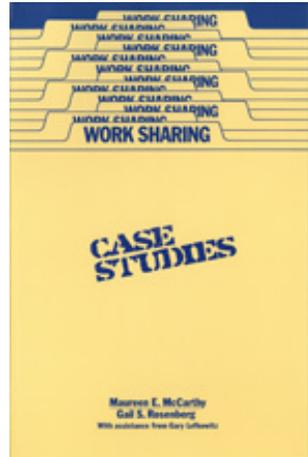

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Introduction

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Work Sharing: Case Studies

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INTRODUCTION

Work sharing is broadly defined as reduced work hour approaches that have the effect of sharing the available work among a greater number of persons. Although work scheduling arrangements may be adopted for a variety of reasons, we classify all arrangements that have the potential to preserve jobs and/or to provide additional job opportunities as work sharing—even when these are not the intended or chief outcomes. This book describes a variety of work sharing arrangements implemented by organizations throughout the United States—programs as diverse as rotation layoff, job sharing, extended holiday and vacations, social service leaves, and phased retirement.

Our primary purpose is to provide private sector employers with the practical, concrete information they need and seek to determine the viability of various work sharing arrangements. The book demonstrates the wide variety of occupations, technologies, and industries in which work sharing has been effectively implemented.

Moreover, this information will assist union and government officials in understanding the legislative and public policy implications of different work sharing arrangements. Because all these groups are actively seeking flexible solutions to a changing work environment, we have included programs adopted for a wide variety of reasons and have given special attention to the ways programs have been adapted to meet the changing goals and objectives of organizations and their employees. In this sense then, the book is a starting point in promoting more serious dialogue

about the conditions under which work sharing is successful and in stimulating more vigorous and systematic work sharing research.

To provide pragmatic information, we have adopted a case study format. In addition to the general descriptions of programs presented at the beginning of each chapter, some 36 programs are described in depth—from the circumstances leading to adoption, through details of compensation and administrative arrangements, to perceived and measured advantages and disadvantages. Most of the case studies are from the private profitmaking sector, which constitutes the major portion of U.S. employment. However, some public sector initiatives which stand out for their innovation are also described.¹ Of the organizations represented in the case studies, 14 are unionized and 22 are nonunionized. Table 1 describes the organizations by type of industry, sector, and size.² Table 2 illustrates the distribution by size of unionized and nonunionized organizations. The book emphasizes the factors employers consider as they decide whether to adopt, and then how to design, reduced work hour arrangements—and on the process of implementation itself. In some instances, the effects of the programs on employee participants and their families are examined.

General Findings

Types of Programs

Work sharing arrangements fall into three general categories—temporary reduction in work hours, permanent reduction in work hours, and flexible worklife options—as outlined below.

1. Areas in which work patterns traditionally have been less rigid—nonprofit organizations, educational institutions, and youth programs—were deliberately excluded.

2. Due to the research procedure, described on pages 12-14, our sample may not be representative of U.S. employers and no generalized inference can be made from the data.

Table 1 Organizations by Type of Industry, Sector, and Size

Size of organization by number of employees*	Type of organization		
	Service	Private Manufacturing	Public agencies
500 or fewer	0	4	3
501 - 3,500	2	8	0
3,501 - 10,000	2	1	2
10,001 or more	3	9	2
TOTALS	7	22	7

*In a few cases where we were dealing with a unit or division of a firm or public agency, or only with those employees eligible to participate in the designated program, we use another set of numbers, which is explained in the individual case studies. This table is designed to give some sense of the distribution of the case studies and is not intended to be an exact presentation of data.

Table 2 Unionized* and Nonunionized Organizations by Size

Size of organization by number of employees	Unionized	Nonunionized
500 or fewer	4	3
501 - 3,500	1	8
3,501 - 10,000	2	4
10,001 or more	7	7
TOTALS	14	22

*Unionized covers both labor unions and organized groups of workers.

The case studies are presented in three chapters corresponding to the three major categories of work sharing arrangements identified. Preceding the case studies in each chapter is introductory material giving definitions of the arrangements, a brief historical background, and a description of related legislative activities.

1. Temporary reduction in work hours—short term strategies adopted for a limited time during an economic downturn, with concomitant pay reductions.

