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Playing for Keeps

Strategies That Benefit Business and Workers

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When the competition for talent is fierce and monopolizes headlines in business publications, it sends a signal to employers to think through current workplace policies and practices to ensure they are competitive—that they are attracting the talent that best aligns with their workforce needs. But it can also be a time to think more strategically, to assess how (or if) workplace policies have adjusted to changing circumstances, and how such policies and practices could impact business beyond next quarter. It is an opportunity to move from reactive planning to proactive, to implement promising practices that directly address business needs while also addressing the needs of workers, improving the quality of jobs to the benefit of all.

THREE KEY TALENT CHALLENGES BUSINESSES FACE AND JOB-QUALITY SOLUTIONS

Attracting and retaining talent is an ongoing business challenge. In this chapter, I consider three key talent challenges businesses face—turnover, engagement, and productivity—and offer potential solutions that would positively impact the quality of jobs.

Turnover

Most companies don't have systems in place that track costs of turnover, including expenses such as recruiting, job posts, interview time, potential customer dissatisfaction, and administrative costs. These sys-

tems depend on collaboration among departments (human resources, finance, operations, etc.), a means of measuring these costs, and reporting mechanisms for which most of America's small and medium-sized businesses simply do not have the resources.

Programs that help reduce dysfunctional turnover have the potential to unlock significant business gains and opportunities for employer partnerships. Turnover rates are as high as 53 percent in the retail trade industry and 73 percent in the accommodation and food services industry (Bureau of Labor Statistics 2018). High turnover rates can be detrimental to businesses, workers, and sectors. The Society for Human Resource Management (SHRM) averages cost per hire across industries at \$4,129 per person, which is compounded by new hire onboarding and training (SHRM 2016). A Center for American Progress issue brief states that turnover costs are at least 16 percent of the annual salary for high-turnover, low-paying jobs (earning under \$30,000 a year), making a \$10/hour retail employee cost \$3,328 in turnover (Boushey and Glynn 2012).

The reasons for turnover vary. A Gallup poll reveals that the top reasons people voluntarily leave a job are pay and benefits, career growth opportunities, manager or management, or fit (Robison 2008). Although the poll did not categorize survey takers into wage grades, a reason like "pay and benefits" is relative to any one person's current needs and situation, like many of the other reasons. Employers embracing these reasons and making intentional investments toward improving their turnover can find solutions within the job quality agenda. According to the Aspen Institute's 2017 Job Quality Fellowship, job quality means that "one's work is valued and respected and meaningfully contributes to the goals of the organization. It encompasses having a voice in one's workplace and the opportunity to shape one's work life, as well as having accessible opportunities to learn and grow" (Aspen Institute 2017). Below are solutions that any employer can execute to increase employee retention. Unless otherwise cited, the "promising practices" offered throughout this chapter come from the author's work, experience, and interactions with employers.

Creative solutions to fill in the pay and benefits gap include fresh approaches to company processes, human resource systems, and basic work scheduling. Solutions to pay and benefits challenges, such as the ones below, can contribute to lower turnover rates of low-wage workers.

- **Challenge:** There are not enough candidates to fill a business's need, or they are hiring just as fast as they are losing employees.
Promising Practices: Businesses can conduct an external wage analysis for positions similar to their highest-turnover, lower-wage positions to understand the wage gap between what they are offering and what others in the sector and ancillary sectors offer.
- **Challenge:** In a small food manufacturing area outside Boulder, Colorado, workers leave their jobs for the ones across the street for \$0.20 more. This happens constantly and is worse during high-production season. In the end, no one wins. The companies keep hiring and terminating the same people, and the workers are no better off in the long term.
Promising Practices: Businesses can consider small incremental increases in wages tied to increase demonstration of job competencies as well as consistent behaviors demonstrating those competencies.
- **Challenge:** Businesses have difficulty addressing short-term or scheduled turnover, such as seasonal work.
Promising Practices: Businesses can consider creating a work-exchange program within their sector and geography that allows them to refer employees across other businesses according to each company's seasonal production cycles. This helps employees work more consistent hours across seasons, so they are more willing to come back and work productively. A small group of manufacturers in Longmont, Colorado, are considering this option as they notice many of the same workers cycle in and out of their companies.
- **Challenge:** There is real or perceived inconsistency in performance reviews and wage increases.
Promising Practices: Businesses can perform more frequent reviews to give opportunities for wage increases or opportunities to increase skills and meet expectations. This goes hand in hand with teaching management to perform interviews without bias. A group of employers in Grand Rapids, Michigan, have subscribed to "Implicit Bias" management training at work in order to make wage and performance decisions based more on actual aptitude

and abilities and not on personal subjectivities. Integrating more frequent reviews with proper training can also help address the other reason people leave—their relationships with management and managers.

