



# OFFICE OF INSPECTOR GENERAL

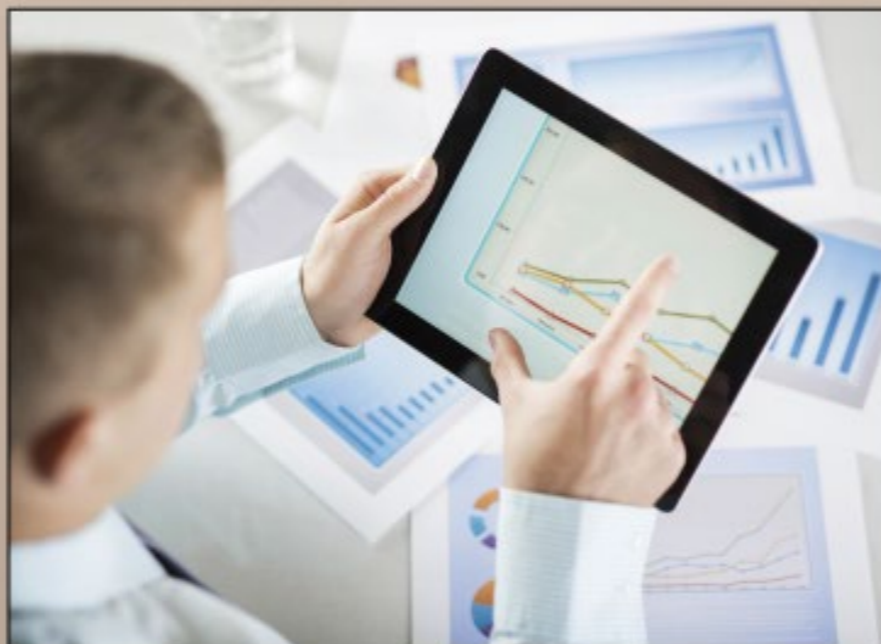
## UNITED STATES POSTAL SERVICE

### Flexibility at Work: Human Resource Strategies to Help the Postal Service

#### RARC Report

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# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Executive Summary

Organizations in the United States and abroad are embracing flexibility policies that improve work-life balance for employees. Could flexible workplace policies help the U.S. Postal Service adapt to its new environment? Our research suggests that it can.

To learn more about this, we assembled a research team of leading experts in the study and implementation of flexibility policies. We conducted structured interviews with the Postal Service and other public and private organizations. We also reviewed academic literature. We found that increased work flexibility, when properly implemented, can be the proverbial win-win-win. The Postal Service, its employees, and its customers would all be better off with more flexible human resource policies. The Postal Service could attract and retain a higher quality workforce and increase productivity. Employees would have more control over their lives and have higher work morale and commitment. Customers would benefit from improved service and lower costs.

Our research yielded four high-level suggestions for the Postal Service to consider:

■ **Create a strategic partnership for flexibility between labor and management.**

Employees, unions, and management associations often will not buy into change without a corresponding corporate focus on employee well-being. Effective partnering on flexibility policies can enhance the trust between labor and

### Highlights

The Postal Service has a strategic need to attract adaptable, committed workers to compete in the future.

The OIG conducted primary and secondary research to discover innovative human resources practices in successful organizations.

Policies that improve work-life balance can attract committed employees and improve retention. Positive outcomes include a less stressed workforce, better customer service, and increased productivity.

The Postal Service is focused on workforce flexibility, using lower paid employees to supplement its career workforce. It should also focus on workplace flexibility policies that improve work-life balance.

A strategic partnership between management and the workforce throughout the organization will be needed to move toward a more flexible work culture.

Experimentation, feedback from employees, and better workload information and management tools all increase the likelihood that flexibility policies will succeed.

management. The cornerstone of this partnership would be the development of joint labor and management flexibility teams at all levels of the organization to identify common ground and solutions to issues that separate them.

■ **Pilot and evaluate a portfolio of new flexibility initiatives.**

The Postal Service should empower flexibility teams to conduct pilot tests of best practices. Flexibility teams could test work policies and processes that would improve efficiency and reduce redundant or inefficient practices that burn out employees. It is equally important to evaluate the financial and psychological benefit of each pilot program at a few facilities, as well as the economic cost and benefit of not piloting the programs.

We have several suggestions for pilot tests drawn from case studies and literature reviews, including practices being tested by organizations around the world. Each of these suggestions could be piloted by the Postal Service among bargaining workers as well as in the supervisory and management ranks.

- Move to annualized workhours, which allows workers to trade overtime at busy periods for time off in slow periods to match customer demand and reduce forced overtime. Annualized workhours can mitigate the impact of peak loads on Postal Service finances and on postal customers.
- Develop a work or job sharing process where the responsible employees have the latitude to cover each other's absences.
- Allow shift trades or self-scheduling where workers are able to apply for preferred shifts as often as possible.
- Adopt team flexibility where team members are cross-trained.
- Use versatile, supplementary employees to provide back up when regular staff workers are sick or a shift is understaffed.

- Allow employees to maintain reduced work hour schedules to deal with elder, child, or health-care situations which arise from time to time.
- Vary scheduled hours per day based on anticipated workload.

■ **Improve information on workload to reduce uncertainty.**

One key reason flexibility is needed is that field managers, postmasters, and supervisors have incomplete or inaccurate information on the workload to expect on any given day. There is great potential to reduce the costs and delays associated with unexpected workload. The Postal Service should pursue technological solutions such as better analytics to better anticipate its workforce needs.

■ **Seek continuous feedback from employees.**

The Postal Service should employ an independent third party or request the U.S. Postal Service Office of Inspector General (OIG) to conduct a transparent survey to establish the current level of satisfaction with flexibility among postal employees. Independent, on-going follow up surveys of employees should be conducted to better understand what flexibility policies employees want. The Postal Service can use the survey data to improve the implementation and effectiveness of current policies.

Implementing successful flexibility policies could strengthen employee morale, improve performance, and attract a talented workforce, helping the Postal Service survive and thrive in this rapidly changing climate. By reducing turnover, absenteeism, and workplace accidents, flexibility could also enhance the Postal Service's efforts to meet its long-term strategic goals of decreasing costs and providing the most consistent service. Some flexibility policies have the potential to shift the cost of surplus labor from low-volume to peak-volume periods to assure timeliness of customer service and mitigate the need for load levelling. If hard-working, engaged, adaptable employees take their talents elsewhere, the Postal Service may find itself with a workforce of the past in a very competitive present and future.

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# Observations

***Flexibility policies that improve the work-life balance of employees provide a rare win-win-win combination: Customers win, employers win, and employees win.***

***Opportunities to improve work-life balance can give organizations a competitive edge when trying to attract and retain workers.***

## Introduction

In many business sectors, customer demands are requiring services around the clock, 7 days per week. Research is finding that employees have a limit: they are experiencing higher levels of health complaints and corresponding absences due to increased levels of stress at work. In fact, recent national surveys point to the intersection of work and non-work life as being one of the top, if not *the* top, stressors impacting workers' lives today.<sup>1</sup> Workers tend to be less committed to employers who do not appear to care; lack of commitment can be manifested in employees' attitudes towards work as well as their actual work performance. Employee turnover rates increase, as do training costs for replacement employees, who also may not stay long in the job or at the company.

Flexibility policies that improve the work-life balance of employees provide a rare win-win-win combination. Customers win when these policies provide better service or help hold prices down. Employers win when they can use flexibility policies to improve productivity, grow revenue, and attract a highly qualified, dedicated workforce. Employees win when they can improve the quality of their lives outside of work without reducing their performance in the workplace.

Flexibility at work has drawn increasing attention among employers, academics, and among government policy makers over the last 15 years. For example, Boston College established a Center for Work and Family to study work flexibility issues. Purdue University's Krannert School of Management endowed a chair for an expert in work-life strategies and policies.<sup>2</sup> In 2014, over 1,500 people attended the White House Summit on Working Families.<sup>3</sup> The objectives of the summit were

“...to strengthen our nation's workplaces to better support working families, boost businesses' bottom lines, and ensure America's global economic competitiveness in the coming decades.”<sup>4</sup>

This paper is the outcome of three types of research. First, we consulted with leading experts on work flexibility, some of whom were part of our research team. Second, we conducted secondary research by reviewing relevant literature, websites, and Postal Service policy documents. Third, for a better understanding of real-world applications, we interviewed leaders from a wide variety of organizations: private and public sector, union and non-union, postal and non-postal, domestic and international, management and labor, and academics and practitioners. [Appendix A](#) contains a glossary of relevant terminology. Key research is summarized in [Appendix B](#), with an extensive bibliography and reference section in [Appendix C](#).

## Why Do We Work Where We Do?

Opportunities to improve work-life balance can give organizations a competitive edge when trying to attract and retain workers. We all need to make a living to supply basic human needs, but there are many other factors of surprising importance to most workers. The American Psychological Association commissioned a survey in 2012 asking why people stay with their current employer. Pay and benefits were important, but other, non-financial factors were ranked higher by respondents.<sup>5</sup> Two-thirds of workers agreed or strongly agreed with the statement “My job fits well with the other areas of my life.” Compensation — pay and benefits — is important, but work-life balance is more important. This is particularly true among female workers: 72 percent of women cited work-life fit versus 62 percent of men. The survey also noted that 56 percent of respondents “feel connected to their organization.”

1 Kenneth Matos and Ellen Galinsky, “National Study of Employers,” *Families and Work Institute*, 2004, <http://familiesandwork.org/downloads/2014NationalStudyOfEmployers.pdf>.

2 The chair is held by Dr. Ellen Kossek, a member of the research team that helped to research this white paper. <http://www.krannert.purdue.edu/directory/bio.php?username=ekossek>.

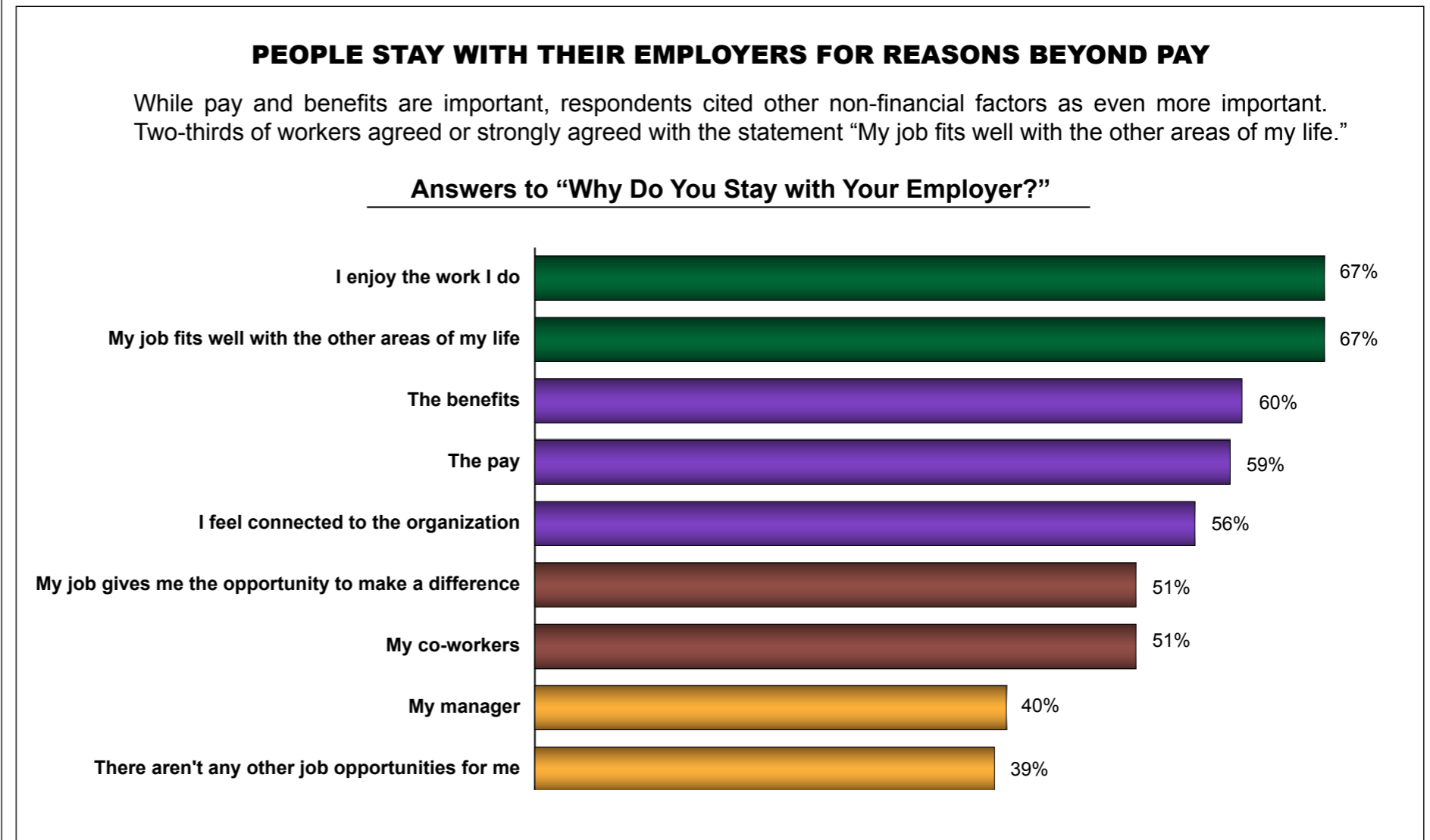
3 “The White House Summit on Working Families,” *Center for American Progress*, June 23, 2014, <http://workingfamiliesummit.org/>.

