



Workplace Structure and its Impact on Hourly Workers and their Families

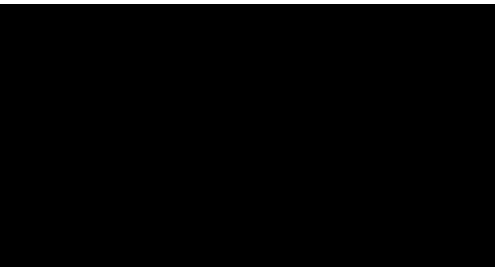
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May 29, 2008

Working for Change: A Conversation on Workplace Flexibility
Research, Business Practice and Public Policy
Georgetown Law



Presentation Objectives

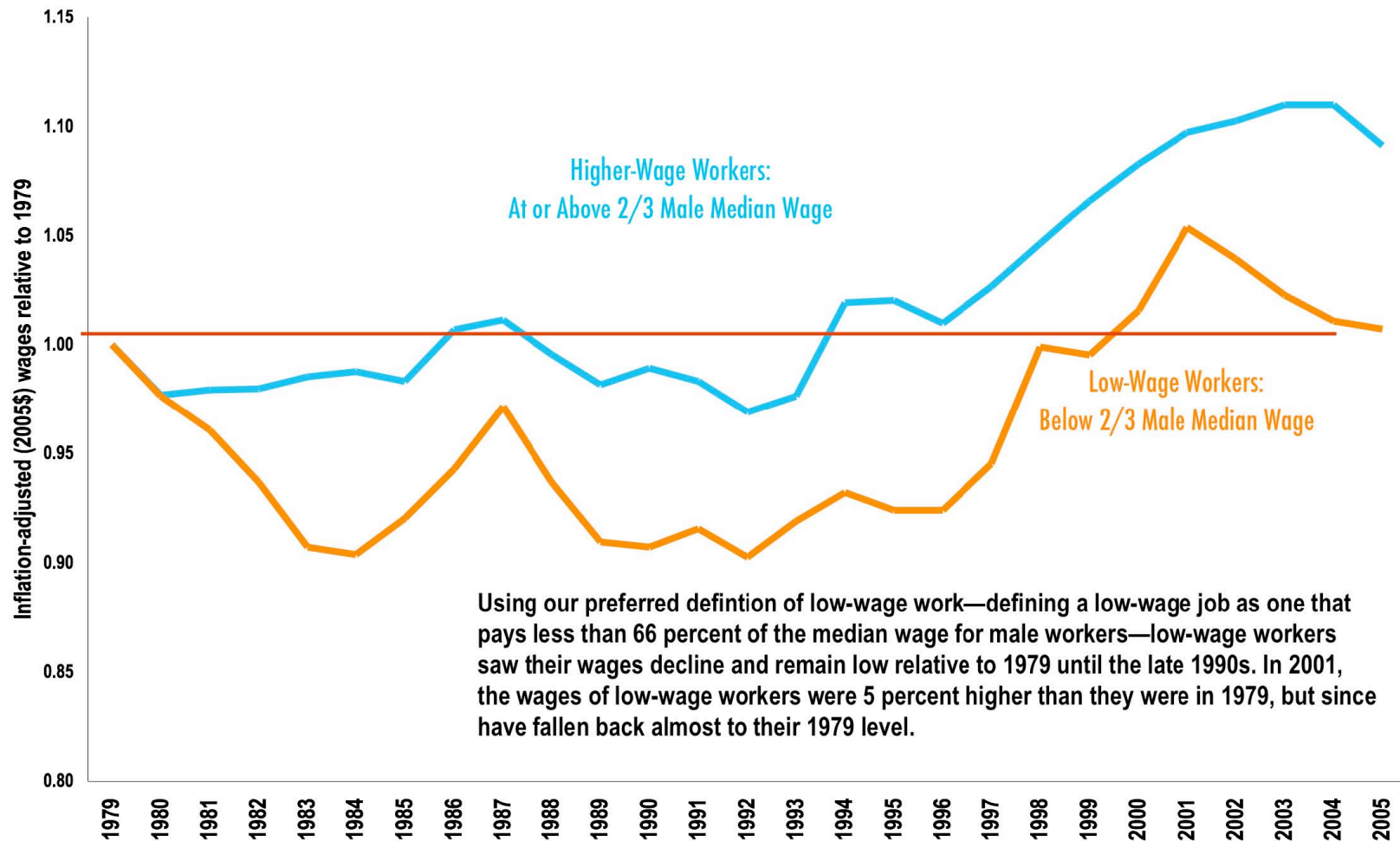
1. Define "low-wage job"
 2. Examine the prevalence of workplace flexibility among workers in low-wage jobs
 3. Discuss the business case for offering workplace flexibility to workers in low-wage, hourly jobs
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What is a low-wage job?