- **Challenge:** Employees experience unexpected financial crises that result in missed work, lost productivity, or terminations. **Promising Practices:** Businesses can explore partnerships with credit unions to allow employees a one-time borrowing of up to \$1,200 annually against their paycheck. Connecting pay advances to a credit union provides the opportunity to increase credit score and access to banking systems (versus employees using their employer as the banking system or defaulting to pay-day loan agencies).

Box 3.1 An Aside about Pay

The impact of low pay on frontline workers is no small issue. Before core needs are addressed, the reality for people with financial instability is that the lack of money plays a stressful undercurrent in daily life. Stress itself impacts mental, physical, and emotional well-being. To highlight the avalanche of stress the U.S. workforce may feel in the next 10 years, let us consider the two largest categories of the fastest-growing jobs in the United States—home health aides and personal aides. These two positions lack significant benefits and livable wages and are expected to grow by 1.2 million in the next 10 years, outpacing the growth of the other top eight combined, including mathematicians, statisticians, software developers, physician assistants, and wind-turbine technicians according to Bureau of Labor Statistics projects (2017). Yet, the median wage for these health and personal aides across the country is around \$22,000 per year (Bureau of Labor Statistics 2017). Another report finds that more than 50 percent of home health aides live in households with incomes below 200 percent of the poverty line and thus rely on government assistance (Shaw et al. 2016). There will be no shortage of stressed-out workers lacking the means to meet their core basic needs.

Engagement

Turnover and engagement go hand in hand. Engaged employees are involved in, enthusiastic about, and committed to their work. According to the 2017 Gallup *State of the American Workplace* report, workplace engagement has continued to decline, with most U.S. workers continuing to fall into the “not engaged” category. Level of worker engagement can cripple or strengthen a business. Compared to businesses scoring in the lowest quartile of employer engagement, businesses scoring in the top quartile of engagement experienced 41 percent less worker absenteeism, 70 percent fewer employee safety incidents, and 40 percent fewer work errors and product defects. Those businesses also saw 17 percent higher productivity and 21 percent higher profitability. Gallup research also shows that businesses with more engaged workers have higher earnings per share (Gallup 2017).

Among key factors to engagement are “opportunities to do what you do best,” “opportunities for learning and growth,” “understanding how to be successful,” and “opportunities to do what you most enjoy,” according to findings from the Energy Project and Harvard Business Review (2014). These reasons can all be summed up as career growth opportunities. People are moving on to other jobs when they can’t find what they need from their current jobs.

Job quality efforts make career development a priority, not only because this development is beneficial for the worker, but also because it increases the bottom line for businesses in saved turnover costs and increased retention. Forty-seven percent of Americans in the 2016 job market believed they could find a better-quality job, and just over half of employees were looking for job openings (Gallup 2017). Creating a quality opportunity for an employee—more specifically, a lower-wage worker—can include some of these examples, thus creating a competitive advantage for any business.

- **Challenge:** Frontline workers cannot afford the up-front costs required by most tuition reimbursement programs or may not have the credit score an educational loan would require.

Promising Practices: Businesses can create a collaborative effort between employee, employer, and financial coach that supports coinvestment for tuition reimbursement programs in a more holistic manner. In this model, an employer covers the

costs up front or coinvests with an employee or partnered credit union (through the employer-sponsored loan program mentioned above) as the employees pursue their education. This allows for a grace period, an opportunity to work through the company's financial coaching programs, and a chance to build a supportive set of benefits that help completion of the training program so that all parties believe they've made their return-on-investment. A financial coach could help mitigate loan defaults, increase program retention, and prevent student-loan debt. Ultimately, this strategy will increase employee engagement if employees understand their career pathway opportunities, the credentials and training needed to access them, and the appropriate return-on-investment—such as potential wage increases—they should expect to see as a result of their program completion. Starbucks, for example, partners with the University of Arizona to offer the “College Achievement Plan,” a tuition reimbursement program that provides reduced college tuition (50 percent) and access to financial aid for the rest of the cost. The amount paid up front is immediately reimbursable six weeks after semester's end and before any loan would be due. The program also includes the “Pathway to Admissions” program, an on-ramp of free classes for those with lower initial GPAs, and counselors who provide advice on the academics and finances along the way.¹ Another example is Guild Education, an organization that provides one-on-one academic coaching to build a customized plan that includes tuition assistance provided by the employer. The plan includes an alternative to out-of-pocket pay based on the educational fit.