4 Ibid.

5 Gary Belsky, “Top Reasons Why Americans Stay at Their Jobs (And What It Means for the Presidential Campaign),” *Time Magazine*, August 31, 2012, <http://business.time.com/2012/08/31/top-reasons-why-americans-stay-at-their-jobs-and-what-it-means-for-the-presidential-campaign/print/>.

Women (59 percent) place more importance on their connection to the organization they work for than men (52 percent).<sup>6</sup> Policymakers and employers should take heed: it is not always about the money. See Figure 1.

**Figure 1: Why Do You Stay with Your Employer?**



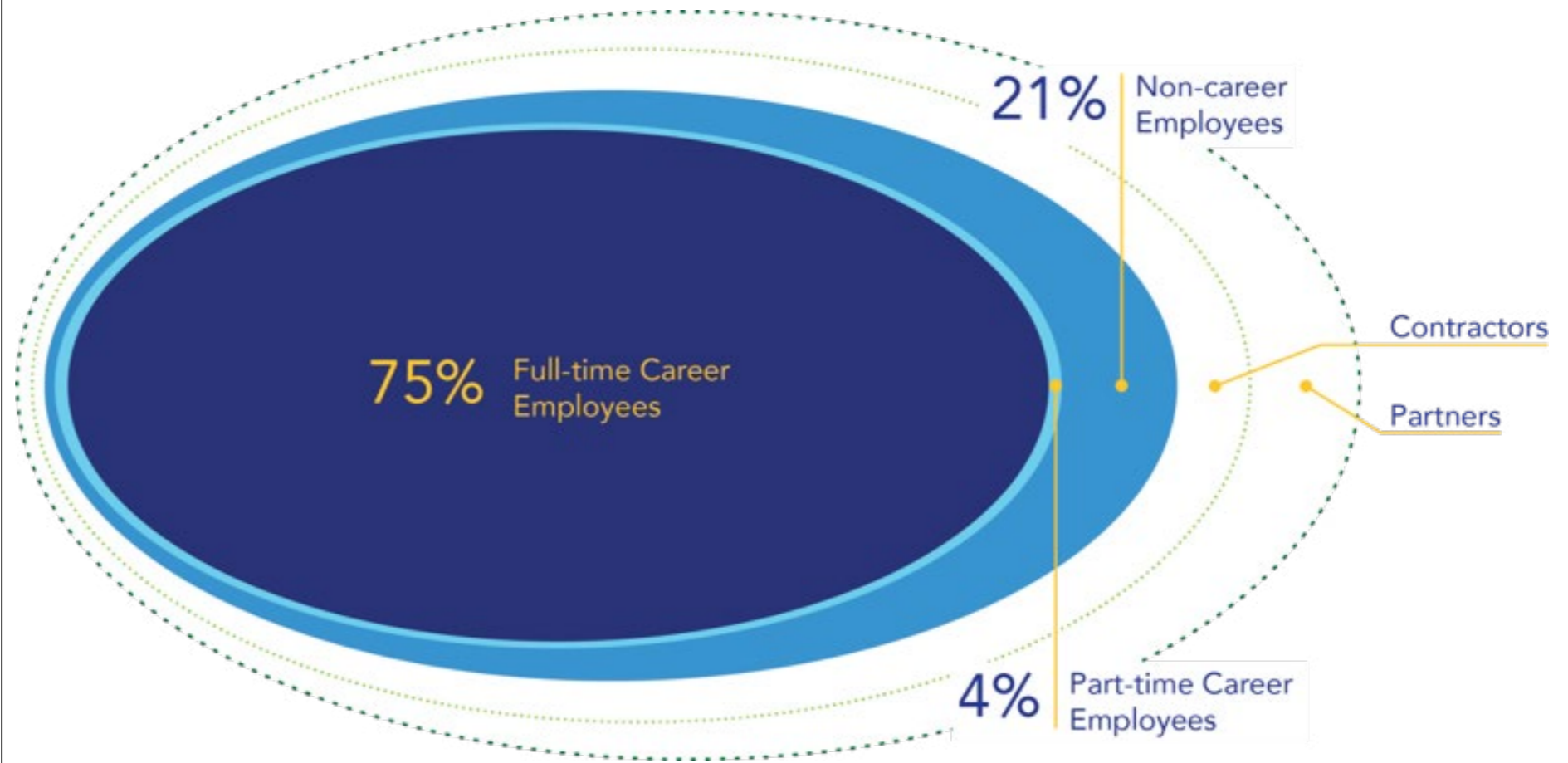
Source: Adapted from Belsky, American Psychological Society, 2012.

### What Is Flexibility?

This paper defines flexibility in two dimensions: workforce flexibility and workplace flexibility. *Workforce* flexibility refers to the use of different types of employees (or, in some cases, non-employees) to meet business objectives. *Workplace* flexibility refers to strategies that adapt a given workforce to customer, employee, and employer needs.

<sup>6</sup> Ibid.

Figure 2: Dimensions of Workforce Flexibility at the Postal Service



Source: Adapted to the U.S. Postal Service from International Post Corporation.

Figure 2 depicts the composition of the Postal Service workforce, broadly defined. Work is performed by employees, contractors, and business partners. Full-time career employees form the core of the workforce. These employees have the most rigid work schedules, the highest compensation in terms of wages and benefits, and substantial job security. Full-time career employees constitute 75 percent of all Postal Service employees.<sup>7</sup> Part-time career employees, fewer than 4 percent of the Postal Service workforce, are similar to full-time employees in most regards except that they do not have a fixed schedule or a guarantee of a 40-hour workweek. This classification of employee is being de-emphasized. The remaining 21 percent of the workforce is made up of non-career employees who have the least job security, the lowest compensation, and can be used for a minimal number of hours per day.<sup>8</sup>

<sup>7</sup> International Post Corporation, *Strategic Perspectives on the Postal Market*, 2010, <http://www.ipc.be/~media/Documents/PUBLIC/Markets/Strategic%20Perspectives%202010.ashx>.

<sup>8</sup> Workforce numbers are from the end of fiscal year 2013. U.S. Postal Service, *On Roll Paid Employee Statistics (ORPES) Report*, and U.S. Postal Service, *2013 Report on Form 10-K*, p. 106. Percentages are OIG calculations. Applicable collective bargaining agreements place limits on the number of non-career workers that can be used. The numbers shown here can be regarded as the Postal Service's best effort to maximize the use of non-career workers under the current agreements.

**Workplace flexibility refers to policies that allow improved utilization of people to the mutual benefit of employers and employees.**

The use of contractors supplements the employee workforce. Their pay and benefits are determined by their employers, not by the contractee. Finally, business partners, such as participants in the Postal Service’s worksharing program, augment the Postal Service’s workforce. While there are interesting issues regarding all five components of the Postal Service workforce, the focus of this paper is on career and non-career employees.<sup>9</sup>

### Workplace Flexibility

Workplace flexibility, in contrast, refers not to people, but to policies that allow improved utilization of people to the *mutual benefit* of employers and employees. In general, workplace flexibility policies can be categorized in four dimensions: Time, Location, Amount, and Continuity.<sup>10</sup>

Time refers to *when* people work. There are a number of policies that can increase the flexibility of when the workforce does its work. Flextime, for example, refers to the ability of employees to move their hours from a rigid schedule to one that may vary by day, week, or season. Compressed workweeks allow deviations from the standard 8-hour day/40-hour week. Time banking allows employees to use the overtime worked in busy periods as time off in slack periods. Flexible shifts allow workers to pick shifts based on personal needs, perhaps self-scheduling or swapping hours with co-workers. Generally, flexible shift work balances out so that each employee works a required number of hours during a specified time period such as a week, a pay period, or a year.

Policies that allow flexibility of *location* allow employees to work from home (telework) or from a remote office (flexplace).

Not all workers want to work full-time. A set of workplace flexibility policies is targeted at varying the *amount* of work. For a variety of reasons, employees often need leeway in how much they work to accommodate a lifestyle change such as taking a class, dealing with a family issue, or simply recognizing the limitations of age.

*Continuity* refers to any policy that involves or supports a temporary disengagement from work. This includes various kinds of leave, sabbaticals, and compliance with certain laws such as the Family Medical Leave Act (FMLA).

### The Strategic Benefits of Flexibility

When properly implemented, workplace flexibility policies can have positive effects on a wide range of business and societal objectives.

**Table 1: U.S. Postal Service Labor Force September 30, 2013**

Full-Time Employees	467,915	75%
Part-Time Employees	23,101	4%
<b>Total Career</b>	<b>491,016</b>	<b>79%</b>
Non-Career Employees	126,697	21%
<b>Total</b>	<b>617,713</b>	<b>100%</b>

Source: U.S. Postal Service, 2013 Report 10-K and On-Roll and Paid Employee Statistics Report, September 2013.

<sup>9</sup> For a more comprehensive examination of the Postal Service workforce over the last 20 years, see Kathryn A. Francis, “U.S. Postal Service Workforce Size and Employment Categories, FY1994 - FY2013,” *Congressional Research Service*, October 7, 2014, <http://fas.org/sgp/crs/misc/RS22864.pdf>.

<sup>10</sup> Ellen E. Kossek, Leslie B. Hammer, Rebecca J. Thompson, and Lisa B. Burke, “Leveraging Workplace Flexibility for Engagement and Productivity,” *Society of Human Resource Management Foundation*, 2014, pp. 9-15, <http://www.shrm.org/about/foundation/products/Documents/9-14%20Work-Flex%20EPG-FINAL.pdf>.



**Research on the business case for flexibility shows that employees with access to flexible work arrangements are more satisfied, committed, and engaged with their jobs.**

**Most forms of workplace flexibility can be used to enhance progress toward long-term strategic organizational goals.**

**An employer offering workplace flexibility can brand and distinguish itself as an “employer of choice.”**

**Increased Employee Commitment and Engagement Lead to Innovation and Productivity.** Research on the business case for flexibility shows that employees with access to flexible work arrangements are more satisfied, committed, and engaged with their jobs. This leads to increased innovation, quality, productivity, and market share. In addition, providing flexible work arrangements and time off to care for personal and family needs can help reduce unscheduled absences.<sup>11</sup>

Employees may become more loyal to an organization that offers workplace flexibility, particularly in job domains where this option is less common. This phenomenon is called a positive social exchange relationship whereby organizations receive increases in productivity for offering employees more control over their work.<sup>12</sup>

**Enhanced Progress toward Strategic Goals.** Most forms of workplace flexibility can be used to enhance progress toward long-term strategic organizational goals, such as increased cost savings from reduced turnover, absenteeism, and workplace accidents. Some forms of flexibility, such as telework, enable work to continue uninterrupted during bad weather, flu season, times of year with increased demands (e.g., tax season for accountants), or other disruptions. Additionally, some forms of flexibility allow employees to maintain employment while modifying their workload, or temporarily leaving work due to family or other non-work obligations (e.g., FMLA, reduced-load work), allowing organizations to retain skilled workers for the long-term.

**Increased Attraction and Retention of Employees.** Researchers have found that offering flexibility is a significant predictor of applicant attraction and talent retention. An employer offering workplace flexibility can brand and distinguish itself as an “employer of choice.” Employers offering the option to work away from the central office are able to fill positions with the most qualified candidates, regardless of location.<sup>13</sup> By offering workplace flexibility policies, organizations can signal they are aware of and care about employees’ non-work demands.<sup>14</sup> In other words, employers can use workplace flexibility as a tool for attracting a talented workforce.<sup>15</sup>

**Increased Productivity.** An empirical analysis of Fortune 500 companies showed that an increase in the “family-friendliness” index boosts productivity firm-wide by 1 to 3 percent.<sup>16</sup> Similarly, a study of European Union organizations shows statistically significant correlations between certain work-family practices and organizational performance measures.<sup>17</sup> A survey of company managers found that firms that adopted a relatively greater set of flexible working practices for workers experienced a marginally greater likelihood of having very good economic performance than less flexible firms, although the perceived performance differed only slightly compared to other high performing firms without such practices.<sup>18</sup> Nevertheless, even slightly higher performance

11 Amy Richman, Arlene Johnson, and Karen Noble, “Business Impacts of Flexibility: An Imperative for Expansion,” *Corporate Voices for Working Families*, February 2011, [http://www.flexibelwerken.nl/UserFiles/files/Business\\_impact\\_of\\_flexibility.pdf](http://www.flexibelwerken.nl/UserFiles/files/Business_impact_of_flexibility.pdf).