- **Basic Income Approach**
 - Uses U.S. poverty threshold
 - In 2006, 1 out of 4 workers held a low-wage job, \$9.83 or less/hour
 - 35 million workers
- **Social Inclusion Approach**
 - Uses comparison with other jobs to define low-wage
 - Low-wage job pays less than 2/3 of the median wage for men
 - In 2006, 1 out of 3 workers held a low-wage job, \$11.11 or less/hour
 - 44 million workers



Low-wage Workers: Little Progress



Using our preferred definition of low-wage work—defining a low-wage job as one that pays less than 66 percent of the median wage for male workers—low-wage workers saw their wages decline and remain low relative to 1979 until the late 1990s. In 2001, the wages of low-wage workers were 5 percent higher than they were in 1979, but since have fallen back almost to their 1979 level.

Source: Analysis by Heather Boushey of the CEPR extracts from the Current Population Survey Outgoing Rotation Group Files.

Methodology

Sample

- 2002 *National Study of the Changing Workforce* (N=3504)
- Total waged and salaried (exempt & non-exempt) n=2810
- Total hourly (non-exempt) n=1683, 60% of total sample
- 43% of non-exempt jobs pay low-wages
- Low-wage=2/3 of the median wage for men
 - \$10.88 or less/hour in 2002

Review of literature on hourly workers & flexibility



Low-Wage, Hourly Workers: Top 5 Industries & Wages

Low-wage

| | Industry | % of Workers | Mean Wage |
|---|------------------|--------------|-----------|
| 1 | Retail Trade | 31 % | \$7.05 |
| 2 | Manufacturing | 11 % | \$7.54 |
| 3 | Medical Services | 10 % | \$7.53 |
| 4 | Construction | 7 % | \$7.88 |
| 5 | Business/Service | 7 % | \$7.82 |

Other-wage

| | Industry | % of Workers | Mean Wage |
|---|---------------------------------|--------------|-----------|
| 1 | Manufacturing | 18 % | \$19.56 |
| 2 | Medical Services | 14 % | \$32.47 |
| 3 | Retail Trade | 12 % | \$16.02 |
| 4 | Transport/Utility/Communication | 12 % | \$36.02 |
| 5 | Construction | 11 % | \$26.43 |

Low-wage, Hourly Workers: Top 5 Occupations & Wages

Low-wage

| | Occupation | % of Workers | Mean Wage |
|---|-----------------------------|--------------|-----------|
| 1 | Production/Operation/Repair | 34% | \$7.68 |
| 2 | Service | 25% | \$7.10 |
| 3 | Administration Support | 18% | \$7.58 |
| 4 | Sales | 12% | \$7.31 |
| 5 | Professionals | 5% | \$7.39 |

Other-wage

| | Occupation | % of Workers | Mean Wage |
|---|-----------------------------|--------------|-----------|
| 1 | Production/Operation/Repair | 38% | \$24.74 |
| 2 | Administration Support | 16% | \$22.35 |
| 3 | Professionals | 15% | \$28.23 |
| 4 | Service | 7% | \$34.46 |
| 5 | Executive/Admin/Managers | 7% | \$25.46 |

Low-wage, Hourly Workers: Demographic Profile

| Demographic Characteristic | Most Prevalent Among Low-wage Workers | % |
|----------------------------|---------------------------------------|-----|
| Age | < 30 | 41% |
| Gender | Female | 55% |
| Race | Non-white | 27% |
| Education | ≤ High school | 64% |
| Marital Status | Married/Cohabiting | 57% |
| Parental Status | Live w/children < 18 | 37% |
| Parental Status | Single parents | 20% |

Job Profile: Hourly Workers

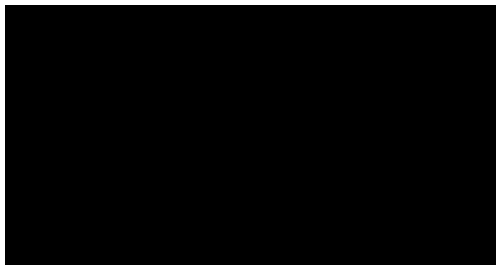
| Job Status*** | Low-wage (n=735) | Other-wage (n=983) |
|--|---------------------|-----------------------|
| Full-time | 69% | 89% |
| Part-time | 31% | 11% |
| Job Tenure *** | Low-wage (n=736) | Other-wage (n=983) |
| Mean Years | 4 years | 9 years |
| Median Years | 2 years | 6 years |
| Type of shift worked*** | Low-wage (n=737) | Other-wage (n=983) |
| Daytime regular | 62% | 73% |
| Evening/Night regular | 13% | 11% |
| Rotating | 14% | 8% |
| Split shift, variable on-call & other schedule | 11% | 9% |

*** ≤ .001, ** ≤ .001, * ≤ .05

Job Profile: Work Hours

| Scheduled hours / week at main job | Low-wage ^{***} (n=732) | Other-wage ^{***} (n=977) |
|-------------------------------------|------------------------------------|--------------------------------------|
| Full-time | 39.45 hours | 39.95 hours |
| Part-time | 22.5 hours | 21.59 hours |
| Additional hours worked at main job | Low-wage ^{***} (n=735) | Other-wage [*] (n=983) |
| Full-time | 4.46 hours | 6.01 hours |
| Part-time | 2.72 hours | 4.4 hours |
| All hours worked at main job | Low-wage ^{***} (n=734) | Other-wage ^{***} (n=978) |
| Full-time | 43.91 hours | 45.98 hours |
| Part-time | 25.26 hours | 26.19 hours |

