten-

tion: “One of the biggest benefits is that it’s another reason why people want to stay with the company...when they think about how the company would do something like this for its employees. It also helps us attract other people because one person may mention this to someone else: ‘Gee, look at what Fleet did for me, and that may make someone think that may be a company I’d like to work for – because it has an emergency loan program.’ I don’t know very many companies that have that. Very nice benefit.”

Recommendations

There are three basic recommendations for others who are implementing an emergency loan program at their organization:

1. Provide grants as well as loans (if possible) – with very clear guidelines regarding eligibility. Some employees will never be able to pay back a loan, but they have significant financial needs.
2. Make counseling available, since many of the employees really need more than a loan and could use someone to help them figure out how to get out of their current financial crisis. This is especially true for those who are denied a loan – for example, those with high credit card debt. Fleet representatives thought that financial counseling would be useful for all lower wage employees, not just those who apply for emergency loans.
3. Develop a simple application process and only collect pertinent data – including a balance sheet with assets and liabilities.

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Levi Strauss & Co.: Red Tab Foundation – Employee Grant and Loan

Company

Levi Strauss & Co. (LS&CO.), founded in 1853, manufactures and markets brand-name apparel to customers worldwide. The company is most commonly known for its Levi’s® jeans with the Red Tab® on the back pocket. LS&CO. employs 12,400 people worldwide, including nearly 1,500 people at its San Francisco, California headquarters. Within the U.S. there are 5 sites (4 distribution centers and one shared services center) that perform customer service operations. These sites are staffed with approximately 2,500 employees, 95% of whom are classified as hourly workers.

Program

Red Tab Foundation is a non-profit organization (a 501(c)3 public foundation under the Internal Revenue Code) established to exclusively help LS&CO. employees and retirees during periods of financial hardship caused by recent, unexpected emergencies. Needy individuals may apply for no-interest loans

or grants to cover qualifying expenses, or to assist in times of extreme personal hardship. Participants complete an application that the Foundation's staff uses to determine eligibility status. Assistance usually takes the form of checks payable to service providers (e.g., utility companies, funeral homes, and landlords). For example, one employee who left a domestic violence situation with minimal cash resources had her first month's rent and utilities paid directly by the Red Tab Foundation.

Applications are obtained from a Human Resources representative at all plant locations or by contacting the Foundation directly through a toll-free number. Once the application and supporting documentation have been submitted, the Foundation's staff contacts applicants to review the materials and to communicate their decision. The confidentiality of the applicants is well-guarded, with plant managers and supervisors rarely aware that an employee has requested assistance. The exception is when an employee tells his/her manager or if a supervisor recommends the resources of the Red Tab Foundation to the employee. The Foundation staff communicates with the Human Resource and Payroll Departments to confirm the employees' employment status and earnings.

Emergency fund grants and loans have been used for a variety of emergencies, including: mortgage/rent arrearages due to loss of income resulting from illness, re-settlement after a house fire or a natural disaster such as a flood or tornado, emergency car repairs (when a car is the sole means of transportation to and from work), or funeral arrangements. Special assistance for LS&CO. retirees in need includes basic necessities such as eyeglasses, emergency dental work, and hearing aids.

After providing emergency financial assistance to employees for over 10 years, in 1999 the Red Tab Foundation responded to employee needs by creating an employee education program that is called the "Money School." Originally intended to help employees displaced by plant closures to cope with the financial challenges of transitioning to new livelihoods, the program consisted of workshops on basic financial literacy offered by certified consumer credit counselors. In 2003, the Money School expanded to open facilities and focused on basic money management skills that employees can use to achieve financial goals. The Money School has been overwhelmingly successful, as evidenced by the following employee comments:

"Some people have gotten relief from different things through Red Tab for various reasons. I think the Money School opened some people's eyes up about how to budget their money and not get into some of the situations they got into before. Hopefully this will allow people to manage their money on their own."

"It (the Money School) was very helpful, because it sparked some other thoughts that I can do better and also some things that I can use to help my children."

One manager also commented on the benefits of the Money School: “Employees can’t afford not to invest in the program. There is education around how the program can benefit you now to save for the future. Demonstrating how to manage money is its greatest benefit.”

History

It was a Levi Strauss & Co. senior executive who, upon retirement, originated the Red Tab Foundation in 1981. He and his wife funded the Foundation with their own money to provide loans for employees and retirees who require emergency assistance. Following his death in the late 1980s, LS&CO. shareholders in 1990 endowed the Red Tab Foundation and the company has provided funds for a small operating staff ever since. The Foundation is currently supported by employees and retirees of LS&CO. who believe in its mission to “provide financial assistance, education, and preventative programs to help individuals in their own efforts to maintain their financial, physical, and emotional health.”

Logistics

Eligibility

All LS&CO. employees, retirees and their families are eligible for Red Tab Foundation programs and assistance. However, since financial need is a primary criterion for eligibility, the vast majority of grant recipients are hourly employees earning a modest living or blue-collar retirees with fixed, modest incomes.

Communications

The Foundation was broadly announced when it was established in 1981 and again in 1990. Human Resources personnel at LS&CO. sites are key conduits to sustain communications between local staffs and the Foundation.

The Foundation has a website on LS&CO.’s intranet and, as part of the orientation process, new employees receive written materials about the Red Tab Foundation and its programs. In addition, site supervisors participate in trainings about the program that coach them on how to determine whether employees need the Red Tab Foundation’s services and how to refer employees to the appropriate programs. The Red Tab Foundation also spreads the news about its programs to employees and supervisors through pamphlets and ongoing education advertisements in employee newsletters.

Several mailing campaigns have been undertaken in recent years to raise awareness about the Foundation among all former plant workers who have retired.

Tracking/Utilization

Until 2000, the vast majority of applicants had been plant employees. However, due to the closure of many U.S. manufacturing plants and increased outreach to a growing retiree population, a large percentage of the Red Tab Foundation’s resources are now directed at retiree grants and services.

Impact

Evaluation

The Red Tab Foundation staff collects data about utilization rates and trends to determine whether the needs of employees and retirees are being met or

are changing. It was through this tracking system that the staff determined there was a need for an education initiative aimed at helping employees manage their finances and as a result, the Money School was developed.

Benefits

According to Ann Ure, the Foundation's Director, "One of the primary benefits of the grant and loan program is that it gives LS&CO. employees and retirees a safety net that they would not otherwise have. Additionally, the program cultivates a sense of community within the company."

An employee assistance counselor who has been affiliated with one of Levi's® plants for over 10 years states that "when employees receive help from the Red Tab Foundation during a time of crisis, they are grateful to fellow employees who donated the money that made the assistance possible. They appreciate that the company has a program in place to help them out in a time of great financial need." The counselor further commented that "Red Tab has helped numerous people from falling into very difficult situations. Without the Foundation's support, I'm not sure what some employees would have done."

One of the plant's supervisors described her feelings about how the Foundation helps LS&CO. as follows: "The grant and loan program provides peace of mind because employees know that if they cannot somehow meet their basic needs due to a misfortune, Red Tab will be there to help. So essentially Red Tab is providing a service to our employees by ensuring that their basic needs are met."

Recommendations

Three recommendations were offered by various LS&CO. representatives with respect to instituting a similar initiative at another company:

1. Establish and communicate clear criteria for the types of financial circumstances that will and will not be covered by the grant and loan program.
2. Educate supervisors and plant managers about the initiative. They are generally the first to learn of an employee hardship or difficult personal or family matter.
3. Consider initiatives other than grants or loans to provide employees with the tools they need to manage money effectively.

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The TJX Companies, Inc.: TJXtra!

Company

The TJX Companies, Inc. (TJX) is an international off-price family apparel and home fashions retailer, with subsidiaries that include T.J. Maxx, Marshalls, HomeGoods, and A.J. Wright in the United States, Winners and HomeSense in Canada, and T.K. Maxx in the United Kingdom and Ireland. A member of

the Fortune 200, with nearly \$12 billion in annual sales, TJX offers merchandise with prices that range from 20% to 70% below retail. Headquartered in Framingham, Massachusetts, TJX employs over 100,000 associates in its more than 1800 stores worldwide.

Program

TJXtra! is a program at The TJX Companies, Inc. (including TJ Maxx, Marshalls, A.J. Wright, and Home Goods) that is intended “to raise awareness about available government benefits such as fuel assistance, Fannie Mae, and tax credit programs.” Essentially, TJXtra! packages information about programs that are available from government sources to ‘income-eligible’ associates (the level of income eligibility varies from program to program). Information includes pamphlets about the programs, toll-free 800 telephone numbers to call, and locations where associates can go to sign up for programs. One unique aspect of TJXtra! is that employees are encouraged to share the information with family and friends who might be able to use the programs. The only program where applications are completed at TJX is the Advance Earned Income Tax Credit (AEITC), since associates need to complete a W5 form to actually reduce payroll tax withholding.

Each store or distribution center has an area that is set aside to provide information about government programs that are available, with the area highlighted by a large TJXtra! banner so that associates can easily find the location of these materials. In addition, there is a coordinator in each store who is responsible for maintaining the bulletin board area. The coordinators are sent information about when to put up and take down posters so that information is delivered to associates in a timely way. This is especially important because many of the programs have strict application deadlines.

Examples of federal programs that are highlighted for employees as part of TJXtra! are: food stamps, fuel assistance, advance earned income tax credit (AEITC), EITC, child tax credit, volunteer tax assistance (VITA), Fannie Mae, and children’s health insurance. Some state programs may include mortgage and transportation assistance.

History

The precipitating factor for the beginning of the TJXtra! program was in 1997 when the company made a commitment to President Clinton that they would hire 5,000 individuals who had been on welfare. As a result of this commitment, the company began to think about what benefits might help welfare-to-work associates, and started advertising the food stamp program by putting up posters in the stores. Thus, the TJXtra! program grew out of these early efforts to help associates who had formerly been on welfare.