12 Ellen E. Kossek and Margaret Ruderman, “Work-Family Flexibility and the Employment Relationship,” in Lynn M. Shore, Jacqueline Coyle-Shapiro, and Lois E. Tetrick, *Understanding the Employee-Organization Relationship: Advances in Theory and Practice*, edited by Lynn M. Tetrick, New York: Taylor and Francis, 2012, pp. 223-253, [http://ellenkossek.lir.msu.edu/documents/Y108960\\_C009.pdf](http://ellenkossek.lir.msu.edu/documents/Y108960_C009.pdf) and Russell Cropanzano and Marie S. Mitchell, “Social Exchange Theory: An Interdisciplinary Review,” *Journal of Management*, Vol. 31, No. 6 (December 2005), pp. 874-900.

13 Robert Drago and Lonnie Golden, “The Role of Economics in Work-Family Research,” in *The Work and Family Handbook*, Marcie Pitt-Catsouphes, Ellen E. Kossek, and Stephen Sweet, Mahwah, NJ: Erlbaum, 2006, pp. 267-282, <http://psycnet.apa.org/psycinfo/2006-00550-013>; Allison M. Konrad and Robert Mangel, “The Impact of Work-Life Programs on Firm Productivity,” *Strategic Management Journal*, 21 (2000),

[http://onlinelibrary.wiley.com/doi/10.1002/1097-0266\(200012\)21:12%3C1225::AID-SMJ135%3E3.0.CO;2-3/abstract](http://onlinelibrary.wiley.com/doi/10.1002/1097-0266(200012)21:12%3C1225::AID-SMJ135%3E3.0.CO;2-3/abstract), and Kristina L. Uggersleve, Neil E. Fassina, and David Kraichy, “Recruiting through the Stages: A Meta-analytic Test of Predictors of Applicant Attraction at Different Stages of the Recruiting Process,” *Personnel Psychology*, 65 (2012), <http://onlinelibrary.wiley.com/doi/10.1111/j.1744-6570.2012.01254.x/pdf>, <http://psycnet.apa.org/psycinfo/2006-00550-013>.

14 Steven L. Grover and Karen J. Crooker, “Who Appreciates Family-Responsive Human Resource Policies: The Impact of Family-Friendly Policies on the Organizational Attachment of Parents and Non-parents,” *Personnel Psychology*, 48 (1995), pp. 271-288. <http://onlinelibrary.wiley.com/doi/10.1111/j.1744-6570.1995.tb01757.x/abstract>.

15 Ellen E. Kossek and Alyssa Friede, “The Business Case: Managerial Perspectives on Work and the Family,” in *The Work and Family Handbook*, pp. 611-626.

16 Thomas J. Clifton and Edward Shepard, “Work and Family Programs and Productivity: Estimates Applying a Production Function Model,” *International Journal of Manpower*, 25 (2004), <http://www.emeraldinsight.com/doi/pdfplus/10.1108/01437720410570036>, pp. 714-728.

17 Eleni T. Stavrou, “Flexible Work Bundles and Organizational Competitiveness: A Cross-National study of the European Work Context,” *Journal of Organizational Behavior*, 26 (2005), pp. 923-947.

18 Heejung Chung, Marcel Kerkhofs, and Peter Ester, *Working time flexibility in European companies*, (Luxembourg: EU Office for Official Publications, 2007), <http://www.eurofound.europa.eu/publications/htmlfiles/ef0739.htm>.

***The U.S. labor market and the very nature of work are changing both in the short and long term.***

suggests flexible work practices are at least not detrimental to productivity. The use of such practices generates a positive organizational climate, which enhances firm performance. Among employees paid by the hour, including those at entry level, more flexible workplace practices significantly reduced life-to-job spillovers, improving retention and employee commitment or engagement.<sup>19</sup> The positive effects of human resource practices designed to promote better work-family balance actually produced sustained reductions in absenteeism.<sup>20</sup>

## **Why Flexibility? Why Now?**

As mentioned above, there is intense interest in the topic of work flexibility from the living room to the Oval Office. It is important to understand what is driving this interest and how the Postal Service has started to respond.

### **The Labor Market Is Changing**

The U.S. labor market and the very nature of work are changing both in the short and long term. Short-term changes reflect the long-awaited rebound from the Great Recession. Long-term changes can be traced to demographic trends and the very nature of work in the 21st century economy.

#### **Short-Term Labor Market Changes**

The Great Recession stripped the U.S. economy of 8.8 million jobs.<sup>21</sup> Although it took several years, employment now stands 1.07 million jobs above the pre-recession peak.<sup>22</sup> The economy added over 2 million jobs in the first 9 months of 2014, 17 percent more jobs than the economy added in the first 9 months of 2013.<sup>23</sup> Long-term unemployment, although still somewhat high, has been in steady decline since the trough of the recession. Weekly unemployment claims are at their lowest level since 2000.<sup>24</sup> The same is true of the number of involuntary part-time workers. Even state and local governments are hiring. The unemployment rate, the most frequently used summary statistic to describe the labor market, reached a 6-year low of 5.9 percent in September 2014.<sup>25</sup>

The Federal Reserve expects the decline to continue until the unemployment rate falls between 5.2 and 5.6 percent in 2016.<sup>26</sup> Although wage inflation is currently all but nonexistent, with a tightening labor force, upward pressure on wages will likely make its presence felt. These data all indicate that in the near term the labor market will become much more competitive than it has been in years. Organizations that want the best talent will need to bring innovative ideas to bear.

#### **Long-Term Labor Market Changes**

Longer term, structural changes in the general population and the labor force have occurred in the last 40 years. Perhaps most importantly today's labor force is more ethnically diverse and includes more women. The number of married women in the labor force has increased, creating two-earner households that have more limitations on non-work hours.<sup>27</sup> Moreover, the proportion of

19 James T. Bond and Ellen Galinsky, "What Workplace Flexibility Is Available to Entry-Level, Hourly Employees," *New York: Families and Work Institute*, 46 (2006), <http://www.mobilityagenda.org/WorkandFamiliesBrief3.pdf>.

20 Angelo Giardini and Rudiger Kabst, "Effects of Work-Family Human Resource Practices: A Longitudinal Perspective," *The International Journal of Human Resource Management*, 19 (2008), pp. 2079-2094.

21 Christopher J. Goodman and Steven M. Mance, "Employment Loss and the 2007-09 Recession: An Overview," *Monthly Labor Review*, April 2011, <http://www.bls.gov/opub/mlr/2011/04/art1full.pdf>.

22 Bill McBride, "Comments on Employment Report: Party Like its 1999!," October 3, 2014, <http://www.calculatedriskblog.com/2014/10/comments-on-employment-report-party.html>.

23 Ibid.

24 Bill McBride, "Weekly Initial Unemployment Claims Decrease to 264,000, 4-Week Average Lowest since 2000," October 16, 2014, [http://www.calculatedriskblog.com/2014/10/weekly-initial-unemployment-claims\\_16.html](http://www.calculatedriskblog.com/2014/10/weekly-initial-unemployment-claims_16.html).

25 McBride, "Comments on Employment Report," October 3, 2014.

26 Federal Reserve Bank, "Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents," March 2014, <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20140319.pdf>.

27 Riccardo DiCecio, Kristie M. Engemann, Michael T. Owyang, and Christopher H. Wheeler, "Changing Trends in the Labor Force: A Survey," *Federal Reserve Bank of St. Louis Review*, 90, No. 1 (January/February 2008), <https://research.stlouisfed.org/publications/review/08/01/DiCecio.pdf>.

**The emergence of dynamic routing as well as the testing and implementation of innovative new services will increase the demand for adaptable employees.**

women in the U.S. labor force has grown and is nearly that of the proportion of men, with more than two thirds (70.9 percent) of women with children under 18 years old working in 2011.<sup>28</sup>

In the future, the growth rate of the labor force will slow. The demographic composition will be “more balanced” by age, gender, and ethnicity; the workforce will have more young people, more women, and more minorities. Between 2000 and 2050, the growth rate for the age group of individuals 65 years and older will continue to outpace the growth rate for all other age groups.<sup>29</sup> The aging of the baby boom generation will place additional dependent care burdens on working families.<sup>30</sup> Finally, the marketplace and workplace of the future will continue to adopt new technologies and product features. These innovations will increase the demand for adaptable and technically competent workers who will need to be lifelong learners.<sup>31</sup>

### **The Changing Nature of Work**

The Postal Service could be a case study in how computer technology substitutes for labor. In fact, this type of substitution has had a profound effect on the U.S. labor market: “...[T]he past twenty years have seen increases in the percentage of high school graduates working at jobs that emphasize complex communication and substantial declines in the percentage of high school graduates working at jobs that emphasized routine cognitive or routine manual tasks...[T]hese changes were concentrated in industries that experience the greatest growth in computer usage.”<sup>32</sup>

Over the past 30 years, the Postal Service has used technological advances in sorting equipment, algorithms, and character recognition to displace some postal work, most notably in the sorting of letters. The integration of computer technology also complements postal labor. Examples of this complementarity abound, including the use of advanced retail terminals in Postal Service facilities and package scanning technology used throughout the Postal Service distribution and delivery network.

Research suggests that in the future, the Postal Service is likely to see substantial changes in its business practices. The emergence of dynamic routing as well as the testing and implementation of innovative new services will increase the demand for adaptable employees. Thus, the Postal Service will likely face increasing competition for its employees of the future.

### **Unpredictable Customers and Uncertain Workloads**

Providing service to customers is a core responsibility of any organization. Unfortunately, it is often an inherently uncertain proposition, particularly when those services take the form of moving physical material across a vast, complex network. The Postal Service moves 158 billion letters, magazines, direct mail advertisements, and packages among 151 million delivery points and over 35,000 offices, operating to one degree or another 365 days per year.<sup>33</sup> Management of this enterprise would be simple, if the Postal Service knew what type and quantity of mail was going between which points at which time of day, each and every day of the year. Armed with this information, the Postal Service could map its workforce to match these known flows of mail. Reality — the promise of big data notwithstanding — of course is much different.

28 U.S. Bureau of Labor Statistics, 2013, <http://www.dol.gov/wb/stats/recentfacts.htm#mothers>.

29 Laura B. Shrestha and Elayne J. Heisler, Congressional Research Service Report for Congress, *The Changing Demographic Profile of the United States*, March 31, 2011, <http://fas.org/sgp/crs/misc/RL32701.pdf>.

30 Leslie B. Hammer and Margaret B. Neal, “Working Sandwiched Generation Caregivers: Prevalence, Characteristics, and Outcomes,” *The Psychologist-Manager Journal*, 11 (2008), <http://www.tandfonline.com/doi/full/10.1080/10887150801967324#.VDH0OvldWSo>.

31 Mitra Toossi, U.S. Bureau of Labor Statistics, *Employment Outlook: 2010–2020, Labor Force Projections to 2020: A More Slowly Growing Workforce*, January 2012, <http://www.bls.gov/opub/mlr/2012/01/art3full.pdf> and Rand Corporation, “The Future at Work – Trends and Implications,” Research Brief RB5070, 2004, [http://www.rand.org/pubs/research\\_briefs/RB5070/index1.html](http://www.rand.org/pubs/research_briefs/RB5070/index1.html).

32 Frank Levy and Richard J. Murnane, “The New Division of Labor: How Computers Are Creating the Next Job Market,” *Russell Sage Foundation*, 2004, p. 52.

33 U.S. Postal Service, *A Decade of Facts*, <https://about.usps.com/who-we-are/postal-facts/decade-of-facts-and-figures.htm>.

Mail arrives in the postal system through a variety of channels: retail counters, collection boxes, bulk mail acceptance units, and letter carriers. Variations in quantities can range from a single postcard to truckloads of Periodicals. Each of these types of mail has a different workload content: some must be canceled and faced, some require multiple sorts, some get crossdocked, and so on. Some mail, like utility bills, enters the mail like clockwork. Other types of mail, such as packages, are subject to the whims and wants of consumers such as e-commerce customers.

Connecting postal facilities exposes the flow of mail to additional uncertainties. Weather can disrupt air and highway transportation. Traffic congestion adds another layer of variability. Delays at printing plants, the source of large mail shipments, add yet another. In the absence of comprehensive data and predictive modeling, the timing and amount of mail flowing to postal facilities remains difficult to anticipate accurately.

## U.S. Postal Service and Flexibility

The Postal Service is a mission-driven organization. Employees at all levels take pride in “getting the job done.”<sup>34</sup> To achieve this goal, the Postal Service has focused on three strategic activities. First, the Postal Service is striving to meet customer needs. Second, it is downsizing its network in response to recent and anticipated volume losses.<sup>35</sup> And, third, it is committed to controlling costs with a focus on labor costs, which make up about 80 percent of its total costs.

### The Changing Postal Business Model

Although Postal Service finances are improving from the depths of the Great Recession, the organization is under significant strain. Its most profitable business, First-Class Mail, is moving inexorably to electronic media. Its second most profitable business, Standard Mail, has shown little sign of recovery since the recession. Statutory obligations have resulted in a weak liquidity position and weakened the Postal Service’s authority to borrow funds from the U.S. Treasury.

One bright spot in the Postal Service’s business is a surge in demand for parcel shipments. Parcel shippers are incredibly demanding and competition for customers is intense. New threats of competitive entry into the parcel market appear with relentless regularity.

