

Mind the gap: United States: Employer perspective

Authors: Emma L. Parry, Tay McNamara, Marcie Pitt-Catsoupes

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Emma Parry, Ph.D., Tay McNamara, Ph.D., and
Marcie Pitt-Catsouphes, P.D.

INTRODUCTION

In this paper, we present information about the availability of human resource policies and resources that characterize quality employment and compare the availability of selected workplace-based resources in the United States with four other countries: Australia, Canada, Germany, and the United Kingdom. The information presented has been selected from two data sets: the National Study of Business Strategy and Workforce Development and the Cranet Survey.

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might affect the effectiveness of their talent management strategies, policies and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent management policies and practices that they are globally strategic and also relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- And, how might these policies and practices support the sustainability of great places to work?

What does “mind the gap” mean?

Train stations across England play recorded messages to remind passengers that they should “Mind the gap.” These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station.

For this paper, we use the phrase, “Minding the Gap” to remind employers to pay attention to any gaps that might exist between the profile of human resource policies and programs typically available in one country compared to the profiles of availability in other countries.

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The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

Employee Series: This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question:

- Does age affect employees' preferences for an idealized job and their assessments of their employment experiences?

Employer Series: This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question:

- How does the availability of human resource policies and programs in the targeted country compare with other countries?

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees' perceptions of their employment experiences vary from country to country.



Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.

- **Benefits for Employees:** The quality of employment can affect the health and well-being of employees. Research confirms that poor quality job (such as jobs requiring extreme work hours, jobs that are very demanding – particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions such as cardio-vascular problems.¹
- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.² Employer-of-choice strategies can result in enhanced employee engagement which, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs, such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they intend to stay with their employers in comparison to the 24% of disengaged employees who “intend to stay.”³ A number of studies have linked employee job satisfaction with positive performance indicators. Fortune reports positive relationships between being recognized as a “great place to work” and stock indices.^{4,5}

The Global Institute focuses on eight important dimensions of the quality of employment:

- Fair, Attractive and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality of employment framework to discuss the availability of workplace-based policies and programs in the United States.

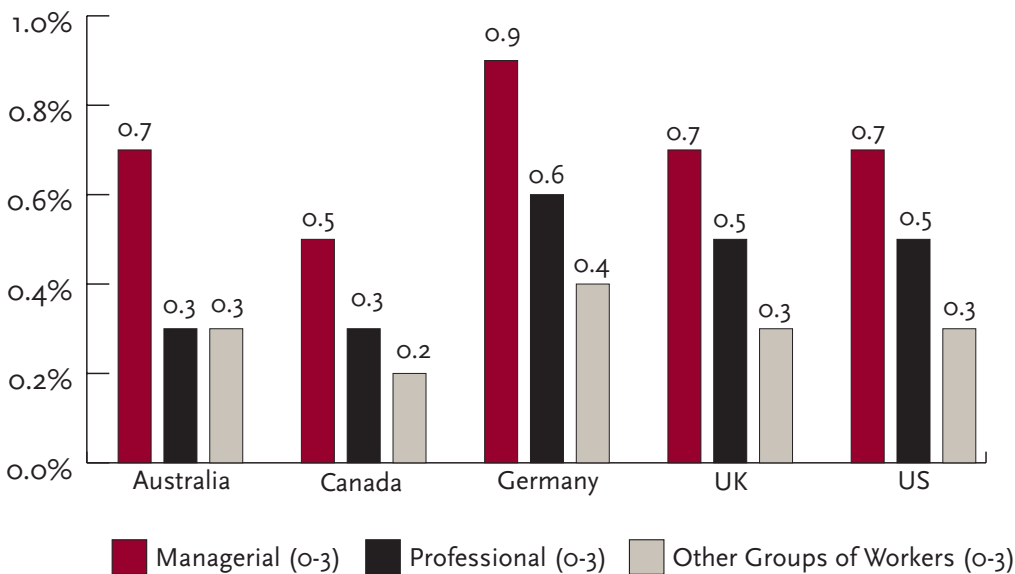
Indicators of Fair, Attractive and Competitive Compensation & Benefits in the U.S.

- Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees' basic economic needs.

