

must be knowing and voluntary, and the employee must have ample time to consider the agreement and seek legal advice.



IMPROVING PERFORMANCE: THROUGH HRIS

Online Benefits Management Systems

It can be enormously time-consuming answering benefits questions such as, “If I retire in 5 years, what will be my monthly retirement income?” Most employers therefore opt for online self-service applications.

For example, when the organization that assists Pennsylvania school districts with their insurance needs decided to help the school boards automate their benefits administration, they chose a company called Benelogic.¹²⁰ The solution, called the “Employee Benefit Electronic Service Tool,” lets users manage all aspects of benefits administration, including enrollment, plan descriptions, eligibility, and premium reconciliation, via their browsers.¹²¹

Benelogic hosts and maintains the Web application on its servers, and creates customized, Web-based applications for each school district. The system facilitates online employee benefit enrollment, and provides centralized call center support for benefit-related questions. It even handles benefits-related payroll and similar functions by collaborating with companies like ADP (for payroll). Each school board employee accesses the Benelogic site via a link on his or her own board’s Web site. ■



TRENDS SHAPING HR: DIGITAL AND SOCIAL MEDIA

Communicating with employees about their benefits once required time-consuming HR assistance, but with digital and social media that’s no longer the case.¹²² Some use their Facebook and LinkedIn pages to publicize their benefits to a wider audience. Siemens created an internal social media Web site for its 13,000 UK employees. Siemens UK uses it to keep its employees up-to-date about its latest employee benefits offerings, to run real-time employee feedback polls about Siemens benefits, and to remind employees about the availability of various benefits. (For example, that each employee has points to use as part of the Siemens employee recognition program.)

To facilitate employee benefits self-management, other employers provide workers with mobile apps.¹²³ For example, clients of Discovery Benefits Inc., a benefits administrator, reportedly logged in through its app about 25,000 times in one year, saving Discovery the time it would have spent dealing with call-ins.¹²⁴

Social media sites can also get workers in trouble. In one case, an employee took a sick day, saying that chronic pain prevented her from coming to work. Unfortunately, she posted pictures of herself drinking at a festival the day she was supposed to be home sick. One of her Facebook “friends” got the photo and showed it to a company supervisor. The company fired her for absence, and an appeals court upheld the employer’s decision.¹²⁵ ■



LEARNING OBJECTIVE 13-4

Outline the main employees’ services benefits.

Personal Services and Family-Friendly Benefits

Although time off, insurance, and retirement account for the lion’s share of benefits costs, most employers also provide various services benefits. These include personal services (such as legal and personal counseling), “family-friendly” services (such as child-care facilities), educational subsidies, and executive perquisites (such as company cars for executives).

Personal Services

Personal services benefits include credit unions, legal services, counseling, and social and recreational opportunities. All are voluntary benefits, rather than required or mandatory under the law.

employee assistance program (EAP)

A formal employer program for providing employees with counseling and/or treatment programs for problems such as alcoholism, gambling, or stress.

Perhaps most notably, **employee assistance programs (EAPs)** provide counseling and advisory services, such as personal legal services, adoption assistance, or mental health counseling, for personal problems that may adversely affect the employee's work life. As the EAP site for one such plan at Sutter Health says, "Life's journey isn't always a smooth one. Sutter Health recognizes this and wants to help you overcome obstacles through the Employee Assistance Program."¹²⁶ Its EAP offers consulting on: child-care and parenting issues, elder care and disabled adult issues, pet care needs, adoptions, school, high school and college selection, and financial planning.¹²⁷

Few but the largest employers establish their own EAPs. Most contract with vendors such as Ceridian Life Works, Comps Sync, and Integrated Behavioral Health.¹²⁸

In either case, everyone involved, including supervisors and EAP staff, must respect *confidentiality*. Also keep files locked, limit access, and minimize identifying information. *Be aware of legal issues.* For example, in most states counselors must disclose suspicions of child abuse to state agencies. *Define* the program's purpose, employee eligibility, the roles and responsibilities of EAP and employer personnel, and procedures for using the plan. Ensure your EAP vendors fulfill *professional and state licensing requirements*.

