

SICK & TIRED: YOUR EMPLOYEES NEED A BREAK

Peace? Freedom? Family? What is it that everyone in the whole world wants? If you guessed one of the three listed, you'd be **wrong**. According to Gallup¹—using data collected from their World Poll, macroeconomic data on job creation, trends in world economics, and insights from the world's foremost thought leaders—holding a good job is the most important thing people across the world desire today. What's most important about this discovery is not just the discovery itself, but the rapid departure from previously valued ideals such as world peace, freedom, and family. Perhaps the advent of the internet is to blame—and probably rightly so—because today's job seekers are informed and demanding; they are aware of the competitive landscape both locally and abroad, and they no longer have any reason to settle for less. And, in a world increasingly focused on “me,” it's no surprise personal gratification wins out over the peace of nations.

The implications of this insight are vast. Gallup even goes so far as to say the war to provide good jobs will make or break civilizations over the next few decades. We share this information not to make a grand proclamation like Gallup's, but to help set the framework for why we believe crafting a compelling employment experience is vital to organizational survival: **A company cannot succeed if it can't offer a good job because a good job is so intimately tied to one's life evaluation.** Folks will look elsewhere seeking a better experience.

Our primary role as a staffing provider is to match the right person to the right job, but our secondary role is to provide consultation to employers on how to be an employer of choice; that is, how to offer a compelling employment experience so that a contingent workforce sticks around for the full length of an assignment and so that workers desire the transition to permanent employment with our client employers. Many of our recent white papers have focused on such supporting topics like wages, traditional and nontraditional benefits, mentor programs, career progression, and other factors that make people excited to show up for work. **But, now we want to focus on something quite the opposite: providing employees ample time away.**

WHY IS TIME OFF SO IMPORTANT?

Much like a good night's rest, time away from work has many benefits—for both the employer and the employee. Countless studies of employed professionals find correlations between more time off and higher productivity, longer tenure, and improved performance evaluations, and similar results play out in industrial settings. One such study of blue collar workers focused on the change in psychological (occupational burnout) and behavioral (absenteeism) stressors after periods of time away from one's job.² The study found both burnout levels and instances of absenteeism decreased after time away and remained below pre-vacation levels for a period of about four weeks, thus proving that time away makes a better worker both psychologically and behaviorally. Additionally, a recent study³ by Deloitte Consulting finds—when salary or other financial benefits are removed from the equation—that work/life balance is the most important job factor to millennials, the largest cohort in today's workforce.

HOW MUCH TIME OFF IS REQUIRED OR EXPECTED?

Outside of mandated, unpaid time off provided by the Family and Medical Leave Act, there are no federal laws governing paid or unpaid personal or sick leave, and only a few states require employers to offer sick leave. So without many legal guidelines to follow, determining how much time away from work is enough can be challenging. We have some insights to share.

¹The All-Out War for Good Jobs." Interview by Inc. Gallup. Gallup.com. N.p., 14 Feb. 2012. Web. 09 Dec. 2016.

²Westman, Mina, and Dalia Etzion. "The Impact of Vacation and Job Stress on Burnout and Absenteeism." *Psychology & Health* 16.5 (2001): 595-606. Harwood Academic Publishers Imprint, Part of The Gordon and Breach Publishing Group, 10 Mar. 2001. Web. 9 Dec. 2016.

³Millennial Survey 2016 | Deloitte | Social Impact, Innovation." Deloitte. N.p., n.d. Web. 9 Dec. 2016.

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Each year, we survey over 1,000 employers about the wages and benefits they offer to new workers (those in their first year of service as a permanent employee), and we ask a few questions that focus specifically on time off. Our data are valuable for a couple reasons:

1. They provide us with reliable benchmarks we can share in consultations with our clients
2. They help us understand the benefits job seekers encounter during a job search and use to evaluate the quality of your job
3. They enable us to track shifts in individual benefit offerings over time
4. They are indicative of generally accepted norms, and therefore, viable business practices

Based on our survey data, here's what employers like you currently offer to first-year workers:

	ALL INDUSTRIES	LOGISTICS & DISTRIBUTION INDUSTRY			
	NATIONWIDE	NATIONWIDE	MIDWEST	SOUTH	WEST
UNPAID Time Off	57%	56%	59%	43%	56%
PTO (including holidays)	90%	91%	94%	78%	94%
PTO (excluding holidays)	78%	86%	82%	78%	91%
Median Days of Non-Holiday PTO	7 days	10 days	10 days	10 days	10 days

Because candidates consider jobs that cross industry boundaries and geographies, it is important to benchmark against employers within and outside of your local market area and industry and to take into consideration the offerings that are considered a “standard” part of the American workplace.

Nationwide All Industry Data: This data set contains responses from every employer that took our survey, and it highlights the general offerings available to employees across the nation in all industries.

Nationwide Distribution: This data set contains responses from every employer that took our survey and self-identified as a member of the logistics and distribution industry. It highlights the general offerings of distributors across the nation because benchmarking against industry standards is often the first step companies take when selecting benefits.

Geography-specific Logistics and Distribution Industry Data: This data set contains responses from every employer that took our survey and self-identified as a member of the logistics and distribution industry; we then further sorted the responses by geography using the Census Bureau's methodology for determining regions. This data set provides insight into regional market nuances.

The vast majority of distribution employers across the nation offer time off: 56% offer at least one form of unpaid time off, 91% offer holiday paid time off, and 86% offer personal and/or sick paid time off. Of companies that offer paid time off for personal reasons or illness, 6% offer less than five days, 15% offer exactly five days, and 79% offer more⁴. These data are encouraging because they set distribution companies above their manufacturing counterparts who are less generous: 18% of manufacturers offer less than five days of paid time off, 31% offer

⁴Our survey asked respondents to identify the exact number of days of non-holiday PTO offered to first-year workers, in a range of 1-20+ days. In this report, we share the breakdown of responses in three buckets (less than five days, exactly five days, and more than five days) because five days was the most frequently cited response.

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exactly five days, and only 51% offer more. This said, manufacturing companies tend to offer higher starting wages to employees, which may help offset lower allowances for time off. While we encourage our distribution employers to remain cognizant of the high value today's employees place on time away from work and to continue making competitive improvements to paid and unpaid time off offerings, we remind you to turn a keen eye to your wages to ensure your entire compensation package remains competitive against all employers—distribution competitors, manufacturers, and others—in your town.

SO, WHAT'S OUR RECOMMENDATION?

If we have to boil it down into one sentence, our recommendation is simple: **offer time off, offer it immediately, and make it competitive.**

To give some color to that statement, we advise employers to make the following available on the first day of permanent employment and to build into the budget an identical or similar policy for contingent workers:

- At least two days of unscheduled (emergency) paid or unpaid time off without points accrual; and
- Five days of paid time off (a combination of personal and/or sick days, as determined by company policy); or where applicable, a combination of personal days and the minimum number of sick days mandated by local law such that the total sums to at least five days
- Paid time off (or holiday pay, if facility shutdown is not feasible) on the “big six” American holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day

We recommend making the benefit available immediately for a couple of reasons: For starters, surprises happen, whether we like it or not, and vacations are often booked long before a job offer comes along. Despite our natural inclination to make employees “earn” free pay through service time, it pays to be generous.

To win the respect and loyalty of your employees, you have to make yourself a little bit vulnerable. Sure, you'll lose out every so often, but you stand to gain a lot more when you give your employees some room to run.

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