

I M P R O V I N G W O R K F O R C E S T A B I L I T Y

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The South has a greater prevalence of lower-income workers than the United States as a whole. This has implications for the workers, their families, their employers, and their communities.

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The Southern Institute on Children and Families commissioned a USC Moore School of Business study¹ to identify data related to the lower-income workforce in the South. The study found that one out of five southern workers lives below 200 percent of the poverty level (\$40,000 annual income for a family of four in 2006). Families at or below this income level face daily struggles in meeting basic needs, and these struggles can impact their job performance and reliability. For example, parents missing work due to unreliable child care or transportation presents workload challenges for management. Furthermore, issues faced by lower-income individuals are reflected in high absenteeism, high turnover, and low morale, which can result in higher costs and lost productivity for the businesses that employ them.



The above-mentioned study, titled *A Profile of the Southern Economy: Living Standards, Economic Structure and Lower-Income Workers*, provides the following information on the South and its lower-income workforce:

- The South is home to a greater prevalence of lower-income workers than the United States as a whole.
- Southern per capita incomes and average wages are the lowest in the nation. Low per capita income is not just a rural problem; the South's metropolitan areas also trail the average metropolitan areas in the United States.
- The South's generally low unemployment rate is misleading because it is affected by lower-than-average labor force participation. The six lowest rates of labor force participation in the United States are all in the South.
- Labor turnover rates are higher in the South than the national average. The highest rates of turnover are among the broad industry groups of leisure and hospitality, construction, health and retail. More than one out of four lower-income workers in the South work in retail trade—an industry with high turnover and low rates of health insurance coverage.
- Employer-provided health insurance coverage rates are lower in the South than the national average.
- More than 40 percent of lower-income workers in the South are employed by very small firms where benefits are generally scarce.

Difficulty in securing employment and an inability to maintain employment are stressful and disruptive for lower-income workers, but they aren't the only ones who suffer. Their children,

employers, and communities all experience the negative effects that come from a lack of stability in the lower-income workforce. Improving the employment stability of parents and other caretakers will contribute to a more stable family economic environment and greater opportunities for child development. Improving employment stability in the southern lower-income workforce will require leaders from both the public and private sectors to collaborate on the development and implementation of solutions.

The Southern Institute on Children and Families, a nonprofit organization based in Columbia, South Carolina, works to improve opportunities for lower-income families and children in the southern region of the United States. The Southern Institute established the Southern Business Leadership Council (SBLC) to engage southern business and public policy leaders in the development of comprehensive solutions to societal issues that impede stable employment of the lower-income workforce, and to support efforts to achieve greater opportunities for child development. The SBLC is chaired by the Honorable Richard W. Riley, former United States Secretary of Education, former South Carolina Governor and Southern Institute Board Member. SBLC members represent southern-based businesses, corporate philanthropy, and local, state, and national business organizations.

The SBLC is charged with development and promotion of research-based, public/private sector employment stability action strategies that will mutually benefit families and employers in communities across the South. The SBLC is currently developing the *SBLC Employment Stability Action Plan*, which is designed to be a roadmap for business, community, and public policy leaders in 17 southern states and the District of Columbia. The Action Plan will provide specific public and private sector strategies to promote stable employment in the lower-income workforce and to address critical components of workforce development and retention that currently receive inadequate attention.

Development of the *SBLC Employment Stability Action Plan* began in December 2005 and will continue through 2007. The development phase will be followed by aggressive promotion of the *SBLC Employment Stability Action Plan* through business, civic, and public policy networks.

Corporations and foundations contributing support for the SBLC Employment Stability Action Plan Initiative include Bank of America, GlaxoSmithKlein, Michelin North America, Wachovia, Annie E. Casey Foundation, and Washington Area Women's Foundation, as well as in-kind support from the Robert Wood Johnson Foundation. The David and Lucile Packard Foundation and the National Center for Children in Poverty provided initial support for the SBLC.

The first phase of the SBLC Employment Stability Action Plan Initiative is focused on research. Substantial research is available on workforce stability barriers from the perspective of lower-income individuals. There is less information on employer views regarding issues that affect the ability of lower-income workers, especially parents, to be stable and productive on the job, yet information from the employers' perspective is necessary for the development of public and private actions that support and promote dependability and reliability among lower-income workers. The Southern Institute is collecting insights from employers in several southern communities through employer telephone surveys and employer dialogue sessions. The dialogue sessions engage a mix of local employers recruited in collaboration with local chambers of commerce. The SBLC is in the final stages of the first employer research project, which was conducted in the DC Metro Area. Plans are under way to conduct employer research projects in Charlotte, North Carolina, and in

the Upstate region of South Carolina.