- Shortened workweek—all employees in the affected work groups work fewer hours per week and receive less pay.
 - Rotation layoff—all affected employees rotate weeks of work with weeks of nonwork, sometimes collecting unemployment insurance benefits for weeks of nonwork.
 - Shared Work Unemployment Compensation (SWUC)—an experimental program operating in California which enables workers to be partially compensated through the state unemployment insurance system for temporarily shortened workweeks.
2. Permanent reduction in work hours—arrangements institutionalized in personnel policies and collective bargaining agreements and typically initiated in response to employee desire for shorter work hours and/or longer periods of leisure.
- Shorter workweeks—permanent reductions in the weekly work hours without reduction in pay.
 - Part-time—voluntary reduction in total work hours, accompanied by a reduction in salaries and, often, prorated fringe benefits (includes permanent part-time, job sharing, rehiring of retirees, and summer-off arrangements).
 - Extended holidays and vacations—substantial increases in employees' leave time, established through changes in personnel policies and collective bargaining arrangements.
3. Flexible worklife options—arrangements developed by employers to provide periodic breaks in worklives of full time employees who meet certain requirements.
- Voluntary time-income trade-off arrangements—contractual arrangements whereby full time employees may, for specific time periods, voluntarily reduce

their wages or salaries in exchange for additional time off work.

- Leaves—includes sabbaticals (paid blocks of time away from work to pursue leisure or personal interests) and social service leave (paid time away from the work place to assist nonprofit agencies).
- Phased (or gradual, flexible, transition) retirement—a gradual reduction of work hours for older employees prior to full retirement.

Characteristics and Results of Programs

Work sharing approaches were adopted to meet specific and primary objectives of employers and employees. The following is a list of reasons cited by organizations for initiating work sharing arrangements.

As an alternative to layoffs

To comply with collective bargaining agreements

To prepare for changes in the work force, e.g., increase in number of female employees and/or older workers

To adjust to skill shortages

To meet budgetary restrictions

To retain valuable and skilled workers

Out of concern for individual employees

To enhance community relations

To make recruitment easier

To achieve a more flexible personnel policy

To fill employment requirements

To achieve/maintain production flexibility, e.g., ability to start up more readily as orders increase

To advance affirmative action goals

To improve efficiency and organizational performance

To achieve cost savings

To prevent employee burnout

Out of social responsibility

To prepare employees for retirement

Over time, some employers adapted their programs to meet changing employer and employee needs. For example, a reduced worktime approach designed to mitigate employee burnout subsequently was used to preserve jobs during an economic slump. Another program, initiated to meet tighter budgetary constraints, was made part of the organization's permanent personnel policy because of employees' preferences even when the economic problems did not materialize.

Several common elements characterize successful work sharing arrangements: programs are well planned and carefully defined to meet specific goals; input on the purpose and structure of the program is solicited from management, union officials, and employees; a "let's try and see if it works" attitude pervades the developmental process, resulting in a flexible program design; opportunities for ongoing feedback on the benefits and shortcomings of the program are built into the program structure, making the program more responsive to the organization's goals; and the programs are usually implemented on a small scale, easily manageable basis to provide for a trial and error period.

Precisely because the various work sharing approaches serve diverse needs, organizations that have adopted them have varied in their characteristics. It is neither the specific characteristics of the job or work technology, nor the size of the organization or type of industry, that determines whether an organization will develop work sharing. Rather, two factors seem to influence whether an organization starts a program: organizational climate or a particular business situation.

The two types of organizational climate that characterize the firms in the case studies are: young high-pressured, fast-paced, often high-technology firms for which innovation is a general style; or family-oriented businesses whose approach

might be considered paternalistic. Both types of organizations exhibit a special concern for the needs of individuals and a “we care about our employees” philosophy. Other programs are started because of particular business concerns—skill shortages, for example, or economic conditions that would lead to layoffs if no alternatives were offered.

Benefits accrue to employers and employees when work sharing arrangements are implemented under certain conditions, namely when the programs meet specific needs. Most of the problems companies experience with work sharing are administrative in nature: scheduling and coverage difficulties, additional paperwork, more complicated communication, and additional supervision. Little information on costs was available, as few employers had examined the issue in much detail. Although evaluations have not been rigorous in a research sense, employers have been able to determine whether the programs have produced the results for which they were implemented. In those cases, employers felt the benefits outweighed any problems, and many said they saw no need to conduct more rigorous analysis.