- 43.0% of employers in the United States report that it is a problem to a “moderate/great” extent for them to offer competitive pay and benefits.¹¹
- In 2006, a minority of employers in the United States (26.2%) indicated that the scope of their benefits had increased over the previous year.⁶
- 3 of every 10 employers (29.9%) in the United States reported in 2006 that they offer at least 12 of the following 23 benefits to “most” or “all” of their employees: short term disability insurance, long term care insurance to employees' and their families, long term care insurance to employees' parents, life insurance, paid vacation days, allowances for employees' dependent care expenses, pre tax spending accounts for dependent care, access to locate dependent care services, reimbursement for dependent care when employee travels, employee assistance program, seminars on family issues, paid personal days, paid time off, access to respite care, services to help employee's children apply to college, financial assistance for employees' children who attend college, defined pension benefits, defined contribution retirement plan, employer contribution to employee's defined contribution plan, retirement planning seminars, ability to use paid sick days to care for a family member who is ill or needs medical attention, unpaid sick days or unpaid medical leaves, or ability to use unpaid sick days to care for a family member who is ill or needs medical attention. In the United States, employee access to health insurance is of particular importance.⁶



Figure 1: Average Number of Types of Pay by Country (employee share schemes, profit sharing, and stock options)



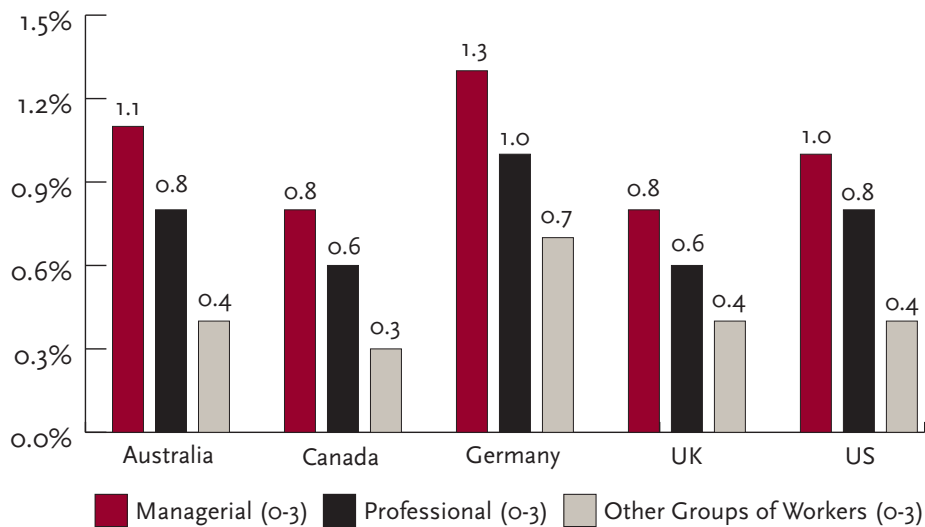
Employers who embrace a “total rewards” approach to compensation and benefits may explore different types of compensation mechanisms. As suggested by the findings presented in **Figure 1** to the left, workplaces in the U.S. appear to have a moderate number of pay options (employee share schemes, profit sharing, and stock options) compared to Australia, Canada, Germany, and the United Kingdom.

Source: Parry & McNamara, 2008 from the 2005 Cranet Survey.

We also compared the availability of pay variations by organizational “level” at workplaces (pay based on individual performance, team/department performance, or organization-wide performance) in the United States with those in the other countries.

As with the types of pay above, the United States is “in the middle” with regard the availability of these pay variations by organizational level (see Figure 2 below).

Figure 2: Average Number of Pay Variations by Level by Country
(individual, team, organization-wide performance)



Source: Parry & McNamara, 2008 from the 2005 Cranet Survey.

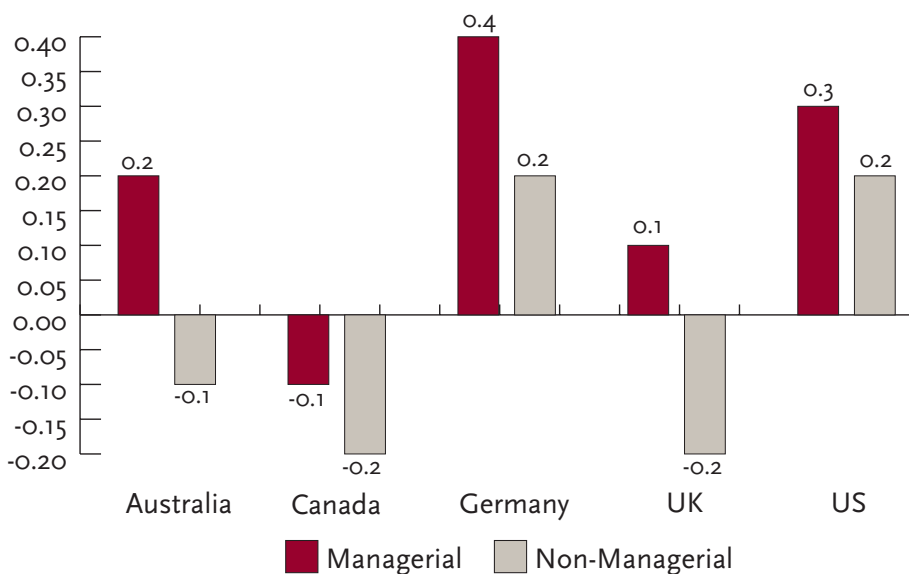
Indicators of Opportunities for Development, Learning & Advancement