The Action Plan [of the Southern Business Leadership Council] will identify public actions, private sector actions, and public/private partnerships needed to address identified issues and opportunities.

The SBLC DC Metro Area Employer Project included an employer survey and a dialogue session to produce firsthand employer insight on barriers to stable employment and strategies to assist lower-income individuals in improving stability in the workplace. Employer survey responses were collected primarily from managers of for-profit businesses with a nonunionized workforce. The majority of the respondents were small businesses (fewer than 50 employees). More than one-third of the businesses have a workforce of 50 percent or more that are lower-wage and earning less than the DC Metro median hourly wage. Slightly less than one-fourth of businesses had no employees that earned less than the median hourly wage. Analysis of employer survey responses includes the following:

- More than one-third of the businesses reported problems with employee attendance and/or tardiness. Employee health and health of a family member were cited as major reasons businesses experienced problems with employee attendance and/or tardiness. Some employers also brought up the issue of irresponsibility and a lack of work ethic as other reasons for employee attendance and/or tardiness problems.
- More than 50 percent of the businesses disagreed that they experience problems with employee attendance and/or tardiness.
- One-fourth of businesses reported difficulty in retaining employees. Higher wages, better benefits, and better advancement opportunities were cited as major reasons employees leave their businesses.
- Almost two-thirds of businesses reported that they did not experience problems with employee turnover. Over half of these businesses reported that an excellent work environment, team spirit, and job satisfaction contributed to their low turnover rate. Other major reasons included long-term dependable employees/loyalty and flexible work options/hours.

Employers attending the DC Metro Dialogue Session raised many of the same points reflected in the employer surveys and contributed the following additional insights:

- Employees with more than one job are more likely to exhibit absenteeism and tardiness.
- Businesses that employ lower-income workers who must go to government offices to complete paperwork for public benefits experience problems with absenteeism and tardiness.
- Many lower-income workers are single mothers without a support system to help them with unexpected personal and job-related events, impacting their job stability.
- Many lower-income workers lack problem-solving skills that could help them better manage their work and family life and avoid problems with absenteeism and tardiness.
- Lower-income employees use their leave time within the same period they earn it, which can result in unpaid leave in time of necessity and can also lead to a temporary or permanent break in employment.

- Lower-income employees have difficulty finding affordable housing in the District of Columbia, and will move to Prince George's and Prince William counties to locate affordable housing. These families experience difficulties due to the one-to-two-hour commute to and from their jobs in the District, which results in work and family problems.

A comprehensive report on findings from the SBLC DC Metro Employer Research Project is available at www.thesoutherninstitute.org.

Upon completion of all research projects, the Southern Institute will prepare a synthesis of research on the barriers and strategies collected from the employer research initiatives and additional sources to assist the SBLC in the development of the *SBLC Employment Stability Action Plan*. The Action Plan will identify public actions, private sector actions, and public/private partnerships needed to address identified issues and opportunities. It also will provide summaries on promising public and private sector practices that can be replicated in communities across the South and will provide contacts for information on design and implementation. The Action Plan will include employment stability action strategies that are central to workforce development, retention, and economic development plans. High-profile dissemination and promotion of the *SBLC Employment Stability Action Plan* is planned for 2008. Employer voices will play a critical role in the adoption of public and private sector policies and practices recommended in the *SBLC Employment Stability Action Plan*.

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In focus groups and meetings with the Southern Institute, employers have expressed a need for practical information on how to address challenges caused by employment instability in the lower-income workforce. Many have exhibited an understanding of the issues faced by lower-income families who are unable to meet basic needs and the ripple effect the issues have throughout their communities in the areas of education, health care, and crime. Employers also have expressed a strong desire to have information on promising practices they can implement in the workplace and specific actions the public sector needs to take to improve employment stability, especially among lower-income parents and caretakers. The expected overall outcome of the SBLC Employment Stability Action Plan Initiative will be greater awareness of actionable strategies among public and private sector leaders and greater involvement of a wide spectrum of employers in the promotion of public and private sector actions to improve opportunities for employment stability in the lower-income workforce. □

Endnote

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¹ University of South Carolina. Moore School of Business. Division of Research. *A Profile of the Southern Economy: Living Standards, Economic Structure, and Lower Income Workers*. Columbia, S.C.: Southern Institute on Children and Families, October 2003.

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