Policy Implications

The desire and need for information on work sharing has been apparent from some time. Employers, employees, unions, public policymakers—each group from its own perspective, for its own reasons—have explored the viability of work sharing for dealing with recent social, economic, and demographic trends.

Employers

During the post-World War II era, technological developments and American values and expectations changed at an accelerated rate. In response, corporate management has increasingly sought to develop adaptable, flexible

organizational structures that can quickly respond to this changing environment.

Employers are now under pressure to improve organizational performance and productivity as American productivity has declined relative to other countries. The effect of new technology on work design significantly influences worker motivation and performance.

Among the principal changes requiring employers to develop innovative policies are:

- The dramatic increase of women in the workforce and a corresponding increase in dual earner families;
- The changing expectations of workers resulting from the disparity between levels of workers' education and the demands of the labor market;
- The desire of workers for more control over their work and nonwork lives has increased substantially (money and job security no longer acting as the sole motivators of workers);
- The gradual aging of the workforce and the impact of the 1978 Age Discrimination in Employment Act Amendments (which raised the mandatory retirement age to 70 in private organizations and eliminated it in the public sector);
- The declining birth rate and a diminishing supply of younger workers, already resulting in labor shortages in some occupations, clerical and data processing among them.

In the coming decade, human resource development will be integrated with corporate planning and must be in tune with the needs of the organization's top management goals. The more successful organizations will be those which recognize the multiple goals and needs of workers and employers and build flexibility into their management prac-

tices. One of the many approaches being considered is new work scheduling arrangements.

Unions

Job preservation and creation remain the highest priority of unions. Traditionally, labor has viewed certain worktime reductions—particularly shorter workweeks without reduction in pay and paid extended holidays, vacations, and other leaves—as one way to achieve these goals. However, with an increasing awareness of the changing needs of their members, some unions are taking a new look at worktime reduction arrangements that represent a departure from their traditional policies.

Union membership has slowed during the past decade. With the growth of the service industry and public sector, there will be a larger pool for recruiting new members, but the needs of these workers may be different from those of union members in blue-collar occupations and trades.

Government

In considering work sharing approaches, public policymakers are responding to current situations and anticipating future needs. The gradual aging of the workforce, persistent unemployment, growing concern about work-family interference, and the technological revolution are issues that public policymakers are addressing. The White House Conference on Families recommended that businesses institute family-oriented personnel policies, including reduced work hour arrangements, as a positive approach to reducing the problems of work-family interference. The effect of science and technology on educational policies is also under review.

Aging. As the percentage of the population aged 65 and older increases (it is conservatively projected to double between 1960 and 2040), the public cost of retirement will increase. Federal expenditures for the elderly—social security, medicare, supplemental security income, and federally financed pensions—made up more than a quarter of the federal budget in 1979. With a growing elderly population, the share of budget expenditures will also rise.

The decreasing ratio of workers who contribute to retired beneficiaries of social security may affect the solvency of the social security fund. Currently, three workers contribute to the fund for every retired beneficiary; in 2020, two workers will support one beneficiary. Workers in the “baby boom” generation will begin turning 65 in 2010 at about the time the productive working population for the country will be shrinking in relative size (assuming relatively little change in the current birth rate). By 2020, there will be only 3.5 working age Americans for every person aged 65 as against today’s 5 workers to every person over 65. High inflation and unemployment over the past decade have also resulted in reduced contributions to the social security fund.

Public policy recommendations have been made to extend the eligibility age at which retirees receive full social security benefits. The President’s Commission on Pension Policy recommends an increase in the normal retirement age to 68, to be phased in over a 12-year period beginning in 1990.³ Legislation has been introduced in the U.S. House of Representatives by Representative Claude Pepper (D-FL) to provide incentives for older workers to remain in the workforce. An identical provision in two bills, H.R. 3396 and H.R. 3397, would require employers to continue benefit accrual for employees up to age 70. H.R. 3397 would also

3. *Coming of Age: Toward a National Retirement Income Policy* Washington, DC: President’s Commission on Pension Policy, February 1981.

abolish mandatory retirement. The bills have been jointly referred to the House Committees on Ways and Means and Education and Labor. Another recommendation by the President's Commission on Pension Policy is for development of research and demonstration programs on alternative work schedules for older workers.