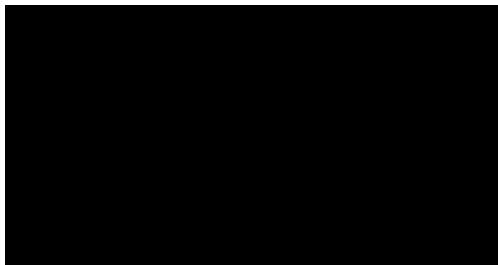
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One Job is not Enough!

| Amount of work | Low-wage (n=736) | Other-wage (n=983) |
|---|---------------------|-----------------------|
| Work more than one job | 15% | 18% |
| Among those that work more than one job*** | Low-wage (n=110) | Other-wage (n=171) |
| Full-time | 56% | 83% |
| Part-time | 45% | 18% |
| Total hours worked in all jobs*** (mean) | Low-wage (n=734) | Other-wage (n=978) |
| Full-time | 45.54 hours | 47.94 hours |
| Part-time | 27.81 hours | 30.20 hours |

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Workplace Flexibility as Defined by WF2010

| Flexible Work Arrangements (FWAs) | Time Off | Career Maintenance & Reentry |
|---|---|--|
| <p>For employees in jobs with traditionally long hours and fixed schedules:</p> <ul style="list-style-type: none"> ▪ flexibility in scheduling of hours ▪ flexibility in the amount of hours worked ▪ flexibility in the place of work <p>For employees in jobs with traditionally less than full time hours and <i>unpredictable</i> scheduling:</p> <ul style="list-style-type: none"> ▪ arrangements that provide workers with <i>greater</i> predictability and control over their work hours | <ul style="list-style-type: none"> ▪ Short-term: time taken off in short increments for any life need (e.g. worker's health, health of family member, school events, house maintenance, legal needs) ▪ Episodic: time taken off in short increments for any life need that can be expected to reoccur on a regular, but often unpredictable basis ▪ Extended: time taken off in long increments (by weeks) for any life need. Usually somewhat predictable but can be unpredictable | <ul style="list-style-type: none"> ▪ Relates to individuals who, based on economic feasibility or ideological beliefs, exit the paid workforce for several years ▪ Such individuals have been in the paid workforce prior to their exit and plan to reenter the paid workforce in the future ▪ Includes various mechanisms for ensuring career maintenance during the exit time, means for reentry, and long-term economic security |

Deconstructing FWAs for Hourly Workers: Alternative Meanings

- Predictability
 - Number of hours worked
 - When scheduled to work
 - Advance notification of work hours
- Control
- Schedule preference
- Dimensions of flexibility



Workplace Flexibility Trends for Hourly Workers: Research Findings

- Flexible Work Arrangements
 - Scheduling of hours worked
 - Amount of hours worked
 - Place of work
 - Schedule control & predictability
- Time Off
 - Short-term
 - Episodic
 - Extended



FWAs: Scheduling of Hours Worked

| Scheduling of hours worked | Low-wage (n=730) | Other-wage (n=979) |
|--|---------------------|-----------------------|
| Can choose own start/quit times | 37% | 39% |
| Among those who can choose start/quit times* | Low-wage (n=264) | Other-wage (n=375) |
| Can change start/quit times daily | 42% | 52% |
| Compressed Work Week | Low-wage (n=711) | Other-wage (n=691) |
| Allowed to compress work hours | 42% | 46% |

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FWAs: Amount of Hours Worked

| | | |
|--|---------------------|-----------------------|
| Could switch to full-time or part-time in current position | Low-wage (n=705) | Other-wage (n=946) |
| Yes | 52% | 40% |
| Could arrange to work part year | Low-wage (n=705) | Other-wage (n=946) |
| Yes | 32% | 21% |
| Desire less work | Low-wage (n=736) | |
| Full-time workers → prefer to work part-time | 21% | |
| Desire more work | Low-wage (n=736) | |
| Part-time workers → prefer to work full-time | 36% | |

FWAs: Place of Work

| Ever work regular hours at home** | Low-Wage (n= 726) | Other-Wage (n=975) |
|-----------------------------------|----------------------|------------------------|
| Yes | 3% | 6% |
| How often bring work home*** | Low-Wage (n=724) | Other-Wage (n=973) |
| Never | 81% | 67% |
| Sometimes | 13% | 21% |
| Often | 6% | 12% |

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Schedule Control & Predictability

| | | |
|---|---------------------|-----------------------|
| Have control in scheduling work hrs** | Low-wage (n=733) | Other-wage (n=983) |
| Complete/a lot | 38% | 31% |
| Can decide when to take breaks*** | Low-wage (n=732) | Other-wage (n=979) |
| Agree | 56% | 69% |
| Occasional reduction of hours*** | Low-wage (n=733) | Other-wage (n=980) |
| Layoff/reduction in hours when work is slow | 33% | 21% |
| Extra work/overtime w/o advance notice*** | Low-wage (n=732) | Other-wage (n=981) |
| Often | 29% | 32% |
| Sometimes | 46% | 51% |