- ▶ *Opportunities for the development of expanded skills and responsibilities are available.*

- 33.7% of U.S. workplaces reported in 2006 that they provide scholarships to “most” or “all” of their employees.⁶
- There is some variability in the availability of workplace-based career counseling to employees at different career stages, with 44.7% of the U.S. workplaces reporting that this is available to their early career employees, 40.1% to mid career employees, and 34.9% to late career employees.⁶
- Similarly, there is some variability in the availability of workplace-based on-the-job training to employees at different career stages, with 88.0% of the workplaces reporting that this is available to their early career employees, 82.7% to mid career employees, and 73.9% to late career employees.⁶



Figure 3: Availability of Learning and Development Opportunities by Country (standardized scores)*



As suggested by the graph on the left, when compared to Australia, Canada, Germany, and the U.K., workplaces in the U.S. has more than the average number of opportunities for learning and development, both for managers and non-managers (see **Figure 3**).⁷

Source: Parry & McNamara, 2008 from the 2005 Cranet Survey

Indicators of Wellness, Health & Safety Protections



► *Well-being is promoted through workplace policies, and social protections are offered in case of illness.*

- 71.2% of workplaces in the U.S. reported in 2006 that they offer health insurance to “most/all” of their employees, with 43.0% saying they offer it to “all.”⁶
- 62.7% of workplaces in the U.S. reported in 2006 that they offer dental insurance to “most/all” of their employees.⁶
- 57.3% of workplaces in the U.S. reported in 2006 that they offer paid sick days or paid medical leaves to “most/all” of their employees.⁶

The Cranet survey does not include items related to this dimension of the Quality of Employment framework, so we cannot compare employer-sponsored policies and programs related to health, wellness and safety protections in the United States with other countries.

Indicators of Opportunities for Meaningful Work

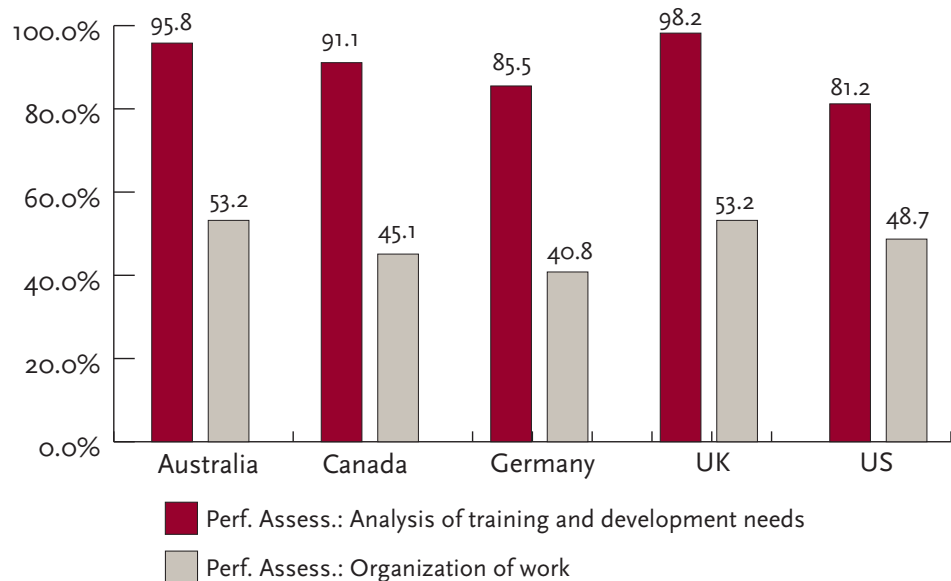
► *Opportunities for meaningful and fulfilling work are available.*



- In 2006, 23.2% of U.S. workplaces reported that “most” or “all” of their full-time employees can request changes in their work responsibilities so that the job is a better fit with their skills and interests.⁶
- One-fifth (20.3%) of U.S. workplaces reported that their employees can take paid days to volunteer in the community.⁶

As indicated by the graph, when compared to Australia, Canada, Germany, and the U.K., employers in the U.S. are less likely to report that they use employees' performance assessments as a way to assess training and development needs (see **Figure 4**).