Although pieces of the program had been in place since 1997, it wasn’t officially rolled out and branded as the TJXtra! program with a new logo, banners, and other materials until September, 2002. The program was originally driven by the Store Operations Group who now shares ownership with Human Resources. The only obstacles to getting the program started was developing

the administration of the program and coordinating ideas from different departments about how the program should be run. This was accomplished by working with people in the different chains to be sure that the program was generic enough that it could be used in all stores.

Logistics

Eligibility

Since TJXtra! offers information about multiple government programs, all employees are eligible to use the program – as well as other family members, friends, or neighbors to whom they pass along the information. The only limitations are those imposed by the government programs themselves (in terms of income eligibility).

Communications

Information about the TJXtra! program are communicated to associates in three ways: 1) information about the program is included in the orientation packet for newly hired associates; 2) associates receive a newsletter on a quarterly basis with one-half page in each issue devoted to current announcements that are part of the TJXtra! program; and 3) each store and distribution center has a specific location where the TJXtra! program is located, identified by a large banner that is usually located in the associate lounge. Some of the materials have been translated into Spanish and other languages depending on the demographics of the employees in specific locations. Managers receive ‘action packs’ on a regular basis with exact instructions about what should be done with the TJXtra! materials. Externally, the program is discussed outside of the company with reporters and other organizations that have called for information about it.

Tracking/Utilization

Due to the nature of the program (i.e., associates apply to most of the government programs outside of the workplace), it is difficult to determine the exact number of associates who use it. However, anecdotal data have indicated that associates are using the program and that there is less stigma attached to the use of government “income-eligible” programs because of the TJXtra! program.

Impact

Evaluation

Although there is not a formal audit process for the TJXtra! program, the Manager of Government Programs who is the coordinator of the program regularly discusses ideas about how the program can be strengthened with the Operations staff. In addition, the program coordinator constantly reviews the program as he looks for other programs that might be useful for associates. The main criteria that are used to decide whether programs are added to the TJXtra! program is whether the program will appeal to the associates, whether it is broad enough that it can be added as part of the TJXtra! program in all of the stores, and whether it can be easily accessed outside of TJX.

Benefits

The program coordinator feels that the three primary benefits of the TJXtra! program are that: 1) it helps associates, their friends and their family get information about programs to which they're entitled, but otherwise might not know about; 2) it serves as a motivator for associates because it shows them that the company cares; and 3) it helps with retention. Related to this, the main benefit for associates is that they learn about programs for which they are eligible. Overall, the coordinator feels that the program is very well received and that the government programs advertised through TJXtra! are extremely useful for associates.

Recommendations

The main recommendation for other companies who are considering the development of a program like the TJXtra! program is to make as many contacts as possible – talk to people in the community who know about government programs that might be useful for employees, and visit the IRS and Department of Agriculture websites. Currently, there is not one central location for information about all of the programs available, so collecting information from as many sources as possible is recommended.

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FINANCIAL INCENTIVES

Like other employees, some lower wage employees use work as a way to escape from more burdensome family issues (Dodson, Manuel and Bravo, 2002). However, due to lower wages and the additional strain placed on these workers in balancing work and family, they may at times find it difficult to motivate themselves to come to work. In an effort to provide additional motivation, some organizations offer cash incentives to hourly workers for exceptional on-the-job performance. These types of programs allow employees to increase their income, thereby improving their financial situations. In addition, these programs may provide the incentive for lower wage employees to stay employed, at least in the short term (Rangarajan, 2001).

The most important aspect of financial incentive programs is to carefully design the rewards so that they are attainable. Employees need to feel that if they work hard and perform on the job, the incentives will be within reach. Incentives can address issues typically associated with lower wage employees, such as punctuality and absenteeism or can be based on the nature of the business (such as sales goals). The rewards can also be non-financial, with employers offering incentives such as free transportation, lunches, or other non-monetary rewards. While relatively inexpensive for employers, even small incentives may demonstrate to the employee that the company is committed to and is concerned about the workers' welfare and well-being. This leads to employees who are more motivated to provide superior customer service and therefore contribute directly to the success of the organization.

Financial Incentives – Case Studies

In this study, two different organizations highlighted programs that offer financial incentives to their hourly and lower wage employees. Eddie Bauer's Store Team Incentive Program rewards employees if a store exceeds its sales goals by specified amounts. Employees receive bonuses based on the number of hours worked during the previous month. A similar program at Home Depot offers associates the opportunity to earn additional pay if the stores meet certain sales objectives. Funds are accumulated in what stores call the "Success Sharing Pool," and employees receive their bonuses based on their hours during the previous six months. In each case, the amount of the bonus per hour is linked with the percentage that the sales goals are exceeded.

Eddie Bauer: Store Team Incentive Program

Company

Eddie Bauer, Inc. is a leading international retail brand, offering casual lifestyle products for adults. The Eddie Bauer line, traditionally known for its outerwear, offers other products including all-occasion apparel, footwear, travel gear, and accessories for women and men. The Eddie Bauer Home line offers bedding, furnishings, and related décor. Since 1920, Eddie Bauer has evolved from a single store in Seattle, Washington to an international company with more than 590 stores, 6200 employees, 110 million catalogs, and three online websites. Eddie Bauer operates stores in the United States and Canada, and through joint venture partnerships in Germany and Japan.

Program

Eddie Bauer's Store Team Incentive Program rewards employees for their contribution to achieving store sales goals and for their contributions to the com-

pany's overall success. Eddie Bauer's organizational philosophy is that "every employee has a role in the success of the company."

The employee incentive program, driven by individual and group sales in each store, provides an opportunity for Eddie Bauer employees to earn hourly bonuses. Independent of each other, Eddie Bauer stores, in collaboration with regional managers, set specific sales goals. If these goals are exceeded by certain percentages, hourly employees receive additional compensation for each hour they worked during the previous month. The scale of percentages and extra wages per hour worked are as follows:

- 4.9% = \$.25 extra per hour
- 5-9% = \$.50 extra per hour
- 10% or more = \$.75 extra per hour

While the amount of the bonuses vary from month to month and from store to store, on average hourly associates receive an additional 6.5% of their base pay per month as part of this program.

History

The Store Team Incentive Program began in 1998 as a result of the corporation's goal to create a 'user-friendly' employee incentive program. Building on the previous staff incentive program, compensation and operations teams developed a store-based incentive program that would both boost sales and compensate employees for their contributions. The 'new improved' incentive program was shaped with input from employees at all levels. Once modified and simplified, the program was rolled out nation-wide to over 500 stores and 6,200 employees.

One of the store managers noted one of the only obstacles to the Store Incentive Program: "The (only) disadvantage of the program is that a store has to be located at the right place or the environmental conditions have to be right; otherwise, it is difficult to meet sales goals."

Logistics

Eligibility

All hourly workers employed at Eddie Bauer are eligible to participate in the Store Incentive Program. Bonuses are calculated and are allocated to employees on a monthly basis using the employee attendance and time tracking software. This systematic electronic system avoids any potential human error or employee claims of favoritism.

Communications

When hired, employees are oriented to the Store Incentive Program and after that store managers provide ongoing education about the program. Employees are also able to get information about the program by logging onto Eddie Bauer's intranet website. Store managers receive regular intranet training about various aspects of the Store Incentive Program and are strongly encouraged by District Managers to maximize employee participation in the program. As a recruitment tool, Eddie Bauer's field recruiters 'sell' the Store Incentive Program as part of a total compensation package.

Tracking/Utilization

Employee utilization is monitored by compensation software that tracks attendance and work hours. As noted earlier, employees are compensated based on the number of hours they work during the month.

Impact

Evaluation

Although Eddie Bauer has never conducted a formal evaluation of the Store Incentive Program, anecdotal evidence provided by compensation and store managers indicates that employees are quite pleased with the program. As one manager stated: “Eddie Bauer’s workforce is young and many associates work part-time in addition to working another job or going to school. This program is an excellent way to recruit energetic and enthusiastic employees who are motivated and who enjoy earning a ‘bonus’ at the end of each month.”

Benefits

Another store manager with a 25-year career in retail management enthusiastically listed what she feels are the major strengths of the program:

1. it is easy to manage;
2. it is easily translatable to employees;
3. it creates a team culture; and
4. it gives employees a way to make extra money.

She adds: “The way the program is designed, I can easily break my stores’ monthly sales goals into weekly, daily and hourly goals. It is especially easy to translate these goals to my employees. I work with them to come up with individual sales goals that will result in store wide success.”

The Store Incentive Program is a “win-win” program for both associates and the company. Company representatives suggest that the program maximizes sales and increases retention and employee commitment. “Our associates like working for us; many associates have been with Eddie Bauer for over five years.” Moreover, compensation staff reports that it is an excellent recruitment tool: “Most people like extra money in their pocket at the end of the month, plus, we’re a fun place to work!”

Recommendations

One store manager who oversees 65 to 120 employees, depending on the time of year, reported that the “Store Incentive Program is the absolute most simple, easy to read, easy to translate to employees.” She would recommend it to any retail company interested in cultivating a team financial reward system.

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Home Depot: Success Sharing Plan

Company

Home Depot, with headquarters in Atlanta, Georgia, is a home improvement retailer committed to providing customers with a full spectrum of home repair and home building products. Founded in 1978, its creators envisioned a store with a wide assortment of home supplies and excellent customer service offered by knowledgeable store associates. Home Depot has expanded from one store located in Atlanta, Georgia to over 1,500 stores in the United States, Canada, and Mexico. Currently, the company employs over 300,000 people, of whom 96 % are hourly workers.

Program

The Success Sharing Plan is a program that gives associates the opportunity to receive extra money, above and beyond their regular earnings. Employees can earn bonuses twice yearly based on their contribution to helping their store meet its sales objectives. The program works by accumulating funds in what stores call the “Success Sharing Pool.” Whenever a participating store exceeds 98% of its sales plan, 3% of this amount is contributed to the pool.