- **Challenge:** Traditional education and training opportunities conflict with business hours of operation. Training location and hours traditionally are set by the accrediting agency, community college, or technical school.

Promising Practices: Employees need benefits that meet them where they need to be met—such as on the worksite. Employers can work collaboratively with local educational and training institutions to provide more flexible training options, times, and locations, and can tie the skills gained through those trainings to an increase in wages. Nationwide, and specifically in Colo-

rado, industry-focused employer-led groups called sector strategy groups allow the space for which community colleges and employers come together to discuss the challenges they've faced over the past decades when trying to collaborate. Emerging from many of these sector groups are efforts to bring community college certifications, like Certified Nursing Assistance programs, into the workplace. CareerSTAT, an initiative from National Fund Workforce Solutions, provides free “technical assistance, peer learning opportunities, industry-vetted best practices and other critical insights into how health care employers are strengthening their organizations by investing in their frontline” (National Fund for Workforce Solutions, n.d.). Two strategies highlighted by CareerSTAT include 1) leveraging available, flexible learning options to provide work-based learning and enhance basic skill development and 2) highlighting workforce training and education programs to expand talent pipelines and make career advancement more accessible (CareerSTAT 2017).

- **Challenge:** Employees become disengaged as a result of ineffective management practices.

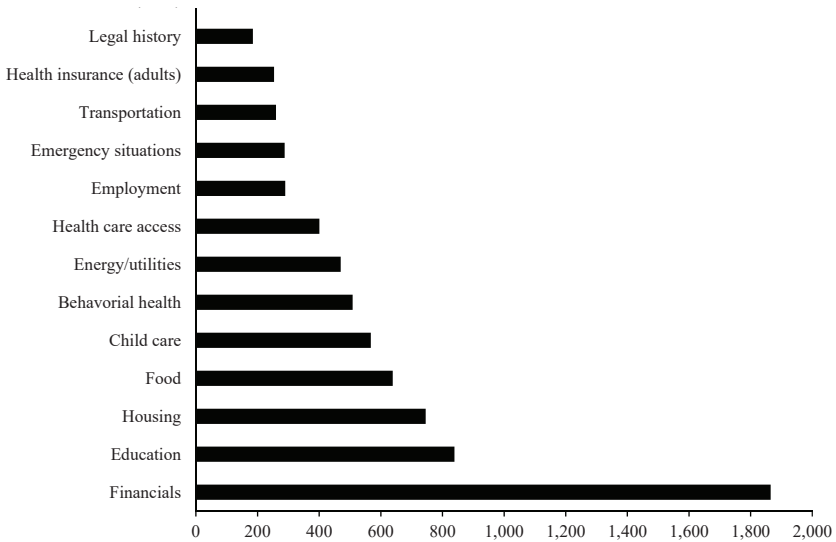
Promising Practices: Employers can provide a third-party career coach who understands the intricacies of the talent management process and career pathways and who can work one-on-one with all employees to help them understand how to advance their careers in the company. Another strategy is to review and implement some of the strategies illustrated in Upskill America’s “Upskilling Playbook for Employers,” a tool for employers interested in improving their policies and practices to educate, train, and develop frontline workers. For example, a 2016 study by the Institute for Corporate Productivity (i4cp) finds that many companies fail to achieve maximum results from their education benefit programs because they viewed “tuition assistance programs only as a benefit that must be provided to remain competitive in recruiting” (Upskill America and Fall 2017). Businesses would be more likely to engage employees if managers approached these programs more strategically, embedding them “as the cornerstone of a learning culture” (Upskill America and Fall 2017). Research from the Chartered Institute of Personnel and Development (CIPD) shows that firms in which all or nearly

all of the workforce receives regular training have higher relative productivity (CIPD 2015).

Productivity

One may assume targeted solutions that address explicit incentives, such as more family-friendly benefits, and implicit incentives, such as better engagement strategies, would automatically increase worker productivity. However, this is not necessarily the case, given the many internal and external stressors lower-wage employees face. (See Figure 3.1 for the types of vulnerabilities many workers experience.)