Family-Friendly Benefits

Family-related distractions—a sick child or parent, for instance—can make it difficult for employees to work effectively. Therefore, creating a family-friendly workplace through **family-friendly (or "work-life") benefits** is important. Such benefits include, for instance, child care, elder care, flexible work schedules, paid family leave, and concierge services (for help with tasks like grocery shopping).¹²⁹

SUBSIDIZED CHILD CARE A recent study by the Brookings Institution listed some consequences of inadequate child care, including deleterious effects on children, lost productivity for employers due to parents missing work, and lost wages for parents.¹³⁰ Employers who want to reduce the distractions associated with finding reliable child care can help. Some simply investigate the day care facilities in their communities and recommend certain ones to employees. Others set up company-sponsored and subsidized day care facilities. For example, Goldman Sachs established its Children's Centre

family-friendly (or work-life) benefits

Benefits such as child care that make it easier for employees to balance their work and family responsibilities.

Software giant SAS Institute, Inc., is one company that offers generous employee benefits. The North Carolina firm keeps turnover at 4% in an industry where 20% is typical, partly by offering family-friendly and other benefits like paid maternity leave, day care on site, lunchtime piano concerts, massages, and yoga classes like this one.

bearmoney/Shutterstock



at its London facility to offer backup child-care services for Goldman staff; the Centre takes children between three months and 12 years old.¹³¹

For many Millennials, benefits like child care reportedly often trump higher pay. Netflix recently told employees they can take a year off for child care.¹³² Polices like those of Goldman and Netflix not only benefit employees. Employers may gain in improved recruiting results, lower absenteeism, improved morale, and lower turnover. As usual, start by surveying employees to assess their needs and perhaps what they'd be willing to pay.

SICK CHILD BENEFITS Sick child benefits are important. Sending a sick child with flulike symptoms to school because the parents must work risks worsening the child's condition and exposing classmates and teacher to illness. Yet only about half of U.S. workers are eligible for paid sick days that they can use for family members, so they risk pay loss and job loss by staying home.¹³³ By one estimate, sick children, sick nannies, and snow days cause about 2.8 million days of absences per year for U.S. employers.¹³⁴ The FMLA provides only unpaid leave, and not all employees are even eligible for that. Several states and cities including California, New Jersey, and New York City do provide for family-related paid sick leave.¹³⁵

Employers can do several things. To use paid sick days, some employees claim they themselves are ill, but the better alternative is a policy allowing use for sick children too. Paid time off banks facilitate this. Flexible schedules and telecommuting policies can help. Some employers offer last-minute backup care, either with on-site centers (like Goldman Sachs'), or by making available last-minute in-home nannies.¹³⁶

ELDER CARE By one estimate, 80% of elderly care is done by family members.¹³⁷ As with child care, female employees tend to bear the brunt of providing care for elderly parents. Helpful benefits for them (as well as male workers) include 10 to 15 days of backup elder care,¹³⁸ scheduling flexibility, and sabbaticals (for those needing extended time off).¹³⁹ About 43% of employers in one survey provide information on available elder care services.¹⁴⁰ When Pfizer discovered from a survey how many employees needed elder care services, it improved flexible schedule options, trained managers in how to handle such requests, and offered geriatric assessments.¹⁴¹ Companies including Facebook and Vanguard instituted paid time off benefits to care for sick relatives.¹⁴²

Finally, don't ignore employees who do *not* have family members to care for. For example, treat requests for schedule flexibility or time off seriously, regardless of the employee's family or marital status.¹⁴³

EDUCATIONAL SUBSIDIES Employers use educational subsidies (usually tuition assistance) to help employees pursue educational course work, usually at the undergraduate or graduate college level, but also for basic learning, such as high school equivalency degrees.¹⁴⁴ By one estimate, almost 90% of U.S. employers provide such subsidies. About 5.6% of undergraduate students received such employer support a few years ago, and about 14.5% of graduate students did. (Almost 22% of MBA students receive such support). However, the benefit seems to be somewhat less popular than it used to be.

It may at first seem counterintuitive to subsidize an employee to get a degree that might then prompt him or her to move to a better job somewhere else, and educational benefits can have such unintended effects. But in general, educational subsidies seem to more than pay for themselves, in terms of improved employee recruiting and retention, and by improving productivity by raising employees' skills.