Every six months, eligible store associates share the accumulated funds in the pool according to their total earnings during that period. Success Sharing payouts generally occur in September (for the first half of the year) and March (for the second half of the previous year). In the past, the average bonus amount has been \$165 per associate.

History

Consistent with Home Depot’s vision of providing great service, the Executive Vice-President of Human Resources, in collaboration with the company’s compensation and human resource divisions, considered a variety of incentive programs that would motivate employees to continue excelling at customer service. In order to develop a program that would truly work towards this goal, employees were asked to contribute their ideas about the best way to enhance sales, service, and day-to-day operations. As a result, the Success Sharing Plan was created and was rolled out in Home Depot stores nationwide in 2002.

In terms of obstacles, the company had to deal with external factors rather than problems with the program itself. “Our biggest obstacle was rolling out a sales incentive program during a time when the economy was weak. It was unexpected. In early 2001 when sales were strong, we planned to roll out the program in early 2002. It was right after 9/11, but we decided to roll it out anyway,” reported a company benefits staff member.

Due to the downturn in the economy, the first payout did not actually occur until 2003. However, once sales goals were adjusted to take into account the shift in the economy and business improved, stores began meeting their goals. For the first time, hourly employees had the opportunity to earn bonuses based on performance (their own and their co-workers).

Logistics

Eligibility

All hourly full-time and part-time associates who have worked 90 days or more for Home Depot are eligible to participate in the Success Sharing Plan. Employees must be employed with Home Depot at the time of the payouts to be eligible for the Success Sharing bonus. If an employee changes location, they are still eligible to receive a payout, but it is based on earnings from their previous location.

Communications

New employees receive information about all of Home Depot's benefits, including the Success Sharing Plan. In addition, store managers explain how the program works and provide all employees with weekly and monthly updates about the store's progress in reaching its sales goals.

Participating store supervisors receive regular training about the Success Sharing Plan and how it works, including setting and meeting realistic sales goals and motivating employees to meet these goals. District managers also work with store managers in these areas.

Home Depot promotes its Success Sharing Plan as one of many benefits offered to hourly employees. According to Human Resource staff, hourly workers are often drawn to Home Depot because of its benefits. Although it is a relatively new program, the hope is that the Success Sharing Plan will become one of the key benefits that attract motivated individuals to work at Home Depot.

Tracking/Utilization

Participating stores track progress towards meeting quarterly sales goals on a weekly and monthly basis. These figures are shared with all associates as a way of keeping them motivated to meet the goals and receive their bi-annual bonus.

Impact

Evaluation

After the most recent payout celebration of the Success Sharing Plan, store Human Resource managers conducted a survey to determine employees' opinions of the program. Eighty-one percent of participating stores responded. Overall, employees described Success Sharing as a morale booster, a great team building tool, and an excellent motivator. Employees reported being "thankful, proud, and ready to do it again." Others wrote that they were "amazed at how much larger their payout was than expected for just doing my job."

Since the Success Sharing Plan is still in its infancy stage, it is too early to tell how successful it will be. Yet benefits and compensation staff are optimistic that the initiative will be a welcome addition to their benefits package, since they are one of only a few retail stores that give hourly employees the opportunity to earn additional bonuses.

Benefits

Home Depot feels that the Success Sharing Plan is an excellent strategy for motivating employees to focus on well-defined sales goals. An employee who is highly motivated to earn a bonus for every pay cycle is an extremely valuable asset to the organization. However, Home Depot personnel note that the program depends on all associates working together to meet the store's sales goals. If one employee is a top sales performer but others are less enthusiastic, the highly motivated employee may miss out on his or her bonus since the store will not meet its projected goals. Thus, if the program is to succeed, store managers must cultivate work environments that inspire all associates to perform.

Recommendations

Although Success Sharing is still a new program, representatives from Home Depot believe "that it will be a great incentive for our associates; we expect it to gain momentum as associates see results. Financial incentives that associates perceive as achievable are a 'win-win' for management and the associate population." Further, Home Depot representatives recommend "that any proposed program must receive buy-in from all interested parties; without buy-in from management and associates, the potential for success is limited."

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SCHEDULING/LEAVES

Time is at even more of a premium for lower wage employees than for other workers. Many lower wage employees work overtime or more than one job as a way to increase their incomes and to make ends meet. Increased work hours can result in a substantial amount of stress for the worker, and, if unaddressed, can lead to personal problems, such as absenteeism, alcoholism, and other issues (AFL-CIO Working Women's Department, 2001c). In addition, many lower wage employees are the sole earners within their families and may be providing for a larger family than their higher income counterparts but on a substantially lower salary. Working women also have time-related concerns since more than a quarter of them work non-traditional schedules, such as evenings or weekend shifts (AFL-CIO Working Women's Department, 2001c).

A company's work schedule and leave policies are often extremely important to lower wage employees. For example, some of these employees are pressured into working overtime, which can conflict with other obligations such as child care or a second job (AFL-CIO Working Women's Department, 2001c). Making flexible work options available can reduce worker stress while at the same time benefiting the company by increasing productivity.

Alternative Work Schedules

There are many ways that companies can increase flexibility in their employees' hours by creating alternative work schedules, including telecommuting, compressed work weeks, limits on overtime, flex-time, shift swaps, and the creation of part-time work opportunities. For lower wage employees, the options for work schedule flexibility may be more limited since their positions are more apt to be tied to a specific workplace and/or time period. For example, telecommuting and flex-time may not be appropriate options for lower wage workers in certain jobs. In fact, Dodson and her colleagues (2002) note that, for lower wage workers, flexibility largely means a supervisor or manager who is understanding and sympathetic to an employee's work/life conflicts. While informal arrangements between lower wage employees and their supervisors may greatly help them to integrate their work and home lives, some companies have also taken steps to offer formal flexible work options to these workers.

Compressed work weeks allow employees to condense their hours into fewer days by working more hours per day; for example, either four days per week or nine days over a two-week period (AFL-CIO Working Women's Department, 2001d). For lower wage employees, this extra day off can mean reduced child care costs, money saved on transportation expenses, time spent at another job, or a day devoted to training outside of work (e.g., taking classes or participating in job skills workshops). In addition, working a compressed work week helps the business by allowing the company to provide coverage during longer hours.

While some workers, especially lower wage employees in poor financial situations, may want to work overtime hours, this may not be possible for others with existing after-work obligations. When employers ask workers to stay late without proper notification, they may feel caught between work and family obligations (AFL-CIO Working Women's Department, 2001d). By proposing contractual limits on overtime, employees are less likely to feel pressure to stay later at work when they are unable to do so (Dodson, Manuel and Bravo, 2002). Allowing workers to swap shifts (that is, voluntarily negotiate schedules with their co-workers) gives employees a greater sense of empowerment and the ability to better deal with work/life conflicts.

While creating schedule flexibility may initially be time-consuming, there are several distinct benefits for companies:

- reduced strain on employees, resulting in improved morale, greater productivity, and increased company loyalty;
- improved ability to recruit employees, since some potential workers may be attracted to a company with more work schedule options;
- extension of business hours (especially in the case of compressed work weeks), which may allow companies to have a competitive edge in a global economy; and
- less manager time spent on arranging employee coverage (especially in the case of shift swaps).

There are also challenges to starting flexible programs, especially for lower wage employees in positions that have not traditionally been done by someone working a flexible arrangement. For instance, administrative costs at the beginning of the program may prove daunting for some companies (Beierlein and Van Horn, 1991). Given the challenges, companies that are considering alternative work schedules should think about their feasibility related to their company's business mission, and should be sure that there is a real need for scheduling alternatives among their lower wage employees.

Family Leave Policies

The Family and Medical Leave Act (FMLA) of 1993 allows eligible employees in businesses of over 50 employees to take an unpaid leave of absence for up to 12 weeks in order to attend to family needs, such as a serious personal illness, care for a newborn or newly adopted child, or care for an ill parent, child, or spouse (AFL-CIO Working Women's Department, 2001d). As passed, the Act is typically not useful for lower wage employees who may either work at a company not covered by the Act (which includes nearly 40% of the workforce), or more importantly, cannot afford to take a leave without pay due to financial constraints. The Economic Opportunity Institute notes that this is true for nearly two-thirds of workers.

As a result, many lower wage families are forced to 'make do' in the event of emergencies or personal illnesses. Therefore, there is a great need for well-developed family policies that cater to the needs of lower wage workers. Careful attention should be paid to the possibilities of maternity leave with reduced pay, emergency leave or short-term leave, bereavement leave, leave for victims of domestic violence, and stress leave or mentoring/school-related leave. Short-term leaves – such as a day, half-day, or hourly leaves – would also greatly benefit lower wage employees since they would be able to take time off to attend to emergencies (AFL-CIO Working Women's Department, 2001).

One way that companies can immediately help their lower wage employees is by developing leave banks, in which employees can donate their leave time to needy co-workers. A system which pools leave time may be more beneficial to lower wage employees while at the same time limiting costs to the company. Potential benefits for companies from expanded family leave policies include increased worker satisfaction and decreased absenteeism (AFL-CIO Working Women's Department, 2001d).

Scheduling/Leaves – Case Studies

Four organizations in this study identified programs or policies that were related to scheduling or leaves. Two companies – Eastman Kodak and Wachovia Corporation – offer flexible work options to

their employees that include several of the traditional flexible arrangements offered at many companies. However, these organizations felt that their programs were unusual in that these benefits are offered to, and are used, by their hourly and lower wage employees. While not always easy given the nature of the positions held by hourly workers, these companies have taken special efforts to be sure that these options are offered to all employees, regardless of position or wage scale. Thus, it is the implementation of these flexible arrangements in these companies that qualify them as “best practices” for hourly and lower wage employees.