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Employer Examples of FWAs

| Scheduling hours | Amount of hours | Place of work |
|--|--|---|
| <p>Schedule Preferences: allowing employees to have some say in their work schedule</p> <p>Flex-time in production and operations settings</p> <p>Pre-Planned Schedule Modifications: giving employees the opportunity to request that they not be scheduled for a particular day or shift prior to the creation of the weekly schedule</p> <p>Alternative work schedule in manufacturing setting provides three different schedule operations</p> <p>Just-In-Time Schedule Changes: permitting employees to request a change to the existing schedule (shift swapping)</p> | <p>Reduced Work Hours: Working fewer hours than one would normally be scheduled to work without losing seniority</p> <p>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 normal hours</p> | <p>Flex-Place: Permitting employees to work at more than one store location</p> <p>Telework for administrative assistants, customer service</p> |

Time Off

| | |
|---|-------------------------|
| Allowed paid sick time*** | Low-wage (n=736) |
| Full-time | 58% |
| Part-time | 36% |
| Service industry (n=556)*** | 53% |
| Goods-producing industry (n=152) | 36% |
| Have enough paid sick time | Low-wage (n=353) |
| Full-time | 80% |
| Part-time | 76% |
| Service industry (n=288) | 79% |
| Goods-producing industry (n=54) | 82% |
| Allowed days off for sick child w/o paid vacation loss | Low-wage (n=736) |
| Full-time | 34% |
| Part-time | 25% |
| Service industry (n=198)* | 35% |
| Goods-producing industry (n=67) | 19% |
| Enough paid time off to care for sick child | Low-wage (n=85) |
| Full-time | 89% |
| Part-time | 11% |
| Service industry (n=66) | 77% |
| Goods-producing industry (n=66)* | 100% |

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Time Off (cont.)

| | |
|---|------------------|
| Receive paid vacation days | Low-wage (n=726) |
| Full-time*** | 77% |
| Part-time*** | 36% |
| Service industry (n=569) | 62% |
| Goods-producing industry (n=156)* | 69% |
| Mean # of days of those with paid vacation | Low-wage (n=442) |
| Full-time*** | 9.90 days |
| Part-time*** | 6.24 days |
| Service industry (n=439) | 9.19 days |
| Goods-producing industry (n=439)*** | 9.53 days |
| Of those with paid vacation, ability to use all paid days given | Low-wage (n=449) |
| Full-time | 91% |
| Part-time | 91% |
| Service industry (n=341) | 91% |
| Goods-producing industry (n=105)*** | 91% |

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Employer Examples of Time Off

| Short-term | Episodic | Extended |
|--|--|--|
| <p>Just-in-time time off: sick time and vacation time in hourly or part-day increments</p> <p>Shift-swap or shift trade: allows employees to swap shifts after schedule has been posted, allows for unexpected need to take time off</p> | <p>Just-in-time time off: sick time and vacation time in hourly or part-day increments</p> <p>MedBank: a sick leave program enables employees to use their personal time bank for their own medical appointments or illness. Full-time employees receive 40 hours of paid leave per year for illness for personal or family sick leave</p> | <p>Short-term leave: offering full-time employees job security if they plan to be off work for more than a week for purposes not stipulated by the Family Medical Leave Act & without losing access to employee benefits</p> |

Flexible Work Arrangements for Hourly Workers: Is There a Business Case?

Two competing arguments

1. **Employer-driven Flexibility:** consumer demand determines schedule variability, taking precedence over employee demand for flexibility.
2. **Employee-driven Flexibility:** Workplace flexibility is used as a tool to recruit & retain workers.