Figure 4 : Use of Information from Performance Assessments for Analysis of Training & Development Needs and the Organization of Work*



Source: McNamara, 2008 from the 2002 National Study of the Changing Workforce.

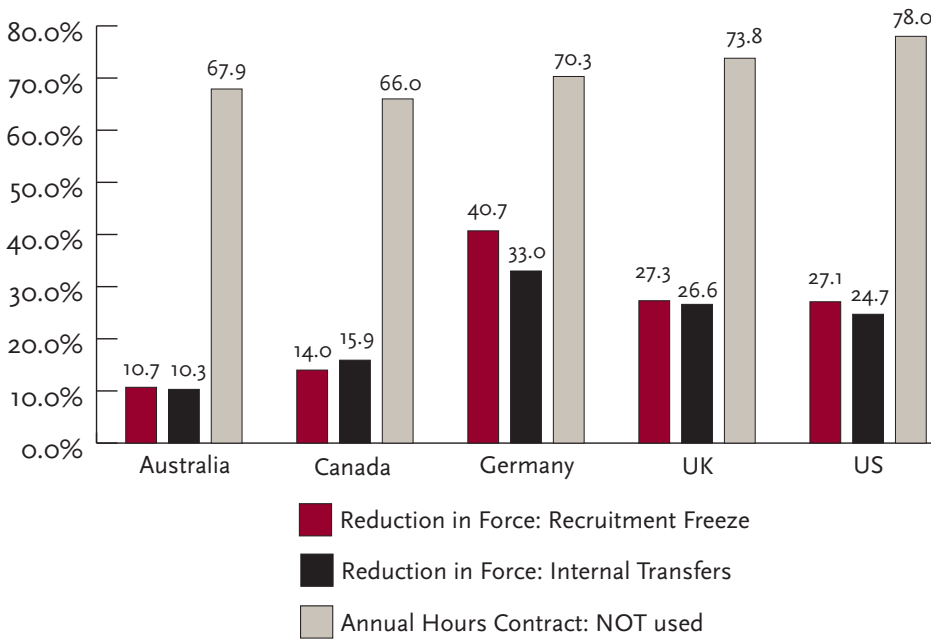
Indicators of Provisions for Employment Security & Predictabilities

- *Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*

- 93.1% of employers in the United States reported in 2006 that their organizations had experienced lay-offs either “not at all” or “to a limited extent during the past year.”⁶



Figure 5 : Indicators of Employment Predictability by Country*



As indicated by the information in **Figure 5**, when compared to Australia, Canada, Germany, and the U.K., employers in the U.S. are more likely to report that they do not use annual contracts (which can increase the unpredictability of work). Compared to employers in Australia, Canada, Germany, and the UK, a “moderate” percentage of employers in the U.S. report the use of recruitment freezes and internal transfers during periods of reduction in force.

Source: Parry & McNamara, 2008 from the 2005

Indicators of Workplace Flexibility

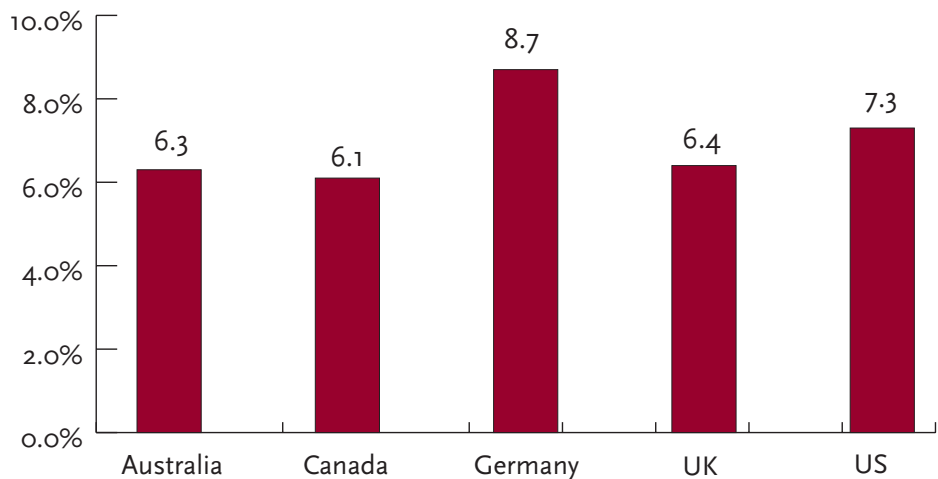
► *Options, choice, and control over work conditions and hours are available.*