Another option provided by the H-E-B Grocery Company is a sick-leave type program called MedBank that allows employees to use 40 hours per year from their own personal ‘bank’ of hours. MedBank hours can be used to attend to an employee’s own illness or injury, the illness or injury of a family member, or to attend a medical appointment for themselves or a family member that cannot be scheduled outside of work hours.

The final program included in this section is one offered by Kraft Foods entitled “Fast Adapts.” This program is a series of work options aimed at providing greater schedule flexibility to hourly employees and includes shift swapping, single-day vacations, relative policy, leave of absence, job share policy, and tuition remission for internet courses. Plant managers are given the autonomy and are held accountable for developing flexible arrangements in their individual plants.

Eastman Kodak: Flexible Work Arrangements

Company

Founded by George Eastman in 1880, Kodak is a major participant in "infoimaging," a \$385 billion industry composed of devices (digital cameras and PDAs), infrastructure (online networks and delivery systems for images) and services and media (software, film and paper enabling people to access, analyze, and print images). With operations in over 30 countries, Kodak has a workforce of 70,000 employees worldwide, including 39,000 in the United States. Headquartered in Rochester, New York, Kodak was recently named to the Environmental Protection Agency’s Waste/Wise “Hall of Fame,” in part for its One-Time-Use Camera recycling program.

Program

Eastman Kodak has a very well-developed program of Flexible Work Arrangements that consists of five basic options:

1. Part-Time Work – less than full-time work consisting of a minimum of four hours on scheduled workdays and from 8-32 hours in a work week.
2. Job Sharing – two employees sharing the responsibilities of one full-time position.
3. Compressed Work Week – a standard work week compressed into fewer than five days.
4. Flextime – schedules that permit employees to choose their starting and quitting times within limits set by management.
5. Telecommuting/Flexplace/Virtual Office – work at home or at satellite offices on a regular schedule.

These options are delineated in a detailed guidebook over 50 pages long, including sections on each of the five flexible work arrangements, as well as a 'Flexible Work Arrangement Proposal/Agreement' form. Each section includes an overview of the arrangement (including what it is and the business rationale), questions and answers, reviewing the proposal, making the decision, making the arrangement work, and checklists for managers and employees.

History

In 1997, Eastman Kodak recognized that there was a need for flexibility with respect to the way that work was structured. The company realized that having a more diverse workforce and changes in family structure and personal lifestyles had led to new employee attitudes about the integration between work and personal or family lives. Kodak made a decision that employees should be able to alter their work schedules in ways that would accommodate both business and personal needs. As a result, formal policies were developed for flexible work arrangements, and the policies were detailed in the "Flexible Work Arrangements Guidebook" described above.

Logistics

Eligibility

The Flexible Work Arrangements Program is available to all regular and conditional full-time and part-time employees, regardless of position or geographic location. In order to use a flexible work arrangement, employees must:

1. Complete an application;
2. Receive permission from their immediate supervisor; and
3. Demonstrate that the arrangement will not have an adverse impact on the business.

Since flexible work arrangements are available to all employees, there are no limits with respect to income. However, it is unusual for these types of arrangements to be available to all hourly employees.

Communications

Employees are told about the program as part of the new hire orientation that includes a brief overview of programs and policies entitled "You and Kodak." However, since employees may not focus on the availability of flexible work arrangements until there is an immediate need for them, there is also a link on the employee section of the company's website. This includes information about the different types of flexible arrangements through an online version of the Guidebook. In addition, information is included in an e-mail newsletter called "E-Cascade" that employees receive at least once per week.

Supervisors also learn about the Flexible Work Arrangements program at orientation, and the company is in the process of developing a training module for managers and supervisors entitled "Positive Employee Relations." This training is part of Kodak's learning solutions, and will include role-playing, case studies, scenarios, and barriers to participation in all types of flexible work arrangements. Pilot versions of these training sessions will begin in January 2004. Middle managers and line supervisors will attend 4-hour ses-

sions, while senior managers will attend shorter versions that include the highlights.

Externally, the Flexible Work Arrangements program is used as a recruitment tool, and Kodak has had other companies inquire regarding the details of the program.

Tracking/Utilization

The company does not generally track utilization rates for the different types of flexible work arrangements, but they do track the number of employees working part-time since this is related to benefits. In 2004, Kodak plans to develop a tracking system for the other types of flexible arrangements. They feel that this is especially important for those using the telecommuting option, since offices may be reserved for employees who rarely use them.

Impact

Evaluation

Most of the feedback Kodak receives about the use of flexible arrangements is through anecdotal data that are generally success stories from employees and supervisors. One purpose of publicizing these stories is to recognize employees and supervisors who are making these arrangements work. However, the stories are also used as role models for others to show them that flexible arrangements are working. One example of this is two job sharers who have used this arrangement for the past 20 years.

Although return-on-investment data have not been collected in the past with respect to flexible work arrangements, this may be done in the future and could be particularly important as the company goes through restructuring.

Benefits

Eastman Kodak views the Flexible Work Arrangements program as having dual benefits for the employees and the company. They feel that it benefits the employees by letting them define their own work schedules, and by doing this, the company directly benefits through increased productivity.

The only downside they have seen related to offering the program is co-workers who are jealous of those using flexible work arrangements. In many cases, these employees could have applied to work flexibly themselves but have not chosen to do so. In these instances, supervisors work with the employees to determine whether flexible work arrangements would be appropriate for them.

Recommendations

Eastman Kodak feels that the key to making flexible arrangements work is to be sure that the employees and supervisors have a mutually agreed-upon work contract in place, that there is a trusting relationship between the supervisor and the employee, and that a regular communication schedule is in place so that managers and co-workers know how to reach the employee who is working flexibly. Related to this is the recognition that flexible work arrangements don't work for everyone, and that supervisors and employees each have a role in making them work and in being honest if they are not working.

Specific recommendations for others who would like to develop flexible work arrangements at their organizations are as follows:

- Conduct an initial review by department to assess the level of interest in flexible work arrangements. This assessment should include different views from both managers and employees.
- Benchmark with other organizations who have flexible work arrangements in place, identifying and linking with these “best-in-class” companies.
- Do careful planning by developing guidelines for flexible work arrangements, but be sensitive to individual circumstances that may warrant special types of arrangements.

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H-E-B Grocery Company: MedBank

Company

H.E. Butt Grocery Company (H-E-B) is an independently owned food retailer serving communities throughout Texas and internationally in Mexico. Established nearly 100 years ago in a small family shop in Kerrville, Texas, H-E-B headquarters is now located in San Antonio. The company currently employs approximately 57,000 workers in over 300 store locations.

H-E-B strives to provide quality services within a friendly retail environment. Towards this end, the company offers a wide range of work/family related benefits (including the highlighted MedBank program) to its benefit-eligible employees. Most (91%) of H-E-B's workforce is comprised of full-time hourly employees, four-fifths of whom are assigned to retail jobs. The remaining full-time hourly workers hold manufacturing, transportation, and warehouse positions.

Program

MedBank is a sick leave-type program that provides eligible full-time hourly workers with income continuation when they must be absent from work. Unlike typical sick leave policies, H-E-B has extended the criteria for a leave-eligible absence to include immediate family members. The company defines ‘immediate family’ as a spouse, child, step-child, and/or elderly or dependent mother, father, brother, sister, mother-in-law, or father-in-law.

Employees can use their MedBank sick leave for the following reasons: 1) personal illness or injury; 2) illness or injury of immediate family members, or 3) to attend a personal or family medical appointment that cannot be scheduled outside of regular work hours.

Upon hire or promotion to full-time hourly status, employees receive pro-rated MedBank hours based on the amount of time remaining in the calendar year. For example, an employee hired on July 1 receives approximately 20 hours of MedBank time. Unused hours may be carried over to the next year.

up to an accumulation of 40 hours.

History

In the early 1990's, the Vice President of Human Resources recognized the critical link between employees' work and home lives. He began to work with other senior managers to consider how company policies could be modified, and re-examined the MedBank policy as part of this process.

Prior to 1992, H-E-B's sick leave policy was intended only for employees' own personal injuries or illnesses. At that time, senior managers became aware that many employees had responsibilities outside of home that included caregiving for both children and elders (either alone or shared with other spouses who were also employed).

They also learned that employees were using sick leave to care for family members who were ill. This finding was further reinforced by feedback from line supervisors and employees who suggested that the sick leave policy be expanded to include care for other family members.

"Employees essentially had to lie to care for their family. We wanted to cultivate a trusting and supportive work environment, yet the way our policies were written, employees had to be deceitful to take the time necessary to help an aging parent or to take a sick spouse to a medical appointment. This did not seem right," reported an HR manager. When the MedBank program was first revised, it essentially created a 'time off with leave' policy that combined vacation time with sick time. However, this policy was too complicated to manage and created numerous scheduling problems for managers, supervisors, and employees.

As a result of supervisor feedback, the MedBank program was changed to give full-time employees up to 40 hours of paid leave annually for either personal or family sick leave. However, some employees felt that they were punished if they and their family members were healthy – since any unused MedBank time was lost at the end of the year. In response, a final modification was made to allow employees to carry over unused time to the next year.

Thus, there were some obstacles in the early stages both with respect to managing the program and with policies that seemed unfair to some employees. Human Resource personnel feel that the key to overcoming these obstacles was listening and responding to feedback. In terms of the first version of Medbank that they refer to as the 'combined time-off with pay disaster,' a Human Resource staff member commented: "We listened to what our supervisors were telling us. They said it was an administrative nightmare."

Likewise, employee feedback was critical in designing a program that would meet the needs of all employees. "We learned that employees felt the policy punished those who did not use their MedBank hours. This was not the intent of the policy. As a result, we modified it to better suit employees' needs."

Logistics

Eligibility

To be eligible for the MedBank program, employees must:

- (1) work full-time (at least 40 hours weekly);
- (2) notify the supervisor at least two hours prior to the beginning of scheduled work hours; and
- (3) notify the supervisor of their progress on a daily basis during an extended absence. This allows supervisors to modify the schedule accordingly.