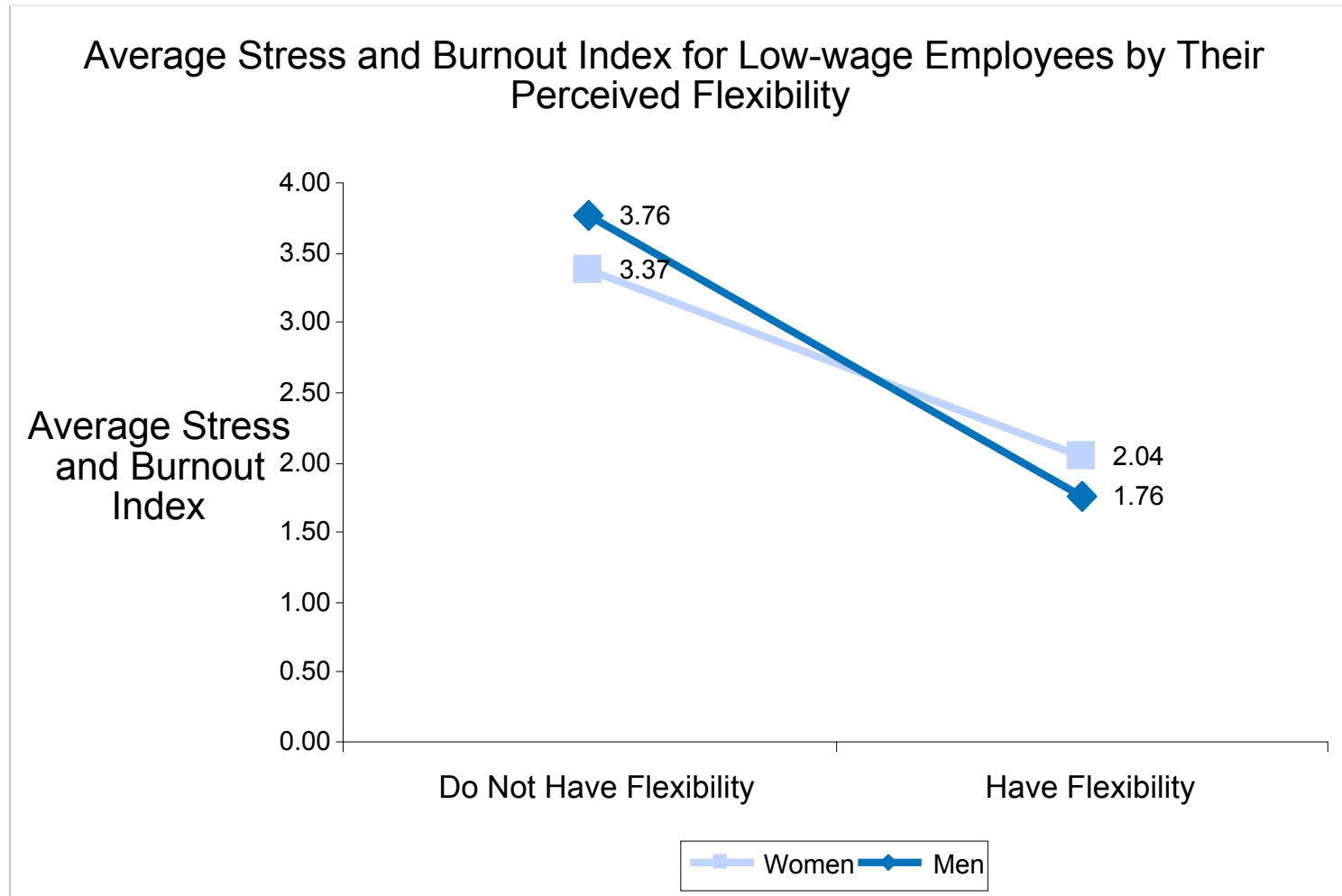


Managers' Perspectives: Benefits & Challenges of FWAs

"I think it [workplace flexibility] is a good recruiting tool, you know, when you're not stringent...we recognize that everyone does have a life. We recognize that some people cannot work from 8:00 to 4:00 or 2:00 to 10:00. We work with them."