### Workforce Flexibility

The Postal Service’s response to the loss of volume and revenue has been both to drive out workhours and to negotiate new contracts with its bargaining employees so that as existing career employees retired, they could be replaced with lower-paid career workers supplemented by non-career workers. There is little doubt that the Postal Service’s recent improved financial performance is in part due to this strategy.

As background, about 90 percent of Postal Service career employees are covered by collective bargaining agreements. The current labor contracts define three primary types of employees:

- Legacy career employees— Employees who were on the rolls before the current contracts were in effect and have the highest pay scale.

<sup>34</sup> U.S. Postal Service, *2013 Annual Report and Comprehensive Statement to Congress*, [http://about.usps.com/publications/annual-report-comprehensive-statement-2013/annual-report-comprehensive-statement-2013\\_v2.pdf](http://about.usps.com/publications/annual-report-comprehensive-statement-2013/annual-report-comprehensive-statement-2013_v2.pdf), p.14.

<sup>35</sup> Boston Consulting Group, *Projecting U.S. Mail Volumes to 2020: Final Report Detail*, March 2, 2010, <https://about.usps.com/future-postal-service/bcg-detailedpresentation.pdf>.

- New career employees— More recent employees whose pay scale starts out at a lower level than that for legacy employees.
- Non-career employees— Newer hires who are subject to a significantly lower pay scale than career employees and have no benefits or job security other than those required by law.

Historically, Postal Service career employees have had extraordinarily low turnover.<sup>36</sup> Appearing before the President’s Commission on the Postal Service, Dr. Michael Wachter testified that the annual turnover rate of Postal Service career unionized employees was between 1 and 1.5 percent per year.<sup>37</sup> He contrasted this with 23.3 percent quit rate among private sector workers in 2002.<sup>38</sup> Wachter concluded that the differential in quit rates is evidence that unionized postal workers receive a significant wage and benefit premium.<sup>39</sup>

**Table 2: Quit Rates for Selected Career Workers**

**QUIT RATES FOR THE POSTAL SERVICE ARE HISTORICALLY VERY LOW**

Due to historically low quit rates, the Postal Service may be woefully unprepared for a more unpredictable workforce.

	2008	2009	2010	2011	2012	2013
<b>NALC</b>	1.2%	0.6%	0.5%	0.5%	0.5%	0.5%
<b>APWU</b>	0.8%	0.5%	0.8%	0.5%	0.4%	0.4%
<b>NRLCA</b>	0.7%	0.4%	1.2%	0.5%	0.6%	0.7%
<b>NPMHU</b>	1.3%	0.7%	0.4%	0.5%	0.6%	0.4%
<b>Private Sector</b>	23.7%	19.1%	18.7%	20.0%	21.0%	22.3%
<b>Federal Sector</b>	4.2%	2.7%	4.9%	3.7%	4.7%	4.8%

Source: U.S. Postal Service.

rates are disruptive to Postal Service operations and place stress on front-line supervisors, field managers, and postmasters.

More recent data confirms that the quit rate trend for career, bargaining unit postal employees is continuing. One would expect quit rates for career unionized employees to be somewhat lower during and after the Great Recession, when alternative employment opportunities were limited.

One would expect that non-career employees would have higher quit rates because of their lower compensation levels. And, indeed, this is the case. For the year ending October 4, 2014, the quit rate for non-career Postal Service employees was 29 percent.<sup>40</sup> Moreover, an additional 4 percent of non-career employees were involuntarily separated. Quit and turnover rates are highest among letter carriers; almost one-half of City Carrier Assistants (CCAs) quit or were dismissed in the past year.<sup>41</sup>

Quit and turnover rates of this magnitude present a new challenge to Postal Service field managers and supervisory personnel. By all accounts, these high quit and turnover

36 The turnover rate is calculated as the number of employees who leave an organization, voluntarily or involuntarily, over a period of time divided by the average number of employees during that same time period. For example, if 10 employees leave an organization with an average complement of 100 people, then the turnover rate is 10/100 = 10 percent. Quit rates include only voluntary separations.

37 Michael Wachter, “Statement before the President’s Commission on the Postal Service,” April 29, 2003, <http://govinfo.library.unt.edu/usps/offices/domestic-finance/usps/meetings/4-29-03/wachter.pdf>, p. 7.

38 Ibid.

39 Ibid.

40 The data roughly coincide with the 2014 fiscal year which ended September 30, 2014.

41 Since route assignments are based on seniority, CCAs typically work the least desirable routes. Also, since they work outdoors, carriers must contend with weather extremes that contribute to higher quit rates.

**Table 3: Quit and Turnover Rates for Non-Career Workers — Fiscal Year 2014**

**QUIT RATES HIGH AMONG NON-CAREER WORKERS**

The quit and turnover rate for non-career workers is both above that of the federal and private sectors but significantly above the historical norm of the Postal Service.

	Quit Rate	Turnover Rate
<b>NALC</b>	44%	48%
<b>APWU</b>	23%	27%
<b>NPMHU</b>	25%	31%
<b>NRLCA</b>	23%	27%
<b>TOTAL</b>	23%	33%

Source: U.S. Postal Service.

**The Postal Service does not have an explicit workplace flexibility strategy. Nevertheless, the Postal Service actually does have many flexibility practices in place.**

They also raise training costs and result in a drag on productivity.<sup>42</sup> One of the Postal Service’s objectives in using non-career workers was to reduce overtime. Overtime expenses increased 0.8 percent, 14.8 percent, and 5.7 percent in fiscal years 2014, 2013, and 2012 respectively.<sup>43</sup> Despite progress in controlling growth in overtime expenses, overtime hours remain at about 8 percent of total hours for bargaining unit employees.<sup>44</sup>

As mentioned above, the driving factor behind the quit rate differential is compensation. For the Postal Service, the compensation expense of non-career employees is far below that of career employees. The average full-time career city carrier makes \$45.39 per hour in compensation. This includes \$27.43 in pay and \$17.96 in benefits. The average CCA makes \$18.97 per hour with \$15.50 in pay and \$3.47 in benefits.<sup>45</sup> This differential is somewhat exaggerated since the average career employee has many more years of service than the average CCA. Nevertheless, the use of a CCA in lieu of an average career employee saves the Postal Service well over \$50,000 per year.<sup>46</sup>

In addition to these savings, the Postal Service has much more discretion as to when and how it uses non-career employees. Non-career employees are on-call 7 days per week. This flexibility is currently being used to deliver groceries as part of an experimental service for Amazon.com customers between 3 a.m. and 7 a.m.<sup>47</sup>

Aside from employment itself, non-career workers do receive one additional benefit: the chance to become a career employee. In 2014, there were about 70,100 non-career employees among the National Postal Mail Handlers Union (NPMHU), the American Postal Workers Union (APWU), and the National Association of Letter Carriers (NALC). Among non-career employees, 20,342 converted to career status, a 29 percent conversion rate. About one half of Postal Service employees are currently over the age of 50. Over the course of the next 10 years, most of these workers will retire, to be replaced by lower paid career and non-career employees. The current strategy will provide the Postal Service with a built-in cost control mechanism. To the extent that lower pay is correlated with higher turnover rates, however, the Postal Service may need to improve the value proposition of postal employment. Workplace flexibility practices are a proven solution and an obvious place to start.

**Workplace Flexibility**

The Postal Service does not have an explicit workplace flexibility strategy. In fact, searches of scores of policy documents on the Postal Service’s intranet, blue.usps.gov, uncovered no instances of the word “flexibility.” The same searches, however, revealed that the Postal Service actually does have many flexibility practices in place. Application of these policies often varies by context.

42 U.S. Postal Service, *2013 Annual Report to Congress*, [http://about.usps.com/publications/annual-report-comprehensive-statement-2013/annual-report-comprehensive-statement-2013\\_v2.pdf](http://about.usps.com/publications/annual-report-comprehensive-statement-2013/annual-report-comprehensive-statement-2013_v2.pdf), p. 42. See also, “Flexible Workforce Lowers USPS Wages – and Hurts Productivity,” *Dead Tree Edition*, January 4, 2014, <http://deadtreeedition.blogspot.com/2014/01/flexible-workforce-lowers-usps-wages.html>.  
 43 OIG Analysis of U.S. Postal Service, General Ledger of Accounts, 2011 through 2014.  
 44 U.S. Postal Service, *National Payroll Hours Summary Report, Pay Period 21*, 2014, [http://www.prc.gov/Docs/90/90489/NationalPayrollSummary\\_PP21\\_2014.xlsx](http://www.prc.gov/Docs/90/90489/NationalPayrollSummary_PP21_2014.xlsx).  
 45 Ibid.  
 46 (\$45.39 - \$18.97) times 40 hours times 52 weeks = \$54,965.  
 47 U.S. Postal Service, *Notice of the United States Postal Service of Market Test of Experimental Product – Customized Delivery*, September 23, 2014, <http://www.prc.gov/Docs/90/90393/Notice%20Customized%20Delivery%20MT.Public.pdf>.

**Many organizations we interviewed were adamant that employee-centric flexibility was a key to attracting and retaining high performing talent that is empowered to meet customer needs.**

### Examples of Workplace Flexibility in the Postal Service

A good example of the use of flexibility is flextime. Many Executive and Administrative Schedule (EAS) workers at Postal Service Headquarters have access to flextime. Providing flextime has several obvious benefits. First, it reduces commuting time which is largely unproductive for both employers and employees. Second, it costs essentially nothing. Third, it helps reduce the need for peak period transportation capacity. Without flextime, the Postal Service would be at a distinct competitive disadvantage in the local labor market.

In contrast, in the field, Postal Service operations often run in sequence. Mail processing operates in a window to meet dispatch times. Transportation operates in a window of its own and so on. In this context, flextime is generally not allowed. Moreover, because Postal Service employees operate around the clock, they may be travelling at off-peak commuting times reducing the need for this sort of flexibility. During our interviews, we learned of one exception: in Southern California some bargaining unit employees are allowed to arrive 15 minutes before or after their schedule start times. This is a practical concession to extreme traffic congestion.

Another example of flexibility is the use of compressed work schedules.<sup>48</sup> Many EAS employees have access to alternative work schedules (AWS). One example of an AWS is eight 9-hour days and one 8-hour day with a weekday off every 2 weeks.

Other flexibility policies that are offered include annual leave, sick leave, personal leave, annual leave sharing, and annual leave selling. Many other policies appear not to be offered. These include job sharing and long-term leave. For a more complete discussion of Postal Service flexibility policies, see [Appendix D](#).

Consistent with its multi-tiered workforce policy, the Postal Service has begun offering lower leave benefits to new EAS employees. New EAS employees, those hired after January 13, 2012, earn annual and sick leave at a slower rate than existing employees.<sup>49</sup> More importantly, new employees earn annual and sick leave at a lower rates than non-postal federal employees, reducing the attractiveness of the Postal Service to potential employees.

### An Employer-Centric Bias

Many of the Postal Service's workplace policies have a common characteristic: flexibility is allowed at the manager's or supervisor's discretion. Organizations that embrace flexibility for business success cede some control of work-life decisions to either individual employees or teams of employees. Such a culture treats employees not as costs to be endured or reduced, but as collaborative business partners with a higher commitment to customers.

Indeed, many organizations we interviewed were adamant that employee-centric flexibility was a key to attracting and retaining high performing talent that is empowered to meet customer needs.<sup>50</sup> These organizations provide employees with access to software to make changes in their work schedules.

### Consequences Seen and Unseen

As we have shown above, lower compensation leads to higher quit rates. This consequence is directly observable by the employer. In plain English, employees quit because the job is not worth it. There are potential employees who make this decision before

<sup>48</sup> U.S. Postal Service, "Telecommuting and Alternate Work Schedule Programs for Headquarters/Headquarters-Related Field Units FLSA-Exempt Employees," Management Instruction EL-310-2013-3, March 15, 2013.

<sup>49</sup> U.S. Postal Service, "Management Salary Freeze," *USPS Link News Extra*, November 9, 2011.

<sup>50</sup> See [Appendix B](#) for specific examples.

applying. If a compensation package is not competitive, highly qualified workers simply will go elsewhere with their talents. Employers who do not offer competitive compensation packages will see lower labor costs, but will never see what talent they are missing.

## Foreign Posts, Flexibility, and Social Perspectives

Because all postal operators face declining traditional mail volumes and increasing parcel volumes, it is interesting to draw comparisons between the United States and postal operators in other countries. There is simply not a one-size-fits-all solution; the response to the changing postal business landscape varies from country to country.<sup>51</sup> To add to the complexity, legal and social policies and attitudes toward work and the workplace vary widely.