Communications

Employees first learn about the benefits and requirements of the MedBank policy as part of the orientation process. After this, supervisors inform employees about changes in MedBank's policies, and these are also communicated during the company's open enrollment period.

Employees are trained about MedBank's eligibility requirements and procedures when they are promoted to supervisory positions. Ongoing education about the program and its procedures also takes place during department meetings. Along with certain other company policies, the MedBank program is used to recruit new employees outside of the company. As one H-E-B representative stated:

"MedBank is one of H-E-B's most popular employee benefits. Often, employees come to work at H-E-B because of this policy."

Tracking/Utilization

The company's payroll department tracks the utilization of the MedBank program. On average, eligible employees use 19-20 MedBank hours per year.

Impact

Benefits

As part of a comprehensive employee benefit package, MedBank is a 'win-win' situation for both the company and the employees. According to employees, H-E-B is one of the few companies in the area to offer an inclusive sick leave policy. One employee noted the importance of MedBank among the other benefits offered by the organization: "Some employees come to H-E-B because of MedBank, but mostly they come because it's a good place to work. MedBank is just one reason employees like to work here."

An hourly administrative assistant employed at the company for four years gave a good example of why the MedBank policy is so important to H-E-B employees: "When my teenage daughter had surgery, I was able to take time-off to be with her at the hospital and during her recuperation process. Under previous policies or at other workplaces, I would not have been able to take such time-off. It was such a relief!" The MedBank program led this employee to conclude: "H-E-B really cares about its employees! They want to help employees be good workers and good family members."

Recommendations

For companies considering implementing a MedBank policy, Kathy Durbin,

HEB's Director of Benefits Design, suggested the following recommendations:

1. Sell executives on the value of the benefit versus the cost.
2. Conduct employee focus groups to be sure 'you got it right.'
3. Create a system that allows for an ongoing analysis of utilization.
4. Measure results – is the program meeting employee and employer needs?

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Kraft Foods: Fast Adapts

Company

Kraft Foods is a food and beverage manufacturing company owned by the Altria Group, Inc. and is comprised of many familiar brand names including: Kraft, Jacobs, Philadelphia, Maxwell House, Nabisco, Oscar Mayer, and Post. Kraft Foods was established in 1903 when James L. Kraft established a wholesale cheese business in Chicago, and was expanded when the company began manufacturing its own cheese in 1914. The company quickly grew by offering its products in Europe, first in England (1924) and then in Germany (1927). In addition, it acquired its first company, Philadelphia brand cream cheese in 1926. Today, Kraft is comprised of a multitude of food and beverage companies and employs nearly 109,000 people in over 150 countries. Among the 62,000 people employed in the 100 plants located in North America, 59% are hourly workers.

Program

In December 2002, Kraft rolled out the "Fast Adapts" program consisting of flexible work initiatives and policy changes for hourly employees and production supervisors who work in round-the-clock manufacturing facilities. These new or revised initiatives and policies, along with a description of each and the practice that existed prior to their implementation are as follows:

Policy	Description	Past Practice
Shift swapping	Allows hourly employees to swap shifts for a day	Employees would have to take a day off to take care of personal needs that may only require a few hours
Single-day vacations	Allows hourly employees to take vacations in one-day increments	Employees in some plants had to take vacations in 1-week increments

Policy	Description	Past Practice
Employment of relatives policy	Allows employees who are related to work in same department	Employees who were related could not work in the same department
Employment of hourly retirees policy	Allows retirees to temporarily provide coverage for leaves, vacation, extended illnesses, etc.	Employees worked overtime and weekends to cover for co-workers who were off
Job sharing	Enables 2 part-time employees to share one job	Most employees worked full-time, even if a reduced schedule would have met their personal needs better
Tuition reimbursement for Internet courses	Provides reimbursement for Internet courses	Employees had difficulty taking university-based courses due to their work schedules and/or the proximity of the campus

History

Building employee and organizational excellence is one of Kraft's five business strategies, and Diversity and Work Life are part of the business platforms that support this strategy. Through Work Life, Kraft is creating a work environment that maximizes the effectiveness of the individual and the organization through flexibility. In 2001 and 2002, employee survey results indicated that Kraft hourly workers in manufacturing plants were the least satisfied with their work/life integration of all the employee groups (including those in administration and product development). Hourly workers reported that the available flexible work options were not as useful to them as they were to professional workers.

In order to address these concerns and to drive flexibility deeper into the organization, a Work Life Summit was held that included line workers, production supervisors, plant managers, and plant human resource managers. The Summit was charged with identifying specific concerns and developing a plan to address the work/life and flexible scheduling needs of hourly workers in Kraft's manufacturing plants. In order to meet this objective, Plant Managers and Plant Human Resource Managers shared initiatives that they felt were especially useful in providing flexibility to hourly employees at their locations. External best practices were also reviewed as part of the process.

The initiatives chosen were used in some of the manufacturing plants and sample policies/procedures were provided to facilitate implementation in

other locations. The field Operations Work Life initiatives were approved by the Vice President of Human Resources and the Senior Vice President of Operations, and were rolled out to the plants under their signature for implementation in 2003.

The first step in implementing the new “Fast Adapts” program was ensuring that each Plant Manager and Plant Human Resource Manager at the 80+ facilities in the U.S. were clear on the expected deliverables and the timing. This was done through a series of meetings led by the Area Human Resource Directors. Plant Human Resource Managers at union plants were expected to review their contracts to determine whether the new flexibility initiatives could be implemented. If the initiatives could not move forward, they were to be re-considered during the next contract negotiation. The second step was to inform employees about the “Fast Adapts” program (see ‘Communications’ below).

Logistics

Eligibility

All hourly workers are eligible to use the Fast Adapts options if the policy is conducive to the employees’ specific work process, plant policy, or union contract. If the Fast Adapts initiatives do not suit a particular operational or management process at certain facilities, plant and Human Resource managers are encouraged to create alternative flexible work solutions.

Communications

Given the large number of manufacturing plants in the United States (80+) and variation in work processes, management style, and union representation, communicating information about Fast Adapts to employees and supervisors was particularly challenging. In order to ‘get the word out,’ pre-existing communication channels were used. First, plant managers were asked to publish information about work/life issues in their newsletters and/or to post it on their video monitors. Second, work/life was to be included as a regular agenda item at plant-wide meetings. Both of these communication methods may include information about the initiatives that comprise the Fast Adapts program as well as other work life programs in existence at the facility.

Tracking/Utilization

During the first quarter of 2003, baseline information was collected by each plant to identify which plants already had programs in place and to determine when the plants that did not have them would be implementing programs. Later that year (in the fourth quarter), plant managers were asked to provide an update on the “Fast Adapts” program and any new work/life programs that had been implemented or were being considered. In addition, reasons for not moving forward with Fast Adapts initiatives or other flexible work arrangements were solicited. This enabled the Work/Life Director to assess the extent to which the Fast Adapts program had been implemented, and to report back to the Vice President of Human Resources and the four Area Vice Presidents to whom the plant managers report.

Another method that is used to measure the effectiveness of the Fast Adapts program in increasing employee work/life satisfaction is by collecting information as part of Kraft's bi-annual employee satisfaction survey that is conducted at each plant. Kraft hopes that by holding plants accountable for implementing Fast Adapts and other work/life initiatives, employees will report less work/life conflict and will be more satisfied with their work/life integration.

Impact

Evaluation

The Work/Life Director feels that the Fast Adapts program has been successful for two reasons: accountability and autonomy. Plant managers are held accountable for developing and implementing flexible work strategies for their individual plants within a specified period of time. If unable to do so, they must provide a written explanation for the delay and must develop an alternative action plan. In support of the company strategy, each plant has an Employee and Organization Excellence plan that includes a Work/Life component. This plan is reviewed annually and the Fast Adapt initiatives are helping to improve the work environment at the plants. The 2003 Kraft bi-annual survey showed improvement in hourly employees' satisfaction with work-life integration.

Another reason for the success of the initiatives is that plant managers and plant human resource managers have been given the autonomy to develop flexible work arrangements that work best for their individual plants. "What might work in one plant may not fly in another plant," noted the Work/Life Director. "We wanted plant managers and employees at each of the sites to have input into the organizational change process."

Benefits

Each of the Work Life initiatives has specific benefits:

1. Shift swapping – is particularly useful for employees who need to take time off for work/life related matters but are still available to work that day.
2. Single-day vacations – gives employees more flexibility and control over their vacation time.
3. Employment of relatives policy – allows more flexibility regarding where employees can work in a plant, which is especially important at smaller plants.
4. Employment of hourly retirees – permits hourly employees and supervisors to take time-off while providing qualified individuals to back-fill the position, resulting in better work/life integration.
5. Job sharing – allows individuals to be employed who need a reduced schedule while maintaining full time coverage in the position.
6. Tuition reimbursement for online courses – enables employees to more easily take college courses because coordination with work schedules and the location of the campus is more flexible.

Recommendations

Charsetta Henderson, Kraft's Work/Life Director recommends the following to companies that are currently thinking about or would like to consider offering flexible work options:

1. *Engage employees.* Employees know first hand what it takes to get the job done. Engaging them in the change process brings their area of expertise to the table.
2. *Require accountability.* When rolling out flexible work options, require some form of accountability. Since the use of flexible work arrangements is new for many employees and supervisors, they might be resistant to change. Requiring accountability helps to cut through some of the potential resistance.
3. *Consider instituting a trial period.* Sometimes new policies or practices benefit from a period of review, allowing revisions to be made before a full-scale roll-out is implemented. Employees, supervisors, and management need to be open to a trial period before formally instituting new policies and/or programs.