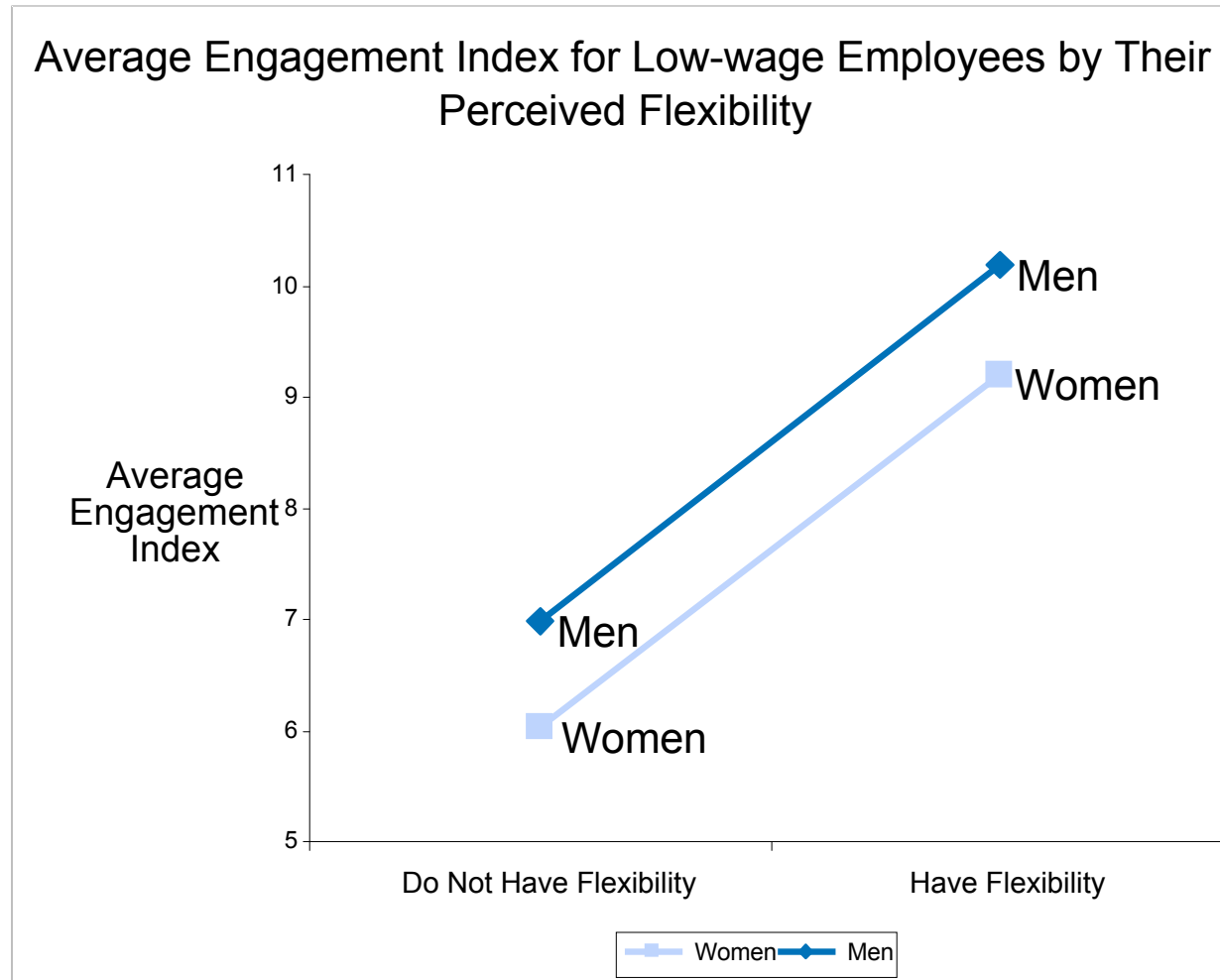
| Benefits | Challenges |
|--------------------------------|--|
| Recruitment | Inefficient use of time |
| Retention | Customer loyalty/continuity |
| Productivity | Ensuring fair and equitable practices |
| Employee Engagement | Balancing business & employee need |
| Costs Savings/Reduced Overtime | Managing poor performers |
| Customer Service | Shifting from seniority-based scheduling |
| Reduce Absenteeism | Staffing shortages |

Impact of Perceived Flexibility on Employee Stress



Richman, Amy. (2008). Making Flexibility Work for Hourly and Non-Exempt Employees. WFD Consulting.

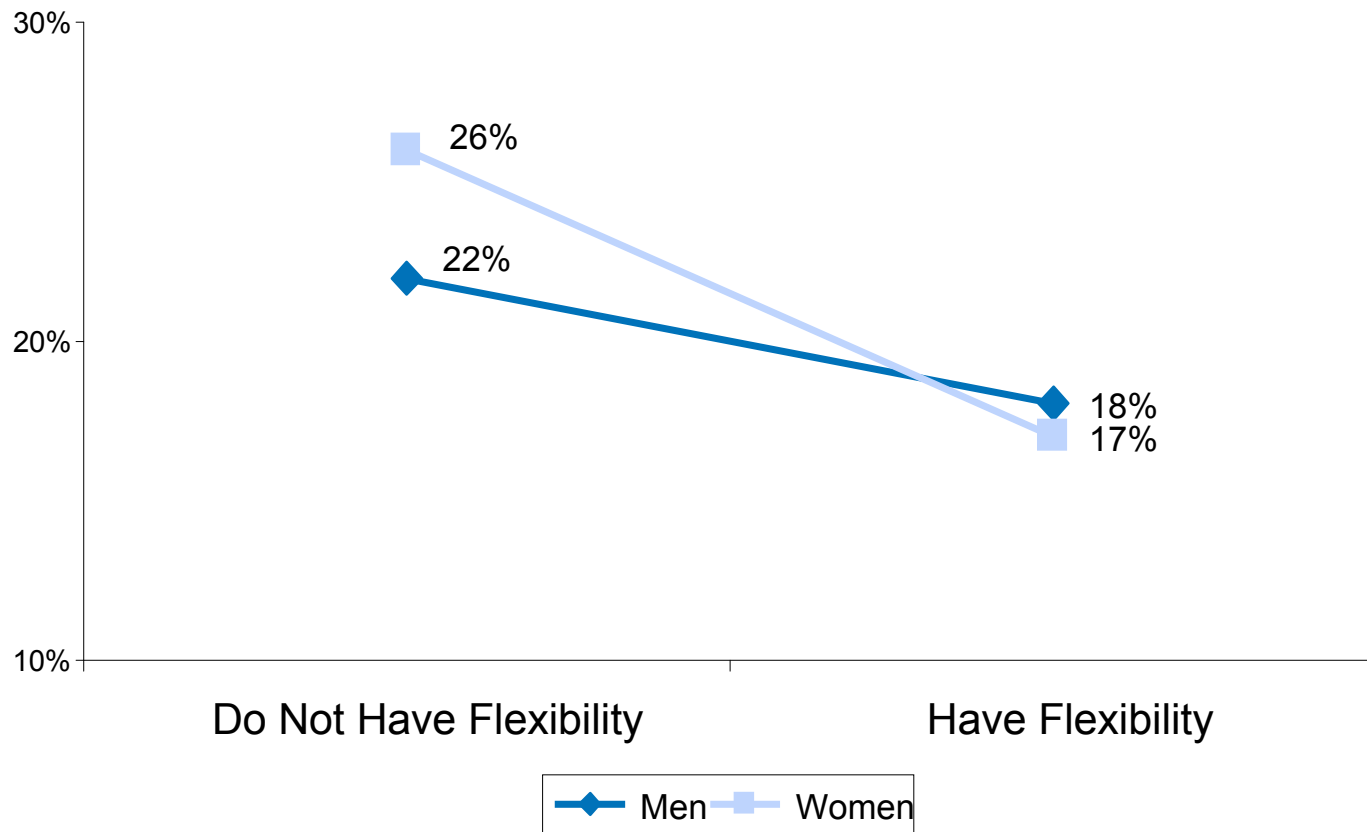
Impact of Perceived Flexibility on Employee Engagement