Introducing such a program requires policy decisions. For example, some employers only reimburse the employee after the course is completed, or if a particular grade is obtained. Some pay part of the tuition up front and then the remainder after completion. Some require repayment if the employee leaves the firm within a specific time period.

Other Personal Services Benefits

Employers provide other personal services benefits.¹⁴⁵ Google, perennially one of the "100 best companies to work for," is famous for its personal services benefits. Google arranges with local vendors to provide on-Google-site programs such as ATMs, mobile

libraries, bike repair, car wash and oil change, dry cleaning, haircuts and salons, and organic grocery delivery.¹⁴⁶ Free though they are to Google, why does Google even bother? Largely because their on-site availability boosts employees' efficiency by reducing the need for them to seek services off-site. (It also offers the Google Child Care Center, and free shuttle service from San Francisco, for instance.)¹⁴⁷ CVS Caremark, seeking to retain older employees, offers various elder-friendly benefits. Its "snow-bird" program lets pharmacists winter in Florida and work in the Northeast when it's warmer, for instance.¹⁴⁸ Nestlé Purina Pet Care's St. Louis headquarters lets employees bring their dogs to work.¹⁴⁹ PriceWaterhouseCoopers helps employees pay off student loans.¹⁵⁰ Most *Fortune* 500 companies offer donation-matching programs.¹⁵¹



Diversity Counts: Domestic Partner Benefits

When employers provide *domestic partner benefits* the employees' same-sex or opposite-sex domestic partners are eligible to receive the same benefits (health care, life insurance, and so forth) as do the husband, wife, or legal dependent of one of the firm's employees. In 2013, the U.S. Supreme Court struck down part of the Defense of Marriage Act. Under its ruling, gay couples married in states where it is legal must receive the same federal health, tax, Social Security, and other benefits heterosexual couples receive.¹⁵² Then, in 2015, the U.S. Supreme Court held that same-sex couples can marry nationwide.¹⁵³

After the 2015 decision, the percentage of employers providing same-sex domestic partner benefits dropped, from 59% to 48%.¹⁵⁴ Some employers such as IBM and Verizon said they would phase out domestic partner benefits, but gave employees who were receiving such benefits time to consider getting married. With same sex marriage legal in all 50 states, the trend, says one expert, is to "not differentiate between types of spouses" in offering benefits.¹⁵⁵ ■

The Strategic Context feature illustrates how one employer uses benefits to support its strategic goals.

IMPROVING PERFORMANCE: THE STRATEGIC CONTEXT

Gary Erickson started Clif Bar as a small bakery and grew it into a company that's been growing 20% per year. Central to his "healthy foods" strategy is the idea that his hundreds of employees should live the values of sustainability, healthiness, and eco-friendliness.¹⁵⁶ Therefore, he put together a benefits package that encouraged just such values. For example, the company encourages eco-friendliness by reimbursing employees up to \$6,500 if they buy hybrid or electric vehicles. Those who bike or walk to work receive \$1,500 per year. Clif Bar's subsidized cafeteria serves meals cooked with local organic ingredients. Employees become eligible for 6-week paid sabbaticals after 7 years working for the company. He put in place an employee stock option plan (ESOP). With employee turnover only 3% per year, Clif Bar received over 7,500 applications for 114 open jobs one year, so his benefits plan also seems to be helping keep workforce costs under control.

MyLab Management Talk About It 3

If your professor has assigned this, go to the Assignments section of www.pearson.com/mylab/management to complete this discussion question. How do you think offering benefits like these affects Clif Bar's recruiting and selection process and helps the company to keep costs down?

Executive Perquisites

When you reach the pinnacle of the organizational pyramid—or close to the top—you will find, waiting for you, the "executive perk." Perquisites (perks for short) are special benefits for top executives. They range from company planes to private bathrooms.

Most fall between these extremes. Perks include *management loans* (typically to exercise executives' stock options); *financial counseling*; and *relocation benefits*, often including subsidized mortgages, purchase of the executive's current house, and payment for the move. Publicly traded companies must itemize all executives'