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Wachovia Corporation: Flexible Work Options

Company

Wachovia Corporation, headquartered in Charlotte, North Carolina offers a full range of financial services to its customers who are primarily located in the southeastern region of the United States. The company was created in 2001 through a merger of Wachovia (founded in 1879 in Winston, North Carolina) and First Union (founded in 1908 in Charlotte, North Carolina). The name Wachovia (pronounced wa-ko-vee-yah) is the Latin form of land in the Piedmont region of North Carolina settled by the Moravian Indians in the 1700's. Currently, Wachovia employs more than 87,000 people in 2,600 financial centers and 800 retail brokerage offices, with 67% of its workforce in hourly-wage jobs.

Program

Flexible Work Options is a program that allows flexibility in scheduling "when, where, and how" employees get their work done. It allows flexibility in work schedules, locations, or both, and includes the following six options:

1. **Flextime:** A work schedule that permits non-traditional starting and quitting times within limits set by management.
2. **Compressed Work Week:** A schedule that allows an employee to work the equivalent of a week's time in less than the normal number of days (e.g., four 10-hour days for full-time positions or three 10-hour days for a 30-hour employee).
3. **Reduced Work Schedule:** A flexible work option in which an employee works less than 40 hours a week.
4. **Job Sharing:** An arrangement in which two employees work reduced schedules to share the responsibility for one full-time job. Employees share accountability and coverage, and function as one unit in working with their colleagues,

management, and business contacts. Employees may work alternate days or may split hours during the day with some overlap for communication.

5. Phase-In After Leave: A schedule that permits an employee to return from a leave of absence on a reduced basis, with a defined schedule that works towards a complete return to the normal hours of the position.
6. Alternative Workplace: Flexible work locations available to certain employees. For instance, telecommuting allows employees to complete the majority of their work at home.

All Flexible Work Options are subject to the discretion of management and depend on job requirements and individual circumstances.

History

Flexible work options were first offered in 1996 as a means of addressing recruitment, retention, and turnover issues. “We wanted to remain competitive and to attract the best talent,” states Wachovia’s Work/Life Director. The company also recognized that many employees today balance multiple work and family responsibilities, and they wanted to assist employees with these work/life balance issues. As a result, the Flexible Work Options program was phased in over several years, with a new initiative introduced each year.

Logistics

Eligibility

All employees are eligible to apply for the Flexible Work Options program; however, they must be performing at acceptable levels and cannot be on probation to be accepted into the program. After employees complete a Flexible Work Options request, managers and supervisors decide on a case-by-case basis whether to approve or deny the request. Depending on the number of hours that an employee works per week, certain flexible work arrangements may affect an employee’s compensation and benefits.

Communications

Employees learn about Flexible Work Options during employee orientation and through the company’s intranet website. The website has a specific section on work/life policies and programs, and includes an option for employees to directly e-mail work/life staff with questions.

Supervisors and managers learn about Flexible Work Options and the criteria for approving requests through two training mechanisms. The first is an online Flexible Work Options orientation that delineates the available options and criteria for eligibility and approval. Second, managers and supervisors learn more about the Flexible Work Options program by taking a required Managers Program and Policy course. Wachovia’s work/life team consults with managers on a case-by-case basis to help them think through specific requests and to determine the Flexible Work Options that are optimal for their team or work area.

Wachovia Corporation advertises its work/family benefits and policies, including Flexible Work Options, as a recruitment tool to attract the best employees in the industry. Specifically, the company participates in Working Mother’s

Top 100 Companies list and the Top 40 Companies in North Carolina initiative. In 2003, Working Mother magazine named Wachovia one of America's ten best companies for working mothers.

Tracking/Utilization

Wachovia's work/life team reports that the Flexible Work Options program is one of the most utilized work/family benefits at the company. Currently, a strategy is being developed to track utilization data and to provide information about the program's strengths, limitations, and return-on-investment.

Impact

Evaluation

The work/life team conducts ongoing evaluations of the flexible work arrangements to determine whether they are meeting their intended goals or need to be modified.

Benefits

For the Wachovia Corporation, recruiting and retaining employees is one of the primary benefits of offering Flexible Work Options to its workforce. Since the program was first offered, it has become easier to fill entry-level positions due to more flexible work options. "The Flexible Work Options program allows us to create schedules that meet the company's needs as well as employees' needs," stated one supervisor. "When we merged companies, it was complicated because employees from the two firms had different schedules. Some employees panicked because they had already made child or elder care arrangements based on their previous schedules. Knowing that I could encourage employees to request a flexible work schedule gave me the freedom to accommodate their various situations. As a result, we were able to accommodate everyone's schedules."

Wachovia's Flexible Work Options program allows employees to align their work schedules with their personal or family needs. The end result of this is that employees are happier and are less stressed by work/family issues.

Recommendations

Three issues are important to consider if companies want to institute flexible work options:

1. Examine the work situation from multiple perspectives. "We ask employees to answer questions from a manager's point of view so they can understand the importance of making the request a business case," commented Ingrid Shelton, Wachovia's Work/Life Director.
2. Involve all members of the team. Buy-in from fellow co-workers is extremely important to long-term success.
3. Encourage employees to be flexible. If an employee's initial schedule request is not approved, the employee needs to be flexible. They should have a back-up plan and be willing to rearrange their schedule so that it is a 'win-win' situation for all involved. For example, if the employee's initial request conflicts with other work-related issues, he/she needs to have an alternative flexible schedule.

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PROGRAM COMPARISONS

Getting Started (History)

1. *The most frequently listed reason for developing the program or policy was to attract and retain good workers.*

In some instances, companies developed the program or policy specifically to recruit new employees, or to be sure that the current workers remain with the organization for as long as possible. In other cases, however, the company listed the reason for starting the practice as wanting to show employees that the company cares about them, or because they realized that this group of employees had needs that weren't being met. In these situations, developing programs or policies to meet employee needs is an indirect way to make it more likely that employees will want to stay with the company.

2. *In several companies, training programs were developed to help employees do their jobs better – benefiting both the organization and the employees.*

Some programs and policies are intended to help employees perform better on the job by teaching skills that they can use on a daily basis. For instance, the end result of offering language and literacy programs (Harvard University and Marriott International) is that employees are able to better communicate with consumers (in this case, students and hotel guests, respectively) – thus having a positive influence on customer satisfaction. In other instances, the impact of offering the program was that employees worked harder to treat the customer better – thus boosting overall sales.

In both instances, the program benefits not only the organization by improving customer relations, but also the employee since he or she gains confidence and in the case of English skills, is able to use this learning in other situations outside of work (for example, in stores and restaurants).

3. *Other business reasons for initiating programs were to save money through tax benefits and to reduce absenteeism.*

In a few cases, companies received certain tax benefits by offering a specific type of program or policy. While this may or may not have been the original reason for developing the program, it was certainly another benefit that companies considered in starting these initiatives. In another instance, Bank of America received feedback through an employee survey that there was a strong link between absenteeism and child care concerns. As a result, the company developed its Child Care Plus program to reimburse employees for a portion of their child care expenses – thus benefiting the business by lowering absenteeism rates.

Getting Stuck (Obstacles)

1. *Managers were sometimes reluctant to participate in new programs or policies.*

Given the modern-day business climate where it is expected that a great deal will be accomplished in a short period of time, department heads are hesitant to introduce new programs or policies without knowing their exact impact. This 'fear of the unknown' can make it difficult to implement new programs – even when they are well-planned and the details have been thoroughly developed.

- 2. Some organizations noted financial issues as obstacles – either related to funds needed to begin the program or problems related to a weaker economy.*

For example, programs that offer emergency loans to their employees need to figure out where the initial funds will come from to start the program. Other financial obstacles were related to budget limitations due to the downturn in the economy and needing to adjust sales goals (for a financial incentive program) since the more optimistic figures developed during a stronger economy were no longer realistic.

- 3. Another common obstacle to developing the programs and policies in the study was related to communicating the details of the program to employees and managers.*

Like other work/life benefits, the importance of communicating information about the programs and policies in this study cannot be underestimated. Even the most well planned program will be under-utilized and will not have its intended impact if employees don't know about it and managers aren't supportive. For supervisors, this begins with making sure that they are informed about the program and what it means for the employees they supervise.

Getting Unstuck (Overcoming Obstacles)

- 1. Pilot programs are sometimes used to convince other departments that the program or policy will be implemented in a way that will not be disruptive to the business and that it will achieve its intended results.*

When departmental support is needed for the implementation of a program or is important for its success, gaining the agreement of one department to implement the program or policy can go a long way towards receiving this support. This 'trial run' of the program can also help to convince the company that the benefits will more than outweigh the costs. For instance, Bank of America began its Child Care Plus initiative in call centers at the company, while Harvard initially offered its literacy program to hourly employees at the Harvard Club.

A separate but related strategy for implementing a new program that has several components is to begin with one part of the program and then add other components at future points in time. For example, Wachovia Corporation gradually introduced one new initiative each year as part of its Flexible Work Options program.

- 2. Creative funding options can help to “jump start” the program or policy.*

Beginning a new program or policy can often be a costly endeavor; however, exploring new funding options can sometimes be what is needed to get the program going. For example, at Levi-Strauss a separate foundation was started to field loan and grant requests from employees and retirees. The financial resources for this foundation were first provided by a senior executive and his wife and later by an endowment established by shareholders.

- 3. Using multiple existing communications channels to “get the word out” can be very useful in the implementation of a new program or policy.*

While publicizing a new program can be a big challenge in the modern information age, using methods of communication that employees and managers are used to checking can be the best way to give them details about the new program. In addition, providing information about the program or policy in several different ways can help to reinforce its existence. For example, at Eastman Kodak, employees learn about Flexible Work Arrangements at orientation, on their employee website, and in e-mail newsletters that are sent company-wide at least once per week.

Who Uses It? (Tracking/Evaluation)

1. *Most of the programs have tracking systems to determine utilization rates and to collect specific data about the participants.*

While tracking systems vary from company to company and depend somewhat on the nature of the program or policy being offered, nearly all of the organizations in the study reported having some type of tracking system that provides them with information about the participants and other aspects of the program. Data may be collected centrally or by business unit, with the frequency related to how the program is offered (e.g., information about employees attending training courses is provided each semester, etc.).