As in the U.S. parcel delivery market, foreign posts face aggressive low cost competition. Some countries rely extensively on part-time workers. For example, nearly 80 percent of postal workers in the Netherlands in 2010 and 2011 were part timers. Many other countries do not. In fact, the average share of part-time workers at European posts was 19 percent, which has been the norm since 2002.<sup>52</sup>

European postal administrations use a blend of “atypical employment contracts” to supplement their workforces. These employment contracts include staff with a fixed term contract, temp agency workers, and contractors who receive no benefits.<sup>53</sup> In fact, the overly aggressive use of low-paid, part-time workers and contractors has resulted in a social backlash in some countries including the United States. The term “precarious work” has been coined to describe these low compensation employment situations.<sup>54</sup>

The U.S. Postal Service has moved to a two-tiered wage system, partly because its unionized employees consistently have been paid more than comparable private sector workers.<sup>55</sup> Unlike in the United States, postal wages in Europe are generally well below private sector benchmark wages.<sup>56</sup> Despite this, two-tier wages and outsourcing are common among European postal operators.<sup>57</sup>

### **Flexicurity**

Discussions of workforce and workplace flexibility often give rise to the concept of “flexicurity.” Although difficult to define, flexicurity is a blend of social safety net and employment policy. The European Union (EU) has endorsed flexicurity as a means to, among other things, keep workers in the labor force during periods of disruption, improve job quality, and support job creation.<sup>58</sup> Each EU member state is free to interpret flexicurity in its own way. Flexicurity can manifest itself in many ways such as subsidized retraining and reduced core hours during economic downturns. This sort of policy gives employees security while giving the employer and the economy the ability to flex or adjust to changing economic conditions. In essence, flexicurity is a philosophical alternative to the “free market model of low rights, wages and certainty.”<sup>59</sup>

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51 Alex Dieke, Christian Bender, James Campbell, Jr., Robert Cohen, Christine Muller, Antonia Neiderprum, Alexandre de Steel, Sonja Thiele, and Claus Zanker, “Main Developments in the Postal Sector (2010 – 2013),” *WIK Consult*, August 2013, pp. 255–287.

52 Ibid.

53 Ibid.

54 “Precarious Work,” *International Labor Rights Forum*, <http://www.laborrights.org/issues/precarious-work>.

55 Wachter, pp. 3–9.

56 Dieke et. al., p. 268.

57 Dieke et. al., p. 274. In Sweden, a single collective bargaining agreement covers all workers in the postal industry. However, in other countries, collective agreements are “the exception, not the rule.”

58 European Commission, Flexicurity, <http://ec.europa.eu/social/main.jsp?catId=102>.

59 Adrian King, “The Postal Productivity Equation,” (presentation, Post Expo 2013, Vienna, Austria, October 2013), [http://www.strategiagroup.net/insight/Adrian\\_King\\_Expo2013\\_Productivity\\_Challenge.pptx](http://www.strategiagroup.net/insight/Adrian_King_Expo2013_Productivity_Challenge.pptx).



**Flexibility is not an abstract or academic concept. It is widely adopted and enthusiastically embraced by organizations.**

**There are potentially negative outcomes associated with flexibility policies when they are abused by employees or employers.**

### **Co-Determination**

Germany has a unique set of corporate and union laws that encourage management and labor to become mutual partners.<sup>60</sup> These laws recognize that both parties' behaviors jointly determine their organization's future.<sup>61</sup> This concept is known as Mitbestimmung or "co-determination."

The oppressive autocracy during the Nazi era caused the slightest hint of centralized power to be highly questioned during Germany's postwar period.<sup>62</sup> As a result, Germany's laws of incorporation and union formation were revised to embrace a democratic power-sharing approach.<sup>63</sup>

Under co-determination, Germany's corporations are required to form employee "work councils" composed of employees and their supervisors at the local "shop-level." Work councils have the rights to see corporate information. They are consulted on business decisions and have limited veto power over decision-making authority at the shop-level.<sup>64</sup> This consultation includes such items as work schedules, leave, breaks, bonuses, employee conduct, and dismissals.<sup>65</sup> Laws require corporate boards of directors to include significant employee representation, as voting members.<sup>66</sup> This provides a channel for two-way communication between the workroom floor and the boardroom.

Recently, Volkswagen tried to apply co-determination to its U.S. factory in Chattanooga, Tennessee. To do so, U.S. law required the unionization of the plant, which caused a storm of controversy. Plant workers voted to reject unionization, but recent developments suggest the work council may be installed after all.<sup>67</sup>

### **Positive and Negative Flexibility Outcomes**

It is important to understand that flexibility is not an abstract or academic concept. It is widely adopted and enthusiastically embraced by organizations. Our research team conducted extensive interviews with organizations about their flexibility practices. [Appendix B](#) contains a summary of these interviews as well as examples of flexibility policies in collective bargaining agreements.

There are potentially negative outcomes associated with flexibility policies when they are abused by employees or employers. Potential negative outcomes of flexibility include work intensification, favoritism, lack of integration, limited technology and resources, and increased health risks or accidents.<sup>68</sup> Work intensification occurs when an employee is paid for part-time work but is expected to complete a workload that is close to full-time. Favoritism occurs when managers limit access to flexibility to high performers or use control of schedules to punish employees. Lack of integration occurs when those employees working flexibly do not integrate well with the team or the flow of the organization. Finally, some organizations lack the technology to support flexible work arrangements such as a compressed workweek, which can lead to increased stress and burnout among employees.

60 Stephen J. Silvia, *Holding the Shop Together*, (Ithaca: ILR Press, 2013), p. 32.

61 Knut Panknin, "Germany's Lessons for a Strong Economy," *Center for American Progress*, June 26, 2012, <http://www.americanprogress.org/issues/economy/news/2012/06/26/11796/germanys-lessons-for-a-strong-economy>.

62 "In the immediate postwar years, the belief was widespread that both the captains of industry and capitalism itself were responsible, at least in part, for the Nazis' rise to power." Silvia, p. 46.

63 Silvia, p. 2.

64 Rebecca Page, "Co-determination in Germany – A Beginners' Guide," *Arbeitspapier 33*, Hans-Böckler-Stiftung, June 2011, p. 11, and Silvia, p. 43.

Also, "Codetermination does not mean, however, employees are calling the shots. ...some [managers] even praise it because it has proved effective in promoting peace and cooperation in the workplace."

65 Page, pp. 14-17.

66 *Ibid.*, p. 11. Limited to large employer joint stock companies.

67 Allen Smith, "Chattanooga VW Establishes 'American-Style Works Council,'" July 14, 2014, <http://www.shrm.org/legalissues/federalresources/pages/chattanooga-vw-works-council.aspx>.

68 Kossek et al., "Leveraging Workplace Flexibility for Engagement and Productivity," pp. 21-22.

***The Postal Service has the strategic opportunity to innovate and pilot new human resource strategies that build a partnership with its biggest asset: its employees.***

***Flexibility policies that engage and empower the workforce can be a powerful tool to boost customer service and increase productivity.***

Additionally, many employers have attempted to schedule employees' work based strictly upon the fluctuations in business, orders, or customers, on a daily, if not hour-by-hour basis. In retail chains, for example, this has become a "just-in-time" scheduling system, where employees may be called in, on very short notice, or called out (sent home), often without a minimum "reporting pay."<sup>69</sup> Unpredictable work timing and limited employee input into scheduling can increase stress and strain from work and also work-life conflicts for employees in retail operations.<sup>70</sup>

## **Impediments to Flexibility**

Flexibility policies generally work best when both management and employees agree on specifics. That is why win-win outcomes define successful flexibility practices. When flexibility is implemented in an employer-centric manner, employees may actually view flexibility as a negative aspect of the work environment. Conversely, when flexibility is overly employee-centric, management may become encumbered, making it more difficult for the business to meet the demands of customers.

Certain kinds of flexibility do not work in certain work settings. When production processes require work to be done sequentially or when fixed equipment is involved, certain kinds of flexibility such as flexplace simply do not work.

The need for flexibility often stems from a lack of information about customers. Better data on customer needs can reduce the uncertainty in operations. With less uncertainty, workforce planning can improve.

The Postal Service and its unions engage in both collective bargaining and binding arbitration. This is a high stakes, high risk environment. Indeed, we were not surprised to find some reluctance on the part of both management and labor to discuss specific flexibility policies outside of the negotiation process. One might think that labor negotiations provide a barrier to the adoption of flexibility policies. This is not necessarily the case. [Appendix B](#) lists several specific instances of flexibility policies used in unionized environments.

By far the most important impediment to flexibility success is corporate culture. Flexibility is founded on mutual trust between employees and employer and works best in an environment of collaboration.

## **Conclusion and Suggestions**

The Postal Service is at a business crossroads as traditional business declines and the digital world and e-commerce transforms the very competitive marketplace to which the employees and management of the Postal Service must willingly adapt. Given these challenges, the Postal Service has the strategic opportunity to innovate and pilot new human resource strategies that build a partnership with its biggest asset: its employees. Flexibility policies that engage and empower the workforce can be a powerful tool to boost customer service and increase productivity. The likelihood of success, however, is dependent on cultural change.

### **Suggestions for Improvement**

The recommendations below align with this culture shift and are based on our review of the workplace flexibility literature and our interviews with postal and non-postal businesses that offer best practices for flexibility implementation. They are both strategic and tactical in nature.

69 Julia R. Henly, H. Luke Shaefer, and Elaine Waxman, "Nonstandard Work Schedules: Employer- and Employee-Driven Flexibility in Retail Jobs," *Social Service Review*, 80 (2006), <http://www.jstor.org/discover/10.1086/508478?uid=3739696&uid=2&uid=4&uid=3739256&sid=21104786518757>; Susan J. Lambert, "Passing the Buck: Labor Flexibility Practices that Transfer Risk onto Hourly Workers," *Human Relations*, 61 (2008); and Center for Law and Social Policy, Retail Action Project, and Women Employed, "Tackling Unstable and Unpredictable Work Schedules: A Policy Brief on Guaranteed Minimum Hours and Reporting Pay Policies," 2014, <http://www.clasp.org/resources-and-publications/publication-1/Tackling-Unstable-and-Unpredictable-Work-Schedules-3-7-2014-FINAL-1.pdf>.

70 Julia R. Henly and Susan J. Lambert, "Unpredictable Work Timing in Retail Jobs Implications for Employee Work-Life Conflict," *Industrial & Labor Relations Review*, 67 (2014), pp. 986-1016.

### ***Create a Strategic Labor/Management Flexibility Partnership***

Employees, unions, and management associations often will not buy in to recommendations for change without a corresponding corporate focus on employee well-being. Effective partnering on flexibility policies can enhance trust between labor and management. The cornerstone of this partnership would be the development of joint labor/management flexibility teams at all levels of the organization to identify common ground and solutions to issues that separate them.

### ***Pilot and Evaluate a Portfolio of New Flexibility Initiatives***

The Postal Service should empower its flexibility teams to conduct pilot tests of flexibility best practices. Flexibility teams would implement flexibility policies and support work processes that will improve workplace efficiency and reduce redundant or inefficient work and work practices that “burn out” employees. It would be equally important to evaluate the financial and psychological benefit of each pilot, as well as the economic cost-benefit of not piloting different types of work-life flexibility policies at several facilities.

Some suggestions for pilots are summarized below and were drawn from case studies and literature reviews and include those also being tested by posts around the world. Each of these suggestions has the potential to be piloted by the Postal Service in their retail, mailhandling, delivery, transportation, and mail processing operations along with its supervisory and management ranks.

- Move to annualized hours of work, which allows more flexibility and ties employees’ work hours to variability in customer demand and can reduce forced overtime. Annualized workhours have the potential to mitigate the impact of peak loads on Postal Service finances and on postal customers.
- Develop a work or job sharing process where the responsible people have the latitude to cover each other’s absences.
- Allow shift trades or self-scheduling where workers are able to apply for preferred shifts as often as possible, thus matching workers’ preferences to assigned shifts.
- Team flexibility where team members are cross-trained and can call in relief workers for extra help when needed.
- Use versatile, supplementary employees to provide backup when regular staff workers are sick or a shift is understaffed.
- Experiment with recalling retirees to backfill during peak periods or to work non-traditional hours, such as Sundays.
- Allow employees to maintain reduced work hour schedules to deal with elder, child, or health care situations which arise from time to time.
- Match work needs with staff availability, i.e. staff to support delivery operations from 3 a.m. to 6 a.m. and then again later in the morning, or to augment retail during peak times.
- Vary scheduled hours per day based on anticipated workload.

### ***Improve Information on Workload to Reduce Uncertainty***

One of the primary reasons flexibility is needed is the fact that field managers, postmasters, and supervisors have incomplete or inaccurate information on the workload to expect on any given day. There is great potential to reduce the costs and delays associated with unexpected workload. The Postal Service should pursue technological solutions to better anticipate its workforce needs.

***Workplace flexibility policies when used as part of a comprehensive strategy are powerful strategic tools that many high performing organizations use to increase productivity, improve customer service, and attract and retain employees.***

### ***Seek Continuous Feedback from Employees***

The Postal Service should conduct a transparent survey fielded by an independent third party or the OIG to establish the current level of satisfaction with flexibility among postal employees.<sup>71</sup> Ongoing follow up surveys of employees should be conducted to better understand what flexibility policies employees want as well as where and when they are needed. The Postal Service can use the survey data to improve implementation strategies and effectiveness of current policies.

### **A Different Way of Doing Business**

Workplace flexibility policies when used as part of a comprehensive strategy are powerful strategic tools that many high-performing organizations use to increase productivity, improve customer service, and attract and retain employees. Indeed, many of the organizations that embrace flexibility are passionate about its effectiveness. Clearly, some flexibility policies can be a poor fit when applied in the wrong context. When applied appropriately, however, they can move an organization to the next level. This is especially important in the changing postal business environment and the changing national labor market. If hard-working, engaged, adaptable employees take their talents elsewhere, the Postal Service may find itself with a workforce of the past in a very competitive present and future.