- In 2006, 22.4% of U.S. workplaces indicated that they had established flexible work options “to a great extent” at their workplaces.⁶
- 22.9% of U.S. workplace reported in 2006 that their organizations offered at least 6 of the following 15 flexible work options to their employees: choose a work schedule that varies from the typical schedule at your worksite (e.g., the traditional 8 hour day such as 9-5, Monday-Friday), request changes in starting and quitting times from time to time, request changes in starting and quitting times on a daily basis, reduce their work hours and work on a part time basis while remaining in the same position or at the same pay level, structure their jobs as a job share with another person where both receive proportional compensation and benefits, compress their work week by working longer hours on fewer days for at least part of the year, take sabbaticals or career breaks-that is take leaves, paid or unpaid, of six months or more and return to a comparable job, take an extended leave for care giving or other personal or family responsibilities (e.g., parental or elder care giving responsibilities), work part-year, work part (or all) of their regular workweek at home or some other off site location, transfer to jobs with reduced pay and responsibilities if they want to, request changes in their work responsibilities so that the job is a better fit with their skills and interests, phase into retirement by working reduced hours over a period of time prior to full retirement, make choices about which shifts the work, and have input into the decisions about the amount of paid or unpaid overtime hours they work.⁶

We compared estimated use of four kinds of flexibility (job sharing, teleworking, flexi time, and compressed work week) at U.S. workplaces with estimated use in Australia, Canada, Germany, the United Kingdom, and the United States. As suggested by the findings presented in **Figure 6** to the right, workplaces in the U.S. appear to have a moderate/high proportion of their workforce using flexible work options.⁷

Figure 6 : Index of Estimated Use of Flexible Work Options at the Workplace by Countries



Source: Parry & McNamara, 2008 from the 2005 Cranet Survey.

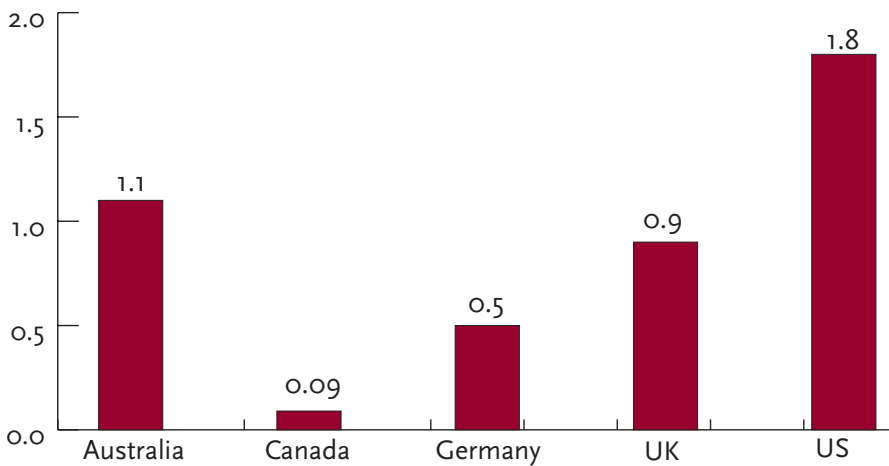
Indicators of Culture of Respect, Inclusion & Equity

► *Diversity, inclusion, and employee personal growth are valued.*

- As measured by an index of the equity of human resource practices (e.g., recognizing the accomplishments of employees at all stages of their careers, making assignments fairly regardless of career stage, providing opportunities for development regardless of career stage, making decision about layoffs regardless of career stage)¹², over half (56.0%) of the workplaces in the United States report that they have practices characterized by “high” equity.⁶
- 63.7% of the workplaces in the U.S. indicate that they have 1 or more of the following types of training for supervisors: managing diversity, managing a multi-generational workforce, responding to employees’ work-family needs, and training to provide career advice to employees at different stages of their careers.⁶
- Using an index measuring attitudes toward workers of different life-stages, 51.7% of the U.S. workplaces were highly positive in their attitudes toward older workers.⁶



Figure 7 : Programs for Targeted Employee Population Groups by Country *



Source: ???