2. *About half of the organizations have formal evaluation systems in place, including participant surveys and meetings among program administrators.*

When in place, these systems typically include an assessment by the participants (for example, teachers who take the Child Development Training classes at Bright Horizons), as well as evaluations by those who run the programs. For example, members of the emergency loan committee at FleetBoston Financial meet on a regular basis to review the program and determine when changes are needed.

3. *The organizations in the study used different approaches to justify the existence of the program.*

Typically, companies did not have formal return-on-investment data collection approaches in place. Rather, they were more apt to rely on anecdotal data and their experiences at the company to demonstrate that the programs and policies were having a positive impact on the company's bottom line.

What Good Is It? (Benefits)

1. *The phrase 'win-win' was used by many of the organizations to describe the benefits of the program for the organization and the participants who used it.*

In many of the companies, the program or policy had a very positive impact on the organization but also benefited the employees who participated. This was especially true when employees were involved in training programs that taught them skills that they could use on a daily basis in their jobs. For example, learning new ways to work with children helped the teachers at Bright Horizons feel more confident in their jobs and move into new positions. At the same time, however, there was a direct benefit to the business by having more qualified teachers with new skills who could better serve the children under their care.

- 2. Many of the program coordinators mentioned a primary benefit as having a more confident and more loyal workforce.*

By providing certain benefits to their hourly and lower wage employees, the participating companies felt that their employees had an increased level of confidence in fulfilling their ongoing work responsibilities. Furthermore, nearly half of the organizations mentioned retention issues as one of the primary benefits of the program or policy, and felt that the employees who had participated were much more loyal to the company as a result of their participation. Both of these very positive outcomes have a direct impact on the success of the business.

- 3. Several of the organizations noted that sending a message to employees that the company cares was one of the benefits of providing the program.*

Related to having a positive impact on the loyalty of the participants, another benefit was simply communicating to employees that the company cares about them. This seemed to be true across the company and for all employees, not just those who actually used the program or policy. In an era of downsizing and job instability, the importance of communicating this message to employees cannot be underestimated.

As Long As You Asked (Recommendations)

- 1. A key recommendation for several of the organizations was to communicate with managers and employees about what the program is and how it will work.*

Like other benefits, one of the recommendations for the programs and policies highlighted in the study was to be sure that both managers and employees understand how the new program will work and what it will mean from the standpoint of getting work accomplished. It is especially important for managers to understand the business case for implementing the program or policy, and for employees to feel like they can use the benefit without being penalized.

- 2. Benchmarking with other organizations that have similar programs was also mentioned as important in establishing a new program.*

Some of the organizations in the study noted that they had checked with other companies before they developed their own programs to see what had and had not worked, to find out more about the details of the program, and so forth. As a result of doing this, they felt that their programs were better from the start and they were more willing to share their ideas with others who called them about the specifics of their programs and policies.

- 3. For programs that involve external relationships, the importance of establishing as many community contacts as possible was stressed.*

Two of the programs in the study (Regional Learning Centers at CVS/pharmacy and TJXtra! at the TJX Companies) involved the cooperation of others outside of the company. Both of these organizations recommended making as many contacts as possible with community resources and working to maintain communications with these contacts over time. In this way, the programs could provide the most up-to-date information and could be as useful as possible.

OTHER PROGRAMS AND POLICIES

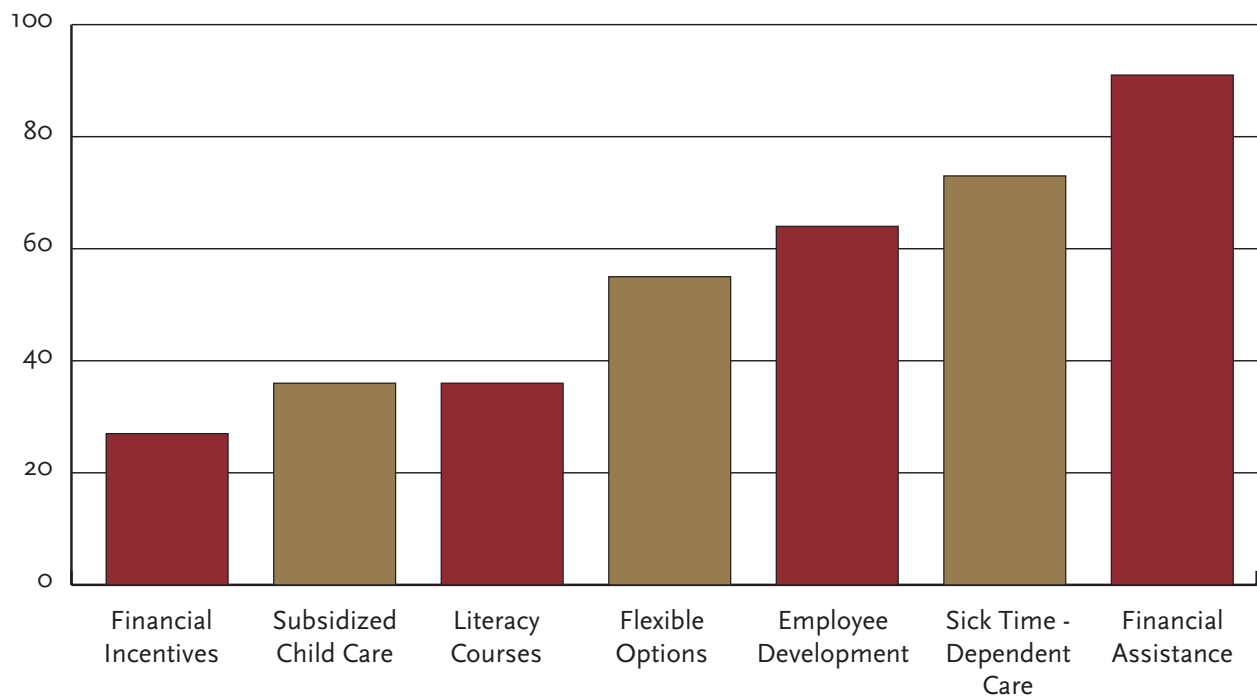
In addition to identifying one model program or policy in their organization, companies were asked to respond to a list of benefits that might be offered to hourly workers and other employees. Of the 15 organizations in the study, 11 provided this information which was used to:

1. determine the extent to which the model programs and policies were also offered to hourly workers in the other organizations in the study;
2. identify whether benefits other than the model programs and policies were also offered to hourly employees; and
3. compare the benefits provided to hourly workers with those offered to other employees.

Hourly Employees

Of the 15 model programs and policies, the one that was most frequently offered to hourly employees was financial assistance. Since the exact type of assistance was not specified, it is unclear how many of the organizations offered programs that were similar to the emergency loans and grants provided by the two companies in the study. In contrast, financial incentives were least likely to be offered by the other companies. Figure 4 depicts the percentage of companies offering the model programs or policies highlighted in the study.

Figure 3. Percentage of Organizations Offering Each Program Type – Hourly Employees



It was interesting that the two benefits offered most and least frequently by the companies in the study were both related to the financial situations of the hourly employees at the participating organizations. While companies were more apt to offer some form of financial assistance to their workers, most had not developed financial incentives for their employees to earn additional income.

Among the other programs and policies about which the participants were asked (i.e., not model programs or policies highlighted in the study), all but one of the companies providing information had employee assistance departments, offered bereavement leaves, and provided some type of paid time-off. These organizations were least likely to provide personal or transportation assistance, or work/life training for managers (offered by just over one-third of the companies). Table 2 lists the percentage of participating organizations that provided each of the other programs and policies on a checklist of benefits.

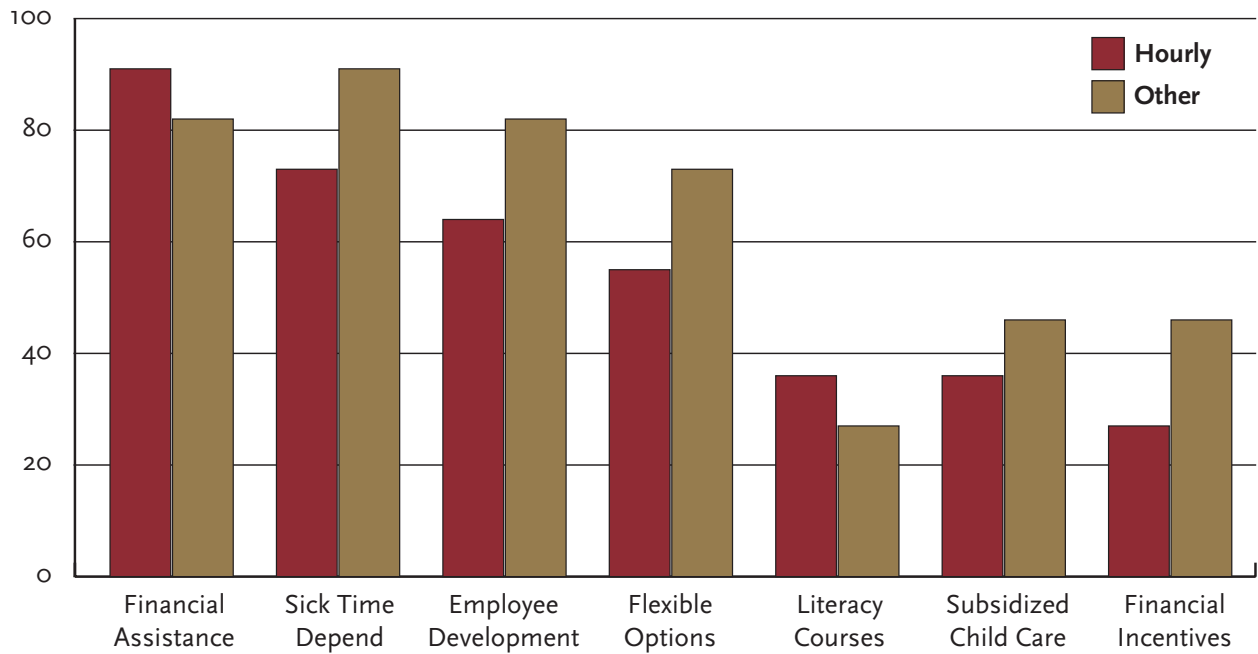
Table 2. Percentage of Organizations Offering Other Programs and Policies – Hourly Employees

Program or Policy	%
Bereavement Leaves	91
Employee Assistance Program	91
Paid Time-off	91
Resource & Referral – Child Care	82
Resource & Referral – Elder Care	82
Savings Program	82
Legal Assistance	73
Wellness Programs	73
Back-up Child Care	46
Paid Parental Leave	46
Work/Life Training – Employees	46
Personal Assistance	36
Transportation Assistance	36
Work/Life Training – Managers	36

Other Employees

In order to compare the extent to which the organizations in the study were more likely to offer certain benefits to their hourly workers or to other employees, companies were asked to respond to the same list of benefits for their other employees. When examining the model programs or policies, two benefits (literacy courses and financial assistance) were more apt to be offered to hourly workers while the others were more frequently offered to the other employees in the company. Figure 5 shows the comparison of programs and policies offered to hourly and other employees.