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<sup>71</sup> Postal management conducts an employee survey called the Voice-of-the-Employee Survey. This survey falls short of our recommendation in two regards. First, it is not independent of postal management. Second, it does not focus on flexibility.

# Appendices

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# Appendix A: Glossary: Types of Workplace Flexibility

**Americans with Disabilities Act (ADA):** For employees with disabilities, the ADA provides workplace flexibility by requiring employers to provide reasonable accommodations that enable employees to perform their jobs. This may include a change in the work environment or in the way things are customarily done that allows an individual with a disability to enjoy equal employment opportunities.<sup>72</sup>

**Career Flexibility:** Many careers do not involve a hierarchical progression in one organization or occupation. Increasingly, employees leave the workforce at some point in their careers with the expectation that they will return in the future.

**Compensatory Time Off (Comp time):** As defined by the U.S. Government Office of Personnel Management, comp time is time off with pay in lieu of overtime pay for regularly scheduled, irregular, or occasional overtime work.<sup>73</sup> The government has implemented guidelines for comp time that may be approved in lieu of overtime pay for irregular or occasional overtime work for employees deemed both exempt and nonexempt under the Fair Labor Standards Act (FLSA).<sup>74</sup>

**Compressed Workweeks:** Compressed workweeks compress full-time job responsibilities into fewer than 5 days per week or fewer than 10 days in 2 weeks. For example, over the course of a 2-week period, an employee might work an extra hour per day Monday through Friday of 1 week and an extra hour per day Monday through Thursday of a second week to have every other Friday off. This is often referred to as a 9/80 schedule.<sup>75</sup>

**Family and Medical Leave Act (FMLA):** The FMLA entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons with a continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave. The FMLA also provides for leave related to certain military deployments of family members. Employees may also take up to 26 weeks of FMLA leave in a single 12-month period to care for a covered service member with a serious injury or illness.<sup>76</sup>

**Flexible Shift Work:** Flexible shift work involves work that is outside of standard work hours and frequently includes working at night. Several types of schedules, when implemented effectively, can keep operations going 24/7 and expand workers' availability to meet client demands and increase productivity.<sup>77</sup>

**Flextime:** An employee with a flextime schedule has alternative start and end times, but total weekly or daily hours worked are the same as those for other regular full-time employees. Flextime schedules can be set up formally for a workgroup or unit or established informally with supervisor discretion.

**Job-Sharing:** Job-sharing occurs when two workers share the responsibilities of a full-time job, each working on a part-time basis. One benefit of job-sharing for employers is that it can be easy to manage because a full-time position's responsibilities are kept intact.

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72 Georgetown University Law School, *Workplace Flexibility 2010: Americans with Disabilities Act*, [http://workplaceflexibility2010.org/index.php/laws\\_impacting\\_flexibility/ADA](http://workplaceflexibility2010.org/index.php/laws_impacting_flexibility/ADA).

73 U.S. Office of Personnel Management, *Fact Sheet: Compensatory Time Off*, <http://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/compensatory-time-off>.

74 Ibid.

75 Ellen E. Kossek and Jesse S. Michel, "Flexible Work Scheduling," in *Handbook of Industrial-Organizational Psychology, Vol. 1*, ed. Sheldon Zedeck (2011), pp. 535-572.

76 Ibid.

77 Carla S. Smith, Simon Folkard, Philip Tucker, and Michael S. Evans, "Work Schedules, Health and Safety," in *Handbook of Occupational Health Psychology, Washington, D.C.*, ed. Lois E. Tetrick and James C. Quick, (Washington, DC: American Psychological Association, 2010), pp. 185-204 and Ludovic G. Van Amelsvoort, L. G., Nicole W. Jansen, Gerard M. Swaen, Piet A. Van Den Brandt, and Ijmert Kant, "Direction of Shift Rotation among Three-Shift Workers in Relation to Psychological Health and Work-Family Conflict," *Scandinavian Journal of Work, Environment & Health*, 30 (2004), pp.149-156.

**Long-term Breaks and Sabbaticals:** An employee may take an extended absence from his or her job for a variety of reasons, including military service, educational or family activities, travel, or helping with a family business.

**Paid Personal/Family Sick Time and Leaves:** Some workplaces offer paid sick time as a matter of workplace policy, and some U.S. jurisdictions have passed legislation that requires access to paid sick days for workers. Paid sick leave advocates suggest that providing paid sick time can reduce turnover, increase productivity, and reduce the spread of illness in the workplace.<sup>78</sup> Currently there is great variation in terms of what is offered to workers — how much sick time is available, if it covers family members or just employees, and if it can be taken in hourly increments or only by the day.

**Part-Time Work:** Part-time work includes schedules such as regular 3-day workweeks and working 20 hours per week, setting a new schedule each week.<sup>79</sup>

**Part-Year or Seasonal Work Schedules:** In some industries and professions, busy times and slow times of the year are predictable, so it may be beneficial for both employees and organizations to maintain part-year or seasonal work schedules. In this case, flexibility occurs over the course of a year, rather than over the course of a week or a day.

**Reduced Workload:** Reduced workloads occur when an employee works less than what is expected of a standard full-time position, with a commensurate reduction in pay.<sup>80</sup>

**Self-Scheduled Breaks:** Nonexempt employees by definition work on an hourly basis, are eligible for overtime, and are required to take work and meal breaks in accordance with federal and state employment laws. A manager who just considers coverage needs and workflow patterns may overlook the needs and preferences of the employees when scheduling breaks.

**Task/Team-Based Flexibility:** Task/team-based flexibility focuses less on time, place, or pace of work and more on distribution among employees. Task flexibility allows employees to cross-train and shuffle responsibilities in ways that ensure that work is always being done, even though different people are doing it. Although everyone does an equal share of labor, the work can be broken down in numerous ways.

**Telework/Flexplace:** Flexibility in location, or “flexplace,” allows employees to conduct their work tasks away from the main worksite, communicating with the organization and clients electronically.<sup>81</sup> Telework policies vary in terms of how often employees are allowed to work away from the main worksite. Some arrangements follow an as-needed schedule or allow for offsite work only a few days a month; other policies allow offsite work several days each week.

**Transitional Part-Time Work:** Transitional part-time work includes when employees gradually return to work after a major life event such as childbirth, adoption, surgery, or a family death, but eventually work full-time again. Transitional part-time work can also be used to support educational advancement while maintaining a career or help retain valuable older workers at the end of a career as they phase into retirement.

**Vacation:** How employers allow use of vacation time may reflect their perspective on workplace flexibility. Allowing employees to accrue and use vacation in hourly increments permits an employee to take several hours off to go to an appointment, attend a child’s sporting event, or take time off for other personal reasons, without using an entire vacation day.

78 Vicky Lovell, *Valuing Good Health: An Estimate of Costs and Savings for the Healthy Families Act*, (Washington, DC: Institute for Women’s Policy Research, March 2005), <http://www.iwpr.org/publications/pubs/valuing-good-health-an-estimate-of-costs-and-savings-for-the-healthy-families-act>.

79 Georgetown University Law Center.

80 Mary D. Lee, Shelley M. MacDermid, and Michelle L. Buck, “Organizational Paradigms of Reduced-Load Work: Accommodation, Elaboration, and Transformation,” *Academy of Management Journal*, 43 (2000).

81 Kossek and Michel.

# Appendix B: Flexibility Examples from the Real World

As part of the research in support of this paper, we conducted confidential interviews with eight non-postal organizations. These interviews allow helpful insights into flexibility practices beyond the academic perspective. To the extent possible, interviews were conducted using a questionnaire designed to cover the same issues with each interview subject. Because the Postal Service has a predominantly unionized workforce, we also conducted a review of flexibility practices in unionized environments.

## Results of Interviews

**Company A** is a manufacturing company employing 50,000 people with two unions and six labor agreements. The agreements cover hourly production workers as well as workers involved in research and development, other technical work, and administrative support. The flexibility practices at this company are

- Policy committees comprising management, union officials, and workers meet monthly to discuss day-to-day issues that are too cumbersome or dynamic to be dealt with in the union contracts.
- Flextime in 4-hour increments with 1 day's advanced notice is permitted with manager approval. Workers who take flextime must make up the time during the payroll week (does not apply to production workers).
- Sixteen hours per year of emergency flextime that can be taken in 1-hour increments. This flextime is used at the employee's discretion. The time used must be made up during the payroll week (does not apply to production workers).
- Emergency vacation (from an employee's regular annual vacation allotment) can be used in 1-hour increments. Unlike flextime, this time does not have to be made up.
- Compelling leave is granted for emergency situations where other leave policies cannot be applied.
- Shift trading is allowed for non-clerical workers.
- There are no telework, no part-time, and no reduced workload arrangements. Compressed workweeks are allowed on a limited basis.

Extensive use of cross-training makes many of these policies possible.

**Company B** is a non-unionized U.S. airline with 80,000 employees. This company aggressively endorses flexibility policies to attract and retain competent and committed employees. Some of its flexibility practices include

- Employees use self-scheduling using a software program.
- Employees can swap or give away shifts as long as overtime is not incurred and mandatory rest cycles are not violated.
- Flextime is limited during peak workload periods when an "all hands on deck policy" is in force.
- A cadre of temporary workers are used to fill in gaps in coverage from full-time employees.
- Some teleworking is allowed for those workers who do not physically have to interact with customers.



- Compressed workweeks in the form of four 10-hour days are permitted.
- Reduced workload in the form of a 24-, 30-, or 34-hour per week schedule is allowed with full benefits. This can be used to ease into retirement.
- Overtime generally is not required. If, however, overtime needs cannot be covered by the pool of temporary employees, full-time employees may be required to work overtime. When full-time staff is needed, overtime work is determined by seniority.
- Extended leaves of between 30 and 180 days are allowed.

The company has a strong cultural commitment to these policies because it wants its employees focused on the customer, not personal issues. The company noted that a hub airport is a competitive marketplace for airline workers. They can see all the choices and know which employer provides the best work conditions. If airline employers want the best, most committed employees, they have to give them an attractive value proposition that includes flexibility.

**Company C** is a non-union distributor of manufactured goods with nearly 4,000 workers. Its policies include

- Compressed workweeks (four 10-hour days) are permitted for corporate staff and distribution center workers.
- Warehouse employees can informally change or swap shifts temporarily or permanently.
- Part-time shifts and non-standard shifts are allowed so long as customer needs are met.
- Peak seasonal workloads are met by a combination of seasonal part-time and full-time workers as well as overtime. In off-peak seasons, the length of the workweek is reduced. Overtime hours from the peak can be used to compensate for these off-peak workweeks, a form of annualized work hours.
- Teleworking is not currently allowed because of IT security issues.
- Scheduled paid time off in 15-minute increments can be used for personal needs. Unscheduled paid time off is allowed but earns a demerit. Six demerits in a 12-month period lead to the employee's dismissal.

There are fewer flexibility options for workers in the distribution center because of the nature of the customer requirements. The company sees flexibility as a tool to prevent unions from organizing the labor force. The company acknowledges that flexibility policies can make managing and supervising more challenging.

**Company D** is a national retail chain with over 200,000 year round non-union employees. An additional 90,000 are added for the holiday season. Customer traffic has large variations by day of week. Flexibility practices include

- Employees self-schedule using Internet-based scheduling software which is thought to give them ownership over their workweek. This is seen as a way to keep employees happy and engaged, making for better interactions with customers.
- Employees are given advanced notice of sales events and shift availability. Using this information employees can swap shifts and add or subtract hours within specified limits.

- Employees use the scheduling software to indicate preferred days or shifts. They also can block out time periods during which they are unavailable to work.
- The change to self-scheduling was a significant culture shift for managers. Information on peaks and valleys of workload are critical to making the system work.

**Company E** is actually a branch of the U.S. federal government that specializes in personnel policy, including union and non-union employees. Company E itself has both union and non-union employees. The flexibility policies include

- Routine or scheduled telework is normal. Full-time telework such as remote work (such as Postal Service domiciling) is unusual.
- Situational telework (e.g. snowstorms). Thirty percent of all federal workers teleworked during a snowstorm last year.
- Informal flextime is used in some agencies. An example is when a worker leaves the office early to attend to a child but continues the work day from home later that same day.
- Seasonal hiring is used for some agencies with seasonal needs. The Internal Revenue Service and the National Park Service are two obvious examples.

This agency clearly values teleworking as a recruitment and retention strategy but understands that it is a bad fit for some federal offices, including those that have a strong, embedded culture of awarding face time.

**Company F** is a global manufacturing firm with 120,000 employees, union and non-union, worldwide. Availability of flexibility at Company F varies depending on the type of work an employees does. Salaried workers have more flexibility options than hourly plant workers. Flexibility options fall into five categories:

- Compressed workweeks are used in manufacturing operations because they run on 12-hour shifts. Full-time employees work two 12-hour shifts during short weeks and five shifts during long weeks. This inherently frees up time for personal appointments and family time.
- Telework is allowed for non-manufacturing employees because of the global nature of the business.
- Part-time work is allowed for employees who have external obligations. These employees can opt for an 80 percent workload or a 60 percent workload.
- Flexible scheduling is a business requirement because of the global nature of the business. Workers often need to conduct teleconferences at odd hours or shift their entire workday to comport with business activities overseas. Core hours are not the norm.
- Personal leave is allowed in small increments. Employees can take time off during the work day to attend to personal issues as long as the time is made up during a two-week pay period.