The policy questions raised are: Would such financial incentives as tax credits or cost reimbursements encourage employers to adopt phased retirement programs? To what extent will the adoption of phased retirement programs by a greater number of companies extend the worklives of older workers, particularly in light of proposed changes in social security, inflation, and enforcement of the Age Discrimination in Employment Act Amendments?

Employment. In the past, discussion of work sharing has received serious attention during recessionary periods as a short term strategy to deal with unemployment. Temporary reduced work hour approaches have gained considerable momentum during such periods of economic decline. However, as the case studies illustrate, work sharing in its broadest sense could also offer an effective strategy to deal with problems of long term unemployment.

Changing and interacting economic, social, and demographic conditions make forecasting labor force composition difficult. Nevertheless, their cumulative impact coupled with the persistent failure of the U.S. economy to create full employment have forced the realization that long term unemployment is becoming an overriding societal concern. In confronting this issue, policymakers are now taking a serious look at the possibilities of adjusting worktime to increase job opportunities. Work sharing may even help alleviate the conflicts and strains created by intense competition for jobs. In several cases, programs have already been initiated.

There are other signs that work sharing policies affect a variety of interests. Historically, unions have pressed for extended time away from work—longer vacations or paid personal holidays, for example—as a way to increase employment opportunities. The continued growth in part-time employment may be attributed in part to a need by some employees for greater flexibility. In recent years, some employers have offered summer-off programs for parents with school-age children.

However, the implications of work sharing as public policy have not been fully explored. While various work sharing programs benefit different population segments, an assessment of their aggregate effect—benefits and costs—on society is needed.

The policy questions raised are: Will reduced hour schedules encourage a greater number of people to enter the workforce, thereby increasing competition for fewer jobs? Will the growth of reduced work hour arrangements adversely affect the employment possibilities of people requiring full-time work and full-time compensation? Are there people now employed full time who would willingly trade income for additional leisure time, thereby opening up employment opportunities? Will spreading the work over a larger group of workers promote the broader goals of extending equal employment opportunity and safeguarding affirmative action gains? Does work sharing improve productivity? Will the policy emphasis on work sharing divert attention from the development of other monetary and fiscal policies that promote growth and job creation or help focus it?

Background of this Study

The Employment and Training Division of the U.S. Department of Labor became interested in work sharing approaches, partially as a way to deal with inflation and per-

sistently high unemployment, and recognized the need for information that would allow employers to assess the feasibility of such approaches. As a result, the Department of Labor (DOL) awarded a grant to the National Council for Alternative Work Patterns (NCAWP), a national nonprofit research and resource center in Washington, D.C., to study work sharing in organizations in the United States.

NCAWP conducted an extensive search to identify organizations that had started work sharing programs. Questionnaires were then mailed to those organizations, requesting information about their programs, their reasons for starting them, the number of participants, their formal and informal evaluations, and demographic information about the company (such as size, type of industry, composition of workforce, and unionization of workers). From a pool of 130 responses, NCAWP identified a number of organizations for more detailed study. Several considerations guided our selection. One goal was to examine as great a variety of programs as possible. Beyond that, we wanted to look at programs in a variety of settings—large and small companies in different types of industries, employing different technologies, and nonunionized as well as unionized workers. Geographic locations also guided our choice. A final but important consideration was the employers' program design.

NCAWP then conducted on-site interviews to explore in greater detail: the reasons for starting the programs; who had made the decisions; what the organizational philosophy and climate had been; how the program had been developed and communicated to workers; the extent of union involvement in initiating, developing, and implementing the program; the implementation steps; the special considerations and how they had been handled; how compensation had been administered; the difficulties encountered, benefits accrued, and changes the organization would make if it were to

start over; how the program had been evaluated; the response of workers; the impact on families and the community; the unanticipated outcomes; and whether the program had met its objectives.

We spoke with senior executives, line managers, human resource and personnel staff, benefits and compensation analysts, union representatives, government officials, and employees in an attempt to gain the broadest perspective on the development and impact of these approaches.

The case studies presented in this book represent the culmination of these efforts. Not all companies identified as having work sharing programs and subsequently interviewed are described in the case studies. We have tried to include a diversity of organizations in various parts of the country that started these programs for a variety of reasons.