Figure 4. Percentage of Organizations Offering Each Program Type – Hourly vs. Other Employees



When asked about benefits other than the model programs or policies offered to other employees, it was interesting that some benefits were offered equally to both groups of employees, some were offered more often to other employees, and two benefits were more apt to be offered to hourly workers than to other employees. Even when there was a difference between the percentage of hourly and other employees receiving a specific benefit, these differences were usually quite small (i.e., 10% or less).

However, there was a greater difference between hourly and other employees for two benefits: work/life training for employees, and paid parental leave. While more companies offered training on work/life issues to their hourly employees, fewer organizations allowed them to take paid parental leave. Table 3 lists the percentage of companies offering benefits other than the model programs and policies highlighted in the study to their hourly and other employees.

Table 3. Percentage of Organizations Offering Other Programs and Policies – Hourly vs. Other Employees

Program or Policy	Hourly	Other
Bereavement Leaves	91	100
Employee Assistance Program	91	100
Paid Time-off	91	100
Resource & Referral – Child Care	82	82
Resource & Referral – Elder Care	82	82
Savings Program	82	73
Legal Assistance	73	73
Wellness Programs	73	82
Back-up Child Care	46	55
Paid Parental Leave	46	64
Work/Life Training – Employees	46	27
Personal Assistance	36	46
Transportation Assistance	36	46
Work/Life Training – Managers	36	36

In summary, several of the model programs and policies in the study were also offered by many of the other organizations to their hourly workers (e.g., financial assistance and the use of sick time to care for dependents). In contrast, other benefits were much less likely to be provided to this group of employees – such as financial incentives, subsidized child care, and literacy courses. These benefits may depend more on the demographics of the employees (i.e., whether they have children or speak English as their first language), or be related to the nature of the job (i.e., whether the position lends itself to offering financial rewards).

It was also interesting that several of the other programs and policies were offered to hourly employees by nearly all of the companies in the study – for example, bereavement leaves, employee assistance programs, and paid time-off (i.e., vacation). It should be noted that this analysis of benefits offered to hourly and other employees in the study did not attempt to analyze the specifics of each program or policy. Thus, it was not possible to compare the quality of the benefit or the percentage of employees who actually used the program or policy.

In addition, organizations were not asked to specify whether they offered the exact same model program or policy highlighted in the study – only whether they provided that type of benefit. Nonetheless, this information provides some data about the extent to which companies offer certain types of benefits to their hourly workers – and whether this differs from what they provide to their other employees.

LESSONS LEARNED

As the title of this paper suggests, hourly and lower wage employees are not always at the top of the list of priorities when company decision-makers think about how to improve the success of their businesses. However, it is obvious by the examples in this study that there are organizations who understand the importance of providing assistance to all their employees – regardless of position or wage level. These companies recognize the link between having programs and policies for their hourly and lower wage employees that either train them to do their jobs better or help them with the integration between their work and home lives, and benefits for the company in terms of customer satisfaction and loyalty and reaching their organizational goals.

The data provided about the programs and policies highlighted in this report and the information provided by employees and managers lead us to several ‘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 that the companies in the study felt were particularly useful for their hourly and lower wage employees. In considering these efforts, the reader is referred to a prior study conducted by the Families and Work Institute that examined a different set of beneficial programs and policies (with one exception) – “Promising Practices: How Employers Improve their Bottom Lines by Addressing the Needs of Lower-Wage Workers” (Kim et al., 2003). Taken together, these two studies offer many ideas for enterprising companies regarding potential programs and policies for their hourly and lower wage employees.

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 what is considered 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. For instance, the TJXtra! program provides information to associates about programs offered by the federal and state governments to ‘income-eligible’ individuals. Although some costs are incurred in collecting and sending materials to its stores and distribution centers and to coordinate the program, they are not considered excessive and would be within the means of most companies.

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.

When asked to identify a program or policy that they felt was particularly useful for their hourly and lower wage employees (identified as those in the bottom 25% of the pay scale at their organization), most did not point to a benefit that was specifically developed for or that was restricted to

this group of employees. Rather, organizations were more likely to highlight a benefit that was either primarily used by lower wage employees or that was also available to this group of employees (in contrast to most other companies where these benefits were not offered to their lowest paid employees).

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.

In studying the motivation for the programs in the study, they were very similar to what one might expect regarding how other benefits were begun. Many of the programs and policies were developed as a result of the persistence of one individual who identified a need and developed a program that ultimately met the need and benefited the business. The obstacles were also similar in that their development required the identification of financial resources and convincing managers and departments that participation in the new program would result in increased productivity and would contribute to the overall success of the organization.

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

In addition to these other similarities, in order for new programs or policies to succeed it was necessary to communicate the details of the initiative 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. These modes of communication were directed not only at the employees for whom they were intended, but also at their supervisors who needed to support and encourage their use if the programs were to reach their desired objectives.

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.

While the program administrators are not asked to justify their existence from a cost perspective, those who provided information about the program or policy were quite outspoken about their positive impacts. They often used anecdotal data to give examples of employees who either chose to work at the company because of the specific program or policy, or who had stayed at the organization and planned to remain due to their participation in the program. To these company representatives, knowing that employees felt better about the company and worked harder in their jobs was enough for them to advocate (successfully) for their continuation and in some cases, expansion.

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

In speaking with some of the employees who had used the program or policy, it was apparent that they were very excited about their participation, and in cases where they were still taking advantage of the benefit, were really looking forward to continuing to use it. In some cases, their description of the program or policy approached disbelief that the company was offering the benefit to someone in their position. For example, a parking lot monitor at Harvard University told me that allowing her to take literacy classes during work hours so that she could better communicate both in her job and outside in her daily life, while at the same time giving her free books, was something that her friends who worked for other organizations found hard to believe!

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

When asked a general question about the opinions of their hourly and lower wage employees towards the organization, company representatives were unsure how they felt. Although some organizations collected general information through company surveys, it did not appear that they routinely analyzed these data with respect to position or wage category – or at least those who described the model program or policy did not have this information.

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.

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APPENDIX

Description of Programs and Policies

Dependent Care

Bank of America: Child Care Plus – reimburses employees for a portion of child care expenses, with amounts dependent on age of child and type of care.

Providian Financial: Dependent Care Flexible Spending Account with Company Match – provides dollar-for-dollar match for employee contributions to a maximum of \$2000.

Employee Development

Bright Horizons: Child Development Associate Training Program – provides training to employees in order to meet the qualifications for child care certification through a national credential system.

CVS/pharmacy: Regional Learning Centers – offers comprehensive training programs with simulated workplace experiences (mock CVS stores) for different career tracks.

Harvard University: The Harvard Bridge to Learning and Literacy – offers a variety of courses to hourly employees including literacy, English as a second language, and speaking and listening skills.

Marriott International: Work-Specific English – consists of two courses that teach English skills: basic communication skills and terminology relevant to either hospitality or restaurant positions.

Financial Assistance

FleetBoston Financial: Employee Emergency Loan Program – provides employees with financial assistance in the case of a “catastrophic, unexpected, or emergency event.”

Levi-Strauss & Co.: Red Tab Foundation – Employee Grant and Loan – offers short-term loans and small grants to employees and retirees during times of financial hardship.

The TJX Companies, Inc.: TJXtra! – designed to raise awareness about available government benefits for “income-eligible” employees, with materials displayed in each store or distribution center.

Financial Incentives

Eddie Bauer: Store Team Incentive Program – gives monthly rewards to employees for helping to exceed store sales goals, with bonus amounts based on number of hours worked during the month.

Home Depot: Success Sharing Plan – provides employees with bonuses if the store exceeds its sales objectives, with awards distributed twice yearly based on time worked during previous six months.

Scheduling/Leaves

Eastman Kodak: Flexible Work Arrangements – offers program of five different flexible work arrangements: part-time work, job sharing, compressed work week, flextime, and telecommuting.

H-E-B Grocery Company: MedBank – sick-leave type program that provides paid days off for employee or family member illness or injury, or to attend a medical appointment that cannot be scheduled outside of work hours.

Kraft Foods: Fast Adapts – work options to provide greater flexibility, including shift swapping, single-day vacations, relative policy, leave of absence, job share policy, and internet course tuition remission.

Wachovia Corporation: Flexible Work Options – allows flexibility in scheduling “when, where, and how” employees work; options include flextime, compressed work weeks, reduced work schedules, job sharing, phase-in after leave, and alternative workplace.



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