Richman, Amy. (2008). Making Flexibility Work for Hourly and Non-Exempt Employees. WFD Consulting.

Impact of Perceived Flexibility on Turnover

Percent of Low-wage Employees Who Predict They Will Leave Within Two Years by Their Perceived Flexibility



Richman, Amy. (2008). Making Flexibility Work for Hourly and Non-Exempt Employees. WFD Consulting.

Workplace Flexibility: A Win-Win for Employers & Low-wage Workers

- Analyses of 2002 NSCW by Families and Work Institute:

Flexibility is good for business:

- greater job satisfaction
- stronger job commitment/engagement
- less negative spillover from home to work
- higher retention

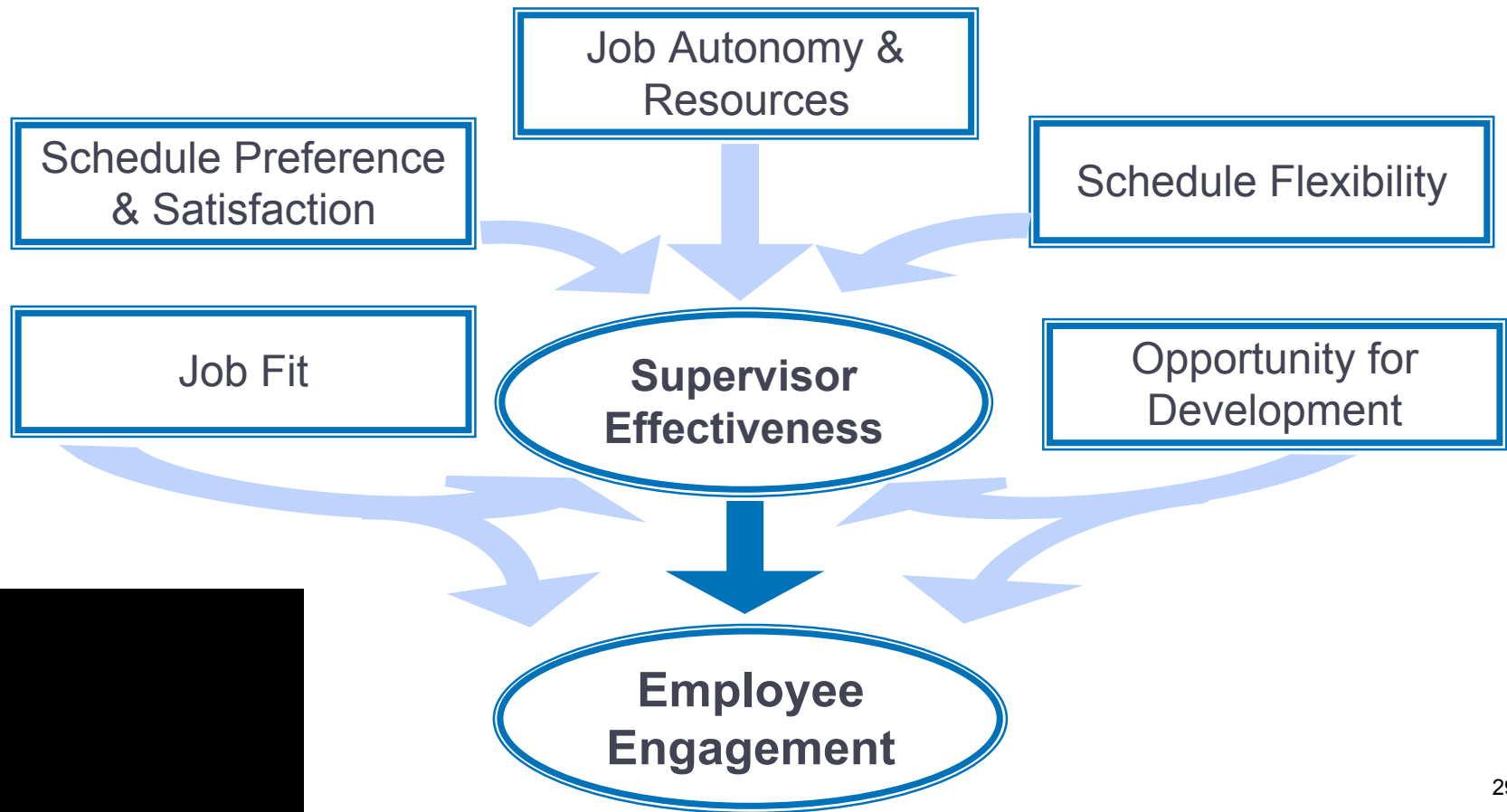
Flexibility is good for employees:

- less negative spillover from work to home
- greater life satisfaction
- better mental health



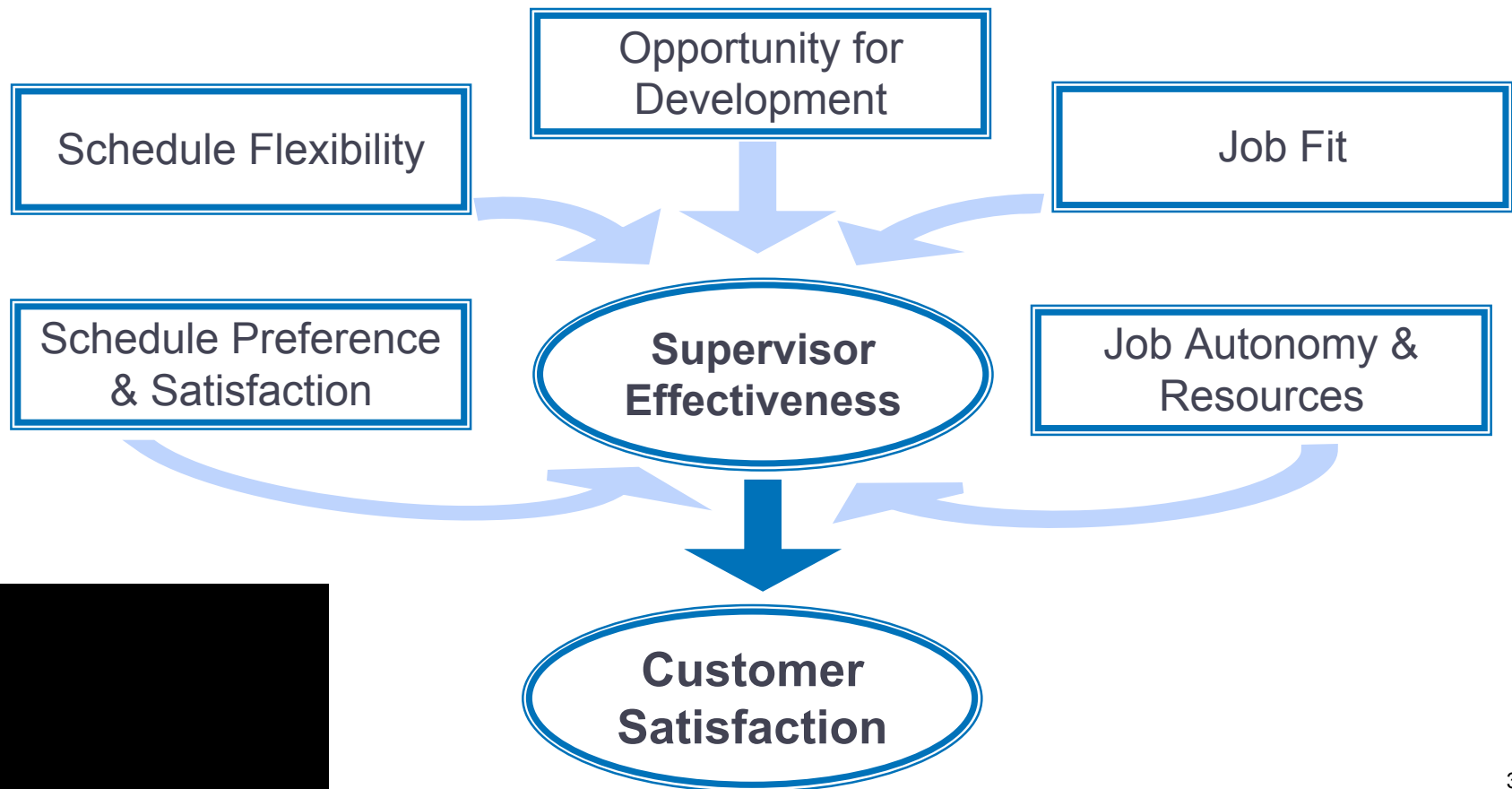
Business Outcomes

Dimensions of Job Quality that Drive Store-Level Employee Engagement



Business Outcomes

Dimensions of Job Quality that Drive Store-Level Customer Satisfaction



Conclusion

1. Refine research measures to adequately determine the meaning of flexible work arrangements within low-wage jobs
2. Redesign low-wage jobs to provide more control of, input into and predictability of work hours
3. Continue to push for paid leave legislation