Figure 3.1 Number of Reported Vulnerabilities, by Issue, January 2015–June 2017



NOTE: WorkLife Partnership captures nonidentifying information on the workers it serves. Between January 1, 2015, and June 30, 2017, a total of 1,787 WorkLife Partnership clients were assessed one or more times to determine the types of vulnerabilities they experienced that are vital for worker stability, retention, and engagement in work. Clients reported a total of 7,919 vulnerabilities, averaging out to 4.43 per assessed client. More relevant benefits are created as employers’ HR departments and WorkLife collaborate to address workers’ vulnerabilities utilizing data sets such as these.

SOURCE: WorkLife Partnership, n.d.

The Energy Project and Harvard Business Review report (2014) addresses employers' productivity and engagement issues by asking them to focus on employees' basic core needs. By taking care of employees, "they will take care of business" (p. 2). The report discusses a study of 20,000 employees in countries around the world that established four predictable core needs at work: "physically, to rest and renew; emotionally, to feel cared for and valued; mentally, to be empowered to set boundaries and focus in an absorbed way; and spiritually, to find a sense of meaning and purpose in their work" (p. 4). Pay turned out to be no guarantee for productivity and engagement, and no amount of money was sufficient to meet all core needs. Out of the 20,000 surveyed, 59 percent stated "no core needs were met" at their place of employment, and only 7 percent said that "all core needs were met."

Perks like workplace gyms, walking paths, meal plans, giving and volunteer opportunities, mindfulness breaks, and mission-driven projects can improve attainment of employees' core needs. Yet, these approaches tend to be less helpful for frontline workers who may lack economical health benefits, whose jobs include laborious duties, and whose workday is outside normal business hours of 8:00 a.m. to 5:00 p.m.. For instance, construction, home health aide, and manufacturing jobs consist of physically demanding shift work, travel on the job, and site-oriented work.

The following job quality strategies can help address some of the external stressors low-wage workers face, which in turn, could increase productivity.

- **Challenge:** Many sectors that need to be responsive to seasonal or daily demand shifts—such as food service, hospitality, and retail—use strategies that result in unpredictable shift schedules or income instability for workers. Unpredictable schedules can create havoc, especially with inflexible options for child care and transportation. Income instability from missed wages can impact one's ability to pay bills in a timely fashion and can jeopardize even the most basic needs for a family. These practices do little to empower individuals and challenge even the best-intentioned workers to remain productive.

Promising Practices: Employers should adjust staffing numbers and schedules not only to meet shifts in service or product demand, but also in a way that is not disruptive to workers. In her

book *The Good Jobs Strategy* (2014), MIT researcher Zeynep Ton highlights examples of good employer practices, including operating with slack and cross-training staff. From Zeynep's perspective, cross-training creates flexibility in how workers are deployed, and operating with slack is necessary because the costs of understaffing are steep, especially when looking at customer satisfaction and loyalty. Although the first strategy, operating with slack, is counterintuitive, Ton makes a compelling argument that cross-training creates a more agile workforce, such that staff may be more likely to address both business demands and internal operational needs. Walmart is currently piloting another strategy, leveraging new software that allows workers to choose from scheduling options ranging from consistent hours to "gigs," (on-demand shifts) in a way that doesn't burden managers or sacrifice the customer experience.

- **Challenge:** For low-wage workers, lack of reliable transportation is often a significant obstacle to finding and retaining work. They may live far from available jobs, struggle to afford transportation costs, or have inadequate access to public transit, especially in rural and suburban areas. If they are able to access public transportation, the hours may not align with shift work.
Promising Practices: Some employers provide carpools or shuttles for workers. Tyson Foods, for example, partnered with a transit agency, union representatives, and a bus company to provide affordable transit options for workers traveling interstate. The partnership has expanded recruitment options and provides workers with access to training they otherwise may not have been able to reach (Community Transportation Association of America 2012). Other employers have partnered with transit to create and finance a dedicated route so that urban-based workers can access jobs available in a suburban setting; such is the case with the partnership between United Parcel Service and the Merrimack Valley Regional Transit Authority. Finally, employers can consider altering second and third work shifts to align with local transit operational hours.
- **Challenge:** Changing care needs, such as for children or aging family, can challenge a worker's ability to focus on the job,

arrive on time, or arrive at all. Yet many employers cannot afford to provide on-site child care options.