Company F views flexibility policies as a best practice that is founded on trust between employees and management. They advise against trying to implement or expand implementation of flexibility policies in one fell swoop. Implementing flexibility can be a culture shock to an organization. Therefore, Company F recommends incremental change and experimentation.

**Company G** is a large commercial printer and media channel company with more than 25,000 (mostly) non-union employees worldwide. Historically, the company was a traditional work unit operation but, with recent mergers and acquisitions, it has embraced flexibility on its administrative side. Policies include

- Routine and occasional teleworking is used by salaried employees. A few salaried employees work remotely (far from a printing plant).
- Alternating workweek schedules for production workers including three 12-hour shifts one week, followed by four 12-hour shifts the next.
- Every 17 weeks shifts rotate. Day workers move to nights and night workers to day.
- The option of part-time work is available for both production and administrative employees.
- Gradual return to work is allowed for events such as births, adoptions, or illnesses.
- Seasonal peaks result in mandatory overtime. This is often a device used to transition part-time employees to full-time status. Seasonal workers are also used.
- Vacation time can be used in 1-hour increments.
- Salaried employees can take time off with pay to attend important family events. Production workers must use annual leave. The company regards itself as family friendly; therefore, both types of workers can take this family leave without penalty or stigma.
- Flextime is available to some salaried workers on a case by case basis with managerial approval.

The company looks at each plant individually when setting its flexibility policies. The production workers it needs are in high demand, so the company recognizes flexibility as a way to improve the quality of its workforce and retain good employees.

**Company H** is a non-union direct mail marketing company with stable growth. This company uses flexibility as follows:

- Telework is allowed for administrative, non-manufacturing, and non-customer facing employees.
- Flexible scheduling is allowed for non-manufacturing and non-customer facing employees.
- One week per quarter employees participate in community service projects.
- Employees are polled to determine how to change schedules when workload changes.
- Annual, sick, and personal leave is pooled into a “big bucket” to simplify its administration and give employees more choice.
- There is no part-time workforce.

- Flexibility policies tend to be informal and determined at the local level, rather than company-wide. Local managers are empowered to implement flexibility practices on their own.
- Flexibility is more easily applied to non-manufacturing employees.
- Compressed workweeks are allowed for some non-customer facing employees with the understanding that they are needed for the occasional meeting on their off day.
- Gradual return-to-work or work-from-home policies are applied on an informal, ad hoc basis.
- There is no job sharing because of the difficulty in matching employees' needs.

Company H recognizes flexibility policies as a tool to attract and retain employees. It feels that younger workers expect to see flexibility policies.

**Company I** is a foreign postal operator with 33,000 union and non-union employees. Like nearly every postal operator, Company I's business is in transition from traditional mail to parcels. Its flexibility policies are as follows:

- Nearly all flexibility policies are formal in that they are documented and published.
- By the nature of their work, administrative and retail employees have more flexibility options than mail processing and delivery personnel.
- Telework, either routine or ad hoc, is allowed for administrative workers.
- Overtime may be converted to time off in some circumstances.
- Full-time workers can convert to part-time status for child care, family illness and the like for up to 12 months.
- Compressed work schedules are allowed. Options include 9 days over the course of 2 weeks or 19 days over a month.
- Job sharing for a 12-month period is allowed and popular in retail and administration.
- Time away from work can be expanded by employees buying leave in 4-week increments.
- Employees within 2 years of retirement may switch to a 4-day workweek without salary impact.
- Two kinds of long-term leave are available
  - After 10 years of employment, employees may take long-term leave (with a minimum of 7 calendar days per leave). For the first 10 years, long-term leave accumulates to a total of 3 months. Each year thereafter, employees earn 9 calendar days of long-term leave.
  - Three months of unpaid leave are allowed every 3 years for family reasons. Employees are guaranteed a job after the leave.

Many of these policies are national policies not specific to the postal operator. In recognition of the merit of flexibility policies, Company I has initiated a data collection effort to better understand how its flexibility policies are being used. Also, the company has begun an effort to educate managers on the value of flexibility.

**Company J** is a largely unionized foreign postal administration with 52,000 employees. Between volume loss and operation changes, the number of employees is being reduced. Unions are opposed to these changes.

- There is little flexibility at this company, which contributes to employees leaving.
- Unlimited “special” leave which can be used for sick child care or weather is permitted under union contracts but rarely granted by management.
- Employees sometimes work out informal, under-the-table flexibility. For example, a carrier might pay someone to complete his route.
- Gradual return to work, using personal or maternity leave, after the birth or adoption of a child is allowed.
- Reduced workloads are allowed. Additional leave just prior to retirement is also available.
- Inside workers can refuse overtime but carriers cannot unless they can convince their supervisor to carry over mail from one day to the next.
- Leave and shift assignments follow seniority. Young workers with children find this problematic as they are assigned the least desirable shifts and vacation times. Some part-time workers do not seek full-time status because it drops them to the bottom of the seniority lists.
- Comp time is allowed and quite popular. It can be used in 4-hour increments.
- Night shift workers earn 8 extra days off per year as health/recovery time.
- The officials we interviewed said that the workforce is clearly stressed out. Constant cost cutting and the Great Recession has taken a toll on morale. Implementing genuine flexibility could improve the situation, but seems to be taking a back seat to cost cutting.

### **Flexibility in Unionized Environments**

The Labor Project for Working Families has surveyed union members and compiled collective bargaining contract language that contains innovative workplace flexibility and more family-friendly job features.

Compressed workweek schedules allow full-time workers to have 2 days off per week, if they work the standard workweek’s total number of hours. The agreement between the National Education Association and Redwoods Community College District contract allows “Flex Hours,” which can be either in four 10-hour days, or other combinations such as four 9-hour days and one 4-hour day, if approved, and remains indefinitely their schedule, albeit an employee may not work more than 10 hours in any one day without overtime.

There are several examples of voluntarily reduced hours in union contracts:

- The Office and Professional Employees International Union in San Francisco, Marin, and Sonoma, California covers salaried and hourly workers. It has a contract that allows reduced hours whereby employees may work on 32- or 35-hour workweek with full benefits; 9 days every 2 weeks with full benefits; or 35-, 37-, or 40- hour week with flexible hours.
- The contract between the International Brotherhood of Electrical Workers (IBEW) Local 1245 and Pacific Gas & Electric, San Francisco adopts incremental or proportional reductions: workers can choose to work 90 percent of full-time for 90 percent of wages and benefits, 80 percent of a full-time schedule for 80 percent of wages and benefits, etc. Workers can work a reduced schedule during part of the year (e.g., summer) and full-time for the rest of the year.
- Workers can voluntarily trade income for time off and design reduced work schedules on an annual basis, subject to management concurrence and business needs, with full benefits and service credit, in the contract in the Communications Workers of America Local 1034 and other unions' contracts in New Jersey.
- Part-time hours with full benefit coverages and prorated paid time off, with "fractional-time assignment," anywhere between 50 percent and 100 percent, was agreed to by United Auto Workers Local 2071 and Wayne State University.
- Employees in IBEW Local 1060 at Thomas Industries can work fewer hours for the same pay and benefits to cover unpopular shifts. For example, on Friday, Saturday, and Sunday, the basic workweek would be 36 hours for which the employee will receive 40 hours of pay, with hours in excess of 12 on a given day voluntary only and paid at time and one half.
- Voluntarily reduced time at the Service Employees International Union Locals 250, 535, and 790 contracts with the City and County of San Francisco allows any employee classification, with the approval of the appointing officer, to elect to work a reduced workweek or take unpaid hours of days off for a specific period of time with no negative impact on other terms and conditions of employment.
- Shift swapping arrangements are available in Amalgamated Transit Union Local 192 and Alameda-Contra Costa Transit. Workers voluntarily exchange "runs" (shifts) or workdays to accommodate their family responsibilities such as school events, medical appointments, or caring for a sick relative. This arrangement gives bus drivers flexibility in their workweek to request a run exchange without having to request excused time off or a vacation day.

# Appendix C: References and Resources

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### **Workplace Flexibility Resources — Department of Labor (DOL)**

The DOL website provides resources broken down multiple ways. For example, users can browse resources by audience (employees, employers, researchers, policy makers, etc.) and by type of flexibility (time, place, task, etc.). Finally, a user can browse by commonly asked questions from employees, employers, policy makers, and researchers. All of the information is repeated across categories. Many of these resources are already familiar to the project team. The news briefs come from Workplace Flexibility 2010 and Reports from the Families and Work Institute. Listed below are the additional resources that are most relevant to this project.

Title: Employer Perspectives on Flexibility in the Manufacturing Sector

Author: Corporate Voices for Working Families

Description: This resource discusses options and challenges for implementation of workplace flexibility programs in the manufacturing sector from the employer’s perspective.

[http://www.shrm.org/Advocacy/Issues/WorkplaceFlexibility/Documents/Focus%20Group%20Summary%20\(3\).pdf](http://www.shrm.org/Advocacy/Issues/WorkplaceFlexibility/Documents/Focus%20Group%20Summary%20(3).pdf).

- Title: Employer Perspectives on Flexibility within an Hourly Workforce  
Author: Corporate Voices for Working Families  
Description: This resource discusses options and challenges for implementation of workplace flexibility programs for hourly workers from the employer's perspective.  
[http://www.shrm.org/Advocacy/Issues/WorkplaceFlexibility/Documents/Focus%20Group%20Summary\\_Hourly.pdf](http://www.shrm.org/Advocacy/Issues/WorkplaceFlexibility/Documents/Focus%20Group%20Summary_Hourly.pdf).
- Title: How Workplace Flexibility Policies Benefit All Workers and Employers  
Author: National Partnership for Women & Families  
Description: This issue brief focuses on the benefits of workplace flexibility for workers and employers while also discussing how the lack of flexibility disproportionately impacts low-wage workers.  
[http://go.nationalpartnership.org/site/DocServer/W\\_F\\_-Flexibility-for-Success-Feb-2011.pdf?docID=8242](http://go.nationalpartnership.org/site/DocServer/W_F_-Flexibility-for-Success-Feb-2011.pdf?docID=8242).
- Title: The Federal Employees Flexible and Compressed Work Schedules Act (FEFCWA) Spring 2006  
Author: Workplace Flexibility 2010  
Description: This document discusses federal initiatives for instituting part-time careers in the federal government.  
<http://workplaceflexibility2010.org/images/uploads/Part%20Time%20Law%20Overview.pdf>.
- Title: Can Businesses Benefit from Offering Flexibility to Hourly Workers  
Author: Jennifer E. Swanberg, Ph.D., Jacquelyn B. James, Ph.D., Sharon P. McKechnie, Ph.D.  
Description: This issue brief details the benefits of work-flex to hourly workers, including recruitment, retention, and productivity. It also discusses the benefits to employers of adopting workplace flexibility for hourly workers.  
[http://www.uky.edu/Centers/iwin/citisaes/\\_pdfs/IB3-HourlyWorkers.pdf](http://www.uky.edu/Centers/iwin/citisaes/_pdfs/IB3-HourlyWorkers.pdf).
- Title: Business Impacts of Flexibility: An Imperative for Expansion  
Author: Corporate Voices for Working Families  
Description: This report is based on the internal organizational information provided by 29 firms. It documents the impact and supports the business case for promoting and implementing workplace flexibility programs.  
<http://www.cvworkingfamilies.org>.
- Title: Flex-Options Guide: Creating 21st Century Workplace Flexibility  
Author: Linda Roundtree and Karen Kerrigan - Women's Bureau  
Description: This report sponsored by USDOL's Women's Bureau summarizes common types of workplace flexibility, with a detailed description of each option and an extensive list of business and government examples.  
<http://www.lifemeetswork.com/wp-content/uploads/2010/07/flexguide.pdf>.
- Title: Improving Work-Life Fit in Hourly Jobs  
Author: Center for WorkLife Law  
Description: This report presents work-life balance programs for hourly workers as a cost-saving initiative due to the high rates of absenteeism and turnover that are sometimes common among this group of workers, with an emphasis on schedule effectiveness. It includes tips on how to implement schedule effectiveness. <http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.



Title: Midwest Workers Speak: The Employee Case for Flexibility in Manufacturing  
Author: National Partnership for Women and Families and Family Values @ Work  
Description: The National Partnership for Women and Families and Family Values @ Work interviewed twelve manufacturing industry workers in Chicago and Milwaukee, including workers employed directly by a manufacturing company and workers hired by temp agencies and placed in manufacturing jobs. This short report provides a snapshot of the challenges these workers face and the kinds of flexibility they most value.  
<http://familyvaluesatwork.org/blog/paid-sick-days/midwest-workers-speak-the-employee-case-for-flexibility-in-manufacturing>.