We compared the availability of four types of programs (programs for minority ethnic groups, older workers 50 years and older, people with disabilities, women) in the U.S. with the availability of such programs in Australia, Canada, Germany, and the United Kingdom. According to the responses, 2% of the firms in Australia had adopted programs focused on older workers (age 50+) as have 1% of those in Canada, 1% of those in Germany, 1% of those in the U.K., and 2% of those in the U.S. As suggested by the findings presented in **Figure 7** to the left, on average, workplaces in the U.S. appear to have a higher number of these programs.

Indicators of Promotion of Constructive Relationships at Work

- ▶ *Interactions with supervisors and coworkers are professional and respectful.*



- 34.4% of the workplaces in the United States say it is “true” (a 4 on a scale of 1 to 4, where 1 is “not true” and 4 is “true”) that the company promotes a sense of professional community and connectedness among coworkers.⁶

The Cranet survey does not include items related to this dimension of the Quality of Employment framework, so that we do not compare employer-sponsored policies and programs related to the promotion of constructive relationships at work in the United States with other countries.

Conclusion: Closing the Gap

How do employers in the U.S. compare with regard to the policies and practices related to the quality of employment that they offer their employees?

Workplaces in the U.S. are more likely to report that they have a greater number of learning and development opportunities than those in Australia, Canada and the U.K. but less likely than Germany. They are also more likely to report that greater percentages of their employees are using flexible work options. When compared to the other four countries, employers in the U.S. are the most likely to report that they have a greater number of programmes focused on ethnic minorities, older workers, employees with disabilities, and women. On the other hand, they are less likely to report that they use annual hours contracts (at all) and are less likely to indicate that use performance assessments to analyze the organizations training and development needed.

Employers in the U.S. can use the information contained in this report to:

- ➔ Get ideas about possible HR innovations that have emerged in other countries.
- ➔ Compare the availability of specific policies and programs at their own worksites with policies and programs that are indicators of being employers-of-choice in the United States.

ABOUT THE INSTITUTE

Established in 2007 by the Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- ▶ a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- ▶ informed decision making by employers who want to be employers-of-choice in different countries; and
- ▶ innovative thinking about private-public partnerships that promote sustainable, quality employment.

Apart from the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series highlighting workforce demographic trends in different countries as well as a Global Policy Series focusing on selected workforce policy in certain country contexts.

For more information on our publications, please visit us online at:

www.bc.edu/agingandwork

Emma Parry, Ph.D., is a Research Fellow at the Human Resource Research Centre, Cranfield School of Management. Emma is the author of numerous publications and conference papers in the field of HRM. She is currently managing the Recruitment Confidence Index, a quarterly survey of UK recruitment trends, and Cranet, an international Network of business Schools that conducts a comparative survey of HRM policies and practices in around 40 countries worldwide.

Tay McNamara, Ph.D., is a senior research associate at the Boston College Center on Aging and Work. Her work focuses on work and retirement.

Marcie Pitt-Catsouphes, Ph.D., directs the Sloan Center on Aging & Work at Boston College. She is an Associate Professor at the Boston College Graduate School of Social Work, with appointments at the Boston College Carroll School of Management and the Middlesex University School of Business in London. Dr. Pitt-Catsouphes was a 2007 recipient of the Work/Life Legacy Award.

The Sloan Center on Aging & Work at Boston College was founded in 2005 with a grant from the Alfred P. Sloan Foundation. The Center partners with workplace decision-makers on responses to the increasingly global multi-generational workforce. These collaborations focus on quality of employment with the aim to inform employers with research data to attract, engage and retain high quality industry talent. As of 2008, the Center has three research streams – the US National Initiatives, the State Initiatives and the Global Initiatives. Research teams in these three areas gather information and collaborate with leaders in the public, non-profit and business sectors to leverage today's diverse multi-generational workforce as competitive advantages in the 21st century economy.

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- 4 Great Place to Work Institute. (2008). *What makes a great place to work: Financial results*. <http://www.greatplacetowork.com/great/graphs.php?page=1>
- 5 Unfortunately, most of the research linking employer-of-choice strategies with business outcomes tends to focus on correlational relationships. Such studies do not definitively establish that being a “best place to work” causes positive organizational performance; indeed, it might also be true that high profits and strong financial growth cause higher employee engagement and foster perceptions that a particular workplace is an employer-of-choice.
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- 7 The respondents answered on a scale from “not true” to “true so the scores for this inclusion scale could range from “XX” to “XX.”