Promising Practices: Perhaps the most unspoken opportunity to simultaneously tackle core needs, such as care, is through the concept of “two-generation strategies” in the workplace. “Two-generation strategies” are educational and workforce development approaches that target parents and children together. A program called HomeStart, initiated by WorkLife Partnership and Care@Work, is working to increase the supply of quality in-home child care centers, equip women with tools and resources to run a viable small business, and provide access to local and affordable care options for workers and parents attending training and education programs for whom traditional child care centers can’t accommodate (very few centers offer affordable hourly child care, as the parent needs) (WorkLife Partnership, n.d.). In addition, local policies incentivize employer investment in child care through a local tax credit. By investing in their employees’ children, employers send a clear message that they care about that employee. The feeling of being valued at work, regardless of having a family or not, helps meet core needs and motivates workers to be productive for business.

PUTTING IT ALL TOGETHER: THE SUSTAINABLE WORKFORCE MODEL

Changing business structures, worker needs, and the rapidly changing world of work requires employers to act now on longer-term solutions to dysfunctional turnover, lack of engagement, and low productivity. Improving job quality may extend beyond traditional human resource and management practices and require resources that many smaller businesses do not have. The Sustainable Workforce Model, discussed below, centers on the development of a supportive ecosystem that allows businesses to learn from one another and to pool resources for the benefit of all.

In 2003, manufacturers in Grand Rapids, Michigan, came together to discuss solutions to increase access to child care that would help pro-

ductivity and reduce turnover. The meeting resulted in the formation of an organization named The SOURCE, which is a “collaborative effort providing resources, support, training and advancement opportunities for the member companies’ collective workforce and staff” (SOURCE, n.d.). This network intermediary addresses employee challenges such as housing, transportation, and access to a greater range of training opportunities in a cost-efficient manner. The SOURCE also functions as a best practices group for the human resource directors in each member company, as well as a networking group for the member companies’ CEOs (SOURCE, n.d.).

In 2009, I started a nonprofit workforce development organization called WorkLife Partnership in Denver, Colorado, with the mission to engage employers to invest in their frontline talent. WorkLife was created with Grand Rapids’ The SOURCE model in mind, and with the help of their leadership. WorkLife operates on a fee-for-service model for most of our services and works with businesses to unleash the potential of workers so they can sustainably perform at their best—aptly calling our approach the Sustainable Workforce Model. WorkLife acts as a third-party intermediary by keeping work and life issues out of earshot from managers, supervisors, and human resources, and helping with the logistics of coordinating support.

In the beginning, services provided to employer members focused solely on employee retention by connecting them to applicable government benefits and community resources, and getting them back to work quickly. In the last three years, however, WorkLife has expanded its service menu to include Upskill career coaching, a HomeStart child care program, a specialized Health Insurance Literacy Navigator, intensive financial coaching and well-being, free worksite tax preparation, and a loan program. All services are available to any employee of our employer members, and programs are always created with the frontline workers’ wage restrictions in mind.

Using the data collected confidentially from employees, we were able to define and measure worker well-being, which gave us insight into employee needs and challenges that went unfilled with traditional benefit offerings. Employers had no knowledge of some of these identified key challenges faced by employees. That had us asking, If their employer doesn’t know about these issues, how will they ever be addressed?

That question prompted us to think about partnering with employers to come up with solutions to retention, engagement, and productivity together, such as with the HomeStart child care program and the Health Insurance Literacy Navigator. Our research and design approach allows us to test and retest strategies in the market, and to evaluate effectiveness and impact. WorkLife continues to use this approach with all our data points to deliver services effectively at the right time, in the right way, and in the right place.

Three other organizations in the United States employ the Sustainable Workforce Model—The SOURCE (Grand Rapids), Connect for Success (Seattle), and Working Bridges (Vermont)—and in January 2017, we came together to create WorkLab Innovations. This national nonprofit network supports the advancement, dissemination, and growth of investments that have a positive impact on frontline workers, their employers, and communities. At the core of our work is the Sustainable Workforce Model, an employer-partnered approach to retaining, engaging, and developing frontline talent. We believe that this model serves as a unique platform that helps businesses best initiate solutions for their workers with relatively small investment, which yields benefits in retention, engagement, and productivity.

Note

1. Personal interview with Joshua Schanck, district manager, Starbucks Coffee Company. Conducted on February 6, 2017, by Chris Shannon, deputy director, Regional & Community Outreach, Federal Reserve Bank of Boston.

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