Title: Retail Industry Employees and Turnover  
Author: Families and Work Institute  
Description: This report by the Families and Work Institute discusses employee turnover in the retail industry, using demographic factors as well as various workplace flexibility programs to explain the level of intent among workers to change employers.  
<http://familiesandwork.org/site/research/reports/TurnoverAndRetail.pdf>.

Title: Work-life Balance and the Economics of Workplace Flexibility  
Author: The White House Council of Economic Advisors  
Description: This report by the White House's Council of Economic Advisors presents a literature review of the research on workplace flexibility and the changes in the American workforce that have led to increased use of work-flex. In addition, it discusses the prevalence of different types of work-flex among different industries and occupations. Finally, the report covers the research on the positive impact of work-flex on reducing worker absenteeism, increasing retention, etc.  
<http://www.whitehouse.gov/files/documents/100331-cea-economics-workplace-flexibility.pdf>.

Title: Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost Cutting Strategy in a Globalized World - Report  
Author: Center for WorkLife Law  
Description: This report presents work-life balance programs for hourly workers as a cost-saving initiative due to the high rates of absenteeism and turnover that are sometimes common among this group of workers.  
<http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.

Title: 2013 Guide to Bold New Ideas For Making Work Work - Report  
Author: Kelly Sekai, Families and Work Institute  
Description: This 2012 report lists dozens of recognized employers' workplace flexibility programs across industries and business types. This guide highlights bold initiatives by employers who won workplace flexibility awards, including several industries and business sizes. <http://www.familiesandwork.org/the-2013-guide-to-bold-new-ideas-for-making-work-work>.

### **Additional Related Readings**

Alliance for Work-Life Progress (AWLP): <http://www.awlp.org>.

Boston College Center for Work and Family: <http://www.bc.edu/centers/cwf>.

CDC report on Overtime and Health Effects: <http://www.cdc.gov/niosh/docs/2004-143/pdfs/2004-143.pdf>.

Families & Work Institute: <http://www.familiesandwork.org>.

Global Workplace Analytics: <http://www.globalworkplaceanalytics.com>.

Golden, Lonnie, "The Effects of Working Time on Productivity and Firm Performance: A Research Synthesis Paper," ILO Working Papers 470847, International Labour Organization, 2012, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_187307.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_187307.pdf).

Hastings Center for Law, "Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost-Cutting Strategy in a Globalized World," 2011, <http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.

The Schedules That Work Act (H.R. 5159): <https://beta.congress.gov/bill/113th-congress/house-bill/5159/text>.

Society of Human Resources Management: <http://www.shrm.org>.

Telework Research Network: <http://www.teleworkresearchnetwork.com>.

U.S. Department of Labor: <http://www.dol.gov/odep/topics/FlexibleWorkArrangements.htm>.

WFD Consulting: <http://wfd.com/services/workarrange.html>.

When Work Works: <http://www.whenworkworks.org>.

The White House Summit on Working Families: <http://workingfamiliesummit.org>.

Work and Family Researchers Network: <https://workfamily.sas.upenn.edu>.

Workplace Flexibility 2010: <http://workplaceflexibility2010.org>.

"Work-Sharing and Reduced Hours in the US: Policies and Potentially Positive Effects," International Labor Organization, 2009, [http://www.ilo.org/travail/areasofwork/working-time-and-work-organization/WCMS\\_215599/lang--en/index.htm](http://www.ilo.org/travail/areasofwork/working-time-and-work-organization/WCMS_215599/lang--en/index.htm).

"Work-Life Balance and the Economics of Workplace Flexibility," The Council of Economic Advisers, June 2014. [http://www.whitehouse.gov/sites/default/files/docs/updated\\_workplace\\_flex\\_report\\_final\\_0.pdf](http://www.whitehouse.gov/sites/default/files/docs/updated_workplace_flex_report_final_0.pdf).

# Appendix D: Postal Service Workplace Flexibility Policies

This appendix contains a summary of workplace flexibility practices in effect at the Postal Service based on our search of Postal Service policy documents. We have organized our summary around the four dimensions of workplace flexibility used in the main text of this report.

## Time

The use of flextime in the Postal Service varies depending on the particular business environment. Flextime among production-oriented employees is rare since mail processing, transportation, and delivery activities occur in a logical sequence. To some extent, flextime may be less important in these cases, as many of these workers commute during off-peak hours.<sup>82</sup>

Most Headquarters offices offer flextime to their Executive and Administrative (EAS) schedule employees. The workdays of these employees coincide with those of most other employees in the metropolitan area. Flextime greatly reduces commuting time for employees, costs nearly nothing for the Postal Service, and has the added benefit of reducing the societal need for peak transportation capacity. Failure to offer flextime would put the Postal Service at a distinct competitive disadvantage in areas where commuting is problematic.

The use of *compressed workweeks*, such as four 10-hour days instead of five 8-hour days, is similarly constrained by operational realities. There may be instances in which a compressed workweek does offer a win-win, even for production line workers.<sup>83</sup> For EAS workers, the constraints are different. Still, there may be instances where this practice could be applied. Many EAS employees work on what the Postal Service calls an Alternate Work Schedule or AWS. This is essentially a compressed workweek and can work well for employer and employee.

## Location

Working remotely, whether it is in the form of *flexplace* or *telework*, is quite common among non-production workers in the Postal Service. In the field, account managers often work offsite. Bulk mail acceptance clerks detailed to detached mail units (DMU) in mailer plants often commute directly to the DMU rather than a postal facility.<sup>84</sup> At Headquarters, as in virtually the entire federal government, telework has grown in acceptance. Although it is certainly not the norm, there are some workers who telework permanently from well beyond the metropolitan area of their home office. Remote work typically is used to retain employees of particularly high value who might otherwise leave the Postal Service or turn down a position in a location that is not desirable to them.

## Amount of Work

Beginning in November 2014, the Office of Personnel Management implemented new rules allowing federal agencies to offer phased retirement.<sup>85</sup> This allows retirement eligible employees to work half-time as they begin to collect their pensions. Agencies are being given discretion as to how to implement this new policy. The Postal Service often does try to rehire retirees when a need arises. For other career non-bargaining employees, the regulations are, at best, cumbersome.<sup>86</sup>

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82 An exception is in Southern California where some bargaining unit employees are allowed 15 minutes before or after their scheduled start time because of traffic congestion.

83 The Postal Service contract with the American Postal Workers Union does allow for “non-traditional full-time” assignments of between 30 and 48 hours per week. These assignments account for about 6 percent of the full-time workhours associated with clerks, vehicle service drivers, and vehicle maintenance workers. OIG calculation based on U.S. Postal Service, National Payroll Hours Summary Report, Pay Period 21, 2014.

84 Bulk mail acceptance clerks, who verify mail preparation and postage payment, often work at detached mail units in mailer plants. Prolonged work at a single mailer’s facility can result in the clerk identifying with the mailer (e.g., using the first person plural to refer to the mailer and the clerk). Supervisors sometimes require them to come in to the office first as guard against becoming too comfortable with the customer.

85 Herbert Casey, “Get Ready for ‘Phased Retirement’ – a New Benefit,” *Fedretire.net*, August 14, 2014, <http://fedretire.net/get-ready-for-phased-retirement-a-new-benefit>.

86 U.S. Postal Service, *Contracting with Individuals or Rehiring into Career Nonbargaining Positions*, Management Instruction MI EL-500-2010-4, September 17, 2010.

As noted in [Table 1](#), the number of part-time career workers is small. Most *part-time work* is performed by non-career workers.

We could not find formal *reduced workload* policies in the Postal Service policy documents. For EAS employees, informal policies exist to help them transition back to full-time status from a prolonged absence such as pregnancy.

*Job sharing* is not listed as a formal policy. A related concept is the use of workers across crafts, something the Postal Service and the OIG have long sought to increase and its unions have long opposed.<sup>87</sup> Increasing the use of cross crafting would reduce Postal Service costs, unless, of course, it were tied to an offsetting change (such as a higher pay scale). Untangling the long, complex history of assigning postal employees across crafts is a subject best left to legislators, parties to collective bargaining, and interest arbitrators.<sup>88</sup>

### Work Continuity and Time Off

We could find no explicit policy regarding *long-term breaks and sabbaticals*. To the extent that they exist, they appear to be extremely rare or informal. Technically, employees who bank large amounts of annual leave or who are willing to take leave without pay can do so with their supervisor’s approval.

The Postal Service is required to comply with the *Family Medical Leave Act* and the *Rehabilitation Act*.<sup>89</sup> These laws require employers to, respectively, provide leave for disruptive family and medical events and to accommodate employees with disabilities.

The Postal Service offers a complex array of *annual leave* benefits; some enhance its competitiveness in the labor market, others reduce its competitiveness.<sup>90</sup> Generally speaking, employees earn an increasing amount of annual leave with increases in years of service. New EAS employees, those hired after January 13, 2012, earn annual leave at a slower rate than existing employees.<sup>91</sup> More importantly, new employees earn annual leave at a lower rate than non-postal federal employees, reducing the attractiveness of the Postal Service to potential employees.

**Table 4: Annual and Sick Leave Policies for EAS Employees**

	New Hires (Effective Jan. 14, 2012)	Current Employees
<b>Annual Leave</b>	10 days if less than 5 years	13 days if less than 3 years
	15 days if more than 5 years but less than 15 years	20 days if more than 3 years and less than 15 years
	20 days if 15 years or more	26 days if more than 15 years
<b>Sick Leave</b>	3 hours per pay period	4 hours per pay period

On the other hand, postal employees may carryover a generous amount of annual leave from one year to the next.<sup>92</sup> The carry over amounts exceed those for other federal government employees and provide the Postal Service a competitive edge over non-postal federal agencies.

There are differences in what increments employees can take leave. FMLA non-exempt employees other than rural carriers can use annual leave in one-hundredth of an

Source: U.S. Postal Service

87 U.S. Postal Service Office of Inspector General, *Postal Service Work Rules and Compensation Systems*, Report Number HR-AR-11-002, September 19, 2011, <https://www.uspsaig.gov/sites/default/files/document-library-files/2013/HR-AR-11-002.pdf>.

88 Ibid., pp. 2 and 11.

89 The Rehabilitation Act is the public sector law that mirrors the Americans with Disabilities Act.

90 The annual leave policy takes up nine pages of fine print in the ELM, specifically section 512.

91 U.S. Postal Service, “Management Salary Freeze,” *USPS News Link Extra*, November 9, 2011.

92 Bargaining unit employees can carry over 440 hours and non-bargaining unit employees can carryover 560 hours. Executives have unlimited carryover.

hour increments. Employees in the rural carrier craft take annual leave in 1-day increments. This is also true of EAS employees, with a major exception. FMLA exempt employees can take off less than 4 hours on a day without affecting their leave balance. The assumption is that they will make this time up naturally over the course of their work. Leave of less than 1 day for salaried employees may be charged to administrative leave and does not reduce the employees' annual leave balance. This is a major benefit to salaried employees and gives the Postal Service a competitive advantage over other federal agencies.

With some limitations, annual leave may be shared between employees and may be exchanged for cash. Unused annual leave is paid to employees upon their separation from employment, a major benefit for the newly retired.

The policy for granting annual leave is employer-centric. The ELM states that annual leave for bargaining unit employees "is granted when requested to the extent practicable."<sup>93</sup> For non-bargaining unit employees, vacations are granted "when their services can best be spared" so that "postal operations are not impaired."<sup>94</sup>

*Personal leave* policy varies by type of employee. For non-EAS employees, annual leave is used for personal absences other than illness or vacation. For EAS employees, as described above, personal leave of less than a day is charged to administrative leave and does not reduce the employee's annual leave balance.

Generally, Postal Service full-time employees receive 13 days of sick leave per year.<sup>95</sup> Sick leave can be used for personal illnesses or for illnesses of family members. The increments of sick leave are the same as those for annual leave. There is no limit on the carryover for sick leave balances. Unused sick leave is credited to retirees' years of service for the purposes of calculating pension benefits. Sick leave is granted at a supervisor's discretion. Up to 30 days of sick leave may be advanced to an employee also at a supervisor's discretion. Sick leave policy is employer-centric.

Just as with annual leave, new EAS employees (hired after January 13, 2012) earn sick leave at a slower rate than existing employees, 3 hours every 2 weeks instead of 4. While this may save the Postal Service costs in the short run, the policy change tips the competitive balance toward non-postal employers.

Salaried employees who work part of a day can use administrative leave in lieu of sick leave. If, for example, a salaried employee needs to go to a doctor during work hours, the employee, with supervisor approval, charges the time to administrative leave.

The Postal Service does not have an explicit compensatory or *comp time* policy. Hourly workers are paid based on the terms of their collective bargaining agreements which generally comport with the overtime provisions of the Fair Labor Standards Act. Hours in excess of 40 hours per week and 8 hours per day are paid at the rate of time and a half.<sup>96</sup> Although not called comp time, salaried employees may qualify for administrative leave when they work a full day on a holiday or unscheduled day. The granting of administrative leave is at the supervisor's discretion.

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93 ELM 512.61 a.

94 ELM 512.62.

95 Sick leave policies are covered in ELM 513.

96 The overtime rules for Rural Carriers differ from other bargaining unit employees. Hours in excess of 56 hours per week or 12 hours per day, are paid at time and a half. See ELM 444.



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